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The EU Environmental Policy's "Branching Beyond Borders"

Exploring the Externalization of the EU
Deforestation Regulation in Indonesia

Master's thesis in European Studies

Supervisor: Tobias Schumacher

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Abstract

Deforestation continues to be a global concern as the world faces intensifying climate change. As much deforestation is driven by the production of some commodities, the European Union has passed its Regulation on Deforestation-free Products, commonly referred to as the EU Deforestation Regulation (EUDR). With the aim of reducing the EU's contribution to global deforestation, the regulation imposes "deforestation-free" due diligence requirements on seven deforestation-linked commodities in order for them to be made available on the EU market. However, the unilateral regulation has provoked strong reactions from producing countries in the Global South, especially Indonesia. As the world's largest producer of palm oil, Indonesian state and private stakeholders affected by the regulation deem it to be "discriminatory" as well as a form of "regulatory imperialism". The issue constitutes the latest point of tension in the EU-Indonesia relationship, which awaits progression with the conclusion of the Indonesia-EU Comprehensive Economic Partnership Agreement. In light of the Indonesian reaction to the EUDR, the EU agrees to set up a joint task force with the Indonesian government to coordinate various concerns of the Indonesian stakeholders.

In light of this, this thesis is concerned with understanding the externalization process of EU environmental policy in the case of the EUDR. Particularly, the research seeks to understand the *processes* and *conditions* in which such externalizations occur, as well as their *effectiveness*. Employing the concept of external governance and a process-tracing methodology, the thesis utilizes a mix of primary and secondary sources, complemented with first-hand data gathered from semi-structured interviews with key actors surrounding the EUDR externalization in Indonesia.

The thesis has found that although the EUDR is a unilateral EU policy intended to externalize through market mechanisms (*market governance mode*), the Indonesian response has led the process to shift towards mutual cooperation and policy coordination mechanisms (*network governance mode*), evident through the formation of the joint task force. This is facilitated by medium and symmetric interdependence from both ends of the issue. The externalization process has also led to *rule selection* of the EUDR by Indonesian stakeholders, particularly through the development of domestic rules and initiatives surrounding the EUDR and to promote compliance to the regulation.

Sammendrag

Avskoging fortsetter å være et globalt problem ettersom verden står overfor stadig sterkere klimaendringer. Ettersom mye av avskogingen skyldes produksjon av enkelte råvarer, har EU vedtatt en forordning om avskogingsfrie produkter, ofte omtalt som EU's avskogingsforordning (EUDR). Forordningen har som mål å fjerne EUs bidrag til den globale avskogingen, og stiller krav til aktsomhetsvurderinger av syv avskogingsrelaterede varer for at de skal kunne gjøres tilgjengelige på EU-markedet. Den ensidige forordningen har imidlertid vakt sterke reaksjoner fra produsentland i det globale sør, særlig Indonesia. Som verdens største produsent av palmeolje mener indonesiske statlige og private aktører som er berørt av forordningen, at den er «diskriminerende» og en form for «reguleringsimperialisme». Saken er det siste spenningsmomentet i forholdet mellom EU og Indonesia, som venter på å utvikle seg i forbindelse med inngåelsen av den omfattende økonomiske partnerskapsavtalen mellom Indonesia og EU. I lys av den indonesiske reaksjonen på EUDR går EU med på å opprette en felles arbeidsgruppe med den indonesiske regjeringen for å koordinere de ulike bekymringene til de indonesiske interessentene.

Denne avhandlingen handler om å forstå eksternaliseringsprosessen av EUs interne miljøpolitikk i EUDRs tilfelle. Forskningen søker særlig å forstå prosessene og betingelsene som ligger til grunn for en slik eksternalisering, samt hvor effektiv den er. Ved hjelp av begrepet ekstern styring og en prosess-sporingsmetode vil avhandlingen analysere primærdata fra blant annet intervjuer med sentrale aktører i forbindelse med eksternaliseringen av EUDR i Indonesia.

Avhandlingen viser at selv om EUDR er en unilateral EU-politikk som er ment å eksternaliseres gjennom markedsmekanismer (markedsstyring), har den indonesiske responsen ført til at prosessen har gått i retning av gjensidig samarbeid og politiske koordineringsmekanismer (nettverksstyring), noe som kommer til syne gjennom opprettelsen av den felles arbeidsgruppen. Dette er mulig på grunn av en middels og symmetrisk gjensidig avhengighet fra begge sider. Eksternaliseringsprosessen har også ført til at indonesiske interessenter har valgt EUDR, særlig gjennom utviklingen av nasjonale regler og initiativer rundt EUDR og for å fremme etterlevelse av regelverket.

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I would like to dedicate this thesis to my mother, the strongest person I have ever known — not even cancer or the worst in life can hold you down. I am forever grateful for your love and support, that no accomplishment in my life will be possible without.

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List of Abbreviations

ASEAN	Association of Southeast Asian Nations
CPOPC	Council of Palm Oil Producing Countries
CSO	Civil Society Organization
DG ENV	Directorate-General for the Environment
DG TRADE	Directorate-General for Trade
EEA	European Economic Area
EEAS	European External Action Service
EFI	European Forest Institute
EIA	Environmental Investigation Agency
ENP	European Neighborhood Policy
ETS	Emissions Trading System
EU	European Union
EUDR	European Union Deforestation Regulation
EUTR	European Union Timber Regulation
FAO	Food and Agriculture Organization
FAQ	Frequently Asked Questions
FLEGT	Forest Law Enforcement, Governance and Trade
FTA	Free Trade Agreement
GDPR	General Data Protection Regulation
GIS	Geographic Information System
GNSS	Global Navigation Satellite System
GRSB	Global Roundtable for Sustainable Beef
ICAO	International Civil Aviation Organization
IEU-CEPA	Indonesia-European Union Comprehensive Economic Partnership Agreement
ILUC	Indirect Land Use Change
IPOA	Indonesian Palm Oil Association
ISPO	Indonesian Sustainable Palm Oil
MEA	Multilateral Environmental Agreement
MERCOSUR	<i>Mercado Común del Sur</i> (Southern Common Market)
MSPO	Malaysian Sustainable Palm Oil

NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
PCA	Partnership and Cooperation Agreement
RED II	Renewable Energy Directive 2018
REDD+	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
RSPO	Roundtable on Sustainable Palm Oil
UN	United Nations
WTO	World Trade Organization

1. Introduction

Within 18 months, forest commodities must be verified through due diligence statements and have geo-tagging ... This is a form of regulatory imperialism because the regulation governs other countries. We make laws for our country, and [the EU Deforestation Regulation] regulates other countries without clarity.

- Airlangga Hartarto, Coordinating Minister of Economic Affairs of Indonesia (as cited in Firmansyah, 2023)

Deforestation has taken center stage as a pressing global issue as climate change continues to intensify. Since 2010, approximately 10 million hectares of forest have been cleared annually worldwide (FAO & UNEP, 2020). As large swathes of rainforests and peatlands disappear, combustion of forest biomass and decomposition of organic material make deforestation the second largest source of greenhouse gas emissions (Van der Werf et al., 2009). An overwhelming part of deforestation is concentrated in tropical regions, such as Brazil and Indonesia, where the leading cause of rainforest clearing is commodity-driven agricultural expansion (Curtis et al., 2018). Global deforestation is closely tied to growing international trade of commodities such as red meat, soybean, and palm oil (Pendrill et al., 2019). As a major importer of these commodities, the European Union indirectly contributes to deforestation emissions. In fact, approximately 15% of the carbon footprint of food consumption in EU nations stems from deforestation, highlighting the substantial role of EU citizens as consumers of deforestation-linked products.

In light of the EU's renewed commitment to combatting climate change with the European Green Deal, it becomes crucial for the EU to address its role in global deforestation. On May 31, 2023, the European Parliament passed the Regulation on Deforestation-free Products — commonly known as the EU Deforestation Regulation (EUDR). The EUDR aims to tackle the EU's contribution to global deforestation by introducing more stringent measures for making products linked to deforestation available on the single market (European Commission, n.d.a). The regulation will ensure that EU citizens do not consume products containing certain commodities that come from recently deforested land. The listed commodities are red meat, soybean, palm oil, cocoa, rubber, timber, and coffee. It does this through requiring companies in Europe and abroad to provide a due diligence statement for every product they place on the single market. The statement must include the geographical coordinates of the plots of land where the relevant commodities are produced so as to prove that their production does not involve deforestation. Failure to do so will result in the product being banned, with penalties imposed for non-compliance. The EUDR will also implement a benchmarking system in which producing countries are designated a high, standard, or low risk classification for deforestation. Through these requirements, the EU hopes to ultimately reduce global deforestation.

The EUDR has sparked strong responses from countries in the Global South that produce the targeted commodities — such as Argentina, Brazil, Paraguay, Indonesia, and Malaysia — who

claim that the regulation is discriminatory and protectionist in nature (Reuters, 2023a). For Indonesia, the regulation presents a threat to one of the nation's most vital industries — palm oil. Indonesia accounts for over half of the global palm oil supply, making it the world's largest producer of the commodity. Palm oil has been a major driver of Indonesia's economic growth, providing employment to more than seven million Indonesians (Purnomo et al., 2020). However, this growth has gone hand-in-hand with a devastating environmental impact. Over the last 22 years, Indonesia has lost approximately 30.8 million hectares of forest cover (Global Forest Watch, 2023), and much of the country's deforestation has been linked to the growth of its palm oil industry (Apresian et al., 2020).

Shortly after the EUDR was passed, representatives from Indonesia and Malaysia made a joint mission to Brussels to voice their concerns regarding the regulation (Council of Palm Oil Producing Countries, 2023). Indonesian policy makers, including Indonesian Economic Affairs Minister Airlangga Hartarto, claim that the EUDR will have a negative impact on oil palm smallholder farmers, who make up over 40% of the Indonesian palm oil industry (Reuters, 2023c). Smallholder farmers may lack the resources and technology necessary to comply with the increased bureaucracy that the EUDR requires by its initial implementation date on 30 December 2024. Policymakers thus believe that the EUDR puts them at risk of being cut off entirely from the supply chain, endangering their livelihoods and setting back Indonesia's poverty alleviation efforts. The EUDR's benchmarking system may also hurt the reputation of Indonesian palm oil, which in turn will threaten export performance of its palm oil products. Indonesian policy makers also question the EUDR's goal to reduce deforestation in Indonesia, claiming that the country's producers already have measures in place to ensure the sustainable production of the commodity, such as the Indonesian Sustainable Palm Oil (ISPO) certification scheme. As a result of the mission, the EU has agreed to form a joint task force consisting of representatives from the EU, Indonesia, and Malaysia to work together on ensuring a smooth implementation of the EUDR (Delegation of the EU to Indonesia, 2023).

Meanwhile, the EU and Indonesia have been trying to conclude the Indonesia-EU Comprehensive Economic Partnership Agreement (IEU-CEPA), a free trade agreement (FTA) under negotiations since 2016. Following the conclusion of FTAs with Singapore and Vietnam, the IEU-CEPA will constitute the third FTA in Southeast Asia for the EU. However, conclusion of the FTA has been repeatedly delayed due to trade disputes over palm oil between both parties. In fact, the EUDR is not the first EU environmental measure affecting Indonesian palm oil. In 2018, a revision of the EU Renewable Energy Directive (RED II) initiated a gradual phase out of biofuels made from crops with a high risk of indirect land-use change (ILUC), including palm oil. In response to this policy, Indonesia has launched consultations with the WTO Dispute Settlement Body, citing that the measure is discriminatory and was implemented to favor European biofuels. Currently, the EUDR casts yet another shadow over IEU-CEPA negotiations, with Coordinating Minister Hartarto remarking that Indonesia "can wait another seven years" (Reuters, 2023b). He added that despite Indonesia's willingness to discuss trade facilitation, the EU is "building walls" instead.

It is clear that the EUDR represents the EU's effort to confront its contribution to global deforestation through self-regulation of its market. But despite being an internal policy — a part of the EU *acquis communautaire* that only EU member states are obliged to comply, it is clear that the EUDR contains elements which externalizes to non-member states through the

targeting of certain commodities such as palm oil. *Externalization* in this context refer to the inclusion of external stakeholders within the scope of an EU policy. This can be observed in the EUDR, through which the EU regulates supply chains that in turn allow it to regulate forestry practices in regions beyond EU jurisdictions where the targeted commodities are sourced, including countries such as Indonesia.

The idea of EU laws expanding beyond EU borders is not unknown to scholars of European Studies. The concept of EU *external governance* has been developed to explain how EU legislation can also be adopted and implemented in non-member states, even those with no chance of EU membership, through numerous ways including political, knowledge-sharing, and market competition dynamics (Lavenex & Schimmelfennig, 2009). In light of the globalization of EU data privacy laws and more recently the USB Type-C mandate for small electronic devices, there has also been increased discussions of the *Brussels Effect*, or the process in which the EU's unilateral standards affect stakeholders based outside of Europe through the size and power of its market (Bradford, 2020). There is also the conceptualization of the EU's role in global politics as a "Market Power" which exercises its influence over other actors through the size and strength of its single market (Damro, 2012). These theoretical developments prompt crucial questions regarding the processes, conditions, and effectiveness of EU policy externalization, such as in the case of environmental policy with the EUDR.

This thesis seeks to gain a deeper understanding of the EU's approach to promote and attain its environmental objectives in non-member states far beyond its borders through the externalization of its environmental acquis. Using the external governance conceptual framework, it will do so by adopting a single-case qualitative research design, specifically utilizing the theory-testing process-tracing methodology. The thesis first aims to shed light on the *processes* and *conditions* in which such externalizations occur by looking at the case of the EUDR in the context of EU-Indonesia relations. What are the processes involved in the EUDR through which the EU can achieve its anti-deforestation objectives in Indonesia? What political and economic factors facilitate or limit the externalization of the EUDR? Taking these questions together, the thesis will thus aim to answer the first research question:

RQ1: How and under what conditions does the EU externalize its environmental acquis to Indonesia in the case of the EUDR?

In addition to investigating the specific processes and conditions, the thesis is also interested in evaluating the *effectiveness* of the externalization of the EU's environmental acquis through the EUDR. Noting Indonesia and other countries' counterreaction against the EUDR, it cannot be taken for granted that stakeholders in non-member states will comply to the EU's regulations. It is therefore necessary to ask whether the EU can successfully externalize its unilateral regulation. Has the interference from the Indonesian government affected the overall impact of the EUDR in the country? The thesis will thus aim to answer a second research question:

RQ2: To what extent does the EU externalize its environmental acquis to Indonesia in the case of the EUDR?

This thesis is divided into six overarching chapters. Following the literature review, the second chapter will present the research design for the study, particularly explaining the selection of the external governance conceptual framework and its operationalization with a process-

tracing methodology. Several hypotheses for the two research questions will be given in this chapter, as well as an overview of the study's data collection and interview samples. The third chapter will look specifically at the EUDR — its origins and its contents — in trying to determine the externalization mode of the policy. The fourth chapter will continue this analysis by looking at the Indonesian stakeholders' responses to the policy, looking into the specific concerns which have been brought up as well as how it culminated in a demand for the formation of a joint task force as policy coordination. The fifth chapter presents a look into this policy coordination by both sides after the Indonesian responses, looking into the joint task force as well as external processes which may influence policy coordination. In this chapter, the final causal mechanism of this study will be analyzed and an answer to both research questions will be provided. The thesis will then finish with a conclusion as well as provide recommendations for further research.

1.1. Externalization of EU Environmental Policy to Indonesia: Exploring the Literature

The EUDR in Indonesia would need to be placed within the context of previous literature in order to justify its relevance and significance to be studied. As the regulation is new, there are few case-specific literature available about the EUDR and its implementation in Indonesia. This thesis will thus situate the EUDR within two strands of existing literature: EU external environmental policy and EU-Indonesia Relations.

Firstly, researching the nature and mechanisms of the EUDR would require an understanding of the policy in relation to other EU approaches to promote its environmental objectives to non-member states. A look into the EU external environmental policy strand of literature finds that particular importance has been put in the study of the EU's multilateral environmental arrangements (MEA) but not enough on unilateral initiatives and their externalization such as in the case of the EUDR. This is despite increasing cases of such approaches in the face of the limitations of multilateral arrangements. Thus, this thesis aims to address this gap by providing further empirical understanding of the EU's unilateral external environmental policies through studying the EUDR.

Second, exploring the EUDR's externalization to Global South countries with the opportunities and challenges of such efforts requires an understanding the specific political and economic contexts that surround such processes. Therefore, as this thesis focuses on the EUDR in Indonesia, a review of literature on EU-Indonesia relations is crucial. The review found that EU-Indonesia relations in general have been largely ignored in academia. In addition, despite EU sustainability measures such as the EUDR being the main point of tension of bilateral relations in recent years, it has been barely studied especially from a European studies lens. With the development of precise concepts to study the complex nature of the EU's external relations, this thesis aims to contribute to the scholarship of EU-Indonesia relations through studying the EUDR case from an EU external governance perspective.

EU External Environmental Policy

The literature of EU external environmental policy shows the different facets of how the EU influences environmental rules beyond its borders. Since the 1970s, the EU has developed a high level of competence in environmental policy. EU environmental directives have come to initiate more than 80% of its member states' domestic environmental laws (Vogler, 2023). This development of EU environmental policy has over time produced an external dimension, in which EU environmental rules and objectives impact non-member states (Torney et al., 2018). EU internal environmental policies provide the regulatory framework for imports into the single market, leading companies operating in third countries to comply with EU rules (Keukeleire & Delreux, 2023). Enlargement of the EU has also led to the transfer of EU environmental legislation to new member states. With the growing institutionalization of EU external action, the EU has also attempted to promote its environmental rules and objectives to third countries and international institutions through diplomacy. Altogether, the EU's high profile in external environmental policy has led to the EU taking on the role of climate and environmental leadership (Oberthür & Roche Kelly, 2008; Zito, 2005).

Much of the literature on EU external environmental policy has primarily focused on the EU's diplomatic efforts in multilateral settings. Scholars have noted the EU's participation in MEAs and international climate negotiations (see Delreux, 2014; Oberthür & Rabitz, 2014; Vogler & Stephan, 2007). The objective of these works has been to evaluate the EU's performance and effectiveness as a climate negotiator. The underlying analytical approach in these works draw upon the literature on EU *actorness* in the wider field of EU external relations. Studies of EU actorness are surrounded with questions regarding the EU's nature as an actor and autonomous unit in international politics — focusing on its capabilities, coherence, and behavior (see Sjöstedt, 1977; Jupille & Caporaso, 1998; Bretherton & Vogler, 2006). By doing so, actorness studies assess the "capability-expectations gap" (Hill, 1993) which has characterized the understanding of EU external relations. The EU's success with the 1997 Kyoto Protocol negotiations coincided with increasing scholarly interest in EU external relations. Thus, its growing recognition as a global climate leader through multilateral environmental negotiations has been followed by evaluations of such cases as an example of the EU's role as a increasingly capable and cohesive global actor in its own right.

