



# Role of Oil Palm in Poverty Alleviation

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Presented in the Twentyfirst Session of the Conference  
of the Parties (COP21). Paris, Dec 3, 2015.  
Indonesia Pavilion – Hall 2B



# Outline:

- Introduction
- Overview of Indonesian Oil Palm Plantation
- The economic of Oil Palm Sector
- The Role of Oil Palm in Poverty Alleviation
- Conclusion



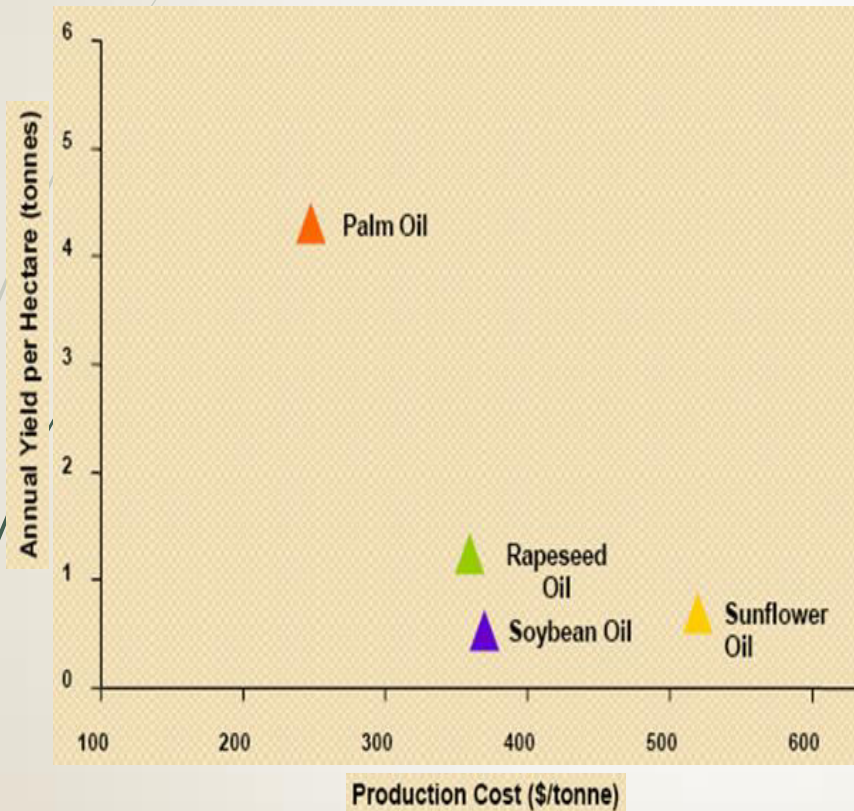
# Introduction

## CPO in the Oils & Fats Market

# Oil palm is the most efficient oilseed crop in the world

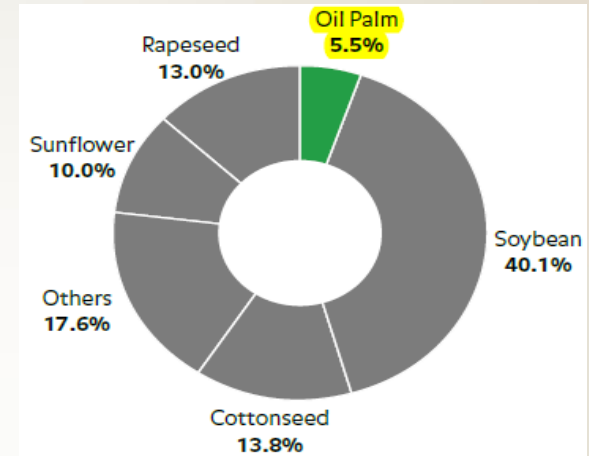
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## Yield and Production Cost of Major Vegetable Oil

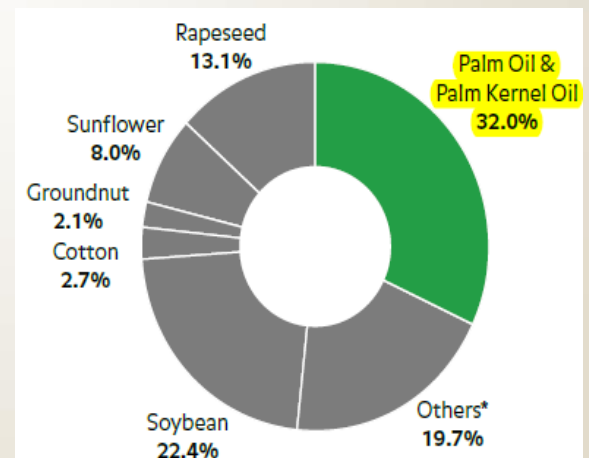


Source: - Oil World (2009)  
 - Oil World (2013) in Sime Darby (2014)

## 10 major oilseed area in 2012



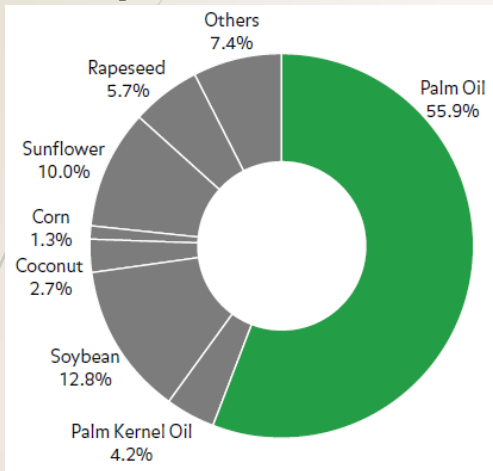
## 17 major oils & fats: global production in 2012



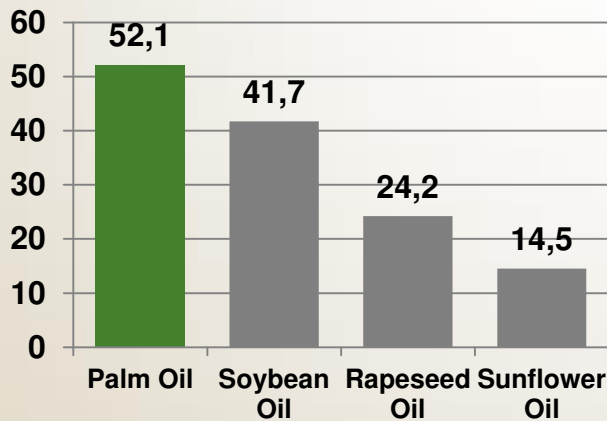
# World exports, consumptions and prices of vegetable oils

