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Issue and Solutions Palm Oil Industry in Indonesia



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Abstract

Indonesia is one of the chief producers of oil has already mastered 37% of the world market. While having a positive development in the production of palm oil, Indonesia is often receive negative issues against the palm oil industry such as the destruction of forests and biodiversity, food security and agrarian conflicts and natural resources.

But some solutions can be done is to develop a research nursery to get a quality oil. Encourage the development of integrated port and the growth of downstream industries. Encourage the revitalization of the fertilizer industry to support the supply needs of the palm oil industry. As well as the spatial policy and the formulation of rules relating to the management of agricultural and natural resources.

Keywords: Palm oil industry; Issue; Solutions; Indonesia

Introduction

Based on data from Oil World, the trend of the use of palm oil-based commodities in the global market is increasing from time to time beating industry vegetable oil-based commodities such as wheat germ oil, corn oil, and coconut oil. Since 2004 the use of palm oil commodities have occupied the highest position in the world vegetable oil markets, reaching approximately 30 million tons with an average growth of 8% per year, outperforming commodity soybean oil about 25 million tons with an average growth of 3.8% per year. Other commodities that are widely used are sunflower oil at around 11.5 million tonnes with an average growth of 2.2% per year [1].

Indonesia as one of the chief producers of oil has already mastered 37% of the world market, the trend of export-import balance, land area, and the number of positive production. During the period 2008-2016 the export volume of palm oil from Indonesia is increasing from 15.1 tons in 2016 became 27.0 tonnes with an export value of 18.6 billion USD. The export volume is quite large is supported by an adequate land area and production is quite high [2,3].

According to data from the Indonesian Ministry of Agriculture the total area of oil palm plantations in Indonesia is currently around eight million hectares; a number which is twice as much as in the year 2000 when around four million hectares of Indonesian soil was used for palm oil plantations [4]. This number is expected to increase to 13 million hectare by 2020.

State-owned plantations play a modest role in the Indonesian palm oil industry as big private enterprises produce approximately half of total Indonesian production. Smallholder farmers account for around 35 percent, most of whom are highly vulnerable to global downswings in palm oil prices.

Solutions

Based on existing data, CPO demand for food until the upcoming 2010 reached 10.5 million tons, while the demand for biofuels nonfood 2.3 million tons, including for biofuels amounted to 2 million tons, equivalent to 2.13 million kiloliters, Currently, the productivity of palm oil in Indonesia is still low low at 2-3 tons per hectare way below Malaysia 4-6 tonnes per ha. So the need to boost farm productivity, among others by developing research nursery to get a quality oil. Increased productivity can be done with research and breeding in integrated and carried through the revitalization of plantations because today most of the age of oil palm have been classified as old [5-7].

In order to improve the efficiency of the performance of the palm oil industry it is necessary to ease licensing by taking into account environmental factors, it is very important for the palm oil industry is vulnerable to environmental issues [8].

Encourage the development of integrated port and has raised over investments, idle capacity and inefficiency. Encouraging the growth of downstream industries to increase the added value such as edible oil, oleo chemicals, biodiesel, surfactant increasing

by encouraging the formation of regional integrated oil palm industry. During this time the palm oil industry is still focused on upstream industries that export is still dominated by the CPO [9].

Encourage the revitalization of the fertilizer industry to support the supply needs of the palm oil industry. Without the additional production capacity, we can be sure of imported fertilizer will increase to meet domestic demand, especially for plantations. It is very vulnerable because the chances of smuggling of subsidized fertilizer (for food farmers) to the plantation sector will be even greater.

Conflicts have a direct impact to the community can be a threat to production resources such as agricultural land, fishing grounds as well as the results of timber and non-timber, forced evictions of settlements, horizontal conflicts among residents, the loss of the site as well as the existence of local culture and arrests and criminalization of society and traditional leaders as well as environmental pollution that impact disease and disruption of ecosystems. While the impact of operational disruption to the company is a company that has clearly impacted on the loss or reduction in profits, pressure from various parties that could lead to termination of the business. Which ultimately resulted in the number of employees who lost their jobs in the palm oil industry is followed by the problem of social insecurity, land became derelict and impact on environmental degradation without a return to the beginning of the function before it becomes estates as well as the loss of state revenue in the form of regional revenue and taxes, Root of the problem is the source of major conflict must be promptly corrected, especially in terms of the rules. Spatial policy implementation should be reinforced

so as to create clarity regarding the allotment of land and natural resources that exist. This policy must look at the current facts and circumstances surrounding the socio-cultural land and natural resources. Likewise, the local authority in giving licenses agrarian management and natural resources have to be reformulated in order and sought compensation solutions so that the regions not overly exploit their territory without seeing the larger national interest.

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