

INDONESIAN COFFEE EXPORTS IN THE GLOBAL MARKET AND THE VARIABLES THAT AFFECT THEM

Rizky Mulia Rahman^{1*}, Mochamad Ridwan², Hadistyana Mutiarahmi³

¹ Economic Development, Universitas Bengkulu, rizkimuliarahmankiki@gmail.com

² Economic Development, Universitas Bengkulu, mriddwan@unib.ac.id

³ Project Management, University of Malaya, 23056539@siswa.um.edu.my

* Corresponding author

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Rahman, Mochamad Ridwan,
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ABSTRACT

This research aims to analyze the situation of Indonesian coffee exports in the short and long term and the reasons why Indonesian coffee exports can compete in the global market. The data used in this research is secondary data in the form of numerical data with time series data type over 72 months (January 2016 - December 2021). The analytical method used is the Error Correction Model (ECM), using the dependent variable, the volume of Indonesian coffee exports, and the independent variables, namely coffee production, exchange rate, inflation, international coffee prices, and substitute prices. The research results show that no variables significantly influence Indonesian coffee export volumes in the short term. In the long term, only coffee production has a significant positive effect, and the exchange rate has a significant negative effect, while the other variables have no significant effect. There are several reasons for the demand for coffee exported from Indonesia: the type, taste quality, aroma, and uniqueness of the coffee produced in Indonesia.

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INTRODUCTION

Indonesia is an agricultural country that has many agricultural products. As an agricultural country, Indonesia also exports agricultural products. Exporting agricultural commodities has an essential influence on the Indonesian economy (Daengs et al., 2021). The agricultural sector is also estimated to be one of the massive factors in increasing Gross Domestic Product (GDP), earning foreign

exchange from exports, domestic food security, providing employment opportunities, and increasing people's income (Saleh, 2020).

One of the agricultural commodities produced by Indonesia is coffee. Coffee itself was first known to the Indonesian people because it could not separate from the role of colonialism during the colonial period in Indonesia (Pratita, 2022). Coffee is also an agricultural commodity consumed not only by

Indonesians but also by many people throughout the world (Prajanti et al., 2020). The culture of drinking coffee in the world is one of the reasons why this commodity sells well on the market (Rahn et al., 2018). The size of the coffee market can also be seen from its influence on world trade (Akbaridin et al., 2020). This commodity is the second most traded cash crop commodity worldwide in terms of volume. It ranks alongside crude oil as the most valuable

agricultural cash crop exchanged in world history. Consumers consume over 2.25 billion cups of coffee daily (Tamirat & Tadele, 2023).

In export activities, coffee is an incredibly crucial part of Indonesia because coffee exports have become one of the leading sectors (Atmadji et al., 2018). The influence of coffee exports seen from the large volume of coffee exports on agricultural exports, as in Table 1:

Table 1. The Volume of Coffee Exports to the Volume of Agricultural Exports

Periode	Coffee Export Volume (Ton)	Agricultural Export Volume (Ton)
2010	432,721.1	32,743,860
2011	346,062.6	34,107,643
2012	447,010.8	37,531,177
2013	532,139.3	39,339,789
2014	382,750.3	40,913,519
2015	499,612.7	39,903,448
2016	412,370.3	43,081,239
2017	464,198.3	49,534,805
2018	277,411.2	54,681,137
2019	355,766.5	58,695,681
2020	375,555.9	57,849,365
2021	384,510.6	53,721,798

Source: Statistics Indonesia and Ministry of Agriculture

According to data from the International Coffee Organization (ICO), Indonesia is projected to be the fourth largest exporter of coffee in 2022, with exports measured in units of 60kg bags. Indonesia exported 639,900 units.

The countries with the most significant exports were Brazil with 3,226,441 units, Vietnam with 2,802,414 units, and Colombia with 1,045,119 units. This data suggests that Indonesian coffee exports are highly popular globally.

