

## **The Impact of The World Trade Organization (WTO) Import Quota Policy on Indonesian Rice Import from Thailand in 2015-2020**

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### **Abstract**

*This study aims at analyzing the impact of policies regulated by the WTO on Indonesian rice imports from Thailand for the 2015-2020 period. The import quota policy is one of the policy instruments used by the Indonesian government in realizing sovereign and independent food. This study used a qualitative descriptive method with data collection techniques from books, journals, and data obtained from government agencies. Meanwhile, the analysis in this study employed deductive analysis by explaining general data to form specific views; thus, those data could be drawn into the conclusions. The results of this study indicate that the impact of the import quota policy seen from the aspect of international trade on Indonesian rice imports was in the form of expanding the global market and continuing bilateral relations between Indonesia and Thailand in the rice sector through an agreement to import 1 million tons of rice. While the impact of the international regime aspect with its three main components namely output, outcome, and impact shows that: the formation of agreements in the agricultural sector as contained in the Agreement on Agriculture (AoA) approved by the WTO, the existence of ratification of government policies through various regulations at the Presidential Decree, Presidential Instruction and Ministerial Regulations to enforce the liberalization of trade in goods including various necessities, such as rice and other agricultural products, and the implementation of a policy of limiting import quotas from 2015 to 2020.*

**Keywords:** *Import Quotas, International Regime, International trade, Rice Imports*

### **INTRODUCTION**

The need for rice reserves or the government calls it iron stock has always been a problem for the Indonesian government since long ago. Indonesia is referred to as a maritime country and an agricultural country as agriculture is the main food commodity in the life of Indonesian people. Agricultural commodities play an important role in the national economy and the

concept of development in agriculture is expected to increase productivity as well as the economic status of farmers. However, the facts show that Indonesia is a developing country that often experiences problems in the food sector, especially rice commodities (Qurniawan, 2021).

Rice imports are one solution eliminating the Indonesian government's anxiety about the availability of iron stock. This phenomenon has positioned Indonesia as a net-importer, especially for the commodity rice consumed as the main food for the majority of its people and let Indonesia enter into one of the 1995 Agreements on Agriculture (AoA) which was agreed upon by Indonesia in the World Trade Organization (WTO) forum as a driving force in carrying out liberalization in the food sector. The essence of signing this agreement is Indonesia must liberalize the food market, such as eliminating tariffs and other obstacles and immediately declaring food privatization. The most important and distinctive feature of the signatories to the AoA was the "adjustment" of national policies and policy-making mechanisms which were previously under the jurisdiction of the government had changed due to the influence of the WTO (Hasibuan, 2015).

The Indonesian government has imported rice every year from every rice producing country, one of which is Thailand, under the pretext of fulfilling iron stock to be used in an emergency or to prevent Indonesia from a food crisis. As Indonesia's agricultural land is vast with rice production increasing every year, the government considers that Indonesia is able to meet the demand for rice with domestic production. This prompted the government to adopt a policy in the form of limiting rice import quotas based on the provisions agreed to in the previous AoA agreement. In the AoA agreement in part 3, article 4 concerning Market Access which reads: "*market access concessions contained in Schedules relate to bindings and reductions of tariffs, to other market access commitments as specified therein and members shall not maintain, resort to, or revert to any measures of the kind which have been required to be converted into ordinary customs duties, except as otherwise provided for in Article 5 and Annex 5*" and in article 5 concerning Special Safeguard Provisions points out that members may take another way in accordance with the provisions of paragraph 4 and 5 in connection with the import of an agricultural product (World Trade Organization, 2015).

In 2014, Indonesia was still the country with the third largest rice production in the world after China and India. This proves how big Indonesia's rice production was in that year. However, since 2000 Indonesia has never been absent from importing rice with the aim of maintaining the availability of Indonesian rice stocks. Rice imports from 2015 to 2018

experienced a sharp increase reaching 160 percent or more than 2.5 times the previous year. In 2018, the price of rice rose at several points such as Jakarta, West Java and Central Java which forced the government to import to avoid the risk of a supply shortage. Meanwhile, rice imports in 2019 and 2020 had decreased by up to 20 percent and the rice entering during that period was not rice normally imported as the previous year. It had a certain type and its needs were specific, such as for diabetics, diets and others diseases (Pebrianto, 2019).