However, a less-researched aspect of EU external environmental policy has been the externalization of the EU's internal environmental policies — how the EU's unilateral environmental measures can influence the rules of third countries and institutions outside its jurisdictions. This is despite increased empirical evidence of such cases in the face of inadequate action of the multilateral initiatives the EU takes active part in (Biedenkopf & Dupont, 2013). The inclusion of the aviation sector which also covers non-EU flights into the EU emissions trading scheme (ETS) due to the International Civil Aviation Organization's inability to realize a global aviation emissions system is one example of this. Furthermore, despite the EU's success in championing ambitious goals in multilateral fora like the 2015 Paris Agreement, such agreements have shown its limits in terms of actual effectiveness in mitigating climate change (Raiser et al., 2020). In relation to deforestation, the REDD+ framework part of the Paris Agreement has also seen significant challenges in reducing

tropical deforestation (see West et al., 2020; Enrici & Hubacek, 2018). Measures such as the EUDR is therefore a way for the EU to reinforce the achievement of multilateral climate and environmental goals by policy transfer through externalization (Henn, 2021; Partzsch et al., 2023). Yet, there has been few empirical case studies of such unilateral measures, leading to a knowledge gap in understanding how they function and how effective they are. A better understanding of externalization of the EU's internal policies can in turn illuminate inquiries regarding the EU's role in international relations and also the nature of its power. Therefore, this thesis will fill this gap through an in-depth case study of the EUDR and its processes.

In analyzing the externalization of the EU's internal policies such as the EUDR, actorness approaches may not provide an adequate analytical framework. The actorness analytical model looks at components such as EU's capabilities, coherence, external context, and performance in undertaking external action (Rhinard & Sjöstedt, 2019). Although it may be useful in analyzing *why* the EU is taking unilateral action in deforestation through the EUDR, it cannot break down *how* such processes take place. This is why existing analyses of externalization of the EU's internal policies have mostly relied on institutionalist and policy-focused approaches stemming from the *Europeanization* literature in European integration studies, which examines EU policy transfer as the object of study (see Carodenuto et al., 2024; Cihangir-Tetik & Müftüler-Baç, 2018; Di Lucia, 2010). These overlapping approaches are namely *external Europeanization*, *external governance*, and *external differentiated integration* — three concepts that have developed from one another.

Europeanization refers to the effects of European integration on the domestic political structures, rules, and norms of EU member states (Exadaktylos & Radaelli, 2015). In light of the growth of the single market and institutionalized relations with non-member states such as the Neighborhood Policy, Europeanization scholars have also tried to conceptualize the external dimension of the concept (see Schimmelfennig 2010; Lavenex & Schimmelfennig, 2009; Schimmelfennig et al., 2015). External Europeanization refers to the process in which third countries adopt and implement EU political structures, rules, and norms (Schimmelfennig, 2010). This approach has been utilized in a study of the EU's efforts to control forestry practices beyond its borders through the EU Timber Regulation (EUTR) and the EU Forest Law Enforcement, Governance & Trade (FLEGT) scheme (Carodenuto et al., 2024).

Similarly, external governance refers to the extension of "EU rules beyond EU borders" with a focus on the transference of EU policies and legislation (Lavenex & Schimmelfennig, 2009). In particular, it concerns the expansion of two key dimensions of EU governance: the EU's regulatory boundary and organizational boundary. Whereas the regulatory boundary pertains to the EU's extension of rules and policies to non-member states, the organizational boundary involves the inclusion of non-member states in EU policy-making processes and agencies. External governance conceptualizes the expansion of EU governance — defined as coordinated actions of policy-making — through the dynamics of hierarchy, networks, and markets. External governance also measures the effectiveness of such dynamics in terms of rule selection, adoption, and implementation. In the context of external environmental policy, the external governance concept has been used to conduct a study of the policy impact of the EU's sustainable biofuels policy under the RED in Mozambique (Di Lucia, 2010).

Another overlapping concept is the external differentiated integration. The concept of differentiated integration understands the EU as a system of differentiation in the adoption of its structures and policies in member and non-member states (Schimmelfennig et al., 2015). Through this concept, the EU is viewed as having “a single organizational and member state core with territorial extension that varies by function”, understanding the different levels of EU policy adoption as a key feature in how the EU deepens and expands. The concept concerns two dimensions of EU policy adoption: *vertical* and *horizontal* differentiation. While vertical differentiation concerns the varying degrees of which domestic policy areas are decided by the EU, horizontal differentiation concerns the territories in which certain policy areas are adopted or not adopted. Horizontal differentiation may involve member states — *internal* differentiation — or non-member states — *external* differentiation. With its focus on integration, this concept has been utilized as a framework to analyze Turkey’s participation in EU development policy (Cihangir-Tetik & Müftüler-Baç, 2018).

An alternative conceptualization of EU regulatory expansion beyond its member states is the notion of the Brussels Effect. The Brussels Effect refers to the globalization of EU regulations facilitated by the EU’s market power and regulatory capacity (Bradford, 2020). As a large consumer market, the EU’s increasingly stringent regulations and standards pressure private corporations inside and also outside EU borders to comply, leading to EU “unilateral regulatory globalization” — a phenomenon in which an EU regulation transfers to another jurisdiction despite the EU not actively imposing it or the third country willingly implementing it. The Brussels Effect term has been used to typify cases such as the globalization of EU data privacy laws, and in terms of the environment, the EU ETS for aviation, in which airlines flying to and from the EU are required to buy emissions permits regardless of where they are based.

These four concepts refer to and have been used to analyze a similar phenomenon: *EU rules outside EU borders*. However, they offer different analytical frameworks which may or may not be the most appropriate for the purposes of this thesis. For this case study, the thesis will utilize the *external governance* framework, and this selection will be further clarified and justified in the upcoming chapter.

EU-Indonesia Relations

In comparison to the EU’s external relations with its neighborhood or with global superpowers such as the US or China, EU-Indonesia relations have been vastly understudied. Distance and lack of interdependence may be reasonable arguments as to why the bilateral relations are not a focus for scholars. However, a large part of why this is the case is that the study of EU-Indonesia relations have mostly been embedded in and overshadowed by the study of EU-ASEAN relations (Camroux & Srikandini, 2013). As a model of progressive regional integration, the EU has a strong preference for multilateralism and a promoter of a “rules-based multilateral order” (Keukeleire & Delreux, 2023). In the case of the Southeast Asian countries, it can be observed that the EU has engaged extensively with ASEAN — the main multilateral cooperation framework in Southeast Asia — as its counterpart in the region.

EU-ASEAN relations was a focal point in the 2000s amongst scholars of *interregionalism* (see Rüländ, 2001; Hänggi et al., 2006; Camroux, 2010). In light of the increase of regional multilateral frameworks such as the EU, Mercosur, and ASEAN, interregionalism scholars study the ties between such regional organizations and its role in international relations. Since the start of mutual dialogue between the EU and ASEAN in 1972, the EU has attempted to support ASEAN's regional integration efforts through many initiatives including disaster support and also financial aid (Camroux, 2010). Yet, the relationship has always had low levels of institutionalization (Rüländ, 2001). An underlying cause of this is the fundamental difference between the two organizations' norms. In contrast to the EU's emphasis on supranationalism and adherence to community-agreed rules, ASEAN's foundation was on the principle of non-interference and the "ASEAN way" of conflict-resolution through non-confrontational diplomacy (Loewen, 2008). This was especially true in the case of the EU-ASEAN FTA negotiations which started in 2007 and failed two years later in 2009, when the EU realized that ASEAN's incohesiveness will make an ambitious interregional FTA difficult to achieve (Meissner, 2016).

Yet, the EU was still eager to engage further in a region where its economic and geopolitical competitors — the US and China — already have a strong presence in. Despite both regions having large markets, economic integration between the two are still low and underdeveloped, providing an impetus for the EU to continue striving for a bloc-to-bloc FTA (Devadason & Mubarik, 2020). In parallel, the multipolar shift in international politics and increasing geopolitical tensions in both Europe and Asia provide an opportunity for the EU to engage closer with ASEAN in security matters (Beeson & Biscop, 2021). Over the past decade, China has built up its military presence in the Taiwan strait as well as strengthened its claims over the South China Sea against Vietnam, the Philippines, Malaysia, Indonesia, and Brunei. These events pose a challenge to ASEAN member states, who are divided over the issue, and risk further disunity of the organization (Simoes, 2022). In response, the EU — as an advocate of multilateralism — has pledged to provide political support to ASEAN, with both blocs signing a strategic partnership agreement in 2020 (Paldi, 2020). Although this new political partnership signifies a new momentum in interregional relations, an interregional FTA remains a crucial step to further cooperation between both parties. As previous multilateral approaches have failed, the EU has opted for a bilateral approach to Southeast Asia. By pursuing and concluding FTAs with individual member states such as Singapore and Vietnam, the EU hopes that it could trailblaze a path towards the EU-ASEAN FTA.

In light of this bilateral approach by the EU, interregionalism as a concept is no longer sufficient to analyze the EU's relations with Southeast Asian countries. Scholars of EU-Indonesia relations have then focused on analyzing IEU-CEPA negotiations as the next level of institutionalization of bilateral relations since the EU-Indonesia Partnership and Cooperation Agreement (PCA) in 2021 (see Sicurelli, 2020; Hennessy & Winanti, 2022; Nessel, 2021). Particular attention has been given to the conflict and tensions caused by the EU's normative approach to trade (Sicurelli, 2020), such as sustainability measures, which have so far plagued FTA negotiations. This environmental normative approach has been further complicated by the perceptions of Europe and post-colonial narratives in Indonesia (Nessel, 2021). This includes the renewed biofuel sustainable standards introduced by the Renewable Energy Directive reform (RED II) in 2018, which sparked a strong opposition from Indonesia

as there is a perceived negative impact on Indonesian palm oil exports to the EU. The regulation was then brought up to the WTO dispute settlement body by Indonesia. The measure has also greatly complicated broader EU-ASEAN relations and prospects for a bloc-to-bloc FTA (Deringer et al., 2019).

As a continuation of EU sustainability measures affecting Indonesia, the EUDR is a highly relevant topic and the latest point of tension between the two parties. Yet, most studies of the EUDR, like those of the RED II (see Mayr et al., 2020; Arief et al., 2020), have been done by scholars from the law or geography disciplines. From a law perspective, the legitimacy of the EUDR under WTO law have been studied (see Henn, 2021). Geographical studies have focused on scaling the environmental and societal impacts of market-based measures such as the EUDR, such as to what extent the regulation will be successful in actually reducing deforestation (see Santika et al., 2024). Some studies have also looked at the potential impact it may have on oil palm smallholders and indigenous peoples (see Zhunusova et al., 2022). Yet despite the fact that the EUDR is an EU unilateral market regulation with substantial external effects, which in turn may have serious implications on EU-Indonesia relations as well as EU-ASEAN relations, no study has been done on the regulation from a European studies perspective. As the EU is a complex and unique political entity, concepts from European studies — such as external governance which will be used in this thesis — can provide a deeper understanding of the interplay between the EU's environmental measures and EU-Indonesia bilateral relations by looking at how the EUDR transfers to Indonesia, a country outside EU jurisdiction. This thesis will therefore contribute in providing an empirical account of the EUDR in the context of EU-Indonesia relations.

2. Research Design

This chapter will present the thesis' approach in studying the externalization of the EUDR to Indonesia. It will begin by revisiting different existing concepts in European studies that explains EU policy externalization to third countries — external Europeanization, external governance, external differentiated integration, as well as the Brussels effect. It will then justify the choice of external governance over the remaining three as a conceptual framework for this thesis' analysis. A detailed explanation of the framework and its different elements — modes, effectiveness, and conditions — will then be provided.

The second part of this chapter will introduce the thesis' use of the process-tracing methodology as well as its justification. It will continue with the operationalization of the conceptual framework with the formation of several hypotheses to the research questions. Next, it will then provide an overview of the study's data collection methods, introducing the sampling for the thesis' semi-structured interviews. Concluding the chapter is a recognition of the study's limitations.

2.1. Understanding “EU Rules Beyond EU Borders” and External Governance as a Conceptual Framework

Process-tracing emphasizes the importance of the conceptual framework as the first prerequisite knowledge necessary to underpin the research. A conceptual framework is a set of interrelated concepts which can be operationalized to determine and link together the empirical evidence that requires analytical attention (Collier, 2011). In the study of EU external action, typologies such as “Normative Power Europe” (see Manners, 2002) and “Market Power Europe” (see Damro, 2012) are used to explain the nature of the EU's power and ability to influence other actors in the international system. However, such concepts are too nuanced for an in-depth exploration of how the EU externalizes its environmental acquis to Indonesia. A more precise and operationalizable conceptual framework is necessary in order to conduct a thorough analysis of the different phenomena surrounding the EUDR.

As explained in the literature review, institutional approaches of EU external relations such as external Europeanization, external governance, external differentiated integration, and the Brussels Effect can provide a detailed and operationalizable conceptual framework for the purposes of this thesis. Although all these frameworks contain many elements and refer to the notion of “*EU rules beyond EU borders*”, they differ slightly in terms of focus and specificity.

For instance, external Europeanization and external governance overlap significantly. However, although external Europeanization focuses on the transfer of EU *political structures, policies, and norms* beyond its borders (Schimmelfennig, 2010); external governance focuses specifically on the transfer of EU *policies* as the object of study (Lavenex & Schimmelfennig, 2009). External governance is more specific in that it analyzes the process of EU policy

transfer, independent of norm transfer, through its detailed framework of *modes, conditions, and effectiveness*. Previous research using this framework on the impact of the EU RED II sustainable biofuel measures in Mozambique has been able to identify and describe the distributional processes of the policy through markets and evaluate the efficacy of such processes as unstable rule implementation (see Di Lucia, 2010). Since this study is focused on the externalization of an EU policy — the inclusion of external actors in the scope of an EU policy — external governance would be a more appropriate framework for an in-depth analysis of the EUDR.

In comparison to external differentiated integration and Brussels Effect, external governance can also be considered more appropriate for this study. Although external differentiated integration is also a relevant concept, it typically focuses on the evaluation of policies in relation to varying degrees of integration with the EU. It is typically utilized in analyzing the relationship the EU has with non-member states that are closely associated, such as Norway, Switzerland, Turkey, or the European Neighborhood Policy (ENP) countries. Particularly, external differentiated integration looks into how these countries have varying degrees of access and participation in numerous policy areas through different agreements even without formal membership. This is investigated in relation to the process of European integration, how forms of association with the EU may form a “looser union” or “two-speed Europe” (Schimmelfennig & Winzen, 2020). As this thesis focuses on the EUDR’s externalization in Indonesia, a country beyond the European neighborhood with little to no formal association with the EU, levels of integration is variable of low relevance for this study. Next, although the Brussels Effect and external governance are both very similar and deal with the spread of EU policies, the former deals with the globalization of EU regulations through market dynamics and its effects on private corporations outside the EU (Bradford, 2020). However, the Brussels Effect treats externalization largely as a by-product of the EU’s market prowess, which is emphasized very strongly in this conceptualization. As a result, political dynamics such as political interdependence that may drive externalization can be ignored. With its focus on corporations, it also sidelines the ability of other actors, such as NGOs and third country governments in responding to EU unilateral regulations. In contrast, the external governance concept takes into account the role of multiple stakeholders including third country governments in the process of EU policy transfer and provides a more comprehensive analysis through its detailed frameworks. By having the processes to which EU policies extend and transfer beyond its borders as the main object of inquiry together with providing the most precise terms and analytical framework, the concept of external governance thus provides more explanatory power for this study in comparison to the two aforementioned concepts.

Defining External Governance

External governance and Europeanization have established themselves as major institutionalist approaches to studying EU external action. They take into account that the EU is not a state and generally lacks the centralization and the coercive tools that characterize traditional foreign and security policy. They start from the understanding of the EU as a multi-level governance system and network of issue-specific policy

regimes and assume that these features will also translate into its external action.
(Schimmelfennig, 2021)

External governance is defined as the extension of parts of EU *acquis communautaire* to non-member states, even to those with little to no prospects of membership (Lavenex, 2004). It seeks to explain the external dimension of European integration, and thus look into how the EU's policies and regulations affect and are implemented in non-member states (Lavenex & Schimmelfennig, 2009). It thus concerns how EU policies can affect and involve third countries, whether they are countries closely or loosely associated with the EU. The concept of external governance has been heavily connected to the study of EU policy transfer in its candidate countries and the EU neighborhood — regions where the EU has a systematic policy of policy transfer through various association agreements. However, externalization of EU rules and its implementation actors in countries within the "outer circle" of EU external relations — such as the US, Japan, or in the case of this study, Indonesia — can also happen through externalities of EU regulations and functional interdependence (Lavenex, 2011).

The concept of external governance lies in contrast of traditional conceptualizations of EU external action, such as actorness, which commonly inquire on the EU's capacities to act in the global stage as an autonomous unit (see Bretherton & Vogler, 2006; Jupille & Caporaso, 1998; Sjöstedt, 1977). The actorness approach can be helpful in understanding EU diplomatic and foreign policy initiatives. However, this approach tends to overlook the intricate processes by which the EU exerts influence over other countries through the externalization of its rules and policies. A state-centric viewpoint often fails to capture the nuances of these processes and overlooks the *sui generis* nature of the EU as an international actor.

To address this limitation, external governance puts the focus on the expansion and externalization of EU policies instead of actor capacity. Drawing upon the concept of governance can provide a more comprehensive perspective on EU external relations by focusing on the EU's systems of rules and the expansion of its scope beyond the EU's borders (Schimmelfennig, 2021). The term "governance" in this context is drawn from the fields of comparative politics and international relations. In comparative politics, governance has been used in contrast to traditional top-down *government* to describe an open, horizontal, and inclusive style of policy making which involves a multitude of public and private stakeholders (Jachtenfuchs, 2001). Governance in international relations describe a more macro-level manifestation of the idea, namely an emergence of global policy-making institutions involving state and private actors (Weiss, 2000). Altogether, the term "governance" can be defined as "institutionalized forms of coordinated action that aim at the production of collectively binding agreements" (Lavenex & Schimmelfennig, 2009).

Owing to the development of its institutions over the post-war decades, the EU is a unique polity in that it has been characterized as having a multi-level governance system encompassing public and private actors across supranational, national, regional, and local levels (Hooghe & Marks, 2001). Multi-level governance is defined as "a system of continuous negotiation among nested governments at several territorial tiers" (Marks, 1993). This can be found in the EU's complex webs of policy-making systems that focus on different issues and fields, which involve a multitude of actors including business actors and non-governmental organizations. External governance deals with how these systems have

developed to not only involve and affect actors within EU member states — *internally*, but also non-member states — *externally*.

Modes of External Governance

EU external governance thus concerns the expansion of two key dimensions — the EU's regulatory boundary and organizational boundary — outside of the EU (Lavenex & Schimmelfennig, 2009). The regulatory boundary pertains to the EU's extension of rules and policies to non-member states, while the organizational boundary involves the inclusion of non-member states in EU policy-making processes and agencies. The ways in which the EU extends its governance practices beyond its borders can be then divided into three institutional modes: *hierarchy*, *networks*, and *markets*.

Firstly, hierarchical governance refers to a formalized relationship of domination and subordination, where policy transfer is based on the production of binding prescriptions. More broadly, this type of governance can be observed in the functions of the modern state, in which rules are enforced through legislation in which sanctions can be imposed if violated. In the internal dimension, EU hierarchical governance can be observed in the "Community" method of decision-making, which produces legislation to be implemented by the supranational institutions and enforceable by the European Court of Justice (Börzel, 2010). In the external dimension of EU governance, the EU can practice hierarchical governance on non-member states through institutional mechanisms such as the EEA. In this case, EEA member states such as Norway are subject to EU laws without having the formal rights to EU decision making, leading to an asymmetric hierarchical relationship.

Network governance refers to decision-making that takes place between two parties who are formally equal, and policy transfer that is based on mutual exchange of knowledge and coordination of interests of different parties involved by the policy. Unlike the hierarchical mode of governance, network governance are built on voluntary collaboration of public and private entities to ensure that political decisions reflect a range of interests in the network (Börzel & Heard-Lauréote, 2009). This process usually results in non-binding, mutual initiatives that outline the procedures for future interactions. In the context of the EU, network governance occurs in the agencies and policy committees which are based on functional expertise. When applied externally, EU external network governance can be observed in its association relations which emphasize coordination of domestic laws rather than the outright implementation of EU law. One example of this is the existence of joint committees in the EEA framework and the joint formulation of ENP action plans.

