

# NGO Involvement in the Indonesia-EFTA CEPA Negotiations on Palm Oil

**Giffary Salsha Al Fajrin, Shanti Darmastuti, Dairatul Ma'arif**

*Universitas Pembangunan Nasional Veteran Jakarta*

## **Abstract**

*Crude palm oil is considered a strategic export commodity for Indonesia because of its contribution to the domestic economy and development so the government will always ensure that agreements related to CPO are included in the discussion of international trade agreements, including the Indonesia-EFTA CEPA. However, the agreement related to CPO in Indonesia-EFTA CEPA received an unfavorable response from several national NGOs in Switzerland who are members of The Swiss Palm Oil Coalition. They urged the government of Switzerland to exclude CPO from the free trade agreement. This research aimed to find out the involvement of NGO in Indonesia-EFTA negotiations on palm oil using the conceptual framework of economic diplomacy. The research method used in this paper is descriptive qualitative. The data collection methods used are interview methods, document-based methods, and internet-based methods with data analysis techniques consisting of data reduction, data presentation, and verification and conclusion drawing. Based on the results of the research, it can be concluded that the form of NGO involvement in the palm oil negotiations in the Indonesia-EFTA CEPA can be divided into two, namely NGOs as consulting partners, and NGOs as pressure groups.*

**Keywords:** *Crude Palm Oil; Economic Diplomacy; Indonesia-EFTA CEPA; NGO*

## **Abstrak**

*Minyak sawit mentah termasuk ke dalam komoditas ekspor strategis bagi Indonesia karena kontribusinya terhadap perekonomian dan pembangunan di dalam negeri sehingga pemerintah akan selalu memastikan bahwa kesepakatan terkait CPO dimasukkan ke dalam pembahasan perjanjian perdagangan internasional, tidak terkecuali Indonesia-EFTA CEPA. Akan tetapi kesepakatan perdagangan CPO Indonesia mendapatkan respons yang kurang baik dari beberapa NGO nasional di Swiss yang tergabung dalam Koalisi Minyak Sawit Swiss. Mereka mendesak pemerintah Swiss untuk mengecualikan CPO dari kesepakatan perdagangan tersebut. Penelitian ini bertujuan untuk mengetahui bentuk keterlibatan NGO pada negosiasi CPO dalam Indonesia-EFTA CEPA dengan menggunakan kerangka konseptual diplomasi ekonomi. Metode penelitian yang digunakan dalam tulisan ini yaitu deskriptif kualitatif. Adapun metode pengumpulan data yang digunakan yaitu metode wawancara, metode berbasis dokumen, dan metode berbasis internet dengan teknik analisis data yang terdiri dari reduksi data, penyajian data, dan verifikasi dan penarikan kesimpulan. Berdasarkan hasil penelitian, dapat disimpulkan bahwa bentuk keterlibatan NGO dalam perundingan minyak sawit dalam Indonesia-EFTA CEPA dapat dibagi menjadi dua yaitu NGO sebagai mitra konsultasi, dan NGO sebagai kelompok penekan.*

**Kata Kunci:** *Minyak Sawit Mentah; Diplomasi Ekonomi; Indonesia-EFTA CEPA; NGO*

## **Introduction**

Crude Palm Oil (CPO) is vegetable oil derived from the fruit of the oil palm tree. CPO known for being one of the most produced and consumed oil in the world due to its stability, ease of production, and low production costs. In its utilization, CPO can be consumed and processed for the production of various types of products. It is mostly processed into food products, including one of the essential products, cooking oil. The advantage of cooking oil derived from CPO is that it has a low cholesterol level (ITPC Hamburg 2013). In addition, CPO is also processed as a raw material in the manufacture of margarine, chocolate, and various other food products. As for non-food products, it is also used as a raw material in the production of fuel, cosmetics, and various other types of industries. With various types of utilization and processing of palm oil products, oil palm is one of the most efficient crops that can produce more oil than other vegetable oil crops. Based on the results of research conducted by the World Wide Fund for Nature (WWF), palm oil contributes about 40 percent in supplying the world's vegetable oil demand with production land use below 6 percent while other vegetable oils such as soybean, coconut, rapeseed, and sunflower oil require at least 4 to 10 times more land to produce the equivalent volume of oil as palm oil (WWF 2020).

In the cultivation of oil palm tree, the growth and development of oil palm is strongly influenced by factors such as temperature, humidity, sunlight, and rainfall so oil palm plantations tend to be easier to find in areas with tropical climates. The characteristics of oil palm tree that depend on certain climatic conditions make these type of plants difficult or even impossible to find in countries with subarctic and continental climates such as countries in Europe and North America. Africa, South America, and Asia are strategic areas for CPO producers. Indonesia is one of the countries in Asia with a tropical climate which is suitable for oil palm tree cultivation. Indonesia's rapid progress in the oil palm plantation industry has succeeded in shifting Africa as the world's largest exporter of palm oil products. Indonesia's palm oil industry continues to strengthen, although it experienced a decline in production during the Japanese occupation in 1942-1945 (Supriyono 2018). After independence, the Indonesian government made various efforts to start redeveloping the Indonesian palm oil industry with numerous policies and programs.

