

The Existence of BULOG Public Corporation in Increasing Food Security in Indonesia

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Abstract

Food security is an important issue to be discussed annually because food needs are a basic need for well beings of individuals. as stated in Law No. 18 of 2012 regarding Food, there is a description of the regulation of procurement, preparation of food reserves, and distribution of food in Indonesia. in implementing the Law and minimizing problems especially in the food sector, BULOG Public Corporation was formed as a government agency or State-Owned Enterprise (BUMN) in the food sector in providing public benefit functions directly related to food security in Indonesia. This paper will discuss further about the existence or role of the National Logistics Agency (Perum BULOG) in improving food security in Indonesia. This article will offer solution that are deemed to be more effective and efficient in achieving the food security policy objective.

Keywords. *food security, food reserves.*

1. Introduction

Food security is a complex and multidimensional issue that includes economic, social, political, and environmental aspects. Food policy often involves political aspects as a decision-making process. Increasing national food security is one of the government's priority agenda in various conferences involving several countries and international institutions, such as the Food and Agriculture Organization (FAO), Asia and the Pacific Economic Cooperation (APEC), and the Association of Southeast Asian Nations (ASEAN).

The definition of food security as contained in the Government Regulation of the Republic of Indonesia Number 17 of 2015 concerning Food and Nutrition Resilience, food security is a condition of fulfilling food for the country to individuals, which is reflected in the availability of adequate food, both quantity and quality, safe, diverse, nutritious, equitable, and affordable and does not conflict with the religion, beliefs, and culture of society, to be able to live a healthy, active, and productive life in a sustainable manner. Other definitions according to the Food Law, there are several limitations on food security which include: (1) the fulfillment of food needs for the country to the level of individuals; (2) benchmarking the fulfillment of food needs covering various aspects including: (a) in terms of quantity the amount is sufficient, (b) in terms of quality, good quality, safe for consumption, various types of food available, fulfilling nutritional adequacy, (c) spiritual food security, food must not conflict with the rules of religion, beliefs, and culture of the people, and (d) in terms of economic affordability, food can be available evenly throughout Indonesia at prices affordable to all levels of society; and (3) the provision and affordability of food is intended so that the community until individuals can live in a healthy, active, and productive manner in a sustainable manner.

The definition above does not indicate the source of food in meeting the food needs of all elements of society. With the concept of food sovereignty and food independence, the food source aspect is considered to be strategic and important as stipulated in the articles in the Food Law, including in articles 14 and 15. This article regulates the sources of food supply originating from production in the country and national food reserves. Food supply can be done by means of food importation with the appropriate amount if the food needs of the two mentioned sources cannot be sufficient. The food import policy is a legitimate policy variable to be utilized, by making imports the last policy that can be taken. Import policies must also be

designed to the maximum through proper calculation of food availability from domestic production, food reserves, and food consumption needs.

The issue of food security is also the direction of general food sovereignty in the 2015-2019 RPJMN, including strengthening food security through increasing staple food production towards food independence, stabilizing food prices, ensuring quality food by increasing nutritional value to the community so that it can support people's welfare , both as producers and consumers or food security.

As reported by the *International Grains Council*, Indonesia's food security is still not met with food independence. This is due to the continuous import policy by the government to enlarge the rice stock in anticipation of the problem of scarcity or lack of domestic rice. Government policy in the field of rice production and trade has become a polemic because it is closely related to macroeconomic stability, especially in matters of inflation, poverty and food security. News about the Indonesian government's import policy can be seen in table I.1 about a summary of some news about the problems of Indonesia's import policy.

Table I.1 News of the Government of Indonesia Import Policy

No	Sources	News Reviews
1	https://www.jawapos.com/ekonomi/25/10/2018/surplus-beras-285-juta-ton-tak-bikin-ri-lepas-dari-impor	The government through the Central Statistics Agency (BPS) released data on rice production until the end of the year is a surplus of 2.85 million tons. But this does not guarantee Indonesian food security due to two things. First related to the number of consumer household needs and two are related to the actual total surplus amount rice is spread in several regions. Meanwhile, Indonesian rice prices at the consumer level considered still expensive so it does not match the reject measuring rice imports according to the Head of Research Center of Indonesian Policy Studies (CIPS).
2	https://www.liputan6.com/bisnis/read/3895229/indef-impor-beras-2018-terbesar-kedua-setelah-2011	Rice imports carried out by Indonesia are a matter which cannot be avoided according to the Institute for Development of Economics and Finance (Indef). Rice imports in 2018 is the second highest import after 2011. Importation also has the potential to increase in the following years if the government does not anticipate by pushing domestic production.
3	https://ekbis.sindonews.com/read/1342020/34/impor-beras-berdampak-negatif-ke-jutaan-petani-1538115174	Agricultural economics academician of IPB, Sahara Djaenudin, said the risk of errors in data regarding imports will negative impact on millions of farmers. Sahara asserted, import implementation without in-depth analysis and stud will make prices decline. The impact on farmer is a low welfare due to shrinking income figures from work. Policy regardin Imports of food commodities need to be balanced with certainty guarantee of consumer protection with certain policies.

