



Volume 2, Issue 1, April 2023

Reinforce: Journal of Sharia Management

Faculty of Islamic Economic and Business

Universitas Islam Negeri Sayyid Ali Rahmatullah Tulungagung
Jl. Mayor Sujadi Timur No. 46 Tulungagung Jawa Timur 66221 Indonesia
Website: <http://ejournal.uinsatu.ac.id/index.php/reinforce>

COOKING OIL PRICE CONTROL POLICY IN INDONESIA (A review of Ibn Taimiyah's thoughts)

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Abstract: *This study aims to analyze cooking oil price control policies in Indonesia by examining Ibn Taimiyah's thoughts about market mechanisms and price interventions. The research method used is a qualitative research methodology with a literature study approach. The research results show that the market mechanism in Islam is free of any intervention. However, the government can intervene in market prices when distortions occur. The government's policy of providing cooking oil subsidies to the less fortunate and setting the lowest retail price is permissible because there are conditions where producers do not want to sell their goods except at a price higher than the general market price, even though consumers really need these goods. According to Ibn Taimiyah, the government may intervene in prices and limit sales after conducting negotiations, discussions, and consultations with interested communities.*

Keywords: *government policy; price control; cooking oil; Ibnu Taimiyah.*

BACKGROUND

Indonesia is known as an agricultural country because its economic development is largely supported by the agricultural and plantation sectors. One of the agricultural products that plays a vital role in the Indonesian economy is palm oil. Indonesia is a country with the largest oil palm plantation area in the world. The Ministry of Agriculture noted that Indonesia's oil palm plantation area will reach 15.08 million hectares in 2021. With this total land area, Indonesia is able to record Crude Palm Oil (CPO) production of 49.7 million tons in 2021. This makes Indonesia the largest CPO producing country in the world, ranking first in the world.

Palm oil and its derivatives are included in the class of animal (vegetable) fats and oils. Based on data from the Ministry of Trade, palm oil is one of the largest foreign exchange earners for Indonesia. According to the Central Statistics Agency (BPS), the

export value of CPO will reach US\$ 35 billion in 2021. This amount controls around 55% of the global palm oil export market share. The countries that are the main destinations for Indonesia's CPO exports include China, India, Pakistan, the United States, Bangladesh, Malaysia, and others.

At the beginning of 2022, there was a significant price increase for several world commodities, including CPO. As quoted from CNN Indonesia (2022, March 17), the increase in CPO prices was due to the soaring demand for alternative vegetable oils due to reduced sunflower oil stocks as a result of heating up geopolitical relations between Russia and Ukraine. This price increase has an impact on fluctuations in the value of Indonesia's CPO exports because domestic producers want to maximize profits by exporting their goods abroad to take advantage of the momentum of increased demand (Huda & Widodo, 2017). This caused the price of cooking oil in the domestic market to soar, and there was even a shortage of goods in society. Due to this incident, the government was forced to take action to intervene in prices in order to reduce the price of cooking oil in the domestic market. Referring to Regulation of the Minister of Trade Number 6 of 2022, the government has set the highest retail price (HRET) for simply packaged cooking oil at IDR 13,500 per liter and for premium packaging at IDR 14,000 per liter.

In addition to price intervention, the government has also adopted a policy to prohibit the export of CPO and its derivative products to meet domestic demand so that there is no scarcity of cooking oil. This policy made CPO prices even more volatile given Indonesia's position as the largest CPO producer and exporter in the world. Quoting from Kontan (2022, May 6), The impact of this export ban caused world CPO prices to record an all-time high on May 1, 2022, at a level of 7,105 Malaysian ringgit per tonne.

In Islamic economics, the price intervention policy is known as *tas'ir* (Baharuddin, 2017). The law of *tas'ir* has been widely discussed by jurists and has given rise to various opinions. Syafiiyah madzhab scholars say that the government has no right to intervene in price fixing, even when prices are soaring. The reason is that intervention can limit business actors' ability to develop their businesses. Hanabilah madzhab scholars also agree with Syafiiyah's opinion by forbidding government intervention under any circumstances, whether in a situation where prices are declining or when prices are skyrocketing. The reason is because property is a personal right, which is the full right that must be owned by that person. Different

opinions came from the scholars of the Hanafiyah and Malikiyyah schools of thought. Both argue that the government is not always prohibited from intervening. At certain times, it is permissible to intervene for the purpose of realizing the public good. However, according to Hanafiyah, new interventions may be carried out after holding deliberations with experts in their fields. (Muharam, 2016).

