



Striking a Balance: Navigating Economic Growth and Sustainability in Indonesia's Palm Oil Sector

Imelda Jo Anastasya^{1*}, Tiffany Angelica²

^{1,2} Faculty of Law, Universitas Pelita Harapan, Indonesia

¹ imeldajoa@gmail.com

² 01052220019@student.uph.edu

(* corresponding author)

Abstract

Indonesia's palm oil plantations have an irreplaceable role in Indonesia's economy, contributing to job creation, rural poverty reduction, export revenue, and gross domestic product. Although such exploitation of its natural resources is within Indonesia's permanent sovereignty, developed countries have expressed environmental concerns over Indonesia's surge in palm oil expansion, which has brought about deforestation, biodiversity loss, and greenhouse gas emissions. This research will analyze whether Indonesia can navigate economic growth and sustainability in its palm oil sector, amidst such conflicting interests. Utilizing a normative legal research methodology with a statute approach, relevant laws, regulations, and practices will be used to identify whether Indonesia can achieve a sustainable palm oil industry that aligns with national development goals while also adhering to global environmental standards, ensuring both economic growth and sustainability.

Keywords: Palm Oil; Economic Growth; Sustainability

A. Introduction

As of 2022, Indonesia had around 15.34 million hectares of oil palm plantations.¹ These palm oil plantations directly employ 4.2 million workers and indirectly employ 12 million people,² alleviate 2.6 million Indonesians from poverty, contribute approximately 2.5% to 4.5% directly to Indonesia's gross domestic product,³ and are valued at Rp28.45 billion in

¹ "Total area of oil palm plantations in Indonesia 2010-2022," Statista, accessed 21 March 2025, <https://www.statista.com/statistics/971424/total-area-of-oil-palm-plantations-indonesia/>.

² GAPKI, "Palm oil has irreplaceable role in Indonesian economy," *GAPKI*, September 22, 2021, <https://gapki.id/en/news/2021/09/22/palm-oil-has-irreplaceable-role-in-indonesian-economy/>.

³ "Palm and the SDGs in Indonesia," Indonesia Palm Oil Facts, last modified January 23, 2024, <https://www.indonesiapalmoilfacts.com/fact-sheet-palm-and-the-sdgs-in-indonesia/>.

2023.⁴ Thus, palm oil plantations have an irreplaceable role in Indonesia's economy, and are within its permanent sovereignty.

The Permanent Sovereignty over Natural Resources General Assembly resolution 1803 (XVII) on 14 December 1962 declares:

*The right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the State concerned.*⁵

Similarly, Article 33 of our Constitution places important sectors of production which affect people's lives, as well as natural resources, "under the powers of the State".⁶ Despite having supreme power or authority, however, developing countries like Indonesia are vulnerable to developed countries' influence, as developing countries view unilateral actions as necessary to meet basic needs. This is known as a 'conflict of interest'.⁷

With regard to palm oil plantations, such conflict of interest has materialized as environmental concerns such as deforestation, biodiversity loss, and greenhouse gas emissions. 30,000 hectares of forest were cleared in 2023 for palm oil plantations, including indigenous land. Additionally, the conversion of natural ecosystems into monoculture plantations has released significant amounts of carbon dioxide and other pollutants into our atmosphere and has led to a loss of biological elements in nature, including plant-based and animal-based natural resources, which, along with non-biological elements, collectively form an ecosystem.⁸

The negative environmental impacts of palm oil have prompted developed countries to adopt measures against its use. For example, Norway's parliament has voted to ban public procurement and use of biofuel based on palm oil and intends to introduce a regulation on public procurement that "imposes requirements that biofuel based on palm oil or by-products

⁴ Azis Kurnala, "Indonesia accounts for 54% of global palm oil exports: Minister," *Antara News*, last modified March 28, 2024, <https://en.antaranews.com/news/309540/indonesia-accounts-for-54-of-global-palm-oil-exports-minister>.

⁵ "General Assembly Resolution 1803 (XVII): Permanent Sovereignty Over Natural Resources," Office of the United Nations High Commissioner for Human Rights, accessed 21 March, 2025, <https://www.ohchr.org/en/instruments-mechanisms/instruments/general-assembly-resolution-1803-xvii-14-december-1962-permanent>.

⁶ Article 33 *The 1945 Constitution of the Republic of Indonesia*.

