THE GOVERNMENT RICE STOCKHOLDINGS POLICY IN INDONESIA

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INDONESIA IN THE WORLD MAP

34 PROVINCES
514 DISTRICTS/CITIES
7,071 SUB-DISTRICTS
5 LARGEST ISLANDS

SUMATERA
47.36 million ha

BORNEO
54.96 million ha

CELEBES
19.92 million ha

JAVA
13.21 million ha

PAPUA
43.30 million ha

POPULATION: 255 MILLION PEOPLE
RICE GOVERNMENT PROCUREMENT AND DISTRIBUTION POLICY

The Presidential Instruction No.5/2015
“Rice Government Procurement and Distribution Policy” purposes:
- Economic Stability
- Farmer’s Income Protection
- Rice Price Stability
- Government Stocks Security
- Rice Distribution Policy

GOVERNMENT RICE STOCKS PROCUREMENT (DOMESTIC VS IMPORT)

• Government rice stocks procurement’s priority is from domestic production (Rice farmers)
• The procurement of government rice stocks can be obtained by import if the domestic production can not fulfill the minimum government stocks.
• Import can be obtained by considering the farmers and consumers needs.
• Import of rice for government stocks is conducted by BULOG.
BULOG FACILITIES IN INDONESIA

• REGIONAL DIVISION: 26
• REGIONAL SUB DIVISION: 101
• LOGISTIC OFFICES: 30
• WORKSHOPS: 463

RICE GOVERNMENT PURCHASING POLICY

• Rice Price with standard quality (max 14% of water level and max 12% broken level) is IDR 7300/kg (0.57 US$/kg) in BULOG Workshop

• The Bureau of Logistics (BULOG) is a government-owned company in Indonesia which deals with food distribution and price control in order to:
  ➢ Distribution of rice for poor people (low income)
  ➢ Price stability
  ➢ Emergency Condition based on ASEAN Plus Three Emergency Rice Reserve (APTER)
  ➢ Natural Disaster
  ➢ International Aid
  ➢ Others

• Rice Price for under-standard quality BULOG is controlled by the Ministry of Agriculture Policy
### Example of Rice Purchasing Price with BULOG Standard Quality

**IN BULOG WORKSHOP**

<table>
<thead>
<tr>
<th>NO.</th>
<th>CRITERIA</th>
<th>PRODUCTION FORM</th>
<th>PRICE (IDR/KG)</th>
<th>PRICE (US$/KG)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wet Paddy (rice with husk) in farmer gate</td>
<td>3700</td>
<td>0.285</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Wet Paddy in rice mill</td>
<td>3750</td>
<td>0.288</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Dry Paddy in rice mill</td>
<td>4000</td>
<td>0.308</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Dry Paddy in BULOG Workshop</td>
<td>4650</td>
<td>0.358</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Rice in BULOG Workshop</td>
<td>7300</td>
<td>0.562</td>
<td></td>
</tr>
</tbody>
</table>

Calculated based on transportation/distribution cost and handling.

*1 US$ = IDR 13000

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### Example of Rice Purchasing Price Under- Quality Standard BULOG

Based on: The Agricultural Ministry Decree No. 21/Permentan/PP 200/4/2015

<table>
<thead>
<tr>
<th>NO.</th>
<th>QUALITY STANDARD</th>
<th>MAX WATER LEVEL (%)</th>
<th>MAX BROKEN LEVEL (%)</th>
<th>PRICE (IDR/KG)</th>
<th>PRICE (US$/KG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PREMIUM I</td>
<td>14</td>
<td>10</td>
<td>7000</td>
<td>0.54</td>
</tr>
<tr>
<td>2</td>
<td>PREMIUM II</td>
<td>14</td>
<td>15</td>
<td>6800</td>
<td>0.52</td>
</tr>
<tr>
<td>3</td>
<td>MEDIUM</td>
<td>14</td>
<td>20</td>
<td>6600</td>
<td>0.51</td>
</tr>
<tr>
<td>4</td>
<td>LOW</td>
<td>14</td>
<td>25</td>
<td>6450</td>
<td>0.50</td>
</tr>
</tbody>
</table>

*1 US$ = IDR 13000

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Kementerian Pertanian

[www.pertanian.go.id](http://www.pertanian.go.id)
GOVERNMENT RICE STOCKS DISTRIBUTION

• The distribution of government rice stocks for “price stability policy” is controlled by “the Ministry of Trade” based on The Decree of Trade Ministerial No. 04/M-DAG/PER/1/2012

  ➢ The distribution government rice stocks for rice stabilization is executed if the increasing of consumer rice price ≥ 10% compare to normal price at minimum 1 week or chaos based on the regional government report.

  (Normal price is the average customer rice price with the medium quality standard 3 months before the increasing of consumer rice price).

  ➢ The distribution of government rice stocks is proposed by the Governor to Bulog based on recommendation of the Agriculture Ministry as the Head of Food Security Council.

  ➢ The Provincial/District Government will decide the Highest Consumer Price for Market Operation based on the recommendation of Provincial/District Trade Officer.

  ➢ The cost of rice distribution from Bulog Workshop to the market is responsibility of Provincial/District Government.

GOVERNMENT RICE STOCKS DISTRIBUTION continued

• The distribution of government rice stocks for “social aid” is controlled by “the Ministry of Welfare Coordinator” based on The Decree of Welfare Coordinator Ministerial No. 03/2011

• The distribution of government rice stocks for “emergency condition” such as natural disaster and social conflict is controlled by “the Ministry of Social” based on The Decree of Social Ministerial No. 20/2012
TERIMAKASIH