

# The Effect of Mandatory SNI on Fertilizer to the Production of Primary Crop Plants

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## Abstrak

Indonesia has enhanced many of its institution frameworks, regulations and laws In order to inllne WTO codes of good practice, where standardization is one of the prerequisites to it. Since 2002, Government of Indonesia through Ministry of Industry of Trade has enacted Decree's No. 140/MPP/Kep/3/2002 in order to raise success of agribusiness that inline with sustainable environment and enhance customer protection. It Is expected that with this Decree the success of agribusiness can be seen from the increase in the agriculture production, especially primary crop plants.

The research objectives for this thesis are to see if the Implementation of mandatory SNI on fertilizer can Increase the production of the primary crop plants, also to see any Implementation effect to fertilizer's producer and all the import's stakeholders. Modified Cobb-Douglas production function with data panel regression is used to measure the impact of mandatory SNI on fertilizer to production of the primary crop plants quantitatively. Qualitative and descriptive statistics approaches are used to measure any Implementation effect of that SNI.

First part of the conclusion shows that, although small, there is a positive effect on the primary crop plants production after the implementation of Mandatory SNI on fertilizer. This finding is enhanced with the fact from qualitative findings, that it seems the implementation of Mandatory SNI on fertilizer has little/no effect to the fact that the use of minimum standards somehow restricts trade more than what tariff did, with many findings supports the fact that the possibility that this standard give negative effect as technical barrier to trade is small.

Secondly, from fertilizer's producer perspective, the implementation of the Mandatory SNI on fertilizer gives them many benefits compare with the relatively small cost of comply to that SNI. Although Indonesian Customs and law enforcement gain significance advantages with this SNrs implementation, importers have to bear additional cost in order to have the right using SN! Label.

Overall results conclude that although the implementation of Mandatory SNI on fertilizer appears to have positive effects in increasing production and productivity of the primary crop plants, Indonesia critically needs a large, significant increase fn primary crop plants' production and productivity if the target of national food selfsufficiency program (Ketahanan Pangan Nasional) becomes reality.