The oil palm plantation industry has a strategic role in Indonesia's economic development, especially from exports of palm oil products and their derivatives (Limanseto 2021). Exports of palm oil products and their derivatives are one of Indonesia's non-oil and gas export commodities which are quite stable. By looking at the large role of oil palm plants for

Indonesia, of course the palm oil industry is one of the most promising industrial sectors. Being in a tropical climate area is one of the advantages for Indonesia to maximize the potential of the palm oil industry. Oil palm plantation areas in Indonesia are spread across 26 provinces on the islands of Sumatra, Kalimantan, Java, Sulawesi, Papua, and Maluku. It was noted that until 2018 the area of oil palm plantations in Indonesia continued to increase, from 9.13 million hectares in 2011 to 14.33 million hectares in 2018. Apart from plantation areas, palm oil production has also increased per year. In 2011, Indonesia produced 23.99 million tons of palm oil and in the following 7 years, in 2018, palm oil production increased to 42.88 million tons, almost doubled from 2011 (BPS Indonesia 2019).

Palm oil is one of the leading commodities in the plantation sub-sector of the Indonesian agricultural sector. In 2018, the agricultural sector contributed about 12.81 percent of the total GDP with the plantation sub-sector contributing around 3.30 percent of the total GDP (BPS Indonesia 2019). So it can be said that palm oil has a strategic role in the Indonesian economy. As one of the most strategic commodities for Indonesia because of its impact on the provision of employment and exports, the palm oil trade agreement has always been a concern for the Indonesian government. The government always ensures that palm oil is included in every international trade agreement executed by Indonesia with partner countries. Indonesia-EFTA CEPA is no exception, where the Indonesian government seeks to open up market opportunities for Indonesian CPO in the European market through trade agreements with European Free Trade Association (EFTA) consisting of Iceland, Liechtenstein, Norway, and Switzerland. Through the Indonesia-EFTA CEPA negotiations, Indonesia seeks to gain benefits in the form of tariff preferences on Indonesian export commodities so that it can have a positive impact on the domestic export sector, including tariff preferences for CPO commodities which will benefit the Indonesian side. With the policy of preferential tariffs related to CPO, it is hoped that this can be an opportunity to increase the volume and value of CPO exports to EFTA countries, although this CPO commodity will only contribute about 0.1 percent of Indonesia's total exports to EFTA countries.

However, behind the efforts of the Indonesian and EFTA government to promote trade and economic cooperation through the Indonesia-EFTA CEPA, there are some national Non-Governmental Organizations (NGOs) in Switzerland that oppose the idea of free trade, in particular free trade of CPO. The rapid increase in the area of oil palm plantations has been in the spotlight by several parties because it has positive and negative impacts. The positive impact can be reflected in the country's economic growth. Palm oil encourages economic growth in terms of exports and also in providing jobs that can help improve people's welfare. The negative impact is from the environmental side. Irresponsible land clearing is certainly a

a threat to Indonesia's environmental sustainability. This is one of the triggers for the emergence of groups that oppose oil palm cultivation, especially those who only care about the amount produced without paying attention to the preservation of the environment and the living things in it. Many issues that arise in the discussion related to oil palm including economic, trade, environmental, and social, indicate the complexity of oil palm so that in the discussion related to palm oil as trade commodity, it is not impossible that there are actors involved other than the government.

The negative response regarding the free trade of CPO in the trade agreement between Indonesia and EFTA came from the coalition of national NGOs in Switzerland known as The Swiss Coalition on Palm Oil. It was driven by several reasons. They urged that palm oil should not be included in the discussion of free trade between Indonesia and EFTA countries. This is motivated by arguments related to environmental issues. According to them, trade agreements by governments must ensure that agreed trade and investment always contribute to equitable and sustainable development (The Swiss Coalition on Palm Oil 2018). Some parties who reject the CPO export agreement in the Indonesia-EFTA CEPA consider that the palm oil commodity is not in accordance with the principles of sustainable development which includes a healthy environment, a climate-friendly economy, secure livelihoods and decent work for all. The Swiss Coalition on Palm Oil also said that internationally recognized CPO certification such as the Roundtable on Sustainable Palm Oil (RSPO) is far from guaranteeing sustainable palm oil production. In addition to the environmental sustainability aspect, the coalition also has concerns that the existence of an agreement that facilitates the import of palm oil products and their derivatives into their country will have an impact on increasing the availability of these products in their market which will pose a threat to local vegetable oil producers.

In this paper, the author will raise a discussion related to the involvement of the national NGOs coalition in Switzerland in the Indonesian CPO trade agreement with EFTA countries under the Indonesia-EFTA CEPA framework. The coalition of national NGOs in Switzerland consists of 12 NGOs namely Associazione consumatrici e consumatori della Svizzera italiana, Alliance Sud, Biovision, Bruno Manser Fonds, Fédération romande des consommateurs, Fédération suisse des producteurs de céréales, Pain pour le prochain, Pan Eco, Pro Natura, Union suisse des paysans, and Uniterre. The author sees that the involvement of NGOs in the economic diplomacy process of negotiating trade agreements between Indonesia and the EFTA countries can be investigated as research that has been carried out by Bayne and Woolcock (2017) regarding the involvement of non-state actors in economic diplomacy.