Ibn Taimiyah also holds almost the same opinion as the Malikiyyah and Hanafiyah scholars (Willya, 2013). Ibn Taimiyah (1976) divides government intervention into two categories: obligatory and unlawful. If business actors engage in arbitrary price fixing actions that result in losses to the larger community and only unilateral gains, legal intervention is required. Thus, if something like this happens, intervention must be carried out to realize the public benefit. According to Ibn Taimiyah (1976), business actors who commit violations by not complying with the pricing rules imposed by the government with the aim of public benefit can be subject to sanctions.

Ibn Taimiyah is a scholar who discusses many economic issues from an Islamic perspective. He has clear and applicable ideas regarding price issues. In his book *al-Hisbah fi al-Islam*, Ibn Taimiyah talks in depth about the things that happen in the market, such as how the market works and when sellers and buyers break the rules of muamalah. In-depth and systematic discussions are given on issues that can change from fair pricing, fair profits, fair compensation, fair wages, and price control (Anita, 2020). Based on the background provided, the author is interested in analyzing Indonesian policies for controlling the price of cooking oil by looking at Ibn Taimiyah's views on market mechanisms and price intervention.

LITERATURE REVIEW

Profil Ibnu Taimiyah

Ibn Taimiyah was born on January 22, 1263 AD, in the city of Harran, Turkey, with the full name Abul Abbas Taqiyuddin Ahmad bin Abdul Halim bin Abdus Salam bin Abdullah bin Taimiyah al Harrani (Gibb et al., 2001). Ibn Taimiyah was born and grew up in a family of large scholars, whose school was Imam Hambali. He spent much of his life in Egypt and Syria, where the two cities became centers of scientific development during the Mamluk dynasty. Living in an environment that is conducive to learning makes him master various scientific fields, including philosophy, interpretation, hadith, fiqh, and mathematics (Karim, 2012).

He is known as a radical reformer who always criticizes social and political conditions and the stagnation in the development of Islamic teachings that are happening around him (Rama, 2010). Because of his thoughts against the government at that time, he was considered dangerous, which landed him in prison four times. While in prison, he spent much of his time writing and teaching. With his thoughts, which are considered revolutionary and reforming, as well as his *ijtihad* in the field of *muamalah*, he has made his name increasingly famous throughout the world. Ibn Taimiyah breathed his last in the prison city of Damascus on September 26, 1328 (Islahi, 1997).

Many of his economic thoughts are found in several of his works, such as *Majmu' Fatawa Shaykh Al-Islam*, *As-Siyasah Asy-Syar'iyyah fi Ishlah Ar-Ra'l wa ArRa'iyah*, and *Al-Hisbah fi Al-Islam*. (Fasiha, 2017). In addition, Ibn Taimiyah also wrote books of up to 300 volumes, including the *Fatwa of Ibn Taimiyah*, *al-Jawab Al-Sahih li Man Baddala Din Al-Masih*, *Iqtifa Al-Sirat Al-Mustaqim wa Mukhalaf as-Hab Al-jalum*, *Sarim Al-Maslul Al-Syatim Al-Rasul*, and several other books in *fiqh*. Ibn Taimiyah combines aspects of philosophy, religion, ethics, sociology, and economics in his various thoughts (Fasiha, 2017). On this occasion, the main focus being studied is the concept of market mechanisms and price regulation.

Ibn Taimiyah's Thoughts About the Concept of Price

Rasulullah SAW's colleagues complained after he addressed the reality of trading commodities, which tend to rise and burden consumers in meeting their daily needs. In a hadith narrated by Imam Abu Dawud Rasulullah SAW, the following is said:

From Anas ibn Malik ra.: When trade commodity prices went up during the time of Rasulullah SAW, friends complained to him, saying, "O Messenger of Allah, the price of goods is getting expensive, so set a benchmark price for us." Then Rasulullah SAW responded: Indeed, Allah determines the price (substance), who holds back and distributes sustenance, and indeed I hope to meet Allah SWT in the condition that none of you sue me because of tyranny, which causes bloodshed and wealth.

