

## CHAPTER II

### BP3L AND BANGKA BELITUNG MUNTOK WHITE PEPPER

BP3L within this second chapter of this undergraduate thesis entitled “The Role and Strategies of BP3L (*Badan Pengelolaan Pengembangan dan Pemasaran Lada*/ Pepper Management Development and Marketing Agency) in empowering Bangka Belitung pepper farmer towards the pepper export challenges in the period of 2009-2015” is being explained through the background of BP3L itself as the pepper development, management and marketing agency which owning the geographical indications certificate of Muntok White Pepper, by understanding about what is the objectives, vision and mission, also some actors involved with BP3L which also supporting the existence of BP3L in Bangka Belitung as well in international community. The next explanation is about the detailed explanation of Bangka Belitung as the region where the Muntok White Pepper exists.

#### A. BP3L Establishment

BP3L as the NGO and actor who will conduct the empowerment towards the Bangka Belitung pepper farmer in order to face the pepper export challenges 2009 – 2015 need to be more understood in advance before understanding the role and strategies of BP3L which will be explained within the third and fourth chapter.

BP3L as already mentioned before is the abbreviation of *Badan Pengelolaan Pengembangan dan Pemasaran Lada* or in english is pepper management development and marketing agency, it is an NGO which resides in Bangka

Belitung and holds the brand of Muntok White Pepper, as one of the brands which is acknowledged by the pepper community in the pepper export sector.

BP3L existence was established through the local government involving many stakeholders which have interaction within pepper which means as the response towards the pepper prospect in Bangka Belitung (Gunawan, 2017). This establishment was the realization of Muntok White Pepper Society Agency based on Governor Law Number 37 years 2009 in the date of December 1st 2009 (BP3L, 2014).

Meanwhile, in order to hold the Muntok White Pepper brand, the agency should be becoming independent based on the demand from KUMHAM and HAKI (Kementrian Hukum dan Hak Asasi Manusia dan Hak Kekayaan Intelektual or Ministry of Law and Human Rights and Intellectual Properties Rights) because the local government are not allowed to hold the Muntok White Pepper brand, and should be society based agency (Gunawan, 2017). This means BP3L become independent agency or NGO.

BP3L is the independent and non-structural organization which responsible towards management, development and pepper marketing within Bangka Belitung Province (BP3L, 2014). The Member of BP3L are those who specialize themselves towards the pepper condition in Bangka Belitung (Gunawan, 2017). This means BP3L and its member have responsibility upon the dynamic of Muntok White Pepper in Bangka Belitung.

Meanwhile, the vision which can be considered as the purpose of BP3L is becoming the independent agency which trusted as the manager, developer and pepper marketing specific to Geographical Indication (GI) in the international market level (BP3L, 2014).

This can be inferred that BP3L here has a role in the management, development and pepper marketing, based on Geographical Indication, as owner of patent of Muntok White Pepper within international market, including the protection over the product as mentioned before by define and proper usage which refers to the intellectual property rights.

The Missions are becoming local government partnership in making workfield, becoming information centre and pepper technological innovation reference, joining partnership with stakeholders within the effort to empowering pepper society, and improving the income of Pepper Society (BP3L, 2014).

By becoming local government partnership in making workfield, it means that BP3L has cooperation with local government in making the workfield within the scope of Muntok White Pepper itself. By becoming information centre and pepper technological innovation reference, it can be inferred that BP3L also functions itself as the center of information within the scope of Muntok White Pepper for those who need the information, management, development and also markets of the commodity and for pepper technological innovation reference here can be understood that BP3L is positioning themselves in as the reference for

pepper technological innovation which is suitable to be used and implemented by reconsidering the conditions of Muntok White Pepper today.

Meanwhile for joining partnership with stakeholders within the effort to empowering pepper society, and improving the income of pepper society can be understood as the strategy of BP3L in empowering pepper farmer especially cooperation with stakeholders which here means the actors who are involved in the empowerment activities such as local government, central government, exporters, farmer itself and others involved which hoping also to improve the income of pepper society due to the empowerment activity.