International trade agreements are one of the efforts in the practice of economic diplomacy carried out by a country to increase trade and the country's economy through cooperation in certain sectors. The formation of international free trade agreements is not only intended for economic purposes but is also often used to signify the existence of relations between countries and improve these relations. Currently, the issues discussed in international trade agreements are very broad and cover various sectors outside of trade in goods and services. This indicates the wider range of issues that the government pays attention to when they carry out economic diplomacy. The variety of issues discussed in an economic diplomacy negotiation, including free trade agreement negotiations, indicates the wider scope of discussion that can be raised in the negotiations, which encourages more and more parties to be involved in it. Based on the explanation of the problems that have been described previously, the research question in this paper is "How is the NGO Involvement in the Indonesia-EFTA CEPA negotiations regarding palm oil?"

### **Methods**

In this study the author uses qualitative research, which is defined by W. Creswell and J. Creswell (2018) as a study conducted to explore and understand the meaning given by individuals or groups to social or human problems and they also mentioned that qualitative research is similar as interpretive research due to its characteristics and how researchers form interpretations during research (Creswell and Creswell 2018). The author choose one form of qualitative research, namely descriptive qualitative which aims to describe, explain, and answer the problem descriptively. In this study, data collection methods to obtain primary and secondary data sources used are document-based methods, internet-based methods, and interview methods with two sources, representative from The Swiss Coalition on Palm Oil and representative from the Directorate of Bilateral Negotiations. For data analysis, the author adopted the data analysis technique of Miles and Huberman (1994) which consisted of data reduction, data presentation, and data verification and conclusion drawing.

### **Conceptual Framework**

The establishment of international free trade agreements is one part of the economic diplomacy efforts carried out by the state. Economic diplomacy is a very important tool for every country in efforts to increase the country's economy and trade relations. Economic diplomacy itself is a tool in international relations that has become an inseparable part of the foreign policy order and the practice of diplomacy which is generally carried out by state actors (Okano-Heijmans 2011). This was also expressed by Lee and Hocking (2018) who argued that in practice, currently the political and

and economic aspects of economic diplomacy have become increasingly fused so that it can be said that economic diplomacy is part of a country's foreign policy (Lee and Hocking 2018). As part of a country's foreign policy, currently, economic diplomacy is the main key in the diplomatic strategy carried out by each country.

The term economic diplomacy explicitly emerged along with developments in diplomacy studies in the 1980s (Lee and Hocking 2018). Regarding the development of studies related to economic diplomacy within the framework of international relations, many experts have proposed and developed definitions and ideas related to economic diplomacy. Bayne & Woolcock cites the definition of economic diplomacy put forward by Barston which shows that diplomacy is related to the management of relations between states and relations between states and other actors (Bayne and Woolcock 2017). Through their research, Bayne & Woolcock feels the need to expand the definition of economic diplomacy which is generally related to the state as the main actor in its implementation.

Currently, economic diplomacy has undergone changes so that it becomes more complex and has more issues and actors involved in it. One of the reasons for this is the process of globalization which has affected international relations. Globalization has also led to the emergence of a new strategy in economic diplomacy which consists of four elements: 1) involving ministers other than the minister of foreign affairs; 2) involving non-state actors; 3) greater transparency; and 4) using international institutions (Bayne 2017a). In this study, the author will specifically use the theory of economic diplomacy that supports the possibility and provides an explanation regarding the involvement or role of non-state actors in the practice of economic diplomacy carried out by the state to assist the author in analyzing the involvement of NGOs in an international free trade agreement that is part of the practice of economic diplomacy.

Based on the idea developed by Bayne & Woolcock, the involvement of non-state actors in economic diplomacy can be seen in the economic diplomacy decision-making process by the government which includes seven stages: 1) determining the leader; 2) external consulting; 3) internal coordination; 4) political authority; 5) democratic legitimacy; 6) international negotiations; and 7) treaty ratification or ratification (Bayne 2017b). Of the seven stages, the involvement of non-state actors generally occurs at the external consultation stage. The government will involve stakeholder groups such as private business groups, trade unions, and non-governmental organizations to get their views on the government's steps in economic diplomacy. External consultations are also needed to see responses from non-state actors regarding policy ideas initiated by the government.

In addition to external consultations, non-state actors can also be involved throughout the series of international treaty negotiations and economic diplomacy by making various efforts, such as by dealing directly with the government or by engaging the public and the media to respond to these negotiations. The involvement of non-state actors outside the stage of external consultation carried out with the government generally has a quite different form of involvement. When compared to business groups, NGO involvement tends to be done more openly which often involves the community. They also prefer to use a strategy that utilizes publicity as a form of their engagement (Corell and Betsill 2008). While business groups generally do the opposite. The difference in strategy is basically caused by the interests brought by each actor. Business groups and companies are non-state actors who are commercial in nature so their involvement will usually be based on certain benefits. Meanwhile, NGOs are stakeholder groups that are not only non-government but also non-commercial because they operate with the public or community interests.

