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
Tel/Fax. (021) 7538110
FARMER’S MARKET ACCESS IN INDONESIA

By:
Agusdin Pulungan
Chairman of WAMTI
(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

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Production (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy</td>
<td>49,414.132</td>
</tr>
<tr>
<td>Orange</td>
<td>678.181</td>
</tr>
<tr>
<td>Pineapple</td>
<td>456.021</td>
</tr>
<tr>
<td>Mango</td>
<td>899.692</td>
</tr>
<tr>
<td>Onion</td>
<td>781.768</td>
</tr>
<tr>
<td>Potato</td>
<td>816.494</td>
</tr>
<tr>
<td>Chili</td>
<td>640.842</td>
</tr>
<tr>
<td>Cabbage</td>
<td>1,210.491</td>
</tr>
<tr>
<td>Carrot</td>
<td>298.177</td>
</tr>
</tbody>
</table>

Source: BPS, 2003
- 13th world’s orange producer after Vietnam (with 70,000 ha harvest area and produce 1,600,000 ton)
- 3rd world’s cocoa beans exporter
- 2nd world’s rubber natural dry exporter
- 2nd 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

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

- Rice: 1 M ton
- Soy bean: 1.6 M ton
- Com: 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

<table>
<thead>
<tr>
<th></th>
<th>1993 (million)</th>
<th>2003 (million)</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farmer household</td>
<td>20.8</td>
<td>25.4</td>
<td>+2.2% per year</td>
</tr>
<tr>
<td>Number of small farmer (land ownership &lt; 0.5 ha/household)</td>
<td>10.8</td>
<td>13.7</td>
<td>+2.6% per year</td>
</tr>
<tr>
<td>% of small farmer/farmer household</td>
<td>52.7</td>
<td>56.5</td>
<td>Farmer getting poorer</td>
</tr>
</tbody>
</table>

Source: Agricultural Census, 1993 and 2003
A few Comparison about farmer’s land ownership in 2002

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of farmer (000)</th>
<th>Agr area (000 ha)</th>
<th>Average of land ownership (ha/farmer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>6.162</td>
<td>418.250</td>
<td>66.49</td>
</tr>
<tr>
<td>Netherland</td>
<td>521</td>
<td>1.956</td>
<td>3.66</td>
</tr>
<tr>
<td>RRC</td>
<td>852.089</td>
<td>535.558</td>
<td>0.63</td>
</tr>
<tr>
<td>Philippines</td>
<td>29.883</td>
<td>11.330</td>
<td>0.38</td>
</tr>
<tr>
<td>Indonesia</td>
<td>93.312</td>
<td>44.723</td>
<td>0.48</td>
</tr>
<tr>
<td>Japan</td>
<td>4.646</td>
<td>5.235</td>
<td>1.06</td>
</tr>
<tr>
<td>Germany</td>
<td>1.969</td>
<td>17.068</td>
<td>8.28</td>
</tr>
<tr>
<td>France</td>
<td>1.896</td>
<td>29.706</td>
<td>14.97</td>
</tr>
<tr>
<td>Thailand</td>
<td>30.631</td>
<td>18.800</td>
<td>0.61</td>
</tr>
</tbody>
</table>
MARKETING
MAKRO LEVEL;

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

- International price is LOW
- Domestic price is LOW
- Import increase
  - Production decrease
  - Quality decrease
  - Production cost increase
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

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

- Farmer
- Small-Picker
- District level-Picker
- middleman
- wholesaler
- Inter province-trader
- Interinsuler-trader
- Industry
- Market
- Consumer
Slightly Better Transaction Model
Paddy Farmer to Indonesian Logistic Company (Bulog)
Slightly Better Transaction Model

Vegetables Farmer - Supermarket

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, com, meat, milk etc)
BETTER ACCESS

 Farmers group business (cooperative)

 Partnership

 Agrobusiness/industry

 Consumer
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
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/hypermarket system.
THANK YOU