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TRANSFORMING INDONESIA'S SALT INDUSTRY: FROM IMPORT DEPENDENCE TO SELF-SUFFICIENCY

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Abstract

The government is committed to ending imports of consumption salt by 2025 and achieving self-sufficiency in industrial salt by 2027, as mandated by Presidential Decree No. 126 of 2022 on the Acceleration of National Salt Development. However, dependence on imports remains high, with an average of 2.72 million tons imported annually between 2019 and 2023, compared to an average domestic production of 1.64 million tons. This paper examines the challenges of national salt production and explores efforts to transition from import dependence to self-sufficiency. Key issues include climate change, conventional production methods, and limited land availability. The government plays a crucial role in realizing salt self-sufficiency. Strategic measures need to include state budget allocations and synergy among institutions. To enhance the quantity and quality of national salt production, oversight by Commission IV, Commission VI, and Commission VII of DPR RI is essential to ensure that government programs directly impact production, quality improvement, and investment in the national salt sector.

Introduction

Coordinating Minister for Food, Zulkifli Hasan, announced that the government aims to cease salt imports by 2025 and meet industrial salt needs independently by 2027. This statement was delivered during the Limited Ministerial Meeting on food held on Thursday, November 28, 2024 (Marwah, 2024).

The cessation of salt imports is part of the government's commitment to increasing local production capacity and reducing reliance on foreign products to achieve food self-sufficiency, as outlined in Presidential Regulation No. 126 of 2022 on the Acceleration of National Salt Development. The regulation specifies that national salt needs include

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salt for consumption and various industrial purposes, such as food processing, tanning, water treatment, animal feed, fish salting, livestock, soap and detergent production, textiles, oil drilling, pharmaceuticals, cosmetics, and chemical or chloralkaline industries.

According to data from Statistics Indonesia (BPS), salt imports have shown an increasing trend over the past five years (2019–2023), with an annual average of 2.72 million tons, primarily sourced from Australia. In contrast, domestic salt production during the same period has been declining, averaging only 1.64 million tons annually, based on data from the Ministry of Maritime Affairs and Fisheries (KKP). Meanwhile, national demand ranges from 4.5 to 4.9 million tons annually, creating a significant supply gap (Harianto, 2024).

This situation highlights Indonesia's dependence on salt imports to fulfill domestic needs. In light of these challenges, this paper seeks to analyze the issues in national salt production and explore efforts to transition from import dependence to achieving self-sufficiency in salt production.

Local Production Constraints

As an archipelagic state, Indonesia should have the capacity to meet its national salt needs and even export surplus production. According to Presidential Decree No. 126 of 2022, salt production takes place in at least ten provinces across the country: (1) West Java, (2) Central Java, (3) East Java, (4) West Nusa Tenggara, (5) South Sulawesi, (6) East Nusa Tenggara, (7) Gorontalo, (8) Bali, (9) DI Yogyakarta, and (10) Aceh. Despite this, Indonesia imports an average of 2.72 million tons of salt annually, resulting in a loss of economic potential amounting to IDR1.76 trillion—an impact felt directly by local salt farmers (BPS, 2024).

The salt production targets outlined in the National Medium-Term Development Plan (RPJMN) for 2020–2024, updated annually through the Government Work Plan (RKP), have not been achieved in any year, highlighting persistent challenges in salt production.

The causes of low salt production can be categorized into four main areas. First, upstream issues (on-farm). Unpredictable weather and climate conditions significantly affect salt production. The Meteorology, Climatology, and Geophysics Agency (BMKG) projects that the La Niña phenomenon will persist until April 2025, leading to increased rainfall intensity (Sanjaya, 2024). Additionally, the continued reliance on conventional or traditional production methods limits both the quantity and quality of salt produced. Compounding this issue is the shrinking availability of pond areas, which further hampers production capacity.

Second, human resources (HR). Salt farmers play a crucial role in increasing production, yet their low knowledge and limited ability to adopt modern tools and technologies leave them lagging behind. The Ministry of Marine Affairs and Fisheries reported a 32.94 percent decrease in the number of salt farmers between 2019 and 2022 due to shifts in professional preferences. Furthermore, salt farmers face limited access to capital. In 2023, the Ministry of Marine Affairs and Fisheries distributed only IDR8 billion

to salt business actors, representing just 0.12 percent of the total allocated funds (Harianto, 2024).

