

INTERNATIONAL CONFERENCE PROCEEDING

BUSINESS MANAGEMENT: DIRECTIONS AND STRATEGIES IN RESPONSE TO ASEAN ECONOMIC COMMUNITY 2015



November, 2nd 2013
FACULTY OF ECONOMICS
UNIVERSITY OF JEMBER

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IN RESPONSE TO ASEAN ECONOMICS COMMUNITY 2015**

Jember, 2 November 2013

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**UNIVERSITY OF JEMBER
FACULTY OF ECONOMICS
STUDY PROGRAM OF MANAGEMENT**

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**BUSINESS MANAGEMENT: DIRECTIONS AND STRATEGIES
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Diterbitkan oleh
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Hak Cipta @ 2014

Layout/Cover : Gusti Ayu Wulandari
Noerkoentjoro W.D.

Dicetak oleh UPT Penerbitan UNEJ

ISBN : 978-602-9030-47-1

Hak Cipta dilindungi Undang-Undang. Dilarang memperbanyak tanpa ijin tertulis dari penulis, sebagian atau seluruhnya dalam bentuk apapun, baik cetak, *photoprint*, maupun *microfilm*.

PREFACE

We would like to thank to Allah SWT due to His blessing the international seminar on **Business Management: Direction and Strategies in Responses to the Implementation of ASEAN Economic Community 2015** was successfully held by the Study Program of Management Faculty of Economics University of Jember. The seminar was conducted on 2ND of November 2013 with the venue in Aston Hotel Jember.

The conference is aimed to provide meaningful coverage on current trend related to the possibility of ASEAN Economic Community (AEC) in 2015. The conference being an important forum for policy-makers, scholars and business leaders to exchange ideas about one of the most dynamic economic in the regions. The forum also discussed the consequences of AEC to liberalisation in trading, investment, and factors of production in the area. Furthermore, the conference is intended to explore regionalism and business role within Asean's countries on increasing capabilities as an innovator and several other areas that will prove to be the cornerstones for tomorrow's economy.

Four keynote speakers had given their enlightenment about the relevance issue, opportunities, and the treaths in relation to the implementation of ASEAN Economic Community 2015. They were (a) Prof. Jerry Courvisanos, Ph.D (Innovation Management and Entrepreneurship expert, University of Ballarat, Australia), (b) Dr. Setya Riyanto (Retail and Property Director, PT. Pos Indonesia), (c) Dr. Corazon G. Anzano (University of San Carlos the Philippines), and (d) Dynand Fariz (Presiden Jember Fashion Carnaval, Indonesia). In addition, there were papers presented by academics and researches discussing the topics related to the implementation of ASEAN Economic Community 2015.

Greatly appreciated is forwarded to all stakeholders that provide some important contributions to succeed this international seminar. They are the International Office Universitas Jember, PT. Pos Indonesia, PT. Bank BRI Tbk, PT. Senyumindo Mediatama, Forum Manajemen Indonesia, University of Ballarat, Australia, and University of San Carlos, the Philippines. Appreciation is also given to all presenters and audiences.

Finally, we highly expect that this proceeding as a result of the seminar can provide positive and beneficial contribution for policy-makers, scholars and business leaders in relation to the implementation of ASEAN Economic Community 2015.

Jember, 2 November 2013
Chair of Organizing Committee
Hadi Paramu, S.E., M.B.A., Ph.D.

**THE POTENTIAL CHALLENGES AND OPPORTUNITIES OF
THE ASEAN ECONOMIC COMMUNITY IMPLEMENTATION 2015**

SETYO RIYANTO

RETAIL AND PROPERTY DIRECTOR
PT POS INDONESIA (PERSERO)

All honorable guests, ladies and gentlemen; Assalamualaikum wr.wb,

It's really my great pleasure to be one of the keynote speakers in the very important conference on The Potential Challenges and Opportunities of The Asean Economic Community Implementation 2015.

It was started at the 2nd ASEAN Summit on 15th December 1997 in Kuala Lumpur, Malaysia, where the Vision of ASEAN 2020 was agreed, the Government Heads of ASEAN countries have confirmed to do the followings:

- (i) To create the ASEAN Economic Area which is stable, prosperous, and highly competitive indicated by the evidence of the free traffic of goods, services, and investment, the more free traffic of capital market, the equal economic development as well as the decreased of poverty and social – economic gaps;
- (ii) To accelerate the trade liberalization in services, and ...;
- (iii) To increase the professional movement as well as other services independently in the region.

Furthermore at the next summits, the 6th and the 7th summits, the leaders of ASEAN have agreed on several steps towards the realization of the vision.

