

Legal Regulations for Fair National Salt Pricing Policy in Indonesia

Dewi Titin Lestari^{1*}, Muwaffiq Jufri², Mukhlis³, Helmy Boemiya⁴, Cristovao Adao Da Silva⁵

¹²³⁴Universitas Trunojoyo Madura, Indonesia

⁵University of Dili, Timor-Leste

*Corresponding Author: dewititin565@gmail.com

Abstract

Article History:

Submit:

5-01-2024

Accepted:

15-02-2024

Accepted:

28-02-2024

Keywords:

farmer; justice; legal
policy; salt prices

So far, the problem has been the distribution of the salt harvest, which does not have a fixed price each harvest period. This is because there is no policy that specifically regulates the selling prices of salt farmers and entrepreneurs. Meanwhile, during the harvest period, farmers determine selling prices usually based on the weather and the success of the harvest, while entrepreneurs determine prices by looking at the market. In this case, there will be an imbalance and a point of instability in the salt distribution mechanism. The current salt pricing system is based on unstructured market practices and a lack of regulations that strictly regulate the pricing process. Salt farmers are often forced to rely on middlemen or large entrepreneurs who monopolize access to the salt market. The aim of this research is to provide a comprehensive analysis of the importance of regulations related to setting a fair national salt price for salt farmers. This research uses normative legal research methods with a statutory and conceptual approach. The results of this research are so that salt farmers can easily and easily find out the quality of the salt they produce, the government makes policies related to national salt prices which can improve the quality of human resources and formulate regulations. which will determine salt quality criteria openly and the problems of legal regulation of salt prices in Indonesia, including limited access to capital for banks and financial institutions, effectiveness problems, unclear legal politics, and difficulties in coordinating with other laws and regulations, can be overcome. By revising Law No.7/2016. The conclusion of this research is that formulating policies related to salt production and pricing requires an integrated and comprehensive approach.

1. Introduction

Dubbed an archipelagic or maritime country, Indonesia is a country consisting of many islands. Not just one or two islands, Indonesia even consists of thousands of islands spread throughout the archipelago. Island countries have sovereignty over the sea which lies in a straight territorial line with their islands. A country that consists entirely of one or more islands, including interconnected islands, waterways between these islands, and other natural formations is called an archipelagic country.¹

A country that consists entirely of one or more islands, and may include additional islands, is called an archipelagic country according to UNCLOS 1982. Blessed with a vast archipelago, Indonesia has maritime wealth and marine resources. This gift must of course be grateful for and managed as fully as possible.²The reason is that there are still many countries that do not have maritime areas, such as Kazakhstan, Mongolia, Chad, Nigeria, Mali, and

¹ Kusumaatmadja Mochtar and Ety R. Agoes, Introduction to International Law (Bandung: PT Alumni, 2019).

² Frederick van der Ploeg, "Natural Resources: Curse or Blessing?," Journal of Economic Literature 49, no. 2 (2011): 366-420.

many other countries. Indonesia has abundant marine resources, including salt, seaweed, coral reefs, mangrove forests, natural gas and oil.³ Thus, the livelihood of coastal communities or people living in areas around the sea is by utilizing inherited resources.

One example of a coastal community's livelihood is salt farmers. By using sea water which is then dried into salt crystals. Indonesia is a fairly large salt producing country. There are several salt producing islands in Indonesia, including Bali, East Java, Central Java, West Java, West Nusa Tenggara, East Nusa Tenggara, Aceh, North Sulawesi, South Sulawesi, Central Sulawesi, Gorontalo, etc. In practice, as salt farmers, the state also provides legal protection for salt farmers. The aim of protecting fishermen, fish farmers and salt farmers is to support these groups in facing the challenges associated with running their businesses as farmers or fishermen.⁴

One of the chemicals that is often used in daily life, the food chemical and pharmaceutical industry is salt. Water molecules, sodium chloride (NaCl), calcium ions, magnesium ions and sulfate ions are the main constituents of salt.⁵ There are two types of salt: (1) iodized salt, also called consumer salt, which is the starting point for commercial iodization of table salt (consumer salt) with a minimum NaCl content of 94.7 percent, and for salting fish; and (2) non-iodized salt, also known as industrial salt, which is used as industrial raw material and has a NaCl content of at least 97%. Because industrial salt production in the country is not yet possible, the salt is completely imported.⁶

