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#### Master's Thesis of 2022

## **Indonesia's Environmental Foreign Policy:**

Responses to the palm oil industry, forest fire and transboundary haze pollution issues under the presidency of Yudhoyono and Jokowi

인도네시아의 환경 외교 정책: 유도요노와 조코위 정부의 팜유 산업, 산불과 월경성 연무 오염 문제에 대한 대응

### August 2022

Seoul National University

Graduate School of International Studies

International Cooperation Major

Maulida Widya Kawuri

## **Indonesia's Environmental Foreign Policy:**

# Responses to the palm oil industry, forest fire and transboundary haze pollution issues under the presidency of Yudhoyono and Jokowi

Oh, Yoon Ah

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Seoul National University

Graduate School of International Studies

International Cooperation Major

Maulida Widya Kawuri

Confirming the master's thesis written by Maulida Widya Kawuri

June 2022

Chair : Song, Jiyeoun (Seal)

Vice-Chair : Ahn, Jaebin (Seal)

Examiner : Oh, Yoon Ah (Seal)

**Abstract** 

Maulida Widya Kawuri

International Cooperation Major

Graduate School of International Studies

Seoul National University

Indonesia is currently the largest producer of palm oil in the world. While the commodity has created

economic opportunities, forest fire incidences associated with palm oil industry have been also

occurring more frequently and seriously in the country. This poses challenges for Indonesia's foreign

policy as international communities who were directly and indirectly affected by the environmental

problems are increasingly pressuring the country on the issue. Through the case of Yudhoyono's and

Jokowi's administration, this thesis argues that Indonesia's environmental foreign policy on the palm

oil, forest issues as well as transboundary haze has changed under the two presidents. While

Yudhoyono took a more active engagement in his foreign policy, Jokowi showed a rather defensive

posture in dealing with the issue at international affairs. This study suggests that these differences

were shaped by the economic condition of the country and the policy orientation taken by the leaders

during their term. Yudhoyono's outward-looking foreign policy, supported by relatively good

economic condition, made him more cooperative to work with other countries and INGOs. On the

other hand, Jokowi's inward-looking policy orientation, accompanied by slowing economic growth,

has put the issue of environment at the back of his foreign policy priorities, resulting in a more

defensive approach to international criticisms.

**Keywords** 

: environmental foreign policy, palm oil, forest fires, transboundary haze

pollution, Indonesia

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#### **Abbreviation**

**AATHP** ASEAN Agreement on Transboundary Haze Pollution

AMS ASEAN Member State

API Air Pollution Index

**ASEAN** Association of Southeast Asia Nations

**ASMC** ASEAN Specialized Meteorological Centre

**ASOEN** ASEAN Senior Officials on Environment

COP to

Conference of the Parties to the UN Framework Convention on Climate Change

**UNFCCC** 

**CPO** Crude Palm Oil

**CPOPC** Council of Palm Oil Producing Countries

**DSB** Dispute Settlement Body

**DSM** Dispute Settlement Mechanism

**EU** European Union

**GAR** Golden-Agri Resources

**GDP** Gross Domestic Product

**GHG** Green House Gas

IAFCP Indonesia-Australia Forest Carbon Partnership

**ILUC** Indirect Land-Use Change

**INGO** International Non-Governmental Organization

**ISPO** Indonesia Sustainable Palm Oil

JWG Joint Working Group

**KFCP** Kalimantan Forest and Climate Partnership

**LoI** Letter of Intent

MNC Multi-National Corporation

**MoU** Memorandum of Understanding

MSC Ministerial Steering Committee

**NGO** Non-Governmental Organization

NCCC National Council on Climate Change

**PDI-P** Partai Demokrasi Indonesia Perjuangan (Indonesian Democratic Party of Struggle)

**PKO** Palm Kernel Oil

**PSI** Pollutant Standard Index

**RBP** Result-Based Payment

**RED** Renewable Energy Directive

**REDD+** Reducing Emissions from Deforestation and forest Degradation ("+" refers to the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries)

RSPO Roundtable on Sustainable Palm Oil

SBY Susilo Bambang Yudhoyono

SDGs Sustainable Development Goals

**THPA** Transboundary Haze Pollution Act

**UNFCCC** United Nations Framework Convention on Climate Change

**UNGA** United Nations General Assembly

WTO World Trade Organization

WWF World Wildlife Fund

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#### I. INTRODUCTION

#### a. Background of the study

Palm oil has increasingly become one of the most important vegetable oils in the world. The main reason for this is because the commodity can be used in varieties of goods, from foods, skin care, to biofuels. It has been considered as the most efficient vegetable oil compared to others, such as sunflower, rapeseed, or soy oil. It requires the least arable land and lowest production cost. Thus, the world demand for palm oil has continued to rise in the past few decades.

This factor accompanied by the availability of vast fertile land and abundant labors have created great opportunity for Indonesia to cultivate palm oil. In 1997, Indonesia was claimed as the most efficient country to produce palm oil compared to other producing countries, including Malaysia and Colombia. This opportunity boosted the production of palm oil from 4.7 million tons to 14.5 million tons and 32.3 million tons in 1990s, 2000s, and 2010s respectively.

Due to this increasing production, Indonesia has become the largest producer of palm oil in the world since 2006.<sup>3</sup> It contributed to around half of the world total palm oil production today and the industry became the largest contributor to the country's foreign reserves in 2018.<sup>4</sup> It is hence not surprising that palm oil becomes one of the most important industries for Indonesia in the 21<sup>st</sup> century.

However, along with the increasing importance of this industry, the challenges against this industry have also increased. Growing environmental awareness raises pressure on Indonesian palm oil industry as many accused that large portion of the plantation has taken place in forest area. The industry is often blamed for the frequent catastrophic forest fires in Indonesia which brought negative

<sup>&</sup>lt;sup>1</sup> Diana Chalil, *An empirical analysis of asymmetric duopoly in the Indonesian crude palm oil industry*, Doctoral thesis, (2008), 15.

<sup>&</sup>lt;sup>2</sup> Calculated from FAO data, retrieved on 10 January 2022, https://www.fao.org/faostat/en/#data/QCL.

<sup>&</sup>lt;sup>3</sup> Calculated from FAO data, retrieved on 10 January 2022, https://www.fao.org/faostat/en/#data/QCL.

<sup>&</sup>lt;sup>4</sup> Ministry of Agriculture, *Tree crop estate statistics of Indonesia 2018-2020*, (Jakarta: Ministry of Agriculture, 2019), 19

impacts to other countries both directly and indirectly. For neighboring countries, forest fires have instigated transboundary haze pollution which threaten the safety of people living around the areas. Meanwhile, for other countries located across the ocean, forest fires contributed to the worsening climate challenge and threatened the existence of various plants and animals.

As a result, despite producing an efficient and widely used commodity, Indonesia often receives criticisms for ignoring the sustainability aspect of the industry. This becomes a significant dilemma in Indonesia's foreign policy. On the one side, as a developing country, Indonesia might have more incentive to prioritize economic development over environmental protection, but on the other side, ignoring international environment pressures may create reputational cost to the country.

Responding to this issue, the two recent presidents have taken different approaches in their environmental foreign policy. Under SBY, Indonesia rose as one of the leading countries in the environmental issue. The country actively promoted environmental protection by pronouncing international commitments and partnership with relevant actors. Regarding the issue of forest fires and haze pollution associated with palm oil plantation, SBY often showed a cooperative approach by engaging with affected countries and criticizing groups.

This trend, however, changed when Jokowi took the office. Indonesia was more passive and sometimes, could even be seen as defensive at international forums when it came to environmental issue. The leader was more vocal in criticizing international pressures on palm oil industries than voicing the country's commitment to adopt sustainable production.

These differences suggest that environmental foreign policy could vary, not only across countries, but also within a country. A country's response to international environmental issues might change from one administration to another. Thus, this study will focus on this level to discuss how and why these changes occurred, particularly on the issues of palm oil industry and its impacts on the environment in the form of forest fires and transboundary haze pollution.

#### b. Purpose of the study

This study is aimed to analyze Indonesia's environmental foreign policy related to palm oil industry and forest fires issues. While many earlier studies have discussed about the environmental issues of palm oil industry and the political conflicts which emerged as the result, this research will focus on Indonesia's foreign policy regarding those issues, how it has changed under different presidents and what caused these changes. Each leader has different vision and priorities for the country, and this obviously affects the way they assess the issue and determine the policy on it.

This study will compare the environmental foreign policy of Indonesia under the two most recent presidents, the former President Susilo Bambang Yudhoyono (hereafter referred as SBY) and the incumbent President Joko Widodo (hereafter referred as Jokowi). SBY and Jokowi government are chosen as the study case in this research for two major reasons. First, they are the leaders who served at least one full term in the 21<sup>st</sup> century of Indonesia. Unlike Abdurrahman Wahid who was removed in his third year and Megawati who took over Wahid's position for another three years, SBY kept his leadership for two full terms. Meanwhile, Jokowi had finished his first term in 2019 and at the moment this research was written, he was serving the third year of his second term. Considering this aspect, author assumes that SBY and Jokowi had clearer, and more consolidated foreign policy directions compared to other leaders in the post-Soeharto era.

Second, the world's demand for palm oil started to increase during their term, and it was followed by Indonesia's production and exports increase. Under SBY, Indonesia became the largest palm oil producer and exports jumped from eight million tons in 2008 to more than 22 million tons in his last year. Meanwhile under Jokowi, exports of palm oil had the highest annual growth in 2017 and the total exports reached an all-time high in 2019 exceeded more than 28 million tons. At the same period, environmental issues started to gain more attention in international politics and Indonesia was increasingly criticized for failing to prevent recurring forest fire incidences, especially the major ones

<sup>&</sup>lt;sup>5</sup> Data retrieved on 6 August 2021 from *UN Comtrade*, <a href="http://comtrade.un.org/">http://comtrade.un.org/</a>.

in 2006 and 2015. Therefore, this was the period when Indonesia palm oil industry became important source of economic growth as well as the period when international criticisms towards Indonesia intensified, pressuring the country to be more involved in the global environmental issues.

#### c. Research questions and design

This research will try to answer one main research question, as follows:

How has Indonesia's environmental foreign policy changed under the two presidents and what are the factors influencing this foreign policy?

To answer this question, author will be using an extended and updated version of foreign environmental policy concepts explained by several researchers, particularly Sprinz and Vaahtoranta (1994); Yoon, 2016; Cass, 2009). This conceptual framework will be explained more in the second chapter.

Scope of study

There are two parameters which limit the extent of the scope of this study. The first parameter is presidential term for the two presidents. As it will analyze the changes of foreign environmental policy under the two most recent presidents, the scope of this research is limited to those policies which were undertaken between the beginning of SBY's presidential term on October 20, 2004, to current Jokowi's term (January 2022). Accordingly, the policies and cases discussed in this study will be limited to those which occurred in both presidents' terms.

Additionally, the cases presented will also be limited by second parameter that is international responses to Indonesia's palm oil industry and forest fires problems. Two groups of country can be classified based on this parameter. The first group is those countries which are directly affected by forest fires in Indonesia. These are mostly ASEAN Member States, especially Singapore and Malaysia. The second group is those which claimed indirect impacts of palm oil industry and forest

fires. The most representative entities are European Union and its member states. Thus, the cases which will be analyzed in this research will be limited to those which involve significant responses from ASEAN, EU and their member states.

#### Data collection and analysis

Due to time and geographical distance limitation, the data used in this research will be mainly collected through media and archival research. Primary resources will be prioritized. This includes government and international organization's reports and publications. Secondary data, such as previous journals and books, will be used to complement the data. News publications will be one of important sources to complement the data especially for public statements made to the press.

This study will use qualitative methodology by analyzing these data to interpret the position or claims held by relevant actors and the reason behind such claims. This data will then be analyzed with the analytical frameworks explained in the next chapter.

#### Structure of the thesis

This study will be explained in five chapters. Following this introduction chapter, the second chapter will elaborate the literature review which justifies this research and the conceptual framework that will be used in this study. The third chapter will explain more detailed background of palm oil industry, its importance to Indonesia, its impacts to the environment, as well as international responses to the industry and environmental problems. The fourth chapter will analyze SBY and Jokowi's foreign environmental policy and what made their policies different. Final chapter will then conclude the analysis and summarize the result of the whole research.

#### II. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

#### a. Literature on palm oil and forest fires in Indonesia

Many literatures have tried to discuss the issue of palm oil industry and forest fire issues in Indonesia. Based on the focus of the discussion, these literatures could be classified into two groups: i) those which analyze about transboundary haze issues in Southeast Asia; and ii) those which argue about the trade dispute involving palm oil commodity. This study suggested that the two issues are not isolated with each other and thus, seek to focus on how the Indonesian government approached the issues through their foreign policy.

The first group of scholars mostly argue about the reasons why transboundary haze pollution continues to be a problem in Indonesia and the region. Some of them focused on regional level, debating whether ASEAN has or has not helped solving the issues. For example, Varkkey argued that strong economic regionalization combined with weak regionalism in ASEAN have been the major causes of transboundary haze pollution in Southeast Asia. Since Malaysia and Singapore also have interests in the palm oil industry in Indonesia, the mitigation efforts never really address the root causes of the problem. Teoh also shared the same argument that palm oil industry and its environmental problems are highly related to the activities of Malaysian corporations which have expanded its business to Indonesia. Addressing this transnational nature is crucial in solving the problems.

Other scholars identified domestic politics within Indonesia as the major driver of forest fires in the country. Edwards and Heiduk considered the decentralization process as the major impediment to the

<sup>&</sup>lt;sup>6</sup> Helena Varkkey, *The haze problem in Southeast Asia: Palm oil and patronage*, (Oxon: Routledge, 2016).

<sup>&</sup>lt;sup>7</sup> Teoh Cheng-Hai, "Malaysian corporations as strategic players in Southeast Asia's palm oil industry", in *The Palm Oil Controversy in Southeast Asia A Transnational Perspective*, ed., Oliver Pye & Jayati Bhattacharya, (Singapore: ISEAS, 2013), 19-47.

issues.<sup>8</sup> Even though the central government had securitized the issue and called for a 'war on haze', the power distribution to local government had complicated the implementation process. Others suggested that the blame is not only on the government but also on the business. Varkkey argued that patronage relations between the business and government have allowed the illegal land burning to continue as a method of clearing and creating new plantation land.<sup>9</sup>

The second category of literatures mostly dealt with trade dispute concerning the palm oil commodity. This has been more frequently discussed after EU adopted Renewable Energy Directive (RED) II in 2018 which, among others, set a possibility to restrict the flows of palm oil commodity to the region. Most of these scholars focused on assessing the nature of the directives as the producing countries have accused it as a form of protectionism. These articles suggested that there are some possibilities that the EU's directive could be considered as a violation to the WTO regulations.

While these prior literatures provided great explanations on the context of the palm oil industry and its impact on the environment, not many of them discuss about Indonesia's responses to the issues at international level. As have been suggested by these scholars, the link between palm oil and forest fire in Indonesia have sparked reactions from international community, both states and non-state actors, which put Indonesia in an uncomfortable seat. The government continues to face growing pressures to mitigate and even eliminate the problems as soon as possible because it could pose impacts, not only to immediate neighboring countries, but also to the world as a whole. These

<sup>&</sup>lt;sup>8</sup> Scott Adam Edwards and Felix Heiduk. "Hazy days: Forest fires and the politics of environmental security in Indonesia." *Journal of Current Southeast Asian Affairs* 34, no. 3 (2015): 65-94, <a href="https://doi.org/10.1177%2F186810341503400303">https://doi.org/10.1177%2F186810341503400303</a>.

<sup>&</sup>lt;sup>9</sup> Helena Varkkey, "Patronage politics as a driver of economic regionalisation: The Indonesian oil palm sector and transboundary haze." *Asia Pacific Viewpoint* 53, no. 3 (2012): 314-329. https://doi.org/10.1111/j.1467-8373.2012.01493.x.

Limenta, Michelle. "Palm oil for fuels: WTO rules and environmental protection." *Global Trade and Customs Journal* 15, no. 7 (2020): 321-339, <a href="https://kluwerlawonline.com/journalarticle/Global+Trade+and+Customs+Journal/15.7/GTCJ2020073.">https://kluwerlawonline.com/journalarticle/Global+Trade+and+Customs+Journal/15.7/GTCJ2020073.</a>; Mayr, Stefan, Birgit Hollaus, and Verena Madner. "Palm oil, the RED II and WTO law: EU sustainable biofuel policy tangled up in green?." *Review of European, Comparative & International Environmental Law* 30, no. 2 (2021): 233-248. <a href="https://doi.org/10.1111/reel.12386">https://doi.org/10.1111/reel.12386</a>; Tyson, Adam, and Eugenia Meganingtyas. "The Status of Palm Oil under the European Union's Renewable Energy Directive: Sustainability or Protectionism?." Bulletin of Indonesian Economic Studies 58:1 (2020): 31-54. <a href="https://doi.org/10.1080/00074918.2020.1862411">https://doi.org/10.1080/00074918.2020.1862411</a>.

pressures which affect the national interests of Indonesia might be perceived and thus, dealt differently by the ruling government. Hence, this study wants to highlight this difference on the foreign policy taken under the presidency of SBY and Jokowi on palm oil industry, forest fire, and transboundary haze pollution issues, as well as the reasons behind it. Not only discussing the problem of why the environmental problems as the impacts of plantation industry continue to occur, this study also wants to discuss how the responses to the issue itself have changed under two presidents. Analyzing these responses is crucial to understand the position of environmental issues and plantation industry for the government which consequently affects the policies on the two issues.

#### b. Literature on environmental foreign policy

Along with the increasing attention toward environmental issues, more studies have been done to explain the reasons and solutions to environmental problems. However, as Paul G. Harris argued, many of these studies tend to focus their discussion at one level: either domestic or international (Harris, 2009). As a result, the important link between domestic and international forces is missing from these discussions. This link could be addressed by analyzing the issue from foreign policy perspective.

According to Harris, environmental foreign policy refers to the objectives, principles, and the process of environmental policies taken by relevant actors in the country which has international characteristics and consequences.<sup>11</sup> It is shaped by the pressure of adhering to international norms and the need to promote national interests at the same time. Therefore, environmental foreign policy involves interplay between domestic politics and international relations.

At domestic level, environmental policies are influenced by several factors including pressure for economic development and conflicts of interest between central government and local communities.

<sup>&</sup>lt;sup>11</sup> Paul G. Harris, "Environmental foreign policy in theory and practice", in *Environmental change and foreign policy: theory and practice*, ed., Paul G. Harris, (Oxon: Routledge, 2009), 7.

But at the same time, many environmental problems are not bound to state boundaries. Haze, for example, becomes an issue not only to Indonesia as the source state, but also to its neighbors like Malaysia and Singapore. Thus, international pressure is also influencing environmental policies at the same time as the domestic factors do. Consequently, analyzing foreign environmental policy is important; because foreign policy framework allows us to capture the interactions between domestic and international forces which affect a country's environmental policy.

There are several approaches to environmental foreign policy to which Harris and Barkdull classified these into nine categories based on level of analysis and the basis of foreign policy. One of these is the national interest model, used by Sprinz and Vaahtoranta and Yoon, which approaches the environmental policy from systemic level and focuses on the interests of the state. These scholars suggested that environmental foreign policy is driven by economic interests and vulnerability of the state to environmental problems. While Esook Yoon translated the interests of Korea as seeking to enter green industry in and gaining technological transfer from other countries, Detlef Sprinz and Tapani Vaahtoranta argued that the interest is to minimize the economic costs of pollution abatement. They argued that every country has interests in minimizing environmental degradation and, at the same time, the cost of compliance in international agreement on environmental protection issues.

A country which is exposed more to environmental problems is argued to be more likely to push for international regulations and its compliance by other countries. If the pollution comes from other country (transboundary pollution), the motivation to promote international regulation is clear: as a victim country, it wants to make the source country responsible for the damages and costs it must bear due to the pollution. When the pollution comes from within its own territory, the country will still want to have international regulation to minimize the loss of competitiveness caused by

<sup>&</sup>lt;sup>12</sup> John Barkdull and Paul G. Harris, "Environmental change and foreign policy: a survey of theory." *Global Environmental Politics* 2, no. 2 (2002): 63-91, https://doi.org/10.1162/15263800260047835.

<sup>&</sup>lt;sup>13</sup> Detlef Sprinz and Tapani Vaahtoranta. "The interest-based explanation of international environmental policy." *International Organization* 48, no. 1 (1994): 77-105.

<sup>&</sup>lt;sup>14</sup> Esook Yoon. "South Korean environmental foreign policy." *Asia-Pacific Review* 13, no. 2 (2006): 74-96, <a href="https://doi.org/10.1080/13439000601029030">https://doi.org/10.1080/13439000601029030</a>.

environmental degradation in domestic level. Additionally, a country will also be more likely to support international regulation on environmental protection when the abatement cost – the economic cost to prevent environmental degradation – is 'relatively inexpensive'.

Based on these two variables, Sprinz and Vaahtoranta classified countries into four categories. Those with high vulnerability and low abatement cost are the 'pushers' who support for international environment regulations. At the other end, country with low vulnerability and high abatement cost are categorized as the 'draggers' or the ones who resist international agreement. In between these, there are 'intermediates' those who have high vulnerability but also high abatement costs and 'bystanders' whose abatement costs are relatively low but have no interest in international regulation because they are not really vulnerable to environmental problems.

While this research agrees with the interest-based approach, as in each country is a 'self-interested actor that rationally seeks wealth and power by comparing the costs and benefits of alternative courses of action', there are two problems with these hypotheses. First, finding the proper measure for vulnerability might be a problem. For example, their study used number of skin cancer cases to measure the vulnerability of a country to thinning ozone layers. However, the relations between ozone depletion and the incidence rate of skin cancer itself might be questionable. Does it have direct and clear relation? Why did not Malaysia, which is in the tropical area, witness such link? In the case of palm oil, EU is one of the biggest promoters of stringent international regulation on sustainable palm oil, but justifying this foreign policy decision with its level of vulnerability would be difficult. The biggest victims of unsustainable palm oil production are the producer itself and neighboring countries, i.e. Indonesia and surrounding countries, especially Malaysia and Singapore. When campaigning against the use of palm oil, EU frequently referred to the issue of deforestation and biodiversity loss as the impacts of this industry to the environment. Yet, determining the proper measurement for EU's vulnerability towards these environmental problems would be problematic because there is no direct impacts or damages suffered by this region.

Second, this study, as the authors mentioned at the end of their article, did not really consider political aspects especially at the domestic level. They mentioned that that there has been a shift from materialist to postmaterialist values which could change the stance of the government as well as the people. This also relates to the goals that a country pursues through environmental foreign policy. One of the two goals that Sprinz and Vaahtoranta explained is that country has interest to minimize or avoid environmental issues in its own territory. However, with the increasing awareness of environmental protection, countries start to support international regulation on the issues which take place outside of their territories. For example, deforestation of rain forests mostly happens in tropical and developing countries but more countries who are located far from it continues to raise concerns about it.

Thus, rather than due to vulnerability, their vocal positions on environmental issues are usually labeled as niche diplomacy which becomes a part of their soft power and aims to gain positive reputation as good international citizen in the global arena. Environmental foreign policy does not only serve as a tool to protect material belongings, i.e. territory, people's health, and economic benefits, but also a "symbolic tool to manage international identities in the eyes of both domestic and international constituencies".<sup>15</sup>

Additionally, by analyzing the issue at systemic level, Sprinz and Vaahtoranta, did not take into account how the environmental foreign policy might change under different leaders. In reality, top executives frequently hold power, or to some extent, freedom in deciding foreign policy, including those in environmental issues.

