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# MONOPOLY POTENTIAL IN PALM OIL FRESH FRUIT LOANS (FFB) SALE AGREEMENTS INDRAGIRI HULU DISTRICT

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#### **Abstract**

The problem is how is the monopoly potential in the sale and purchase agreement of coconut fresh fruit bunches (TBS) and how are efforts to overcome the monopoly potential in the sale and purchase agreement of oil palm fresh fruit bunches (FFB) in Batang Cenaku district. The research method is sociological law, with the research location namely Batu Papan Village, Batang Cenaku District, Kab. Indra Giri Hulu (Inhu). The aim of the study was to analyze the monopoly potential in the sale and purchase agreement of oil palm fresh fruit bunches (FFB) and efforts to overcome the monopoly potential in the sale and purchase agreement of oil palm fresh fruit bunches (FFB) in Batu Papan, Batang Cenaku District, Kab. Indra Giri Hulu (Inhu)

The results of the research show that there is a potential for monopoly in the sale and purchase agreement of oil palm fresh fruit bunches (FFB) in Batang Cenaku sub-district, where delivery order (DO) holders are unable to compete with single DO holders as sales suppliers to PT Kharisma Agro Lestar (PT KAS) and PT KAS does not make farmers as partners and farmers' recommendations as a condition for establishing a company are obtained by engineering. Efforts to overcome the monopoly potential in the sale and purchase agreement for Fresh Fruit Bunches (FFB) at PT KAS are the issuance of Governor of Riau Regulations regarding partner arrangements and regulation of palm prices, Issuance of seed certification so that results can be competitive, creating an online information system in implementing palm oil purchases and maximizing institutional functions -institutions to further maximize the synergy of oil palm smallholders.

### INTRODUCTION

The rules of the game in oil palm plantations are determined through an "agreement" between the many parties involved, such as farmers, DO owners, Palm Oil Mills (PKS), and the government through laws and regulations. The agreement on the price of oil palm Fresh Fruit Bunches (FFB), which of course depends on the cost of maintaining the palms from nursery to sale, must be the initial stage of agreement between the Farmers, DO Owners, and

PT KAS. An agreement, often known as a contract, is an act in which one or more people bind themselves to another person. The agreement is in the form of a series of sentences containing promises, both oral and written promises. Of course, the agreement must be transparent and based on the article that regulates the agreement, namely Article 1320 BW of the Civil Code.

The following stages consider the prerequisites for the validity of the agreement by the mortgaged legal subject, namely:

# 1. Agreement between the parties to be bound.

The agreement here is that there is a mutual desire between the parties to give something, do something, or not do something. They voluntarily comply with what is agreed upon, free from coercion, deception, or surveillance, to achieve the same goals.

## 2. Expertise

The term competent refers to the ability of the parties to reach an agreement. Unless declared incompetent by law, everyone is declared capable of making an agreement, according to the Civil Code.

"Those declared incompetent according to Article 1330 of the Civil Code are:"

"Minor children, or those who are not yet 21 (twenty one) years old or are not yet married.
Because of his age, a young man who is still 18 years old is considered incompetent to take legal action."

### 2. Detained.

A person in guardianship is an adult who is incapable of carrying out legal actions because of his mental and mental abilities which are imperfect, wasteful, or mentally ill, therefore the law equates them with children.

# 3. multiple items

The things or objects that must be agreed upon must be certain and clear, both in the form of products and services. The condition of the product to be sold, as well as the type, price and quality of the goods, must all be clearly defined.

## 4. Legal reasons (cause).

Halal reasons relate to the terms of the agreement in question, where the agreement is made in a manner that is in accordance with law, decency, and general objectives. Moral and general values are formed depending on the values adopted by the society in which the agreement is reached.

Of course, these legal requirements must also be met in the FFB sale and purchase agreement between farmers as FFB owners, DO owners, and PT Kas as buyers. If the legal requirements are not met, it will create a potential for monopoly of one of the parties in power, harming the weak party, in this case the farmer, and this violates Article 17 of Law Number 5 of 1999 which states that monopoly is defined as control over the production of goods or services or marketing in one hand or one group.