So far, local people have made salt by letting it evaporate naturally in the sea when exposed to sunlight. This procedure takes approximately one (1) month, starting from regulating the entry of sea water (the entry of sea water to the deposition of pollutants) to collecting the salt. As mentioned above, coastal communities depend on this livelihood. The problem is the distribution of the salt harvest which does not have a fixed price each harvest period. This is because there is no policy that specifically regulates the selling prices of salt farmers and entrepreneurs. Meanwhile, during the harvest period, farmers determine selling prices usually based on the weather and the success of the harvest, while entrepreneurs determine prices by looking at the market. In this case, there will be an imbalance and a point of instability in the salt distribution mechanism.

The current salt pricing system is based on unstructured market practices and a lack of regulations that strictly regulate the pricing process. Salt farmers are often forced to rely on middlemen or large entrepreneurs who monopolize access to the salt market. It is these middlemen who ultimately determine the selling price of salt, while farmers do not have the bargaining power to fight for a fair price. For example, in the salt trade in the various food industry for the period 2015 to 2016, the Business Competition Supervisory Commission (KPPU) suspected that seven salt importing companies violated Article 11 of Law of the Republic of Indonesia Number 5 of 1999 (hereinafter referred to as Law No.5/1999) concerning

³ "Utilization of Marine Resources, How to Preserve Them and Types of Jobs," accessed 22 October 2023, <https://mediaindonesia.com/humaniora/545782/pecepatan-source-daya-laut-cara-meleksikan-dan-type-jobs>.

⁴ SALSABILLA DZULQARNAIN SALSABILLA DZULQARNAIN, Fifiana Wisnaeni Fifiana Wisnaeni, and Amalia Diamantina Amalia Diamantina, "IMPLEMENTATION OF LAW NUMBER 7 OF 2016 CONCERNING PROTECTION AND EMPOWERMENT OF FISHERMEN, FISH FARMER, AND SALT FARMERS IN PROVIDING GUARANTEES FROM THE RISK OF CATCHING FISH FOR SMALL FISHERMEN IN THE CITY OF SEMARANG .-010 Director General 2022" (Diponegoro University, 2022).

⁵ Eriawan Rismana, "Study of the Process of Making Various Food Salts Using Several Sources of Raw Materials," *Chemical Progress* 7, no. 1 (2014).

⁶ Sony Hendra Permana, "National Salt Production Development Policy," *Journal of Economics & Public Policy* 2, no. 2 (2011): 657-80.

Prohibition of Monopoly Practices. As a result of the phenomenon of an increase in the price of industrial salt for various foods ranging from 80 percent to 115 percent, from the base price of Rp. 1,050-Rp. 1,250 with a selling price of Rp. 1,900-Rp. 2,000.

The lack of transparency in the price setting mechanism also provides room for abuse of power and price manipulation which is detrimental to farmers. In addition, weak coordination between related institutions, such as the government and regulatory bodies, has resulted in ineffective implementation of salt price regulations which are difficult to monitor, thus opening up opportunities for fraud and unhealthy business practices. The impact of this unfair salt pricing system is detrimental to salt farmers economically and socially. They are forced to work in less favorable conditions, with results that are not commensurate with their efforts. As a result, the welfare level of salt farmers tends to be low and it is difficult for them to develop their businesses independently. Apart from that, their low income also impacts their access to health services, education and other public facilities, giving rise to structural poverty problems that are difficult to overcome.

In the salt industry in Indonesia, farmers often face big challenges related to unfriendly salt prices. The current salt pricing system often benefits middlemen or large entrepreneurs, while salt farmers, who are at the bottom of the distribution chain, are often negatively impacted. Salt farmers continue to experience a decline in income due to arbitrarily selling prices for salt set by middlemen. Middlemen often take advantage of salt farmers' ignorance and inability to determine a fair price for their harvest. In addition, the lack of clarity in the salt price mechanism makes salt farmers vulnerable to fluctuating market fluctuations, which ultimately results in uncertainty in their income. This injustice is further exacerbated by the lack of adequate legal protection for farmers, thereby trapping them in a cycle of poverty that is difficult to break.

