NATIONAL WORKSHOP OF DEVELOPMENT OF COCONUT AND PALM SUGAR

DEVELOPMENT POLICY OF SMALL INDUSTRY OF COCONUT AND PALM SUGAR

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Purwokerto, December 16-17 2015
Coconut and palm sugar belongs to one of government program in diversification of national sugar industry, that is development of coconut and palm sugar industry as an alternative of resource of non-cane natural sugar.

Coconut and palm sugar have higher nutrition value than cane sugar.

Coconut and palm sugar have special taste and aroma, so the market is unrivaled from other sweetener.

The manufacture process of coconut and palm sugar don’t use chemical substances, so that many export markets are interested in.

Production potential of coconut and palm sugar in granule sugar form is very great. In national scope, Cilacap, Banyumas, Banjernegara, Purbalingga and Kebumen area are still available wide enough land to coconut and palm tree cultivation.

Industry of food manufacture still running so market for coconut and palm sugar will not be lost.
BANYUMAS AS CENTER OF NATIONAL COCONUT SUGAR

Banyumas Regency has geographical superiority and becomes one of the most potential coconut sugar-producing areas in Central Java, even in Indonesia. Even though, there is identification of several problems which need more attention. Next, it will be discussed about superiority factors and challenges/problems.

**Superiority**

- Has extensive area’s about 18.000 by production capacity’s about 63.000 ton per year.
- Businessmen in Banyumas have homogene characteristic that is producing coconut sugar from the extract sap. It means that most of UKM (Usaha Kecil dan Menengah = Small-Medium Enterprises) in Banyumas area run in of coconut and palm sugar-output sector (74%). For sure, if that thing is developed and managed in good way, it will increase the Local Own-source Revenue, recruit the labor and finally welfare the society.
- The capacity of coconut sugar-output in Banyumas is getting up to 923 kg per month in average.
- The turnover of coconut sugar businessman in Banyumas is about Rp 1 millions up to Rp 3 million per month in average.
Challenges or Obstacles

- Characteristic of Coconut sugar industry in Banyumas is still traditional, not professional yet. About 88% have not yet business legality and only 12% industry belongs to CV.

- Limited working capital and having no access to formal finance resource makes the industry of debt to creditor/broker which become informal creditor.

- Marketing still dependents on broker, so the farmers are difficult to get high selling price.

- Low quality of human resources. There are about 54% Elementary School graduate and belong to freelances.

- There is no high technology. Coconut sugar-output still uses firewood, so it is potentially damaging the environment.
BANYUMAS AS CENTER OF NATIONAL COCONUT SUGAR

Challenges or Obstacles

• There is no control yet about production process in aspect of quality, cleanliness and product quality standardization. Production of coconut sand palm sugar still belongs to daily activities to fulfill daily necessity (subsistence). Although, in one village has hundreds of coconut or palm sugar producer, but each producer processes the raw material by their own way. as a consequence, there are no same quality standard.

• Coconut sugar demand for export reaches 5,000 tons per month to Hongkong, Canada, Middle East and Germany. Unfortunately, ability to export is only about 1,200 ton per month.

• Yet maximizing the guidance and coordination which has been done by the government neither central nor local via Department of Industry, Trade and Cooperative in regency level.
So far, the government has been working to put out some regulations which can support national industry, in this case especially which has impact to the national coconut and palm sugar industry, such as:

1. **Law No. 33 of the Industrial section 3**

   Industry is implemented by the goals, such as:
   a. Realize the business certainty, fair competition and control the centralization and governance of industry by one group or just individuals who harm the society.
   b. Create industrial equality thorough the areas of Indonesia to consolidate and strengthen of national endurance.
   c. Increase the prosperity and safety of society equitably
2. **Law No. 3 of 2014 of Industrial section 8**
   To create industrial implementation appropriate with section 3, so there is arranged the National Industrial Development Master Plan (RencanaInduk Pembangunan Nasional = RIPIN) as guidelines for the government and the industrialist. It is arranged for 20 years and can be revised in every 5 years.

3. **Government Law of the republic Indonesia No. 14 of 2015 of the National Industrial Development Master Plan (RIPIN) section 1 article 2 (h)** is about affirmative policy of small-medium industry.

4. **Attachment of Government Law of Republic Indonesia No. 14 of 2015 the National Industrial Development Master Plan (RIPIN), strategies of industrial development are:**
   a. Develop the head industry based on natural resources.
   b. Increase mastery of technology and quality of industrial human resources.
   c. Develop the center of small and medium industry
   d. Provide affirmative steps are like formulation of policy, reinforcement of institutional capacity and giving of facilities to small and medium industry.
   e. Develop industrial tools and infrastructures.
Recommendation

That needs comprehensive Structural Changes to improve small industry of coconut sugar and prosper the farmer. These changes are:

- Consolidate the finance by building saving and loan cooperative or government finance institution to make businessmen and coconut sugar farmers can be free from creditor/broker. For example, by strengthen the function of Regional Development Bank as the finance of Small-medium Industry.
- Quality increase of human resources by training or counseling which are held by the government.
- Increase the function of cooperative as trading house which is completed by storeroom to buffer stock. The goal is to keep stability of price.
- Develop technology to get national-standard quality, hygienic, and safe environment. Do cooperation with universities or LIPI
STEPS WHICH MUST BE TAKEN

- Use IT technology in doing promotion selling product of coconut sugar. For example is by online shop.
- Do branding as marketing strategy like change the packaging to be more interesting and being qualified for environment and health.
- Expanding area to increase capacity of production especially to export commodity requirement.
- Control improvement and do evaluation by local government. The purpose is to observe whether the government policy can be implemented well enough appropriate with context of necessity and society’s problems.

Thank You