

Report for Institutional Program for Younger Researcher Overseas Visits, 2011
Center for Southeast Asian Studies
Kyoto University

Name : Retno Kusumaningtyas	Date : Day/5 Month/7 Year/ 2011
Position in CSEAS : Postdoctoral * Check an appropriate entry (Lecturer · Assistant Professor · Research Assistant <u>Postdoctoral</u> · Ph. D. Student · Master's Student · Undergraduate Student)	
Host Institute (Counterpart, Institute and Country) : Mr. Ahmad Muhammad, Riau University, Department of Biology *Circle the appropriate entry for host institute <u>University</u> · Research Institute · Company · Others)	
Term : (Day/16 Month/4 Year/2011) ~ (Day/15 Month/6 Year/2011) (60 Days)	
Research Purpose: * Check any appropriate entries. ① Research/Laboratory Work ② <u>Fieldwork</u> ③ Seminar ④ Internship ⑤ Take course or class ⑥ Attend Academic Meeting ⑦ Earn credits ⑧ Other	
Research Area: * Circle the appropriate entry. ① Humanities ② Social Sciences ③ Mathematics and Physics ④ <u>Chemistry</u> ⑤ Engineering ⑥ Biology ⑦ Agriculture ⑧ Medical Science, Pharmacy and Dentistry ⑨ <u>Integral Area of Studies</u> ⑩ New Multidiscipline	
Outline of Overseas Visits (About 300~400 words) The beginning of this period of overseas visits was spent in city of Jakarta from few days. Since my previous research permit to conduct research in Riau has been expired, main activity during in Jakarta was applying for a new research permit from the Ministry of Forestry office. This research permit is an obligatory as my research site is located in the villages surrounding a protected area in Riau province. The research permit is only valid for 3 months. While waiting for the new research permit to be issued, I spent two days visiting the National libraries in Jakarta to collect references. After the new research permit received, I went to Pekanbaru, in Riau province. I spent 3 days in this city before continuing my journey to sub-district of Bunga Raya in Siak Regency. During the time in Pekanbaru, I visited the 2 libraries, which are the new library of the governor office and the libraries of the Office of Regional Development Agency Office and having a meeting with a staff of an oil palm company operated in this province. After spending several days in the Pekanbaru city, I traveled to one of my research site in Riau province, the sub-district of Bunga Raya in Siak Regency. The communities settled in this area are migrants from Java island. They settled in the area with the transmigration project sponsored by the Government of Riau Province. In the recent years many community members have changed their agricultural activities from rice fields into oil palm plantations. I have visited this area during my previous field survey, but I have not gathered a thorough information about actors network as well as market system of oil palm production chains. The attention to the oil palm production chains is very important as the commodity believed to be the major stimulant for migrant movement into my research site.	

Research Achievement on this Program (300~400 Words)

In Riau particularly and Indonesia in general, the oil palm industry can be regarded as blessing and curse in equal measures. It is hard to deny its impact on the Indonesian economy as well as on its landscape. The economy of the palm oil industry currently is just too convenient to be passed by agricultural community in rural Indonesia. The most obvious benefits that arise from the presence of the oil palm estates are the substantial levels of rural employment that they create, and the tangible extra income that the industry as a whole generates for the economy. However environmental issues such as biodiversity loss, soil erosion, fires, carbon release, etc. has always been following the development of this industry.

Oil palms start to produce fruit 3 to 4 years after planting and continue to produce for 30 to 35 years. Harvesting takes place year-round, and even though the labor input required is high, it can provide smallholders with a relatively steady source of income. For sampled households in Bunga Raya sub-district, oil palm agriculture was by far the most important activity, accounting for about 75% or IDR2.02 million (US\$225) of the average total monthly income.

The buying price for smallholders of their palm oil fresh fruit bunches (FFB) is based on a Government regulated formula . This price is then adjusted to the balanced real average price of crude palm oil and palm kernel oil according to the previous export and local sales of each company. In this, theoretically the buyers' demand and the producers' supply will determine the market price and the quantity of products to be sold. However, because the market structure of FFBs is monopsonistic (there is only one buyer and many sellers), the nucleus firm has a significant impact on the market place and hence on the prices received by the smallholders. Commonly the calculation of relevant variables related to the intended formula are not transparent, nor independently verified, and therefore open to manipulation by the refinery companies