One form of rice import cooperation carried out by Indonesia is cooperation with Thailand. This cooperation is one of the bilateral cooperation under the auspices of the Trade Agreement between the Government of the Republic of Indonesia and the Government of the Kingdom Thailand, on 16 November 2011 in Bali. The agreement had been approved by the Trade Ministers of Indonesia and Thailand. Thailand is a country in the Southeast Asia region that is currently developing in development, including the economic sector which creates a large market potential and provides fertile land for foreign exporters, including Indonesia. Thailand is one of the largest rice exporting countries in the world. Even though the country's area is relatively smaller than Indonesia, Thailand still maintains agro-industrial sector policies which are sufficient for its people, especially in the supply of rice (Inasani, 2017). Indonesia has set rice import quota restrictions; both the Indonesian and the Thai government pressed a memorandum of understanding (MoU) on the import of 1 million tons of rice in March 2021 for mutual understanding regarding the fulfillment of rice stocks, especially for Indonesia.

<b>Countries</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	Netto: Ton					
Vietnam	509 374,2	535 577,0	16 599,9	767 180,9	33 133,1	88 716,4
Thailand	126 745,7	557 890,0	108 944,8	795 600,1	53 278,0	88 593,1
Tiongkok	479,9	1 271,9	2 419,0	227,7	24,3	23,8
India	34 167,5	36 142,0	32 209,7	337 999,0	7 973,3	10 594,4
Pakistan	180 099,5	134 832,5	87 500,0	310 990,1	182 564,9	110 516,5
<b>Total</b>	850 866,8	1 265 713,4	247 673,4	2 211 997,8	276 973,6	298 444,2

**Tabel 1. Indonesian Rice Import from 2015 to 2020**

Source: BPS - Statistics Indonesia

Based on the table above rice imports from various countries experienced a significant decline in that year; the following year showed high fluctuations. In the following year, Indonesia's rice imports finally began to remain steady. If there are no restrictions, food imports, especially rice, are expected to increase along with the rise of population, people's incomes, growth in the food processing industry. Aside from the quantity of imports, the increase in food imports occurred with an increase in the middle and upper class population requiring a variety of quality food products which cannot be produced domestically. Imports of specialty rice, such as fragrant rice varieties, Thai Hom Mali, and Japonica are expected to go up in line with the development of Thai and Japanese restaurants in Jakarta and other provincial cities. Likewise, imports of rice of the Basmati variety are expected to rise in line with the growth of the middle and upper class that employ strict diet (Erwidodo, 2015).

In Islamic Shari'a, the relationship between humans is not specified in terms of types as is the case in matters of worship; it is left up to humans regarding their form. Islam only limits the important and fundamental parts in the form of Allah's prohibitions in the Al-Quran or His Messenger's prohibitions found in the As-Sunnah. Relations between countries are one type of muamalah by considering what is permissible and what is forbidden in Islam. With trade such as import and export, each country can meet the needs of the people in it as each country has its own advantages. Pertinent to the facts above, the researchers conducted further research entitled "the influence of world trade organization (WTO) import quota policy on Indonesian rice import from Thailand in 2015-2020". The interesting thing to raise this issue is that Thailand, which has a geographical location close to Indonesia and also in the period from 2015 to 2020, rice imports experienced unstable fluctuations due to various factors, one of which was the application of a policy of limiting import quotas taken by the government.

## **METHODS**

This study used qualitative research. According to Creswel qualitative research was a process of steps used to collect and analyze information to enhance the knowledge of a particular issue or topic. The type of approach used in this research was descriptive describing the events occurred in the field and determining problem solving based on data and facts in the field. The data were collected in the form of words, images, and other data which were not in the form of numbers so that it aimed at describing, explaining various events to pull that reality to the surface as a description of certain phenomena (Cresswell, 2019). This study provided a

description and analysis of issues regarding the impact of the import quota policy by the WTO on imports of Indonesian rice from Thailand.

This study deals with the scope of research and focuses on the research object specifically the impact of import quota restrictions by the WTO on the Indonesian government's rice import policy decisions, especially from Thailand. This research was a qualitative research, employing a literature study as the basis for data collection. As with literature studies, this technique of gathering the data was carried out from various literacies, official records, state reports, journals, previous research, as well as news from official mass media. The data were processed with a rational logical mindset. Various principles, concepts, theories, ideas and other important variables obtained had been analyzed, investigated, and examined to answer this research question. The data analysis used in this study classified and interpreted the data which had been collected. Qualitative data analysis was the identification for general patterns of relationships in data groups, which became the basis for drawing conclusions (Mas'oe'd, 1990). This study employed deductive analysis techniques as it was the process of explaining general data to form specific views and to generalize into the conclusions to be reached (Miles and Huberman, 2009).

