



Rice Procurement Policy During The SBY-Boediono Administration

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Abstract

This study is explored about rice procurement during the SBY-Boediono administration in Indonesia. The focus discusses what caused the SBY-Boediono government to issue a rice procurement policy. The findings of this study include, among other things, three important reasons for the government to issue this policy. First, the prevalence of land conversion in Indonesia; Second, the minimal role of Bulog in absorbing rice from peasants; Third, the phenomenon of rice imports every year. The method used is the descriptive method

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INTRODUCTION

Indonesia is a country with the highest level of biodiversity in the world after Brazil. Indonesia has high rainfall so that many plants can live and grow well. Many types of food are produced in this country which illustrates that Indonesia is an agricultural country. Indonesia is an agricultural country because most of Indonesia's population lives in agriculture or farming. Based on the fact that the country has more than 31 million ha of land ready for planting. Agriculture in Indonesia produces various export commodities, including rice, corn, soybeans, vegetables, chilies, sweet potatoes, and cassava.

According to Law No. 18 of 2012 concerning Food in Article 1, food is anything that comes from biological sources of an agricultural, plantation, forestry, fishery, animal husbandry, water, and water products, both processed and unprocessed, intended as food or drinks for human consumption, including food additives, food raw materials, and other materials used in the process of preparing, processing, and making food or drinks. The availability of quality food and suitability for consumption is the main thing that the state must regulate for the life of its nation because food determines the fate of a nation.

Adequate food nutrition is a fundamental and essential right for life, as seen in the UN Declaration of Human Rights, the UN Declaration of Human Rights, and the UN Covenant on Economic, Social, and Cultural Rights. It has happened that the World Food Summit reaffirmed the Right to Food and the elimination of hunger and food security in

Rome in 1996. (Delforge, 2005). Of the total population of Indonesia with a population of 252.2 million in 2014, the level of rice consumption reached 239.6 million people or about 95%, meaning that 95% of households in Indonesia consume rice from a total population of 252.2 million people. Of course, it varies from one area to another. Indonesia is the largest rice consumer globally, with rice consumption reaching 139.15 kg per capita/year and as is known, about 80% of carbohydrate needs come from rice.

Considering Indonesia's population consumes large quantities of rice. Given the risks of becoming an importer of rice when food prices rise (which burdens poor households as they spend more than half of their total expenditure on foodstuffs), Indonesia aprioritizes achieving rice self-sufficiency. This country has the intention to become a rice exporter. The Indonesian government announced its plan to allocate more of the state budget, resulting from reducing state fuel subsidies, for infrastructure development in the agricultural sector.

Rice has a strategic role in strengthening food security, economic security, and national political security/stability. For the Indonesian people and countries in Asia, rice is not just a portion of food or economic commodity but has become a political and security commodity. Most Indonesians still want a stable supply and price of rice, available at all times, evenly distributed, and at an affordable price. This condition shows that rice is still a strategic commodity politically by the government. Rice has a vital role in the lives of Indonesian people from the economic, labor, environmental, social, cultural, and political aspects. The problem of rice is not a simple matter, and it is susceptible, so it must be handled carefully.

Mistakes made in rice policy will impact the condition of national rice and various other related fields. Rice can be a food commodity that has received the most attention at academic and political levels, starting from the production system, distribution, export and import trade, price disparities, public consumption patterns, regional development dynamics, and stuff. The government needs to periodically issue a rice policy, although it focuses more on price policy, specifically the determination of the government purchase price (HPP). This study discusses the reasons why the SBY-Boediono government issued a policy for rice procurement in Indonesia.

RESEARCH METHODS

This research is descriptive—the Collecting data using field research techniques. For data analysis uses qualitative analysis.

RESULTS AND DISCUSSION

Reasons for SBY-Boediono Government to Issue Rice Procurement Policy

The SBY-Boediono government issued several rice procurement policies. The central policies are basically to create economic and political stability in Indonesia, such as Law no. 41 of 2009, Law no. 18 of 2012, Presidential Instruction No. 7 of 2009, Presidential Instruction No. 3 of 2012, and stuff. There are several reasons why the SBY-Boediono government issued a policy to procure rice in Indonesia.

First, an explosion of land conversion in Indonesia and land is significant in agricultural development. As an agricultural country with the highest absorption of labor compared to other economic sectors, the agricultural sector is one of the cornerstones of national development, especially in providing food. The local food supply is the foundation for the national food supply. However, along with the increase in population, increasing economic activity, and increasing food demand, efforts to achieve national

food security in the future will become increasingly difficult. Moreover, it is supported by the fact that the local food supply has not met national food demand due to the increase in demand and the rise and fall of national food production and productivity. In other words, food production is strongly influenced by the climate, plus at that time, the agricultural sector was faced with uncertain climate phenomena due to climate change.

