



1994

# WAMTI

WAHANA MASYARAKAT TANI INDONESIA  
( INDONESIAN FARMERS SOCIETY )

Address : Jl. Cinere Raya, Griya Cinere II Blok 49 No. 8, Depok 16514

West java, Indonesia

PO.BOX. 306/Cpa 15400

e-mail : [wamti\\_Indonesia@yahoo.com](mailto:wamti_Indonesia@yahoo.com)

Telp/Fax. (021) 7538110

# FARMER'S MARKET ACCESS IN INDONESIA

---

By :

**Agusdin Pulungan**

**Chairman of WAMTI**

**([augustpu@msn.com](mailto:augustpu@msn.com))**

**(Indonesian Farmers Society Organization )**

# BACKGROUND

---

Indonesian agricultural sector is a great importance for the Indonesian economy



- Employed 44,3% of population
- 17,3% contribution to PDB 2002

# Production

Commodity	Production (ton)
Paddy	49.414.132
Orange	678.181
Pineapple	456.021
Mango	899.692
Onion	781.768
Potato	816.494
Chili	640.842
Cabbage	1.210.491
Carrot	298.177

Source : BPS, 2003

- 
- **13<sup>th</sup> world's orange producer after Vietnam (with 70.000 ha harvest area and produce 1.600.000 ton)**
  - **3<sup>rd</sup> world's cocoa beans exporter**
  - **2<sup>nd</sup> world's rubber natural dry exporter**
  - **2<sup>nd</sup> world's vanilla exporter**

**Source : Kinerja Expor Impor Produk Pertanian,  
Ministry of Agriculture, 2005**

# Population, growth 1,8%/year

- 2003 ; 215 M people
- 2015 : 254 M people
- 2035 : 400 M people

# Consumption/capita/year in 2002

Commodity	Consumption/capita/ year	Note
Rice	133 kg	The highest in the world
fish	12,5 kg	16 <sup>th</sup> average world's consumption
Chicken	3,8 kg	Malaysia 23 kg, Philipines 4 kg, Thailand 16,8 kg
Fruits	40,06 kg	FAO recommendation 65,75 kg
Sugar	5,6 kg	World's average 25,1 kg
Soybean	6,01 kg	World's average 7 kg
Vegetables	37,94 kg	FAO recommendation 65,75 kg

# Average import/ in 5 year

- Rice ; 1 M ton
- Soy bean ; 1, 6 M ton
- Corn ; 2,2 M ton
- Fruits and vegetables : 800.000 ton
- Cattle : 400.000 cows

BIG MARKET FOR AGRICULTURAL PRODUCTS.

Who will benefit from it, small farmer or  
MNC?

# Farmer household's Land ownership

	1993 (million)	2003 (million)	Note
Number of farmer household	20,8	25,4	+ 2,2% per year
Number of small farmer (land ownership < 0,5ha/ household)	10,8	13,7	+2,6% per year
% of small farmer/farmer household	52,7	56,5	Farmer getting poorer