## **RESULT AND DISCUSSION**

### **THE IMPACT OF THE WTO IMPORT QUOTA POLICY ON INDONESIAN RICE IMPORT FROM THAILAND VIEWED FROM INTERNATIONAL TRADE**

International trade involves various countries in terms of transactions; every country or company competes with each other to gain profits by marketing and selling their products at low prices commonly called dumping. It enhances the demand for products with dumping; therefore, the company can dominate the international market. The domestic market or domestic products will lose competitiveness due to cheaper imported goods. In order to prevent the worst possibility, a policy was finally made in the form of limiting the amount of imports or also known as import quotas to prevent an overflow of foreign products from coming to the domestic market. Employing the policy, the existence of domestic companies can be maintained as the number of products imported to the domestic market is limited. There are various kinds of impacts arising in various fields as a result of taking the import quota policy, including the factor of global market expansion and bilateral relations between Indonesia and Thailand in the rice sector.

## GLOBAL MARKET EXPANSION

To reduce foreign rice imports, the Indonesian government imposed import quota restrictions. Due to the rice import quota restriction, the President of Joko Widodo gave instructions to Perum Indonesia Logistics Bureau on 28 February 2015 to prioritize stocks of locally produced rice over imported rice to control domestic rice prices. The stock of local rice in the warehouses of Perum Indonesia Logistics Bureau at that time reached 1.4 million as some parts of Indonesia entered the harvest period. The President of Joko Widodo also emphasized if the rice supply were sufficient until the next harvest, it would be distributed through market operations as well as for the needy program. The simultaneous rice distribution program was the government's commitment to stabilize prices and to maintain people's purchasing power as well as to reduce the expenditure burden of beneficiaries by fulfilling some of their food needs, especially rice. Rice for the poor was given to 15,530,587 targeted households with an allocation of 15 kilogram per month. Whereas the market operation aimed at providing rice for low-income people with the highest retail selling price of IDR 7,400 per kilogram on Java and IDR 7,500 per kilogram outside Java (Badan Pusat Statistik, 2019). Even though there is an increase in the price of rice, the government does not need to import it because it sees that the stocks in warehouses are still sufficient and these stocks will increase along with the main harvest. The government aims to maintain rice price stability so that it is neither too high nor too low so that rice production remains stable (Listiyarini, 2015).

Indonesia began to achieve self-sufficiency in rice using the application method of agricultural technology innovation and continued until 2020. For this achievement, Indonesia has succeeded in maintaining food security and received high appreciation from International Rice Research Institute (IRRI). Therefore, Indonesia did not import it as the production from domestic farmers could meet all the needs of the Indonesian people. The World Food and Agriculture Organization (FAO) reported that Indonesia has achieved a 90 percent rice self-sufficiency ratio. This result was an effort from various policies taken by the Indonesian government in encouraging the agricultural sector, especially rice farming. Having achieved rice self-sufficiency, Indonesia succeeded in maintaining the food security of the Indonesian people. The government was directing the development of export-quality rice for special market segments, especially organic rice. Organic rice was produced through an organic cultivation process without the use of chemical fertilizers and pesticides. This organic label was certified by an independent body. Several developing countries have started to promote organic products as it benefited both producers and consumers. In addition, consumers also valued organic



agricultural products more than non-organic products. The benefits to be gained by exporting rice were not only the increase of the country's foreign exchange but also the welfare of farmers as the price of organic rice was higher than non-organic rice. The price of organic rice in Europe was estimated at 5 to 6 Euros (Rokaniyah, 2021)

## **BILATERAL RELATIONS BETWEEN INDONESIA AND THAILAND IN THE RICE SECTOR**

Indonesia-Thailand diplomatic relations have been going on since 1950. Cooperation between the two countries takes place in various fields such as economy, trade, science and technology, and culture. This relationship was further expanded by the exchange of visits between the leaders of the two countries. In addition to economic cooperation including rice imports, Thailand also always receives assistance in handling crisis and conflict conditions. Likewise, Thailand is very interested in being able to control the rice market in Indonesia. This is reflected in, among other things, growth in the value of investment and trade between the two countries. The main umbrella for bilateral cooperation activities between the two countries was the joint commission forum which was formed after it was signed (Fajar, 2019)

In order to enhance bilateral cooperation in agriculture, former agriculture minister Dr. Ir. Suswono, M.A. made a working visit for two days to Thailand. Increased cooperation was carried out through the Joint Agriculture Working Group (JAWG) and Expert Group Meeting (EGM) forums. The governments of Indonesia and Thailand agreed to increase cooperation in food security, agricultural research, capacity building of human resources through training, irrigation management, and overcoming the impact of climate change on the agricultural sector. The imports were carried out by the government to ensure the availability of national food stocks, so that there would be no food crisis in Indonesia which could disrupt national stability. Rice imports have still been carried out to the date.

