



BEHAVIOR AND GROWING TREND OF THE INDONESIAN COFFEE EXPORT *)

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ABSTRACT

The fast growing trend of world coffee production in the 1990's decade created an excess supply situation, which also encouraging more intense of market competition among the exporting countries. The decrease of share and value of the Indonesian coffee export in the world market in the period of 1990 to 2008 showed as indicator of lower competitiveness either in form of coffee beans or processed coffee. The objective of this study consisted of (1) to analyze the progress of Indonesian coffee export, (2) to analyze the export behavior of Indonesian coffee and (3) to identify the export competitiveness of Indonesian coffee products. The analysis methods used in this study were trend analysis, multiple regressions and analysis of Market Share. The result showed as follows: (1) there were fluctuation of export volume and value growth in the period of 1990 – 2009. Volume and value of Indonesian coffee export have an increasing trend. Nevertheless, the increasing rate of Indonesian coffee export volume is higher than the increasing rate of export value.

(2) factors influencing Indonesian coffee export were world coffee price, domestic coffee price and exchange rate, and (3) the position of the Indonesian coffee bean export was at the third rank after Brazil, and Vietnam in German market, while in the USA market it was at the fourth rank.

Keywords: export behavior, competitiveness, coffee.

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Introduction

Coffee has a long history and has an important role for economic growth in Indonesia. Indonesia is endowed with a unique geographical location which is perfect for the coffee plants. Location of Indonesia is ideal for micro-climate for the growth and production of coffee. Coffee plantations in Indonesia consist of Plantation People (Smallholder), Estate of the State (Government) and Private Estates (Private). Of the total area recorded in 2002 of 1,372,184 ha and the production of 682019 tons of coffee in Indonesia, it is known that about 97% came from the People's Plantation, while the remaining approximately 3% grown in the form and Estates Private Estates. Position indicates that the role of farmers in the development of the national coffee is very dominant.

Coffee plant is an export commodity that was encouraging because it has a relatively high economic value in the world market. Arabica coffee plant species currently has a relatively high economic value compared to Robusta coffee which in 1990 the price of Arabica coffee 1.85 U \$ D / Kg, whereas Robusta coffee 0.83 U \$ D / Kg (Hasmawati, 2008). More than 90% of Indonesia's coffee production is the production of coffee and the rest of the people are the production of large state-owned coffee plantations and private. Since 1984, Indonesia includes to producing countries and third world coffee exporter after Brazil and Columbia. Meanwhile, Indonesia is currently the fourth largest coffee producing country in the world with the largest land area second only to Brazil. While the volume of coffee exports from the country is still large in the form of coffee beans was recorded at the worlds fourth largest after Brazil, Vietnam, and Colombia. This is a great opportunity for Indonesia to earn income.

Coffee prospect was encouraging when viewed from the acquisition of the foreign exchange and the amount of coffee consumed in the country. But the coffee trade in Indonesia still has many problems severe enough that the excess production. Several attempts have been made by the Government and parties concerned to overcome this problem, among others, increasing the value of exports and domestic consumption. Indonesia state level of coffee consumption is small compared to most other countries in the world. Although an increase each year, the number of Indonesian coffee

consumption has not contributed significantly to the domestic sales of commodity coffee. One reason for the low consumption of coffee in the country is the lack of information health benefits of coffee as a beverage. Whereas in other countries such as Japan, America, Singapore, Canada and West Germany's high level of consumer society. Countries with the greatest level of coffee consumption may be choice target exports of coffee producing countries. Meanwhile, Indonesia commodity prices are determined by supply and demand of international coffee. Moreover, the coffee industry is currently facing various problems, including low production of national and world and on the other hand the level of coffee consumption is still low. Apparently a lot of factors that influence the supply of coffee. This is why the supply and demand for coffee also experienced fluctuating growth.

Surge in prices on coffee world markets cannot be exploited by coffee farmers of Indonesia to boost export volume. Because, instead of domestic coffee production is down. Indonesia's coffee exports are down because production is also declining due to the delayed harvest due to the influence of climate change. Whereas Robusta coffee prices in international markets rose since the last week of 1.4 dollars per kilogram to US\$ 1.6 per kilogram. Arabica coffee prices reaches twice the price of Robusta coffee which is 3.2 dollars per kilogram. Indonesia Arabica coffee production is Arabica special price 30% higher than regular Arabica. The value of coffee exports during the period January-April 2010 reached US\$ 158.6 million, lower than the value of coffee exports in the same period of 2009 to reach 199.8 million US\$ (WWF, 2010).

