

CHAPTER I

INTRODUCTION

1.1 Background

A country will definitely provide an important role for its country, including in economic growth, one of which is through international trade or commonly known as exports. International trade plays an important role in the process of economic development in various countries. International trade encourages the openness of countries in carrying out export activities and is important by removing various obstacles. In an open financial system, the state relies on exports versus imports. Exports are one way to increase state revenues and at the same time encourage an increase in gross domestic product (GDP). Export growth can be achieved by maximizing the existing potential of various sectors. Indonesian trade is broadly divided into two main sector groups, namely the oil and gas sector and the non-oil and gas sector.

Indonesia is an agrarian country that has territory and is rich in human resources (HR) and natural resources (SDA), abundant natural resources, one of these natural resources comes from the agricultural sector. According to Soekartawi, 1999 in the journal Muthia (2020) Agriculture in the broadest sense consists of: five sectors, namely food crops, plantations, animal husbandry, fisheries and forestry. The five agricultural sectors if it is taken seriously will actually be able to give great contribution to Indonesia's economic development future. One of the ways handling is oriented in agriculture or agribusiness.

As explained by Prabowo (2010) in Arifin's introductory book on agricultural economics (2015), the agricultural sector is the main leading sector that must be developed by the Indonesian government. This is based on several considerations, First, Indonesia has natural potential that can be developed as agricultural land, Second, most of the population lives in rural areas whose

livelihoods are in the agricultural sector. Third, the need for the induction of high science and technology designed to develop agriculture without causing damage. Fourth, the quite abundant. Fifth availability of labor in the agricultural sector is the threat of food scarcity that can be met by domestic products, so that they do not have to depend on foreign agricultural products which one day become expensive.

The agricultural sector is also a major part of daily life where agricultural products are the basic needs of every family in meeting their food needs. The limitations of the agricultural sector can be a big job for the government in meeting the needs of every community. As a result, the government must spend large funds to import food and increase food prices, thereby increasing the state budget which has an impact on other sectors and fields such as price increases, scarcity of goods and other sectors. The importance of the government in supervising every progress of the agricultural sector as well as providing subsidized capital assistance for farmers in managing their land in order to increase their production so that there is no food shortage due to mechanical negligence in the field.

In the Book of Foreign Trade Statistics Riau Regency or City 2020, Riau is currently one of the richest provinces in Indonesia and its resources are dominated by natural resources, especially oil, natural gas, rubber, palm oil and fiber plantations, Riau's export value based on free on board prices (FOB) reached US\$ 13.81 billion with a volume of 25.37 million tons. In the Riau Province book in number 2021 Estates are a plantations organized or managed commercially companies with legal entities. States comprise government plantations and private plantations. Data on estates are collected by the BPS Statistics Indonesia every three months on a complete basis with direct enumeration of estates for oil palm, rubber, tea, and sugarcane. Data on coconut, coffee, cocoa, clove, kapok, and tobacco as well as on smallholder plantations, are obtained from the Directorate General of Estates Ministry of Agriculture. Production of estates crops are following: coconut, dry rubber(tea and tobacco), dry leaves(coffee and cocoa), dry flowers/buds(cloves), refined sugar (sugar cane from estate), cup sugar(sugar cane from smallholders). These goods are exported through several muabah ports

spread across 8 districts or cities in Riau Province one of which is Bengkalis Regency.

Exports are also found in Bengkalis Regency, Bengkalis is one of the regencies in Riau Province, Indonesia. Its territory covers the eastern part of the island of Sumatra and the archipelago, with an area of 8,403.28 km². Riau Province. Bengkalis Regency's export destinations are only around Asia, the largest being to China at US\$ 307.18 million, South Korea at US\$ 42.41 million, India at US\$ 19.43 million, Bangladesh at US\$ 18.21 million, and Malaysia at US\$ 7.04 million. Meanwhile, the types of goods exported through the port of Bengkalis Regency include Pulp, Crude Oil, and Vegetable Materials worth US\$ 389.20 million, US\$ 5.79 million and US\$ 3.58 million, respectively.

As quoted from the 2020 Riau Regency or City Foreign Trade Statistics book, the following is an overview of exports in the goods category.

Kelompok Barang	2019		2020	
	Volume (Ribu Kg)	Nilai (Ribu US\$)	Volume (Ribu Kg)	Nilai (Ribu US\$)
(1)	(2)	(3)	(4)	(5)
NON MIGAS	470.292,64	249.652,33	860.526,51	394.033,46
Hasil Pertanian	3.325,66	1.000,29	35.072,01	4.510,14
Bahan-bahan Nabati (14)	-	-	32.253,79	3.578,13
Ikan dan Udang (03)	1.344,66	882,07	1.063,11	566,17
Buah-buahan (08)	1.859,00	109,32	1.599,61	349,73
Lak, Getah, dan Damar (13)	122,00	8,90	135,00	10,52
Sayuran (07)	-	-	20,50	5,58
Hasil Industri	466.966,98	248.652,04	825.454,50	389.523,32
Bubur Kayu (Pulp) (47)	459.870,00	248.137,28	819.074,00	389.204,21
Kayu, Barang dari Kayu (44)	6.724,98	466,47	6.336,00	311,94
Buah-buahan (08)	59,00	4,17	43,50	5,56
Hasil Penggilingan (11)	313,00	44,11	-	-
Olahan dari Tepung (19)	-	-	1,00	1,61
NON MIGAS	-	-	29.166,04	5.785,67
Minyak Mentah	-	-	29.166,04	5.785,67
Bahan Bakar Mineral	-	-	29.166,04	5.785,67
JUMLAH	470.292,64	249.652,33	889.692,55	399.819,13

