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REPORT

# 2024 Indonesian General Election and the Politics of Deforestation in Indonesia

## Navigating Challenges and Competing Interests

March 2024

Marco Zarzana and Milla Gajdos



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# Executive Summary

- Over the past decade, Indonesia has made notable progress in addressing deforestation. Efforts to reduce illegal logging, establish protected areas, and promote sustainable practices have shown positive results. The government has engaged in international collaborations to combat deforestation and has committed to reducing greenhouse gas emissions. However, challenges such as the enforcement of regulations, land tenure issues, and pressure from industries like palm oil remain.
- Despite progress, Indonesia faces challenges in implementing and enforcing deforestation policies. Illegal logging, land-use conversion for agriculture, and infrastructure development pose ongoing threats. Monitoring and law enforcement are key challenges, and there are concerns about the effectiveness of existing regulations. The balance between economic development and environmental conservation remains delicate, and finding sustainable solutions is a complex task.



## Section 1

# Overview

Indonesia, home to the world's third-largest tropical forests, is facing a serious deforestation crisis that is damaging its environment and biodiversity. According to data from the Ministry of Environment and Forestry, Indonesia lost over 6 million hectares of forest from 2000 to 2012.<sup>1</sup> Forests play a crucial role in Indonesia's ecological balance, providing habitat for diverse flora and fauna, regulating water cycles, and contributing to climate stability.<sup>2</sup> Moreover, forests support the livelihoods of many communities, serving as a source of non-timber forest products and offering ecosystem services. Deforestation policies are vital for Indonesia to protect its natural resources, mitigate climate change, and maintain biodiversity. Additionally, sustainable forest management is essential for long-term economic growth and social well-being.

Historically, Indonesia has had a rich biodiversity and extensive forest cover. However, rapid deforestation emerged in the latter half of the 20th century due to factors such as logging, agricultural expansion, and palm oil plantations. In response to growing environmental concerns, Indonesia implemented various policies to address deforestation, including the establishment of protected areas and logging bans. Recently, the Indonesian government has made efforts to tackle deforestation in recent years:

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<sup>1</sup> John Vidal, "Rate of Deforestation in Indonesia Overtakes Brazil, Says Study," *The Guardian*, June 29, 2014, <https://www.theguardian.com/environment/2014/jun/29/rate-of-deforestation-in-indonesia-overtakes-brazil-says-study#:~:text=In%20the%20paper%20in%20the.a%20year%20over%20this%20time>.

<sup>2</sup> Hunggul Yudono Setio Hadi Nugroho, Fitri Nurfatriani, Yonky Indrajaya, Tri Wira Yuwati, Sulistya Ekawati, Mimi Salminah, Hendra Gunawan, Subarudi Subarudi, Markus Kudeng Sallata, Merryana Kiding Allo, and et al. 2022. "Mainstreaming Ecosystem Services from Indonesia's Remaining Forests" *Sustainability* 14, no. 19: 12124. <https://doi.org/10.3390/su141912124>



**Legal Framework:** Indonesia has a complex legal framework governing forestry and environmental protection. Key laws include the Forestry Law, which regulates forest management and utilisation, and the Environmental Impact Analysis (AMDAL) Law, which assesses the environmental impacts of development projects.<sup>3</sup>

**Moratorium on Forest Concessions:** There have been multiple extensions of the moratorium on new licenses for logging and palm oil plantations in primary forests and peatlands since 2011. (Although these have been accused of merely being propaganda and lacking implementation.)<sup>4</sup>

**Community-Based Forest Management:** Additionally, the government has initiated schemes such as the Social Forestry Programme, enabling communities to oversee and safeguard forests, and the Forest and Landscape Restoration Program, dedicated to revitalising deteriorated lands and forests.<sup>5</sup>

## Indonesia's "Next Decade of Delivery" and the Forestry and Other Land Use (FOLU) Net Sink 2030 Plan

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<sup>3</sup> "Indonesia," Forest Governance and Policy, accessed February 29, 2024, [https://forestlegality.org/risk-tool/country/indonesia#:~:text=Forestry%20Laws,Protection%20Forests%20and%20Production%20Forests](https://forestlegality.org/risk-tool/country/indonesia#:~:text=Forestry%20Laws,Protection%20Forests%20and%20Production%20Forests;); "AMDAL: Know the Purpose of Environmental Impact Analysis," Sucofindo, December 27, 2022, <https://www.sucofindo.co.id/en/articles/general/consulting-services-en-22/amdal-know-the-purpose-of-environmental-impact-analysis/#:~:text=Definition%20of%20AMDAL&text=The%20definition%20is%20exactly%20as,you%20learn%20the%20whole%20discussion>.

<sup>4</sup> Hans Nicholas Jong, "Study: Indonesia's Forest-Clearing Moratorium Underdelivered - but so Did Donors," Mongabay, March 15, 2022, <https://news.mongabay.com/2022/03/study-indonesias-forest-clearing-moratorium-underdelivered-but-so-did-donors/#:~:text=In%202011%2C%20then%20President%20Susilo,for%20plantation%20or%20logging%20concessions>.