Thus, this study takes a more state-centric approach which "focuses on foreign policy within the structure of the state and the individuals who promulgate and implement foreign policies in the name of a given country." It agrees with the argument made by scholars, such as Barkdull, that while

<sup>&</sup>lt;sup>15</sup> Loren R. Cass, "The symbolism of environmental policy: foreign policy commitments as signaling tools." In *Environmental change and foreign policy: theory and practice, ed., Paul G. Harris,* (Oxon: Routledge, 2009), 61-76

<sup>&</sup>lt;sup>16</sup> Barkdull and Harris, "Environmental change and foreign policy: a survey of theory." 64.

national interests do play part in setting the direction of environmental foreign policy, the process is affected by the leadership of the state. Using the case of Nixon and his policies on marine issues, Barkdull showed that US became active in environmental issues because Nixon paid attention and gave endorsement to the 1973 International Convention for the Prevention of Pollution from Ships.<sup>17</sup> His priority on this issue encouraged more discussions and supports in the domestic level which then developed into more international negotiations led by the country.

As in the case of US and marine issues, this study argues that in addition to state's concern about economic interests, leader's approach to foreign policy contributes to shaping the environmental foreign policy. It assumes that top executives, especially president, have more power in foreign policy making process and their views, preferences, and priorities on international issues matter in determining the environmental foreign policy. Leaders who adopted outward-looking policy orientation, such as SBY, will be more likely to support and join international cooperation in protecting environment while those who take inward-looking policy orientation will be likely to pay less attention or even reject international environmental cooperation.

#### c. Conceptual framework

This research will try to explain the answer to the research question through two-by-two table illustrated in Table 1. It argues that environmental foreign policy is influenced, at least by two factors, those are economic condition of a country and the policy orientation of the leader.

#### i. Economic condition

Environmental issues are highly related to economic sector. In many cases, priority on the latter could come at the expense of the former and vice versa. Thus, economic condition becomes important factor which affect a country's environmental foreign policy. Under strong economic

<sup>&</sup>lt;sup>17</sup> John Barkdull, "Nixon and the marine environment", *Presidential Studies Quarterly* 28, no. 3 (1998): 587-605, <a href="https://www.jstor.org/stable/27551903">https://www.jstor.org/stable/27551903</a>.

condition where growth is high, trade is blooming, and overall welfare is improving, a government will have more flexibility to pay attention to other issues outside of economy, including environment. They could invest their extra time and capital to adopt an environmentally friendly technology and lifestyle. This condition also allows them to bring this agenda at the international level by proposing commitments or initiating partnership arrangements on global environmental protection.

However, for those with weak economy where growth and trade are stagnating, or even declining, it would be more difficult for a country to shift their focus away from economy. For low developed and developing countries, for instance, environmental policy might be something that they cannot afford at the time. Rather than investing time and money on environmentally friendly production system which usually requires high costs, these countries would prefer to focus their policy to bring immediate and more positive economic benefits. As a result of weak economic condition, environmental issues will be perceived as secondary to economy, and could even be seen as threats to economy when it requires them to make sacrifices in the latter sector. These countries will be less interested in or less likely to support the issues at international affairs.

This economic condition does not only differ from country to country, i.e. developed vs. developing countries, but it can also differ from one period to another in single country. In this study, two factors will determine the economic condition. The first factor is the overall economic condition of the country. A country is considered to have strong economic condition if it enjoys relatively good economic growth, increasing trends in trade, and there are relatively few economic problems at the domestic level.

Second, as the importance of palm oil to the national economy increases, the economic cost of environmental policy will also rise. This could be measured through the contribution of the industry to the trade, investment, or income in general. Additionally, the market condition of the commodity itself must be considered. This includes the demand and price of palm oil. When

demand and price level are high, the abatement cost would be relatively lower. However, when demand and price level are low, the country or the producer will have to bear bigger cost. The adoption of environmentally friendly technology or production process is assumed to result in additional production cost which consequently increases the price of the commodity, making it less competitive, and thus, decreasing the demand ever lower.

#### ii. Foreign policy orientation

This study also suggests that incumbent government might have certain preference on foreign policy orientation which consequently influences their environmental foreign policy. This orientation is classified in inward-looking and outward-looking foreign policy. While the terms are frequently used on daily basis, there is no clear definition on what they actually mean. Some scholars even went as far as to understanding the term inward-looking as isolation. For example, Sukma<sup>18</sup> and Rosyidin<sup>19</sup> rejected the argument which says that Jokowi takes an inward-looking policy orientation because in their interpretation the term refers to almost absolute rejection against or withdrawal from international cooperation.

Alvian, Putri & Ardhani defined inward-looking as utilizing domestic interests as the basis for making decisions to join or not joining multilateral forum while outward-looking is defined as the tendency to join multilateral forum to build international reputation as a good international citizen.<sup>20</sup> However, suggesting the term inward-looking as making foreign policy decision based on domestic interests is rather vague and could be interpreted as outward-looking does not take

<sup>&</sup>lt;sup>18</sup> Rizal Sukma, "Insight: Does Indonesia see foreign policy as irrelevant?", *The Jakarta Post*, posted on 22 December 2015, <a href="https://www.thejakartapost.com/news/2015/12/22/insight-does-indonesia-see-foreign-policy-irrelevant.html">https://www.thejakartapost.com/news/2015/12/22/insight-does-indonesia-see-foreign-policy-irrelevant.html</a>.

<sup>&</sup>lt;sup>19</sup> Mohamad Rosyidin, "Foreign policy in changing global politics: Indonesia's foreign policy and the quest for major power status in the Asian Century." *South East Asia Research* 25, no. 2 (2017), 175-191, https://doi.org/10.1177%2F0967828X17706570.

<sup>&</sup>lt;sup>20</sup> Rizky A. Alfian, Ganesh Cintika Putri, and Irfan Ardhani. "Haluan Baru Politik Luar Negeri Indonesia: Perbandingan Diplomasi 'Middle Power' Susilo Bambang Yudhoyono dan Joko Widodo." *Jurnal Hubungan Internasional* 6, no. 2 (2018): 148-163. <a href="https://journal.umy.ac.id/index.php/jhi/article/view/3313/3599.">https://journal.umy.ac.id/index.php/jhi/article/view/3313/3599.</a>

into account domestic interests in their foreign policy decision. Additionally, like Sukma and Rosyidin, they focused only on the participation in international institutions. Situmorang also tried to define inward-looking orientation as paying more attention to internal challenges than international affairs.<sup>21</sup> This definition is still slightly too broad.

In this study, inward-looking policy orientation refers to governance strategy which concentrates more on domestic than international affairs, perceives the nature of the international affairs as competitive and thus, tends to prioritize national interests at all costs. Interests are often interpreted narrowly in terms of short-term material gains, e.g. investment, trade. International norms, values, and country's image on the eyes of international community are not considered as priority to the agenda of foreign policy. International cooperation is seen as a media to achieve the material interests rather than affirmation to the norms, and foreign policy is conducted in a more transactional way. When cooperation will bring more costs than these interests, then country would be less likely to join hands.

This, however, does not equal with isolation which means "disengagement with foreign powers" and "avoidance of strategic commitments" beyond homeland.<sup>22</sup> When Jokowi's foreign policy is categorized as inward-looking, this does not mean that he will drag Indonesia out of ASEAN or UN. This means that he takes selective engagement with foreign entities based on narrowly defined benefits that the country will gain from it. If the gains are considered not significant, it could be pushed to the end of his policy priority list, and at the rare case when cooperation is considered more costly, the country would pull itself out of it.

Outward-looking orientation, on the other hand, has similar definition with internationalism in this study. It believes that countries can pursue collective action to achieve mutual interests and

<sup>&</sup>lt;sup>21</sup> Mangadar Situmorang, "Indonesia: Maintaining a leading role in the making of the ASEAN and APT Community", in *Regional Community Building in East Asia: Countries in Focus*, ed., Lee Lai To, Zarina Othman, (Oxon: Routledge, 2017), 57-79.

<sup>&</sup>lt;sup>22</sup> Charles A Kupchan, *Isolationism: A History of America's Efforts to Shield Itself from the World*, (USA: Oxford University Press, 2020), 6.

seeks a combination of ideals, power, and partnership to achieve global stability. <sup>23</sup> National interests still play as the basis of foreign policy, but it does not translate only to material interests. Normative goals, such as reputation and values, become part of national interests. Foreign policy and international cooperation are thus given more attention by the leader. Country is more likely to engage in partnership and show conformity to internationally accepted values. When a country acts against or rejects these dominant values, it will be seen with suspicion from international community and consequently, will be more difficult in achieving other national interests. <sup>24</sup>

This study suggests that when a leader takes an outward-looking policy orientation, the country will be more likely to have supportive foreign policy towards environmental protection. Promoting environmental protection may give not only the country, but also the leader, a good name in international community. On the opposite, leader who takes inward-looking policy orientation will be less likely to cooperate in environmental agenda as it is considered as a secondary issue to the economic affairs. They may take a defensive position against international criticisms by arguing that such criticisms are targeted at them for the interests of those groups who are vocal in promoting environmental issues (e.g. developed nations) and at the costs of their economic interests (e.g. developing countries).

To classify whether the government takes inward or outward looking policy orientation, this study uses several measures. First, the level of international engagement which could be observed from the number and scale of global commitments and initiatives proposed by the leaders, as well as attendance and involvement in international events. The second measure is the government's responses to the issues at international level: whether they are cooperative or defensive to international pressures. This is interpreted from the official statements, such as how they address

<sup>&</sup>lt;sup>23</sup> G. John Ikenberry, "Liberal internationalism 3.0: America and the dilemmas of liberal world order." *Perspectives on politics* 7, no. 1 (2009): 72, <a href="https://doi.org/10.1017/S1537592709090112">https://doi.org/10.1017/S1537592709090112</a>; Kupchan, *Isolationism: A History of America's Efforts to Shield Itself from the World*, 20.

<sup>&</sup>lt;sup>24</sup> Loren R. Cass, "The symbolism of environmental policy: foreign policy commitments as signaling tools." In *Environmental Change and Foreign Policy*, (Oxfordshire, England: Routledge, 2009), pp. 61-76.

or frame the issue, and also their foreign policy decisions, whether they initiate partnership or instead, take a counteraction. Lastly, this study also considers how interests are interpreted by the government, whether they concern about normative values, such as image and reputation, or they mainly focus on material gains, such as investment and trade opportunities.

#### iii. Four possible outcomes of environmental foreign policy

This study suggests that the combination of economic condition and policy orientation will result in four possible outcomes: 1) indifferent; 2) active engagement; 3) defensive; and 4) limited engagement (Table 2).

Table 1. Typology of environmental foreign policy

Economic condition	Policy orientation			
	Inward-looking	Outward-looking		
Strong	Indifferent	Active engagement (SBY)		
Weak	Defensive ( <b>Jokowi</b> )	Limited engagement		

Governments with strong economy and inward-looking policy will take an indifferent foreign policy. They will be willing to join international environmental cooperation because they have the capacity, mostly in terms of economy, to support their commitment in it. Yet, it does not make them an active player in this issue as they do not have particular interest in the environment sector. As a result, countries under this government will tend to be a passive follower in international environmental agenda.

Meanwhile, governments with strong economy but adopt an outward-looking policy will practice active engagement in international environmental issues. These governments are characterized by active participation and leadership in various international environment agenda. They are inspired to be the leader or role model for other countries in this issue, so they proactively state

their commitments and pledge to the international public or initiate a new partnership on environmental protection agenda. There are able to take these policies because the economic condition of the country gives them flexibility to pursue various agenda other than economy, including environment.

On the other side, those with weak economy and inward-looking policy, will implement a defensive environmental foreign policy. They will tend to prioritize material gains, mostly economic, for domestic interests and consider foreign policy and environmental issues as lower-ranking issues in their priority list. International cooperation will be utilized mostly when it can bring concrete benefits to the economy. Thus, these governments will be more critical towards international environmental partnership, and could be even reluctant to join one, when they think it does not bring economic advantages to them.

The last category is limited engaging foreign policy adopted by governments with weak economy and outward looking policy. These governments might be eager to join international cooperation because they want to improve their reputation or lift their position in international affairs, but they are constrained by their weak economic capacity. As a result, they are more often showing their supportive position through occasional verbal commitments and choose to join less binding cooperation which requires low contribution from them.

# III. PALM OIL, ECONOMIC GAINS, ENVIRONMENTAL PROBLEMS, AND DIPLOMATIC CHALLENGES

The Background in the Introduction chapter has mentioned briefly how the palm oil industry has been developing in Indonesia, creating economic opportunities as well as environmental and diplomatic challenges for the country. This chapter will explain these issues in more detail. The first section suggests that the role of palm oil to the economy of Indonesia has continued to increase, especially since 2000. Along with this trend, environmental problems associated with palm oil industry have occurred more frequently, affecting not only Indonesia but also, the surrounding countries and even countries across the oceans. Consequently, diplomatic issues with these countries have arisen and added into the challenges Indonesia has to face through their foreign policy. All of these are discussed in the second section and followed by the last section which explains about how some countries, particularly the neighboring countries and EU, as well as NGOs have responded to the Indonesian palm oil industry and its environmental issues.

#### a. Palm oil and its significance for Indonesia's economy

In the past few decades, palm oil has emerged as one of the most demanded and produced vegetable oils. The demand for this commodity almost tripled from 42 million tons in 2001 to 125.4 million tons in 2021 (Figure 1). During this period, demand for palm oil amounted to 40.5 percent of total world's vegetable oil demand. It shows that palm oil is the most demanded vegetable oil, dominating half of world's demand.

Consequently, world production boosted from mere 1.7 million tons in 1960s to astonishing 61.1 million tons in 2010s, on average increasing 21 million tons every decade. Along with this overall world production increase, Indonesia's contribution also shows similar trend. While in 1961, the country only contributed 9.8 percent of world's production, this share skyrocketed to 57.4 percent in

2019 (Figure 2). Indonesia took over Malaysia's position as the biggest palm oil producer in 2006 and has maintained it ever since.

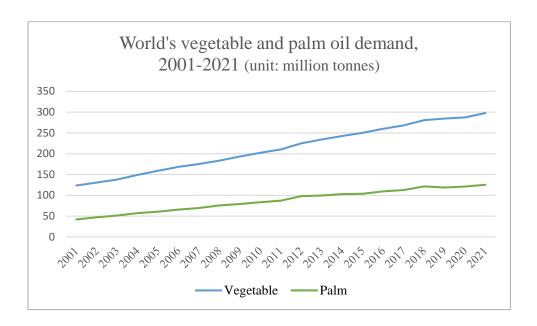


Figure 1. World's vegetable and palm oil demand in 2001-2021 (data retrieved from US Department of Agriculture's Oilseeds World Markets and Trends Reports, multiple years)

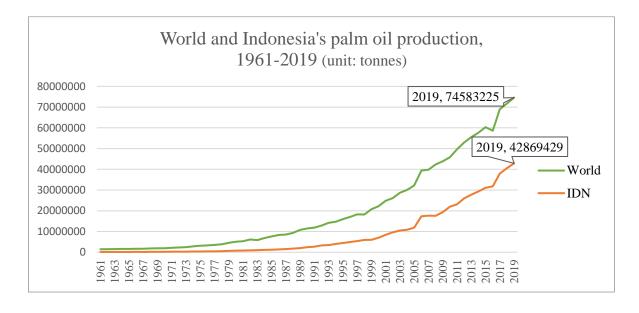


Figure 2. The palm oil production of world and Indonesia in 1961-2019 (data retrieved from FAOStat accessed on 10 Jan 2022)

There are at least two major reasons behind the increasing significance of palm oil in international market. First, the oil has wide-ranging functionality. It is very versatile and can be used in various products from foods, industrial products, to biofuel. Almost 70 percent of the commodity is used in foods, 27 percent for industrial applications, while the rest 5 percent is consumed for bioenergy uses. Palm fruit in general can be produced into two types of oil: Crude Palm Oil (CPO, also called as palm oil) and Palm Kernel Oil (PKO). Palm oil which is produced from the fleshy part of the fruit is mostly used in food products while PKO which is processed from the hard seeds is often used in non-food products, such as detergents, soaps, cosmetics, etc.

The second reason is the plantation has high efficiency and low production cost compared to other vegetable oils. According to the study published by WWF German in 2016, palm oil plantation is the most efficient vegetable oil commodity in terms of land use. It is 4.7 more productive than most vegetable oils (Table 2). As a result, it only takes around 6 percent of total land use for oil crops production to produce 36 percent of world's vegetable oil. Due to this reason, even WWF argued that simply banning palm oil will not solve the environmental problems because substituting palm oil with other vegetable oils which are much less efficient will only shift the problems. <sup>27</sup>

Table 2. Global crop oil yield comparison

Vegetable oils	Oil yields (tonnes/hectare)
Soy	0.4
Coconut	0.7
Sunflower	0.7
Rapeseed	0.7
Palm oil	3.3

Source: WWF German, *Palm oil report – searching for alternatives*, 2016.

<sup>&</sup>lt;sup>25</sup> WWF, Palm oil report Germany: Searching for alternatives, (Berlin: WWF Germany, 2016), 5.

<sup>&</sup>lt;sup>26</sup> Calculated from FAO data, retrieved on 10 January 2022, https://www.fao.org/faostat/en/#data/QCL.

<sup>&</sup>lt;sup>27</sup> WWF, Palm oil report Germany: Searching for alternatives, 11.

The commodity is also very cheap compared to other vegetable oils. In the past ten years, the average price of palm oil shows lowest number among all oil crops (Table 3). It is at least 15 percent cheaper than soybean and 21 percent lower than corn, and the price gaps are even bigger with other vegetable oils.

Table 3. Average price of vegetable oil in 2011-2020 (USD/mt)

	Palm	Soybean	Corn	Canola	Cottonseed	Sunflower	Coconut	Peanut
Average	752	863	912	972	1,007	1,190	1,206	1,595
price								

Source: Data retrieved from USDA Oilseeds World Market and Trends Report, 2021

Palm oil can only grow in warm weather, which is why most of biggest palm oil producers are tropical countries. Among these countries, Indonesia is considered as the most profitable place to develop palm oil plantation. The production cost in Indonesia was estimated to be the lowest among producing countries, including Malaysia, Cote d'Ivoire, Columbia, and Nigeria. This is most likely due to its vast territory, cheap labors, and strategic location near international trade hubs.

Thus, these conditions have set up economic opportunities for Indonesia. The plantation has become one of important sectors to the economy. In 1996, Soeharto made a pledge to take over Malaysia's position as the biggest producer in the world. To do so, various policies were adopted to expand the industry, including export tax cut, as well as credit and land provision to the people.<sup>29</sup> While the production fell temporarily during serious El Nino occurrence in 1997, palm oil continued to be reliable sector for the economic development of the country afterwards, especially for the recovery from Asian Financial Crisis in 1997. Hence, the government considered palm oil as one of strategic commodities of the country in 2003.<sup>30</sup>

<sup>&</sup>lt;sup>28</sup> Diana Chalil, *An empirical analysis of asymmetric duopoly in the Indonesian crude palm oil industry*, 15.

<sup>&</sup>lt;sup>29</sup> Anne Casson, *The hesitant boom: Indonesia's oil palm sub-sector in an era of economic crisis and political change*, (Jakarta: CIFOR, 1999), 8, <a href="https://doi.org/10.17528/cifor/000625">https://doi.org/10.17528/cifor/000625</a>.

<sup>&</sup>lt;sup>30</sup> Helena Varkkey, *The haze problem in Southeast Asia: Palm oil and patronage*, 42.

As the global demand increased, the number of exports and trade value which came along with it also rose. Figure 3 shows the growth of Indonesia's palm oil export in the past three decades. Significant increases in the number of exports could be seen since early 2000 and has continued until now. Trade value fluctuates more with price changes. The rapid increase of trade value from 2005 to 2011 coincided with commodity boom which took place during that period. However, after it ended in 2012, trade value started showing declining trend along with the drop of palm oil price.



Figure 3. Total export of palm oil from Indonesia in 1989-2020 (data retrieved from UN Comtrade accessed in August 2021)

The value of the commodity to total exports also increased more than five times in the span of twenty years (Figure 4). In 2001, the industry only contributed to less than two percent of total exports but by 2017, 11 percent of Indonesian exports consisted of palm oil related products. It experienced decreasing trends in the two following years but by 2020, the contribution rose back to 10.6 percent. On average, during 2010s, the share of palm oil to total exports was 9.6 percent, showing its significance to the economy, and trade in particular, of the country.

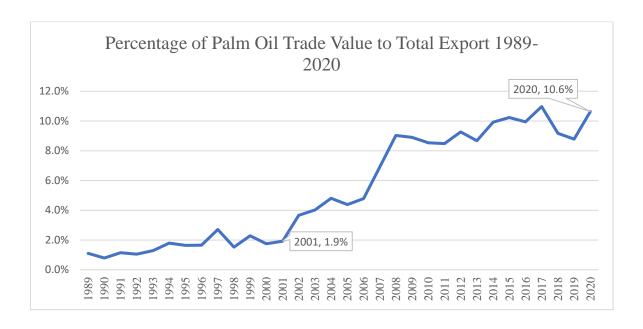


Figure 4. Percentage of palm oil trade value to total export of Indonesia in 1989-2020 (data retrieved from UN Comtrade Database accessed in August 2021)

Other than being the source of foreign reserves, palm oil has also been promoted as important sector for poverty eradication. <sup>31</sup> While more than half of the industry is dominated by big private plantation, the second largest share of palm oil plantation ownership belongs to small owned private plantation (Figure 5). In terms of palm oil plantation area, more than 40 percent is owned by small farmers. Through this area, they contributed to 35.7 percent palm oil production in 2018.

This big share also indicates that the industry provided significant jobs to the people. According to Ministry of Agriculture there were almost 2.6 million smallholder farmers in 2018.<sup>32</sup> This is equal to 37.7 percent of total workers in the sector. In addition to these farmers, big private plantation and state-owned plantation employed around 4.3 million labors in the country with the former contributed to 57.8 percent of total employment in palm oil industry in the country. In total, almost 60 percent of jobs in plantation sector came from palm oil industry. The numbers were estimated to grow until 2020.

<sup>&</sup>lt;sup>31</sup> Ministry of Agriculture, Tree crop estate statistics of Indonesia 2018-2020, 6.

<sup>&</sup>lt;sup>32</sup> Ministry of Agriculture, *Tree crop estate statistics of Indonesia 2018-2020*, 38.

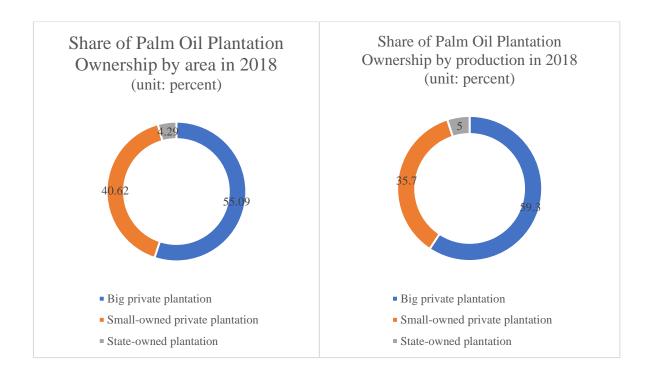


Figure 5. Share of palm oil plantation ownership by total area and production in 2018 (data retrieved from Ministry of Agriculture, Tree crop estate statistics of Indonesia, 2019)

While there has been relatively clear distinction between state and private ownership in palm oil industry, distinguishing domestic and foreign ownership in this sub-sector is more difficult. Official figures were never published by the government and estimates on foreign ownership in Indonesian palm oil industry varied significantly from thirty to sixty percent.<sup>33</sup> The main reason for this was considered to be the highly intertwined ownership, especially among Indonesian, Malaysian, and Singaporean business.<sup>34</sup> For example, the largest palm oil company, Wilmar International, is listed in Singapore but the company is a product of joint venture between Indonesian and Malaysian businessmen. Some big palm oil corporations, such as Golden Agri Resources, Indofood Agri Resources, Bumitama Agri are also listed in Singapore, but they are either mostly owned by

<sup>&</sup>lt;sup>33</sup> Bari Baihaqi, "Petani minta lahan sawit milik asing dibatasi", *Harian Ekonomi Neraca*, posted on 14 January 2013, <a href="https://www.neraca.co.id/article/23820/petani-minta-lahan-sawit-milik-asing-dibatasi">https://www.neraca.co.id/article/23820/petani-minta-lahan-sawit-milik-asing-dibatasi</a>; Helena Varkkey, "Patronage politics as a driver of economic regionalisation: The Indonesian oil palm sector and transboundary haze.", 315-316.