As non-state actors who often raise marginal issues and represent the interests of the community, NGOs can involve themselves as actors with their own entities at the negotiating table, as consulting partners, and as government pressure groups. The involvement of NGOs as actors who are directly involved in an international negotiation can generally be seen in forums that focus on environmental issues, development, and other issues of concern to NGOs such as the involvement of environmental NGOs in the Kyoto Protocol negotiations (Betsill 2008). As consulting partners, Davies (2014) revealed that the role of NGOs as consulting partners for the government and for international intergovernmental institutions or organizations is based on the rules written in Article 17 of the United Nations Charter which stipulates that NGOs can be used as formal consulting partners for international institutions as determined by the United Nations Economic and Social Council (ECOSOC) (Davies 2014). Meanwhile, as government pressure groups, NGOs will be more critical in responding to a policy and try to add new perspectives and their voices into a policy (Saner & Yiu 2003). The more competent NGOs and the NGOs with the wider network will monitor and evaluate the government's performance and demand greater accountability and transparency. The pressure exerted by NGOs on the government can make or encourage the government to change its policies. For example, it happened when environmental groups in the United States exerted pressure which then caused the United States to become the first country to stop commercial whaling for environmental reasons in 1986 (Burgiel 2008).

In carrying out their involvement role, the strategy played by NGOs is basically the same, namely by carrying out their activities that are based on social goals, both for interests related to humans and nature or the

environment. One of the activities carried out by NGOs is advocacy. NGOs advocate in various ways such as lobbying, acting as representatives in decision-making forums, conducting research, holding conferences, disseminating informations, conducting boycotts, and conducting reviews of activities carried out by other institutions such as governments and companies (Teegen et al. 2004). Advocacy efforts carried out by NGOs are not always successful. The things that need to be considered by NGOs in carrying out their advocacy strategies are preparing strong research and narratives, adapting the messages and language used by their audiences or targets, adding strength through alliances or coalitions, maximizing the use of access with decision makers, and paying attention to existing policy implementation gaps (Green and Charveriat 2017).

In implementing the advocacy strategy, NGOs will generally carry out other strategies aimed at strengthening their position on an issue, such as by implementing a strategy that targets the public. The strategies carried out by NGOs are grouped into two by Burgiel (2008): 1) insider strategies; and 2) outsider strategies. The first strategy underlies the activities of NGOs that seek to engage themselves by providing direct commentary on the negotiating text, distributing scientific information, and lobbying government delegates. Meanwhile, the second strategy emphasizes NGO activities that involve public pressure and seek media publicity to be involved in a negotiation process (Burgiel 2008). In practice, not a few NGOs run and collaborate on these two strategies to maximize their involvement.

From the explanation related to economic diplomacy and NGOs in economic diplomacy as explained previously, in this research, the theory of economic diplomacy was chosen to assist the author in analyzing and explaining the involvement of NGOs in the practice of economic diplomacy. This study will focus on an explanation of the involvement of NGOs in the stages of economic diplomacy which is part of the idea of economic diplomacy proposed by Bayne and Woolcock (2017). In addition, the author also refers to the ideas by Betsill and Corell (2008) and Saner and Yiu (2003) to explain the form of involvement and role of NGOs in the economic diplomacy process which is used as a basis for analyzing what was done by The Swiss Coalition on Palm Oil to engage in economic diplomacy in the Indonesia-EFTA CEPA negotiations.



## **Results and Discussion**

### **CPO in the Indonesia-EFTA CEPA**

Indonesia-EFTA CEPA is a Comprehensive Economic Partnership Agreement between Indonesia and EFTA which is a free trade association in Europe consisting of Iceland, Liechtenstein, Norway, and Switzerland. This economic partnership aims to increase trade flows and investment opportunities between Indonesia and EFTA countries. The establishment of this Comprehensive Economic Partnership Agreement was initiated by the Swiss Minister of the Economy in a meeting between high-level officials from Indonesia and EFTA in 2005 (EFTA 2006). In that meeting, they also formed a Joint Indonesia-EFTA Study Group to analyze and conduct research related to the feasibility of trade relations and investment between countries. In addition to the formation of the Joint Study Group, EFTA and Indonesia also signed a Memorandum of Understanding (MoU) on 29 November 2005 in Geneva, Switzerland which was represented by the Secretary General of EFTA, the Minister of Foreign Affairs of Iceland, the Minister of Trade and Industry of Norway, the Minister of Foreign Affairs and the Federal Advisor of Liechtenstein, Head of the Swiss Federal Department of Economic Affairs, and Indonesian Ambassador to the United Nations (EFTA 2006).

