

CHAPTER I

INTRODUCTION

1.1. Background

Imports are important in a country as a way for the country to fulfill the needs of the community that cannot be met from domestic commodities, so that the people living in the country can prosper with the existence of imported goods from abroad that were previously not available domestically or there was a supply but was not yet able to meet the needs. Likewise with exports, exports are one of the elements in the country's economy, the country's ability to produce goods is very likely to exceed the needs of its people, countries that have excess availability send these commodities abroad to countries that need these commodities, so that the excess goods become a more useful monetary value for the exporting country¹. In another scheme it is very possible for a country to deliberately produce more than the needs of its people with the aim of exporting these commodities and using the profits from these exports to buy commodities needed by the country, a country does this because it is an easier and more rational choice to make than developing other commodities needed by the country which requires greater costs than directly importing the commodities needed from abroad.

Trade agreements that incorporate countries in a region or continent such as the African Continental Free Trade Area are one of the many examples of the form of trade agreements in a region, the trade agreement has the aim of creating a new market of homogeneous trade and also aims to increase economic integration in a

¹ S H Adrian Sutedi, *Hukum Ekspor Impor* (Ras, 2014).

region². Such regional cooperation on the African continent also impacts increasing the economic competitiveness of countries on the African continent at the world level as a whole. With the enactment and implementation of regional economic and trade cooperation agreements, as member countries can have many other positive impacts that can be obtained in it such as resources in the region can be utilized more optimally and more widely and of course more efficiently for the benefit of the region, encouraging the pace of development and progress of regional infrastructure to facilitate economic circulation, the most important thing and the most important thing from the impact that will be caused is to strengthen the position and facilitate their regional negotiations in economic forums within the scope and scope and trade at the international level. In general, economic and trade cooperation in a region has a major impact and results in sustainable economic growth that will be felt by the countries participating in the agreement in the future.

The main thing that encourages countries on the African continent to seek to establish the African Continental Free Trade Area agreement is to increase the acceleration of economic growth by encouraging trade on the African continent in particular. Trade between countries on the African continent is still relatively low and minimal when compared to international trade with various countries outside Africa. By eliminating tariffs on imported goods and suppressing other barriers in the form of nontariffs, the African Continental Free Trade Area or AfCFTA aims to encourage the flow of goods and services between countries that are bound by agreements on the African continent. With this, the hope of the formation of this

² Ahmad Helmy Fuady, "Namibia Dan Agenda Diplomasi Ekonomi Indonesia Di Afrika," *Indonesia-Namibia*, n.d., 31.

cooperation is progress for countries in Africa in various aspects, increasing the income of countries on the African continent, increasing human resources in the professional and labor-intensive sectors, opening up various jobs for the people of the country, and also strengthening the industrial base of each African country that is part of the AfCFTA agreement. Through various market accesses that will be facilitated and also integrated, various companies on the African continent will be able to increase the scale of production in their industry more than before, reduce various costs that were previously incurred for inefficient things because of various trade barriers, and also make these countries able to compete on a global scale.

There are 54 countries that responded to the African Continental Free Trade Area by ratifying and also agreeing to the agreement, as an illustration of the map of African countries that agreed to and ratified the African Continental Free Trade Area trade agreement will be attached below.

African countries have great potential in several commodities, one of which is agricultural commodities, palm oil commodities are also widely developed in African countries. , located on the African continent that have palm oil commodities as a strategic industry owned by the country and developed to become a producer of palm oil products and their derivatives, among these countries is Nigeria, which is one of the many countries on the African continent that has a very large potential for palm oil commodities and can run well, Nigeria also occupies one of the top positions of palm oil derivative product producing countries from countries on the

African continent³, Massive palm oil production activities in Nigeria are produced in large-scale quantities that are industrialized and organized by the authorities and also on a small scale by local entrepreneurs who are less professional. The Nigerian government and its officials are very supportive of the development of the palm oil product industry and its derivative products in the country, the state is taking strategies to encourage increased production of Nigerian palm oil with many strategic scenarios such as replanting trees when they are not in productive age and also renewing industrial equipment and modernizing industrial infrastructure, to boost the country's ability to meet domestic needs and export efforts abroad.

