

INDONESIAN FOOD SECURITY POLICY

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Abstract

Food security has been an issue of endless discussions given its sensitive nature of being associated with the wellbeing of individuals. Pursuant to Article 33 of the Indonesian Constitution, the Indonesian Government, in principle, have the legal capacity to utilize to the greatest extent the nation's natural resources for the sake of the welfare of Indonesian citizens through regulating and issuing relevant policies. As regards food security, Indonesian policies, in general, have been more focused on programs that aim to promote self-sufficiency in food production in order to achieve food security, as stated in Law No. 18 of 2012 regarding Food. The Law provides that importing food products can only be conducted if production by local producers is insufficient for the consumption needs of Indonesian citizens. Thus, this article will discuss further the national and international implications as a result of the government's continuous perception that food security problems can be resolved with self-sufficiency in food production. The question is whether this policy has managed to reach its intended goal, namely ensuring Indonesian citizens the availability and access to nutritious food? Finally, this article will offer two solutions that are deemed to be more effective and efficient than the notion of food self-sufficiency in achieving the food security policy objective.

Keywords: food security, self-supporting, international trade, WTO

Abstrak

Ketahanan pangan adalah isu yang tidak akan pernah habis dibahas karena pangan adalah masalah sensitif dan berkaitan dengan hajat hidup banyak orang. Berdasarkan Pasal 33 Undang-Undang Dasar, Pemerintah Indonesia pada esensinya mempunyai dasar hukum untuk mempergunakan sumber daya alamnya untuk sebesar-besarnya kemakmuran rakyat dengan mengatur dan mengeluarkan kebijakan terkait. Dalam kategori ketahanan pangan, kebijakan Indonesia pada umumnya lebih menekankan kepada program swasembada (self-sufficiency) pangan untuk mencapai ketahanan pangan, yang dapat disimpulkan dari Undang-Undang No. 18 tahun 2012 tentang Pangan. UU Pangan tersebut mengatur bahwa impor pangan hanya dapat dilakukan apabila produksi lokal tidak mencukupi kebutuhan konsumsi rakyat Indonesia. Oleh karena itu, Artikel ini akan membahas lebih lanjut mengenai implikasi secara nasional dan internasional akibat persepsi Pemerintah yang selalu melihat ketahanan pangan sama dengan swasembada pangan. Apakah kebijakan tersebut selama ini telah mencapai tujuan yang ingin dicapai, yaitu menjamin bahwa seluruh rakyat Indonesia mendapat dan mengakses pangan secara cukup dan bernutrisi? Akhirnya, artikel ini menawarkan dua solusi yang lebih efektif dan efisien daripada gagasan swasembada pangan untuk mencapai tujuan kebijakan ketahanan pangan.

Kata Kunci: ketahanan pangan, swasembada, perdagangan internasional, WTO

I. INTRODUCTION

Indonesia is one of the world's most biologically and culturally rich countries. It has fertile soils, huge areas of rainforest, water and ocean resources, oil, gas and minerals as well as a large, young population. With its climate and geography, Indonesia is one of the key producers of tropical agricultural products.

Since its independence, the Indonesian government has placed self-sufficiency for certain agricultural products as its major political agenda. This policy particularly applies to the main staple foods for Indonesian people such as rice, soybeans, corn and sugar. While Indonesia scores high for rice consumption per capita, it still relies on rice imports from Vietnam and Thailand to secure its domestic supply.¹ Accordingly, the government has set up various programs to reduce import reliance and to be self-sufficient for these selected food items.

This paper aims to evaluate the Indonesian government's self-sufficiency policy on agricultural products. Is it an effective policy to achieve the food security goal? Could it improve the welfare of both producers and consumers? These are a few of the issues that this paper attempts to address.

This paper begins with the definition of food security and the nexus between food security and self-sufficiency. Subsequently, it elaborates on Indonesian agricultural policy from Independence to present day. It also looks at the international dimension, where this policy might affect Indonesia's obligations under the multilateral trading system. Finally, this paper seeks to explore international trade and poverty alleviation as a means to promote food security.

II. WHAT IS FOOD SECURITY?

Indonesia as an archipelagic country with abundant resources has an interest to attain food security in order to improve the living standard of its people.² Food security has been defined in various ways but the most widely accepted definition is the one provided in the 1996 World Food Summit that defines food security as existing "when all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life."³ Thus, food insecurity exists when people do not have sufficient physical, social or economic access to food.⁴ This widely accepted definition highlights four elements of food security: availability, access, utilization and stability.⁵ These terms can be defined as follows: food availability is the amount of food that exists in sufficient quantities on a consistent basis; food access is defined as having sufficient resources for acquiring appropriate food for a nutritious diet; food utilization is through adequate diet, clean water, sanitation and health care; and stability is being food secure,

¹ Indonesia-Investment, "Agricultural Sector of Indonesia", <http://www.indonesia-investments.com/culture/economy/general-economic-outline/agriculture/item378>, accessed on 20 April 2015.

² Adijaya Yusuf, Melda Kamil Ariadno and Arie Afriansyah, "Legal Framework and Mechanism of Marine Fisheries Subsidies in the Aspects of International Trade and Sustainable Development," *Indonesia Law Review* 5, no. 3 (2015), p. 293, accessed on 30 September 2016, doi: <http://dx.doi.org/10.15742/ilrev.v5n3.142>.

³ Food and Agricultural Organization, "Food Security," *FAO Policy Brief Issue 2*, June 2006, <http://www.fao.org/forestry/13128-0e6f36f27e0091055bec28ebe830f46b3.pdf>, accessed on 20 April 2015.

⁴ Food and Agricultural Organization, *Trade Reforms and Food Security: Conceptualizing the linkages* (Rome: FAO, Rome, 2003), p. 29.

⁵ FAO, "Food Security"

having access to adequate food on a regular basis.

In contrast, food self-sufficiency is defined as the ability to meet consumption needs, particularly for staple foods, from a country's own domestic production rather than having to rely on importing or buying from non-domestic sources (minimizing dependence on international trade).⁶

People often tend to equate food security and self-sufficiency. It is often believed that increasing self-sufficiency is the best way to attain the goal of food security. The idea of self-sufficiency is politically appealing. Government has more control over its food supply and it is not dependent on imported food. The former WTO Director General Supachai Panitchpakdi, in his speech at the FAO in 2005, stated that "self-sufficiency" and "food security" are not the same and argued that food security is best achieved in an economically integrated and politically interdependent world.⁷

One of the key conclusions provided by the OECD in the report "OECD Agricultural Policy: Monitoring and Evaluation 2013," is that the link between higher food self-sufficiency and greater food security is in fact extremely tenuous.⁸ The report points out that improving access to food can be done by reducing poverty, enhancing social security, creating emergency food reserves, improving access to import and export markets and through increased investment in raising domestic production.⁹

A joint research on food security and self-sufficiency in Bhutan funded by the International Food Policy Research Institute and the Swiss Agency for Development and Corporation, for example, finds that food self-sufficiency is negatively correlated with four given indicators of food security (one of them being real value per capita of food consumption).¹⁰ The research also provides that some households might be forced into food self-sufficiency by the lacking of market opportunities. It concludes that self-sufficiency is not a suitable strategy to achieve food security and to reduce poverty in Bhutan.¹¹

Narrow self-sufficiency goals often push countries to place high border protectionist measures, which make food less affordable and accessible. In short, pursuing a narrow food self-sufficiency goal might be counterproductive in the quest to attain food security.