Finally, market governance occurs when transfer of EU rules results from market mechanisms and competition dynamics. Market governance within the EU is characterized by the principle of mutual recognition of goods, where products marketed in one member state can be sold in another, even if they do not fully adhere to the standards of that state. Even so, this leads to a voluntary and de facto harmonization of legislation and standards as the products and services with the highest standards are preferred by EU consumers. Beyond its borders, EU market governance can be observed in the extension of the principle of mutual recognition

and single market legislation to the EEA. Not only that, it can also be observed in how EU rules can be adapted in third countries indirectly through interdependence on the EU single market. Here, the market presence of the EU is particularly important in the externalization of EU policies (Damro, 2012). The more third country stakeholders are interested in material gains from EU market access, the more likely they are to adapt to the EU's stricter regulations, thus facilitating externalization.

Table 1: Modes of external governance

Mode	Actor constellation	Institutionalization	Mechanism
Hierarchy	Vertical: domination and subordination	Tight, formal	Harmonization
Network	Horizontal: formal equality of partners	Medium-tight, formal, and informal	Coordination
Market	Horizontal: formal equality of partners	Loose, informal	Competition

Note. From "EU Rules Beyond EU Borders: Theorizing External Governance in European politics," by S. Lavenex and F. Schimmelfennig, 2009, *Journal of European Public Policy*, 16(6), p. 680-700

Effectiveness of External Governance

These three modes provide a typology of the processes in which external governance takes place. However, the notion of external governance also involves figuring out the effectiveness of such processes — particularly the extent to which they lead to externalization of EU acquis. It also involves asking the alternatives and situations in which externalization of EU acquis is replaced by third countries' adherence to their domestic rules or that of other actors including states or international organizations. Three stages of externalization of EU acquis can be measured: *rule selection*, *rule adoption*, and *rule application* (Lavenex & Schimmelfennig, 2009).

Rule selection represents the extent to which EU rules are selected and referred to by third countries in the context of their relations with the EU. More specifically, rule selection represents whether EU acquis, as opposed to domestic rules or rules set by other international organizations or states, constitute the main reference point of the negotiations and agreements. In contrast to enlargement candidates, third countries with no prospect of EU membership do not necessarily have EU rules as the focal point of negotiations and agreements with the EU. As a result, measuring rule selection is a crucial first step in studying the EU's external governance.

Next, measuring rule adoption requires measuring the extent the EU rules selected for international negotiations and agreements are transcribed into the third country's domestic laws. Even if EU rules constitute the focal point of negotiations with the EU, third countries

may not eventually adopt those rules. Rule adoption can be identified in the signing of EU agreements and other legal documents that incorporate EU rules.

Finally, rule application measures to what extent EU rules are not only incorporated into third country's domestic law, but also implemented by the country's political authorities. Rule application thus represents the deepest impact of external governance.

It is important to note that although these stages come in a respective order, it is necessary to analyze them separately. Although rule selection precludes rule adoption, and rule adoption precludes rule application, the sequence may be halted in any stage. For example, adoption of EU rules may not translate to actual application, while application of EU rules sometimes happen without formal adoption of those rules.

Table 2: Effectiveness of external governance

Stage	Level	Effectiveness	Alternative Outcomes
Rule selection	International negotiations and agreements	EU rules as focus of negotiations and/or agreement	Adherence rules of other international organizations, other states, or domestic rules
Rule adoption	Domestic legislation	EU rules incorporated into domestic legal acts	
			Behavior ignoring or violating EU rules
Rule application	Domestic political and administrative practice	EU rules consistently applied	

Note. From "EU Rules Beyond EU Borders: Theorizing External Governance in European politics," by S. Lavenex and F. Schimmelfennig, 2009, *Journal of European Public Policy*, 16(6), p. 680-700

Conditions of External Governance

The conceptualization of the modes and effectiveness of external governance allows an analysis as to *how* and *to what extent* the EU extends its governance beyond its borders. However, how can we link the different modes to varying degrees of effectiveness? More specifically, under what conditions does external governance take place and affect its effectiveness? External governance offers three explanations that can shed more light in answering these questions.

Firstly, an *institutionalist explanation* would assume the modes of external governance to parallel the internal governance structures within the specific policy field (Lavenex & Schimmelfennig, 2009). If the internal governance system of the policy is based on the hierarchical mode, this will be reflected externally as well. Effectiveness will also depend on internal EU institutions, specifically on how legal and legitimate they are. This means that

more binding and enforceable EU rules are within the EU, the more likely they will also be enforceable beyond EU borders. Also, this probability increases the more EU rules adhere with existing international rules.

Second, *power-based explanation* assumes that external governance is dependent on EU's power. It is also determined by third countries' interdependence with the EU in relation to their interdependence with other "governance providers", which includes powerful states such as the US, Russia, or China. Governance providers may also include international organizations such as the UN or the WTO. Interdependence — defined as the condition in which one state cannot achieve a goal by itself and need cooperation of the other — can be considered a driver of policy transfer and externalization between polities (Leuffen et al., 2022). When stakeholders within polities are faced by common problems such as security threats, trade barriers, climate change, or environmental degradation, they will push their respective governments or supranational institutions to coordinate their policies. In this explanation, interdependence is the intervening variable between mode and effectiveness. In terms of mode, the hierarchical mode would require a high level, asymmetrical (in favor of the EU) interdependence with the EU from third countries relative to other governance providers (Lavenex & Schimmelfennig, 2009). High and asymmetric interdependence allows the EU practice hierarchical governance over third countries. Network governance requires medium level, symmetric interdependence as coordination of policies occur where there is no dominant side that allows hierarchical steering and an highly integrated market that allows market competition dynamics. Finally, market governance requires high level and symmetric interdependence which can be found in cases where there is high market integration but no main governance provider.

Table 3: Power-based explanation of external governance

Mode	Conditions	Effectiveness
Hierarchy	High and asymmetrical interdependence in favor of the governance provider	Generally most effective
Network	Medium and symmetrical interdependence	Varies
Market	High and symmetrical interdependence (significant market integration)	Varies

Note. From "EU Rules Beyond EU Borders: Theorizing External Governance in European politics," by S. Lavenex and F. Schimmelfennig, 2009, *Journal of European Public Policy*, 16(6), p. 680-700

Lastly, a *domestic-structure explanation* lies in contrast of the institutionalist explanation in that it assumes the modes and effectiveness of EU external governance to be decided by third countries' domestic structures. This explanation emphasizes that external governance

depends on the compability of EU rules and institutions to the third countries' domestic rules and institutions. It assumes that third countries are inclined to accept EU policies that are similar to domestic rules, traditions, and practices. Also, the similarity between the EU multi-level governance system — also its member states — and the third countries dictate the externalization of EU regulations.

2.2. A Qualitative Approach with Theory-testing Process-tracing

Although the exact origin of the term is unclear, the term “process-tracing” was coined in the field of cognitive psychology in the United States in the late 60s to early 70s (Bennett & Checkel, 2015). Process-tracing can be generally understood as single-case methods that involves carefully and systematically examining specific pieces of evidence to make inferences about causal mechanisms between two variables (Collier, 2011). Process-tracing does not merely involve the description of each phenomenon in sequence and identifying that certain changes have happened, rather it focuses on exploring causal mechanisms — a system of interacting parts that produce a certain outcome (Beach and Pedersen, 2019). Therefore, process-tracing does not only show whether a change happened, but *how* and *why* it happened.

There are several variants of process-tracing that differ on various aspects: *theory-testing*, *theory-building*, and *explaining-outcome* (Beach and Pedersen, 2019). Theory-testing process-tracing involves deriving a theory from existing literature and then evaluating whether the evidence indicates the presence of each component of a proposed causal mechanism in a specific case. This allows for within-case inferences about whether the mechanism performed as predicted and whether it was fully present in the case. On the other hand, theory-building process-tracing aims to build a generalizable theoretical explanation based on empirical evidence, suggesting that there is a more universal causal mechanism at play in a particular case. Finally, explaining-outcome process-tracing does not try to test or build general theories, but to instead create an adequate explanation of the case outcome.

As this thesis is interested in exploring and evaluating the processes, conditions, and effectiveness of EU external governance in Indonesia, process-tracing provides the most appropriate methodology to carry out the detailed study compared to other methods. First of all, quantitative methodologies that have been previously done to measure the potential impact of the EUDR to Indonesian stakeholders (see Zhunusova et al., 2022), are not feasible for this study as it could not explain in detail the processes and conditions that surround EU external governance. In comparison to other qualitative methodologies, such as comparative case studies and discourse analysis, there is also specific reasons for this choice. The study of European integration — including its external dimension conceptualized as external governance — presumes the EU as a *sui generis* polity that is in between a state and an international organization (Schimmelfennig, 2015). This makes comparative case studies less feasible as the EU is considered one of a kind. As for discourse analysis, even though it is

possible to do a study of agenda-setting or political discourses in Indonesia surrounding the EUDR, that is not the objective of this thesis. As this thesis will focus on studying the policy transfer dynamics of the EUDR, process-tracing is most appropriate with its focus on causal mechanisms.

As for the type of process-tracing method, this thesis will utilize theory-testing process-tracing. The deductive approach makes it the most appropriate for the research objective. The literature review and the conceptual framework sections have provided significant background information required to build testable hypotheses on the causal mechanisms and the outcome of EU external governance through the EUDR in Indonesia.

Formulating Hypotheses and Operationalization

The first step in conducting a good process-tracing study is to form hypotheses based on a reliable conceptual framework (Ricks & Liu, 2018). In addition to having a primary hypothesis, a key aspect of process-tracing is the formation of a rival hypothesis/hypotheses which can be tested against the primary. This is typically done at the critical junctures of the overarching process. This thesis asks two interrelated research questions, with the answer of the first (*processes and conditions*) being a critical juncture that will determine the answer of the second (*effectiveness*). It will structure the hypotheses to each question as follows.

The first research question that the thesis aims to answer is: *how and under what conditions does the EU externalize its environmental acquis to Indonesia in the case of the EUDR?* In terms of processes, external governance prescribes the extension of EU policies through the three modes of hierarchy, networks, and markets. External governance also provides multiple explanations of the conditions that affect the choice of mode, particularly the institutionalist, power-based, and domestic-structure explanation. Although engaging with all three explanations is possible and would allow for an exploration of which explanation is most accurate, it will not be of much added value for the purposes of this thesis. Therefore, this thesis will engage primarily with the power-based explanation due to its focus on measurable levels of interdependence.

At its core, the EUDR is a unilateral internal market policy which requires compliance from stakeholders and companies located outside EU borders only if they are interested in having their commodities enter the EU market, meaning that it does not directly impose its rules to the third countries' governments like hierarchical, mutually agreed, binding agreements. Yet, the size and importance of the EU market create a significant opportunity cost for Indonesian palm oil industry stakeholders — the loss of the EU market for the export of Indonesian palm oil. As this will hurt Indonesian palm oil companies and also smallholder farmers, and also lower the country's overall economic performance through falling exports, Indonesian palm oil industry stakeholders and the government may be inclined to comply with EUDR requirements. Furthermore, Indonesian stakeholders may take the EUDR as an opportunity to make their palm oil more sustainable and competitive. Thus, the first hypothesis to the first research question can be formed as:

H1a: The EUDR externalizes to Indonesia through market governance under the conditions of Indonesian stakeholders' voluntary willingness to implement the regulation for EU market access.

However, the passing of the EUDR has been followed by an intense reaction by the Indonesian state and private stakeholders, as well as civil society actors who claim that the measures have a negative impact towards smallholders. Indonesian policy makers have also claimed that Indonesia already has anti-deforestation measures in the form of sustainability certifications, specifically the Indonesian Sustainable Palm Oil (ISPO) certification. In response to the Indonesian and Malaysian joint mission to Brussels in the end of May 2023, the European Commission has announced the formation of a Joint Task Force on the implementation of the EUDR in the former two countries (Delegation of the EU to Indonesia, 2023). The task force aims to facilitate technical cooperation on tackling the main issues related to the EUDR's implementation, such as the inclusivity of smallholders and the acknowledgement of previous certification schemes. This shows that the EUDR externalization has resorted to a network governance mode of policy coordination through a consultative joint task force with Indonesia, instead of externalization purely through market competition mechanisms. This leads to an alternative hypothesis to the first research question:

H1b: The EUDR externalizes to Indonesia through network governance under the conditions of EU stakeholders' willingness to coordinate EUDR implementation with Indonesian state stakeholders.

Next, the second research question is formulated as: *to what extent does the EU externalize its environmental acquis to Indonesia in the case of the EUDR?* This question is concerned with the effectiveness of EU rule transference to Indonesia. The concept of external governance provides three stages of EU rule transference: rule selection, rule adoption, and rule implementation. However, the recentness of the EUDR does not allow for an accurate measurement of rule adoption and rule implementation. Due to a lack of empirical evidence stemming from the temporal focus of this study, a parameter must be made that this thesis will only measure rule selection — particularly the extent to which the EUDR, as opposed to domestic, other states', or international organizations' rules, constitute the main reference point for EU-Indonesia relations.

Following *H1a*, the EUDR's externalization in Indonesia through market governance presumes that Indonesian stakeholders are incentivized to comply with the EU due diligence requirements in order to gain access to the EU market. Active participation by Indonesian stakeholders to meet EUDR standards would mean that there would be little to no obstacles from the Indonesian side in regard to the IEU-CEPA FTA negotiations. This would prescribe the following hypothesis:

H2a: Externalizing through market governance, the EUDR results in EU rule selection.

An alternative for Indonesian stakeholders affected by the EUDR would be to reject it completely, in which the IEU-CEPA negotiations will be significantly obstructed. Furthermore, stakeholders can coalesce in arguing that such measures are inconsistent with WTO trade laws by lodging a formal complaint to the WTO dispute settlement body. This has happened before in 2020, when Indonesia formally filed a suit with the WTO regarding the RED II

measures against palm oil-based biofuels. This would represent a failure outcome for EU's market governance through the EUDR, leading to an alternative hypothesis being:

H2b: Externalizing through market governance, the EUDR results in non-EU rule selection.

In the case of *H1b*, the EUDR's externalization in Indonesia through network governance will assume a selection of the regulation in the form of continued policy coordination for the EUDR in which it is the central element of joint task force's efforts. With the joint task force facilitating policy coordination, there is a chance that Indonesian stakeholders will continue trying to have their concerns and demands taken into account in the implementation of the EUDR. However, if Indonesian understand that EUDR compliance is the main goal of the joint task force's outcome, then this case results in the hypothesis:

H2c: Externalizing through network governance, the EUDR results in EU rule selection.

An alternative to *H2c* proposes a different outcome in which Indonesian stakeholders may ultimately opt for non-EU rule selection. Despite engaging in policy coordination and dialogue facilitated by the Joint Task Force, Indonesian stakeholders may perceive the EUDR as being incompatible with their long term interests. Rather than adhering to EU rules, Indonesian stakeholders or align their practices with domestic regulatory frameworks such as the ISPO certification scheme, and propose to the EU to accept such schemes. This alternative hypothesis is thus formulated as:

H2d: Externalizing through network governance, the EUDR results in non-EU rule selection.

Thus, based on the hypotheses that have been set, a hypothetical causal graph of the process can be constructed as follows:

Table 4: Hypothetical causal graph

Independent Variable	Causal Mechanisms		Dependent Variable
The formulation of the EUDR	H1a: The EUDR externalizes through market governance	Active participation by Indonesian stakeholders to meet EUDR standards	H2a: EU market governance leads to EU rule selection
		Resistance of the EUDR by Indonesian stakeholders and complaint to WTO	H2b: EU market governance leads to non-EU rule selection
	H1b: The EUDR externalizes through network governance	Continued policy coordination through the EUDR Joint Task Force facilitated by interdependence	H2c: EU network governance leads to EU rule selection
		Indonesian stakeholders revert to securing alternative markets in other states	H2d: EU network governance leads to non-EU rule selection

Note. Author's own work.

An important aspect of process tracing is also the temporal sequencing of key events to allow for careful and accurate analysis of each step within the process (Ricks & Liu, 2018). A timeline of events must then be established to make sure that events are accurately referred to throughout the thesis. Placing the adoption of the Communication on Stepping up EU Action to Protect and Restore the World's Forests as a starting point, the timeline of key events of the process can be formed as follows:

Table 5: Timeline of key events surrounding the EUDR

Date	Event
July 23, 2019	European Commission adopts Communication on Stepping up EU Action to Protect and Restore the World's Forests
October 1, 2020	First meeting of the Multi-stakeholder Platform on Protecting and Restoring the World's Forests
October 22, 2020	European Parliament requests the Commission to submit a proposal for a legal framework to halt and reverse EU-driven global deforestation
November 17, 2021	European Commission submits proposal for a regulation on deforestation-free products
April 22, 2022	Indonesian CSOs Joint Statement on EUDR proposal
December 6, 2022	The European Parliament and Council reaches political agreement on the EUDR
April 19, 2023	European Parliament adopts the EUDR
May 30, 2023	Indonesia-Malaysia Joint Mission to Brussels
June 29, 2023	The European Commission, Indonesia, and Malaysia agree to form a Joint Task Force for cooperation to implement the EUDR
August 4, 2023	First meeting of the Joint Task Force
February 2, 2024	Second meeting of the Joint Task Force
March 2, 2024	17 th round of IEU-CEPA FTA Negotiations
<i>December 30, 2024</i>	<i>Implementation date of the EUDR for large and medium enterprises</i>
<i>June 30, 2025</i>	<i>Implementation date of the EUDR for micro and small enterprises</i>

Note. Author's own work.

Sources and Data Collection

To investigate the process, evidence will need to be gathered to be tested against the hypotheses at each relevant stage in the causal graph. To do this, the study will rely on the analysis of a mixture of first-hand sources and secondary sources such as EU and Indonesian policy documents, commission communications, press releases as well as scholarly articles and books. Data triangulation and having multiple sources for data to strongly confirm the hypothesis through cross-referencing is especially important in process-tracing. Thus, the thesis also plans to conduct semi-structured interviews with three sample groups: EU policymakers working with the EUDR in Indonesia, Indonesian government stakeholders responding to the EUDR, and Indonesian civil society organizations responding to the EUDR. The selection of these three samples is key to providing a balanced and critical perspective for this thesis.

From a total of 10 potential participants which have been contacted through cold-emailing, at least one participant from each sample has been successfully recruited, with a total of four interview participants. EU policymakers are represented by a policy officer in the Directorate-General for the Environment (DG ENV) and a diplomat in the European External Action Service

(EEAS) involved directly with the EUDR and its implementation in Southeast Asia and Indonesia in particular. Indonesian state and private stakeholders are represented by a senior official of the Council of Palm Oil Producing Countries (CPOPC), an organization founded by Indonesia and Malaysia which is a key facilitator and spokesperson for both countries' response to the EUDR. Finally, Indonesian civil society organizations are represented by members of Kaoem Telapak, a grassroots environmental NGO actively participating in different aspects of EUDR implementation in Indonesia and one of the organizers of the joint statement of Indonesian CSOs on the EUDR. An overview of the sampling is as follows:

Table 6: Interview sampling overview

<i>Status</i>	<i>Sample 1: EU Policymakers</i>	<i>Sample 2: Indonesian State and Private Stakeholders</i>	<i>Sample 3: Indonesian Society Organizations</i>
Interviewed	DG ENV policy officer	CPOPC senior official	Kaoem Telapak representative
	EEAS diplomat		
No response	DG TRADE official 1	Embassy of Indonesia to Norway diplomat	Auriga Nusantara representative
	DG TRADE official 2	Embassy of Indonesia to Belgium and the EU diplomat	
		Indonesian Palm Oil Association (IPOA) representative	

Note. Author's own work.

