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# The politics of salt self-sufficiency and agrarian dynamics in rural Kupang, Indonesia

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## Abstract

Salt self-sufficiency has been a major policy concern in Indonesia in the past few years. Encouraged by this policy, Indonesia has attracted significant domestic and foreign direct investments to seize investment opportunities in the countryside to produce salt for salt production aiming to fulfill country's domestic salt demand. Consequently, many salt companies have opened up and receive a land concession. This study performed in the rural Kupang, Indonesia, tend to analyze how the discourse regarding salt self-sufficiency has been employed to release land from customary tenure to state coalition, corporate and local elites' actors. Additionally, this paper highlights the interconnections between food politics, agrarian capitalism and shows how the concern for salt self-sufficiency in Indonesia has favored large agrarian capital. This study does not intend to criticize the goal of salt self-sufficiency but to reveal how it has been used to empower and enrich large agrarian capital instead of developing sustainable livelihood for rural communities. Our analysis indicates that the agrarian politics remain as contested as the dynamic within the state-society-capital nexus. Further, the process of land transfer is not just the overt maneuvers of state and corporate entities but they also 'emerge by stealth' where differentiation, erosion of social relations among the peasantry communities, and the uneven distribution and differentiated access to land reinforce each other.

## Keywords

Land grab; agrarian capital; landscape transformation; rural; salt producers; extensification

## Acronyms

IKTA	<i>Industri Kimia, Tekstil dan Aneka</i> (the Chemical Industry, textile and miscellaneous industries)
AIPGI	<i>Asosiasi Industri Pengguna Garam Indonesia</i> (the Indonesian Salt-Using Industries Association). AIPGI is a premier salt-using industries organization whose members consist of the companies include the food, chemicals, pharmaceuticals, textiles, oil and pulp and paper industries. Each needs access to high-grade industrial salt, which is not produced locally in Indonesia.
HGU	<i>Hak Guna Usaha</i> (Right to Cultivate/Exploit). HGU is the right to work on land which is directly controlled by the Indonesian state. HGU is granted for a period up to a maximum of 35 years and may be extended for a maximum period of 25 years. HGU is granted on lands that are larger than five hectares and can be granted to Indonesian citizens and corporate bodies in Indonesia (the latter includes foreign investment companies). HGU gives the right to use a state-owned land to for the purpose of agriculture; in particular agricultural projects, including plantations, fisheries and cattle ranches.
BPN	<i>Badan Pertanahan Nasional</i> (The National Land Agency). A non-departmental government institution responsible for conducting government tasks in sectoral, regional, and national land matters.
TNI	<i>Tentara Nasional Indonesia</i> / The Indonesian National Armed Forces. TNI are the military forces of the Republic of Indonesia.
DPMPTSP	<i>Dinas Penanaman Modal dan Perizinan Terpadu Satu Pintu</i> (Office of Investment Service and One Stop Integrated Service).
PAD	<i>Pendapatan Asli Daerah</i> (the Original Local Government Revenue)

## 1. Introduction

In Indonesia, salt self-sufficiency (*swasembada garam*) has been a major policy concern in the past few years. As one of the countries with the longest coastlines in the world (Gupta, 1997), Indonesia is generally expected to be self-sufficient in domestic salt production. However, according to data provided by the Ministry of Maritime Affairs and Fisheries (2016), the archipelago can currently –under ideal conditions– only produce a maximum of 2.6 million tons of salt per year, while it requires 4.23 million tons, most of it for industrial use. To compensate this, Indonesia must import salt from various countries, including Australia, India, China and Germany (BPPP, 2016). In 2016, it imported 2.1 million tons worth \$86 billion, compared with 1.9 million tons a year earlier (Ministry of Trade, 2017).

The decline quickly stirred up fear over food security, in particular for food industry sector, forcing the Indonesian government to implement a series of policy measures to shore up salt production. According to the Regulation of the Minister of Industry (*Peraturan Menteri / Permen*) No. 88/M-IND/PER/10/2014 on amendment of Regulation No. 134/M-IND/PER/10/2009 on Salt Industrial Road Map, domestic salt production can improve either by using more input—mainly land (extensification) and/or by improving technological level (intensification)<sup>1</sup>. Thus, this led the government to search solutions in intensifying salt production in land-poor Java and/or identifying ‘idle’ lands suitable for salt industrial investment in the Outer Islands<sup>2</sup>.

There are several reasons why Indonesian land development policies continue to target the outer islands. Firstly, the outer islands are perceived as having abundant uncultivated or ‘marginal’ land, and low population densities (McCarthy *et al.*, 2012). Additionally, customary land rights in these areas tend not to be formally recognized; state institutions are weaker, and legal provisions governing land transaction tend to be poorly implemented (McWilliam, 2006; McCarthy *et al.*, 2012). Many resource-rich areas in the outer islands retain a ‘frontier’ character: they are spaces in rapid transition, places where the state institutions and legal frameworks that might protect local inhabitants tend to be weak (Huff, 2007; McCarthy *et al.*, 2012).

The state has plans for 26,000 hectares of new salt farms in eastern part of Indonesia, especially in East Nusa Tenggara Province, and attracting significant domestic and foreign direct investments to seize investment opportunities in the countryside to produce salt for achieving self-sufficiency in the next few years (Coordinating Ministry of Maritime Affairs, 2017). Consequently, many salt companies have opened up and receive a land concession.

