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EU behavioral dualism in palm oil discrimination dispute with Indonesia: Environmental commitment or protectionism

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ABSTRACT

The European Union's move to issue the Renewable Energy Directive (RED) II policy is considered a discriminatory decision because it includes the elimination of palm-oil commodities which are claimed as triggers of deforestation. In response to this, Indonesia, one of the major palm-oil producing countries, has filed an official lawsuit to the World Trade Organization (WTO) for alleged discrimination against palm-oil by the European Union. In addition to inviting a strong response from palm-oil-producing countries, this EU policy has also sparked controversy over the EU's discriminatory behavior, whether it is motivated by environmental commitments or just protectionism for local EU vegetable oils. This is based on several behaviors of the European Union that are considered not in line with environmental commitments which in this study will be examined through the concept of Strategic Inconsistency in Contested Multilateralism by Faude & Parizek (2021). The results of the study show, from the issue of developing local European vegetable oils to the nickel issue involving Indonesia, the behavior of the European Union has shown a number of inconsistencies with its environmental commitments.

Keywords:
European Union; Palm Oil; Nickel; Inconsistency

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INTRODUCTION

Palm-oil or crude palm-oil (CPO) is one of the world's most popular vegetable oil raw materials. The reason is that palm-oil not only plays a role in the food industry but also plays a role in the non-food industry. According to Oil World data in 2016, palm-oil has even become the largest contributor to the world's vegetable oil supply, which is 64 million tons, with soybean oil holding the second position at 53 million tons, followed by rapeseed oil at 27.6 million tons (Azahari, 2018). Meanwhile, the contribution of other vegetable oils, including peanut oil, sunflower oil, cottonseed oil, coconut oil, and olive oil, is relatively small at only 2-5 million tons. Supported by a relatively cheaper purchase price, it is not surprising that the trend of world palm-oil consumption from year to year continues to increase (Masykur, 2013; Setyoningrum, 2018).

The European Union itself is known as the second-largest biodiesel market in the world after the United States. The European Union is considered to have always been at the forefront of creating environmentally friendly renewable energy (Rahayu & Sugianto, 2020). Palm-oil consumption from the European Union is quite large, where Europe requires 6 million tons of palm-oil per year (Sally, 2016). With this high consumption, the European Union has encouraged an increase in world palm-oil production and consumption. The use of palm-oil in Europe increased almost sixfold in the 2010-2015 period in biodiesel consumption, from 8% in 2010 to 46% in 2015 (Mangeswuri, 2019; Setyoningrum, 2018).

The popularity of palm-oil consumption in the European Union is based on the Renewable Energy Directive (RED) policy which was established in 2008 as an effort to realize the commitment to sustainable development. This policy also emerged as it was motivated by the condition of the European Union's dependence on fossil fuel energy sources (Amezaga & Boyes, 2010; Ismiyatun & Cintia, 2022; PT Sinarmas, 2022). This is where the European Union began to state how important palm-oil is as a biofuel material. However, the European Union itself does not have sufficient land to fulfill the biodiesel raw material, and for that, the European Union must import around 40% of vegetable oil in biodiesel production. This has opened up export opportunities for the world's palm-oil producing countries, including Indonesia. The European Union is also Indonesia's third largest non-oil and gas export destination and import source. Even from the EU's total palm-oil consumption of 6 million tons, Indonesia is only able to supply around 41.6% or 2.5 million tons annually (Mangeswuri, 2019; Sally, 2016).

Since the beginning, the presence of the RED policy was seen as a challenge for palm-oil-producing countries, including Indonesia. Through RED, Indonesian palm-oil exports to Europe were even subject to anti-dumping tariffs of up to 178.85 euros per tonne. This tariff resulted in a drastic decrease in Indonesia's biodiesel exports to the EU, from 1.2 million tons in 2012 to 387 thousand tons in 2013, a decrease of 66% (Sylvana et al., 2020). The issue of RED then heated up, when the European Union began to set the Renewable Energy Directive (RED) II policy in 2018 which aimed to eliminate the contribution of the first generation of biofuels with other additional criteria to minimize the impact of indirect land use change gradually. Later the Delegated Regulation Indirect Land Use Change (DR ILUC) rule was adopted which classifies palm-oil products as unsustainable and high-risk biofuel commodities (high ILUC risk).