Distinguished Guests, ladies and Gentlemen,

In addition to the cooperation development among ASEAN countries, some economic cooperation has also been agreed between ASEAN countries and countries out of ASEAN, for examples: the cooperation conducted with China (ASEAN – China FTA) in relation to goods sector in 2004. The next two years, in 2006, the ASEAN – Korea FTA in goods sector was agreed, and in 2008 the ASEAN – Japan CEP was started to be effective. In 2009, several agreements were signed, namely: the ASEAN Trade in Goods Agreement (ATIGA), ASEAN Comprehensive Investment Agreement (ACIA), ASEAN – Australia – New Zealand Free Trade Agreement, ASEAN – India Free Trade Agreement for goods, and ASEAN – Korea Free Trade Agreement for investment, and AEC Scorecard.

After the economic crisis, especially in the Southeast Asia region, at the 9th ASEAN summit in Bali the Heads of the ASEAN country governments have agreed upon the formation of the ASEAN Community in the Political-Security sector (ASEAN Political-Security Community), in the economic sector (ASEAN Economic Community), and in the socio-culture sector (ASEAN Socio-Culture Community) which are well known as Bali Concord II. For the formation of ASEAN Economic Community (AEC) in 2015, it has been agreed that the realization will be directed towards the regional economy integration the implementation of which refers to the ASEAN Economic Community (AEC) Blueprint.

The AEC was established in order to keep the political stability and the security of ASEAN region, to improve the whole region competitiveness in the world market, and to support the economic growth, to eliminate the poverty as well as to improve the population living standard of the ASEAN member countries. AEC is the form of ASEAN Economic Integration which is expected to be achieved in 2015. To realize the AEC the Heads of ASEAN countries at the 13th ASEAN summit in November 2007 in Singapore were agreed to the AEC Blueprint as a reference for the member countries to implement the AEC commitment.

The declaration on ASEAN Economic Community Blueprint was signed on 20th November 2007 containing the strategic schedule for each pillar agreed with the target time that was divided into four phases: 2008 to 2009, 2010 to 2011, 2012 to 2013, and 2014 to 2015. The signing ceremony of AEC Blueprint was held at the same time as the signing of ASEAN Charter.

The AEC Blueprint is the guideline for ASEAN member countries to achieve the AEC 2015 in which each country is obliged to implement the commitments in the blueprint. The AEC Blueprint was contained of four main frameworks as follows:

- a. ASEAN as a single market and the base for international products with the elements of free flow for goods, services, investment, educated man power, and capital flow which is more free;
- b. ASEAN as the area with a high economic competitiveness, with its elements of competition regulations, with the protections for consumers, intellectual copy right, infrastructure development, taxation, and e-commerce;
- c. ASEAN as the area with its equal economy development, with the elements of small-scale and medium-scale business development, and its initiation for ASEAN integration for CMLV countries (Cambodia, Myanmar, Laos, and Vietnam); and ...
- d. ASEAN as the area which is fully integrated to the global economy with its coherent approach elements in dealing with economic relations out of the area, and improving its participation within global production network.

If the AECis achieved in 2015, ASEAN will then become opportunities as well as threats for Indonesia to improve its market target within ASEAN area. According to the report of AEC Scorecard issued by ASEAN Secretariat, the implementation level of Indonesia was 80.37% of 107 measures for that period, and was on the 7th position. The highest implementation level was reached by Singapore (93.52%), while the lowest was Brunei Darussalam (74.57%).

The conditions faced by Indonesia to the present time are:

The first, for market accessibility, Indonesia actually has a large ASEAN market. At least as many as 550 million of ASEAN population is a very much potential market for Indonesian products. However, the trade commodities which are relatively the same among ASEAN countries have created a large number of competitors. For industrial sector, Indonesia is still very much dependent on intensive labour (Tambunan 2003, 267-268), the quality of human resource which is not adequate as well as the infrastructure availability which is not equal throughout the country region. Furthermore, the export target development from Indonesia to ASEAN compared to the total export does not show a significant development, that is from 13.6% at the beginning of AFTA formation in 1993 to 18.2% in 2004 with the average improvement of 9.9% (Dwisaputra 2007: 185). For the investment development within ASEAN area Indonesia has a negative flow. During five years successively from 1999 to 2004, Indonesia was on the 7th position after 6 ASEAN countries and Vietnam (Dwisaputra 2007: 185).

The Second, the significant weakness faced by Indonesia at the present time is the low competitiveness of Indonesian products within global competition, especially AFTA. This is a quite risky weakness as the product competitiveness is one of Indonesian assets to become a superior player within AFTA market. The quality of Indonesian product competitiveness is also lower compared to ASEAN – 5 countries which have the strengths on their innovation and technology. The Indonesian export of products with the base of natural resources has the highest value compared to that of ASEAN – 5 countries with the value of 75.20% in 1985, 38.80% in 1998, and 33.70% in 2000. However, for the product with the base of high technology, Indonesia has the lowest value of 3% in 1985, 9.70% in 1998, and 17.40% in 2000. Compared to that of Singapore, the export rate of Indonesia is very much lower than that of Singapore which was 61.20% in 2000 (Nurhemi 2007: 303).

