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"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Analysis of Coffee Exports in Indonesia**Sri Endang Rahayu^{1*}**

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***Email:** sriendang@umsu.ac.id**ABSTRACT**

One commodity that can affect the performance of the agricultural sector is coffee. Indonesia is among the top five largest coffee producing countries in the world. Coffee is one of the plantation commodities that is expected to increase the value of exports and can increase Indonesia's economic growth. Coffee commodities act as a source of income for coffee farmers, a source of foreign exchange, a producer of industrial raw materials, and a provider of employment through processing, marketing, and trade activities both domestically and abroad. The purpose of this study was to describe how Indonesian coffee exports to the international market. The data used is secondary data sourced from BPS with data collection techniques, namely documentation and data analysis techniques with descriptive analysis techniques. National coffee production has shown an upward trend since 2002. Although, it has fluctuated since 2002, for the first time Indonesia's coffee production touched 717,962 tons in 2017. Then, since 2017 Indonesia's coffee production has continued to increase slowly until 2019. And experienced a drastic increase with total coffee production at 1,250,452 tons with a growth of 66.17%. The high increase in production in 2020 is due to coffee productivity which tends to increase even though the area of coffee plantations has decreased. Coffee production has increased but coffee exports have also decreased. Coffee production has increased but coffee exports have also decreased. In 2012, Indonesia's coffee export value was at 1,243,825.8 US dollars, this figure fluctuated until it experienced a drastic decline since 2018 to 806,878.6 US dollars or 277,411.2 tons. Until 2021, there was only a slight increase where coffee exports were at 849,373.2 US dollars or 384,510.6 tons. Indonesia's coffee exports to various countries have decreased, this is due to the increasing demand for coffee in the country with the increase in coffee lovers in Indonesia. Indonesian coffee exports by destination country from 2016-2021 which occupy the largest export positions are the United States, Egypt, Japan, Malaysia and India.

Keywords : coffee commodities, coffee production, Indonesian coffee exports

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INTRODUCTION

Indonesia's economy has tended to grow positively over the past six years, especially from 2016 to 2019 and 2021. Indonesia's GDP growth in 2020 slowed down to -2.07%. This decline occurred due to new policy spending by the government, both in economic activities and social activities. (Renata Nindya Savira, 2022). While other sectors experienced insignificant growth, the agricultural sector was able to grow positively throughout 2021, amounting to 13.28% of national GDP. The contribution of the agricultural sector to national GDP in 2021 was recorded to have decreased by 0.42 percentage points compared to the previous year which reached 13.7% (BPS, 2022). However, if measured by GDP at constant prices (ADHK) 2010, the agricultural sector throughout 2021 only grew 1.84% compared to the previous year. Although higher than the achievement in 2020, the growth of the agricultural sector in 2021 is still lower than that before the Covid-19 pandemic (Databoks, 2022).

One commodity that can affect the performance of the agricultural sector is coffee. Indonesia is among the top five coffee-producing countries in the world. Coffee from the country has also been widely recognized by coffee lovers from all over the world. Indonesian coffee has the advantage of a variety of varieties, quality and taste. Each variety of Indonesian coffee has a distinctive flavor because it is influenced by the region where the coffee is grown. Indonesia has a tropical climate, its vast territory, many high mountains and areas that have high water availability are the advantages of Indonesia for growing coffee (Maulani, 2021).

According to (Indra, 2011) coffee is one of the plantation commodities that is expected to increase export value. Coffee is one of the mainstay export plantation commodities that plays an important role in Indonesia's economic growth. Coffee commodities act as a source of income for coffee farmers, a source of foreign exchange, a producer of industrial raw materials, and a provider of employment through processing, marketing, and trade activities both domestically and abroad (Hervinaldy, 2017).

During the covid-19 pandemic, coffee production in Indonesia in 2019 was recorded at 752,511 tons and in 2020 experienced an increase that could boost GDP growth to 1,250,452 tons with a coffee export volume of 186.8 thousand tons with a coffee export value of 809.2 million. Where the value of coffee exports fell 7.8% from the previous year which reached US\$ 872 million (BPS, bps.go.id, 2022). In 2021, coffee production increased to 1,258,979 tons and coffee export volume increased by 384.51 thousand tons with an export value of US\$ 849.37 million.