The negotiations of Indonesia-EFTA CEPA began in February 2011 after being inaugurated on 7 July 2010 by the President of the Republic of Indonesia, Susilo Bambang Yudhoyono and the President of Switzerland, Doris Leuthard. In the first year of negotiations, three rounds were conducted since the first round of negotiations which happened in 31 Januari-2 Februari 2011. The first three rounds of negotiations were used to discuss the approach of each party to technical cooperation in various fields (EFTA 2012). During the negotiation process, the Indonesian negotiating team was led by the Indonesian ambassador, H.E. Soemadi D.M. Brotodiningrat and the Directorate of Bilateral Negotiations served as the secretariat and coordinator of the working group for trade in goods and market access (Adityo 2022). Meanwhile, EFTA was led by Swiss Ambassador Didier Chambovey at several meetings, and Swiss Ambassador Heinz Walker-Nederkoorn at several other meetings (EFTA 2015). Based on data obtained from the Directorate of Bilateral Negotiations, the Indonesia-EFTA CEPA negotiations were carried out for 7 years with 15 rounds of negotiations.

The Indonesia-EFTA CEPA negotiations were concluded at a meeting held in Bali on 29 October–1 November 2018. The EFTA and Indonesia parties issued a joint statement marking the completion of the negotiations on 23 November 2018. After going through a legal review process by each

country, the agreement was then signed in Jakarta on 16 December 2018 (Kemendag 2021). The agreement was signed by the Secretary General of EFTA, the Minister of Foreign Affairs, Justice and Culture of Liechtenstein, the Federal Advisor and Head of the Department of Economy, Education and Research of Switzerland, the Secretary of State and the Kingdom of Norway, the Ambassador of Iceland to the Republic of Indonesia, and the Minister of Trade of the Republic of Indonesia (EFTA 2019). After the signing process, Indonesia-EFTA CEPA officially became the fifth free trade agreement owned by EFTA with countries in the Asian region.

The matters agreed in the Indonesia-EFTA CEPA consist of 12 chapters covering general provisions, trade in goods, trade in services, investment, intellectual property protection, procurement of government goods and services, business competition, trade and sustainable development, cooperation and capacity development, institutional provisions, dispute resolution, and final provisions. The negotiations of Indonesia-EFTA CEPA did not only involve the ministers of foreign affairs, economy and trade but were also attended by the ministers of technical fields related to the agreement in the negotiations. Apart from the government, each party also regularly holds consultations with various civil society associations in their respective countries.

Of the total 15 rounds of negotiations in discussing the terms and approvals of the Indonesia-EFTA CEPA, Indonesia certainly does not exclude one of its leading export commodities, which is CPO. As one of the largest CPO-producing and exporting countries in the world, Indonesia-EFTA CEPA is an opportunity for Indonesian CPO products to enter the European market. Based on data published by the Indonesian Central Statistics Agency, EFTA countries are not in the top 10 destinations for Indonesia's CPO exports (BPS Indonesia 2021). It also shows that the import and demand for Indonesian CPO products from EFTA countries are not strong enough. CPO is known as the most consumed vegetable oil and its production has almost doubled in the last 12 years globally. Through the Indonesia-EFTA CEPA negotiations, Indonesia hopes that these non-oil and gas export commodities will get import duty exemptions from EFTA countries. Even though European countries have low consumption levels of palm oil, these export opportunities must be utilized as well as possible for the benefit of local Indonesian palm oil exporters so that they can expand their product market share.

**Graphic 1. EFTA and Indonesia Trade in 2013-2018**



*Source: EFTA 2022.*

The motivation to increase CPO trade through the Indonesia-EFTA CEPA is also driven by the fact that the trade trend between Indonesia and EFTA during the last five years from the signing of the agreement tends to show a positive picture (**Graphic 1**). In 2014, EFTA and Indonesia's trade in goods increased almost three times compared to 2004. Indonesia's export growth to EFTA has averaged around 14 percent per year since 2010, higher than the average growth of Indonesia's exports to the world which is only 3 percent per year. Likewise, foreign investment from EFTA to Indonesia has also increased. Given this positive trend in trade, EFTA and Indonesia see each other as strategic partners with potential markets. The potential partnership with Indonesia was agreed by four EFTA countries, which refers to the trade figures between EFTA and Indonesia which tend to show positive results. As an EFTA trade partner, Indonesia is in the 24th place, contributing 0.3 percent of the total EFTA trade to partner countries in 2017 (EFTA 2019). This is the basis for the Indonesia-EFTA CEPA negotiations. Indonesia and the EFTA countries are both trying to include their leading export commodities in the trade agreement. Discussions related to trade of goods, including export and import of goods have been carried out since the first round of negotiations.

Discussions related to free trade in palm oil have been carried out since the second round which was held on 6-8 June 2011 in Geneva in discussions related to trade in industrial and agricultural products. According to the representative from the Directorate of Bilateral Negotiations, Rangga Adityo, discussions related to Indonesian CPO commodities are not carried out separately from discussions related to other vegetable oil commodities because the Indonesian government wants the same treatment for Indonesian CPO and other vegetable oil commodities produced by EFTA countries (Adityo 2022). CPO is a type of edible vegetable oil that is produced from the pulp of oil palm. CPO can be used as raw materials in

the processing of food and non-food products. With lower production costs when compared to other types of vegetable oil, CPO is certainly the type of vegetable oil that is widely produced and is the choice because of its cheaper price. Apart from that, CPO is also a type of vegetable oil that is easy to process and has various types of utilization.