Source: From various media (processed)

Based on the report from the *International Grains Council*, Indonesia will continue to import for the next five years. The rice import trend has increased in total, from initially 1.5 million tons in 2015, then in 2016 reached 1.6 million tons, then 2.1 million tons in 2017. Furthermore in 2018 it is estimated that the import figure will reach 2.4 million tons and 2.6 million tons of rice imports in 2019. Based on these data, it can be said that the importation of rice made by the government has increased regularly every year.

In implementing the Food Law and minimizing the above problems, especially in the food sector, the need for government agencies or agencies in supervising and securing food supplies in order to improve people's welfare. Therefore, BULOG Public Corporation is formed as a government agency or State-Owned Enterprise (BUMN) in the food sector to provide a public benefit function that is directly related to the procurement, distribution and storage of food reserves in Indonesia as stipulated in Article 66 of the BUMN Law.

The task of the Public Corporation of BULOG in terms of public service is the mandate of Presidential Instruction No. 3 of 2012 concerning Grain Procurement Policy / News and Rice Distribution by the Government, which is an embodiment of government intervention in national enlargement to strengthen food security. The three tasks of the Bureau of Logistics in terms of public services include the first, implementing the policy of purchasing grain /rice in the country with the Government Purchase Price (HPP) provisions. This activity is realized in the form of procurement of grain and rice in the country by the State Logistics Agency. The second task of the National Logistics Agency is to provide and distribute subsidized rice to low-income groups that are realized in the implementation of the RASKIN program. While the third task is to provide and distribute rice to maintain the stability of rice prices, deal with emergencies, disasters, and food insecurity. The third activity was carried out by the State Logistics Agency (BULOG) in the form of management of Government Rice Reserves (CBP).

BULOG Perum as a BUMN that has PSO duties, carries out the mandate to maintain the stability of rice prices at the producer level by purchasing rice farmers (medium) with HPP and at the consumer level by conducting market operations (OP) in the event of an increase in rice prices or rice scarcity.

The government sets a PSO (Public Service Obligation) to the National Logistics Agency in order to support national food security. The PSO implemented by Perum BULOG is carrying out the duties and responsibilities in the framework of national food security. Moreover, implementing government assignments in maintaining food availability and stabilizing food prices at the consumer and producer level for rice, corn and soybean foods and eight other staple foods.

2. Material and Methods

This study is a type of qualitative-descriptive research using primary data in the form of interviews with informants, collection of related organizational documents, and supported by the use of literature data. Literature data uses various relevant research results and is published in various national and international public media. In this study involved research informants which included the Head of Regional Division of East Java BULOG Division, Deputy Head of Regional Division of East Java BULOG Division, and East Java Regional Division BULOG Public Relations Public Relations.

3. Result and Discussion

The Concept of Food Security

Based on Law Number 7 of 1996 about food security , the conditions for fulfilling food for a household can be seen from the availability of sufficient food, both in quantity and quality, safe, equitable and affordable. Based on the concept, there are several principles that are related both directly and indirectly to food security. Some principles that must be considered include:

- Households are the most important unit of concern in efforts to meet national and community food needs and individuals;
- The obligation of the state to guarantee the right to food for every citizen who is gathered in the smallest community unit to obtain food for survival;
- Availability of food includes aspects of food sufficiency and food quality;

- Food production that determines the quantity of food as an activity or process of producing, preparing, processing, making, preserving, packaging, repackaging, and or changing the form of food;
- Food quality whose value is determined on the basis of criteria for food safety, nutritional content and trade standards for food and beverage ingredients;
- Food safety is the condition and effort needed to prevent food from the possibility of biological, chemical, and other objects that can disturb, harm and endanger the human condition;
- Food equity is an important dimension of food justice for people whose size is largely determined by the degree of the country's ability to guarantee the citizens' food rights through the food production distribution system it develops. The principle of food evenness mandates the national food system must be able to guarantee the right of food for every household without exception; Affordability of food presents the same degree of freedom of access and control that each household has in fulfilling their food rights. This principle is one dimension of food justice which is considered important to be considered.