This policy immediately triggered a strong response from a number of palm-oil-producing countries that felt very disadvantaged by the adoption of the RED II policy by the European Union, including Indonesia (Mangeswuri, 2019). Indonesian palm-oil products are claimed to be a commodity that is not environmentally friendly and causes deforestation, although according to data held by the Government of Indonesia, it says otherwise. Especially when compared to local European vegetable oil commodities. According to the Indonesian Ministry of Trade in a press release on January 15, 2021, the European Union has used unscientific parameters in its efforts to eliminate palm-oil as an input for biodiesel production, by dismissing the fact that palm-oil is not only more economical but also more effective in production as it consumes less land than any vegetable oil, plus it can help improve the community's economy (Kemendag RI, 2021). This is seen as a way for the European Union to advance its vegetable oil industry which is considered neither more efficient nor productive as biodiesel feedstock.

The Indonesian Ministry of Foreign Affairs also said that, "*This resolution shows discriminatory actions against palm-oil producing countries and conflicts with the EU's position as a "champion of open, rules-based free, and fair trade*" (Suwarno, 2019). The Indonesian government has even filed a lawsuit against the European Union through the

Dispute Settlement Body (DSB) of the World Trade Organization (WTO). The lawsuit was filed through the Permanent Mission of the Republic of Indonesia (PTRI) in Geneva, Switzerland on December 9, 2019 (Margit, 2019).

In its development, the EU's RED II issue has also drawn a number of controversies, including whether the decision is based on environmental motivation and sustainable development, or is motivated by economic factors, especially regarding the protection of European-produced local vegetable oil commodities. The reduced demand for crude oil from Indonesia to the European Union has also triggered indications by the Indonesian government of a black campaign that intentionally links palm-oil to health and environmental issues (Tyson & Meganingtyas, 2022). In addition, the EU palm-oil resolution is also considered to have deliberately ignored the attitudes of many stakeholders and contains negative comments about palm-oil.

Based on the background described above, the authors are interested in knowing how the behavior is shown by the European Union in the issue of palm-oil discrimination arising from the RED II policy involving Indonesia and its lawsuit to the WTO as a form of Indonesian resistance against the European Union.

METHOD

This research is based on secondary data accessed through internet sources that are considered credible, which can be in the form of related journal articles, theses, news articles from mass media pages, news articles or documents from official government websites, and other sources that are deemed relevant and necessary to support research results. This data collection method was chosen based on the consideration of time and ease of access. This research is a type of qualitative descriptive research, which means that the data obtained will be analyzed qualitatively and presented in the form of descriptive narratives. That way the author can explain the facts by analyzing the data chronologically related to the focus of the research taken (Moleong, 2016; Sugiyono, 2017).

In this study, in addition to explaining the attitudes and responses issued by the European Union in the oil palm dispute with Indonesia, the author also tries to understand the existing phenomena using concepts to analyze the data that has been obtained. As for examining the behavior of the European Union, the author uses the concept of Strategic Inconsistency in Contested Multilateralism as described by Faude & Parizek in their scientific work entitled "Contested Multilateralism as Credible Signaling: How Strategic Inconsistency Can Induce Cooperation Among States" published in 2021.

Faude and Parizek open their research with an explanation that often in international politics tends to experience an unequal distribution of benefits from cooperation between countries, which generally occurs in developed countries (established powers), and developing countries (rising powers). This also often creates dissatisfaction on the part of developing countries which encourages changes in international institutions to achieve equitable benefits in forms of cooperation between countries. Morse & Keohane also explain that from this trend, countries that are not satisfied with this but are also unable to shape changes in international institutions eventually run what is called Contested Multilateralism (Faude & Parizek, 2021).

The essence of Contested Multilateralism (CM) is that a country or group of countries strategically uses an international institution (existing or newly created) as an instrument to match the governance activities of other international institutions. CM is also conceptualized as an adjustment reaction to the institutional stalemate (bargaining) between defenders and challengers. With the challenger's position as a party who is not satisfied with the institutional status quo and therefore tries to change the rules that have been

institutionalized. Meanwhile, the defender's position is for parties who are satisfied with the existing status quo so as to prevent any changes, assuming that the rules that have been inherited for a long time support their interests (Faude & Parizek, 2021).

What needs to be underlined is that CM is vulnerable to what is referred to as "strategic inconsistency". In line with what was mentioned by Raustiala and Victor, Faude & Parizek also explained how CM itself was formed with the aim of making rules that were contrary to the existing rules in a regime (Faude & Parizek, 2021). By implementing CM, the challenger state makes rules in one institution that is not in accordance with those in other institutions. Challengers have a set of mechanisms at their disposal to communicate to defenders their determination to challenge the institutional status quo (Faude & Parizek, 2021). This inconsistency is inherent in the misalignment between expectations and behavior, with the implication of reducing the benefits of cooperation that are created.