The hadith above, when interpreted textually, means that the Prophet did not seem to care about what the people of the city of Medina experienced when they experienced life difficulties because the prices of basic necessities tended to rise and their purchasing power was out of reach (Muharam, 2016). Ibn Taimiyah (1976) explains the Prophet Muhammad's refusal to regulate prices as follows: *"These are*

exceptional circumstances, not the general norm". This is not a report stating that one may not sell or do anything necessary or charge a price that exceeds the commensurate consideration. Prices rose, he claimed, due to market strength rather than market weakness. When there is a shortage, for example, a decrease in supply is related to a decrease in output, not hoarding or hiding supplies.

Rasulullah saw himself as setting a fair price in the event of a dispute between two people, according to Ibn Taimiyah (1976). He gave an example: in the case of freeing slaves, Rasulullah SAW ordered that the fair price of the slave be considered without any addition or reduction, everyone must be given a share, and the slave must be freed. In other cases, when there is a dispute between two people, one party may own a tree that grows on the other person's land. The landowner found traces of the tree owner's footsteps on his land, which he felt disturbed him. He inquired about Rasulullah SAW's problem. Then Rasulullah ordered the tree owner to sell the tree to the landowner and receive fair compensation. The owner of the tree apparently did not heed the prophet's orders. Then, Rasulullah SAW allowed the owner of the land to cut down the tree, and he compensated the owner of the tree.

Ibnu Taimiyah (1976) argues that if fixing prices to meet the needs of only one person is acceptable, then it would certainly be more logical if the same thing was done to meet public needs for food, clothing, and housing products, because public needs are far more important than individual needs. Ibn Taimiyah stated that one of the reasons why the Prophet refused to set prices was because *"at that time there was no group that specifically became traders in Medina. Merchants and sellers are the same person. No one can be forced to sell something because the seller cannot be specifically identified. To whom will the price fixing be forced?"* That is why price fixing is only possible if it is clearly known that there are groups that are manipulating trade, resulting in price increases. The ambiguity of conditions like this leaves no reasons that can be used to set prices. According to Ibn Taimiyah, the goods sold in Medina were partly imported. However, control is exercised over these goods, which will be able to cause a shortage of supply and exacerbate the situation. As a result, the Prophet Muhammad praised imports, saying, *"A person who brings goods required for daily life, anyone who hinders him is strictly prohibited"*.

From the description above, it is clear that price fixing is recommended if stockholders or intermediaries in the area are trying to raise prices. If all needs depend on imported supplies, it is feared that price fixing will stop these import activities.

Therefore, it is better not to fix prices but to let the population increase the supply of needed commodities so that it benefits both parties. By not implementing import restrictions, it is expected to increase supply and reduce prices (Anita, 2019).

Ibn Taimiyah's Thoughts About Price Regulation

The purpose of price regulation is to uphold justice and meet the basic needs of society (Anita, 2019). Ibnu Taimiyah (1976) distinguishes two types of pricing: unfair and legally flawed pricing and fair and legal pricing. The application of unfair and legally flawed prices is called "price fixing," which is carried out when price increases occur as a result of free market competition, namely a scarcity of supply or an increase in demand (al-Foul & Soliman, 2006).

Ibn Taimiyah (1976) allows price regulation in certain circumstances. At first glance, his opinion contradicts the attitude of the Prophet, who rejected price regulation. However, in fact, Ibn Taimiyah describes the hadith of the Prophet, namely, that prices should occur willingly when supply meets demand. According to Ibn Taimiyah, the purpose of price regulation is to uphold justice and meet the basic needs of society. Even though he never explicitly used the term "competition," some of Ibn Taimiyah's writings hint at his clear view of the conditions of perfect competition and his position when discussing market functions. (Amri & Ramdani, 2020). For example, he stated that forcing people to sell their wares without any basis obliging or prohibiting them from selling permissible goods is forbidden tyranny.

This statement indicates that people have complete freedom to enter or exit the market. Ibnu Taimiyah supports the elimination of various monopolistic elements from the market; therefore, he opposes all forms of collusion that occur between professionals, trading groups, buyers, or other certain parties (Anita, 2019). It condemns product counterfeiting as well as fraud and fraud in advertising and, at the same time, supports product homogeneity and standardization (Hakim, 2016). It has a clear concept of good behavior and an orderly market, with knowledge, honesty, fair play, and freedom of choice as basic elements. The purpose of the normal ways (fair), traders should sell their wares in a fair and in accordance with the market rules, without any unjust actions or dishonesty of a merchant (Musaddad et al., 2022).