<sup>&</sup>lt;sup>34</sup> Eve Warburton, "Resource nationalism in Indonesia: ownership structures and sectoral variation in mining and palm oil", *Journal of East Asia Studies* 17, No. 3 (2017): 285-312, <a href="https://doi.org/10.1017/jea.2017.13">https://doi.org/10.1017/jea.2017.13</a>.

Indonesian businessman or a subsidiary of Indonesian company. This interrelation has been argued to be the reason why ASEAN still cannot solve the transboundary haze pollution issues and also the reason why Indonesia has failed to adopt divestment requirement for plantation industry like it did for the mining sector.

#### b. Palm oil and its impacts on the environment

In order to increase production, Indonesia has mostly adopted expansive strategy which resulted in more land being used for palm oil plantation. In 2000, total area harvested for palm oil fruit was only 2 million ha, but the number increased more than four times in ten years to 8.4 million ha (Figure 6). The land use expanded even more to 15 million ha despite moratorium of opening land on forest and peatlands was being adopted by the country since 2011. By 2015, more than half of plantation area in Indonesia are used for palm oil, taking 7 percent of total land area in the country.<sup>35</sup>

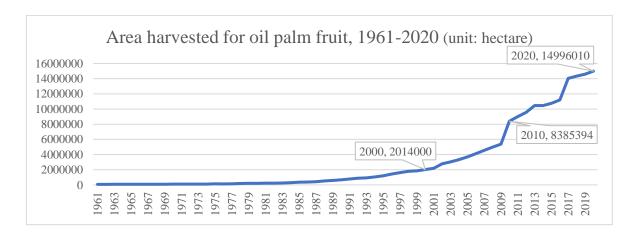


Figure 6. Total area harvested for oil palm fruit in Indonesia in 1961-2020 (data retrieved from FAOStat accessed on 10 Jan 2022)

Most of this palm oil plantation is located in Sumatera and Kalimantan. In 2018, 8.047.920 ha equals to 56.2 percent of total palm oil plantation area were found in four provinces in Sumatera: Riau, North Sumatera, South Sumatera, and Jambi, while 39 percent (5.588.075 ha) was in Western, Central, and

<sup>&</sup>lt;sup>35</sup> Data retrieved from Global Forest Watch, <a href="https://www.globalforestwatch.org/">https://www.globalforestwatch.org/</a>

East Kalimantan provinces.<sup>36</sup> In 2015-2020, these seven provinces contributed to more than 80 percent of Indonesia's total palm oil production.

Yet, these regions are also home for extensive forests in Indonesia. Data suggests that the seven biggest palm oil producing provinces were also responsible for almost 70 percent of tree cover loss in the past twenty years (Figure 7). Riau, particularly, recorded the highest tree cover loss of 3.9 Mha during this period.<sup>37</sup> It was also reported that commodity driven deforestation has been contributing to more than 90 percent of the forest loss during this period, indicating relation between palm oil industry and forest loss in the country.

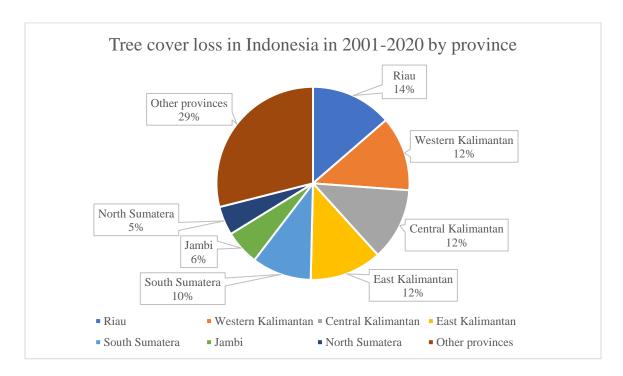


Figure 7. Distribution of tree cover loss in Indonesia by province in 2001-2020 (Data retrieved from Global Forest Watch accessed in February 2022)

<sup>&</sup>lt;sup>36</sup> Ministry of Agriculture, Tree crop estate statistics of Indonesia 2018-2020, 12.

<sup>&</sup>lt;sup>37</sup> Data retrieved from Global Forest Watch, <a href="https://www.globalforestwatch.org/">https://www.globalforestwatch.org/</a>.

Several studies have argued that the biggest factor behind this forest loss in Indonesia was land conversion to plantation area, and mediating these two activities were wildfires.<sup>38</sup> These studies have found that fire frequency increased with closer proximity to palm plantations and with increasing activities of palm industry. Indeed, in the past decade, almost 85 percent of hotspots were observed in the seven biggest palm oil producing provinces with South Sumatera, Riau, and Central Kalimantan contributing to more than 60 percent of total hotspots during this period (Figure 8).

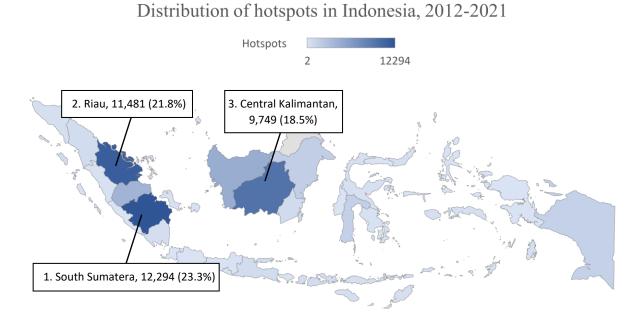


Figure 8. Distribution of hotspots in Indonesia 2015, (data retrieved from Global Forest Watch accessed in June 2022)

One of the major reasons behind this is that the land used for the plantation are usually cleared by slash-and-burn practices. The method is cheap and easy considering the problematic land ownership system in Indonesia. However, oftentimes this method grew out of control as El Nino hit the region, making the fire easier to spread and worsening the situation rapidly. Hence, the fire incidences in 2006, 2015, and 2019 were much more severe than other years as the country was hit with El Nino.

<sup>&</sup>lt;sup>38</sup> David LA Gaveau, et al. "Four decades of forest persistence, clearance and logging on Borneo." *PloS one* 9, no. 7 (2014): 7, <a href="https://doi.org/10.1371/journal.pone.0101654">https://doi.org/10.1371/journal.pone.0101654</a>; Sean Sloan, et.al., "Fire activity in Borneo driven by industrial land conversion and drought during El Niño periods, 1982–2010." *Global Environmental Change* 47 (2017): 101-102. <a href="https://doi.org/10.1016/j.gloenvcha.2017.10.001">https://doi.org/10.1016/j.gloenvcha.2017.10.001</a>.

The forest fire which reoccurs almost every year, poses many environmental problems. The most direct impact is burned land, including important environment, such as primary forests and peatlands. The number of areas burned, and total Greenhouse Gas Emissions (GHG) produced always become subject of debate. For example, the official reported 1.6 million ha of land burned during 2019 forest fire incidences while Global Forest Watch reported around 2 million ha and another study reported more than 3.1 million ha.<sup>39</sup>

Not only it reduced the world's tree cover and its capability to maintain the temperature and oxygen level, but forest fires also threaten biodiversity and creates carbon emissions. Many of the source location of fires in Indonesia are very rich in biodiversity. For example, Tesso Nilo National Park in Riau, which was partially burned in 2015, is home to hundreds of plant, bird, and mammal species, including the endangered Sumatran elephants and tigers.<sup>40</sup> Additionally, large part of the burned area was peatlands which have the capacity to store carbon.<sup>41</sup> When these vegetations were burned, the carbon stored in it were released into the atmosphere, creating GHG.

The forest fires also pose environmental and health problems to other countries through the haze it produces. Figure 8 shows that majority of forest incidences were detected in Sumatera and Kalimantan, two regions which are located closely with Indonesian major neighbors, Malaysia and Singapore. Riau, for example, shares maritime borders with the two countries while West Kalimantan shares land border with Sarawak, Malaysia. Since the haze is carried by wind, every year it creates transboundary haze pollution issues with these neighbors.

Ministry of Environment and Forestry, Sipongi, accessed 22 June 2022, <a href="https://sipongi.menlhk.go.id/laporan\_dalkarhutla\_mitra/app2020/">https://sipongi.menlhk.go.id/laporan\_dalkarhutla\_mitra/app2020/</a>; Global Forest Watch, Indonesia, accessed 22 June 2022, <a href="https://gfw.global/39nBAOi">https://gfw.global/39nBAOi</a>; David L.A. Gaveau et. al., "Refined burned-area mapping protocol using Sentinel-2 data increases estimate of 2019 Indonesian burning", <a href="https://creativecommons.org/linearing/">Earth System Science Data 13</a>, No. 11 (2021): 5353–5368, <a href="https://doi.org/10.5194/essd-13-5353-2021">https://doi.org/10.5194/essd-13-5353-2021</a>.

<sup>&</sup>lt;sup>40</sup> L. Syaufina, S. N. Darojat, and I. S. Sitanggang. "Forest fire as a threat for biodiversity and urban pollution" *IOP Conference Series: Earth and Environmental Science* 203, no. 1, (2018): 1, https://doi.org/10.1088/1755-1315/203/1/012015.

<sup>&</sup>lt;sup>41</sup> Helena Varkkey, "Plantation land management, fires and haze in Southeast Asia." *Malaysian Journal of Environmental Management* 12, no. 2 (2011): 36, <a href="http://journalarticle.ukm.my/view/divisions/J=5FEM/">http://journalarticle.ukm.my/view/divisions/J=5FEM/</a>.

Serious haze problems had occurred few times under SBY and Jokowi. Under former president SBY, huge forest fires happened in 2005-2006 and 2013. The incident in 2006 was the worst wildfire since 1997, resulting in 3.1Mha of land burned, the biggest burned area in the history. The incidence caused over 500 reading of Air Pollution Index (API) in Malaysia, way higher than the baseline of 'hazardous' status at 300. Due to the severity, Malaysia declared state of emergency, the first time since 1998. Workplaces were shut, schools were closed, and people were ordered to stay at home. The 2013 disaster was even bigger than 2006 fires. It caused an all-time high haze pollution in the history of Singapore and Malaysia. The Pollutant Standards Index (PSI) of Singapore recorded 401 which was considered as 'hazardous' level to human health, the first time such level was recorded in the country.

As soon as Jokowi took the office, he also had to deal with fires and haze issues. The 2015 forest fire incidence was deemed as one of the worst, if not the worst, haze crises in the history, beating the 1997 disaster. The PSI reading in Central Kalimantan even reached 2,300 that is almost seven times higher than the baseline of 'hazardous' status at 350.46 Six provinces declared state of emergency as thousands of people suffered from health issues, such as upper respiratory illness.

# c. International responses towards Indonesian palm oil industry

There are two groups which have been responding to Indonesian palm oil industry and its environmental problems. The first group comprises countries which are directly involved in the same industry and at the same time, affected by the environmental issues associated with palm oil plantation.

<sup>&</sup>lt;sup>42</sup> "Indonesia", Global Forest Watch, accessed 15 April 2022, https://gfw.global/39nBAOi.

<sup>&</sup>lt;sup>43</sup> "Malaysia haze triggers emergency", *BBC*, posted on 11 August 2005, <a href="http://news.bbc.co.uk/2/hi/asia-pacific/4140660.stm">http://news.bbc.co.uk/2/hi/asia-pacific/4140660.stm</a>.

<sup>44 &</sup>quot;Singapore haze hits record high from Indonesia fires", BBC, posted on 21 June 2013, https://www.bbc.com/news/world-asia-22998592.

<sup>&</sup>lt;sup>45</sup> "Indonesian fires sending haze across south-east Asia could become worst on record, NASA warns", *ABC News*, posted on 3 October 2015, <a href="https://www.abc.net.au/news/2015-10-02/indonesia-forest-fires-could-become-worst-on-record-nasa-warns/6824460">https://www.abc.net.au/news/2015-10-02/indonesia-forest-fires-could-become-worst-on-record-nasa-warns/6824460</a>.

<sup>&</sup>lt;sup>46</sup> Wahyudi Soeriaatmadja, "Thick haze grounds firefighting copters", *The Straits Times*, posted on 2 October 2015, <a href="https://www.straitstimes.com/asia/se-asia/thick-haze-grounds-firefighting-copters">https://www.straitstimes.com/asia/se-asia/thick-haze-grounds-firefighting-copters</a>.

These countries include Indonesia's immediate neighboring countries, particularly Malaysia and Singapore. Almost every year, the two countries suffer from the transboundary haze originating in Sumatera and Kalimantan. The governments are often forced to close schools and even declare emergency state as the condition is too hazardous for people to do their activities. Due to these direct impacts, these countries have been taking several foreign policies specifically addressing this issue.

The second group covers those which are not directly affected by the environmental problems associated with palm oil industry. This includes both, state and non-state entities. State entities refer to the countries which are geographically located far away from Indonesia and whose claims on the damage caused by palm oil industry are still debatable. Among others, EU and its member countries are the most vocal in voicing their concerns regarding palm oil industry and its environmental problems. Meanwhile, non-state entities refer to Non-Governmental Organizations (NGOs) particularly those which are focusing on environmental issues, such as World Wildlife Fund (WWF) and Greenpeace. This group accuses the palm oil plantation as unsustainable industry because it triggers land burning which reduces the area of primary forests and peatlands, increases the GHG emission, and eventually worsens the climate change which affects the whole world, including population who live far from Indonesia.

# i. Neighboring countries

The government of Southeast Asian countries, especially Singapore and Malaysia, have responded to this issue through bilateral, regional, and even multilateral channels. Bilaterally, three kinds of response can be seen from Malaysia and Singapore. The first response was creating communication channel to discuss the issue and sometimes express their disappointment to the government of Indonesia. For example, during 2006 and 2013 haze crisis PM Lee Hsien Loong sent official letters to SBY expressing his 'serious concern' and 'disappointment' with the reoccurrence of haze problems.

The same response was also taken by Mohathir Mohammad during the 2019 haze disaster as he sent a letter to Jokowi raising concern about the ongoing environmental issue.<sup>47</sup>

The second bilateral response was offering assistances to mitigate the fire. The two countries have consistently provided assistances to Indonesia in dealing with the fire. Since the crisis in 2005, Singapore already sent them their C130 aircraft for water bombing, firefighters contingent, as well as satellite pictures to help mapping the hotspots. Malaysia also sent their firefighters, experts, and some equipment for the mitigation of forest fires in Indonesia. These offers were not always accepted, however. The rejection was more often heard during Jokowi's administration. In 2015 and 2019, Minister of Environment and Forestry voiced her refusal against Singaporean and Malaysian offers, claiming that Indonesia had all the capability to solve the problem. Yet, the country eventually requested and received assistances, not only from Singapore and Malaysia, but also from Australia, Japan, and Russia as the fires grew out of control. 49

The third response was critics against the forest fire management in Indonesia. These critics mostly came from cabinet members of the government rather than the head of state. For example, Energy, Science, Technology, Environment, and Climate Change Minister of Malaysia criticized her Indonesian counterpart for not being objective and the data and denying the fact that the source of haze in 2019 was Indonesia. Singaporean Emeritus Senior Minister, Goh Chok Tong, also had a diplomatic spat with the Coordinating Minister for People's Welfare of Indonesia, Agung Laksono, who said that Singapore should stop "behaving like a child and complaining too much about the

<sup>&</sup>lt;sup>47</sup> Dian Septiari, "Mahathir to weigh in on haze squabble in letter to Jokowi", *The Jakarta Post*, posted on 13 September 2019, <a href="https://www.thejakartapost.com/news/2019/09/13/mahathir-weigh-haze-squabble-letter-jokowi.html">https://www.thejakartapost.com/news/2019/09/13/mahathir-weigh-haze-squabble-letter-jokowi.html</a>.

<sup>&</sup>lt;sup>48</sup> Poppy.S. Winanti & Muhammad Rum, 50 Years of Amity and Enmity: The Politics of ASEAN Cooperation. Vol. 1. (Yogyakarta: UGM PRESS, 2018) 268.

<sup>&</sup>lt;sup>49</sup> "Presiden Jokowi: Beberapa Negara Bersedia Bantu Indonesia Atasi Bencana Asap", *Cabinet Secretariat Republic of Indonesia*, posted on 8 October 2015, <a href="https://setkab.go.id/presiden-jokowi-beberapa-negara-bersedia-bantu-indonesia-atasi-bencana-asap/">https://setkab.go.id/presiden-jokowi-beberapa-negara-bersedia-bantu-indonesia-atasi-bencana-asap/</a>.

<sup>&</sup>lt;sup>50</sup> "The facts speak for themselves': Malaysia minister Yeo Bee Yin slams Indonesia's denial of haze", *The Straits Times*, posted on 12 September 2019, <a href="https://www.straitstimes.com/asia/se-asia/malaysia-minister-yeo-bee-yin-slams-indonesias-denial-of-haze-the-facts-speak-for">https://www.straitstimes.com/asia/se-asia/malaysia-minister-yeo-bee-yin-slams-indonesias-denial-of-haze-the-facts-speak-for</a>.

situation".<sup>51</sup> He replied the statement by using the same rhetoric, saying 'the child (Singapore) is being suffocated' and Indonesia should not have 'burned their garden' if the smoke will enter their neighbor's home.<sup>52</sup>

At regional level, Malaysia and Singapore worked with ASEAN to end the haze problem. It started with the ASEAN Agreement on the Transboundary Haze Pollution (AATHP) which was signed by all ASEAN Member States' (AMS) leaders in 2002. Before the country finally ratified the document in 2014, Indonesia was the only AMS who had not ratified it and thus, its status was a mere observer in the agreement. Prior to 2014, Malaysia and Singapore continuously urged the country to ratify the Agreement so to improve the haze management through ASEAN cooperation.

Singapore is probably the only ASEAN country who took multilateral approach towards this issue. During the 2006 haze crisis, frustrated with the slow progress from Indonesia and ASEAN, PM Lee raised the issue at UNGA meeting, calling international attention to mitigate the problem.<sup>53</sup> It was the first time haze issue was brought to international spotlight and Indonesia was very angry with the act. SBY showed his discontentment by refusing to shake hands with Lee, and the Indonesian Minister of Industry cancelled a Joint Steering Committee planned in the following month. Indonesian representative to UN labeled Lee's statement as an example of "misusing the UN forum in a frenzy of naming and shaming".<sup>54</sup> Despite the harsh response from Indonesia, Singapore raised the issue again several times in UN.

In 2014, Singapore also adopted the Transboundary Haze Pollution Act (THPA). The Act has extraterritorial liability for any entities who cause transboundary haze in Singapore. It gives authority

<sup>&</sup>lt;sup>51</sup> Nur Aini, "Agung Laksono: Singapura Seperti Anak Kecil", *Republika*, posted on 20 June 2013, https://www.republika.co.id/berita/moosze/agung-laksono-singapura-seperti-anak-kecil.

<sup>&</sup>lt;sup>52</sup> "ESM Goh: "The Singapore Child is being suffocated", *The Straits Times*, posted on 21 June 2013, https://www.straitstimes.com/singapore/esm-goh-the-singapore-child-is-being-suffocated.

<sup>&</sup>lt;sup>53</sup> Sajid Anwar and Choon-Yin Sam, "Is economic nationalism good for the environment? A case study of Singapore." *Asian Studies Review* 36, no. 1 (2012): 52-53, <a href="https://doi.org/10.1080/10357823.2011.651441">https://doi.org/10.1080/10357823.2011.651441</a>.

<sup>&</sup>lt;sup>54</sup> Helena Varkkey, "Addressing transboundary haze through ASEAN: Singapore's normative constraints." *Journal of International Studies* 7 (2020): 89, <a href="https://www.e-journal.uum.edu.my/index.php/jis/article/view/7918">https://www.e-journal.uum.edu.my/index.php/jis/article/view/7918</a>.

to Singaporean Director-General of Environment Protection to obtain information from any person related to the activities causing the haze and to examine them in person, regardless of their position in or outside of Singapore.<sup>55</sup> Under this Act, Singapore sent a warrant for the director of Indonesian-based company in 2015 for his failure to present himself for the examination.<sup>56</sup> The decision was again received with displeasure from Indonesian counterpart.

# ii. EU, US, NGOs, and other international entities

Critics against palm oil industry have begun to rise after the major forest fires in 1997. These pressures were mostly led by NGOs, especially WWF, accusing the industry of threatening the biodiversity. This was followed up by negative campaigning against companies, especially those which were based in Europe such as Unilever and Sainsburys. These pressures resulted in the establishment of Roundtable on Sustainable of Palm Oil (RSPO) in 2004, initiated by Malaysian Palm Oil Association, Multi-National Corporations (MNCs), and WWF. However, along the process, the organization was heavily criticized by producers in Indonesia and Malaysia because it is dominated by European actors. When it was first established, only one Indonesian-based NGO, Sawit Watch, participated it in. Later, both Indonesia and Malaysia established their own certification as an independent solution to improve the image of their products in international market.

As demand for palm oil skyrocketed during the commodity boom, pressures from environmental NGOs also started to rise. Greenpeace was among the most vocal NGOs in campaigning against the environmental destruction linked to palm oil industry. In 2007, Greenpeace published a report called

<sup>&</sup>lt;sup>55</sup> The Statutes of the Republic of Singapore, *Transboundary Haze Pollution Act* 2014, 2020 Ed., <a href="https://sso.agc.gov.sg/Act/THPA2014?WholeDoc=1">https://sso.agc.gov.sg/Act/THPA2014?WholeDoc=1</a> <a href="https://sso.agc.gov.sg/Act/THPA2014?ProvIds=P13-top">https://sso.agc.gov.sg/Act/THPA2014?ProvIds=P13-top</a>

<sup>&</sup>lt;sup>56</sup> Audrey Tan, "NEA obtains court warrant against director of Indonesian company with suspected haze links", *The Straits Times*, posted on 11 May 2016, <a href="https://www.straitstimes.com/singapore/environment/nea-obtains-court-warrant-against-director-of-indonesian-company-with">https://www.straitstimes.com/singapore/environment/nea-obtains-court-warrant-against-director-of-indonesian-company-with.</a>

<sup>&</sup>lt;sup>57</sup>Oliver Pye, "The biofuel connection—transnational activism and the palm oil boom." *The Journal of Peasant Studies* 37, no. 4 (2010): 861-862, <a href="https://doi.org/10.1080/03066150.2010.512461">https://doi.org/10.1080/03066150.2010.512461</a>.

"How the Palm Oil Industry is Cooking the Climate" which highlight the link between increasing demand of palm oil and forest fire incidences in peatlands and rainforests area.<sup>58</sup> The following year, they released another report naming Unilever as the biggest palm oil consumer in the world had contributed to the forest fire incidences in Borneo through their palm oil suppliers, specifically Golden-Agri Resources (GAR).<sup>59</sup> According to the report, GAR, an agribusiness business under Sinar Mas which was named as the largest palm oil plantation company, was responsible for numerous concessions on peatlands and orang utan habitat. Hundreds of hotspots were also found in these concessions during 2006-2007. Following this report, Unilever cancelled their contract with the company in 2008. Similar targeted campaigns were also done against other MNCs, including Nestle and Carrefour, and also palm oil companies which mostly cooperate in Indonesia.<sup>60</sup> As a result, these companies started to make a pledge of 'no deforestation' in their business process.

The increasing critics from NGOs affected the policies of importing countries, especially European Union countries and United States. In 2009, EU adopted Renewable Energy Directive I (RED I) which aimed to increase the use of renewable sources in energy sector by 20 per cent in general and 10 percent in transport sector by 2020.<sup>61</sup> The Directive also proposed a sustainability criterion for the biofuels to ensure that the sources did not come from biodiverse areas or threaten biodiversity and ecosystem.

Through RED II adopted in 2018, EU upgraded their target to 32 percent of energy from renewable sources by 2030.<sup>62</sup> They also updated the sustainability criteria to cover the issue of indirect land-use

<sup>&</sup>lt;sup>58</sup> Greenpeace International, *How the palm oil industry is cooking the climate*, (Amsterdam: Greenpeace International, 2007).

