

The Political Economy of Salt Imports in Indonesia

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Abstract:

The use of salt is wide, including in the chemical industry, various foods and beverages, pharmaceuticals and cosmetics. The decision to import salt is aimed at protecting the sustainability of production in the national industrial sector. Government Regulation Number 9 of 2018 was issued without involving the Ministry of Marine Affairs and Fisheries (KKP). The PP for Salt Imports removes the authority of the KKP in providing recommendations for importing industrial salt. The salt import made by the government has received legitimacy from the Ministry of Industry because it is seen as being able to increase investment and welfare for the community. However, the import of salt do not have to get recommendations from the Ministry of Marine Affairs and Fisheries are a blunder for the government. Because it is very contrary to the constitution. The concepts presented by Thomas Oatley, namely interests, political institutions and Helen V. Milner, namely Interest, Institutions, and Information, are used to analyze salt import policies. 100 percent of industrial salt is still imported, because Indonesia unable to produce salt for industrial needs. Thus, in terms of the political economy of salt business, it can be concluded that the recurring issue of salt scarcity has been caused by serious errors in the political economy of the salt business in Indonesia. This mistake, objectively, can be traced from the behavior of salt business players and the government to reform for a better Indonesian salt business. 100 percent of industrial salt is still imported, because Indonesia unable to produce salt for industrial needs. Thus, in terms of the political economy of salt business, it can be concluded that the recurring issue of salt scarcity has been caused by serious errors in the political economy of the salt business in Indonesia. This mistake, objectively, can be traced from the behavior of salt business players and the government to reform for a better Indonesian salt business. 100 percent of industrial salt is still imported, because Indonesia unable to produce salt for industrial needs. Thus, in terms of the political economy of salt business, it can be concluded that the recurring issue of salt scarcity has been caused by serious errors in the political economy of the salt business in Indonesia. This mistake, objectively, can be traced from the behavior of salt business players and the government to reform for a better Indonesian salt business.

Keywords:

political economy; salt; imports

I. Introduction

Recently, there have been conflicting perspectives in an effort to meet the national demand for salt. Adhi S Lukman, Chairman of the Indonesian Food and Beverage Entrepreneurs Association (Gapmmi) explained that salt imports are carried out to meet industrial salt needs. However, the Minister of Fisheries and Marine Affairs assesses that the import of salt does not consider import recommendations from the relevant ministries. On the other hand, the presence of imported salt will be able to affect the competitiveness of the people's salt produced by local farmers.

Geographically, Indonesia is a maritime country with a sea area of 6,315,222 km² with a long coast 99,093 km. This can explain that Indonesia is a country that has enormous potential from its natural resources. Salt is one of the basic needs of the Indonesian people and is categorized as a strategic commodity whose demand will continue to increase along with the increase in population. With this potential, Indonesia should be one of the largest salt producing countries in the world. However, based on Trade Map data (2015) it shows that Indonesia only ranks 86 as a salt exporting country.

The decision to import salt is aimed at protecting the sustainability of production in the national industrial sector. The use of salt is very wide, including in the chemical industry, various foods and beverages, pharmaceuticals and cosmetics. The government should encourage the manufacturing sector that requires industrial salt as a raw material to improve the nation's economy. The Ministry of Industry noted that the growth rate of the food and beverage industry in 2017 reached 9.23 percent, far above the national GDP growth of 5.07 percent. This sector also absorbs quite a lot of workforce, namely more than 3.3 million people.

If the government wants to import salt, there must be recommendations from several related ministries, one of which is the Ministry of Marine Affairs and Fisheries. The recommendation given by the KKP is only 2.17 million tons, smaller than the amount required by the Ministry of Industry, which is 3.7 million tons. The KKP explained that as much as 1.5 million tons of salt could be assisted by maximizing the yield of domestic salt production. This data is obtained from the results of consideration and direct checking to salt farmers. Chairman of the Indonesian Salt User Industry Association (AIPGI), Toni Tanduk, said that the price of imported salt is much cheaper than the price of local salt. Therefore, what Minister Susi is afraid of is that imported salt will damage the price of people's salt.