# THE POTENTIAL FOR A MONOPOLY IN THE SALE AND PURCHASE AGREEMENT OF OIL PALM FRESH FRUIT BUNCHES (FFB) IN BATANG CENAKU DISTRICT

In general, buying and selling is a process or activity in the form of a general transaction that is often carried out by the public. Usually the form of a sale and purchase agreement can be made verbally (directly) or non-verbally (written) and based on the agreement of the parties involved in the agreement .¹ Even though the average agreement entered into by a supplier/toke of palm oil with the community is verbal in nature, the force of law is still binding on both parties. This is because the Civil Code adheres to a principle called the principle of freedom of contract, so that both parties can carry out the agreement and are given complete freedom regarding what object will be agreed upon, for whom, at what price and other matters. The agreement is released without violating statutory regulations and legal norms and decency. Article 1457 of the Civil Code states that buying and selling is an agreement in which one party binds himself to surrender an object, and the other party to pay the price that has been promised . So the understanding of buying and selling according to the Civil Code is a reciprocal agreement in which one party (the seller) promises to surrender his ownership rights to the goods offered, while what the other party promises, pays the price he has agreed to.²

The sale and purchase agreement in the Civil Code stipulates that the object of the agreement must be certain, or at least the form and amount can be determined at the time the ownership of the goods will be handed over to the buyer. The seller's obligation to deliver the goods and bear them is a guarantee for the buyer that the goods he buys can be enjoyed according to their use. Where buying and selling is further regulated regarding rights and

<sup>&</sup>lt;sup>1</sup> Nadya Francela Hasibuan *at all*, "Tinjauan Yuridis Jual Beli Sawit Antara Pemasok Sawit Dengan Masyarakat Aek Torop Desa Asam Jawa", *Juncto: Jurnal Ilmiah Hukum* 3, no. 2 (2021): 120-128, Doi: 10.31289/Juncto.V3i2.489.

<sup>&</sup>lt;sup>2</sup> Subekti, *Hukum Perjanjian*, (Jakarta: PI. Intermasa, 2002), 79.

obligations, this implies that buying and selling is protected by law and because buying and selling is carried out based on agreement, buying and selling must be adjusted to the terms of a valid agreement. If this is not fulfilled, a breach of performance will occur which will result in compensation for the aggrieved party.<sup>3</sup>

The elements in the sale and purchase agreement that must exist are the goods and the price, where the seller and the buyer are required to agree on the price of the goods which are the object of the agreement. The sale and purchase agreement will be born and valid if there is an agreement between the seller and the buyer regarding the price of the item. This is called the consensual principle, as emphasized in Article 1458 of the Civil Code which states: "Buying and selling is considered to have taken place between the two parties immediately after they reached an agreement regarding the goods and price, even though these goods have not been delivered or the price has not been paid.

Oil palm is an important industrial plant producing cooking oil, industrial oil, and fuel. His plantations yielded such profits that many forests and old plantations were converted to oil palm plantations<sup>4</sup> at the beginning of its development in Indonesia, oil palm was introduced by the government as a development commodity especially to stimulate development outside Java and to alleviate poverty. However, in its development, many environmental, social and economic problems emerged which were interrelated with one another and had the potential to increase the complexity of oil palm.

Among the problems that arise in the company in the context of implementing palm oil as a development commodity are that a number of Delivery Orders (DO) were unable to compete to enter palm fruit bunches (TBO) into the PT Kharisma Agro Sejahtera (PT KAS) factory, which is located in Batu Papan Village, Batang Cenaku District because Herdiyanto (Among) monopolized as the sole DO owner in the factory PT KAS, if there is a palm oil FFB collector who wants to deliver FFB to PT KAS's factory, they will use DO belonging to Hardianto alias Among.

