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Stakeholders' interest, networks and power in Indonesian palm oil governance and responses to EU Deforestation Regulation

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Abstract

How do organizational networks in commodity governance affect responses to external trade measures imposed by importing countries? This research explores stakeholders' interest and power dynamics in Indonesian palm oil policy and governance in response to the EU Deforestation Regulation (EUDR) 2023/1115, which will take effect in late 2024. In the fight against global deforestation, the European Union passed the EUDR, restricting seven commodities linked to deforestation from entering EU market, including palm oil – Indonesia's main strategic commodity, whose production is linked to smallholders. The reception of the EUDR has been divisive, as it will impact many Indonesian industries and stakeholders. We conducted in-depth interviews with 27 stakeholder actors and identified their ties to approximately 140 actors involved in palm oil governance in Indonesia. We then conducted a social network analysis (SNA) and analyzed sentiment and emotions on the EUDR based on interview transcripts. Our preliminary results show that, despite smallholders being central to EUDR controversy, they are placed in the periphery of the networks, having lowest bargaining power. Corporate actors serve as the bridging ties connecting them to national governance. We also found that governmental actors, despite various measures, have weak links to smallholder actors.