<sup>5</sup> "Social Forestry Creates Lush Landscapes in Place of Barren Land in Indonesia," Food and Agriculture Organization of the United Nations, August 28, 2023, [https://www.fao.org/fao-stories/article/en/c/1649097/#:~:text=Indonesia's%20social%20forestry%20programme%2C%20adopted.and%20support%20forest%20conservation%20practices](https://www.fao.org/fao-stories/article/en/c/1649097/#:~:text=Indonesia's%20social%20forestry%20programme%2C%20adopted.and%20support%20forest%20conservation%20practices;); Yonky Indrajaya, Tri Wira Yuwati, Sri Lestari, Bondan Winarno, Budi Hadi Narendra, Hunggul Yudono Setio Hadi Nugroho, Dony Rachmanadi, Pratiwi, Maman Turjaman, Rahardyan Nugroho Adi, and et al. 2022. "Tropical Forest Landscape Restoration in Indonesia: A Review" *Land* 11, no. 3: 328. <https://doi.org/10.3390/land11030328>





Indonesia's "next decade of delivery" involves ambitious plans outlined in initiatives like the Forestry and Other Land Use (FOLU) Net Sink 2030 Plan.<sup>6</sup> The policy envisions that Indonesian forest management will no longer contribute to the release of greenhouse gas emissions by the end of the next decade. Under the government's vision, the government claims the forestry sector will be able to absorb more carbon than it releases, ie. act as a carbon sink, playing an active role in mitigating the impacts of the climate crisis.

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<sup>6</sup> "Indonesia's Forestry and Other Land Uses (FOLU) Net Sink 2030," UN Web TV, May 11, 2023, <https://webtv.un.org/en/asset/k1d/k1dsi8tnrf>.



## Section 2

# Deforestation Policies and Key Export Industries

Indonesia's exports are worth over \$30 billion annually, including palm oil, pulp/paper, coffee, and minerals, which rely on continued deforestation. New sustainability regulations, especially the EU's Deforestation Regulation taking effect June 2023, threaten key industries. This section analyses the outlook for Indonesia's major export sectors driven by deforestation and policy reactions.

Indonesia is the world's leading palm oil producer and exporter, and the palm oil industry has often been accused of being the number one cause of deforestation in the country.<sup>7</sup> However, the latest data shows that the tide is turning. In 2021, deforestation for oil palm plantations in Indonesia was at its lowest level in 20 years, at less than 5% of the highest historical levels.<sup>8</sup> Some major palm oil companies may cooperate with and support deforestation policies, especially if they align with sustainability goals or if companies are part of initiatives such as the Roundtable on Sustainable Palm Oil (RSPO).<sup>9</sup> However, smallholder farmers may face challenges in adapting to new policies, especially because many times they lack the resources to implement sustainable practices.

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<sup>7</sup> Paige McClanahan, "Can Indonesia Increase Palm Oil Output without Destroying Its Forest?," The Guardian, September 11, 2013, <https://www.theguardian.com/global-development/2013/sep/11/indonesia-palm-oil-destroy-forests>.

<sup>8</sup> "Deforestation and Palm Oil in Indonesia," The Sustainable Palm Oil Choice, accessed February 29, 2024, <https://www.sustainablepalmoilchoice.eu/palm-oil-deforestation-decreases-in-indonesia/#:~:text=In%202021%2C%20deforestation%20for%20oil,of%20the%20highest%20historical%20levels.&text=Environmental%20research%20organisation%20Tree%20Map,level%20of%20palm%2Ddriven%20deforestation>.

<sup>9</sup> "Who We Are: Driving Change with Sustainable Palm Oil," Roundtable on Sustainable Palm Oil (RSPO), accessed February 29, 2024, <https://rspo.org/who-we-are/>.



In the 1990s and 2000s, Indonesia's pulp and paper industry was among the country's most significant source of deforestation.<sup>10</sup> In recent years, however, in light of public pressure, an increasing number of producers and buyers of wood pulp and paper have adopted zero-deforestation commitments.<sup>11</sup> These commitments were followed by dramatic declines in deforestation, with the average deforestation rate falling by 85% when compared to the three-year average for 2017-19 and 2010-12.<sup>12</sup> However, wood pulp-driven deforestation started to rise again beginning in 2017, spiking nearly fivefold between 2017 and 2022.<sup>13</sup>

One of the reasons is changing regulations: in 2019, the Ministry of Environment and Forestry issued a regulation that has effectively rescinded protection for much of its carbon-rich peatlands by limiting protection to peatland ecosystems.<sup>14</sup> As a consequence of this, the declining deforestation trends of the past have seemingly been reversed.

Anticipated demand for nickel is projected to increase dramatically, surpassing 40 times its 2020 levels.<sup>15</sup> Indonesia is strategically positioning itself as a significant player in this scenario, establishing an integrated battery supply chain, implementing an export ban, and offering various incentives, including direct subsidies for Electric Vehicle (EV) purchases.<sup>16</sup>

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<sup>10</sup> Hans Nicholas Jong, "Reversing Progress, Indonesia Pulp & Paper Drives up Deforestation Rates Again," Mongabay, January 9, 2024, <https://news.mongabay.com/2024/01/reversing-progress-indonesia-pulp-paper-drives-up-deforestation-rates-again/#:~:text=In%20the%201990s%20and%202000s,of%20forest%20in%20the%20process.>

<sup>11</sup> "Bringing a New Level of Transparency to Indonesia's Pulp Exports," Trase, February 16, 2021, <https://trase.earth/insights/new-level-transparency-indonesia-pulp-exports/#:~:text=All%20three%20corporate%20groups%20that,couered%20by%20zero%2Ddeforestation%20commitments.>

<sup>12</sup> "Trase 'SEI-PCS Indonesia Pulp v3.0.0' Supply Chain Map: Data Sources and Methods," Trase, February 2021, [http://resources.trase.earth/documents/Indonesia\\_woodpulp\\_v3.0.0.pdf](http://resources.trase.earth/documents/Indonesia_woodpulp_v3.0.0.pdf).