The conditions for the establishment of PT KAS, which required support from smallholders, which should have been provided by groups of smallholders, were made fictitious

<sup>&</sup>lt;sup>3</sup> Yetti, Y., & Yalid, Y, "Konsekuensi Hukum Pemasaran Dan Jual Beli Rumah Dalam Proses Pembangunan (Studi PT. Pratama Hutama Jaya)", *Jurnal IUS Kajian Hukum dan Keadilan* 10, no. 1 (2022)

<sup>&</sup>lt;sup>4</sup> Mukmin Pohan, "Dampak Penurunan Harga Sawit Terhadap Kesejahteraan Petani Sawit Di Pantai Timur Sumatera Utara", *Jurnal Ekonomikawan* 5, no. 2 (2015): 113-126, DOI: 10.30596/ekonomikawan.v15i2.1036,...

by PT Kas in a number of villages in Batang Cenaku District, and so far no farmer groups have partnered with the PT KAS factory.

Thus, local independent smallholders are increasingly screaming, among others, triggered by the situation that is still the Covid-19 Pandemic, the price of fertilizers and pesticides is expensive, not comparable to the price of palm fruit bunches (FFB) and the monopoly of DO holders by among and their brothers and sisters which reduces farmers' rights. In terms of the sustainability of PT KAS's palm oil processing factory permits, which do not have plantations to support raw materials, this was inseparable from a letter of support for the supply of raw materials from the local community, but in the end they were betrayed. Herdianto used several companies to monopolize the DO purchase of the palm oil, namely CV Marina Palma, CV Berkah Sawit Tani, CV Sawit Alam Game and CV Putra Inhu.

Efforts to overcome the monopoly potential in the sale and purchase agreements for oil palm fresh fruit bunches (FFB) in batang cenaku district are:

- a. The government intervenes by limiting the freedom of DO holders in setting the highest/maximum FFB price (Celling Price) that may be set by DO holders, and determining who may sell FFB to PT Kas
- b. In order to attract PT Kas to return to the regulations set by the government not to have a monopoly in the sale of palm oil, including certification of sustainable palm oil plantation management such as RSPO and ISPO. However, this certification does not provide a complete solution.
- c. The government has issued provisions governing company partnership patterns with farmers with the Minister of Agriculture Regulation Number 01 of 2018 concerning Guidelines for Determining Purchase Prices of Fresh Fruit Bunches of Oil Palm Production by Planters. This provision is intended to regulate the meaning of plantations and partner arrangements, so that it is easier to understand and be understood by all interested parties.
- d. Create an online information system in implementing purchasing palm oil where this system can be accessed by all users, from PT KAS, DO Owners, palm tauke, fruit collectors (PB) from palm oil mills that will produce fresh fruit bunches, farmers, and Government in Village level, as a business protector in carrying out production in business. The expected result is information disclosure and avoiding price monopoly entanglement from parties trying to monopolize.

- e. Build factories to process palm oil into various derivative products such as oleochemicals and biodiesel. In addition, the government needs to encourage small-scale oil palm farmers, especially independent smallholders, to be involved in the B20 and B30 projects as a supplier for these energy needs so that there is no industrial monopoly. In addition, it is also necessary to strengthen cooperation with consumer countries of Indonesian palm oil production such as the European Union to support oil palm smallholders who practice sustainable management.
- a. The potential for a monopoly in the sale and purchase agreement of Oil Palm Fresh Fruit Bunches (FFB) in Batang Cenaku District.

Monopoly market is a form of market where there is only one producer who controls the market. In other words, one seller controls/monopolizes all types of offers. Business actors who dominate the monopoly market are called monopolists. Business competition can sometimes benefit consumers, if business actors attract consumers by providing better service quality. A market that is successful in creating regulations is a market that is able to create high purchasing power. Because the regulation of purchasing power has an effect of around 60% on the rise of an economy.<sup>5</sup>

Companies cannot beat competitors only because of price but also from quality services including being the main focus in retaining customers. The ideal condition in a market is if sellers and buyers have the same information about the goods or services that will be traded. If one party does not have information about the market, the other party will feel disadvantaged and fraud or fraud will occur. When consumers experience difficulties in assessing the quality of the goods and services offered in order to meet their needs and wants, the price will become a reference or measure.

