

# CPC as Indonesia and Malaysia's Response to European Union Protectionism For the 2015 - 2019 Period

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## ABSTRACT

Crude Palm Oil (CPO) or better known as palm oil is the leading export commodity of Indonesia and Malaysia in improving their country's economy, Indonesia and Malaysia are the largest palm oil producers in the world, production reaches 80% and 20% of them are coconut producing countries. another palm. Palm oil gets quite a lot of importers annually, India and the European Union are the biggest consumers of this palm oil, although the European Union is the largest consumer of palm oil, the European Union has its regulations for palm oil, triggering the RED II Renewable Energy Directive regulation. II which aims to prevent countries in the European Union from using palm oil again in 2020, RED II is considered a form of protectionism. In researching this research, the author uses a qualitative descriptive method, to examine what kind of response was done by Indonesia and Malaysia when they received protectionism policies that had an impact on their export commodities

## INTRODUCTION

Crude palm oil (CPO) is one of Indonesia and Malaysia's leading export commodities in improving their country's economy. World palm oil production is dominated by Indonesia and Malaysia. Around 80% of palm oil production in the world is controlled by these two countries, Indonesia has a larger area of oil palm than Malaysia. Indonesia's palm oil production in 2009 was estimated at 20.6 million tons, followed by Malaysia with 17.57 million tons. (Hadin, n.d.).

In 2014, Indonesia's CPO export volume was recorded to be always superior to Malaysia and Thailand (Turnip, Suharyono, & Mawardi, 2016). This is because the processing of oil palm plants is fairly efficient, and almost all parts of the fruit can be utilized (Suandi, Supardi, & Puspawan, 2016).

The largest palm oil importing countries include India as the largest consumer with a

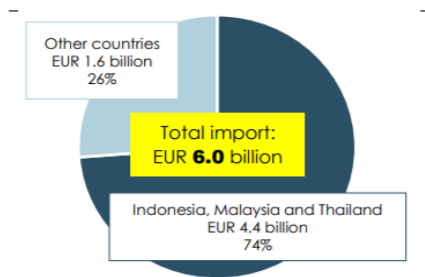
total import of 6.7 million tons, then the European Union imports palm oil with a total of 4.7 million tons, apart from India and the European Union, there is China with palm oil imports. amounting to 4.4 tons and Africa 2.5 million tons. Pakistan 2.4 million tons the Middle East 1.9 million tons Bangladesh 1.4 million tons America 1.2 million tons and some other countries 6.4 million tons. (Sasmi, 2019) The European Union is one of the target markets for Indonesia and Malaysia because they are one of the largest importers of the main commodity owned by Indonesia and Malaysia, namely palm oil or CPO. (Puspitasari, 2017).

In addition, the European Union is one of the countries that have the highest consumption level of vegetable oil, in 2017 Indonesia's palm oil exports to EU countries were 4.4 million tons, thus placing the European Union in the fifth position as an export destination. CPO and the largest foreign

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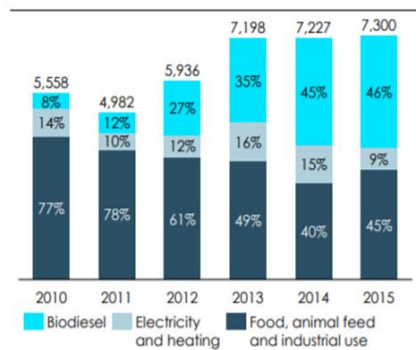
exchange contributor to Indonesia (Christiningrum, 2018).

**Figure 1 Origin of EU imports of palm oil, 2017**



*Note: The share of palm oil imported by the EU from Indonesia, Malaysia and Thailand out of total EU palm oil imports from third countries outside the EU. The figure comprises palm oil products classified as 120710, 151110, 151190, 151321, 151329 and 230660 using the Harmonised System Codes (HS).  
Source: Copenhagen Economics based on Eurostat data*

**Figure 2 Palm oil by end use in the EU, 2010-2015**  
Thousand tonnes



*Note: The distribution of the end use of palm oil is based on weight (tonnes) and not value.  
Source: Copenhagen Economics based on Transport and Environment (2016a, 2016b)*

Graphic data from Copenhagen Economics (2018) in graph 1 (Figure 1) shows that 74% of European palm oil imports are imported from Indonesia, Malaysia, and Thailand, Indonesia and Malaysia are the largest producers of palm oil in the world therefore Europe imports palm oil from Indonesia and Malaysia, graph 2 (Figure 2) shows increasing use of palm oil in the European Union and most palm oil is used for biodiesel fuel, food, and industrial uses.