⁶ Food and Agricultural Organization, "Implications of Economic Policy for Food Security: A Training Manual", *FAO Corporate Document Repository*, available at: <http://www.fao.org/docrep/004/x3936e/x3936e03.htm>, accessed on: April 20, 2015.

⁷ Supachai Panitchpakdi, "Why trade matters for improving food security", Speech at High-Level Round Table on Agricultural Trade Reform and Food Security FAO, Rome, 13 April 2005, available at: https://www.wto.org/english/news_e/spsp_e/spsp37_e.htm

⁸ Organization for Economic Cooperation and Development, "OECD Review of Agricultural Policies: Indonesia 2012" OECD Publishing, 2012, available at: <http://dx.doi.org/10.1787/9789264179011-en>, accessed on 6 April 2015.

⁹ *Ibid*, p. 28.

¹⁰ Policy and Planning Division of Ministry of Agriculture and Forestry "Food Security and Food Self-Sufficiency in Bhutan", a Joint-Project of SDC-IFPRI-Bhutan "Agricultural and Food Policy Research and Capacity Strengthening", August 2010, p. 27, available at: <http://ebrary.ifpri.org/cdm/ref/collection/p15738coll2/id/129187>, accessed on 15 April 2015.

¹¹ *Ibid*, p. 28.

III. INDONESIAN AGRICULTURAL POLICY FROM INDEPENDENCE UP TO THE PRESENT TIME

Indonesia's geography is a blessing. The country has roughly 1.9 million square kilometers of fertile land area (making it the 15th largest globally), abundant water resources, some of the best possible climatic conditions, and ample and relatively inexpensive human resources. Indonesia is therefore ideally suited for agricultural production.¹² The agricultural sector has figured prominently in the development strategies and priorities of successive national governments of Indonesia since its Independence in 1945. While the share of agriculture has been steadily declining over the past five decades,¹³ agriculture remains an important sector for Indonesia given the government's long-standing policy on self-sufficiency in the production of a number of commodities and the fact that more than half of the Indonesian population still lives in rural areas.

Article 33 of the 1945 Constitution provides the government effective legal control over the land, water and natural resources in Indonesia to be utilized for the welfare of the Indonesian people. The said article has become the basis of the government's agricultural policy. Indonesia's first major agricultural venture after independence was launched in 1948, in the form of a 3-year production plan under the auspices of the then Ministry of Food (*Kasimo*).¹⁴ The plan was directed at achieving food self-sufficiency and set out practical guidance in achieving such objective. It included a scheme of cultivating around 281,277 hectares of vacant land in East Sumatra and an initiative of planting superior rice seedlings in Java.¹⁵ This project plan was followed in 1952 by a program called "rice self-sufficiency through welfare" (*Swasembada Beras Melalui Program Kesejahteraan Kasimo*).¹⁶

Indonesia would continue the program of rice self-sufficiency in the Soeharto (Second President of Indonesia) era, as well. The government of the Soeharto era designed and introduced a five-year development plan (REPELITA),¹⁷ and established the Indonesian Bureau of Logistics (Badan Urusan Logistik or BULOG) in 1967 to achieve food self-sufficiency objectives.¹⁸ BULOG was initially intended to be a purchasing agency of basic commodities for civil servants and the military, and a right holder of basic staple food distribution such as rice, wheat, flour and sugar to maintain price stability.¹⁹ BULOG was authorized to set up the prices at any level of the supply chain and also played a role in administering protectionist import policies that prevailed at the time due to its monopoly rights on exports and imports of a wide range of commodities, including rice, maize, yellow soybeans as well as soybean flour

¹² OECD, *Review on Agricultural Policy*, p.15.

¹³ For example agriculture's contribution to GDP has decreased from its peak of 56% in 1980, to just over 15% in 2010; United Nations, "The Role of Policies in Agricultural Transformation: Lessons from Brazil, Indonesia and the Republic of Korea", Working Paper: 106, 2012, available at: <http://www.un.or.id/en/component/rsfiles/download?path=wp106.pdf>. p. 55, accessed on 20 April 2015.

¹⁴ Marwati Djoened Posesonegoro and Nugroho Notosusanto. *Sejarah Nasional Indonesia: Zaman Jepang dan Zaman Republik Indonesia [National History of Indonesia: Japanese Occupation Era and the Era of Republic of Indonesia]* (Indonesia: PT Balai Pustaka, 2008), p.280.

¹⁵ *Ibid.*

¹⁶ Dani, "Kebijakan Pangan", *Suara Merdeka*, (4 February 2008), available at: <http://www.suaramerdeka.com/harian/0802/04/nas04.htm>, accessed on April 1, 2015.

¹⁷ REPELITA I (1969 -1974) focused on agricultural improvements - Green Revolution - to ensure food security. REPELITA II (1979-1984) aimed to achieve food self-sufficiency and export-oriented and labor-intensive industries growth.

¹⁸ OECD, "Review on Agricultural Policy", pp.137-38.

¹⁹ *Ibid.*

and soybean cake, sugar, wheat and wheat flour.²⁰

During the period of the 1980s and mid-1990s, the Soeharto administration re-defined the concept of food self-sufficiency to include certain estate crops such as rubber, palm oil and cacao, as well as poultry for domestic consumption.²¹ In 1984 Soeharto's green program reached the self-sufficiency level of rice, which was acknowledged by the Food and Agriculture Organization with a medal.²²

In the post-Soeharto era, Indonesia took significant steps to reform its agricultural policies, such as the removal of BULOG's monopoly rights on all staple foods except for rice due to social reason.²³ Several trade barriers in export and import were also removed or relaxed.²⁴ However, at the beginning of the 2000s, the Indonesian government implemented restrictive measures on the importation of certain agricultural products such as rice. Non-tariff barriers were used to control imports of products such as poultry and beef. These measures were undertaken as part of the government's grand strategy to revitalize the agriculture sector.