One of the imports was from Thailand. Thailand previously sold a total of 925,000-tons of rice under a Government to Government (G2G) contract to Indonesia based on a previous agreement that expired in 2016. After the agreement ended, there was no G2G rice agreement between Thailand and Indonesia in the following period (Indonesia-Thailand Bilateral Relations, 2021). This was triggered by the rice self-sufficiency policy and promoting domestic rice production which was intensively carried out by Indonesia. However, both parties agreed to a Memorandum of Understanding (MoU) in which Thailand was willing to supply up to 1 million tons of rice to Indonesia if needed by the Indonesian government in March 2021.

Indonesia and Vietnam had also done this as until now Thailand and Vietnam were the largest rice exporters in Southeast Asia. In general, most people think that rice imports are triggered by insufficient domestic rice production or supply as the government's excuse. However, in reality rice imports were carried out when statistical data showed that Indonesia was experiencing a surplus of rice (Pebrianto, 2019).

### **THE IMPACT OF THE WTO IMPORT QUOTA POLICY ON INDONESIAN RICE IMPORTS VIEWED FROM INTERNATIONAL REGIME**

The country's government is currently facing various kinds of challenges related to key policies to be resolved, require solutions with other countries, and involve international organizations by following mutually agreed rules. Collaboration will be hard to establish and maintain prior to understanding why some attempts to develop and implement a collaborative solution have been successful while others have failed. The notion becomes successful when cooperation within a regime shows its effectiveness. To see a regime can be seen from the output, outcome, and impact (Underdal, 2001)

#### ***Output***

Trade such as buying and selling rice is something essential for individuals and countries. At the country level, Indonesia always imported rice from Thailand to reach 1,731,051.7 tons in 2015 to 2020 based on the data listed in the previous chapter. Carrying out free trade in agricultural commodities, Indonesia and Thailand as members of the WTO are required to make policy adjustments based on the AoA agreement. The contents of the agreement contained a reduction in subsidies and trade barriers in order to make the market more fair and competitive. It also allows members to continue negotiations for further reforms taking into account concerns such as food security and the environment.

Agriculture is the main concern in trade negotiations due to the frequent occurrence of trade distortions in agricultural products due to the imposition of import quotas and the provision of domestic and export subsidies. With the agreement in the agricultural sector, it is expected to carry out trade reforms and make more market-oriented policies. The AoA exists with the aim of gradually expanding trade liberalization in agriculture to reduce trade distortions in accordance with General Agreement on Trades and Trade rules (GATT). The regulation in question was quantitative types of protection were not permitted and such protection must be applied in a non-discriminatory manner according to the principle of the most favored nations



(Pebrianto, 2019). AoA agreement described market access and prohibited the use of import restrictions other than tariffs to make it easier for its members to access international trade. Building trade with a tariff regime, reducing tariffs, and binding the amount of tariffs for each agricultural product are the key mechanisms in this commitment. In 2018 the price of Indonesian rice fluctuated due to insufficient national rice stocks; the total import of Indonesian rice from Thailand reached 795,600.1 tons of the total of 2,253,824.4 tons of rice. This was recorded as the largest rice import ever made by Indonesia during Joko Widodo's administration (Grace, 2021).

### ***Outcome***

Rice imports from Thailand are one of the applications of the Agreement on Agriculture in Indonesia. This liberalization is supported by international financial institutions such as the IMF, World Bank and WTO as the main prerequisite for the loan funds requested by the Indonesian government. These international financial institutions provide recommendations to the Indonesian government to implement a free trade economic system by liberalizing the banking, agricultural and mining sectors. Indonesia is required to remove all subsidies, including subsidies for agricultural inputs. Policies related to rice import trading policies include Law No. 18 of 2012 concerning food and government regulation No. 17 of 2015 concerning Food Security and Nutrition, as implementing regulations of Law No. 18 of 2012. These policies include: Regulation of the Minister of Trade of the Republic Indonesia Number 103/M-Dag/Per/12/2015 Concerning Provisions for Export and Import of Rice.