The practice of farmers selling salt to wholesalers, especially in situations where the price of salt experiences significant fluctuations, shows how vulnerable the economy of salt farmers is to market changes. Uncontrolled fluctuations in salt prices can cause significant financial losses for salt farmers, especially when salt prices fall and they are forced to stockpile for long periods of time.

The agreement between farmers and middlemen regarding the price of salt is often a critical point in the salt supply chain. The involvement of middlemen in the process of selling salt from farmers can affect the stability of prices received by farmers. When salt prices fluctuate in the market, farmers often feel forced to accept price offers set by middlemen, especially if they do not have adequate access to the wider market. This creates uncertainty in the income of salt farmers and impacts their overall welfare.

Price is an important element that influences product image and consumer purchasing decisions. Setting the right price can attract customers and influence overall sales results. In the salt market, pricing based on fair and competitive market conditions is essential to ensure that salt farmers are appropriately rewarded for their efforts. Apart from that, setting the right price can also encourage the growth of the salt industry as a whole by creating an environment that supports increasing local salt production and marketing.⁷ The low quality and quantity of national salt is also influenced by long distribution mechanisms and unfair distribution values. As a result, the low quality and quantity of national salt is also influenced by long distribution mechanisms and unfair distribution values. As a result of this prolonged distribution, the profits that should have been enjoyed by farmers have instead turned into traders' profits.

⁷ Christine Christine and Wiwik Budiawan, "Analysis of the Influence of Marketing Mix (7p) on Consumer Repurchase Intentions (Study at House of Moo, Semarang)," *Online Journal of Industrial Engineering* 6, no. 1 (2017).

From this long distribution, the profits that farmers should enjoy are converted into profits for traders.

There needs to be special arrangements regarding setting the price of salt in its distribution so that the salt distribution chain is stable and does not appear to oppress salt farmers. Special protection is required in this case. In practice, the salt price agreed upon by farmers is a game of middlemen. Therefore, there are no specific regulations regarding setting the price of salt. This causes the need for regulations that regulate local salt prices, so that they can provide legal certainty and provide security and prosperity for salt farmers. Because if not, there will be many opportunities that can be misused by various parties who have shortcomings.

Based on the literature found, there have been several previous studies that discussed the price of salt in Indonesia. The author found several themes that were similar to this research, namely; first, Lundu Bontor Sihite Sudarno in his article entitled Analysis of Determining the Cost of Goods Production at an Iodized Salt Company (Case Study at UD. Empat Mutiara) which was published in the Diponegoro Accounting Journal. This research focuses on evaluating the implementation of company policies that have been determined in determining the cost of production. It must be done using the cost price method.⁸The difference is from Lundu Bontor Suhite Sudarno's research which focused on evaluating the implementation of determining the cost of production at iodized salt companies. Meanwhile, the focus of the study in this research is the distribution of salt plants which do not have a fixed price at each harvest period. This is because there is no policy that specifically regulates the selling prices of salt farmers and entrepreneurs. Second, Faqih, Moh. Rodiaminollah, Lailatul Kodariyah in the title of his article Analysis of Determining the Cost of Salt Production in Determining Selling Prices According to an Islamic Perspective published in the Iqtisodina Journal of Sharia Economics & Islamic Law. This research focuses on determining the price of salt based on Islamic concepts. Islam views market mechanisms and price determination as respecting the rights of sellers and buyers.⁹Meanwhile, the focus of the study in this research is the determination of salt prices based on positive law which originates from the injustice of salt farmers who experience uncertainty in the selling price of salt during the salt season. Third, Izzaty, Sony Hendra Permana in the title of his article National Salt Production Development Policy published in the Journal of Economics & Public Policy. This research focuses on increasing salt production considering the increasing needs of the Indonesian people.¹⁰Meanwhile, in this research the author focuses on salt distribution and price setting without putting pressure on local farmers.

In Law of the Republic of Indonesia Number 7 of 2016 concerning the Protection and Empowerment of Fishermen, Fish Farmers and Salt Farmers (hereinafter referred to as Law No. 7/2016) there is still no detailed explanation regarding the determination of local salt prices. Because the law only explains that the Central Government and Regional Governments, in accordance with their authority, are obliged to provide easy access to science, technology and information, including easy information regarding the price of salt. Therefore, the author

⁸ Lundu Bontor; Sudarno Sihite, "ANALYSIS OF PRODUCTION PRICING IN IODIUM SALT COMPANIES (Case Study at UD. Empat Mutiara)," *Diponegoro Accounting Journal* 1, no. 1 (2014): 468-82.