Table 1. National Salt Consumption and Population in 2010-2014

Year	National Salt Consumption Year (Tons)	Population (Soul)
2010	2,870,000	239,900,000
2011	3,228,750	242,000,000
2012	3,270,086	245,400,000
2013	3,573,954	248,800,000
2014	3,611,990	252,200,000

Source: Ministry of Industry and World Bank, 2015

Table 1 shows that the development of national salt consumption from 2010-2014 has increased as a consumption material. Data from the Ministry of Industry and the World Bank states that national salt consumption in 2010 to 2014 has continued to increase, namely 2,870,000 tons, 3,228,750 tons, 3,270,086 tons, 3,573,954 tons, and 3,611,990 tons, respectively.

II. Review Literatures

2.1 Need for Consumption Salt and Industrial Salt

The Ministry of Marine Affairs and Fisheries (KKP) projects local salt production in 2018 to be 1.5 million tons and calculates the need for salt imports as much as 2.1 million tons. Meanwhile, the Ministry of Industry views that local salt production is zero, thus proposing salt imports of 3.7 million tons for industrial needs¹. The two ministries use the same database based on a joint survey between the Central Bureau of Statistics and households of 3.9 million tons.

Table 2. Difference in the salt balance of the Ministry of Industry vs KKP

No.	Details	Ministry of Industry's version of salt balance		The CTF's version of the salt balance	
		2017	2018	2017	2018
1	First stock	789,939	349,505	789,939	349,505
2	Production	916,900	0	916,900	1,500,000
3	Import	2,196,539	3,700,000	2,196,539	2,100,000
4	Export	215		215	
5	Usage (i + ii + iii)	3,553,657	3,983,280	3,553,657	3,983,280
	i. Manufacturing Industry (a + b + c + d + e)	2,894,915	3,306,819	2,894,915	3,306,819
	a. Miscellaneous Food	442,100	460,000	442,100	460,000
	b. Kostik Soda	1,623,617	1,838,239	1,623,617	1,838,239
	c. Pharmacy	3,333	4,430	3,333	4,430
	d. Paper and Pulp	382,628	538,752	382,628	538,752
	e. Salting Fish	443,237	465,398	443,237	465,398
	ii. Other Industries	348,666	362,613	348,666	362,613
	iii. Household	310,076	313,848	310,076	313,848
6	End stock (1 + 2 + 3- (4 + 5))	349,505	-3,633,775	349,505	-2,133,776

Source: Joint survey data with KKP, BPS, and Ministry of Industry processed by Katadata.co.id

Looking at the data above, both the KKP and the Ministry of Industry actually have different points of view in terms of calculations. From the CTF side, the calculation is not only based on industry information but also considers the estimated production and remaining stock. Meanwhile, from the Ministry of Industry the calculation is only based on the estimated industrial needs. So naturally, the two ministries will not have a common ground in aggregating national needs. On the other hand, the most important thing in the salt import polemic is the details of national production. Neither the KKP nor the Ministry of Industry has provided clear information about salt production based on the NaCl content.

2.2 Salt Import Problems in Indonesia

The Indonesian government's policy in meeting domestic salt needs needs to be seen that there is a contestation of interests between groups in the formulation of policies. Thomas Oatley in his book says that: "to understand the foreign economic policy choices made by the government, we need to understand two aspects of politics. First, we need to understand where the interests, or economic policy preferences, of groups in society come from. Second, we need to examine how political institutions aggregate, reconcile, and ultimately convert competing interests into foreign economic policies and specific international economic systems. "There are two things that need to be underlined from what was explained by Thomas Oatley. The first thing is interests (interests) and the second is political institutions (political institutions). There is an interaction between the two things that causes the creation of a government policy.

There is a battle of interests between actors to create a particular policy. And the policies to be taken depend on the political institutions in a country. Political institutions determine how a decision is taken after a battle of interests occurs. There is a political system that regulates how decisions can be made. For example, in a democratic political system, it is common to use a collective way of making decisions.

