

CHAPTER III
BP3L MONITORING AND ACTIVE PARTICIPATION
IN TRADE: MUNTOK WHITE PEPPER EXPORT 2009 – 2015

The third chapter of this undergraduate thesis explained the role of NGO (Non-governmental Organization) named BP3L especially in trade sector which are the monitoring and active participating in the Muntok White Pepper export and also the implication of the BP3L roles towards pepper farmer.

A. BP3L Monitoring role in Muntok White Pepper Export

Monitoring role of NGO within trade sector is one of many roles which is functioned by NGO. Trade sector is also one of important sectors which is counted by NGO and also by the international constellation as one of the supporting factors to fulfill their need and also economical benefit.

The Role of BP3L as the NGO is important in this undergraduate thesis discussion, since one of the focuses within this paper is about trade especially the Muntok White Pepper export. There are two Roles of NGO in trading which are according to Riedl (2009):

- Become Global watchdog advocating for public regulatory reform;
- Actively create new governance structures to provide ‘alternative/ fair trade pathways.

The first role indicates that the NGO in trade becomes the watchdog in the reform within regulations in the public as a whole through advocating, seeing if

there exist any changing which can influence the existing regulations. (Riedl, 2009)

The second role indicates that NGO can create alternative trade pathway which means it could favor the well being of pepper farmer and every actor that is involved within a case through actively creating new governance structures which can be understood as giving ideas and good composition of structures/mechanisms which supports the trade pathways. (Riedl, 2009)

Taking the first role of NGO in trading which can be inferred as monitoring role in supervising the regulations of pepper plantation and export trade written in the geographical indications law of Muntok White Pepper. The monitoring role then influences the proper product qualification in terms of quality and quantity. Referring upon the pepper plantation and trade qualification, there will be also statistic data which will show how much the Muntok White Pepper has been exported as part of monitoring by BP3L.

The regulation over the Muntok White Pepper product is written within the Geographical Indication of Muntok White Pepper. After describing the regulation, the correlation is also needed in order to make it as coherence among explanations over the monitoring which is conducted by BP3L.

1. Muntok White Pepper Geographical Indication

The name usage of Muntok White Pepper is only can be used for the pepper which sold with 100% composition of Muntok White Pepper qualification. Mixed pepper compounds which come from the region outside

of Province of Bangka Belitung Archipelago are not allowed to use the name of this product. However, Muntok White Pepper name can be shown in the composition list for the mixed used of this product. In this term, the percentage of Muntok White Pepper contains which used should be clearly included (BP3L, 2009).

Protection is suggested in the name of “Lada Putih Muntok” or “White Pepper Muntok”. Meanwhile the word “Pepper” or “White Pepper”, is not deemed as misused or copied, and by this can be used by producer which not producing Muntok White Pepper (BP3L, 2009).

a) Control Method and Order

1) Control over Rules Fulfillment in Pre-requisite Book

Control can be done starting from cultivation until processor which consists of (BP3L, 2009):

Cultivation Control which also consists of Self Control which means each producer should check if a plantation field is fulfilling the Pre-requisite book, Control by Farmer Group which means every year, the chief of farmer group (or the manager of farmer group) should make sure that the Pre-requisite book is already fulfilled by the members’ plantation field, and should report the development to BP3L of Province of Bangka Belitung Archipelago, and Control of BP3L which means each year, in April, BP3L will choose randomly 5 farmer groups and check the fulfillment of Pre-

requisite book in their plantation field, in 2 days per farmer group (which means needed 10 days to this control)

Processor control which also consists of Control by Farmer Group / Processor Unit (Self Control) which means in every Processor Unit (farmer group or private group) there will be one person which is posted to control the process (checking that the process and saving the white pepper seeds or white pepper powder is already inline with Pre-requisite Book), Control by BP3L which means every year, every harvesting and processing (July, August and September), BP3L will randomly choose the process by fulfillment of Pre-requisite book, within 1 day per Processor Unit (need 5 days).