⁹ Faqih, Moh Rodiaminollah, and Lailatul Kodariyah, "Analysis of Determining the Cost of Salt Production in Determining Selling Prices According to an Islamic Perspective," *IQTISODINA: Journal of Sharia Economics and Islamic Law* 5, no. 1 (2022): 29-52, <http://ejournal.kopertais4.or.id/madura/index.php/IQTISODINA/article/view/5806%0Ahttp://ejournal.kopertais4.or.id/madura/index.php/IQTISODINA/article/download/5806/3640>.

¹⁰ Permana, "National Salt Production Development Policy."

is interested in studying 1) what are the regulations in the national salt price policy in Indonesia? 2) How are justice-based legal regulations in determining national salt price policy? The aim of this research is to provide justice to farmers in determining the price of salt.

2. Method

Normative legal research is the method used in this research. The main source of information for this research is statutory regulations. Other legal documents that can be used for analysis are secondary and tertiary legal materials, which include scientific books, papers, journals and online sources. The main source of legal information is Law No.7/2016.

The data collection method used is literature study, where data collection is carried out by reviewing secondary and tertiary legal material literature. Then, to answer legal questions, the complete legal sources mentioned above are studied using descriptive and predictive analysis methods for determining a fair national salt price in Indonesia.

3. Results and Discussion

3.1. Regulations In National Salt Pricing Policy

Artificial shallow pools called "salt ponds" are used to extract salt from sea water or other salt water, as defined in Law No.7/2016. Large pools are filled with seawater and the saltwater is allowed to evaporate naturally, separating the water from the salt, which can then be stored. Salt can be extracted after being separated from water through natural evaporation in large pools filled with salt water or sea water. Water is transferred from one evaporation pond to another over the five years it takes for the pond water to completely turn into salt water. The brine is piped to the crystallizer in the final step, where the layer of ready-to-harvest salt is 5 to 8 inches deep. Meanwhile, salt pond owners are salt farmers who actively run a salt business and have property rights that are often used in salt production.¹¹

Compared to salt used for household purposes, the industrial sector requires salt of better quality and in greater quantities. The government must find new discoveries that can encourage salt producers in Indonesia to make quality salt if they want to take advantage of market prospects in the industrial sector.¹² Based on Article 25 of Law No.7/2016, the government is obliged to determine the factors that cause salt prices to benefit salt producers in order to ensure business certainty. This is done to ensure the quality of the salt produced. Salt farmers need to get their rights. For salt farmers, importing salt is an unfair practice because it causes national salt prices to plummet.¹³

The Indonesian government has implemented a number of regulations to improve salt management. The aim of this regulation is to increase the price, quantity and quality of salt produced so that it can provide benefits to salt farming communities. The central government has implemented a number of initiatives related to salt, including: 1) Emergency Law of the Republic of Indonesia Number 25 of 1957 concerning the Elimination of Salt Monopolies and People's Salt Production (hereinafter referred to as Law No.25/1957), Law of the Republic of Indonesia Number 13 of 1959 Stipulation of the Emergency Law of the Republic of Indonesia Number 25 of 1957 concerning the Elimination of the Salt Monopoly and the People's Salt Industry (Law No.13/1959); 2) Law No.7/2016; 3) Republic of Indonesia Government

¹¹ M Ghiffari Andrista, "IMPLEMENTATION OF LAMPUNG PROVINCE REGIONAL REGULATION NUMBER 8 OF 2019 CONCERNING PROTECTION AND EMPOWERMENT OF FISHERMEN, FISH FARMER AND SALT FARMERS," 2022.

¹² Sulistyono Endra, "Realizing National Salt Self-Sufficiency" accessed 28 October 2023, <https://kemenkeu.go.id/publikasi/article-dan-opini/mewujudkan-garam-nasional-yang-berswasembada/>.

¹³ Mohamad Zaki Mahasin, Yety Rochwulaningsih, and Singgih Tri Sulistiyono, "The Persistence of China's Monopoly in the Indonesian Salt Business and the Marginalization of Local Salt Farmers," *Asia Pacific Economic Journal* 28, no. 3 (2023): 873–93.