<sup>13</sup> "Deforestation Surge Ends a Decade of Progress for Indonesia's Pulp Sector," Trase, November 27, 2023, [https://insights.trase.earth/insights/deforestation-surge-ends-a-decade-of-progress-for-indonesia-s-pulp-sector/?utm\\_source=Legitimate%2Binterest%2Blists&utm\\_campaign=2f18219b12-EMAIL\\_CAMPAIGN\\_2022\\_11\\_28\\_09\\_54\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_620ad2e293-%5BLIST\\_EMAIL\\_ID%5D.](https://insights.trase.earth/insights/deforestation-surge-ends-a-decade-of-progress-for-indonesia-s-pulp-sector/?utm_source=Legitimate%2Binterest%2Blists&utm_campaign=2f18219b12-EMAIL_CAMPAIGN_2022_11_28_09_54_COPY_01&utm_medium=email&utm_term=0_620ad2e293-%5BLIST_EMAIL_ID%5D.)

<sup>14</sup> Hans Nicholas Jong, "'Dangerous' New Regulation Puts Indonesia's Carbon-Rich Peatlands at Risk," Mongabay, July 12, 2019, <https://news.mongabay.com/2019/07/dangerous-new-regulation-puts-indonesias-carbon-rich-peatlands-at-risk/>.

<sup>15</sup> "Mineral Requirements for Clean Energy Transitions," IEA, accessed February 29, 2024, <https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/mineral-requirements-for-clean-energy-transitions>.

<sup>16</sup> Joseph Rachman, "Indonesia Fast-Tracks Its Electric Vehicle Ambitions," The Diplomat, October 26, 2023, <https://thediplomat.com/2023/10/indonesia-fast-tracks-its-electric-vehicle-ambitions/>.



Despite the coming boom, there are no protections put in place yet, which risks undermining the environmental advantages associated with electrification. The most stringent of the voluntary mining standards use a so-called “mitigation hierarchy”, which is a systematic approach designed to direct decision-making and activities to minimise negative effects on the environment and communities.<sup>17</sup> In the event of impacts occurring, this approach mandates the rehabilitation of affected areas and the implementation of carbon offsetting measures. However, by putting little emphasis on avoiding harm, this approach falls short of avoiding irreversible environmental and social damage.

Finally, logging companies may be affected by stricter regulations and reduced access to forest areas. However, illegal logging operations may resist and circumvent policies, posing a persistent challenge to deforestation control measures. It is similar to other industries such as coffee. Since it is so hard to track the origin of coffee beans, many small farmers cut down trees illegally and sell their yield to big companies such as Nestle.<sup>18</sup>

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<sup>17</sup> Jon Ekstrom, Leon Bennun, and Robin Mitchell, “A Cross-Sector Guide for Implementing the The Mitigation Hierarchy,” Cross Sector Biodiversity Initiative, 2015, <http://www.csbi.org.uk/wp-content/uploads/2017/10/CSBI-Mitigation-Hierarchy-Guide.pdf>.

<sup>18</sup> Wyatt Williams, “How Your Cup of Coffee Is Clearing the Jungle,” The New York Times Magazine, August 11, 2021, <https://www.nytimes.com/2021/08/11/magazine/indonesia-rainforest-coffee.html>.

## Section 3

# Deforestation and Indonesian Domestic Politics

Deforestation has a very central role in Indonesian domestic politics. Indonesia is always swinging between being the first and second country in the world for deforestation rates and tackling deforestation has been a central issue in Indonesian politics for a long period.<sup>19</sup> This is mainly for agricultural reasons, as Indonesia is the world's largest palm oil exporter.<sup>20</sup> Palm oil exports constitute an extremely profitable income for the Indonesian economy, contributing billions to its export revenues every year.<sup>21</sup> For this reason, control over forests and the landscape has always been connected with political and economic interests in Indonesia, in some instances dating back to the dictatorship period.<sup>22</sup> Despite a reduction in Indonesia's primary deforestation rate in the past eight years, this remains one of the highest in the world.<sup>23</sup>

A fundamental starting point to take into account to understand the entanglement between deforestation and Indonesian politics is that initiatives to tackle deforestation are dependent on bureaucratic, business, and political actors who are strongly incentivised to act against the purpose of improving natural resource governance.<sup>24</sup> The very large revenues obtained thanks to palm oil exports indeed make the Indonesian political elites very reluctant to

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<sup>19</sup> Lorenzo Colantoni, "Technologies to Protect Global Forests: The Case of Indonesia," IAI, November 9, 2023, <https://www.iai.it/en/pubblicazioni/technologies-protect-global-forests-case-indonesia>.

<sup>20</sup> "Palm Oil Explorer," Foreign Agricultural Service, accessed February 29, 2024, [https://ipad.fas.usda.gov/cropexplorer/cropview/commodityView.aspx?cropid=4243000&sel\\_year=2022&rankby=Exports](https://ipad.fas.usda.gov/cropexplorer/cropview/commodityView.aspx?cropid=4243000&sel_year=2022&rankby=Exports).