In general, the topography of the Batang Cenaku District is flat, while the height above sea level in the Peranap area is around 29.2-103.2 meters. Talang Bersemi Village is the village with the highest area above sea level which reaches 103.2 meters. On the other hand, Pejangki Village is the closest village to sea level, where the altitude reaches about 29.2 meters above sea level. All villages in the Batang Cenaku sub-district can be reached by both wheeled and four-wheeled vehicles with the distance Sanglap Village being the furthest village from the center of the Inhu Regency administration, which is 86 km

<sup>&</sup>lt;sup>5</sup> Asman. "Implementasi Hukum Persaingan Usaha di Masa Pandemi bagi UMKM di Kota Makassar", *Jurnal Perrsaingan Usaha* 1, (2021): 5-15.

Sale and purchase of fresh fruit marks (FFB) for oil palm originating from forest areas that are turned into oil palm plantations, in Batang Cenaku District, Indragiri Hulu (Inhu) Regency, between PT Kharisma Agro Sejahtera (PT KAS), and independent smallholders with intermediaries Among (Haryanto) and Hotli Maruli Sirat are not in accordance with Law No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition, namely Article 17:

- Entrepreneurs are prohibited from taking actions controlling production and goods/over production and/or services and/or causing monopolistic practices and/or unfair business competition.
- 2. Entrepreneurs can be suspected or considered to be carrying out activities in control of the production and/or marketing of goods and/or services on the basis that:
  - a. goods and/or services and/or marketing for which there are no substitutes or substitutes for which there are substitutes; or
  - b. cause other entrepreneurs to face obstacles to enter or leave the relevant market; or
  - c. one entrepreneur or one group of entrepreneurs controls the market for more than 50% (fifty percent) of the market share for one type of goods or service or a certain market.

Business actors are prohibited from exercising control over products for ordering goods and or services that cause losses to the parties; business actors deserve to be heard and or considered to have control over the production of ordering goods and or services.<sup>6</sup>

Among and Hotri Maruli Sirait are Delivery Order (DO) holders in terms of palm oil purchases made by PT KAS. Foreliminating traces of this monopoly The owner of this DO created a number of legal entities Commanditer Vennootschap (CV) ieCV Marina Palma, CV Berkah Sawit Tani, CV Sawit Alam Permai and CV Putra Inhu...

From the results of an interview with Hendri, one of the Delivery Order (DO) holders, said that other DO owners were not able to compete in getting FFB into the PT KAS Batu Papan factory, Batang Cenaku District, so Among and Hotli became the sole DO suppliers at the PT KAS factory, if there were collectors The palm oil FFB wanted to deliver FFB to the PT KAS factory, so it used Among's DO (Interview with Hendri, DO owner of Alim village, 17 November 2022)

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<sup>&</sup>lt;sup>6</sup> Zulkifli Ukas, "Implementasi Pasal 17 Undang-Undang Nomor 5 Tahun 1999 terhadap Rule of Reason (Studi di Komisi Pengawasan Persaingan Usaha Wilayah II Kota Batam)", *Jurnal Cahaya Keadilan* Program Studi Ilmu Hukum Universitas Putera Batam 9, no. 2 (2021).

If we look at the requirements for a permit to establish a company, there must be recommendations from farmer groups representing a number of villages in Batang Cenaku District. However, recommendations from farmer groups were made fictitious from a number of villages to support the establishment of the PT Kas Factory.

Likewise with partners that should exist between PT Kas and farmer groups. As mandated by the Riau Governor Regulation No. 77 of 2020, that there must be a partner company with farmer groups. But this is not the case. So that no farmer partners with PT KAS.

Indeed there are some farmers who sell FFB directly to PT Kas without going through the single Do Owner, but in reality there is a deduction of IDR 30 per kg, from the PKS, because it is not through the DO Owner (Interview with Andir, FFB Collector 17 November 2022) Even though Governor Regulation No. 77 of 2020ensure that independent oil palm smallholders and plasma smallholders must obtain fresh fruit bunches or oil palm FFB at a fair selling price. The existence of Pergub Number 77 of 2020 will accommodate independent plantations in order to get equal price for FFB, which is in accordance with the price set by the Plantations Office.