The third, the law and the policy of infrastructures are not as well-established as those of other ASEAN neighbouring countries. This condition gives impact towards the economy climate in Indonesia, especially for the investment sector which has become the base for the capital availability. As a result of the uncertainty of the trading policy and the conditions related to the investment problems, Indonesia is not able yet to be

free out of foreign investment problems. Based on the data of ASEAN Economic Chartbook 2007, it was found that the direct investment rate to Indonesia had ever been on a minus position. The rate was even more fluctuated compared to that of other ASEAN countries. As it was mentioned by Rini in BEI News 18th edition Year V 2004, the uncertainty level of law that is still not able to convince investors and many cases of illegal collections have become the cause of fluctuating investment in Indonesia (Soewandi, 2004: 9)

It is therefore, even though AFTA has created very much benefit for many parties in Southeast Asia, there are still those that have many weaknesses like Indonesia. In addition to those emerging weaknesses, many challenges are potential to emerge in implementing AFTA which need to be considered. The obstacles and the challenges are definitely the problems to discuss and to identify considering Indonesia also has an important role in ASEAN and AFTA.

The real case that is already recognized is that in post-office service. As a result of the implementation of the 'post liberalization' constitution number 38, 2009, about Post, the Post providers in Indonesia may be from foreign post-office service providers which are not only from ASEAN countries but also other part of the world.

Pos Indonesia faces a very tight competition as not only domestic companies but also foreign companies have operated their business in Indonesia, such as: DHL (the Netherland), FedEx (America), and TNT (Australia).

Pos Indonesia, which has been associated to Universal Post Union with more than 200 countries, has actively participated in business cooperation among worldwide postalservices. In UPU meeting, April 2013, Pos Indonesia was appointed to be the Chairman of Interconnectivity Workgroup with 30 countries as workgroup members. Furthermore, Pos Indonesia has been honored to be the Chairman of steering committee for the e-commerce development project for ASEAN ++ (Japan, China, and South Korea) held in Bangkok – Thailand.

Many strategies have been arranged to face the ASEAN single market, among others are improving the business cooperation with postal service providers within ASEAN; arranging outlet expansion in Indonesian Workforce Area (TKI) such as Malaysia, including Hongkong and Dubai; improving the competence and certification of operational officers, and upgrading the technology of the whole business process.

The establishment of ASEAN community 2015 is getting closer, in only two more years. The question is whether Indonesia is ready to enter the NEW ERA ASEAN as an integrated regional area covering 10 countries with a population number of 601 million and Gross Domestic Product (GDP) as much as \$ 1.8 trillion?

There is no more time for Indonesia to arrange intensive preparation and effective action, especially to face the implementation of the 2nd pillar: ASEAN Economic Community 2015.

This conference is expected to give us any contribution that will be very useful to face the ASEAN single market in 2015.