BP3L also has its main function which is executing the guidance to the farmer in cultivation within pepper management based on Geographical Indication (BP3L, 2014). The main function is providing direction within pepper management for the farmer inline with Geographical Indication specific mechanism in planting from the upper course until the lower course of Muntok White Pepper.

Meanwhile the functions of BP3L are executing the technological dissemination and development, preparing cooperation, information, widespriding, and developing the technology of specific location and providing technological services (BP3L, 2014). Executing the technological dissemination and development, preparing cooperation, information, widespriding, and developing the technology of specific location and providing technological services here can be inferred that BP3L is conducting the functions by spreading the pepper

plantation technologies which are inline towards the specific mechanism written in the Geographical Indication book of Muntok White Pepper. In order to do so it cannot be done by BP3L itself, this means that BP3L needs cooperative and active participation from related and involved actors which own specific mechanism that are essential to be used in the empowerment of pepper farmer in Bangka Belitung for the specific product of Muntok White Pepper.

The cooperations such as the best and suitable usage of pepper seed by taking references from BPTP (Balai Pengkajian Teknologi Pertanian) or Agriculture Technological Research Agency, which then BP3L will spread the information from BPTP to the pepper farmer and inline with the geographical indications.

Other cooperation such as between BP3L and IPC (International Pepper Community) who shared the information regarding of recent price of pepper in the world market especially the Muntok White Pepper, after that BP3L can share the price information towards the pepper farmer.

BP3L is also having what so called program implementations which is already achieving the acknowledgement of Muntok White Pepper Geographical Indications Rights from Ministry of Law and Human Rights Republic Of Indonesia in the date of January 21<sup>st</sup>, 2010 (BP3L, 2014). This program implementation can be considered as one of the best implementation programs conducted by BP3L for achieving acknowledgement of owning the patent of Muntok White Pepper brand which is also supported by others such as Exporters,

IPC (International Pepper Community), Ministry of Agriculture of Republic of Indonesia and so on.

BP3L existence is also being counted by some parties who feel that the existence of BP3L is also holding important participation in order to empower the pepper farmer towards the pepper export challenges. These parties are also the ones who have the duty and responsibility towards the provided range period of 2009 – 2015.

The formation of BP3L is actually taken from the background of some market participants in Bangka Belitung who are concerned about the lack of local government's attention towards the development of the pepper (KEMENTERIAN PERDAGANGAN, 2014). In this case, BP3L is already supported by market participants towards the development of Muntok White Pepper which having less concern from local government.

Other parties who support the existence and the progress of BP3L is IPC (International Pepper Community), IPC acknowledges that the existence of BP3L is strategic enough in the development, management and marketing of pepper in Bangka Belitung because IPC gains some information about cultivation technology which is based on International SOP such as Geographical Indications (GI), information about local product potential which come from pepper especially Muntok White Pepper in Bangka Belitung, and knows the obstacles in pepper development in local level (Gunawan, 2016).

The relation of IPC and BP3L is considered strong enough regarding the information and the development of pepper price each week, having coordination about problems related to the pepper development strategy and system (Taufik, 2017). In this relationship, it can be inferred that both BP3L and IPC are benefitting each other which results a good cooperation within world pepper constellation especially the product of Muntok White Pepper.

There are also some best practices that have been conducted by BP3L in order to empower the pepper farmer such as the NGO which guarantees the implementation of cultivation technology based on international pepper SOP (Standard Operational Procedures), Pepper Farmer Courses and Sample Pepper Farm Making in order to be more inline with the international pepper SOP (Gunawan, 2016).

Some indicators of empowerment are the increasing numbers of pepper farmer who join the pepper farming inline with the International SOP such as Geographical Indications (GI), The increasing number of community in implementing the pepper products management based on International SOP such as Geographical Indications (GI), the increasing quality of pepper in exporters level (Gunawan, 2016).

