

CHAPTER I

INTRODUCTION

1.1 Background

Indonesia is a country located in Southeast Asia and is a country crossed by the equator. Having a tropical climate and a large country size makes Indonesia a country rich in natural resources. Almost all types of natural resources can be found in Indonesia, ranging from renewable resources and non-renewable resources. It has a vast agricultural sector that various agricultural products can be produced in Indonesia. This is evidenced by the large number of workers who pursue agriculture that it can affect the country's economy.¹

Indonesia, as a developing country, is trying to improve and perfect the shortcomings in the country, one of which is the problem in the food sector. Food is a basic need for humans in maintaining their survival. If humans cannot maintain food, then human survival will stop. For this reality, the Indonesian government also realizes and also tries to continue to provide the right of food needs for the wider community so that the country's food security is maintained and stable.²

Given that rice is the staple food consumed by the majority of Indonesians, food security is one of the main pillars of Indonesia's national policy³. In the national food security strategy, the main objective is to have sufficient, stable, and affordable

¹ Sri Endang Rahayu and Hastina Febriaty, 'Analysis of Rice Production Development and Rice Imports in Indonesia', *Proceedings of the National Seminar on Entrepreneurship*, 1.1 (2019), pp. 219-26 <<https://doi.org/10.30596/snk.v1i1.3613>>.

² Akhmad Mahbubi, 'Dynamic Model of Sustainable Rice Supply Chain', *Journal of Management and Agribusiness*, 10.2 (2013), pp. 81-89.

³ Joko Mariyono, 'Rice Production in Indonesia: Policy and Performance', *Asia Pacific Journal of Public Administration*, 36.2 (2014), pp. 123-34, doi:10.1080/23276665.2014.911489.

rice availability. But this food security faces many challenges, including climate change, agricultural land degradation, and rapid population growth. In this regard, the Indonesian government often uses rice import policies to ensure sufficient food availability, especially when domestic production is unable to meet national food needs.

Indonesia's rice imports are an effort by the government to stabilize and secure the national rice stock, so that rice imports are a national interest that must be achieved. National interest is the state's effort to achieve the goals, needs, and aspirations of the state that are considered important for survival⁴. So that through rice imports, the government strives to meet the country's needs in providing national rice stocks.

To meet its rice needs, Indonesia has established partnerships with several countries, including Thailand, India, and Vietnam. These three countries are the main rice suppliers for Indonesia⁵. More affordable rice prices and established partnerships with these countries are the main reasons why Indonesia chooses to import rice from them in order to maintain the availability of national rice stocks. This factor is also the main reason for Indonesia to establish close cooperative relationships with these countries.

⁴ Trias Palupi Kurnianingrum; Dian Cahyaningrum; Luthvi Febryka Nola; Noianti, *Perlindungan Kepentingan Nasional Dalam Perdagangan Internasional*, ed. by Ahyar Ari Gayo, Pertama (Pusat Penelitian Badan Keahlian DPR RI, 2021)

<https://books.google.co.id/books?hl=id&lr=&id=PQ9UEAAQBAJ&oi=fnd&pg=PA1&dq=kepentingan+nasional&ots=g8dIH2y_AH&sig=gvUoUd9gRR8g_kE4TDb5CQGCIOE&redir_esc=y#v=onepage&q=kepentingan+nasional&f=false>.

⁵ 'Impor-Beras-Menurut-Negara-Asal-Utama-2017-2023 @ Wwww.Bps.Go.Id'

<<https://www.bps.go.id/id/statistics-table/1/MTA0MyMx/impor-beras-menurut-negara-asal-utama-2017-2023.html>>.

The annual decline in rice production is a major challenge in the agricultural sector, prompting the government to import rice on a regular basis. If imports are made without considering domestic production, the stability of local rice prices can be disrupted, which ultimately further weakens domestic production⁶. This condition risks threatening national food security and making Indonesia continue to depend on rice imports without any efforts to improve the agricultural sector.