Thank you,
Wassalamualaikum wr. wb

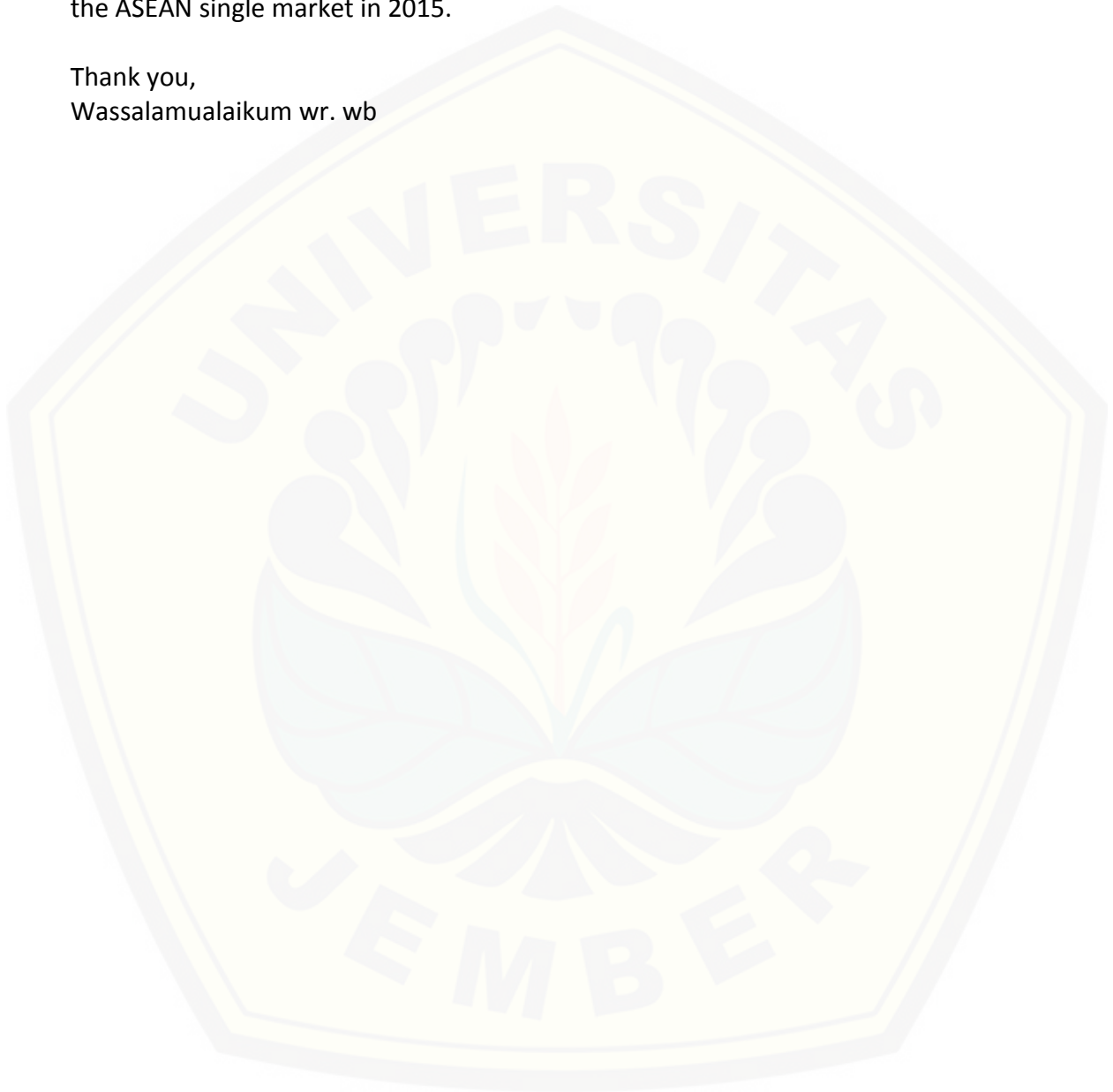


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STRENGTHENING OF INDONESIA INTRA ASEAN TRADE IN ORDER TO MEET ASEAN COMMUNITY TRADE 2015

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Abstract

Globalization is indicated by the increasing number of countries applying economic integration to another country to eliminate fares of traded commodities among those countries. For Indonesia, it is a challenge that has to be taken wisely. For that reason, the strengthening of Intra ASEAN trade between Indonesia and the member of ASEAN should be prioritized, considering the fact that South East Asian countries will face the era of Asean Economic Community (AEC) on 2015. Based on the background, this paper is aiming on analysis the performance of Indonesia's export with ASEAN-4 (Malaysia, Philippine, Singapore, Thailand). The analyzing tools used in this study is *Share and Growth Analysis* and sorting the *share and growth analysis* on quadrants in order to mapping the position of each country as the export destination country. The analysed commodity is commodities exported by Indonesia, divided into 22 product sections. The result is : Indonesia's export to Malaysia has share and growth above the ASEAN-4 average, respectively : 32,03% and 36,19%. Meanwhile Indonesia to Thailand and Philippine has above average share, respectively 21,79% and 09,20%. The growth is below the average of ASEAN-4, respectively 25,38% and 24,23%. The share of Indonesia to Singapore is 36,98% and the growth is -1,0%.

Key words : intra-ASEAN trade, share and growth analysis, asean economic community

INTRODUCTION

Nowadays, the international trading is coloured by a lot of changes, such as the forming of trading blocks, internationally or regionally. The rapid changes are due to globalization especially in economy. The impact is world becoming a whole integrated

market, and the physical boundaries of every country are eventually faded. And the concept of international trading is turning in to the concept of global trading. Economic activities and economic problems of a country are no longer belong to the country, but become a problem of another country in the world. Economic globalization and the changes force Indonesia to be more competitive on the domestic and global trading in order to win the competition.

In the global trading, competition is a challenge and an obstacle for Indonesia. It is a challenge due to the competition that make Indonesia to improve the product quality and the productivity to be able to win the competition. If Indonesia product can win the competition in the global trading, the product will sold well and the earned foreign exchange will increase also. It is an obstacle, because Indonesia is not capable yet to produce more high quality and Internationally Standard products. (Prabowo, 2005)

For Indonesia, foreign trade is still the main driving force of the domestic economy circle. The consequences are, deregulation policy of real sector has to be the main instrument, as an adition of the monetary policy that used to be the main support of national economic policy. The steady of the real sector growth especially foreign trading will give real contributions to the sustainability of the national development. On the contrary, every interference to the increase of the trading especially the export will impact on the rate of national economics growth.