Regulation Number 9 of 2018 concerning Provisions for the Import of Fishery Commodities and Salt as Auxiliary Materials and Industrial Raw Materials (hereinafter referred to as PP No.9/2018); 4) Regulation of the Minister of Trade of the Republic of Indonesia Number 20 of 2005 concerning Salt Import Requirements (hereinafter referred to as Regulation of the Minister of Trade Number 20 of 2005); 5) Regulation of the Minister of Industry of the Republic of Indonesia Number 34 of 2018 concerning Procedures for Providing Recommendations for the Import of Salt Commodities as Raw Materials and Industrial Auxiliaries (hereinafter referred to as Regulation of the Minister of Industry No.34/2018); 6) Regulation of the Minister of Fisheries and Maritime Affairs of the Republic of Indonesia Number 3 of 2019 concerning Community Involvement in the Implementation of Protection and Empowerment of Fishermen, Fish Farmers and Salt Farmers (hereinafter referred to as Ministerial Regulation No.3/2019).

Ratification of Law No.7/2016 which aims to empower and protect salt farmers, fish farmers and fishermen. This regulation is expected to protect domestic salt production from increasing imports. Some publications that emphasize the need to preserve national salt include:¹⁴

- a. Article 1 Number 1 regulates that all efforts are made to support fish farmers, fishermen and salt farmers in overcoming challenges related to salt or fisheries businesses. Regarding the protection of salt producers, among other things. The federal government has an obligation to defend salt farmers from challenges related to salt cultivation, such as unfair import regulations that harm domestic salt producers.
- b. Article 3 outlines the objectives to protect salt farmers, including providing infrastructure where necessary to improve the industry, ensuring sustainable business, improving the skills and abilities of fishermen, salt producers and other industry players, encouraging the establishment of institutions and financing systems that support commercial activities. interests, reducing the risk of pollution, climate change and natural disasters, safety, offering security and legal support.
- c. Article 11 Paragraph (2) prohibits the Central Government and Regional Government from making laws that conflict with initiatives aimed at empowering and protecting Fishermen, Fish Farmers and Salt Producers. Based on this article, regulations that have a negative impact on salt producers must be stopped, especially the salt import policy which has been the first source of complaints from salt farmers.

Law No.7/2016 was passed with the aim of protecting salt producers, especially with increasing salt imports. Imports of salt commodities are also regulated in this law. Imports of goods containing salt are regulated by the federal government, in accordance with Article 36 of Law No.7/2016. Determining the place of entry, type and quantity, time of entry, as well as fulfilling administrative procedures and quality standards are part of salt commodity control.

The procedures for regulating imports of salt commodities are outlined in PP No.9/2018. It is hoped that the issuance of PP No.9/2018 will reduce the level of Indonesian salt imports. However, after the issuance of this regulation, it was said that this had contributed to the long history of irregular management of salt prices in Indonesia. In Article 7 letter (a) of PP No.9/2018, it is explained that the Import Permit for Salt Commodities based on a predetermined quantity of 2,370,054.45 Tons can be implemented and declared binding. The central government's policy of setting a salt import quota for industrial needs of 3.7 million tons still seems to have a significant impact on local farmers, because as a result of this regulation the price of salt for the people is currently still in the range of IDR 2,000 to IDR 2,500 a kilogram.

¹⁴ Fauzin Fauzin, "Analysis of Salt Farmer Protection Arrangements in Sampang Regency in Salt Management Policy," *Pamator Journal: Trunojoyo University Scientific Journal* 12, no. 2 (2019): 113–21.

However, the current formulation and implementation of government policies has not been able to support salt farmers. Law No.7/2016 is an example of central government policy which states that the implementation of policies issued by the center and regions has not contributed to guaranteeing the welfare of salt farmers in terms of price. This is because Law No.7/2016 does not contain important details regarding the determination of reference prices for salt sales to consumers and purchases made by farmers. The Minister needs to make regulations that determine reference prices for purchases and sales at the farmer level by considering the appropriate cost structure. To overcome the problem of national salt prices, it is necessary to have a basic price or basic purchase price (HPP) for salt. To maintain the availability of national raw material salt supplies and maintain salt price stability at the raw material and consumer salt levels, it is necessary to regulate HPP and not have a buffer stock policy. Thus, important problems in the salting industry in Indonesia include;

