

Multi-Track Economic Diplomacy Indonesia Facing EUDR (European Union Deforestation Regulation) Trade Barriers

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ABSTRACT

Crude Palm Oil (CPO) is one of the strategic export commodities for the Indonesian economy. However, the export of this commodity faces significant challenges following the implementation of the European Union Deforestation Regulation (EUDR), which mandates strict deforestation-free due diligence. This regulation has the potential to act as a discriminatory non-tariff barrier, threatening Indonesian palm oil's market access in Europe. This study aims to analyze the economic diplomacy strategies implemented by the Indonesian Government in responding to the EUDR policy. The research method used is descriptive qualitative with a library research approach, utilizing secondary data sources such as official government documents, international institutional reports, and academic literature. The findings reveal that Indonesia's response is structured through a multi-track economic diplomacy approach encompassing three main pillars: bilateral engagement with European Union member states to negotiate technical flexibility and mitigate risk classification; multilateral strategies through dispute mechanisms at the World Trade Organization (WTO) and coalition-building via the Council of Palm Oil Producing Countries (CPOPC); and domestic-commercial measures through the strengthening of Indonesian Sustainable Palm Oil (ISPO) certification as a source of bargaining power. These findings demonstrate that Indonesia's diplomacy is not merely reactive but represents an integrated effort to enhance its negotiating position in the face of regulatory pressure, although its effectiveness remains constrained by domestic implementation challenges, particularly in smallholder compliance and governance capacity. The success of Indonesia's economic diplomacy in responding to EUDR ultimately depends on the alignment between international negotiation strategies and the strengthening of domestic institutional capacity.

INTRODUCTION

Despite its strategic importance, Indonesia's palm oil sector is increasingly exposed to external regulatory pressures that challenge not only its market access but also its economic sovereignty. Crude Palm Oil (CPO) is one of the largest foreign exchange contributing commodities and the backbone of Indonesia's economy. As the world's largest palm oil producer, the industry not only contributes significantly to the national Gross Domestic Product (GDP), but also becomes a source of livelihood for millions of independent smallholders in various regions (Pramudya et al., 2022). In the global trade arena, the European Union has historically occupied a position as one of the main trading partners and export markets for Indonesian palm products. However, these trade relations continue to be colored by political-economic dynamics and tensions, especially related to environmental issues and deforestation (Tyson et al., 2021).

The biggest challenge currently faced by the Indonesian palm oil industry in the European market is the implementation of the European Union Deforestation Regulation (EUDR). This policy requires strict due diligence, where commodities entering the EU market must be proven to be deforestation-free after December 31, 2020 and produced in accordance with the laws of the country of origin (European Commission, 2024). For Indonesia, this policy is seen not only as pure environmental regulation, but also as a form of discriminatory Non-Tariff Measures (NTMs) (Suroso et al., 2024). This regulation is considered to be very burdensome on the national palm oil supply chain, especially smallholders (plasma and self-help) who have limited resources in meeting the geolocation tracking technology infrastructure (traceability) and land legality certification requested by the European party (Nugraha & Dermawan, 2024).

In responding to threats to national economic interests, economic diplomacy instruments are very crucial. As stated by Astuti et al. (2022), developing countries producing strategic commodities must proactively utilize various diplomacy instruments to break down asymmetric trade barriers. The Indonesian government is required to not only be reactive, but also maneuver integratively in conducting negotiations, mobilizing international support, and improving governance at home to counter negative campaigns that discredit the national palm oil (Ewing et al., 2023).

Academic discourse on EU regulation of Indonesian palm oil generally falls into two main perspectives: a normative-environmental approach and an economic-political (protectionist) approach. The first, dominated by environmental scholars and transnational policymakers, views EU policies as a legitimate form of normative power aimed at improving forest governance in developing countries. In contrast, the second perspective adopts a more critical stance, arguing that such policies conceal protectionist interests, particularly in shielding domestic vegetable oil industries from more competitive palm oil imports (Tyson et al., 2021)

State of the Art

State of the art research on barriers to palm oil trade in the European Union has primarily focused on regulatory restrictions related to biofuel policies, especially within the Renewable Energy Directive (RED II) framework (Wigena et al., 2022). More recent studies on the European Union Deforestation Regulation (EUDR) remain limited and are largely confined to legal comparisons or quantitative projections of economic impacts (Bong et al., 2024).

