

**INAUGURAL ADDRESS
VICE MINISTER OF TRADE,
REPUBLIC OF INDONESIA**

On The Occasion Of The Inauguration Of
The 39th Session And Meetings of International Pepper Community (IPC)
on the 22nd November 2011
(18.30 -19.30 hrs at Sheraton Hotel, Mataram)

Your Excellency Dr. K.H. M. Zainul Majdi, Governor of West Nusa Tenggara,
Republic of Indonesia,

Mr. Gusmardi Bustami, Chairman of IPC, Director General for International Trade
Cooperation, Ministry of Trade, Republic of Indonesia,

Head of Delegations of IPC's Member Countries,

Delegates from Member Countries of the IPC,

Representatives from Non-Member Countries of the IPC and Other International
Organizations,

Ladies and Gentlemen,

I am extremely honored to be among of you, the major stakeholders of the world
pepper economy representing over 240 delegates from 20 countries.

From its establishment in 1972, by the major pepper producing countries like India,
Indonesia and Malaysia, the ranks of IPC have swelled and most of the major
producers viz., Brazil, Sri Lanka and Vietnam have, since, become its members. I
understand that other producing countries like Cambodia, China, Nigeria,
Madagascar, etc. are being encouraged to become active members of the IPC and
trust this cherished objective will be realized very soon.

I am pleased to note the tremendous work done by the IPC in various areas,
particularly, in the provision of up-to-date market information to the member
countries, publication of the "International Pepper News and Market Review
Bulletin" and GAP training at village levels in major producing centers. The
publication of the Weekly "Price Bulletin" with local and f.o.b. prices in producing
countries and c.i.f. and spot prices in importing countries are well appreciated by
the pepper trade and industry.

Ladies and Gentlemen,

The farmers in Indonesia are already receiving pepper prices every Friday through
SMS, which is well received by the farmers. A special thanks to the Chairman of
the IPC for launching this mobile marketing platform and ensuring value-added
services from the IPC to the Pepper Industry during 2011.

While much work has been done by IPC during its 39 years of existence, in my opinion, much more remains to be done to realize the objectives for which the IPC was set up three decades ago.

The founding members visualized a number of functions for the IPC, particularly in coordinated research in pests and disease management, development of disease resistant and high yielding varieties and development of new uses of pepper, offering suggestions for solving fluctuations in international pepper prices, in promotion of consumption of pepper in traditional and new markets, in addition to being a repository of useful, timely and relevant trade information. These objectives need be met fully and adequately.

In the middle of our enthusiastic effort to make IPC even more beneficial to its members, I would like to draw your attention to the smallholders pepper farmers. The volatility of global food price are likely to continue, due to climate change as well as declining rates of growth for some of food commodities, making poor smallholder pepper farmers, consumers, even countries more vulnerable to poverty and food insecurity. Therefore, I believe that the prosperity of smallholder's peppers farmers and consumers should be the spirit in every meetings and discussion in IPC. The IPC should deliver the outmost benefit for the members as well as smallholders pepper farmers and consumers.

Ladies and Gentlemen,

During the last three years, the global production of pepper has decreased substantially. New producers are emerging and output equations are suddenly changing. In a sense, the year 2011 represents a watershed in the history of the international pepper economy with an alltime high price for black and white peppers.

India has lost its predominant position as the top most producer of pepper in the world to Vietnam, a recent entrant, in the scene. While I have only admiration for both the production and productivity levels achieved by that country, it is legitimate to ask whether it is not time to put some effort to exchange information on achieving highest production through the higher productivity. I hope this situation will be corrected soon and all member countries will have more or less the same level of productivity per plant and IPC becomes a fully representative body of all producing countries, capable of exhibiting the maturity required from a 39 year-old organization in dealing with the crisis faced by the pepper farmers across the globe.

I recognize that part of the blame for the malady through which pepper growers in this country are passing through lie at our own footsteps. Indonesia has historically played an important role as a supplier of black and white peppers to the international market. In the early 17th century, when the Dutch established pepper plantations in Java and Sumatra, Indonesia was a major contributor to the pepper world trade. Today, Lampung Black and Muntok White peppers are respected names in the pepper trade.

Pepper in Indonesia is a smallholder crop, with the average farm size of less than a hectare. An estimated 144,000 hectares of pepper are cultivated, mainly in Lampung and Bangka, with some areas in South Sumatra, Kalimantan and Sulawesi becoming important recently. Black pepper is produced in Lampung, while in Bangka, because of suitable conditions, the entire production is processed as white pepper. In Kalimantan and Sulawesi, almost 70% of production is black and the remaining is processed as white. Lampung and Bangka are the main sources of exports, while pepper from Kalimantan and Sulawesi are channeled to the nearby local markets as well as the neighboring countries.

Programmes are being implemented for the improvement of both production and productivity of pepper in Indonesia but without getting the desired results. The average productivity of pepper in Indonesia is a woeful 378 kg/ha while Vietnam has a productivity of about 2,000 kg/ha. There has not been much attempt at replanting. It is high time, therefore, for the Ministry of Agriculture, Government of Indonesia to provide the growers with the inputs necessary to improve the productivity and production of pepper in Indonesia to generate an additional exportable surplus at competitive prices.

Agriculture still continues to be a sector on which the majority of the Asian population is dependent for their employment. The agriculture's importance in terms of economic prosperity and the socio-political fabric of the region can never be underestimated. It calls for a well-conceived agri-infrastructure to meet the growing needs of consumers in terms of quantity, quality and safety.

Traceability system is on the way to its adoption in many areas of trade because traceability provides a tool to achieve the key objectives of managing risks related to food safety and animal health issues; guaranteeing products' authenticity and improving product quality and processes.

While several countries reform and strengthen food safety laws, others are enacting new food safety laws promising tougher regulations and severe punishments and food recall system. Agriculture relies on chemicals for the effective control of pests and diseases. Strict legislation exists in many producing countries concerning the presence of agricultural residues in food and other products. Countries like Indonesia, by default, the products are grown in organic way. There also arises a need of uniform food laws across the continent to increase multilateral business relations. To facilitate international trade, it is necessary for efforts to harmonize food standards.

The increased pressure on food safety and traceability from major spice consuming countries in Europe and America, are demanding more of quality compliance by producing countries. The recent trends among the consumers to select safe quality food has imposed the precondition that only those suppliers who can meet the aspirations of the consumers can remain the marketing field. I know we are capable, but we should work towards meeting these emerging challenges.

Ladies and Gentlemen,

Pepper accounts for 35% of the value of world's spice exports and is the single most important item of spice imported into many countries in the Americas, European Union, Middle East, and the Far East. Needless to say the production of pepper touches upon the lives of millions. Therefore, the deliberations of the 39th Session of IPC and related meetings assume an added significance.

I understand that this event brings to Mataram the Who's Who of the international pepper economy, official delegations from member countries, producers, processors and traders from countries near and far.

I congratulate the organizers of the 39th Session of the IPC for conducting a well-organized event. My best wishes for the successful outcome to your deliberations and discussions taking place in the next couple of days.

With these few words, I consider it is my privilege to inaugurate the 39th Session and Meetings of the IPC here in the pleasant evening of today at this solemn function in the presence of high esteemed audience hailing from different parts of the world and the country.

I wish all of you a very pleasant stay and all success in your deliberations.

Thank you.