Coffee commodities play a role in increasing Indonesia's GDP, because an increase in coffee exports will increase foreign exchange. Indonesian specialty coffee is a commodity that has enormous potential to compete in foreign markets, especially Europe, America and Asia. This potential can bring foreign exchange to Indonesia. (Maulani, 2021). (Sedyaningrum, 2016) explain that a fixed export volume will not have an impact on GDP per capita. However, an increase in production followed by an increase in exports does not always occur.

COVID-19 has devastated various strategic sectors in many countries, and Indonesia is no exception. This virus entered Indonesia in March 2020, since then the government has implemented a control policy in the form of Large-Scale Social Restrictions (PSBB). This control strategy has had a direct impact on one of the crucial sectors in Indonesia, namely the economic sector which has caused disruption to the buying and selling system both on a micro and macro scale.

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Although the government has made various efforts to prioritize economic sectors while also focusing on controlling COVID-19, Indonesia's export growth has also been affected due to mobilization restrictions and disrupted distribution channels.

The Covid-19 pandemic has also reduced the performance of coffee exports, which is reflected in the dynamics of coffee export values that tend to decline during the Covid-19 pandemic. In addition to the dynamics of coffee export values that tend to decline during the Covid-19 pandemic, Indonesia's coffee agribusiness also has constraints, both at the upstream and downstream levels. Low plant productivity is a problem of Indonesian coffee development at the upstream level. At the downstream level, the constraints faced by coffee farming actors are limited production facilities and infrastructure (processing and packaging machines) and lack of technology dissemination (Nalurita, 2014). These conditions are factors that cause the absence of welfare for Indonesian coffee farmers.

The upstream agribusiness subsystem is a subsystem that provides production advice ranging from seeds, animal feed, fertilizers, drugs to control plant pest organisms, fuel, agricultural tools and agricultural production equipment (Maulidah & Silvana, 2012). The downstream agribusiness subsystem is the subsystem of processing and marketing of agricultural products and their preparations. In this subsystem there is a chain starting from the collection of farm products, processing, storage to distribution of agricultural products to consumers (Firdaus, 2008).

METHOD

This research uses a descriptive approach whose purpose is to describe and analyze Indonesian coffee production and exports. The type of data used in this research is secondary data sourced from the Central Statistics Agency (BPS). Data collection techniques with documentation and data analysis techniques used with descriptive analysis.

RESULT AND DISCUSSION

In Indonesia, coffee plants spread in several regions namely Sumatra, Java, Sulawesi, and Bali. Areas that produce coffee are the provinces of South Sumatra, North Sumatra, Lampung, Bengkulu, East Java, Nangroe Aceh Darussalam, and South Sulawesi. The largest coffee producing area is South Sumatra province. The coffee plants developed in Indonesia are Robusta and Arabica coffee types.

Production is one of the sources of supply that has an important role, the availability of coffee intended for export purposes can be seen from the amount of coffee production produced. If the amount of coffee production is large, the availability of coffee exports is also high, making it possible to increase the demand for coffee exports. However, if Indonesia's coffee production is low, the availability of coffee for export will also decrease, which allows export demand to decrease. Coffee production in Indonesia comes from smallholder plantations, large private plantations and state plantations.

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Table 1. Development of Coffee Production in Indonesia
Year 2012-2021

Year	Coffee Production (Ton)	Coffee Production Growth (%)
2012	691.163	-
2013	675.881	-2,21%
2014	643.857	-4,05%
2015	639.355	-0,70%
2016	663.871	3,83%
2017	717.962	8,15%
2018	756.051	5,31%
2019	752.511	-0,47%
2020	1.250.452	66,17%
2021	1.258.979	0,70%
2022	1.262.590	0,30%

Source : BPS, 2022 (processed).

The culture of drinking coffee is arguably ingrained in Indonesia. Indonesia itself is already known as one of the largest and best coffee producers in the world, not infrequently it also helps the Indonesian economy (GoodStats, 2022)

Indonesia ranked 12th as the country with the highest revenue from the coffee market with a total revenue of US\$9,532 in 2021. The first position is occupied by the United States with a total revenue of 81,166 US dollars, followed by Brazil and Japan with total revenues of 38,186 and 30,533 US dollars respectively (GoodStats, 2022).

