

Legal Protection of Independent Plantation Farmers in Determining the Price of Selling FFB

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Abstract—Independent oil palm growers generally have various limitations both in terms of land availability, knowledge about cultivation and care, capital, including how to market their harvest or processing. The purpose of this research is to find out the legal protection of independent farmers in determining the selling price of FFB. This type of research conducted is a type of empirical research (sociological juridical). The conclusion obtained from this study is Legal protection for independent farmers in determining the selling price of Fresh Fruit Bunches (FFB) is still not optimal. This is caused by the price setting carried out by uneven PKS, this is due to the diverse sources of Fresh Fruit Bunches (FFB), some from direct independent farmers, and some from various collectors.

Keywords: legal protection, independent farmers, palm oil, Siak

I. INTRODUCTION

The development of oil palm agribusiness is one of the steps needed as a development activity in the plantation sub-sector in the context of revitalizing the agricultural sector. The high interest of rural communities in the Riau region towards oil palm plantations makes Riau as the largest oil palm producer in Indonesia. Based on data from the One Stop Integrated Investment Service Office (DPM PTSP) of Riau, the area of oil palm plantations in Riau in 2018 was recorded at 2,424,545 [1].

The area of oil palm plantations in Riau is more than a quarter of the total area of Riau Province, which is only more than 8.7 million hectares. Oil palm plantations of this size consist of community- owned and company-owned oil palm plantations. However, the area of oil palm plantations owned by the community is very small in comparison to the company owned plantation. There are hundreds of companies owning oil palm plantation based in Riau, both at the national and international level. The oil palm plantations based on these data are located in Rokan Hulu Regency with an area of 422, 861 hectares. Followed in Kampar with an area of 416 393 hectares in pelalawan with an area of 306, 977 hectares, in Rokan Hilir with an area of 281, 474 hectares, and Siak with an area of 183, 687 hectares and in Pekanbaru only an area of 10,929 [2].

CPO Domestic prices are largely determined by the state of prices in Kuala Lumpur and Rotterdam. CPO prices in Rotterdam are closely related to the demand and supply situation of soybean oil as an important substitute for cooking oil from palm oil. The final product that most determines the price volatility in the palm oil industry is the price of cooking oil. The price of cooking oil is the main reference for the CPO price, and then the CPO price is the main reference for the price of FFB.

The purpose of this research is to find out the legal protection of independent farmers in determining the selling price of FFB.

II. RESEARCH METHODS

This type of research conducted is a type of empirical research (sociological juridical). Sociological or Empirical Law Research is a research method conducted to obtain primary data [3]. Data that will be used in this study are primary data, secondary data and tertiary data. Data Collection Techniques are observation, interview and literature review. The data that has been collected will be analyzed qualitatively by using sentence descriptions to explain the relationship between the existing theory and the reality in the field.

III. RESULTS AND DISCUSSION

The legal basis for determining the price of oil palm FFB is regulated through Permentan Number 01 / PERMENTAN / KB.120 / 1/2018 concerning the Guideline for Determining the Purchase Price of Fresh Fruit Palm Oil Production for Smallholders that regulates the purchase price of oil palm production for smallholders by plantation companies or by palm oil mills. The development of the FFB pricing regulation began with the enactment of Permentan No. 627 of 1998, Permentan No. 395 of 2005, Permentan No. 17 of 2010, Permentan No. 14 of 2013, and finally regulated through Permentan No. 01 of 2018. This FFB purchase price policy

actually remains under the ministry partnership, which when referring to legislation and regulation products on plantations, and in practice, this partnership is still understood in the nucleus-plasma. So that independent farmers have difficulty gaining access to price protection.

Although Regulation of the Minister of Agriculture No. 01 of 2018 concerning Guidelines for Determining the Purchase Price of Fresh Fruit Bunches of Oil Palm Production for Planters aims to provide protection in obtaining the fair price of oil palm FFB produced by planters, and to avoid unhealthy competition among Palm Oil Mills (PKS), but in fact This Permentan only provides guidance or formula for the purchase price and the establishment of the Pricing Team, and even guidance to farmers and institutions is given to plantation companies. Determination of the actual price remains under the dominance of plantation companies, because the company is the only place to sell and the component of determining the price of FFB is largely determined by the calculation of the company, so that when companies do not want to buy or prices fall, independent farmers have no protection.

Indeed, if it refers to the Law on Protection and Empowerment of farmers, the protection of smallholders should be carried out by the government and regional governments. Unfortunately, the Law on the Protection and Empowerment of Farmers does not clearly provide protection to smallholders because they mandate the laws and regulations. Even worse the Plantation Act also does not regulate the category of smallholders who must get protection. Based on the Farmer Protection and Empowerment Act, the government has an obligation to provide business certainty guarantees for farmers. The assurance of business certainty is in the form of marketing collateral which is the right of farmers to obtain profitable income. The marketing guarantee is carried out through direct purchases, holding of farm products and market access facilities.

Those are the things that should be done by the government when problems occur and the price of FFB. The Permenan of Agriculture price of FFB should be revoked, because not only refer to the new Plantation Law (Law Number 39 of 2014) and the Law on Farmer Empowerment Protection, but also in order to adjust to the dynamics of partnerships and independent farmers, and more important so that the calculation mechanism does not harm smallholders.