In addition to Nigeria, Côte d'Ivoire has the potential for palm oil commodities and their derivative products which are also quite large and are one of the countries relied on for the African continent to produce palm oil and meet the needs of the population on the African continent. Côte d'Ivoire is also known as a massive cocoa or chocolate bean producing country, in addition to its cocoa potential, Côte d'Ivoire also has a very large palm oil commodity and is competitive at the global level.

The decision of African continental countries to create trade cooperation that facilitates trade activities for the countries in it is a step that they consider as a strategic step, but for Indonesia, which views countries on the African Continent as potential markets, it can contradict the interests of countries on the African Continent.

³ Sukirno Sukirno and Muhamad Mustopa Romdhon, "Analisis Daya Saing Komparatif Cpo Indonesia Di Negara Tujuan Utama," *Jurnal Imiah Management Agribisnis (Jimanggis)* 1, no. 1 (2020): 1–8, <https://doi.org/10.48093/jimanggis.v1i1.38>.

After the agreement of the African Continental Free Trade Area cooperation by African countries, which prioritizes trade between countries within the African continent, African countries have large and good palm oil potential. On the other hand, Indonesian palm oil exports have increased over time to African countries after the African Continental Free Trade Area agreement, which is inversely proportional to the purpose of the African Continental Free Trade Area agreement.

A problem and novelty regarding the increasing imports of Indonesian palm oil products to African countries even after the agreement of the African Continental Free Trade Area by these countries, as the core of the agreement is to prioritize the products of African countries to be traded rather than having to accept imported palm oil from Indonesia, but the data shows that the export of Indonesian palm oil products to several African countries in the form of CPO (Crude Palm Oil) is actually increasing. Africa is not a continent that does not have palm oil commodities, as explained above that there are countries in Africa that have enormous palm oil potential such as Nigeria, Ivory Coast, Ghana and other African countries, based on data from the Central Bureau of Statistics, there has been an increase in Indonesia's palm oil CPO exports to Africa from year to year.

The increase in imports of Indonesian palm oil from African countries occurred in many countries and showed an increasing trend over time after the agreement of the African Continental Free Trade Area. The African Continental Free Trade Area, which aims to reduce the flow of imports from countries outside Africa and prioritize commodities originating from Africa for consumption by member countries of the agreement, is not in line with the increase in imports of Indonesian palm oil.

1.2. Reserch Question

From the previous background, we can see the following problem formulation:

How does African Continental Free Trade Area affect Indonesia's palm oil exports trade cooperation to the African Continent.

1.3. Research Objectives

This study aims to determine the effect of African Continental Free Trade Area on exports trade cooperation of Indonesian palm oil products to the African Continent.

1.4. Research Beneficials

1.4.1. Academic Uses

The usefulness of the results of this study for academics include:

1. To provide clarity regarding the effect of the African Continental Free Trade Area on the export of Indonesian palm oil products to the African Continent.
2. To provide an overview of implementing a theory or concept to an international phenomenon.

1.4.2. Practical Uses

This research is useful to provide an overview of a practical and rational framework in making decisions and is expected to be implemented in the future by position holders and the government when faced with problems.

1.5. Literature Review

In the first study conducted by Ilaria Fusacchia, Jean Balie, and Luca Salvatici with the title "The AfCFTA Impact On Agricultural And Food Trade: A Value

Added Perspective"⁴, in the research conducted, they discussed the impact that occurred on food trade after countries on the African continent entered into the AfCFTA trade agreement, the extent to which AfCFTA had an influence on food and agricultural trade on the African continent, the research focused on food and agricultural trade in general in the perspective of *Added Value*. In contrast to the research in this thesis which will focus on the export of Indonesian palm oil products, the Added Value perspective discussed in this previous research is a fundamental difference with the thesis to be written, especially for the discussion of food and agriculture that will be discussed by the author in the research to be carried out will focus on Indonesian palm oil commodities exported to the African continent, and not palm oil originating from other countries, nor other commodities.