Despite these contributions, the existing literature remains largely focused on normative debates and impact-based assessments, with limited attention to how developing countries, particularly those in the Global South, respond strategically to regulatory pressures. In particular, the role of structured and multi-layered economic diplomacy as a form of active resistance to regulatory asymmetry remains underexplored. This indicates a significant gap in understanding the strategic agency of developing states within the global trade system.

Based on this gap, the central problem addressed in this study is how Indonesia can strategically utilize multi-track economic diplomacy to counter the asymmetric pressures imposed by the EUDR within the global trade system.

In response to the identified research gap, this study aims to comprehensively analyze and describe the economic diplomacy strategy implemented by the Government of Indonesia in responding to the discriminatory policies of the EUDR. Theoretically, this article is expected

to enrich the literature on International Relations and International Political Economy, especially related to the survival response of developing countries in the face of extraterritorial environmental regulations from developed countries. Practically, the findings of this study are expected to provide strategic input for policymakers to formulate adaptive advanced diplomacy measures to protect CPO exports and the welfare of oil palm farmers in Indonesia.

This study holds significant policy relevance given the strategic position of palm oil in Indonesia's economic structure and the potentially far-reaching implications of the EUDR on export performance, state revenue, and smallholder livelihoods. Without a comprehensive and strategic response, the implementation of EUDR risks exacerbating structural inequalities in global trade, marginalizing small-scale producers, and weakening Indonesia's bargaining position in international markets. Furthermore, policy responses that are merely reactive or fragmented may fail to address the multidimensional nature of the challenge, which spans legal, economic, and diplomatic domains. Therefore, this research provides critical insights for policymakers by offering a more integrated understanding of economic diplomacy strategies that can be employed to safeguard national interests, strengthen negotiation capacity, and promote a more balanced and equitable global trade governance framework.

To analyze the strategy of the Government of Indonesia, this study uses the analytical framework of Economic Diplomacy. Economic diplomacy is at the intersection between International Relations and Political Economy, which is defined as the use of political instruments to achieve economic interests (such as market access), and vice versa. Furthermore, Bayne and Woolcock (2017) explain that in the contemporary global economic order, economic diplomacy no longer runs conventionally, but requires a multi-track approach. In the context of responding to trade barriers such as the EUDR, Indonesia's economic diplomacy can be analyzed through three main pillars:

1. **Bilateral Diplomacy:** Negotiation and direct lobbying efforts with EU member states and institutions in Brussels to seek compromises or delays in implementation (*grace period*).
2. **Multilateral (Coalition and Institutional) Diplomacy:** The use of international forums to exert collective pressure. This includes dispute *settlement* at the *World Trade Organization* (WTO) as well as consolidating the strength of fellow commodity producers through *the Council of Palm Oil Producing Countries* (CPOPC) (Astuti et al., 2022).
3. **Commercial Diplomacy and Domestic Adjustment:** The use of national standardization instruments as *bargaining power*. In this case, the optimization and acceleration of the recognition of *Indonesian Sustainable Palm Oil* (ISPO) is used as evidence that Indonesian palm oil products legally comply with global sustainability standards (Ewing et al., 2023).

This framework will guide the course of analysis in the discussion section to prove that Indonesia's response to the EUDR is not just a defensive reaction, but an orchestration of economic diplomacy that is structured at various levels.

METHOD

This study uses a qualitative approach with an analytical descriptive design. According to Creswell and Poth (2018), qualitative research is very relevant to explore and understand the deep meaning of a social phenomenon or complex political problem, which in this case is the dynamics of economic diplomacy between countries. The descriptive design was chosen because this study aims to delineate, map, and systematically analyze the strategic steps of the

Government of Indonesia in responding to the implementation of the European Union Deforestation Regulation (EUDR).