Indonesia's dependence on rice imports can hamper its ability to develop and maintain domestic rice production capacity. By relying too much on imported rice supplies, Indonesia becomes more vulnerable to changes in global trade policy and fluctuations in international prices, which can affect the stability of rice supplies and domestic prices.⁷

In addition to its macroeconomic impact, reliance on rice imports also has a direct impact on the welfare of local Indonesian farmers. Rice imports are most likely to affect Indonesian smallholder farmers, who often face problems such as limited access to advanced agricultural technology, capital, and infrastructure⁸. Local farmers' incomes decline when local rice prices are depressed by cheaper imported rice, making it difficult for them to cover production costs and threatening the sustainability of their farming businesses and exacerbating poverty in rural areas.

⁶ Dhimas Khoiri and Ida Nuraini, 'Analisis Pengaruh Impor Beras, Inflasi, Dan Luas Lahan Sawah Terhadap Nilai Tukar Petani Di Indonesia Tahun 2003-2017', *Economie: Jurnal Ilmu Ekonomi*, 4.1 (2022), p. 25, doi:10.30742/economie.v4i1.2519.

⁷ Achmad Suryana, Benny Rachman, and Dwi Hartono, 'Dynamics of Grain and Rice Price Policy in Supporting National Food Security', *Agricultural Innovation Development*, 7 (2014), pp. 155-68.

⁸ Martha Carolina and Robby A Sirait, 'The Effect of Food Imports on the Welfare of Food Farmers', *Journal of Budget*, 3.2 (2018), pp. 1-19
<<https://ejurnal.dpr.go.id/index.php/jurnalbudget/article/download/50/42>>.

The government, through the Public Logistics Agency (Perum Bulog), is increasingly unable to influence national prices by purchasing rice from domestic farmers. As a result, the bargaining position of farmers as producers is getting weaker as the government's protection against local rice price fluctuations is getting weaker⁹. Reliance on rice imports can lead to greater economic and social instability in rural communities. This happens when local farmers face declining incomes and economic uncertainty that impacts the entire community, increases social and economic inequality, and lowers the quality of life in rural areas. In this situation, reliance on rice imports is a social and political problem in addition to an economic one¹⁰.

This study aims to analyze the decline in domestic rice production in Indonesia and the rice import policy implemented as an alternative in maintaining national food security. In addition, the rice import policy is also seen as part of the national interest that must be achieved to ensure the stability of rice supply, prevent scarcity, and control price increases domestically.

In addition, this study will consider how rice import policies can be better managed to reduce dependence and increase food self-sufficiency. In this case, the analysis will include various policy options that can help strengthen the domestic agricultural sector, such as increasing investment in agricultural technology, infrastructure development, and protection and support for local farmers.

⁹ Dwidjono Darwanto, 'Food Security Based on Product Availability from Subsistence Farmers', *Agricultural Sciences*, 12.2 (2009), pp. 152-64 <[http://agrisci.ugm.ac.id/vol12_2/7.152-165.Ketahanan Pangan n Produksi-Dwijono.pdf](http://agrisci.ugm.ac.id/vol12_2/7.152-165.Ketahanan%20Pangan%20Produksi-Dwijono.pdf)>.

¹⁰ Azza Indah Kusumastuti, Septi Amanda Indriani, and Tyiara Febriyyani, 'The Impact of Rice Imports in Indonesia in the Last 5 Years on the Welfare of Rice Farmers', *JINTAN: National Agricultural Scientific Journal*, 4.1 (2024), pp. 78-88, doi:10.30737/jintan.v4i1.5312.

Thus, the results of this study are expected to make an important contribution to the understanding of the impact of excessive rice imports on food security and the welfare of local farmers in Indonesia. And it is hoped that this study will provide deep insights into how policy strategies can be designed to reduce high rice import figures and improve the welfare of local farmers.

1.2 Problem Formulation

Based on the background above, the problem formulations obtained in this study are as follows:

How do rice imports impact food security and local farmers in Indonesia?

1.3 Research Objectives

This study aims to analyze the impact of rice imports on food security and local farmers in Indonesia.