Therefore, in this regard, Ibn Taimiyah (1976) requires public authorities to intervene in prices, but with the following conditions:

1. Producers do not want to sell their goods except at a higher price than the general market price, even though consumers really need these goods. In this situation, the government can force producers to sell their goods and intervene to regulate fair prices.
2. Producers offer prices that are too high according to consumers, while consumers ask for prices that are too low according to producers. In this condition, the government must intervene in prices by encouraging consumers and producers to consult to determine prices, which is preceded by investigative actions on demand, supply, production costs, and so on. Furthermore, the government sets the price as the prevailing price.
3. Service owners, such as workers, refuse to work unless the price is higher than the prevailing market price, even though the community needs these services. Under these circumstances, the government can set a fair price and force service owners to provide their services.
4. When the state is in a state of emergency due to a natural disaster, famine, war, and so on. He further argues that forcing someone to sell their wares without a clear reason is something that is prohibited. However, if the reason is like the things above (all the conditions mentioned above), then this action can be justified.

Other important things that must be considered in setting prices are: first, in setting prices, a distinction must be made between local traders who have goods in stock and suppliers of these goods. In this case, suppliers may not be subject to this policy. However, they can be asked to sell their merchandise just like any other supplier. Price fixing will have an adverse impact on the supply of imported goods, when in fact there is no need to control the price of goods locally because it will be detrimental to buyers. Second, prioritizing deliberation Although in some cases it is permissible to control prices, in all cases it is necessary to involve the government in setting prices. They may do so after negotiating, discussing, and consulting with interested communities. According to him, state leaders must hold discussions with market representatives. However, if there are other parties wishing to attend the deliberation, that is also permissible, because additional information from them is also required. After conducting negotiations and investigations regarding the sale and purchase implementation, the government persuasively offered a price fix that was

supported by the deliberation participants. So, all of them have to agree with that. And these prices may not be set without their approval and permission (Anita, 2019).

To explain the purpose of the idea of forming a commission for consultation, he quotes the opinion of another fiqh expert, Abul Walid, who stated: "The logic behind this provision is to seek benefit, and in that way, it is hoped that it will bring profit and satisfaction to the sellers and not disappoint buyers." On the other hand, if prices are forced without the consent of the sellers and make them unable to make a profit, then fixing such prices is a crime, which will result in the stock of daily necessities disappearing and the people's goods being destroyed (Anita, 2019).

Ibn Taimiyah emphasized that it is clear that the disadvantages and dangers of arbitrary price fixing will not gain popular support. For example, a black market will emerge or there will be manipulation of the quality of goods sold at the set price level. There is no doubt, then, that this threat must be mitigated, if not entirely eliminated. Price fixing needs to be done by mutual deliberation and is created out of a sense of moral obligation and service to the public interest. Thus, the price intervention version of Ibn Taimiyah is set when supply meets demand, so that in fact this market intervention will actually return the price to its original equilibrium price. Therefore, Islamic market intervention will not cause excess supply or excess demand (Asmuni, 2005).

Ibn Taimiyah has a clear understanding of how, in a free market, prices are determined by the forces of supply and demand. He stated that rising and falling prices were not always caused by the tyranny of certain people. Sometimes, this is due to production shortages or decreased imports of demanded goods. Therefore, when demand goes up and supply goes down, prices go up. On the other hand, if the supply of goods increases and the demand for them decreases, prices also fall; this scarcity or abundance is not caused by the actions of certain people. It could be caused by something that does not contain tyranny, or sometimes it can also be caused by tyranny. Hi, this is the almighty God who has created a desire in the human heart (Anita, 2019).

Ibnu Taimiyah (1963) defines several factors that affect demand and their consequences for prices, including:

1. People's desire (raghbah) for various types of goods that are different and always changing This variation is determined by the rarity of the items

requested. The public will be more interested in an item if there are fewer of them available.

2. The number of enthusiasts for an item. If the number of people who want an item increases, the price of the item will increase, and vice versa.
3. Weak or strong need for an item as well as the big or small level and size of the need. If the need is big and strong, the price will go up. Conversely, if the demand is small and weak, the price will fall.
4. Buyer quality. If the buyer is someone who is rich and trusted with paying debts, the price given is lower. On the other hand, the price given is higher if the buyer is a bankrupt person who likes to procrastinate on debt payments and avoids debt.
5. The type of money used in the transaction. The price will be lower if the payment is made using a commonly used currency rather than an infrequently used currency.
6. The purpose of the transaction requires reciprocal ownership (mutual benefit) between the two parties. This is because in a transaction involving reciprocal ownership, both parties have the same interest in the goods or services being traded, so they can affect prices in economic transactions by creating balance and fairness.
7. The size of the costs to be incurred by producers or sellers. The greater the costs required by producers or sellers to produce or obtain goods, the higher the price given, and vice versa.

