



The influence of international coffee prices, rupiah exchange rates, and competitor commodity prices (cocoa), on Indonesian coffee exports for the 2003-2022 period

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ABSTRACT

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Indonesia is a country with potential subtropical areas for the development of primary plantation commodities. One of Indonesia's main plantation commodities is coffee. This study aims to determine the effect of International Coffee Prices (x1), Rupiah Exchange Rates (x2), Competitor Commodity Prices (cocoa) (x3) on the value of Indonesian coffee exports (Y). In this study using quantitative descriptive analysis with the type of time series data in which the data is arranged in a time series. The results showed that the Rupiah Exchange Rate had a significant effect on Coffee Exports in Indonesia in 2003 – 2022. The acquisition of the Rupiah exchange rate benefited the economy because according to the theory the price of goods in the country was cheaper when compared to prices in other countries. This condition causes coffee exports to increase. International coffee prices have a significant effect on coffee exports in Indonesia in 2003 - 2022. Furthermore, competing commodity prices (cocoa) have no effect on coffee exports in Indonesia in 2003-2022 and together international coffee prices, the rupiah exchange rate and commodity prices Competitors have a significant effect on coffee exports in Indonesia in 2003-2022.

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1. INTRODUCTION

Indonesia openly supports international trade activities as the only country with a functioning economic system, which helps drive economic growth. The two most important types of foreign trade are exports and imports. Export is an attempt to sell our commodities to other countries or foreign countries, provided that the government expects payment in a foreign currency and communicates in a foreign language. So the results obtained from export activities are in the form of a sum of money in foreign currency or commonly called foreign exchange which is also one of the sources of state

revenue (Lubis & Harahap, 2022). We can find evidence regarding trade in Surah An Nisa' verse 29:

Meaning: O you who believe, do not eat your neighbor's property in a vanity (unlawful) way, except in the form of buying and selling on the basis of a mutual agreement between you. Don't kill yourself. Indeed, Allah is Most Merciful to you (Quran.kemenag.go.id)

The main foreign exchange earners from the plantation sub-sector are rubber and coffee. One of Indonesia's leading plantation commodities is coffee (Siregar et al., 2023). Coffee is an agricultural commodity that has broad marketing prospects (Fauziah & Khoerulloh, 2020). Coffee is also one of the mainstay export commodities in the annual crop agriculture sector. Coffee has an important role for Indonesia's economic growth which can be seen from the trade balance, balance of payments and the existence of import substitution. In addition, the coffee commodity also plays a role as a provider of employment, and also a source of income for coffee farmers and in the coffee business. Another thing that encourages the Indonesian state to export coffee is the large number of production and management of quality coffee beans and the taste and taste of coffee from Indonesia that can be well received throughout the archipelago (Renaldy et al., 2021).

Reporting from the International Coffee Organization website, Brazil occupies the first position as the largest coffee producing country in the world. Brazil is capable of producing up to 63.4 million sacks of coffee in 2021. The weight of coffee per sack is 60 kilograms (kg). This amount exceeds one third of world coffee production. Indonesia occupies the fourth position as the largest coffee producing country in the world. The location and climatic conditions have helped Indonesia become the third largest producer of Robusta coffee beans in the world. Total coffee bean production in Indonesia is reported to reach 11.95 million sacks in 2021. This coffee is produced from 1.2 million hectares of coffee plants that are spread out and managed by small plantations and independent industries (Kadariah et al., 2022). The hope of increasing coffee export growth can be realized considering the increasing number of world demand for coffee coupled with various efforts to improve the investment climate in the country, as well as infrastructure improvements which are expected to improve coffee export performance.

In 2013 - 2022, Indonesia's coffee exports will experience fluctuations. In 2013 the value of Indonesian coffee exports reached 1.16 billion USD. In 2014, the value of Indonesian coffee exports decreased by 1.03 billion USD. Then the following year the value of coffee exports increased by 1.18 billion USD. Then it fell back in 2016 by 1 billion USD. Then in 2017 the value of coffee exports increased again with a value of 1.17 billion USD so that in 2022 Indonesia's coffee exports will always experience fluctuations which will eventually increase by 1.15 billion USD. In 2021 the value of coffee exports will decrease again to reach a value of 1.20 billion USD. The fluctuating value of coffee exports indicates that there are factors that affect Indonesian coffee exports.

