

ABSTRACT

The European Union (EU) relies heavily on coconut oil imports from Southeast Asia for food manufacturing, cosmetics, and oleochemical applications. However, access to this market is increasingly restricted by strict regulatory requirements, including mandatory food safety standards (HACCP and contaminant limits), voluntary sustainability certifications, and due diligence obligations under the EU Deforestation Regulation (EUDR, Regulation EU 2023/1115). This study examines how coconut oil supply chains in Indonesia and Vietnam adapt to these evolving EU regulations and assesses the resulting impact on market access and export competitiveness. Using a qualitative dominant research design supported by secondary statistical context, the study combines regulatory document analysis, secondary trade and production data from FAOSTAT and CBI, and primary qualitative evidence from an in depth interview with Heaven Coconut Global, an Indonesian exporter. The findings show that smallholder fragmentation in Indonesia (producing 646,000 tonnes in 2023) and Vietnam (producing 182,000 tonnes in 2023) remains the primary structural obstacle to meeting EUDR plot level traceability and sustainability standards. Evidence from Heaven Coconut Global highlights a clear operational gap among small and medium exporters, characterized by basic batch level tracking, early stage EUDR awareness, and heavy reliance on processing partners. Furthermore, as EU demand shifts toward processed and value added coconut oil, rising from 33% of imports in 2019 to 46% in 2023, traceability and sustainability compliance have become essential conditions for securing premium market share. The study recommends phased digital traceability adoption for exporters, national coconut sustainability platforms and smallholder extension services for governments, and flexible compliance pathways from EU regulators.

Keywords: Coconut Oil, Supply Chain Compliance, EU Deforestation Regulation (EUDR), Traceability, Sustainability Standards, Indonesia, Vietnam.