- a. Currently, the government does not yet have an integrated and cohesive national salt database to maintain the credibility of the national salt balance as a source of national salt governance.
- b. Returning to the provisions contained therein, Law Number 7 of 2016 appears to be ineffective regarding salt commodities as well as regulations of the Director General and related Ministers that have been in effect, especially in the downstream sector, since the law was promulgated.
- c. As a strategic commodity, salt needs to be included in Presidential Regulation of the Republic of Indonesia Number 59 of 2020 concerning Amendments to Presidential Regulation of the Republic of Indonesia Number 71 of 2015 concerning Determination and Storage of Basic Necessities and Important Goods (hereinafter referred to as Presidential Decree Number 59 of 2020 in conjunction with Presidential Decree No.71/2015) as goods which are basic needs and are very important goods. Because, according to Article 2 Paragraph (7) of Presidential Decree No.59/2020 in conjunction with Presidential Decree No.71/2015, Presidential Regulations regarding limited meetings or cabinet meetings can be revised.
- d. If point 3 above is achieved, the Ministry of Trade can confirm the HPP (cost of goods sold) for raw material salt. Of course, this requires first gathering information from related parties to identify appropriate price points, especially for regional salt raw material producers.
- e. The raw material salt cluster division of the Ministry of Industry needs to be updated based on practicality and sound reasoning, ensuring that the cluster applies specifically to processed salt, including the application of SNI requirements, by salt processors.
- f. The absence of a buffer institution with governance based on Law No.7/2016 has maintained price stability for both raw materials and consumption salt, but the availability of the national supply of raw material salt is not guaranteed.

The execution of this policy is influenced by several variables, one of which is the inconsistency between Law No.7/2016 and several regulations under it. So that salt farmers can easily know the quality of the salt they produce, the government must create a policy regarding national salt prices that can improve the quality of human resources and formulate regulations that will determine the criteria for salt quality.

3.2 Justice-Based Legal Regulations in Determining National Salt Price Policy

In an effort to build a legal construction based on the principle of justice in determining the national salt price policy in Indonesia, there are several crucial aspects that need to be considered in depth. More effective synchronization is needed between policies issued by the central government and policy implementation in the regions. This will reduce gaps in policy implementation and ensure that the goals of a national salt price policy that favors salt farmers

can be achieved consistently throughout Indonesia. Apart from that, the need for harmonization between regulations at various levels of government is also important to create uniformity and legal certainty for salt industry players.

The legal regulations for determining salt prices in Indonesia refer to Law No.7/2016 which regulates the empowerment and protection of salt producers, fish farmers and fishermen. This law has a number of regulations related to regulating salt prices. The practice of salting is also regulated in Law No.7/2016. In order to implement the protection and empowerment of fishermen, fish farmers and salt farmers, community participation is needed in the formation of government regulations that further regulate fisheries and salt commodities, auxiliary materials and raw materials industry.

In addition to these restrictions, there are several other legal and policy frameworks that regulate or are indirectly related to the practice of salting. Regulation of the Minister of Industry of the Republic of Indonesia Number 44 of 2020 concerning the Implementation of the Indonesian National Qualification Framework for Salt Processing (hereinafter referred to as Ministerial Regulation No.44/2020) and Regulation of the Minister of Industry of the Republic of Indonesia Number 10 of 2013 concerning the Appointment of an Institution for Conformity Assessment of the Implementation and Supervision of Indonesian National Standards (SNI) Iodized Consumable Salt (hereinafter referred to as Ministerial Regulation No. 10/2013) are two regulations that fall into this category. Another is Presidential Regulation of the Republic of Indonesia Number 126 of 2022 concerning the Acceleration of National Salt Development (hereinafter Presidential Decree No.126/2022).