Figure 1.1 Exports of Bengkalis Regency by Group of Goods, 2019-2020
Source: Statistik Perdagangan Luar Negeri Kabupaten/Kota Provinsi Riau 2020

Based on the figure above, it can be seen that Bengkalis Regency in 2019-2020 has exported groups of goods, namely agricultural products, industrial products, and non-oil and gas as much as 1,359,985.19 kg with a value of 649,471.46 US \$. Industrial product commodities became the largest exporter in 2019-2020 while agricultural sector commodities were the second highest exporter in 2019-2020, in 2019 the agricultural sector was exported as much as 3,325.66 kg with a value of US\$ 1,000.29 and in 2020 commodities from the agricultural sector were exported as much as 35,072.01 kg with a value of 4,510.14. It is explained in the Bengkalis Regency Statistics Book 2021 that agriculture is one of the most dominant sectors in people's income in Bengkalis Regency because most of the Bengkalis Regency residents work as farmers. However, agricultural productivity is still far from expectations. One of the factors causing low agricultural productivity is human resources that are still low in cultivating agricultural land. The majority of farmers in Bengkalis Regency still use manual systems in cultivating agricultural land.

The Matapors.com article (2021) on the Bengkalis Regency Government Supports the Three-Time Agricultural Commodity Export Movement states that until June 13, 2021, based on the Full Automation of the Indonesian Quarantine System, the export of commodities that come out through Bengkalis port is 1,246,000 kg with an export value of IDR 12255 billion and a frequency of IDR 12,255 billion. issuance of export certificates 25 times. Considering that Bengkalis Regency is an area that has high growth in the agricultural sector because it is supported by export-oriented plantation crops such as oil palm, rubber, coconut, areca nut and taro. All of these superior commodities are found in Bengkalis Regency. For this reason, the Bengkalis Regency Government welcomes and strongly supports the GRATIEKS program, because it can be a strategic step and a long-term program in increasing the production side of Bengkalis Regency's superior commodities. And last but not least, we can synergize and collaborate in achieving the local government's vision of realizing a dignified, advanced and prosperous Bengkalis Regency, especially in carrying out the mission of realizing effective management of regional financial potential, natural resources and human

resources. resources in advancing the economy through the elaboration of strengthening the local resource-based economy and ensuring community business continuity, providing economic stimulus and providing supporting infrastructure for farmers and fishermen. Success the GRATIEKS program will be realized if all stakeholders of agricultural development are united in one determination and action from upstream to downstream in accordance with their respective duties and functions to encourage and accelerate the increase in exports of agricultural commodities.

Based on the background that has been described, the authors are interested in conducting a study entitled **"An Analysis on the Export Potential of Agriculture Commodities Sector Especially Plantation Commodities Sub Sector and It's Economic Impact In Bengkalis Regency"**

1.2 Formulation of the Problem

Based on the description of the background above, the authors formulate the problems that form the basis of the study in the research to be carried out, namely as follows:

1. How to Analysis on the export potential of agricultural commodities sector especially plantation commodities sub-sector?
2. What is the economic impact on the export potential of agricultural commodities sector especially plantation commodities sub-sector in Bengkalis Regency?

1.3 Purpose of the Study

Based on the description of the background and the formulation of the problem above, the objectives of this study are:

1. To analyze on the export potential of agricultural commodities sector especially plantation commodities sub-sector
2. To find out the economic impact on the export potential of agricultural commodities sector especially plantation commodities sub-sector in Bengkalis Regency.

1.4 Significance of the Study

This research is expected to be useful for interested parties or related parties where the benefits of this research are:

1. For Agencies

The results of this study can be used as information and input for the agency to find out what is the export potential of agricultural and plantation commodities on the island of Bengkalis.

2. For Writers

Apart from being a requirement for completing education, it can also increase knowledge in the field of import-export science, and train writers to be able to apply the theories obtained from lectures.

3. For Academics

As a reference to add knowledge and input for further research.

1.5 Scope and Limitation of the Problem

In order for this research to be clearer, the scope and the problem limitation of this research is about:

1. This research only focuses on the Bengkalis people who carry out sector exports in Bengkalis Regency and data collection is carried out by interviewing one of the people who export from the agricultural sector.

2. This research also focuses on export data for the agricultural sector especially plantation commodities sub-sector, namely the last 3 years, namely from 2019-2021.

3. This study was conducted to determine whether the economic impact of the export of agricultural especially plantation commodities sub-sector commodities has a negative or positive impact. Data collection was carried out by interviewing the, Class I Agricultural Quarantine Pekanbaru Bengkalis Center Working Area Bengkalis Regency and Bengkalis Regency Customs.

4. This research is more focused on plantation commodities, namely coconut products.

1.6 Writing System

In order to provide a clear picture of the writing of this project, a writing system was developed that contains information about the material discussed in each chapter. This systematics of this writing are as follows:

CHAPTER I : INTRODUCTION

This is an introductory chapter that contains the title, background of the research, problem formulation, research objectives, research benefits and problem boundaries.

CHAPTER II : LITERATURE REVIEW

This is a report and research result, because this chapter also presents the theoretical basis and theoretical basis that will be used in completing research, both general and specific, consisting of previous research and theoretical foundations.

CHAPTER III : RESEARCH METHODOLOGY

In this chapter, the author describes the research implementation method, which consists of the location, time and object of research, types and sources of data, data collection techniques, data analysis methods, types of research, as well as research schedules and budgets.

CHAPTER IV : RESULTS AND DISCUSSION

In this chapter the author will explain the results and discussion after the author conducted research based on the data obtained.

CHAPTER V : CONCLUSIONS AND SUGGESTIONS

In this chapter the author will explain the conclusions and suggestions of the research conducted.