The second study was conducted by Yaw A. Debrah, Oluwaseun E. Olabode, Femi Olan, and Richard B. Nyuur, with the title "The African Continental Free Trade Area (AfCFTA): Taking Stock and Looking Ahead for International Business Research"⁵, this research discusses the free trade that occurred after the agreement of the African Continental Free Trade Area and the international business research that occurred afterwards, this research provides a very broad scope of discussion of international trade after the African Continental Free Trade Area, The similarity in this research is the same object, namely the African Continental Free Trade Area, the research is different from this thesis which focuses

⁴ Ilaria Fusacchia, Jean Balié, and Luca Salvatici, "The AfCFTA Impact on Agricultural and Food Trade: A Value Added Perspective," *European Review of Agricultural Economics* 49, no. 1 (2022): 237–84, <https://doi.org/10.1093/erae/jbab046>.

⁵ Yaw A. Debrah et al., "The African Continental Free Trade Area (AfCFTA): Taking Stock and Looking Ahead for International Business Research," *Journal of International Management* 30, no. 2 (2024): 101120, <https://doi.org/10.1016/j.intman.2024.101120>.

on the effect of AfCFTA, especially its effect on exports of Indonesian palm products to the African Continent, while the discussion in the previous study provides a broad scope of international business after the African Continental Free Trade Area.

The next research is research conducted by Sayyidatul Lutfiah Abdullah, Anisah Fadliyah Akbariyah, and Rinandita Wikansari with the title Crude Plm Oil (CPO) Export Potential in Indonesia⁶, this research discusses extensively about the potential possessed by Indonesia for the export of Crude Palm Oil owned by Indonesia, this research shows that CPO is a strategic commodity for Indonesia to develop, this research only discusses the export potential of Indonesian palm oil without giving its concentration to a country or region so as to produce a broad discussion. of course the research is different from this thesis in which the research in this thesis will be concentrated on the export of Indonesian palm oil products to Africa and within the scope of time after the holding of the African Continental Free Trade Area post agreement, with a concentration on the discussion, it will produce a broad discussion, Of course, this research is different from this thesis in which the research in this thesis will be concentrated on the export of Indonesian palm oil products to Africa and within the scope of time after implementing the African Continental Free Trade Area after the agreement, with a concentration on the discussion, it will show results that also focus on limited time and limited activities such as Indonesian palm oil exports only.

⁶ Sayyidatul Lutfiah Abdullah et al., "Potensi Ekspor Crude Palm Oil (Cpo) Di Indonesia," *Journal of Science and Social Research* 4307, no. 1 (2024): 61–67, <http://jurnal.goretanpena.com/index.php/JSSR>.

The next research is research conducted by Kumara Jati and Aziza Rahmaniari Salam with the title "Projections of Indonesia's Non-Oil and Gas Exports to South Africa"⁷. This research explores the trade process in the form of exports and imports of non-oil and gas commodities between Indonesia and South Africa, the commodities discussed in this article have a broad scope, coverage of commodities in the non-oil and gas category which includes many goods, this research also does not specifically discuss the African Continental Free Trade Area which is the main discussion in the thesis to be written, This will certainly be a fundamental difference for the thesis to be written, but the previous research has similarities in the form of concentration on Indonesian exports to Africa even though the discussion is only on the country of South Africa, and palm oil is also a category of non-oil and gas commodities in Indonesia. Non-oil and gas commodities themselves are a mainstay category of Indonesian exports that are widely owned by Indonesia and have good export prospects abroad.