5

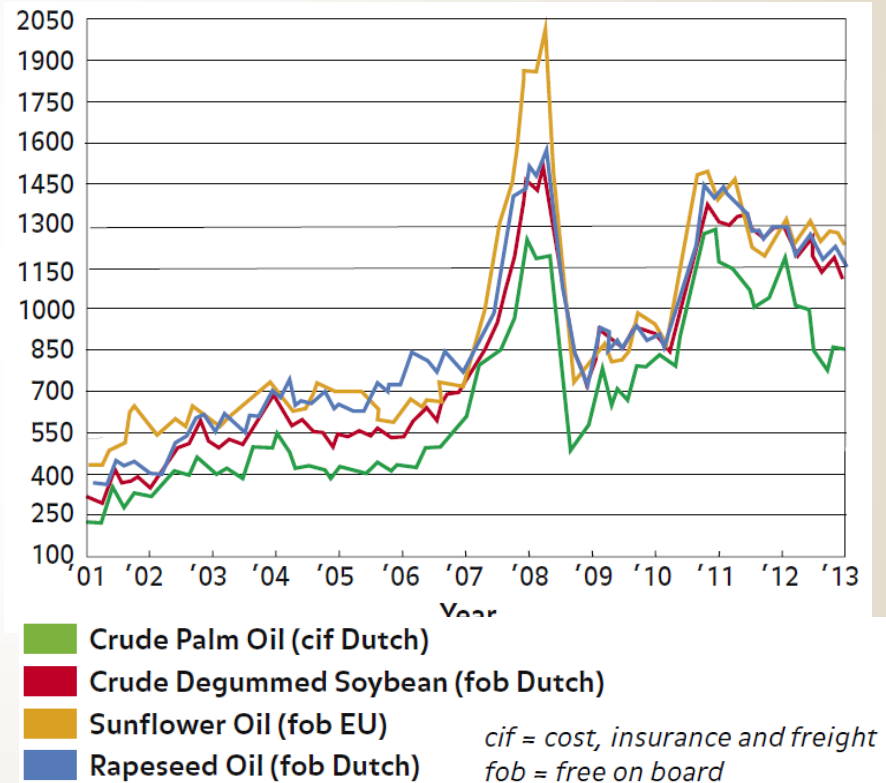
## World Export, 2012



## World Consumption, 2012



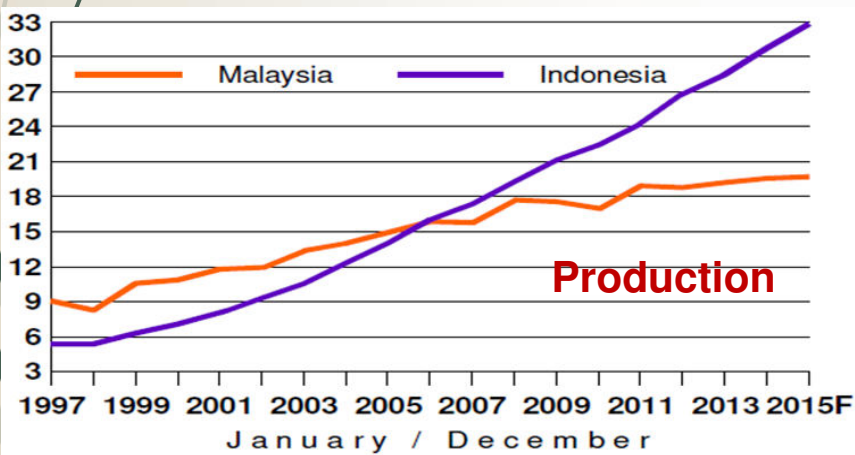
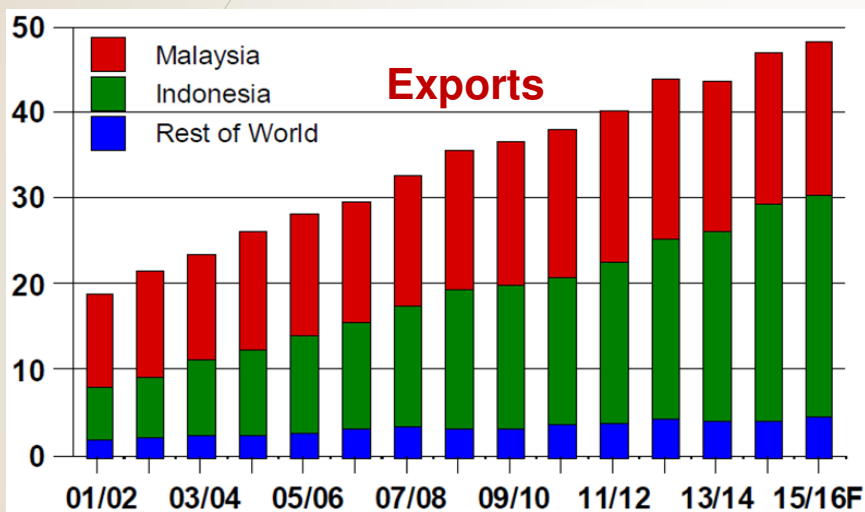
## World Prices (USD /T), 2012



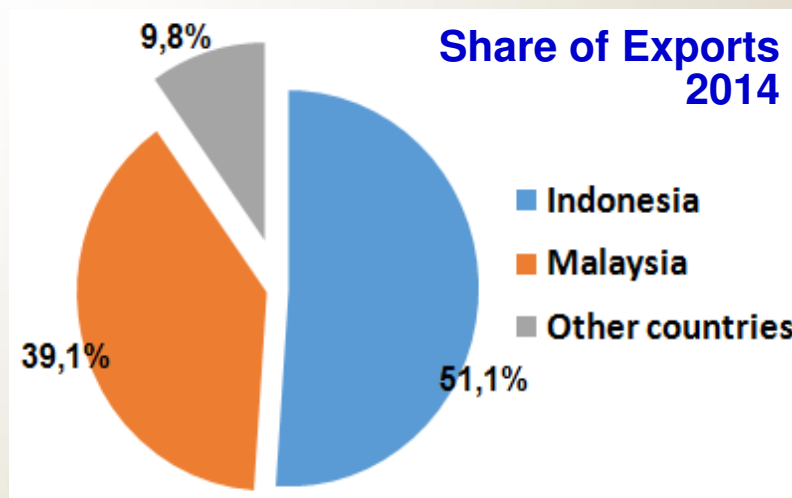
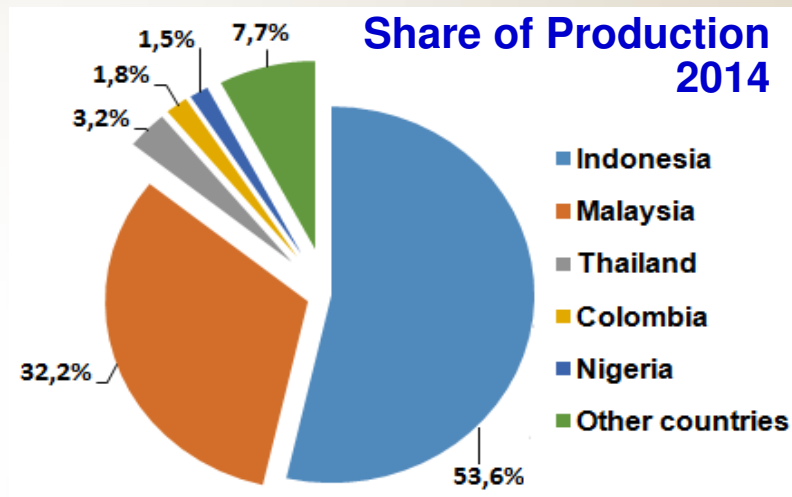
Source: Oil World (2013) in Sime Darby (2014)

# Indonesia is the world's largest producer and exporter of crude palm oil (CPO)

**Palm Oil: Exports and Production of Key Countries (Mn T)**



Source: Mielke (2014, 2015)



(Source: Index Mundi, 2015)