1.4 Usefulness of Research

The benefits that can be taken from this research are as follows:

1.4.1 Academic Uses

This study is expected to provide insights into rice imports as an alternative government strategy in stabilizing national rice reserves and the impact of a sustainable rice import policy on food security and the welfare of local farmers in Indonesia. In addition, this study can be used as a reference in conducting further research on the impact of rice imports. The research was analyzed using a qualitative method to obtain more comprehensive and in-depth data on the problem.

1.4.2 Practical Uses

The benefit of this research for practitioners is that it is expected to be useful for all parties concerned with the problems researched by the author and to serve as material for comparison for further research.

1.5 Literature Review

1.5.1 Previous Research

Many countries, including Indonesia, face difficulties in maintaining a balance between local production and domestic demand, thus considering food security a strategic issue. The Indonesian government tries to ensure availability through rice imports. Conversely, the country's food security and the welfare of local farmers are affected by the dynamics that occur in Indonesia's trade relationship with Vietnam, which is one of the major rice exporters. This paper examines the dynamics of the Indonesia-Vietnam rice trade, its impact on food security, and the consequences for local farmers in Indonesia.

The first approach is the dynamics of the Indonesia-Vietnam rice trade. Indonesia-Vietnam trade relations in the rice sector are underpinned by free trade agreements under the ASEAN Economic Community (AEC). The study by Nguyen et al. (2020) shows that Vietnam has become one of the largest rice exporters in Southeast Asia due to its production efficiency, which is supported by strong national agricultural policies¹¹. On the other hand, research by Eka Saahputra et al.

¹¹ Thi Thanh Huyen Nguyen and others, 'Impact Efficiency of Trade Agreements on Vietnam's Rice Export', *Management Science Letters*, 10.5 (2020), pp. 1085-94, doi:10.5267/j.msl.2019.10.034.

(2021) shows that Indonesia's rice import needs are often influenced by fluctuations in domestic production due to weather and non-optimal agricultural infrastructure.¹²

The second approach is the impact of rice imports on food security, Vietnamese rice imports play an important role in maintaining the availability and stability of rice prices in Indonesia. A study by Lutfianasari Haasanah (2022) states that when local production is insufficient, imports are made to stabilize the domestic market. However, the study also notes the possibility that reliance on rice imports will undermine efforts to achieve national food self-sufficiency¹³. Another study by FAO (2021) highlights that diversification of local food sources can help reduce dependence on rice imports.¹⁴

The last approach is the consequences of rice imports for local farmers. A study by MA Nurfiani et al. (2020) found that the price of local rice at the farmer's level fell due to rice imports from Vietnam which has a cheaper price, thus increasing market competition¹⁵. In addition, research from Avi Budi Setiawan (2024) shows that the government's minimum purchase price (HPP) policy has not fully protected local farmers from the adverse effects of free trade.¹⁶

From the three research approaches above, there is a gap that has not been fully elaborated, which is related to Indonesia's position towards Vietnam, as a rice

¹² Eka Sahputra and others, 'The Impact of the Covid-19 Pandemic on the Volume of Rice Exports and Imports in Indonesia', *Scientific Journal of Unitary Management*, 9.3 (2021), pp. 701-6, doi:10.37641/jimkes.v9i3.2333.

¹³ Lutfianasari Hasanah, 'Analysis of Factors Affecting the Occurrence of Rice Imports in Indonesia After Food Self-Sufficiency', *Growth: Scientific Journal of Development Economics*, 4.2 (2022), pp. 57-72.

¹⁴ FAO, *In Brief to The State of Food Security and Nutrition in the World 2021*, *In Brief to The State of Food Security and Nutrition in the World 2021*, 2021, doi:10.4060/cb5409en.

¹⁵ MA Nurfiani Syamsuddin; Prof. Dr. Abubakar Hamzah; Dr. Muhammad Nasir, M.Si, 'Analysis of Factors Affecting Rice Imports in Indonesia', *Journal of Economics*, 1.3 (2013), pp. 58-70.

¹⁶ Avi Budi Setiawan and others, 'Unraveling the Interplay among Inflation, Rice Prices, and Farmers Exchange Rate in Indonesia', *Agro Ekonomi*, 35.1 (2024), p. 1, doi:10.22146/ae.86078.

importing country. So, the use of dependency theory in explaining the phenomenon of Indonesia's rice imports from Vietnam is one thing that distinguishes this research from previous studies. Also, how this dependency affects the country's food security and has implications for the agricultural community in Indonesia.