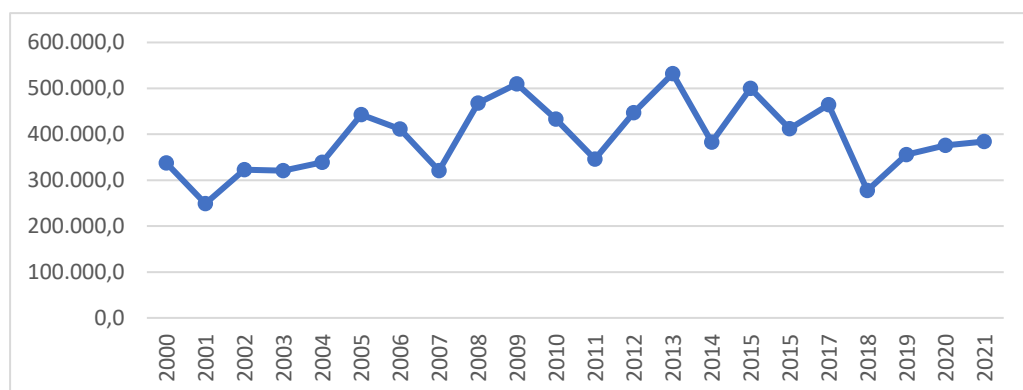


Figure 1. Indonesian Coffee Exports 2000-2021

Source: Statistics Indonesia.

This is mainly because a significant portion of Indonesia's coffee production is exported to various countries worldwide, with only a tiny fraction consumed domestically. Indonesian coffee is exported to several continents, including Asia, Africa, Australia, America, and Europe. The countries that import the most Indonesian coffee are the United States, Malaysia, Egypt, Spain, and Japan. Looking at Figure 1, it is clear that the volume of exports fluctuates significantly. Over the last eleven years, from 2010 to 2021, there have been several decreases in the volume of coffee exports, specifically in 2011, 2014, 2015, and 2018. The most substantial decrease in volume occurred in 2018, dropping from 464,198 in 2017 to 277,411 in 2018, a decrease of 59.8%. Previous studies have focused on the competitiveness of Indonesian coffee export volume in the global market.

Several studies have also reviewed the volume of Indonesian coffee exports. However, research has yet to comprehensively discuss why Indonesian coffee exports are preferred over other coffee-exporting countries, which has resulted in Indonesia maintaining a relatively strong position in the global coffee export market. This research aims to analyze and identify Indonesia's coffee export volume from 2016 to 2021 in the short and long term and explore why various importing countries choose Indonesian coffee.

LITERATURE REVIEW

Theory of Competitiveness

Competitiveness is the capability to maintain profitability, target market, and index strength. Value competitiveness by competitive advantage is achieved by making products at lower costs or providing unique advantages to buyers. In Porter's theory of competitiveness, four things build a country's superiority,

depicted in a diamond shape ([Rustian & Widiastuti, 2020](#)). These factor conditions are domestic demand conditions and product quality requirements of specific industries, the existence of interrelated and competitively supporting industries, strategy, structure, and competition between companies. The higher the level of competition between business actors in a country, the higher the ability to compete in the international market ([Kusumawardhani, 2020](#)).

Aggregate Demand

Aggregate demand is an essential concept in macroeconomics, which explains the relationship between the price level and the quantity of goods and services demanded by all economic actors in a country. The theory of aggregate demand in a country's national and international economy is an analytical method for describing the macroeconomy ([Muhdar, 2018](#)). If aggregate demand is more significant than aggregate supply, producers are incentivized to increase production with more job opportunities, resulting in higher national income. If aggregate demand is lower than aggregate supply, producers will reduce production, thereby causing a reduction in employment opportunities and national income. When aggregate demand equals aggregate supply, there will be a balance, and this balance will not necessarily achieve full employment opportunities. Demand at equilibrium is called effective aggregate demand ([Muhdar, 2018](#)).

Economic Efficiency

Economic Efficiency can be seen in terms of transaction costs and can be interpreted as a measure that shows how sound resources are used and not wasted in producing goods or services ([Daria, 2018](#)). These goods and services must cause maximum satisfaction for economic

actors. This means the economy produces goods and services at the lowest average cost and creates the largest total surplus.