The legitimating narrative for corporate land concessions hinges on the need for efficient production to supply salt for extending population and the promise that the project bring development to remote regions, reduce poverty, and create jobs (see Li, 2015; Neef *et al.*, 2013). According to Indonesian government estimates, the project promised employment and incomes for rural workers, whether as smallholder salt farmers producing on contract, waged workers on large salt firm, or workers in the upstream and downstream salt-industries.

<sup>1</sup> Extensification can be defined as the process (or trend) of developing a more extensive production system, i.e., one which utilizes large areas of land, but with minimal inputs and expenditures of capital and labor. Intensification, on the other hand, seeks to increase the productivity on a given (or fixed) area of land by progressively increasing the inputs, including capital and labor (Beranger, n.d.).

<sup>2</sup> The inside-outside distinction is typical for a ‘colonizer’s model of the world’ (Blaut 1993; McCarthy *et al.*, 2012)

However, the land in concession area has been populated and tilled by 5.958 of villagers. Most villagers have lived and worked on this land for generations. They are living and/or farming within the allocated land. They depended on land for survival, and land as the root of their livelihood. This makes conflicting claims and raises the tensions between companies and local communities.

Some argue that corporations and national governments purchasing and leasing large tracts of land for the production of food, fuel and fiber crops, often resulting in local communities losing access to land for food production (Montefrio, 2017; Cotula, 2012; McMichael, 2012; Zoomers, 2010). In other words, the way in which land is held will affect the local livelihoods (Akram-Lodhi, 2007).

This paper argues that the salt project mentioned above have created favorable environments for agrarian capital and contributed to transform local livelihoods. As Ito et al. (2014) pointed out, national and local political elites in alliance with multinational and Indonesian corporate actors have successfully framed the global food and energy crises into a national development scheme involving large-scale land dispossession.

There has been increasing consensus that agrarian capitalism expanded rapidly in the Indonesia countryside. Notably, this has been associated with rapid expansion of various “flex” commodities that are flexible and can be used for various purposes such as food, fuel, and various commercially produced commodities (Borras *et al.*, 2011). However, debates on “agrarian capitalism” in Indonesia primarily concern the rapid expansion of oil palm plantations (McCarthy, 2010; Li, 2017) with only few focusing on agrarian capital with respect to salt. Hence, the issue discussed in this paper is novel aiming to bridge the existing knowledge gap in agrarian capital in the context of salt farming which is produced in the coastal area of Indonesia.

Further, an emerging literature on agrarian capitalism has focused primarily on the nature of large-scale land acquisitions as a contemporary enclosure of land for capital accumulation taking place between finance-rich countries of the North and resource-rich countries of the South with multinational corporations and private investor groups as the main actors (Borras et al., 2011). This focus, however, obscures a salient feature how the role of state actors and their alliances with corporations in creating incentives for salt industrial investment project to release land from customary tenure in the name of salt self-sufficiency (Ito et al., 2014).

This paper is not intended to criticize the goal of salt self-sufficiency but to reveal how it has been used to empower and enrich large agrarian capital to a coalition of state, corporate and local elites’ actors. For a fuller understanding of the context of the salt project, this study focuses on rural Kupang, East Nusa Tenggara Province where the salt project was induced.

The findings in this paper, based on our research in rural Kupang, Indonesia, are highly significant for wider discussions of ‘agrarian dynamic’. First, the essay showing the changes in political regimes has far-reaching implications for agrarian transformation. Second, this paper shows that the mere proclamation of a land acquisition in accordance with domestic discourses on salt crises can be sufficient to profit particular actors. Whether land schemes end up being developed or not, these acquisitions are important, given that they lead to the reworking of spatial plans and the issuing of land use permits. Last but not least, this paper also highlights the major issues with regard to agrarian disputes in Kupang that likely can shed light on similar problems of agrarian conflicts elsewhere. This case shows a context of overlapping tenurial regimes and unclear, complicated or conflicted procedures.

This study drawn on qualitative approach, during several extended fieldwork periods in rural Kupang, from March till August 2018. We choose one village as a base for visiting other villages in the concession areas of salt company. The chosen village was selected because it was a center of resistance against the salt projects.

Our research methods included participatory observation, informal conversations, in-depth semi-structured interviews with villagers and village officials, and 13 group discussions in 5 villages. Some questions about agrarian disputes, local livelihood and land use were clarified with transect walks and participatory mapping. In addition, we interviewed staff of the Ministry of Marine and Fisheries Affairs, Coordinating Minister of Marine Affairs, National Land Agency, PT. Garam (state-owned enterprises on salt), Capital Investment Coordinating Board, as well as Local Government Administration to gather salt development policy and to collect statistical data available.

This paper is divided into four main parts. Section 2 highlights the background of research site. Section 3 examines the ways in which the domestic demand of salt has prompted the government to launch salt self-sufficiency policy in Indonesia. Section 4 examines the complicated histories and the intergenerational dynamic of agrarian disputes in rural Kupang. I approach the analysis of agrarian transformation in rural Kupang by first situating it in the broader historical agrarian political economies of Kupang and the Indonesia, with particular emphasis on the processes of releasing the land and the practice of state enclosures that originate from the New Order period. I then discuss the practices of local agrarian dynamic in Kupang – i.e. turning salt crises into opportunity and the conflict of interest between various state agencies – followed by a detailed analysis of the social-ecological transformations taking place in cultivation systems in the rural Kupang. In the conclusion, we argue that the salt industrial development case in rural Kupang through large-scale corporate investment was justified to release the customary land from local people.