Coffee trade conditions change we need a review of the prospects of development of the coffee trade, coffee trade in particular Indonesia to importing countries. Prospects can be seen from the condition of the development of the importing countries are the United States, Australia, Japan and Germany. Based on the phenomena, it is interesting to study and analyze the trend of volume and value of coffee exports Indonesia, the factors that affect the export of coffee in Indonesia as well as the contribution of Indonesian coffee exports in some countries of the world coffee importer.

The Research of Methodology.

This study uses secondary data from 1990 to 2009. The method used is descriptive, analytic and correlation. Data analysis method used is the Least Squares analysis (Least Square Method), multiple regression analysis, and analysis of market share. Market share indicates the proportion of coffee exports from Indonesia to the total imports in the world's largest importer of coffee.

Result of the research

Development of the Indonesia Coffee Exports

The data show that the volume and value of coffee exports fluctuated, sometimes up sometimes down. Development of Indonesia's coffee exports began in 1990 – 2009 is presented in table 1.

Table 1. Development of the Indonesia Coffee Exports in 1920-2009

Year	Indonesia Coffee Exports	
	Volume (tons)	Value (\$ 1,000)
2000	337600	312221
2001	249202	182900
2002	322758	218906
2003	321180	251250
2004	339880	283328
2005	443366	498372
2006	411721	583513
2007	320600	634155
2008	468019	989401
2009	510189	822313

Based on Table 1, it can be explained that the development of Indonesia's coffee exports in the next 20 years, beginning in 1990 and 2009 showed varying fluctuations. Visible lowest export volume in 1995 amounting to 230 066 tones, while the lowest value of exports in 2001 amounted to U.S. \$ 182 900 000. Largest export volumes occurred in 2009, but the high volume of exports was not followed by high value of exports, due to Indonesia's coffee exports peaked in 2008.

Development of Indonesia's coffee exports during the period of 20 years starting in 1990 and 2009 can be observed on the graph has been presented in Figure 1.

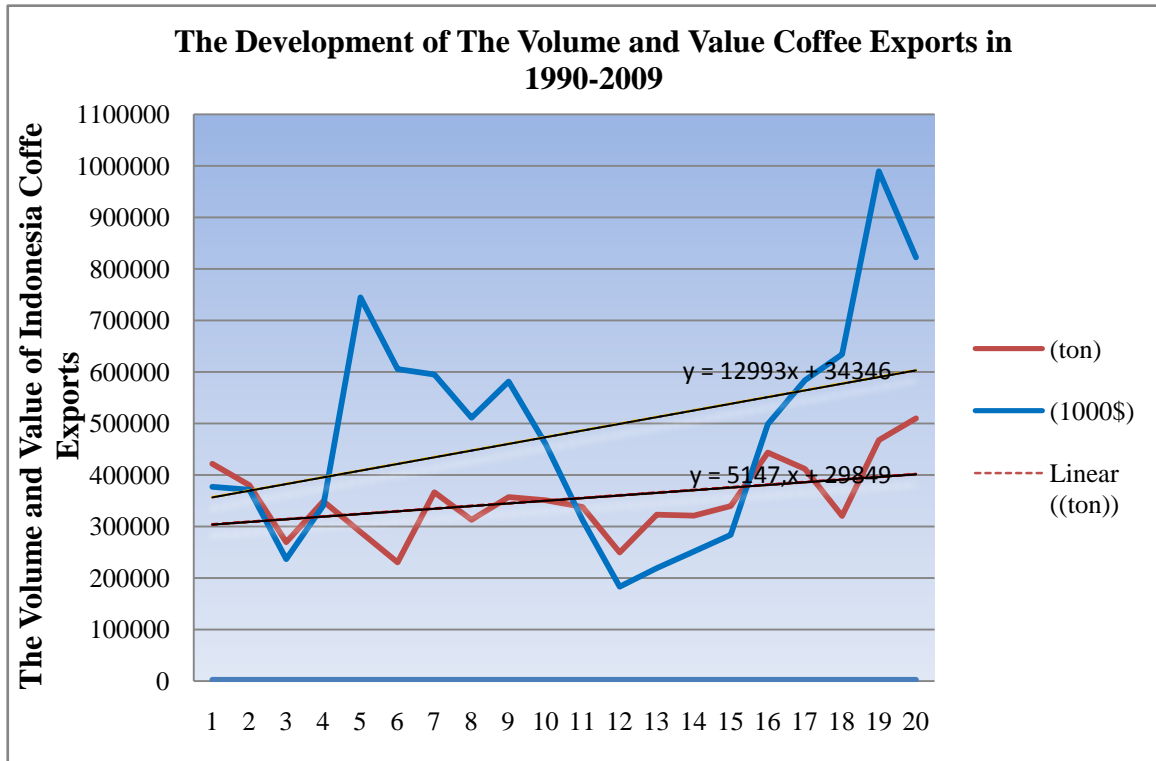


Figure 1 shows that the volume and value of coffee exports both show an upward trend. The rate of increase in export value is higher than the rate of increase in export volume. Each has a trend line with equation:

Volume of export: $Y = 29\ 849 + 5147X$
 The export value: $12993X + Y = 34\ 346$

Development of Indonesia's coffee export volume is always expected due to increased demand for Indonesia's coffee importers from various countries of the world's coffee such as: American, Japanese, German and others. The increase in export volume one characteristic is a change in export prices of coffee or world coffee prices.

Factors Influencing Indonesian coffee export

Indonesia's coffee exports behavior is explained by analyzing the various factors that influence the volume of coffee exports Indonesia. Indonesia's coffee exports allegedly affected by the domestic coffee price (Pdom), Indonesia's coffee production (production), the exchange rate (exchange rate) and the world price (PW). The analysis showed that the production did not significantly affect the volume of exports. It is quite possible because the coffee is export-oriented products, the demand for coffee from importers over the State to determine how the volume of coffee that will be exported. In detail, the influences of these variables are presented in Table 2.

Table 2. Results Analysis of Factors Affecting Indonesia Coffee Exports
Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	358173.143	100334.182		3.570	.003
Pworld	88.591	32.876	.831	2.695	.017
Exchange	22.684	9.479	1.273	-2.393	.030
Pdom	15.039	4.796	1.431	3.135	.007
Production	.228	.226	.395	1.010	.329

Based on the results of multiple linear regression analysis in Table 2, the equation can be formulated export (export behavior) coffee Indonesia as follows:

$$Y = 358173,143 + 88,591 PW + 22,684 Rate + 15,039 Pdom + 0,228 Production$$

Variables world prices, domestic prices, exchange rates and the production of a positive effect on the volume of coffee exports Indonesia. This can be explained that the higher the domestic and world coffee prices will be increased the volume of coffee exports Indonesia. The increase in the exchange rate (which means the rupiah weakened) cause I kg of coffee exports is higher than previously paid. Condition that stimulates increasing in exports. Clearly at the time depreciation of the value of coffee exports to more higher.

The position of the Indonesian coffee bean export in the world coffee Importer

Until 2009, Indonesia became the fifth country of the world coffee exporter, after a row from the world's biggest exporter: Brazil, Vietnam, Colombia and Germany. Data from FAOSTAT indicate that Germany became the State of the importers as well as the world's leading exporter of coffee. Picture of Indonesia's coffee exports trade flow is presented in Figure 2.