This regulation was made to encourage an increase in national competitiveness. The Indonesian government needs to simplify licensing in the trade sector, especially rice exports and imports. In this regulation, rice imports can be carried out for the purposes of price stabilization, overcoming emergencies, the poor, or food insecurity with the provision that imported rice is only rice with a maximum spoilage rate of 25% (twenty five percent) and can only be imported by Indonesia Logistics Bureau Public Companies. . Rice imports can be carried out based on the results of a coordination meeting at the ministerial level in the economic sector by taking into account the rice supply at the Indonesia Logistics Bureau Public Company, the difference in the average price of rice to the Government Purchase Price (HPP), and the estimated surplus in national rice production (Grace, 2021).

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Next is the Regulation of the Minister of Trade of the Republic of Indonesia Number 01 of 2018 concerning Provisions for the Export and Import of Rice. Rice import regulations explained in the Minister of Trade Regulation Number 01 of 2018 concerning provisions for the import and export of rice. This regulation was made based on the calculation that rice is a strategic commodity as food for the Indonesian people. Thus, the activities of supplying, producing, procuring and distributing rice are quite significant for food security, increasing the income and welfare of rice farmers, consumer interests, and creating national economic stability. This regulation divides rice imports into 3 parts for general purposes, grants, and other needs (Siswanto, 2022).

Ministerial regulation rice imports stabilized market prices In the 2015. When the price of Indonesian rice in 2017 experienced a high increase and the production of Indonesian domestic farmers experienced a rice surplus which made rice reserves insufficient, the government decided to import rice on a large scale with a total of 2.2 million tons of rice which created rice reserves. Indonesia reaches one million tons. Seeing this incident, Indonesia's 2018

trade minister regulation stipulated and limited rice import quotas to only be made for general purposes, grants, and other purposes as stated in the previous paragraph.

### ***Impact***

Agricultural policy in Indonesia is influenced by various aspects interconnected and influences each other both on a global, national and local level. Indonesia has signed and ratified an agreement related to the establishment of a world trade organization through law number 7 of 1994 concerning ratification of the Agreement Establishing the World Trade Organization. Referring to this law, Indonesia officially becomes a member and is subject to the agreements in the WTO where all agreements are Single Undertaking. Regulation of the Minister of Trade of the Republic of Indonesia number 01 of 2018 concerning provisions for Export and Import of Rice in article 1 paragraph 4 stated that "Rice imports for public purposes are rice imports as reserves used at any time by the Government for price stabilization, handling of emergency, poor people, food insecurity, and certain conditions (Indonesia-Thailand Bilateral Relations, 2021).

Indonesia's imports have fluctuated from 2000 to 2020. Non-tariff protection is also carried out through tariff quotas (Tariff Rate Quotas/TRQ) and oversight of trade routes. Quota tariffs are employed by many developed and developing countries to protect their domestic industries. This tariff is relatively transparent; it does not conflict with AoA ratification. However, Indonesia also has an obligation to open minimum market access of 70,000 tons of rice or 5 percent of its total domestic demand for imports in accordance with the 1995 AoA agreement. Actually, imports can be the right solution to maintain food security, not to food sovereignty. Indonesia's dependence on rice imports can result in pressure on domestic rice prices. Imports will dictate the price of domestic rice (Hata, 2006). The government finally reinstated Indonesia Logistics Bureau's position as STE in mid-2003 and assigned this institution as the sole controller of imports and domestic rice prices in the hope that centralization would facilitate the regulation and supervision of imports and price stabilization.

The policy regarding rice at least involves several state institutions including the Ministry of Agriculture, Ministry of Trade, and finally Indonesia Logistics Bureau. these three state institutions must collaborate in harmony in order to create the right policies related to rice. Due to the right rice policy, it creates prosperity for farmers as rice producers and society in general as consumers. The Ministry of Agriculture based on Presidential Regulation of the Republic of Indonesia Number 45 of 2015 has the task of administering government affairs in the

agricultural sector to assist the President in administering state government. In the rice sector, the ministry of agriculture is requested with providing agricultural facilities and infrastructure to increase rice production as well as carrying out technical guidance and supervision of the implementation of affairs in the field of provision of agricultural infrastructure. Broadly speaking, the duties and functions of the ministry of agriculture were in the production process of the rice sector (Adolf, 2011)