## **B. Province of Bangka Belitung Archipelago and Pepper Commodity**

The Province of Bangka Belitung Archipelago geographically has strategic location on  $105^{\circ} - 108^{\circ}$  of west longitude and  $03^{\circ} 30''$  of south latitude (Biro Ekonomi, 2016). Having the overall region of  $81.582 \text{ Km}^2$  which consist of

16.281 Km<sup>2</sup> Land Region (20.10% from the total area) including two big islands with the area of 11.481 Km<sup>2</sup> (70.62 % of Land) and Belitung Island which having area of 4.800 Km<sup>2</sup> (29.48% of the land) surrounded by 750 Small Islands, also the ocean area of 65.301 Km<sup>2</sup> or 79.90% from overall area of Province of Bangka Belitung Archipelago. The beach length of Province of Bangka Belitung Archipelago is 2.189.553 Km (Biro Ekonomi, 2016).

The Province of Bangka Belitung Archipelago has borders; in the west part with Bangka Strait, in the east part with Karimata Strait, in the north part with Natuna Sea and in the south part with Java Sea (Biro Ekonomi, 2016). The nature condition of Province of Bangka Belitung Archipelago is mostly highland, valley and some small mountains and hills (Biro Ekonomi, 2016). The approximate lowland height is around 50 Meter above the sea surface and the height of mountain region which are for Maras Mountain is 699 Meter in Belinyu sub district (Bangka Island), Tajam Mountain's height is less than 500 meter above the sea surface in Belitung Island (Biro Ekonomi, 2016).

Meanwhile for the hilly region like Menumbing Hill, the height is approximately 445 meter in Mentok sub district and Mangkol Hill with around 395 meter above sea surface in Pangkalan Baru sub district (Biro Ekonomi, 2016). The soil condition of Bangka Belitung Archipelago commonly has PH or acid soul reaction below the average of 5, although having high aluminum substances, within it also contains many tin ore minerals and digging materials like sand, quartz sand, granite, kaolin, clay soil and many more. By considering the nature and soil condition as mentioned before, it is possible for various kinds of



agriculture plantation to grow better in Province of Bangka Belitung Archipelago, including pepper plantations (Biro Ekonomi, 2016).

Pepper plantations are growing well in the regions which having height starting from 0 – 700 Meter above sea surface level (Biro Ekonomi, 2016). Vast dissemination of pepper plantation exist in tropical region between 20° of North Latitude and 20° of South Longitude, with raindrops level between 1.000 – 3.000 mm per year, evenly along years and having rain day of 110 – 170 days per year, dry season only 2 – 3 months per year (Biro Ekonomi, 2016). Air humidity of 63 – 98% along rain season, with maximum temperature of 35° C and minimum temperature of 20° C. Pepper plant can grow in any kind of soil, especially sandy soil and fertile one which enough soil nutrition, well drainage (soil water), soil acid level (PH) of 5,0 – 6,5 (Biro Ekonomi, 2016). This means the description of specific and suitable environment for Muntok White Pepper plant.

As the region with most of the population working in agriculture sector, Province of Bangka Belitung Archipelago is trying to implement agriculture sector as the best basis of local economy in order to enhance the agriculture sector contribution toward PDRB (Produk Domestik Regional Bruto) or Gross Regional Domestic Product. In the agriculture sector, in order to enhance the local economy is by developing potency/best food commodity starting from upper course until lower course which hopefully can provide contributions for local economy development, increasing society's income and workforce absorption (Biro Ekonomi, 2016).

Therefore every region should be able to empower their local potentials and strengthen the sustainability of economical development through economical empowerment sourcing from the potency which has high competitiveness, export oriented and focused in the potency or best local commodity by benefitting natural resources within the region (Biro Ekonomi, 2016).

Agriculture sector is the toughest sector in facing economical crisis. When the national economy was experiencing contractions in the amounts of 13, 68% in 1998 and national workforce absorption decreased to 2, 13%, agricultural sector as a whole still had growth in the amounts of 0, 22% (Biro Pusat Statistik, 1999; Biro Ekonomi, 2016). That positive growth is achieved due to “Windfall Profit” or in economy term is a huge profit which gained unexpectedly in fishery and agriculture subsector due to the weakened Rupiah value to American Dollar. The positive growth has also impacted to increase the export oriented, making international market influence production performance and agriculture commodity trading in Indonesia (Biro Ekonomi, 2016).

