

Indonesian Policy Choices on Salt

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ABSTRACT

Indonesia is one of the salt importing countries in Asia. This study aims to review the root causes of the salt import policy chosen by the government. Meanwhile, on the other hand, domestic salt farmers are in a subordinate position. This research is a type of qualitative research that uses a literature study approach. The source of the data in this study therefore comes from previous studies in the form of journals and books. Data collection techniques in this study used observation and documentation techniques. Data analysis was carried out through three stages; reducing data, presented, and drawing conclusions. The examination uses a research approach and previous research. This research is a starting point for further review and future policy agendas.

INTRODUCTION

Based on data released by the US Geological Survey (2022), total salt production worldwide is 290 million metric tons. In 2021, the world's largest salt-producing country will be China, with production reaching 64 million metric tons or around 22.07% of the world's total salt production. While the United States ranks second with a total production of 40 million metric tons. The data shows that the world's need for salt continues to swell in line with the increasing population. So that salt export and import activities between countries become commonplace.

So far, Indonesia is one of the largest salt-importing countries in Asia. News titled "Indonesia Impor Garam dari Mana Saja?," published by Kompas.com on December 16, 2022 shows that Indonesia's salt imports from 2020 to 2021 have continued to increase. In 2020, salt imports reached 2.608 million tons, then expanded in 2021 to 2.831 million tons. This is ironic given the geographical conditions of Indonesia, which is a maritime country with the longest coastline in the world, which is considered sufficient to be sovereign in supplying national salt needs (Jamil et al., 2017). However, according to Ihsanudin (2012), the geographical area and salt potential in Indonesia are not directly proportional to the ability to manage national salt production, which in 2011 only 71% of the land area owned was used for salt production. As is known, Indonesia's salt land area reaches 33,854.36 hectares with the utilization of which has only touched 24,130.93 hectares.

Previous studies have shown that salt imports are the main choice taken by the government to meet national salt needs. As the results of research by Jamil et al. (2017) which shows that the government's decision to import salt is based on salt needs that are not in balance with domestic salt production. In his research, Jamil et al. (2017) explained that land intensification and extensification are important things to do, given that domestic salt production requires efforts to accelerate the existing salt fields. Another study was conducted by Baihaki (2013) which showed that the salt import policy was the fruit of the conflict of interests of various parties within the country who considered salt imports more necessary than efforts to increase national salt productivity. In this case, Baihaki (2013) shows that Indonesia's dependence on salt imports affects the sustainability of salt farming in the country which is ruled out from projecting the fulfillment of salt needs in the future. The data leaves a number of questions why the government chose to implement the import policy? What are the constraints faced in local salt productivity?. This study aims to examine the roots of salt import policies in Indonesia; an account of colonial history is the entry point for uncovering this problem. Then, at the end it conducts a review of the symptoms of domestic policy recovery to reduce the number of salt imports.

LITERATURE REVIEW

Public policy

Public policy is a part, or political, economic, social, and cultural interaction. In fact, it can be said that public policy is melting pot or the result of a synthesis of political, economic, social and cultural dynamics where the policy itself is located. Public policy always interacts with the dynamics of the political, economic, social and cultural conditions in which the policy exists. Thus public policy also reflects the dynamics of the state and nation concerned (Nugroho, 2008).

Indonesia is a unitary state that adheres to the principle of decentralization. Decentralization itself actually contains two main meanings; Decentralization is the establishment of an autonomous region and the transfer of certain authorities to it by the central government; Decentralization can also mean the transfer of certain authorities to autonomous regions that have been formed by the central government (Muttaqin & Harmawan, 2021). In administering government, by providing opportunity and discretion to the regions to carry out Regional Autonomy (Therefore Article 18 of the 1945 Constitution, among other things states that the division of regions in Indonesia into large and small regions, with the form and structure of the government is determined by Law Invite). The journey of regional autonomy in Indonesia was initiated by the collapse of the centralized New Order government. Governance reform finally gave birth to the most massive decentralization model in the world, a centralized system that has ever been implemented, where all state affairs are the affairs of the center, the center in this case the government which is centered on the central government, the center holds all control over all regions or regions in the world. Indonesia, and the regions must implement what is the policy of the central government. In this explanation, regions can be interpreted that Indonesia's regions are divided into provincial areas, provincial regions are divided into smaller regions. With the implementation of a centralized system in all areas of life, it turns out that it cannot create people's prosperity that is evenly distributed in all regions, because it is far from the center, so that most areas that are far from the central government receive less attention, and the purpose of developing Good Governance has not materialized yet.

The end of the New Order regime, replaced by the era of reform, changed the perspective to make things happen Good Governance, one of which is the existence of regional autonomy, because Regional Autonomy can develop relations between the central and regional governments. In addition, the implementation of regional autonomy is a manifestation of the mandate of the 1945 Constitution Article 18 paragraph 5 "Regional governments carry out the widest possible autonomy, unless government affairs are determined by law as the affairs of the central government".