This study is situated within the context of Indonesia's economic diplomacy in responding to the European Union Deforestation Regulation (EUDR), particularly in the arena of international trade governance involving the European Union, the World Trade Organization (WTO), and transnational commodity alliances. Although this research does not involve a specific physical field site, the analytical focus is directed at policy interactions, diplomatic strategies, and institutional responses at the global and national levels. Therefore, the location of this study is understood as a policy and institutional space, encompassing Indonesian government agencies, international organizations, and multilateral forums where economic diplomacy is enacted.

Given that the focus of this study is at the level of policy formulation and macro diplomacy, data collection fully relies on secondary data sources through library research methods. The secondary data collected falls into two main categories:

1. **Primary/Official Documents:** Includes the official text of the EUDR regulation from the European Commission, press releases and official statements from the Ministry of Foreign Affairs and the Ministry of Trade of the Republic of Indonesia, lawsuit documents at the *World Trade Organization (WTO)*, as well as publication reports from *the Council of Palm Oil Producing Countries (CPOPC)*.
2. **Literature/Secondary Documents:** Includes credible national and international scientific journal articles (Scopus or SINTA-indexed), books, and news articles from relevant and verified mass media to monitor the chronology of current diplomatic events.

The data collection technique used is document analysis. Document analysis as a systematic procedure for reviewing and evaluating documents (both printed and electronic) in order to gain understanding and develop empirical knowledge. The literature search process was carried out in a structured manner using academic databases (such as Google Scholar, ScienceDirect, and ResearchGate) using specific keywords, including: Economic Diplomacy, EUDR, Indonesian Palm Oil, and WTO Dispute CPO. The documents found were then selected based on relevance, source credibility, and year of publication.

The selection of documents in this study follows a structured procedure adapted from the PRISMA approach, simplified to suit qualitative document analysis. The process consists of four main stages:

1. Identification

Initial data were collected from academic databases such as Google Scholar, ScienceDirect, and ResearchGate using predefined keywords (e.g., "EUDR," "economic diplomacy," "Indonesian palm oil," "WTO dispute"). This stage generated a broad pool of potentially relevant documents.

2. Screening

Documents were screened based on titles and abstracts to assess their relevance to the research topic. Irrelevant, duplicated, or non-academic sources were excluded.

3. Eligibility

The remaining documents were evaluated using inclusion and exclusion criteria:

- a. Inclusion criteria:

1. Direct relevance to EUDR, palm oil trade, or economic diplomacy

2. Published in credible sources (indexed journals, official reports, or reputable institutions)
3. Published within a relevant time frame.
- b. Exclusion criteria:
 1. Opinion pieces without analytical basis
 2. Non-verifiable or low-credibility sources
 3. Documents not directly related to the research focus
4. Inclusion

Final selected documents were used as the primary analytical materials and categorized according to the analytical framework of this study.

This systematic selection process ensures that the data used are relevant, credible, and analytically robust.

The data that had been collected was then analyzed using an interactive qualitative data analysis model. This process involves three stages that take place simultaneously and repeatedly:

1. **Data Condensation:** Performs the process of selecting, simplifying, and abstracting rough data from various documents. At this stage, the researcher filters out irrelevant information and categorizes the remaining data into the three pillars of the Multipath Economic Diplomacy Framework (bilateral, multilateral, and commercial/domestic diplomacy) (Sugiyono, 2020).
2. **Data Display:** Compiling information that has been reduced into a logical and structured narrative text. The data presentation was carried out by assembling a chronology of Indonesian diplomacy, comparing arguments for and against EUDR, and mapping the actors involved (the Government of the Republic of Indonesia, the European Union, the WTO, and the CPOPC).
3. **Conclusion Drawing/Verification:** Interpret the patterns, explanations, and causal flows of the data that has been presented. At this stage, the researcher synthesizes the findings to fully answer the formulation of the problem regarding how effective and comprehensive Indonesia's economic diplomacy strategy is in maintaining the CPO market in Europe.