Despite changes in the government, the Indonesian agricultural policy objective remains the same, namely to achieve food self-sufficiency.²⁵ President Megawati, for example, delivered a bold statement claiming there is, "No other choice except self-sufficiency (*swasembada*)."²⁶ The SBY administration implemented Agricultural Revitalization in 2005 which targeted self-sufficiency of sugar by 2008, meat by 2010 and soybean by 2015. It was also aimed to increase agricultural revenue and employment.²⁷

Today, Indonesian agricultural policy objectives have evolved and are far more complex than what they were 25 years ago. They are namely: (a) achieving food self-sufficiency; (b) enhancing diversification of production and consumption; (c) raising the competitiveness and value added production; and (d) increasing farmers' welfare.²⁸

IV. INDONESIA'S FOOD "SELF-SUFFICIENCY" POLICY IMPLICATIONS ON INTERNATIONAL TRADE

Indonesia's food self-sufficiency policy cannot be separated from international trade as evident from Law No.18 of 2012 concerning Food ("Food Law"), which indicates the correlation between food self-sufficiency and international trade based on the articles below:

²⁰ *Ibid*, pp.174-175.

²¹ *Ibid*, p.139.

²² Suara Merdeka, *loc.cit*.

²³ World Trade Organization, "Trade Policy Reviews: Indonesia 1998", PRESS RELEASE PRESS/TPRB/94, 1 December 1998, available at: https://www.wto.org/english/tratop_e/tpr_e/tp94_e.htm, accessed on April 20, 2015.

²⁴ *Ibid*.

²⁵ Suara Merdeka, *loc.cit*.

²⁶ Jonatan Lassa, "Politik Ketahanan Pangan Indonesia 1950-2005", available at: http://www.zef.de/module/register/media/3ddf_Politik%20Ketahanan%20Pangan%20Indonesia%201950-2005.pdf, accessed on April 13, 2015.

²⁷ Suara Merdeka, *loc.cit*.

²⁸ Ministry of Agriculture, "Indonesian Agricultural Strategic Plan 2005-2009", available at: <http://aci.ar.gov.au/files/node/778/Indonesian%20Strategic%20Plan%202005-2009.pdf>, accessed on 13 April 2016; World Trade Organization, "Trade Policy Review - Indonesia" 2013, p. 75, available at: https://www.wto.org/english/tratop_e/tpr_e/s278_e.pdf, accessed on April 13, 2015.

1. *Article 14 of the Food Law:*

“(1) Sources of Food supply originate from domestic Food Production and National Food Reserves.

(2) In terms of Food supply sources as intended in paragraph (1) are not sufficient, Food can be fulfilled through Food Import according to necessity.”

2. *Article 36 of the Food Law:*

“(1) Food Import can only be implemented if domestic Food Production is not sufficient and/or cannot be produced domestically.

(2) Staple Food Import can only be implemented if domestic Food Production and National Food Reserve are not sufficient.

(3) Sufficiency of domestic Staple Food Production and Government Food Reserve is determined by minister or government institution with the task of executing governmental orders in the Food sector.”

3. *Article 39 of the Food Law:*

“The Government establishes Food Import policy and regulation that do not negatively impact sustainable farming, increased production, and welfare of Farmers, Fishermen, Fish Farmers and Food Businesses.” [Unofficial translation]

The above articles clearly demonstrate the nationalistic and protective view of Indonesia’s trade policy on food import. This type of policy often directly or indirectly puts Indonesia in the hot seat *vis-a-vis* its international trading partners and causes negative impacts on the domestic market.

A. International Disputes with Trading Partners

Presently Indonesia is facing two international disputes in the WTO Dispute Settlement Body:

1. Challenges to import licensing requirements on horticultural products, animals and animal products. Cases that have been brought by the United States of America (USA) and New Zealand (NZ).²⁹

This dispute has been a recurring issue since 2012 when Indonesia first introduced the new import licensing procedure, which was alleged by the USA to be unjustified and trade-restrictive to imports, thus arguably inconsistent with Indonesia’s WTO obligations.³⁰ The USA and NZ jointly brought this issue to the WTO Dispute Settlement Body by arguing that this import-licensing requirement has been imposed to protect the domestic market in Indonesia, particularly the agricultural sectors. Currently, the case is in the stage of WTO Panel Establishment.³¹

2. A challenge to the import restrictions placed on Chicken in a case brought by Bra-

²⁹ World Trade Organization, “New Zealand, US file disputes against Indonesia on imports of agricultural products”, WTO News, 8 May 2014, available at: https://www.wto.org/english/news_e/news14_e/ds477rfc_09may14_e.htm, accessed on April 20, 2015.

³⁰ United States Trade Representative, “United States Challenges Indonesia’s Ongoing Import Restrictions on Horticultural Products, Animals, and Animal Products”, available at: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2014/May/US-Challenges-Indonesia-Ongoing-Import-Restrictions-Horticulture-Animal-Products>. May 2014, accessed on April 20, 2015.

³¹ World Trade Organization, “Indonesia - Importation of Horticultural Products, Animals and Animal Products - Request for the establishment of a panel by the United States (24 March 2015) WT/DS478/9 and WT/DS477/9”, available at: [http://www.worldtradelaw.net/pr/ds478-9\(pr\).pdf.download](http://www.worldtradelaw.net/pr/ds478-9(pr).pdf.download), accessed on 13 April 2015.

zil.³² In 2014, Brazil requested the WTO Secretariat for consultations with Indonesia concerning Indonesia's policy to close its market to Brazil's chicken meat and products, thus possibly violating several WTO Agreements.³³ Indonesia has attempted to resolve this dispute amicably with Brazil outside of the WTO Dispute Settlement Body, however such attempt was unsuccessful.³⁴ Therefore, there is a high possibility that Brazil will bring this dispute to the next step of WTO Panel Establishment.

B. National Issue: Under and Over supply of Certain Food Commodities

In recent years, the people of Indonesia have experienced roller coaster prices for main food commodities due to depleted stocks of products such as soybean,³⁵ red and white onions,³⁶ and recent high beef prices.³⁷ This uncertainty of food commodities has been substantially caused by Indonesia's trade policy, which always emphasizes food import as a last resort.³⁸ The government should have been able to see the bigger picture, namely the public rather than focusing only on protecting farmers or local producers.

Not to mention that Indonesia's quota on food import is prone to be abused by speculators or importers to seek their own benefit, due to the fact that the process of granting quotas to importers lacks transparency. With this recent protective trade policy on the food sector, many experts have predicted that there will be lack of supply in certain food commodities.³⁹ As a result the people of Indonesia would be the victims, having to pay inflated prices for commodities.

Indonesia does not only face the issue of under-supply but also of over-supply, such as the overproduction of tomato in West Java.⁴⁰ Such over-supply could extinguish small farmers, as the selling price is lower than the production cost. Furthermore due to the use of old technology for production and a lack of food safety compliance, such overproduction cannot be exported abroad due to its non-competitive nature. Nonetheless, Indonesia has tried to encourage local producers to put added

³² World Trade Organization, "Brazil files dispute against Indonesia over import restrictions on chicken", WTO News, available at: https://www.wto.org/english/news_e/news14_e/ds484rfc_16oct14_e.htm, accessed on April 16, 2015.