Apart from Thomas Oatley, Helen V. Milner (1997) in her book *Interest, Institutions, and Information: Domestic Politics and International Relations*, said that domestic politics influences the foreign policy taken by the government. Every cooperation that is built is the result of the aggregation of interests between the actors involved in policy making. The cooperation is a distribution of the preferences of each actor.

Economic problems and any commodity business, including salt, arise from conflicts of interest between business people in minimizing costs and maximizing profits. Conflicts of business interests between business actors usually arise when there are parties who want to reap the largest profits (abnormal) in various modes that reduce the normal profits of other business actors. In business practice, there are always three kinds of relationships between business people. The first is a mutualistic business relationship, which is a relationship that makes all business actors benefit from it. The second is a commensalistic relationship, which is a relationship that makes one party (for example salt producers) benefit and the other party (the government) is not disadvantaged, because the purpose of government officials in any business, indeed not looking for profit. The third is a parasitic relationship, in which one party benefits (for example salt importers or collusion between salt importers and government officials) and other parties (for example salt producers and household salt consumers) are disadvantaged by setting the retail price of salt at the producer level, the retail price of salt at the end consumer level, and monopolizing imports. Producers have little chance of misbehaving in obtaining abnormal profits; because the product is certified based on certain criteria set by regulators and industrial consumers made from salt. namely the relationship makes one party gain profit (for example salt importers or collusion between salt importers and government officials) and the other party (for example salt producers and household salt consumers) is disadvantaged by setting the retail price of salt at the producer level, the retail price of salt end consumers, and monopolized imports. Producers have little chance of misbehaving in obtaining abnormal profits; because the product is certified based on certain criteria set by regulators and industrial consumers made from salt. namely the relationship makes one party gain profit (for example salt importers or collusion between salt importers and government officials) and the other party (for example salt producers and household salt consumers) is disadvantaged by setting the retail price of salt at the producer level, the retail price of salt end consumers, and monopolized imports. Producers have little chance of misbehaving in obtaining abnormal profits; because the product is certified based on certain criteria set by regulators and industrial consumers made from salt.

The salt import policy in Indonesia is one of the economic policies that cannot be separated from Indonesia's trade policy in general. Salt is one of the important commodities protected by the government. Salt is one of the products from the agricultural sector which is classified as sensitive, so special import permits are applied. There are certain periods when importing salt is not allowed by importers and there are certain quotas that limit the amount of salt that can be imported each year. Before 2004, salt imports could be carried out freely in unlimited quantities because the government had not regulated the trade system. However, after that year, the Minister of Industry and Trade issued a Decree of the Minister of Industry and Trade No. 360 / MPP / Kep / 5/2004 Jo. No. 3376 / MPP / Kep / 6/2004 concerning Salt Import Provisions to protect domestic salt production and improve the welfare of salt farmers. Based on these provisions, salt can only be imported if domestic production is insufficient. This decree was later refined by the Regulation of the Minister of Trade Number 20 / M-DAG / PER / 9/2005 Jo. Number 44 / M-DAG / PER / 10/2007 concerning Salt Import Provisions which confirms that those who can import salt are Iodized Salt Producers Importers, Non-Iodized Producers Importers, and Registered Salt Importers (IT-Salt). This

