

AGRIBUSINESS MARKET DEVELOPMENT CASE STUDY : RUBBER

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Abstract

The Economic crisis faced by Indonesia since 1998 caused three fundamental problems : (1) The Crisis made Indonesia's economy had contraction around -13.2% in 1998; (2) The amount of unemployment continued rising; (3) The crisis made the distribution aspect and income distribution worse. The plantation development is one of the options is quite realistic with the three main reasons: (1) The plantation business has a high resistance; (2) The plantation business is still highly prospective; (3) The plantation business is expected to absorb more labors, while improving income distribution.

Rubber is one of the essential commodities due to it is: sources of revenue, employment availability; foreign exchange; driver of economic growth in the new centers around the rubber plantations; and protecting the environment. The current condition in rubber agribusiness indicates that the rubber is managed by: people, (85%), country estates and private estates. The obstacles of people plantation are: low productivity, the quality of rubber is not in accordance with ISO Standard, there is no source of funds for replanting, the replanting is still slow, the domestic consumption is 7% of the total production, there is no marketing & promotion media. Problems of marketing and promotion are many areas do not have marketing and promotion centers, limited information, the role of the government is low, speculators still have dominant role.

The following steps are necessary to be done as solutions: direct marketing (shortening the chain of trade by bringing the buyers to the rubber farmers); third-party marketing (co-marketing arrangements with other companies); establishing centers for the sale or marketing; the role of government (creating and empowering the rubber auction market). Efforts to increase productivity and income from rubber can be done through: establishment of promotion and marketing institution in the people's plantations, establishment of the auction institution, establishment of the rubber Cooperative agency for farmers, acceleration of plantation rejuvenation via credit with low interest rates, the use of superior rubber planting materials, plantation diversification and planting patterns, infrastructure and production development , processing of rubber and rubber goods industries as well , ease of regulatory and legal certainty which are the incentives for investors.

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