⁷ Andreas Tedy Mulyono and Rizky Karo Karo, "Questioning a Fair Settlement as the Legal Resolution of Global Interests," *IOP Conference Series: Earth and Environmental Science* 1270 (2023): 012025, 1, <https://doi.org/10.1088/1755-1315/1270/1/012025>

⁸ "Exploring Palm Oil: Economic and Environmental Concerns in Indonesia," Palm Oil Analytics, accessed March 21, 2025, <https://www.palmoilanalytics.com/palm-oil-economic-and-environmental-concerns-in-indonesia/>

of palm oil shall not be used”.⁹ The European Union has also approved new legislation (Regulation (EU) 2023/1115), banning the import of palm oil derivatives associated with deforestation as an effort to address global warming and diminish carbon emissions. This can be found in Article 3 which states:

Relevant commodities and relevant products shall not be placed or made available on the market or exported unless all the following conditions are fulfilled:

- (a) they are deforestation-free;*
- (b) they have been produced in accordance with the relevant legislation of the country of production; and*
- (c) they are covered by a due diligence statement.*¹⁰

Although Indonesia has retaliated against such regulations, one question remains: can Indonesia navigate economic growth and sustainability in its palm oil sector? This article will attempt to answer such a question by first displaying the legal, social-economic, and ecological framework surrounding Indonesia's palm oil sector. Next, this article will go into the real-world implementation of the present legal framework. Lastly, an analysis concerning the role of non-governmental organizations (NGOs) in approaching the complex nature of balancing socio-economic and environmental interests will be discussed.

This article will use normative legal research as its research methodology. Soerjono Soekanto defines normative legal research as research which is done by analyzing legal principles, systematics of law, synchronization of law, history of law, and comparison of law.¹¹ The legal research approach to normative legal research includes the statute approach, case approach, historical approach, comparative approach, and conceptual approach. This research uses statute approach as its legal research approach, as laws and regulations will be examined to answer our research question as formulated above. The objective is to identify regulations and legislation, as well as practices, that Indonesia has adopted regarding the sustainability of palm oil plantations while also protecting its economy.

⁹ “Norway Bans Palm Oil-Based Biofuel in Its Public Procurement,” Rainforest Foundation Norway, accessed March 21, 2025, <https://www.regnskog.no/en/news/norway-bans-palm-oil-based-biofuel-in-its-public-procurement>.

¹⁰ “Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (Text with EEA Relevance),” European Union, last modified December 26 2024, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1115&qid=1687867231461>.

¹¹ Soerjono Soekanto and Sri Mamudji, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat* (Jakarta: Rajawali Pers, 2003).

B. Discussion

B. 1. Regulations and Legislation

Considering the contribution of the palm oil industry to the Indonesian economy, addressing environmental law concerns will require an objective approach that can balance economic growth and environmental sustainability. This would involve addressing the legal, social-economic, and ecological framework surrounding the palm oil sector. These can be found as follows:

a. Law Number 32 of 2009 on Environmental Protection and Management

Recognized as the main framework of Indonesia's modern environmental law, Law Number 32 of 2009 on Environmental Protection and Management (*Undang-Undang Perlindungan dan Pengelolaan Lingkungan Hidup*, **UUPPLH**) sets forth fundamental principles for pollution control, environmental impact assessments, and penalties for environmental offenses, reflecting principles of the Rio Declaration of 1992. Additionally, the law also emphasizes the importance of public participation, striving for greater transparency and civic engagement in any environmental decision-making.¹²

b. Law Number 41 of 1999 on Forestry, as amended by Law Number 19 of 2004 on Amendment to Law Number 41 of 1999 on Forestry

This legislation governs forest conservation, licensing mechanisms, and particularly illegal logging. Granting powers to central and regional authorities to regulate forest usage and sanction non-compliant actors understanding the importance of sustainable forestry.¹³

c. Government Regulation (**GR**) Number 22 of 2021 on Organizing Environmental Protection and Management

The enactment of this regulation revokes GR Number 27 of 2012 on Environmental Permit, similarly one of the main objectives of the regulation is to set requirements for businesses and activities with significant potential impacts to secure an environmental license, this regulation formalizes the Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan*, **AMDAL**) process. Furthermore, the regulation mandates public consultation, to integrate local

¹² Law Number 32 of 2009 on Environmental Protection and Management.

¹³ Law Number 41 of 1999 on Forestry, as amended by Law Number 19 of 2004 on Amendment to Law Number 41 of 1999 on Forestry.

community concerns regarding the health of the ecosystem and consequently potential economic threats.

d. Law Number 18 of 2013 on the Prevention and Eradication of Forest Destruction

Due to the growing concerns about the rate of deforestation, this law, in particular, was aimed at reducing illegal logging, through clarifying enforcement responsibilities, and prescribing penalties. The law also opened collaboration between government agencies, NGOs, and local communities to bolster surveillance and accountability in forest management.¹⁴

e. Presidential Instruction Number 8 of 2018 on the Suspension and Evaluation of Licensing for Oil Palm Plantations (**PI 8/2018**)

With the rapid growth of unsustainable palm oil expansion and deforestation, PI 8/2018 imposed a moratorium on new and existing licenses. The policy aims to review overlapping permits, ensure environmentally responsible practices, and protect ecologically sensitive areas.

f. Additional Regulations

- 1) Law Number 18 of 2008 on Waste Management: Addresses waste reduction, recycling, and disposal mechanisms.
- 2) GR Number 101 of 2014 on Hazardous and Toxic Waste Management (B3): Focuses on proper handling, storage, and disposal of toxic materials.
- 3) Regional Regulations: Provincial and district-level rules address localized environmental concerns in alignment with national law.