<sup>&</sup>lt;sup>59</sup> Greenpeace International, *How Unilever Palm Oil are Burning up Borneo*, (Amsterdam: Greenpeace International, 2008).

<sup>&</sup>lt;sup>60</sup> Charlotte van der tak, "Timeline Greenpeace Palm Oil Campaign 2007 – 2018", *Greenpeace*, posted on 23 November 2018, <a href="https://www.greenpeace.org/nl/natuur/11405/timeline-greenpeace-palm-oil-campaign-2007-2018/">https://www.greenpeace.org/nl/natuur/11405/timeline-greenpeace-palm-oil-campaign-2007-2018/</a>.

<sup>&</sup>lt;sup>61</sup> EU Parliament and Council, "Council Directive 2009/28/EC of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC", *Official Journal* L 140/16, Article 3 (1) and (4).

 $<sup>^{62}</sup>$  EU Parliament and Council, "Council Directive 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources", *Official Journal* L 328/8, Article 3 (1).

change (ILUC). Biofuels used to achieve the renewable sources target should take low ILUC, meaning the biofuels was "produced within schemes which avoid displacement effects of food and feed-crop based biofuels, bioliquids and biomass fuels through improved agricultural practices as well as through cultivation of crops on areas which were previously not used for cultivation of crops". This criteria sparked criticisms from palm oil producing countries because even though the RED II itself does not explicitly mention palm oil as restricted material for biofuels, the ILUC criteria put palm oil as a high-risk ILUC biofuel and thus, should not be used to achieved the RED II targets. Some EU members have adopted measures specifically towards palm oil to reach the RED II objectives. For example, in 2019, France adopted a law that excluded palm oil from biofuels classification which consequently removed the tax advantages from the commodity. Norwegian parliament also agreed to phase out palm oil as source of biofuels because it is considered as a high-risk ILUC feedstock.

The Environmental Protection Agency of United States also considered to take similar policy in 2012. At the beginning of the year, the agency published a report which concluded that palm oil-based biodiesel only has 17 percent GHG emission reduction.<sup>67</sup> This percentage is below the minimum baseline of 20 percent for renewable fuel under the Renewable Fuel Standard program (RFS), suggesting that the commodity does not qualify the standard.

<sup>63</sup> EU Parliament and Council, "Council Directive 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources", Article 2 (37).

<sup>&</sup>lt;sup>64</sup> Report adopted by EU in 2019 only qualified palm oil as a high ILUC-risk feedstock which caused 45 percent expansion into high carbon stock land, as compared to 8 percent with soybean. European Commission, Report from the commission to the European parliament, the council, the European economic and social committee and the committee of the regions on the status of production expansion of relevant food and feed crops worldwide, COM(2019), 19.

<sup>&</sup>lt;sup>65</sup> Request for consultations by Malaysia, European Union and Certain Member States – Certain Measures Concerning Palm Oil and Oil Palm Crop-Based Biofuels, WT/DS600/1, G/L/1384, G/TBT/D/54, G/SCM/D131/1, 19 January 2021.

<sup>&</sup>lt;sup>66</sup> Ministry of Foreign Affairs Malaysia, *Statement By The Minister Of Foreign Affairs Of Malaysia On Norwegian Parliament's Vote On Palm Oil*, 22 February 2019, <a href="https://www.kln.gov.my/web/guest/-/press-release-statement-by-the-minister-of-foreign-affairs-of-malaysia-on-norwegian-parliament-s-vote-on-palm-oil">https://www.kln.gov.my/web/guest/-/press-release-statement-by-the-minister-of-foreign-affairs-of-malaysia-on-norwegian-parliament-s-vote-on-palm-oil</a>.

<sup>&</sup>lt;sup>67</sup> US Environmental Protection Agency (EPA), *Notice of Data Availability Concerning Renewable Fuels Produced from Palm Oil Under the RFS Program*, 27 January 2012.

It is important to notice the differences between the responses and pressures from neighboring countries and other international entities. As it was explained in the previous section, Malaysia and Singapore's economic interests are highly embedded in the palm industry in Indonesia. As a result, their responses were not very strict compared to EU's. In fact, Malaysia shares Indonesia's position on EU's RED II and they also requested Dispute Settlement Mechanism in WTO, arguing that the policy violates WTO regulations.

Additionally, while Malaysia is the second largest producer of palm oil and Singapore is the major financial and trade hub for palm oil companies in Indonesia, EU are the importers of palm oil and also the producer of competing vegetable oils, including rapeseed and sunflower. Thus, these countries can give pressures to Indonesia in the form of trade measures, such as limiting the access of the commodity to the market or excluding it from receiving favorable trade regulations. While the biggest importers of Indonesian palm oil are still India and China, some EU members, such as Spain, Netherlands, and Italy, have each been contributing to around 5 percent of Indonesia's palm oil export in the past few years.<sup>68</sup> This adds some weight to the policy responses that EU takes against Indonesia.

<sup>68</sup> Data calculated from UN Comtrade, https://comtrade.un.org/data/.

# IV. ANALYSIS: COMPARISON BETWEEN SBY'S AND JOKOWI'S FOREIGN ENVIRONMENTAL POLICY

This chapter will discuss the foreign policy under SBY and Jokowi on environmental issues related to palm oil industry, forest fire, and transboundary haze pollution issues as explained in the previous chapter. It argues that SBY's outward looking policy, supported by strong economic condition made the foreign policy under his administration more active in participating and promoting environmental issues at international level. The environmental foreign policy under his term is characterized with groundbreaking international commitments, entrance to or initiation of international cooperation, and engagement with entities who gave pressures on the issue. Meanwhile, under Jokowi, the country took a more defensive stance against international environmental cooperation. Due to his inward-looking policy and the relatively weaker economic condition, the president rarely made any big commitments on environments and instead, was more vocal in criticizing international environmental cooperation. Rather than engaging international actors who put pressures on Indonesia, the government antagonized and took counteracts against them.

# a. SBY's outward-looking policy orientation

Susilo Bambang Yudhoyono, famously called as SBY, is the first prominent president of Indonesia in the reform era. He was the elected through the first direct presidential election in 2004, beating the daughter of the founding father who was also former President and Vice President in the previous term. SBY maintained his position and even got reelected in 2009, making him the first president who led the country in a fairly democratic way for full 10 years term in the post-Soeharto era. In both

elections, he received more than 60 percent votes and at the end of his term, he maintained 51.4 percent of approval rate.<sup>69</sup>

Under his term, Indonesia went through many positive transformations. It successfully turned into a democratic country with relative political stability and more united society. It was under his term that peaceful settlement of Aceh conflict was achieved, and direct elections were implemented at national and local level, both in 2005. The country also experienced significant economic development. It fully recovered from the financial crisis in 1997 and was not significantly affected by the one occurred in 2008-2009. On average, GDP grew 5-6 percent each year and average per capita income increased around 50 percent in the span of ten years.<sup>70</sup> The country's Growth Competitiveness Index also rose from 69 (out of 104 countries) in 2004 to 34 (out of 144 countries) in 2014.<sup>71</sup>

His administration is often associated with huge success in international affairs. Under his leadership, Indonesia rose as regional leader and an active player in many global issues. In ASEAN, Indonesia played important role in mediating South China Sea issues, symbolized by the success of Foreign Minister Marty Natalegawa's shuttle diplomacy in uniting ASEAN Member States' voices on the issue. SBY visited Myanmar twice and when the country held ASEAN chairmanship in 2011, it promoted Myanmar to be ASEAN chair in 2014.<sup>72</sup>

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<sup>&</sup>lt;sup>69</sup> In 2004, his opponent, Megawati, received 39.38 percent while SBY received 60.62 percent. In 2009, his votes share increased to 60.80 percent while Megawati and Jusuf Kalla received 26.79 and 12.41 respectively. Statistics Indonesia, Persentase Hasil Perhitungan Suara Sah Pemilu Presiden dan Wakil Presiden Tahun 2019 Menurut Provinsi, last updated on January https://www.bps.go.id/statictable/2009/03/04/1574/hasil-perhitungan-suara-sah-pemilu-presiden-dan-wakilpresiden-menurut-provinsi-tahun-2004-2009-2014-2019.html; https://nasional.kompas.com/read/2014/05/14/1922563/Survei.PDB.50.Persen.Lebih.Masyarakat.Puas.akan.P emerintahan.SBY

<sup>&</sup>lt;sup>70</sup> Hal Hill, "The Indonesian economy during the Yudhoyono decade" in *The Yudhoyono presidency: Indonesia's decade of stability and stagnation*, ed., E Aspinall, M Mietzner, D Tomsa (Singapore: ISEAS, 2015), 286

<sup>&</sup>lt;sup>71</sup> Dewi F. Anwar, "Yudhoyono's legacy: an insider's view" in *The Yudhoyono presidency: Indonesia's decade of stability and stagnation*, ed. E Aspinall, M Mietzner, D Tomsa (Singapore: ISEAS, 2015), 27.

<sup>&</sup>lt;sup>72</sup> Evi Fitriani, "Yudhoyono's foreign policy: is Indonesia a rising power?" in *The Yudhoyono presidency: Indonesia's decade of stability and stagnation*, ed. E Aspinall, M Mietzner, D Tomsa (Singapore: ISEAS, 2015), 79; Catherine S. Renshaw, "Democratic transformation and regional institutions: The case of Myanmar and ASEAN." *Journal of Current Southeast Asian Affairs* 32, no. 1 (2013), 43, <a href="https://doi.org/10.1177%2F186810341303200102">https://doi.org/10.1177%2F186810341303200102</a>.

Since he was young, SBY was already fluent in English, and it gave him the opportunities to study abroad.<sup>73</sup> He was sent to United States multiple times, Panama, Belgium, and Germany in 1970s-1990s. The president also received master's degree from Webster University in 1991 and led Indonesian contingent to UN peacekeeping force in Bosnia in 1995-1996.<sup>74</sup> Having these experiences abroad became one of the reasons why SBY paid so much attention to international affairs.

Even before winning the election, he already stated his version of Indonesia's future projection as "an open, tolerant, modern, democratic, *outward-looking country*". In his first foreign policy speech, SBY emphasized the importance of "international identity" which he defined as how the country projects itself to the world and how it is perceived by the international community. He clearly expressed his ambition to gain acknowledgement from the world by making the country "part of solution to global problems" and "a global champion of democracy, human rights, environmentalism, and other non-traditional international issues". SBY also explicitly claimed that foreign policy has a critical role in his administration. The terms 'open', 'tolerant', and especially '*outward-looking*' are essential keywords that he repeatedly emphasized throughout his term.

SBY was also famous for his "a million friends and zero enemies" slogan which he coined in 2010.<sup>78</sup> According to this slogan, Indonesia could pursue "all direction foreign policy" because it does not have any country which it considers as enemy and neither country perceives Indonesia as enemy

<sup>&</sup>lt;sup>73</sup> National Library Republic of Indonesia, *Biography: Susilo Bambang Yudhoyono*, <a href="https://kepustakaan-presiden.perpusnas.go.id/en/biography/?box=detail&presiden.perpusnas.go.id/en/biography/presiden.perpusnas.go.id/en/biography/presiden.perpusnas.go.id/en/biography/presiden.perpusnas.

<sup>&</sup>lt;sup>74</sup> Anne Booth, *Economic change in modern Indonesia: Colonial and post-colonial comparisons*, (Cambridge: Cambridge University Press, 2016), 106.

<sup>&</sup>lt;sup>75</sup> Susilo Bambang Yudhoyono, *Indonesia 2004-2009: Vision for Change*, (Jakarta: Brighten Press, 2004), 26.

<sup>&</sup>lt;sup>76</sup> Susilo Bambang Yudhoyono and Dino Patti Djalal, *Transforming Indonesia: selected international speeches of Indonesia's Presiden Dr. Susilo Bambang Yudhoyono*, (Jakarta: Red & White Pub, 2012), 386-7.

<sup>&</sup>lt;sup>77</sup> Susilo Bambang Yudhoyono, "Pidato Kenegaraan Presiden RI di depan Sidang Bersama DPR RI dan DPD RI, Jakarta, 16 Agustus 2013", *Kementerian Sekretariat Negara RI*, posted on 16 August 2013, <a href="https://www.setneg.go.id/baca/index/pidato-kenegaraan-presiden ri di depan sidang-bersama dprri dan d-pdri\_jakarta\_16\_agustus\_2013">https://www.setneg.go.id/baca/index/pidato-kenegaraan-presiden ri di depan sidang-bersama dprri dan d-pdri\_jakarta\_16\_agustus\_2013</a>.

<sup>&</sup>lt;sup>78</sup> "Pidato Lengkap Presiden SBY 20 Oktober 2009", *Kompas*, posted on 20 October 2009, https://www.kompas.com/sains/read/2009/10/20/1324076/pidato-lengkap-presiden-sby-20-oktober-200.

either. It prioritized international cooperation and avoided confrontation with any international entities.

Accompanying these statements, the president also showed active roles in international affairs by initiating forums or cooperation as well as diligently attending international meetings and meeting world leaders. He established Bali Democracy Forum in 2008 which he never failed to attend every year. SBY attended and delivered statements during the General Debate of UNGA four times and never missed G20 meetings throughout his term. Indonesia became the host of many important international meetings, including 2007 UN Climate Change Conference, 2011 ASEAN Summit, and 2013 APEC Summit.

In line with his ambition to gain a positive international reputation for the country, SBY tried to push Indonesia as an active player in global environmental protection agenda. His administration was often cited as the period when Indonesia was highly active in environment issues, characterized by grand events and commitments at international level. SBY himself received the Champions of Earth award from the UN Environment Programme (UNEP) in 2014, and as soon as he ended his second term, he was appointed as the president of Global Green Growth Institute. Even his wife, the late Ani Yudhoyono, received Global Leadership certificate from UNEP in 2008 for her roles in planting 20 million trees.

<sup>&</sup>lt;sup>79</sup> UN, Where can I find statements made by Indonesia during the General Debate of the United Nations General Assembly?, <a href="https://ask.un.org/faq/84858">https://ask.un.org/faq/84858</a>; Evi Fitriani, "Yudhoyono's foreign policy: is Indonesia a rising power?", 80

<sup>&</sup>lt;sup>80</sup> Frances Seymour, "SBY and Indonesia's forests: A legacy in the making?", *Forest News CIFOR*, posted on 17 November 2011, <a href="https://forestsnews.cifor.org/4948/sby-and-indonesias-forests-a-legacy-in-the-making?fnl=en">https://forestsnews.cifor.org/4948/sby-and-indonesias-forests-a-legacy-in-the-making?fnl=en</a>; Sebastian Mclellan, "Climate Policy under SBY and Jokowi: Making Progress or Going Backwards?", *Australian Institute of International Affairs*, <a href="https://www.internationalaffairs.org.au/climate-policy-under-sby-and-jokowi-making-progress-or-going-backwards/">https://www.internationalaffairs.org.au/climate-policy-under-sby-and-jokowi-making-progress-or-going-backwards/</a>.

<sup>&</sup>lt;sup>81</sup> Champions of earth, "H. E. Susilo Bambang Yudhoyono - Policy Leadership", *UNEP*, <a href="https://www.unep.org/championsofearth/laureates/2014/h-e-susilo-bambang-yudhoyono">https://www.unep.org/championsofearth/laureates/2014/h-e-susilo-bambang-yudhoyono</a>; Peter Anderson, Asep Firdaus, and Avi Mahaningtyas. "Big commitments, small results: environmental governance and climate change mitigation under Yudhoyono." In *The Yudhoyono Presidency: Indonesia's Decade of Stability and Stagnation*, ed. E Aspinall, M Mietzner, D Tomsa (Singapore: ISEAS, 2015), 259.

<sup>&</sup>lt;sup>82</sup> UN, *Press conference by united nations environment programme on new tree campaign*, posted on 13 May 2008, <a href="https://www.un.org/press/en/2008/080513">https://www.un.org/press/en/2008/080513</a> UNEP.doc.htm.

Among the earliest and most significant events was the 13<sup>th</sup> Conference of the Parties to the UN Framework Convention on Climate Change (COP-13 UNFCCC) in 2007 which produced Bali Road Map, a set of documents aimed to guide the negotiation on setting the new targets of Kyoto Protocol's second period commitment.<sup>83</sup> Some argued that SBY's presence in the Conference itself already showed his commitment to the issue, but furthermore, he was said to have important role in uniting the voices of participant countries when the conference almost ended up in deadlock.<sup>84</sup> The former president cancelled his schedule to go back to Jakarta when disagreements between developing and developed countries continued to risk the outcomes of the Conference, and called an immediate meeting with the then Minister of Forestry, Rachmat Witoelar, who was the President of the Conference, and the Secretary General of UNFCCC, Yvo de Boer.<sup>85</sup> In the following plenary meeting, he came with the then Secretary General of UN, Ban Ki-Moon, and made a plead to "not let (the world) down" by failing to agree on the Roadmap.<sup>86</sup> His statement was welcomed with applauses from the delegates and it successfully gave him a positive reputation in the environmental issues.

Following the COP-13, Indonesia became more active in many international environmental initiatives. One of the monumental moves was commitment made by SBY in 2009 G20 meeting. He made a pledge to cut the country's carbon emissions by 26 percent with domestic capacity and by 41 percent with international support by 2020.<sup>87</sup> It marked the first time such statement was made by developing country which usually were exempted from global responsibilities in environmental protection.

<sup>83</sup> Frances Seymour, "SBY and Indonesia's forests: A legacy in the making?", <a href="https://forestsnews.cifor.org/4948/sby-and-indonesias-forests-a-legacy-in-the-making?fnl=en.">https://forestsnews.cifor.org/4948/sby-and-indonesias-forests-a-legacy-in-the-making?fnl=en.</a>

<sup>&</sup>lt;sup>84</sup> Budy P. Resosudarmo, Fitrian Ardiansyah, and Lucentezza Napitupulu. "The dynamics of climate change governance in Indonesia." In *Climate governance in the developing world*, ed. D. Held, C. Roger and E-M. Nag (Cambridge: Polity Press, 2013): 75.

<sup>85 &</sup>quot;SBY dan Detik-detik Menegangkan di UNFCCC", *Okenews*, posted on 15 December 2007, <a href="https://news.okezone.com/read/2007/12/15/1/68480/sby-dan-detik-detik-menegangkan-di-unfccc">https://news.okezone.com/read/2007/12/15/1/68480/sby-dan-detik-detik-menegangkan-di-unfccc</a>.

<sup>&</sup>lt;sup>86</sup> Peter Christoff, "The Bali roadmap: Climate change, COP 13 and beyond." *Environmental Politics* 17, no. 3 (2008): 468.

<sup>&</sup>lt;sup>87</sup>Kinanti Kusumawardani Taufik, "Indonesia's environmental diplomacy under Yudhoyono: a critical—institutionalist—constructivist analysis." *The Hague Journal of Diplomacy* 12, no. 1 (2017): 2, <a href="https://doi.org/10.1163/1871191X-12341349">https://doi.org/10.1163/1871191X-12341349</a>.

This pledge was followed up by more active participation in international environment partnership. It endorsed Copenhagen Accord in 2009 and became the first country to adopt REDD+ scheme and its pilot programs. In 2011, the country hosted another important environmental meeting, High-Level Dialogue on the Institutional Framework for Sustainable Development, in 2011.<sup>88</sup> SBY was invited to Asia-Europe Meeting in 2008 to specifically speak on environmental issues and was appointed as one of the co-chairs for High-Level Panel of Eminent Persons on the Post-2015 Development Agenda in 2012.<sup>89</sup>

It could be seen that SBY's background and personality had shaped Indonesia's foreign policy, including how the country dealt with environmental issues at the international level. Being exposed to international affairs since he was young, SBY put a high priority on foreign policy, making it one of his most important agenda. Consequently, he often controlled the direction of the foreign policy and was not hesitant to overrule his cabinet member on this matter. The cases of COP-13 and South China Sea issues in ASEAN, show how SBY immediately and directly involved in making Indonesia as the leader who mediated and solved the disagreement among countries. When the spying allegations happened between Indonesia and Australia, SBY rejected the Marty Natalegawa's opinion and instructed him to send the recalled ambassador back to Canberra after having conversation with PM Tony Abbott. In the case of forest fires issues, which will be explained in more detailed in the next section, SBY shut his cabinet members who had made provocative statements about the neighboring countries and even made apology in the name of Indonesia. This shows how important he was in determining the environmental foreign policy of the country.

Additionally, foreign policy was not merely seen as a tool to create material interests. SBY, instead, deeply cared about ideas and reputation. When he came to the power, Indonesia's reputation was

<sup>&</sup>lt;sup>88</sup> Taufik, "Indonesia's environmental diplomacy under Yudhoyono: a critical-institutionalist-constructivist analysis", 14.

<sup>&</sup>lt;sup>89</sup> Hassan Wirajuda, *Annual Press Statement of The Minister for Foreign Affairs Republic of Indonesia*, (Jakarta: MOFA Indonesia, 2008); Taufik, "Indonesia's environmental diplomacy under Yudhoyono: a critical—institutionalist—constructivist analysis", 13.

<sup>&</sup>lt;sup>90</sup> Aaron L. Connelly, *Indonesian foreign policy under President Jokowi*, (Sydney: Lowy Institute, 2014), 4, <a href="https://www.lowyinstitute.org/publications/indonesian-foreign-policy-under-president-jokowi">https://www.lowyinstitute.org/publications/indonesian-foreign-policy-under-president-jokowi</a>.

damaged with the issues of conflicts, terrorism, and separation. Thus, he aspired to fix this and turn Indonesia as the "regional power with global interests and concerns." <sup>91</sup> To achieve this goal, he believed that the country should gain trust and respect from other countries, especially the neighbors, and one of his strategies was to avoid conflicts as much as possible. Many scholars have associated him as "moderating president", "conflict-averse" and thus, "indecisive" leader. <sup>92</sup> This explains how his environmental foreign policies were mostly cooperative with international communities. Even when the country received criticisms or pressures from other countries or INGOs, he tended to approach them in a more positive manner and tried to engage these actors as much as possible.

# b. Jokowi's inward-looking policy

Unlike SBY, Jokowi did not really show any interests on neither foreign policy nor environmental issues. In the vision and mission of his campaign, he stated his goal to make Indonesia as "regional power with selective global engagement" by prioritizing those which have direct impacts to the interests of Indonesian people. This is in contrast with SBY's interests in global issues and 'all directional' foreign policy. While SBY wanted the country to be involved as much as possible in any important international cooperation, Jokowi did not share the same view and only showed willingness to join if the cooperation brings direct and clear benefits to the country, mostly in terms of economic gains. This was expressed through his takes on foreign policy which showed rejection against SBY's 'one million friends, zero enemies':

<sup>91</sup> Amitav Acharya, *Indonesia Matters: Asia's Emerging Democratic Power*, (Singapore: World Scientific Publishing, 2015), 2-3.

<sup>&</sup>lt;sup>92</sup> Edward Aspinall, Marcus Mietzner, Dirk Tomsa, "The Moderating President: Yudhoyono's decade in power" in *The Yudhoyono presidency: Indonesia's decade of stability and stagnation*, ed., Edward Aspinall, Marcus Mietzner, Dirk Tomsa (Singapore: ISEAS, 2015), 1-21; John Sidel, "Men on horseback and their droppings: Yudhoyono's presidency and legacies in comparative regional perspective," in *The Yudhoyono presidency: Indonesia's decade of stability and stagnation*, ed., Edward Aspinall, Marcus Mietzner, Dirk Tomsa (Singapore: ISEAS, 2015), 55.

<sup>&</sup>lt;sup>93</sup> Joko Widodo & Jusuf Kalla, *Jalan Perubahan untuk Indonesia yang berdaulat, mandiri dan berkepribadian*, (Jakarta: 2014), 13.

"Our [foreign] policy is free and active, befriend all countries but [we will put first] those who give the most benefits to the people. What's the point of having many friends but we only get the disadvantages? Many friends should bring many benefits. If it's not beneficial, I won't do it. We'll still meet but not too much."