1.6 Conceptual Framework

1.6.1 Nasional interests

This study uses the concept of national interest. National interest is the goals, needs, and aspirations of a country that are considered important for maintaining its sovereignty, security, welfare, and stability¹⁷. National interests are one of the starting points in government policy, both domestically and internationally.

According to Donald E. Nuechterlein, this concept explains the national interest with the goals and priorities that a country wants to achieve in its foreign policy to maintain the security and welfare of its people. He classifies national interests into four categories, namely: Defense Interests, Economic Interests, World Interests, and Ideological Interests¹⁸. In Indonesia's rice import policy, the economic aspect plays a major role in safeguarding national interests.

Rice is a staple for the people of Indonesia, so its fulfillment is part of the national interest. When rice reserves are insufficient, the government implements an import policy to maintain price stability in the market. This decision to import rice was taken as an effort by the government to stabilize national food security and ensure that the country's economy remains under control.

¹⁷ Khoiri and Nuraini.

¹⁸ Donald E. Nuechterlein, 'National Interests and Foreign Policy: A Conceptual Framework for Analysis and Decision-Making', *British Journal of International Studies*, 2.3 (1976), pp. 246–66, doi:10.1017/S0260210500116729.

1.6.2 Food Security

Food security is a condition in which everyone has physical, social, and economic access to sufficient, safe, and nutritious food that meets everyone's dietary needs so that they can live a healthy and active life¹⁹. Food security does not only include the availability of adequate amounts of food, but also people's access to it, either through their own production or affordability. In the national context, food security has a strategic role in maintaining social, economic, and political stability, because a lack of domestic food supply can cause various problems, such as rising prices of basic necessities and increasing poverty rates²⁰.

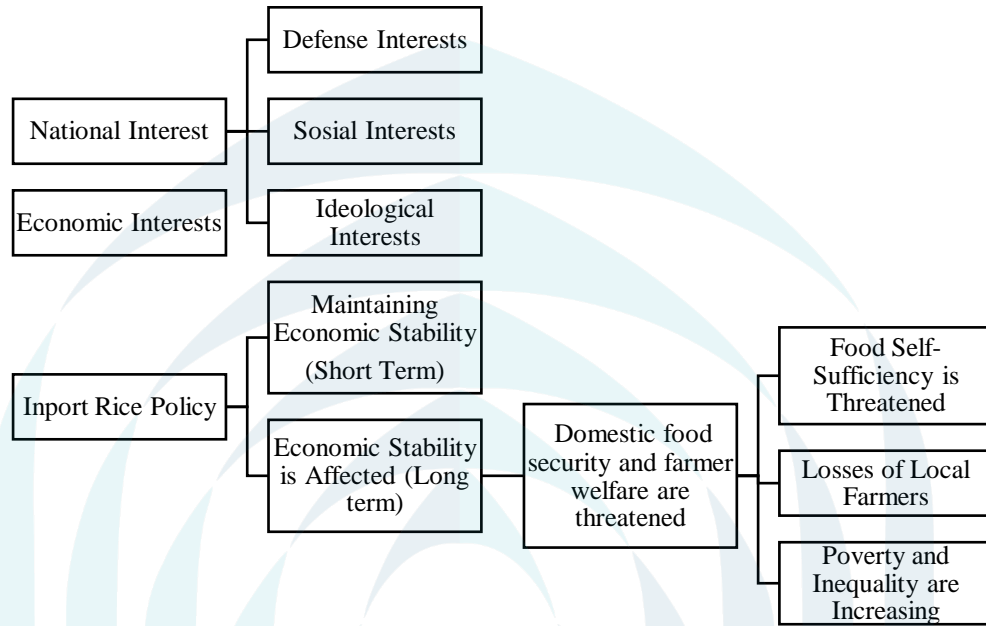
The decline in rice production in Indonesia, accompanied by increased demand, has caused a surge in rice prices in the market and disrupted the stability of the national economy. To overcome this problem, the government has adopted a rice import policy to suppress domestic rice prices and maintain the country's economic stability.

