

1. Could you begin by explaining why Indonesia has banned palm oil exports?

The government imposed the export ban to keep all the oil supply in the country. Around 30% of Indonesia's palm oil is consumed domestically, but consumer prices have risen sharply reflecting a steep rise in the global market price.

The price of palm oil on the global market has risen 84% in the past year and very steeply in March/April. Like some other commodity prices, it has been affected by the war in Ukraine where supplies of sunflower oil have been disrupted.

2. What impact do you think this is likely to have on deforestation rates in Indonesia?

The ban is a move by the President to show that he is responsive to the concerns of consumers who face inflation in their food budget. It is intended to be a temporary measure. As soon as the domestic market is flooded with oil and prices decrease, the ban will be lifted.

The ban has nothing to do with government concerns over deforestation which is a long term problem linked to the expansion of oil palm plantations. The plantations are still there and continue to produce.

3. Is it possible that this export ban might benefit small farmers in Indonesia?

Sadly, the opposite is true. The ban has caused a steep drop in the price that small farmers receive for their oil palm fruit, and they worry that the mills will stop buying their fruit altogether as their storage tanks fill up. Small farmers who grow other crops might like the ban from a consumer perspective – they too have to buy cooking oil for their families.

4. How have transnational corporations responded to Indonesia's export ban?

The oil palm industry association GAPKI has protested against the ban which it sees as an unnecessary disruption to their operations. To reassure them, the President has confirmed that the ban will be temporary.

5. Overall, what is your assessment of the impact the ban will have, socially environmentally and economically?

Its main effects will be to cause suffering to the small oil palm farmers, to give some temporary relief to consumers, and maybe to give a boost to the president's popularity. It is not intended to be transformational: the big changes that are needed to bring the oil palm industry under control, protect forests and foster sustainable livelihoods for Indonesia's farmers are nowhere on the horizon, thus far.

Understanding global issues

Before answering the questions below, you may want to do some of your own research. Remember, what you read only ever presents one perspective on a global issue.

Why do you think that the Indonesian government has banned the export of palm oil?

What social, economic and environmental impacts do you think the export ban might have? [try to consider how it might impact on different groups in different ways]

Evaluate the issue – do you think this is an effective policy?