In contrast with SBY who enjoyed the international stage where he could stand next to leaders from major powers, Jokowi indicated uncomfortableness with diplomacy and international meetings. While SBY diligently attended UNGA meetings, Jokowi skipped all of it during his first term. He finally attended his first UNGA meeting in 2020 when the event was held online due to pandemic. Jokowi also consecutively did not attend APEC summit in 2015 and 2016. His absence in 2015 APEC particularly raised concerns and even deemed as "wrong decision" as the host for the event was his ASEAN neighbor, Philippines. Other than Indonesian, the only ASEAN Member States which missed the meeting was Thailand, and that was due to the passing of Thai king.

Jokowi has very different background with SBY's. SBY joined military academy since he was 21 and had pursued his career there ever since. 98 He also gained popularity in 1999 when he was appointed as the Minister of Mining and Energy and later Coordinating Minister for Political and Security Affairs, a highly political position in cabinet, under Abdurrahman Wahid and maintained it until Megawati's administration. In contrast, Jokowi was the first president with neither military nor a long political background. He has neither any experience in nor network with military and only started his political journey as the mayor of Solo, a small town in Central Java, in 2005.

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<sup>&</sup>lt;sup>94</sup> Barratut Taqqiyah, "Jokowi:Indonesia jangan punya teman yang merugikan", *Kontan*, posted on 17 November 2014, https://nasional.kontan.co.id/news/jokowiindonesia-jangan-punya-teman-yang-merugikan.

<sup>95</sup> Ben Bland, Man of contradictions, (Victoria: Penguin Random House, 2020), 125.

<sup>&</sup>lt;sup>96</sup> Donald E. Weatherbee, "Indonesia's foreign policy in 2016." *Southeast Asian Affairs* (2017): 164, <a href="https://www.jstor.org/stable/26492600">https://www.jstor.org/stable/26492600</a>.

<sup>97 &</sup>quot;Editorial: Wrong on APEC", *The Jakarta Post*, posted on 13 November 2015, https://www.thejakartapost.com/news/2015/11/13/editorial-wrong-apec.html.

<sup>&</sup>lt;sup>98</sup> National Library Republic of Indonesia, *Biography: Susilo Bambang Yudhoyono*, <a href="https://kepustakaan-presiden.perpusnas.go.id/en/biography/?box=detail&presiden\_id=6&presiden=sby.">https://kepustakaan-presiden.perpusnas.go.id/en/biography/?box=detail&presiden\_id=6&presiden=sby.</a>

If studying abroad and participating in international activities resulted in outward-looking policy of SBY, Jokowi's inward-looking policy was the result of his experience with economic struggles during his young days and later, as a successful businessman. This experience made him tend to take a more transactional approach in policy making process. For example, Jokowi was reportedly not interested in dealing with South China Sea issues as it does not have direct impacts to the country. He only changed his mind after an adviser reframed the issue in economic context. 99

The context of domestic politics condition is also important. Many agreed that Jokowi's disinterest and inexperience with foreign policy often made him leave the foreign policy making to his advisers, notably Luhut Pandjaitan, Rizal Sukma, and Retno Marsudi. 100 Luhut, one of the most influential figures in Jokowi's administration, is a natural resources conglomerate whose company also works in palm oil sector and has been accused of leaning towards China due to increasing economic partnership with the country. 101 Sukma, the former executive director of Indonesian Center for Strategic and International Studies (CSIS), was someone who frequently criticized SBY's outward-looking foreign policy and thought that "the key focus is to use diplomacy for economic benefit." 102 Lastly, Retno Marsudi is the first female Minister of Foreign Affairs whose appointment surprised people because she has no posting experience or expertise in Asia Pacific region and multilateral organizations, unlike her predecessors. It was said that she was appointed for her commitment to

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<sup>99</sup> Bland, Man of Contradictions, 11.

<sup>&</sup>lt;sup>100</sup> Donald E. Weatherbee, "Indonesia's foreign policy in 2016."; Aaron L. Connelly, *Indonesian foreign policy under President Jokowi*; Mohamad Rosyidin and Shary Charlotte H. Pattipeilohy, "Regionalism under challenge: ideas and joko widodo's foreign policy towards asean, 2014-2019", *Journal of ASEAN Studies* 8, No. 2, (2020): 147-172. https://doi.org/10.21512/jas.v8i2.6596.

Muhammad Idris, "Apa benar Luhut juga punya bisnis kelapa sawit?", *Kompas*, posted on 26 May 2022, <a href="https://money.kompas.com/read/2022/05/25/120909126/apa-benar-luhut-juga-punya-bisnis-kelapa-sawit?page=all">https://money.kompas.com/read/2022/05/25/120909126/apa-benar-luhut-juga-punya-bisnis-kelapa-sawit?page=all</a>; Muhammad Zulfikar Rakhmat, "Luhut Binsar Pandjaitan: The Prominent Enabler behind China-Indonesia Relations", *Global Policy*, posted 24 July 2020, <a href="https://www.globalpolicyjournal.com/blog/24/07/2020/luhut-binsar-pandjaitan-prominent-enabler-behind-china-indonesia-relations">https://www.globalpolicyjournal.com/blog/24/07/2020/luhut-binsar-pandjaitan-prominent-enabler-behind-china-indonesia-relations</a>.

<sup>&</sup>lt;sup>102</sup> Joe Cochrane, "Indonesian Leader in Global Spotlight", *The New York Times*, posted 21 October 2014, <a href="https://www.nytimes.com/2014/10/21/business/international/many-hope-joko-widodo-indonesias-new-leader-will-raise-countrys-regional-stature.html">https://www.nytimes.com/2014/10/21/business/international/many-hope-joko-widodo-indonesias-new-leader-will-raise-countrys-regional-stature.html</a>

"diplomacy brought down to earth" which promotes the use of diplomacy for the benefits of the people. 103

Moreover, unlike SBY, Jokowi does not hold high position in the party. SBY had been always the informal leader of his party. Democrat Party itself was established to support his candidacy in 2004 elections. This position gave him more power to make policy direction during his term. However, Jokowi was never a powerful person in PDI-P. He was chosen and supported by Megawati, a very powerful politician who has been leading PDI-P for more than two decades, as the presidential candidate. This made some people accused Jokowi as merely her "puppet". While it is still not clear how much influential Megawati and her party to Jokowi's foreign policy, it is worthy to note that the appointment of Retno as Minister of Foreign Affairs was backed up by her. <sup>104</sup> In addition, just like his advisers, PDI-P also holds on nationalism as their main ideology which means being influenced or even controlled by the party would lean into more nationalist policies.

As a result, Jokowi's administration is often associated with domestically focused foreign policy based on narrow definition of national interests, or in this study, inward-looking policy orientation. <sup>105</sup> Under his leadership, national interests in foreign policy often refer to material aspects, especially economic gains, including investment flows, export opportunities, and other financial supports for the development of the country. His administration did not take non-material interests, such as international reputation and image, as the priority of foreign policy like the previous administration. If SBY demanded the diplomats to focus on improving the image of the country, Jokowi instructed them to dedicate their work on economic diplomacy. <sup>106</sup>

<sup>103</sup> Aaron L. Connelly, Sovereignty and the Sea: President Joko Widodo's Foreign Policy Challenges, *Contemporary Southeast Asia* 37, No. 1 (April 2015): 12-13, https://www.jstor.org/stable/24916512.

<sup>&</sup>lt;sup>104</sup> Daniel Weatherbee, *Understanding Jokowi's foreign policy*, (Singapore: ISEAS Publishing, 2016), 8.

<sup>&</sup>lt;sup>105</sup> Aaron L. Connelly, *Indonesian foreign policy under President Jokowi*; Mohamad Rosyidin, "Foreign policy in changing global politics: Indonesia's foreign policy and the quest for major power status in the Asian Century.".

<sup>&</sup>lt;sup>106</sup> Fitriani Evi Fitriani, "Yudhoyono's foreign policy: is Indonesia a rising power?", 87; Daniel Weatherbee, *Understanding Jokowi's foreign policy*, 42.

Jokowi's disinterest was also shown in environmental issues. When he was first elected, the president received a lot of supports and expectation from environment activists because he had 'clean' image and also came from Forestry major. Yet, his first priority programs, called Nawacita, barely mentioned any policy on environmental issue. <sup>107</sup> He also merged Ministry of Environment and Ministry of Forestry which triggered criticisms as the two agencies are known to have contradictory interests and because the latter has greater power than the former it was concerned that the interests of forest industry sector would overpower the environmental protection agenda.

Since Jokowi was not really active in promoting environmental issues in the country, he was even more inactive in the world scene. He rarely made commitments about environmental protection targets at international events. When he attended the COP 21 to UNFCCC in 2015, he only continued SBY's 2009 pledge, slightly increasing the target of emission reduction to 29 percent but postponing the deadline to 2030. <sup>108</sup> He is also more actively criticizing the developed countries and using Indonesia's strategic position in this issue as bargaining power. For example, at the recent 26<sup>th</sup> COP to UNFCCC, rather than stating what Indonesia's goals in contributing to environmental protection, half of Jokowi's speech was emphasis on demanding contribution and assistance from developed country. <sup>109</sup> He claimed that the achievement of Indonesia's net zero and its speed depend on international contribution to the country.

Jokowi's disinterest in foreign policy in general and his narrow definition of national interests have made Indonesia's environmental foreign policy more defensive. As will be explained in the next sections, his administration was more active in criticizing the 'discrimination' and the lack of assistance of developed countries on environmental issues. When international communities were

<sup>107 &</sup>quot;Nine Priorities Agenda (Nawacita)", Vice President of Republic of Indonesia, https://www.wapresri.go.id/en/nawa-cita/.

event 21th COP UNFCCC, (Paris, 30 November 2015), https://unfccc.int/files/meetings/paris nov 2015/application/pdf/cop21cmp11 leaders event indonesia.pdf.

<sup>109</sup> Joko Widodo, Statement by President Joko Widodo, President of Republic of Indonesia, at the World Leaders' Summit 26th Conference of the Parties UN Framework Convention on Climate Change (COP 26 UNFCCC), (Glasgow: 1 November 2021), https://unfccc.int/sites/default/files/resource/INDONESIA cop26cmp16cma3 HLS EN.pdf.

pressuring Indonesia to make changes, he either drew a line to keep them away from intervening Indonesia's affairs or simply ignoring the diplomatic arguments prompted by his staffs. He even pulled the country away from international cooperation when it was not considered bringing concrete and immediate economic benefits to Indonesia. Thus, Jokowi's inward looking-policy orientation shaped the country's environmental foreign policy in a different way than SBY's outward-looking policy did.

#### c. Economic situation under SBY and Jokowi

In this study, economic situation is determined by two factors: 1) economic growth in general; 2) market condition of palm oil. Overall, the economic growth during SBY was high, supported by commodity boom and the growth of China. The market condition for palm oil commodity was also conducive for his government to take more cooperative approach with international communities on the issue of environmental impacts caused by the industry. Meanwhile when Jokowi took the office, commodity boom had ended. He was faced with slowing economy and declining global demand for palm oil. Under this unfavorable economic situation, protecting the commodity from the impacts of international pressures becomes more important and thus, resulting in a defensive posture from Jokowi's administration.

#### Economic growth in general

When Yudhoyono first took the office, Indonesia was in vulnerable condition, both in terms of economic and politics. In terms of economy, the country just experienced the worst financial crisis in 1997 and in terms of politics, Indonesia just went through democratization process which resulted in political instability since 1998-2004. After the longest ruling president was toppled down in 1998, the country had to deal with secessionism in 1999, presidential impeachment in 2001, terrorist attacks in 2002, huge tsunami in 2004, and insurgency in Aceh which only came to an end in 2005, after SBY took the office.

Under SBY's administration, Indonesia experienced significant economic growth. Annual GDP growth was around 5.7 percent (Figure 8) but real GDP grew by almost 76 percent from 2003 to 2013. He maintained current account surpluses in the first seven years term with export value boosted from around 71 billion to 203 billion USD during 2004 to 2011. He

Public debt decreased significantly to pre-crisis level, effectively reducing the vulnerability of the country to crisis. 112 SBY's Indonesia was praised for its resilience during the 2008-2009 global financial crisis. When neighboring countries recorded negative growth during global crisis in 2008-2009, Indonesia recorded a positive number of 4.6 percent, declining from 6 percent in 2008.

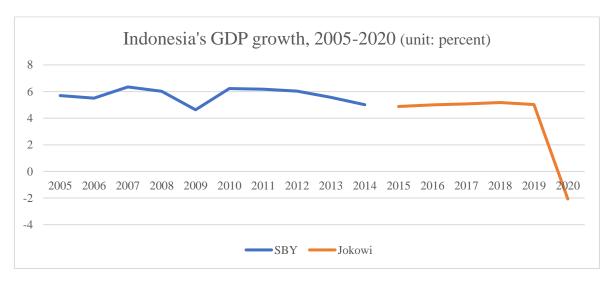


Figure 9. Indonesia's GDP Growth in 2005-2020 (data retrieved from World Bank accessed on 10 April 2022)

However, most of the economic growth under SBY was contributed by external factor. During his term, Indonesia enjoyed the benefits of commodity boom as well as China's growth. While in 1970s, oil was the only commodity gaining benefits from the phenomenon, the 2000s commodity boom were beneficial for two commodities: coal and palm oil. When this boom ended in 2012, the prices of these commodity continued to fall. The current account balance of the country which had enjoyed

<sup>&</sup>lt;sup>110</sup> Booth, Economic change in modern Indonesia: Colonial and post-colonial comparisons, 109.

<sup>&</sup>lt;sup>111</sup> Data calculated from UN Comtrade, https://comtrade.un.org/data/.

<sup>&</sup>lt;sup>112</sup> Hal Hill, "The Indonesian economy during the Yudhoyono decade", 290

<sup>&</sup>lt;sup>113</sup> Hal Hill, "The Indonesian economy during the Yudhoyono decade", 293.

surpluses since 2000, recorded deficits of 2.7 percent of its GDP in 2012 (Figure 9). Since then, Indonesia has never recorded current surplus.

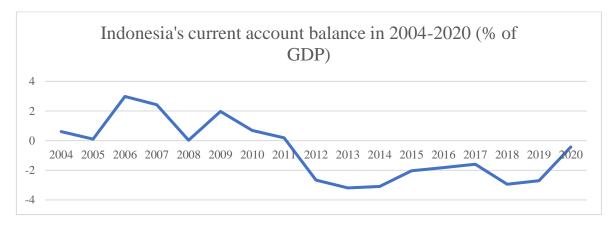


Figure 10. Indonesia's current account balance in 2004-2020 (data retrieved from World Bank accessed on 10 April 2022)

This was the economy that Jokowi inherited when he first took the office: one that continues to depend on natural resources. The GDP growth was 'only' five percent, a figure that was slightly lower than the level in SBY's first year. While Jokowi pledged to boost this number to 7 percent, throughout his first term the growth stagnated and plummeted when pandemic hit the country. During the same period, his administration also recorded average current account deficits of 2.2 percent. The contraction of export value in 2014 to 2019 was almost 7 percent every year, and in 2020, the value was only slightly higher than it was in 2010. The ratio of debt to GDP has been also increasing especially during the pandemic. In 2021, the ratio reached 41 percent which, even though still under the maximum limit of 60 percent, showed significant rise from 2014 when the figure was slightly under 25 percent.<sup>114</sup>

Under Jokowi, the rupiah also continues to weaken. The average exchange rate to USD in hist first term was 40 percent higher than the rate during SBY's second term.<sup>115</sup> It was less than 10,000 rupiah

<sup>&</sup>lt;sup>114</sup> Viva Budi Kusnandar, "Rasio Utang Indonesia Capai 41 Persen, Masih Aman Kah?", *Databoks*, posted 20 January 2020, <a href="https://databoks.katadata.co.id/datapublish/2022/01/20/rasio-utang-indonesia-capai-41-persen-masih-aman-kah.">https://databoks.katadata.co.id/datapublish/2022/01/20/rasio-utang-indonesia-capai-41-persen-masih-aman-kah.</a>

<sup>115</sup> Data calculated from SatuData Perdagangan, Ministry of Trade Republic of Indonesia, <a href="https://satudata.kemendag.go.id/exchange-rates">https://satudata.kemendag.go.id/exchange-rates</a>.

per dollar in 2010-2014 but in the following five years, the exchange rate to USD was almost 14,000 rupiah. The weakening exchange rate does not only increase consumption costs for people but also production costs for many industries, including textiles, who still import some of their materials.

In general, during SBY's term, the economy enjoyed overall high growing and conducive economic conditions, supported by commodity boom and relatively strong exchange rate. This created more leniency and flexibility for SBY to explore more issues internationally, including environment. However, when the commodity boom ended in 2012, the economy of Indonesia has continued to slow down. Stagnating growth and contracting export created more urgency for Jokowi to focus on economic issues, and especially to protect main export commodities, including palm oil.

Market condition of palm oil: demand, prices, and its importance to the economy

The global demand for palm oil has changed over the leadership of SBY and Jokowi. While the commodity almost always recorded demand growth every year, the rate of growth itself showed declining trends under both presidents (Figure 10 and 11). The overall demand growth during SBY's administration was higher than during Jokowi's, peaking at 12 percent in 2012. In his first term, the average demand growth was 6.8 percent, but it decreased to 5.4 percent in the second term. Under



Figure 11. Growth of global palm oil demand under SBY's term, 2005-2014 (data retrieved and calculated from USDA Oilseed Market and Trends Reports, multiple years)

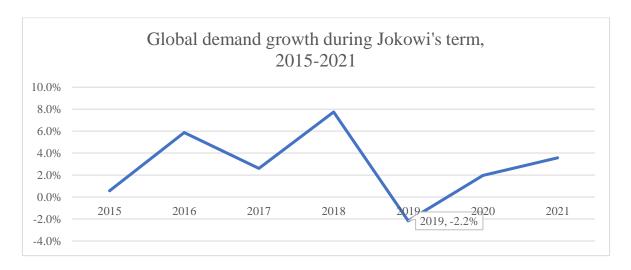


Figure 12. Growth of global palm oil demand under Jokowi's term, 2015--2021 (data retrieved and calculated from USDA Oilseed Market and Trends Reports, multiple years)

Jokowi's first term, the average demand growth dipped even lower to 2.9 percent and the number did not change much in first two years of his second term, showing 2.8 percent of growth. In 2019, the demand growth recorded negative for the first time in 2000s. With -2.2 percent growth, the demand retracted from 121.3 million tons in 2018 to 118.7 million tons in 2019.

Additionally, since 2005 to 2011, the price of palm oil continued to rise with exception during 2009 crisis (Figure 12). During the first term of SBY, the price grew 13 percent on average every year. The



Figure 13. Global palm oil prices in 2005-2020 (data retrieved from USDA Oilseed Market and Trends Reports, multiple years)

number decreased to 8 percent in his second term as the price declined significantly since 2012. In 2011, the price reached the peak of 1,154 USD per million tons, but it declined rapidly to 1,032 and 791 USD in 2012 and 2013 respectively. The price dropped even lower under the first term of Jokowi with average price growth -8 in 2015 to 2019. In 2021, it hit the lowest point since 2006 recorded 521 USD per million tons.

However, along with the decreasing demand and prices, palm oil remains one of the most important export commodities for the country. In fact, the share of it to total export value of Indonesia shows an increasing trend until now (Table 4). Under Jokowi, the highest percentage was recorded in 2017 when the palm oil contributed to 11 percent of total export value of the country.

Table 4. Share of palm oil to total export value of Indonesia in 2004-2020

Year	Share of palm oil to total export value	Average share of palm oil to total export value in each term
SBY's first term		
2004	4.8%	
2005	4.4%	
2006	4.8%	
2007	6.9%	
2008	9.0%	
2009	8.9%	6.8%
SBY's second term		
2010	8.5%	
2011	8.5%	
2012	9.3%	
2013	8.7%	
2014	9.9%	9.0%
Jokowi's first term		
2015	10.2%	
2016	9.9%	
2017	11.0%	
2018	9.2%	
2019	8.8%	9.8%
2020	10.6%	

Data retrieved and calculated from UN Comtrade, accessed in August 2021.

With increasing significance of the commodity to the national economy, a country will want to promote and expand it even more. However, during Jokowi's term, the international market condition for palm oil was less favorable. While the number of demands did rise from 103.1 million tons in 2014 to 118.7 million tons in 2019, this rise was only half of the growth under SBY. The overall demand growth under Jokowi's first term was only 15 percent while SBY's first and second term recorded 39 and 30 percent of growth respectively. During this condition when growth of demand slows down and the prices declines, the international pressure on palm oil industry and its environmental impacts creates more urgency for the country to protect the industry because it could affect the national economy. Under Jokowi, this resulted in a more defensive posture from Indonesia. Environmental agenda pushed by international community is seen as a threat to the economy, especially because some of the policies taken by trading partners in the name of environment protection has potential to restrict Indonesian palm oil export.

The palm oil industry was more conducive for adopting accommodative foreign policy under SBY. With high demand and high price, international pressures created less significant effect to the economy. There was low urgency for the producers to get certification for or adopt sustainable palm oil production because under this favorable economic condition, producers and the country wanted to maximize their profits. Moreover, even when they did not implement an environmentally friendly production process, the demand for palm oil was high. Thus, there was little reason for the country to be defensive against international criticisms. However, since these criticisms of industry could still affect market's perception towards palm oil, mitigation was needed to tackle this problem. Accommodative action by showing interests about environmental protection and willingness to cooperate as well as adopting a sustainable production process are more effective to establish a good reputation for the commodity as well as the country.

# d. Active engagement under SBY

### i. Responses to forest fires and transboundary haze incidences

Under SBY's term, horrendous forest fires which resulted in transboundary haze pollution occurred in 2006 and 2013. The first incidence in 2006 was claimed as the worst forest fires since the massive one which occurred in 1997. Even when the El Nino was not as severe as in 1997, wildfire increased significantly due to agricultural burning which caused more than 30,000 square kilometers of land deforested.

In April that year, SBY made a statement that he himself felt 'ashamed' of the tragedy which affected his neighboring countries and made a pledge to start a 'war against haze'. 117 However, as the situation worsened in the following months, in October 2006, Singaporean Prime Minister, Lee Hsien Long, sent a letter the President, expressing his disappointment over the issues and informed him that Singapore would convene a ministerial meeting with affected countries in order to support the mitigation process. Upon receiving the letter, which was published to the public, SBY made an official apology through a phone call to Lee and promised that concrete actions will be taken to prevent the haze from recurring. 118 He also told his Singaporean counterpart that the meeting would be convened by Indonesia instead, signaling that he was not pleased with Singapore's unilateral action. 119

The meeting which eventually was held in Pekanbaru, Riau, agreed to establish a Ministerial Steering Committee (MSC) consists of environmental ministers from Brunei Darussalam, Indonesia, Malaysia, Singapore and Thailand to specifically discuss the transboundary haze mitigation plans and its

<sup>&</sup>lt;sup>116</sup> "2006 Indonesian forest fires worst since 1998", *Mongabay*, posted on 1 March 2007, https://news.mongabay.com/2007/03/2006-indonesian-forest-fires-worst-since-1998/.

<sup>&</sup>lt;sup>117</sup> Simon SC Tay, "Blowing smoke: Regional cooperation, Indonesian democracy, and the haze." In *Hard choices: Security, democracy, and regionalism in Southeast Asia*, ed. Donald K. Emmerson, (Singapore: ISEAS, 2008), 230-1.

<sup>&</sup>lt;sup>118</sup> Jeremy Leong, "Singapore review of major policy statements", *Singapore Year Book of International Law and Contributors* 11, (2007), 281, http://www.asianlii.org/sg/journals/SGYrBkIntLaw/2007/15.pdf.

<sup>&</sup>lt;sup>119</sup> Helena Varkkey, "Addressing transboundary haze through Asean: Singapore's normative constraints." 89.

implementation. <sup>120</sup> The first meeting was convened in the following month where Indonesia also proposed that the government of the member of MSC may adopt fire-prone districts in Indonesia to support their capacity in dealing with forest fires. <sup>121</sup> This proposal was first crystallized by Indonesia's immediate neighbors, Singapore and Malaysia. Singapore conveyed a Letter of Intent (LoI) for the Framework for a Master Plan to Prevent and Mitigate Land and Forest Fires in Jambi to Indonesia in 2007, while Malaysian Government signed a Memorandum of Understanding (MoU) on preventing land burning and forest fires in Riau in 2008. <sup>122</sup> Under both agreements, the two districts received financial and technical support up to 831,000 USD and 670,000 USD from Singapore and Malaysia respectively.