For the last research that will be used as a previous research study is research written by "Antti Simola, Ole Boysen, Emanuele Ferrari, Victor Nechifor, and Pierre Boulanger entitled Economic integration and food security - The case of the AfCFTA"⁸. In this study, the focus is on food security and economic integration generated after the African Continental Free Trade Area. Economic integration and food security established after the African Continental Free Trade Area is something that needs to be realized because it is one of the main objectives of the

⁷ Kumara Jati and Aziza Rahmaniari Salam, "Proyeksi Ekspor-Impor Non-Migas Indonesia Ke Afrika Selatan," *Transparansi Jurnal Ilmiah Ilmu Administrasi* 1, no. 1 (2018): 120–27, <https://doi.org/10.31334/trans.v1i1.143>.

⁸ Antti Simola et al., "Economic Integration and Food Security – The Case of the AfCFTA," *Global Food Security* 35, no. August (2022), <https://doi.org/10.1016/j.gfs.2022.100651>.

cooperation, this research concentrates on economic integration and resilience in terms of food. The main focus is certainly very different from the thesis to be written by the author who will focus on the influence of AfCFTA on the variable exports of Indonesian palm products to Africa, not on food security that occurs in Africa and also economic integration in Africa after the agreement of the African Continental Free Trade Area.

1.6. Conceptual Framework

1.6.1. Trade Cooperation Concept

Trade Cooperation is cooperation carried out by more than one trade actor together to achieve economic goals through trade, Trade Cooperation is carried out by countries that have the same economic goals and are trying to get out of the same trade problems. and by working together in trade, the achievement of common economic goals will be achieved faster. According to Robert Koehane, cooperation carried out on an international scale is not only always in the form of international security, but can also be in the form of other aspects of the state, one of which is the economy, Robert Koehane believes that the International Regime is needed to accelerate the achievement of state goals, according to him the motive of countries to carry out trade cooperation is for the reason of mutual benefit that can be achieved from Trade Cooperation, the best way to accelerate the achievement of ideal economic goals is by working together in trade.

Africa needs palm oil products as a basic need for its people, and Indonesia chooses to cooperate with African countries as a solution to avoid losses caused by European Union pressure on Indonesian palm oil products.

The trade relations between African countries and Indonesia show the same economic goals of Indonesia and African countries, very significant increase in commodity of palm oil exports from Indonesia to African countries, Trade Cooperation between Indonesia which views Africa as a strategic and broad market for commodity products from Indonesia from raw products to processed products. This study will discuss palm oil from Indonesia that is exported to African countries and will not discuss other commodities. Indonesian palm oil which is facing a ban from European Union countries which were previously one of Indonesia's largest palm oil partners needs another way to maintain the country's economy which is sourced from palm oil, Africa after agreeing to the African Continental Free Trade Area has become a better market for commodities, with wider market access for Indonesia and African countries that mutually support international trade within the continent to accelerate economic growth through smooth trade.

Indonesian palm oil has a large amount and is able to meet the needs of African palm oil. Africa needs palm oil products as a basic need for its people, and Indonesia chooses to cooperate with African countries as a solution to avoid losses caused by European Union pressure on Indonesian palm oil products, the relationship among these countries is seen through Trade Cooperation Concept. the needs between these countries can be met when these countries are connected to each other in the export and import process. Cooperation in trade among Indonesia and African countries on commodity goods that develop in their respective countries, Cooperation in trade and driven by good relations that have been established for a long time. Indonesia is indeed known as a country with a very large and largest palm oil production capacity in the world. Indonesian Palm Oil,

which is a leading commodity of Indonesia and Africa, chose to accept Indonesian palm oil exports and there was an increase because Indonesia also received imports from African countries which were a necessity for Indonesia. Indonesia received various commodities from African countries, and Indonesia also viewed African countries as a solution to the pressure of the European Union on Indonesian palm oil products which caused losses in Indonesian palm oil trade, Trade Cooperation is a very appropriate concept to explain this phenomenon.

1.6.2. Regionalism Concept

Regionalism concept is formed by like-mindedness and understanding between countries that are in a region that has a similarity in their midst which can be a motive for these countries to unite to achieve a goal. the cooperation of these countries is more than just cooperation based on geographical proximity, but the motive of the concept of regionalism can be motivated by a wide range of factors including racial, language, history and state conditions. With these similarities, countries feel they have a common background and have the same goals to achieve⁹. In this case, Regionalism will be used to view at the agreement of African countries in the African Continental Free Trade Area cooperation which has the aim of advancing international trade on the African Continent and suppressing imports from countries outside the African Continent which can cause economic losses if not properly regulated.

