

# AGRICULTURE IN INDONESIA

*By Emanuel Shahaf*

While the Indonesian economy is diversifying slowly, a whopping 16% of the GDP is still provided by the agricultural sector which also employs 45% of the working population, numbers testifying both to the importance of the sector and at the same time indicating its lack of efficiency.

The main impediments to agricultural development are lack of planning, the existence of a long tradition of agriculture, lack of investment and lack of knowledge. The annual vocal discussion with regard to the import of rice is a clear indication of the former. If planning was adequate this issue wouldn't even come up for one simple reason: Why should so many Indonesian farmers grow rice at all if they could produce crops that sell for prices that are a lot higher than that of rice?

Indonesia is blessed with a great climate for agriculture, fantastically fertile volcanic soil, an abundance of water, plenty of arable land and no lack of working hands. Why waste these resources on growing crops that can be imported for cheaper than it costs to produce them locally? The reason is tradition, worldwide one of the greatest obstacles to agricultural development. Farmers not only in Indonesia are burdened by traditional agriculture. They grow the same crops, often using the same methods and sometimes even the same tools as their fathers and grandfathers. To effect change in a situation where two and sometimes three generations are working together using knowledge accumulated by their ancestors is a hugely difficult undertaking which requires strong leadership and economic incentives.

And what if there is a farmer who is willing to break with tradition ? How easy can he have access to capital, even a few thousand dollars which is often all that is needed to start growing new crops ? And if the money is made available (how many banks give loans to individual farmers ?), do they really have access to the knowledge needed to decide what crop to grow to make money ? And once they have decided, can they tap the most advanced agricultural know-how and can they legally import the advanced seeds that are so often the key to success ? And, what about entering international markets ?

While mechanisms to help the local farmers may appear to be in place, they are clearly not working. What is needed is a concerted effort by local and foreign investors to seriously start investing in the agricultural sector as a business venture - not only in boutique projects like strawberry farms for the up-scale consumer in Jakarta or large scale palm oil plantations for industry but in projects whose aim is to improve the quality of produce in the provinces to make it marketable not only locally but also abroad, to increase yields and last not least, to use technology to prevent spoilage. Investors should be guided by international agricultural experts who are not only aware of the local agricultural potential but have a knowledge of world markets and of post-harvest processing methods to improve shelf-life and make it possible to bring all the produce to market throughout the year.

Serious entrepreneurs should be able to see the potential here. There is no reason in

the world why Indonesian produce should not be able to compete on the Japanese market. If a tiny nation like Israel which is on the other side of the globe can sell a whole range of fruits and vegetables at a profit in Japan why can't Indonesia, which is, relatively speaking next door, do the same ?

There is tremendous unexploited potential in Indonesian agriculture. It is time that this potential is tapped. The know-how and technology are available and the farmers surely will cooperate if shown the way. What is needed are serious businessmen who want to make money with agriculture and a supportive government making it easy to import seeds and the required know-how.

As President Susilo Bambang Yudhoyono has stated in his doctoral thesis, agricultural development is one of the keys to the conquest of poverty in the country. It is not only that but also a good business proposition, a truly winning combination. What are we waiting for?