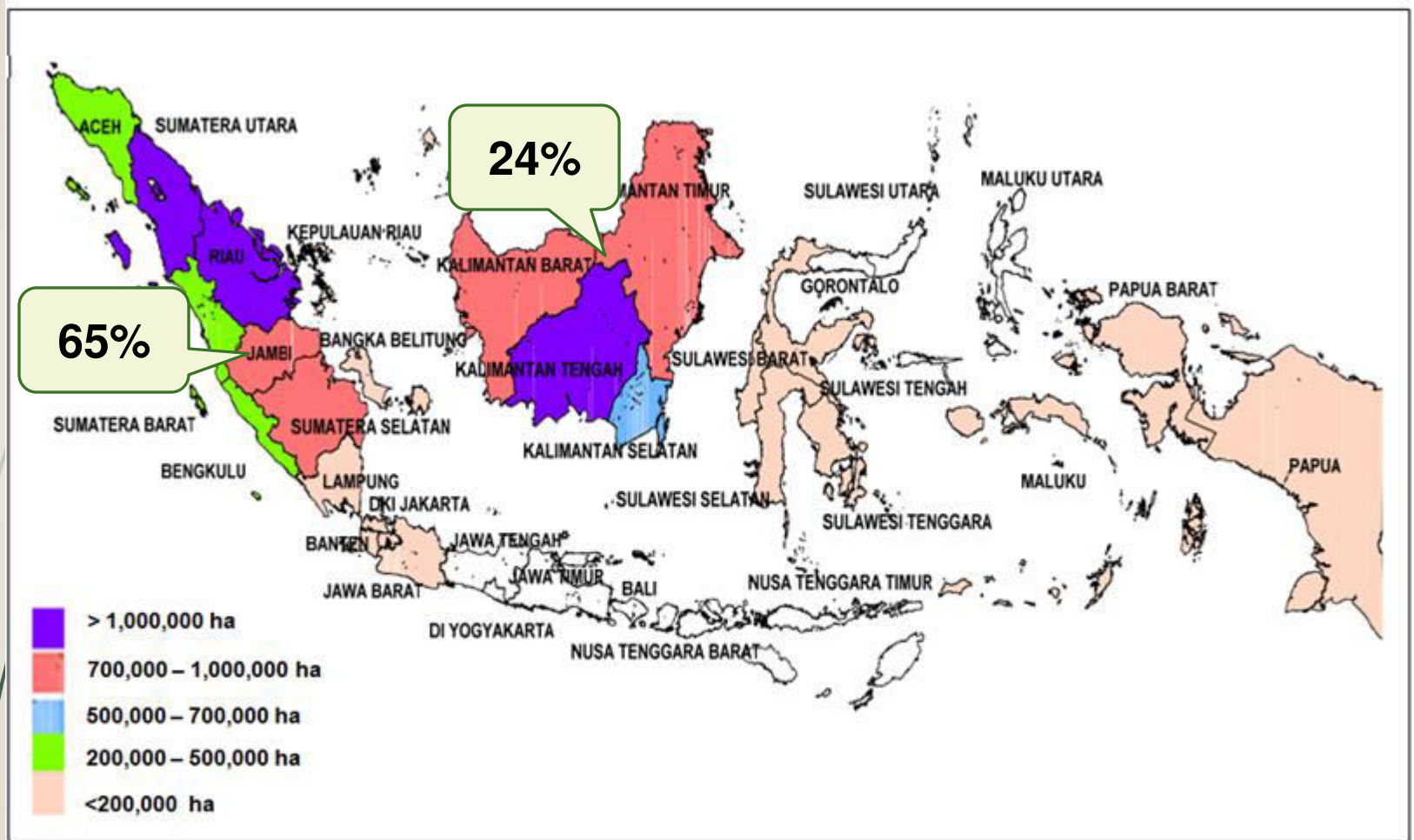
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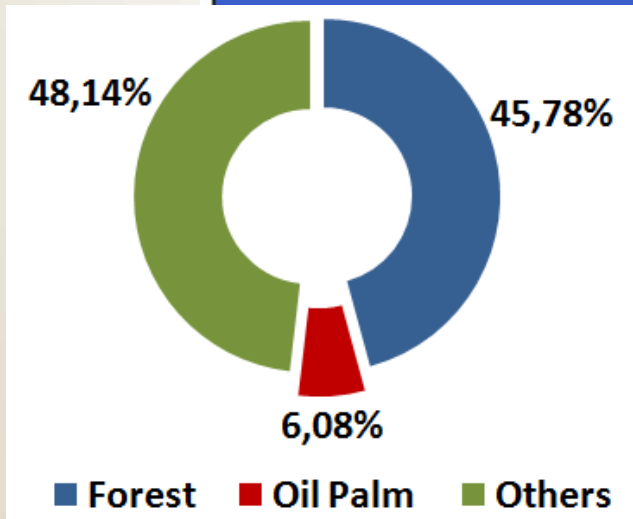
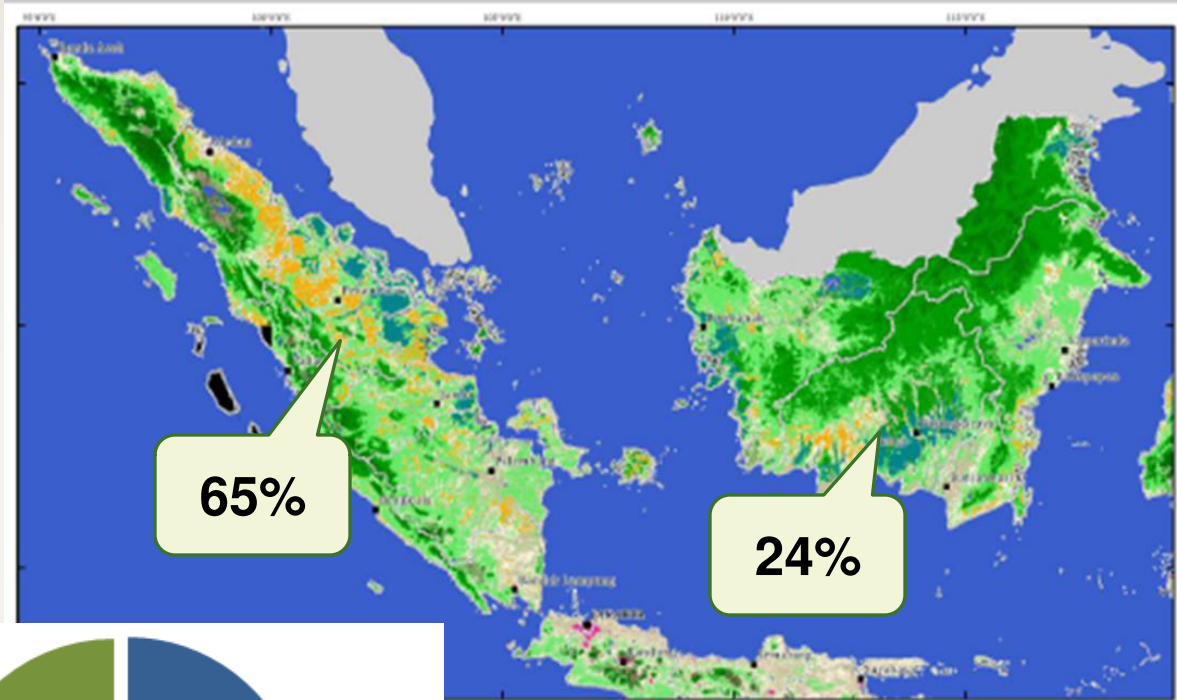
# Overview of Indonesian Oil Palm Plantation

# Distribution and Centers of Oil Palm Plantation





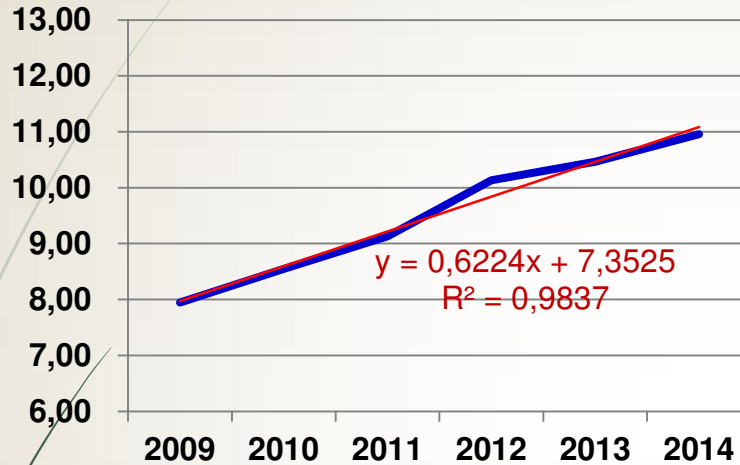
# Oil Palm Plantation in Total Land



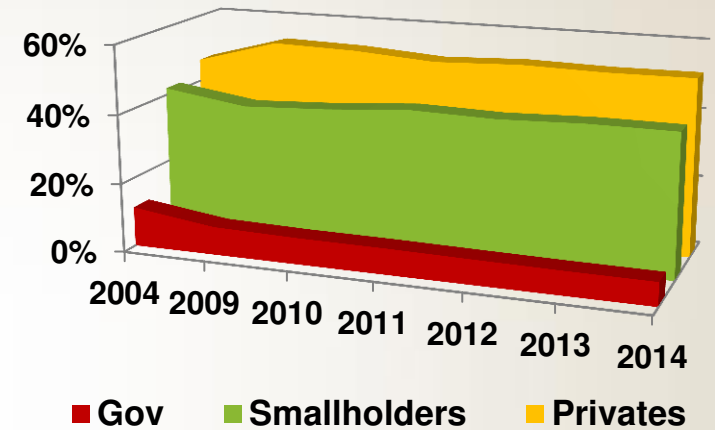
Share of oil palm plantation in total land