Over the years Indonesia has attempted to balance economic advancement with ecological preservation. However, the overlapping nature of some environmental and economic regulations and the inconsistent policy implementation across regions have presented major challenges in practical enforcement

B. 2. Practices

Despite the present legal framework, real-world implementation suggests that there are still challenges to overcome in implementation due to the complex nature of balancing socio-economic and environmental interests.

¹⁴ *Law Number 18 of 2013 on the Prevention and Eradication of Forest Destruction.*

B. 2. 1. Environmental Impact Assessment

The AMDAL, as outlined by GR Number 29 Year 1986 on Environmental Impact Assessment, positions that Indonesia's infrastructure development is inevitable and will be crucial in the expansion and growth of the economy. In particular, Indonesia with its production capacity in sectors such as industrial production and manufacturing. Therefore, the use of the AMDAL was deemed a necessary step in addressing the potential impacts and mitigating environmental risks or harm during the building process.

However, its real-world implementation is frequently challenged putting the efficacy of AMDAL in assessing the implications that come with disruption to an ecosystem. Such as in the case of Bener Dam in Wadas Village, Purworejo Regency. This case shines a light on the frequent limited or in some instances absence of community involvement in the approval of AMDAL documents. During the approval process, several academic teams found that the one-way public consultations alongside unilateral claims to community approval, resulted in an ineffective AMDAL documentation, which did not seriously consider the impact of activities on community safety making its use irrelevant.

Moreover, the enactment of Law Number 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law (*Undang-Undang Cipta Kerja*, **UU Ciptaker**) highlights the recent changes in the AMDAL system.¹⁵ The provisions of the new law narrow the scope of public participation, in particular, Article 22 paragraph (5) of the law limits the scope "to citizens who are directly impacted".¹⁶ After its enactment, a few parties questioned the changes, including a petition in 2021 to the Constitutional Court lodged by a NGO, *Yayasan Hutan, Alam dan Lingkungan Aceh* (HakA) with the case number 55/PUU-XIX.¹⁷ The petition claimed that Article 22 paragraph (5) of the UU Ciptaker violates its constitutional rights, and the constitutional rights of the public to partake, assess, and criticize during the AMDAL arrangement process.

¹⁵ "Izin AMDAL Dalam UU Cipta Kerja Tidak Dihapus, Hanya Disederhanakan," Kementerian Koordinator Bidang Perekonomian Republik Indonesia, last modified October 9, 2020, <https://www.ekon.go.id/publikasi/detail/558/izin-amdal-dalam-uu-cipta-kerja-tidak-dihapus-hanya-disederhanakan>.

¹⁶ Andi Saputra, "Perppu Cipta Kerja Pertahankan 'Syarat Amdal' yang Sempat Digugat ke MK," *Detiknews*, January 1, 2023, <https://news.detik.com/berita/d-6493143/perppu-cipta-kerja-pertahankan-syarat-amdal-yang-sempat-digugat-ke-mk>.

¹⁷ Argawati, Utami, "LSM Lingkungan Hidup Uji Ketentuan Proses Amdal Dalam UU Cipta Kerja," *Mahkamah Konstitusi Republik Indonesia*, October 26, 2021, <https://www.mkri.id/index.php?page=web.Berita&id=17710&menu=2>.

B. 2. 2. Deforestation and Land Use

a. Illegal Logging and Forest Fires

Despite crackdowns on illegal logging practices by the government, its practice remains prevalent in Indonesia. Such practices can be attributed to two possible causes: firstly the reliance on forest products as raw materials and the limited available land.¹⁸ In 2019 alone, data suggests that the Indonesian primary raw material for wood is worth over USD 12 Billion, a slight decrease from the prior year due to the COVID-19 pandemic. Furthermore, industrial use of timber is still widespread in Indonesia, and only in recent years have there been more conscious efforts to implement alternatives. In regards to the latter, due to Indonesia's geographical terrain and rapid economic growth, land in rural areas has become scarce.¹⁹

In addition to that, many local businesses tend to disregard the regulations due to the complexity and cost of applying for the necessary permits. Minimal enforcement and rampant corruption can also be attributed to the persistence of deforestation and illegal logging as means of push costs.²⁰ One commonly used method is the intentional burning of forests to clear land which continues to pose environmental and health hazards.