Source : Agricultural Census, 1993 and 2003

# A few Comparison *about* farmer's land ownership in 2002

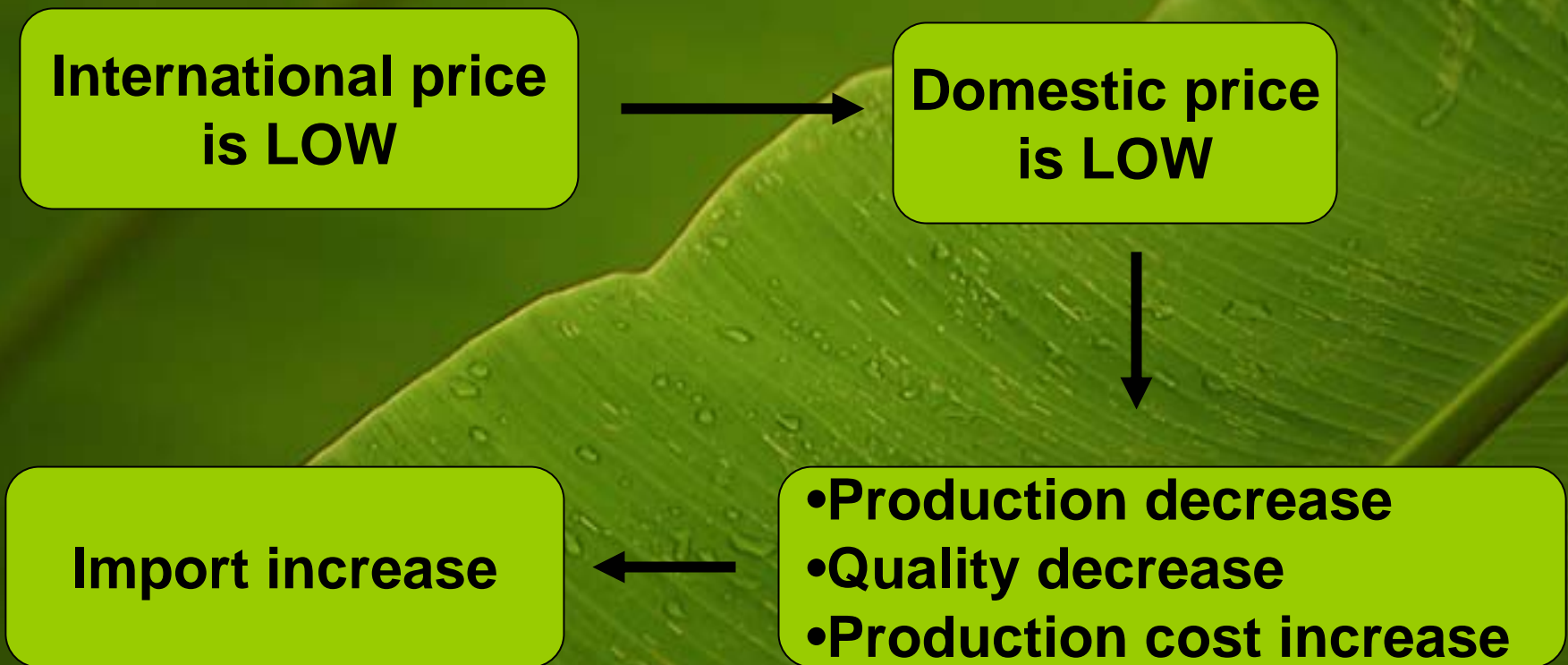
Country	Number of farmer (000)	Agr area (000 ha)	Average of land ownership (ha/farmer)
USA	6.162	418.250	66,49
Netherland	521	1.956	3,66
RRC	852.089	535.558	0,63
Philippines	29.883	11.330	0,38
Indonesia	93.312	44.723	0,48
Japan	4.646	5.235	1,06
Germany	1.969	17.068	8,28
France	1.896	29.706	14,97
Thailand	30.631	18.800	0,61

A close-up photograph of a green leaf with water droplets, serving as a background for the text. The leaf is the central focus, with its veins and the texture of the water droplets clearly visible. The background is a soft, out-of-focus green, creating a natural and fresh atmosphere.

MARKETING

## MAKRO LEVEL ;

Agri marketing situation mostly for foodcrops,fruits,fisheries,and dairy products



# FARMERS LEVEL PROBLEMS

- Lack of knowledge of farmers on adequate chain management from primary production to retailing
- Farmers usually have the position of “price takers” in the production chain
- Price disparity between farmers and consumer

## Example of price disparity

Commodity	Farmer	Consumer	Disparity	%
Cucumber	200	900	700	350
Potato	2.000	12.000	10.000	500
Durian	1000	10.000	9.000	900
Banana	2.000	4.000	2.000	100
Onion	500	4.000	3.500	700
Tomato	200	1.500	1.300	650
Chili	1.200	7.000	5.800	483
Carrot	750	1.600	950	127
String bean	300	1.250	950	317
Cabbage	400	1.000	600	150
Chicken	4.000	11.000	7.000	64

# MARKET ACCESS

to Indonesian Farmer

- Small Creditors In The Rural Area Which Have Emotional Bind With The Farmer
- Middleman
- Local Collectors