To ensure the validity and credibility of the findings, this study employs source triangulation. Triangulation involves the use of multiple data sources to cross-check and validate information. In this study, triangulation is conducted by comparing data obtained from official government documents, international organization reports, academic literature, and credible media sources.

For example, statements from the Indonesian government regarding the EUDR are cross-verified with reports from international institutions such as the World Trade Organization and European Commission, as well as with scholarly analyses. This approach enhances the credibility, consistency, and reliability of the data.

In addition, this study applies criteria of credibility, dependability, and confirmability to ensure that interpretations are grounded in systematically verified data rather than subjective assumptions

RESULTS AND DISCUSSION

Based on an analysis of recent documents and literature, the enactment of the *European Union Deforestation Regulation* (EUDR) has changed the global commodity trading landscape. Although this regulation began to be implemented gradually from the end of 2024 to 2025, Indonesia's diplomatic escalation has been carried out long before the regulation is fully binding. The findings of this study show that the Indonesian Government's response is not single, but is orchestrated through the *Multi-track Economic Diplomacy* strategy. This strategy can be mapped into three main pillars: bilateral diplomacy, multilateral diplomacy, and strengthening domestic governance as a commercial instrument.

Table 1. Indonesia's Economic Diplomacy Strategy Matrix in Responding to EUDR

Pillar	Main Instruments	Policy Focus/Objectives	Expected Outcome
Diplomasi			
Bilateral	<i>Ad Hoc Joint Task Force</i> (JTF) RI-Malaysia-European Union	Direct political lobbying to the European Commission and strategic member states (Germany, Netherlands)	Review, fair technical guidelines, and <i>recognition of low-risk</i> status.
Multilateral	WTO Litigation & CPOPC Consolidation	International lawsuits and the strengthening of fellow <i>Global South</i> countries.	The repeal of discriminatory clauses and collective pressure to prevent the domino effect of similar policies.
Domestic / Commercial	ISPO & <i>National Dashboard Optimization</i>	Strengthening national certification and integration of land traceability systems.	The acceptance of ISPO as a legitimate <i>due diligence instrument</i> in the eyes of Europe.

Source: Processed by the Author from various official documents (2026)

Bilateral Diplomacy: Lobbying and Joint Task Force Mechanisms

In the first line, the Government of Indonesia is actively using formal diplomatic channels to establish technical dialogue with European Union (EU) authorities. The most strategic step in this pillar is the establishment of an Ad Hoc Joint Task Force (JTF) in 2023, which brings together Indonesia, Malaysia, and the European Commission at a single negotiating table (CPOPC, 2024). This forum marks a shift in Indonesia's diplomacy style, from being confrontational in the public sphere to more deliberative and data-driven in the technical negotiation space. The main focus of the JTF is to mitigate the systemic impact of EUDR on smallholders, who are the most vulnerable actors in the national palm oil supply chain. Indonesia has consistently emphasized that rigid geolocation requirements without a sufficient transition period will exclude millions of independent smallholders from the global market, ultimately exacerbating poverty and triggering new deforestation at the local level due to the loss of economic incentives from legal markets (Pratama & Wijaya, 2025).

A more in-depth analysis shows that bilateral diplomacy through the JTF has existential urgency related to the EUDR benchmarking criteria mechanism. The European Union plans to classify producing countries into three categories, namely, low risk, standard, and high risk. It is in Indonesia's interest to avoid high-risk labels, as this status will trigger a higher frequency of physical checks reaching 9% of total shipments as well as additional administrative burdens

that will significantly increase logistics costs. Through intensive lobbying with major palm oil entry countries in Europe, such as the Netherlands (port of Rotterdam) and Spain, Indonesian diplomacy sought to convince policymakers in Brussels that benchmarking criteria should be based on scientific objectivity and recognition of Indonesia's significant decline in deforestation rates over the past decade.