Haze from forest fires has transboundary effects, prompting political and diplomatic challenges with neighboring countries.²¹ Over the years, Indonesia's neighbor Singapore, has spoken against haze caused by forest fires in Indonesia (particularly Kalimantan and Sumatra) which have traveled through its territory. Although the ASEAN Agreement on Transboundary Haze was signed in 2002, the year 2019 Indonesian courts sentenced 11 (eleven) corporations to pay for damages for intentionally causing forest fires amounting to an estimated IDR 18,9 trillion. Among many, the company that was sentenced to the most compensation was PT

¹⁸ "Indonesia Has a Carrot to End Illegal Logging; Now It Needs a Stick," WRI Indonesia, last modified January 4, 2018, <https://wri-indonesia.org/en/insights/indonesia-has-carrot-end-illegal-logging-now-it-needs-stick>.

¹⁹ Dadang Sudrajat, "Problems of Illegal Logging Cases in Indonesia from the View of Criminal Law," *Legal Brief* 11, no. 1 (November 2021): 86, <https://www.legal.isha.or.id/index.php/legal/article/view/80>.

²⁰ Han Revanda, "Greenpeace Nilai Penegakan Hukum Karhutla Lemah: Sudah Divonis, Belum Bayar Denda," *Tempo*, October 7, 2023, <https://www.tempo.co/hukum/greenpeace-nilai-penegakan-hukum-karhutla-lemah-sudah-divonis-belum-bayar-denda-135394>.

²¹ Gheana Syifa, "Pertanggungjawaban Indonesia Dalam Menangani Pencemaran Asap Lintas Batas Ditinjau Dari ASEAN Agreement on Transboundary Haze Pollution (AATHP)," *Litra* 2, no. 2 (April 2023): 176, <https://doi.org/10.23920/litra.v2i2.1186>.

Merbau Pelalawan Lestari (IDR Rp16.2 trillion), PT National Sago Prima (IDR 1.07 trillion), and PT Bumi Mekar Hijau (IDR 78 billion).²²

b. Palm Oil Expansion

One of the common practices leading to deforestation and forest fires is the expansion of large-scale palm oil plantations, leading to the conversion of natural forests, peatlands, and other ecologically sensitive areas, particularly in Sumatra, Kalimantan, and Papua. The implementation PI 8/2018 was enacted to address environmental concerns in the Palm Oil sector. A report by Civil Society Coalition (consisting of Sawit Watch, Madani, Indonesian Centre for Environmental Law (ICEL), *Lembaga Studi dan Advokasi Masyarakat* (ELSAM), Kaoem Telapak, *Jaringan Pemantau Independen Kehutanan* (JPIK), Greenpeace Indonesia, Forest Watch Indonesia (FWI), Kemitraan, *Serikat Petani Kelapa Sawit* (SPKS), Pusaka, and KPSH) states that even early after its implementation there are still concerns over the enforceability of PI 8/2018. The report suggests that non-existent allocation of funding at the regional level from the Regional Revenues and Expenditure Budget to support operations mandated in PI 8/2018.²³

Additionally, the lack of a technical framework for the regional government (Province/District and Municipality) has hindered the implementation of PI 8/2018. When considering the importance of technical framework in implementing any regulation, there are potential indirect consequences if the technical elements are not handled properly, such as limited access for the general population to obtain information regarding the progress and implementation of the PI.

B. 2. 3. Waste Management

Waste is by default an issue in the oil and gas industry, in all multistage processes of production. Oil palm biomass (**OPB**) is made up of waste generated during the production of palm oil and can be in the forms of empty fruit branches, palm kernel shells, mesocarp fiber,

²² BBC, "Kebakaran Hutan: Dari Denda Belasan Triliun Rupiah, Pemerintah Klaim Baru Terima Rp400 Miliar Dari Perusahaan Pembakar Lahan," *BBC News Indonesia*, September 16, 2019, <https://www.bbc.com/indonesia/indonesia-49716140>.

²³ Sawit Watch, Madani, Indonesian Centre for Environmental Law, Lembaga Studi & Advokasi Masyarakat, Kaoem Telapak, Jaringan Pemantau Independen Kehutanan, Greenpeace Indonesia, et al., "Shadow Report: Where Is the Implementation of Presidential Instruction No.8 of 2018, Going?" *Kaoem Telapak* (September 2019), <https://kaoemtelapak.org/where-is-the-implementation-of-presidential-instruction-no-8-of-2018-going-2/>.

oil palm fronds, and palm oil mill effluent (**POME**).²⁴ Traditional approaches to processing OPB waste is to burn the remaining organic materials, where the resulting ashes are used as fertilizer.²⁵ Due to the pollution concerns caused by burning OPB, recent advancements have shown innovation to process OPB waste such as generating clean energy,²⁶ for boilers and creating organic fertilizers from the remaining organic materials of the plants.²⁷