One of agriculture commodities which become the best for export activity from Indonesia is pepper commodity. Among world pepper producer states, Indonesia is included in one of main world producers alongside Vietnam, India, Malaysia and Brazil. International pepper segment from the four main producers is reaching more than 90 % (International Pepper Community, 2001; Biro Ekonomi, 2016).

Indonesia itself is having market segment around 35 % and pepper production growth from other producers which also increase. Today agriculture development policy is actually based and directed to increase export and fulfill the industrial needs inside (Biro Ekonomi, 2016). As mentioned before, the development policy can be done through many ways such as: rejuvenation, rehabilitation, increasing plant quality, varying the kind and the usage of plantation area, dry area, and swamp which are handled intensively (Biro Ekonomi, 2016).

Pepper cultivation for Bangka Belitung society is an agricultural tradition which has been done since long time ago until today which becomes the income sources for farmer beside rubber and palm oil. Following with many tin mining activities, making many farmers switching their profession into miner and this is one of the causes of the decrease in pepper production besides shrink of area plantation factor, lack of farmer cultivation technic which is considered a traditional one also the attack of pest and pepper diseases (Biro Ekonomi, 2016).

### **C. The Prospect of Muntok White Pepper in Bangka Belitung**

**Figure 1.1 the Province of Bangka Belitung Archipelago**



**Source: Bureau of Economic of Province of Bangka Belitung Archipelago in 2016**

If we observe the development of pepper price in the last three years especially in Bangka Belitung and commonly in international, then the price tended to experience quite significant increase (Biro Ekonomi, 2016). After couple of years the price of pepper was on the lowest point which is 30.000 Rupiahs until 50.000 Rupiahs and now it can reach above 150.000 Rupiahs, this kind of price is awaited by all pepper farmers, including pepper farmer in Bangka Belitung. The potential market of black and white pepper is not only inside the country but also abroad (Biro Ekonomi, 2016). This means pepper itself has some dynamics in price and market potency.

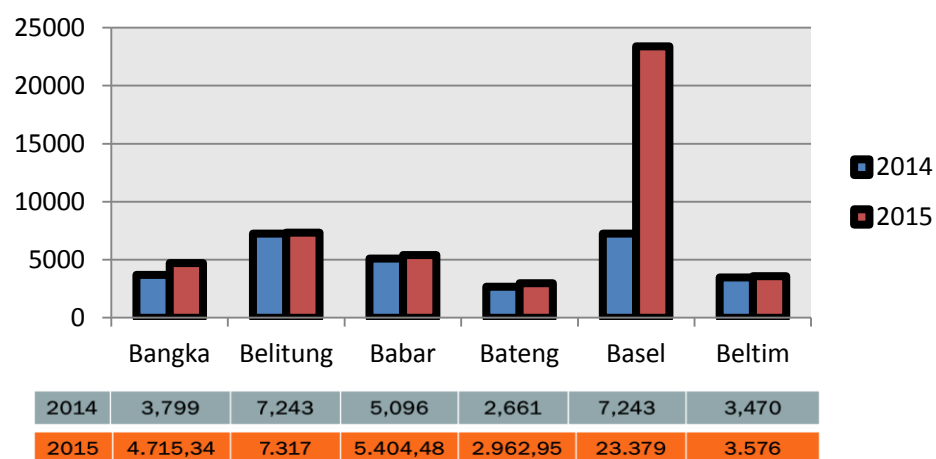
Indonesia is the second pepper producer states in the world after Vietnam (Biro Ekonomi, 2016). This means position of Indonesia in agriculture sector especially in pepper agriculture is quite strong as the second position after Vietnam, comparing to other pepper producer states in the world. Pepper is one of best commodities which has the main role for the source of state's foreign exchange, farmer income source and creates work field. The potential of pepper commodity market of Bangka Belitung is quite promising because stated by Biro Ekonomi (2016):

1. Bangka Belitung's white pepper is already famous in the world with the name of Muntok White Pepper
2. Any product or other substitution material has not been found
3. Already owned the Geographical Indication Protection
4. Has best and unique taste which is not owned by other states

This bright pepper prospect mentioned in the points above is due to the development of food product, pharmacy and herb industry, cosmetics which use pepper as one of ingredients, the increase of world consumption, increase of domestic consumption by many food industry which based on pepper, product diversification through the development of lower course product such as pepper flour, pepper oil, oleoresin, green pepper, fresh pepper and all of them in package and the increasing of industrial needs and medicines (herbs) (Biro Ekonomi, 2016).