Of the countries or regions that import CPO, only the European Union applies tariff and non-tariff barriers to palm oil imports. This obstacle began in 2009 namely the RED European Union Renewable Energy Directive policy which requires the use of fuels that can reduce the presence of greenhouse gases in fuel, then in 2013 the European Union implemented an Import Tax, namely Anti-

Dumping Against biodiesel exports from Indonesia and Argentina (Argentina is also one of the producers of palm oil besides Indonesia and Malaysia.) This also causes the CPO market to decline compared to other biodiesel. (Sasmi, 2019).

In addition, the European Union also implements the European Union Emission Trading Scheme (EU-ETS), or policies implemented to support products from countries that have a low carbon industrial sector (Sally, 2016).

The protectionism carried out by the European Union did not stop there, in 2014 where the European Union has made stricter legal rules regarding imported products containing palm oil, that all palm oil products entering the European region must obtain certification. sustainable palm oil, to reduce deforestation and encourage the production of environmentally friendly palm oil. (Ruysschaert & Salles, 2014) n 2018 RED was developed into the Renewable Energy Directive II or RED II which states that every member country in the European Union must use RED II at least 32% of the total energy consumption in their country until 2020, which is the point the problem is that in this RED II policy there is a policy that CPO is excluded and is not allowed to be used as fuel. (Arifin & Putri, 2019)a.

The European Union created the Renewable Energy Directive which sets out the overall policy for the production and promotion of energy from renewable sources in the EU. This Requires the European Union to meet at least 20% of its total energy needs with renewable energy by 2020 – which will be achieved through the achievement of individual national targets. All EU countries must also ensure that at least 10% of their transport fuel comes from renewable and sustainable sources by 2020. (Taa et al., 2020).

Why can this policy be called protectionism? What is protectionism?, according to Bhagwati, protectionism is a country's economic policy to prohibit the import of a product by applying a tariff or tariff barrier method, the barrier tariff here is usually applied by using a form of tax so that exporters must pay taxes when they want to export goods to countries that have Barrier tariffs, extreme protectionism or excessive taxation can trigger a trade war between countries. (Bhagwati, 1998).

This Renewable Energy Directive has its sustainable fuel standards, 1) Can save the use of gas emissions by as much as 35%, at least 50% in 2017 2) It is not allowed to use biofuels obtained from land that has high biodiversity. The biodiversity here is a forest that has never been touched by man. 3) not obtained from land that has high carbon, wetland, land from forest areas, undrained peatlands. 4) All biofuels used in the European Union must meet the requirements of the European Union, Biofuels that do not meet the requirements of the European Union can still be used and traded but do not have the right to get Tax Exemption or tax-free and individual national standards. (Windary & IP, 2017)

The European Union provides its standards for goods imported into its region with this policy, if there is a product that is imported and does not meet the standards provided by the European Union, the product will be given a very high tax, while the products that are produced themselves are given subsidies and not taxed. The European Union also does not provide any justification for violations and discrimination regarding the same product. Taxing CPO is considered not discrimination, even though Rapeseed oil and CPO products are the same as biofuels, the European Union considers that biofuels exported from developing countries are biofuels for consumption, not biofuels for transportation and says that biofuels originating from developing countries do not use friendly technology. the environment in production. (Erixon & Abbott, 2009).

Supposedly a product can be said to be the same product or Like Product, if the result of the product is used equally in the market, consumer habits in using the product, the quality of the product, and the price classification of the product, based on that classification, CPO meets these requirements but the Union Europe classifies only by what means of production are used and leaves out the four criteria. That way the European Union with its Red policy has violated some of the rules applied by WTO in free trade. (Windary & IP, 2017)

Article 1 of the WTO states that each country must ensure the similarity of a product with one WTO member with another member, Article 2 of the WTO If they have a product that is similar to what they produce, the WTO member must treat it fairly. CPO and Rapeseed

OIL are similar products because both are Biofuels, the EU should ensure the similarity of the two products and not discriminate against CPO by imposing very high taxes. By having to have a certificate Indonesia and Malaysia as developing countries objected because the price was very high just to get certification from ISCC (International Sustainability and Carbon Certification). (Erixon & Abbott, 2009).

