MULTIFUNCTIONALITY OF AGRICULTURE
THE INDONESIAN CASE

Multifungsi Pertanian, Kasus di Indonesia

Sjarifudin Baharsjah
Yayasan Padi Indonesia
(Indonesian Rice Foundation)

Abstact

The term of “multifunctionality of agriculture” is still debated among national and international community. Some countries still resist the ideas to internalize multifunctionality of agriculture in trade of agricultural products. As an exporter as well as importer of agricultural products, Indonesia needs to reconsider its position in negotiation of multifunctionality of agriculture. Indonesia has a responsibility to protect its agriculture because of its roles in food security, environmental protection, and cultural heritage preservation. The existence of local wisdom that perceives agricultural land as a social capital is important to foster agricultural development. Application of the principles of multifunctionality of agriculture can reposition the importance of agriculture among sectors in national economy.

Abstrak

Istilah “multifungsi pertanian” masih diperdebatkan baik di tatanan domestik (dalam negeri) maupun di lingkungan international. Sebagian negara masih menentang upaya internalisasi multifungsi pertanian dalam perdagangan produk pertanian. Indonesia sebagai negara pengekspor dan sekaligus pengimpor produk pertanian perlu mempertimbangkan kembali posisinya dalam negosiasi peran multifungsi pertanian tersebut. Indonesia sangat berkepentingan untuk melindungi lahan pertanian karena fungsinya dalam mempertahankan ketahanan pangan, perlindungan lingkungan dan pewaris nilai budaya. Adanya kearifan lokal yang menganggap lahan pertanian sebagai kapital sosial, sangat penting dalam mendorong percepatan pembangunan pertanian. Penggunaan prinsip multifungsi pertanian mengangkatembali pentingnya posisi pertanian dalam sektor perekonomian nasional.
BACKGROUND

The idea that farming activities impact on the environment and society is not new. It has contributed to the landscape of the land as we know it now as well as to customs and traditions handed down by many generations. This notion opposes the position as if agriculture is merely about producing food and feedstuff, fibers and raw material for industry, ignoring the other “goods” produced by agriculture which benefit society. The term “multifunctional agriculture” however did not come into prominence in the domestic debate focusing on the need and the cost incurred to preserve the externalities, but in the international fora.

The Rio Earth Summit in 1992 coined the term “multifunctional agriculture” in Agenda 21, Chapter 14, i.e. “multifunctional aspects of agriculture, particularly with regard to food security and sustainable development”. Although vague and subject to multiple interpretations the term quickly emerged in international discussions, particularly in the context of international trade.

O’Farrell (2005) in discussing the economic concept of the multifunctional nature of agriculture outlines two different views. The first one which she termed the positive concept interprets multifunctionality as a characteristic of an economic activity which produces multiple outputs. Some of the outputs are valued in existing markets, while others evade the market mechanism. Multifunctionality interpreted in this way is not specific to agriculture. The second view which she termed the normative concept points to the multiple roles assigned to agriculture. She went on to state that the two approaches are not mutually exclusive.

According to De Vries (2000), multifunctionality is intended to call attention to the positive “goods” that agriculture can produce beyond the food and fibers that are sold in markets. Despite the net public good that can accrue, production of these benefits is seldom rewarded in the marketplace and often required subsidies. He provides the following tentative list of the benefits of agriculture:

1. Viable Rural Communities
2. Environmental Benefits
3. Food Security
4. Landscape Values
5. Food Quality and Safety
6. Animal Welfare
This list is not exhaustive as more externalities of agriculture, of which many are difficult to evaluate in money terms are included by different authors and countries.

In 1998, the EU, Japan and Korea argued for the inclusion of biodiversity, food security, regional landscape, cultural heritage, and rural development consideration in the review of the GATT Agreement. This was opposed by the United States and the food exporting countries organized in the Cairns Group, pointing out that the term “multifunctionality of agriculture” was merely used as a pretext to uphold subsidy for agriculture.

Developing countries are also skeptical of the “multifunctionality of Agriculture” as it entered the debate on agriculture subsidies. They noted that it will only strengthen the cause of developed countries to maintain its already huge subsidies depressing even more their market prices.

Indonesia is a member of the Cairns Group, the group of countries that opposes the notion of multifunctionality in the debate on world trade. As such Indonesia is “captive” in the pro and contra in the world trade debate on multifunctionality. However, Indonesia is very concerned in protecting its large but economically weak rice and food sector and has a long history of subsidizing its farmers in its strife for food security.

The debate on the multifunctionality of agriculture continues. Australia, assuming the role of the leader of the Cairns Group issued a “Fact Sheet” listing reasons why inclusion of multifunctionality should be opposed. Scholars in Korea, Japan and the EU showed the cost incurred to their countries when multifunctionality is not properly considered, albeit admitting that most multi functions can not be monetized (Dong-Kyun, 2001). The EU argues that multifunctionality of agriculture is one of the non-trade concerns that must be accommodated in future WTO negotiations on agricultural trade liberalization, but it will have a hard job convincing its trade partners that it has legitimate concerns unless it brings to the negotiations specific requests (Swinbank, 2001). As recently as 2005 an international seminar on Multifunctionality of Agriculture and Rural Areas was organized in Brussels to formulate further research.