This self-help partnership should be implemented by grouping independent smallholders who are in 1 stretch in the form of smallholder institutions such as farmer groups, Gapoktan, and cooperatives. However, this did not happen and this is also a weakness of the smallholders themselves. If the palm oil plantation institution has been formed, of course it will be facilitated for them to partner with the nearest oil palm plantation company or PKS in the form of a self-help partnership, with the terms and conditions set out in the Governor's Regulation.

In the case of using a single DO owner, Haryanto (Among) said that it was not true that he himself was the owner of a single DO, where the problem with their Delivery Order (DO) was that it depended on the PKS in question who would use it. If PKS judges DO owners are good, of course they will use them. (Cakap Com Thursday, 05 August 2021)

b. Efforts to overcome the monopoly potential in the sale and purchase agreement of Fresh Fruit Bunches (FFB) for Palm Oil in Batang Cenaku District

The plantation sector is a leading sector that can improve people's welfare. The total area of oil palm plantations is 99,792 hectares (2000). Most of them are located in the Districts of Pasir Turtle, Siberida and Peranap. It is not surprising that until 1999, the

economy of Indragiri Hulu Regency relied on agriculture, especially the plantation sector, whose value reached Rp. 124 billion. Institutional strengthening of oil palm smallholders so that smallholders have a bargaining position. Basically, the economic principle of business actors is to seek profitable profits as much as possible with the smallest capital. However, this principle does not always follow the signs that exist in applying these principles. Among the signs that were hit were unfair competition in the form of monopoly.

Monopoly is the main component that will make wealth concentrated in the hands of a few groups so as to create social and economic inequality. Ownership and control of assets in the hands of individuals is something that is permissible. However, when this freedom is used to create monopolistic practices that are detrimental, then it is the duty and obligation of the state to intervene and correct them. Economic development in the business world, which is a form of community participation in development, should avoid concentration of the economy in one hand or one group forming a monopoly so as to harm the interests of the people. This means that the competition that exists between people, in this case business actors, must run in a healthy manner .<sup>8</sup> If this monopoly is related to the history of the constitution, then the word monopoly is already reflected in the regulations that were in effect at that time. Administrative practice shows that the word monopoly in the 1945 Constitution is castrated, where the government's role is powerful in determining economic policy and business actors must also be really wise in dealing with it.<sup>9</sup>

Monopoly market is a form of market where there is only one producer who controls the market. In other words, one seller controls all types of offers. A person who dominates the monopoly market is called a monopolist. As a price maker, a monopolist can increase or decrease prices by determining the amount of goods to be produced; the fewer goods produced, the more expensive the price of these goods, and vice versa .<sup>10</sup> Monopoly in this case is the power to determine the price, quality and quantity of an item offered to the public

<sup>7</sup> Nofiardi, N., Iriansyah, I., & Yetti, Y, "Tanggung Jawab Pelaku Usaha Terhadap Standar Mutu Kosmetik Bagi Konsumen Berdasarkan Undang-Undang Nomor 8 Tahun 1999 Tentang Perlindungan Konsumen", *Jurnal Selat* 8, no. 2 (2021): 218-238.

<sup>&</sup>lt;sup>8</sup> Rachmadi Usman, *Hukum Persaingan Usaha Di Indonesia*, (Jakarta: Gramedia Pustaka Utama, 2004), 7.

<sup>&</sup>lt;sup>9</sup> Agus Raharjo, "Anti Monopoli", *Jurnal Kosmik Hukum Univ. Muhammadiyah Purwokerto* 1, no. 2 (2001), 40. <sup>10</sup> Vera Achmad Mafud, *Harmoni Pasal 17 UU No. 5 Tahun 1999 Tentang Larangan Praktek Monopoli dan Persaingan Usaha Tidak Sehat Dengan Pasal 2 Ayat 3 dan Pasal 2 Ayat 4 PP No. 14 Tahun 1993 Tentang Penyelenggaraan Jamsostek*, (Malang: Fakultas Hukum Universitas Brawijaya, 2014).