Public policy is the decision of the State Authority which aims to regulate common life. Public policy objectives can be distinguished from resources or resorsis, that is, between public policy objectives distribute state resources and goals absorb state resources. So, the first understanding is distributive and abserbtif (Nugroho, 2008).

National Salt Policy Formulation

Oatley (2006) argues that in decision making there are two concerns that need to be observed. The first is the importance of the goals to be achieved by the actors involved in the political mechanism. However, the actors involved in the political mechanism have certain interests that they want to fulfill. This is manifested through proposals or attitudes that are ultimately chosen by the government. In the process, each actor competes to fight for certain policies in accordance with the interests obtained. Furthermore, Oatley explained that apart from the interests of political actors, the next concern is political institutions which are the vehicles for creating policies. Political institutions are political articulations of a state or government that drive political processes. Besides that, political institutions determine a decision which is finally taken as part of a battle between interests within it. In this political system, every decision taken reflects whether the country's government system is democratic or not. In the political system in Indonesia, decisions are taken based on democratization which refers to collective preferences in decision making.

Besides Thomas Oatley, there are other writers who analyze the pattern of relations between domestic politics and international relations. Helen V. Milner (1997) said that domestic politics influences the foreign policy taken by the government. Every collaboration that is built is the result of an aggregation of interests between the actors involved in policy making. The cooperation is the distribution of the preferences of each actor. The concept presented by Thomas Oatley and Helen V. Milner can be used to analyze why Indonesia issued a salt import policy. The policy is the result of a battle between the interest groups involved. These interest groups have a particular goal or interest to be achieved. And to achieve these interests, they fight so that their ideas, ideas or recommendations can be transformed and formulated as a policy. It can be seen that there is a struggle between salt importing companies, ministries under the government and associations of salt farmers to make a policy that can accommodate their interests. The ministries involved in formulating Indonesia's salt import policies include: the Ministry of Trade, the Ministry of Maritime Affairs and Fisheries, and the Ministry of Industry (Herawati, 2023). These ministries seek to achieve their respective interests. The Ministry of Maritime Affairs and Fisheries, for example, is trying to protect salt farmers in order to achieve national salt self-sufficiency in 2015. This can be achieved if the government reduces the salt import quota little by little and increases domestic salt production (Jamil & Tinaprilla, 2017; Ghozali & Samputra, 2022). Meanwhile, the Ministry of Trade reasoned that Indonesia needed to import salt to meet domestic demand related to the need for national salt consumption. Apart from these ministries, there are also other interest groups such as salt importers and

salt farmers. Importers, of course, want to import salt to then resell it to industries that need salt as one of their raw materials. On the other hand, salt farmers have been hit hard by the large amount of imported salt circulating in the market. The salt import policy is considered by salt farmers to have made the price of salt below the standard set by the Minister of Trade regulations.

METHODOLOGY

In conducting research it is very important the method used (Ilham et al., 2020). This research is a type of qualitative research that uses a literature study approach. The source of the data in this study therefore comes from previous studies in the form of journals and books. Apart from that, actual news is taken as part of the data source, and official documents that are in accordance with the theme of this research are also used as data sources. Data collection techniques in this study used observation and documentation techniques. Observations were made during the research period. Then data analysis was carried out through three stages as emphasized by Miles and Huberman in Ilham et al. (2022). first, by reducing data from various data sources. Second, the reduced data is then presented as it is. The last is drawing conclusions so that it becomes descriptive writing.

RESEARCH RESULT

Salt Import Policy Rationality

Indonesia is the largest country 2nd (two) after Canada by line length coast 99,093 km where Indonesia should be able to become a salt exporting country or at least be able to meet their own needs (Fauzin, 2019; Sari & Chayani, 2022). According to its use, salt classified into 2 (two) types namely Salt Consumption and Industrial Salt. Based on Indonesian National Standard (SNI) Salt Consume minimal NaCl content 95%. As for Industrial Salt, better quality salt needed with NaCl content above 97.5%. Then NaCl content above 98.5% is required for pharmaceutical salt industry (Tansil et al., 2016).

In policy of salt, the Ministry of Industry shows that Indonesia pursues the salt import policy due to three factors (Ministry of Industry, 2022). First, the need for salt is more excellent than the domestic production capacity. The Research and Development of the Ministry of Maritime Affairs and Fisheries (KKP) data emphasize this argument, Indonesia's salt production in 2021 only reached 1.092 million tons (KKP Statistics, 2021). Second, the quality of local salt is not following industry standards, especially the need for salt in the industrial sector. Third, local salt farmers are considered to have not fulfilled the simultaneous supply of industrial salt. Different versions show that at the grassroots level, salt farmers face the problem of low prices. The decision to import seems to be the last option which relies on the low quality of domestic salt. There are at least seven salt exporting countries to Indonesia. Australia is at the first level with a total amount of 2.108 million tons, followed by India with a total of 715.506 tons.