Then in 2013, another huge haze crisis happened. This time, the incidence caused an all-time high haze pollution in the history of Singapore and Malaysia. The Pollutant Standards Index (PSI) of Singapore recorded 401 which was considered as 'hazardous' level to human health, the first time such level was recorded in the country. This was even way worse than the haze pollution in 1997 when the one of the largest forest fires in the world occurred in Indonesia. During that time, the PSI 'only' reached 226. The Government of Malaysia also declared state of emergency for some districts closest to Riau as the Air Pollutant Index (API) hit 750, the worst since it reached 860 in 1997.

With the severity of the transboundary haze pollution, international criticisms poured towards Indonesia, especially from neighboring countries which suffered the direct impacts. Responding to these critics, many Indonesian high-level officials made controversial statements, claiming that

<sup>&</sup>lt;sup>120</sup> Sub-regional Ministerial Meeting on Transboundary Haze Pollution ASEAN, "Joint Press Statement Sub-regional Ministerial Meeting on Transboundary Haze Pollution Pekanbaru, Riau, Indonesia", *ASEAN*, posted on 13 October 2006, <a href="https://asean.org/joint-press-statement-sub-regional-ministerial-meeting-on-transboundary-haze-pollution-pekanbaru-riau-indonesia/?highlight=ratif">https://asean.org/joint-press-statement-sub-regional-ministerial-meeting-on-transboundary-haze-pollution-pekanbaru-riau-indonesia/?highlight=ratif</a>

<sup>&</sup>lt;sup>121</sup> Sub-Regional Ministerial Steering Committee (MSC) on Transboundary Haze Pollution ASEAN, "Press Statement First Meeting of the Sub-Regional Ministerial Steering Committee (MSC) on Transboundary Haze Pollution", *ASEAN*, posted on 9 November 2006, <a href="https://asean.org/press-statement-first-meeting-of-the-sub-regional-ministerial-steering-committee-msc-on-transboundary-haze-pollution/">https://asean.org/press-statement-first-meeting-of-the-sub-regional-ministerial-steering-committee-msc-on-transboundary-haze-pollution/</a>

<sup>&</sup>lt;sup>122</sup> Varkkey, The haze problem in Southeast Asia: Palm oil and patronage, 195-202.

<sup>123 &</sup>quot;Singapore haze hits record high from Indonesia fires", *BBC*, posted on 21 June 2013, https://www.bbc.com/news/world-asia-22998592.

<sup>&</sup>lt;sup>124</sup> "Malaysia declares state of emergency in Muar and Ledang", *Channel News Asia*, posted on 23 June 2013, <a href="http://www.channelnewsasia.com/news/asiapacific/malaysia-declares-state/721254.html">http://www.channelnewsasia.com/news/asiapacific/malaysia-declares-state/721254.html</a>.

Malaysia and Singapore did not have any rights to make criticize as many of palm oil industries in Indonesia are originated from these countries. The most controversial statement came from the Coordinating Minister for People's Welfare, Agung Laksono, who said that Singapore should stop "behaving like a child and complaining too much about the situation". He also expressed rejection to Singapore's offer for financial support to mitigate the problem because it was "*merely* half to one million US dollar." Marty Natalegawa, the Minister of Foreign Affairs at that time, clarified to the press that while communication had been done between Indonesia and Singapore, he stated that Indonesia will not apologize to the neighboring country as they already understood the progress done by Indonesia. 126

However, just three days after he made that statement, SBY overruled this position and made a public apology to Singapore and Malaysia. He admitted that the tragedy happened due to both natural and human factors and Indonesia is responsible for the disaster. He also mentioned that some of high rank officials had made unnecessary comments which could have been based on inaccurate information and only worsen the situation by offending neighbor countries.

"As the President, I apologize and seek understanding from our brothers in Malaysia and Singapore for what has been happening. ... There are statements from several officials that I feel need not be put across that way. Sometimes the facts have not been checked, and that becomes an issue when it is stated (to the public). These contradictory statements become concerns for Singapore and Malaysia. ... I have instructed officials that there is no need to give statements like these." 127

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<sup>&</sup>lt;sup>125</sup> Nur Aini, "Agung Laksono: Singapura Seperti Anak Kecil", *Republika*, posted on 20 June 2013, <a href="https://www.republika.co.id/berita/moosze/agung-laksono-singapura-seperti-anak-kecil">https://www.republika.co.id/berita/moosze/agung-laksono-singapura-seperti-anak-kecil</a>.

<sup>&</sup>lt;sup>126</sup> Ichsan E. Alamsyah, "Kemenlu: Soal Kabut Asap, Tidak Ada Kata Maaf", *Republika*, posted on 21 June 2013, <a href="https://www.republika.co.id/berita/moqxhf/kemenlu-soal-kabut-asap-tidak-ada-kata-maaf">https://www.republika.co.id/berita/moqxhf/kemenlu-soal-kabut-asap-tidak-ada-kata-maaf</a>.

<sup>127 &</sup>quot;Soal Asap, SBY Sesalkan Komentar Anak Buahnya", *Tempo*, posted on 25 June 2013, <a href="https://nasional.tempo.co/read/490950/soal-asap-sby-sesalkan-komentar-anak-buahnya/full&view=ok">https://nasional.tempo.co/read/490950/soal-asap-sby-sesalkan-komentar-anak-buahnya/full&view=ok</a>; "The Haze: Another Indonesian Minister slams S'pore", *Asia One*, posted on 27 June 2013, <a href="https://www.asiaone.com/haze-another-indonesian-minister-slams-spore">https://www.asiaone.com/haze-another-indonesian-minister-slams-spore</a>.

This was welcomed very well by Singapore, as the PM praised his decision as "gracious" act, and that Singapore accepted his apology "wholeheartedly". <sup>128</sup> However, domestically, his apology sparked criticisms from the public and some politicians, including his former partner, Jusuf Kalla, who thought that it was unnecessary. Politicians from other political parties also criticized SBY's apology for weakening Indonesia's diplomacy and tarnishing its image in international relations.

But despite getting critics from his own country, SBY defended his act, claiming it was misinterpreted by some people. He argued that the apology was a form of sympathy and was an appropriate act in the context of haze issues which started in Riau, Indonesia. The apology should not be taken out of context and linked to other important issues, including territorial dispute and the protection of migrant workers.

# ii. ASEAN Agreement on the Transboundary Haze Pollution

Following the disaster in 2013, Indonesia finally ratified the ASEAN Agreement on the Transboundary Haze Pollution (AATHP) in 16 September 2014. The Agreement was signed by all ASEAN Member States (AMS) in 2002, including Indonesia, and entered into force in 2003 after six of the AMS ratified the Agreement. But despite being one of the key countries in haze issue, it took Indonesia 12 years to eventually ratified AATHP.

Since the beginning of his first term, SBY and his cabinet actually had put the ratification of the Agreement as one of the priority bills to be passed in 2004. However, SBY only started to push the process in 2005 after reoccurrence of transboundary haze which affected the neighboring countries.

<sup>&</sup>lt;sup>128</sup> Prime Minister's Office of Singapore, "Statement from the Prime Minister's Office", *Prime Minister's Office of Singapore*, posted on 25 June 2013, <a href="https://www.pmo.gov.sg/Newsroom/statement-prime-ministers-office-4">https://www.pmo.gov.sg/Newsroom/statement-prime-ministers-office-4</a>.

<sup>&</sup>lt;sup>129</sup> Andylala Walyuyo, "Presiden Bela Permintaan Maaf Kepada Negara Tetangga", *VOA Indonesia*, posted on 27 June 2013, <a href="https://www.voaindonesia.com/a/presiden-bela-permintaan-maaf-kepada-negara-tetangga/1690164.html">https://www.voaindonesia.com/a/presiden-bela-permintaan-maaf-kepada-negara-tetangga/1690164.html</a>.

<sup>&</sup>lt;sup>130</sup> Paruedee Nguitragool, "Negotiating the haze treaty: rationality and institutions in the negotiations for the ASEAN Agreement on Transboundary Haze Pollution (2002)." *Asian Survey* 51, no. 2 (2011), 373, <a href="https://doi.org/10.1525/as.2011.51.2.356">https://doi.org/10.1525/as.2011.51.2.356</a>.

The Agreement then was included in the list of proposed bills in National Legislation Programme of 2005-2009 in 2005 and set to be passed by 2006.<sup>131</sup> When the worsened haze problem in 2006 'forced' SBY to apologize to PM Lee through a phone call, he also promised his Singaporean counterpart that Indonesia would ratify the Agreement soon.

However, when the draft of the bill was brought to the parliament that year, it was rejected. The head of parliamentary commission for the environment said Indonesia was not ready to ratify the Agreement because there was still lack of coordination among stakeholders in the government, including Department of Environment, Department of Forestry, Department of Plantation, and the local governments. The ratification would also require the government to establish several legal instruments and appoint institution responsible for monitoring the implementation of the Agreement and reporting to the ASEAN Secretariat which, he argued, tasks that Indonesia was not ready for at that time. The draft was proposed again by the government in 2008 only to get rejected for the second time. The draft was proposed again by the government in 2008 only to get rejected for the second

The haze problems in 2013 could be seen as one of the triggers to the ratification of the Agreement in 2014. Additionally, some also argued that the draft was finally passed due to political interests during election year. It was said that among fractions in the parliamentary, Partai Demokrasi Indonesia Perjuangan (PDIP), the base party of Jokowi, was the one who consistently resisted the proposal in the previous years. However, since PDIP is the party of Jokowi and environmental improvement was included as one of his political agenda as a president candidate during the 2014 election, PDIP eventually supported the bill to be passed.

<sup>&</sup>lt;sup>131</sup> Indonesia Parliament, *Parliamentary Decree No. 01/DPR-RI/III/2004-2005*, 1 February 2005.

<sup>&</sup>lt;sup>132</sup> "DPR Tunda Ratifikasi Perjanjian Kabut Asap", *Tempo*, posted on 15 October 2006, https://nasional.tempo.co/read/86097/dpr-tunda-ratifikasi-perjanjian-kabut-asap.

<sup>133</sup> Margareth Aritonang, "House supports govt's move to ratify haze pact", *The Jakarta Post*, posted on 19 July 2013, <a href="https://www.thejakartapost.com/news/2013/07/19/house-supports-govt-s-move-ratify-haze-pact.html">https://www.thejakartapost.com/news/2013/07/19/house-supports-govt-s-move-ratify-haze-pact.html</a>.

<sup>&</sup>lt;sup>134</sup> Jay Fajar, "Ratifikasi Setengah Hati Undang-Undang Penanganan Bencana Asap Lintas Negara", *Mongabay*, posted on 17 September 2014, <a href="https://www.mongabay.co.id/2014/09/17/ratifikasi-setengah-hati-undang-undang-penanganan-bencana-asap-lintas-negara/">https://www.mongabay.co.id/2014/09/17/ratifikasi-setengah-hati-undang-undang-penanganan-bencana-asap-lintas-negara/</a>.

## iii. Responses towards campaign against palm oil industry

Campaigns against palm oil industry and its negative impacts to forests started to rise in 2007 when Greenpeace released a report titled "How the Palm Oil Industry is Cooking the Climate". The report claimed that the Global Value Chain (GVC) of food, cosmetic, and biofuel industries have been contributing to the destruction of rainforests in Indonesia and to the increasing GHG emissions which put the country as the third biggest emitter in the world, after USA and China.

This report was followed up by targeted campaigns against multilateral corporations, including Unilever, Nestle, and Procter & Gamble. Responding to these pressures, Unilever declared its commitment to adopt environmentally friendly supply chain in 2008 and even cancelled its contract with Golden Agri-Resources (GAR) worth of 30 million USD in the following year. This decision was done after Greenpeace published a report which showed GAR's involvement in environment destruction. Later, this decision was followed by Nestle, Kraft, Mars, and Burger King.

Despite receiving critics from NGOs, SBY consistently showed an act of compromises with them. He expressed his gratitude for the critics and suggestions but wished that their demands could be more flexible and practical to the economy of the country. He also emphasized that Indonesia has the same interests and goals as these NGOs, that is to protect and preserve the environment, so he reminded the public that everyone is actually on the same boat.

"I have been following (responses) from international actors, including the NGOs which are very active in monitoring the environment issues in this country. I am definitely grateful for this cooperation. However, I hope that they can restrain themselves from making interventions as if there is no state, no government, and no people in this country, and as if we do not want to save the environment. ... I also support sustainable palm plantation to preserve the ecosystem, but if they ask Indonesia to shut all palm plantation, this could wreck the economy

<sup>&</sup>lt;sup>135</sup> Greenpeace International, How the palm oil industry is cooking the climate, 2007.

<sup>&</sup>lt;sup>136</sup> Greenpeace, "Giant Indonesian palm oil company announces plan to halt forest destruction", *Greenpeace*, posted on 9 February 2011, <a href="https://www.greenpeace.org/usa/news/giant-indonesian-palm-oil-company-announces-plan-to-halt-forest-destruction/">https://www.greenpeace.org/usa/news/giant-indonesian-palm-oil-company-announces-plan-to-halt-forest-destruction/</a>.

and result in millions of unemployment. ... Indonesia is open and welcome to international cooperation. Let's save the earth in a good way." <sup>137</sup>

Additionally, he also maintained engagement with these environmental NGOs. For example, in 2010, he requested several NGOs in the country, including Greenpreace, WWF, and Sawit Watch, to help the government in compiling data of illegal logging activities. <sup>138</sup> He met the Executive Director of Greenpeace twice during his second term. Once was in 2012 when he invited Kumi Naidoo to his office. <sup>139</sup> The following year, he met him again during his visit to the Greenpeace Rainbow Warrior III at Tanjung Priok Port during which he told the NGO that while Indonesia is open to constructive critics, the country also expects Greenpeace to tell the world that the country has the same commitment and has made some progress in preserving the environment.

#### iv. REDD+ initiatives

As it was mentioned earlier, one of the significant events which showed Indonesia's commitment in environmental issues was the 13<sup>th</sup> COP to the UNFCCC in 2007. The event was an important opportunity for the country to boost its reputation in environmental issues and share the financial burden with the rest of the world. In order to do that, the Ministry of Forestry formed a forum called Indonesia Forest Climate Alliance prior to the meeting. The goal of the forum was to develop several incentive-based strategies to mitigate and eliminate deforestation issues in the country. The forum proposed a program called REDDI (Reducing Emissions from Deforestation and forest Degradation

<sup>137</sup> Fathiyah Wardah, "Greenpeace: Moratorium Penebangan Hutan Tidak Berjalan Baik", *VOA Indonesia*, posted on 26 December 2011, <a href="https://www.voaindonesia.com/a/greenpeace-moratorium-penebangan-hutan-tidak-berjalan-baik-136222033/102605.html">https://www.voaindonesia.com/a/greenpeace-moratorium-penebangan-hutan-tidak-berjalan-baik-136222033/102605.html</a>; Yudha Wirakusuma, "SBY: Tutup Sawit Bisa Hancurkan Ekonomi Indonesia", *Oke News*, 22 December 2011, <a href="https://nasional.okezone.com/read/2011/12/22/337/545844/sby-tutup-sawit-bisa-hancurkan-ekonomi-indonesia">https://nasional.okezone.com/read/2011/12/22/337/545844/sby-tutup-sawit-bisa-hancurkan-ekonomi-indonesia</a>.

<sup>138 &</sup>quot;NGOs collect logging data for SBY's taskforce", *The Jakarta Post*, posted on 9 April 2010, <a href="http://www.thejakartapost.com/news/2010/04/09/ngos-collect-logging-data-sby%E2%80%99s-taskforce.html">http://www.thejakartapost.com/news/2010/04/09/ngos-collect-logging-data-sby%E2%80%99s-taskforce.html</a>
139 Ina Parlina, "President welcomes Greenpeace activists", *The Jakarta Post*, posted on 8 June 2013, <a href="https://www.thejakartapost.com/news/2013/06/08/president-welcomes-greenpeace-activists.html">https://www.thejakartapost.com/news/2013/06/08/president-welcomes-greenpeace-activists.html</a>.

in Indonesia) which suggested a mechanism of reducing emissions in returns of financial provision.<sup>140</sup> A report which contained this proposal was launched during the COP-13 and the REDD+ mechanism was endorsed officially by UNFCCC for the first time in that meeting.

As a follow up of this achievement, SBY established the National Council on Climate Change (NCCC) in 2008. The Council was established to coordinate the efforts in mitigating climate change and also "strengthening Indonesian position in international fora in climate change issues". <sup>141</sup> NCCC was directly headed by the president himself, showing his seriousness in the agenda.

Since the establishment of this council, Indonesia became the host of several pilot programs which adopted REDD+ mechanism, including UN-REDD, World Bank's Carbon Fund Program, and Indonesia-Australia Forest Carbon Partnership. After UN-REDD was launched in 2008, Indonesia became one of the nine pilot countries of the program. They received assistance worth of 5,664,250 USD for two years period. In June 2008, SBY and the then Prime Minister of Australia, Kevin Rudd, also launched Indonesia-Australia Forest Carbon Partnership (IAFCP). The partnership mostly focused on Kalimantan Forests and Climate Partnership (KFCP) which was claimed as the 'most advanced large-scale REDD+ demonstration activity' where the government of Australia provided 100 million AUD to help Indonesia in preventing deforestation. The program, however, was ended in 2014 when Australia unilaterally decided to stop the partnership.

Then in 2010, Indonesia and Norway signed a Letter of Intent on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation". <sup>144</sup> Unlike the previously mentioned programs, the partnership between Indonesia and Norway was done on national level and

 $<sup>^{140}</sup>$ Jonas I. Hein, *Political ecology of REDD+ in Indonesia: Agrarian conflicts and forest carbon.* (Oxon: Routledge, 2019), 105.

<sup>&</sup>lt;sup>141</sup> Regulation of the President of the Republic of Indonesia No. 46 Year 2008 on National Climate Change Council, article 2.

<sup>&</sup>lt;sup>142</sup> Robin Davis, "The Indonesia-Australia forest carbon partnership: A murder mystery" CfGD (Ed.). *CGD Policy Paper* 60 (2015), 12.

<sup>&</sup>lt;sup>143</sup> Davis, "The Indonesia-Australia forest carbon partnership: A murder mystery.", 4.

<sup>&</sup>lt;sup>144</sup> The Government of the Kingdom of Norway and the Government of Republic of Indonesia, *Letter of Intent between the Government of the Kingdom of Norway and the Government of Republic of Indonesia on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation"*, 26 May 2010.

developed as a result-based program. This means that Norway neither provided technical assistance nor specific social safeguards to Indonesia. Through the agreement, Norway pledged to provide one billion USD to the developing country subject to the adequate deliverables set in the LoI. The payment will be done only if Indonesia achieved the agreed deforestation goals by the end of the term.

SBY showed seriousness about the cooperation. After signing the agreement, he promised his country and counterpart that he will be directly involved in the implementation process to ensure the achievement of the goals set in the document.

"I will be active in at least two things: Monitoring implementation in the field, and second, I will ask for regular reports from the agencies in charge so I will be kept up to date on the program's progress ... if anything happens, we can work it out ... It is time to prove that we can succeed 100 percent." <sup>146</sup>

The agreement divided the implementation period into three phases: preparation, transformation, and contribution for verified emission reduction. <sup>147</sup> During the preparation phase (26 May – 31 December 2010), Indonesia was expected to establish institutional framework for the implementation of the program. This includes development of national REDD+ strategy and establishment of REDD+ agency directly reporting to the president.

This was almost immediately followed up by SBY. Within the same year, he established REDD+ Task Force through Presidential Decree No. 19/2010. The task force which directly worked under the president was in charge of implementing the LoI, especially the development National REDD+ Strategy and National Action Plan to reduce Greenhouse Gas Emissions (RAN-GRK), as well as the establishment of REDD+ Agency. The task force was later upgraded into a ministerial level of

<sup>&</sup>lt;sup>145</sup> Hein, Political ecology of REDD+ in Indonesia: Agrarian conflicts and forest carbon, 107.

<sup>&</sup>lt;sup>146</sup> Bjarne Wildau, "SBY Vows Direct Oversight of Norway-financed Projects", *ScandAsia*, posted on 31 May 2010, https://scandasia.com/6398-sby-vows-direct-oversight-of-norway-financed-projects/.

<sup>&</sup>lt;sup>147</sup> The Government of the Kingdom of Norway and the Government of Republic of Indonesia, *Indonesia-Norway Partnership: Joint concept note*, 12 March 2010.

<sup>&</sup>lt;sup>148</sup> Presidential Decree of the Republic of Indonesia No. 19 Year 2010, 20 September 2010.

REDD+ Agency in 2013. Despite being late established, the REDD+ Agency became an achievement for the country as the first ministerial level institution in the world to specifically oversee the implementation of REDD+. 149

One of the most highlighted policies under this agreement was the moratorium on Postponing Issuance of License and Improving the Governance of Primary Forests and Peatlands in 2011. As in the case of REDD+ Agency, the adoption of this policy was behind the schedule. According to the Joint Concept Note, the policy was supposed to be implemented from 1 January 2011, but the Presidential Instruction was only signed and entered into force on 20 May 2011. This moratorium was set for two years but was extended in 2013 and once again in 2015 under Jokowi.

Under SBY, main outcomes of REDD+ had mostly been achieved. The country finally published its National REDD+ Strategy in 2012 to guide the implementation of REDD+ activities in the country. The president also instructed his ministers to establish 'One Map', a single comprehensive map covering state-land and customary land which could be accessible to public. While this initiative was not part of the REDD+ activities, it was started to increase the transparency and coordination in land management.

### e. Defensive environmental foreign policy under Jokowi

## i. Responses to forest fires and transboundary haze incidences

The observers of transboundary haze issues in Southeast Asia had reasons to hold big expectation when Jokowi took the office. First, Jokowi's administration started one month after Indonesia finally ratified the AATHP. Previously Indonesia's status as the only non-ratifying country to the Agreement

<sup>&</sup>lt;sup>149</sup> Originally, the agency was set to be established and fully operated by the end of 2011

<sup>&</sup>lt;sup>150</sup> Instruction of the Presidential of the Republic of Indonesia No. 10 Year 2011, 20 May 2011.

<sup>&</sup>lt;sup>151</sup> Mari Mulyani and Paul Jepson, "Does the 'one map initiative' represent a new path for forest mapping in Indonesia? Assessing the contribution of the REDD+ initiative in effecting forest governance reform." *Forests* 8, no. 1 (2016): 14, 2.

had been blamed as the main reason of recurring haze problems. Second, Jokowi had chosen Alexander Sonny Keraf, the key negotiator and promoter of AATHP, as his close adviser. Thus, the long-awaited ratification in 2014 was predicted as the starting point of a change in the way the country and ASEAN will solve the issue.

However, when the first and perhaps the most serious forest fire incidence in the history occurred in 2015, Jokowi did rely on neither the organization nor his neighbors to solve the problem. Despite receiving pressure from Southeast Asian countries, particularly Singapore and Malaysia, he focused on the mitigation at the local area. After shortening his visit to US, he personally visited and even stayed in South Sumatera for three days to directly monitor the mitigation process.<sup>153</sup>

Unlike SBY who overrode his cabinet by issuing public apology to the neighbors, Jokowi was relatively quiet. He did not give specific public statement or clarification to his neighbors like what his predecessor did. The only time he addressed this pressure was during exclusive interview with BBC in September 2015. He demanded time from external parties which were affected by the disaster, claiming that the issue is not a simple problem that can be solved quickly:

"We've been working hard in dealing with the haze problem. But this isn't a problem that you can solve quickly because it involves land burning in tens of thousands of hectares in six provinces. My people are the victims too. I've deployed 3,700 military officers, 7,900 police officers, 18 helicopters and four planes for water bombing. That means we've gone a great length in addressing this problem. But again, we need time. We need to build temporary water reserves in the forest. We need to take canals to flow water to the peat forests. This physical work needs time. I think we need three years for all this physical work to be completed, and

<sup>153</sup> "Atasi kabut asap, Presiden Joko Widodo berkantor di Sumsel", *BBC Indonesia*, posted on 29 October 2015, <a href="https://www.bbc.com/indonesia/berita">https://www.bbc.com/indonesia/berita</a> indonesia/2015/10/151029 indonesia jokowi.