In recent years, agricultural land has been eroded by human economic activities, especially for settlements, infrastructure development (roads, dams, and stuff.), or industry. The ongoing development has caused much agricultural land to be converted to non-agricultural functions. Land conversion is increasingly massive in urban areas. In line with what a staff member of the Political Division of the Indonesian Peasants Union said.

"I see production issues are still the main problem in this case. Availability of agricultural land threatened by massive land conversion practices." (Interview Mujahid Widian Saragih)

During 2000-2002, the conversion area of paddy fields intended for non-agricultural activities such as residential areas, industry, offices, roads, and other public facilities averaged 110.16 thousand hectares per year. Nationally, the conversion of paddy fields to non-agricultural uses is mainly allocated for housing development with a share of 48.96 percent. The second position is occupied by constructing roads and other public facilities by 28.29 percent. The conversion of paddy fields to housing developments is extensive on the island of Java, which is 32.68 thousand hectares or equivalent to 74.96 percent, while outside Java, it is 21.25 thousand hectares per year or 31.92 percent. On the other hand, land conversion intended for other activities is much larger outside Java, reaching 29.01 thousand hectares per year or equivalent to 43.59 percent, while in Java, it is only 2.15 thousand hectares per year or 4.93 percent.

The high price of land is one of the factors that trigger peasants to release their land ownership to investors for conversion. Means economic motives are the leading cause of land conversion. The peasants themselves use the proceeds from the sale of their land for various purposes, such as going to Mecca to perform the pilgrimage, inheritance, buying new land in areas far from urban areas, school fees for children due to higher education costs. As a result, this situation causes the ability of agricultural land to meet the population's food needs is decreasing. If this is not followed up, there will be a decline in food production, especially rice. As a result, local food production capabilities are increasingly unable to meet the pressure of relatively high food demand, and then the government will import food commodities. The subsequent impact is the increasing government budget for importing food procurement or the expenditure of capital resources abroad (capital flight). Following the statement from Mr. Edi Nasution when interviewed at the Ministry of Agriculture's office regarding the reasons for Law Number 41 of 2009 concerning Sustainable Food Agricultural Land.

"Seeing the increasingly worrying condition of land conversion in Indonesia, the Government and People's Representative Council (DPR) passed Law No. 41 of 2009 concerning Sustainable Food Agricultural Land (LP2B). At the time of formulation, this law is expected to restrain the conversion rate of rice fields, especially rice fields with technical irrigation, to support national food security. In addition, the Government wants to have permanent agricultural land in the

context of providing food because it is explained that land included in the category of sustainable food agricultural land (LP2B) cannot be converted to other uses..” (Interview Edi Nasution)

Second, the bare minimum role of Bulog in absorbing rice from peasants. In carrying out rice procurement, operationally, Domestic Procurement activities are the activities of Perum Bulog, which have a dual role, namely securing the price of grain/rice at the producer (farmer) level and fertilizing stock to meet distribution needs. Procurement activities have a strategic role in Bulog's overall operations. The implementation of domestic procurement in terms of quantity and quality will significantly affect the activities of storage, stock distribution, grain/rice treatment, and distribution). In carrying out the procurement, Perum Bulog divides its activities into two. The first is PSO (Public Service Obligation), which serves the needs of the public or the community in Indonesia, and the second is commercial procurement.

In carrying out the PSO or Public Service Obligation, Bulog takes rice from peasants directly in various regions throughout Indonesia. After that, Bulog distributes rice from direct purchases from peasants according to the Government Purchase Price (HPP). Rice is purchased directly from peasants based on the Presidential Instruction using the Refraction table mechanism.

The second is by procuring commercial rice. Commercial rice is the procurement of rice through Procurement Partners (MKP). A procurement Partnership is a mutually beneficial working relationship between a company and work partners or other parties to support the achievement of the domestic grain/rice procurement target. Perum Bulog carries out the process of binding with the partnership with a procurement contract agreement. In this case, the partner company carries out the purchase process for the farmers directly, not from the State Logistics Agency (Bulog). Following a statement from Mr. Agung as Data and Information Analyst for the Field of Community Food Reserves, Food Security Agency of the Ministry of Agriculture.