Export Theory

Exports can be interpreted as sending and selling goods from within the country to abroad (Wulandari & Zuhri, 2019). According to Fatina and Husaini (2017), Exporting is an economic activity that sells domestic products to foreign markets. According to Fatina & Husaini (2017), citing Sukirno, exports have several benefits, such as enlarging the market, increasing state income, and opening job opportunities.

Factors Affecting Coffee Exports

Many factors influence the volume of Indonesian coffee exports, including internal and external factors (Irmawati & Indrawati, 2022); these factors include:

Coffee Production

One of the factors influencing coffee exports is Indonesian coffee production. According to Maulana et al. (2016) and Muttaharo (2018), the influence of coffee production on the volume of coffee exports is positive. Coffee production volume shows the amount of coffee harvest output, which is influenced by many factors, such as NR (natural resources), HR (human resources), technology, and market demand (Gading et al., 2022). If production volume increases, excess supply can be sold abroad (Fahmi et al., 2023). On the other hand, if the volume of coffee production decreases, there will be a shortage of coffee supply, which must be met domestically.

International Coffee Prices

The price of goods is also the amount of money consumers send to sellers for reciprocity, such as services or goods (Winingsih & Septiani, 2022). The price of coffee

itself can influence export volume because coffee prices are influenced by demand and supply in the international market, which can change due to various factors such as weather, production, consumption, competition, and government policy.

Price of Substitute Goods (Tea)

Substitute or substitute goods refer to the competition created in the market by substitute products and when faced with a choice between products that offer the same level of utility (Goyal, 2020). According to Sidabalok (2018) and Sari & Utomo (2021), the goods that can be substituted for coffee are tea.

Inflation

Inflation is one of the factors used in this research. Inflation in a country affects exports and imports because, with inflation, exports can increase or decrease the demand for goods (Umar Djalo et al., 2023). According to Irmawati and Indrawati (2022), the impact of inflation on coffee exports is based on time series data from 2000 to 2021. The research results show that the inflation variable does not have a significant short-term impact on the volume of Indonesian coffee exports.

Exchange Rates

The rupiah exchange rate against the US dollar (exchange rate) is significant in export-import activities, and this is caused by the rise and fall in the value of one country's currency compared to other countries. Exchange rates can change over time, affecting trade and everyday life. If the US dollar appreciates against the rupiah, the prices of goods in Indonesia will become relatively cheap for Americans, and US goods will become relatively expensive for Indonesians. Conversely, if the US dollar depreciates against the rupiah, Indonesian goods will become more

expensive for Americans, and American goods will become cheaper for Indonesians ([Ermawati et al., 2021](#)).

Based on exchange rate data in early 2016, the dollar-to-rupee exchange rate was IDR 13,881/USD. However, this figure continues to grow until the end of 2021 at around IDR 14,313/USD, with the higher dollar value against the rupiah indicating that the rupiah weakening or depreciation occurs.

Previous Research

Lestari Baso and Anindita ([2018](#)) conducted research discussing the analysis of the competitiveness of Indonesian coffee by looking at the comparative and competitive advantages of Indonesian coffee commodities in the international trade market using the RCA Comparative Advantage Theory and Porter's Diamond Theory.

The results of the RCA analysis stated that the competitiveness of Indonesian coffee in 2000-2013 experienced fluctuations; the RCA index value for Indonesian coffee was in third position after Colombia and Vietnam. Porter's diamond theory analysis shows that Indonesian coffee has advantages in several analyses.

Other research was conducted by Alexander and Nadapdap ([2019](#)) using the RCA method to analyze the competitiveness of Indonesian coffee exports from 2002 to 2017. The results of the RCA analysis show that the government supports Indonesian coffee exports by issuing profitable policies, and the calculation results of the value of Indonesian coffee bean exports over the next ten years have also increased. Indonesia has a strong competitive advantage in coffee bean exports in the global market from 2002 to 2017.

Fathany and Purnomo ([2022](#)) analyzed the aim of their research to find out how gross domestic product (GDP) per capita, population, the currency exchange rate of exporting

countries against the US dollar, and inflation in the five central export destination countries affect the competitiveness of Indonesian coffee exports. The five central destination countries are Germany, Italy, Japan, Malaysia, and the United States from 2017 to 2021, and these five countries are the main consumer markets for Indonesian coffee exports. The analysis results show that Indonesian coffee exports are still relatively competitive. The competitiveness of coffee in the international market still has its advantages.