<sup>&</sup>lt;sup>11</sup> Abdul R. Saliman, Hukum Bisnis Untuk Perusahann Teori Dan Contoh Kasus. (Jakarta: Kencana, 2010), 67.

Business competition can benefit consumers in getting better service quality. The company cannot beat competitors only because of price but quality service is also the main focus in retaining customers. The ideal condition in the market is when sellers and buyers have the same information about the goods to be traded. If one party does not have information like that of the other party, then one party will feel disadvantaged and fraud or fraud will occur. When consumers experience difficulties in assessing the quality of the products offered in order to meet their needs and desires, the price will become a reference or measure.

# EFFORTS TO OVERCOME THE MONOPOLY POTENTIAL IN THE SALE AND PURCHASE AGREEMENTS FOR OIL PALM FRESH FRUIT BUNCHES (FFB) IN BATANG CENAKU DISTRICT

Monopoly occurs in a sale and purchase agreement where the positions of the parties are unequal. So a market is said to be monopoly if there is a situation or a form of market where there is only one company. This company is called a monopolist because it controls the market and determines the market price.<sup>12</sup> Directors of a company in carrying out their duties and authorities must at least adhere to two basic principles: the trust given to them by the company (fiduciary obligations); and the principle that refers to the ability and prudence to act.<sup>13</sup> Do not let his actions refer to monopolistic. In order to understand more about the market in a monopoly position, of course it is easier to pay attention to the characteristics of a monopoly market. Most distinctive of traits monopoly market are products sold by a single monopoly manufacturer that are unique or cannot be found anywhere else. The characteristics of a monopoly market are as follows:

- 1. There is one seller or buyer
- 2. Buyers and sellers can only play the role of buyers or sellers of products available to one buyer or seller
- 3. The seller or buyer has full power to determine the selling price (price setter or price maker).
- 4. The seller or buyer monopolizes control of production and the number of products produced.

<sup>&</sup>lt;sup>12</sup> Soetandyo Wignjosoebroto, *Hukum: Paradigma, Metode Dan Dinamika Masalahnya* (Jakarta: Elsam & Huma, 2002), 164.

<sup>&</sup>lt;sup>13</sup> Sufiarina, S., Yetti, Y., Wahyuni, S., & Utama, M. W. "The Organization of the General Meeting of Shareholders based on Court Determination from the Perspective of Shareholder Rights' Protection", *Padjadjaran Jurnal Ilmu Hukum (Journal of Law)* 9, no. 2(2022): 170-190.

5. There are always obstacles for new sellers or buyers in the form of legality regulated by law, the availability of sophisticated technology, and large capital that is difficult to own.

Efforts to overcome the monopoly potential in the sale and purchase:

1. The government intervenes by limiting the freedom of DO holders in setting the highest/maximum FFB price (Celling Price) that may be set by DO holders, and determining who may sell FFB to PT Kas. The Head of the Processing and Marketing Division (Kabid) of the Riau Provincial Plantation Service explained that so far the price for FFB for oil palm, which is set every week, only applies to palm oil production from plasma smallholders (oil palm farmers who partner with companies).

Oil palm plantations in Riau are managed by 67% of farmers, so the multi-effect is very high for improving Riau's economy. The positive impact due to the publication of the Governor Regulation is that Riau is the highest province in terms of price for palm oil in Indonesia and of course Riau is the reference for all provinces in Indonesia. The results of the study show that of the 22 palm-producing provinces in Indonesia, only eight provinces have issued Pergub Trade Administration for TBS (Fresh Fruit Bunches). And it turns out that this Pergub really helps maintain the price of FFB for independent smallholders and plasma, at the same time the Pergub in other provinces is less powerful as a reference for setting the price of FFB, especially for independent smallholders (APKASINDO Secretary General: Riau Governor Regulation Number 77/2020 Has a Positive Impact on Palm Oil Farmers

Governor of Riau Regulation No. 77 of 2020 comes from a derivative of Minister of Agriculture Regulation No. 1/PERMENTAN/KB.120/1/2018. In this Regulation, the aim is to protect oil palm smallholders in order to obtain a fair and proper and fair selling price and also to protect these smallholders in their business.

