

# Incentive is Hoped to Increase Agricultural Productivity's Competitiveness

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Agriculture is always considered a very important sector. Ironically, agricultural industry is an industry that develops slowly and is less competitive in agribusiness sub-system. The reason is that government's policy in guiding and developing agri-industry is still fragmented. Besides, there are no fiscal incentive and policy to encourage agricultural product processing industry.

“Government has indeed allocated less incentives for increasing competitiveness. Incentives can in fact trigger the growth of rural agricultural industry that can eventually increase the competitiveness of agricultural products,” explained Prof. Dr. Zaenal Baharudin, Director General of Agricultural Processing and Marketing (P2HP), Ministry of Agriculture, in a seminar entitled “Additional Value and Competitiveness Improvement of Agricultural Products through Incentives for Growth of Product-based Rural Industry”, Thursday (31/12). The seminar was held by Center for World Trade Studies (PSPD) UGM at Multimedia Room, UGM Main Office.

Added by Zaenal that besides giving incentives, competitiveness improvement is also supported by government's policy that encourages agricultural growth, such as: giving seedlings and on-farm support, also by strong market intelligence and support and availability of infrastructure and marketing institutions.

Prof. Dr. Masyhuri, Head of the Center, also conveyed the same opinion. He said that agriculture is an important sector in Indonesia. Its population mostly works in this sector, but it only contributes little to the national budget. “Agricultural sector absorbs 44% workers but only contributes 14% of national budget. This proves that our agricultural productivity is very low,” he explained.

Meanwhile, Dean of Faculty of Agricultural Technology of Bandung Agricultural Institute, Sam Heru Dian, also described that to develop agriculture is not only through agricultural reforms but also agricultural facility development. In addition, we should slowly reduce our rice-dependency through food diversification. Sugar-dependence should be reduced, too, through production diversification and sugar consumption.

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