The same cannot be said for the latter however, POME fluid has an oily characteristic with some being highly hazardous (radioactive) and requiring careful handling, treatment, and disposal. POME fluid is formed through the generated wastes at processing terminals such as tank bottom sludge. Routine cleaning by processing plants is only often done periodically to maintain product quality or tank storage capacity, with less attention being put towards spill cleanup and soils contaminated with oil. Furthermore, the issue is worsened when considering the lenient enforcement of environmental laws and corrupt officials in Indonesia, which contradicts the precautionary principle outlined in Article 2 letter (f) of UUPPLH as adopted from the Rio Declaration of 1992.

B. 2. 4. Enforcement and Compliance

Although environmental law frameworks exist in Indonesia, limited institutional capacity often hinders effective implementation and oversight. At the regional level, many environmental offices lack personnel, funding, and specialized expertise to conduct inspections, handle and manage compliance, and impose sanctions. Furthermore, the lack of specialized expertise at the regional levels has resulted in a low understanding of the importance of preserving the ecosystem, allowing corruption to run rampant. Although corruption cannot solely be attributed to the lack of awareness and education alone, the lack of awareness at an agency and society level does have its impacts in deterring destructive acts.

²⁴ A D Januari and H Agustina, "Palm Oil Empty Fruit Bunches and the Implementation of Zero Waste and Renewable Energy Technologies," *IOP Conference Series: Earth and Environmental Science* 1034 (2022): 012004, 4–6, <https://doi.org/10.1088/1755-1315/1034/1/012004>; Mamdouh F. Abdel-Sabour, "Oil & Gas Industry Waste Management" (paper presentation, Middle East Waste Management Summit, December 2015), https://www.researchgate.net/publication/286620089_Oil_Gas_industry_Waste_Management; Rakhmawati Nabila, Wahyu Hidayat, Agus Haryanto, Udin Hasanudin, Dewi Agustina Iryani, Sihyun Lee, Sangdo Kim, et al., "Oil Palm Biomass in Indonesia: Thermochemical Upgrading and Its Utilization," *Renewable and Sustainable Energy Reviews* 176 (January 2023): 113193, <https://doi.org/10.1016/j.rser.2023.113193>.

²⁵ Jajang Supriatna, Mieke Rochimi Setiawati, Rija Sudirja, Cucu Suherman, and Xavier Bonneau, "Composting for a More Sustainable Palm Oil Waste Management: A Systematic Literature Review," *The Scientific World Journal* (November 2022): 5073059, <https://doi.org/10.1155/2022/5073059>.

²⁶ Januari and Agustina, "Palm Oil Empty Fruit Bunches," 6.

²⁷ "How It Works: Zero Waste in Palm Oil Production," SMART, last modified November 12, 2018, <https://www.smart-tbk.com/en/cara-kerja-nihil-limbah-dalam-produksi-minyak-kelapa-sawit/>; Nabila et al., "Oil Palm Biomass in Indonesia," 113193.

Consequently, even with concrete legal frameworks lax enforcement undermines the deterrence of destructive acts, negating the precautionary principle stated in Article 2 letter (f) of UUPPLH.

An example that sheds light on the widespread corruption is the palm oil plantation found in the Register 40 forest zone in Padang Lawas. DL. Sitorus who at the time acted as the Managing Director of PT Torganda developed the elaborate scheme, being found to have built the 47.000-hectare oil plantation without the proper permits and license from the Ministry of Forestry. The plantation was partially controlled by Bukit Harapan Palm Oil Plantation Cooperative alongside PT Torganda (23.000 hectares), while the remainder of the land was controlled by KPKS Parsub and PT Torus Ganda (24.000 hectares).²⁸ The Supreme Court verdict in 2007, ordered that the illegally obtained land shall be returned to the state, the land was allegedly said to have been returned to the state in 2009. However, in 2017 Muhammad Prasetyo (ex-Attorney General from 2014–2019) details that the physical land had not been handed back to the state, only merely an administrative action and not a physical seizure of the land.²⁹ 19 years after the Supreme Court Decision, the oil plantation land has not been returned to the state.³⁰

B. 3. Civic Duty

B. 3. 1. The Role of Civil Society

In line with UUPPLH, the main objective is to set requirements for businesses and activities with significant potential impacts to secure an environmental license and involve the community where the business operates. Involving the local community in the AMDAL process, when done properly; allows concerns to be addressed prior before the damage is done. The importance of the local community to ensure safety precautions and environmental concerns are addressed allows for a more dynamic decision-making process, instead of analyzing potential threats and impacts only on the surface level. Although the legal framework

²⁸ Lusia Arumingtyas, "Eksekusi Lahan Sawit DL Sitorus, Kementerian Lingkungan Minta Bantuan KPK," *Mongabay*, February 22, 2018, <https://www.mongabay.co.id/2018/02/22/eksekusi-lahan-sawit-dl-sitorus-kementerian-lingkungan-minta-bantuan-kpk/>.