This EU action prompted palm oil-producing countries such as Malaysia and Indonesia to respond. Because of the rules issued by the European Union, this RED II Regulation will have a huge impact on Indonesia and Malaysia because the European Union is one of the largest importers of palm oil in the world and is one of the main destinations in exporting palm oil. Indonesia and Malaysia will respond to EU protectionism in 2015 - 2019. Why in 2015 to 2019? because in 2015 Indonesia and Malaysia formed an intergovernmental organization called the CPOPC Council of Palm Oil Producing Countries. This form of cooperation was first declared in 2015 and continues to this day which is useful for uniting CPO-producing countries in one organization and against all forms of discrimination against CPO, CPOPC also has a motto that is "either we hang together or we will be hanged separately". (Hadin, n.d.).

The establishment of CPOPC in 2015 serves to provide a good image for Indonesia and Malaysia's flagship product, namely palm oil so that there was no further discrimination against the products of two countries, at that time CPOPC had not taken significant action, only spreading the news about the benefits of palm oil, &nbsp; RED II emerged in 2018 indicating that CPOPC needed to take significant action, finally in 2019 CPOPC began to take action in response to RED II, by holding meetings with other palm oil-producing countries. (Hadin, n.d.)

#### **A. Literature review**

Crude Palm Oil is one of the fuels that can replace fossil fuels and crude palm oil is considered sustainable, this statement of sustainable palm oil is opposed by the European Union by applying protectionism as stated by (Windary & IP, 2017) in his journal entitled European Union Renewable Energy Directive. &nbsp; Green protectionism in the biofuel trade, Wyndary states that the main reason for EU

protectionism against CPO imports is environmental concerns, EU argues that forest fires are mostly caused by oil palm cultivation and production, therefore EU does not want a lot of forest fires, deforestation and extinction of animals in the world, this makes the European Union insist on applying protectionism. (Windary & IP, 2017)

(Sasmi, 2019) in his journal entitled Efforts by the Indonesian government in dealing with EU Directive regulations on Palm Oil in Europe in 2017 – 2019 Sasmi in his journal explains how Indonesia considers that the form of protectionism carried out by the European Union is a form of discrimination against one product or commodity.

which in this case is the Indonesian government's own CPO has its way of responding to these actions, one of which is by carrying out several activities that encourage Indonesia to use their palm oil. (Arifin & Putri, 2019) in their journal entitled Indonesian Government Strategies On Obtaining Crude Palm Oil (CPO) Market Access To European Union Countries Over The EU Parliament Resolution On Palm Oil And Deforestation Of Rainforest, (Arifin & Putri, 2019) they show what Indonesia has done to gain export access to the European Union.

(Sakti, 2017) in his journal Understanding the Shift of Indonesia & Malaysia Relations in Palm Oil Trade from Competition to Cooperation Under CPOPC, in this journal the researcher shows how Indonesia and Malaysia can be friends even though at first they competed in selling CPO products, however, Indonesia and Malaysia agreed to form an Intergovernmental Organization, namely the CPOPC Council of Palm Oil Producing Countries, although Indonesia and Malaysia have their businesses. (Sakti, 2017).

What distinguishes this research from (Sakti, 2017) is that Rangga Eka Sakti's research has a research period of 2015 – 2017, the research Rangga focuses on cooperation in the formation of CPOPC due to the RED I (Renewable Energy Directive I) policy, while this study will try to show how the response of Indonesia and Malaysia after the implementation of the RED I and RED II

policies, where RED II was only declared in June 2018 by the European Union.

Some of these studies have similarities with this research, discussing how the Indonesian government's efforts to deal with European Union protectionism and how the formation of Intergovernmental Organizations is a collaboration between Indonesia and Malaysia that aims to increase competitiveness in the global market. However, it has a different focus from this research where this study will explain how Indonesia and Malaysia work together to fight protectionism imposed by the European Union, the period this research is 2015 – 2019.