<sup>21</sup> Samiha Shahreen, "Vanishing Act: Deforestation in Indonesia," Earth.Org, February 2, 2022, <https://earth.org/vanishing-act-deforestation-in-indonesia/>.

<sup>22</sup> Lorenzo Colantoni, "Technologies to Protect Global Forests: The Case of Indonesia," IAI, November 9, 2023, <https://www.iai.it/en/pubblicazioni/technologies-protect-global-forests-case-indonesia>.

<sup>23</sup> Aled Williams, "The 2024 Elections Will Be Crucial for Indonesian Forests: What Can We Learn from Norway's Anti-Deforestation Support?," U4, September 20, 2023, <https://www.u4.no/blog/2024-elections-will-be-crucial-for-indonesian-forests-norways-anti-deforestation-support>.

<sup>24</sup> Ward Berenschot et al., "Forest Politics in Indonesia: Drivers of Deforestation and Dispossession," Forest Peoples Programme, March 2, 2023, <https://www.forestpeoples.org/sites/default/files/documents/Forest Politics in Indonesia Full Report v8 FINAL.pdf>.

pursue impactful initiatives in the long term. Nonetheless, the Indonesian Government has pursued several initiatives to tackle deforestation and the need to fight deforestation has been a salient feature of the public discourses of different Governments. President Yudhoyono, who preceded Widodo, promised to halt deforestation and introduced a two-year moratorium on forest clearing permits, which was then renewed in 2013.<sup>25</sup> However, a study confirmed that the moratorium was largely ineffective.<sup>26</sup> In July 2023, Deputy Minister for Agriculture and Food Dr. Ir. Musdhalifah Machmud released a statement following the Global Forest Review, stressing that Indonesia “is a model for reducing deforestation” and that “this is a clear, unambiguous verification that the Government of Indonesia has taken the right steps to protect forests and reduce deforestation.

Indonesia has done this without sacrificing sustainable development and economic opportunity.”<sup>27</sup> Indonesia therefore tends to project itself as a committed actor when it comes to tackling deforestation, although several doubts exist on the effectiveness of its anti-deforestation policies. A particularly important initiative is the Indonesian Government’s Forest and Land Use (FOLU) Net Sink 2030 policy.<sup>28</sup> This envisages that Indonesia’s forest management will no longer contribute to greenhouse emissions and that the forestry sector will absorb more carbon than it releases by the end of the next decade.<sup>29</sup> This is one of the objectives of Indonesia’s Enhanced Nationally Determined Contributions (NDCs), which plans to reduce greenhouse gas emissions by 32% by 2030.<sup>30</sup> However, a Greenpeace report has been very critical of the FOLU net sink 2030 policy, defining the main premise of

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<sup>25</sup> Henda Borneo, “Despite Tough Talk, Indonesia’s Government Is Struggling to Stem Deforestation,” *The Economist*, November 26, 2016, <https://www.economist.com/asia/2016/11/26/despite-tough-talk-indonesias-government-is-struggling-to-stem-deforestation>.

<sup>26</sup> Hans Nicholas Jong, “Study: Indonesia’s Forest-Clearing Moratorium Underdelivered - but so Did Donors,” *Mongabay*, March 15, 2022, <https://news.mongabay.com/2022/03/study-indonesias-forest-clearing-moratorium-underdelivered-but-so-did-donors/#:~:text=In%202011%2C%20then%20President%20Susilo,for%20plantation%20or%20logging%20concessions>.

<sup>27</sup> “Government of Indonesia Statement: World Resources Institute Report Confirms Progress in Reducing Deforestation,” *Indonesia Palm Oil*, July 6, 2023, <https://www.indonesiapalmoilfacts.com/government-of-indonesia-statement-world-resources-institute-report-confirms-progress-in-reducing-deforestation/>.

<sup>28</sup> “Deforestation: Playing with Fire | An Analysis of Indonesia’s FOLU Net Sink 2030 Policy,” *Greenpeace*, December 8, 2023, <https://www.greenpeace.org/southeastasia/publication/64023/indonesias-folu-net-sink-2030-policy/>.

<sup>29</sup> “Deforestation: Playing with Fire | An Analysis of Indonesia’s FOLU Net Sink 2030 Policy,” *Greenpeace*, February 28, 2023, <https://www.greenpeace.org/southeastasia/publication/64023/indonesias-folu-net-sink-2030-policy/>.

<sup>30</sup> “Protecting Forests and Improving Livelihoods in Indonesia,” *The World Bank*, April 6, 2023, <https://www.worldbank.org/en/news/feature/2023/04/04/protecting-forests-and-improving-livelihoods-in-indonesia>.



the policy as flawed.<sup>31</sup> According to Greenpeace, “carbon emissions from natural forest loss cannot simply be offset through short-term carbon sequestration by industrial monoculture timber plantations.<sup>32</sup> Moreover, the report found that the policy could backfire instead of ensuring the survival of the nation’s forests.<sup>33</sup> The FOLU Net Sink 2030 strategy, according to the report, risks perpetuating deforestation and the destruction of natural forests. Reasons for this include that the policy is not backed up with strict forest and peat protection regulations; that the government continues to proceed with planned deforestation and that developing industrial plantations risks backfiring by triggering the destruction of natural forests, exacerbating conflicts with Indigenous and local communities, and threatening irreplaceable biodiversity.<sup>34</sup> Hence, Indonesian forest politics is characterised by a mismatch between a strong public discourse stressing the importance of tackling deforestation on the one hand, and the political will to enact strong long-term policies to limit deforestation. This political will is strongly impacted by the underlying economic and political interests behind deforestation highlighted above.

