

PROCEEDINGS

ICAM

International Conference on
Agribusiness Marketing

Hosted By :



FACULTY OF AGRICULTURE,
JEMBER UNIVERSITY

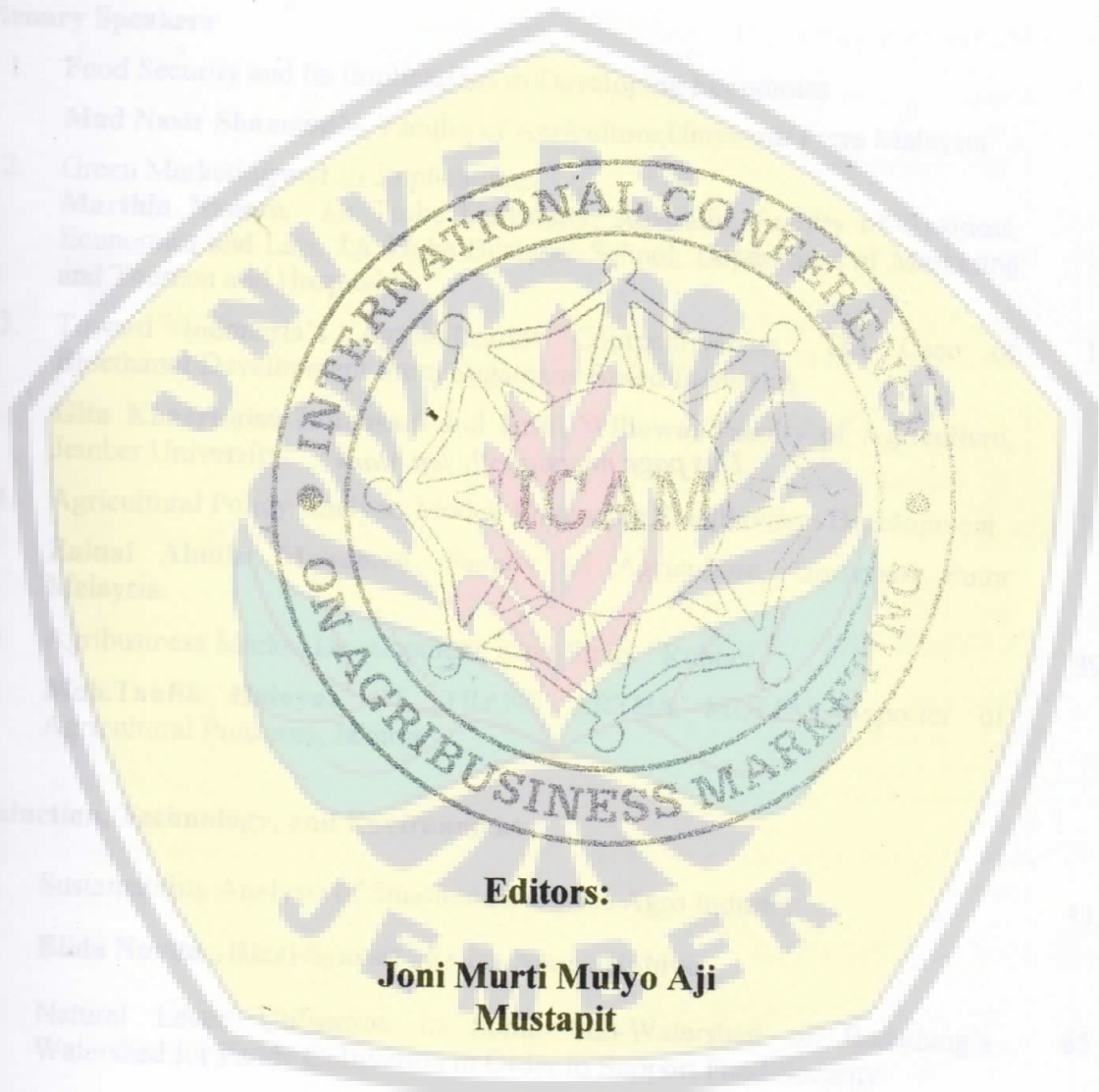
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Membangun Generasi Menuju Nisan Berprestasi