# Area and Production of Oil Palm Plantation

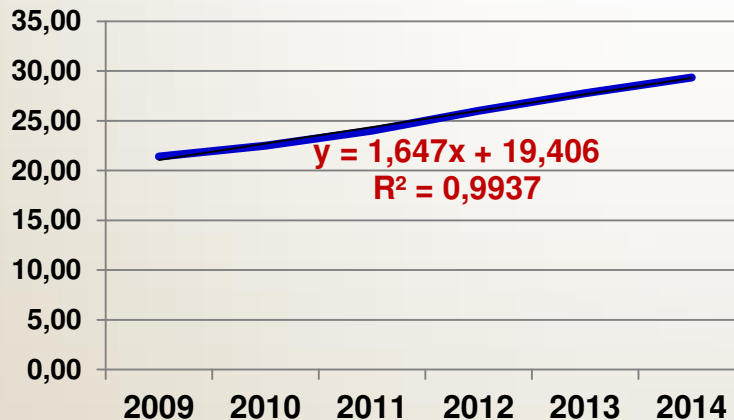
**Total Area (Mil, Ha)**



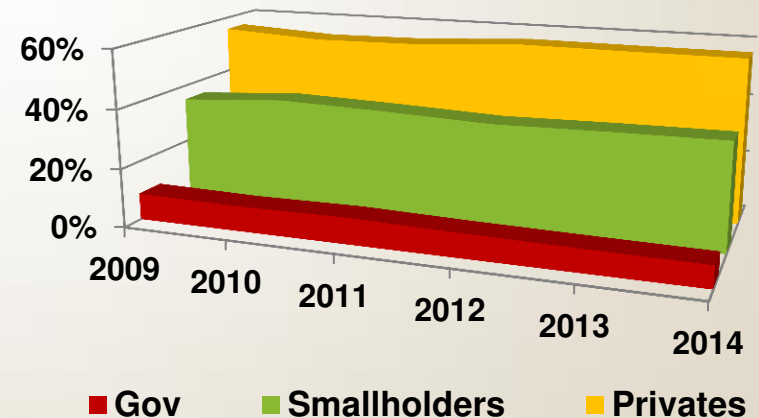
**Share of Area by Category of Producers**



**Total Production (Mil, Tonnes CPO)**

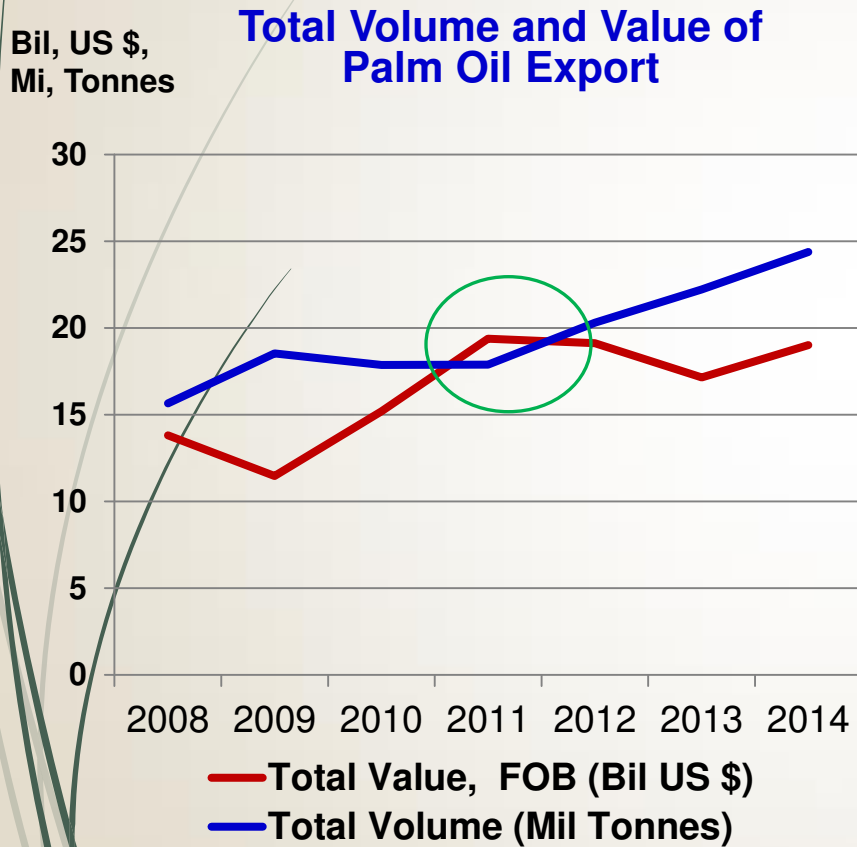


**Share of Production by Category of Producers**



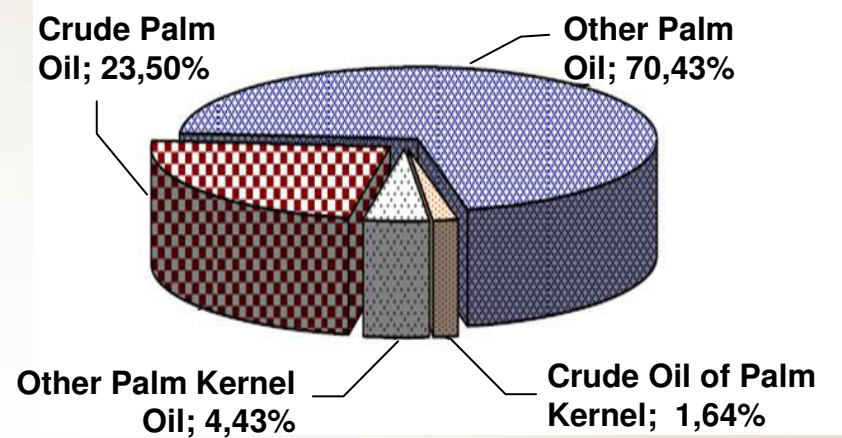
Source: DG of Estate Crops (2015)

# Palm Oil Exports

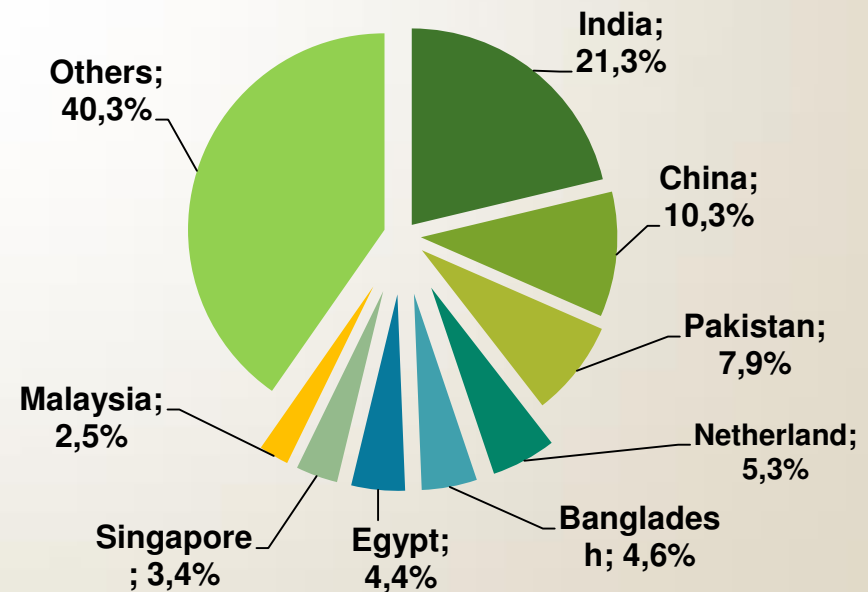


Source: Statistics Indonesia (2015)

