ABSTRACT

Fluctuations and instability of world oil prices and the pressure of global economic crisis give great pressure to the Indonesian economy. As a response to the increasing of the oil prices and a reduction in the amount of subsidy burden, the government eventually forced to raise fuel prices. The increased price had a big influence on almost all sectors, because it triggers increasing in production and operating costs.

One of the sectors who get the direct impact of rising fuel prices is a coastal fishing community. Fishermen are a community with the lowest income level compared to other business sectors. For Fishermen, fuel is an important component in their operations which in turn affects the price of marine/fishing products. On the other hand, increases in operational costs are not followed by increasing of consumer purchasing power.

In this study, a dynamic modeling instrument is developed to evaluate the impact of fuel pricing policy to prevent the declining welfares of the coastal fishing communities in Indonesia. This model also can be used by the decision/policies as an early warning mechanism on this problem.

After validated, it was concluded that at current fuel price level (premium of Rp4500, -), the welfare of fishing communities was quite low. The existences of direct cash assistance program (BLT) of Rp 100,000.00 not significantly affect the welfare of fishing communities. If the subsidies removed, then the security deposit fishermen decline to reach twice the initial conditions when the fuel is still subsidiaries. Finally, the model found that amount of oil price-subsidies that should be given to the fisherman is at least about 28% (Rp.1,000), thus fishermen can still keep the welfare of their daily lives.

Keywords: Dynamic System, Coastal Fisherman