The crisis hit Europe and United State on 2011 is impact on Indonesia economics for sure. The crisis indicates the economic retardation of Europe and US that impact on the demand reduction. The most impact was the decreasing of our export to those countries.

According to BPS (Central Statistic Agency), Indonesian trading surplus on the third quarter on 2011 was increase for 37,5% bigger than the same periode of 2010.

However the Indonesian export performance began to weaken on September 2011 compared to the previous month. On September, Indonesian export is decrease than August. Shown on the export value of September that only \$US 17,54 billion, compared to the August that reach \$US 18,64 billion. The decrease keep happened until October, which is \$US 16,95 billion.

From the data, the decreasing of export to Europe and US is the biggest contribution to the decreasing of Indonesian export performance. BPS launched that on September 2011, Indonesian export to the Europe Union decreased on \$US 543 million and export to US decrease on \$US 200 million. The decrease will continue if Indonesia could not make to get a new market as alternative export destination, considering the instability of Europe and US economy.

To solve this problem, one of the step possibly taken by Indonesian Government is by reorientation of the export market to Asia, especially ASEAN. In the medium term , reorientation is capable to boost the export which has been decreased during the crisis. In the long term , export reorientation will be able to expand Indonesia's export market by creating new market targets. (<http://www.bps.go.id/>).

Based on the consideration, Indonesian export market reorientation to ASEAN is the main empirical study in this article. ASEAN member countries have been applying economic integration since 1976 trough APTA, on 1993 trough AFTA, and on 2008 AEC was launched and will be implemented on 2015. During that time Indonesia has actually done the export reorientation with the countries, member of ASEAN. However it was seem less intensive, considering the dependency of Indonesia to main trading partner like Europe and US is relatively big, and also supported by the stable condition of the trading partner. The crisis on Europe and United State forced Indonesia to intensify the trading especially to the member of ASEAN, before AEC implemented on 2015.

Export is defined as an activity involving production of goods and services produce by a country to be consumed out of the country boundaries (Triyaso, 1994). Thus the impact of the national export performance not only seen by its contribution to the state revenue, but also has to be seen from the growth rate and export volume, and the diversification, whether in the market variation or product (export structure). According to Tambunan (2001), Indonesia is only stated to be succeed in the strategy of export development when the average of export growth rate is high and the export composition no longer dominated by agricultural and mining commodity (oil and gas).

One of the indicators used to measure the performance of a country is by looking at its export performance. Export performance of a commodity from a country is a reflection of the commodity competitiveness, compared to similar commodity from the average of export destination countries. In other words, theoretically, export of a country is not directly reflecting a commodity with potencies of competition or has a niche in international market. Commodity with export capacity showed how high its excellence or the commodity comparative excellence. (Basri, 2010; Salvatore, 2003; Halwani, 2005).

METHODS

There are some methods applicable to see the commodity export performance of a country to another. However, this study is using the simplest method yet able to describe a clear illustration about the problem. The method is Share and Growth Analysis. The data analyzed is Indonesia's export commodity to ASEAN-\$ data based on the *Standart International Trade Classification (SITC)* codes classified on the *product section (chapter)* as shown on Table 1.

Table 1: SITC Codes Commodity Classification based on *Product Section*

Nomor	Chapter	Section
1	01 - 05	Live Animals
2	06 - 14	Vegetable Products
3	15	Fats and Oils
4	16 - 24	Prepared Foodstuffs
5	25 - 27	Mineral Products
6	28 - 38	Chemical
7	39 - 40	Plastics
8	41 - 43	Hides & Leather
9	44 - 46	Wood & Wood Articles
10	47 - 49	Pulp and Paper
11	50 - 63	Tekstils & Apparel
12	64 - 67	Foodwear
13	68 - 70	Stone/Cemen/Ceramics
14	71	Gems
15	72 - 83	Base Metal & Metal Articles
16	84 - 85	Machinery & Electrical Appliances
17	86 - 89	Vehicles
18	90 - 92	Optical, Precision & Musical Instruments
19	93	Arms
20	94 - 96	Miscellaneous Manufactured Articles
21	97 - 98	Antiques & Works of Art
22	99	Other

Source: *Statistik Indonesia*, BPS 2012

RESULT

From the categorized commodity based on product section as shown on table 1, the average data of Indonesia export to Malaysia, Philippine, Singapore and Thailand during 2000-2012 are shown on table 2 :

Table 2: Average of Indonesian export to ASEAN-4 based on Product Section, periode of 2000 – 2012 (in US\$)