**POSITION OF INDONESIA IN INTERNATIONAL TRADE OF AGRICULTURE**

In the meantime it is necessary for Indonesia to reconsider its position in the debate. The membership of Indonesia in the Cairns Group is one example. Indonesia is a major exporter of agricultural products but only some may be
included as foodstuff. The greater part of Indonesia’s export includes timber, rubber, palm oil, coffee and tea, which is not the main subject of the debate on the multifunctionality of agriculture. Fish and shrimps which will be affected by the outcome of the debate constitute a much lesser part of the country’s export. On the hand Indonesia is a net importer of food stuff including rice, wheat, grains, vegetables, fruit, meat and dairy products. Its position is very similar to those of the other developing countries that regard multifunctionality of agriculture only as a pretext by developed countries to protect their huge subsidies and depressing the developing countries’ domestic prices due to importation of the subsidized goods. Furthermore Indonesia is until currently subsidizing its small farmers to enable them to apply fertilizers, good seed to increase production and yields.

Regardless of the outcome of the world trade debate, it is necessary for the agricultural sector of Indonesia to emphasize on the multifunctionality of agriculture in its on-going dialog and interaction with the other sectors in the country. Acceptance of the multifunctionality of agriculture should serve as a leverage to obtain stronger support for agriculture from other sectors.

**MULTIFUNCTIONALITY OF AGRICULTURE IN INDONESIA: FOOD SECURITY, PRESERVATION OF THE ENVIRONMENT AND CULTURAL HERITAGE**

Food security as one of the multi functions of agriculture is widely accepted, although the term generally refers to the capability of producing enough rice for the large population. However, it tends to ignore the fact that the term food should not exclude other staples that the country is capable to produce. Policies should be adopted that encourage and support the production and consumption of these staples beside rice.

Preservation of the environment should also be highlighted as one among the multi functions of agriculture. One example is the famous subak traditional irrigation system in Bali with its value base the Tri Hita Karana,or the principle of the three harmonies, namely the vertical harmony with God, the horizontal harmony with fellow men, and a harmony with nature to sustain natural resources (Sudaratmadja and Soetama, 2003). The subak system governs the practice of rice cultivation which contains regulations aimed at the preservation of the ecology and the just use of public resource such as water by a community. The “Tanah Ulayat” system of the Minangkabau in West Sumatera also contains specific directions for the usage of land which includes conservation of forestland (Sjahmunir, 2004)
Preservation of cultural heritage is also considered a function of a multifunction agriculture. It includes indigenous wisdom which is in fact social capital which is as valuable as the other forms of capital for development. There exist other forms of indigenous wisdom in the other parts of Indonesia, each uniquely determined by the prevailing culture and the region’s natural resource endowment.

The case of subak in Bali also highlights the inclusion of preservation of rural landscape. The beautifully terraced rice fields, and the religious ceremonies, are “products” of the subak culture which attract tourists and enabled Bali to grow a tourist industry which became the backbone of the island’s economy. Unlike the other functions in the multifunction agriculture, this particular function can be monetized, since almost 40% of job opportunities and 51% of the people’s income directly relate to tourism (Pitana, 2003).

To benefit from multifunctionality of agriculture in order to maintain a strong position of the agriculture sector in its interaction with the other sectors, it is not enough just by pointing out the existence of the many functions. The agriculture sector has to show that measures are being taken to reduce the possible negative impact of its functions. The existence of some negative impacts on the environment due to irrigated paddy is well known. In the Indonesian case the strong drive toward rice self sufficiency tends to cause farmers to apply more fertilizers just to maintain productivity causing damage of land popularly referred to as soil fatigue. Policy has to be revised to restore the fertility of the soil.

Even in the case of the subak in Bali the rapid growth of tourism endangers the very source of its emergence when fertile rice fields are being converted to hotels and tourism related developments.

The preservation of cultural heritage which includes indigenous wisdom is very important. Time and again we see that due to the strong drive for rapid agricultural development, with achieving food security as its cornerstone, indigenous wisdom were not properly recognized causing dire consequence such as the breakdown of the cohesive social fabric of the rural society, the loss of important domestic assets including rice and other crop varieties, and the decrease of soil fertility. It is urgently important that the indigenous wisdom which in fact is social capital should be recognized, appreciated and empowered for further development. In this context promoting the multifunctionality of agriculture in Indonesia is a must.
CONCLUSION

Indonesia should reconsider its position in the international trade negotiations of agricultural products, including its membership in the Cairns Group. After all Indonesia’s export of food is limited while it is a net importer of food. With the very small family farms producing all the rice and the bulk of the other foodstuff, it is very important to follow an agricultural policy that supports the farmers. In many instances this includes granting subsidies. Indonesia’s interest is similar to that of most developing countries who are against the huge subsidies given by rich developed countries to the farmers which hampers imports and depress world prices.

Within the country, Indonesia should focus on strengthening the functions beyond the production of food, fiber and raw material for industry including the empowering of social capital related to agriculture. It should also reduce the negative impact of improper agricultural practices such as erosion, pollution of water, fertility decreases of soils. Multifunctionality should provide the necessary leverage to the agriculture sector in its continuous interaction with the other sectors of the national economy.

REFERENCES


Swinbank, A. 2001 Multifunctionality; A European Euphemism for Protection?, University of Reading.