The interviews have been permitted and done in accordance to guidelines provided by the Norwegian Agency for Shared Services in Education and Research (Sikt) and data processing has been done adhering to the GDPR. Names of participants are anonymized to protect their identities. Interviewees will be referred to with the description of their positions (e.g. DG ENV policy officer, CPOPC senior official) as coded above. Consent was obtained through the provision of a consent form to all participants which are then signed electronically. The interviews are semi-structured, with prepared questions that were provided to the participants before the interview and impromptu questions during the interview. The interview guides for each participant is provided in the appendix of this thesis. Interviews with the CPOPC and Kaoem Telapak are done in Bahasa Indonesia, and all quotes taken from those interviews are personal translations of the author, who has native proficiency of the language.

2.3. Limitations

This thesis recognizes several limitations in its study. Firstly, the thesis will only measure rule selection in regard to answering the second research question inquiring on the effectiveness or to what extent the EUDR externalizes to Indonesia. Since the EUDR's implementation date will be in the end of 2024, the extent to which EUDR will actually be adopted (*rule adoption*) and applied (*rule application*) amongst Indonesian stakeholders is beyond the scope of this thesis. However, as rule selection constitutes the first stage of the effectiveness of EU policy externalization, this study aims to contribute as a detailed analytical basis for future studies of rule adoption and application to build on.

A second limitation of this thesis is that despite the study relying on first-hand interview data from key actors who are directly involved with the object of study, the samples cannot be said to be representative of the population due to their size. Even though at least one participant has been successfully recruited for each sample, only one has been recruited for *Indonesian state and private stakeholders* as well as *Indonesian civil society organizations*, meaning that their statements cannot be cross-referenced with others from the population. The successful recruitment of two participants for the *EU policymakers* may also signify bias towards this sample.

Finally, the thesis' macro-level single-case research design does not allow for meso- and micro-level analyses of the EUDR externalization process, which may result in the *blackboxing* of some causal mechanisms within the process. Despite containing input from Indonesian CSOs and that their response to the EUDR will be highlighted briefly, this thesis' top-down approach will primarily look into government-to-government interactions — though this is empirically reflected in the case to a large extent. In this approach, Malaysian stakeholders are also largely exempt from the study, even though they are part of the joint mission as well as the joint task force. Next, although it will be argued as to why Indonesian state and private actors are closely linked, this thesis' treatment of the Indonesian state and private actors as being part of one sample is an example of an obscuration of differences between state and private actors. Furthermore, even though the EUDR targets seven commodities, the thesis focuses specifically on palm oil despite Indonesia's production of other targeted commodities. Nevertheless, this thesis' macro-level analysis of the EU unilateral environmental policy externalization process aims to provide a general understanding of the highly under-researched phenomenon as well as contribute empirically towards the two strands of literature previously identified.

With these limitations in mind, this thesis will identify several avenues for further research in the conclusion.

3. “Cutting Down” Contribution to Global Deforestation: Origins and Functions of the EU Deforestation Regulation

In the last three decades, an area that is larger than the whole European Union has been lost to deforestation. And we all have a responsibility in this ... Our message is very clear: Europe is cleaning up its supply chains — for products that trigger deforestation. This marks a turning point in the global fight against deforestation.

— Ursula von der Leyen, President of the European Commission (as cited in European Commission, 2022)

This chapter aims to provide a deeper understanding on how the EUDR was formulated and adopted into law, as well as what its objectives are. It will also look into what the regulation actually entails, and how its content aim to accomplish its objectives in relation to the first research question: *how and under what conditions does the EU externalize its environmental acquis to Indonesia in the case of the EUDR?*

The EUDR dictates any company placing a product containing certain crop commodities into the EU single market to prove the origins of those commodities in order to confirm that they do not come from recently deforested land. The regulation covers seven commodities that have been identified as common drivers of deforestation: cattle, soybean, palm oil, cocoa, coffee, rubber, timber, and their derivatives. With its broadened scope, the EUDR replaces the EU Timber Regulation, a similar legislation adopted in 2010 that restricts timber products sourced from illegal logging operations into the EU market. The following sub-chapter will explain in detail how the EUDR came into being.

3.1. Formulation of the EUDR vis-à-vis Commodity-driven Deforestation

Forests have been an important aspect in the EU’s external environmental policy, with the introduction of the Forest Law Enforcement, Governance, and Trade (FLEGT) regulation in 2005 and the EU Timber Regulation in 2013. However, the focus of these two regulations is to combat illegal logging, specifically the harvest of timber that are inadherent to domestic laws of the source country. Thus, the focus of these previous policies have been ensuring land legality of timber products, not deforestation per se. Deforestation —under the FAO definition of “the conversion of forest to other land uses, regardless of whether it is human-induced” (FAO, 2020) — was addressed in a Commission communication in 2008, although it has only

been partially covered by the previous existing EU initiatives. This is despite continuing high rates of deforestation in various parts of the world, particularly in tropical areas such as Southeast Asia and South America (Miettinen et al., 2011; Aide et al., 2013). Meanwhile, global multilateral initiatives have done little to reduce deforestation. The UN's REDD+ market-based anti-deforestation program have failed to significantly reduce global deforestation since its introduction in 2007 and have even been labelled as another green "fad" (Fletcher et al., 2016; Enrici & Hubacek, 2018). As it became clear that the EU could not achieve its 2008 goal of reducing tropical deforestation in half by 2020, there was increasing pressure on the Commission to take action. This resulted in the Commission adopting the Communication on Stepping up EU Action to Protect and Restore the World's Forests on 23 July, 2019.

The communication, with the aim of protecting and improving the health of existing forests worldwide, has laid the groundwork for several policy proposals. With evidence that deforestation is primarily caused by commodity-driven agricultural expansion, the communication implores the EU to diminish its land footprint and to work towards realizing deforestation-free supply chains in the EU market (European Commission, 2019). The communication then acknowledges the importance of cooperating with producer countries in combatting deforestation as a second priority. Following this, the Commission has set up the Multi-Stakeholder Platform on Protecting and Restoring the World's Forests — a dialogue forum consisting of state representatives and NGOs — in 1 October 2020. Later that month, the European Parliament responded to the communication together with the European Green Deal by requesting the Commission to propose a legislation to halt and reverse EU-driven global deforestation through a resolution (European Parliament, 2020). Over a year later in 17 November 2017, the Commission published the proposal for a policy that is to become the EUDR.

As a result of successful advocacy by an overpowering pro-EUDR alliance of commission members, member-state authorities, environmental NGOs, and pro-regulation business actors, the Parliament and the Council of Ministers have reached political agreement on the EUDR by December 2022 (Berning & Sotirov, 2024). The Parliament officially adopted the EU Regulation on Deforestation-free Products on 19 April 2023. The resulting regulation, covering the seven commodities previously stated, dictates strict due diligence measures for companies placing products containing those commodities in the EU single market (European Parliament & European Council, 2023). The due diligence measures include providing traceability of the commodities involved in order to make sure they do not come from recently deforested land. Another measure is the benchmarking system, which will assign a deforestation risk category to countries, in turn determining the level of risk mitigation obligations for companies.

With this demand-side regulation, the EU hopes to cut off its contribution to global deforestation as a large consumer market. In explaining the goals and mechanism of the EUDR, a DG ENV policy officer working specifically on the EU's deforestation policies and their international promotion states that the EUDR is a unilateral policy which aim to reduce the EU's land footprint "because the EU is a major consumer of these products that have a high footprint on forests" (DG ENV policy officer). By ensuring that companies look into their supply chains and remove their harmful impact on forests in order to maintain market access to the EU, the regulation will "have a positive impact on forests around the world". In turn, the EU

will also achieve a reduction of associated greenhouse gas emissions and biodiversity loss. The regulation aims to reduce associated emissions by at least 32 million metric tonnes a year (European Commission, n.d.a).

3.2. Ensuring Deforestation-free Products through Due Diligence: The EUDR's Requirements

The EUDR restricts the placing of products containing cattle, soybean, palm oil, cocoa, coffee, rubber, and timber into the EU if all the following conditions are not met: the products are deforestation-free, have been produced legally in the country of production, and are covered by a due diligence statement (European Parliament & European Council, 2023). "Deforestation-free" in the context of this regulation requires that products are not fed with or made using commodities produced on land that was deforested after 31 December, 2020. In regards to the due diligence statement, the statement must include several types of information regarding the commodities' origin, in addition to risk assessment and mitigation documentations. This statement is required from operators and traders. Operators are defined as the people or companies who initially place products on the EU market, including companies that derive one product to another. Traders are defined as the people or companies distributing the product for consumption in the EU market.

Traceability is an essential element of this regulation, with it requiring operators to trace each covered commodity back to the plot of land where it was produced. Article nine of the EUDR stipulates the initial step in the due diligence statement, such as to provide information on which country and region it is produced, as well as the location of all plots of land where the raw commodities utilized in the product's value chain were produced. If the product incorporates components from various land plots, the location of each plot must be specified. The land plots will be identified with their geolocation coordinates, which is required to be included in the due diligence statements. These geolocation coordinates can be retrieved using mobile phones, handheld Global Navigation Satellite System (GNSS) devices, and applications such as Geographic Information Systems (GIS) (European Commission, n.d.b.). For plots of land larger than four hectares, polygons of coordinates are required instead of single point coordinates. Deforestation or the degradation of forests identified on any of these plots would instantly disqualify the relevant commodities and products from being placed in the EU market.

In addition to traceability, Article ten of the EUDR states that operators must also conduct a risk assessment on the products to ensure they pose no or negligible risk of non-compliance. Should they pose a greater risk of non-compliance, operators must follow up with risk mitigation procedures to achieve a lesser level of risk. The EUDR's country benchmarking system, stipulated in Article 29, will play a major role at this step of the due diligence statement. The regulation will set up a benchmarking system in which countries or specific regions within the country will be assigned a high, standard, or low risk for deforestation by the Commission. In addition to consulting scientific evidence, the Commission plans to engage in dialogue with producer countries in assessing their risk categories (European Commission,

n.d.c). Currently, the assessment methodology for the benchmarking system is still under development by the Commission and is planned to be presented in future multi-stakeholder platform meetings.

3.3. The EUDR as a Unilateral Environmental Policy Utilizing Demand-side Market Mechanisms: Towards Market Governance?

In summary of this chapter, the EUDR was formulated and passed in the context of continuing global deforestation which has not been effectively addressed through multilateral initiatives such as the UN's REDD+ program or the EU's EUTR and FLEGT. This was in line with the prevailing notion of the EU's increasingly active "soft policy" — non-binding, diffusing unilateral rules such as the EUDR — in light of the failure of existing ambitious global initiatives (Biedenkopf & Dupont, 2013). The objective of the EUDR is to eliminate the EU's contribution to global deforestation by ensuring products available in the EU market are deforestation-free by specifying stricter due diligence measures for certain commodities. As has been emphasized by the EU, the EUDR is an *internal* and *unilateral* policy which is designed to primarily affect companies operating or making their products available in the EU market. Because commodities that cannot be proven to be deforestation-free are restricted to be made available on the EU market, companies are pressured to look into their supply chains and make sure all commodities can pass the due diligence requirements. This includes confirming that the commodities are traceable back to land that has not been deforested after 2020 through the provision of geolocation coordinates.

Being a unilateral policy, the EUDR does not and cannot place any binding obligation to third country governments to mandate companies under their jurisdictions to follow these rules. However, this demand-side policy is designed to work through a market competition mechanism which thereby creates a "race to the top" — where suppliers in producing countries are pressured to improve their production practices so as to not involve any deforestation in order to ensure their commodities' competitiveness and maintain access to the EU market. The market governance mode is thus evident in the EUDR's formulation, as the policy is designed to be externalized and implemented by stakeholders in third countries such as Indonesia through market competition mechanisms. The success of this therefore depends on the EU's market presence (Damro, 2012). This lends convincing evidence for *H1a*, which proposes: *the EUDR externalizes to Indonesia through market governance under the conditions of Indonesian stakeholders' voluntary willingness to implement the regulation for EU market access.*

However, it is important to investigate whether externalization of the EUDR through the market governance mode empirically manifested after the EUDR's passing. In light of the EUDR, producing countries around the world have responded to EU policymakers and complained over the unilateral policy. The next chapter will review and analyze the Indonesian responses to the EUDR.

4. From Jakarta to Brussels: Unpacking Indonesian Responses on the EUDR

The adoption of the EUDR has elicited responses from countries that are significant producers of the targeted commodities. In September 2023, 17 countries — Argentina, Brazil, Bolivia, Colombia, Dominican Republic, Ecuador, Ghana, Guatemala, Honduras, Indonesia, Ivory Coast, Malaysia, Mexico, Nigeria, Paraguay, Peru, and Thailand — expressed their concerns on the new legislation via a joint letter to the European Commission. The joint letter described the EUDR as a discriminatory measure that “disregards local circumstances and capabilities, national legislations, certification mechanisms ... and multilateral commitments of producer countries” (Da Silva, 2023).

However, perhaps the most prominent and visible opponent to the EUDR is Indonesia, a country which produces plenty of the relevant commodities, most notably palm oil. Indonesia is the world’s largest palm oil producer, and is a major exporter of the commodity in addition to also enjoying a large domestic market. The Indonesian palm oil industry’s history dates back to President Suharto’s authoritarian regime during the late 1960s. Over time, a very strong connection between state and private actors in the industry have developed. The multipurpose, highly-efficient, and attractive oil palm fruit has been singled out as a strategic crop by the Indonesian government, alongside the pushing of narratives that single out palm oil production as a key driver to local community development and the country’s overall economy (Tyson et al., 2018). Indeed, the palm oil industry has resulted in an — albeit not evenly distributed — increase of regional GDP and the creation of jobs, for example in Riau province where the industry is largely present.

However, the industry’s growth spurred by political and economic incentives has been a culprit of deforestation and environmental degradation in Indonesia (Cisneros et al., 2021). Between 2001 to 2023, Indonesia has lost 30.8 million hectares of forest cover (Global Forest Watch, 2023). In 2015, slash-and-burn practices involving the burning of forest land for land clearing in Indonesia’s Sumatera island has resulted in a large-scale transboundary haze crisis affecting the Southeast Asian region (Apresian et al., 2020). This incident has been linked to the palm oil industry, as forest burning is the cheapest and most effective way to expand plantations. In addition to environmental destruction, palm oil plantation expansion has also been linked to disputes with local indigenous communities who claim ownership to the seized land. In this case, local communities are often overpowered by the industry due to the tight links between the industry and the Indonesian state. Not only that there are several state-owned plantations, but there are prominent bureaucrats and cabinet ministers who directly hold stakes and investments in the industry, resulting in frequent instances of collusion (Tyson et al., 2018).

This dilemma faced by the Indonesian palm oil industry — its attractiveness as a commodity leading to the government’s support for its growth, and the resulting negative environmental and social impact — is reflected in the duality of Indonesian responses to the EUDR. State actors, representing the overall Indonesian palm oil industry, responded very strongly against

the EU's adoption of the regulation. During a Merdeka Palace meeting on the EUDR's implementation in Indonesia, the Coordinating Minister for Economic Affairs vowed to "fight back" against the EU legislation that he deemed discriminatory (Cabinet Secretariat of Indonesia, 2023). About a month after the European Parliament passed the EUDR, high level officials from Indonesia and Malaysia including relevant ministers conducted a joint mission to Brussels to express their reservations to EU officials. The mission was done with the Council of Palm Oil Producing Countries (CPOPC), an organization set up by Indonesia and Malaysia to advance the interests of the palm oil industries in both countries. Perhaps the largest concern of the Indonesian state is the unilateral undertaking of the policy by the EU and the lack of stakeholder engagement and inclusion of producer countries in the creation of this policy. In addition, Indonesian state stakeholders also mention the potential negative effects from aspects of the policy towards palm oil smallholders in Indonesia. Finally, the benchmarking system of the EUDR is also brought to light as an infringement to the sovereignty and image of the producer countries involved.

On the other hand, Indonesian environmental CSOs representing smallholder associations as well as indigenous communities adopted a more supportive — yet still cautious — attitude towards the regulation. Advocating for the conservation of forests, smallholder interests, as well as indigenous land rights, Indonesian civil society organizations believe that the EUDR would put external pressure on the Indonesian government to promote better sustainable practices in the palm oil industry. This is especially when it has been the case that internal grassroots movements to reduce deforestation have been largely sidelined by the government. A representative from the Indonesian ecological justice CSO Kaoem Telapak expresses this point:

Firstly, [Indonesian] civil society actually supports the EUDR, but of course with many conditions. When the [Indonesian] government and companies can no longer be consulted, when these large companies control the entire decision-making sectors, and we also know that Indonesian officials themselves have businesses in [the palm oil] sector, and that 50% of Indonesian parliamentarians have business interests in the sector ... there is no other choice for civil society but to support the EUDR as a way for improvement for production in the [palm oil sector] , which is one of the reasons that we agree with the EUDR. But we do not simply agree, and that we want to make sure that not only EU interests are at stake here.

(Kaoem Telapak representative)

In the proposal stage of the EUDR, 35 Indonesian civil society organizations lead by Kaoem Telapak and fellow environmental NGO Auriga Nusantara delivered a joint statement welcoming the regulation as an opportunity to reduce deforestation, although voiced some concerns regarding some of its aspects and suggested changes. These include changing the cut-off date for deforested land to 31 December 2000 instead of 31 December 2020, which they deem too late as rampant deforestation had already begun way before that time (Auriga Nusantara, 2022). Other concerns include the financial incentives needed by smallholders to implement the traceability requirements of the regulation, as well as a more careful implementation of the benchmarking system to ensure that palm oil smallholders do not get cut off from the European market and export elsewhere, thus limiting the actual aim of the regulation to reduce deforestation in Indonesia. In terms of stakeholder engagement — in

contrast to the stronger complaints by the Indonesian state of not having been consulted or given information on the EUDR — civil society organizations such as Kaoem Telapak claimed to have attended public consultation meetings by DG ENV as well as receiving information from their European NGO network from the early stages of the EUDR decision making process.

The rest of this chapter will delve deeper into specific concerns voiced by Indonesian stakeholders — namely stakeholder engagement, smallholders, and country benchmarking — that are prominent in Indonesian responses, bringing in first-hand interview data to obtain a fuller picture of the process through looking at the interplay between the involved parties.

4.1. Too Exclusive? On The Lack of Stakeholder Engagement

It is now clear that the EUDR, through its due diligence requirements on the seven commodities, is a demand-side market mechanism-based policy targeting supply chains and externalizes to stakeholders located in third countries. Acknowledging this fact, together with the need to better promote its anti-deforestation objectives worldwide and encourage compliance with this rule, the EU has underlined cooperation with third countries to accompany the implementation of this regulation. Article 30 of the regulation states that the Commission together with voluntary participation by member states “shall engage in a coordinated approach with producer countries and parts thereof that are concerned with the Regulation” (European Parliament & European Council, 2023) through partnerships and other cooperative initiatives. This was echoed by the DG ENV policy officer, who states that although the EUDR is primarily aimed at reducing the EU’s consumption of deforestation-driving products, it has a significant international dimension:

A very innovative provision in this regulation, which is in Article 30, places an obligation on the commission to step up its engagement with partner countries to work together with them and support them in their efforts to enhance deforestation free supply chains and reducing deforestation. So it’s really a piece of legislation which has an international dimension.