³³ *Ibid.*

³⁴ Linda Yulisman, "RI seeks amicable solution to chicken dispute with Brazil", *the Jakarta Post* (21 October 2014), available at: <http://www.thejakartapost.com/news/2014/10/21/ri-seeks-amicable-solution-chicken-dispute-with-brazil.html#sthash.vhwX3GPC.dpuf>, accessed on 6 April 2015.

³⁵ Suara Karya, "Harga Kedelai Melonjak, Produsen Tempe Menjerit [Soy Bean Price Skyrockets, Tempeh Producers Screams]", *Suara Karya* (22 July 2015), available at: <http://www.kemenerperin.go.id/artikel/3857/Harga-Kedelai-Melonjak,-Produsen-Tempe-Menjerit>, accessed on 22 July 2015.

³⁶ Widhie Kurniawan, "Fenomena Kenaikan Harga Bawang [The Phenomenon of the Onion Price Increase]", *Radio Republik Indonesia* (19 March 2013), available at: http://www.rri.co.id/post/editorial/97/editorial/fenomena_kenaikan_harga_bawang.html, accessed on July 20, 2015.

³⁷ Rizky Jaramaya and Fitriyan Zamzami, "Kenaikan Harga Daging Sapi tidak Wajar [Price Increase of Beef is not usual]", *Republika* (August 8, 2015), available at: <http://www.republika.co.id/berita/koran/publik/15/08/08/nsrere1-kenaikan-harga-daging-sapi-tidak-wajar>, accessed on August 8, 2015.

³⁸ Che, *et. al.*, "Impor Pilihan Terakhir Pemerintah [Import is the last options of the Government]", *Kompas* (6 Juni 2015), available at: <http://print.kompas.com/baca/2015/06/06/pilihanimpor>, accessed on August 8, 2015.

³⁹ Michael Taylor, "Indonesia Self-sufficiency Push Will Drive Up Beef Prices - Industry", *Reuters* (March 4, 2015), available at: <http://www.reuters.com/article/indonesia-beef-idUSL4N0W533G20150304>, accessed on October 3, 2016.

⁴⁰ Cahyo Prayogo, "Produksi Tomat Jabar Alami Kelebihan 9000 Ton [West Java Tomato Productions Surpluses 9000 tonnes]", *Warta Ekonomi* (August 24, 2015), available at: <http://m.wartaekonomi.co.id/berita69643/jabar-alami-kelebihan-produksi-tomat-9000-ton.html>, accessed on August 24, 2015.

value on raw material to be processed food products.⁴¹

C. Compliance With International Obligations

Indonesian government agencies have a significant influence not only in creating agricultural policy framework but also setting a specific target for production, consumption and employment, investing in infrastructure, organising the purchase and distribution of products and controlling numerous upstream and downstream activities.⁴² As stated previously, agricultural laws and regulations in Indonesia are driven by four primary policy objectives.

Food self-sufficiency is often considered to be the most important objective amongst other objectives.⁴³ The Indonesian government has introduced numerous pieces of legislation to achieve such a policy objective including the Food Law of 2012 which highlights food sovereignty, food safety, food self-sufficiency and security as its core principles.⁴⁴

The definition of “food security” according to the Indonesian Food Law refers to a condition where the fulfilment of food for the state and individual is met, as reflected by the availability of food that is sufficient – both in quality and quantity, safe, diverse, nutritious, widely available and affordable, and should not be in conflict with religion, belief and culture of the community, to be able to live in a healthy, active, productive and sustainable manner.⁴⁵

Self-sufficiency has been defined as the ability of the state and nation to produce a variety of food domestically to secure the fulfilment of the food needs sufficiently by utilising the potential of natural and human, social and economic resources, as well as local wisdom.⁴⁶ Thus, the objective of the Indonesian Food Law is to secure food supplies and to fulfil domestic needs from domestic sources. In other words, the government would consider food imports as a last resort.⁴⁷

Another significant regulation to sustain Indonesian food security policy objectives is the Blueprint on Beef Self-Sufficiency Program 2014.⁴⁸ The purpose of this blueprint is to provide guidance for the country’s policy decisions to achieve self-sufficiency on its beef production targets. The government is projecting to reduce imported cattle and beef and to increase domestic production so that it can fulfil 90 per cent of domestic demand/consumption. In other words, it would only allow 10 per cent of domestic consumption to be filled by import. The question is whether the policy instruments implementing this food self-sufficiency objective are consistent with Indonesia’s obligations under WTO law?

As a Member of the WTO, Indonesia is bound by obligations under WTO law including the Agreement on Agriculture (AoA). Market access, domestic supports and export subsidy are three pillars of the WTO Agreement on Agriculture. The market

⁴¹ *Ibid.*

⁴² OECD, “Review on Agricultural Policy”, p.134.

⁴³ *Ibid.*, p.135.

⁴⁴ Indonesia, *Undang-Undang tentang Pangan (Law concerning Food)*, UU No. 18 Tahun 2012, LN No. 227 Tahun 2012 (Law Number 18 Year 2012, SG No. 227 Year 2012), art. 2. (Hereinafter “Food Law”).

⁴⁵ *Ibid.*, art.1:4.

⁴⁶ *Ibid.*, art.1:3.

⁴⁷ See Articles 36-40 of Food Law and Article 36:1 of Food Law, for example, states that food imports can only be done when domestic food production is inadequate and/or cannot be produced domestically.

⁴⁸ Indonesia, *Regulation of Minister of Agriculture concerning General Guidelines for Beef Self-Sufficiency 2014*, Permentan No. 19/Permentan/OT.140/2/2010, LN No. 80 Tahun 2010 (MoA Regulation No. 19 of 2010, SG No. 80 Year 2010), (hereinafter “MOA No. 19/2010”), p.8.

access pillar is related to the reduction of trade (tariff and non-tariff) barriers, the expansion of tariff quota and the improvement of market access rules. Export subsidy deals with the reduction and prohibition of export subsidies since it is the most highly distorting form of agricultural support. The domestic support pillar regards Members' support to their farmers to encourage their production and enhance their exports.⁴⁹

1. Market Access

Indonesia began to reform its trade and economy in the 1980s. These major trade reforms were as a result of the oil crisis in the 1980s and the growing importance of the manufacturing sector beyond the agricultural sector. Concerns regarding the economy cost due to the falling of oil prices led the Soeharto government to lowering tariff ceilings to 60 per cent and reducing the tariff level from 25 to 11. The government abandoned import monopolies for plastic, cotton and steel, reduced non-tariff barriers on electronic imports and eliminated import restrictions on cold rolled steel, sheet and tin plates.⁵⁰ The rise of the manufacturing sector also required a more open market for both export and import. Trade reforms during these periods contributed to trade and economic growth. Trade liberalization in Indonesia got slower in the 1990s. The national car manufacturer, Timor, enjoyed various preferential treatments such as exemption from the domestic luxury tax. A financial crisis hit Indonesia tremendously in the late 1990s. Responding to the crisis, the government sped up trade policy reform efforts.⁵¹

A study by the FAO states that Indonesia's trade policy reforms were mostly taken unilaterally; international trade commitments such as those under the WTO, ASEAN and APEC serve to complement reforms that Indonesia had decided to take unilaterally.⁵² An exception was Indonesia's commitments to the IMF, which were made during the Asian financial crisis in 1998. These commitments were specifically tied with a loan provided by the institution. Under its Letter of Intent (LOI), Indonesia agreed to reform its trade policy where some of these reforms went beyond its international commitments.⁵³ The elimination of non-tariff barriers for agricultural products and measures to protect the national car project were examples of such trade reforms.