Of course, this cannot be separated from Indonesia's coffee production figures. According to data from the Central Statistics Agency (BPS), national coffee production has shown an upward trend since 2002. Although, it has fluctuated since 2002, for the first time Indonesian coffee production touched 717,962 tons in 2017. Then, since 2017 Indonesian coffee production has continued to increase slowly until 2019. And experienced a drastic increase with total coffee production at 1,250,452 tons with a growth of 66.17%. Meanwhile, national coffee production is still highly dominated by smallholder plantations rather than state-owned and private plantations.

Coffee production has tended to increase even though the national coffee plantation area has actually experienced a downward trend since 2002. According to BPS (2022), in 2002, it was recorded that Indonesia had 1,372,184 million hectares of coffee plantation land. Unfortunately, in 2020 Indonesia's coffee plantation land remained at 1,250,452 million hectares. Just like the production figures, the national coffee land area was also still dominated by smallholder plantations from 2002 to 2022. The high increase in production in 2020 is due to coffee productivity which tends to increase even though the area of coffee plantations has decreased.

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Table 2. Indonesian Coffee Volume and Exports 2012-2021

Year	Volume (Ton)	Value (US\$)
2012	447.010,8	1.243.825,8
2013	532.139,3	1.166.179,9
2014	382.750,3	1.030.716,4
2015	499.612,7	1.189.551,3
2016	412.370,3	1.000.620,1
2017	464.198,3	1.175.393,1
2018	277.411,2	806.878,6
2019	355.766,5	872.355,4
2020	375.555,9	809.158,9
2021	384.510,6	849.373,2

Source : (BPS, bps.go.id, 2022).

Globally, Indonesia is among the countries with the highest income from the coffee market, but the value of Indonesian coffee exports tends to fall (Lokadata, 2022). BPS noted that in 2012 the value of Indonesian coffee exports was at 1,243,825.8 US dollars, this figure fluctuated until it experienced a drastic decline since 2018 to 806,878.6 US dollars or 277,411.2 tons. Until 2021, there was only a slight increase where coffee exports were at 849,373.2 US dollars or 384,510.6 tons (see table 2). Although Indonesia's coffee production has increased, Indonesia's coffee exports to various countries have decreased, this is due to the increasing domestic demand for coffee with the increase in coffee lovers in Indonesia.

Table 3. Coffee Exports by Country of Destination (000 US\$)

Country Name	Year					
	2016	2017	2018	2019	2020	2021
Jepang	86.504,5	82.361,7	84.319,7	68.522,5	55.922,9	65.434,1
Singapura	15.929,9	18.778,1	24.239,3	27.803,7	10.262,1	9.575,1
Malaysia	67.352,4	82.054,4	66.466,8	56.136,0	55.410,3	49.100,4
India	17.058,5	15.786,1	4.096,6	15.518,1	24.567,9	32.054,2
Mesir	41.171,2	52.796,2	56.953,2	59.042,0	55.023,0	89.082,7
Maroko	17.863,0	23.545,7	20.950,6	16.275,2	15.549,2	21.019,1
Aljazair	17.353,2	38.629,1	8.946,1	7.663,7	9.068,5	6.497,4
Amerika Serikat	269.895,6	256.351,4	254.030,7	253.830,1	202.352,0	194.769,1
Inggris	40.546,1	51.819,3	24.362,3	38.229,3	39.780,2	25.719,9
Jerman	90.185,1	103.992,5	42.859,5	44.904,9	49.533,5	30.399,2
Italia	66.354,5	79.667,3	54.049,0	60.354,7	44.277,3	42.662,9
Rumania	538,6	2.116,6	2.055,7	1.855,0	951,6	953,2
Georgia	20.980,2	24.757,1	20.049,2	20.063,9	20.073,8	23.339,1
Belgia	28.821,9	31.538,0	23.729,6	44.758,7	38.292,7	44.829,1
Belanda	16.216,5	9.236,2	6.766,9	6.775,1	5.703,6	7.239,5
Denmark	712,6	237,3	259,5	105,0	403,6	149,3
Perancis	14.492,6	5.679,1	1.341,5	5.848,6	7.716,0	11.621,7
Lainnya	188.643,7	296.047,0	111.402,4	144.668,9	174.270,7	194.927,2
Total	1.000.620,1	1.175.393,1	806.878,6	872.355,4	809.158,9	849.373,2

Source : (BPS, 2022).

