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Indonesia's Food Security Challenges: How Food SOE Optimizes its Role?

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Abstract

The problem of food security has always been an important and urgent concern for Indonesia. The greater uncertainty in food production, greater price volatility, increased demand due to population growth and rising incomes, uncertain climate change, and natural disasters are still latent problems. Strategic, sustainable, and comprehensive efforts that can overcome these challenges must be immediately carried out to ensure the availability of sufficient and equitable food availability. This article reviews the role of Bulog as a state-owned enterprise (SOE) established to ensure the availability and security of domestic food. With the presence of Bulog, it is hoped that food availability will be maintained at any time and place at affordable prices, especially for low-income households. Comprehensive food and agriculture policies that can respond to future challenges must be followed up in the form of policy implications in each sector and the implications of various relevant institutions. The food security system must be created based on efficient food self-sufficiency and optimal levels of buffer stocks. For this reason, the government must provide adequate policy support so that food self-sufficiency can be realized and Bulog can function optimally.

Keywords

Food security, Food sovereignty, Supply chain efficiency, Bulog, Indonesia

1. Introduction

Food, as a basic need and human right, has a very important meaning and role in the life of a nation (Jamaludin et al., 2021). Inadequate food availability in a country compared to its needs can create economic instability (Purwaningsih, 2008). Various social and political upheavals can also occur in disturbed food security (Fauzin, 2021). For Indonesia, food is identified with rice because this type is the main staple food for most of the population (Umanailo, 2018).

Experience has proven that disturbances in food security, such as the skyrocketing increase in rice prices during the 1997/1998 economic crisis, which developed into a multidimensional crisis, have triggered social insecurity that jeopardizes economic stability and national stability (Ismet, 2007). The position of food is very decisive in economic-political stabilization because it is a basic human need, which must be fulfilled in accordance with human rights so that it is one of the main pillars of national development. Thus, strong food security must be characterized by food independence or food sovereignty (Syahyuti et al., 2016).

Food is a human right that must be fulfilled and should not be postponed. The right to food is the most basic human right because it is the most important basic human need, so the fulfillment of food is part of the human rights guaranteed in the 1945 Constitution of the Republic of Indonesia as the basis for realizing quality human resources (Aji et al., 2022). Thus, constitutionally, adequate food is the right of every citizen.

From the legal aspect, every citizen's access to food must be respected, protected, and fulfilled. The right to food is the same for everyone at every location and time, so fulfilling the right to food cannot be different and non-discriminatory. The most important thing in fulfilling the right to food is ensuring food security for every individual and household. Food must be sufficient, both in quantity and quality, safe, nutritious, diverse, equitable, and affordable by people's purchasing power (MacRae & Reuter, 2020). Indonesia has ratified the Ecosob Human Rights Convention (International Convention on Economic, Social and Cultural Rights - IESCR), which contains the principle of food as the most basic right through Law no. 11/2006. The right to fulfill food needs for every human being is also stated in the "Rome Declaration on World Food Security and World Food Summit Plan of Action" in 1996, which Indonesia also signed. The basics of implementing Human Rights have been adopted in Law No. 39 of 1999 concerning Human Rights, while the understanding of food adequacy is stated in the Elucidation of Law no. 7/1996 on food.

Developments in the world show a tendency for world problems related to food sufficiency, energy availability, water availability, increased pollution, and radiation, as well as problems related to radio waves and frequencies. Food availability can create economic instability (Jamaludin et al., 2020).

Meanwhile, in terms of efforts to fulfill food needs, the challenges faced by the world are the increasing uncertainty in food production, increasing price volatility, increasing demand due to population growth and increasing income, as well as natural disasters and disasters caused by human activities (Schreer & Padmanabhan, 2020). During the last two decades, the relationship between the food, feed, and petroleum markets has become increasingly close. The three markets are also closely related to the development of the US Dollar exchange rate, the dynamics of the commodity market, and the capital market. The role of these various factors has made food prices more complicated and difficult to predict, so agricultural and food policies in Indonesia must

receive greater attention (Limenta & Chandra, 2017). The development of the world food market in more detail is as follows:

- a. There was a surge in food demand from the world market due to the economic growth of China and India. It is known that the population of China and India is 1/3 of the world's population.
- b. The soaring cost of food production (i.e., input costs, transportation, marketing) due to the energy crisis and the soaring demand for energy from the Chinese and Indian economies, which among other things, caused soaring world food prices.
- c. The shift in world food production (corn, sugar cane) to alternative energy production (biofuels) resulted from skyrocketing oil prices resulting in a reduction in food production.
- d. The growth of the world's population remains high, driving the world's food demand.
- e. The effect of global warming causes climate anomalies that affect crop failures in food crops, thereby reducing the growth of world food production.

Thus the importance of the availability of sufficient and affordable food so that various efforts are made to maintain the stability of food availability are echoed in various international meetings. For example, the Ecosummit (May 2007) in Beijing has given a strong warning that environmental damage (crisis) is increasingly threatening human civilization in overcoming the food & renewable energy crisis. Regarding global warming, COP 13 (December 2007) in Bali mandated Reducing Emissions from Deforestation and Degradation (REDD).

