

CPO Rejection, Part of The U.S. Trading Strategy

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UGM World Trade Study Center urged the government to immediately take action on the notification of the United States that refused to export Indonesian crude palm oil (CPO) which is considered to be environmentally unfriendly. Environmental issues need to be addressed immediately to anticipate a major impact on the domestic economy.

Head of the Center, Prof. Ir. Masyhuri, Ph.D indicated, environmental issues which are disseminated by the Environmental Protection Agency (EPA) - US environmental affairs authority - are part of a trade war strategy. For the reason that the issue had been blown 20-30 years ago, where the U.S. claimed palm oil contains unsaturated oils that cause health problems. The ban spread to Europe until it was eventually be countered by studies that show that oil palm produces anti-cancer substances.

"All of the issues is to weaken the agricultural products, especially palm oil from developing countries," said the Center's chairman, Prof. Ir. Masyhuri, Ph.D, at the discussions in response to United States' rejection of Indonesian CPO in his office, Friday (3/2).

To counter the environmental issues that emerged, the UGM agricultural economist recommended four things, first, palm oil producer association to soon hold a valid study that the production of palm oil can reduce the greenhouse effect for more than 20 percent. "The U.S. has accused Indonesia's crude palm oil products can only reduce 11-17% of greenhouse effect," he said.

Second, divert exports of palm oil products to other destination countries with greater value, because the total of Indonesian exports to the U.S. is only 68.2 million dollar, or 0.5 percent of total palm oil exports that reached 23.5 million tons. Some of these export destinations include India, China, Malaysia, Bangladesh, Singapore, Egypt, Netherlands, Brazil and Kenya.

Third, the government is urged that all WTO member countries adhere to the principle of world

trade that there should be no technical trade restriction. And, fourth, Masyhuri expected the government to develop the downstream product that has not worked optimally. "This is actually the momentum for us to develop downstream industry products," he concluded.

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