Through the uncertainty of the behavior of actors (challengers), CM can reduce individual and collective benefits, including in the form of existing cooperation (Faude & Parizek, 2021). Generally, in CM, it is the defender party that tends to lose this advantage. This was due to the fact that the defender did not understand the perception of the challenger's motivation or level of determination, thus resulting in a stalemate. Nevertheless, *Contested Multilateralism* is also expected to become an informative and credible signal that will help revitalize the deadlocked negotiation process, which will eventually be able to push back achievements through collaboration between the challenger and the defender, although with different terms, namely by creating strategic inconsistencies (Faude & Parizek, 2021).

RESULT AND DISCUSSION

Since the establishment of the RED policy in 2008, the European Union (EU) has recognized the importance of palm-oil as an alternative renewable fuel. The implementation of RED is the first step for the EU's commitment to the Kyoto Protocol in reducing the earth's carbon emissions (Dewi, 2013). Through the RED policy, countries within the European Union are obliged to ensure that the environmentally friendly transportation fuels they produce must contain at least 10 percent renewable sources (Rahayu & Sugianto, 2020).

In the midst of the hectic climate problems faced by the world, the EU emerged and claimed to be a green leader (Taa et al., 2020). According to Verdinand in his research, non-EU countries view the EU as a green leader based on two crucial points. First, through the structural weight of the EU, because apart from being the second largest economy in the world which makes it a very attractive market share, the EU is also the largest donor channeling resources, finance, and advanced technology for the development of poor countries around the world. The second point, through the uniqueness of the EU's low-carbon economic model (EU-ETS) (Verdinand, 2019).

The EU has also been considered a leading country in the creation of environmentally friendly renewable energy (Rahayu & Sugianto, 2020). In fact, according to Oil World, the EU is the largest biodiesel producer in the world, with output reaching 12.8 MT in 2017. It is estimated that 3.5 MT of palm-oil is utilized as a raw material (Palm Oil Today, 2018). Thus the EU feels the need to encourage international bodies to globally advance efforts to improve ecological and social standards, especially in the production of palm-oil, and to promote sustainable standards that apply worldwide (Sally, 2016).

According to Linklater & Burchill in research by Rani, solutions that were originally intended to improve and even solve environmental problems, sometimes actually add to another environmental problem (Rani, 2012). This phenomenon is also recognized by the EU towards the development of the palm-oil industry which was initially seen as a brilliant alternative form of using fossil fuels. Based on a 2013 European Commission study, the main

driver of deforestation came from the agricultural sector which reached 58 million hectares, of which oil palm damaged around 6 million hectares out of a total of 239 million hectares. This fact also places palm-oil as the fourth largest cause of deforestation after soybean and corn, which accounts for about 2.5 percent of the world's deforestation. With a note that we should not turn a blind eye to the rate of forest destruction that is occurring in Indonesia (Nugraha, 2021). This triggered the EU to implement non-tariff barriers for palm-oil from Indonesia in 2013.

In its development, in order to support the products of countries with low–carbon industrial sectors, the European Union has even approved the EU Emission Trading Scheme (EU–ETS) policy. The EU-ETS itself officially started in 2005 and has been running in 3 different periods until 2013, namely the period 2005–2008, 2008–2012, and the period 2013–2020 (Sally, 2016). In his research, Dutton stated that through the EU-ETS standard, palm-oil products from Indonesia–Malaysia were evaluated as not meeting the standard, where Indonesian and Malaysian palm-oil production as a whole was considered to exceed the normal limit of carbon production, which was 0.86 MT or 860 kilograms of carbon dioxide production in oil palm plantations per day (Sally, 2016). The policy also contains CSPO (Certified Sustainable Palm-oil) standards that must be met by palm-oil entering the Europe from the Roundtable on Sustainable Palm-oil (RSPO).

Despite being a member of the RSPO, it turns out in 2009, Indonesia decided to leave the RSPO and instead, establish ISPO (Indonesian Sustainable Palm-oil) due to problems with the dominance of civil society in the RSPO decision-making process and persistent European protests against Indonesia. The problem emphasized by the EU is how the EU still doubts the legitimacy of the ISPO standard. The RSPO itself was founded in 2004 and consists of the government of palm-oil companies, to civil society (Verdinand, 2019). Meanwhile, ISPO is considered to have less involvement or participation from civil society. According to The Jakarta Post, "*The European Union 'strongly encourages' the Indonesian government to review the Indonesian Sustainable Palm-oil (ISPO) certification standard and make it more responsible and transparent by involving civil society organizations (CSOs)*" (The Jakarta Post, 2018).

