



DOI: [http://dx.doi.org/10.14505/jemt.v9.1\(25\).02](http://dx.doi.org/10.14505/jemt.v9.1(25).02)

## Investment and Liability on Oil Palm Land Use and Environmental Sustainability

Ramlani Lina SINAULAN  
Jayabaya University, Jakarta, Indonesia  
[dr.ramlanisinaulan@gmail.com](mailto:dr.ramlanisinaulan@gmail.com)

HAMDI  
Jayabaya University, Jakarta, Indonesia  
[Hamdisilver@gmail.com](mailto:Hamdisilver@gmail.com)

Abdul RAHMAT  
Gorontalo State University, Indonesia  
[abdulrahmat@ung.ac.id](mailto:abdulrahmat@ung.ac.id)

### Suggested Citation:

Sinaulan, L.R., Hamdi, Rahmat, A. (2018). Investment and Liability on Oil Palm Land Use and Environmental Sustainability. *Journal of Environmental Management and Tourism*, (Volume IX, Spring), 1(25): 12-16. DOI:10.14505/jemt.v9.1(25).02

### Article's History:

Received January 2018; Received February 2018; Accepted March 2018.  
2018. ASERS Publishing©. All rights reserved.

### Abstract:

Indonesia as developed country which posses' abundant natural resources has potential as producer of oil palm plantation due to its climate and the support from oil palm plantation investors. Oil palm plantation development has to guarantee the sustainability of surrounding environmental condition based on article The Law Number 39 of Year 2014 Concerning Plantation the Law Number 31 of Year 2009 Concerning Protection and Management of Environment. Infringement against the law - such as logging the forest irresponsibly by employing land combustion method in order to create a new oil palm plantation without spending too much cost and in order to accelerate the oil palm growth process - continuously happens. Such fact has been found out through court verdicts as well as academic researches. As the result, it created deteriorated ecosystem as shown by lack of soil nutrient, land infertility, erosion and flood. Due to massive impact resulted from such action; crime against environment might be categorized as extra ordinary crime. Therefore, crime against environment requires special concern from Indonesian Financial Services Authority by imposing financial control on the Plantation Company, profile assessment and supervision from central government as well as local government.

**Keywords:** investment; liability; land use and environment.

**JEL Classification:** Q15; R11; K32.

### Introduction

Indonesia is responsible to provide opportunity to any people or any legal entity in order to support development of national economy as stated on article 33 of letter (4) Indonesian 1945 Constitution. Such aspiration is manifested through investment in any sector including plantation sector. Plantation is any business that generates goods and services of plantation sector.

This business activity is legal if such activity has gained plantation business license and rights over state land use. There are types of plantation business, which consists of plant cultivation business; the processing industry of plantation products and the hybrid industry which integrating plantation cultivation industry and its product processing industry.

Oil palm cultivation industry which produces crude oil palm and its palm kernel is quite popular plantation business in Indonesia. Its popularity is boosted due to its value as the most profitable non-oil-gas exported product for Indonesia. This promising vegetable oil trading business has encouraged the government to accelerate the expansion of oil palm plantation area across Indonesia. Due to rapid growth of oil palm plantation business in Indonesia, the government initiated the creation of Badan Pengelola Dana Perkebunan (BPDP) Kelapa Sawit. It is government bureaucratic organ which has purpose to provide incentive on Biodiesel consumption for PSO and