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<sup>31</sup> “Deforestation: Playing with Fire | An Analysis of Indonesia’s FOLU Net Sink 2030 Policy,” Greenpeace, February 28, 2023, <https://www.greenpeace.org/southeastasia/publication/64023/indonesias-folu-net-sink-2030-policy/>.

<sup>32</sup> “Deforestation: Playing with Fire | An Analysis of Indonesia’s FOLU Net Sink 2030 Policy,” Greenpeace, February 28, 2023, <https://www.greenpeace.org/southeastasia/publication/64023/indonesias-folu-net-sink-2030-policy/>.

<sup>33</sup> “Deforestation: Playing with Fire | An Analysis of Indonesia’s FOLU Net Sink 2030 Policy,” Greenpeace, February 28, 2023, <https://www.greenpeace.org/southeastasia/publication/64023/indonesias-folu-net-sink-2030-policy/>.

<sup>34</sup> “Deforestation: Playing with Fire | An Analysis of Indonesia’s FOLU Net Sink 2030 Policy,” Greenpeace, February 28, 2023, <https://www.greenpeace.org/southeastasia/publication/64023/indonesias-folu-net-sink-2030-policy/>.

## Section 4

# Indonesia's Deforestation Diplomacy

In addition to the underlying economic and political interests behind deforestation in Indonesian domestic politics, deforestation also has a central role in Indonesian diplomacy. Indonesia's actions on deforestation in the diplomatic realm are strongly connected to its domestic forest politics and the two things should be seen as strongly intertwined. Foreign Minister Retno Marsudi recently declared that Indonesia's diplomacy is a global example of successful deforestation reduction thanks to several actions to tackle climate change.<sup>35</sup> Specifically, Marsudi emphasised Indonesia's role as a co-initiator of the Asia Zero Emission Community (AZEC) with Japan as concrete proof of Indonesia's global engagement.<sup>36</sup> This confirms deforestation's presence in Indonesia's diplomatic discourse. Indonesia ratified the Paris Agreement under President Widodo and stated that "as one of the countries with the largest forest area, Indonesia has chosen to be part of the solution."<sup>37</sup> Nonetheless, Indonesia has also criticised multilateral initiatives to tackle deforestation. Indonesia criticised a global deal made in 2021 at COP26 in Glasgow, which promised to reverse and end deforestation by 2030, despite signing the deal.<sup>38</sup> Environment Minister Siti Nurbaya declared that it was unfair and inappropriate to force Indonesia to commit to zero deforestation by 2030 and highlighted that natural resources must be used to benefit the

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<sup>35</sup> Rahmad Nasution, ed., "Indonesia Takes Concrete Actions on Climate Change through Diplomacy," trans. Raka Adji and Shofi Ayudiana, Antara, January 9, 2024, <https://en.antaranews.com/news/302745/indonesia-takes-concrete-actions-on-climate-change-through-diplomacy>.

<sup>36</sup> Rahmad Nasution, ed., "Indonesia Takes Concrete Actions on Climate Change through Diplomacy," trans. Raka Adji and Shofi Ayudiana, Antara, January 9, 2024, <https://en.antaranews.com/news/302745/indonesia-takes-concrete-actions-on-climate-change-through-diplomacy>.

<sup>37</sup> Henda Borneo, "Despite Tough Talk, Indonesia's Government Is Struggling to Stem Deforestation," *The Economist*, November 26, 2016, <https://www.economist.com/asia/2016/11/26/despite-tough-talk-indonesias-government-is-struggling-to-stem-deforestation>; Humas, "President Jokowi: Indonesia Committed to Reducing Emission by 29%," Cabinet Secretariat of the Republic of Indonesia, December 1, 2015, <https://setkab.go.id/en/president-jokowi-indonesia-commits-reducing-emission-by-29/>.

<sup>38</sup> "COP26: Indonesia Criticises 'unfair' Deal to End Deforestation," BBC News, November 4, 2021, <https://www.bbc.com/news/world-asia-59169547>.



Indonesian people.<sup>39</sup>

A central initiative of Indonesian deforestation diplomacy was its involvement in Reducing Emissions from Deforestation and Degradation (REDD+).<sup>40</sup> Through the scheme, Norway supported Indonesia by paying it for not cutting trees, promising to send one billion dollars to Indonesia.<sup>41</sup> However, these payments were conditional upon Indonesia taking concrete action. By 2016, Norway had only delivered \$60 million out of the one billion promised, because Indonesia had made very limited progress in reducing deforestation.<sup>42</sup> In 2021, Indonesia terminated the scheme due to the limited funds provided by Norway.<sup>43</sup> In September 2022, Norway and Indonesia signed a new funding pact on forests, but there is no set funding commitment and it is less ambitious.<sup>44</sup>

Indonesia has also been very proactive in defending its interests connected to palm oil production and deforestation internationally. It has strongly opposed the EU's Deforestation Regulation (EUDR), which imposes strict traceability and geolocation coordinates requirements which might be difficult for Indonesian smallholder farmers to comply with.<sup>45</sup> Therefore, the implementation of EUDR would unfairly result in their exclusion from the European market. After some diplomatic tensions with the EU caused by the EUDR, Indonesia agreed to establish a Joint task force with the EU and Malaysia, which is also affected by the regulation.<sup>46</sup> The joint task force aims to find solutions for the two countries

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<sup>39</sup> "COP26: Indonesia Criticises 'unfair' Deal to End Deforestation," BBC News, November 4, 2021, <https://www.bbc.com/news/world-asia-59169547>.