“The procurement of rice in Indonesia during the reign of Pak SBY-Boediono was through the PSO or Public Service Obligation and the procurement of commercial rice. The PSO Bulog buys directly from the farmers by bringing the scales and refraction table. Perum Bulog only waits for rice from the partnership company for commercial procurement. So if there is rice procurement by way of import, Perum Bulog imports rice with partner companies that carry out transactions through this.” (Interview Agung)

Bulog only controls about 20% of the rice market share. At that time, Bulog did not have the power to determine the price of rice because they only controlled 20%-25% of the rice market share in Indonesia. On the other hand, rice entrepreneurs control 75% - 80% of the market share. This data was revealed based on the Business Competition Supervisory Commission (KPPU) investigation in the field. Bulog only holds a market share in rice procurement in Indonesia of around 20% based on the KPPU. Based on the above statement regarding the procurement of grain or rice in Indonesia, under what was said by Mr. Muhammad Ikhwan regarding the procurement of grain/rice in Indonesia.

“It is true that Bulog in the procurement of grain/rice in Indonesia still relies on work partners or private companies to procure grain/rice. It has been done because to avoid losses in this company. Perum Bulog absorbs rice instead of unhulled rice from private companies because if Bulog absorbs unhulled rice, it will cost more to process it into the rice (Interview Muhammad Ikhwan)”

With this, the SBY-Boediono government issued several policies such as Presidential Instruction No. 7 of 2009 and Presidential Instruction No. 3 of 2012 to maximize the absorption of grain/rice from peasants because, as a result of Bulog's performance, peasants suffered losses. Third, the phenomenon of rice imports every year. The era of the SBY-Boediono administration annually imports rice to meet rice stocks in Indonesia; also, the government at that time based the results of the AoA (Agreement of Agriculture) agreement on the world scope to import rice. At that time, the government aspired to be self-sufficient in food, whose success was measured by self-sufficiency in rice in Indonesia because rice is the leading food in Indonesia, which means there is much demand for rice from the community for consumption. Rice self-sufficiency is indicated by 90% of the demand for rice by the community is fulfilled. In line with what was said by Mr. Edi Nasution.

“In Indonesia, it is said it is self-sufficient in rice if 90% of the people's demands are met. (Interview Edi Nasution) The government is still using the food security paradigm in making food policies in Indonesia. The food security paradigm is to make the Indonesian people adequate in food, especially the staple food of the Indonesian people, namely rice, even though it is with an import policy. Several farmer organizations in Indonesia asked the government not to import food, especially rice, to harm peasants as producers through Food Sovereignty. After that, the government issued Law Number 18 of 2012 concerning food by adding the concept of Food Sovereignty; apart from that, Law Number 18 of 2012 is much more comprehensive than Law Number 7 of 1996 concerning Food”.

Concerning the problems, the community, especially peasants and the government, hoped that in the procurement of food, especially staple food in Indonesia, they would no longer import food, especially rice, especially with the issuance of Law Number 18 of 2012 concerning Food. However, in its implementation, the government is still importing rice even though Indonesia has a rice surplus.

“The issuance of Law 18 of 2012 concerning food is an effort by the government in dealing with food problems in Indonesia, one of which is rice. In 2014, the practice of importing main food ingredients from 2004 to 2014 tended to fluctuate. In 2004, rice imports amounted to 237 thousand tons, then the number of rice imports rose to 438 thousand tons in 2006 and reached 1.4 million tons in 2007. Although the volume of rice imports declined during the two years between 2008 and 2009, the import trend of rice rose again in 2010, 2011, and 2012 to 687 thousand tons, 2.7 million tons, and 1.9 million tons, respectively. Furthermore, in 2013, Indonesia's rice production was reported to be in a surplus, but the country's import consistency continued by importing rice from Vietnam, Thailand, India, Pakistan, and Myanmar as much as 472,000 tons that year (BPS).” (Interview Mujahid Widian Saragih)

From Mr. Mujahid Widian's statement, one of the Political Staff of the Indonesian Peasants Union said that with the issuance of Law No. 18 of 2012, it was the government's

effort to overcome food problems in Indonesia, with the addition of the concept of Food Sovereignty in Law No. 18 of 2012 concerning Food, the government should no longer import rice from other countries because it will harm peasants, but in fact, the Indonesian government is still taking the policy of importing rice to Indonesia.

CONCLUSION

The high demand for rice to be used as a staple food for the people in Indonesia requires the government to make policies in rice procurement. The SBY-Boediono government made a policy to procure rice for the needs of the people in Indonesia. Three important things are the leading causes of the practice of money politics. These causes include: First, the widespread conversion of land in Indonesia; Second, the minimal role of Bulog in absorbing rice from farmers; Third, the phenomenon of rice imports every year.

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