

Voluntary Report – Voluntary - Public Distribution

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Report Name: Indonesia Simplifies Palm Oil Export Levies in Response to Decreasing CPO Exports

Country: Indonesia

Post: Jakarta

Report Category: Biofuels, Oilseeds and Products

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Report Highlights:

Indonesia introduced a new, simplified set of export levies for palm oil products, effective September 21, 2024, amidst decreasing crude palm oil (CPO) exports due to competition from other edible oils. Most of the new levies for palm oil exports will be reduced to between 3 percent to 7.5 percent of the reference price which the Government of Indonesia sets monthly. Under the new set of levies, the export levy for waste product palm oil mill effluent (POME) is expected to increase to be on par with the levy for CPO. In addition, the export levy for used cooking oil (UCO) would also increase.

On September 19, 2023, the Government of Indonesia (GOI) issued Ministry of Finance (MOF) Regulation No. 62/2024 which contains a new set of simplified export levies for palm oil and its products and became effective September 21, 2024. According to the decree, the measure aims to “improve palm oil competitiveness” in the international market vis-à-vis other edible oils, such as soybean oil and sunflower oil, and to “provide added value for farmers’ fresh fruit bunches.” The new set of export levies cover 28 palm oil products that are categorized into five groups. Previous export levies were structure-based with many different price brackets covering 26 palm oil products. The two additional affected products are high acid palm oil residue and empty fruit bunch oil, which fall under the same HS code as palm oil mill effluent (POME).

These levies are managed by the Palm Oil Plantation Fund Management Agency (BPDPKS in Indonesian) and are generally used to subsidize the biodiesel program. The first group of revised export levies is a flat tariff covering five products from palm kernels to palm kernel shells. The other four groups are percentage-based tariff schemes tied to reference prices set by the Ministry of Trade (MOT) every month. The products most relevant to biofuels and their new levies are provided in Table 1 below. The new levies range from 3 to 7.5 percent (see the complete list of export levies for each palm oil product at [MOF Regulation No. 62/2024](#).)

Table 1. New Set of Export Levies for Select Palm Oil Products

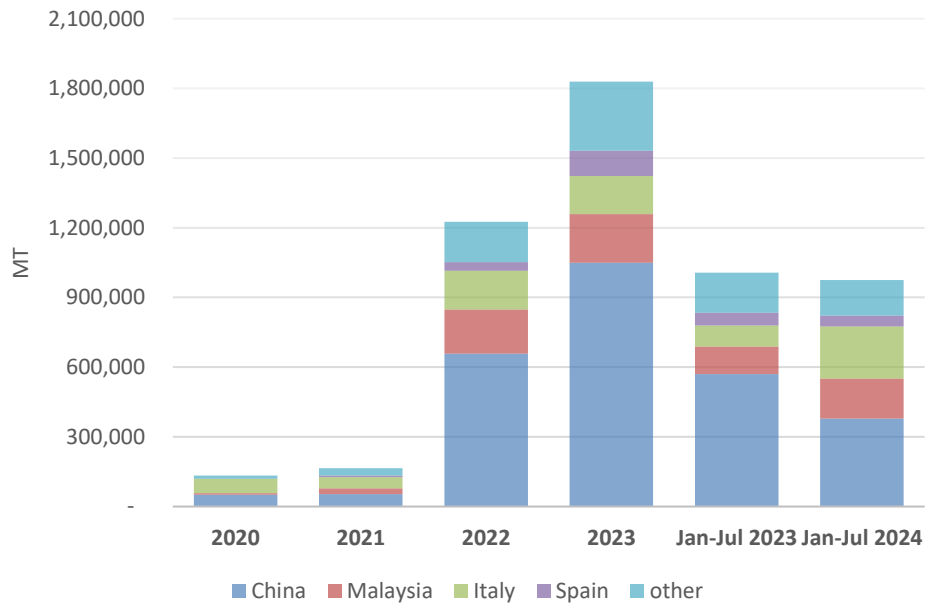
Products	Levies		Calculated Tariffs Based on September 2024 Reference Prices (US\$/MT)	
	Old (US\$/MT)	New	Old	New
Crude Palm Oil (CPO)	55-240	7.5%	90	63
Palm Oil Mill Effluent (POME)	5	7.5%	5	63
Used Cooking Oil (UCO)	35	6%	35	50
Palm Fatty Acid Distillate (PFAD)	45-214	6%	80	50
Refined, Bleached and Deodorized (RBD) Palm Olein	35-204	4.5%	70	38
Biodiesel	25-194	3%	60	25

Source: MOF Regulation No. 62/2024, Calculated by FAS Jakarta

Based on September 2024 reference prices, MOF Regulation No. 62/2024 implies lower export duties for most palm oil products, except for waste products such as POME and used cooking oil (UCO).

Previously, both products’ levies were set at a flat rate tariff but are now on par with the levy for CPO. Indonesia POME exports jumped to more than one million metric tons since 2022, mainly destined for China and Malaysia. The sharp rise correlated with increasing overseas demand for advanced biofuels produced from waste products. The separate taxes for palm product exports, which are not managed by BPDPKS, remain unchanged.

Figure 1. Indonesia POME Exports 2021-2024 (HS Code: 23069090)



Source: Trade Data Monitor, LLC

Attachments:

No Attachments.