**Proceedings
International Conference on Agribusiness
Marketing
(ICAM 2012)**



Editors:

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Mustapit**

**FACULTY OF AGRICULTURE
JEMBER UNIVERSITY
JEMBER, EAST JAVA, INDONESIA**

FOREWORD

Since first introduced by Goldberg and Davis in 1957, agribusiness which is generally defined as the summation of all process involved in the manufacture and distribution of farm inputs; production operations on farm produce; including the storage, processing and distribution of farm commodities and the items made from them; has been growing as a body of knowledge which gradually evolves in both theory and practice.

As a part of the agribusiness system, marketing of food and agricultural products is recognized an important process dealing with handling and distributing the products from farms to forks. Various activities are involved in doing this, such as production planning, growing and harvesting, grading, packing, transport, storage, agro- and food processing, distribution, and sale. These activities are dynamic; they are competitive and involve continuous change and improvement.

Marketing activities cannot take place unless there are information exchanges. The success of marketing is also often heavily dependent upon the economies of scale and availability of suitable finance. Not surprisingly, small holders often face difficulties to get 'right price' in marketing their products as they do not have a proper access to bring their product to the 'right place' or their prospective customers.

Especially nowadays when the structure and governance of agri-food markets are changing rapidly, the smallholders are often left behind and marginalized. Trade liberalization policies in domestic and international markets are key drivers of these changes that lead to globalizing food chains. Stricter standards in term of product quality and market requirements such as supply reliability and scale of delivery bring about new challenges for agri-food producers, particularly for small farmers in developing countries. These daunting challenges have inspired us set up this event.

The International Conference on Agribusiness Marketing (ICAM) aims to explore and map various opportunities for agri-food industry especially in emerging markets within the internationally-integrated and globalized economic environment while identify challenges likely to be faced.

The papers in this proceedings were presented in the ICAM which was held in Jember University, Jember, East Java, Indonesia from 25 to 26 June 2012. It consists of papers from the keynote speakers and more than 70 contributed papers from the conference attendances. Finally, it is expected that all papers and outcomes produced in this conference can contribute, both theoretically and practically, to the future of agribusiness and marketing of agricultural products especially in the developing world.

Evita Soliha Hani
The ICAM Chairperson

KEYNOTE SPEAKER

JEMBER UNIVERSITY RECTOR'S OPENING SPEECH

For the International Conference on Agribusiness Marketing 2012
Jember, 25 – 26 June 2012

Guests of Honour,

Prof. Dr. Mad Nasir Shamsudin, Prof. Zainal Abidin Mohamed and delegates from
Universiti Putra Malaysia,

Dr. Marthin Nanere, from La Trobe University, Australia

Distinguished speakers, Drs. M. Taufik Hidayat and Prof. Dr Rudi Wibowo, MS
Colleagues,

Ladies and gentlemen,

Assalamu'alaikum Wr. Wb.

It is my pleasure to speak to you today on the occasion of this International Conference
on Agribusiness Marketing 2012.

First of all, I would like to extend my warmest welcome to all of our eminent speakers
and the distinguished participants, especially those who have travelled long distances to
be present here today. I would also like to thank the Conference Committee and
Faculty of Agriculture for hosting this highly meaningful event here in Jember
University.

I believe that this event is highly meaningful as agribusiness marketing is an interesting
topic. It consists of two important concepts, i.e., agribusiness and marketing.

Agribusiness which is literally formed by two distinctive words agriculture and
business is undoubtedly two important sectors for human beings, as without business in
agriculture, it is impossible to feed 7 billion people who live in the world now. That's
why this university concerns and commitment to agriculture is high, and the
development of agro-industry has been the ultimate goal in our vision. As stated in our
statute, the vision of Jember University is to become an (internationally) qualified
higher education with environment orientation and ability to develop science,
technology, and art for the benefit of humanity, which is more specifically directed to
the development of agro-industries.