Whereas in achieving the ambition of sustainable development, the EU appreciates the role and attention of NGOs or non-governmental organizations working in the environmental field. As mentioned by Sparringa in his research in 2019, several European environmental NGOs have even asked the European Commission to issue a strong decision, relating to the approval of important products related to deforestation to the European market (Taa et al., 2020). One of them is Greenpeace which uses the term "How The Palm-oil Industry Is Cooking the Climate" to refer to an understanding of how Indonesia's peatland carbon stocks are being depleted through palm-oil development (Kusumaningtyas, 2017). Greenpeace has even asked the EU to contribute in tackling deforestation by promoting sustainable palm-oil. This can be seen from a statement issued by Sebastien Risso, director of forest policy at Greenpeace in the EU who said: "*The Parliament is right to recognize the huge responsibility that the EU has to stop deforestation, and how important this is for climate action and sustainable development. We are at one minute to midnight – the European Commission must not lose more time in putting forward an EU action plan to make Europe a deforestation-free economy and turn the tide on global forest destruction*" (Kusumaningtyas, 2017).

In addition, the rampant phenomenon of forest and plantation land fires in 2015 became a major consideration for the Indonesian palm-oil industry, which was accused by the European Union of being environmentally unfriendly. The number of forests that are burned to expand oil palm plantations is not only done by farmers but also by corporations, as a result, the burning of large forest areas has an impact on the extinction of various types of plants and animals. Around 90% of world palm-oil production comes from Indonesia and

Malaysia, therefore what happens to the palm-oil industry in Indonesia and Malaysia can reflect the condition of the world palm-oil industry (Widodo et al., 2010). Although it is undeniable, on the other hand, there is an important role brought about by the growth and development of fertile land, including the palm-oil industry, in Indonesia's economic growth and tackling the issue of poverty. The EU believes that the use of palm-oil in the production of biofuels will have a negative impact on the sustainability of other food security, as well as on the plight of the poor. Therefore, the use of palm-oil as fuel is only allowed if in the process does not have any negative impact either environmentally or socially (Sally, 2016).

Recognizing its role as one of the largest investors and markets for palm-oil, the EU feels responsible for what happens from palm-oil production. Since palm-oil itself is one of the primary raw materials for biofuels used by Europe, the EU considers that the palm-oil industry is no longer in line with the SDGs goals on ecosystem sustainability, creating a dilemma for the EU's commitment to the SDGs (Pratama, 2019). The issue of deforestation is a great concern to the EU, in this case, the EU Commission has declared "*Recalls that Indonesia has recently become the third highest polluter of CO2 in the world and suffers from decreasing biodiversity, with several endangered wildlife species on the verge of extinction*" (European Parliament, 2017).

So far, the CM phenomenon in the EU can already be seen. Although it does not deny that environmental concern is something that is realized and jointly pursued internationally. But right from the start, the EU has shown a strong desire to change both its own country and other countries and all actors in it to shift into a more "green" international system by becoming a green leader. One of them begins with the establishment of RED 2008 which is an example of a set of mechanisms owned by the EU to communicate about their determination to change the status quo that is deemed inappropriate, or in this context are policies that are not yet environmentally oriented. As mentioned by Faude & Parizek, starting from as simple as expressing his dissatisfaction using "voice", to finally forming new rules that are considered more appropriate than the existing rules (Faude & Parizek, 2021).

But even then, there are indications of new dissatisfaction from the EU with how the production of palm-oil meets its environmental commitments, including the form of cooperation involving Indonesia as the largest producer of palm-oil. This also encourages awareness of the EU to direct a series of policies towards what is the initial goal for the EU, namely sustainable development. In CM, this can be seen as the behavior of challengers in directing their efforts to an institution (either existing or newly formed) which considered a more suitable alternative to support their interests (Faude & Parizek, 2021).

This is what led to 2017 when the EU issued new policies related to palm-oil and deforestation. The new policy regarding palm-oil is registered in the Official Journal of the European Union (OJ)5 under the number 2018/C 298/01 entitled "European Parliament resolution of 4 April 2017 on palm-oil and deforestation of rainforests (2016/2222(INI))" (Andrianto, 2020). This palm-oil resolution was proposed primarily on the grounds of the growth of the palm-oil industry as a major contributor to deforestation and climate change. This consideration is also stated in the resolution which reads, "*Recalls that Malaysia and Indonesia are the main producers of palm-oil, with an estimated 85-90% of global production, and welcomes the fact that Malaysian primary forest levels have increased since 1990, but remains concerned that current deforestation levels in Indonesia are running at a rate of -0.5% total loss every five years*" (European Parliament, 2017).