## 2. Background of research site

Kupang is a district located in Timor Island, East Nusa Tenggara (Figure 1). It is located between  $-9^{\circ}15' 11,78''$  –  $-10^{\circ}22' 14,25''$  South Latitude and between  $123^{\circ}16' 10,66''$  –  $124^{\circ}13' 42,15''$  East Longitudes (Figure 1). This area overall is considered low-potential, arid and semi-arid land. The arid landscape of eastern and southeastern Kupang is the result of hot, dry winds blowing in from the Australian continent. In fact, on many coastal areas not a drop of rain falls during most of the year. The low precipitation and the long dry season limit the land productivity.

This paper focuses on the rural Kupang where the land concession was granted, namely: Oebelo, Babau, Merdeka, Nunkurus, and Bipolo. These area remains overwhelmingly rural, and the livelihoods are broadly based on subsistence farming and pastoralism with limited opportunity to earn wages. The predominant livelihood systems are agriculture (crop farming), pastoralism, and fishing. Agriculture is an important livelihood activity for Kupang people, not only in terms of meeting the food needs of the population (nearly 50% of population's rice production are met through domestic production) but also in terms of generating income through crop sales and agricultural labor opportunities. Crops are also grown under rainfed conditions in the region. Limited amounts of ground water suitable for agriculture restrict irrigated production to oasis farming (shallow wells or springs) over an area relatively small but spread fairly broadly over the north east and central regions. Crop production is highly variable from year to year depending on the rains and local flooding, use of inputs, timing of sowing and weeding and the incidences of pests and diseases.



Figure 1. Map showing the study area from which data were collected

### 3. Salt domestic demand and ambition of salt self-sufficiency

In recent years, demand on salt in Indonesia has increased dramatically. According to data provided by the Ministry of Maritime Affairs and Fisheries (2016), salt demand in 2007 about 2.7 million tons, increased to 2.9 million tons in 2008 and 2009, and to 3 million tons in 2010.

Ministry of Industry (2014) expected that salt demand in Indonesia climb up to 50.000 ton annually. The increased in domestic industrial impacted in the need for industrial salt and growing population. The increase in industrial salt demand is closely related to the increasing of industrial condition within the country. The Ministry of Industry recorded that the increasing in demand for industrial salt in 2018 rose to 76.19%. By 2017, the need of salt for domestic industry is only 2.1 million tons, but in 2018 it rose to 3.7 million tons.



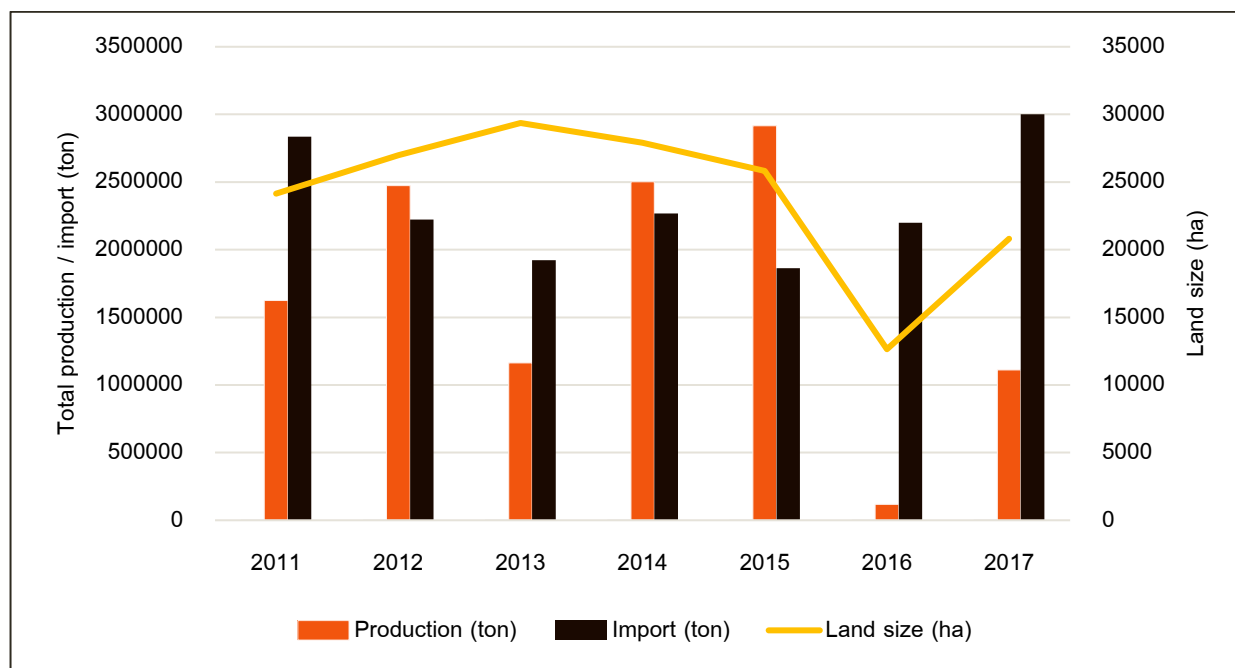


Figure 2. Salt production in Indonesia compared to land size

Source: Ministry of Marine and Fisheries Affairs (2017), Ministry of Industry (2018)

According to the Director General of Chemical, Textile, and Aneka Industries (ICTA), Ministry of Industry (2018), there is a doubling in the need for salt for the caustic soda industry. Some factories that also depend on industrial salt such as pulp and paper factories, textile factories, drinking water, soap manufacturers and detergents are also increasing, thus industrial salt is more needed than before. Moreover, in 2018 Indonesia start an operation of two more paper factories with production capacity reaches 2.5 million tons.