It is common in the WTO that Members maintain a high level of bound tariff rates in their market access commitments, but they apply much lower tariffs in practice. This allows them to be flexible in modifying their rates according to domestic and international market conditions. Indonesia's bound tariffs particularly for dairy, beef, pork, vegetable and fruit, poultry and peanuts are much higher than its applied tariff rates.⁵⁴ The average bound tariff is 47%, ranging from 9% to 210%.⁵⁵ Indonesia's av-

⁴⁹ New Zealand Ministry of Foreign Affairs and Trade, "Improving Access to Markets", available at: <http://www.mfat.govt.nz/Trade-and-Economic-Relations/NZ-and-the-WTO/Improving-access-to-markets/0-agriculturenegs.php#agriculture>, accessed on April 18, 2015.

⁵⁰ Australian Department of Foreign Affairs and Trade, "Indonesia: Facing the Challenges", East Asia Analysis Unit (12 December 2000), available at: http://dfat.gov.au/about-us/publications/Documents/ind_challenge.pdf, accessed on April 20, 2015, p.58.

⁵¹ *Ibid*, pp.60-1.

⁵² Food and Agricultural Organization, "WTO Agreement on Agriculture: The Implementation Experience - Developing Country Case Studies", FAO, Rome 2013, available at: <http://www.fao.org/docrep/005/y4632e/y4632e0l.htm#fnB65>, accessed on August 8, 2015.

⁵³ Alcohol beverages and build-up motor vehicles were exempted from these extended commitments. See World Trade Organization, "Trade Policy Review of Indonesia 2003", WT/TPR/G/117 (28 May 2003), p. 32, available at: https://www.wto.org/english/tratop_e/tpr_e/tp216_e.htm, accessed on August 15, 2015.

⁵⁴ World Trade Organization, "Tariff Implementation Issues - Communication from the United States of America", G/AG/W/132 (4 June 2014), p. 5, available at: https://docs.wto.org/dol2fe/Pages/FE_Search/DDFDocuments/125002/q/G/AG/W, accessed on August 15, 2015.

⁵⁵ *Ibid*.

verage MFN applied tariff is less by one-third as opposed to its average bound tariffs. According to the latest Indonesia's WTO trade policy review report, the rates also continue to decline from 11.8% in 2006 to 10.5% in 2010, ranging from duty free to 150%.⁵⁶ All Indonesia's agricultural tariffs are *ad valorem* except for rice and sugar, which apply specific rates. Since 2010, these specific rates also extend to alcoholic beverages and cinematographic films and related media.⁵⁷ Tariffs as trade barriers have been scrapped through the decades. Today, non-tariff measures are more of a particular concern of exporters and importers. They are more complex than tariffs and are considered a major impediment to international trade.

2. Non-Tariff Barriers (NTBs)

A non-tariff barrier is generally defined as an obstacle to international trade which takes a form other than tariffs. The types of NTBs depend on their scope and design. They are distinguished in technical (SPS, TBT, import licensing, pre-shipment inspection) and non-technical measures, hard measures (price and quality control measures), threat measures (anti-dumping, safeguards) and other measures such as those that are related to finance and investment.⁵⁸

Interestingly, Indonesia's Blueprint on Beef Self-Sufficiency Program provides that in the context of international trade non-tariff barrier instruments such as quotas are allowed to protect small farmers and industries.⁵⁹ Such policy objective is not consistent with WTO law. While tariffs are allowed, so long as they are provided under an MFN basis and do not exceed the bound level specified in the schedule of concessions, non-tariff measures such as quantitative restrictions (QRs) are prohibited under WTO rules. Article XI of GATT 1994 refers QRs to quotas, import and export licenses or other measures. Even though a number of exceptions to QRs are provided, such measures should not be applied in arbitrary or unjustifiable manners or in a way that would represent a disguised restriction on international trade.⁶⁰

To achieve its target of food self-sufficiency and the empowerment of farmers, the Indonesian government imposes a number of non-tariff measures. They are as follows.

a. Import Quotas

Indonesia's Ministry of Trade and Ministry of Agriculture have imposed various import quotas to support the achievement of aim of food security in Indonesia. The Audit Board of the Republic of Indonesia (*BPK*), however, issued a report in 2013 criticising the implementation of import quota mechanisms. The report states that the determination and calculation of beef import quotas are not well documented and are without a basis. The administration of the quotas is not based on the Blueprint; rather, it is solely based on the policy of the Minister of Agriculture.⁶¹ In early February 2013,

⁵⁶ World Trade Organization, "Trade Policy Review of Indonesia 2013", WT/TPR/G/278 (6 March 2013), pp.35-36, available at: https://www.wto.org/english/tratop_e/tp_r_e/tp378_e.htm, accessed on August 15, 2015.

⁵⁷ *Ibid*, p.36.

⁵⁸ United Nations Conference on Trade and Development, *Non-Tariff Measures to Trade: Economic and Policy Issues for Developing Countries* (Geneva, United Nations Publication, 2013), p.1.

⁵⁹ MOA No. 19/2010

⁶⁰ See for example Article XX of GATT 1994.

⁶¹ Biro Humas dan Luar Negeri BPK, "Hasil Pemeriksaan BPK Semester II Tahun 2012 Atas Program Swasembada Daging Sapi Tahun 2010 s.d. 2012, BPK RI", available at: <http://www.bpk.go.id/news/hasil-pemeriksaan-bpk-semester-ii-tahun-2012-atas-program-swasembada-daging-sapi-tahun-2010-sd-2012>,

it was decided that import quotas and import allocations to companies are established based on a joint decision at the ministerial coordinator of economic affairs level forum involving the Ministry of Agriculture, Ministry of Trade, Ministry of Industry and Minister of Economy.⁶² Thus, the allocation of beef import quotas was no longer within the sole competence of the Minister of Agriculture. The recommendation of imports for Horticultural products, however, still remained within the competence of the Minister of Agriculture.