In Indonesia and the world in general, the main problems of food in the context of realizing strong food security include several things, namely: First, the increasingly scarce availability; Second, the increasingly difficult affordability, both physically and economically; and Third, food safety which is increasingly worrying due to the increasing number of problems related to food safety. With the above problems, there is a tendency for the food situation, especially in the international market, to become more unpredictable and more unstable. For this reason, to realize food security and food sovereignty that is strong and sustainable, a more comprehensive Government policy in the food and agriculture field is needed to answer challenges in the food sector (Azahari, 2008; McCulloch, & Peter Timmer, 2008).

The policy must be able to advocate and encourage the effective and efficient use of all available natural resources in the country in an effective, efficient and sustainable manner.

From the marketing aspect, considering the tendency of the food market (especially rice) to be asymmetrical, it is necessary to involve the government in protecting the interests of producer farmers, consumers, and other market players, by realizing a competitive and integrated marketing system.

2. National Food Policy and The Role of Bulog

Food production in Indonesia, especially rice, is seasonal and concentrated in certain areas with evenly distributed consumption between seasons and between regions, as well as the availability of marketing infrastructure that is not yet adequate in certain areas (Yonekura 2005; Rahman et al., 2021; Frimawaty et al., 2013). These characteristics give rise to the possibility of various supply and demand inequalities and market disintegration or failure. Thus, it is absolutely

necessary to have a comprehensive food policy that can overcome these challenges by ensuring sufficient and equitable food availability, both between time and places, and realizing an efficient marketing system.

Comprehensive food and agriculture policies that can respond to future challenges must be followed up in the form of policy implications in each sector and the implications of various relevant institutions. With the institutional structure in agriculture and food, the existing parastatal institution, namely Bulog, as the implementer of government policies in the food sector (especially rice) must obtain a strong, adequate and relevant position (Arifin, 2005). Bulog, as the sole operator of food security, needs to get financial, institutional and legal support so that its role can function optimally. (Arifin, 2005).

The role of Bulog in carrying out public obligations such as domestic procurement, distribution of subsidized rice, price stabilization operations, and management of government food reserves has been proven to provide very real benefits, both economic and non-economic in improving the welfare of farmers, protecting low-income households, encouraging rural economic growth and contribute to economic growth, political and social stability (Ariyadi, 2021). Adequate, equitable supply at affordable prices as well as access to adequate food is a must to ensure food security. Access to physically affordable food must be realized in locations closest to individuals or households in need and economically affordable by the economic capacity of low-income individuals or households. Food supply and access must also be guaranteed and controlled in quantity and price at any time and place. National food security must still be managed centrally and in an integrated manner so that it can be well controlled, efficient, and effective where the central government has full authority to regulate prices and stability, as well as the distribution of food availability in Indonesia without being hindered by administrative and institutional constraints. Suppose local governments are to build food security in their regions. In that case, this must be seen as a complementary policy and not a substitute for the role of the Central Government.

The national food policy aims to: First, increase farmers' production and income; Second, ensure the availability of food at any time in any place at an affordable price; and Third, improve the nutritional status of the community. To improve food security both at the regional and national level, the government uses a combination of market intervention, investment in rural areas, and improvement in food technology, namely: First, the existence of Government Policy in rice trade and marketing; Second, establishing Bulog, a food marketing parastatal agency since 1967; Third, implementing a buffer stock policy, accompanied by an import-export policy as a complement or residual; Fourth, determine a reasonable price range to encourage private sector participation; Fifth, Bulog as the last seller and buyer (as a buyer and seller of the last resort) (Indah & Setyaningsih, 2020; Neilson & Wright, 2017). Meanwhile, the tasks of Bulog's public services include several things, namely First, maintaining prices at the farmer level with the Government Purchase Prices (*Harga Pembelian Pemerintah/HPP*); Second, maintaining sufficient stock for routine operational activities; Third, managing the Government Rice Reserve (CBP) to deal with emergencies and price stabilization programs; Fourth, manage the distribution of stock evenly throughout the country; and Fifth, managing the distribution of RASKIN to low-income target households. Rice is the most strategic food commodity in realizing national food security

(Jamaludin et al., 2021;). Thus, food security must be controlled, for example, by stabilizing price fluctuations so people can buy food.

Rice is the most strategic food commodity in realizing national food security. The rice price stabilization program is a policy instrument for macroeconomic stabilization and serves as an anchor for holding domestic prices (DN) from world price volatility. This program uses a buffer stock mechanism as a comprehensive purchasing, storage, and distribution infrastructure. In this system, foreign trade is supportive. It is used to release stock when it is excessive and as a source of rice when there is a shortage of domestic stock. The 2008 food crisis showed that the transmission of very high world rice prices to the domestic rice market had created social unrest in many countries. Prices tripled in less than six months. The highest recorded price was more than USD 1,000 per tonne. This social upheaval even occurred in rice exporting countries. Many countries anticipate this by protecting their respective domestic rice markets by setting export quotas or bans, reducing or delaying import taxes, increasing buffer stocks, and so on. The extraordinary crisis shows that the world rice market remains very vulnerable and sensitive, as indicated by the limited amount of rice traded. Price developments in the domestic rice market show that Indonesia has been able to get through the crisis very well. What is the best way to deal with the potential world rice crisis? Dependence on imports will be very expensive and very risky.