There is also a quality challenge. Food companies need salt with a maximum water content of 0.5 percent and sodium chloride above 97 % (see Table 1), levels many domestic suppliers cannot meet ( $\text{NaCl} < 97\%$ ). Further, most salt production in Indonesia is low-tech, involving the evaporation of seawater in coastal ponds during the dry season. Locally made salt is often the product of small-scale farmers who use traditional harvesting methods that can only produce medium and low-quality salt unsuitable for industrial purposes. Association of Salt-Using Industries (AIPGI) argue that this low-grade salt would hinder productivity and damage machinery at plants which require industrial-grade salt (Indonesia Economic Forum, 2016).

Currently, the average productivity level of the domestic salt producers in Indonesia remains low, only 60 ton/ha (BPPP, 2016) compared to 350 ton/ha in Australia. Therefore, the archipelago can currently –under ideal conditions– only produce a maximum of 2.6 million tons of salt per year, while it requires 4.23 million tons.

Table 1. Salt quality standard for selected food and beverage industry in Indonesia

No	Selected company	NaCl Min. (%)	Water content Max. (%)	Calcium Max. (ppm)	Magnesium Max. (ppm)	Impurities content Max. (%)	Utilization
1	UNI	98	0,20	600	400	0,07	Margarine, seasoning
2	NES	97	0,20	400	200	0,07	Biscuit
3	IDF	97	0,25	600	400	0,5	Seasoning
4	MON	98	0,20	600	400	0,1	Biscuit
5	AJI	98	0,50	600	400	0,07	Seasoning
6	MRS	98	0,15	600	150	0,04	Seasoning
7	URC	98	0,50	600	200	0,07	Seasoning

Source: Ministry of Industry, Rep. of Indonesia (2018)

This has prompted the government to launch salt self-sufficiency policy in Indonesia. Through the Regulation of the Minister of Industry (*Peraturan Menteri / Permen*) No. 88/M-IND/PER/10/2014 on amendment of Regulation No. 134/M-IND/PER/10/2009 on Salt Industrial Road Map, Indonesia try to achieve salt self-sufficiency by 2010-2025. According to *Permen*, to achieve self-sufficiency on salt, domestic salt production can improve either by using more input—mainly land (extensification) and/or by improving technological level (intensification).

The central government has failed to incentivize local salt producers by improving technological level to increase the quality of their products. This low salt production and productivity has always been blamed on the inefficiency of small salt farms, although state-owned enterprises (large scale salt producers) can only produce around 70 ton/ha. However, a failure to increase salt productivity in this country has led to large increases in land used for salt production.

Despite shifting policies over time, Indonesian governments have always supported transformative processes in landscapes (McCarthy et. al., 2012). The government identifies lands (especially 'idle land'/'*tanah terlantar*') that could be allocated for salt production area. It is aggressively encouraging domestic and foreign investors to seize investment opportunities in the countryside to produce salt for fulfilling salt domestic demand.

Meanwhile, in East Nusa Tenggara Province, the salt company and the governor shared the same interest in transforming the entire district into salt production center.

*"Twelve regencies in the province, including Malaka, Alor, East Flores, Lembata and Nagekeo, have the potential to develop 26,000 hectares of salt fields that can produce up to 2.7 million tons of salt per year."*

Coordinating Maritime Affairs Minister, Republic of Indonesia— October 31, 2017

In 2017, the province declare East Nusa Tenggara become a salt province in Indonesia. This idea was seriously considered by the central government when some of minister visited Kupang and other area in East Nusa Tenggara province to celebrate the First Salt Harvest (*panen perdana garam*).

*"Our salt production is potentially large and even twice the salt production in Madura<sup>3</sup>. Madura can produce 60 ton per hectare, we can produce 120 ton per hectare"*—East Nusa Tenggara (NTT) Governor,  
March 17, 2017

The 2017 First Salt Harvest in Kupang was symbolic in several respects. First, this was the first time the salt harvested had been held in a frontier region like Kupang. Before 2016, ceremonies were held in the conventional salt-producing region such as: Madura or East Coast Java Island. First Salt Harvest also occurs when salt production in other places decreases. Third and most importantly, during this ceremony, the concept of a 'salt province' was declared publicly for the first time, introducing industrial salt production that operated by large corporations.

The state has plans for 26,000 hectares of new salt farms in eastern part of Indonesia, especially in East Nusa Tenggara Province, and attracting significant domestic and foreign direct investments to seize investment opportunities in the countryside to produce salt for achieving self-sufficiency in the next few years.

Since 2017, interest in salt production has soared in this province (see Table 2). There are several proposals for salt millers currently under consideration and, if all were approved, it could potentially result in over 15,000 hectares of land allocated to salt industrial development. This signifies a potentially massive change in the agricultural landscape of Nusa Tenggara, where currently paddy or rainfed agriculture account for larger land areas than salt.