In the middle of 2013, the Indonesian government revised its regulations which arguably eliminated reference to import quotas on beef and horticultural products. Under such revised regulations, the recommendation is no longer in a form of Import Approval Recommendation, but rather in the form of Veterinary Public Health Technical Recommendation, signed by the Director of Public Health, Veterinary, and Post-Harvesting. The Recommendation does not specify the amount of products to be imported and it does not regulate the period of importation. It will also opens the opportunity to submit applications for Recommendation requests four times a year: December 1-31 for the preceding year; to March 1-31, June 1-30, September 1-30 in the current year.⁶³

Revision has also been made with regard to the import policy of horticultural products by taking into account the reference price for chili and onions and the harvest period for 12 horticultural products (potatoes, carrots, bananas, pineapples, mangoes, oranges, grapes, papayas, apples, durians, and longans). The harvest period is to be determined by the Minister of Agriculture and Recommendations are issued twice a year. The issuance of Recommendations is based on harvest time and Recommendations will be issued twice in a year.⁶⁴

b. Non-Automatic Import Licensing

Import licensing systems are administrative procedures requiring the submission of an application or other documents (other than those required for customs procedures) to the relevant administrative body as a prior condition for importation.⁶⁵ The WTO Agreement on Import Licensing Procedures sets out rules and guidelines for what constitutes a fair and non-discriminatory application of such application to protect Members from unreasonable requirements or delays related to a licensing regime.⁶⁶ The Agreement covers both “automatic” and “non-Automatic” licensing systems. Automatic licensing is primarily intended to monitor import and approval is granted in all cases immediately upon application.⁶⁷ In contrast, non-automatic licensing refers to the practice of requiring certain conditions to be met prior to the issuance of a license. Governments often use non-automatic import licensing systems to administer quotas and tariff rate quotas (TRQs) or to administer safety require-

accessed on August 8, 2015.

⁶² Cecep Sastrawiludin, “Kuota Import Daging Sapi Ditentukan Melalui Rapat Menko”, available at: <http://betcipelang.info/home-1/138-kuota-impor-ditentukan-melalui-rapat-menko.html>, accessed on August 8, 2015.

⁶³ Kementerian Perdagangan Republik Indonesia, “Kemendag Revisi Dua Ketentuan Terkait Impor: Stabilisasi Harga Bahan Pokok dan Kepastian Usaha kepada Petani dan Peternak”, available at: <http://www.kemendag.go.id/files/pdf/2013/09/03/kemendag-revisi-dua-ketentuan-terkait-impor-stabilisasi-harga-bahan-pokok-dan-kepastian-usaha-kepada-petani-dan-peternak-id0-1378206207.pdf>, accessed on April 25, 2015.

⁶⁴ *Ibid.*

⁶⁵ *Agreement on Import Licensing Procedures*, Geneva, 12 April 1979, World Trade Organization, art. 1.

⁶⁶ United States Trade Representative, “Import licensing”, available at: <http://www.ustr.gov/trade-agreements/wto-multilateral-affairs/wto-issues/import-licensing>, accessed on 26 April 2015. (Hereinafter “Import Licensing USTR”).

⁶⁷ *Agreement on Import Licensing Procedures*, art. 2.

ments.⁶⁸ Non-automatic licensing regimes must be WTO-compatible measures including complying procedural rules such as notification and the period for application processes.⁶⁹

Indonesia has adopted non-automatic import licensing requirements on a broad range of products including poultry, beef, horticultural products, food and beverages. As regards animal and animal products, Indonesian's non-automatic import licensing regime requires the importers to obtain: (1) a certificate as Registered Importer (RI) for Animal and Animal Products from the MOT;⁷⁰ (2) an import permit from the MOA;⁷¹ (3) a Recommendation from the Director of Veterinary Public Health and Postharvest.⁷² Unlike import quotas, permits are granted to importers do not have an upper limit. Rather, importers must notify the government as to how much beef they want to import for the next 12 months, with the provision that they will realize imports which amount to at least 80% of accumulated Import Approval for that one year. The importers must also fulfil other requirements such as packaging, labelling and transportation.⁷³

Regarding horticultural products, the non-automatic licensing regime requires the importers to obtain: (1) an Importer Producer (IP) or Registered Importer (RI) of Horticulture Products from the MOT;⁷⁴ (2) an import approval from the MOT;⁷⁵ (3) a horticultural product import Recommendation (RIPH) from the MOA.⁷⁶

New Zealand, for example, argues that Indonesia's import licensing regime is a non-automatic one because RIPH certificates do not allow the importation of fresh horticultural products that were harvested more than six months earlier. Additionally, any animal products not listed in appendices to the import licensing regime cannot be imported. It also makes complaints regarding provisions that require importers to apply Import Approvals for specific time periods and to predict the quantity they wish to import during that given period in advance, as well as the penalty in the form of permit suspension or withdrawal if importers fail to realise the import which is less than 80% of Import Approvals for one year.⁷⁷

c. Reference Prices

As noted previously, the importation of chilli and shallots into Indonesia is subjected to a reference price set by the MOT.⁷⁸ Likewise, this scheme also applies for beef. Government issues import permits if the beef price for secondary cuts exceeds

⁶⁸ Import Licensing USTR

⁶⁹ Agreement on Import Licensing Procedures, art. 3.

⁷⁰ Indonesia, *Regulation of Minister of Trade concerning Condition for Animal and Animal Product Importation and Exportation*, Permendag No. 46/M-DAG/PER/8/2013, art. 4. (Hereinafter "MOT No. 46/2013").

⁷¹ Indonesia, *Regulation of Minister of Agriculture concerning Importation of Carcass, Meat, Offal and/or Their Derivatives into the Territory of the Republic of Indonesia*, Permentan No. 84/Permentan/PD.410/8/2013, LN No. 106B Tahun 2013 (MoA Regulation Number 84 Year 2013, SG No. 106B Year 2013), art. 4. (Hereinafter "MOA No. 84/2013").

⁷² *Ibid.*

⁷³ MOT No. 46/2013, art. 13; MOA No 84/2013, art. 5.

⁷⁴ Indonesia, *Regulation of Minister of Trade concerning Provisions of Horticultural Product Import*, Permendag No. 16/M-DAG/PER/4/2013, art. 3. (Hereinafter "MoT No. 16/2013").

⁷⁵ Indonesia, *Regulation of Minister of Agriculture concerning Horticultural Product Import Recommendation*, Permentan No. 86/Permentan/OT.140/8/2013, art. 4(1). (Hereinafter "MoA No. 86/2013").

⁷⁶ *Ibid.*, art. 4(2).

⁷⁷ World Trade Organization, "Indonesia — Importation of Horticultural Products, Animals and Animal Products", Dispute Settlement, available at: http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds477_e.htm, accessed on April 30, 2015.

⁷⁸ MoA No. 86/2013, art. 5.

15% of the reference price (currently set at Rp76,000/kg) and restricts imports if the price of beef is below the reference price.

One of the main concerns related to the use of reference prices is the issue of transparency and predictability. The Panel and Appellate Body confirms this problem in *Chile – Price Band System* by finding that the reference prices employed by Chile were neither transparent nor produced predictable results.⁷⁹ The reference prices were determined by Chilean customs authorities on a weekly basis (every Friday for the subsequent week) using the lowest FOB price observed in any foreign “markets of concern” during the week in which the shipment disembarked from its home market. It was unclear how “the markets of concern” were selected or which prices in those markets were used.⁸⁰ For example, Chile stated that the reference price for edible vegetable oils coincided with the price of crude soya bean oil but in some cases it has corresponded with that of crude sunflower-seed oil. With regards to such schemes, the Appellate Body provided that it is not clear whether the price for crude soya bean oil or crude sunflower-seed oil would be used as a reference price for all edible vegetable oil products, including the more expensive ones.