²⁹ Ayat Suheri Karokaro, "Hutan Register 40 Masih Dikuasai Torganda, Kejati Sumut Belagak Bingung," *Mongabay*, April 21, 2014, <https://www.mongabay.co.id/2014/04/21/hutan-register-40-masih-dikuasai-torganda-kejati-sumut-belagak-bingung/>.

³⁰ Firdaus Peranginangin, "DPRD SU 'Bongkar' Kembali Kasus Register 40 Padanglawas 19 Tahun Gagal Dieksekusi," *Harian SIB*, January 7, 2025, <https://www.hariansib.com/v1/Medan-Sekitarnya/418129/dprd-su-quotbongkarquot-kembali-kasus-register-40-padanglawas-19-tahun-gagal-dieksekusi/>.

exists, its implementation remains inconsistent based on several factors; firstly the lack of awareness and/or education towards the importance of maintaining an ecosystem. The lack of awareness goes beyond environmental concerns, legal literacy in some areas is still minimal, meaning that some civilians are not aware of their rights. Secondly, financial incentives often put individuals in a morally conflicting situation, especially in rural areas where economic activity is low. Such financial incentives can often be found in two forms either through financial incentives to local communities and or local authorities to approve the AMDAL and other necessary permits.

B. 3. 2. The Role of NGOs

Beyond the local population, NGOs also serve as important critics in ensuring implementation and public awareness of environmental issues and advocating for policy reforms. The petition to the Constitutional Court brought upon by the NGO Haka, is a clear example of why NGOs play a pivotal role in advocating for environmental protection, although the claim at the time needed to be revised, news of the petition had brought the issue to the mass media, shedding attention to the issue.³¹ Through the help of NGOs, community groups have sometimes successfully filed lawsuits against polluters and or violating corporations through proper channels such as the court. These cases help shape legal precedents that can reinforce accountability and improve sustainability practices. Furthermore, the presence of NGOs in helping fund research in regards to more sustainable practices in the palm oil industry, understanding that many communities still heavily rely on palm oil production as the main source of revenue.

B. 4. Economic Development

The challenge of balancing economic growth with environmental sustainability is a familiar predicament in many developing economies, and Indonesia's palm oil sector is no exception. On one hand, the industry generates substantial revenue through production (in this instance palm oil), creating employment opportunities, and stimulating infrastructure development in remote areas. On the other hand, the limited economic resources and competing central governmental priorities often constrain long-term sustainable practices, allowing for practices that lead to the degradation of ecosystems to continue.

³¹ Saputra, "Perppu Cipta Kerja Pertahankan 'Syarat Amdal'."

B. 4. 1. The Developing Economy Dilemma

Developing nations such as Indonesia, frequently struggle with balancing a tension between growth-oriented policies and sustainability objectives. Globally, in developing countries across Southeast Asia, Africa, and Latin America, immediate economic gains from resource extraction can often overshadow the perceived initial benefits of preserving the ecosystem or investing in sustainable innovation. In Indonesia, some local communities are still reliant on the production of certain commodities such as palm oil earnings, and may view rigorous environmental regulations from the central government as an obstacle to economic growth. This economic reliance on certain goods may sometimes result in insufficient funding for environmental oversight and enforcement, further perpetuating a cycle where short-term gains undermine long-term sustainability.

Furthermore, a shortage of financial and technical resources often hampers the adoption of best environmental practices. Although Indonesia has introduced legal concepts and principles as adopted internationally through the creation of UUPPLH and PI 8/2018, effective implementation remains challenging when regional authorities lack proper funding or adequate training. This scenario is further worsened by overlapping interests among governmental agencies and the central government leads to the absence of cohesive policy frameworks that reconcile development targets with ecological protections.

C. Conclusion

Indonesia's palm oil sector is the epitome of holding both the aspirations of economic welfare for its people and the implications of ecological degradation. Although Indonesia still examines its existing laws and improves upon them, policy reform alone will not solve the fundamental issues. Due to the regional autonomy system implemented in Indonesia, policies rolled out by the central government may not be implemented effectively or actively benefit local communities without proper consideration of socio-economic conditions. Furthermore, this study demonstrates that even with the proper legal framework, a lack of enforcement, cross-agency coordination, and meaningful local engagement can result in a flawed understanding of the actual efficacy of the policies themselves. When enacting policies both regional and central levels of government should ensure an equitable balance between immediate economic needs and future sustainability of the ecosystem. Understanding the perspectives of both investors and the interests of civil society to efficient systems and legislation ensures that economic growth is not hampered while protecting the environment. Ultimately, fostering transparent public participation and enriching the awareness of the

younger generation will be key to ensuring sustainable environmental and economic growth for Indonesia.