(DG ENV policy officer)

Despite this, Indonesia has voiced the lack of stakeholder engagement as one of their main concerns regarding the EUDR. On their Brussels joint mission and statement, Indonesia and Malaysia complained that the regulation was “inherently discriminatory and punitive in nature”, and hoped that the EU “would observe the principles of transparency, non-discrimination, consistent with WTO rules and regulations” (Council of Palm Oil Producing Countries, 2023). They believe that numerous technical aspects of the regulation and its impact on Indonesian and Malaysian stakeholders were not actively deliberated in the formulation of the regulation. As a solution to the lack of inclusion of Indonesian and Malaysian stakeholders, both countries proposed the setting up of an EU-Indonesia-Malaysia joint task force that would discuss the implementation of the EUDR. The lack of stakeholder engagement is expressed by the senior

official of the CPOPC, who mentioned that the EUDR does not take into account input from third countries:

What is regretful about the making of the EUDR is that it is done unilaterally without properly consulting governments or stakeholders from producer countries. In regards to the seven commodities, they are discussing it within themselves within the EU in the three institutions: council, commission, and parliament — but forget to consult producer countries that will be impacted by the EUDR.

(CPOPC senior official)

The EU side did not concur with this criticism, and have argued that Indonesia was a part of the multi-stakeholder platform — a public consultation where concerned parties can provide their input towards the policymaking process — on Protecting and Restoring the World's Forests and have received plenty of information before the adoption of the regulation. From 2020, the platform was active in formulating the EUDR. The DG ENV policy officer stated:

On the lack of engagement, I would not agree with this argument because this regulation has come a long way. It was announced already in 2019 when the Commission published its Communication on Stepping Up the EU Action to Protect the World's Forests, and since then the Commission has really communicated a lot on this upcoming legislation. There was a public consultation where Global South countries could also participate. The multi-stakeholder platform on deforestation was set up before the negotiations started with the co-legislators ... Indonesia and other countries which are part of this multi-stakeholder platform received a lot of information in advance on this regulation.

(DG ENV policy officer)

Nevertheless, the CPOPC senior official maintained that Indonesian stakeholders was not included in the multi-stakeholder platform. A look into the public list of members available on the Commission's register of expert groups revealed that out of the 63 organizations — including business associations and NGOs — and 27 member state authorities, there are no Indonesia-based organizations nor state authorities represented (European Commission, n.d.d.). Highlighting the lack of Indonesian stakeholders involved, the CPOPC senior official stated:

As far as I know, [Indonesian stakeholders] have not been involved. [In regards to] the government, I don't know whether they were invited just out of courtesy, but many different stakeholders have complained that [the policy] will be implemented unilaterally which means the multi-stakeholder process is not a proper consultation by the EU. There is an impression that the process is exclusive, that it only engages several CSOs from the EU but not from producer countries.

(CPOPC senior official)

However, some of the NGOs and business associations — such as the Environmental Investigation Agency (EIA), Fern, Global Roundtable for Sustainable Beef (GRSB), and the Roundtable on Sustainable Palm Oil (RSPO) — are listed to represent not only European but also international interests. It is thus possible that even though third countries governments'

are not represented directly, that they are represented through global networks of such NGOs and business associations. For example, the Europe-based environmental justice NGO Fern has an extensive list of international partners, and the RSPO represents member organizations from various palm oil producer countries. This explains how Indonesian NGO Kaoem Telapak — who confirmed that they are a partner of EIA and Fern, members of the multi-stakeholder platform on deforestation — could claim that they are represented in the EU’s stakeholder engagement efforts:

In the beginning of the process, when the EU launched its proposal on anti-deforestation in 2020, there was a public consultation that takes input from several countries such as Indonesia. However, in regards to a direct consultation with us, we haven’t had that yet. Although really we have been informed [on the regulation] from the beginning as we have connections in the EU, and the communication that was built from NGO to NGO ... We in Kaoem Telapak communicate primarily with Fern and EIA, which is like our sister organization based in London.

(Kaoem Telapak representative)

The representative has also stated that Kaoem Telapak even conducted a lobby trip to Brussels and participated in a face-to-face consultation with DG ENV where they discussed technical issues of the EUDR such as traceability and smallholders. The representative further noted that the dialogue was quite strict, however, and that the EU emphasized how the regulation is a unilateral regulation and implementation of the policy by stakeholders are voluntary. This particular issue of smallholders be further explained in the following subchapter.

4.2. Traceability Requirements and the Added Burden on Smallholders

Following stakeholder engagement, another Indonesian concern on the EUDR is its traceability obligations, namely geolocation, and its potential impact on Indonesian oil palm smallholder farmers. The smallholder issue has been a focal point in the EUDR discourse in the country, and was repeatedly brought up by Indonesian government actors who stated that industry’s 15 to 17 million smallholder farmers, who make up around 40% of palm oil producers, will be burdened by increased bureaucracy from the required due diligence procedures if they still want to participate in the European market (Cahyoputra, 2023). Furthermore, the geolocation requirements that implore the use of specific technology could be a problem for smallholders who may possess low digital literacy. The potential impact of palm oil on smallholders are echoed by the CPOPC senior official, who said that smallholders are at risk to be excluded from palm oil supply chains as the EUDR would lead to palm oil factories rejecting their oil palms if they are not verified.

However, these claims on smallholders are challenged by the EU, who claim that there have been plenty of misunderstandings of the legislation from its coverage in Indonesian media.

An EEAS diplomat working with EU-Indonesia relations commented that many of the responses from Indonesian actors are based solely on perception of the regulation and not problems that have materialized. In response to the smallholders argument, the DG ENV policy officer echoed the EEAS diplomat, stating that although smallholders may be impacted by some of the technological requirements, most of the requirements are directed towards big corporations — stating that:

This regulation does not impose any obligation on smallholders. It was really drafted and designed in a way that the whole burden would be on companies placing products on the EU market, so mainly on the EU companies. So there is no obligation on smallholders. That being said, one of the core obligations for EU companies is to collect the geolocation information on the precise plot of land where the commodities have been produced. And as part of this obligation, they may have to ask the smallholders in the producer countries about this geolocation. Indonesia has concerns that this is technologically not feasible for the smallholders and that it'll induce a burden. This is of course something we can hear, even though I am convinced that this burden is really limited.

(DG ENV policy officer)

Indeed, the EUDR places the main due diligence obligation on the operators, which is defined as any person or company who initially places a product containing the relevant commodities on the EU market. This includes companies that places a finished product in the EU market as well as companies that derive one product to another — such as cocoa butter into chocolate or palm oil into cosmetics. However, the operators must document traceability of their commodities on their due diligence statements, requiring the geolocation of the utilized commodities, and that input is to be provided by the plantations or smallholders. The EUDR thus obliges some form of bureaucracy from the supplier side further down the supply chain, including smallholders. In the case of Indonesian palm oil, smallholders are part of a multi-tiered supply chain where oil palm mills process fruits provided by many different smallholder farmers (Nashr et al., 2021). This relationship is explained by the Kaoem Telapak representative:

In regards to the EUDR, all parties that are involved in placing the product (to the EU market) are involved, and those are not all big companies. Of course, the [smallholders'] relations are with the companies. The impact of the companies' business will be felt by smallholders because a large percentage of the [companies'] commodities are sourced from smallholders. So the EU cannot say that the regulation does not apply to smallholders.

(Kaoem Telapak representative)

Also, other technical aspects of traceability such as chain of custody and provision of polygon coordinates constitute some of the more particular issues that impact Indonesian smallholders. According to the Kaoem Telapak representative, some of the commodities such as palm oil do not have a clear cut chain of custody scheme that allows for accurate traceability. Unlike timber which already has a stable chain of custody scheme, figuring the geolocation of the source of palm oil is more difficult, as it is “not clear whether the palm oil is to be traced to the fresh palm fruit or fruit bunches that are separated from the source” (Kaoem Telapak

representative). Furthermore, since the geolocation is to be determined from coordinates — in some cases polygon coordinates — smallholders need to learn methods to provide such information, which requires a substantial amount of time and funds as some smallholders are not part of associations and therefore disconnected from resourceful networks:

What is being faced by the smallholders is traceability and that is expensive and needs funding. Especially that the traceability obligations require provision of polygon coordinates. Smallholder associations are now going towards that direction, and they are starting to do land plot identification with polygon coordinates, but not all of them because it takes a lot of funds also considering the knowledge transfer to many smallholders, some of which are still not part of smallholder associations.

(Kaoem Telapak representative)

4.3. Country Benchmarking and the Risk of Market Redirection by Indonesian Stakeholders

Finally, the EUDR's benchmarking system will classify producer countries as having high, standard, or low deforestation in determining whether commodities sourced from those countries require additional due diligence and risk mitigation measures. This system is a major concern for Indonesian state stakeholders. Not only that a high risk classification may require even more bureaucracy for operators, Indonesian state stakeholders believe that there is a risk that such a system may damage a country's global image and reduce competitiveness of their commodities from the added due diligence. This is explained by the CPOPC senior official:

The [EUDR's] benchmarking system becomes a concern for countries such as Indonesia and Malaysia because the countries get a risk classification, and that if they are then classified as high risk, their commodities will be treated the same across the board and will require a longer due diligence process. Also in addition, [such a classification] will give a bad image to the targeted country.

(CPOPC senior official)

Responding to this, the DG ENV policy officer responded that the benchmarking system will not result in a change of obligations for involved operators, and that "the burden for companies remain the same if they are sourcing from a high risk country or a medium risk country". However, article ten of the EUDR states that a risk assessment will depend on the country's rating on the benchmarking system, which means sourcing from a high risk country may require additional documentation that the sourced commodity has a low risk of coming from deforested land (European Parliament & European Council, 2023). Since the methodology for the benchmarking system is currently being developed, it is difficult at this point to see how exactly it will be implemented. Even so, the DG ENV officer acknowledges that risk classifications can have a negative impact on a country's integrity, and that the system may evolve to classify specific regions instead of countries in order to fix that problem:

But we heard these concerns and the fear of being labeled high risk, also because of political reasons this would not be acceptable for some countries. So one way to address this concern is the possibility to assess only a region or a part of a country under the benchmarking system so in the end, it is unlikely that the whole country would be labeled as high risk.

(DG ENV policy officer)

The uncertainty surrounding the benchmarking system is also a concern for civil society organizations as a high risk classification can sideline existing efforts in the country to fight deforestation. The Kaoem Telapak representative thus states that the benchmarking system “should be carefully executed” and to recognize the improved methods of production in Indonesian forests which have developed to be better than some other countries through participation in schemes such as the FLEGT arrangement.

In addition, Kaoem Telapak also mentioned the need for the EU to consider a possible market redirection of Indonesian palm oil by the Indonesian government in the case of a high risk classification. The representative highlighted that although the EUDR is a unilateral regulation, third country actors have to adhere to the regulation for it to even be effective. In other words, the effectiveness of the regulation in Indonesia through the EUDR’s market mechanisms is highly dependent on the attractiveness of the EU market and Indonesia’s interdependence to that market. However, a majority of Indonesian palm oil is still being exported to India and China — and should the case be that Indonesian commodities will be classified as high risk by the EUDR benchmarking system, there is a chance that Indonesian actors will divert their products to these alternative markets and thus limiting the impact of the regulation. This has been expressed publicly by both government and business actors in a number of occasions. Indonesia’s Chief Investment Affairs minister Luhut Pandjaitan has mentioned voicing to the European Parliament that Indonesian palm oil exports will gradually be rerouted to African markets on the onset of the EUDR (Shofa, 2023). Furthermore, there have been talks in the Indonesian trade ministry as well as industry associations to redirect palm oil exports from the EU to China, Pakistan, and the Eurasian Economic Union (Widi, 2023). The Kaoem Telapak representative explains as such:

When the EU enacts this unilateral policy, what is not being considered by the EU is the impact of the regulation. When the Indonesian government decides that: “we don’t need to sell to the EU anymore, there are other markets we can export to” ... because only around 14% [of Indonesian palm oil] is being exported to the EU, and the majority is exported to China, India, and now there’s the African and Middle Eastern markets ... Which means that the EU’s goals and aims of the EUDR can fail if it does not involve producer countries, right? This is why we push for partnerships.

(Kaoem Telapak representative)

It is indeed true that the EU does not constitute the top three export destinations for Indonesian palm oil. Indonesia exported a total of over 26 million tonnes of palm oil in 2022, with India, China, and Pakistan respectively constituting the three largest export destinations (Central Agency of Statistics Indonesia, 2023). The EU trails at fourth place with Spain, Italy, and the Netherlands being consistently the largest member state importers of the commodity. Therefore, Kaoem Telapak demand that the EU engage with Indonesia through

“partnerships”, referring to policy coordination efforts between EU and Indonesian stakeholders, where specific concerns of Indonesian state, industry, and CSOs input will be taken into consideration in the implementation of the EUDR.

Table 7: Exports of Indonesian Palm Oil by Major Countries of Destination, 2012-2022

Country of destination	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net weight : 000 Ton											
India	5,264.0	5,752.4	4,920.4	5,746.0	5,424.6	7,325.1	6,346.2	4,576.6	4,568.7	3,088.7	4,996.3
China	3,087.5	2,623.7	2,649.2	4,105.2	3,111.8	3,601.1	4,166.5	5,791.1	4,390.5	4,703.1	3,836.8
Pakistan	755.3	1,089.2	1,826.8	2,325.6	2,106.4	2,193.8	2,458.5	2,215.9	2,487.0	2,674.3	2,805.0
Netherlands	1,458.1	1,546.8	1,294.1	1,261.9	1,048.5	1,286.4	1,161.1	914.9	682.8	567.0	529.4
The United States	57.6	463.0	491.8	732.7	955.8	1,153.4	1,112.8	1,189.0	1,123.7	1,640.2	1,789.6
Spain	274.0	620.8	907.0	998.9	1,116.1	1,367.9	1,168.6	1,078.8	1,135.9	992.8	626.5
Egypt	508.0	746.4	1,038.1	1,156.3	999.2	1,201.4	936.9	1,095.1	970.9	1,035.3	678.2
Bangladesh	743.5	656.4	1,048.6	1,134.8	926.1	1,231.4	1,402.3	1,351.5	1,026.6	1,319.4	1,322.4
Italy	653.5	1,024.8	1,356.8	1,193.6	913.9	1,066.5	888.9	751.3	944.7	622.7	595.7
Singapore	952.1	844.0	789.6	782.0	718.7	610.8	424.5	580.3	360.6	55.7	107.6
Others	5,921.5	6,403.3	7,647.3	8,233.8	6,745.4	7,732.5	9,236.1	10,003.4	9,634.7	10,290.8	8,933.1
Total	19,675.1	21,770.8	23,969.7	27,670.8	24,066.5	28,770.3	29,302.4	29,547.9	27,326.1	26,990.0	26,220.6

Note. From “Exports of Palm Oil by Major Countries of Destination, 2012-2022,” by the Central Agency of Statistics Indonesia, 2023 (<https://www.bps.go.id/en/statistics-table/1/MTAyNiMx/exports-of-palm-oil--by-major-countries-of-destination--2012-2022.html>)

4.4. Indonesia’s Demand for a Joint Task Force

This chapter has shown that the EUDR and its requirements have ignited significant responses from Indonesian state and private stakeholders as well as CSOs. The EUDR’s market governance mode is present in its formulation as a unilateral demand-side policy that demands stricter due diligence for the targeted commodities. However, it is this aspect of the regulation which has irked affected stakeholders in Indonesia, a major palm oil producing country. Indonesian state and private stakeholders particularly pointed out the one-sided deliberation process of the EUDR and the lack of stakeholder engagement, especially when the policy’s traceability and country benchmarking system will have potential negative impacts to the country’s palm oil industry. In particular, the requirement to provide geolocation coordinates are expected to place a significant bureaucratic burden to Indonesian palm oil smallholders who may lack financial resources and technical knowledge to obtain these coordinates. In addition, the benchmarking system can have negative implications for a country’s image should they be classified as a high-risk country.

Even though the EUDR is mainly a market-based policy, it does contain some elements of cooperation and stakeholder engagement. From its text, the EUDR implores the EU to engage with producing countries and obtain their input through the multi-stakeholder platform. Through this platform, the unilateral regulation has a more collaborative approach in which all affected actors can have their say in the policymaking process as well as receiving technical

information regarding the policy. Despite this, the multi-stakeholder platform has failed in including the Indonesian state and private stakeholders, although it did manage to include Indonesian CSOs, such as Kaoem Telapak, in its public consultations. This has ultimately led to the response of Indonesian state and private stakeholders epitomized by the joint mission to Brussels alongside their Malaysian equivalents. Through the mission, Indonesian state and private stakeholders have demanded that their concerns about the EUDR be addressed through a EU-Indonesia-Malaysia joint task force. The joint task force, as a process which puts both sides on an equal level and taking input from both sides in coordinating aspects of the policy (Lavenex & Schimmelfennig, 2009), suggests that the EUDR may externalize to Indonesia through a network governance mode instead of market governance. If both sides agree to form the task force, and that the task force fulfills the function of technical cooperation between both sides towards implementation of the policy by Indonesian stakeholders, then it lends significant empirical evidence for the alternative hypothesis *H1b: The EUDR externalizes to Indonesia through network governance under the conditions of EU stakeholders' to coordinate EUDR implementation with Indonesian state stakeholders.*

This joint task force will be discussed as a form of policy coordination mechanism between both sides in the next chapter. As an answer to the first research question, the final governance mode will also be determined as well as an explanation of the conditions that allow externalization through the mode. The second research question will also be answered in the next chapter, looking at how the externalization mode influenced EUDR rule selection.

5. Policy Coordination Efforts Between the EU and Indonesia

As explained in the previous chapter, a lack of stakeholder engagement, traceability requirements with its effects on smallholders, and the EUDR's benchmarking system are some of the main concerns that Indonesian state stakeholders and civil society organizations raise towards the EUDR. Following the response of Indonesian state stakeholders and civil society organizations to the EUDR, the EU has moved to engage with the involved actors to address these concerns. Roughly a month after the high-level joint mission of Indonesia and Malaysia to Brussels, the EU has agreed to organize the joint task force with the two countries to discuss and resolve various tensions on the EUDR's implementation (Delegation of the EU to Indonesia, 2023). This is despite the EU's insistence that the EUDR is solely an internal and unilateral policy. Why then, did the EU agree to set up a joint task force for policy coordination on top of the existing multi-stakeholder platform? How does this policy coordination process work and how is the progress of this task force? The first sub-chapter will look into the EU's agreement to form this joint task force and their ongoing activities as a policy coordination mechanism between both polities.

As described by the Kaoem Telapak representative, the success of the EUDR — despite its unilateral nature — in actually reducing deforestation in producer countries heavily depends on the participation of such countries in adhering to the regulation. According to the power-based explanation of external governance, a key driver of the effectiveness of EU policy depends on interdependence between the third country and the EU. It is clear that the EU market is not the main export destination for Indonesian palm oil, and Indonesian state and private stakeholders have been considering to reroute palm oil exports elsewhere — yet policy coordination efforts on both sides continue to persist. This is in contrast to the Indonesian response to the Renewable Energy Directive reforms (RED II) that mandated the sustainable biofuels policy in 2018, which resulted in a WTO dispute settlement suit raised by Indonesia. What are then, other factors surrounding the EUDR that allow Indonesian stakeholders to desire policy coordination on the EUDR instead of taking their opposition to the WTO? The second sub-chapter will thus look into economic and political factors that surround the EUDR which could then shed light on Indonesia's interdependence that in turn allow continuing policy coordination.