## Palm Oil Export by Type of Products



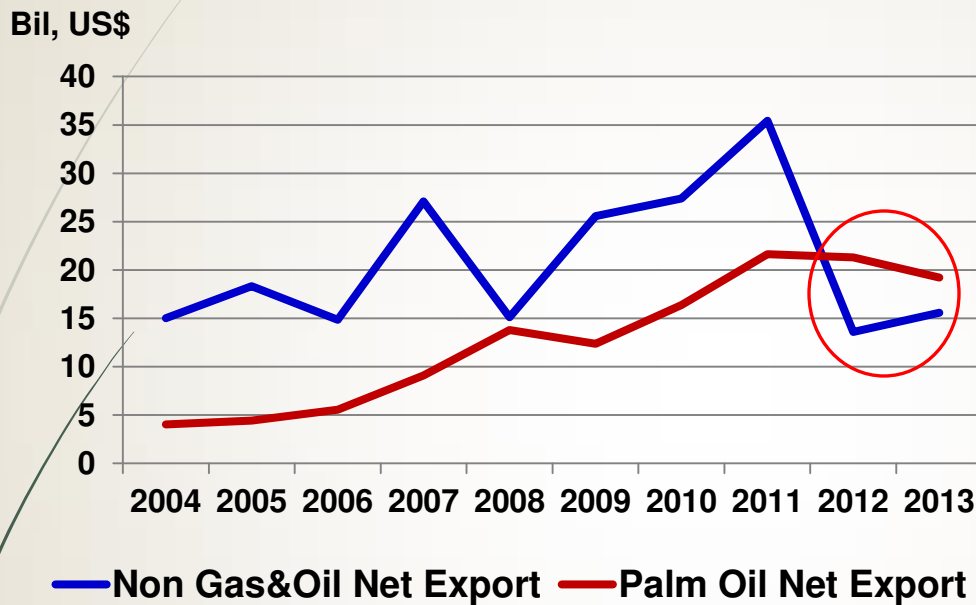
## Export by Destination Countries, 2014



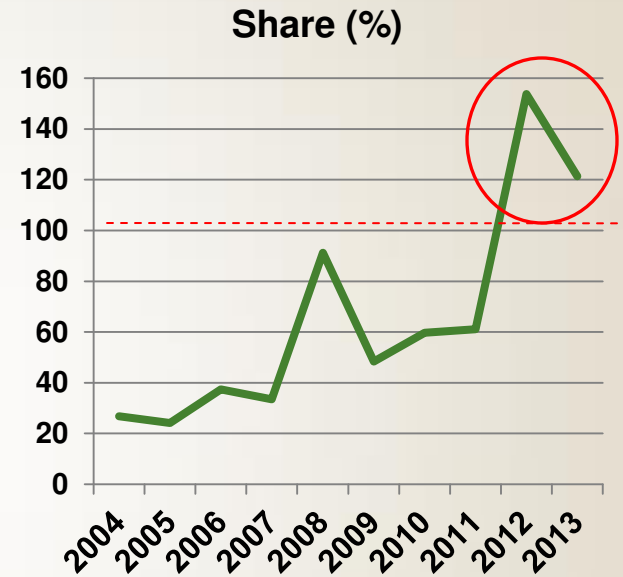


# The economic of Indonesia Oil Palm Sector

## Palm Oil Export is the Biggest Contributor in Total Non Oil&gas Net Exports

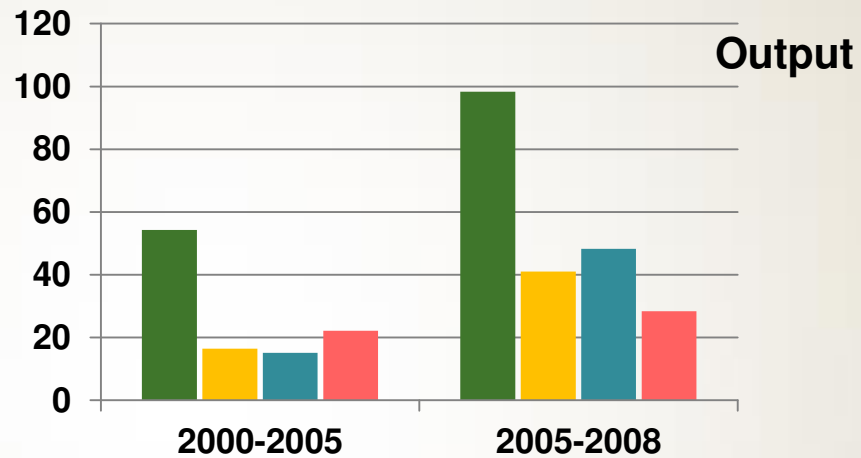


Source: Bank of Indonesia in PASPI (2015)

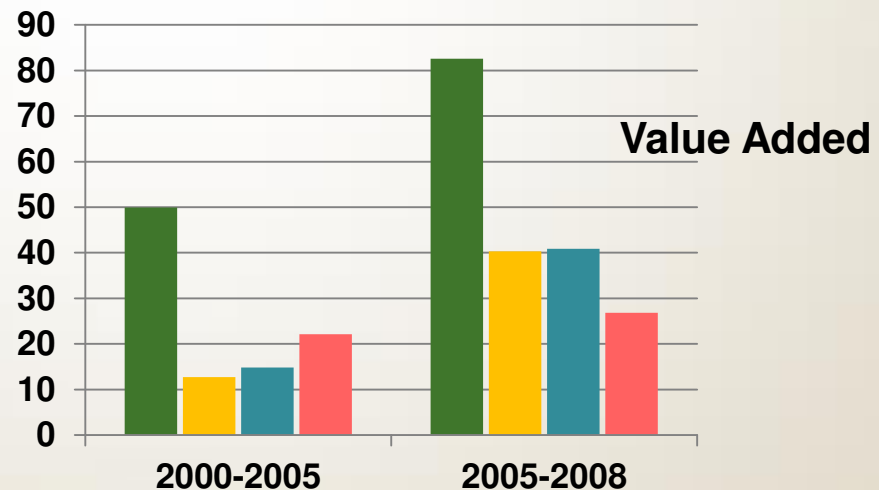


# Output and Value Added Growth Rate of Oil Palm Plantations Faster than Other Sectors in Indonesian Economy, 2000-2008

- Oil Palm Plantation
- Vegetable Oil Industry
- Agricultural Sector
- National



- Oil Palm Plantation
- Vegetable Oil Industry
- Agricultural Sector
- National



# Oil Palm Plantation Stimulates Other Sectors of Indonesian Economy

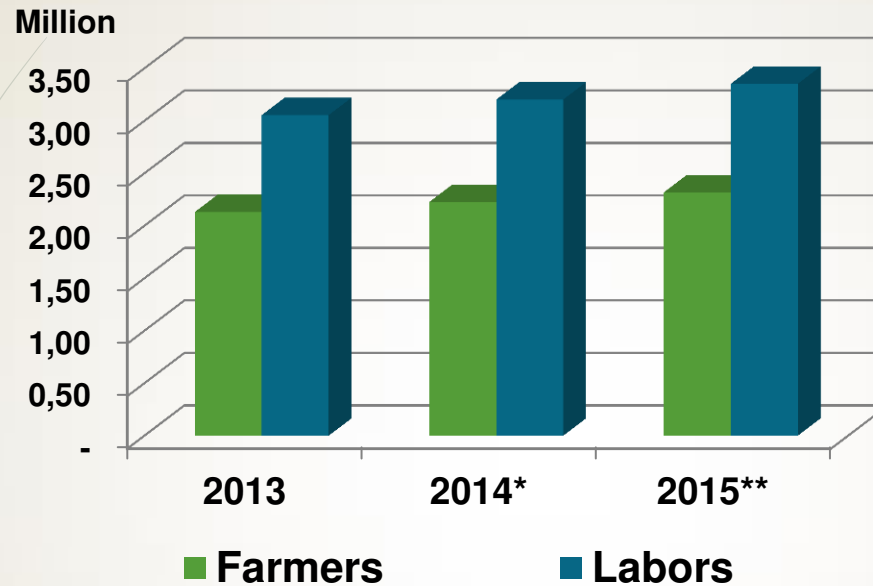
Linkages	Value	Sectors	Share (%)
Backward	<b>1,51</b>	Surplus Reinvestment	33,94
		Fertilizers, Chemical, Pesticides	18,43
		Labor	17,31
		Financial	9,85
		Oil Palm Seeds	4,64
		Agriculture	3,56
		Building	4,07
		Transp, Trade, Rest/Hotel, Comm,,etc	4,19
		Other Sectors	4,74
Forward	<b>1,42</b>	Cooking oil industry	80,00
		Oleochemical industry	14,00
		Food industry	0,31
		Oil Palm Plantation	4,64
		Others	0,05