Table 2. List of corporations that have received concessions in East Nusa Tenggara Province until March 2018

No	Name of corporations	Status	Location	Permits (ha)	The nucleus-plasma schemes (ha)
1	PGGS	Private	Kupang	3720	
2	IDK	Private	Malaka	4500	
3	CSI	Private	Nagekeo	545.49	231.51
4	TGN	Private	TTU & TTS	584.70	
5	PTG	State-owned	Kupang	225	318
Total concessions				9575.19	549.51

Source: Coordinating Ministry of Maritime Affairs (2018)

As future salt development in East Nusa Tenggara province, particularly Kupang, is predicated largely on the expansion of large-scale company, salt would transform Kupang's agricultural landscape not only in terms of *what* types of salt dominated, but also *how* salt was produced. Currently, local people in Kupang use traditional methods to produce salt i.e. by boiling salt and by evaporating sea water using small and traditional equipment. If all the proposals were to be granted, it could potentially result in transform the local livelihoods.

The salt expansion plans in Kupang district are not unique. Salt companies have advocated salt development in the Kupang because the climate condition and salinity of sea water more suitable for salt production. Kupang, also presents an ideal space for salt land expansion, with potential dry land and flat terrain.

<sup>3</sup> Madura is an Indonesian island off the northeastern coast of Java. Since colonial times, Madura has been an important salt-producing region in Indonesia, known in Java as the Island of Salt.

## 4. Case study: intergenerational dynamics of the salt land

As we mention above, there are several salt company were received the land. In this paper, however, we focus to analyze a parcel of 3720 ha land in Kupang where the government granted HGU (*Hak Guna Usaha*/Right to Exploit) to the salt company (PGGS) for a period of 35 years. Our field investigation in Kupang revealed that the lands allocated there are in fact significantly populated, contrary to the officials' census, which describes them as uninhabited, and productively used, contrary to reports that they are marginal and idle. Similarly, occupied land offered to investors as marginal and underutilized, in fact, hundreds of people live and earn their living from this land, as livestock farmers and cultivators, and charcoal makers.

This case demonstrates the long-term, intergenerational dynamics of the salt land, and how discourse regarding salt self-sufficiency has been employed to release land from customary tenure to a coalition of state, corporate and local elites' actors. To further illustrate this, we traced the timeline over which the discourse on salt self-sufficiency legitimized corporate-led salt investments in Kupang, turning salt crises into economic opportunities for corporations.

### 4.1. Land allocation: between promise and violence

The history of salt land in Kupang dates back to the New Order Regime times when large-scale land was allocated to many companies in Indonesia. At that time, various pieces of legislation were aimed at legitimizing domestic and overseas private companies' exploitation of natural resources with scant regard for ecological and social consequences (Kartodiharjo & Jhamtani, 2009).

In July 23<sup>rd</sup>, 1992, by the Decree of State Minister for Agrarian Affairs/Head of the National Land Agency (BPN) Number 08/HGU/1992, Indonesian government release 3720 ha of land in Kupang to the company from 23 Juli 1992 till 31 Desember 2027 (Land titling certificate No.6/Kupang). This land covering 5 villages in Kupang: Oebelo (Central Kupang District), Merdeka, Babau, dan Nunkurus (East Kupang District), and Bipolo (Sulamu). People argue that 3720 ha of land is customary land. At that time, however, customary land rights were weakly recognized, and subordinated to national plans for development (Li, 2017).

In the region we studied, before the state release the 3720 land, the PGGS organized "*socialization meetings*" to inform the people about its plans. People from villages in concession areas were transported to the district capital and church with trucks and forced to sign a land release agreement. Focused group participants reported that the atmosphere during these meetings as "heated" and "tense". Company's staff and government officials (with the military support) engaged in coercive tactics (intimidate) to make people support the company. At that time, there are villager who are intimidated so that the process of land transfer is carried under pressure.

*There was TNI (military) involvement behind investors, we were under pressure and fear, more and more, this incident in the New Order era. However, we do not recognize our land is concession land (HGU) at all, from the beginning, we are ready to fight againsts (if the company want to continue using this land). -AI (4/7/2018)*

Moreover, the company also promised villagers to compensate people with two points: (1) compensation with *sirih-pinang*<sup>4</sup> and (2) compensation for land acquisition. For Kupang people, offering of *sirih-pinang* has a social function and goes far beyond that of straightforward hospitality. It can be used as a tribute to someone. Therefore, for outsider who wants to enter their area, as a culture, must provide *sirih-pinang* for them to expand the succession.

*Sirih-pinang* at that time was pay check equal to Rp.1.250.000/ha of land and to convert those to money, they should go to the BNI Bank which located in the central Kupang. While the “socialization meetings” was held, they did not allow them to open pay cheque until they got home. People describes when receiving *sirih-pinang* compensation, they were asked to sign a letter they do not know what it was. After the meeting, only a few people realized that those letters intended as hand-over for their land to the company, even though according to them the compensation for the land had not been received.

Since then, the customary land was transferred to the company in 1992 and people could never use the land to grow crops or for any activity. However, those companies which have received HGU from the government also did not operate there yet. Efforts to ask for compensation have been made but have not received a response.