RESEARCH METHOD

Data Types and Sources

The data used in this research is secondary data in the form of numerical data with time series data type over 72 months from January 2016 to December 2021. This data was obtained from various sources, including the Central Statistics Agency (BPS), exchange-rates.org, Macrotrends, Indexmundi, and Bank Indonesia (BI). The data used include the volume of Indonesian coffee exports (Kg), Indonesian coffee production (Kg), exchange rate (Rp/USD\$), international coffee prices (Rp/kg), prices of substitute goods (Rp/kg), inflation (%), national export volume (Kg). The data used in this research was converted into logarithmic form (ln), namely the volume of Indonesian coffee exports, coffee production, international coffee prices, and substitute prices. Other data used still uses pure data, with the aim of validation and consistent results ([Berthi et al., 2023](#)).

Analysis Method

The type of analysis used in this research is Error Correction Model (ECM) analysis. Analysis using the ECM method aims to determine whether short-term and long-term connections emerge between variables ([Tyas,](#)

2022). This analysis model popularized by Enger-Sargan was intended to solve problems in non-stationary time series data and overcome problems in direct regression. Before carrying out an ECM test, several tests are required first, which include:

Stationary Test

Unit Root Test

The unit root test is used to test whether time series data requires differentiation or not in order to become stationary. Suppose the unit root test shows a unit root in the data. In that case, differentiation can be applied to make it stationary before carrying out further analysis, and this analysis provides a defined amount of time until the data becomes stationary.

Degree of Integration Test

The degree of integration test is carried out if the data used in the analysis is not stationary. This test determines whether the data used in the analysis is false.

Cointegration Test

The cointegration test is used to determine whether a long-term relationship exists between variables with the same level, so a cointegration test is assessed. The test that was used was the Johansen cointegration system test. With trace statistical results above the critical value, it can be concluded that there is a cointegration relationship between the variables used in the research (Haryadi & Nopriyandi, 2017). The cointegration test

results can also be seen from the max-eigen statistics, which have a value greater than the critical value.

Classic Assumption Test

The classical assumption test analyzes whether classical assumption problems exist in the OLS (Ordinary Least Square) model. The estimation results aim to fulfill the requirements of classical assumptions and then obtain objective and practical interpretation values from the multiple linear regression equation (Aushaf et al., 2020).

RESULT AND DISCUSSION

Stationary Test

Unit Root Test

The stationary test carried out on all variables used is the ADF test (Augmented Dicky Fuller Test). This unit root test aims to find out whether there is data that has unit root problems. To determine whether the data is stationary, the probability value of each variable must be lower than the significance value ($\alpha = 5\%$), or the ADF t-statistic value of each variable must be lower than the critical value at a confidence level of up to 95 percent ($\alpha = 5\%$) (Sitani et al., 2020). With these provisions, it can be seen that the variable tested at the level is only the volume of coffee exports, which is stationary. In contrast, the other variables have probability values above 5%. The variables will be tested at the first difference level in such circumstances.

Table 2. Unit Root Test Result

Method			Statistic	Prob.**
ADF - Fisher Chi-square			13.6523	0.3235
ADF - Choi Z-stat			0.07619	0.5304
Series	Prob.	Lag	Max Lag	Obs
PDK	0.3876	11	11	60
INF	0.5679	0	11	71

KURS	0.3992	2	11	69
HKI	0.9977	2	11	69
VEK	0.0434	0	11	71
HS	0.2854	0	11	71

Source: Author's calculation

Test the Degree of Integration

From the results of the first difference test, all variables were stationary, and the variables met the stationary test standards. The integration test is successful with these results because all variables are stationary and resumed using the cointegration test.

Cointegration Test

The cointegration test is carried out to determine whether a long-term relationship between variables occurs to the same degree.