Although CPO is a commodity that has great economic opportunities, the palm oil industry is never separated from environmental issues. Environmental and social issues in the palm oil industry have become a concern of the global community, especially in the European region. European countries that are fully committed to the principles of environmental sustainability are concerned about the impact of the palm oil industry on natural conditions in producing countries. Therefore, sustainable cultivation and management in the palm oil industry has always been the main discussion and concern in the trade of palm oil products. Likewise in the Indonesia-EFTA CEPA, the discussion of CPO cannot be separated from the attention of the community and the government. The agreement related to the free trade of CPO in the Indonesia-EFTA CEPA is then regulated in a special chapter formed by the agreement of the parties involved, namely the chapter that discusses trade and sustainable development because until now CPO trade is often associated with sustainable development issues. Provisions related to sustainable development in the free trade agreements owned by EFTA and each EFTA country include broader discussions outside of economic agreements consisting of aspects of labor and environmental standards related to trade or investment. In addition, some of the standards and obligations referred to in these provisions also have a human rights dimension or may relate to the fulfillment of these rights.

The agreement related to the free trade of CPO made by Indonesia and EFTA faced obstacles and challenges that emerged from several NGOs in Switzerland. The NGO coalition known as The Swiss Coalition on Palm Oil has urged that agreements related to free trade in CPO to be excluded from the Indonesia-EFTA CEPA. Various responses emerged in response to the NGO coalition's request, some supporting the NGO coalition's move and some others disagreeing with the demands voiced by the NGO coalition. Those who support the exclusion of free trade in CPO from the Indonesia-EFTA CEPA argue that reducing palm oil tariffs will encourage an increase in consumption of palm oil and its derivatives in Switzerland. This will then encourage the expansion of production in producing countries which threatens the environmental sustainability and social conditions of the indigenous people. In addition, they also argue that increasing imports of palm oil will be contrary to the policies issued by the Swiss government itself, related to government efforts to support agriculture in a sustainable and economically viable manner. Increased consumption of palm oil-based

food products (The Swiss Coalition on Palm Oil 2018b).

The Swiss Palm Oil Coalition also argues that the RSPO certification system is not sufficient to ensure the sustainability of the palm oil industry. Based on research conducted by the coalition, the RSPO has not been effective in protecting biodiversity and human rights in oil palm plantation areas. Likewise, the monitoring and supervision system is less effective and efficient in enforcing sustainability criteria (Michel 2018). The voluntary nature of RSPO certification means that the RSPO standard is not binding on its members so that awareness of various stakeholders is very important. The coalition also claimed that the steps they took were basically not in the form of an act to boycott the use of palm oil and were not against free trade but rather to show their concern about preferential conditions for trading a product that causes problems both in terms of production and consumption and request that the palm oil deal be excluded from the free trade agreement being negotiated by Switzerland and Indonesia under the Indonesia-EFTA CEPA framework (The Swiss Coalition on Palm Oil 2018b). To voice their interests, The Swiss Coalition on Palm Oil took various ways to involve themselves in the free trade agreement negotiations carried out by their country. In this study, the author see that the involvement of these NGOs occurs in two forms, namely as consulting partners and as government pressure groups.

### **NGOs Involvement as Consulting Partners**

As explained by Bayne & Woolcock, the involvement of NGOs as government consulting partners can be seen in a discussion at the external consultation stage in domestic decision-making economic diplomacy. The involvement of these NGOs was carried out to channel their knowledge and views on the topics of discussion raised in the process of economic diplomacy and free trade agreements. Based on the results of an interview with one of the NGO representatives who are members of the coalition, Dicky Simorangkir, the strategy carried out by The Swiss Coalition on Palm Oil as a government consulting partner consists of several activities such as sending invitations to all members of parliament to attend a meeting where NGOs make presentations and provide information regarding their concerns and suggestions regarding free trade agreements, and lobbying some parliamentarian to raise coalition concerns through Parliamentary Movements and Resolutions and requesting a statement from the Federal Council (Simorangkir 2022). These various strategies to engage in negotiations related to free trade in CPO have been carried out since 2015, since the formation of the coalition. It can be said that the involvement of NGOs carried out on behalf of the coalition only started after 9 rounds of Indonesia-EFTA CEPA negotiations. The negotiations which were delayed after the 9th round due to the change of the Indonesian government did

not affect the efforts of NGOs to continue to voice their motions to the government because at almost the same time the Swiss government also had an agenda of negotiating free trade agreements with the other largest CPO exporter, Malaysia. The Swiss Coalition on Palm Oil regularly holds meetings to discuss the issue of free trade in CPO with the government and with fellow coalition members.