Chapter	I-M	I-P	I-S	I-T	Total	Rata-rata ASEAN
01 - 05	183,675,080	31,040,161	156,250,747	180,499,547	551,465,535	137,866,384
06 - 14	491,897,920	66,744,812	183,372,513	271,187,446	1,013,202,691	253,300,673
15	-	-	-	1,131,752	1,131,752	282,938
16 - 24	37,353,902	7,462,908	136,338,393	38,838,438	219,993,642	54,998,410
25 - 27	60,304,009	5,759,825	312,923,611	59,806,725	438,794,169	109,698,542
28 - 38	487,093,793	636,620,110	1,001,966,110	491,063,395	2,616,743,407	654,185,852
39 - 40	-	-	-	-	-	-
41 - 43	334,164,360	17,019,626	185,534,987	5,807,753	542,526,726	135,631,681
44 - 46	-	-	-	-	-	-
47 - 49	-	-	-	-	-	-
50 - 63	806,747,423	225,174,696	334,969,368	704,866,076	2,071,757,563	517,939,391
64 - 67	512,582,971	190,471,517	351,538,818	260,387,830	1,314,981,136	328,745,284
68 - 70	358,722,991	82,380,454	650,847,050	254,461,559	1,346,412,055	336,603,014
71	137,363,755	40,012,714	183,355,944	157,197,414	517,929,827	129,482,457
72 - 83	2,199,997,433	313,751,624	2,678,412,325	1,402,938,093	6,595,099,475	1,648,774,869
84 - 85	51,609,874	13,270,280	79,687,310	23,618,028	168,185,493	42,046,373
86 - 89	87,608,823	25,750,301	226,493,997	56,071,882	395,925,002	98,981,251
90 - 92	351,980	38,139	19,255,243	54,987	19,700,349	4,925,087
93	-	-	-	657	657	164
94 - 96	88,554	519	600	952	90,626	22,656
97 - 98	13,920,687	143,080	152,248,483	12,753,580	179,065,830	44,766,458
99	42	-	90	-	133	33
Total	5,763,483,597	1,655,640,767	6,653,195,590	3,920,686,114	17,993,006,069	4,498,251,517
Ranking	II	IV	I	III		

Description : I-M: Indonesia to Malaysia export; I-P: Indonesia to Philippine export; I-S: Indonesia to Singapore export; I-T: Indonesia to Thailand export

Source : processed raw data, BPS on various publishing year.

The table shows that for thirteen years during 2000 – 2012, the most dominant destination of Indonesian export is to Singapore. It seen from the average export value that reach US\$ 6,63 billion / year. Based on product section, there are only three commodities with export value below the ASEAN average, which is : *product section 06-14 (vegetable products), 50-63 (textile & apparel), and 94-96 (miscellaneous manufactured articles)*, the rest is above average. Almost all of the commodity has export value above the average of ASEAN 4. Followed by the second place, which is to Malaysia, for US\$ 5,769 billion with the export value above ASEAN 4 average (yellow colored block). The third place is to Thailand, for US\$ 3,920 billion, and the last place is to Philippine (US\$ 1,656 billion).

Export performance, as presented earlier on Share and Growth Analysis is surely observed by the perspective of contribution (Share) and Growth from the exported commodity. From the Indonesian export market (table 2) we can calculate the contribution of each export to ASEAN-4 as shown on table 3 :

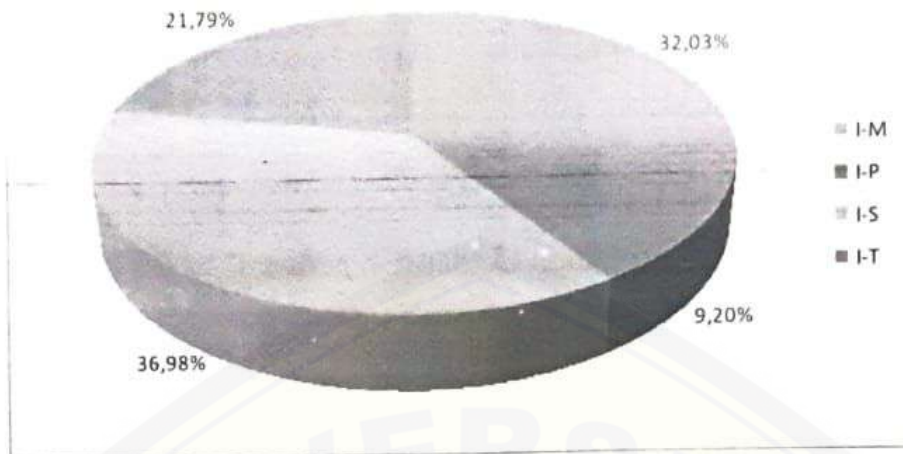
Table 3: Indonesian Export Contribution to ASEAN-4, period of 2000 – 2012 (on %)