BP3L also checks the sorting process, sortation, preparation for exporting the lots and labeling the white pepper seeds package or white pepper powder. In order to guarantee the easiness of control, the places where the operation process is conducted should be communicated by them who will conduct the above activities (Processor Unit or Buyers) to BP3L.

2) Order Control

Consists of Muntok White Pepper geographical indication member registration which means every farmer and their plantation had been listed and for those who already registered is given the IG Card. This list will be renewed every year. Control of Bunch Origin means every time the producers sell the red bunch pepper to processor unit, so the processor unit

should check the card and note the producer name, producer number also the buying date and transaction date, then processor unit should send the list of red bunch producers to BP3L twice a year in the midst of July (mid-harvest), and last September (last harvest) and BP3L will check whether the red bunch which is sold by a producer is inline with the area and the owned cultivation trees.

Ordering the order of pepper area means right after the processing, processor unit should do identification in every sack with area code. This code included the Processor Unit Code (XX), years of Production (YYYY) and Area Number (ZZ). The code consists of 8 numbers: XX – YYYY – ZZ. Every processor unit should form 10 – 15 area from their yearly production (those areas can be formed depends from week of production or by forming sub producer group in every farmer group). The area codes are saved until the phase of pepper GI selling (If the certificate is already obtained) and possible to conduct the whole order process (BP3L, 2009).

Control of Selling and Buying the GI Pepper means after the processing and saving and obtaining the GI certificate, processor unit can sell their GI Pepper and every transaction should be noted. Every once a year (April), the data should be sent to BP3L, and then BP3L checks the transactions and matching the white pepper seeds amount or white pepper powder which is being sold with the amount of red bunch which is bought from GI producers. Every exporter in Bangka Belitung which is already registered as GI member should also send the same data (buying or selling the seed or

white pepper powder) to BP3L once a year (in April) and by doing so BP3L could check the pepper amounts which is being sold with GI certificate.

3) Control of Quality and Uniqueness of Pepper GI Muntok White Pepper and Given Certificate to Management Unit

GI certificate is asked by the Processor Units, after the processing of red bunch becoming white pepper seed and two months saving.

Along with the processing process, every processor unit should group the pepper into 10 until 15 areas, which is identified by code. Certificate is asked for every area, BP3L will check if the pre-requisite of taste, chemical and order is already fulfilled. It can be inferred that processor unit should specify the list of red bunch seller for every area and in testing the taste and chemical one, the quality of every area will be also tested by BP3L. For the taste testing will be done by a team which consists of 5 persons, and 20 trained panelists will take the responsibility over the quality and uniqueness control from all areas. Meanwhile the chemical testing will be conducted in a competent laboratory for testing the white pepper.

After making the scoring list over the elements (free contamination, free of flawed main taste, aromatic spicy flavor which could stimulate sniffing sense until sneezing and the level of spiciness which give warm effects toward body) and the chemical testing score, then the overall quality is evaluated and after that the decision to accept or reject will be taken.

If it is accepted then the pepper will get the GI certificate. If rejected, Processor Unit will have a chance to serve the pepper quality for the second time by other panelists. If the next team is still rejecting, then the pepper cannot obtain the GI certificate, by so the pepper cannot be sold by using the GI name.

b) Labeling

1) Pepper Wrapping and Packaging

Muntok White Pepper in the form of seeds which has GI Certificate means using package (bag) which the substance is coming from polyester, with pepper seeds have net weight of 50 Kg in each bag. Every package is sewed by machine and written in the form of area included:

- Weight measurement in kilograms
- Quality Selection; which consists of Hand Picked, Double Wash, ASTA (American Standard Trade Association), FAQ (Fare Average Quality) and Light Berries
- Destination State
- Stamp of Muntok White Pepper Logo
- Years of Harvesting

The Muntok White Pepper in the form of powder will be packaged in the glass bottle which is completed with the label of “Muntok White Pepper” and permission from the Ministry of Health of Republic Indonesia. Size type of the bottle will be adapted to the market demand.