Indonesia logistics Bureau takes charge of regulating domestic rice in terms of price and distribution throughout the region. In general, Indonesia logistics Bureau has at least 4 public duties pertinent to rice including making government purchase price guarantees for grain and rice, price stabilization, and managing national food reserves or stocks. Then grain and rice procured from within the country become supplies stored in Indonesia logistics Bureau warehouses throughout Indonesia as Government Rice Reserves of 1- 5 million tons (buffer stock) used for emergencies and certain market supplies. Compared to total consumption, the amount of CBP did not represent Indonesia Logistics Bureau's influence on domestic rice distribution because most rice distribution in Indonesia was still through market mechanisms. After surviving several decades with various policies adjusted according to conditions with adjustments to the AoA agreement, Indonesia set a limit on rice import quotas until 2018

## **MUAMALAH PERSPECTIVE IN THE WTO IMPORT QUOTA POLICY ON INDONESIAN RICE IMPORTS**

Humans are social creatures who always depend on others to meet their daily needs. This also applies at the state level which will always require other countries to meet the needs of the people in the country and to achieve a sovereign and prosperous country. This encourages countries or sub-countries to carry out bilateral and multilateral relations that benefit all parties, such as the government to government relationship between Indonesia and Thailand in the rice import sector by following the free trade rules initiated by the WTO in the AoA agreement (Rokhaniyah, 2022). Allah SWT says in the Qur'an that Squander not your wealth among yourselves in vanity, except it is a trade by mutual consent, and kill not one another. Allah allows them to consume wealth by means of commerce and livelihood which do not have obstacles and which contain conditions such as being pleased with each other as stated in Surah An-Nisa verse 29

"يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا"

*Believers! Do not devour one another's possessions wrongfully; rather than that, let there be trading by mutual consent. You shall not kill yourselves.*

Although jihad in the form of war is justified in Islam, the justification is limited to self-defense or countermeasures to subdue opponents, not to destroy in the sense of slaughter or annihilation. Therefore, those who surrendered, women, parents and children, people with disabilities, places of worship, and people's economic facilities and infrastructure in general must be protected (Hendrojono, 2005). After the end of the second world war, all countries suffered significant losses, so it was necessary to form an international body that has control over its member countries to restore the world's economic structure to a more stable state. Then the WTO was formed with various agreements in it including agreements covering the agricultural sector that were approved in the AoA. This triggers Indonesia and Thailand to cooperate in the agricultural sector, especially rice commodity

Trade is one of the activities between humans to meet their daily needs. Likewise, to maintain the basic needs of the community and activities in a country can run properly, the basic needs of the household need to be met. Trade between countries is one way for the government to meet these basic needs when domestic production is insufficient. Export and Import activities are included in one of the instruments used by the Indonesian government. Through these activities relations between countries began to be established, such as the government to government relationship between Indonesia and Thailand from 2012 to 2016 where Indonesia received 925,000 tons of rice imports from Thailand through the agreement (Vietnam Plus, 2021). Trade relations between countries occur because of differences in human resources, natural resources, such as climate and geographical location as well as differences in economic and social freedoms available in a country. The differences in each of these countries lead to differences in the goods produced, the costs involved, as well as the quality and quantity.

## CONCLUSION

Pertinent to the description above, that the birth of the World Trade Organization, 1 January 1995, replacing the GATT, automatically brought the agricultural sector into the framework of multilateral trade through AoA. The purpose of this AoA is basically to expand trade liberalization in agriculture and gradually reduce trade distortions in accordance with the rules in the GATT. The implications of the AoA in the WTO can be seen in terms of market access, domestic support and export subsidies. In order to realize sovereign and independent food,

Indonesia needs to ratify domestic policies related to rice imports by enforcing agreements issued by international trade institutions. One of the instruments used is the policy of limiting rice import quotas which is the impact of adjustments to the agricultural sector agreement in the AoA.

This policy had a positive impact on Indonesian rice including stable rice production from 2018 to 2020, Indonesia achieved food self-sufficiency in 2019 and 2020 as rice production can meet the needs of its people. Although Indonesia has set rice import quota restrictions, bilateral relations between Indonesia and Thailand in the rice sector still proceeds after the previous agreement ended in 2016 with Indonesia's total imports of 925,000 tons of rice. Both Indonesia and Thailand agreed to a Memorandum of Understanding in which Thailand agreed to supply up to 1 million tons of rice to Indonesia. The Thai medium rice transaction agreement is subject to legal regulations and the contents of the provisions depend on the type of transaction with an agreed amount of 1 ton per year according to the agreement, taking into account the situation and conditions of needs in Indonesia. The Indonesian government has set the point "will contact when needed". In accordance with Article 14 of the Food Law states, "the source of food supply comes from domestic production and national food reserves in terms of food supply sources.

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