This description shows that although Law No.7/2016 is the basis for legal regulation of salting, there are derivative regulations in various forms and originating from various organizations. It is certain that the legal and regulatory framework used to regulate salt prices in a country can have undesirable impacts. According to the author's research, there are several problems in this legal approach that need to be addressed. The Indonesian legal framework that regulates salt prices has the following problems:

a. Limited availability of capital for banks and financial institutions

In fact, small-scale salt companies initially require large financial investments. This has two impacts: salt farmers are trapped in bonds or produce without using money or technology. Farmers are forced by the demands of daily life to sell their products immediately after harvest. The result of both is the same: salt producers cannot invest in increasing production and quality because they are trapped in a cycle of poverty. Production of quality salt takes at least a week, during which time the salt producers are not paid. Because farmers have limited land, warehouse space, and financial resources, they are unable to store salt, thereby contributing to low prices and quantities of salt production at the farm level. Due to the limited capacity of traders' warehouses, traders stop making purchases when the warehouse is full. Apart from that, large traders still continue to control the distribution network so that farmers have no influence in negotiations.¹⁵

b. The government regarding unclear salt price regulations

It can be said that the government's policy regarding the national salt price is still not clear and precise. This can be seen from several cases related to salt price regulation which shows how the legal implementation of one regulation is different from other regulations. For example, there are differences in the term Business Certainty Guarantee as stated in Article 53 letter (f) of Law No.7/2016 which provides easy information to produce fish or salt prices that are profitable for fishermen and fish or salt producers. However, this article does not explain in detail how the national salt price is determined. In addition, local salt prices are free to fluctuate according to market prices; in 2017 the price of people's salt was IDR 2,000

¹⁵ Permana, "National Salt Production Development Policy."

a kilogram, and from 2019 to 2022 the price of people's salt was IDR 3,200 a kilogram.¹⁶ Meanwhile, when market forces completely control prices, the Joint Decree (SKB) of the Minister of Trade and the Minister of Maritime Affairs and Fisheries regarding prices becomes ineffective. At the farmer level, the price of second quality salt is only IDR 380,000Atons, lower than the government's benchmark price of IDR 550,000 a tons. Meanwhile, the government's benchmark is IDR 750,000Aton, the price of first quality salt is only IDR 550,000 a tons.¹⁷ On the other hand, the process of determining the price of imported salt is explained in detail in Minister of Trade Regulation 125 of 2015 concerning Salt Import Provisions. These provisions include the following: Tariff Post/HS: 2501.00.10.00; Consumer Salt: 501.00.20.00 ; Rock Salt: 2501.00.50.00; Sea Water Salt and Others: 2501.00.90.10; Industrial Salt: 2501.00.90.10; Household Salt: 2501.00.90.10.¹⁸

From these various regulations, it can be seen that legal politics has not placed top priority on protecting state interests regarding salt price determination.

a. Problems with effectiveness

There is a lack of strong and reliable representative organizations that truly defend the interests of salt farmers, so the influence of the salt farming community in negotiations is very small. This makes the salt trading system ineffective. As a business that is mostly owned by the community, the governance of the people's salt business has several challenges and obstacles, including:

1. Climate still has a significant impact on production (dry season)
2. The quality of the salt produced is still low
3. Facilities, infrastructure and infrastructure support are still lacking
4. The mandatory SNI for iodized salt has not been implemented effectively
5. Limited availability of funds and marketing
6. Salt farmers' ignorance regarding appropriate technology for cultivating salt in salt fields
7. Limited information and bargaining power of salt farmers in selling salt supplies.

b. Issues of harmonization with other laws and regulations

Harmonization with other laws and regulations is another important issue. It cannot be denied that decisions regarding the price of salt have an influence that extends to other areas of life, which of course will result in cross-regulation in other areas. This is the complicated history of efforts to harmonize other laws with national salt price regulations.

From the discussion, it can be seen that these regulations have a number of weaknesses, including regulating the weak access of banks and financial institutions to capital, unclear government policies and inconsistent regulations so that they are ineffective and not comprehensive enough to overcome the existing salt price system. complicated. Therefore, it is urgent to rebuild the legal and regulatory framework that regulates salt prices in Indonesia. According to the author's research, there are several reasons why this is urgent, including the following:

a. Legal interests and certainty

The basis of legal certainty is the idea that every newly created legal case must have legal rules. Law is a system of norms, as stated by Hans Kelsen. Norms are statements that highlight the element of "should" or *das sollen* by including guidelines for appropriate behavior. The law then becomes a guideline for how a person should act in society, both

¹⁶ BM Grahadyani Lukita, "Fix Data Before Deciding on Imports," Kompas, nd, <https://www.kompas.id/baca/Ekonomi/2022/11/03/produk-garam-turun>.