Furthermore, Indonesia uses the Strategic Market Diversification argument as a bargaining chip. Indonesian diplomacy warns that regulatory pressures perceived as environmental imperialism by the EU could trigger a massive shift in trade flows (market leakage) to countries with lower environmental standards, such as China, India, and the domestic market through mandatory biodiesel programs (Ghazali et al., 2024). According to Syahputra (2026), if this happens, the European Union will lose their political and economic influence in dictating global sustainable palm oil governance. In other words, Indonesia's bilateral strategy aims to create a dilemma for Europe, namely, to continue to impose rigid standards and lose influence on the world's largest producers, or to be flexible through technical cooperation in order to maintain the sustainability of stable vegetable oil supplies in their own internal markets.

Multilateral Diplomacy: Litigation Resistance and Global South Consolidation

The second path in Indonesia's economic diplomacy strategy is carried out institutionally at the global level, by adopting two simultaneous approaches, namely, confrontational (litigation) and collaborative (alliance formation). This path was chosen because bilateral diplomacy is often faced with political impasse within the European Parliament, so pressure from international regimes is needed to force more equal negotiations.

Confrontationally, Indonesia continues the tradition of legal resistance at the World Trade Organization (WTO), reflecting on the precedent of the previous Renewable Energy Directive (RED II) dispute. In the context of the EUDR, the legal arguments built by the Government of Indonesia have become sharper. The EUDR is seen as violating the basic principles of the General Agreement on Tariffs and Trade (GATT), particularly related to non-discrimination. According to the analysis of Kusuma and Arifianto (2025), the EUDR policy has a strong potential to violate the Technical Barriers to Trade (TBT) agreement. The European Union sets geolocation tracking standards (polygons) that seem to apply neutrally to all countries, but in practice they are very asymmetrical and disproportionately burden commodities from developing countries that do not have an even land digitization infrastructure. Indonesia also highlighted that the European Union ignores the principle of Common but Differentiated Responsibilities (CBDR) recognized in international environmental law, where developed countries are supposed to provide technical and financial assistance, not just imposing penalties in the form of market access barriers (Haryanto & Sari, 2025).

Collaboratively, Indonesia carried out a very strategic diplomatic maneuver by optimizing the Council of Palm Oil Producing Countries (CPOPC) as the driving force of the resistance. Table 1 above shows that the CPOPC has transformed from a mere regional economic communication forum to a global strategic alliance. Together with Malaysia, Indonesia realizes that the EUDR does not only target palm oil, but six other forest-derived commodities (coffee, cocoa, rubber, soybeans, timber, and beef). This gap is being exploited

by Indonesian diplomacy to broaden the spectrum of the coalition by rallying cross-commodity support.

As noted by Rahman et al. (2026), Indonesia managed to initiate a Joint Letter (a joint protest letter) signed by dozens of commodity-producing countries from Latin America (such as Brazil and Colombia for soybean and coffee commodities) as well as African countries (such as Ghana and Côte d'Ivoire for cocoa). This consolidation of votes from the Global South countries fundamentally changed the geopolitical map of trade. The narrative of diplomacy has been successfully shifted from just a sectoral dispute between Indonesia and Europe to an issue of structural injustice of the North-South divide. Through this consolidation, Indonesia and the Global South alliance expressly frame the EUDR as a form of Green Protectionism and Eco-Imperialism in which developed countries (Europe) are considered to impose unilateral standards and shift the costs of climate mitigation to developing countries at the expense of their rights to economic development and poverty alleviation.

Domestic and Commercial Diplomacy: ISPO and Data Sovereignty as *Bargaining Power*

Modern economic diplomacy requires that a strong foreign policy posture must be supported by institutional reforms at home. The crucial findings of this study show that the Indonesian Government is no longer simply rejecting the EUDR with the conventional narrative of state sovereignty, but is trying to respond to European demands technically and structurally. The main strategy in this commercial pillar is the acceleration of the integration of Indonesian Sustainable Palm Oil (ISPO) and the development of the National Dashboard (National Monitoring System) as a direct response to the stringent requirements of EUDR geolocation tracking (polygons).