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III. Discussion

3.1. Misappropriation of PUGAR Funds (Empowerment of People's Salt Businesses)

Empowerment of People's Salt Businesses (PUGAR) is a National Program for Community Empowerment for Marine and Fisheries Independent Communities (PNPM Mandiri-KP) implemented on a bottom-up principle. PUGAR is a program of the Ministry of Marine Affairs and Fisheries. PUGAR activities are intended to increase the welfare and job opportunities of smallholder salt farmers and other community salt business actors in supporting national salt self-sufficiency. The government is considered half-hearted in implementing the PUGAR program. There is a problem in the management of this program, namely the misuse of government funds intended for salt farmers through PUGAR. Party cadres committed this fraud. The money flows to sympathizers or party members, not to the needy salt farmers. In fact, the program is carried out to increase the productivity of national salt farmers. The government, which is not serious in striving to increase the productivity of salt farmers through this program, is another reason why Indonesia has not been able to reduce the amount of salt imports. Less strict supervision also occurred when the Ministry of Marine Affairs and Fisheries provided assistance for the 2011 People's Salt Business Program (Pugar) amounting to Rp. 4 billion to a group of salt farmers in Rembang. However, the disbursement of funds is prone to misappropriation due to the emergence of 'impromptu' farmer groups and displacing existing groups. There are 25 impromptu salt farmer groups that will replace the original salt group. This impromptu farmer group received around Rp. 30-40 million because of their closeness to officials at the local agency. In fact, based on the investigation, there are farmer groups consisting of village heads, drivers and workers in other sectors. The same fraud occurred in Sampang District, Madura. Pugar assistance in Sampang Regency in 2011 amounted to Rp. 8 billion. The assistance was for 47 salt business groups in Sampang Regency and around 24 of them were suspected of deviating, namely by using a fictitious proposal on behalf of the salt business group in Sampang Regency. The Fisheries and Maritime Affairs Office (Diskanlut) should increase supervision before new problems arise in the distribution of funds. The assistance was for 47 salt business groups in Sampang Regency and around 24 of them were suspected of deviating, namely by using a fictitious proposal on behalf of the salt business group in Sampang Regency. The Fisheries and Maritime Affairs Office (Diskanlut) should increase supervision before new problems arise in the distribution of funds. The assistance was for 47 salt business groups in Sampang Regency and around 24 of them were suspected of deviating, namely by using a fictitious proposal on behalf of the salt business group in Sampang Regency. The Fisheries and Maritime Affairs Office (Diskanlut) should increase supervision before new problems arise in the distribution of funds.

3.2. Irregularities in the Import and Distribution of Salt by PT. Indonesian Salt in 2017

The Directorate of Special Economic Crimes (Dittipideksus) of the National Police's Criminal Investigation Agency in 2017 uncovered a corruption case of illegal import and distribution of industrial salt totaling 75,000 tons at PT Garam, Gresik, East Java. President Director of PT Garam (Persero), Achmad Boediono, was named a suspect in the case. This case began with the determination of the national salt consumption requirement in December 2016 and the government decided that the national salt consumption requirement was 226 thousand tons. Because only PT Garam, a salt industry player in Indonesia, is allowed to import consumer salt. After obtaining an import permit from the Ministry of Trade and an assignment received by PT Garam to import consumption salt, PT Garam imported 75 thousand tonnes of industrial salt in April 2017.

However, Chronology, On March 1, 2017, PT Garam gathered approximately 53 salt companies producing consumption salt. The goal is to come up with a requirement plan. The salt consumption companies were asked to provide information on their respective needs. PT Garam also gathered eight suppliers from India and Australia and it was decided that one company from India and one company from Australia would win the auction. One Australian company will supply 55,000 tons and one Indian company will supply 20,000 tons. PT Garam previously obtained an Import Approval Letter (SPI) from the Ministry of Trade for the importation of 75,000 tonnes of consumption salt, namely SPI Number 42 and SPI Number 43. However, the winning bidder, namely the company from Australia and India, is in fact a supplier of industrial salt. President Director of PT. This salt then changes the plan to import consumption salt (according to SPI) into industrial salt (according to the winning company). Namely by changing the concentration of NaCl in the import application letter, to be above 97 percent (industrial salt), this is also done to avoid 10% tax. Then given support from the Ministry of Marine Affairs and Fisheries (KKP) to the Ministry of Trade. After the change in NaCl concentration or salt content in the import application letter, PT Garam succeeded in obtaining SPI Number 45 for the importation of industrial salt. Another violation that was committed was industrial salt which was then packaged as consumption salt with the seal of SEGI TIGA G violating the Consumer Protection Law. One of them is related to incorrect product information. On the packaging, it is stated that this salt is made from local raw materials, even though it is imported. Then if it is consumption salt, the NaCl content must not exceed 97 percent. However, laboratory results say it is 99 percent. The total state loss for entry fees reached Rp. 3.5 Billion. In addition, the price of consumption salt is sold at Rp. 1,200 per kilogram, while industrial salt should be priced at Rp. 400. PT. Garam sells Industrial Salt labeled "Salt for Consumption" so it is suspected that it received IDR 71 billion from 53 companies for the purchase of PT Garam's processed salt. then the NaCl content must not exceed 97 percent. However, laboratory results say it is 99 percent. The total state loss for entry fees reached Rp. 3.5 Billion. In addition, the price of consumption salt is sold at Rp. 1,200 per kilogram, while industrial salt should be priced at Rp. 400. PT. Garam sells Industrial Salt labeled "Salt for Consumption" so it is suspected that it received IDR 71 billion from 53 companies for the purchase of PT Garam's processed salt. then the NaCl content must not exceed 97 percent. However, laboratory results say it is 99 percent. The total state loss for entry fees reached Rp. 3.5 Billion. In addition, the price of consumption salt is sold at Rp. 1,200 per kilogram, while industrial salt should be priced at Rp. 400. PT. Garam sells Industrial Salt labeled "Salt for Consumption" so it is suspected that it received IDR 71 billion from 53 companies for the purchase of PT Garam's processed salt.