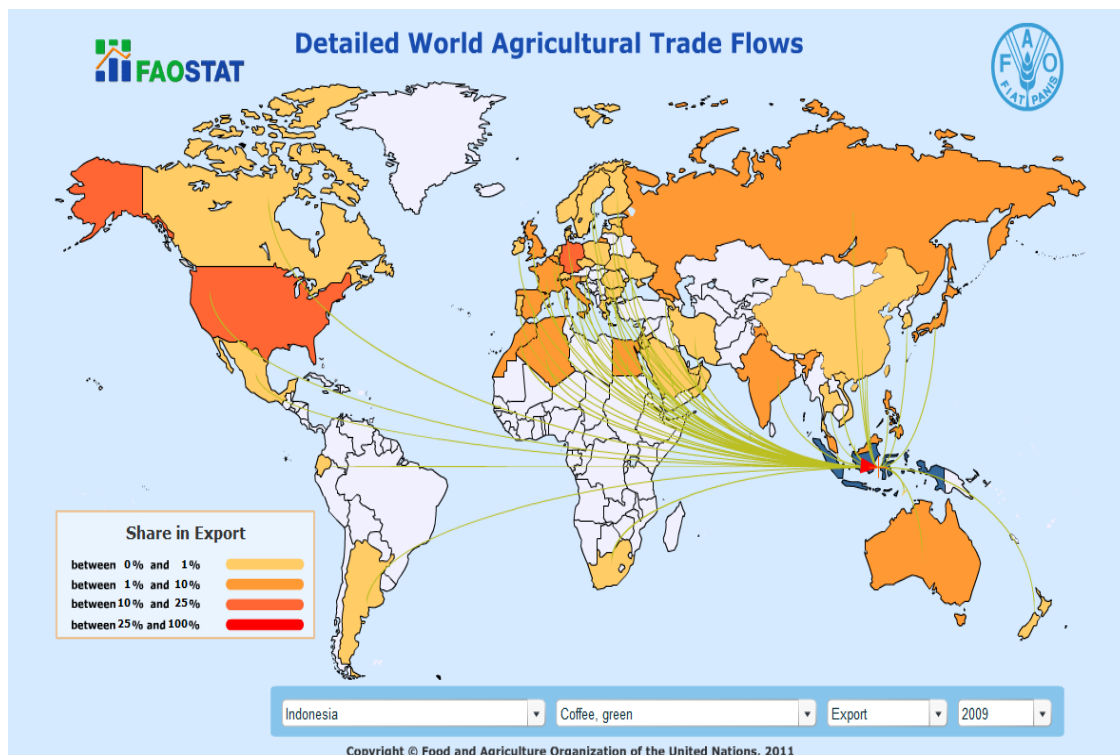


Figure 2. Trade Flow of Indonesian coffee exports in 2009

Figure 2 describes the five countries importing coffee from Indonesia such as the USA, Germany, Belgium, Italy and Japan. There seems to be a special taste of Indonesian coffee is preferred by those countries. Indonesia coffee therefore quite likely to supply coffee world, proved Indonesia is still occupying the fifth largest coffee exporting country in the world.

Next picture of Top Rank Country coffee supplier to German market are described in Table 3.

Table 3. Top Rank Market Share Coffee Exports in Germany in 2005

years	Brazil	Vietnam	Indonesia	Peru	Honduras
2005	253846	152828	84293	44469	40271
2006	282981	185411	61784	74811	58392
2007	284409	233946	47372	62092	54095
2008	294870	168546	91993	67465	63280
2009	352879	171359	83437	71417	64448
Percentage	33.5	16.3	7.9	6.8	6.1

Based on Table 3, shows that Germany has one of the world coffee importers. Some countries export coffee to country Germany are Brazil, Vietnam, Indonesia, Peru, and Honduras. Import needs of the German coffee importers of the five countries are different to the amount of imports. Indonesia is one of the nation's third largest coffee exporters to Germany with export volume from 2005 to 2009, which fluctuates. In 2005 Indonesia exported coffee to Germany in large numbers is equal to 84 293 tones, but in 2006 and 2007 Indonesia's coffee exports to Germany decreased in the amount of 61 784 and 47 372 tones. Later in the year 2008 has increased again by 91 993 tones and in 2009 again experienced a decline in exports of 83 437 tones.

The following rank top coffee exporters in the USA market are presented in Table 4.

Table 4. Top Rank Market Share Coffee Exports in U.S. in 2005-2009 (Tons)

years	Brazil	Colombia	Guatemala	Indonesia	Mexico
2005	251437.0	241346.0	104972.0	95767.0	54689.0
2006	272813.0	230567.0	99156.0	100437.0	76247.0
2007	281182.0	241451.0	108851.0	67289.0	75673.0
2008	279771.0	250350.0	114011.0	80805.0	71390.0
2009	322881.0	197230.0	104253.0	78608.0	80407.0
Percentage	22.1	18.2	8.3	6.7	5.6

Based on Table 4 above shows that our country has one of the world coffee importers. Some countries export coffee to the America are Brazil, Colombia, Guatemala, Indonesia, and Mexico. American needs to import coffee importer, the five

countries are different from the amount of imports. Indonesia is one of the nation's fourth largest coffee exporters to America with export volume from 2005 to 2009, which fluctuates. In 2005 Indonesia exported coffee to the U.S. in large numbers is equal to 95 767 tons, and in 2006 Indonesia's coffee exports has increased by 100 437 tons. But in 2006 Indonesia's coffee exports to the United States has decreased the amount of 67.89 tons. Later in the year 2008 has increased again by 80 805 tons and in 2009 again experienced a decline in exports of 78 608 tons.

Conclusion

This research concluded several things, including:

- (1) there were fluctuation of export volume and value growth in the period of 1990 – 2009. Volume and value of Indonesian coffee export have an increasing trend. Nevertheless, the increasing rate of Indonesian coffee export volume is higher than the increasing rate of export value.
- (2) factors influencing Indonesian coffee export were world coffee price, domestic coffee price and exchange rate,
- (3) the position of the Indonesian coffee bean export was at the third rank after Brazil, and Vietnam in German market, while in the USA market it was at the fourth rank.

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