Marketing, which literally means the process through which goods and services move
from producers to the consumers or customers, is undoubtedly important concept as
nowadays, it is almost impossible for human being to meet all of their needs without
the role of marketing.

As an integrated concept, agribusiness marketing is inevitably important since it is the
process by which food and or food products are transferred from farmers, as food
growers, to us as food consumers. The process of marketing itself generally makes
food or food products become more accessible for us. It consequently often relates to
food accessibility and thus food security. Failure in food marketing or marketing

systems, nowadays often called as food supply chain management, may create hunger in any part of the world.

Moreover, as mentioned in the introduction of this conference, in the modern and globalised markets, I can see that agribusiness marketing is becoming more and more complex. The success of marketing is also often heavily dependent upon the economies of scale and availability of suitable finance. Supermarket and minimarket chains become increasingly dominant in the food marketing and distribution. The consequence of this, of course, farmers and small holders often face more problems if they cannot adjust with the situation.

I believe that our eminent speakers will explore and talk more about it, and have some solutions so that farmers and or smallholders can get access to the right market.

Ladies and Gentlemen,

It is my sincere hope that this International Conference on Agribusiness Marketing (ICAM) 2012 will prove to be a useful occasion to better understand agribusiness marketing as well as the emerging concepts of supply chain management; identify the threats and opportunities posed by small holders or farmers particularly in developing countries like Indonesia, evaluate the agribusiness itself as well as physical, social and policy environment surrounding the business in order to give better access and facilitate smallholders' participation in modern and globalised markets. In closing, I would like to once again extend my gratitude to all the participants and I look forward to a most successful and fruitful conference.

Finally,

By mentioning Bismillahirrahmanirrahim, In the name of Allah, the beneficent the merciful, I would formally open the International Conference on Agribusiness Marketing 2012. Thank you.

Wassalamu'alaikum Wr. Wb.

Jember, 25 June 2012

Rector of Jember University

Drs. Moch. Hasan, M.Sc., Ph.D.

DEVELOPMENT OF DOWNSTREAM AGRIBUSINESS IN THE CONTEXT OF INCREASING VALUE ADDED PRODUCTS CPO

Diana Sulianti K. Tobing¹

Abstract

Commodity palm oil has a very large role in the economy of Indonesia. The Government supports the growth of the business world for oil palm plantations pengembangkan either increase the intensification and extensification in the new land. This study aims to provide an overview of the development of agribusiness in Indonesia downstream palm oil and efforts are made to the downstream industry in order to increase value-added agribusinesses downstream palm oil in Indonesia. The method used is descriptive method by which data is obtained from the Ministry of Agriculture, GAPKI, Statistics Indonesia, Ministry of Industry and Apolin. At the end of the discussion suggested to accelerate downstream process in Indonesia where the key lies in the macroeconomic management of the infrastructure and interest rates, stabilization policy linkages in the domestic cooking oil prices for inflation, as well as a consistent national energy policy.

Keywords: *Agribusiness, Crude palm oil, downstream industries.*

Introduction

Commodity palm oil has a very large role in the economy of Indonesia. Products of oil palm plantations in the TBS (Tandan Buah Segar) processed into semi-finished products in the form of CPO (crude palm oil) and palm kernel oil. Both products can be processed into a variety of advanced products for the food industry such as cooking oil, butter, alcohol, methyl and for non-food industries such as detergents, cosmetics, and other (Pahan, 2005).

The Government supports the growth of the business world for oil palm plantations pengembangkan either increase the intensification and extensification in the new land. The area increased rapidly from only 119 thousand in 1969 to 3.9 million in 1999. CPO production increased faster than that is only 188 thousand tons in 1969 to 6.4 million tons in 1999 either due to increased acreage and (especially) an increase in productivity. Not only the CPO production increased rapidly due to expansion / productivity of private and state plantations, smallholders were growing rapidly and increasing palm plantation centers spread to other provinces to Papua.

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