## **B. Framework of thinking**

The literature review above, creates a framework that will be used to analyze the problem formulation "How do Indonesia and Malaysia work together in responding to protectionism carried out by the European Union in 2015-2019? This research is assisted by concepts/theories that will be used to answer the formulation of the problem. Protectionism theory and the concept of the south-to-south cooperation.

Protectionism according to Bhagwati is the economic policy of a country to prohibit the import of a product by applying a tariff or tariff barrier method, the barrier tariff here is usually applied by using a form of tax so that exporters have to pay taxes when they want to export goods to countries that have barrier tariffs, protectionism that extreme conditions can trigger a trade war between countries. (Bhagwati, 1998) The European Union applies protectionism to CPO for environmental reasons because the European Union believes that the massive production of Indonesia and Malaysia can trigger greenhouse gases into the air and that deforestation will continue if it is not stopped now. green protectionism. (Windary & IP, 2017)

Apart from protectionism, there is the concept of south-to-south cooperation. (Simplicio, 2011) South to South Cooperation is a concept which states that there is cooperation between developing countries, south to the south is commonly used by countries, international

organizations, and others to share knowledge and experience, in this study Indonesia and Malaysia use south to south cooperation to support the economic sector in Indonesia and Malaysia is to make bilateral relations, Indonesia and Malaysia make cooperation, namely the formation of CPOPC with the formation of CPOPC Indonesia and Malaysia at least have more power to increase the market from palm oil itself which can support the economies of both countries.

How can this south-to-south cooperation function as a mechanism in this research? Indonesia and Malaysia have the same product, namely palm oil, they are producers and producers of palm oil in the world, the first in Indonesia, the second in Malaysia, but the European Union discriminates against palm oil products and is labeled as environmentally unfriendly. The tax is quite high for this palm oil, then Indonesia and Malaysia, which initially competed in the palm oil market, finally cooperated and formed CPOPC to give a positive image to their products and exchange knowledge and experience in managing this palm oil.

CPC became shaped in 2015 and Indonesia and Malaysia, the most important palm oil manufacturers withinside the world, Indonesia and Malaysia are the founders of this CPOPC and also are modern-day everlasting members. Both international locations understand the big contribution of the palm oil area in producing export revenues, growing profits ranges of rural smallholders, tackling poverty, developing new jobs, and enterprise possibilities. As each international location similarly be given that palm oil is a crucial thing of the worldwide meals delivery chain, they renowned numerous situations, specifically approximately sustainable practices and exchange barriers. (Hadin, n.d.).

Considering the possibilities and demanding situations presented, the 2 international locations want to reinforce cooperation and collaboration through organizing the CPC. The Council is now inviting different palm oil-generating international locations from Africa, Central America, and Asia-Pacific. The Council seeks to unite the world's palm oil

manufacturers. Furthermore, CPOPC represents the priorities, interests, and aspirations of palm oil-generating international locations as growing international locations. (Hadin, n.d.).

CPC devotes its interest to cooperation and (monetary) improvement. its objectives are to promote, expand and make stronger cooperation in oil palm cultivation and enterprise amongst member international locations. This is to make sure the long-time period blessings of the oil palm enterprise for the monetary improvement and welfare of the human beings of the member international locations. (Hadin, n.d.). The scope and functions of CPOPC are as follows:

- 1) Promote consultation on the development of the palm oil industry among stakeholders in oil palm cultivation countries,
- 2) Improve the welfare of oil palm smallholders,
- 3) Develop and build a global framework of principles for sustainable palm oil.
- 4) Promote cooperation and investment in developing sustainable and environmentally friendly oil palm zones, including green economy zones
- 5) Overcoming barriers to trade in palm oil
- 6) Cooperating in research and development, and training
- 7) , and Carrying out activities and functions that can be expected for the benefit of the palm oil industry. (Hadin, n.d.).

If it is linked in the formulation of the problem, it shows that the protectionism carried out by the European Union against CPO by imposing import restrictions on CPO has made Indonesia and Malaysia as the largest CPO producers and exporters in the world work together and agree to form CPOPC INGOs as a form of the south to south cooperation between Indonesia and Malaysia. in response to the European Union's protectionism against CPO.