The concept of food security as mentioned above, can then be summarized into aspects:

- a) Food availability or food sufficiency;
- b) Food safety or food that is free from the possibility of biological, chemical, and other objects which can harm and endanger the human condition, as well as guaranteed quality (food quality), namely fulfilling the nutritional content and trade standards for food and beverage ingredients;
- c) Equal distribution of food or food distribution systems that support the availability of food at all times and evenly; and
- d) Affordability of food or the convenience of households to obtain food at affordable prices.

BULOG Public Corporation Practices in Supporting Food Security in Indonesia

BULOG has a role in maintaining the pillars of food security, namely by maintaining sufficient food supplies, easy access to food and affordable rice prices for the community, and stabilizing food prices. In the pillar of availability, in the interests of the distribution of RASTRA budget groups and government rice reserves for emergency purposes and BULOG market operations are responsible for absorbing/obtaining stock through the procurement of sufficient quantities of rice.

On the pillar of affordability, in order for the public to access rice easily and affordably, BULOG distributes rice through a national movement or regional movement throughout the country.

Then in the pillar of stability, by absorbing during the harvest season in hopes of maintaining a stable price of grain/rice so as not below the HPP (Government Purchase Price) and also through market operations during the dry season and also when prices are high.

The government continues to maintain food security for each household, one of which is through rice commodities, especially for poor households. In terms of availability, the government through Inpres guarantees the price and market for farmers' production through the absorption/procurement of BULOG Public Corporation so that farmers have the enthusiasm to continue producing. With increased production it will strengthen the availability of domestic rice without depending on imports. In terms of affordability, the government has provided rice in every household at affordable prices, especially for poor households. The RASKIN program is available near poor households at a price that is lower than the market price. Meanwhile, to ensure supply and price stability, the government through the National Logistics Agency (Perum BULOG) has carried out equitable distribution of stock with the availability of rice at each Perum BULOG warehouse in Indonesia. In the Republic of Indonesia Law No. 18/2012 on Food, it is explained that the government and the community are responsible for creating food security. This can be interpreted that food security is not fully left to the market mechanism as done by some developed and liberal countries. If this is done, it can have a negative effect on the poor group whose numbers are still dominant. The existence of these poor people is spread throughout Indonesia with limited transportation and communication infrastructure. By creating resilient food security, people who lack access to food can be well protected.

A number of countries in Asia also enact various policies to protect producer farmers, consumers or both simultaneously through the function of determining HPP (government purchase prices), selling, stocking, or distributing food in order to ensure price stabilization for consumers. The intervention was carried out through various government food institutions, both in the form of state-owned enterprises namely PWO in Thailand, or LPND such as the NFA in the Philippines, or in the form of open companies such as Bernas in Malaysia.

Below is the performance of BULOG in the procurement of rice in Indonesia:

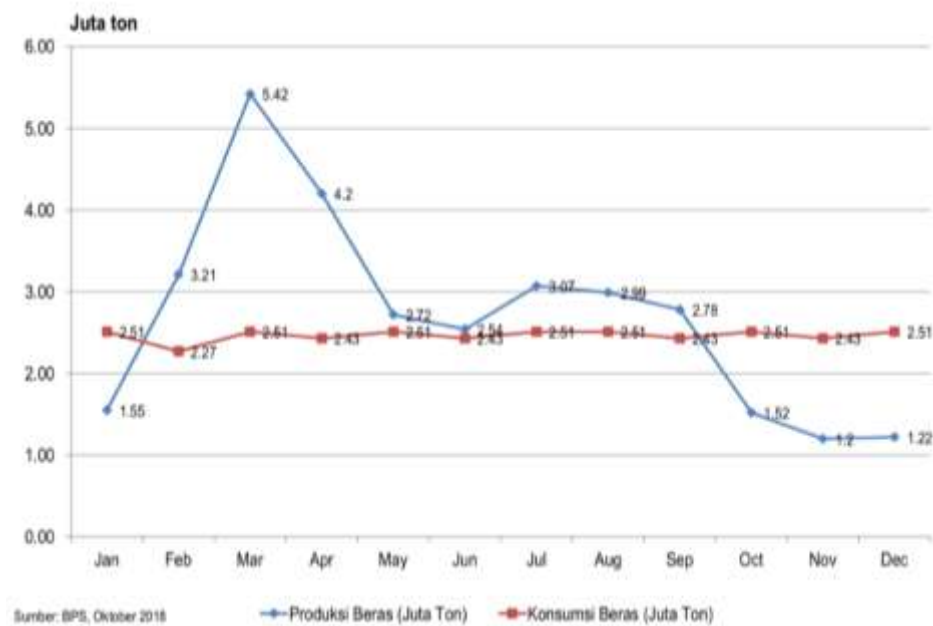


Figure I.1 Rice Production and Consumption in Indonesia in 2018

Based on figure I.1 above, rice production activities in Indonesia can be said to fluctuate. The total rice production in 2018 reached 32.42 million tons and total rice consumption reached 29.57 million tons, so that the production-consumption indicator of rice reached a surplus of 2.85 million tons. Rice production above demand is in the middle of the year, namely from the period February to September with the highest production being in March which reached 5.42 million tons of rice. However, there was a decrease in the number of production in October-December with the lowest amount of production in November which reached 1.2 million tons of rice.

To support the performance of the National Logistics Agency (Perum BULOG) in terms of food procurement, the government also set new policies in managing CBP to stabilize prices. At least there are two regulations that are set, including the Regulation of the Coordinating Minister No. 5 of 2018 and Regulation of the Minister of Agriculture No. 38 of 2018. Both regulations become a solution in minimizing the problem of procurement and distribution of rice from the Republic of Indonesia Public Corporation 2017-2018, such as decreasing rice procurement, budget constraints, and decreasing the volume of Rastra Bansos due to a shift to BPNT (Non-Cash Food Aid). Data related to the procurement and distribution of Perum BULOG rice can be seen in table I.4.

Tabel I.4 Procurement and Distribution of Rice by BULOG 2014-2018

	2014	2015	2016	2017	2018
Initial inventory	2.108.306	1.652.713	1.438.810	1.731.141	960.345
Procurement	2.656.947	3.447.745	3.703.087	2.161.734	3.268.857
	Domestic	2.382.684	2.667.965	2.969.730	2.161.734

	Internasional	274.263	779.780	733.357	-	1.780.272
Distribution		3.112.540	3.661.648	3.410.756	2.932.530	2.035.193
	Rastra	2.774.869	3.202.022	2.782.326	2.542.405	1.207.269
	CBP	92.289	138.139	303.042	58.102	544.723
	Market operations	91.135	102.291	-	-	-
	Natural disaster	12.344	9.271	8.507	13.717	6.919
	Budget group	133.322	103.160	110.120	102.684	101.359
	Commercial	-	100.431	198.059	208.435	159.938
	The other	8.581	6.334	8.702	7.187	14.985
Final Inventory		1.652.713	1.438.810	1.731.141	960.345	2.194.009

Source: Data Perum BULOG diolah

Can be seen even though there is flexibility and the Sergap Team, the procurement of rice by the Bureau of Logistics can be said to continue to decrease. For the 2014-2016 period the average procurement reached 2.67 million tons, then there was a decrease in 2017 to 2.16 million tons, and in 2018 it was only 1.48 million tons. This was also followed by the portion of imported rice in procurement increasing sharply, from an average of 446 thousand tons (14.9% of total procurement) for the 2014-2017 period to 1.8 million tons (54.4%) in 2018. Based on Perum BULOG data above also shows a decrease in the amount of rice distribution every year. This is of course unfortunate if seen from the rice distribution figures of Bansos Rastra (formerly RASKIN) with a drastic decline in 2018 of 1.3 million tons of rice.

The government imposed a new HPP (Government Purchase Price) by making changes to HPP. The policy has a direct effect on Perum BULOG which also changes the purchase price in its farm from Rp. 3,700.00 to Rp. 4,200.00 - Rp.4,400.00 - through the stipulation of rice-rice price policy in 2019. The policy also making the procurement of domestic rice Perum BULOG continues to improve due to the increasing number of incentives to sell grain / rice to the National Logistics Agency. Improved procurement made the upstream BULOG function as a protector of farmers by securing the HPP awake. Farmers feel benefited because the Farmer Exchange Rate (NTP) of food crops continues to increase, as the BPS in 2018 noted that the NTP of food crops increased by 1.42% to 104.34.