Once the rationales between both sides are established, the third sub-chapter will analyze the mode as well as conditions based on the level of interdependence of the EU and Indonesia through the concept's power-based explanation, and provide an answer to the first research question of the thesis which asks about the *process* and *conditions* of the EUDR's externalization in Indonesia.

Finally, the last sub-chapter will assess rule selection by Indonesia to answer the second research question of this thesis which asks about the *effectiveness* of the EUDR's externalization in Indonesia. It will look at the initially diverging expectations from both EU and Indonesian state and private stakeholders on the outcome of the joint task force, and to

what extent they converge in the end to have the EUDR as the focal point of resulting initiatives.

5.1. Fostering Mutual Understanding and Solutions: the EU-Indonesia-Malaysia Joint Task Force

Article 30 of the EUDR prescribes the Commission to engage in dialogue and cooperation with third countries in the implementation of its rules. Efforts to do so has included the formation of a multi-stakeholder platform to facilitate dialogue with public and private actors in the countries involved. However, as demonstrated in the previous chapter, the platform has had limited results in engaging state stakeholders in Indonesia. This has resulted in Indonesian state stakeholders complaining of the lack of stakeholder inclusion in decision making, and demanding the formation of a joint task force to address technicalities regarding the EUDR. As explained by the CPOPC senior official, Indonesia and Malaysia has demanded a dialogue mechanism that would serve as a technical forum to address specific problems of the EUDR, as opposed to the EU's previous consultation initiatives that "may have been done simply as a formality".

In the press release announcing the formation of the EU-Indonesia-Malaysia joint task force on the EUDR's implementation, the EU re-highlighted its commitment in ensuring that producer countries are consulted with in the policy implementation of the EUDR (Delegation of the EU to Indonesia, 2023). In response to Indonesia's plans for market redirection of Indonesian palm oil, the EU expressed its willingness to further cooperate with Indonesia with the task force, signifying its desire to maintain Indonesian access to the EU market through making sure their commodities are deforestation-free. After all, Indonesian commodities, including palm oil, are still heavily in demand by European companies. Companies such as Mondelez International and Nestle, who are part of the pro-EUDR alliance, still depend on commodity imports from the Global South (Berning & Sotirov, 2023). However, reputational damage from being associated with negative environmental impact puts pressure on these companies to source commodities that are deforestation-free. This is evident especially with palm oil, which use is increasingly controversial in Europe and has led to companies avoiding the product to label their products as "palm oil free" (Oosterveer, 2020). This in turn incentivizes these companies to support the EUDR which will serve to "green" their supply chains. The EEAS diplomat made this clear by saying that the EU "will still continue to import palm oil", and that the EUDR is "an opportunity for Indonesia to break the link between palm oil and deforestation". Comprised of representatives from relevant polities, industry associations, smallholders, as well as civil society organizations — the task force is explained by the DG ENV policy officer as having:

...a consultative purpose. And the main objective with this forum is really to address the concerns by Indonesia and Malaysia and to seek to identify example of good practices, for example, traceability tools or mechanisms that can help with the

implementation of this regulation to prepare the ground for the entry into application of the rules.

(DG ENV policy officer)

This statement is echoed by the CPOPC senior official, who stated that the task force is aimed at fostering mutual understanding between all parties on the EUDR. The joint task force has so far convened twice, the first in Jakarta, Indonesia on 4 August 2023 and the second in Putrajaya, Malaysia on 2 February, 2024. The latest meeting has created five workstreams focusing on several issues, all related to the two main elements of the EUDR — traceability and the country benchmarking system.

Firstly, the meetings have discussed various ways to implement tools to ensure the relevant commodities are traceable to the plot of land they were sourced from and that smallholders are able to access these tools. There is already significant progress from all sides in this regard. The Indonesian side has proposed a setting up of an “Indonesian National Dashboard for Commodities” which will be a digital information system where commodities and their geolocation can be provided by various stakeholders involved in producing them and then tracked by operators (CPOPC senior official, EEAS diplomat). The EU also has an ongoing project related to this goal, named the *Kami* project, which involves the “setting up of registry for palm oil smallholders, which will map the palm oil smallholders across the whole country, which can help in the end with the collection of geolocation” (European Forest Institute, n.d.; DG ENV Policy Officer). To provide technical support to smallholders, the EU has also highlighted the budget of 70 million Euros which can be used to solve the specific needs of smallholders to ensure that they are involved in the supply chains.

As for the benchmarking system, in which a methodology for risk classification is still being developed, both Indonesia and Malaysia have presented data and statistics regarding deforestation and forest degradation in both countries at the second Joint Task Force meeting. In this regard, a key discussion in the Joint Task Force is harmonizing the definition of “deforestation” and other related terms for all parties. The EUDR recognizes only the FAO definitions for deforestation, forest degradation, and forest area — which is not the case for Indonesia and Malaysia, who have their own national definitions. This makes it difficult for the EU to recognize Indonesian and Malaysian deforestation data, as explained by the EEAS diplomat:

[The EU] recognize Indonesia’s progress in reducing deforestation. It is actually quite admirable, Indonesian efforts in reducing deforestation especially in recent years. You might have heard from DG ENV that some disparities still remain. For instance, the Indonesian definition of deforestation is still not aligned with international definition of forests provided by FAO and as a result, there are disparities in deforestation data. Quick and easy fix would be to align the Indonesian definition of deforestation so that we operate on the same data.

(EEAS diplomat)

However, the DG ENV policy officer has stated that there is progress in closing these disparities. The officer explained that both countries “understand very well that there is a gap in definitions”, and that products are only greenlighted under the EUDR when they are

considered “deforestation-free” in the context of the FAO definitions. The CPOPC senior official confirmed this point, that as a result of the discussions, the FAO definitions for deforestation, forest degradation, deforestation-free, plot of land, and other relevant terms are clearly explained in a frequently asked questions (FAQ) document published in the EUDR homepage to ensure that involved stakeholders are aware of them.

As part of the Joint Task Force meetings, Indonesia and Malaysia have also asked the EU to recognize existing national palm oil sustainability certification schemes — namely the Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Palm Oil (MSPO) — in order to reduce the burden to smallholders. This would entail ISPO or MSPO certified products to be considered as satisfying EUDR requirements, and thus can be used by operators to provide assurance during the due diligence process. According to the CPOPC senior official, both sides presented their respective certification schemes and progress in getting farmers and their palm oil production practices certified as sustainable. However, the EU side responded that the EUDR cannot recognize these certification schemes due to a disparity in aims. While the ISPO and MSPO have certain criteria to designate a farmer’s palm oil production practices to be *sustainable*, it does not specifically certify whether that product is *deforestation-free*, which is the key element of the EUDR. This is explained further by the DG ENV policy officer:

I think it is important to clarify that in the context of this regulation, it is not possible to recognize certification schemes because this regulation was not built around this case scenario ... so there is no leeway to recognize any certification schemes ... We have conducted a gap analysis study on the information requirement between the ISPO and the EUDR, which revealed that there are significant shortcomings in the information requirements provided in the ISPO ... ISPO’s aim is to provide assurance on “sustainability” while [the EUDR] really looks into “deforestation-free”, so that’s very specific.

(DG ENV policy officer)

Despite the inability to allow green lane access to ISPO-certified products within the context of the regulation, the EU still recognizes that the ISPO can be a useful traceability tool for EU companies to collect information regarding a palm oil product’s source. This is why part of the Joint Task Force is still committed to help strengthen the ISPO and MSPO schemes as a supplementary tool for companies to comply with EUDR requirements. The DG ENV policy officer mentions how the ISPO “can be a useful tool also for the EU companies” and that the EU has provided recommendations to Indonesian and Malaysian policymakers to strengthen and align their schemes with EUDR requirements so as to develop them as a traceability tool that is complementary to EUDR due diligence requirements. The CPOPC senior official confirms this, saying that it was “difficult for the EU side to accept national certification schemes”, but that there is “no problem” as they believe that the Indonesian National Dashboard digital registry currently developed for the purpose of EUDR compliance can satisfy its requirements:

The important thing is that the product that is produced can meet the requirements of the EUDR. So, it does not matter that they accept ISPO or not, as long as the producers — large company or a small farmer — can meet the requirements of the EUDR: which is land legality, cut-off date, and geolocation ... these can all be provided in a single

document, and that is what we are trying to provide now with the digitalization of registration for smallholders in Indonesia.

(CPOPC senior official)

However, the CPOPC senior official stated to the EU side that as a result of the heavy regulations imposed to the seven commodities under the EUDR, there may be supply chain disruptions to the EU, as producing countries including cocoa exporters Ghana or the Ivory Coast may struggle with EUDR compliance. In the case of trade disruptions, the senior official emphasized that the EU must not resort to “double standards” in which special treatment or exemptions are applied to specific commodities or countries according to the EU’s needs, such as what has happened before with the Forest Law Enforcement, Governance, and Trade (FLEGT) scheme. They refer to the fact that the Indonesian timber exports to the EU need to be certified as legally sourced through FLEGT while other countries such as Vietnam still exports the commodity to the EU without the certification. To this point, it is true that Indonesia remains the only country out of 15 FLEGT associated countries that issues FLEGT licenses for timber exports (Rutt et al., 2018).

Overall, both the EU and Indonesian state stakeholders noted a significant progress in addressing mutual concerns regarding EUDR implementation through this joint task force, although a key hurdle present is . For CSO Kaoem Telapak however, what is regrettable is the exclusion of smallholder associations and CSOs in the forum. Although the joint task force initially promised to have smallholders and CSOs represented, the representative from Kaoem Telapak recalled that the “process is behind closed doors, and that not many NGOs know about the progress or direction” of the task force. To this point, the DG ENV policy officer mentioned that the task force does include smallholders and CSOs that were coordinated from the Indonesian and Malaysian state authorities, although the EU side did not feel that a direct dialogue was done with civil society as the state authorities were the ones voicing their concerns. Furthermore, the policy officer recalled that the discussion did sideline direct input from smallholders and civil society organizations:

We also included, I mean NGOs and civil society are also represented in the joint task force meeting. And this was actually a requisite from our side when we negotiated the terms of reference because we on the EU side, we really did not want to have only a government-to-government discussion. We think the role of civil society is really key, but also of businesses and indigenous people, so we insisted to have them represented in these meetings. But of course, I mean most of the discussion in these meetings, if you have 200 people in a room, the discussion will still be mostly focused. I mean mostly between our government to their government.

(DG ENV policy officer)

Kaoem Telapak then added that although they are not a part of the task force as of this moment, that they are trying to join the forum in the future through various ways. The representative mentioned that the CSO has received information that the joint task force is “still at a relatively early stage, and that going forward there is a real possibility that Kaoem Telapak can join as part of the task force”.

5.2. Carrot and Stick? IEU-CEPA Negotiations and its Effect on the EUDR Issue

As observed with their request for the formation of the joint task force, Indonesia's overall attitude towards the EUDR has so far been more accommodating in comparison to the preceding EU legislation aimed at regulating Indonesian palm oil —biofuel sustainability standards of 2018 introduced by the Renewable Energy Directive reform (RED II). In the latter's case — which states palm oil-based biofuels are to be phased out in the EU due to its association with land use change — Indonesian stakeholders responded strongly against the regulation by launching a trade suit to the WTO in December 2019. Despite the RED II being an EU environmental policy, Indonesian stakeholders have perceived it as being a protectionist trade policy to favor European biofuels, and as a policy that infringes Indonesia's sovereignty by promoting negative images of Indonesian products (Kinseng et al., 2022). The RED II dispute has since been considered a major hurdle in bilateral relations, delaying IEU-CEPA negotiations between the two sides that has been ongoing since 2016 (Sicurelli, 2020).

However, this may not be the case with the EUDR. There are currently no plans or talks that Indonesia will launch another suit at the WTO in response to the EUDR. The previous suit on RED II is currently suspended, but a parallel suit launched by Malaysia has ultimately ruled in the EU's favor (European Commission, 2024), which may indicate that Indonesian stakeholders realize similar unilateral measures are in line with WTO rules (EEAS diplomat, 2024). In addition, although the Indonesian head economic minister has said that Indonesia "can wait another seven years" for the conclusion of the IEU-CEPA if the EUDR problem is not settled (Reuters, 2023b), the negotiations for the FTA are still continuing and are kept separate from the EUDR matter which both sides have agreed to resolve within the joint task force mechanism. President Joko Widodo has pushed for the conclusion of the comprehensive trade deal (Cabinet Secretariat of Indonesia, 2023), which this March have gone through the 17th round of negotiations. This is confirmed by the EEAS diplomat:

I can tell you from what I know that both sides, Indonesia and the EU, try to keep disputes — more like differences — over the EUDR separate from negotiations [of the IEU-CEPA]. Both sides seem to be determined or committed to conclude or advance the negotiations as much as possible as long as the current presidential administration is in power which is until 20th of October this year. Mixing EUDR into the negotiations would not be helpful.

(EEAS diplomat)

The urgency of concluding the IEU-CEPA stems from the underdevelopment of EU-Indonesia trade relations to this date. Both are large consumer markets, yet with little integration with one another. The EU is one of the largest trading blocs, rivalled only by the US and China, that is expanding its bilateral trade networks with the rest of the world (Keukeleire & Delreux,

2022). Meanwhile, Indonesia is one of the world's largest emerging economies with a rapidly growing middle class, resulting in growing consumerism which in turn fuels demand for more market liberalization and trade agreements with regions around the world including the EU (Sultan et al., 2024). To this date, Indonesia already has trade agreements with Australia, China, Hong Kong, India, Japan, Korea, and New Zealand (International Trade Administration, 2024). In 2021, Indonesia has also concluded a free trade agreement with the European Free Trade Association (EFTA) countries. Yet, EU-Indonesia trade relations have not advanced since the start of IEU-CEPA negotiations, a large part of which can be attributed to the RED II dispute. However, the EEAS diplomat pointed out that both parties now realize that the next step of bilateral relations, the IEU-CEPA, needs to be swiftly taken:

We'll continue with CEPA negotiations, and this is a really central element of our relationship because there is a huge unutilized capital in our relationship. Out of all ASEAN members, Indonesia is obviously the biggest one, constituting 40% of ASEAN's population and GDP. So it obviously should be our first trading partner in ASEAN. Do you know which place within ASEAN that Indonesia is in as [an EU] trading partner? ... It's fifth, but it should be first, naturally ... and Indonesia understands this because we appear to see the commitment from Indonesia to close these negotiations.

(EEAS diplomat)

Despite IEU-CEPA negotiations seemingly moving forward, the EUDR has been politicized to some extent in Indonesia — although not enough to hinder Indonesian political will to advance bilateral relations between both sides. The EEAS diplomat noted that despite the EUDR being politicized largely through discouraging statements by “the highest echelon” of the Indonesian government, such as by the Coordinating Minister of Economic Affairs, that there is “a constructive perception of the cooperation on the level of the technical officers from the various ministries” (EEAS diplomat). This indicates that politicization of the issue by Indonesian state stakeholders has not interfered with policy coordination efforts. The diplomat added that the IEU-CEPA — being a relatively ambitious agreement that will liberalize more areas when compared to existing agreements that Indonesia has with other countries — will “open many doors” including investments and people-to-people contacts. In the diplomat's view, this ultimately outweighs “irritants that are very minor” like the EUDR. With the recent 2024 Indonesian presidential elections, the diplomat recalled that:

Thankfully, the EUDR was not a major subject in the political campaigns [during the elections]. Nevertheless, we noticed that winning candidate Mr. Prabowo did mention in quite strong words, the regulation. By the way, twisting its content at one of his campaign events which he did refer to it. But it did not resonate more than that, and it really should not, because it is a technical issue and not a political issue. The hope is that once the new administration is in place and the EUDR starts applying in practice with the beginning of 2025, our strong hope is that it will become apparent that it is not as difficult to comply as some from the Indonesian establishment might think.

(EEAS diplomat)

Aside from economic potential of the EUDR, the diplomat also pointed out how the IEU-CEPA will precede more political as well as defense and security cooperation between the EU and Indonesia, which is crucial for both sides. The EU sees Indonesia as generally holding the same values, such as a commitment to democracy and multilateralism, which the diplomat is evident in Indonesia's active initiatives at the UN and G20 — the latter which Indonesia was president in 2022. Indonesia, known as a leader and a "core" member state of ASEAN, has also had a successful ASEAN chairmanship in 2023. More recently, the OECD has also opened accession talks with Indonesia, with the latter aiming to join within two to three years (Reuters, 2024). The diplomat underlined that "there is nothing that would prevent the EU and Indonesia from advancing their relationship".

More importantly, Indonesia's political interdependence with the EU is underpinned in the latter's perception of an external threat from China's increasing assertiveness over the South China Sea. Since 2009, China has maintained and grew a sizeable military presence in the crucial international waterway to secure its maritime claims against four ASEAN member state claimants (Grossman, 2019). Even though Indonesia is not a direct opposing claimant, the Chinese claims are close by and there have been repeated incidents where Chinese vessels were caught fishing illegally in Indonesian waters (Simoes, 2022). Furthermore, Indonesia is increasingly pressured to act as ASEAN member states are disunited over the South China Sea issue in light of China's emerging role as a regional leader, thus risking disintegration of the regional organization itself (Dosch, 2010). In parallel, the Taiwan question and intensifying US-China rivalry in more recent years have further led China to ramp up military activity in the region including aircraft and warship movements, disgruntling the neighboring ASEAN member states (Scobell, 2018). Being caught in between China and the US, Indonesia thus sees the EU as an alternative ally to which it can rely on political support in maintaining regional order (Fitriani, 2022). This is reflected in the fact that a majority of Indonesians are increasingly preferring the EU as an ally over the Japan, India, or Australia, with over 38% of Indonesians saying that the EU would be the ideal "third party" to hedge against the US-China rivalry (Seah et al., 2023). The EEAS diplomat referred to the geo-political environment in Southeast Asia, and confirmed the convergence of both the EU and Indonesia in terms of a commitment to:

... a rules based international order, including the respect for territorial integrity ... We were happy that in most of the UN general assembly votes on important issues for us, which is Russia's aggression towards Ukraine, Indonesia for the most part supports our point of view ... There are, of course, also the hot areas of the Indo-Pacific which are the South China Sea and Taiwan Strait. Unilateral moves of some countries not abiding by international law, especially the United Nations Law of the Sea, that is a threat to the region ... so I think it is a mutual interest.

(EEAS diplomat)

Overall, external economic and political factors in the EU-Indonesia relationship are conducive to facilitating the EUDR's implementation in Indonesia. An urgency to complete a long-awaited IEU-CEPA between both polities has in turn pressured the EUDR matter to be resolved so as to not delay trade negotiations any further. The upgrade of EU-Indonesia relations with the IEU-CEPA is also pressured the hope that the agreement would precede deepening political cooperation between the two. Political cooperation is growing in importance as the EU and Indonesia face threats to their neighborhoods following aggressive movements from two global powers — Russia and China respectively.