<sup>&</sup>lt;sup>152</sup> Helena Varkkey, ""In 3 years we would have solved this": Jokowi, ASEAN and transboundary haze", 289.

for you to see the result. But I believe there will be progress every year too because there is consistency in our approach."<sup>154</sup>

Some have interpreted this as Jokowi's way to keep the neighboring countries, as well as ASEAN, away from intervening this issue.<sup>155</sup> The statement was also received with a disappointment from Malaysian counterpart which considered that three years would be too long as the costs that they must bear continue to increase along with the continuity of land burning in Indonesia.<sup>156</sup> They hoped that Indonesia would be more open to cooperate with Malaysia and ASEAN.

Indeed, Malaysia and Singapore had been offering assistance to the country to solve the forest fires. However, the offers were received with conflictive responses from the government. At first, the Minister of Environment and Forestry, Siti Nurbaya Bakar, argued that Indonesia already had the enough planes to control the fires. Additionally, Head of National Agency for Disaster Countermeasure also said that it is not about wanting or not wanting the help, the main consideration is whether the assistance could actually contribute in solving the problem. Later, Jusuf Kalla, said that Indonesia is open to assistance from Singapore and Malaysia so they would not be "all talk". But on the same day, Bakar clarified that Indonesia can still manage the disaster by itself so the offer from Singapore was not necessary for the country.

Eventually, the country did request and receive assistance not only from Singapore and Malaysia, but also Australia, Japan, and Russia, when the fires became too overwhelming. The Cabinet Secretary

<sup>&</sup>lt;sup>154</sup> "Indonesia 'needs time' to tackle haze - Joko Widodo", *BBC*, POSTED ON 29 September 2015, <a href="https://www.bbc.com/news/world-asia-34387979">https://www.bbc.com/news/world-asia-34387979</a>.

<sup>&</sup>lt;sup>155</sup> Helena Varkkey, ""In 3 years we would have solved this": Jokowi, ASEAN and transboundary haze", *Jurnal Studi Pemerintahan* 8, no. 3 (2017): 277-295.

<sup>&</sup>lt;sup>156</sup> Rozanna Latiff, "DPM: Malaysia urges Indonesia for stronger measures to solve haze", *Ne Straits Times*, posted on 4 October 2015, <a href="https://www.nst.com.my/news/2015/10/dpm-malaysia-urges-indonesia-stronger-measures-solve-haze">https://www.nst.com.my/news/2015/10/dpm-malaysia-urges-indonesia-stronger-measures-solve-haze</a>.

<sup>157</sup> Isyana Artharini, "Alasan Indonesia tolak bantuan Singapura", *BBC Indonesia*, 6 October 2015, <a href="https://www.bbc.com/indonesia/berita\_indonesia/2015/10/151006\_indonesia\_kabutasap\_tolaksingapura">https://www.bbc.com/indonesia/berita\_indonesia/2015/10/151006\_indonesia\_kabutasap\_tolaksingapura</a>.

<sup>158 &</sup>quot;Sudah Berusaha Keras, Wapres Persilahkan Singapura Bantu Padamkan Hutan Di Tanah Air", *Cabinet Secretariat*, posted on 28 September 2015, <a href="https://setkab.go.id/sudah-berusaha-keras-wapres-persilahkan-singapura-bantu-padamkan-hutan-di-tanah-air/">https://setkab.go.id/sudah-berusaha-keras-wapres-persilahkan-singapura-bantu-padamkan-hutan-di-tanah-air/</a>; "Soal Tawaran Bantuan Singapura, Seskab: Sementara ini Belum Ada Kata Sepakat", *Cabinet Secretariat*, posted on 28 September 2015, <a href="https://setkab.go.id/soal-tawaran-bantuan-singapura-seskab-sementara-ini-belum-ada-kata-sepakat/">https://setkab.go.id/soal-tawaran-bantuan-singapura-seskab-sementara-ini-belum-ada-kata-sepakat/</a>.

admitted that one of the reasons Indonesia rejected the offers was it concerned that external parties, especially Singapore, would claim the credit for the mitigation.<sup>159</sup> When the disaster reoccurred in 2019, the government of Indonesia rejected the assistance offers yet again.

This defensive pose was also maintained during when National Environment Agency of Singapore received a court warrant against the director of one of Indonesia-based companies accused of causing haze in 2015. This was done under the extraterritorial act called Transboundary Haze Pollution Act (THPA) which was passed by the parliamentary of the country in 2014. According to the Act, the Singaporean Director-General of Environment Protection has the power to obtain information from any person related to the activities causing the haze and to examine them in person regardless of their position in or outside of Singapore. If the person fails to present himself to be examined, the Director-General could request a warrant to be issued by Magistrate and the person can be detained if he enters Singapore.

Responding to this move, Arrmanatha Nashir, the spokesperson of MOFA, said that Indonesia has been having objections against the Act since it was adopted. He demanded that the implementation of the THPA "should not harm Indonesian business as well as the trade and good cooperation between the two countries". <sup>162</sup> He claimed that Indonesia had conveyed 'strong protest' through the embassy in Singapore to which this was refuted by the spokesperson of Singapore's MFA.

This defensive remark was followed by harsh statement from the Minister of Environment and Forestry of Indonesia. She stated that the country is unilaterally reviewing all bilateral cooperation

<sup>&</sup>lt;sup>159</sup> "Jakarta rejected earlier offers 'over concerns S'pore would claim credit", *Today*, posted on 10 October 2015, <a href="https://www.todayonline.com/world/asia/jakarta-rejected-earlier-offers-over-concerns-spore-would-claim-credit">https://www.todayonline.com/world/asia/jakarta-rejected-earlier-offers-over-concerns-spore-would-claim-credit</a>.

<sup>160</sup> Audrey Tan, "NEA obtains court warrant against director of Indonesian company with suspected haze links", *The Straits Times*, posted on 11 May 2016, <a href="https://www.straitstimes.com/singapore/environment/nea-obtains-court-warrant-against-director-of-indonesian-company-with.">https://www.straitstimes.com/singapore/environment/nea-obtains-court-warrant-against-director-of-indonesian-company-with.</a>

<sup>&</sup>lt;sup>161</sup> The Statutes of the Republic of Singapore, *Transboundary Haze Pollution Act 2014*, 2020 Ed., https://sso.agc.gov.sg/Act/THPA2014?WholeDoc=1.

<sup>162 &</sup>quot;Indonesia Protes UU Polusi Asap Singapura", *Tempo*, posted on 12 May 2016, https://dunia.tempo.co/read/770339/indonesia-protes-uu-polusi-asap-singapura/full&view=ok.

with Singapore and might terminate some of them.<sup>163</sup> All bilateral cooperation which was under negotiation or planning process was also put on hold. The Minister additionally sent a notice letter to local government asking them to refrain from having direct bilateral cooperation with Singapore.

It was not the first time Bakar expressed defensive stance. Just one month before the event happened, she demanded her Singaporean counterpart to "stop making so many comments" on the issues and suggested them to focus on their own part. During the haze incidence in 2019, she accused Malaysia for not being objective, claiming that half of the haze in Malaysia came from Serawak. This claim was rejected by Malaysia's environment minister who asked Bakar to stop being "in denial".

While the country has joined the AATHP in 2014, there was not much significant change in involving ASEAN in the mitigating process. In fact, representatives from Ministry of National Resources and Environment Malaysia claimed that Indonesia became more reluctant in working with its neighbors after the ratification. <sup>166</sup> The issue of transboundary haze continues as a very sensitive issue in ASEAN for Indonesia and has affected the progress of cooperation sector in the organization. For example, the sectoral body on environment issues, ASEAN Senior Officials on Environment (ASOEN) could not manage to adopt its strategic plan for 2016-2020 period. This was due to disagreement between Indonesia and Singapore on the mention of ASEAN Specialized Meteorological Centre (ASMC) as the supporting institution in the document. Indonesia argued that since ASMC is established under the Meteorological Service of Singapore, its participation in the monitoring and evaluation process of the strategic plan could be biased.

163 "All bilateral cooperation with Singapore being reviewed by Indonesian Environment Minister", Forest Hints, 14 May 2016, <a href="https://www.foresthints.news/all-bilateral-cooperation-with-singapore-being-reviewed-by-indonesian-environment-minister/">https://www.foresthints.news/all-bilateral-cooperation-with-singapore-being-reviewed-by-indonesian-environment-minister/</a>.

<sup>164 &</sup>quot;Indonesian Environment Minister reprimands Singapore for comments", *Forest Hints*, posted on 16 April 2016, <a href="https://www.foresthints.news/indonesian-environment-minister-reprimands-singapore-for-comments/">https://www.foresthints.news/indonesian-environment-minister-reprimands-singapore-for-comments/</a>.

<sup>165 &</sup>quot;The facts speak for themselves': Malaysia minister Yeo Bee Yin slams Indonesia's denial of haze", *The Straits Times*, posted on 12 September 2019, <a href="https://www.straitstimes.com/asia/se-asia/malaysia-minister-yeo-bee-yin-slams-indonesias-denial-of-haze-the-facts-speak-for.">https://www.straitstimes.com/asia/se-asia/malaysia-minister-yeo-bee-yin-slams-indonesias-denial-of-haze-the-facts-speak-for.</a>

<sup>&</sup>lt;sup>166</sup> Helena Varkkey, ""In 3 years we would have solved this": Jokowi, ASEAN and transboundary haze", 288.

## ii. Responses to international pressures

Since the beginning of first term, Jokowi's administration has taken more defensive moves against international pressures on palm oil and wildfire issues, especially in the case of EU ban on the commodity. The Minister of Foreign Affairs, Retno Sumardi, has emphasized the country's strong stance on the issue since her first annual public statement which was repeated a few times in the following years (Table 5)

Table 5. Palm oil agenda in annual statement of Minister of Foreign Affairs

Year	Ministerial statements
2015	"Indonesia will not tolerate discriminatory treatment of our commodities, which are
	often treated unfairly on the basis of false allegations, as in the case of crude palm
	oil."
2018	"The efforts to strengthen traditional market also have challenges. One of the superior
	and most strategic commodities for the development of Indonesia, palm oil, has been
	facing negative campaign and discrimination in Europe and United States. Indonesia
	will not stay still. Together with relevant stakeholders, including CPOPC, Indonesia
	will intensify its efforts to counter black campaign and continue promoting
	sustainable palm oil, as well as SDGs achievements."
2021	"Indonesian diplomacy in 2021 will be prioritized for supporting economic
	recovery and sustainable development with several priorities, including
	strengthening diplomatic efforts to solve trade barriers, among others, negative
	campaign against Indonesian superior products, specifically palm oil."
2022	"Economic diplomacy has been strengthened throughout 2021 diplomacy was
	performed to fight for fair treatment for Indonesian commodities, including palm oil."

Source: Annual Press Statement of The Minister for Foreign Affairs Republic of Indonesia, multiple years.

Similar sentiments are often expressed by the president. When he made his first international trip to Beijing to attend APEC, he claimed that palm oil has been the 'victim to trade restrictions' and asked Obama to give equal access for palm oil to enter US market. He implied that since Indonesia had been harmed by some international market regulations, the country does not want to consider new free trade agreement unless it could bring concrete benefits to the economy.

Also, Jokowi has almost always brought up the issue of palm oil entrance to EU market in every meeting with European counterparts. During the 40<sup>th</sup> anniversary of ASEAN – EU Summit in 2017, Jokowi demanded EU to eliminate "various acts and policies which harm the economic interests and image of palm oil producing countries". After the EU adopted a delegated act which labeled palm oil as unsustainable crops for biofuels, Jokowi sent a letter to the president and parliament of EU, expressing 'rejection' and 'strong protest' against the Directives. In the following month, April 2018, he sent the Coordinating Minister for Maritime Affairs who is also his closest adviser, Luhut Binsar Pandjaitan, to Europe to address the issue. Luhut met with several high officials, including the EU Commissioner for Trade and Commissioner for Environment, as well as member of EU parliament. Through his public speeches and social media account, the president also often brings up this issue. For example, on his twitter account, he called EU for starting a 'trade war' by using environment to frame the issues. In Similar argument has been made on multiple public events.

Proving its seriousness on trade restrictions against palm oil, Indonesia has several times requested for dispute settlement mechanism (DSM) in WTO. In 2015, Indonesia started a DSM against the anti-

Rendi A. Witular, "Jokowi ushers in 'blak-blakan' diplomacy", *The Jakarta Post*, posted on 12 November 2014, <a href="https://www.thejakartapost.com/news/2014/11/12/jokowi-ushers-blak-blakan-diplomacy.html">https://www.thejakartapost.com/news/2014/11/12/jokowi-ushers-blak-blakan-diplomacy.html</a>.

<sup>&</sup>lt;sup>168</sup> "Hadiri KTT ASEAN-Uni Eropa, Presiden Jokowi Minta Diskriminasi Kelapa Sawit Dihentikan", *Cabinet Secretary*, 14 November 2017, <a href="https://setkab.go.id/hadiri-ktt-asean-uni-eropa-presiden-jokowi-minta-diskriminasi-kelapa-sawit-dihentikan/">https://setkab.go.id/hadiri-ktt-asean-uni-eropa-presiden-jokowi-minta-diskriminasi-kelapa-sawit-dihentikan/</a>.

<sup>169 &</sup>quot;Jokowi 'strongly protests' EU stance on RI palm oil", *The Jakarta Post*, posted on 9 March 2018, <a href="https://www.thejakartapost.com/news/2018/03/09/jokowi-strongly-protests-eu-stance-on-ri-palm-oil.html">https://www.thejakartapost.com/news/2018/03/09/jokowi-strongly-protests-eu-stance-on-ri-palm-oil.html</a>.

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https://twitter.com/jokowi/status/1215814946795048960?ref src=twsrc%5Etfw%7Ctwcamp%5Etweetembed %7Ctwterm%5E1215814946795048960%7Ctwgr%5E%7Ctwcon%5Es1\_&ref\_url=https%3A%2F%2Fjakart aglobe.id%2Fbusiness%2Fjokowi-says-eu-palm-oil-restrictions-are-act-of-trade-war%2F Joko Widodo, Twitter post, 11 January 2020, 10:57 AM, https://twitter.com/jokowi/.

dumping measures imposed by EU in 2013 against biodiesel products, including palm oil-based ones, originating from Indonesia.<sup>171</sup> This complaint was started after Argentina requested WTO Dispute Settlement Body (DSB) panel for the same policy and two Indonesian companies filed a suit at EU General Court, both for the same anti-dumping policy in 2014. After a long process, DSB panel finally concluded their final report in 2018, upholding Indonesia's claim which said EU's anti-dumping measures has violated the Anti-Dumping Agreement and the regional organization had to repeal the policy.

In 2020, Indonesia requested another DSB panel regarding the RED II measures and its impact to the market entrance of Indonesian palm oil to the region. After being deferred once, the panel was established on 29 July 2020 and currently participated by 21 third parties, including Malaysia, China and US. In the request for panel, Indonesia stated that RED II has discriminated palm oil and palm oil-based biofuels in favor of EU origin feedstock, such as sunflower and rapeseed. While using the concept of ILUC to restrict the use of palm oil in biofuels, EU also admitted that ILUC itself cannot be accurately measured. Thus, they claimed that EU has violated several articles of TBT Agreement and GATT 1994.

The timing of this lawsuit made people speculated that it was an act of retaliation against EU. <sup>173</sup> In August 2019, Indonesia imposed export ban of raw nickel, and this was received with disapproval from EU side which decided to fill a complaint in WTO in November 2019. <sup>174</sup> One month later, Indonesia requested consultation with EU on palm oil issue. Jokowi had several times emphasized

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<sup>171</sup> Request for establishment of a panel by Indonesia, European Union – Anti-Dumping Measures On Biodiesel From Indonesia, WT/DS480/2, 8 July 2015, https://www.wto.org/english/tratop\_e/dispu\_e/cases\_e/ds480\_e.htm.

<sup>172</sup> Request for establishment of a panel by Indonesia, European Union - Certain Measures concerning Palm Oil and Oil Palm Crop-Based Biofuels, WT/DS593/9, 24 March 2020, https://www.wto.org/english/tratop\_e/dispu\_e/cases\_e/ds593\_e.htm.

<sup>173 &</sup>quot;Jokowi's EU fight", *The Jakarta Post*, posted on 26 November 2021, https://www.thejakartapost.com/opinion/2021/11/25/jokowis-eu-fight.html

<sup>&</sup>lt;sup>174</sup> Panel Report, *Indonesia — Measures Relating to Raw Materials*, DS592, 2 November 2021, <a href="https://www.wto.org/english/tratop\_e/dispu\_e/cases\_e/ds592\_e.htm">https://www.wto.org/english/tratop\_e/dispu\_e/cases\_e/ds592\_e.htm</a>

that the country is not afraid to face EU in WTO and will prepare 'world-class lawyers' to handle the suits. 175

As part of efforts in countering trade restriction and campaigns against palm oil, Indonesia has been also working with Malaysia. During the meetings of Jokowi with Najib Razaak in 2017, Mahathir in 2019, Yassin in 2021, and Yakoob in 2022, the issue of palm oil always came as main discussion topic. <sup>176</sup> Jokowi and Mahathir also sent a joint official letter to EU to express their objections to restrictions against palm oil commodity in 2018. In the letters, the two leaders threatened that their country might review partnerships and contracts with EU or take the issue to WTO DSM if the delegated regulation is implemented, an action that was eventually taken by the two countries in 2020. <sup>177</sup>

Indonesia also used ASEAN as a diplomatic channel to address the palm oil ban. During the 23rd ASEAN-EU Ministerial Meeting in 2020, ASEAN Member States and EU agreed to establish a Joint Working Group (JWG) to discuss the measures to achieve SDGs in vegetable oil sector. The first JWG on palm oil finally took place in January 2021 attended by representatives of six ASEAN Member States, European External Action Service, and European Commission. While the meeting agreed to continue the discussion in April 2021, the second meeting of JWG has not taken place until now.

Together with its neighbor, Indonesia also established Council of Palm Oil Producing Countries (CPOPC) in 2015. While the organization claimed itself as an intergovernmental organization, in

<sup>175 &</sup>quot;Jokowi soal Indonesia Digugat WTO: Kita Hadapi", *CNN Indonesia*, posted on 13 October 2021, <a href="https://www.cnnindonesia.com/ekonomi/20211013152343-92-707297/jokowi-soal-indonesia-digugat-wto-kita-hadapi">https://www.cnnindonesia.com/ekonomi/20211013152343-92-707297/jokowi-soal-indonesia-digugat-wto-kita-hadapi</a>.

<sup>&</sup>lt;sup>176</sup> "President Jokowi, Malaysian Prime Minister Discuss Citizens Protection, Palm Oil Issues", *Cabinet Secretariat*, posted on 6 February 2021, <a href="https://setkab.go.id/en/president-jokowi-malaysian-prime-minister-discuss-citizens-protection-palm-oil-issues/">https://setkab.go.id/en/president-jokowi-malaysian-prime-minister-discuss-citizens-protection-palm-oil-issues/</a>.

<sup>177</sup> Dion Bisara, "Jokowi, Mahathir Tell Brussels to Get Ready for Retaliation Over Discriminatory Palm Oil Restriction", *The Jakarta Globe*, posted on 9 April 2019, <a href="https://jakartaglobe.id/business/jokowi-mahathir-tell-brussels-to-get-ready-for-retaliation-over-discriminatory-palm-oilrestriction/">https://jakartaglobe.id/business/jokowi-mahathir-tell-brussels-to-get-ready-for-retaliation-over-discriminatory-palm-oilrestriction/</a>.

<sup>&</sup>lt;sup>178</sup> ASEAN, "Co-Chairs' Press Release of the 23rd ASEAN-EU Ministerial Meeting", ASEAN Secretariat, 1 December 2020, <a href="https://asean.org/co-chairs-press-release-of-the-23rd-asean-eu-ministerial-meeting/">https://asean.org/co-chairs-press-release-of-the-23rd-asean-eu-ministerial-meeting/</a>.

reality, it is more like a bilateral cooperation. CPOPC has invited African countries to join them but until now the only members of the organization are these two countries. Colombia, Ghana, Honduras, and Papua New Guinea currently only participated as observers, and it is doubted that they have any power in the organization.

In the establishment charter of the council, it was stated that the countries noted "the existence of trade impediments in major importing markets for palm oil and the need to undertake collective measures among the palm oil cultivating countries to address such impediments." Thus, addressing "impediments to palm oil trade" became one of main seven objectives of the organization. To achieve this goal, CPOPC has conducted several activities, including countering anti-palm campaigns and publishing journals on palm oil issues. The 6th Ministerial Meeting of CPOPC in February 2019 CPOPC agreed to "pose a strong challenge" to RED II and "engage in dialogue with EU leaders" to express their concerns. As a follow up, they sent a joint mission to Brussels led by the Coordinating Minister for Economic Affairs of Indonesia, Darmin Nasution, and participated by the Secretary General of Ministry of Primary Industries Malaysia, and Ambassador of Colombia to Belgium. During their visit to Brussels, they met with EU leaders to voice their objection against the Directives, calling the policy as a "calculated and adverse economic and political strategy to remove palm oil from EU marketplace." 181

#### iii. **REDD**+ initiatives

In contrast to SBY's ambition with REDD+, international cooperation with this scheme was not flourishing under Jokowi. The first decision which received criticisms from many NGOs were the dissolvement of two agencies responsible for implementing environmental protection issues: REDD+

<sup>&</sup>lt;sup>179</sup> CPOPC, Charter of the establishment of the Council of Palm Oil Producing Countries (CPOPC), Kuala Lumpur, 21 November 2015, para 5.

<sup>&</sup>lt;sup>180</sup> CPOPC, Press Release Joint Mission of the Council of Palm Oil Producing Countries (CPOPC), Brussels, 8 April 2019.

<sup>&</sup>lt;sup>181</sup> CPOPC, Press Release Joint Mission of the Council of Palm Oil Producing Countries (CPOPC), Brussels, 8 April 2019.

Agency and National Council on Climate Change (NCCC). Jokowi put the tasks of these institutions under the Directorate General for Climate Change Control, Ministry of Environment and Forestry.<sup>182</sup> This does not in line with the Key Performance Indicator in the Joint Concept Note which demanded the agency to be directly working under and reporting to the President. In fact, since the Directorate General does not only deal with REDD+ agenda, the working body for REDD+ was degraded to echelon III level (sub-directorate).<sup>183</sup> This clearly shows that the issue is not main priority of his administration. This change was referred as the moment Indonesia's leadership in environmental issues was ended and some international observers were concerned that it would slow down the implementation of REDD+ in the second phase.<sup>184</sup>

However, as severe forest fires happened in 2015, the government was forced to take actions on the issue. Jokowi's administration extended the moratorium issuing new license on primary forests and peatland in 2015 and later, changed the regulation into a permanent one in 2019. He also added one more regulation on the Postponing and Evaluation of Oil Palm Plantation, and Improvement of Palm Oil Plantation Productivity in 2018. This was the first moratorium targeted specifically at palm oil plantation in Indonesia. However, loopholes remain in these regulations and forest fires continued to occur in the area protected by this moratorium. After getting burned, the areas were mostly taken out of the protection map. The moratorium on peatlands also allows existing contracts to get extended and excludes secondary forest from the protection map. Furthermore, the moratorium on palm oil plantation did not last long. When it reached the end of its period in September 2021, the government decided not to extend it.

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<sup>&</sup>lt;sup>182</sup> Budy P. Resosudarmo & Ellisa Kosadi, "Illegal Fishing War: An Environmental Policy during the Jokowi Era?", in *The Indonesian Economy in Transition*, ed. Hal Hill & Siwage Dharma Negara, (Singapore: ISEAS, 2019), 418.