The development of the National Dashboard does not only function as a technological infrastructure, but also as a Data Sovereignty instrument. According to Wibisono (2026), through this system, the Government of Indonesia acts as the sole clearinghouse that verifies the origin of palm oil. Rather than allowing European private auditors or foreign NGOs to access and map the land of Indonesian farmers directly that are vulnerable to data exploitation and assessment bias, the government prefers to take over the control. Sustainability data is channeled from the state (Indonesia) to the state (European Union/competent authority), so that the dignity and sovereignty of national information is maintained.

Furthermore, this commercial diplomacy is directed to achieve the target of Mutual Recognition. Historically, the European Union has often underestimated ISPO standards because they are considered less stringent than voluntary certifications such as the RSPO (Roundtable on Sustainable Palm Oil). However, by requiring ISPO for all business actors, including independent smallholders, the Government of Indonesia makes ISPO a negotiation tool. Diplomacy is focused on urging the EU to accept ISPO as a legitimate due diligence document compliant with EUDR standards (Nugraha & Dermawan, 2024).

At the grassroots level, this strategy of nationalizing sustainability standards serves as a socio-economic protective shield for smallholders. Compliance with EUDR standards (such as land polygon mapping and legality certification) requires very high compliance costs and is impossible for independent smallholders to bear independently. To prevent the exclusion of local smallholders from the global supply chain, domestic economic instruments are deployed through the intervention of the Oil Palm Plantation Fund Management Agency (BPDPKS). Palm oil export levy funds are reallocated by BPDPKS to subsidize the cost of ISPO mapping

and certification for smallholders (Siregar et al., 2026). Thus, Indonesia's commercial diplomacy not only seeks to maintain market share (exports) in Europe, but in parallel ensures that the transition to a deforestation-free supply chain prioritizes the principle of economic justice at home.

Effectiveness Analysis of Indonesia's Economic Diplomacy Strategy

The effectiveness of Indonesia's multi-track economic diplomacy in responding to the European Union Deforestation Regulation (EUDR) can be assessed through a balanced evaluation of its strengths and limitations across the three strategic pillars (Bayne & Woolcock, 2017).

From the perspective of strengths, Indonesia's strategy demonstrates a high level of strategic coherence and adaptability. The integration of bilateral, multilateral, and domestic instruments allows Indonesia to engage across multiple layers of global governance. Bilateral diplomacy through the Joint Task Force (JTF) provides a direct and flexible negotiation channel, while multilateral engagement through the World Trade Organization and coalition-building via the Council of Palm Oil Producing Countries enhances Indonesia's collective bargaining power. At the domestic level, strengthening instruments such as ISPO reflects the importance of internal institutional capacity in supporting external negotiation credibility.

However, this strategy also faces several structural limitations. First, the effectiveness of bilateral diplomacy is constrained by the complex decision-making structure of the European Union, where outcomes are influenced not only by the European Commission but also by the European Parliament and member states with differing interests. Second, multilateral litigation at the WTO tends to be time-consuming and uncertain, particularly given the current challenges facing the dispute settlement mechanism. Third, domestic adjustments such as ISPO implementation still encounter capacity gaps at the smallholder level, including limited access to technology, financing, and legal land certification. These constraints may reduce the overall effectiveness of Indonesia's diplomacy if not addressed systematically.

Therefore, while Indonesia's multi-track strategy is comprehensive and forward-looking, its success ultimately depends on the synchronization between external diplomacy and internal institutional strengthening, particularly in ensuring inclusive compliance for smallholders.

Comparative Perspective: Indonesia, Malaysia, and Brazil

A comparative perspective shows that Indonesia's response to the EUDR reflects broader patterns among commodity-exporting countries. Malaysia, for instance, adopts a similar diplomatic approach, particularly through collaboration within the Council of Palm Oil Producing Countries. However, Malaysia tends to emphasize technical compliance and regulatory alignment, supported by a more centralized plantation governance structure.