Almost all of pepper plantation in Bangka Belitung is people based plantation with average area ownership of 0.5 – 2 hectares. Pepper plantation area and the production in Province of Bangka Belitung Archipelago in 2015 is shown in the graph (Biro Ekonomi, 2016):

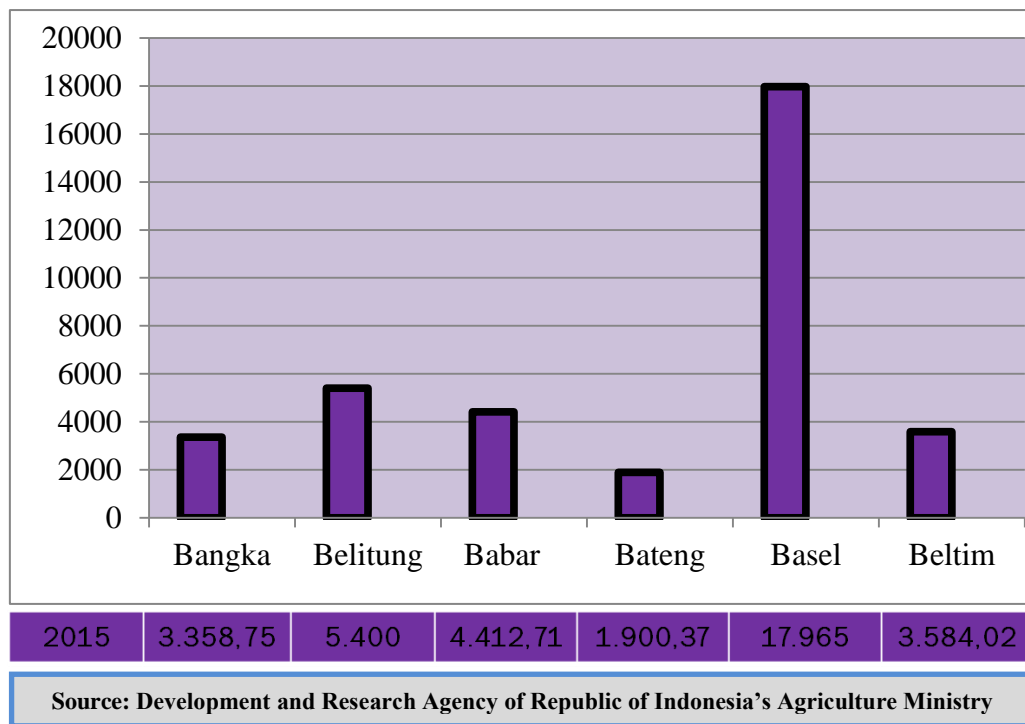
**Graph 1.1 Peppers Areal Distribution in Each Sub Districts in 2014 and 2015 (Hectares)**



**Sources:** 2014 from Development and Research Agency of Republic of Indonesia's Agriculture Ministry  
 2015 from involved agency in sub district and agriculture plantation and farm Province of Bangka Belitung Archipelago

The overall plantation area of white pepper in Province of Bangka Belitung Archipelago in 2005 based on the data from involved government's agency in sub-district and Agriculture, Plantation and Farm Agency of Province of Bangka Belitung Archipelago is 56.354,77 hectares, had experienced areal extension in 2014 in the amounts of 29.512 hectares (Data taken from Republic of Indonesia of Agricultural Ministry of Development and Research Agency) (Biro Ekonomi, 2016).