International coffee prices are one of the factors that affect export value. The price of certain export commodities is currently affected by the supply and demand for coffee (Wahyuni et al., 2021). The international price is the price of an item prevailing in the world market. If the international price is higher than the domestic price. So when trade starts, a country tends to become an exporter. Producers in that country are interested in taking advantage of higher prices on world markets and start selling their products to buyers in other countries. Conversely, when the international price is lower than the domestic price, then when trade relations begin, the country will be interested in taking advantage of lower prices made by other countries.

However, because only a small proportion of coffee is produced in each country, the prices set by local coffee sellers will also be affected by fluctuations in world coffee prices (Taufiq & Natasah, 2019). Therefore the next factor affecting the value of exports is

international prices. Previous research conducted by Taufiq & Natasah (2019) entitled *Analysis of the Influence of Exchange Rates on Exports of Indonesia's Leading Commodities*. The results of this study indicate that the rupiah exchange rate has a positive and significant effect on rubber export commodities.

The exchange rate or exchange rate is the only important factor that influences the direction of a currency. Exchange rate is the name given to the ratio of one currency to another (Rahayu, 2020). Previous research was conducted by Desnky, et al (2018) entitled *Indonesian coffee exports and the factors that influence them*, this study concludes that the rupiah exchange rate has a significant effect on Indonesian coffee exports. Theory Sukuno (2019) said that the foreign exchange rate is defined as the amount of domestic money to obtain one unit of foreign currency (Tho'in & Prastiwi, 2019). A country's exchange rate will affect export growth. A stronger exchange rate will result in a country's exports declining (Hasibuan et al., 2023). This happens because domestic goods are more expensive than foreign goods. And vice versa. The weakening of the rupiah exchange rate against the US dollar caused Indonesia's coffee exports to increase. the policy to increase exports is the right decision so it needs to be continued. Therefore the next factor affecting the value of exports is the rupiah exchange rate (Sholiha et al., 2023).

In the world of trade, commodities are goods or products that can be traded for profit. One of the best leading commodities in Indonesia is coffee. Then, one of the superior commodities is cocoa. Cocoa is one of the commodities produced by the plantation sub-sector. Cocoa (*Theobroma cacao*) is one of Indonesia's plantation commodities which can be processed into cocoa and chocolate products which contain natural antioxidants. Currently cocoa production has penetrated into the Asia Pacific region where countries such as Indonesia have shown a fairly high level of production development. Cocoa has an important role for Indonesia's economic growth which can be seen from the trade balance, balance of payments and the existence of import substitution. In addition, the cocoa commodity also plays a role as a provider of employment, and also as a source of income for cocoa farmers and in the cocoa business (Yuni, 2021). The price advantage variable for competitor commodity x3 in this study is cocoa.

The cocoa studied is the international cocoa price whose data is collected through the international cocoa organization website. Aspects of competitors (cocoa) also affect coffee exports. This variable is usually underexposed in some studies. Therefore, in this study, the researcher added a competitor commodity variable that did not exist in previous studies. This refers to the demand theory which says that one thing that can influence demand is the price of other goods. Competitor commodity variable in this case is cocoa price.

Based on the description above, several problems were found, namely Indonesia's coffee exports ranked as the fourth largest coffee supplier in the world in 2021, coffee exports were one of the sectors that built the Indonesian economy, the value of Indonesian coffee exports fluctuated. From 2013 to 2022, the rupiah exchange rate fluctuated and a steadily increasing exchange rate is identified as increasing exports, fluctuating international coffee prices, and low prices are identified as exports that do not always increase. The purpose of this study was to find out the effect of international coffee prices, the rupiah exchange rate and commodity prices of competitors on Indonesian coffee exports.

Based on the background described above. Researchers want to conduct further research with the title "The Influence of International Coffee Prices, Rupiah Exchange Rates and Competitor Commodity Prices on Indonesian Coffee Exports for the 2003-2022 Period".

2. RESEARCH METHOD

In this study using quantitative descriptive analysis with the type of time series data in which the data is arranged in a time series. This study used samples obtained from such as the Central Statistics Agency, Bank Indonesia, World Bank, Ministry of Fisheries, United Nation Comtrade using an observation period from 2003 to 2022, thus the study used 20 years of observation time or $N = 20$. The data collection method used by researchers is secondary data with the type and classification of written materials related to research problems based on the official website of the Central Bureau of Statistics, Bank Indonesia, World Bank, International Cocoa Organization, International Coffee Organization, United Nations Comtrade, Indonesian Ministry of Trade and economic journals. The operational definition of each variable taken consists of 2 variables, namely the dependent variable, namely coffee exports and the independent variables, namely international coffee prices, Rupiah exchange rates, Competitor Commodity Prices (cocoa). The data analysis technique uses multiple linear regression tests, namely to test several independent variables, namely International Prices (x1), Rupiah Exchange Rates (x2), Competitor Commodity Prices [Cocoa] (x3) (Bi Rahmani, 2016).