<sup>&</sup>lt;sup>183</sup> REDD+ Agency which previously worked directly under the President was equal to ministerial level but after Jokowi moved the agenda under the Ministry of Environment and Forestry. REDD+ issue is now handled by Sub-directorate REDD+, an echelon III working level.

<sup>&</sup>lt;sup>184</sup> Budy P. Resosudarmo & Ellisa Kosadi, "Illegal Fishing War: An Environmental Policy during the Jokowi Era?", 418.

<sup>&</sup>lt;sup>185</sup> Bimo Dwisatrio, et. al., *The context of REDD+ in Indonesia: drivers, agents and institutions*, 2<sup>nd</sup> ed.. (Jakarta: CIFOR, 2021), 70.

In February 2019, the government of Indonesia and Norway agreed to start the third phase of REDD+ implementation. This 'Contributions for verified performance' is the last phase of the scheme where Indonesia could finally receive payments for verified emissions reductions. Within the same year, the Ministry of Environment and Forestry Indonesia published the Emission Reduction Report which contained the calculation of GHG emissions reductions that had been achieved by the country. According to the report, total emissions reduction in 2017/2018 was 2.66 percent of the baseline emissions in 2006/2007 – 2015/2016 (Table 6).

Table 6. Indonesia's emission reductions in 2015-2016 calculated by MOEF

	RBP baseline	Emissions 2017/2018	Emission reductions
	(tCO <sub>2</sub> /year)	(tCO <sub>2</sub> )	(tCO <sub>2</sub> )
Deforestation	236,947,440	228,349,830	8,597,610
Forest degradation	41,551,481	42,743,041	-1,191,560
Total	278,498,921	271,092,871	7,406,050

Note: Result Based Payment (RBP) baseline is the average emissions in 2006/2007 - 2015/2016

Source: Ministry of Environment and Forestry Indonesia, Emission Reduction Report, 2019

This calculation was verified by an independent review in 2020. The verification report which was published in March 2020 concluded that the calculation done by the Indonesian government was 'correct, credible, and consistent'. When the independent audit team did recalculation of the emission reduction, the result was even higher for the emissions recorded in 2016/2017. It suggested that Indonesia had reduced its carbon emissions by 17.3 million tCO<sub>2</sub> in 2016/2017 and after deducted

<sup>&</sup>lt;sup>186</sup> Julian Caldecott, "The Indonesia–Norway REDD Partnership." *Oryx* 53, no. 2 (2019): 214–15. https://www.doi:10.1017/S0030605318001540.

<sup>&</sup>lt;sup>187</sup> Aenor International, *Verification report: Indonesia - Norway Verification of reduced emissions from deforestation and forest degradation*, (Madrid: Aenor, 2020), 17.

by 35 percent for uncertainty, the total of emissions reduction that the country proposed to receive payments from Norway was 11.2 million tCO<sub>2</sub>.

Following this report, the Government of Norway acknowledged these results in July 2020. They made a pledge to provide 56 million USD to Indonesia based on the price of 5 USD per tCO<sub>2</sub>. <sup>188</sup> However, this pledge was never realized. As a result, on 10 September 2021, the government of Indonesia decided to terminate the LoI with Norway through diplomatic note, ending the REDD+ cooperation with the European country. MOFA mentioned that "the lack of concrete progress" on the delivery of the promised payment as the main reason of this decision. <sup>189</sup>

This shows a firmer posture from Indonesia under Jokowi. The termination ended a more than a decade of bilateral environment cooperation which had brought positive results in terms of emission production of Indonesia and could have set a good example for an effective environmental cooperation between developing and developed countries. Even though there was indeed a time gap between the pledge made Norwegian counterpart, the termination seemed a little bit rushed. In the press statement of Ministry of Climate and Environment Norway, they mentioned that even until the announcement of the termination, the two countries were in the process of discussing legal agreement for the disbursement.<sup>190</sup>

<sup>&</sup>lt;sup>188</sup> Norwegian Ministry of Foreign Affairs, "Norway will pay 530 million NOK for reduced deforestation in Indonesia", *Royal Norwegian Embassy in Jakarta*, accessed on 30 March 2022, <a href="https://www.norway.no/en/indonesia/norway-indonesia/news-events/news2/norway-will-pay-530-million-nok-for-reduced-deforestation-in-indonesia/">https://www.norway.no/en/indonesia/norway-indonesia/news-events/news2/norway-will-pay-530-million-nok-for-reduced-deforestation-in-indonesia/</a>.

<sup>&</sup>lt;sup>189</sup> Ministry of Foreign Affairs Republic of Indonesia, "Indonesia Terminates the LoI on REDD+ with Norway", *Ministry of Foreign Affairs Republic of Indonesia*, posted on 10 September 2021, https://kemlu.go.id/portal/en/read/2912/view/indonesia-terminates-the-loi-on-redd-with-norway.

<sup>&</sup>lt;sup>190</sup> Ministry of Climate and Environment Norway, "Press statement: The Indonesia-Norway climate and forest partnership", *Norway's International Climate and Forest Initiative (NICFI)*, posted on 10 September 2021, <a href="https://www.nicfi.no/current/press-statement-the-indonesia-norway-climate-and-forest-partnership/">https://www.nicfi.no/current/press-statement-the-indonesia-norway-climate-and-forest-partnership/</a>.

### f. Alternative arguments

There are several alternative explanations about why environmental foreign policy of a country could change over time. Sprinz and Vaahtoranta, for example, suggested vulnerability as one of the variables shaping environmental foreign policy. This means if SBY was more cooperative towards international environmental agenda, it was because Indonesia's environmental vulnerability during his term was assumed to be higher than during Jokowi's term. On the contrary, Jokowi was more defensive because the environmental vulnerability was low under his leadership.

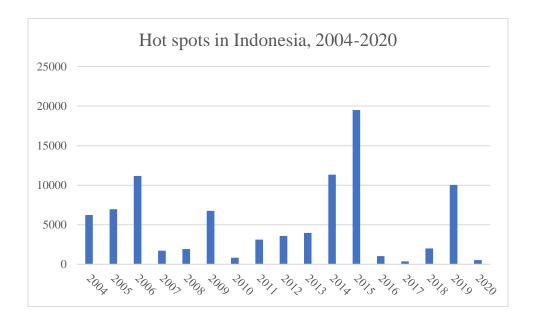


Figure 14. Number of hotspots in Indonesia in 2004 – 2020 (data retrieved from Global Forest Watch accessed in June 2022)

In general, the scale of forest fires under SBY was indeed higher than during Jokowi's administration (Figure 14). However, following the argument of vulnerability, Jokowi's administration should have paid more attention to the environmental issues, at least in his first two years, due to the severity of the forest fire incidences in 2014 and 2015; but this was not the case. As explained in the previous section, it was during this period that he combined the Ministry of Forestry and Ministry of Environment and abolished the REDD+ Agency. He also rejected assistances from his neighbors and

drew a line with other countries by asking more time to solve the problem with Indonesia's own capacities. Similarly, according to this argument, SBY should have been less interested and even against the international environmental agenda after 2007 as the scale of forest fires reduced compared to 2006. Yet, it was during this period that he started campaigning about sustainable development, particularly with REDD+ schemes.

Additionally, as explained in the second chapter, vulnerability cannot really explain why EU and its members have been the leading countries in voicing concerns about palm oil plantation even though they do not suffer from direct and concrete impacts of the industry. Thus, this argument is insufficient to explain about Indonesia's environmental foreign policy on forest fires under SBY and Jokowi.

Others also might argue that it is not about the policy orientation of the government but about the domestic influences, especially from palm oil business. According to this argument, foreign policy could be shaped by the pressures or narratives pushed by the business sector. Links between the bureaucracy and business sector in Indonesia have been known and some scholars have pointed out this patronage link as the major factor hindering the solution of forest fire and transboundary haze pollution issues in Indonesia and surrounding countries. However, the previous study which adopted this argument did not assume different environmental foreign policies between SBY and Jokowi.

To explain the changing environmental foreign policy within a country, one could assume that if there is closer and stronger link with palm oil sector, then foreign policies will be more accommodative to the interests of business sector. This would assume that the reason why Indonesia is more defensive with its palm oil sector now is because Jokowi has a stronger link with the industry than SBY did. While this could be a good argument, it is difficult to prove that there have been changes in the relationship between government and business sector, and that these changes do influence the foreign policy making process. There are not enough data to support this argument.

<sup>&</sup>lt;sup>191</sup> Shofwan Al Banna Choiruzzad, Save Palm Oil, Save the Nation: Palm Oil Companies and the Shaping of Indonesia's National Interest, *Asian Politics & Policy* 11, No. 1, (2019): 8–26, https://doi.org/10.1111/aspp.12431.

Lastly, people can also argue that international pressures are the main factor shaping environmental foreign policy. There are at least two hypotheses that can be build. First, when international pressures are high, then government would be more likely to cooperate and when it is low, they will be less cooperative. Second, when international pressures increase, government will be more defensive, while when it decreases, government will be more cooperative.

The two hypotheses do not really fit with Indonesia under SBY and Jokowi because both presidents faced increasing international pressures. It was under SBY that international community started to pay more attention to the issues of palm oil and its environmental impacts which led to cancellation of contracts between big MNCs with palm oil companies in Indonesia. Meanwhile, when Jokowi is in the office, he has to face more pressures with countries posing stronger measures, such as EU's RED II and Singapore's THPA.

Despite facing similar situation, the two leaders took different foreign policy approach. SBY was more engaging while Jokowi was more defensive towards international pressures. Thus, this logic does not fit with the palm oil, forest fires, and transboundary haze issues discussed in this study.

## V. SUMMARY AND CONCLUSION

This thesis has tried to explain the changes of Indonesian environmental foreign policy under President SBY and Jokowi. Despite facing same issues of forest fires and transboundary haze pollution, the two presidents took different foreign policy approach. During the SBY's term, Indonesia took an active engagement in global environmental protection agenda. The country and its leader were praised for making groundbreaking commitments and building many partnerships to save the earth. As palm oil industry rose, forest fires occurrence became more often and severe, provoking international critics against the country. However, SBY did not really show resistance to this pressure. He, instead, continued to display cooperative attitude to international community by engaging them in discussion and convincing that Indonesia is also on the same agenda.

This posture changed when Jokowi took the office. He was not active in promoting international environmental agenda and even abandoned some of the partnerships built under SBY. When critics and pressures against palm oil poured into the country, he condemned it as a black campaign against the commodity and a threat for the economy. His administration was more vocal in expressing disapproval and resistance against international community in the name of national interests.

To contribute to the discourse of environmental foreign policy, this study suggests that these differences could be attributed to two factors. The first one is economic condition of the country. While Indonesia enjoyed a considerably high economic growth under SBY, this started to decline when Jokowi came to power and has been stagnating since then. Palm oil industry also experienced contraction in demand and price, decreasing the export value of the commodity to Indonesia. Thus, Jokowi had less flexibility compared to SBY in focusing his policy. There was more urgency to protect and prioritize the economy under the former's administration.

Yet, economic condition alone could not explain the changes. Policy orientation affects the country's environmental foreign policy as well. SBY had more experiences in international affairs and showed

his interest in this field. He put importance on having good relations with international community and positive reputation at global stage. The president had ambitions to make Indonesia more active and seen as important country in many, if not all, international agenda, including environment. Thus, to achieve these goals, he adopted an active engagement approach in his environmental foreign policy. SBY pushed the country to the forefront of international environmental cooperation schemes. He avoided clashes and restrained from showing adverse posture which could invite negative perception from international community and harm the country's reputation.

On the other hand, Jokowi took a more inward-looking policy orientation. He focused more on domestic affairs and even barely showed any interests in international affairs. His interests were more narrowly concentrated on economic gains and international cooperation is merely seen as a tool to achieve these gains. Thus, international environmental agenda is at the end of his priority list and if it is contradictive with his economic interests, he would not hesitate to resist the idea or initiative.

This study, however, also has limitations. It was only done with limited cases of two presidents, SBY and Jokowi. Additionally, when the study was done, the second term of Jokowi's administration has not completed, and the occurrence of pandemic since 2020 could possibly affect his policies as well. The application of the framework would then need to be done on more study cases to deepen understanding on this typology of environmental foreign policy.

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## **APPENDICES**

Table 1. Timeline of events and policies related with palm oil industry and forest fire issues in 2004-2021

Year	Indonesia	Southeast Asia	Europe or international community
2002		ASEAN Agreement on Transboundary Haze Pollution (AATHP) was signed by all ASEAN Member States	
2003		AATHP entered into force as six AMS had handed their instrument of ratification	Directive on the promotion of the use of biofuels (RED 2003/30/EC)
2004	SBY elected as President (1st term)  State and non-state actors from Indonesia, including the Minister of Agriculture, Indonesian Palm Oil Commission, and GAPKI, participated in the RSPO meetings		Roundtable on Sustainable Palm Oil (RSPO) was established
2006	Largest forest fires in Indonesia since 1997 occurred, concentrated in Sumatera and Kalimantan  SBY conveyed an official apology to Singaporean PM through phone call  Ratification of AATHP was listed as one of the bills that should be passed in 2006 but when it was proposed to the legislative, it got rejected  Indonesia became the largest palm oil producer in the world, taking over Malaysia's position	Malaysia and Singapore suffered from transboundary haze pollution as the result of forest fires  Singaporean PM sent a letter to SBY and brought up the issue at UNGA	

2007	A proposal on REDDI was published  Bali hosted the 13 <sup>th</sup> Conference of the Parties to the UN Framework Convention on Climate Change (COP-13 UNFCCC) where REDD+ scheme was endorsed	Singapore signed a Letter of Intent (LoI) for the Framework for a Master Plan to Prevent and Mitigate Land and Forest Fires in Jambi	Greenpeace published report called "How the Palm Oil Industry is Cooking the Climate"
2008	National Council on Climate Change (NCCC)  Bill for the ratification of AATHP was proposed again to the legislative and got rejected	Malaysian Government signed a Memorandum of Understanding (MoU) on preventing land burning and forest fires in Riau	Unilever cancelled their contract with Indonesian palm oil producer, GAR, due to allegation that it practiced slash and burn UN-REDD was established, and Indonesia became one of nine pilot countries
2009	SBY reelected as president (2 <sup>nd</sup> term)		EU The Renewable Energy Directive (RED) (2009/28/EC1)
2010	REDD+ Task Force was established		Norway and Indonesia signed a Letter of Intent on "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation" (REDD+)
2011	Presidential Instruction No. 11/2011 on Postponing Issuance of License and Improving the Governance of Primary Forests and Peatlands was adopted Indonesian Sustainable Palm Oil (ISPO) was established; GAPKI left RSPO		
2012	National REDD+ Strategy was published		Environmental Protection Agency of United States published a report which deemed palm oil unqualified for Renewable Fuel Standard (RFS)

2013	The worst forest fire incidences since 1997 occurred again in Indonesia, mostly in Sumatera and Kalimantan	Singapore and Malaysia recorded the worst pollution level in their history; declared state of emergency in several areas	EU Commission Regulation No 490/2013 imposing a provisional anti-dumping duty on imports of biodiesel originating in Argentina and Indonesia was adopted
	REDD+ Agency was established	SBY overruled the statement of his cabinet members and made public apology to the neighboring countries for the haze incidence	
2014	Indonesia ratified AATHP  Jokowi elected as president (1st term) He integrated Ministry of Forestry and Ministry of Environment into one institution	Singapore passed Transboundary Haze Pollution Act	
2015	One of the largest forest fire incidences in the history occurred in Indonesia; six provinces declared state of emergencies Indonesia proposed WTO DSM on EU's antidumping measures against palm oilbased biofuels	All ASEAN Member States, except Myanmar and Lao, were estimated to be affected by the transboundary haze coming from Indonesia  Together with Malaysia, Indonesia established Council of Palm Oil Producing Countries (CPOPC)	
2018	Presidential Instruction No. 8/2018 on the Postponing and Evaluation of Oil Palm Plantation, and Improvement of Palm Oil Plantation Productivity was adopted		Directive (EU) 2018/2001 of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (RED II)  WTO DSB adopted a panel report which viewed EU's antidumping measures against palm oil-based biofuels violated WTO regulations.  To implement the DSB recommendations, EU repealed the 2013 measures.

2019	Presidential Instruction No. 5/2019 on permanent stop on new license on primary forest and peatland was adopted Ministry of Environment and Forestry published an Emission Reduction Report which measure the emission reduction under the REDD+ scheme		
2020	Indonesia proposed WTO DSM on EU's RED II and its impacts to market access of Indonesian palm oil in EU region		Independent review on Indonesia's emission reduction was done and Norway Government, acknowledging the reduction, pledged to provide 56 million USD under the REDD+ cooperation
2021		1 <sup>st</sup> Joint Working Group on Palm Oil between ASEAN-EU	Indonesia terminated LoI on REDD+ cooperation with Norway was terminated

Table 2. World's vegetable and palm oil demand, 2001-2021

Year	Vegetable oil demand (million tons)	Palm oil demand (million tons)	Share of palm oil out of total vegetable oil	Annual growth of palm oil demand
	tons)		demand (%)	(%)
2001	123.61	42.04	34.0	-
2002	130.53	47.42	36.3	12.8
2003	138.19	51.34	37.2	8.3
2004	149.34	57.19	38.3	11.4
2005	159.17	60.86	38.2	6.4
2006	168.52	65.62	38.9	7.8
2007	175.37	69.61	39.7	6.1
2008	183.51	75.77	41.3	8.8
2009	193.26	79.31	41	4.7
2010	202.07	83.28	41.2	5
2011	210.22	87.43	41.6	5
2012	224.77	97.91	43.6	12
2013	234.23	99.67	42.6	1.8
2014	242.62	103.09	42.5	3.4
2015	250.28	103.67	41.4	0.6
2016	259.87	109.75	42.2	5.9
2017	268.15	112.62	42	2.6
2018	280.51	121.34	43.3	7.7
2019	284.71	118.71	41.7	-2.2
2020	287.1	121.05	42.2	2
2021	297.67	125.37	42.1	3.6

Source: data retrieved and calculated from USDA Oilseeds World Market and Trends Report, multiple years.

Table 3. Total export of Indonesian palm oil and share of trade value to total export, 2001-2020

Year	Total export of	Total value of palm	Share of palm oil
	palm oil (kg)	oil export (USD)	export value out of
			total export (%)
2001	4,903,217,735	1,080,906,499	1.9
2002	6,333,707,956	2,092,403,905	3.7
2003	6,386,409,535	2,454,625,536	4
2004	8,661,646,640	3,441,776,053	4.8
2005	10,376,190,005	3,756,283,896	4.4
2006	12,100,920,980	4,817,642,148	4.8
2007	11,875,418,171	7,868,639,153	6.9
2008	14,290,685,404	12,375,569,835	9
2009	16,829,205,746	10,367,621,381	8.9
2010	16,291,856,171	13,468,966,418	8.5
2011	16,436,202,195	17,261,247,468	8.5
2012	18,845,020,237	17,602,168,017	9.3
2013	20,577,975,895	15,838,850,170	8.7
2014	22,892,386,926	17,464,904,662	9.9

2015	26,467,563,594	15,385,275,322	10.2
2016	22,759,304,544	14,365,422,161	9.9
2017	27,353,339,590	18,513,121,264	11
2018	27,893,676,485	16,527,848,106	9.2
2019	28,279,344,563	14,716,274,712	8.8
2020	25,935,222,660	17,364,811,625	10.6

Source: data retrieved and calculated from UN Comtrade Database

Table 4. Palm oil price and its comparison with other vegetable oils, 2005-2020

Year	Palm oil	Soybean oil	Price discount	Sunflower	Price discount for
	price	price	for palm oil to	oil price	palm oil to
	(USD/MT)	(USD/MT)	soybean oil (%)	(USD/MT)	sunflower oil (%)
2005	392	497.25	27	832.5	112
2006	416	507.5	22	765.5	84
2007	655	698.75	7	1062.5	62
2008	1058	1213.75	15	1824.5	72
2009	633	754	19	972.5	54
2010	793	848.5	7	1060	34
2011	1154	1225	6	1651.5	43
2012	1032	1177.75	14	1544	50
2013	791	1040.75	32	1320.5	67
2014	803	883.5	10	1116.5	39
2015	626	721.5	15	1160.5	85
2016	628	708.5	13	1062	69
2017	699	773.5	11	994	42
2018	626	732	17	989.5	58
2019	521	662.75	27	946.5	82
2020	645	710.5	10	1114.5	73

Source: Data retrieved and calculated from USDA Oilseeds World Market and Trends Report, multiple years. Soybean oil price is the average of US, Brazil, Argentina, and Rotterdam prices, while sunflower oil price is the average of US and Rotterdam prices.

Table 5. Number of hotspots in Indonesia by region, 2012-2021

No.	Province	Hotspots	Share in total hotspots
1	Sumatera Selatan	12294	23.3%
2	Riau	11481	21.8%
3	Kalimantan Tengah	9749	18.5%
4	Kalimantan Barat	4658	8.8%
5	Jambi	4027	7.6%
6	Kalimantan Timur	1820	3.5%
7	Sulawesi Selatan	1629	3.1%
8	Papua	1528	2.9%
9	Kalimantan Selatan	733	1.4%
10	Jawa Timur	615	1.2%
11	Sumatera Utara	592	1.1%
12	Nusa Tenggara Barat	504	1.0%
13	Lampung	399	0.8%

14	Sulawesi Utara	364	0.7%
15	Aceh	359	0.7%
16	Nusa Tenggara Timur	359	0.7%
17	Maluku	246	0.5%
18	Sulawesi Tengah	242	0.5%
19	Kepulauan Riau	233	0.4%
20	Bangka Belitung	213	0.4%
21	Sulawesi Tenggara	175	0.3%
22	Sumatera Barat	150	0.3%
23	Maluku Utara	114	0.2%
24	Jawa Tengah	80	0.2%
25	Sulawesi Barat	38	0.1%
26	Jawa Barat	34	0.1%
27	Papua Barat	33	0.1%
28	Gorontalo	21	0.04%
29	Bengkulu	17	0.03%
30	Bali	10	0.02%
31	Banten	9	0.02%
32	Jakarta Raya	7	0.01%
33	Yogyakarta	2	0.00%

Source: Data retrieved and calculated from Global Forest Watch (2022).

## **Abstract in Korean**

## 국문 초록

## 인도네시아의 환경 외교 정책:

# 유도요노와 조코위 정부의 팜유 산업, 산불과 월경성 연무 오염 문제에 대한 대응

카우리 마울리다 위디야 국제협력전공 서울대학교 국제대학원

현재 인도네시아는 세계 최대의 팜유 생산국이다. 상품이 경제적 기회를 창출한 반면, 팜유 산업과 관련된 산불 사건도 이 나라에서 더 빈번하고 심각하게 발생하고 있다. 이는 환경문제로 인해 직간접적으로 영향을 받은 국제 사회가 인도네시아에게 점점 더 많은 압박을가했다. 따라서 팜유 산업과 관련된 환경 문제가 인도네시아 외교 정책의 해결과제로 남아있다. 본 논문은 유도요노와 조코위 행정부의 사례를 통해 두 정권 이하에 팜유 산업, 산불, 그리고 월경성 연무 오염 문제에 관련한 인도네시아의 환경 외교 정책에 변화를 이루었다고주장한다. 유도요노가 대외정책에 적극적으로 개입한 반면, 조코위는 국제문제를 다루는 데 있어 다소 방어적인 자세를 보였다. 본 연구는 이러한 차이가 국가의 경제 상황과 정책지향에 의해 형성되었음을 시사한다. 유도요노의 외부지향적 대외정책(outward-looking foreign policy)은 상대적으로 양호한 경제 여건에 뒷받침되고 다른 국가 및 INGO 와 더욱협조적이었다. 반면에 조코위는 경제성장 둔화와 내부지향적 대외정책(inward-looking foreign policy)으로 인해 환경 문제를 외교 정책의 최우선 순위가 아니고 국제 비판에 대해방어적으로 접근하게 되었다.

주요어: 환경 외교, 팜유, 산불, 월경성 연무오염, 인도네시아

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