



# KETTUNEN-MATILAINEN: The multifaceted question of palm oil

14/08/2023 miliojutufi

[Photo: *Bishnu Sarangi, Pixabay (<https://pixabay.com/photos/oil-palm-tree-plantation-287902/>)*]

The European Union (EU) and Indonesia have a Partnership and Cooperation Agreement in force since 2014 providing a basis for regular political dialogue and sectoral cooperation. The agreement gives a legal framework for collaboration in a variety of policy fields, including trade, political

dialogue and human rights. The two parties have also launched free trade negotiations in 2016 with the aim to deepen trade and investment relations through a Comprehensive Economic Partnership Agreement (CEPA). The CEPA would facilitate trade by removing and reducing tariffs and non-tariff barriers, and would cover a broad range of issues such as trade in services, intellectual property rights and provisions for sustainable development.

However, questions surrounding palm oil have challenged the CEPA negotiations. Indonesia is the world's biggest producer of palm oil, a commodity widely used in the production of food ingredients, non-food consumer products, and biofuels. Whereas palm oil provides a livelihood for 16 million Indonesian smallholder farmers, workers, and their families, it also accelerates deforestation and biodiversity loss, threatens endangered species, and violates indigenous land rights and human rights.

Therefore, public debate in Europe has raised concerns about the adverse effects of oil palm monoculture farming. Discussion has centered on limiting palm oil use and has been held up by consumers, governments, and non-government organizations (NGO) alike. The critique has been evident also in Finland where newspapers have frequently listed consumer products containing palm oil. The World Wildlife Fund has held up the quest for joint responsibility concerning Europe's contribution to tropical deforestation and the attaining of Sustainable Development Goals (SDG).

This resulted in the European parliament decision in 2018 to ban the use of palm oil in biofuels in the EU. As a response, Indonesia filed a lawsuit against the EU at the World Trade Organization, with final report from the dispute settlement body expected in late 2023. Yet it was noted that the European parliament decision had been affected not only by NGO critique but also by European vegetable oil producers that had been lobbying the EU institutions. The issue of palm oil is thus highly contested.

It must be noted that together with China and India, the EU is one of the biggest importers of palm oil from Indonesia. Contemporary geopolitical developments are challenging agricultural trade not only in palm oil but in staple crops, thus severely affecting food security in the Global South. The Russian attack war in Ukraine has complicated global food provision by disrupting supply chains with damaging consequences to global food systems.

This is the context and starting point of our recently launched research project *Good and bad palm oil. Food security, paradigm shift and bargaining among stakeholders in Indonesia and the EU* (<https://www.utu.fi/en/university/turku-school-of-economics/economic-geography/research/palm-oil>).

In the project we are interested in the viewpoints on palm oil of different stakeholders ranging from smallholder farmers to NGOs and regional, national and global policymakers. We aim to understand how the views are shaped by institutions and values, how the policies are affected by power relations, and how the changes in the debates are driven by new information on environmental and social challenges and Agenda 2030 SDGs.

For example, recent research concludes that dismantling oil palm farming could lead to even quicker deforestation by switching the farms to other vegetable oils, such as rapeseed or sunflower that require more land, water and fertilizers. Further, as noted by researchers, boycotting palm oil may indicate hypocritical double standards: why not boycott coffee, cocoa and chocolate too, as their farming has comparable effects.

Therefore, we need to understand the broad context as well as the parallels and contradictions in the viewpoints, and how contradictions could be mitigated. It will be important to identify the positions taken by different stakeholders from the grassroots level to the global trade regime level on the “good and bad” of palm oil in order to find solutions that increase global food security and at the same time, help reach Agenda 2030 goals.

## **ERJA KETTUNEN-MATILAINEN**

This blog post is based on the palm oil research project by research team **Erja Kettunen-Matilainen** (UTU), **Ayu Pratiwi** (UTU) and **Ratih Adiputri** (JYU), funded by **Kone Foundation** (2023-2027).

For more information: [Good and bad palm oil. Food security, paradigm shift and stakeholder negotiations in Indonesia and the EU \(2023-2027\) | University of Turku \(utu.fi\)](https://www.utu.fi/en/university/turku-school-of-economics/economic-geography/research/palm-oil)  
(<https://www.utu.fi/en/university/turku-school-of-economics/economic-geography/research/palm-oil>)

Contact: [Erja Kettunen-Matilainen | University of Turku \(utu.fi\)](https://www.utu.fi/en/people/erja-kettunen-matilainen) (<https://www.utu.fi/en/people/erja-kettunen-matilainen>)



Categories: [Blog](#)

Keywords: [EU](#), [Indonesia](#), [Kettunen-Matilainen](#), [palm oil](#), [SDGs](#)

## Share



[Erja Kettunen-Matilainen](#)



### **Erja Kettunen-Matilainen**

is senior research fellow and adjunct professor (docent) of economic geography at the Department of Marketing and International Business, Turku School of Economics.

Her research focuses on trade policies and sustainable development mainly in the context of Europe-Asia economic relations. Recently, she has investigated China's New Silk Road, EU-Asian free trade negotiations, and Asian regionalisms.