Figure 1.2 Geographical Indication Logo of Muntok White Pepper



Source: BP3L 2016

By referring to the first role of NGO in trade which is Global watchdog advocating for public regulatory reform or can be inferred as the monitoring role within the regulation of Muntok White Pepper management, development and marketing the Geographical Indication, BP3L role here is to monitor the progress and also the usage and the development within the brand of Muntok White Pepper which is starting from the lower course which is involving the pepper farmer which can make their pepper plantation more protected and also involving the exporters and buyers who will get the pepper quality as demanded by the market and also as guarantee that is inline with what is written in the pre-requisite book of geographical indications of Muntok White pepper.

2. Muntok White Pepper Export Data 2009 – 2015

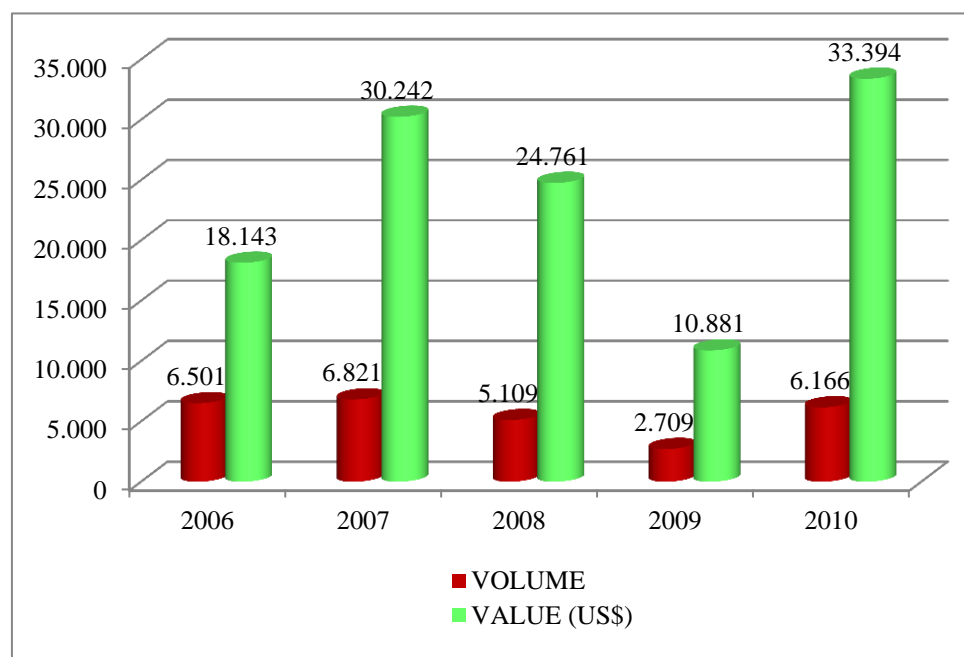
This section is showing one of the monitoring roles by BP3L which is the export data of Muntok White Pepper collaboration with AELI (Asosiasi Exportir Lada Indonesia) or in English is Indonesia Pepper Exporter Association. This data can be inferred also as one of the results from control

method and order within the regulations of Pre-requisite Book of Geographical Indications of Muntok White Pepper

The given data showed in the range of 2009 – 2015 because it was the limitation of the scope of research conducted in this undergraduate thesis. Each year among 2009 -2015 showed distinct differences between the productions and the value of export abroad. It is needed also to know how the condition of production and value export in the past 3 year before 2009.