Later EU held a poll on January 17, 2018, to decide the fate of using palm-oil as a biodiesel material in the European Union. The resolution which specifically mentions Indonesia received 640 votes in favor, 18 against, and 28 abstentions (Nugraha, 2021). In the same month, the European Parliament began to amend the draft RED to RED II by adding a

ban on the use of palm-oil as biodiesel fuel in the EU starting in 2021. As part of the RED draft approved by members of the European Parliament, renewable energy will play at least 35 % of the EU's total energy consumption in 2030 (Suwarno, 2019).

In order to maintain its reputation as a leader in climate change mitigation, making this decision is in fact not an easy thing for the EU. The position of the European Parliament itself is still by no means final and has yet to be negotiated with the European Commission and the Council of the EU to finalize a draft to finally reach a final decision on RED. This process is known as the "trilogue". On 14 June 2018, the trilogue finally reached a political agreement to ensure the optimal use of renewable energy in Europe. In the approved RED II text, the contribution of biofuels, bioliquids, and certain categories of biomass produced from food and feed crops, in particular those with a high risk of ILUC including production areas that significantly expand into land with high carbon stocks, will be limited to levels consumption in 2019 (European Parliament, 2018). With a note that member countries are still allowed to promote any biofuel before 2030 when the contribution of certain categories of materials will be phased out (Suwarno, 2019). On March 13, 2019, the European Commission submitted a draft policy entitled Delegated Regulation Supplementing Directive of the EU Renewable Energy Directive II, which was later ratified as Delegated Regulation No. C (2019) 2055 Final on High and Low ILUC Risk Criteria on Biofuels. Based on information from The European External Action Service (EEAS) in 2018 it was stated that this determination was made by the European Commission based on the latest scientific information as the EU's commitment to anti-discrimination measures in preparing reports and delegated acts. Where the ILUC criteria in the Delegated Act are mainly based on global deforestation data for 2008-2015 (Suwarno, 2019).

Although it is acknowledged by Indonesia that the 2008-2015 period was indeed the highest period of palm-oil deforestation rates. Data obtained by the EU related to the development of palm-oil and forestry management in Indonesia are generally considered to be unaccountable and inaccurate by the Government of Indonesia. Unlike the previous government era, in 2015 problems regarding oil palm plantations began to decrease with the establishment of a moratorium to prevent the uncontrolled development of oil palm plantations. Data by the Directorate General of PKTL also shows that Indonesia's deforestation trend is relatively declining and tends to be stable. 2018-2019 net deforestation, both inside and outside Indonesia's forest areas, was 462.4 thousand ha. The highest area of deforestation occurred in the secondary forest class, which was 162.8 thousand ha, of which 55.7% or 90.6 thousand ha were inside the forest area, and the remaining 72.2 thousand ha or 44.3% were outside the forest area (Taa et al., 2020).

Indonesia's position, however, can be seen in CM as a defender, mainly because Indonesia feels aggrieved by the EU's policy of abolishing palm-oil commodities. In fact, palm-oil commodities in Indonesia can be referred to as "yellow diamonds" because how valuable it is for the economic sustainability in Indonesia (Sally, 2016). Moreover, Indonesia cannot understand why the EU has taken such a decision when the cooperation between the two is considered good. The value of palm-oil exports in the previous year, 2016 was the largest when compared to other oil and gas sectors. This is in line with the defender's position in the CM, the defender is unable to understand the motivation and determination of the challenger (the EU) and has an impact on the loss of profits from the form of cooperation it has, which in this context is export-import cooperation of palm-oil that has previously been established between the EU and Indonesia.

As already mentioned in the introduction section, the RED II policy by the EU has met strong resistance from palm-oil-producing countries, especially Indonesia, which has filed an official lawsuit to the WTO for its objections. The lawsuit was officially granted on June

29, 2020, by the WTO and the formation of the panel was held on July 29, 2020. After going through a panel discussion facilitated by the DSB, the EU finally approved the request for consultation submitted by Indonesia and its third-party countries. However, just as in the case of the CM phenomenon, which tends to stagnate between challengers and defenders, the same thing happened between Indonesia and the EU, which still did not find the light even after the panel discussion was held. Therefore, a request for a hearing was submitted, and the first session in the WTO DSB forum on the EU-Indonesia palm-oil dispute (DS 593) was held in April 2021 ago.