<sup>40</sup> Sandy Nofyanza and Bimo Dwisatrio, "How Can Indonesia Improve REDD+ to Stop Deforestation?," The Conversation, May 19, 2022, <https://theconversation.com/how-can-indonesia-improve-redd-to-stop-deforestation-181435>.

<sup>41</sup> Aled Williams, "The 2024 Elections Will Be Crucial for Indonesian Forests: What Can We Learn from Norway's Anti-Deforestation Support?," U4, September 20, 2023, <https://www.u4.no/blog/2024-elections-will-be-crucial-for-indonesian-forests-norways-anti-deforestation-support>.

<sup>42</sup> Henda Borneo, "Despite Tough Talk, Indonesia's Government Is Struggling to Stem Deforestation," The Economist, November 26, 2016, <https://www.economist.com/asia/2016/11/26/despite-tough-talk-indonesias-government-is-struggling-to-stem-deforestation>.

<sup>43</sup> Aled Williams, "The 2024 Elections Will Be Crucial for Indonesian Forests: What Can We Learn from Norway's Anti-Deforestation Support?," U4, September 20, 2023, <https://www.u4.no/blog/2024-elections-will-be-crucial-for-indonesian-forests-norways-anti-deforestation-support>.

<sup>44</sup> Ida Aju Pradnja Resosudarmo, Rini Astuti, and Peter Kanowski, "Indonesia and Norway's Renewed Climate Change Partnership," East Asia Forum, May 24, 2023, <https://eastasiaforum.org/2023/05/24/indonesia-and-norways-renewed-climate-change-partnership/>.

<sup>45</sup> Leonard Al Cahyoputra, "EU Deforestation-Free Regulation Can Hinder Indonesia's Exports," PwC, July 17, 2023, <https://www.pwc.com/id/en/pwc-publications/industries-publications/consumer-and-industrial-products-and-services/plantation-highlights/july-2023/eu-deforestation-free-regulation-can-hinder-indonesias-exports.html>.

<sup>46</sup> Hendriyo Widi, "'desk and Book' Diplomacy Becomes Indonesia's Weapon against the European Union," kompas.id, August 15, 2023, <https://www.kompas.id/baca/english/2023/08/14/en-diplomasi-meja-dan-buku-jadi-senjata-ri-lawan-uni-eropa>.

to be able to comply with the regulation and avoid a disruption of their trade with the EU.<sup>47</sup>

The European Union Deforestation Regulation (EUDR) is going to come into effect from June 29, 2023, and the key regulations of the EUDR will apply from December 30, 2024.<sup>48</sup> The EUDR was designed to prevent products consumed by EU citizens from contributing to worldwide deforestation or forest degradation, and it specifically targets industries such as coffee, cacao, beef, rubber, soy, and palm oil. Indonesia has taken a vocal stand against the legislation, characterising it as “regulatory imperialism.”<sup>49</sup> This regulation will hinder imports of products that are contributing to deforestation, which will create considerable problems for Indonesia’s economy. Indonesia is the world’s biggest palm oil exporter and a major global supplier of coffee, cocoa, rubber, and timber products.<sup>50</sup> About €6 billion (\$8.7 billion) of its annual exports will be affected by the deforestation law, according to Indonesia’s Coordinating Economic Minister Airlangga Hartarto.<sup>51</sup> Moreover, the EU Deforestation Regulation challenges small-scale farmers and landholders to meet the mandated supply chain due diligence requirements. Lacking financial means and technical expertise, these small producers may struggle to provide comprehensive documentation verifying sustainable practices. The additional administrative workload and expenses risk overburdening small-scale operations. Consequently, such strict regulations could inadvertently favour the dominance of larger corporate entities, which possess greater resources to ensure compliance across extended networks.

The looming enforcement deadline for the legislation has been met with apprehension within coffee-growing regions. Industry associations and national governments in key exporting countries fear diminished trade and revenues resulting from blocked imports to Europe. Rural farmer protests have already materialised demanding delayed implementation or full repeal of the regulations. Exporting country officials continue urging

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<sup>47</sup> Hendriyo Widi, “‘desk and Book’ Diplomacy Becomes Indonesia’s Weapon against the European Union,” [kompas.id](https://www.kompas.id/baca/english/2023/08/14/en-diplomasi-meja-dan-buku-jadi-senjata-ri-lawan-uni-eropa), August 15, 2023, <https://www.kompas.id/baca/english/2023/08/14/en-diplomasi-meja-dan-buku-jadi-senjata-ri-lawan-uni-eropa>.

