ITAPS of IPB Focus Group Discussion (FGD): Indonesia is Ready to be the Independence Country In Producing Holticultural Seeds

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International Trade Analysis and Policy Studies (ITAPS) of Faculty of Economics and Management of Bogor Agricultural University (FEM IPB) organized the Focus Group Discussion (FGD) with regard to the implementation of Horticulture Act No. 13 of 2010, on Monday, 4 May 2015, at Gunung Gede Campus, Bogor

ITAPS researcher, Prof. Dr Rina Oktaviani said that under the current regulations, precisely Article 100, paragraph 3 limitize total number of foreign investment in the horticultural sector is limited at most 30 percent. The article sounds inviting various perceptions of diverse backgrounds ranging from businessmen in the country, foreign governments, farmers and communities. The Law on Horticulture (Article 100) also reduces the maximum stake foreigners can hold in local horticultural businesses to 30% from previously 95% and limits any foreign investment to large-scale businesses. The law gives foreigners owning more than 30% four years to divest and get in line with the new cap. This investment restriction appears to contradict the government's proclaimed goal of boosting Indonesia’s agricultural productivity, since it makes it harder to obtain foreign capital and expertise.

According to her, investors or entrepreneurs have different perceptions on the meaning of Foreign Investment (PMA) and Domestic Investment (PMDN). PMA thinks that this law will restrict them to invest in Indonesia. While PMDN will be benefited as they will be given more opportunities, especially the openness of the domestic industry in the horticultural sector.

"The government argues that this law will encourage the independence of the commercial seed industry. While farmers have concerns on the restrictions on foreign investment, as it affects the foreign investors particularly on commercial seeds are pulling out of Indonesia. As it cause the contraction and decrease the availability of commercial seeds. Public concerns that the continuing impact of the contraction in output was the increase in the price of the commercial seeds. Seeds price increases will have an impact on the price of horticultural products. Not only price increases, tend to the scarcity of horticultural products have been the concerns public," said Prof. Rina.

Therefore, she added that Government Regulations (PP) with a clear time frame is really required the, for example, statement that foreigners owning more than 30% four years to divest and get in line with the new capital on holticultural seeds. Related to this, Prof. Dr Muhamad Syukur, plant breeding expert from IPB very optimistic with the enactment of Law No. 13 of this. Based on his experiences he convinced that Indonesia has been able to make quality seeds independently.

Similar statement was also stressed by Jamal Erizal of Agricultural Research and Development Agency (Balitbangtan) of Ministry of Agriculture. He thinks there is nothing to worry about with the enactment of Law No. 13 in 2010. He pointed out that 95 percent of onion seeds are controlled by Balitbangtan. Likewise with other horticultural seeds such as potatoes and chili.
Earlier, Dean of FEM IPB, Dr. Yusman Syaukat, stated, "Indonesian farmers often used of low-quality commercial seeds. Similar case also occurs for horticultural plants. The activation of Law No 13 is to protect farmers in the country. But no doubt this time most commercial seeds are still controlled by Foreign Investments. To respond such situation, ITAPS had implemented the study utilizing Assesment Regulatory Impact Analysis (RIA) ".

The moderator for this special event was Prof. Dr M Firdaus. For this special event the Organizing Committee invited the Director of Planning for Agribusiness Industry and Other Natural Resources of National Investment Coordination Board (BKPM), Mr.Hanung Harimba Rachman, as the guest speaker, and also former Minister of Agriculture, Prof.Dr Bungaran Saragih, as well as Director and Business Management (MB IPB), Dr Arif Daryanto. (Wied)