Based on the cointegration test, there is a correlation of 3 times cointegration at a probability level of 0.05 ($\alpha = 5\%$). Cointegration can also be seen from the trace statistics, which have a value much greater than the critical value, with a value of 381,2791, while the critical value is 95.75366. Next, there is a max-eigen statistical value of 226.9246, and this result is greater than the critical value, which has a value of 40.07757. Therefore, it can be concluded from these results that cointegration occurs and there is a long-term relationship between all variable

Table 3. Integration Test Result

Method			Statistic	Prob.**
ADF - Fisher Chi-square			199.922	0.0000
ADF - Choi Z-stat			-12.8978	0.0000
Series	Prob.	Lag	Max Lag	Obs
D(PDK)	0.0000	10	11	60
D(INF)	0.0000	0	11	70
D(KURS)	0.0000	1	11	69
D(HKI)	0.0000	1	11	69
D(VEK)	0.0000	0	11	70
D(HS)	0.0000	1	11	69

Source: Author's calculation

Table 4. Cointegration Test Result

Hypothesis	Trace Statistic	Prob.**	Max-Eigen Statistic	Prob.**
None *	381.2791	0.0001	226.9246	0.0001
At most 1 *	154.3546	0.0000	102.0140	0.0000
At most 2 *	52.34054	0.0179	33.68765	0.0072
At most 3	18.65289	0.5180	17.07926	0.1683
At most 4	1.573631	0.9987	1.539257	0.9977
At most 5	0.034373	0.8529	0.034373	0.8529

Source: Author's calculation.

Error Correction Model

Table 4 shows the calculation results between the dependent and independent variables. In a long-term relationship, the R-squared has a value of 0.304434, showing that the dependent variable has filled the independent variable by 30%. The F-statistic, which has a probability of 0.000175, indicates that in the long term, the independent variable influences the dependent variable. The results of this calculation also show that international coffee prices are not significant and have a positive impact on the volume of coffee exports because they have a probability value of $0.1129 > \alpha = 10\%$. The rupiah exchange rate against the dollar has a coefficient of -2.340467 with a probability value of $0.0277 < \alpha = 5\%$, which indicates that the exchange rate has a significant negative impact on the volume of coffee exports. Inflation is insignificant and negatively impacted because the probability value is $0.3850 > \alpha = 10\%$. The Indonesian coffee production variable has a significant favorable

influence with a coefficient value of 0.063051 and a probability value of $0.0008 < \alpha = 1\%$. The substitute price does not significantly influence the volume of coffee exports because the probability value is $0.2175 > \alpha = 10\%$. To look at the short term in the ECM method, which looks at the short term, causes the possibility of unbalanced data. Because of this imbalance, correcting errors using an error correction model is necessary. The regression model used is a model that uses stationary variables plus an error variable (-1), which is the remainder from the previous year (-1) as the remainder from the previous year. The calculation results show that ECT has a probability value of 0.01. Therefore, this method is acceptable because the ECT probability value is $0.0001 < \alpha = 1\%$. The ECT coefficient has a value of -0.378064. With this result, the adjustment process in the short term is more quickly than in the long term. With the existing probability values, the independent variables do not significantly influence the volume of coffee exports in the short term.

Table 5. Long-term ECM Model Estimation Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PDK***	0.063051	0.017870	3.528277	0.0008
INF*	-5.818406	6.653439	-0.874496	0.3850
KURS**	-2.340467	1.039593	-2.251330	0.0277
HKI*	0.334206	0.207985	1.606875	0.1129
HS*	0.444458	0.356981	1.245049	0.2175
C***	30.78253	10.65214	2.889797	0.0052
R-squared: 0.304434		F-Stat (Prob): 5.777359 (0.000175)		

Significant Level: *10%, **5%, ***1%

Source: Author's calculation

Table 6. Short-term ECM Model Estimation Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(HKI)*	-0.020431	0.347779	-0.058747	0.9533
D(HS)*	0.510703	0.428364	1.192218	0.2376
D(INF)*	-6.287323	8.835848	-0.711570	0.4793
D(KURS)*	-0.674493	1.254673	-0.537584	0.5927
D(PDK)*	0.019124	0.017812	1.073639	0.2870
ECT (-1) ***	-0.378064	0.091022	-4.153547	0.0001