## METHOD

There are 2 data analysis techniques, namely: Qualitative and Quantitative, although the data obtained through qualitative means



can be analyzed using quantitative methods, the researcher will try to analyze this research using qualitative methods. As said by (Cresswell, 2009) qualitative methods are types of research that generally refer to data collection that relies on non-quantitative data or research that produces findings that cannot be obtained using numerical procedures. Qualitative research usually requires more data, this is done so that researchers can better understand the phenomenon and that's the reason the author uses this qualitative method by using this research method the author can explain how Indonesia and Malaysia work together in responding to EU protectionism assisted by secondary data, for this study the author will use data analysis that has been obtained, the data is obtained from secondary data such as news in the Media, Journals, CPOPC Press Releases, European Commission Press Releases.

Secondary data obtained from the media, journals, and the European Commission's Press Release and Cpopc this data source is intended to explain the response of Indonesia and Malaysia's cooperation in the CPOPC in fighting EU discrimination against their palm oil products, also in the European Union's Press Release European Commission shows several regulations related to trade which according to the European Union the products are not environmentally friendly, one of which is Palm Oil.

### **1. EU Renewable Energy Directive II Policy**

The EU's protectionism coverage which turned revised again in December 2018 presents a prolonged cut-off date from the primary Renewable Energy Directive, entering impact with a prolonged cut-off date and new renewable strength intake objectives. In this revision, numerous new intake objectives had been created for member states of the European Union (Lowitzsch, Hoicka, & Van Tulder, 2020)

These limits on using biofuels at the variety of biofuels that may be calculated in opposition to a renewable strength goal of 32% may be frozen at 2019 degrees among 2021-2023, to be progressively decreased to 0 from the stop of 2023 to 2030 i.e. each EU member nation is needed to apply no environmentally unfriendly fuels via way of means of 2030, and in 2023 to 2030, the

standards set in 2019 for 'excessive risk' and 'low risk' biofuels may be reviewed. (Lowitzsch et al., 2020).

In the delivery region additionally imposed restrictions, from 31 December 2020, EU Member States should make sure as a minimum 10% in their delivery gasoline comes from renewable sources. In 2021 and 2030, EU Member States are required to make sure that gasoline providers as a minimum of 14% of the strength ate up in delivery is renewable. And in 2021 and 2030, member states are allowed to boom intake of biofuels for transportation via way of means of 1 or 2020 degrees, as much as most of 7 (Lowitzsch et al., 2020)

How does the coverage affect palm oil? The RED coverage objectives to make certain that the plants used for biofuel manufacturing aren't sourced from deforested regions, additionally they discriminate in opposition to oil palm from different vegetable oil-generating plants along with soybean, rapeseed, and sunflower in assembly the necessities for admission into the European market.

The law additionally consists of a document imparting information claiming that: oil palm has been connected to the best fees of deforestation, with 45% of palm oil enlargement going on in regions with excessive carbon shares from 2008 to 2015. As for soybeans, in a small part of the world, the common enlargement of soybeans into excessive carbon lands is predicted at 8%. (Lowitzsch et al., 2020) Both Indonesia and Malaysia, which account for approximately 85% of the world's highest-affected palm oil supply, have denounced the EU's selection as discriminatory and protectionist via way of means of nature, and designed to help merchandise produced via way of means of the EU itself.

### **2. Indonesia, Malaysia, and CPOPC's Response to RED II**

The RED II policy that harms palm oil producers makes CPC members (Indonesia and Malaysia) act, it aims to isolate palm oil for the benefit of products owned by the European Union which called "Like Products" because they have a high level of similarity.

The current haze disaster noticed an extra stage of scrutiny on oil palm plantations within the area. There became, however, a distinction among this year's occasion and occurrences in 2015 and earlier: the general public within the area typically understood that oil palm became now no longer the basic reason of the hassle and that it's far a good deal greater complicated than blaming one commodity for a complicated environmental hassle.

Sadly, oil palm stays the number-one scapegoat for Europeans on the subject of international environmental problems.

It's consequently really well worth revisiting the records approximately the effect of oil palm, specially approximately different commodities. Deforestation from oil palm is a good deal decrease than different commodities

Oil palm deforestation is a supply of contentious issues. the phenomenon highlighted as a primary supply of deforestation globally and in Southeast Asia. It culminated whilst EU MP Katerina Konecna mistakenly said that oil palm became liable for forty percent of the world's deforestation. This became later substantiated through the European Commission's studies on international deforestation, which said that in 1990-2008, oil palm became most effective liable for approximately 2% of worldwide deforestation (Arifin & Putri, 2019).