**Graph 1.2 Each District Pepper Production in 2015 (Tons)**

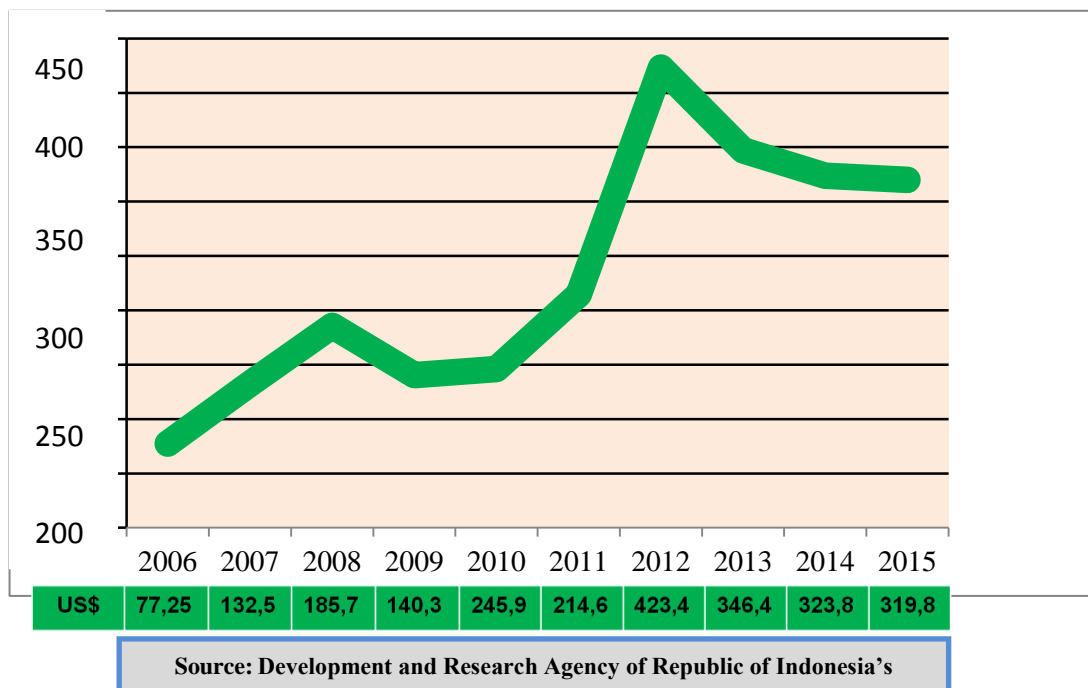


This areal extension is happening in South Bangka sub district, following the implementation of South Bangka sub district, Central Bangka sub district and Belitung sub district in 2015 by Republic of Indonesia's Agricultural Ministry as pepper production sector in Province of Bangka Belitung Archipelago based on Agricultural Minister's decision of Number 45/Kpts/PD.120/2015 (Biro Ekonomi, 2016).

Meanwhile, based on the data from Development and Research Agency of Republic of Indonesia's Agriculture Ministry, Bangka Belitung white pepper production in 2015 was 35.620,85 tons, this amount was expected only could provide contribution for 17% in world market (Biro Ekonomi, 2016).

In national scale, Indonesia pepper export values decreased from 2014 from amount \$ 3.238.000 USD to \$ 3.198.000 USD. Data of Indonesia pepper export

**Graph 1.3 Indonesia Pepper Export Value Years 2006 - 2015 (000.US\$)**



value as shown by the graph issued by Development and Research Agency of Republic of Indonesia's Agriculture Ministry (Biro Ekonomi, 2016).

Although Province of Bangka Belitung Archipelago as the biggest supplier of Indonesia pepper production, Bangka Belitung itself also experience the decrease of export values. The decrease of export values was caused by the decrease of domestic pepper production due to the lack of areal plantation where many

plantation areas in Bangka Belitung had been used for palm oil and tin mining. Another causal is in national scale caused by the increase of pepper production from competitive countries such as Vietnam, India and Brazil which has fulfilled quality of pepper based on international standard (Biro Ekonomi, 2016).