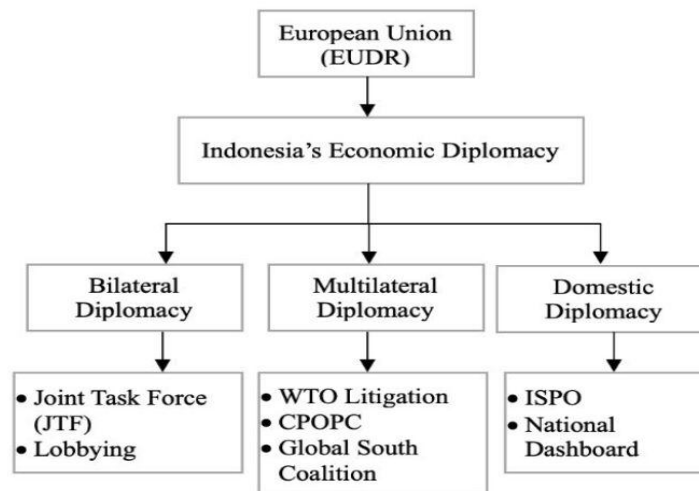
In contrast, Brazil adopts a different strategy by prioritizing market diversification and geopolitical alignment, particularly strengthening trade relations with non-European partners such as China (Schneider, 2021). This approach reflects a strategy of reducing dependency rather than directly contesting regulatory frameworks.

Compared to these cases, Indonesia demonstrates a more hybrid strategy, combining legal resistance, coalition-building, and domestic reform. This aligns with the concept of strategic state agency in global trade governance, where developing countries actively negotiate and reshape external constraints rather than passively adapting.

Conceptual Model of Indonesia's Multi-Track Economic Diplomacy

Based on the findings of this study, Indonesia's economic diplomacy in responding to the EUDR can be conceptualized as an integrated multi-level model. This model reflects the interaction between domestic and international political arenas, as explained in the two-level game framework.

Figure 1. Indonesia's Multi-Track Economic Diplomacy Model in Responding to the EUDR



Source: Processed by the Author from various official documents

At the bilateral level, diplomacy functions as a negotiation interface, enabling direct engagement with policymakers. At the multilateral level, diplomacy operates as a collective pressure mechanism, utilizing international institutions such as the World Trade Organization and coalition platforms like the Council of Palm Oil Producing Countries. At the domestic level, commercial diplomacy serves as a source of legitimacy, where internal governance reforms enhance external credibility.

These three dimensions are interconnected and mutually reinforcing. This model also reflects the logic of global value chain governance, where compliance, standards, and power relations shape the position of developing countries in global markets.

CONCLUSION

This study finds that the European Union Deforestation Regulation (EUDR) is perceived by Indonesia not only as an environmental governance instrument, but also as an asymmetric non-tariff barrier that challenges Indonesia's market access, economic sovereignty, and the sustainability of its palm oil sector. In response, Indonesia has adopted a multi-track economic diplomacy strategy comprising bilateral engagement through Joint Task Force mechanisms and lobbying with the EU, multilateral resistance via WTO-based legal approaches and coalition-building within the Council of Palm Oil Producing Countries, and domestic-commercial reforms through strengthening the Indonesian Sustainable Palm Oil system, national traceability dashboards, and compliance support for smallholders. Overall, the findings highlight Indonesia's role as an active strategic actor that

negotiates and adapts to global trade governance rather than passively accepting external regulations, while also showing that the effectiveness of its diplomacy is strongly conditioned by domestic governance capacity, particularly in land legality, traceability infrastructure, and smallholder integration. Future research should examine the long-term effectiveness of these diplomatic and domestic strategies in improving actual market access outcomes, especially by conducting comparative studies with other commodity-exporting countries facing similar sustainability regulations, as well as assessing how far compliance mechanisms translate into measurable reductions in deforestation without disproportionately burdening smallholders.

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