Variable	Coefficient	Std. Error	t-Statistic	Prob.
R-squared: 0.262162 F-Stat (Prob): 3.789985 (0.002719)				

Significant Level: *10%, **5%, ***1%

Source: Author's calculation

Classic Assumption Test

All variables used in this research use classical assumptions. This test consists of a normality test, linearity test, collinearity test, heteroscedasticity test, and autocorrelation test. The first is the normality test, which identifies that the data used is normally or abnormally distributed, expressed by a probability value > 0.05 . With these assumptions, the data used in the research has a normal distribution with a probability value of 0.6571, which is higher than the required value. The linearity test has an explicit variable with a linear relationship; this relationship has a probability value > 0.05 . The data used in this research meets the hypothesis with a value of 0.1077. The collinearity test is assessed by a Centered VIF (Variance Inflation Factor) value with variables

below 10. The calculation results show that all variables have a centered VIF value below 10; this indicates that all variables have passed the multicollinearity test. Results of heteroscedasticity from the heteroscedasticity test. This research uses the Breusch-Pagan test, assessed from the F-statistic (probability). If the probability value $\alpha > 0.05$, then it will pass the heteroscedasticity test. Based on the calculation results, the probability value is 0.2958, which indicates passing the heteroscedasticity test. The final test is autocorrelation, which aims to see a difference between the predicted value and the actual observed value of a variable to another variable, which from the F-statistic (probability) < 0.05 to pass the test. The results of the calculations in Table 5 state that the probability value is 0.0078, indicating that it has passed the autocorrelation test.

Table 6. Classic Assumption Test Result

Table 6: Classic Assumption Test Result		
Diagnosis	F-stat (Prob)	
Normality Test	0.6571	
Linearity Test	0.1077	
Heteroskedasticity Test	0.2958	
Autocorrelation Test	0.0078	
Multicollinearity Test		
Variable	Coefficient Variance	Uncentered VIF
HKI	0.120950	1.274044
HS	0.183496	1.377853
INF	78.07221	1.117508
KURS	1.574205	1.344370
PDK	0.000317	1.121953

Source: Author's calculation.

Discussion

Coffee Production

Based on the calculation results known to ECM in the long term, coffee production has a

significant positive effect. These results also show that the volume of Indonesian coffee exports will continue to increase along with Indonesian coffee production. With the large amount of coffee produced, the amount that can be exported will increase. Muttoharoh

(2018) also carried out similar research. In coffee production, factors that need to be considered carefully are the type of coffee, the quality of the coffee production method and reasonable planting procedures, and the level of farmer welfare so that farmers are interested and enthusiastic about planting or producing good coffee (Desnky et al., 2018; Mochklas et al., 2023). Based on Porter's theory and the position of Indonesian coffee exports in the world, it can be concluded that Indonesia has an advantage in the coffee export competition for several reasons, including the diversity of types of coffee produced in Indonesia, such as Lintong Coffee, Kintamani Coffee, Toraja Coffee, Gayo Coffee (Rahardjo et al., 2020), and with the existence of the Luwak coffee variant, which is a coffee with a unique production process, making Luwak droppings into coffee beans that will be reprocessed. The quality of the taste of Indonesian coffee is also the reason for the great interest of the world market in Indonesian coffee because all coffee growing regions in Indonesia have different characteristics and uniqueness of coffee, such as aroma, taste, color, and texture. These characteristics and uniqueness make Indonesian coffee attractive to coffee lovers worldwide.

Coffee production does not impact short-term export volumes because increasing coffee production will not impact coffee availability in the global market. Increasing coffee production takes time to implement and produce commodities, and uncertain weather will cause instability in crop yields (Putri et al., 2018).

International Coffee Prices

International coffee prices are not significant in the long term, and this is because other factors are more dominant namely global coffee demand. Global coffee demand is the factor that most influences the volume of coffee

exports. If global coffee demand increases, the volume of coffee exports will also increase, regardless of international coffee prices, another dominant factor is the weather (Farlian & Masthura, 2021).