Multiplier	Index
Output	1.71
Income	1.79
Employment	2.64
Value Added	1.59

## Multiplier Indexes of the Oil Palm Plantations

Source: Statistics Indonesia, I-O Table 2008

# Labor Absorption in the Oil Palm Plantation



Source: DG of Estate Crops (2015)

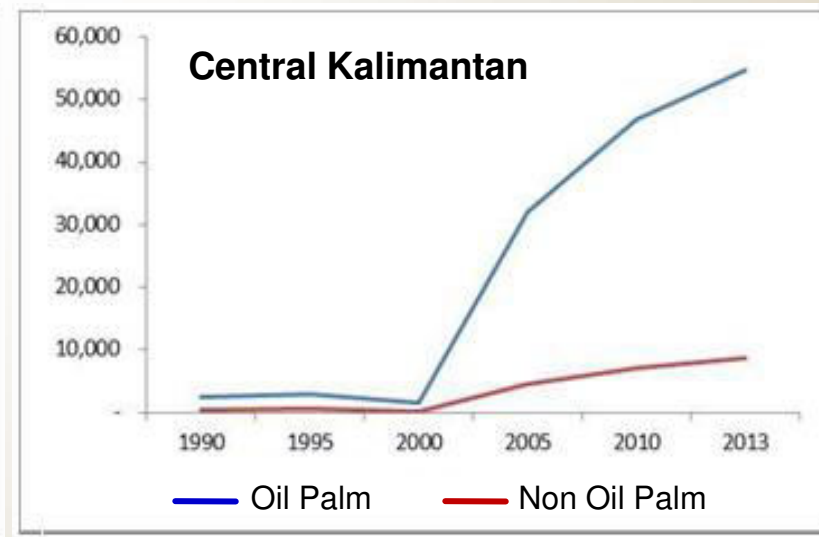
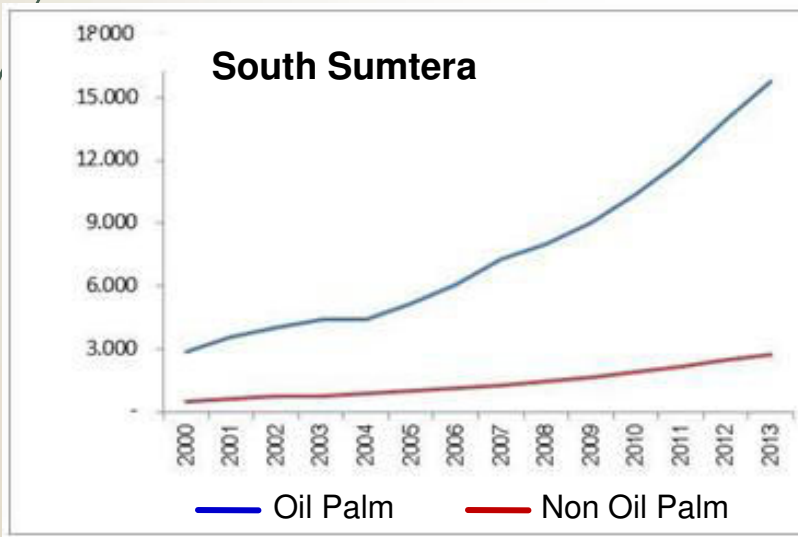
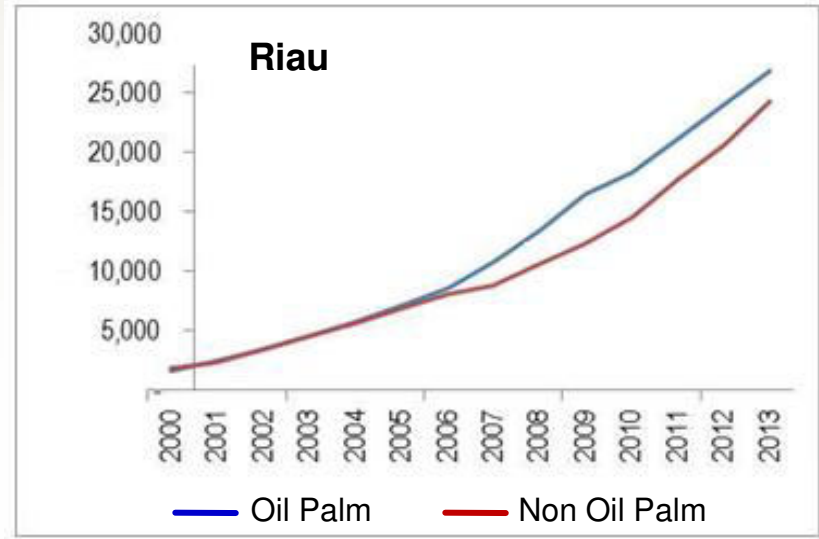
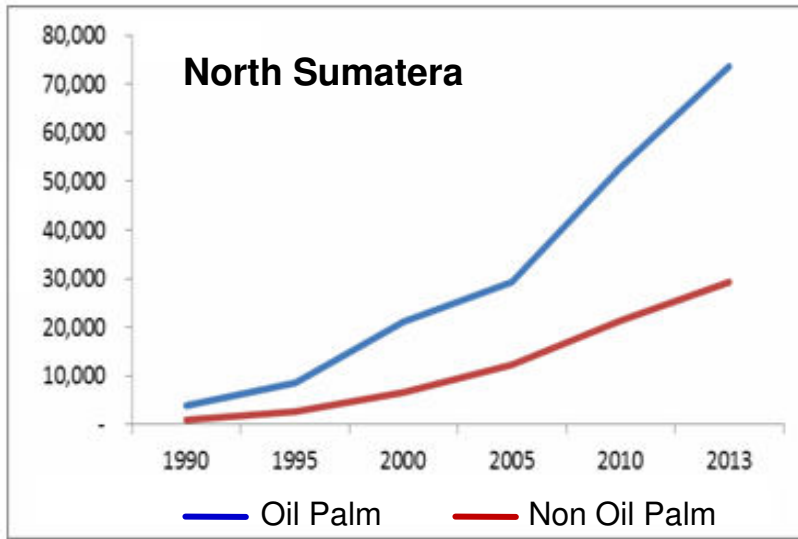
- Employment Multiplier:
  - for all sectors of the economy = 1,84
  - for the oil palm sector = 1,05(Source: Indonesia I-O Table 2008)
- Palm oil development has the potential to increase the absorption of labor in all sectors of the economy,





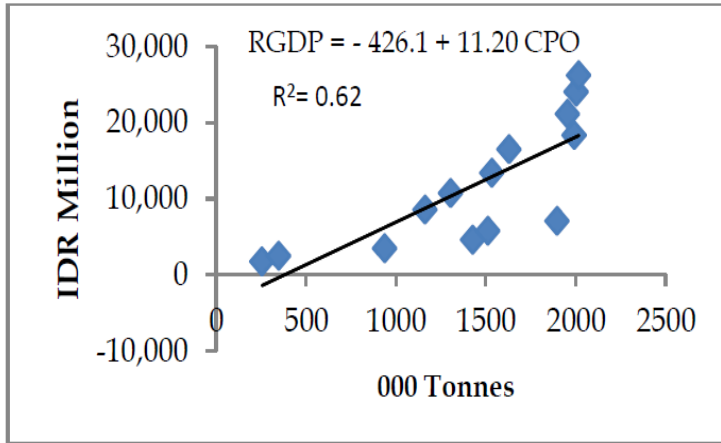
## The Role of Oil Palm in Poverty Alleviation