The Swiss government provides an opportunity for NGOs to voice their views and requests through meetings held during the government's Indonesia-EFTA CEPA negotiations were still ongoing. On 1 March 2018, Bruno Manser Fonds collaborated with other organizations that are also active in the fields of environment, human rights, consumer protection and agriculture organised an intermediary meeting that facilitated discussions between NGOs and members of parliament (Bruno Manser Fonds 2018c). The meeting raised the theme of discussion related to the issue of sustainability in the case of palm oil in the free trade agreement between Switzerland, Malaysia and Indonesia. At the meeting they also discussed several other issues such as the consequences of free trade in palm oil for local farmers, the consequences of using excess palm oil for consumer health and for the environment. The organizations involved in this meeting have also prepared documents containing the information they have previously collected to be submitted to the government. The Swiss government also held several meetings over a period of 6 months in 2018 with various stakeholder groups including members of the Swiss Coalition on Palm Oil. This was conveyed by Dicky Simorangkir who also added that Pan Eco participated in the two meetings held by the Swiss government. The author's analysis shows that this is a form of involvement of NGOs as consulting partners in the external consultation process for making economic diplomacy decisions carried out by the Swiss government.

### **NGOs Involvement as Pressure Groups**

The involvement of NGOs as pressure groups occurred outside the stage of external consultation in making economic diplomacy decisions, but still occurred when the Indonesia-EFTA CEPA negotiations were still being carried out by the Swiss government. The active role of NGOs as pressure groups is increasingly visible ahead of the 14th and 15th rounds of negotiations that took place in 2018. Since the beginning of 2018, the NGO coalition has begun to increase the intensity of their involvement to pressure the government ahead of the conclusion of the trade agreements, especially those related to CPO. This is based on the large feeling of concern that arises from the NGOs regarding the situation and conditions that have or may arise from the development of the palm oil industry in producing countries, which is the reason several environmental NGOs in Switzerland who are members of the coalition are getting more involved in the

negotiation process of Indonesia-EFTA CEPA by doing a variety of ways. The things that NGOs do to get involved as pressure groups are:

### Open Letter

The Swiss Coalition on Palm Oil's request to the government to exclude palm oil products in the agreement was more clearly conveyed by the coalition in an open letter. Through an open letter issued on 2 February 2018, the parties who signed the open letter consisted of all members of The Swiss Coalition on Palm Oil and an NGO from Indonesia that is engaged in environmental and climate protection, human rights, and sustainable development, namely WALHI Indonesia. The open letter contains statements from the NGO coalition regarding their voiced demands and requests to the government. Through the open letter, the NGO coalition urges the government especially the Swiss governments, not to include palm oil in the free trade discussion in the agreement. They believe that free trade agreements formulated by governments should be a means to serve the public interest while ensuring that trade and investment do contribute to equitable and sustainable development (The Swiss Coalition on Palm Oil 2018a). Through the open letter, they hope that the government can be open to the responses and inputs provided by social partners and NGOs. In addition, the NGO coalition also requested full and transparent communication regarding the free trade agreement being negotiated. Representative from Pro Natura, member of coalition, revealed that they had not received a direct answer from the government regarding the open letter that had been sent because initially the open letter was intended to communicate widely about issues raised by NGOs.

### Media Release

What proves and shows the active involvement of NGOs in this case can be seen from the number of media publications that are not only from members of the NGO coalition but also from media that are not part of the NGO coalition. This publication has also succeeded in encouraging increased public awareness of this issue. Through their official website, Pro Natura issued an article on 21 January 2021 which contained a statement regarding their position in responding to the turmoil against free trade in palm oil in the Indonesia-EFTA CEPA. They say 'no' to trade agreements that encourage environmental damage that do not take into account the sustainability aspects. They also present arguments regarding the problems of oil palm plantations in Indonesia such as massive deforestation, biodiversity destruction, and large amounts of greenhouse gas emissions (Pro Natura 2018). Through publications and media releases, The Swiss Coalition on Palm Oil claims that palm oil issues can only be effectively addressed if sustainability criteria are reviewed and sanctions are imposed in case of violations (Bruno Manser Fonds 2018b). After explaining some

of these arguments, at the end of the article, Pro Natura invites readers to vote 'no' in the national referendum held to decide whether or not to accept the Indonesia-EFTA CEPA agreement in Switzerland.

### Campaign

In this case, The Swiss Palm Oil Coalition started the campaign around 2012 when EFTA started free trade negotiations with Malaysia and after Indonesia and EFTA held several meetings in the context of Indonesia-EFTA CEPA negotiations. However, not all coalition members are equally involved in this campaign because the participation of each coalition member is based on the capacity of the NGO itself, because basically the 12 NGOs have different resources to deal with issues related to palm oil and free trade agreement. As a representative of Pan Eco, Dicky Simorangkir said that the level of involvement of Pan Eco in conducting the campaign was not too intense. They communicate their position on national referendums and other political proposals that have been publicly discussed on behalf of the coalition in a relatively low-key and private manner such as by publishing articles online on their websites, sending digital letters to their donors, and publishing the latest news on social media pages. The low involvement of Pan Eco in this case happened because the free trade agreement does not have direct implications for Pan Eco's work. Therefore, Pan Eco has never and has no further plans to take direct action in the near future.

Although not all coalition members have a direct relationship with the issue of free trade palm oil or the implications of these issues for their organization, they still play an active role because the issue is important to them so they want to know and follow its development. Therefore, they remain involved in campaign activities. Regarding the campaign activities carried out by the coalition, Dicky Simorangkir said that Pan Eco had never conducted a direct campaign in Indonesia. The author sees that campaigns that are carried out directly or campaigns on the spot are generally focused in Switzerland because the target of the campaign is the Swiss community and government. Meanwhile, online campaigns carried out on each NGO's official website can be accessed by people outside Switzerland with various available languages, namely English, German, French, and Italian.