After being abandoned for almost 4 years, in the beginning 1996, a company had marked the borders of the concessions area, which included land in 5 villages, without any prior attempt to discuss these plans with, or even inform, the affected communities. The companies only informed local authorities and personal visits to village officials. However, some people reject this mark and argue that they did not receive any compensation for damages (*ganti rugi*) as promised. During the focused group discussion, participants to us “since 1992 when our lands trasferred to companies, we could not cultivate on these lands.” In this case, the company created a growing rift between supposed “opponents” and “supporters” of the company. However, the opponents could not fight for their interests through existing political institutions.

Some suggest that rural protest in Indonesia was effectively silenced for decades because of violent repression during President Suharto’s regime (1967-1998). They did not have the freedom to organize or express themselves. Political activity at all levels was co-opted by state-corporatism and controlled by the authorities. Military officers were stationed in villages to control all socio-political activities in rural areas and there were few ways for rural people to be critical or to protest openly against this repression.

Following the end of Suharto regime, in 1998, the peasants found momentum to reclaim their lands. People asked the new village head<sup>5</sup> so that the abandoned lands was given back to them. People argue that the company has never fulfilled promises of compensation and carried out any activities on the HGU land. Then the village head deliver their complaint to Regent of Kupang about returning the HGU to them. Through lobbies, peasants in Kupang secured supporting statement from a Regent of Kupang to cultivate/access the concession land. The statement strengthened the peasants who reclaimed lands by staking and planting the lands.

At that time, the state was weakened because of the fall of General Suharto. Peasants used the opportunity to reclaim their lands. In this case, the reclaiming action were not run by all the peasant. In the first stage, only few peasants started to lobby the local government to gain support or to get recommendation letter in order to strengthen their resistance.

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<sup>4</sup> The *sirih pinang*, as it is called here, consists of the sirih fruit (betel fruit here rather than leaves), a vine related to pepper, and the pinang (areca nut) and slaked lime.

<sup>5</sup> At that time there was a change of village head. From the previous village head who supported the HGU and the new village head who sided with the community who refused the HGU.

Besides being traumatized by the New Order, it was also because the HGU land had been overgrown with thorns and shrubs that were difficult to take care of. Only those who have enough capital and strong courage can cultivate those lands again. It began from 2-3 people in 1999, now it has grown and expanded continuously.

In some ways the political transition to democracy accompanied by a process of decentralization and implementation of regional autonomy politics, was perceived as providing political opportunities for civil society entities including peasant's organizations, NGOs and supporting institutions, to intervene in the process of policy making (Bachriadi 2001; Fauzi and Zakaria 2002, Antlov 2003). This new development at the district level – particularly after 1999 when decentralization and regional autonomy policies were being implemented, became a significant factor influencing people to organize in many areas. Peasant organizations could now react directly to local political changes, as new leadership, new local government and new policies were seen as an opportunity as well as a threat to rural peasant livelihoods (Bachriadi, 2010).

#### **4.2. Land status: the hesitancy of the state to revoked the license**

Since the cases exploded in 1999, the peasants have complained to the government for more than three times, especially to the National Land Agency at the provincial level to revoke the right of commercial cultivation. Efforts to ask for compensation have also been made but have not received a response. This action has not achieved much attention from the National Land Agency and the Governor.

At that time, the existing regulation on Abandoned Land (President Regulation No. 36/1998 concerning The Control and Utilization of Abandoned Land) has never been really implemented. In this regulation, government can take several steps after accepting complaints from citizens when they have information about abandoned lands; for example, when a company has been warned for three times to utilize their lands. If the company refuses to do so, the government can revoke its land right, put the lands under "abandoned land" status, and retake the lands under state lands status.

The National Land Agency's action to revoke the plantation land just began in 2011 after the government issued Law No. 11 Year 2010 regarding The Control and Utilization of Abandoned Land. This law replaced the previous law on abandoned land (President Regulation No. 36/1998). Based on this law, the National Land Agency started to identify and warn the company to utilize their HGU land. The warning letters were delivered three times to the company (30 June 2011; 5 August 2011; 12 September 2011). According to the existing regulation, if three warning letters are ignored the plantation permit can be revoked and a recommendation made for the revocation of HGU.

However, the company resisted the decision and sent the letter to the National Land Agency to cancel the decision. Through the company's director letter No. 010/PGG/VI/2016 (8 June 2016), the company requested for the HGU land not to be designated as abandoned land and stated that the company would seek industrial salt investment activities in Kupang Regency.

Responding to the letter, in 22 June 2016, instead of revoking the license, however, the Head of the National Land Agency's Regional Office number 255/024-53.500/VI/2016 choose to support the company to immediately begin their investment activities and coordinate with Kupang provincial and regency government, and whose results must be reported to the Ministry of Agrarian Affairs and Spatial Planning/BPN, Regional Office of the National Land Agency and the Land Office of Kupang Regency.

Normally the letter should be followed up by the National Land Agency to begin identifying, warning, and taking action to revoke the plantation company's land right. However, no other action is taken after these series of action. This hanging situation escalates social conflict at the grassroot level.

The hesitancy to change the status of abandoned land caused some distrust among the community. People suppose there is conspiracy between the state and the company. Further, there are rumors that the HGU certificate had been mortgaged by the company to obtain capital and investment in other areas or being used for other purposed.