5.3. Network Governance Resulting from Medium, Symmetrical Interdependence

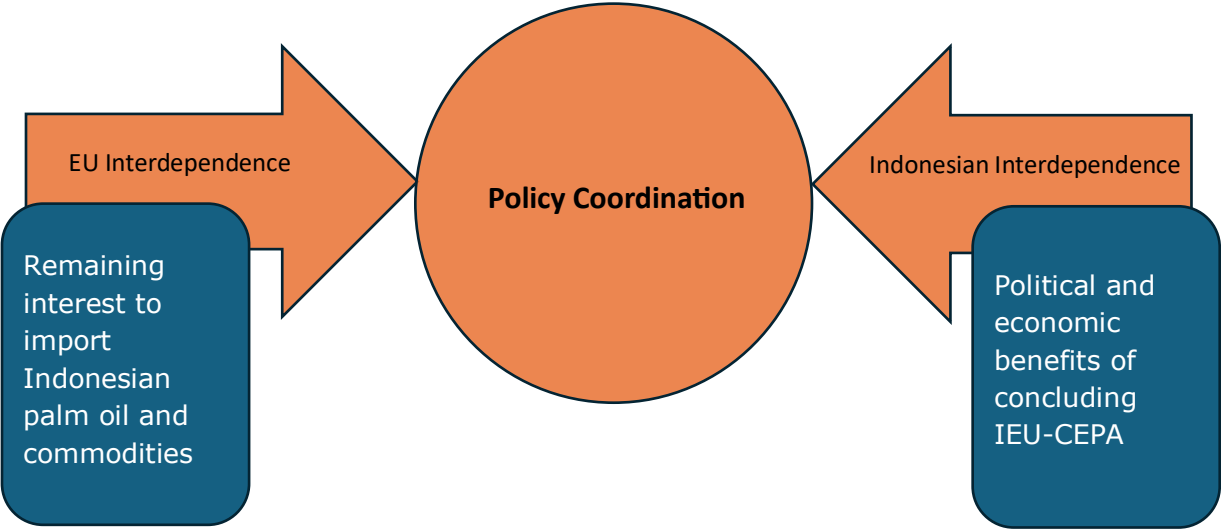
As explained earlier in the chapter, both the EU and Indonesian sides have agreed to set up a joint task force as a cooperative forum in order to resolve the specific issues Indonesian stakeholders are facing as an impact of the EUDR. Initially, there have been talks amongst Indonesian state and private stakeholders about redirecting palm oil exports towards other, more unregulated, emerging markets. As the overall aim of the EUDR is not to ban or completely cut off Indonesian palm oil to the EU market, the EU has agreed to set up the joint task force in order to maintain Indonesian palm oil's access to the EU market through EUDR compliance. On the other hand, Indonesian state and private stakeholders have refrained from bringing the EUDR to the WTO dispute settlement body and risk prolonging or jeopardizing the already delayed IEU-CEPA deal. With its emphasis on providing technical and financial support to smallholders, as well as developing ways to streamline the process for companies' due diligence, the joint task force provides dynamics of information exchange and technical cooperation for policy externalization. The formation of this task force corresponds to a function of including inputs from involved actors — who are formally equal in the absence of a binding or coercive mechanism — in a cooperative way in the carrying out of a policy (Börzel & Heard-Lauréote, 2009). Therefore, instead of the first hypothesis, the joint task force stipulates that the alternative hypothesis to the first research question, H1b, is true: ***the EUDR externalizes to Indonesia through network governance under the conditions of EU stakeholders' willingness to coordinate EUDR implementation with Indonesian state stakeholders.***

This case aligns with the power-based explanation of the conditions of external governance. The EUDR is designed to transfer through market governance which requires high and symmetric interdependence between both sides, with an emphasis on high market integration (Lavenex & Schimmelfennig, 2009). The market governance mode stipulates that market competition dynamics are leveraged for EU policy externalization when the affected country is highly integrated with the EU market. This can be observed in the example of Norway and its fishery industry, which in the beginning remains outside of the hierarchical EEA agreement, where the EU holds a dominant position in policy-making. Despite this initial exemption from the EEA, Norway's fishery industry — dependent on EU countries such as Poland and Denmark as its main export destinations — are now implementing EU food safety

and veterinary standards fully, in order to secure market access and diminish trade hurdles to the EU market (NOU 2012:2, 2012; Fossum et al., 2023). It can be observed in this case that market mechanisms can lead to a transfer or externalization of EU policies to third countries.

However, the high market integration present in the Norwegian case is missing from the EU-Indonesia trade relationship, specifically in palm oil. As stated earlier in the thesis, the EU is a significant but not the main export destination for Indonesian palm oil. Underdeveloped trade relations thus allow Indonesian state and private stakeholders the leeway to look for different markets for its palm oil in the face of the EUDR. However, the pressure to conclude IEU-CEPA negotiations together with potential political benefits of closing the negotiations puts pressure on the Indonesian government to not disengage completely with the EU on the matter. Instead, talks of market redirection become a “bargaining chip” for Indonesia to demand policy coordination from Brussels for the EUDR’s implementation. On the other hand, the EU — not wanting to completely deter Indonesian commodities especially when its companies still depend on it — agrees to engage Indonesia through a cooperative mechanism in the form of the joint task force. Furthermore, the EU has the ability to leverage the IEU-CEPA negotiations to their favor, promising more EU market access for Indonesian palm oil with the impending trade agreement and therefore encouraging compliance to the EUDR. Closer trade as well as political relations from the IEU-CEPA has pushed Indonesia to resolve the EUDR matter through policy coordination. This situation creates a symmetrical relationship of interdependence between both sides. Therefore, the case is consistent with the power-based explanation of network governance as requiring medium and symmetrical interdependence in which there is not a dominant party within the context, as well as not having a highly integrated market.

Figure 1: Medium, symmetric interdependence between the EU and Indonesia in absence of high market integration



Note. Author’s own work.

5.4. Towards EUDR Compliance: Rule Selection of the EUDR by Indonesian Stakeholders

Having established an answer to the first research question — that the EU externalizes its environmental acquis through network governance in the case of the EUDR, an answer can be provided to the second research question: *to what extent does the EU externalize its environmental acquis to Indonesia in the case of the EUDR?* In other words, the second research question relates to the effectiveness of EU external governance. Having ruled out *H1a* which stipulates the EUDR externalizes through market governance, its offshoot hypotheses *H2a* and *H2b* can be discarded. This leaves two hypotheses for the second research question, the first of which is *H2c: externalizing through network governance, the EUDR results in EU rule selection*. The alternative hypothesis, *H2d*, stipulates the opposite: *externalizing through network governance, the EUDR results in non-EU rule selection*.

How effective, then, is the joint task force and network governance mode in realizing rule selection of the EUDR by Indonesian stakeholders? As the first stage of external governance's effectiveness, rule selection has been defined as the extent to which EU rules constitute the main reference point of the EU and third countries' negotiations, agreements, or externalizations of EU policies (Lavenex & Schimmelfennig, 2009). In this case of the EUDR, rule selection would mean that the EUDR and its requirements, instead of Indonesian domestic rules or initiatives, would form the basis of all policy coordination efforts. Therefore, if Indonesia continues to push their own rules such as the domestic ISPO certification scheme, that would signal a low level of EU rule selection.

When asked about the outlook of EUDR implementation in light of the joint task force, the DG ENV policy officer mentions that policy coordination efforts have been generally going well, saying that although the EUDR is a unilateral EU policy that puts "no obligation on third countries" to implement the regulations, that efforts are being done to "enable a favorable environment that will make the due diligence process for the companies easier". The officer remarked that there is generally plenty of positive developments in EUDR affected countries overall, including in Indonesia.

However, the policy officer remarked that there is still a "mismatch in expectations for the outcomes of the joint task force" between the EU and the Indonesian government. Particularly, the officer noted that:

... there is still a lot of expectations or willingness on the Indonesian side that the EU would recognize something in their system, be it ISPO or this national dashboard as giving assurance for compliance with this regulation. And this regulation really does not work that way. It is a regulation that applies mainly to the private sector. So even if we see these developments with the national dashboard — which is still very positive because it has the potential to increase the transparency of the supply chains — there will still be no formal recognition of their system [by the EU].

(DG ENV policy officer)

The EU thus still assumes a strong expectation from the Indonesian side, with the development of a strengthened national sustainability scheme and a national dashboard for commodities, that the EU will therefore “recognize” such schemes and provide a green lane to certified Indonesian commodities entering the EU market. However, the EU acknowledges the fact that a strengthening of the ISPO and the creation of the national dashboard will provide very useful tools for companies and producers to comply with the EUDR through the easier provision of traceability information. The regulation’s main requirement is that EU companies are able to provide a due diligence statement that will prove that their products are deforestation-free. Therefore, as long as the sourced commodities from Indonesia can be proven to be deforestation-free by these companies, regardless of whether they are covered by the ISPO or the national dashboard or not, then they will satisfy the requirements of the regulation. However, the EU emphasized that it cannot officially recognize ISPO and national dashboard to give Indonesian palm oil and commodities an exemption from EUDR due diligence requirements.

There seems to be an understanding of this point from the Indonesian stakeholders. The CPOPC senior official has noted that the ISPO cannot be recognized by the EU and leveraged as a key for Indonesian palm oil to enter the EU market and not to be covered by the due diligence requirements. Like the EU, the CPOPC senior official also believes that a strengthened ISPO and the national dashboard for commodities will become useful traceability tools that will provide Indonesian commodities with a “paper trail”, that in turn will ensure EUDR compliance. In other words, the ISPO and the national dashboard represents the Indonesian government’s voluntary initiative to streamline the entire due diligence process for EU companies and ensuring that Indonesian producers and their commodities are not sidelined from the EU market. Furthermore, the senior official believes that the EUDR is a kind of “wake-up call” for Indonesia to further develop their production practices:

I think that the EUDR has the objective to address climate change in the form of a deforestation regulation, and therefore as the Indonesian government is also committed to SDGs and [combatting] climate change, we share the same objective ... so in reality with the national dashboard that we are already developing — it’s like the EUDR is just simply a wake-up call to Indonesia. Our efforts to make ISPO mandatory for all producers for both large companies, and also smallholders, who still have low rates of certification [will now be] accelerated so they will also be full ISPO-certified. So in actuality a part of the EUDR requirements are included in the ISPO and MSPO, which is why I’m confident that producers in Indonesia or Malaysia can fulfill the requirements and compliance with the EUDR.

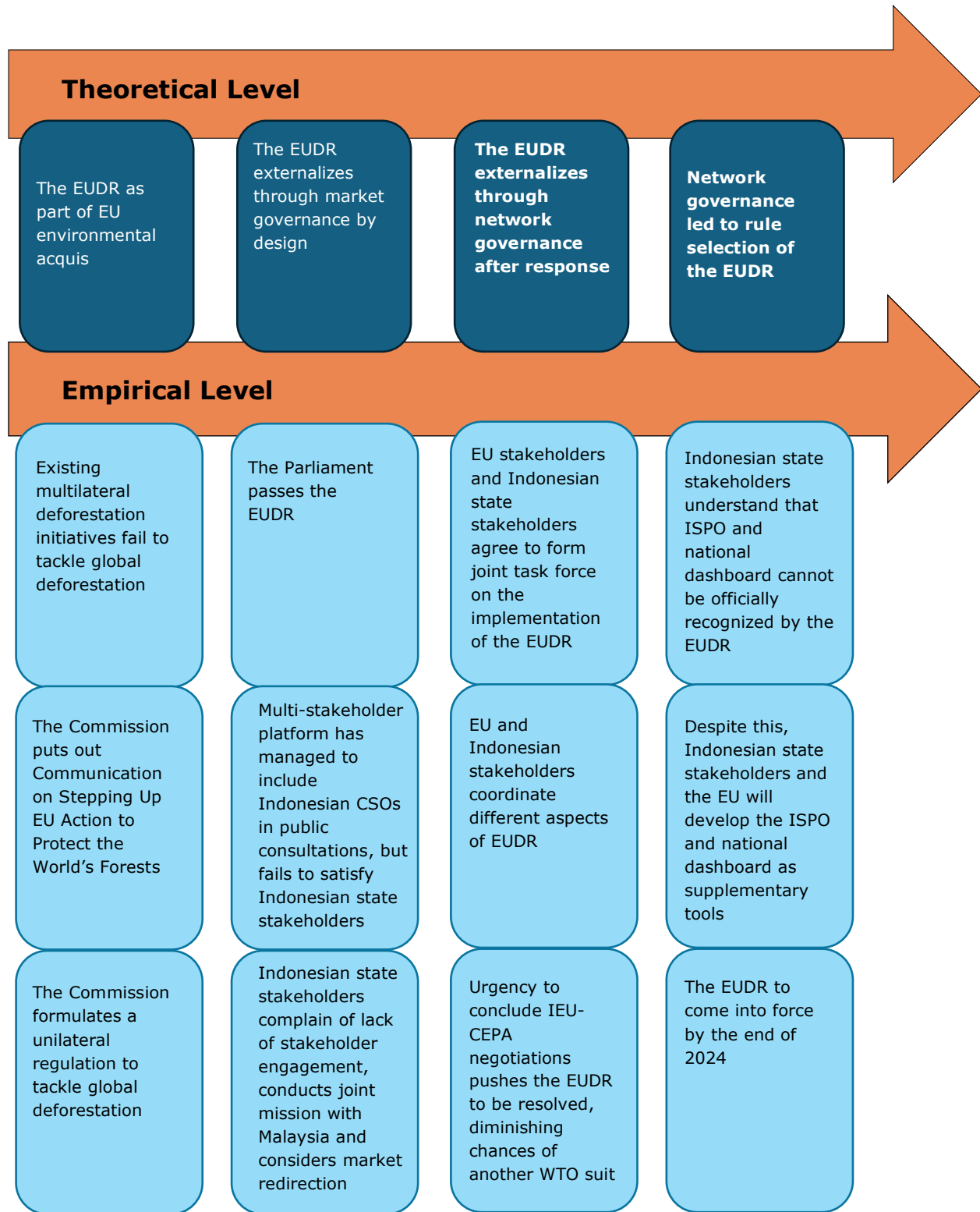
(CPOPC senior official)

A significant degree of convergence on the EUDR can be seen from both sides. It can be observed from the initial stage of the joint task force that diverging understandings of what constitutes deforestation and deforestation-free between the EU and Indonesia presents a significant challenge for the latter to accept the EUDR. Indonesia was adamant that its domestic initiatives — the ISPO sustainability certification scheme for palm oil and the National Dashboard for Commodities — be “recognized” or accepted by the EU in lieu of the EUDR requirements. More concretely, Indonesian state and private stakeholders demand that ISPO-certified palm oil as well as other commodities that are registered with the national dashboard pass the due diligence process on the basis that these initiatives have confirmed that the commodity was produced sustainably. To this point, the EU has clarified that it is not possible for the EUDR to recognize any domestic initiatives in third countries. Also, it is not possible for the EU to give green lane access to ISPO-certified products, as ISPO standards — although it may confirm that the product was made “sustainably” — do not meet the EUDR’s specific “deforestation-free” requirement.

However, the EU admits that the ISPO scheme and National Dashboard — when developed to include EUDR-relevant information such as geolocation — can be utilized as a useful source of information for EU operators to refer to when conducting the due diligence process for importing the commodities. Through the joint task force, the EU has provided recommendations as well as offered technical support towards the scheme’s strengthening towards the goal of providing a streamlined due diligence process for affected companies. Indonesian state and private stakeholders, understanding that their domestic initiatives will be complementary and contribute to EUDR compliance anyway, agree to compromise with the EU. Furthermore, they seem to welcome the EU’s support to strengthen the ISPO scheme, seeing the EUDR as a “wake up call” and an opportunity to increase certification rates amongst Indonesian palm oil farmers. Therefore, it can be concluded from the joint task force that there is significant selection of the EUDR by Indonesian state and private stakeholders as the overarching policy in which domestic initiatives will be developed and coordinated to facilitate its compliance. *H2c* can thus be confirmed as true: ***externalizing through network governance, the EUDR results in EU rule selection.***

Closing the analysis, a finalized causal graph of the EUDR’s externalization process to Indonesia can be formed as in the following page, showing the theoretical analysis in parallel to empirical manifestations of the process.

Figure 2: Finalized process-tracing graph



Note: Author's own work.

6. Conclusion

In aiming to provide a deeper understanding of the externalization of EU unilateral environmental policies — which has been rarely touched upon in existing literature — this thesis has focused on the case of the EU Deforestation Regulation (EUDR) and its externalization in Indonesia. The EUDR, with its due diligence requirements for companies placing products containing seven deforestation-causing commodities, has effects for stakeholders located outside EU jurisdictions despite it being a sole EU policy. For its analysis of key empirical events surrounding the EUDR in Indonesia, the thesis has chosen the external governance concept which provides a precise framework to understand the process of how EU policies can transfer or externalize beyond EU borders.

Through the first research question, the study attempts to identify the *process* and *conditions* of the EUDR's externalization in Indonesia. In external governance, three different modes — hierarchical, network, and market governance — explain how EU policy externalization occurs through different mechanisms. The thesis has found that the EUDR and its due diligence requirements are designed to accomplish its objective through market competition mechanisms (*market governance* mode). However, the policy has elicited a serious response from Indonesian stakeholders due to its lack of stakeholder engagement, the traceability requirements' effects on smallholders, as well as the benchmarking system's impact on the country's image. These responses have prompted the EU to engage Indonesia in addressing various areas of concerns through a joint task force involving government actors, which aims to develop mutual understanding as well as provide technical and financial support for EUDR compliance. Since Indonesian stakeholders can ignore the EUDR by look for substitute markets for their palm oil, the EU has agreed to set up the joint task force as a policy coordination mechanism for facilitating externalization of the EUDR in Indonesia (*network governance* mode).

In line with the concept's power-based explanation, the thesis has noted that conditions of interdependence were not conducive to a market governance mode of externalization due to the lack of high market integration between Indonesia and the EU. However, despite the lack of market integration which provides Indonesia more bargaining power, economic and political benefits that may come from the impending IEU-CEPA deal has deterred the Indonesian side from ignoring or resisting the EUDR completely. Concluding the IEU-CEPA negotiations thus forms the rationale for Indonesia's desire for policy coordination with the EU. It can be concluded that the ongoing joint task force signifies a shift from market competition mechanisms to policy coordination mechanisms that is characteristic to the network governance mode of external governance. Therefore, the thesis has found that the EUDR externalizes to Indonesia through network governance facilitated by medium and symmetric levels of interdependence.

The second research question is interested on identifying the *effectiveness* of the EUDR's externalization in Indonesia. External governance explains effectiveness as the extent to which EU policies are externalized, dividing it into three stages: rule selection, rule adoption, and rule application. Considering the timeframe, this thesis focuses on measuring rule

selection as the first step of the EUDR's externalization in Indonesia. It found that the EU's network governance mode was able to result in the EUDR's selection by Indonesian stakeholders. Despite Indonesian state and private stakeholders initially demanding for a recognition of domestic rules such as the ISPO certification scheme by the EU, the EU has made it clear that the EUDR cannot do so due to disparities of both initiatives. However, the joint task force is utilized by the EU in order to provide technical and financial support to harmonize the ISPO as well as the Indonesian National Dashboard for Commodities with the EUDR as supplementary traceability tools which will facilitate an easier process for affected companies to conduct the required due diligence. Compromising with the EU on the fact that the EUDR cannot acknowledge pre-existing domestic schemes, Indonesian stakeholders agree to work towards this goal, while also recognizing the EUDR as an opportunity to strengthen existing domestic standards. Therefore, this thesis found that network governance has resulted in rule selection of the EUDR in Indonesia.

Considering the limitations of this thesis, it serves as a basis to be built on by future research. Firstly, as this thesis' macro-level single-case study and focus on government actors does not look fully into processes on the meso- or micro- levels, a bottom-up approach expanding the scope of involved actors would be valuable in providing a more comprehensive understanding of the EUDR's externalization process. For example, looking deeper into the activities of Indonesian civil society actors and the represented smallholders is an interesting avenue to explore. Whether civil society actors are represented in the EUDR's policy coordination efforts in the future, and its effect on overall EUDR effectiveness is a question that remains unanswered. Another example is the role of private actors in Indonesia and their interactions with the Indonesian state. Despite the links between state and private actors, how exactly are business interests represented in the Indonesian state's responses is another question that is worth answering in further research. Finally, a comparative case study including Malaysian stakeholders would present a much clearer picture of the role of Malaysian actors within the EUDR's externalization to third countries. Developed by such studies, a more accurate perspective of the EU external governance can be gained.

