

RICE AFFAIRS POLICY

(Presidential Instruction No. 2/2005 dated March 2, 2005)

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering:

- a. that in the framework of increasing farmer income, enhancing food security and promoting rural economy, it is deemed necessary to stipulate a national rice policy;
- b. that in relation thereto, it is deemed necessary to set forth a presidential instruction on rice affairs policy;

In view of:

Article 4 paragraph (1) of the Constitution of 1945 (BN No. 7152 pages 14A - 23A);

INSTRUCTS:

1. The Coordinating Minister for Economy;
2. The Minister of Agriculture;
3. The Minister of Finance;
4. The Minister of Trade;
5. The Minister of Industry;
6. The Minister of Public Work;
7. The Minister of Transportation;
8. The Minister of Home Affairs;
9. The Minister of Social Affairs;
10. The State Minister for Cooperatives and Small- and Medium-scale Businesses;
11. The State Minister for National Development/Head of the National Development Planning Board;
12. The State Minister for State-owned Enterprises;
13. The Head of the Central Board of Statistics;
14. The Head of the National Family Planning Coordinating Board;
15. The Head of the Investment Coordinating Board;
16. Governors;
17. Regents and Mayors

To observe the following provisions:

FIRST:

To provide support for the increase in paddy productivity, quality of paddy and national paddy production, including exploitation of land and water resources in the framework of raising farmer income.

SECOND:

To provide support for diversification of economic activities of paddy farmers in the framework of increasing farmer income.

THIRD:

To provide support of policy for the development of post-unhusked rice/rice harvest management to enhance the quality and reduce the lost output.

FOURTH:

To implement policy on the purchasing price by the government by observing the following guidelines:

1. The Domestic Purchasing Price of Harvested Dry Unhusked-Rice is Rp 1,330 (one thousand and three hundred thirty rupiahs) per kilogram in the milling site;
2. The Domestic Purchasing Price of Milled Dry Unhusked Rice is Rp 1,765 (one thousand and seven hundred sixty five rupiahs) per kilogram in the storage warehouse or Rp 1,740 (one thousand and seven hundred forty rupiahs) per kilogram in the milling site;
3. The Domestic Purchasing Price of Rice is Rp 2,790 (two thousand and seven hundred ninety rupiahs) per kilogram in the milling site;
4. Quality requirements for the purchasing price of harvested dry unhusked rice and milled unhusked dry rice as meant in points 1 and 2 are as follows:

QUALITY REQUIREMENTS FOR UNHUSKED RICE	HARVESTED DRY UNHUSKED RICE (GKP)	MILLED DRY UNHUSKED RICE (GKG)
Maximum Water Content	25 %	14 %
Maximum Empty Granule/waste	10 %	3 %
Maximum Yellow/Spoiled Granule	3 %	3 %
Maximum Green/calcifying granule	10 %	5 %
Maximum Red Granule	3 %	3 %

5. Quality Requirements for the purchasing price of rice as meant in point 3 is as follows:

COMPONENTS OF QUALITY	UNIT	QUALITY OF RICE
Hulling degree	(min) (%)	95
Water content	(max) (%)	14
Head rice	(min) (%)	78
Whole granule	(min) (%)	35
Broken granule	(max) (%)	20
Finely ground grain	(max) (%)	2
Red granule	(max) (%)	3
Yellow/spoiled granule	(max) (%)	3
Calcifying granule	(max) (%)	3
Strange material	(max) (%)	0.02
Unhusked granule	(max) granule/ 100 gram	1
Mixture of other varieties	(max) (%)	5

6. The purchase of unhusked rice by the government is executed nationally by Perum Bulog.
7. Besides Bulog, the purchase of unhusked rice in regions also can be executed by government agencies or business entities operating in the food sector.

FIFTH:

- To provide and distribute subsidized rice to groups of poor communities and people vulnerable to food.
- The procurement of rice for providing and distributing rice to the groups of poor communities and people vulnerable to food as meant in point 1 is done by prioritizing to the procurement of rice originating from unhusked rice of domestic farmers as regulated in Dictum FOURTH of this presidential instruction.

SIXTH:

- To provide and distribute rice to overcome the emergency condition and maintain the stability of domestic rice price through the management of government rice reserves.
- The procurement of the government rice reserves as meant in point 1 is done by prioritizing to the procurement of rice originating from unhusked rice of domestic farmers as regulated in Dictum FOURTH of this presidential instruction.

SEVENTH:

To stipulate the rice import and export policy in the framework of protecting interests of farmers and consumers.

EIGHTH:

The Coordinating Minister for Economy coordinates the planning, implementation and evaluation of performance of the implementation of this rice affairs policy.

NINTH:

With the issuance of this presidential instruction, the stipulation of the floor purchasing price of unhusked rice and rice in the country by the government on the basis of Presidential Instruction No. 9/2002 on rice affairs policy is declared null and void.

This presidential instruction comes into force as from the date of issuance.

Issued in Jakarta

On March 2, 2005

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Sgd

Dr. H. SUSILO BAMBANG YUDHOYONO

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