a) Realization of Muntok White Pepper Export in 2006 – 2010

Graph 1.4 Muntok White Pepper Export Data in 2006 - 2010



Source: BP3L 2010

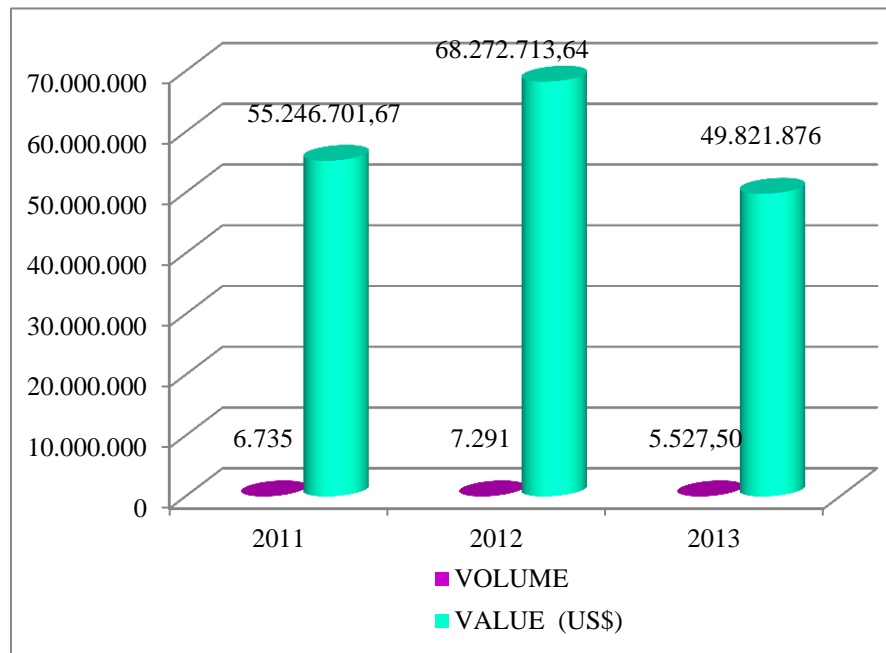
The export realization was to USA, Netherland, France, Germany, England, Italy, Singapore, Malaysia, Vietnam, Korea, Taiwan, China, Japan and Australia (BP3L, 2010). It was quite fluctuating as it can be

seen that the establishment of BP3L and also the acknowledgement of Geographical Indications then impacted upon the high price in 2010.

As already stated before, the past 3 years were 2006, 2007, and 2008 which in 2006 the volume was 6,501 tons with worth value of 18,143 US\$, in 2007 the volume was 6,821 tons with worth value of 30,242 US\$ which increased in volume and value of export but in 2008 was declining to 5,109 tons of volume and 24,761 US\$ Value, although in 2009 was declining more than in 2006.