Future research may aim to quantify the socio-economic impacts of stricter environmental regulations in rural palm oil-reliant producing regions to better develop practical, data-driven legislation. Additionally, comparative studies across multiple Southeast Asian and or other developing producer nations could provide valuable insights into potential sustainability standards. Studying implemented policies may provide information on the potential perception by investors, the market, and its people and predict the potential outcomes when such policies are implemented in Indonesia.

REFERENCES

Laws and Regulations

The 1945 Constitution of the Republic of Indonesia.

Republic of Indonesia Law Number 41 of 1999 on Forestry.

Republic of Indonesia Law Number 19 Year 2004 on Amendment to Law Number 41 of 1999 on Forestry.

Republic of Indonesia Law Number 32 of 2009 on Environmental Protection and Management.

Republic of Indonesia Law Number 18 of 2013 on the Prevention and Eradication of Forest Destruction.

Books

Soekanto, Soerjono, and Sri Mamudji. *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*. Jakarta: Rajawali Pers, 2003.

Journal Articles

Januari, A.D., and H. Agustina. "Palm Oil Empty Fruit Bunches and the Implementation of Zero Waste and Renewable Energy Technologies." *IOP Conference Series: Earth and Environmental Science* 1034 (2022): 012004, 4–6. <https://doi.org/10.1088/1755-1315/1034/1/012004>.

Mulyono, Andreas Tedy, and Rizky Karo Karo, "Questioning a Fair Settlement as the Legal Resolution of Global Interests." *IOP Conference Series: Earth and Environmental Science* 1270 (2023): 012025. <https://doi.org/10.1088/1755-1315/1270/1/012025>

Nabila, Rakhmawati, Wahyu Hidayat, Agus Haryanto, Udin Hasanudin, Dewi Agustina Iryani, Sihyun Lee, Sangdo Kim, et al. "Oil Palm Biomass in Indonesia: Thermochemical Upgrading and Its Utilization." *Renewable and Sustainable Energy Reviews* 176 (January 2023): 113193. <https://doi.org/10.1016/j.rser.2023.113193>.

Sudrajat, Dadang. "Problems of Illegal Logging Cases in Indonesia from the View of Criminal Law." *Legal Brief* 11, no. 1 (November 2021): 85–89. <https://www.legal.isha.or.id/index.php/legal/article/view/80>.

Supriatna, Jajang, Mieke Rochimi Setiawati, Rija Sudirja, Cucu Suherman, and Xavier Bonneau. "Composting for a More Sustainable Palm Oil Waste Management: A

Systematic Literature Review.” *The Scientific World Journal* (November 2022): 5073059. <https://doi.org/10.1155/2022/5073059>.

Syifa, Gheana. “Pertanggungjawaban Indonesia Dalam Menangani Pencemaran Asap Lintas Batas Ditinjau Dari ASEAN Agreement on Transboundary Haze Pollution (AATHP).” *Litra* 2, no. 2 (April 2023): 170–88. <https://doi.org/10.23920/litra.v2i2.1186>.

Scientific Papers

Abdel-Sabour, Mamdouh F. “Oil & Gas Industry Waste Management.” Paper presented at the Middle East Waste Management Summit, December 2015. https://www.researchgate.net/publication/286620089_Oil_Gas_industry_Waste_Management.

Sawit Watch, Madani, Indonesian Centre for Environmental Law, Lembaga Studi & Advokasi Masyarakat, Kaoem Telapak, Jaringan Pemantau Independen Kehutanan, Greenpeace Indonesia, et al. “Shadow Report: Where Is the Implementation of Presidential Instruction No. 8 of 2018, Going?” *Kaoem Telapak*, September 2019 <https://kaoemtelapak.org/where-is-the-implementation-of-presidential-instruction-no-8-of-2018-going-2/>.

News Articles

Argawati, Utami. “LSM Lingkungan Hidup Uji Ketentuan Proses Amdal dalam UU Cipta Kerja.” *Mahkamah Konstitusi Republik Indonesia*, October 26, 2021. <https://www.mkri.id/index.php?page=web.Berita&id=17710&menu=2>.

Arumingtyas, Lusia. “Eksekusi Lahan Sawit DL Sitorus, Kementerian Lingkungan Minta Bantuan KPK.” *MONGABAY*, February 22, 2018. <https://www.mongabay.co.id/2018/02/22/eksekusi-lahan-sawit-dl-sitorus-kementerian-lingkungan-minta-bantuan-kpk/>.