This action contradicts the Minister of Trade Regulation No. 125/2015 Article 10 which reads "Industrial Salt Importer is prohibited from trading and or transferring Industrial Salt which it has imported to other parties". In addition, PT Garam also processes industrial salt to be packaged and then sold to consumers. This violates Article 62 of Law Number 8 of 1999 concerning Consumer Protection, Article 3 of Law Number 31 of 1999 concerning Corruption, and violates Article 3 or Article 5 of Law Number 15 of 2002 concerning the Crime of Money Laundering. The case of abuse of PT Garam's import license is a form of failure to protect Indonesian salt farmers.

3.3. Salt Import Cartel Business in Indonesia

Consensus to commit fraud or collusion in an industry often occurs in the form of an oligopoly market, where there are a small number of sellers with homogeneous types of products. Usually, collusion that arises in such situations is that several competing companies decide to work together for their common interest. Cartel is a special case of excessive cheating, also known as hidden collusion. The definition of a cartel refers to the conspiracy of a group of entrepreneurs who agree to fix certain commodity prices in order to suppress supply and competition. Cartels are carried out by business actors in an effort to grip market domination. The goal is that they can more easily control product prices by limiting the availability of goods in the market. Under the anti-monopoly law, cartels are banned in almost all countries. The advantages of the salt import game are fantastic. They take advantage of the difference in salt prices that are cheaper than other countries. For example, if the domestic market price is around IDR 4,000 per kilogram, importers buy it from India at around IDR 1,000 per kilogram. It might even be less than that. If they buy thousands of tons, the purchase price will be cheaper and will get a huge profit. For importers, the correct proverb is "A spoonful of salt is salty, but it will be sweet if it is in a ship". It might even be less than that. If they buy thousands of tons, the purchase price will be cheaper and get a very large profit. For importers, the correct proverb is "A spoonful of salt is salty, but it will be sweet if it is in a ship". It might even be less than that. If they buy thousands of tons, the purchase price will be cheaper and get a very large profit. For importers, the correct proverb is "A spoonful of salt is salty, but it will be sweet if it is in a ship".

In order to secure their business, these businessmen do not hesitate to bribe. Not infrequently those who are tempted, so many keep their mouths shut about their cheating actions. This includes, among other things, designing the scarcity of goods in the market, making data on the imbalance of demand and supply of a commodity, encouraging import policies, and even exempting import duties. These mafia cartels take advantage of legal loopholes and regulations to support their activities. That's why they built cartels. That is, they get around the law in secret cooperation with a dishonorable purpose. Indonesia has an instrument of the Anti-Monopoly Law (Law Number 5 Year 1999) to ensnare business actors involved in cartel practices. Even so, law enforcement against cartel games has never been an easy job to turn the palm of the hand. In eradicating cartels. Can not be alone, must be together. All levels, from government agencies, the private sector, to civil society organizations were asked to get involved in fighting cartels.