b) Realization of Muntok White Pepper Export in 2011 – 2013

Graph 1.5 Muntok White Pepper Export Data in 2011 - 2013



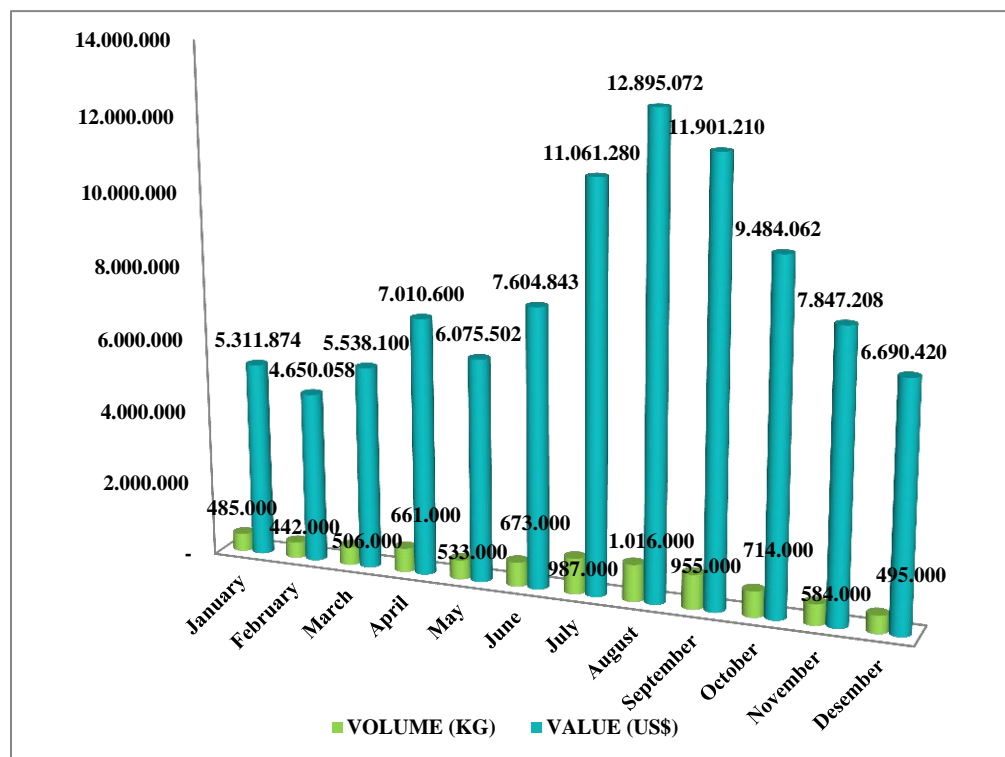
Source: AELI/BP3L 2011 - 2013

The export realization was USA, Netherland, France, Germany, England, Italy, Singapore, Malaysia, Vietnam, Korea, Taiwan, China, Japan and Australia (BP3L, 2010). Although it was quite fluctuating but

the value kept increasing from 2010 which was only around 33,394 US Dollar, then increased into 55,246 US Dollar and increased again into 68,272 US Dollar in 2012 but lower in 2013 due to the decrease of Muntok White Pepper volume.