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Appendix

Semi-structured Interview Guide: EEAS

The thesis project "Externalization of EU Environmental Policy to Indonesia: The Case of the EUDR" aims to answer the following research questions:

- Research Question 1: How and under what conditions does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o What are the processes involved in the EUDR through which the EU can promote its sustainability objectives in Indonesia?
 - o What political and economic factors facilitate or limit the externalization of EU environmental acquis?
- Research Question 2: To what extent does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o Has interference from the Indonesian government affected the overall impact of the EUDR in the country?
 - o Has the EU Deforestation Regulation become the focus of negotiations and agreements between the EU and Indonesia?

In answering these research questions, this thesis will rely on the analysis of a mixture of first and secondary sources such as EU policy documents, scholarly articles, as well as expert interviews. Interviews with EU policy makers working directly with the EUDR are done in order to allow triangulation of sources which will make stronger evidence through cross-referencing.

The following is a list of questions for a semi-structured interview with an officer under the EEAS tasked on EU-Indonesia relations.

- Introduction
 - o Background Information
 - Can you provide a brief overview of your role within the EEAS, particularly in the context of EU-Indonesia relations, the EUDR, and IEU-CEPA negotiations?
- The EU Deforestation Regulation
 - o Objectives
 - Can you explain to me about the EUDR?
 - The EUDR is an internal EU market policy but it has significant external impacts on producing countries, including Indonesia. How does the EU take these impacts into account?
 - o The EUDR in Indonesia
 - As the EUDR was passed, palm oil producing countries Indonesia and Malaysia has sent a joint mission to Brussels to voice their concerns. A common criticism for the EUDR from Indonesian policymakers is that the regulation disadvantages palm oil smallholders, who make up around 40% of the sector domestically. Another is the existing efforts in Indonesia to counter deforestation, for example the ISPO certification

- for palm oil. In response, the EU has agreed to form a joint task force to address these concerns.
 - First of all, what are your impressions on the response from Indonesian stakeholders? What are their primary concerns?
 - Can you explain to me about the EUDR joint task force? How is the progress? What is some other capacity-building initiatives being done on the field?
 - What are the main hurdles in this cooperation effort?
 - Is recognition of the existing ISPO certification scheme on the table?
 - Economic and Political Impact
 - The EUDR is a market policy, and its effectiveness depends on third countries' dependence on the EU single market. The EU is not a significant export destination for Indonesian palm oil compared to China and India. On the background, the EU and Indonesia is currently negotiating the IEU-CEPA FTA.
 - IEU-CEPA negotiations have been repeatedly delayed since it began in 2016 — what are the main hurdles of these negotiations? Have EU sustainability regulations such as the biofuels policy under RED II been a main obstacle to these negotiations?
 - What bearing do you think the EUDR has on IEU-CEPA negotiations?
 - The EUDR was slated in the media to be concluded before the new government takes the seat in Indonesia. How do you think Indonesia's new government will impact negotiations?
 - Considering that Indonesia is not as dependent on the EU market as it is to China or India, and also with the large Indonesian domestic market for palm oil, to what extent do you think the EUDR will be effective in incentivizing Indonesian palm oil to be more sustainable? Is the EU aiming to create a market for sustainable Indonesian palm oil?
- Conclusion
 - Do you have any additional insights, concerns, or recommendations?

Semi-structured Interview Guide: CPOPC

The thesis project "Externalization of EU Environmental Policy to Indonesia: The Case of the EUDR" aims to answer the following research questions:

- Research Question 1: How and under what conditions does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o What are the processes involved in the EUDR through which the EU can promote its sustainability objectives in Indonesia?
 - o What political and economic factors facilitate or limit the externalization of EU environmental acquis?
- Research Question 2: To what extent does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o Has interference from the Indonesian government affected the overall impact of the EUDR in the country?
 - o Has the EU Deforestation Regulation become the focus of negotiations and agreements between the EU and Indonesia?

In answering these research questions, this thesis will rely on the analysis of a mixture of first and secondary sources such as EU policy documents, scholarly articles, as well as expert interviews. Interviews with policy makers working directly with the EUDR are done in order to allow triangulation of sources which will make stronger evidence through cross-referencing.

The following is a list of questions for a semi-structured interview with an officer under the Council of Palm Oil Producing Countries (CPOPC).

- Introduction
 - o Background Information
 - Can you provide a brief overview of the CPOPC and your role within the organization?
- EUDR and its implementation in Indonesia
 - o EUDR
 - Can you briefly explain your understanding of the EUDR?
 - What was the CPOPC's impressions of the EUDR as it was being discussed prior to its implementation?
 - o CPOPC and Indonesia's Response
 - As the EUDR was passed, palm oil producing countries Indonesia and Malaysia, facilitated by the CPOPC has sent a joint mission to Brussels to voice their concerns. Could you explain to me Indonesia's stance on the EUDR? What are the main concerns? What are the main points of tension?
 - Smallholders seems to be a major concern. How exactly will CPOPC affect palm oil smallholders?
 - o EU Stakeholder Inclusion

- Have Indonesian stakeholders (government actors, industry actors, or NGOs) been included or been consulted with by the EU Commission during the formation of the EUDR and its eventual implementation into EU law?
 - Joint Task Force on the EUDR
 - In response of the joint mission, the EU has agreed to form a joint task force with Indonesian and Malaysian representatives to cooperate on the implementation of the EUDR.
 - Can you explain to me about the activities of the Joint task force? How is the progress in cooperation?
 - What are some capacity-building initiatives being done to help smallholders on the field?
 - What are the main hurdles in this cooperation effort?
 - With the Joint task force, what is the outlook of successful implementation of the EUDR by its implementation due date?
 - Economic impact
 - The EU is not a significant export destination for Indonesian palm oil compared to China and India. Does it not mean that the EUDR would have minimum impact to the Indonesian palm oil industry?
 - With the IEU-CEPA negotiations in the background, is the EU aiming to create a market for sustainable Indonesian palm oil?
- Conclusion
 - Do you have any additional insights, concerns, or recommendations?

Semi-structured Interview Guide: Kaoem Telapak

The thesis project "Externalization of EU Environmental Policy to Indonesia: The Case of the EUDR" aims to answer the following research questions:

- Research Question 1: How and under what conditions does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o What are the processes involved in the EUDR through which the EU can promote its sustainability objectives in Indonesia?
 - o What political and economic factors facilitate or limit the externalization of EU environmental acquis?
- Research Question 2: To what extent does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o Has interference from the Indonesian government affected the overall impact of the EUDR in the country?
 - o Has the EU Deforestation Regulation become the focus of negotiations and agreements between the EU and Indonesia?

In answering these research questions, this thesis will rely on the analysis of a mixture of first and secondary sources such as EU policy documents, scholarly articles, as well as expert interviews. Interviews with policy makers working directly with the EUDR are done in order to allow triangulation of sources which will make stronger evidence through cross-referencing.

The following is a list of questions for a semi-structured interview with a representative from CSO Kaoem Telapak.

- *Introduksi (Introduction)*
 - o *Background Information*
 - Dapatkah Anda memberikan gambaran singkat mengenai Kaoem Telapak dan peran Anda didalam organisasi tersebut? (*Can you provide a brief overview of Kaoem Telapak and your role within the organization?*)
- *EUDR dan implementasinya di Indonesia (EUDR and its implementation in Indonesia)*
 - o *EUDR*
 - Dapatkah Anda menjelaskan secara singkat pemahaman Anda tentang EUDR? (*Can you briefly explain your understanding of the EUDR?*)
 - o *Indonesian Government Response*
 - Dengan disahkannya EUDR, negara produsen minyak sawit Indonesia dan Malaysia telah mengirimkan *joint mission* ke Brussel untuk mengkritik regulasi tersebut. Kritik utama terhadap EUDR adalah bahwa peraturan tersebut merugikan *smallholders*, yang merupakan 40% dari industri kelapa sawit Indonesia. Hal lainnya adalah upaya yang ada di Indonesia untuk melawan deforestasi, misalnya sertifikasi ISPO untuk kelapa sawit. EU kemudian menyetujui pembentukan *Joint Task Force* dengan representatif Indonesia dan Malaysia untuk menanggapi

masalah-masalah tersebut. *(As the EUDR was passed, palm oil producing countries Indonesia and Malaysia has sent a joint mission to Brussels to voice their concerns. A common criticism for the EUDR from Indonesian policymakers is that the regulation disadvantages palm oil smallholders, who make up around 40% of the sector domestically. Another is the existing efforts in Indonesia to counter deforestation, for example the ISPO certification for palm oil. In response, the EU has agreed to form a joint task force to address these concerns.)*

- Apa kesan Anda terhadap tanggapan pemerintah Indonesia yang diwakili oleh CPOPC? *(What are your impressions on the response from the Indonesian government as represented by the CPOPC?)*
- CSO's Position
 - Dapatkah Anda menjelaskan posisi Kaoem Telapak terhadap EUDR? Aspek apa saja dari EUDR yang disambut, dan aspek apa yang dianggap tidak baik? Apakah ada aspek tertentu yang sesuai atau berbeda dengan tanggapan pemerintah Indonesia? *(Can you explain Kaoem Telapak's position on the EUDR? What aspects of the EUDR are welcomed, and what are the main points of tension?)*
 - (From the joint statement) Deforestation
 - Cut-off date
 - Benchmarking
 - Compliance with legality
 - EU incentives
 - Market incentives
 - Affirmative action
- EU Stakeholder Inclusion and Cooperation with Indonesian CSOs
 - Komunikasi atau pertemuan apa saja yang dilakukan CSO Indonesia seperti Kaoem Telapak dengan EU? *(What communications or meetings have been done by Indonesian CSOs such as Kaoem Telapak with the EU?)*
 - Apakah CSO dan perwakilan *smallholder* di Indonesia terwakili dalam *joint task force*. Jika iya, bagaimana perkembangannya? Apa saja inisiatif *capacity-building* lain yang sedang dilakukan di lapangan? *(An EUDR joint task force has been formed by the EU and Indonesia. Are Indonesian CSOs, smallholder representatives being represented in this joint task force? If yes, how is the progress? What is some other capacity-building initiatives done in this field?)*
 - Apa kendala utama dalam upaya Kerjasama ini? *(What are the main hurdles in this cooperation effort?)*
 - Akankah (dan haruskah?) EUDR mengakui skema sertifikasi ISPO yang ada? *(Will [or should?] the EUDR recognize the existing ISPO certification scheme?)*
 - Bagaimana prospek keberhasilan penerapan EUDR pada tanggal jatuh temponya? *(What is the outlook of successful implementation of the EUDR by its due date?)*
- Dampak Ekonomi (*Economic Impacts*)
 - EUDR adalah kebijakan pasar, dan efektivitasnya bergantung pada ketergantungan *third-countries* pada pasar EU. EU bukan tujuan ekspor minyak sawit Indonesia yang signifikan dibandingkan dengan Tiongkok dan India. Namun di latar belakang, EU dan Indonesia saat ini sedang melakukan negosiasi FTA IEU-CEPA. *(The EUDR is a market policy, and its effectiveness depends on third countries' dependence on the EU single market. The EU is not a significant export destination for*

Indonesian palm oil compared to China and India. But on the background, the EU and Indonesia is currently negotiating the IEU-CEPA FTA.)

- *Apakah salah satu harapan Anda adalah EU untuk menciptakan pasar bagi minyak sawit Indonesia yang sustainable? (Is the EU aiming to create a market for sustainable Indonesian palm oil?)*
- *Mengingat bahwa Indonesia tidak terlalu bergantung pada pasar EU dibandingkan dengan Tiongkok atau India, dan juga pada besarnya pasar dalam negeri Indonesia, menurut Anda sejauh mana EUDR akan efektif dalam memberikan insentif bagi minyak sawit Indonesia untuk menjadi lebih sustainable? (Considering that Indonesia is not as dependent on the EU market as it is to China or India, and also with the large Indonesian domestic market for palm oil, to what extent do you think the EUDR will be effective in incentivizing Indonesian palm oil to be more sustainable?)*

- *Kesimpulan (Conclusion)*

- *Apakah anda mempunyai wawasan atau rekomendasi tambahan? (Do you have any additional insights, concerns, or recommendations?)*
- *Apakah Anda mempunyai kontak di pemerintahan Indonesia yang terlibat dengan EUDR yang mungkin berkontribusi dalam wawancara ini? (Do you have any contacts in the Indonesian government that are involved with the EUDR which may contribute to this interview?)*

Semi-structured Interview Guide: DG ENV

The thesis project “Externalization of EU Environmental Policy to Indonesia: The Case of the EUDR” aims to answer the following research questions:

- Research Question 1: How and under what conditions does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o What are the processes involved in the EUDR through which the EU can promote its sustainability objectives in Indonesia?
 - o What political and economic factors facilitate or limit the externalization of EU environmental acquis?
- Research Question 2: To what extent does the EU externalize its environmental acquis to Indonesia via the EU Deforestation Regulation?
 - o Has interference from the Indonesian government affected the overall impact of the EUDR in the country?
 - o Has the EU Deforestation Regulation become the focus of negotiations and agreements between the EU and Indonesia?

In answering these research questions, this thesis will rely on the analysis of a mixture of first and secondary sources such as EU policy documents, scholarly articles, as well as expert interviews. Interviews with EU policy makers working directly with the EUDR are done in order to allow triangulation of sources which will make stronger evidence through cross-referencing.

The following is a list of questions for a semi-structured interview with an officer under DG ENV working on the EUDR file.

- Introduction
 - o Background Information
 - Can you provide a brief overview of your role within the EEAS, particularly in the context of EU environmental regulations and the EUDR?
- The EU Deforestation Regulation
 - o Objectives
 - Can you explain to me about the EUDR?
 - How did the EUDR come about? What was the main motivation for the EU to address global deforestation through self-regulation of its market? (considering there are international initiatives in place)
 - o The EUDR in Indonesia
 - As the EUDR was passed, palm oil producing countries Indonesia and Malaysia has sent a joint mission to Brussels to voice their concerns. A common criticism for the EUDR from Indonesian policymakers is that the regulation disadvantages palm oil smallholders, who make up around 40% of the sector domestically. Another is the existing efforts in Indonesia to counter deforestation, for example the ISPO certification for palm oil. In response, the EU has agreed to form a joint task force to address these concerns.
 - First of all, what are your impressions on the response from Indonesian stakeholders? What are their primary concerns?

- Can you explain to me about the EUDR joint task force? How is the progress? What is some other capacity-building initiatives being done on the field?
- What are the main hurdles in this cooperation effort?
- What is the outlook of successful implementation of the EUDR by its due date?
- Economic and Political Impact
 - The EUDR is a market policy, and its effectiveness depends on third countries' dependence on the EU single market. The EU is not a significant export destination for Indonesian palm oil compared to China and India. On the background, the EU and Indonesia is currently negotiating the IEU-CEPA FTA.
 - What bearing do you think the EUDR has on IEU-CEPA negotiations?
 - Is the EU aiming to create a market for sustainable Indonesian palm oil? Considering that Indonesia is not as dependent on the EU market as it is to China or India, and also with the large Indonesian market for palm oil, to what extent do you think the EUDR will be effective in incentivizing Indonesian palm oil to be more sustainable?
- Conclusion
 - Do you have any additional insights, concerns, or recommendations?

Information Letter

Are you interested in taking part in the research project:
“Externalization of EU Environmental Policy to Indonesia:
The Case of the EUDR”?

Purpose of the project

You are invited to participate in a research project where the main purpose is to understand how the European Union attempts to advance its environmental objectives in promoting sustainability practices in non-member states, such as Indonesia, through unilateral environmental regulations such as the EU Deforestation Regulation (EUDR). The project is also interested as to what extent such measures are successful in promoting sustainability practices in Indonesia. This is a master’s thesis project in the European Studies MA program in the Norwegian University of Science and Technology (NTNU) located in Trondheim, Norway.

What institution is responsible for the research project?

The Institute for Historical and Classical Studies (IHK) at the Norwegian University of Science and Technology (NTNU) is responsible for the project (data controller).

Why are you being asked to participate?

Since this thesis aims at gathering reliable primary evidence to cross-reference with official EU documents and scholarly articles to obtain a full picture of the EUDR, EU policymakers, Indonesian policymakers, and Indonesian CSOs involved with the EUDR and its implementation in Indonesia are invited for an interview. So far, ten people have been asked to participate in this project.

What does participation involve for you?

If you choose to take part in the project, this will involve that you participate in a semi-structured interview which will take approximately 45 minutes to an hour. The interview includes questions about the EUDR. Your answers will be audio-recorded, and notes will be taken during the interview.

Participation is voluntary

Participation in the project is voluntary. If you chose to participate, you can withdraw your consent at any time without giving a reason. All information about you will then be made

anonymous. There will be no negative consequences for you if you chose not to participate or later decide to withdraw.

Your personal privacy – how we will store and use your personal data

We will only use your personal data for the purpose(s) specified here and we will process your personal data in accordance with data protection legislation (the GDPR).

- *I, Marco Christian Parluhutan, will have access to the data as the student and author of the master's thesis. In addition, my thesis supervisor Prof. Tobias Schumacher, will also be able to access this data.*
- *To ensure safety of your data from unauthorized persons, I will replace your name and contact details with a code. The list of names, contact details and respective codes will be stored separately from the rest of the collected data.*
- *Participants will only be described from their occupational position (i.e. senior member of the EU Directorate-General of Trade) in the final work.*

What will happen to your personal data at the end of the research project?

The planned end date of the project is 30/06/2024. Personal data including audio recordings will be deleted after the end date.

Your rights

So long as you can be identified in the collected data, you have the right to:

- Access the personal data that is being processed about you
- Request that your personal data is deleted
- Request that incorrect personal data about you is corrected/rectified
- Receive a copy of your personal data (data portability), and
- Send a complaint to the Norwegian Data Protection Authority regarding the processing of your personal data

What gives us the right to process your personal data?

We will process your personal data based on your consent.

Based on an agreement with the Norwegian University of Science and Technology (NTNU), the Data Protection Services of Sikt – Norwegian Agency for Shared Services in Education and Research has assessed that the processing of personal data in this project meets requirements in data protection legislation.

Where can I find out more?

If you have questions about the project, or want to exercise your rights, contact:

- Norwegian University of Science and Technology (NTNU), *via Marco Christian Parluhutan at +47 462 423 77 or marcocp@ntnu.no. You can also reach out to Prof. Tobias Schumacher at +47 462 868 21 or tobias.schumacher@ntnu.no.*
- Our Data Protection Officer: *Thomas Ørnulf Helgesen (+47 930 790 38 or Thomas.helgesen@ntnu.no)*

If you have questions about how data protection has been assessed in this project by Sikt, contact:

- email: (personverntjenester@sikt.no) or by telephone: +47 73 98 40 40.

Yours sincerely,

Tobias Schumacher

Supervisor

Marco Christian Parluhutan

Student and Researcher

Consent form

I have received and understood information about the project "The Externalization of EU Environmental Policy: The Case of the EUDR and Indonesia" and have been given the opportunity to ask questions. I give consent:

- to participate in *a semi-structured interview*

I give consent for my personal data to be processed until the end of the project.

(Signed by participant, **date**)



 **NTNU**

Norwegian University of
Science and Technology