¹⁷ Lilik Nikmaturomah, Setyowati, and Mei Tri Sundari, "Analysis of Salt Marketing in Kaliiori District, Rembang Regency," *Agrista* 4, no. 4 (2016): 1–10.

¹⁸ "Regulation of the Minister of Trade Number 125/M-DAG/PER/12/2015" (nd).

towards each other and towards groups. In order to create legal clarity, these regulations also function as curbs on society's ability to burden or take action against certain people. Legal clarity is also needed in addition to legal certainty. This is a legal interest that must be fulfilled to overcome problems resulting from unequal distribution of salt prices. Among the legal benefits of salt pricing are:

1. Legal interest in obtaining the strength of evidence in rejection of salt price determination.
 2. Legal requirement to use best practices in pricing to achieve good salt pricing administration (accountability).
 3. Legal interest in obtaining legal protection for determining salt prices so that salt users are free from illegal activities.¹⁹
- b. The requirements for settlement through the courts in the field of salt price determination have not been fulfilled satisfactorily by the applicable laws and regulations. Discussions about the effectiveness of laws sometimes become mired in personal opinion. This is because a law cannot be considered effective or ineffective until a number of requirements are met regarding how well the law functions and influences statutory regulations. Legal efficacy parameters use five elements, namely:²⁰
1. Law
 2. Law enforcement
 3. Supporting facilities or facilities
 4. Public
 5. Culture

These criteria show that the national salt price regulation has not been implemented completely and successfully. Regulations are needed that are more effective and able to reach problems that may occur in the future because the performance of price regulations in society is not demonstrated by laws, law enforcement, and supporting facilities, society, or culture.

The author aims to discuss the difficulties surrounding salt pricing in light of recent developments and offers alternative ideas regarding the legal architecture of salt pricing in this section. The aim is to make salt pricing more harmonious, effective and fair. The following explanation is a recommendation for legal regulation of national salt prices:

a. Special law regulating national salt prices

In the Indonesian legal system, legal regulations regarding national salt prices are still unclear. Law enforcement and lawmaking show that controlling salt prices is not working well. The author states that the combination of laws regulating national salt prices and the price of imported salt commodities is also the cause of this phenomenon. Of course there are other factors that influence the price of salt in Indonesia, but the fact that these factors are related to one legal commodity actually hides the legal elements of salt prices in Indonesia. Control of commodity components on the price of imported salt is increasingly contributing to behind-the-scenes discussions on national salt prices. Thus, national salt price legislation supported by a special law containing national salt prices can be part of better legal regulation of national salt prices and a solution to a fair national salt price policy in Indonesia.

b. Revision of Law No.7/2016

Law No.7/2016 is expected to be able to provide protection and empowerment for salt farmers and bring prosperity to the community, including salt farmers, because the state provides protection and empowerment to salt farmers in a planned manner. targeted and sustainable. However, Law No.7/2016 still does not provide detailed information

¹⁹ Peter Mahmud Marzuki, "Introduction to Legal Studies," Kencana, Jakarta, 2008.

²⁰ Soerjono Soekanto, "Factors that Influence Law Enforcement," 2004.

regarding the price of salt for salt farmers. This is different from the Regulation of the Minister of Trade of the Republic of Indonesia Number 63 of 2019 concerning Salt Import Provisions (hereinafter referred to Minister of Trade No.63/2019) which contains detailed details regarding the price of salt. Therefore, it is necessary to refine or revise Law No.7/2016 so that salt prices are more detailed and detailed.

4. Conclusion

The conclusion of this research shows that formulating policies related to salt production and pricing requires an integrated and comprehensive approach. In this study, the accuracy of production data, the government's role in setting prices, protection of local salt farmers, and implementation of Law No.7/2016 is a key factor that needs serious attention in formulating sustainable policies. and provide a positive impact on the national salt industry.

Better coordination between relevant agencies needs to be prioritized to ensure policies are based on accurate and relevant data, so that they can provide effective protection for local salt farmers and maintain domestic market stability. In addition, the government's role in implementing fair salt price regulations is very important to ensure that local salt farmers receive fair rewards for their efforts without being burdened with low prices that cannot even cover their initial capital.

5. Acknowledgments

Thank you to Trunojoyo Madura University for assisting the author in completing this paper.

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