RESEARCH METHODS

The method used in this research is the descriptive-qualitative method. The approach is in the form of literature study research, namely using various sources of literature as a source of research data obtained from various sources, both online and offline, such as journal articles, books, and websites. Data about the thoughts of Ibnu Taimiyyah in economic terms, especially in terms of prices and market mechanisms traced in his *Al-Hisbah Fi Al-Islam* and serve as the primary data. While the data related to this study traced the secondary sources and studies earlier in the works of scholars, researchers and historians who wrote about Ibnu Taimiyyah. After a successful data are collected, grouped, categorized and analyzed carefully. The data were then analyzed descriptively with the aim of analyzing the policy of controlling the

price of cooking oil in Indonesia based on a study of Ibnu Taimiyah's thoughts. The content analysis method was used in this study to analyze message content and process it on data or facts compiled from various data, both primary and secondary, that are relevant to the discussion or topic in order to obtain written data and information that is related to or related to the problem raised (Regiani & Dewi, 2021). Then conclusions are drawn through efforts to bring out the characteristics of the message, which are carried out logically, critically, objectively, and systematically (Suryanto & Sutinah, 2007).

RESULTS AND DISCUSSION

Palm Cooking Oil Industry and Trade

Palm cooking oil is a derivative product of palm oil, where the main raw material is crude palm oil, or CPO (Crude Palm Oil) (Damarani et al., 2019). Strong domestic and international demand for palm cooking oil is an indication of the important role of palm oil in the nation's economy. The need for MGS continues to increase from year to year in line with the increasing population, the development of factories and the food industry, and the increasing public consumption of cooking oil. Cooking oil factories in Indonesia have developed in 13 provinces. The largest area is in Sumatra, followed by Java, Sulawesi, and Kalimantan. The five largest provinces are North Sumatra (30.46%), Riau (24.83%), DKI Jakarta (13.01%), East Java (9.62%), and South Sumatra (7.18%) (Sunarta, 2010).

The cooking oil that is generally consumed in Indonesia is produced from crude palm oil (CPO) (Ministry of Trade of the Republic of Indonesia, n.d.). The price of CPO in Indonesia uses the benchmark auction price set by PT. Kharisma Great Marketing Archipelago (KPBN) Dumai, which is a subsidiary of PT. Archipelago Plantation. KPBN auction prices are directly correlated with CPO prices on the international market. Therefore, international CPO prices directly affect cooking oil prices in Indonesia (CIPS, 2022).

In the last two decades, the Indonesian palm oil industry has developed quite rapidly. The palm oil agro-industry system in Indonesia is increasingly developing because it is influenced by mutually competitive industrial conditions. In its development, the palm oil agro-industry system has experienced various changes in strategies that demand the continuity of the efficiency and operational effectiveness of the system. One strategy to create efficiency and effectiveness in the palm oil agro-

industry in Indonesia is to implement a vertical integration system so that all existing systems and sub-systems in the palm oil agro-industry can run integrated and interrelated so that it will create a business unit or work unit that runs efficiently. In the pattern of ownership and exploitation of palm oil in Indonesia, there are cooking oil companies that are integrated with CPO plantations, and there are also cooking oil companies that are not integrated with CPO plantations. In Indonesia, the characteristics of the cooking oil industry are that as much as 32% are not integrated, while the remaining 66% are (Sunarta, 2010).

Cooking Oil Price Control Policy in Indonesia

Throughout 2021, the price of CPO on the international market increased significantly by 36.3% compared to 2020 (Majalah Sawit Indonesia, 2022). At the end of January 2022, the CPO price increase reached IDR 15,000/kg and became the highest price ever recorded in history, as reported by Sawit Indonesia (2022). The increase in the price of CPO on the international market has contributed to the increase in the price of cooking oil on the domestic market. As a basic need, the increase in cooking oil caused turmoil in society. This turmoil becomes an irony in light of the fact that Indonesia is the world's largest producer of CPO. According to the records of the Center for Indonesian Policy Studies (CIPS), there has been an increase in the price of cooking oil of 56% between March and December 2021, and the price had reached IDR 20,667 per liter in December (CIPS, 2022).

