ABSTRACT

JAN HORAS VERYADY PURBA. The Impact of Export Tax-Crude Palm Oil on Cooking Oil Industry in Indonesia. (SRI HARTOYO as Chairman, BUNGARAN SARAGIH and HARIANTO as Members of the Advisory Committee)

Oil palm industry has a very important role to perform in development of Indonesian national economy. These commodities, and specifically Crude Palm Oil (CPO), have contributed immensely to the Gross Domestic Product (GDP) of Indonesia, increased international and national trade, created various forms of employment, led to growth in production and areal development, and improved the living standards as well as the financial status of the local people. Indonesia is one of the highest CPO producers in the world. The world CPO production has grown steadily and relatively faster as compared to other oil yielding crops. Export growth of Indonesian CPO can be attributed to three factors: world demand factor, product and market effects and competitiveness effects. The world demand factor reflects growth in exports that can be attributed to rising international demand, i.e. the stronger global import demand, the stronger the country’s export growth. Due to the importance of the crude palm oil to the Indonesian economy, and the world over, the Indonesian government decided to impose export tax on its CPO. Therefore, the goal of the research is to find out the impact of the CPO export tax on Indonesian cooking oil industry. The findings of the study show that export tax had been proven to be effective in controlling domestic cooking oil price, which otherwise would provide the supply more of the raw material for domestic cooking oil. With this policy, the government had been successful to keep the cooking oil price down when the world CPO price increased. The implementation of tax policy should be considered to improve the competitiveness of Indonesian CPO in the world market, and allocate the government revenue to develop the supply side of Indonesian oil palm industry. There should be an increase in investment to improve the oil palm productivity.

Key Words: Crude Palm Oil, Export Tax, Cooking Oil