c) Realization of Muntok White Pepper Export in 2014

Graph 1.6 Muntok White Pepper Export Data 2014



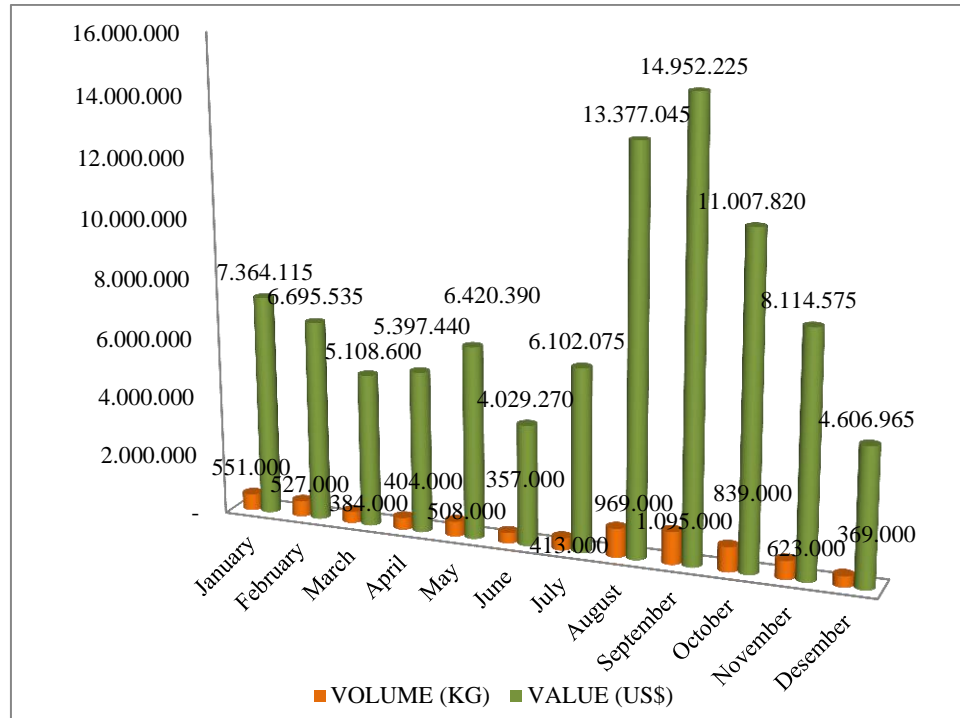
Source: AELI/BP3L Babel 2014

The export realization was still to USA, Netherland, France, Germany, England, Italy, Singapore, Malaysia, Vietnam, Korea, Taiwan, China, Japan and Australia (BP3L, 2014). The total volume of 2014 was 8,051,000 Kg or around 8000 Tons and increasing from year 2013 which was only around 5000 tons. In the chart also showing how actually each

month production and value change but the significant one was the value since it was considered high.

d) Realization of Muntok White Pepper Export in 2015

Graph 1.7 Muntok White Pepper Export Data in 2015



Source: AELI/BP3L Babel 2015

In 2015 the export realization was still to USA, Netherland, France, Germany, England, Italy, Singapore, Malaysia, Vietnam, Korea, Taiwan, China, Japan and Australia which overall volume was 7,039 Tons, although it was considered decreasing from 2014 which was around 8000 tons (BP3L, 2015). Even though the volume was decreasing but the price was increasing as can be seen in the comparison between the year of 2014 and 2015 graphic, although the difference was not so but it was better in each year.

Pepper price fluctuation is relatively hard to be predicted because mostly Indonesian pepper production (more than 50%) is exported to foreign countries, therefore the price in domestic level is very influenced by the pepper price in the international market as we know that Indonesia is not the only pepper producer in the world but there are many other states as pepper producer such as China, Vietnam, Brazil and Malaysia (Kementrian Perdagangan, 2014).

Monitoring activities conducted by BP3L is cannot be separated from the stakeholder within the revitalization of Muntok White Pepper and also the empowerment of farmer especially in Province of Bangka Belitung Archipelago such as Coordination Meeting (Phase I and II) of Monitoring and Evaluation Activity of White Pepper Commodity in 7 districts and cities which attended by Provincial Agency involved, Universitas Bangka Belitung, BP3L, AELI, APLI of Province of Bangka Belitung Archipelago, Coordination, Institute of Agriculture Technology, Implementation Coordination Province Agency and Bureau Economy of Local Secretary of Province of Bangka Belitung Archipelago resulting into some points such as to socialize the pepper commodity to pepper farmers which become the main commodity from Bangka Belitung, starting from the planting until harvesting which have quality based on national and international, the active participation of local government to achieve the welfare of society in building the pepper commodity is determined from effective and precise funding in production and trade of the commodity,

improvement of productivity starting from government aspect, productivity, price control and institutions (Biro Ekonomi, 2016).

This can be inferred that the revitalization of the Muntok White Pepper commodity and also the empowerment of pepper farmers should be in good coordination among stakeholders involved as well as BP3L and other institutions.

B. BP3L Active Participation in Muntok White Pepper Export

The second role indicates that NGO can create alternative trade pathway which means it could favor the well being of pepper farmers and every actor involved within the case through actively creating new governance structures which can be understood as giving ideas and good composition of structures or mechanisms which support the trade pathways.

The effort of government in order to repair the management and marketing of white pepper in Bangka Belitung, can be seen in 2009 based on decision order of Bangka Belitung governor, established an agency which especially managing the white pepper in Bangka Belitung named BP3L. Since its establishment, BP3L had struggled for the Muntok White Pepper by gaining the geographical indications certificate (GIC) (Pranoto, 2011).

BP3L has role and authority in Muntok White Pepper export which already written in the geographical indication regulation. This means starting from the development, management and marketing, which issued by Ministry of Law and Human Right of Republic of Indonesia through Certificate of geographical

indications of Muntok White Pepper should be in accordance with BP3L supervision (Kementrian Hukum dan Hak Asasi Manusia Republik Indonesia & BP3L, 2010). The certificate will be added within the attachment page of this undergraduate thesis.