According to Abdullah et al. (2022), there are at least four main factors that trigger an increase in CPO prices throughout 2021. *First*, there has been a decrease in CPO production in producing countries due to COVID-19 and weather disturbances. For example, Indonesia produced 46.88 million tons of CPO in 2021, which is 0.31% less than the 47.03 million tons it produced in 2020 (GAPKI, 2022). *Second*, the demand for CPO has increased both from the domestic market and the export market. Domestic demand for palm oil alone has increased by 6%, from 17.34 million metric tons in 2020 to 18.42 million metric tons in 2021 (GAPKI, 2022). *Third*, there is an increase in the price of energy commodities such as crude oil, gas, and coal. Coal rose fantastically with an increase of 110.28%, natural gas strengthened 55.45%, and oil strengthened 50.89% for the WTI type and 47.40% for the Brent type (Andrianto, 2021). This is due to the demand for energy after the opening of strict restrictions in many countries. This encourages the substitution of fossil energy with energy sources

derived from biofuels. Fourth, the phenomenon of the commodity supercycle after the COVID-19 pandemic has caused speculation in the commodity market, including the CPO market. The massive fiscal stimulus launched by various countries during the pandemic caused an increase in the money supply, thereby triggering an increase in inflation. Inflation in the United States jumped 7%, which is the highest level since June 1982 (Bureau of Economic Analysis, 2022).

Some of the cooking oil price stabilization policies that have been taken by the government include the cooking oil subsidy policy, a CPO export moratorium, and control of the upstream (input) side in the form of Domestic Market Obligation (DMO) and Domestic Price Obligation (DPO) policies.

1. Subsidy Policy

The government has implemented a cooking oil subsidy policy for the public at a price of IDR 14,000 per liter at the consumer level, which applies throughout Indonesia starting January 19, 2022 (Coordinating Ministry for Economic Affairs, 2022). This policy is contained in Permendag Number 01 of 20221 and Permendag Number 03 of 2022. The implementation of this policy is planned to last for six months. In this case, the government has provided 1.2 billion liters of cooking oil, which requires a budget of IDR 3.6 trillion to cover the price difference. The distribution will also be carried out through retailers in people's markets, modern markets, and e-commerce. Then, if a trader fixes the price of subsidized cooking oil above IDR 14,000 per liter, consumers can protest. Therefore, the price of the subsidized cooking oil is planned to be labeled. To purchase it, people from all walks of life are entitled to this subsidized cooking oil. Prior to this subsidy policy, based on information reported on the website of the Ministry of Trade (Kemendag), as of January 3, 2022, the price of bulk cooking oil was IDR 17,900 per liter, simple packaged cooking oil was IDR 18,500 per liter, and premium cooking oil was IDR 20,300 per liter. The cooking oil subsidy is officially discontinued on June 1, 2022, after 5 months of operation.

2. CPO Export Moratorium

The Ministry of Trade (Kemendag) issued an official regulation banning the export of crude palm oil and cooking oil raw materials as well as cooking oil. This policy takes effect on Thursday, April 28, 2022. This rule is stated in the Regulation of the Minister of Trade (Permendag) Number 22 of 2022

concerning the Temporary Prohibition on the Export of Crude Palm Oil, Refined, Bleached, and Deodorized Palm Oil, Refined, Bleached, and Deodorized Palm Olein, and Used Cooking Oil. Under that rule, the Ministry of Trade will also impose sanctions on exporters who violate the provisions of the legislation. However, this policy is an exception for CPO, Refined, Bleached, and Deodorized Palm Oil (RBD Palm Oil), Refined, Bleached, and Deodorized Palm Olein (RBD Palm Olein), and Used Cooking Oil (UCO), which have received a registration number for an export customs notification no later than 27 Exports can still be made in April 2022. After one month, the government revoked the moratorium policy on palm oil and its derivatives, starting May 23, 2022. The decision to revoke was taken after seeing that the supply of bulk cooking oil in the country was sufficient. In addition, it also considered that 17 million workers in the palm oil industry, which includes farmers, workers, and other support workers, have been affected by the policy of banning the export of cooking oil.