Table I.2 Average Grain Prices at the Farmer Level

Tahun/Bulan	GKP			GKG			Rendah			
	Kadar Air (%)	Rata-Rata Harga (Rp/kg)	Perubahan (%)	Kadar Air (%)	Rata-Rata Harga (Rp/kg)	Perubahan (%)	Kadar Air (%)	Rata-Rata Harga (Rp/kg)	Perubahan (%)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
2017	Agt	18,57	4 509	0,58	12,87	5 471	0,24	24,82	4 013	2,67
	Sep	17,79	4 655	3,22	12,65	5 502	0,58	26,06	4 276	6,57
	Okt	17,99	4 791	2,92	12,71	5 532	0,53	25,89	4 370	2,19
	Nov	19,00	4 864	1,52	12,78	5 593	1,11	25,19	4 494	2,86
	Des	18,73	4 995	2,69	12,24	5 606	0,22	25,92	4 534	0,88
2018	Jan	17,82	5 415	8,42	12,76	6 002	7,07	24,91	4 922	8,56
	Feb	18,30	5 207	-3,84	12,90	5 961	-0,68	26,30	4 756	-3,39
	Mar	19,50	4 757	-8,65	12,93	5 442	-8,71	26,07	4 367	-8,16
	Apr	19,11	4 556	-4,22	12,93	5 242	-3,66	25,29	4 309	-1,34
	Mei	18,56	4 554	-0,04	13,03	5 267	0,47	23,81	4 305	-0,09
	Jun	18,37	4 650	2,10	12,84	5 361	1,78	23,73	4 281	-0,55
	Jul	18,72	4 633	-0,38	12,91	5 206	-2,88	25,10	4 259	-0,53
	Agt	18,77	4 774	3,05	13,04	5 308	1,95	25,57	4 363	2,45
Perubahan (%)			Agst'18 thd Agt'17							
			5,88			-2,98			8,72	

Source: Badan Pusat Statistik, 2018

Based on table I.5 above, compared to August 2017, the average price at the farm level in August 2018 for GKP (Harvest Dry Grain) increased by 5.88 percent or Rp265.00 per kg, GKG (Grain Dry Rice) experienced a decrease of 2.98 percent or Rp. 163.00 per kg, and an increase in low quality grain was 8.72 percent or Rp. 350.00 per kg. The increase in the price of rice and rice is above the HPP and is beneficial for farmers, which has an effect on increasing the productivity of farmers who can support national food availability. Because in essence, price policies through guaranteed basic prices can minimize risks to food security, so that the availability of food from farmers' production is guaranteed. The availability of rice from domestic production is one of the pillars in strengthening national food security. Grain absorption from farmers and milling according to HPP is a standardization of performance at the National Logistics Agency.

4. Conclusion

Establishment of BULOG as a government agency or State-Owned Enterprise (BUMN) in the food sector to provide a public benefit function that is directly related to the procurement, distribution and storage of food reserves in Indonesia as stipulated in Article 66 of the BUMN Law. Because the establishment of the National Logistics Agency is very important because in implementing the Food Law and minimizing the above problems, especially in the food sector, the need for government agencies or agencies in supervising and securing food supplies in order to improve people's welfare.

BULOG has a role in maintaining the pillars of food security, namely by maintaining sufficient food supplies, easy access to food and affordable rice prices for the community, and stabilizing food prices. In the pillar of availability, in the interests of the distribution of RASTRA budget groups and government rice reserves for emergency purposes and BULOG market operations are responsible for absorbing/obtaining stock through the procurement of sufficient quantities of rice.

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Then in the pillar of stability, by absorbing during the harvest season in hopes of maintaining a stable price of grain/rice so as not below the HPP (government purchase price) and also through market operations during the dry season and also when prices are high.

However, from the above discussion it can be seen that BULOG's performance in procurement and food safety is considered to be less than optimal because the procurement of rice by the Logistics Bureau is reduced and the portion of imported rice in procurement has increased sharply, from an average of 446 thousand tons (14.9% of total procurement) for the period 2014-2017 to 1.8 million tons (54.4%) in 2018. Based on data from the Bureau of Logistics, the Bureau of Logistics also shows a decrease in the amount of rice distribution each year. This is of course unfortunate if seen from the distribution of Bansos RASTRA rice (formerly RASKIN) with a drastic reduction in 2018 of 1.3 million tons of rice.

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