### 4.3. Salt crisis: opportunity for company to release the 3720 ha of land

After President Jokowi was inaugurated as the seventh president of Indonesia in 2014, the government dealt with food security via imports including those of salt. The new president came to power with a national development agenda called *Nawa Cita*, it is a sanskrit term, consisting of nine development priorities<sup>6</sup>.

The *Nawa Cita* starts from the President's vision of the nation's sovereignty in political, economic, and cultural arenas, derived from an assessment that the nation suffers from three types of situations (UNDP Indonesia, 2015): (1) incapability to ensure the safety of all citizens, (2) poverty, inequality, environmental degradation, and natural resource over-exploitation, as well as (3) intolerance and crisis of national character.

This agenda is translated into policy and program to achieve self-sufficiency on strategic commodities including those of salt. The government then curbed or delayed imports of salt mainly from Australia to stimulate domestic production. These promises fired the imagination of different sections of the Indonesian populations, especially the small-scale salt producers which it was assumed, stood directly to gain protection from the state. However, when it came to fulfilling these promises, it becomes clear that a gulf separate reality from expectation.

In 2017, salt crisis severely hit Indonesia. Officials claimed that this crisis was due to high rainfall caused by the *La Niña* weather phenomenon in 2016 resulting in declining of salt production by 96 percent year-on-year to 118.056 tons. Salt prices have doubled in the last two months and in some parts of the country it has shot up by four times.

This salt crisis created political economic problems. In West Sumatra, some fisheries went out of business due to the difficulty of getting salt (Jawa Post, 2017). The unavailability of salt in the market also forced some salted fishers in Maluku to change their production to smoked fish (Tirto, 2017). One of the world's biggest producers of instant noodles, Indofood<sup>7</sup>, warned it could run out of the vital ingredient in a matter of weeks. This situation that offers political fodder to government critics.

President Jokowi had deep concern for the hardships encountered by many small medium enterprises and food beverage industry. He once said, *"We need to be realistic. Industry certainly needs salt of a different quality to that produced by salt farmers,"* Jokowi said on April 4, 2017. *"If we do not import industrial salt, industry could stop."*

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<sup>6</sup> Their nine-point priorities are: (1) Returning the state to its task of protecting all citizens and providing a safe environment; (2) Developing clean, effective, trusted and democratic governance; (3) Developing Indonesia's rural areas; (4) Reforming law enforcement agencies; (5) Improve quality of life; (6) Increasing productivity and competitiveness; (7) Promoting economic independence by developing domestic strategic sectors; (8) Overhauling the character of the nation; (9) Strengthening the spirit of "unity in diversity" and social reform (UNDP Indonesia, 2015).

<sup>7</sup> Indofood is a major Indonesian company involved in the food industry, represents a sector with billions of dollars in revenue from food industry.

Therefore, after weeks of severe shortage, the government has allowed the state-owned salt producer to import 75,000 ton of raw salt relaxing strict controls that were in force. At the same time, the government scrambled to find ways and identifies lands (especially 'idle land' / *tanah terlantar*) that could be allocated for salt production area.

On 31 October 2017, the president called for a meeting with his cabinet members<sup>8</sup> and the state-owned salt company. The aim of the meeting was to formulate a response to the crises. After attending the meeting, Coordinating Ministry of Maritime Affairs, stated, '*President Widodo wants to achieve salt self-sufficiency by 2020*'.

One of the ministry's concrete actions was to request the company who had HGU of 3720 ha land in Kupang to settle and find a partner to invest salt project.

*If the company does not find a partner in 90 days, we will revoke its certificate of HGU.*

Ministry of Agrarian and Spatial Planning (August 15, 2017)

In response to this action, the company responded favorably. The company announced that they are ready to invest Rp1.8 trillion and estimated creating job opportunity for local people as many as 475 to 500 people. The company also explained, according to its business plan, the company's salt production capacity target reaches 310,900 tons / year. Thus, as in Kupang Regency, the company's salt production capacity can be increased up to 400,000 tons / year.

#### **4.4. Central government vs Regent of Kupang: same interest, different ways**

The plan of central government which was facilitating the PGGS to begin their production activity again on these HGU lands did not get full support from local government in the district level. The Regent of Kupang (*Bupati*) held a different opinion and refuse to accommodate the PGGS company. He argued that for the past 26 years, the company had abandoned the HGU land and it became one of the triggers of passive economic development in Kupang (Kontan, 2018). Bupati assumed that the existence of the PGGS HGU had been increasing public anxiety because they did not provide appropriate compensation for local people.

The Regent has sent letters to the President Jokowi several times to revoke the PGGS HGU. More and more, in the latest result, the Bupati has reported this case to the National Commission on Human Rights and the Ombudsman.

However, in the other side, Bupati also has a desire to invite other salt investors to enter the HGU's land. He estimates, those lands have potential salt production about 500,000 tons per year. Therefore, he argues that when more than two decades PGGS abandoned the land, Kupang lost its production opportunity about 13 million tons of salt.

In this case, Bupati stand on two sides. First, he wants the HGU land to be returned to the community. However, on the other hand, he also acts as a 'marketing agent' so that other companies can enter the PGGS HGU land.

For the Bupati, the decision to become a marketing agent of salt land was officially intended to increase the region's PAD (*Pendapatan Asli Daerah*) revenue. Currently, PAD revenue of Kupang regency was 67,27 billion rupiahs (BPS Kupang, 2018), and those are far behind the neighbor region which has revenue of 165 billion rupiahs.

