

**Voluntary Report** – Voluntary - Public Distribution

**Date:** February 12, 2025

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**Report Name:** Indonesia Curbing Palm Waste Exports - Discouraging CPO Mixture Practices

**Country:** Indonesia

**Post:** Jakarta

**Report Category:** Biofuels, Climate Change/Global Warming/Food Security, Oilseeds and Products

**Prepared By:** Arif Rahmanulloh

**Approved By:** Jasmine Osinski

**Report Highlights:**

In January 2025, the Government of Indonesia (GOI) enacted a new regulation to curb exports of palm waste products, citing that they have already exceeded the “reasonable capacity,” in the hopes of shoring up feed stock supplies for domestic cooking oil and biofuels production. This measure is also an attempt to halt “mixture practices” of blending crude palm oil (CPO) with palm waste exports to circumvent the once higher CPO export levy and take advantage of foreign demand for waste-based feedstocks.

In early January 2025, Indonesia started to curb exports of Used Cooking Oil (UCO), Palm Oil Mill Effluent (POME), and High Acid Palm Residue (HAPOR) through Ministry of Trade (MOT) [Regulation No. 2/2025](#). According to the MOT, this policy aims to ensure the sufficient availability of raw materials for the domestic cooking oil industry to supply the “people’s cooking oil” program ([MinyaKita](#)<sup>1</sup>) whose prices soared by 20 percent over the last 12 months, as well as for biodiesel production to implement the new B40 blend mandate program (see [GAIN ID2024-0048](#)).

According to the [MOT](#), Indonesia’s exports of palm waste products already surpass what it terms the “reasonable capacity,” which they assess to be around 300,000 MT. The MOT surmised that POME exports exceeding this 300,000 MT benchmark is the result of a “mixture practice” of blending Crude Palm Oil (CPO) with POME in order to increase exports of CPO while circumventing CPO’s formerly higher levy. In addition, the MOT blames what it calls the “decay practice” of intentionally processing fresh fruit bunches (FFB) into POME and HAPOR for the otherwise inexplicable increase in POME and HAPOR exports, as evidenced by the growing number of operating stand-alone, small-scale palm oil mills that process fallen fruits. Typically, FFB are processed into palm oil, and only old, fallen fruits that cannot be used for CPO are processed into POME and HAPOR, but the former levy disparity had incentivized POME and HAPOR export production (PKS Berondolan, PKS Mini).

The GOI’s new restrictions on palm waste exports created an upset among operators of small mills. According to [the small-scale palm oil mills association](#), the price of HAPOR has significantly dropped since the implementation of these restrictions and mill operators had trouble selling their oil.

Overseas demand for biofuel waste feedstocks has soared in recent years due to environmental and sustainability requirements in certain importing countries. In September 2024, the GOI increased the export levy for palm waste products to be on par with the CPO levy (See [GAIN ID2024-0025](#)). Post estimates considerable amounts of CPO were previously mixed in with POME exports to take advantage of the then-low levy for POME exports. Assuming half of Indonesia’s POME oil potential was extracted and exported, the estimated CPO mixture produced would have been between 68,000 MT and 1.7 MMT from 2021-2024.

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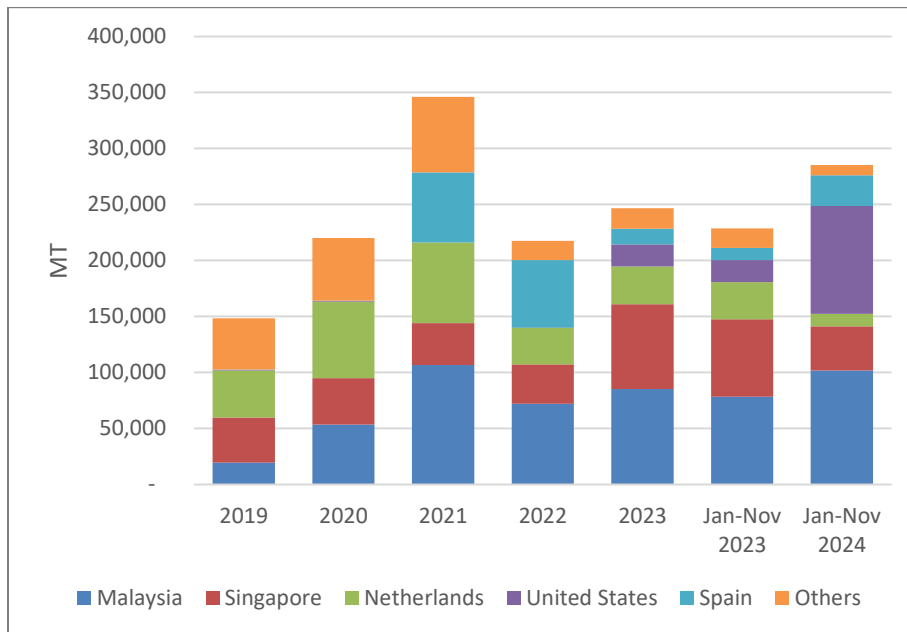
<sup>1</sup> “Minyakita” is cooking oil provided through the Domestic Market Obligation (DMO) scheme that must be distributed in the domestic market at the Government’s set price (HET).

**Table 1. Estimated POME Oil Extraction and CPO Mixture (thousand MT)**

	2020/21	2021/22	2022/23	2023/24	2024/25e
POME exports (HS code: 230690)	190	792	1,803	1,753	800
POME, raw (2.5 - 3.75 x CPO production)	108,750 - 163,125	105,000 - 157,500	116,250 - 174,375	114,000 - 171,000	117,500- 176,250
POME, oil at 0.25%	272 - 408	263 - 394	291 - 436	285 - 428	294 - 441
POM extraction rate at 30%	82 - 122	79 - 118	87 - 131	86 - 128	88 - 132
Est. CPO mixture for POME exports	68 - 108	674 - 713	1,672 - 1,716	1,625 - 1,668	668 - 712

Source: TDM, Post estimates

**Figure 1. Indonesia UCO Export Destinations**



Source: Trade Data Monitor, LLC

**Attachments:**

No Attachments.