3. Domestic Market Obligation (DMO) and Domestic Price Obligation (DPO)

On Thursday, March 10, 2022, the government implemented a policy of increasing the DMO, which was initially only 20%, to 30%. This stipulation is contained in the Decree of the Minister of Trade of the Republic of Indonesia, Number 170 of 2022. The DMO policy is a rule that requires all cooking oil producers to allocate a certain amount of their production for domestic needs. In addition to the DMO, the government also implemented a palm oil DPO policy. The DPO is the selling price of domestic palm oil, which has been regulated in the Decree of the Minister of Trade of the Republic of Indonesia, number 129 of 2022. It is stated that the price of palm oil is IDR 9,300 per kg, which includes the value of VAT. This decision was made so that palm oil producers could sell their products to cooking oil producers at that figure. So, producers can later sell oil to the public at a price of IDR 14,000 per liter. These two policies were implemented to provide guarantees for raw material stocks for cooking oil in the country, making cooking oil prices more affordable to the general public.

Discussion

Ibn Taimiyah's thoughts regarding price regulation have contributed a lot to the economic development of a country, especially in the field of microeconomics. With

this concept, the government can get clear instructions on how to regulate public policy, including what should be done and what should be abandoned. Seeing the government's price control policy towards rising prices for palm cooking oil is relevant to the thoughts of Ibn Taimiyah, who actually disagrees with price intervention but, under certain conditions, allows intervention. In response to the scarcity of cooking oil, which caused soaring prices, the government implemented a policy of providing subsidies to the poor. This policy is a form of the government's real effort to support the provision of affordable food for the community, especially the poor. Apart from that, it also simultaneously stabilizes the price of cooking oil in the country. The subsidy is not taken directly from APBN funds but is channeled through the Palm Oil Plantation Fund Management Agency (BPDPKS), which has so far managed funds from palm oil exports. BPDPKS is an institution that is a non-echelon organizational unit in the field of managing the Oil Palm Plantation Fund and is under and responsible to the Minister of Finance through the Directorate General of the State Treasury (Rahayu, 2022).

Ibn Taimiyah (1976) classifies intervention into two categories: obligatory and unlawful. Intervention is subject to mandatory punishment when business actors make arbitrary price fixes. There are people who are not responsible for playing with prices and hoarding cooking oil, which causes goods to become scarce in society, so the perpetrators must be given sanctions. It has a clear concept of good behavior and an orderly market, with knowledge, honesty, fair play, and freedom of choice as basic elements. Therefore, in this regard, Ibnu Taimiyah requires public authorities, namely the government, to intervene in prices. Thus, intervention may be carried out as long as it is for the public good. In this case, ibn Taimiyah gives an overview of the basic principles for eliminating tyranny. He said, *"If the complete eradication of injustice is not possible, one must try to eliminate as much as possible."* Therefore, if acts of arbitrariness cannot be prevented and, on the other hand, these actions cause harm to the general public, then price regulation is unavoidable (Anita, 2020).

To maintain the stability of domestic cooking oil prices, the government has also imposed a ban on producers exporting CPO and its derivative products. When there is a shortage of goods in the domestic market, this policy is a form of the government's responsibility to prioritize national interests. In this case, producers seek to maximize profits by taking advantage of the momentum of rising prices by prioritizing sales abroad because they are more profitable than selling domestically. If viewed from Ibn Taimiyah's point of view, if there are sellers who do not want to sell their wares except

at a high price, while on the other hand, the people really need these goods, the government is allowed to intervene by ordering producers to sell their wares at a fair price. In addition, it can also regulate the distribution of goods so that the community closest to the source of production gets top priority in obtaining goods (Taimiyah, 1976).

However, the implementation of the ban on the export of CPO and its derivative products has resulted in several problems: First, it is impossible for the excess supply of CPO, which has been absorbed in the export market, to be absorbed in the domestic market. The excess supply of CPO causes a decrease in the price of fresh fruit bunches (FFB). This unilateral decrease in the price of FFB causes losses to farmers. Second, the export ban has caused palm oil entrepreneurs to stop buying palm fruit from farmers because the tanks in the CPO-processed plantations are full and must be stored due to the absence of buyers. The cessation of activities in the palm oil industry will reduce the absorption of workers because CPO is a labor-intensive agricultural commodity. Third, due to the export ban, demand for CPO has shifted to competing countries. Indonesia's competitor in the world CPO market is Malaysia, which is the world's second-largest CPO exporter with a contribution of 26% of the world's CPO export value in 2020 (OEC World, 2020). Compared to Indonesia, Malaysia only accounts for 60% of the value of Indonesia's CPO exports and will reap greater profits if the faucet for exporting CPO from Indonesia is closed (Sari, 2022).