<sup>48</sup> “Regulation on Deforestation-Free Products,” European Commission, accessed February 29, 2024, [https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products\\_en#:~:text=Overview,gas%20emissions%20and%20biodiversity%20loss](https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en#:~:text=Overview,gas%20emissions%20and%20biodiversity%20loss).

<sup>49</sup> Gayatri Suroyo, Stefano Sulaiman, and Ananda Teresia, “Indonesia Accuses EU of ‘regulatory Imperialism’ with Deforestation Law,” Reuters, June 8, 2023, <https://www.reuters.com/business/environment/indonesia-accuses-eu-regulatory-imperialism-with-deforestation-law-2023-06-08/>.

<sup>50</sup> Gayatri Suroyo, Stefano Sulaiman, and Ananda Teresia, “Indonesia Accuses EU of ‘regulatory Imperialism’ with Deforestation Law,” Reuters, June 8, 2023, <https://www.reuters.com/business/environment/indonesia-accuses-eu-regulatory-imperialism-with-deforestation-law-2023-06-08/>.

<sup>51</sup> Gayatri Suroyo, Stefano Sulaiman, and Ananda Teresia, “Indonesia Accuses EU of ‘regulatory Imperialism’ with Deforestation Law,” Reuters, June 8, 2023, <https://www.reuters.com/business/environment/indonesia-accuses-eu-regulatory-imperialism-with-deforestation-law-2023-06-08/>.



major compromises to the legislation, arguing detrimental impacts on smallholders' livelihoods and prospects for economic development.

Therefore, the general picture is that Indonesia's economic and political interests which characterise Indonesia's forest politics are also behind its deforestation diplomacy. Once again, a mismatch exists between Indonesia's diplomatic discourse on leading by example in global deforestation reduction and opposing concrete international measures to do so.



## Section 4

# Indonesian Elections and Deforestation

Indonesia's elections this year were still strongly impacted by the power dynamics that have been determining the course of Indonesia's democracy since its introduction in 1998. Political, military, and business elites who made a fortune thanks to Suharto's authoritarian regime still dominate Indonesia's democracy today.<sup>52</sup> The elections' winner, Prabowo Subianto, is a former special forces commander accused of substantial human rights violations.<sup>53</sup> He was once married to Suharto's daughter and had Gibran Rakabuming Raka, Jokowi's son, as his running mate.<sup>54</sup> This has granted him the former's president support and his promise to continue Widodo's policies has reassured the Indonesian public.<sup>55</sup> While Indonesian politics is not expected to change dramatically after Prabowo's victory, some experts fear that he could be a test of the existence of Indonesian democracy.<sup>56</sup> He is not expected to change Indonesia's neutrality and nonalignment in foreign affairs, to which he

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<sup>52</sup> Sana Jaffrey, "Indonesia's 2024 Presidential Election Could Be the Last Battle of the Titans," Carnegie Endowment for International Peace, October 5, 2023, <https://carnegieendowment.org/2023/10/05/indonesia-s-2024-presidential-election-could-be-last-battle-of-titans-pub-90711>.

<sup>53</sup> Jonathan Head, "Indonesia Election: An 'impossible' Country Tests Its Hard-Won Democracy," BBC News, February 10, 2024, <https://www.bbc.com/news/world-asia-68213679>.

<sup>54</sup> "Prabowo Subianto Will Be the next President of Indonesia," The Economist, February 14, 2024, <https://www.economist.com/interactive/2024-indonesia-election-tracker>.

<sup>55</sup> A. Anantha Lakshmi, "Former General Prabowo Subianto Projected to Win Indonesia Presidential Election," Financial Times, February 14, 2024, <https://www.ft.com/content/8ce2066f-ed8a-4114-9dae-700ca7ebecd6>.

<sup>56</sup> A. Anantha Lakshmi, "Former General Prabowo Subianto Projected to Win Indonesia Presidential Election," Financial Times, February 14, 2024, <https://www.ft.com/content/8ce2066f-ed8a-4114-9dae-700ca7ebecd6>.

has committed.<sup>57</sup> Nonetheless, his nationalist tendencies could bring some surprises in foreign policy.<sup>58</sup>

Deforestation also has a strong impact on the Indonesian election. Politicians have brokered deals with natural resources companies to finance their campaigns in exchange for better access to rich natural resources.<sup>59</sup> Deforestation is therefore not only connected to Indonesian politics due to the high interests at stake, but it is also directly involved in the election campaign due to its impact on elections. Around 93.6% of Prabowo Subianto's campaign funds came from political parties within the Onward Indonesia Coalition (KIM), which was founded by Joko Widodo's Indonesian Democratic Party of Struggle (PDI-P) in 2018.<sup>60</sup> Subianto is committed to making Indonesia become a 'green energy superpower' during his election campaign.<sup>61</sup> He said he would continue his predecessor's biodiesel fuel programme and advocate for the expansion of the production of palm oil.<sup>62</sup> While he emphasised that he was going to maintain the current direction of the Indonesian foreign policy, he also criticised Europe and the implementation of the European Union Deforestation Regulation (EUDR).<sup>63</sup> During an event organised by the Centre for Strategic and International Studies (CSIS) in Jakarta, he not only linked Indonesian deforestation to the colonial period but also stated that the EU "won't allow us to sell palm oil, and now we

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<sup>57</sup> Joseph Rachman, "Indonesia's Election Winner Has a Dark Past and a Cute Image," Foreign Policy, February 14, 2024, <https://foreignpolicy.com/2024/02/14/prabowo-indonesia-election-democracy-jokowi/>.

