



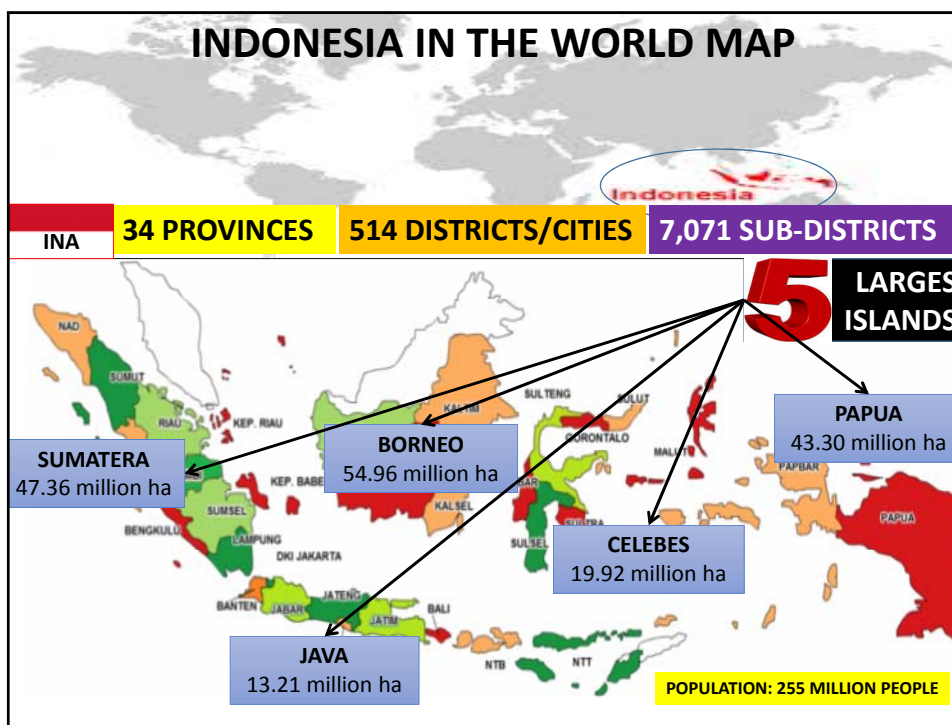
# THE GOVERNMENT RICE STOCKHOLDINGS POLICY IN INDONESIA



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## RICE GOVERNMENT PROCUREMENT AND DISTRIBUTION POLICY

### The Presidential Instruction No.5/2015

“Rice Government Procurement and Distribution Policy” purposes:

- Economic Stability
- Farmer’s Income Protection
- Rice Price Stability
- Government Stocks Security
- Rice Distribution Policy



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## GOVERNMENT RICE STOCKS PROCUREMENT (DOMESTIC VS IMPORT)

- Government rice stocks procurement’s priority is from domestic production (Rice farmers)
- The procurement of government rice stocks can be obtained by import if the domestic production can not fulfill the minimum government stocks.
- Import can be obtained by considering the farmers and consumers needs.
- Import of rice for government stocks is conducted by BULOG.



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## BULOG FACILITIES IN INDONESIA

- REGIONAL DIVISION: 26
- REGIONAL SUB DIVISION: 101
- LOGISTIC OFFICES: 30
- WORKSHOPS: 463



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## RICE GOVERNMENT PURCHASING POLICY

- Rice Price with standard quality (max 14% of water level and max 12% broken level) is IDR 7300/kg (0,57 US\$/kg) in BULOG Workshop
- The Bureau of Logistics (BULOG) is a government-owned company in Indonesia which deals with food distribution and price control in order to:
  - Distribution of rice for poor people (low income)
  - Price stability
  - Emergency Condition based on ASEAN Plus Three Emergency Rice Reserve (APTERR)
  - Natural Disaster
  - International Aid
  - Others
- Rice Price for under-standard quality BULOG is controlled by the Ministry of Agriculture Policy




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EXAMPLE OF RICE PURCHASING PRICE WITH BULOG STANDARD QUALITY IN BULOG WORKSHOP			
NO.	CRITERIA		PRICE (US\$/KG)*
	PRODUCTION FORM	PRICE (IDR/KG)	
1	Wet Paddy (rice with husk) in farmer gate	3700	0.285
2	Wet Paddy in rice mill	3750	0.288
3	Dry Paddy in rice mill	4000	0.308
4	Dry Paddy in BULOG Workshop	4650	0.358
5	Rice in BULOG Workshop	7300	0.562

Calculated based on transportation/distribution cost and handling.  
 \*1 US\$ = IDR 13000

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EXAMPLE OF RICE PURCHASING PRICE UNDER- QUALITY STANDARD BULOG					
Based on: The Agricultural Ministry Decree No. 21/Permentan/PP 200/4/2015					
NO.	CRITERIA			PRICE (IDR/KG)	PRICE (US\$/KG)
	QUALITY STANDARD	MAX WATER LEVEL (%)	MAX BROKEN LEVEL (%)		
1	PREMIUM I	14	10	7000	0.54
2	PREMIUM II	14	15	6800	0.52
3	MEDIUM	14	20	6600	0.51
4	LOW	14	25	6450	0.50

\*1 US\$ = IDR 13000

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## GOVERNMENT RICE STOCKS DISTRIBUTION

- The distribution of government rice stocks for **“price stability policy”** is controlled by **“the Ministry of Trade”** based on The Decree of Trade Ministerial No. 04/M-DAG/PER/1/2012
  - The distribution government rice stocks for rice stabilization is executed if the increasing of consumer rice price  $\geq 10\%$  compare to normal price at minimum 1 week or chaos based on the regional government report.  
(Normal price is the average customer rice price with the medium quality standard 3 months before the increasing of consumer rice price).
  - The distribution of government rice stocks is proposed by the Governor to Bulog based on recommendation of the Agriculture Ministry as the Head of Food Security Council.
  - The Provincial/District Government will decide the Highest Consumer Price for Market Operation based on the recommendation of Provincial/District Trade Officer.
  - The cost of rice distribution from Bulog Workshop to the market is responsibility of Provincial/ District Government.



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## GOVERNMENT RICE STOCKS DISTRIBUTION *continued*

- The distribution of government rice stocks for **“social aid”** is controlled by **“the Ministry of Welfare Coordinator”** based on The Decree of Welfare Coordinator Ministerial No. 03/2011
- The distribution of government rice stocks for **“emergency condition”** such as natural disaster and social conflict is controlled by **“the Ministry of Social”** based on The Decree of Social Ministerial No. 20/2012



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