This regulation from the Governor of Riau also regulates the calculation of shells in the price of Fresh Fruit Bunches for each week in Riau, and also regulates the types of partnerships. And that is also not regulated in the Minister of Agriculture. That's why Riau's NTP (Farmer Exchange Rate) is the highest in all of Indonesia.

2. In order to attract PT Kas to return to the regulations that have been set by the government not to have a monopoly in the sale of palm oil, among others, holding certification for sustainable management of oil palm plantations such as RSPO and ISPO. However, this certification does not provide a complete solution. The function of this certification will of

- course be to guarantee a product, that the product produced meets the requirements determined by the superiority of a product, and this is of course also a guarantee to be able to compete in the marketing of the product in question, because the function of the certification itself is as an information medium. superiority of a product, orderly administration in terms of regulations, as well as a guarantee of legal certainty.
- 3. The government as the protector and regulator has issued regulations in the form of a partnership pattern between companies and farmers through Minister of Agriculture Regulation No. 01 of 2018 concerning Guidelines for Determining the Purchase Price of Fresh Fruit Bunches (FFB). Palm Oil Produced by Planters. This provision has regulated everything from smallholders to planters and partners in their regulations, so that it is more understandable and understandable to interested parties. Everything without clear rules or orders will cause problems, and of course this will cause losses for those who are in a weak position.
- 4. Create an online information system in the implementation of purchasing palm oil where this system can be accessed by all users, from PT KAS, DO Owners, palm tauke, fruit collectors (PB) as palm oil mills, smallholders, and Government at the Village level as community supervisors to strive in the economy and business. The expected result is information disclosure and avoiding price monopoly entanglement from parties trying to monopolize. The openness or transparency of a transaction makes it easier for parties to know their rights and obligations both as sellers and as buyers. This of course will be able to describe the problem of who is selling, who is buying, what about the previous price, and the current price, who is DO partnering,
- 5. Build factories to process palm oil into various derivative products such as oleochemicals and biodiesel. This is the goal so that the product does not pile up for just one company. Thus the smallholders have another alternative to market their palm oil. In addition, the government needs to encourage small-scale oil palm farmers, especially independent smallholders, to be involved in the B20 and B30 projects as a supplier for these energy needs so that there is no industrial monopoly.

### **CONCLUSION**

Companies should not only trust and accept DO owners in purchasing palm oil from farmers. The more Do Owners use, the variety of palms will certainly be greater and they will have more opportunities to choose a wider range of palm quality. Recruit more plasma smallholder partners, because usually palm oil from plasma smallholders has better fruit quality than general suppliers because partner suppliers have good quality FFB compared to other suppliers.

For palm oil suppliers/smallholder communities, Independent suppliers should further improve the quality of the FFB that will be sold to companies, perhaps by using certified seeds, regular maintenance, so that the FFB produced is of good quality, and this is an attraction for companies to buy palm oil and higher prices, especially for independent oil palm farmers. Intensifying the use of institutions that cover oil palm smallholders, among othersplanter institutions such as farmer groups, Gapoktan, and cooperatives. With this forum, farmers have more power to synergize in marketing their palm oil. Strengthening farmer institutions and providing access to credit or other financial schemes with low interest will reduce farmers' dependence on toke or middlemen and can increase farmers' bargaining position to sell their crops at fair and equitable prices. Farmers should not sell their palm oil to toke. Because in reality, about 30% of independent smallholders sell their crops to the toke at a lower price than the market price set by the pricing team. This paradigm occurs because these independent smallholders are generally bound by a contract with the ijon system with a toke or middleman. This is because the farmers already have debts to the toke for their daily needs and also for the maintenance of their oil palms.

For government and local government, It would be better for the government to be able to provide, improve, socialize about certified and good quality palm oil seeds, so that oil palm farmers are interested in using good and quality palm oil seeds so that they have reliable competitiveness.

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