

ABSTRACT

This undergraduate thesis aimed to answer the reason why did European Union decide to stop the import of Crude Palm Oil for the use of biofuels. Regarding palm oil industry, EU is the second market of palm oil in global market. The two biggest palm oil production Indonesia and Malaysia covered more than 70% percent of EU palm oil import. The Renewable Energy Directive made by EU is a threat to palm oil producers, especially those that make the export of palm oil as one of the largest sources of income. The existence of the interests behind EU policy by raising various environmental issues, makes Indonesia feel discriminated as the largest producer of palm oil at this time. Therefore, in this research the writer would like to find out and explore the reason of EU decision to stop import palm oil, whether it is purely for environmental reasons or the protection of local industries. To puzzle out the unusual, this undergraduate applied Protectionism theory. Thus, this research discovered the environment issue and EU action based on their decision making process.

Keyword(s): *European Union, Palm Oil, Renewable Energy Directive, Protectionism, Indonesia, Malaysia.*