In the short run, it is insignificant because when the foreign price level increases, domestic exporters will get incentives and willingness to supply and deliver their future contracts sold in the short term. However, in these circumstances, exporters cannot have an immediate response from their foreign customers to accept delivery future coffee contracts because the coffee market is a buyer's market due to the concept of primary commodities to market imperfections (Jalata, 2021).

Inflation

With long-term and short-term results that do not have a significant adverse effect, inflation has no effect because it does not directly affect coffee demand. Inflation will only affect the price of coffee. The effect of inflation on coffee demand is not significant, and this is because coffee is a commodity that is price inelastic; this means that changes in coffee prices will not cause significant changes in coffee demand. Apart from that, inflation will also not affect the availability of coffee, and this is because inflation will not cause changes in coffee production. Similar research was also carried out by Shabri and Saputra (2023), who researched what variables influence coffee exports in 4 countries. In this study, inflation was a variable, with the same results.

Exchange Rates

The rupiah exchange rate, which is always depressed against the United States dollar almost every month, in the ECM calculation results, has a significant negative

effect in the long term; this is because the rupiah exchange rate is a factor that influences coffee production costs. If the rupiah exchange rate is depressed, the cost of coffee production will fall. By decreasing the price of coffee production in Indonesia in the long term, the value of Indonesia's economic Efficiency will increase. Based on aggregate demand theory, with cheap coffee production, the price of coffee that Indonesia will export to the global market will also decrease; this will cause importing countries to buy more Indonesian exports, which have lower prices, and cause coffee export competition to be more visible in the long term. Similar research conducted by Ramadhani (2020), Fauziah & Khoerulloh (2020), Hussien (2015), and Monineath (2018) states that the exchange rate significantly influences exports.

The rupiah exchange rate does not impact coffee exports in the short term because changes in the rupiah exchange rate usually occur quickly and cannot be predicted. In the short term, coffee producers usually will not change the amount of their coffee exports because of changes in the rupiah exchange rate. Coffee producers will usually focus on production costs that can be controlled, namely expenditure on labor and expenditure on local raw materials. In the short term, importers will not see the price difference but rather the quality of the coffee they import.

Substitution Prices

Prices of substitute goods are not significantly favorable in the long term and have the same results as research from Sitepu & Nainggolan (2021) and Sidabalok (2018), who researched substitute goods on exports carried out in Indonesia and Germany, looking at Indonesian exports to Germany. The price of

tea as a substitute for coffee has a real impact on Indonesian coffee exports.

The effect of tea prices is expressed by a positive coefficient, meaning that tea is a substitute product for coffee and that an increase in the price of tea does not encourage consumers to consume more coffee (Sidabalok, 2018), both in the long and short term.

Indonesian Coffee Exports

Based on the results of calculations and analysis, many things cause interest in the world market, including Indonesian coffee production, with the many coffee variants making the world coffee market look at Indonesian coffee.

Not only the flavor variants but also the economic Efficiency carried out in Indonesian production, which makes production costs cheap and maintains the quality of the coffee sold, are among the reasons the volume of coffee exports continues to increase. These factors enable Indonesia to compete in the world of coffee exports.

CONCLUSION

The ECM test results show that coffee production and the rupiah exchange rate significantly influence the volume of coffee exports in the long term, with coffee production having a positive impact and the rupiah exchange rate having a negative impact. Other variables used in the study were insignificant, and short-term calculation results show no significant variables.

The reason for the superiority of Indonesian coffee is that the coffee variants make the world coffee market look at Indonesian coffee, as well as the quality of the coffee taste and the uniqueness of the coffee, such as aroma, taste, color, and texture.

Indonesia is also the reason for the immense world market interest in Indonesian coffee. However, it is essential to note that the study has some limitations. Firstly, focusing on coffee production and the rupiah exchange rate may overlook other potential factors impacting coffee export volumes. Additionally, the data used in the study may not fully capture the dynamic nature of the coffee market and external economic conditions.

Furthermore, the insignificant results for other variables in the long-term model and the lack of significant variables in the short-term analysis suggest that other unexamined elements may influence coffee exports. Lastly, while the uniqueness and quality of Indonesian coffee contribute to its global market interest, the study does not quantify these qualitative factors, which could provide a more comprehensive understanding of their impact on coffee exports.

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