Third, downstream issues (off-farm). The absorption of domestic salt production remains low. In 2023, the Ministry of Industry reported that only 22.74 percent of domestic salt was absorbed by the salt processing industry. This low absorption is attributed to the substandard quality of the salt produced, as well as inadequate post-production facilities and infrastructure, which negatively affect both quality and market value.

Fourth, governance issues. Effective governance is critical to accelerating and increasing national salt production. At present, institutional governance at the salt farmer level is fragmented, with most farmers operating individually, limiting their legal strength and bargaining power. Moreover, overlapping authority between the Ministry of Marine Affairs and Fisheries and the Ministry of Industry poses a significant obstacle, particularly in implementing technical measures for controlling salt imports effectively.

The challenges outlined above directly impact domestic salt production, perpetuating the country's reliance on imports. A well-designed strategy is urgently needed to achieve salt self-sufficiency, ensuring the cessation of consumption salt imports by 2025 and industrial salt imports by 2027.

Strategy Towards Salt Self-Sufficiency

The President of the Republic of Indonesia has included salt as one of the 26 priority commodities for downstream development. Increasing investment in the salt sector is considered crucial to boosting national salt production (Tirta, 2024). The Minister of Maritime Affairs and Fisheries has proposed a budget of IDR2 trillion to establish a model national salt production center in East Nusa Tenggara (Susanto, 2024). Developing this model requires in-depth studies to ensure that government spending directly benefits local communities. Once established, the model is expected to be replicated in other regions to maximize its impact on national salt production.

First, strategies to increase salt production include intensifying and expanding existing pond areas using advanced tools and technology. For example, technological interventions are essential to mitigate climate change risks, particularly those posed by La Niña.

Second, strengthening the capacity of salt farmers is critical. This can be achieved through training programs on adapting to modern technologies and using Internet of Things (IoT) solutions in pond management. Technological interventions are vital for improving the quality of salt, enabling it to meet standards for both consumption and industrial use. Additionally, increasing access to business capital through low-interest schemes and targeted government assistance will help enhance production quality and quantity. Current government programs, such as the People's Salt Business Program Assistance (PUGAR), include the use of geomembrane technology, salt houses, and integrated salt land systems.

Third, it is essential to increase the absorption of locally produced salt. This requires improving the

quality of domestic salt through incentives for businesses that process and use local salt. Constructing warehouses in production centers is another critical step to store surplus during price fluctuations. Moreover, a robust industrial business system is needed to ensure that local salt is absorbed by the market or supported by government initiatives (Yonvitner, 2021).

Fourth, governance in salt production need to be strengthened. Integrating farmers into institutional frameworks like the People's Salt Business Group (KUGAR) can facilitate access to government assistance and improve their legal standing and bargaining power. Transforming KUGAR into a corporate entity will further enhance these benefits. Additionally, coordination among ministries and institutions needs to be improved to achieve competitive salt governance. Recent changes in salt import governance have assigned the Coordinating Ministry for Food full control, with the Ministry of Marine Affairs and Fisheries overseeing the consumption of salt and the Ministry of Industry managing industrial salt (Harianto, 2024). These governance reforms aim to minimize overlapping authorities and improve the effectiveness of national salt management.

Finally, government intervention is necessary to manage the State Budget (APBN) and implement policies that focus on increasing national salt production and quality. These interventions may include advancing technology, diversifying salt products, stabilizing prices, and promoting local salt consumption. Synergy among ministries, local governments, state-owned enterprises (BUMN), and the private sector is vital for developing programs and investments that will help achieve self-sufficiency in the consumption of salt by 2025 and industrial salt by 2027.

Conclusion

Efforts to achieve salt self-sufficiency are crucial to meeting the target of halting imports of consumption salt by 2025 and industrial salt by 2027. However, these efforts face multiple challenges, including upstream issues (on-farm), human resource quality, downstream issues (off-farm), and national salt governance. To address these challenges, the government needs to ensure adequate stock levels and limit salt imports. Enhancing the capacity of salt farmers is expected to stimulate improvements in both the quality and quantity of production. Proper allocation of the State Budget and synergy among institutions—particularly the Ministry of Marine Affairs and Fisheries, the Ministry of Industry, the Ministry of Investment and Downstream, and PT Garam—are essential for developing effective programs and investments.

DPR RI, through Commission IV, Commission VI, and Commission VII, need to perform their oversight function to ensure that government programs have a direct impact on increasing salt production. Collaboration between the commissions and relevant ministries will accelerate the development and management of the domestic salt industry. An integrated approach that combines technology, regulation, and farmer empowerment is vital to ensuring the sustainability and independence of the national salt sector.

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