According to the Chairman of the Indonesian Fishermen Front (FNI), Rusdianto Samawa, the government should improve the salt distribution pattern, both at the farmer and market levels. This distribution pattern often creates salt crises, because the government, through the CTF itself, often contacts with salt cartels. Second, the infrastructure for national salt management is inadequate. From 1942 to 1995, it was very difficult for salt farmers to modernize their salt production equipment and salt storage for pond farmers. If the

government is committed to developing management and concentrating service work for assistance in the development of salt infrastructure, then there must be an adequate national salt infrastructure allocation. For example, the construction of salt reservoirs, production equipment, water extraction machines or fresh water collectors. The government should focus on improving the national salt infrastructure, shortening the salt distribution pattern which no longer involves foreign cartels. So that national salt farmers can have a strong independence and survive so that salt stocks are always available

3.4. Overlapping of Salt Import Policy Regulations

The salt import policy carried out by the government experiences overlapping and inconsistencies in regulations. The government has repeatedly changed the regulations governing salt imports. If seen in MOT 125/2015 on the provisions of Salt Imports in articles 11 and 12, the minister who is authorized to provide recommendations related to Consumption Salt Import is the Ministry of Marine Affairs and Fisheries (KKP). Previously it was the responsibility of the Ministry of Industry. In accordance with the Regulation of the Minister of Trade of the Republic of Indonesia Number 52 / M-Dag / Per / 8/2017 concerning the Second Amendment to the Regulation of the Minister of Trade Number 125 / M-Dag / Per / 12/2015 concerning Provisions for Salt Import in Article 12 where imports are carried out after get a recommendation from the Ministry of Marine Affairs and Fisheries.

This regulation is in accordance with the Ministry of Marine Affairs and Fisheries Regulation Number 66 of 2017 concerning Control of Salt Commodities Imports. In article 9 paragraph (4) Salt Import Recommendation as intended in paragraph 1 (Salt Import Recommendation issued by the Minister and given to the minister in charge of government affairs in the trade sector) is given to meet the shortage of domestic salt needs. Furthermore, Article 10 in the event of a shortage of domestic salt as referred to in Article 9 paragraph (4) for consumption needs. Therefore, the Salt Import Recommendation as intended in Article 9 paragraph (1) can only be granted for the purpose of licensing the import of salt by a state-owned company operating in the salt sector. While, Transitional Provisions in Article 12 that import permits to meet the needs of industrial salt in 2017, apart from the various food industries, are granted by the minister in charge of trade affairs with an amount determined based on an agreement between ministries / institutions.

Related to the vast area of marine territory in Indonesia, industrial companies should be able to manage natural resources, namely sea water into raw materials, namely salt. As has been regulated and required for Industry in the Government Regulation of the Republic of Indonesia Number 41 of 2015 concerning Development of Industrial Resources in article 19 paragraph 2 (2) Utilization of Natural Resources by Industrial Companies as referred to in paragraph (1) shall be carried out at the product design stage. Production process, production stage, optimization of residual products, and waste management. and article 20 paragraph 1 (1) Utilization of Natural Resources by Industrial Companies as referred to in Article 19 paragraph (2) shall be carried out for Natural Resources which are processed and used directly as Raw Materials, auxiliary materials, energy, and / or raw water for Industry.

In the early 1990s, developing countries including Indonesia had to face exposure to a world campaign regarding salt quality standards for health reasons under the auspices of the World Health Organization (WHO). Yang pointed out that the lack of consumption of iodized salt in developing countries has resulted in a number of health problems. The term is called a disorder due to iodine deficiency (GAKI). This is what underlies the import of salt, which is ultimately based on various considerations and considering the cost benefits. Most of

the Indonesian people believe that it will be more profitable to 'import' than to pursue their own salt production (self-sufficiency).