Because the implementation was ineffective and caused a lot of losses, and after discussions with the stakeholders involved, the government finally lifted the export ban policy and replaced it with a policy of implementing domestic market obligations (DMO) and domestic price obligations (DPO). This policy was put in place to ensure a steady supply of raw materials for cooking oil in the country, making cooking oil more affordable to the general public. In Ibnu Taimiyah's view, deliberations with stakeholders should be carried out before the policy is implemented, not after. The government may intervene in prices and limit sales after conducting negotiations, discussions, and consultations with interested communities. According to him, state leaders must hold deliberations with market representatives (Anita, 2020). In addition, if there are other parties who wish to attend the deliberation, they are also welcome because additional information from them is also needed. After conducting negotiations and investigations regarding the sale and purchase implementation, the government persuasively offered a price fix that was supported by the deliberation

participants. So, all of them have to agree with that. And these prices may not be set without their approval and permission.

Permendag Number 30 of 2022 stipulates that exporters must have an Export Approval (PE) document as a condition for exporting CPO and its derivative products in accordance with those regulated in the Permendag. PE's validity period is six months. There are three requirements that must be met to obtain a PE. First, exporters must have evidence of the distribution of domestic needs (DMO) at domestic selling prices (DPO) to bulk cooking oil producers. Second, evidence of the implementation of the distribution of DMO bulk cooking oil with DPO to retail logistics service business actors and the purchase of CPO without using DPO. Third, evidence of the implementation of DMO distribution by other producers, which was preceded by cooperation between exporters and producers implementing DMO distribution, was submitted through the Indonesia National Single Window (INSW) in the form of electronic data elements for business registration numbers and company names. Exporters who do not comply with the provisions will be given sanctions, including administrative sanctions in the form of electronic warnings in the Indonesia National Single Window (SINSW) system, PE freezing, and PE revocation.

If viewed from the perspective of Ibn Taimiyah, if there is market distortion caused by irresponsible persons who play price games and hoard cooking oil, then the government is allowed to make price fixing (intervention). But the government's policy is not to fix prices with certainty but only to make efforts to normalize prices by imposing export restrictions and purchasing restrictions. In addition, it also supervises and imposes sanctions on producers and traders who carry out hoarding and price games. Recently, police found tens of thousands of liters of fried oil accumulated, about 2,000 cartons or 24,000 liters, in Banten and Palu (Patnistik, 2022). Then Attorney General's Office of Indonesia arrested four oil-fried mafias. One of the suspects is a senior official of the Ministry of Commerce, and the other three are big bosses of palm oil and fried oil raw material producers (Patnistik, 2022; Waseso & Laoli, 2022). This phenomenon confirms that the fried oil mafia is real and exists.

Permendag Number 49 of 2022 about the Management of the People's Cooking Oil Program lists some of the things the government does to keep an eye on producers and traders, such as:

1. Setting the highest retail price for people's cooking oil in order to prevent hoarding and price manipulation by traders. The government also stipulates sanctions for traders who do not comply with the HET.
2. Carry out raids on traders who carry out hoarding and price games and impose strict sanctions in the form of fines and revocation of business licenses.
3. Activate the integrated supervision team for the management of people's cooking oil to keep an eye on how cooking oil is sold and how much it costs in the field.
4. Encourage the general public to report traders who are hoarding and manipulating prices via the government-provided hotline.

All of these things are done to make sure that cooking oil is available on the market at a stable price and to protect consumers from bad business practices.

CONCLUSION

The increase in the price of CPO on the international market has contributed to the increase in the price of cooking oil on the domestic market. As a basic need, the increase in cooking oil caused turmoil in society. For this reason, the government, as the authority, has the authority to intervene by making several policies to control prices and overcome the scarcity of cooking oil. Several policies to stabilize cooking oil prices that have been taken by the government include the cooking oil subsidy policy, a CPO export moratorium, and the Domestic Market Obligation (DMO) and Domestic Price Obligation (DPO) policies. Judging from Ibn Taimiyah's thoughts on price regulation, the government's policy of providing cooking oil subsidies to the less fortunate and setting the lowest retail price (HET) is permissible because there are conditions where producers do not want to sell their goods except at a price higher than the general market price, even though consumers very much need this item. For the CPO export moratorium policy, there was negligence on the part of the government because in the process it did not consult with palm oil producers in advance, resulting in many losses for entrepreneurs, smallholders, and workers in the oil palm plantation sector. According to Ibnu Taimiyah, the government may intervene in prices and limit sales after conducting negotiations, discussions, and consultations with interested communities. State leaders must hold consultations with representatives from the market.

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