Related to the substance of the Minister of Agriculture Regulation No. 01 of 2018 concerning the Guidelines for Determining the Purchase Price of Fresh Palm Oil Fruit Bunch for Production of Planters regulates the formula for the purchase price of oil palm FFB, guidance and sanctions. The price of determining FFB is directed to the smallholders who have become part of the institutional smallholders and collaborates with the company / PKS, where the agreement is known by the Regent or Mayor through the Plantation Service. From this formulation, the Ministry of Agriculture's Palm Oil Price Determination Guidelines has not actually touched and accommodated the dynamics at the level of independent smallholders who have not been facilitated in the institutional arrangements of farmers and opted out of the nucleus-plasma partnership pattern. So it is difficult to access sales directly to

the company. Marketing of FFB is done by using intermediaries as an alternative to meeting economic needs

If it see from the relevance, the price of determining FFB can only be accessed by smallholders or in partnership with companies, because they already have institutions in the form of cooperatives and establish FFB marketing cooperation which is an inseparable part of the plasma core pattern applied by plantation companies. However, the price of determining FFB is only a mere stipulation on paper, it does not have the force of law to force it to be implemented below by PKS and traders as a benchmark price for purchasing FFB. processing partner companies tend to make and / or have their own policies to determine the purchase price, by unilaterally setting price cutting components that are actually not relevant.

Even though prices determined by companies sometimes have variation, for example, higher than the price of setting FFB, but tend to not last long and always fluctuate or unstable. This happens because there is competition among other companies as competitors. Although the practice is a violation, it is still common in the field without supervision and enforcement. So that it has created a condition of price instability both at the factory and provides an opportunity for the practice of the price of FFB by traders to the purchase price of FFB independent farmers.

That Such conditions are exacerbated by the lack of tangible manifestation of the role of the central and regional governments in providing business certainty and guaranteeing the protection of farmers from price fluctuations, as well as various other incentives that must be implemented. On the other hand, regional policy initiatives to provide protection for independent farmers from price fluctuations should be implemented immediately. Through Permentan No. 14 of 2018 and various other regulations such as the Plantation Act and the Farmers Protection and Empowerment Act, they have provided space for local governments to realize the protection and incentives for independent smallholders, especially in relation to the purchase price of FFB, as well as protection against the price determined by collectors.

If it look at the reality that is happening on the ground, the existence of the FFB Price Determination Team is not well known and is not well socialized to farmers, especially independent farmers and farmers cooperatives. This is because, guidance to independent farmers as stipulated in this regulation is left to companies whose implementation tends not to be done or even ignored. The representation of independent farmers in their membership or involvement in the discussion of the FFB pricing formula in each province needs to be re-evaluated, because the element of representation and independence is the main thing in legitimating the membership of farmers (farmer institutions) in the FFB Pricing Team

Furthermore, regarding the authority, Regulation of the Minister of Agriculture No. 01 of 2018 concerning Guidelines for Determining the Price of Purchasing Fresh Fruit Bunches of Oil Palm Production for Planters only provides price setting guidelines and is a legal basis for the provincial government namely the Governor, in addition to issuing a decision or determination related to prices TBS but also formed the Palm Oil FFB Price Determination Team which has the duties as

mentioned in Article 6 section 4 (four), which is principally for formulating, proposing, as well as monitoring the implementation of Minister of Agriculture Regulation No. 01 of 2018 concerning Guidelines for Determining the Purchase of Fresh Fruit Bunches Palm Oil Planters Production. That is not the authority that provides the determination or decision. The authority that made the determination of the price of oil palm FFB has not yet been clearly regulated in this regulation. However, basically a decree was issued by a government official namely the provincial government, that is the Governor.

Supposedly, if the price fixing policy becomes the authority of the government based on participatory parties, then as is the authority in various regulations, the regional government also has an obligation to protect farmers from price fluctuations. That is, the price of the determination based on the determination of the Designation Team does not become a reference confirming the authority of the government in the framework of providing guarantee of protection for the smallholders. However, given the fact that there is no denying that in reality, the determination of the purchase price of FFB has not provided a change in the context of stability and protection of the purchase price of FFB for the production of planters.

Another substance is related to the cooperation agreement between the smallholders (institutional smallholders) and plantation companies, especially in the context of the role of the government (Head of the Plantation Service) in supervising and evaluating the cooperation agreement. In every agreement between the smallholders and the company, the government is often only placed as the party that has signed the agreement, without clearly stipulating its role in the process of drafting, evaluating or supervising the implementation of the cooperation agreement. Thus, the application of the Article on sanctions imposed by the Regent / Mayor in this ministry is unclear, whether carried out based on sanctions stipulated in the Cooperation Agreement or based on its authority or on other regulations.

The potential for neglect of the aspects of transparency, openness, participation and the presence or absence of good

intention from certain parties in the formulation and implementation of cooperation agreements is huge, as is the experience that has occurred in the development of cooperation in various partnership patterns. So there should be an open role for the government to ensure fair cooperation for both parties. Even though the cooperation agreement is actually a legitimacy to access the price of determining the purchase of FFB, it must also be one of the main indicators for the Pricing Team in overseeing the implementation of the FFB purchase price in each company or PKS.

IV. CONCLUSION

The conclusion obtained from this study is Legal protection for independent farmers in determining the selling price of Fresh Fruit Bunches (FFB) is still not optimal. This is caused by the price setting carried out by uneven PKS, this is due to the diverse sources of Fresh Fruit Bunches (FFB), some from direct independent farmers, and some from various collectors. Suggestion obtained from this study is with regard to authority, Permentan Number 01 of 2018 only provides price setting guidelines and is the legal basis for the provincial government ie the governor, in addition to issuing a decision or determination regarding the price of FFB but also forms a FFB Price Determination Team that has duties as referred to in Article 6 Paragraph (4) of Permentan Number 01 of 2018, which is principally for formulating, proposing, as well as monitoring the implementation of the Permentan Number 01 of 2018. That is, it is not an authority that provides the determination or decision.

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