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<sup>8</sup> This meeting was attended by Ministry of Fisheries and Marine Affairs, Ministry of Villages Disadvantaged Regions and Transmigration, Ministry of Agrarian Affairs and spatial Planning / National Land Agency, Agency for the Assessment and Application of Technology, as well as Governor of East Nusa Tenggara.



Currently, the results show that the Regent has handed over several hectares of land to some other companies. According to Kupang Regency Investment Service and One Stop Integrated Service (*Dinas Penanaman Modal dan Perizinan Terpadu Satu Pintu / DPMPTSP*), there are at least five new investors in the salt producers who enter the HGU's land (Table 3).

Table 3. List of salt company who are ready got investment permit from Bupati

No	Companies	Type	Land size
1	PTG	State-owned enterprises	225 ha
2	GIN	Private	245 ha
3	JSN	Private	100 ha
4	TLL	Private	300 ha
5	SUM	Private	100 ha

Source: Kupang Regency Investment Service and One Stop Integrated Service (2018)

For district governments a failure to attract investors would be perceived as an inability to deliver the maximum development benefits. On the other hand, local governments who attract investors and issue large numbers of permits gain directly – through support for electoral governments who attract investors and issue large numbers of permits gain directly – from entitlements in investment schemes and through support for electoral programs in return for services rendered.

The case of Bupati shows that he liked the idea of a salt investment project but mistrusted the PGGS. The village head of Nunkurus and some village in Kupang supported the policy and wanted the regent and local parliament to invite some salt companies to invest in their area. It should be noted that support for the salt project is something different from support for the company.

Despite this history of failed large land schemes, as developmental narratives take up new concerns the Bupati continue to legitimize large-scale land acquisitions in the same landscapes. In this case, the Bupati created a growing rift between supposed “opponents” and “supporters” of the salt investment within the community. Some argue that salt investment is a positive necessary step toward economic progress and development. It allows peasant to escape from their poor and difficult agricultural or subsistence-based livelihoods, to enter into full employment in higher-paid sectors.

Villagers opposed the saltern evaporation ponds project, which they saw as a threat to their livelihoods and lifestyles, losing diversified and flexible agricultural production, which will make them vulnerable to volatile markets and dependent on companies, and their autonomous lifestyles as farmers to become company laborers on their own land.

*We don't want to be wage labor and dependent on salt company. Because as a wage labor, we have to works for company and wait the salary to buy rice.*

FGD in Nunkurus Village (March 11, 2018)

Others welcomed the idea of saltern project, because they hoped it would bring development (such as roads) and would provide a new source of cash income.

*We want to collaborate with salt company (core-plasma). Because it would develop our village and provide jobs opportunities for villagers.*

FGD in Bipolo Village (March 14, 2018)

People reasons to support or oppose the salt projects cannot be explained by difference in economic status or access to land. Rather, people's positions are influenced by the relations with local authorities and clan relationship.

## 5. Discussions and concluding remark

The empirical section above demonstrates the discourse on salt self-sufficiency successfully mobilized various levels of the state institutions, corporate actors, and district government to release of large tracts of land for large scale-salt investment in the name of salt self-sufficiency, enabling a new circuit of accumulation. Companies make use of discourse on salt self-sufficiency to "wedge" their way in. The state, in particular, government officials, play an important facilitating role in this. This makes the process in which salt companies create access and control over land is not simply a linear process in which "predatory" companies steal land from "vulnerable" rural communities. As de Vos *et al.* (2018) (2018) noted that land acquisition is a complex of various practices, involving many different actors, fragmented over different times and places, a sequence of fragmented incursions on targeted land and the people who feel the attachment to it.

As seen in PGGS's interaction with villages, when the 'sweet promises' made by companies in the process of 'freeing up' land are not realized, large numbers of conflicts emerge. Conflicts over land between communities are considered minor, whereas conflicts between communities and companies over compensation for land are considered to be more serious. People resisted the company, despite their promotion by the district leader. Those people chose to manage their land for other purposes. Thus, once a promise is failed, it could be a key part in the transformation of rural landscapes and becomes an instrument in the violation of villagers' interests'.

To divorce peasant from their land requires something that investors are unable to provide independently: the full intervention of state force, power, legitimacy and the mechanism. Investors do not dispossess villagers of their land, the state does by transforming the status of land into state land and then allocating it to investors for long-term use. Despite this history of failed large land schemes as seen in PGGS's case, the state, in particular, district government officials, still continue to legitimize large-scale land acquisitions in the same landscapes in the name of salt self sufficiency.

As seen above, despite the high-modernist vision of salt self-sufficiency through large-scale corporate investment, the salt project faces formidable challenges within the government and from society, and has a long way to go before it realizes the scale of development. Contrary to the government's scheme, land developments associated with the salt project have not made much progress.

In the decentralization era, which began in 2001, regional governments have a more formal role in the allocation of land use permits. These dynamics make it more difficult to locate a 'land grabbing' process that corresponds to a single, coherent or intelligible process of agrarian transition 'that assumes a linear pathway, and a predictable set of connections' (Li, 2002).

In sum, whether the salt project is a failure or a success, the legalization process through a set of regulations leading to spatial planning has changed forms of access, claims to land and the exclusion of the Kupang people, to the benefit of corporations via the state. Further work is needed to investigate the relationship between social heterogeneity, tenure complexity, and the progress of large-scale land deals.

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