# Comparison of RGDP Oil Palm-based Economy and Non Oil Palm-Based Economy (Mil, IDR)

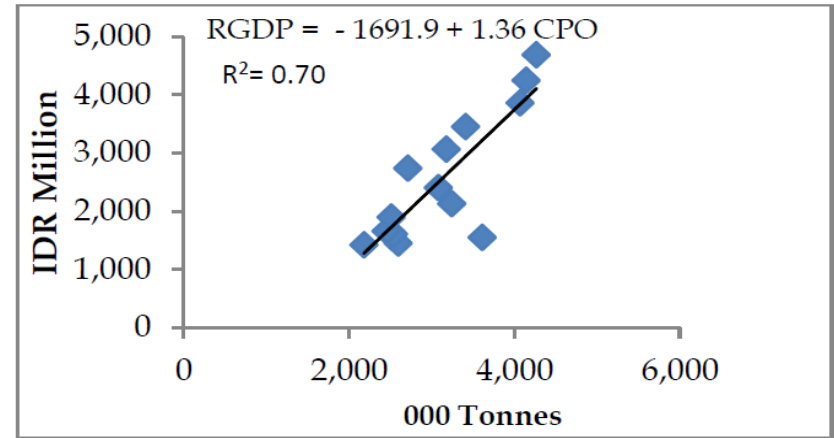


# Effect of CPO Production on RGDP (Cases in 4 major oil palm producer Provinces)

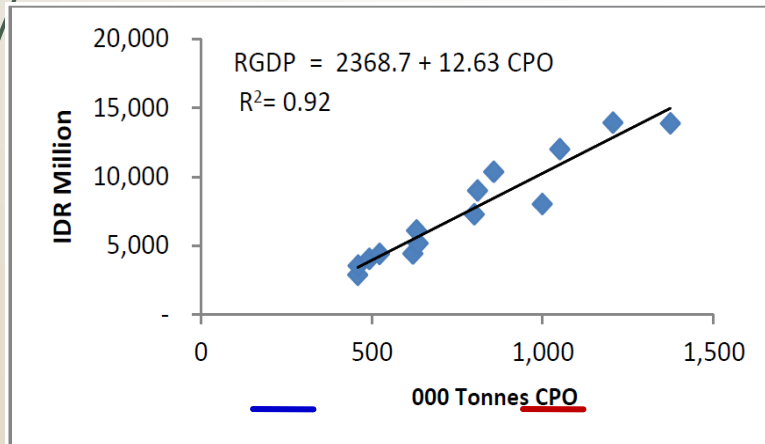
Riau



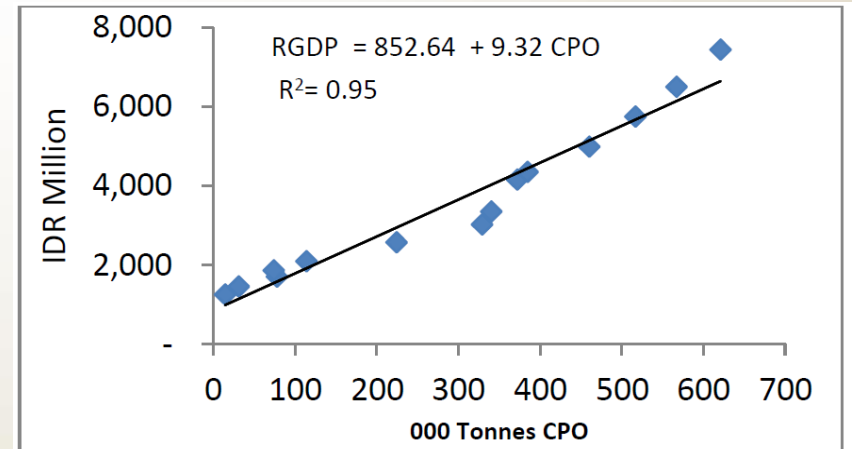
North Sumatera



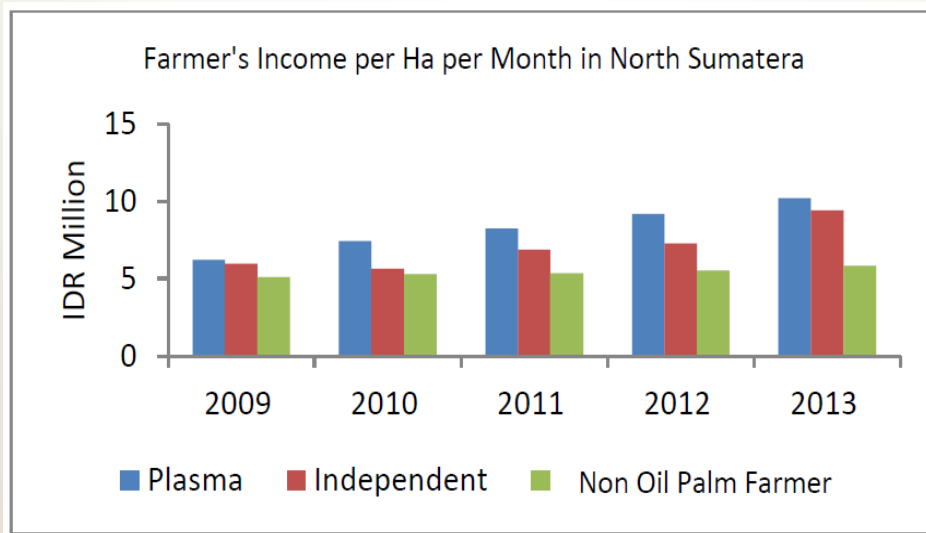
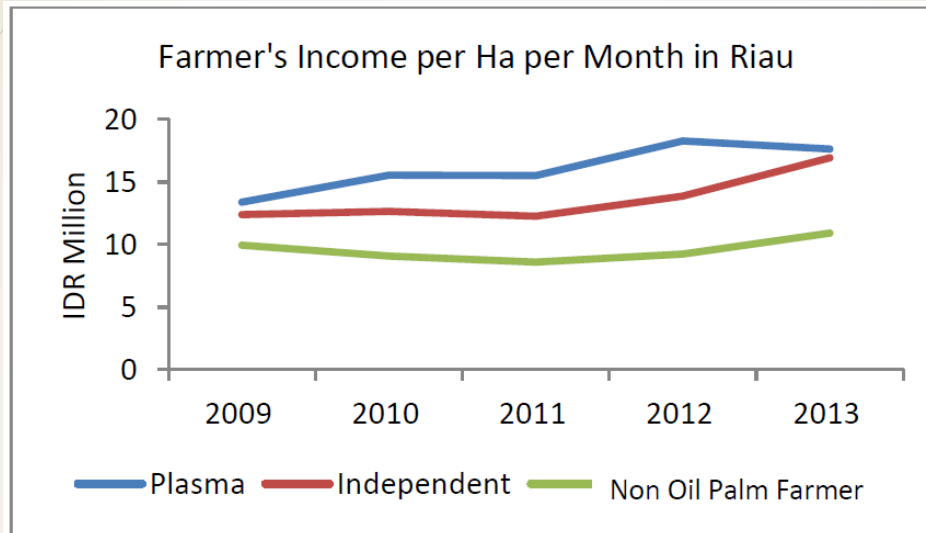
South Sumatera