Reference prices for horticultural products and beef in Indonesia are determined by the MOT. Such reference prices are determined by taking into account the cost of production, the profits of the farmers, distributors and the market price.⁸¹ It is necessary for the Indonesian government to elaborate further on such mechanisms and to ensure that the calculation process and determination of reference pricing are transparent and predictable.

3. Domestic Support

Under the AoA, subsidies are generally classified by ‘boxes’: amber, blue and green, depending on the degree to which they distort trade.⁸² Green box subsidies are permitted because they are considered to cause minimal trade distortion such as research and development, environmental protection. Blue box subsidies are permitted with conditions attached that they not lead to increased production.⁸³ Article 6 of the AoA places all domestic support measures considered to distort production and trade (except those fall into green and blue boxes) in the amber box. These include measures to support prices or subsidies directly related to production quantities.

All domestic support measures in favour of agricultural producers, as measured by ‘Aggregate Measure of Support (AMS)’, are subject to reduction commitments. This domestic support includes policies such as market price support measures, direct production subsidies or input subsidies.⁸⁴ However, the *de minimis* provisions of the Agreement allow any support for a particular product to be excluded from the reduction commitment if that support is not greater than the threshold (5 percent for developed countries and 10 percent for developing countries) of the total value of

⁷⁹ Appellate Body Report, *Chile – Price Band System and Safeguard Measures Relating to Certain Agricultural Products*, WT/DS207/AB/R, adopted 23 October 2002, DSR 2002:VIII, para. 247 (hereinafter “Appellate Body Report, *Chile – Price Band System*”).

⁸⁰ Appellate Body Report, *Chile – Price Band System*, paras 21-26.

⁸¹ Rio Sandy Pradana, “Patokan Impor, Harga Referensi Daging Sapi & Hortikultura Digodok”, *Bisnis Indonesia* (27 August 2013), available at: <http://www.kemendag.go.id/en/news/2013/08/28/-patokan-impor-harga-referensi-daging-sapi-hortikultura-digodok>, accessed on April 20, 2015.

⁸² World Trade Organization, “Domestic Support in Agriculture”, available at: https://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm, accessed on April 30, 2015.

⁸³ Global Subsidies Initiative, “Chapter 5: International disciplines on subsidies”, available at: <http://www.iisd.org/gsi/international-disciplines-subsidies>, accessed on April 30, 2015.

⁸⁴ World Trade Organization, “Domestic Support”, available at: https://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm, accessed on April 30, 2015.

production of the agricultural product in question.⁸⁵ Non-product-specific support, which is less than 5 percent of the value of total agricultural production, is also exempt from reduction.⁸⁶

Indonesia maintains a number of domestic supports such as market price support under the administered price schemes for rice and sugar.⁸⁷ However, Indonesia did not offer a commitment on the total value of AMS, and therefore cannot provide product-specific domestic support covered by the AMS commitments in excess of the *de minimis* threshold provided for developing countries.⁸⁸ Most of Indonesia's other domestic support measures falls into the green box category. In its last notification to the Committee on Agriculture, the Indonesian government lists a number of measures such as agricultural research and surveys, pest and disease control, infrastructure, public stockholding for food security purposes, domestic food aid programs and payment for relief from natural disasters as 'green box' subsidies. It also includes input subsidies on fertiliser and seeds as special and differential treatment – 'development programs'.⁸⁹

4. Export Subsidies

Export subsidies are a government policy to encourage exports and discourage sale of goods domestically such as by offering tax-relief to exporters or providing low-cost loans. Generally, the aim of export subsidies is to increase the share of the exporter in the world market; however it is done at the expense of others, such as domestic consumers. Export subsidies tend to deplete world market prices. The definition of export subsidies under the AoA is "subsidies contingent on export performance, including the export subsidies listed in detail in Article 9 of [the] Agreement". All export subsidies are subject to reduction commitments, expressed in terms of both the volume of subsidized exports and the budgetary outlays for such subsidies.⁹⁰

Indonesia has very few programs that can be qualified as export subsidies. Indonesia is bound by a commitment to export subsidies on rice at ceiling amounts of US\$28 million and 299,750 tonnes in 1995, reducing it to US\$21.5 million and 257,785 tonnes by 2004.⁹¹ Since the implementation of the AoA, Indonesia has not subsidized exports of rice.⁹²

V. ACHIEVING FOOD SECURITY THROUGH INTERNATIONAL TRADE AND POVERTY REDUCTION

Hunger and malnutrition are the result of poverty and inadequate food supplies (for example due to war, conflicts, and natural disasters). However, even if the food supplies are domestically available, poverty conditions are bound to reduce people's purchasing power and limit their access to nutritious food. International trade (although not the sole element) is a key factor of food security as it stimulates economic

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*

⁸⁷ Asian Development Bank, *Indonesia: Strategic Vision for Agriculture and Rural Development* (Manila: ADB, 2006), p. 111.

⁸⁸ *Ibid.*; FAO, <http://www.fao.org/docrep/005/y4632e/y4632e01.htm>, accessed on April 30, 2015.

⁸⁹ Indonesia (G/AG/N/IDN/34) April 9, 2013.

⁹⁰ WTO, "Export competition/subsidies", https://www.wto.org/english/tratop_e/agric_e/ag_intro04_export_e.htm, accessed on April 30, 2015.

⁹¹ ADB, p. 111; Food and Agricultural Organization, "WTO Agreement on Agriculture: the Implementation Experience on Developing Countries - Indonesia", available at: <http://www.fao.org/docrep/005/y4632e/y4632e01.htm>, accessed on April 30, 2015.

⁹² *Ibid.*

growth, increases income earning capacity and allows food to be transferred from surplus to deficit regions.⁹³ Put differently, international trade can be a powerful driver in improving food security, fighting poverty and malnutrition and fostering agriculture.⁹⁴

Trade allows countries to be self-reliant, rather than self-sufficient.⁹⁵ While self-sufficiency focuses on the production of various food items by local producers, self-reliance emphasizes the availability of food items for domestic consumptions.⁹⁶ As stated previously, trade liberalization alone is inadequate to attain the goal of food security. There are other key elements of food security such as technical and financial capacities, education and infrastructure. However, as the UN Millennium Project puts it, “trade openness can be a powerful driver of economic growth, which is indispensable to reduce poverty and foster development.”⁹⁷

Singapore is a good example of a country that has benefited from international trade. It is a small country with a rapidly growing population and extremely limited agricultural land and access to fresh water. However, Singapore was ranked fifth in 2014 by the Economic Intelligence Unit’s Annual Global Food Security Index, which evaluates a country’s food security based on a number of factors including availability, affordability, quality and the safety of food. This is not surprising if we look at the food resilience efforts pursued by the Singaporean government. It invests in research and development to boost local productivity. To complement its local production, Singapore enjoys its strength in international trade and employs a food import diversification strategy. It imports its food supply but diversifies its sources to spread any future risks.⁹⁸

Indonesia still struggles with poverty and income inequality issues. The percentage of the population that lives below the poverty line was 12% in 2012. While this rate has been falling from 24% in 1999, the disparities of national income and consumption have been widening in the past decades.⁹⁹ Indonesia’s upper class (20%) has enjoyed higher growth in income and consumption meanwhile its poorest class (40%) remains vulnerable.