BBC. “Kebakaran Hutan: Dari Denda Belasan Triliun Rupiah, Pemerintah Klaim Baru Terima Rp400 Miliar dari Perusahaan Pembakar Lahan.” *BBC News Indonesia*, September 16, 2019. <https://www.bbc.com/indonesia/indonesia-49716140>.

GAPKI. “Palm Oil Has Irreplaceable Role in Indonesian Economy.” *GAPKI News*, September 22, 2021. <https://gapki.id/en/news/2021/09/22/palm-oil-has-irreplaceable-role-in-indonesian-economy/>.

Karokaro, Ayat Suheri. “Hutan Register 40 Masih dikuasai Torganda, Kejati Sumut Belagak Bingung.” *MONGABAY*, April 21, 2014. <https://www.mongabay.co.id/2014/04/21/hutan-register-40-masih-dikuasai-torganda-kejati-sumut-belagak-bingung/>.

Kurmala, Azis. “Indonesia Accounts for 54% of Global Palm Oil Exports: Minister.” *Antara News*, March 28, 2024. <https://en.antaranews.com/news/309540/indonesia-accounts-for-54-of-global-palm-oil-exports-minister>.

Peranginangin, Firdaus. “DPRD SU ‘Bongkar’ Kembali Kasus Register 40 Padanglawas 19 Tahun Gagal Dieksekusi.” *Harian SIB*, January 7, 2025. <https://www.hariansib.com/v1/Medan-Sekitarnya/418129/dprd-su-quotbongkarquot-kembali-kasus-register-40-padanglawas-19-tahun-gagal-dieksekusi/>.

Revanda, Han. “Greenpeace Nilai Penegakan Hukum Karhutla Lemah: Sudah Divonis, Belum Bayar Denda.” *Tempo*, October 7, 2023. <https://www.tempo.co/hukum/greenpeace-nilai-penegakan-hukum-karhutla-lemah-sudah-divonis-belum-bayar-denda-135394>.

Saputra, Andi. "Perppu Cipta Kerja Pertahankan 'Syarat Amdal' yang Sempat Digugat ke MK." *Detiknews*, January 1, 2023. <https://news.detik.com/berita/d-6493143/perppu-cipta-kerja-pertahankan-syarat-amdal-yang-semplat-digugat-ke-mk>.

Website Contents

European Union. "Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the Making Available on the Union Market and the Export from the Union of Certain Commodities and Products Associated with Deforestation and Forest Degradation and Repealing Regulation (EU) No. 995/2010 (Text with EEA Relevance)." Last modified December 26, 2024. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1115&qid=1687867231461>.

Kementerian Koordinator Bidang Perekonomian Republik Indonesia. "Izin AMDAL Dalam UU Cipta Kerja Tidak Dihapus, Hanya Disederhanakan." Last modified October 9, 2020. <https://www.ekon.go.id/publikasi/detail/558/izin-amdal-dalam-uu-cipta-kerja-tidak-dihapus-hanya-disederhanakan>.

Indonesia Palm Oil Facts. "Palm and the SDGs in Indonesia." Last modified January 23, 2024. <https://www.indonesiapalmoilfacts.com/fact-sheet-palm-and-the-sdgs-in-indonesia/>.

Office of the United Nations High Commissioner for Human Rights. "General Assembly Resolution 1803 (XVII): Permanent Sovereignty Over Natural Resources." Accessed March 21, 2025. <https://www.ohchr.org/en/instruments-mechanisms/instruments/general-assembly-resolution-1803-xvii-14-december-1962-permanent>.

Palm Oil Analytics. "Exploring Palm Oil: Economic and Environmental Concerns in Indonesia." Accessed March 21, 2025. <https://www.palmoilanalytics.com/palm-oil-economic-and-environmental-concerns-in-indonesia/>.

Rainforest Foundation Norway. "Norway Bans Palm Oil-Based Biofuel in Its Public Procurement." Accessed March 21, 2025. <https://www.regnskog.no/en/news/norway-bans-palm-oil-based-biofuel-in-its-public-procurement>.

SMART. "How It Works: Zero Waste in Palm Oil Production." Last modified November 12, 2018. <https://www.smart-tbk.com/en/cara-kerja-nihil-limbah-dalam-produksi-minyak-kelapa-sawit/>.

Statista. "Total area of oil palm plantations in Indonesia 2010-2022." Accessed March 21, 2025. <https://www.statista.com/statistics/971424/total-area-of-oil-palm-plantations-indonesia/>.

WRI Indonesia. "Indonesia Has a Carrot to End Illegal Logging; Now It Needs a Stick." Last modified January 4, 2018. <https://wri-indonesia.org/en/insights/indonesia-has-carrot-end-illegal-logging-now-it-needs-stick>.