The EU's position was finally shown through several official documents submitted by the European Commission through the Dispute Settlement Body. Even so, the stalemate of bargaining between the EU and Indonesia is still visible in the dispute resolution process mediated by the WTO. In the process, the European Commission has issued two written submission documents (First and Second Written Submission by the European Union – Certain Measures Concerning Palm-oil and Palm Crop-based Biofuels), on 5 March 2021 and 2 July 2021, respectively. These documents generally contain the defense, rebuttal, and the EU's argument for why establishing a RED II policy is the right decision and does not violate any principles or agreements. The EU feels that the RED policy is a means for its country to initiate a change in actually addressing environmental issues that are expected to be followed globally, and not a way for the EU to discriminate against certain commodities.

However, despite many protests and rejections, until 2020 the European Union still has not changed its policy regarding the ban on the use of palm-oil for biodiesel in the European region (BBC News, 2019). The EU also rejected all the accusations given and asked the panel to reject all allegations and claims filed by Indonesia, and even asked the panel to be able to further examine the EU's decision in a larger context than just "eliminating palm-oil". The case of the palm-oil dispute between the European Union and Indonesia referred to as the DS code 593, continued to roll on until it entered the second trial which also took place at the end of 2021. Reporting from National Kontan News, the Director of Trade Security at the Ministry of Trade, Natan Kambuno said, the results of the trial are expected to be out in the third quarter of 2022 (Susanto & Laoli, 2022).

The adoption of a new palm-oil policy by the EU was indeed faced with some controversies. There are a number of things that raise questions regarding the EU's consistency to the environmental commitments, which can be examined as strategic inconsistencies. Instead of being intended to preserve the environment and reduce global emissions, the EU's decision to issue a RED policy is considered a new form of obstacle created by the European Union to protect its country's local biofuel products, because so far the EU has been the main producer of biodiesel (Rahayu & Sugianto, 2020). This suspicion stems from statements in the same resolution regarding investments in sunflower and rapeseed oil. As mentioned by Sari & Suhadak in their research, in addition to palm-oil, the need for investment in sunflower seed oil to canola is also mentioned as a recommendation in the resolution (Nugraha, 2021). Agreements reached on the EU's revised RED II have included ambitious efforts to phase out certain categories of biofuels and replace them with those deemed appropriate to meet renewable energy targets (Palm Oil Today, 2018). This point is in accordance with the explanation of Faude and Parizek, that in its application, CM provides an opportunity for the challenger to design new rules according to their own interests and resources (Faude & Parizek, 2021).

In fact, in retrospect, considering the large EU need for biofuel fuels, the EU's decision to eliminate alternative vegetable oils that are relatively more affordable in price, namely palm-oil, has left the EU with other vegetable oil options which tend to be more expensive and considered less effective. Even in the CM concept itself, it is also mentioned how the

implementation of CM is not only expensive to execute but also to maintain (Faude & Parizek, 2021). Under the rebuttal data submitted by Indonesia, it seems that the EU seems to have dismissed the fact that palm-oil is the most effective alternative to vegetable oil among other options. Launching from an article by BPBD, a study by LMC International (a research institute from the UK) states, in order to meet the world's need for vegetable oil by 2025, rapeseed will require an additional 50.5 million ha of land, as for sunflower oil will require an additional land of about 70.4 million ha, while for palm-oil only requires about 12.6 ha of land (Bonita & Iskandar, 2018). Palm-oil productivity per hectare of land is also much higher, about eight to ten times that of other vegetable oils. In addition, related to the EU's accusations against Indonesia regarding palm-oil that creates a greenhouse effect, it is explained that in reality, Indonesia's per capita emissions are 1.8 MT while the EU actually produces 7.5 MT (Sally, 2016).

As a result, several other speculations have emerged, stating that the issuance of a Parliamentary Resolution of the Council of the EU which states that palm products cause deforestation, create human rights violations, and do not support sustainability are basically motivated by political factors or encouragement from European business players. Although it is recognized that RED II does not have special treatment given to any vegetable oil sources such as canola, sunflower-seeds, soybeans, or palm-oil (Suwarno, 2019). This seems to be contrary to what appears in Europe itself. In order to support the success of RED II, the European Government has even planted an anti-palm-oil campaign in European communities. The campaign was carried out by showing a number of food product advertisements on television with a palm-oil-free logo, to the labeling of "non-environmental goods" for food products containing CPO on their packaging labels. The installation of many posters with the theme of environmental damage was also carried out by a number of local and international NGOs in Europe. In the CM concept itself, it is stated that this kind of phenomenon, including the forms of strategic inconsistency carried out by the challenger, is something unavoidable. One of the interesting points to underline is how as a result of implementing CM, countries seem to have greater leeway in determining their own behavior (Faude & Parizek, 2021).