On the official CPOPC website, it is explained that there was a pollution problem that just occurred in 2019, the EU immediately pointed out that CPO production was the suspect or mastermind behind the pollution, even though CPO was not the only root cause of the pollution in environmental problems. the case is not only one commodity according to the official CPOPC website, but in the EU's view, the EU still points to CPO as the root of all world environmental problems, besides that the EU also had a black campaign where the EU stated that CPO was responsible for 40% of deforestation occurs in the world, but according to data held by CPOPC palm oil is only responsible for 2% of deforestation in the world.

Therefore, the former Indonesian Minister of Trade Enggartiasto Lukita

considered the RED policy an "act of protectionism and triggering a trade war". Malaysian Prime Minister Mahathir Mohamad also responded that both countries were considering taking the case to the International Court of Justice. Mahathir Mohammad said, "This is about world trade, and we have to look at its trading practices first. If it violates international law, of course, we will go to international courts. "During the seventh ministerial meeting of the CPC held in Kuala Lumpur in July 2019, (Hong Jukhee, 2019) both member states, Malaysia and Indonesia stated that they would oppose the Delegated Act through the WTO Dispute Settlement Act and other avenues.

The meeting also proposed establishing the CPOPC-EU Joint Working Group on Palm Oil, as a new platform for responding to the EU Delegation Act. Which will involve the CPOPC Member States and other palm oil-producing countries (including in Africa), and will raise the issue of smallholders and poverty alleviation to fight the Laws or Regulations that have been provided by the EU. (Hong Jukhee, 2019).

According to the CPC Press Release, the meeting also welcomed the findings of a study entitled "Masterplan for the Strategic Implementation of SDGs in the Palm Oil Sector by 2030" initiated by CPOPC which lays out the basis for laying out the basis for the Master Plan for the strategic implementation of the Development Goals. United Nations sustainability in the palm oil sector by 2030. This study shows that palm oil meets most of the 17 UN SDG goals based on case studies conducted in Indonesia, Malaysia, Thailand, Colombia, and Nigeria. (Arifin & Putri, 2019).

This form of protest was also proposed by Indonesia and Malaysia. How will the European Union respond to this form of protest? The EU responded to Malaysian and Indonesian protests that RED was discriminatory against the palm oil trade, the EU responded as follows:

"In response to Malaysia and Indonesia's protests that the revised Directive is discriminatory towards palm oil trade, the EU laid out these defenses:

No discrimination: The European Commission defended the regulation in that

no specific biofuel or feedstock is targeted as all vegetable oils are treated equally.

**Exclusion of low ILUC-risk palm oil:** Palm oil that is certified as low ILUC-risk can continue to help from incentives. Exemptions include such as planting on unused lands.

**Exclusion of smallholders:** Noting the importance of smallholders in Indonesia and Malaysia, the delegated regulation has set the threshold for smallholders to 2 hectares to ensure that their tenure and independence over land are secured.

**Future Reassessment:** The European Commission will reassess the data and if appropriate the methodology in 2021 and will carry out a revision of the Delegated regulation in 2023. It states that any efforts were undertaken by Indonesia (such as a revamped ISPO, the moratorium, the one map policy, or the recently adopted national action plan) will be taken into account while reassessing the data.”(Hong Jukhee, 2019)

The EU still considers that they do not discriminate against CPO and according to the authors the EU will probably never admit such discrimination, other than the EU does not admit that they have discriminated against. The EU here will try to revise its RED policy in 2021, but it should be underlined that the EU will revise if the data that the EU received is by its regulations and will issue its final decision in 2023. Indonesia and Malaysia may wait for the outcome of the protest, but indeed the EU will continue to enforce its RED II until there is a revision in other words the discrimination will continue until it will be revised again.