However, normatively, Indonesia's ties to free trade have only just been legalized through the issuance of Law of the Republic of Indonesia Number 7 of 1994 concerning Ratification of the Agreement Establishing The World Trade Organization. The WTO is a new formulation of the General Agreement on Tariffs and Trade (GATT), which is a multilateral trade agreement with the aim of creating free, fair trade and creating economic growth and development. To achieve this goal, it is necessary to make efforts to stabilize the international trade system through lowering import duty rates for imported goods and eliminating other trade barriers.

The principles that underlie GATT in turn also underlie the WTO as a successor organization. In its implementation, at the beginning of the formation of the WTO, a number of agreements were made in the trade of goods (Agreement on Trade in Goods). Some of them are relevant in influencing the salt sector in Indonesia, such as the agreement on tariffs and trade (General Agreement on Tariffs and Trade 1994) and the Marrakech Protocol GATT 1994. In this agreement, the members agree to reduce the minimum tariff of 5 percent gradually, which is effective. enacted per January 1 on each year. In Indonesia, the application for the amount of entry tariff for imported goods is determined by the Ministry of Finance and the implementation is carried out by the Technical Directorate for Customs, Directorate General of Customs and Excise. Tariff settings are recorded in the Indonesian Import Duty Tariff Book (BTBMI) and contain the HS code classification (harmonized system code) and the amount of tariff imposed on each commodity. For salt commodities, according to BTBMI 2003, 2004, 2007 and BTKI (Indonesian Customs Tariff Book) 2012, there has been a gradual decrease in import duty rates for salt, namely as follows.

Table 3. Import Duty Tariff for Imported Salt

HS Code	Description	BTBMI (%)		BTKI (%)	Ministry of Trade
		2003 & Before	2004 etc.	2012	2011 Etc.
25.01	Salt (including table salt and denatured salt) and pure sodium chloride, whether or not in aqueous solution or containing added anti-caking or free-flowing agents; water the sea.				
2501.00.100 2501.00.10.00	Table salt	10	5	5	0
2501.00.200	Salt in bulk or in form packaging @ 50 Kg or more with minimum NaCl content	0	-	-	0
2501.00.900 2501.00.90 2501.00.90.10	Miscellaneous Miscellaneous:	15	- 0 10	- 0 10	0
2501.00.90.90	Contains at least 94.7% sodium chloride calculated on a dry basis				0
2501.00.20.00	Rock salt		10	10	0
2501.00.50.00	Sea water		10	10	0

Source: Republican Ministry of Finance Tariff Team

According to the Ministry of Finance and the Directorate General of Customs and Excise, during the 2003-2012 period, there was a reduction in import duties on salt commodities. Consumption salt is subject to a 5 percent duty and industrial salt is subject to an import duty of 10 percent. However, a different version is provided by the Ministry of Commerce which indicates that all imported salt, for both consumption and industrial purposes, is not subject to any entry tariffs. This has to do with the agreement made in the framework of the ASEAN-Australia New Zealand Free Trade Agreement (AANFTA). In this collaboration, it is stated that the tariffs imposed on a number of Australian superior products to Indonesia will be gradually reduced to 0% and will be enforced from 2009-2010. One of the leading commodities is salt.

IV. Conclusion

Salt is not only a strategic commodity, salt is also a political commodity in Indonesia. This is due to the essential role of salt as one of the basic needs of society and industry. The increasing need for salt is not only in terms of increasing population but also in line with the development of industrialization. Indonesia's largest import of industrial salt comes from Australia. In fact, the quality of local salt is better used because the processing is still traditional in nature and if added with the use of technology, the amount of salt produced will be greater so that it is able to cover the national salt needs. The policy issued by the government shows that the import of salt raises many problems between the Ministry of Maritime Affairs and Fisheries and the Ministry of Industry. This result in rules that are not in accordance with the constitutional application, if viewed from the political economy of the salt business, It can be concluded that the recurring issue of salt scarcity has been caused by serious errors in the political economy practice of the salt business in Indonesia. In fact, if the government manages the salt commodity properly, not only will the economy of the local salt craftsmen increase, but it can also make Indonesia self-sufficient in salt for salt export commodities.

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