### Petition and Referendum

According to the laws and regulations in Switzerland, in order for a national referendum to be held by the government, the party submitting or proposing a referendum needs to collect the signatures of at least 50,000 citizens within 100 days. Furthermore, the results of the national referendum are determined through a voting process followed by all Swiss citizens. In Switzerland, the proposal for a referendum by civil society



organizations is common, especially with regard to certain issues such as environmental protection and human rights (Astra Argo Lestari 2017). The proposal for a referendum by the civil society organization can be processed by parliament if it gets a minimum number of Swiss citizens' support and signatures. The public can sign the petition in person and online by visiting the [www.stop-huile-de-palme.ch](http://www.stop-huile-de-palme.ch). Then the petition that was signed both online and offline was submitted directly to the State Council on 20 September 2018 (Bruno Manser Fonds 2018a).

Approximately 61,719 signatures were obtained in support of holding a referendum to determine the economic partnership between EFTA countries and Indonesia (Kausch 2021). The initiation of the movement to encourage a referendum on the IE-CEPA agreement emerged from an NGO called Unittere, an NGO that oversees Swiss farmers who are members of The Swiss Coalition on Palm Oil and an organic grape farmer from Geneva, Willy Cretegnny. The referendum was supported by various groups who generally belonged to groups opposed to globalization, left-wing parties, and about 50 organizations (Chandrasekhar 2021). The main argument of those in favor of a referendum against a free trade agreement is generally more based on environmental reasons. Opponents point out that oil palm cultivation has led to the destruction of rainforests. Meanwhile, on the other hand, parties who support the free trade agreement argue that palm oil imports can be carried out on condition that they meet certain environmental standards so that the product can meet the requirements for getting tariff reductions according to the trade agreement principle.

Switzerland is known as a country that often involves its people in making decisions through referendums. However, it is rare for a referendum to be held to decide on a free trade deal. The decision-making of free trade from national referendum marked the first time in their history (Saputra et al. 2021). The national referendum was originally planned to be held in November 2020 but due to the Covid-19 pandemic, the referendum vote was postponed until it was later held on 7 March 2021 (Kausch 2021). Public participation in the referendum vote tends to be high because it involves environmental and economic aspects. Swiss people across the country want ecology and human rights to be given more attention in any cooperation the government undertakes with other countries. In addition, there is also a growing view of skepticism towards international trade and globalization, especially in the French-speaking region of Switzerland, so that discussions related to environmental sustainability are getting more attention. Debates talk more about palm oil than talk about trade issues.

Around 5.5 million Swiss citizens, including expatriates, are eligible to take part in the vote to be involved in the national referendum process. With a participation rate of 51.1 percent in total, the voting results for the free

trade agreement with Indonesia received around 51.6 percent or 1,408,462 votes in favor of the free trade agreement with 48.4 percent or 1,318,688 votes against the free trade agreement. With a very thin vote, the free trade agreement with Indonesia was declared approved through a national referendum process. With the results of the referendum showing that the Indonesia-EFTA CEPA was accepted by the Swiss people, The Swiss Coalition on Palm Oil then called for the government to revise the palm oil regulations proposed by the Federal Council through the issuance of an ordinance. They said that the voting process in determining the palm oil trade through the referendum did not end the debate on palm oil imports because it would then gain more attention from the public and the government. The Swiss Coalition on Palm Oil specifically calls for advice on ordinances issued by the government regarding CPO certification and supervision of imports of CPO products (Pro Natura 2021).

### **Conclusion**

Based on the research findings, there are at least two forms of involvement by NGOs in issues related to the free trade of CPO in this negotiations. First, based on the results of the literature study and interviews, the author sees that one form of NGO involvement is as a government consulting partner. The involvement as a government consulting partner is characterized by direct interactions that occur between NGOs and the government in the form of lobbying and discussion activities carried out by NGOs and the Swiss government. Furthermore, the second is the form of NGO involvement as a pressure group in the Indonesia-EFTA CEPA negotiations, especially regarding the clause on the CPO free trade. From the overall findings in this study, the author found that the involvement of NGOs in this issue has brought some adjustments related to CPO issues in the Indonesia-EFTA CEPA, especially between Switzerland and Indonesia. In this case, the involvement of NGOs is important because the various efforts made by NGOs in voicing their opinions regarding the free trade of CPO have not only had an impact on increasing public awareness but also the governments of both Indonesia as an exporting country and Switzerland as an importing country. With the existence of public attention related to issues surrounding the palm oil industry, the government of the exporting country will certainly try to improve the image of palm oil products through various efforts that go hand in hand with the concept of sustainability. The author see that as the implementation of the Indonesia-EFTA CEPA progresses, imports of Indonesian CPO in Switzerland will not immediately increase drastically and significantly because of the values that have been embedded among the Swiss community regarding CPO products as a result of what NGOs have done so that it will be difficult for CPO to become the main choice of vegetable oil for the Swiss community.

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