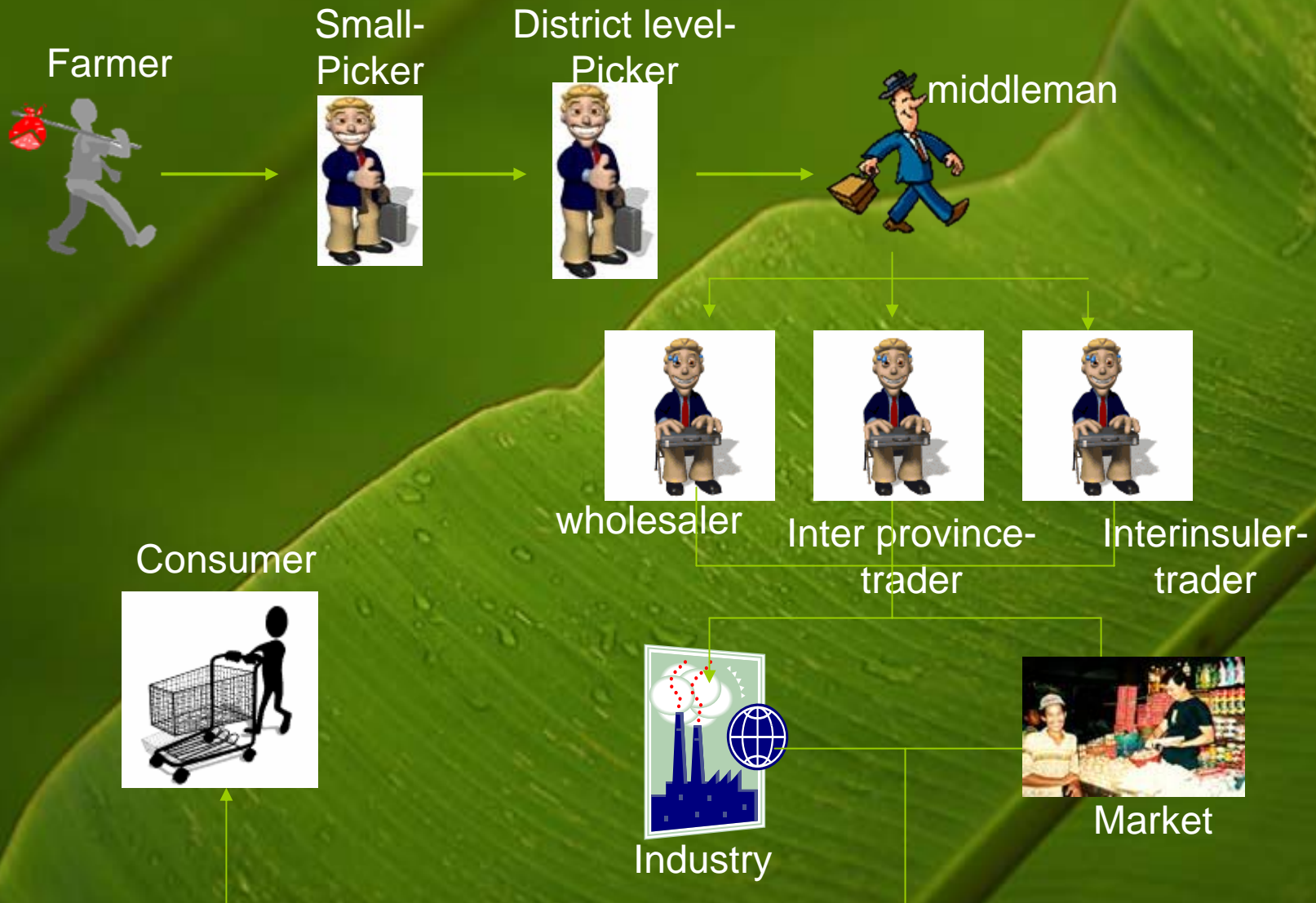
# MARKET SITUATION

- Sell fresh
- Too many middle man at the product price
- Lack of direct contact with the wholesale market/supermarket/agro-industry in the region.
- Most of crops sold in comply with agreement to the creditors
- Unpredictable price and Price disparity
- Low of buying power
- **KILLED** by the Multinational AgBase Opponents

# STARFRUITE FARMER



# DISTRIBUTION CHANNEL



# Slightly Better Transaction Model

Paddy Farmer to Indonesian Logistic Company (Bulog)

---



# Slightly Better Transaction Model

## Vegetables Farmer - Supermarket

---



**Farmer**

Cash & Carry  
Or As credit  
payment



**Local  
Collector**

Consignee  
agreement



# ISSUES at the market

- Challenges from ; The Mushrooming of Supermarkets, HEALTH FOOD, NASIONAL STANDART (SNI) and the CHALLENGE of bio-security products, government policy on import (rice)
- The development of health conscious of consumers (demanding organic instead of pesticide and chemical residue products)
- The role of International market regulations, WTO agreement. THAT unfair for the small farmers in the developing country and FAIR for the MNC or trading from the develop country
- Competition with the Low price of import produce (rice, soybean, corn, meat,milk etc)

# BETTER ACCESS



# An Ideal Market Access; From Farm to the Market



# The Way To Improve The Position Of The Farmers & Farming Practices

- a. Strengthening of farmer cooperatives
- b. Skills development and the creation of fair partnership with the private sector

A partnership can be defined as a mutually beneficial mode of co-operation involving small farmers and their organizations and private firms engaged in service supply to those farmers  
(i.e. marketing of produce and supply of inputs).