Meanwhile, New Zealand reached 3,487 tons, and China 2,470 tons. This point shows that there is no meeting point between government decisions and the production activities of local salt farmers. The government, with an import policy, has an industrial needs base that gives priority to the excellent quality of imported salt. At the same time, the role of local farmers is weakened due to unfavorable salt prices. This review is divided into two discussion sections. First, investigate salt import policies from historical routes. The study in this section uses a historical logic approach, which is the starting point for the domestic salt import policy, which causes salt farmers to be in the clutches of capitalism. Then the following section describes the current policy strategy to suppress salt imports. This section highlights government regulations to suppress salt imports and policies to empower local salt farmers. This section is also the review's conclusion, followed by policy recommendations for the future of national salt independence.

DISCUSSION

The operation of the capitalist system has brought salt farmers to worse conditions and even marginalized them. The capitalist system has undergone a long period of colonialism which has raised European countries to become industrial pioneer countries. Colonial governments have become a tremendous force separating developed and underdeveloped countries. The rationalization of dependence on developed countries is a cornerstone of the downturn in economic life experienced by underdeveloped countries. However, capitalism is always based on the ideals of profit maximization and cost minimization (Taylor, 1989). The dependence of this underdeveloped country is guarded through colonial logic. In the pre-colonial era, Indonesia used salt as an export commodity to several countries in the Southeast Asian region. This pattern reversed in the colonial period; control of local salt production and trade fell into the hands of colonial powers. The occupation of the Vereenigde Oostindische Compagnie (VOC) in Indonesia triggered the co-optation of the salt commodity capitalist economic system. During the colonial era, the political policies of the salt economy were oriented toward the interests of the rulers and investors by sacrificing the interests of local indigenous producers (Kuntowijoyo, 1988). Salt is an essential commodity and is a subject of competition by various political forces and investors. The colonial government saw that salt was not only a monopoly product that controlled many people's lives but also a strategic commodity capable of making a significant contribution to state finances.

National salt management did not undergo severe changes after Indonesia's independence. The government favors foreign entrepreneurs by approving and collaborating in the monopoly practice of domestic salt commodities. Entrepreneurs play price games at the farm level; salt prices can reach 75 to 80 cents/kg, and other times it changes to 2 to 8 cents/kg (Widodo, 2005). In the early days of independence, this price game continued and placed salt farmers in a subordinate position. The pressure on local salt farmers has worsened since the government disbanded PN Garam in 1957. The dissolution of PN Garam was followed by the formation of cooperatives and the operation of State-Owned Enterprises (BUMN), which directly replaced the role of

entrepreneurs in distributing and storing salt with Limited Liability Companies (PT). The Indonesian government, through various policies and programs, tends to regulate the salt trading system and tends to side with capitalist forces (Rochwulaningsih, 2007). Law No. 7/1994 concerning Ratification of the Agreement to Establish the World Trade Organization, RI Presidential Decree No. 69/1994 concerning Procurement of Iodized Salt, Decree of the Minister of Industry No. 29/M/SK/2/1995 concerning Ratification and Application of Indonesian National Standards and Compulsory Use of SNI Marks for ten types of industrial production, including salt, Decree of the Minister of Industry No. 77/M/SK/5/1995 concerning Technical Requirements for Processing, Packaging, and Labeling of Iodized Salt and Licensing, Decree of the Minister of Trade and Industry of the Republic of Indonesia No. 360/MPP/Kep/5/2004 concerning Salt Import Provisions. These regulations and policies show that domestic salt management patterns are industrial needs-oriented rather than public interest-oriented. The salt commodity does not have a modern organization and bureaucracy that gives sufficient access to salt farmers as direct producers to enjoy a surplus of salt production.

CONCLUSIONS AND RECOMMENDATIONS

The year 2022 is a moment of recovery for national salt management. The government, through Presidential Regulation (Perpres) No. 126/2022 concerning the Acceleration of National Salt, marked this recovery effort with an instruction to build a national salt production center, as well as to suppress the problems of domestic salt productivity. This Presidential Decree by the Ministry of Maritime Affairs and Fisheries implements programs to accelerate national salt production from downstream. The manifestations of this program include encouraging the construction of national salt processing factories in the form of tunnel houses and providing technical assistance such as HDPE geomembranes for farmers. Salt tunnel houses that utilize greenhouse technology for salt crystallization allow farmers to produce salt all year round. It is hoped that the construction of factories and the distribution of production equipment will reduce the need for salt imports while at the same time growing national salt productivity. In addition, the promotion of modern technology to salt farmers at the site level contributes to the empowerment of local salt farmers. The farmers received training in more modern production techniques to match traditional salt production techniques, which so far have relied on the dry season. This review is expected to be an initial guide to reveal the reasons for the government's salt import policy. Future studies need to describe the bargaining power of local salt farmers amidst a flood of imported. Applied scientific research and social studies monitor and evaluate current and future salt import policies.

ADVANCED RESEARCH

This research was conducted using a literature study approach originating from the news media regarding salt policy. So that further research needs to expose and conduct research mapping with sources from empirical data in the field to get more accurate research results.

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