The statement above can be inferred that since the Geographical Indication is in the ownership of BP3L and acknowledged by Ministry of Law and Human Right of Republic Indonesia, any export that is conducted and use the product name of “Muntok White Pepper” should make coordination with BP3L and as already mentioned within the Control Method and Order in the monitoring role sector.

The detailed authority given to BP3L was issued through Province of Bangka Belitung Archipelago Government Regulation number 39 Year 2009 about the establishment of Pepper Development, Management and Marketing Agency. The authority was implied within the chapter I until chapter IV of the Government regulations since the establishment of the BP3L (Gubernur Provinsi Kepulauan Bangka Belitung, 2009). The active participation within the trade of Muntok White Pepper can be seen in the chapter IV of the government regulation which mentions about the main task and functions of BP3L such as in the section 10 of Division of Grade, Quality and Quantity article 14 number 2 poin A which stated that increasing of pepper quality starting from seed providing, production control and export, also the active participation in Muntok White Pepper constellations can be seen in the Section 12 of Division of Promotion and Marketing in the article 16 which some of the main task are;

1. promoting the whole pepper aspect in the scale of local, national and international
2. creating new ideas for pepper marketing in the national and international level

Meanwhile for some functions of the Promotion and Marketing division are;

1. executing the promotion and marketing of pepper abroad
2. executing new inventions for the pepper marketing that implicated in the increasing of pepper price; and
3. making network of promotion and marketing in the national and international level

This can be inferred that the Local Government of Province of Bangka Belitung Archipelago had given the Muntok White Pepper development, management and marketing to BP3L, including the promotion of Muntok White Pepper. The government regulation will be added within the attachment section.

Taking the second role of NGO which is active participation, in this case which mentioned BP3L has participated although not in the field of trade control, as by the interview with the chief of BP3L which is Mr. Zainal state that *“the trade control is by the Trade Agency of Local Province of Bangka Belitung and Central one, but in order to export, they should have coordination with BP3L if they are using the Muntok White Pepper”* (Zainal, 2017).

Mr. Zainal also stated that *“nowadays, the farmer can do an ease selling their pepper product directly to the exporter without having to sell to the second and*

third party because they can ask BP3L about the price of pepper today” (Zainal, 2017). It can be inferred that the pepper farmers can have more benefit by directly selling to the exporter and knowing the recent prices of Muntok White Pepper.

In the marketing sector, BP3L is relatively not having much obstacles, it is due to many of the members of BP3L who is coming from Pepper entrepreneurs, and also BP3L has pioneered domestic market relation for this commodity by conducting cooperation with bigger company like Indofood and regarding this, BP3L will supply the pepper demand to the company continuously (Kementrian Perdagangan, 2014).

BP3L also implement the Food Safety and Quality System which two of the points there are Good Distribution Process and Good Retailing Process, which are partner selection, fair trade – supply chain management, distribution network based on the pre-requisite seeking from AELI, Inwrought quality control and developing the potential market (BP3L, 2016).

Partner selection can be understood as the partner who can implement the good distribution and retailing process by fulfilling also the geographical indication regulations of Muntok White Pepper. Fair trade – supply chain management can be inferred that BP3L also tries to make the trade and supply chain process in the fair way which can favor the producers until the buyers by reconsidering to the geographical indications of Muntok White Pepper.

Distribution network based on the pre-requisite seeking from AELI means that since AELI is the association which consists of exporters, they know how Muntok White Pepper export commodity should be distributed to the export destined states by cooperating with AELI. Inwrought quality control can be understood as the control mechanism to Muntok White Pepper starting from the cultivation until marketing as already mentioned in the monitoring section, and developing potential market means that BP3L is also encouraging the farmers and local government to create more potential product which will be further explained in the fourth chapter.