The dispute may additionally associate effect on negotiations for a trade agreement between the Republic of Indonesia and also the EU, However, whereas Indonesia' oil exports to the EU are valued at around \$2 billion a year - and it's been decreasing once a year – an FTA (Free Trade Agreement) with the EU can before long increase Indonesia' exports to the block by between one7.3-17.7%, or concerning \$7.5 billion, per an EU valuation report discharged in Apr 2019 On 1 Nov 2019, it had been reportable that Indonesia' deputy foreign minister Mahendra Siregar had declared that the

Republic of Indonesia was presently reviewing a draft trade agreement with the ECU Union to form certain that oil was positioned 'adequately' within the planned deal. this can be Indonesia's commencement to send criticism to the WTO. The FTA between Malaya and also the EU also will have a little question be laid low with the dispute over palm oil, with negotiations over a trade agreement that has stalled since 2012. there's no sign however that they'll continue due partly to the palm oil dispute (Hong Jukhee, 2019).

Indonesia and Malaysia need a strong position so the EU Union doesn't discriminate against its Commodities while not poignant their trade relations (FTA). in Malaysian capital Malaysia on November 18, 2019, attended by state, Malaysia, Colombia, Thailand, Nigeria, Papua New Guinea, Ghana, Honduras, and Brazil, accenting the requirement for reinforced collaboration between vegetable oil producers to handle rising problems within the palm oil industry. He expressed concern regarding discriminatory policies and rules in some countries that below the belt target the palm oil industry. He urged palm oil-producing countries to figure hand in hand and unite to defend the palm oil trade while not compromising property goals. (Arifin & Putri, 2019).

Madam Teresa, as the minister of Malaysia, informed the meeting about the contribution of the palm oil sector to the achievement of the United Nations Sustainable Development Goals 2030 in palm oil-producing countries. He also stressed the importance of CPOPC to play an intermediary role for palm oil-producing countries to work with other international bodies and associations for the benefit of the palm oil industry. CPC should also provide consultation among palm oil producers and highlight the importance of collaborative strategies in managing supply and demand balance to maintain palm oil prices. In addition, he stressed the importance of increasing the productivity of smallholders. Madam Teresa also welcomes all palm oil-producing countries to become members of the CPC, as it will be an important platform for member countries to move in solidarity and strengthen the palm oil industry. (Arifin & Putri, 2019).



On the opposite hand, CPOPC additionally brings advantages to Indonesia, with CPOPC international locations Malaysia and Indonesia making joint efforts to enhance the image in their respective industries. Indonesian President Joko Widodo made an everlasting moratorium on woodland clearing for brand spanking new oil palm plantations, protective a few sixty-six million hectares. In Malaysia, the authorities are attempting to sell the Malaysian Sustainable Palm Oil (MSPO) certification system, which imitates the (RSPO) or certification carried out with the aid of using the EU and the International Carbon and Sustainability Certification (ISCC). The MPOCC states that 'By 2020, palm oil shipments to Europe can be licensed beneath neath MSPO and sustainably produced'. Official information with the aid of using MPOCC suggests that, as of 31 October 2019, an anticipated 58.5% of the overall oil palm region in Malaysia were licensed beneath neath MSPO. (Hong Jukhee, 2019).

In addition to certification, the Malaysian and Indonesian governments have also implemented regulations to make the palm oil industry more sustainable/environmentally friendly, including limiting the total area planted with oil palm to 6.5 million hectares, stopping oil palm planting on peatlands, and creating a map of coconut plantations. palm oil is available for public access. With this South to South Cooperation, Indonesia and Malaysia exchange information so that they can make their certification for their products with the aim that the European Union will accept their products, although the European Union will not necessarily accept it if it is not by its procedures, this is an effort that can be appreciated. Maybe Indonesia and Malaysia will continue to have problems with the EU indefinitely but the certification and implementation of this new regulation can be applied to find new markets and want to import palm oil compared to the EU.

## RESULTS AND DISCUSSION

Indonesia not only shared information with Malaysia but with all CPO producing countries who came to the event and did not forget to invite them to join CPOPC, although

until now there have been no additional permanent members other than Indonesia and Malaysia, CPOPC will continue to open its doors wide so that all CPO producing countries can join and can exchange information about CPO as well as spread positive trends about CPO.

## CONCLUSION

The dispute between the European Union and Indonesia and Malaysia on the issue of protectionist policies is arguably complex. The European Union still claims that the RED II policy is non-discriminatory and is aimed at reducing the potential number of fuel oil that is harmful or damaging to the environment, while Malaysia and Indonesia continue to argue that the policy is a form of environmental protectionism, the authors also agree that The European Union grossly overestimates its restrictions on Indonesian and Malaysian palm oil products.