However, Indonesia's rice imports exceed reasonable limits, so that imported rice, which should function to stabilize prices, actually has other impacts on food security. Indonesia's dependence on imported rice is increasing, which ultimately threatens the welfare of local farmers. Therefore, rice imports need to be limited so that they can maintain food security, not weaken it due to excessive imports.

¹⁹ Rusman Widodo, *Ketahanan Pangan Dan Hak Asasi Manusia*, 2022
<https://kemensos.go.id/jurnal-dan-artikel/sekretariat-jenderal/ketahanan-pangan-dan-hak-asasi-manusia?utm_source=chatgpt.com>.

²⁰ Badan Perencanaan Pembangunan Daerah, *Defisi Ketahanan Pangan*.

Table1 . Research Flow



1.7 Hypothesis

Indonesia imports rice in an effort to maintain national economic stability and ensure that rice reserves remain secure. However, the policy of importing large volumes for many years risks causing Indonesia to depend on imported rice. Indonesia's dependence on rice imports as an alternative to stabilize food reserves risks weakening domestic production. In addition, this can also make Indonesia vulnerable to price fluctuations and global trade policies that have the potential to disrupt economic stability and national food security. In addition, rice imports can reduce the welfare of local farmers in Indonesia, as they can create economic inequality in rural areas, where the majority of local farmers live.

1.8 Research Methodology

1.8.1 Research Design

In this study, the author used a qualitative method. According to Bogdan and Taylor, the qualitative method is a research procedure that can produce descriptive

data in the form of written or spoken words²¹. Therefore, in this study, data is produced in descriptive form such as observed written words and forms. The qualitative method is an approach in research that involves various important steps, such as formulating research questions, collecting data specifically, analyzing data inductively from specific themes to broader themes, and interpreting the meaning of the data obtained²².

1.8.2 Object of research

In this study, the researcher focused on the research object that discusses the impact of rice imports on food security and the welfare of local farmers.

1.8.4 Type of Research Data

In this study, the researcher focused on the research object that discusses the impact of rice imports on food security and the welfare of local farmers.

1.8.5 Data Collection Technique

Based on the qualitative research method, the author uses the *Library Research* technique to obtain effective information that is relevant to the issues discussed. Literature research is a method of collecting information from various types of literature, *websites*, *e-books*, scientific journals, and other types of documents. And researchers use related interviews to get direct results from related parties. The data is then selected and filtered after being collected, and then sorted by topic.

²¹ Zuchri Abdussamad, *Metode Penelitian Kualitatif* (Syakir Media press, 2021).

²² Adhi Kusumatuti; Ahmad Mustamil Khoiron, *Metode Penelitian Kualitatif* (Lembaga Pendidikan Sukarno Pressindo (LPSP)).

1.8.4 Data Analysis Technique

The data analysis technique uses a descriptive analysis method, which is to describe the problems regarding the impact of rice imports on food security and local farmers. In addition, this method combines all existing variables to conduct research in a structured and systematic manner. And then draw conclusions based on questions that have been prepared during the formulation of the problem and summarize them into one conclusion CHAPTER 4

1.9 Systematic writing

CHAPTER I: Introduction

This chapter will contain research background, problem formulation, research objectives, research benefits, hypotheses, research methods, and concepts and theories to be used.

CHAPTER II: Analysis of Indonesia in Rice Import Policy

This chapter analyzes Indonesia's transformation from rice self-sufficiency to rice importer and the factors that make Indonesia import rice.

CHAPTER III: The Impact of Rice Imports on Food Security and Implications for Local Farmers

This chapter explains the results found by researchers regarding the impact of rice imports on Indonesia's food security. The impact of rice imports on local farmers is seen from economic and social impacts. And steps to improve Indonesia's agricultural sector.

CHAPTER IV: Closing

It contains conclusions from the research and also suggestions. Conclusions summarize the research findings and suggestions present steps that must be taken by related parties such as the need for further research.