<sup>58</sup> Joseph Rachman, "Indonesia's Election Winner Has a Dark Past and a Cute Image," Foreign Policy, February 14, 2024, <https://foreignpolicy.com/2024/02/14/prabowo-indonesia-election-democracy-jokowi/>.

<sup>59</sup> Michael Taylor, "Indonesia's Rainforest Seen at Risk from 2024 Election Handouts," The Jakarta Post, September 23, 2023, <https://www.thejakartapost.com/indonesia/2023/09/23/indonesias-rainforest-seen-at-risk-from-2024-election-handouts.html>.

<sup>60</sup> "Prabowo Leads Initial Campaign Finance Data with \$2 Million," Asia News Network, December 26, 2023, <https://asianews.network/prabowo-leads-initial-campaign-finance-data-with-2-million/>; "Indonesian Democratic Party of Struggle," Wikipedia, accessed March 1, 2024, [https://en.wikipedia.org/wiki/Indonesian\\_Democratic\\_Party\\_of\\_Struggle](https://en.wikipedia.org/wiki/Indonesian_Democratic_Party_of_Struggle).

<sup>61</sup> Anita Nugraha and Eric Yep, "Risk of Energy Policy Disruptions in Indonesia Low amid Presidential Elections," ed. Shashwat Pradhan, S&P Global Commodity Insights, February 9, 2024, <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/lng/020924-risk-of-energy-policy-disruptions-in-indonesia-low-amid-presidential-elections#>.

<sup>62</sup> Somini Sengupta, "Indonesia's Vote: Three Takeaways for Climate Change," The New York Times, February 14, 2024, <https://www.nytimes.com/2024/02/14/climate/indonesia-election-climate-coal-nickel.html>.

<sup>63</sup> "Indonesia: Prabowo Subianto Points the Finger at the EU over Palm Oil," Agenzia Nova, November 14, 2023, <https://www.agenzianova.com/en/news/Indonesia-Prabowo-Subianto-points-finger-at-EU-over-palm-oil/>;

have problems trying to sell coffee, tea, cocoa," and he is going to ask for 'an equal playing field' if he wins the election.<sup>64</sup> He added that countries in the West have 'double standards' and Indonesia should rebalance its foreign policy by focusing on its relationship with other countries such as China and India.<sup>65</sup>

Given Subianto's commitment to making Indonesia become a superpower in green energy and his criticism of EUDR, deforestation will continue to play an important role in the relationship between Brussels and Jakarta over the course of his tenure. As the new requirements become applicable on 30 December 2024, the Subianto administration and the European Union will need to find a pragmatic approach toward Indonesian deforestation without sacrificing the needs of smallholders. To reach an agreement on Indonesian deforestation, the European Commission and stakeholders from palm oil-producing countries in Southeast Asia discussed the postponement of the implementation of EUDR during the 2nd Meeting of the Ad Hoc Joint Task Force on the EUDR on 2 February.<sup>66</sup> However, both sides were unable to come up with a pragmatic approach to the new regulations, which will be further discussed in the 3rd Ad Hoc JTF Meeting this year.<sup>67</sup> Indeed, Indonesian deforestation plays an important role in Indonesia's domestic and foreign policies. While Indonesia has shown commitment to tackling the issue of deforestation by implementing legal frameworks and cooperating with international organisations such as the EU, the close connections between Indonesian deforestation, its domestic politics, and its economic interests also lead to its unwillingness to comply with third-party regulations such as the EUDR. This trend is likely to continue under the Subianto

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<sup>64</sup> Stanley Widiyanto, "Indonesia Presidential Front-Runner Prabowo Criticises EU on Deforestation," ed. Susan Fenton, Reuters, November 13, 2023, <https://www.reuters.com/world/asia-pacific/indonesia-presidential-front-runner-prabowo-criticises-eu-deforestation-2023-11-13/>.

<sup>65</sup> Seb Starcevic, "Indonesia Doesn't Need Europe Anymore, Presidential Frontrunner Says," POLITICO, November 14, 2023, <https://www.politico.eu/article/indonesia-europe-prabowo-subianto-presidential-election-palm-oil-trade-human-rights/>.

<sup>66</sup> "Joint Press Release: The 2nd Meeting of the Ad Hoc Joint Task Force on the EUDR," EEAS, February 2, 2024, [https://www.eeas.europa.eu/delegations/indonesia/joint-press-release-2nd-meeting-ad-hoc-joint-task-force-eudr\\_en?s=168](https://www.eeas.europa.eu/delegations/indonesia/joint-press-release-2nd-meeting-ad-hoc-joint-task-force-eudr_en?s=168).

<sup>67</sup> "Joint Press Release: The 2nd Meeting of the Ad Hoc Joint Task Force on the EUDR," EEAS, February 2, 2024, [https://www.eeas.europa.eu/delegations/indonesia/joint-press-release-2nd-meeting-ad-hoc-joint-task-force-eudr\\_en?s=168](https://www.eeas.europa.eu/delegations/indonesia/joint-press-release-2nd-meeting-ad-hoc-joint-task-force-eudr_en?s=168).



administration, due to his stronger stance on foreign policy and his commitment to turn Indonesia into a green energy superpower.



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