Therefore, Indonesia and Malaysia continue to be active in CPOPC, if we look at how the CPOPC responds in dealing with RED by the EU, let's look at the track record of CPOPC itself, the European Union with its RED policy which started in 2003 called the biofuels policy continues to evolve into RED in 2003. in 2009 in 2009 it began to be seen that there were several forms of emission reduction policies for EU member countries which of course could affect palm oil products but Indonesia and Malaysia still did not make an argument because many of their products were imported into EU countries, but in 2014 a policy emerged new certification of products entering the region, and the price is quite high and is suspected as the first step for the European Union to implement its green protectionism.

According to (Windary & IP, 2017) and Wisadha, this policy is green protectionism from the European Union because it has violated several regulations or articles contained in the WTO Free Trade Agreement, Indonesia and Malaysia as major exporters of palm oil in 2014 were not ready to report directly to the WTO. but rather cooperate with Malaysia, because the policy in RED in 2014 was enough to discriminate against this CPO product, therefore Indonesia and Malaysia responded by forming a CPOPC in 2015 to maintain the good image of their products and

establish cooperation with palm oil-producing countries in Indonesia. the whole world.

There has been no definite response from the EU regarding the formation of this CPOPC, but Indonesia and Malaysia still hold several meetings with other palm oil-producing countries to maintain the good image of their products and exchange information about their products, but the permanent members of CPOPC are still Indonesia and Malaysia. In 2018 there was a response from the EU, namely revising the RED policy to RED II and further limiting the use of biofuels which, according to the EU, are harmful and damaging to the environment, biofuels categorize Palm Oil as a biofuel that is dangerous and not environmentally friendly, the formation of CPOPC has no impact on the EU and the EU. to discriminate against CPO, Indonesia and Malaysia here try to respond quickly through CPOPC by holding meetings with other CPO producing countries.

Through CPOPC Indonesia and Malaysia protested against the RED II policy and reported it to the WTO, but the response from the EU they said they would revise it in 2021 because it needed more research, he said, although the EU will revise the RED II policy, the EU still claims that they do not discriminate and stating that they treat every biofuel product equally and no one is discriminated against, that statement has not changed to date and any complaints that have been filed with the WTO will take years to decide.

It can be seen here that CPOPC continues to respond to all actions of the European Union that hurt CPO products, even though the response given by CPOPC does not have a significant impact on RED policies in the European Union, but on the other hand, CPOPC is arguably successful in becoming a form of the south to south. South cooperation, according to Simplicio South to South Cooperation is a concept that states that there is cooperation between developing countries, south to the south are commonly used by countries, international organizations, and others to share knowledge and experience, in this study Indonesia and Malaysia use south to south cooperation to support certain sectors of a country.

CPC is the best answer to be an act of response, and against the protectionism policy of the Renewable Energy Directive II, because based on research, protectionism cannot be

fought only by protesting, let alone fighting individually, therefore cooperation is needed like this CPOPC, to create an image. both on its commodities and develop its economy through such cooperation without relying on an international organization for the domestic interests of countries affected by protectionism.

Here, Indonesia and Malaysia exchanged information on certification that they could do on their own to be certified as environmentally friendly CPO. In addition, CPC also tries to establish relations with several CPO producing countries around the world to participate in several CPOPC meetings which are used to discuss the development of CPO products in all sectors. B30, which will be ready to be marketed at the end of 2020, while waiting for the European Union to issue a revised policy, Indonesia and Malaysia will look for new markets that are willing to import their products with better product development as a result of the exchange of information that occurred at CPC. Indonesia and Malaysia to find new markets

Indonesia not only shared information with Malaysia but with all CPO producing countries who came to the event and did not forget to invite them to join CPOPC, although until now there have been no additional permanent members other than Indonesia and Malaysia, CPOPC will continue to open its doors wide so that all CPO producing countries can join and can exchange information about CPO as well as spread positive trends about CPO. It can be concluded here that CPOPC has succeeded in becoming a form of south-to-south cooperation as well as a form of response against the Renewable Energy Directive.

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