No	Negara	Total Ekspor (US\$)	Share (%)
1	I-M	5,763,483,597	32.03
2	I-P	1,655,640,767	9.20
3	I-S	6,653,195,590	36.98
4	I-T	3,920,686,114	21.79
5	I-A	17,993,006,069	100.00

Source: Table 2, processed

The table shows that the dominant destination of Indonesia's export is to Singapore with 36,98% contribution, followed by Malaysia 32,03%, Thailand 21,79% and the last is Philippine 9,20%. It means the export destination to ASEAN-4 is relatively various, the differences between Singapore and Malaysia is not too far. The whole Indonesia export Share to ASEAN-4 is clearly described on Image 1

The export performance is not only observed from the export contribution, but also from how fast the growth rate is. It classified as good if it has a bigger growth rate than total average of ASEAN-4 as a comparison. Table 4 is presenting the export growth rate of Indonesia to ASEAN-4.



Description : I-M: Indonesia to Malaysia; I-P: Indonesia to Philippine; I-S: Indonesia to Singapore; I-T: Indonesia to Thailand

Source: Table 2

Figure 1: Share of Indonesian Total Export to ASEAN-4 on 2000 - 2012 (in %)

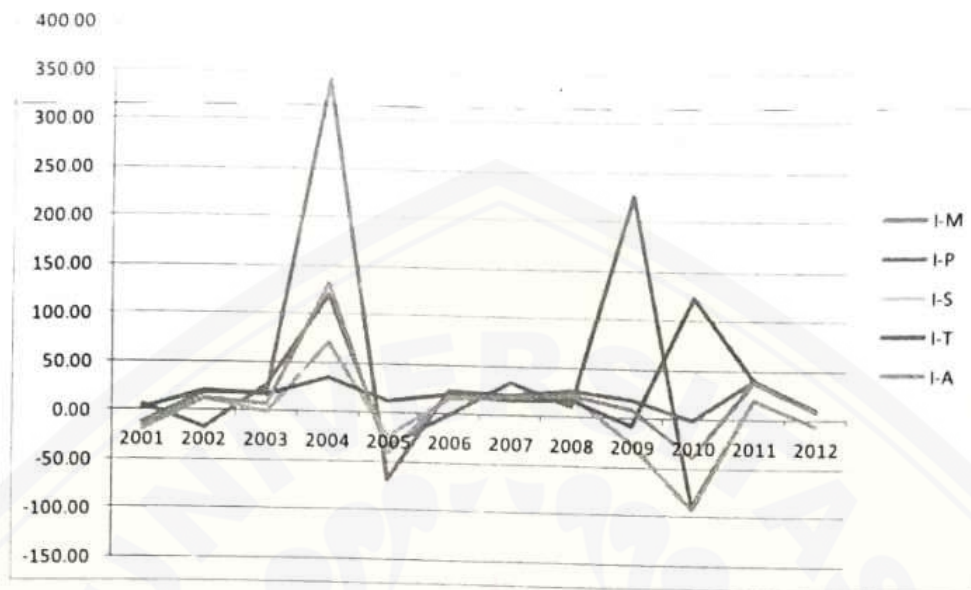
Table 4 shows that the growth rate of Indonesia to ASEAN during thirteen years is very fluctuating. Export grows positively and negatively. It happens to all the destination countries. Therefore the export commodity with a higher growth rate is Malaysia. Only on 2005 it has a lower rate. Followed by Philippine (green colored block) , and Thailand, and the final rank is Singapore.

Table 4: Average Growth Rate of Indonesian Export to ASEAN-4 on 2000-2012 period (in %)

Negara	TAHUN												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
I-M		-13.42	18.91	19.04	342.02	-67.87	23.91	19.86	26.23	18.06	-1.63	39.28	9.92
I-P		4.52	-17.62	26.70	119.84	-34.24	-1.14	32.73	10.38	224.51	-89.41	20.69	-5.18
I-S		-19.84	11.68	-2.00	70.96	-23.84	14.75	17.73	22.48	-25.78	-92.60	20.69	-5.18
I-T		2.19	20.75	16.45	35.15	11.81	19.82	14.68	17.55	-7.17	124.14	39.28	9.92
I-A		-14.50	11.05	6.68	130.95	-40.69	16.11	19.00	21.58	8.84	-39.75	37.67	8.70

Source: Processed Raw Data, BPS

The conditions on table 4 is clearly illustrated on the chart on image 2



Source: Table 3

Figure 2: Growth Rate of Indonesian Export to ASEAN-4, 2001 – 2012 period (in %)

Figure 2 indicated during thirteen years the export growth rate is relatively fluctuated. Therefore the export fluctuation on 2014 is likely increase rapidly. It is understood because during the times , year of 2004 is the most stable year and economically recovered after the economic crisis since middle 1997 happened to almost all of South East countries. On 2010, almost all of Indonesia's export has a negative growth, except for Philippine destination. This is due to the crisis happened on US by the down of property business which has an enormous impact on Indonesia's general economic.