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Table 4. Coffee Exports by Country of Destination (Ton)

Country Name	Year					
	2016	2017	2018	2019	2020	2021
Jepang	35.351,9	29.503,0	30.360,3	25.587,8	23.471,4	27.297,0
Singapura	7.099,1	7.178,0	7.814,1	8.717,1	5.212,9	5.377,0
Malaysia	39.049,0	41.394,1	37.319,8	34.662,2	36.103,8	29.059,1
India	11.574,0	8.291,0	2.236,6	12.578,5	19.998,0	22.109,6
Mesir	21.142,7	24.039,6	29.307,8	34.285,0	32.536,7	48.521,3
Maroko	9.720,5	11.072,4	11.075,1	9.663,9	9.603,7	12.164,1
Aljazair	9.885,0	19.022,9	5.007,9	4.872,6	5.919,6	3.918,1
Amerika Serikat	67.309,2	63.237,6	52.083,5	58.666,2	54.473,7	57.694,0
Inggris	18.355,8	21.937,5	7.555,1	18.923,5	21.349,5	12.259,5
Jerman	42.628,3	44.739,6	13.082,6	18.451,4	21.320,8	13.334,8
Italia	35.804,6	38.102,9	27.929,5	35.452,2	27.237,5	24.590,0
Rumania	282,0	1.207,8	1.076,0	1.140,0	585,6	509,4
Georgia	11.209,6	11.706,5	10.746,0	12.229,6	12.748,0	13.398,0
Belgia	12.152,7	13.156,2	6.207,0	16.259,6	14.758,1	14.434,0
Belanda	6.398,7	2.915,0	1.631,5	1.604,2	1.490,8	2.243,5
Denmark	248,7	57,2	62,6	38,2	75,5	41,3
Perancis	7.657,6	2.415,7	265,8	2.945,3	4.376,4	5.993,4
Lainnya	76.500,9	124.221,3	33.650,0	59.689,2	84.293,9	91.566,5
Jumlah	412.370,3	464.198,3	277.411,2	355.766,5	375.555,9	384.510,6

Source : (BPS, 2022)

Table 3 and Table 4 are data on the value and volume of Indonesian coffee exports by destination country from 2016-2021. The country that occupies the largest export position is the United States. Although the value of coffee exports to the United States has decreased from year to year, it still occupies the first position in Indonesian coffee exports. In 2016, Indonesian coffee exports to the United States amounted to 269,895.6 thousand US dollars or 67,309.2 tons and in 2021 it will be 194,769.1 thousand US dollars or 57,694 tons or 23% of Indonesia's total coffee exports.

The second largest destination country for Indonesian coffee exports in 2021 is Egypt where Indonesian coffee exports amounted to 89,082.7 thousand US dollars or 48,521.3 tons. Although in 2018, 2019 and 2020 Egypt was still in the fourth position of Indonesia's coffee export destination countries. The next largest destination countries for Indonesian coffee exports are Japan, Malaysia, India, Germany and Italy.

CONCLUSION

National coffee production has shown an upward trend from 2002 to 2021. Since 2017, Indonesia's coffee production has continued to increase slowly until 2019. And experienced a drastic increase with total coffee production at 1,250,452 tons with a growth of 66.17%. The high increase in production in 2020 is due to coffee productivity which tends to increase even though the area of coffee plantations has decreased.

Coffee production has increased but coffee exports have also decreased. In 2012, Indonesia's coffee export value was at 1,243,825.8 US dollars, this figure fluctuated until it experienced a drastic decline since 2018 to 806,878.6 US dollars or 277,411.2 tons. Until 2021, there was only a slight increase where coffee exports were at 849,373.2 US dollars or 384,510.6 tons. Indonesia's coffee exports to various countries have decreased, this is due to

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the increasing domestic demand for coffee with the increase in coffee lovers in Indonesia. Ekspor kopi Indonesia menurut negara tujuan dari tahun 2016-2021 yang menempati posisi ekspor terbesar adalah Amerika Serikat, Mesir, Jepang, Malaysia dan India.

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