The world market will never again be a source of cheap and stable food (Purwaningsih, 2008). The ideal is the realization of efficient and sustainable rice self-sufficiency. In addition, a strong and efficient parastatal institution must have adequate buffer stocks. The challenges to achieve price stabilization are: First, how to produce food efficiently and sustainably; Second, how to maintain the amount of buffer stock in order to remain effective & efficient; Third, how can price stabilization be carried out at a reasonable cost? The cost of buffer stock management is very expensive because of the risk of degradation of the quality of the stored rice and the high cost of storage of buffer stock. A food security system must be created based on efficient food self-sufficiency and optimal levels of buffer stocks to be more efficient. For this reason, the government must provide adequate policy support so that food self-sufficiency can be realized and BULOG can function optimally.

3. Food Security, Food Independence and Food Sovereignty

There are two other meanings besides food security: food sovereignty and food independence. Commonly used terms are Food Sovereignty. The concept of Food Sovereignty began to develop in the 1990s as an alternative concept or complement to the concept of food security, which is heavily influenced by neo-liberal views. Food sovereignty began to be discussed openly at the World Food Summit in 1996. In the concept of food security, the fulfillment of food needs is carried out with modern efforts, including agribusiness activities, free trade, and privatization of productive resources (Saliem & Ariani, 2016; Ariyadi, 2021). Meanwhile, Food Sovereignty seeks to go back to basic or back to nature, prioritizing domestic production's sustainability by utilizing local and ecological-based wisdom that prioritizes environmentally friendly activities to realize sustainable livelihoods and an integrated environment. In general, La Via Campesina (Global Farmers Organization) translates food sovereignty as *"the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture system. It puts the aspirations and needs of*

those who produce, distribute, and consume food at the heart of food systems and policies rather than the demands of markets and corporations.”

This food sovereignty paradigm is often presented as the “answer” to the “unsuccessful” concept of food security in overcoming world food problems. In the concept of food sovereignty, modernization or liberalization is returning to things that are basic or back to nature. In this concept, the main priority is how to produce food to meet the needs and sustainability of ‘local food and local markets’ through procuring production inputs by utilizing local wisdom and being environmentally friendly.

Thus, food sovereignty prioritizes the development of ‘local’ agricultural systems to provide ‘local’ food needs (Rachmat, 2015; Timmer, 2004). The concept also emphasizes the need for farmers’ access to production factors as the government’s main task so that farmers’ farming businesses, especially those cultivated by small farmers, can develop well. The human right to adequate food is also a concern in the concept, in addition to the need for firmness about the role of a better government.

However, realizing food sovereignty is relatively difficult considering this era of international trade. Countries in the world are involved in the Asia Pacific Economic Cooperation agreement, the ASEAN-China Free Trade Agreement (ACFTA), and so on. Administrative boundaries between countries are inevitably decreasing in their role as trade barriers between countries. Competition between countries, nations, companies, and producers is getting sharper. All countries live in the dynamics of globalization which not only brings good but also causes challenges and problems.

Besides encouraging growth, globalization can present inequality, injustice, domination of developed countries, and domination of multi-national companies. The challenge for Indonesia, as a developing country, and other developing countries to compete with developed countries is how to realize fair trade. Indonesia wants to realize the Millennium Development Goals immediately by building the economy, reducing poverty, and improving education quality and health access.

5. Conclusion

As an archipelagic country with fluctuating production, Indonesia is still vulnerable to food shortages. The government always prioritizes self-sufficiency to realize food security/sovereignty. Food security that is strong, sustainable & based on domestic food production must be realized. Food must also be available at all times and everywhere at an affordable price, especially for low-income households. Various efforts have been made and have had a significant impact. However, other, more strategic and sustainable efforts are still needed. Meanwhile, the latent challenges and constraints are still not well resolved. First, the existence of food production is seasonal & fluctuates with an increasing population from time to time. Second, it tends to be predicted as the impact of global warming, so it is necessary to improve a more comprehensive production prediction model. Third, agricultural production factors are becoming increasingly scarce and expensive, thus encouraging increased production, which reduces their comparative advantage. Fourth, the domestic marketing system must be more efficient so that Indonesian agricultural products can compete in the international market. Fifth, world trade is becoming increasingly globalized. International food markets are becoming increasingly unstable

and difficult to predict because they are closely related to the feed market, oil market, commodity market, capital market, and the US Dollar exchange rate. These things have been and will always be a challenge. With good planning and consistent and consistent implementation, the government and its citizens can respond well to all these challenges so that efficient food security can be realized and based on domestic resources, which have been coveted.

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