The inconsistency from the EU is also seen when the results of local vegetable oils by countries in Europe are not mentioned about deforestation (Suwarno, 2019). Whereas France and Hungary are famous for the sunflower land area of 850,000 hectares in France's until 1986 and 317,000 hectares in Hungary. The canola-oil produced by Germany has a contribution of 30%, France 26%, and Poland 12%. However, the rate of increase in production is still relatively low. This situation triggers the political factor behind vegetable oil (Kusumaningtyas, 2017).

However, why this protectionism from the EU can occur can be seen from the basic perspective of protectionism, namely mercantilism, where as the main actor, a country will play a role in protecting and utilizing the resources it has within its country in order to maintain and increase the country's strength. Maria Loticci in her 2014 article entitled "Green Trade Protectionism: An Analysis of Three New Issues that Affect Developing Countries" explains that the environment is now increasingly being used to justify protectionist actions (Umarach, 2021). One of the distinctive points from the perspective of mercantilism is how in achieving wealth and power, trade balance can be obtained through import restrictions and increased promotion of exports of local products. This explains the speculation of protectionism of local European vegetable oils from the competition with palm-oil which incidentally is a more popular foreign product.

The presence of the EU's RED policy can also be seen through what Jackson & Sorensen describes as a form of aggressive 'malevolent' mercantilism in which the state tries to exploit

the international economy through expansionist policies (Jackson & Sørensen, 2010). Harnesk and Brogaard also explained that the European Union (EU) RED has worldwide implications and has been widely studied for its impact on environmental and social livelihoods. Harnesk and Brogaard further emphasize that "EU regulations on energy do interact with other interests in the global economy, and regulations that require major shifts from one type of natural capital to another have the potential to affect land use and ownership around the world" (Verdinand, 2019). This is also in line with what Morse and Keohane stated that the logic of "cooperation in a heavily institutionalized system" explains the possibility that challenger can try to realize their interests by creating a new institution (creation of a competitive regime), or by shifting efforts to them from one institutional structure to another (regime shift) (Faude & Parizek, 2021).

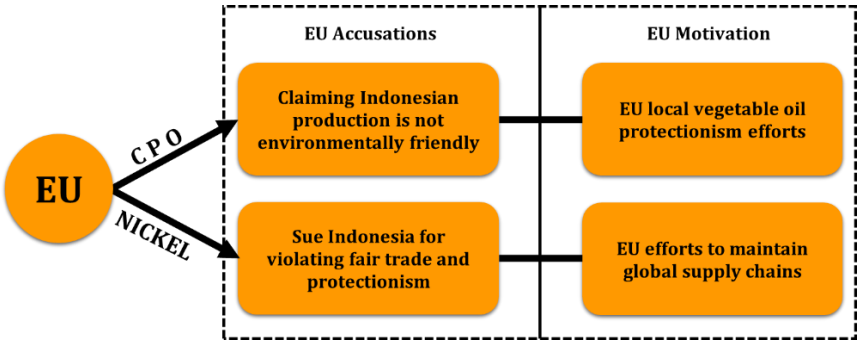

Figure 1. European Union Dualism in the Case of CPO and Nickel
EU Dualism (*Processed by the author*)

Other than the alleged protectionism of European local vegetable oils, there is another act of the EU that also shows its inconsistency. In CM, inconsistency itself is inherent in the misalignment between expectations and behavior, with the implication of reducing the benefits of cooperation created (Faude & Parizek, 2021), which the EU itself is demonstrating. In addition to being threatened to boycott EU products, another threat received by the EU is the stipulation of a ban on nickel ore exports by Indonesia starting January 1, 2020. This is indirectly done by Indonesia in order to protect its palm-oil. Moreover, in 2022 alone, Indonesia claims that the largest decline in non-oil and gas exports occurred in fats and vegetable oils by 71.79%, while the largest increase was in nickel by 65.39% (Badan Pusat Statistik, 2022). Even so, this step is actually not a new notion for Indonesia. This policy was mainly taken to maintain nickel reserves with consideration of the sustainability of the supply of raw materials from existing smelters (Izzaty & Suhartono, 2019). In addition, as the world's largest producer of nickel ore, this policy is also a way for Indonesia to assert its sovereignty in managing its natural resource wealth (Firdaus, 2022).