From the Share and Growth Analysis, the two analysis is combined to obtain a formulation of commodity export performance. In other words, export performance is not only observed from the share analysis or growth analysis, it needs to be combined

to identify which country has potential export destination. The combination of Share and Growth Analysis is presented on table 4.

Table 5: Contribution and Growth Rate of Indonesia's Export to ASEAN-4, 2000 – 2012 period (in %)

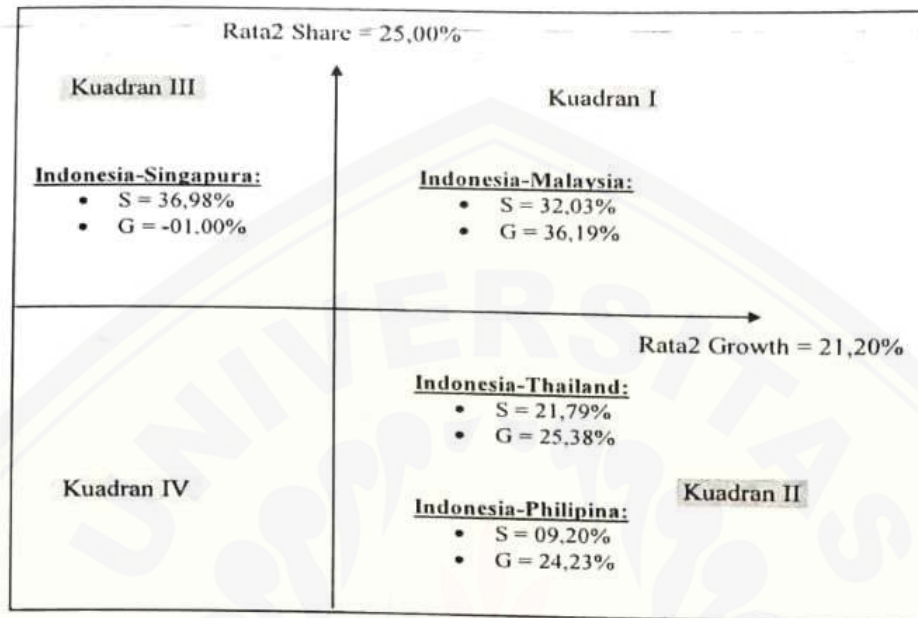
No	Negara	Laju Pertumb	Share
1	I-M	36.19	32.03
2	I-P	24.23	9.20
3	I-S	-1.00	36.98
4	I-T	25.38	21.79
5	I-A	21.20	25.00

Source: Table 3 and 4, processed

Table 5 showed Indonesia's export to Malaysia has Share and Growth above ASEAN-4 average, which is 32,03% and 36,19%. Indonesia to Thailand and Philippine have below average Share which is 21,79% and 09,20%. The Growth is below the ASEAN-4 average that is 25,38% and 24,23%. Indonesia to Singapore share is 36,98% and growth is -1,0%. Detail description about which destination country is potential to develop, is shown on image 3

On Figure 3, it is clearly shown that Quadrant I is the most potential to develop (Indonesia to Malaysia) because it has highest share and growth. The second place is on quadrant II (Indonesia to Philippine and Indonesia to Thailand) with high share and growth. The third place is on quadrant III (Indonesia to Singapore) with a high share and a low growth. This image indicates that potencies come from high growth even if it has a low share. Means, it is possible for the commodities export to increase. Export from Indonesia to Singapore has achieve the saturation point caused by the negative growth. It require a product diversification. It might happened because instead of

product which is using a lot of labour on the production, Singaporean needs manufactured product with capital intensive production, because Singapore has become a new industrial country.



Source: Table 5

Figure 3: Share and Growth Analysis of Indonesia's Total Export to ASEAN-4, period of 2000 – 2012 (in %)

CONCLUSION AND RECOMMENDATION

The study has conclude that export reorientation by Indonesia to economic integration is not maximal yet, proved by the uneven spread of the export segment to ASEAN-4, and it brought its consequences to Indonesia. Export reorientation is important to do by a relatively small country sich as Indonesia (Indonesia's currency is not capable to influence international currency). The purpose is to export evenly on much countries, not only concentrate to certain county and depending on the main trading partner. So, when the partner country has a crisis it will not affect too much on Indonesia's economy, and the instability is impossible to occur.

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