Poverty is an obstacle for food security. The poor’s lack of purchasing power limits their ability to access food supplies, even where food is available at the market. Vietnam is an example of a country that is facing a similar issue in much the same way as Indonesia does. Vietnam has always been among the top five largest rice exporters globally. Self-sufficiency, particularly in rice, has been at the heart of their agricul-

⁹³ Alexander C. Chandra and Lucky A. Lontoh, “Regional Food Security and Trade Policy in Southeast Asia”, *IISD Series on Trade and Food Security – Policy Report 3* (June 2010): 2, accessed 3 October 2016, available at: http://www.iisd.org/tkn/pdf/regional_food_trade_asean.pdf (hereinafter “Regional Food Security IISD”).

⁹⁴ Food and Agricultural Organization, “Reducing Poverty and Hunger: The Critical Role of Financing for Food, Agriculture and Rural Development”, Paper Prepared for the International Conference on Financing for Development Monterrey, Mexico, March 18-22, 2002, available at: <ftp://ftp.fao.org/docrep/fao/003/Y6265E/Y6265E.pdf>, p.23.

⁹⁵ Supachai Panitchpakdi, “Why trade matters for improving food security”, Speech at High-Level Round Table on Agricultural Trade Reform and Food Security FAO, Rome, April 13, 2005, available at: https://www.wto.org/english/news_e/spsp_e/spsp37_e.htm.

⁹⁶ Regional Food Security IISD.

⁹⁷ Ernesto Zedillo, Patrick Messerlin, and Julia Nielson, *Trade for Development: Achieving the Millennium Development Goals*, (London: Earthscan, 2005), p.257.

⁹⁸ Cecilia Tortajada and Thinesh Kumar S/O Paramasilvam, “Singapore’s Impressive Food Security”, *The Diplomat*, available at: <http://thediplomat.com/2015/09/singapores-impressive-food-security>, accessed on September 6, 2015.

⁹⁹ World Bank, “Reducing Inequality in Indonesia”, available at: <http://www.worldbank.org/en/country/indonesia/brief/reducing-inequality-in-indonesia>, accessed on October 24, 2015.

tural policies.¹⁰⁰ Although they have adequate food supply, there are large numbers of people who lack sufficient income to purchase food. Income from growing rice is also not high so that farmers are hindered from abandoning their land, because they are not permitted to use their land for other purposes.¹⁰¹ This situation creates land waste and adds another thread in a web of poverty. Thus, poverty reduction should be one of the key elements in every country's food security policy because poor people are among the most vulnerable to food price volatility that often denies their access to nutritious food.¹⁰² The connection between food security and poverty reduction has been analyzed and suggested by several international agencies, such as the FAO and ADB,¹⁰³ and should continue to be on the agenda of food security policy makers.

VI. CONCLUSION

Indonesian policymakers, like those in many other developing countries, tend to equate food security with self-sufficiency. Policies aimed at achieving self-sufficiency across certain agricultural commodities are generally steeped in a broader policy framework of ensuring food security, and likewise food security is seen as best guaranteed by self-sufficiency, as if they were two mutually enforcing elements of a virtuous policy circle.

To pursue its self-sufficiency policy, the Indonesian government often employs import restrictions and erects trade barriers against food imports such as non-tariff measure like import quotas and non-automatic import licensing. Import restrictions and trade barriers almost inevitably are a flanking measure to protect and insulate less efficient and competitive domestic agricultural production, which must be subsidized from public funds in order to be viable. Moreover, these protectionist measures are problematic and can be inconsistent with Indonesia's obligations under the multilateral trading system. Thus, such protectionist policies for pursuing food self-sufficiency might be counterproductive in Indonesia's quest to attain food security. They inevitably increase food costs and impose an additional economic burden on consumers, and are more than likely to adversely impact the poor who pay a relatively larger share of their already moderate incomes in covering basic necessities - particularly food.

International trade and poverty reduction offer a more holistic and ultimately sounder approach to achieving the aim of food security. International trade and market integration reduce costs and maximize efficiency through sharing knowledge, technology, production, storage and distribution techniques. These benefits can also help countries to produce agricultural products in the most efficient and sustainable manner. Producers will have access to new markets and a way to diversify sales outlets, thereby giving producers both greater security and stimulating efficiency in production. Countries also benefit from a diverse supply of nutritious food that cannot be grown domestically. Poverty is a huge stumbling block for food security. The poor's

¹⁰⁰ Ho Dang Hoa, et al., "Vietnam needs to change the approach to food security?", available at: <http://english.vietnamnet.vn/fms/special-reports/52232/vietnam-needs-to-change-the-approach-to-food-security-.html>, accessed on April 20, 2015.

¹⁰¹ Nguyen Do Ahn Tua, "Dealing with Shocks in a Food Surplus Country: The Case of Vietnam", available at: http://www.2020resilience.ifpri.info/files/2013/07/2014-05-17_2020_PRS_3D_Tuan.pdf, accessed on April 20, 2015.

¹⁰² Will Martin, "Food Security and Poverty – A Precarious Balance", available at: <http://blogs.worldbank.org/developmenttalk/food-security-and-poverty-a-precious-balance>, accessed on April 20, 2015.

¹⁰³ Food and Agricultural Organization, "Livestock, Food Security and Poverty Reduction", available at: <http://www.fao.org/docrep/012/i0680e/i0680e03.pdf>, accessed on April 20, 2015; Asian Development Bank, *Agricultural Biotechnology, Poverty Reduction and Food Security*, (Manila: Asian Development Bank, 2001) available at: <http://www.adb.org/publications/agricultural-biotechnology-poverty-reduction-and-food-security>, accessed on April 20, 2015.

lack of purchasing power inhibits their ability to avail themselves of the domestic food supply, even where food is both abundant and freely available at the market.

In the final analysis, food security involves many complex issues ranging from health and environment to trade and economic development. Pursuing food self-sufficiency would not necessarily guarantee food security. As a political strategy, it is also very costly. The beneficiaries of this policy are a group of large farmers, absentee landowners and middleman at the expense of consumers and tax payers. Small farmers who are also consumers become increasingly vulnerable. Overall, seeking to achieve Indonesia's food self-sufficiency goals as currently formulated would do more harm than good.

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