Those Include :

Assistance in the field of business plan preparation, negotiation skills, environmental awareness, credit facilities, quality control, improvement of communication and co-ordination between buyers and producers (to enable a regularly supply of good quality products at acceptable prices)

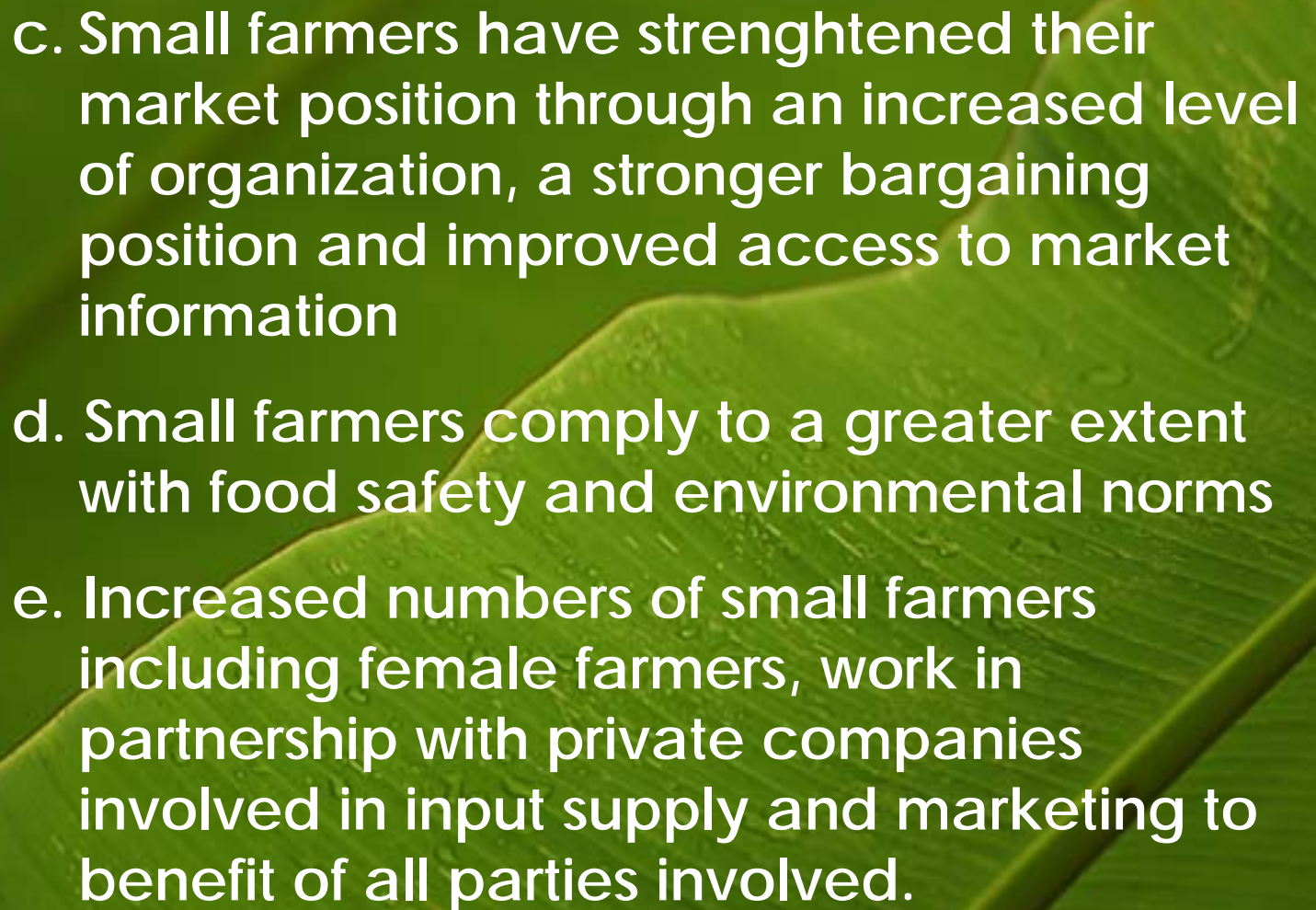


highly beneficial to the farmers and at the same time for enterprises that work together with these farmers

The expected results of strengthening and expanding existing and new partnership between private enterprise and small farmers :

- a. Small farmers have improved production : increased quality, quantity and timing
- b. Small farmers have increased access to the upper market, with corresponding improved returns and income

Continue...

- 
- c. Small farmers have strengthened their market position through an increased level of organization, a stronger bargaining position and improved access to market information
  - d. Small farmers comply to a greater extent with food safety and environmental norms
  - e. Increased numbers of small farmers including female farmers, work in partnership with private companies involved in input supply and marketing to benefit of all parties involved.

# WHAT NEEDED?

## for better market access for family farms

---

- Partnership
- Market promotion
- Extension of better technology and GAP
- Micro finance development
- Product development (processing)
- Improve local market facilities for distribution.
- Strengthened the farmers group institution
- Marketing and distribution infrastructure
- Regulation that protect the farmers from unfair trade system and tax
- Safetynett for small farmers



# IMMEDIATE ACTION

1. Increase competitiveness by improving management skill to meet the standard of agro-food/industry system
2. Strengthen linkage with agribusiness by ensuring participation of farmers in the agro-industry system and the super/hyper market system



*THANK YOU*