Whether the EU is deliberately ignoring it or reluctant to consider it, the nickel mining industry is actually capable of causing a more severe environmental damage effect when compared to palm-oil as the EU is arguing (Syahni, 2020; WALHI, 2022). Uniquely, as if it had forgotten its pro-environment claims and policies, including the ban on palm-oil exports with the assumption that it caused environmental damage, the European Union sued Indonesia to the WTO regarding the ban on nickel exports (Rahayu & Sugianto, 2020). As one of the recipient countries for nickel exports from Indonesia, the EU claims that several provisions by Indonesia are inconsistent and contrary to the principles of fair trade (Firdaus, 2022). The European Commission's official website states, whereas in this case labeled DS 592, the EU opposes certain restrictions imposed by Indonesia on the export of raw materials needed for stainless steel production, particularly nickel, scrap, coal and coke, iron ore and chromium (European Commission, 2019). The EU submitted a request for consultation on 22 November

2019. The EU's lawsuit had even been submitted to the WTO before Indonesia finally did the same to the EU's palm-oil policy.

However, as stated in the results of research by Nugroho, the scenario of tightening nickel raw materials by Indonesia actually does not have a negative effect on the productivity of the EU manufacturing industry. It turns out, productivity has increased by 82.5 or 0.002%, although the value is relatively small (Nugroho, 2022). This further proves the uncertainty of behavior shown by the EU. The behavior of the EU also caused confusion from the Indonesian, which was conveyed by the Indonesian Ambassador for Germany, Arif Havas Oegroseno. Havas questioned why the EU had taken issue with Indonesia's policy. Moreover, he believes that Indonesia's argument for imposing a ban on nickel exports should be accepted by various parties, including the European Union (Purwaningsih, 2021). Considering that according to data compiled by Indonesia, in recent years the level of EU purchases of these raw materials is relatively low. In fact, starting in 2008, the EU has only purchased about 2.3 percent of nickel from Indonesia. While in 2009-2013 the average purchase made was only around 5%, followed by 0.31 percent in 2014, even in 2015-2017 there were no purchases by Europe from Indonesia (Purwaningsih, 2021), which means an increase in the level of Indonesia's nickel exports in recent times do not include the EU's role in it.

This fact is not surprising considering that the EU's dependency on nickel imports could encourage the EU to challenge Indonesia's decision. Especially because nickel has a fairly important role in EU development aspects. Besides being widely used for manufacturing of stainless steel, nickel is also used in the manufacturing products like electric car battery components (Citradi, 2021). Nickel is even referred to as "the mother of industry" for Europe (Ratriani, 2019). Meanwhile, according to a spokesman for the European Steel Association (EUROFER), Charles de Lusignan said that the hoarding of nickel material in Indonesia not only increased the competitiveness of its stainless steel industry, but he also indicated that Indonesia was trying to build an export-oriented stainless steel sector with a view to entering other markets (Purwaningsih, 2021).

Apart from its main claim of pro-environmental policies, when one of the important commodities for its country is threatened, the EU will still fight for it, and this is the biggest gap in the EU's seriousness on environmental issues. However, as explained in the CM concept, despite all the existing inconsistencies, in the end, the implementation of CM itself is expected to be an informative and credible signal that helps revitalize the deadlocked negotiation process, which in the end is able to push back achievements through collaboration between the challenger and the defender parties. The EU itself admits that from the start the EU did not want to be involved in any sort of a trade war. It was conveyed by the EU Ambassador that if possible, The EU and Indonesia should have a mutually beneficial solution for sustainability rather than igniting and boycotting each other, which can actually harm both parties, in this case, the trade cooperation between the European Union and Indonesia. The EU Ambassador also continued to emphasize health benefits, both for Indonesia and the EU in their bilateral trade relations, in accordance with the focus of EU environmental diplomacy on sustainability issues (Taa et al., 2020). As it should be, EU RED II is a way for Indonesia and the EU to play a positive role in sustainability issues, in this case it is the trade cooperation between the European Union and Indonesia.

CONCLUSION

The European Union's decision to issue a RED II policy has caused controversy, especially because it classifies palm-oil as a commodity that is not environmentally friendly. By establishing this RED II policy, not only is the EU branded as a country that discriminates

against palm-oil but the EU's decision is also considered motivated by the desire to protect the country's native vegetable oil commodities, which are considered unable to compete with palm-oil which is already crowded in the world market. Regardless of the real intention, the EU's attitude itself can be seen as a form of its commitment as an ecocentric country. Especially with the EU's mission since the beginning of the formation of RED in 2008, namely to implement sustainable development, then forward it to RED II as a follow-up policy. The European Union has proven itself to be a green leader by being a leading country in the development of technology and renewable energy. However, on the other hand, the attitude and response of the European Union also show a number of inconsistencies with its environmental principles. Starting from the issue of developing local European vegetable oils to the issue of nickel involving Indonesia, it is not surprising that the European Union gets accusations of protectionism which is the biggest gap in its seriousness towards environmental commitments.

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