According to Louise Fowcett, regionalism is a policy taken by countries that have similarities in a region that will involve the region as a whole. Joint policies

⁹ Björn Hettne and Fredrik Söderbaum, "The New Regionalism Approach," *Politeia* 17, no. 3 (1998): 6–21.

taken by a group of countries with similarities in the region and of course the same goals, Louise Fowcett sees regionalism can be divided into old regionalism and new regionalism, old regionalism is regionalism that is formed based on the dominance of hegemonic countries after the Second World War such as Europe and the United States which base regionalism purely on the political power of a country and try to dominate other countries such as Asia and Africa. New regionalism has a broader view than politics alone, new regionalism provides a view that regionalism can be motivated by the same country's goals in several ways, one of which is the same economic goal that is able to form cooperation with each other to accelerate the achievement of each country's similar goals. Complex motives that also caused the release of the hegemony of European countries and the United States in Africa and Asia.¹⁰

According to Richard. W. Mansbach with joint decisions it will reduce the risk and increase the acceleration of achieving the interests of the country together, the application of regionalism in the form of regional agreements as applied is an example of a form of regionalism¹¹. Ernst. B. Haas also argues regarding regionalism that the emphasis of regionalism on the economy is integrated between regional countries, regional countries that have geographical proximity, identity and goals will be integrated with each other. According to Ernst. B. Haas, the view of

¹⁰ Louise Fawcett, "Exploring Regional Domains: A Comparative History of Regionalism," *International Affairs* 80, no. 3 (2004): 429–46, <https://doi.org/10.1111/j.1468-2346.2004.00391.x>.

¹¹ Emil Radhiansyah, "Asia Tenggara: Kawasan Yang Tengah Berkembang," *Konfrontasi: Jurnal Kultural, Ekonomi Dan Perubahan Sosial* 2, no. 1 (2020): 32–45, <https://doi.org/10.33258/konfrontasi2.v2i1.87>.

regionalism that focuses on the economy is a real thing that is owned by the region.¹²

Regionalism has a scope that is not only limited to race and language, but other substances related to the goals that are to be achieved together for the same interests, for example in the African Continental Free Trade Area which has the goal of achieving better trade and economy for the African continent in the future by forming cooperation in the African region. In the African Continental Free Trade Area, it can be analyzed with the concept of regionalism, the motive that drives African countries to form trade agreements between countries in the African continent, with cooperation and providing various facilities in international trade within the African continent and building other goals related to economic progress between the African continent.

In the view of Trade Cooperation and regionalism formed in the African continent region that forms a view of Indonesia as a strategic partner related to trade, especially in the discussion in this study, namely palm oil which is one of the main consumption needs of people in African countries. The similarity of views by African countries makes Indonesia a partner by African countries. The similarity of views that are formed not only through history but also through cooperation built by African countries and the reasons for the similarity of views become stronger after the agreement on the African Continental Free Trade Area. The concept of regionalism provides a view that the same goal can be a motive for cooperation that is based on historical similarities, geographical location and the same problems

¹² Ernst. B. Haas, "Regionalism, Functionalism, and Universal International Organization," *World Politics* 08 No. 02 (1956): 238–63.

faced, regionalism that forms the same general view of an event in international relations. and with Trade Cooperation carried out by countries that have the same goal for the economy, regionalism becomes a distribution of goals in the background of a phenomenon and includes export-import trade. The similarities of African countries in geographical proximity, the background of the people of African countries and the state of the country's economy and the same goals to be achieved, namely an advanced economy for national development, are strong motives for the unity of member countries of the African Continental Free Trade Area