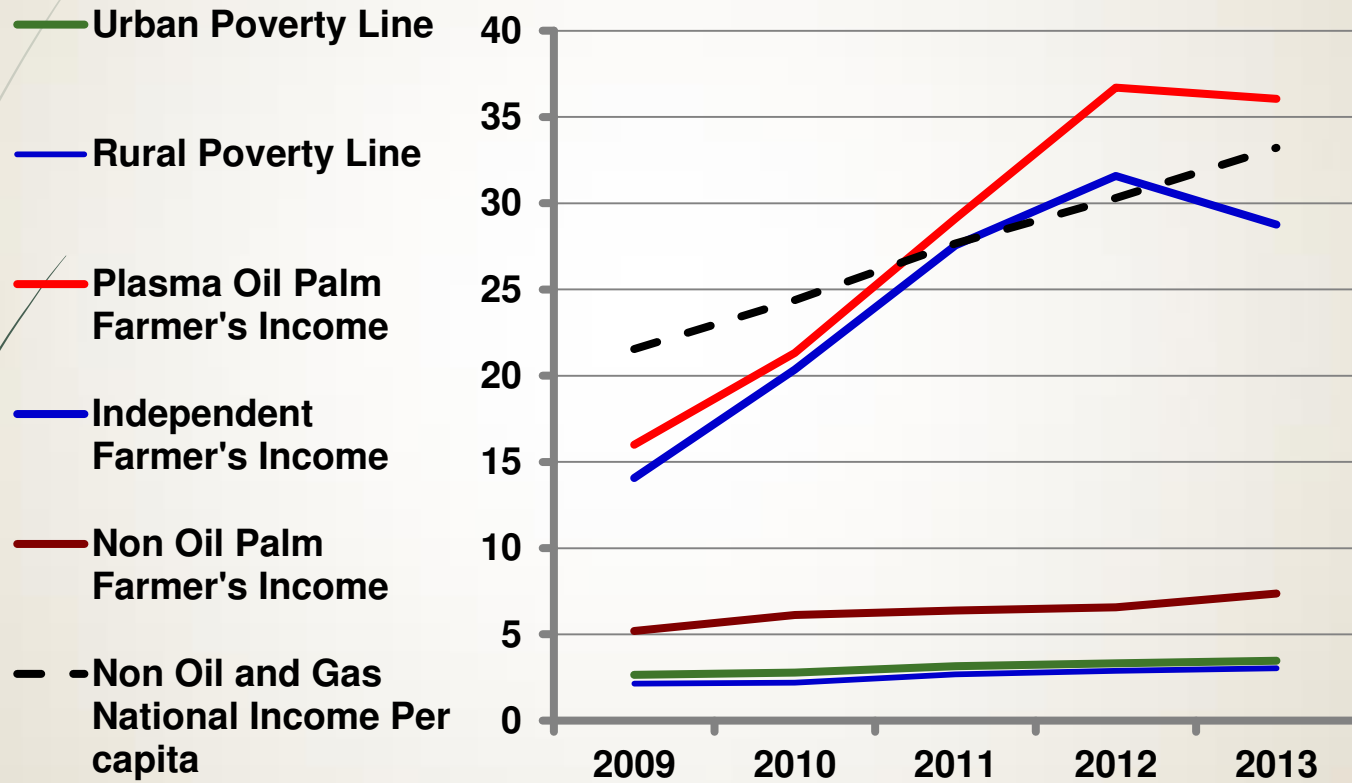
Central Kalimantan



# Oil Palm Farmers Earn Higher Income than Non Oil Palm Farmers

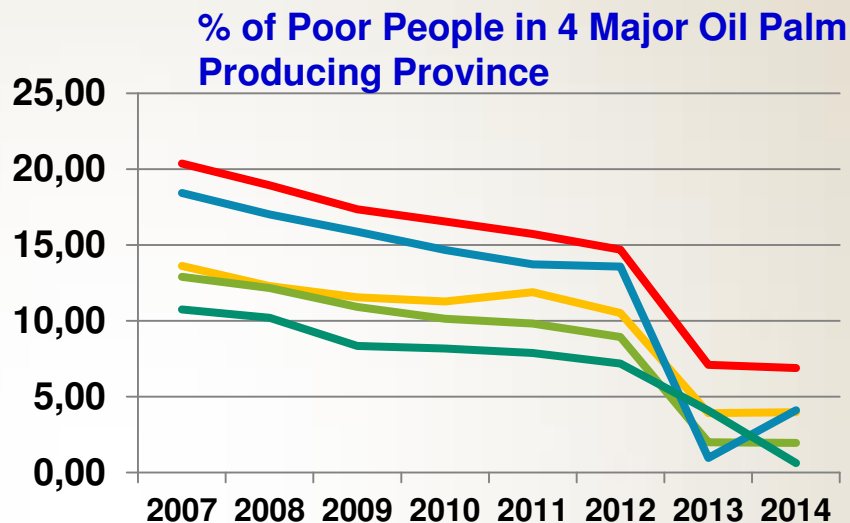


# Comparison of Oil Palm Household Income and Poverty Line (Million IDR / yr)

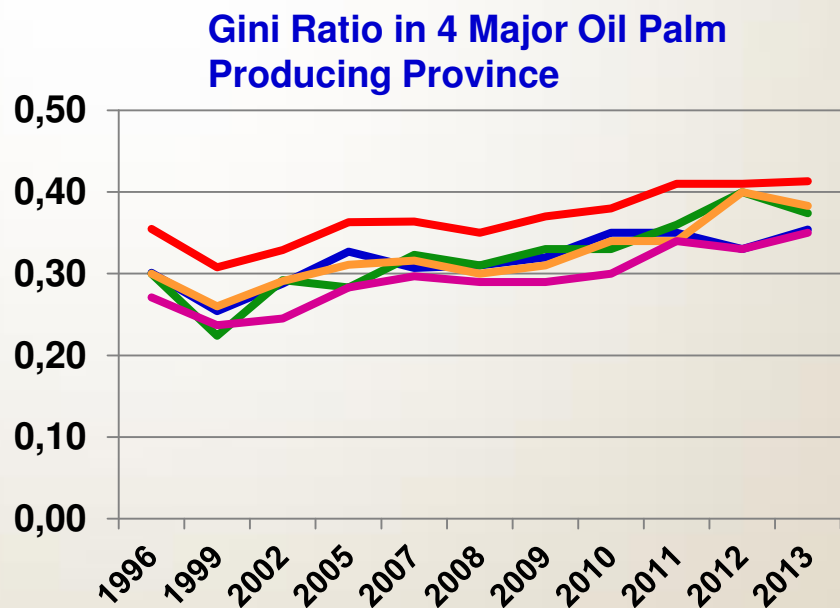


# Oil Palm Plantation Reduce number of poor people in rural area and improve income distribution

- Sumatera Utara
- Riau
- Sumatera Selatan
- Kalimantan Tengah
- INDONESIA



- North Sumatera
- Riau
- South Sumatera
- Central Kalimantan
- INDONESIA





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## Conclusion

# Conclusion

Oil palm plantations play an important role in Indonesian economic development :

1. Source of income through foreign exchange earnings
2. Contribute highly significant to the growth of output, employment and added value of other economic sectors.
3. Boost economic growth in rural areas through increased employment, improved infrastructure, and create new sources of economic growth.
4. Increase farmers' income and reduce poverty.





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*Thank you...*

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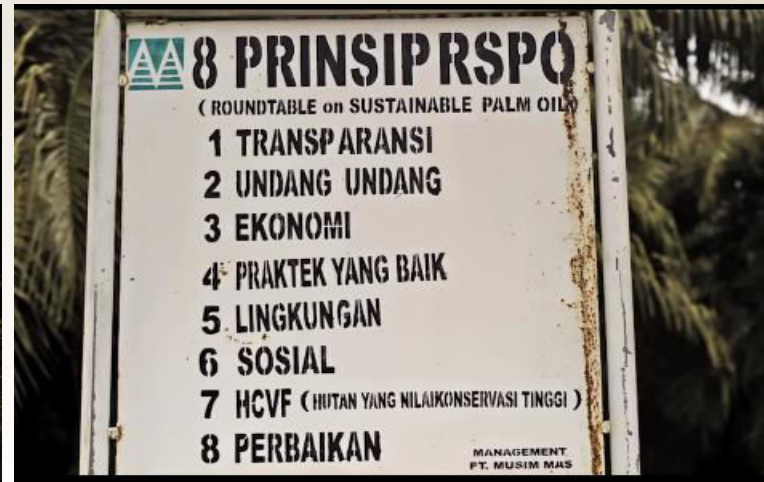
# Success stories

1991



2012





Wource: WWF on Youtube,