1.7. Hypothesis

Cooperation in trade among African Continent and Indonesia in phenomenon of increasing Indonesian palm oil export through African Continental Free Trade Area, African Continental Free Trade Area such a trade agreement that unites African countries by reducing various forms of barriers that existed before the implementation of the international trade agreement, with African countries that have the potential of palm commodities and are traded on the African continent still unable to meet the needs of palm oil for all member countries of the African Continental Free Trade Area. Through Cooperation Trade View Indonesia has established a very good relationship with African countries Indonesia's relationship with African countries as an importer and experiencing a significant increase after the African Continental Free Trade Area agreement is a relationship that requires each other, the African region with capabilities that are not as large as needs makes imports one of the right ways to backed this problem. And for the way out against the EU Pressure Indonesia's capability of palm oil producing that is able to export

large amounts of palm oil, Indonesia itself is faced with pressure from the European Union in the palm oil trade that has long been established, it is enough to reduce the number of exports of Indonesian palm oil commodities. Indonesia, which has seen African countries as a strategic market for a number of commodities with a large population for future economic development, Trade Cooperation of Indonesia and African Countries will greatly help Indonesia overcome the losses generated by EU pressure on Indonesian palm oil. African Continental Free Trade Area provides an understanding between African countries of the inability of African countries to meet the needs of palm oil for their countries, so importing from Indonesia is a very appropriate option for African countries to do, the reason is based on the factors mentioned earlier and the options taken by the country.

1.8. Research Methodology

1.8.1. Research Design

The method in this research is a qualitative research method, this method is very suitable for analyzing social phenomena that occur especially in this phenomenon, and analyzing the reasons for the phenomenon and the decisions that Indonesia takes.

Qualitative research methods are very appropriate to be used as a tool for understanding a social phenomenon¹³. Qualitative research is relevant to research that focuses on how something influences a phenomenon, in particular the discussion in this research is the African Continental Free Trade Area agreement

¹³ Albi Anggito and Johan Setiawan, *Metodologi Penelitian Kualitatif* (CV Jejak (Jejak Publisher), 2018).

on palm oil exports from Indonesia, which experienced a significant increase after the agreement was made.. That way analyzing using qualitative methods on this phenomenon will be very precise and can minimize the occurrence of errors in the research results later. And also by using these research methods can increase the level of accuracy in the results of research with this title

1.8.2. Object and Limitation of Research

In this study, in order to produce the right results on the phenomenon to be discussed, the object of this research will focus on the effect of the African Continental Free Trade Area on Indonesia's palm oil exports to Africa, and the restrictions on this research are only in the period after the African Continental Free Trade Area is agreed upon and implemented.

1.8.3. Data Collection Technique

In this research, data collection techniques will be used through literature studies that are accessed through online or offline, secondary data is used to find answers in this research. Through literature studies contained in various books and journals that lead to answers to this research, actual news news is also used to collect valid data and avoid errors.

1.8.4. Data Analysis Technique

This research will use descriptive analysis to explain the occurrence of the phenomenon and to explain the answers to what happened and also the results of the research¹⁴.

1.9. Systematic Writing

This paper will be divided into four main sections, namely:

PART I (CHAPTER I): INTRODUCTION

In section one (chapter I) will explain the background of this research, then continued with the problem formulation section and research objectives and benefits of research followed by hypotheses then research methods and also continued with the concepts used to analyze phenomena in this study. Through these sections, it will be briefly explained about the African Continental Free Trade Area and Indonesia's palm oil exports to Africa and Indonesia's relations with African countries. Previous research studies will also be briefly discussed in this chapter.

PART II (CHAPTER II): African Continental Free Trade Area for Trade Cooperation Among Indonesia and African Countries

This Part is explaining about depth the influence of the African Continental Free Trade Area on trade among Indonesia and African Countries in trade cooperation. This chapter will also discuss matters related to exports and imports that occurred after the agreement of the African Continental Free Trade Area. It will also explain the motives that led African countries to make the agreement. This section is very

¹⁴ Almasdi Syahza and U Riau, "Buku Metodologi Penelitian, Edisi Revisi Tahun 2021" (Pekan Baru: Unri Press, 2021).