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \quad (1)$$

Become

$$Y = \alpha + \beta_1 \text{IPR} + \beta_2 \text{NTR} + \beta_3 \text{HKP} \quad (2)$$

Information

Y	= Coffee Export
α	= Constant
$\beta_1 \beta_2 \beta_3$	= Regression coefficient
HKI	= International Coffee Prices
NTR	= Rupiah Exchange Rate
HKP	= Competitor Commodity Prices
e	= Error Term

The framework of thought in this study is :

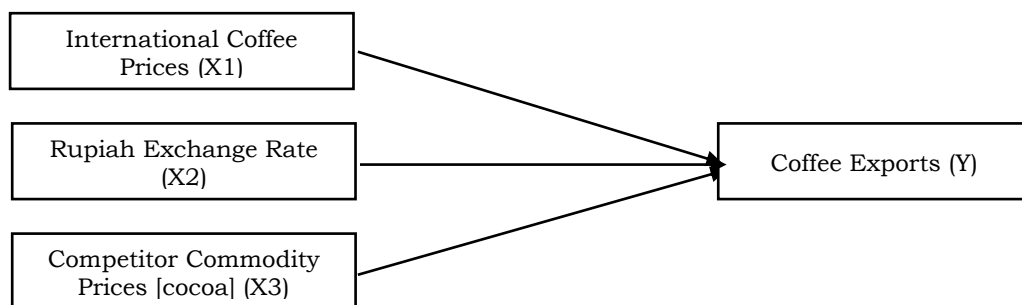


Figure 1. Research Framework

After looking at the research framework that has been put forward above, the following hypothesis is proposed for this study: (a) The effect of international coffee prices on Indonesian coffee exports for the 2003-2022 period; (b) The effect of the rupiah exchange rate on Indonesian coffee exports for the 2003-2022 period; (c) Effect of competitor commodity prices (cocoa) on Indonesian coffee exports for the 2003-2022 period

3. RESULTS AND DISCUSSIONS

3.1 Determination Coefficient Test / R Test

Coefficient determination is used to see how much the independent variables are simultaneously able to provide an explanation of the dependent variable. This determination analysis uses the R-squared value to measure the extent to which the international coffee price, the rupiah exchange rate and the price of a competitor's commodity (cocoa) explain their effect on the export value of coffee.

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.758a	.575	.496	206314.30599

a. Predictors: (Constant), HKP, NTR, HKI

Source: processed through the spss 22 program

Based on the test results in table above, it was found that the R-squared value was 0.575, which means that the international coffee price variable, the rupiah exchange rate and the price of competing commodities (cocoa) were jointly able to provide an explanation for coffee exports of 0.575 or 57.5 % and the remaining 42.5% is explained by other variables outside of research.

3.2 T test

The t statistical test basically shows how far the influence of an independent variable individually explains the variation of the dependent variable. The criteria used in accepting or rejecting the hypothesis are: (a) H_a is accepted if $t\text{-count} > t\text{-table}$, at $\alpha = 5\%$ and the $p\text{-value} < \text{level of significance of } 0.05$. (b) H_a is rejected if $t\text{-count} < t\text{-table}$, at $\alpha = 5\%$ and the $p\text{-value} > \text{level of significance of } 0.05$.

Table 2. Coefficients^a

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	std. Error	Coefficients		
1	(Constant)	-275460591	402355.695		-.685	.503
	IPR	3936033	1466,400	.538	2,684	.016
	NTR	46,682	21,181	.385	2,204	.043
	HKP	41,281	140,166	.057	.295	.772

a. Dependent Variable: Coffee Exports

Source: processed from SPSS.22

Based on table the coefficients above, the regression results are obtained as follows:

$$Y = -275459540 + 3936,032 \text{ HKI} + 46,682 \text{ NTR} + 41,281 \text{ HKP} \quad (3)$$

$$T \text{ value count} \quad [2.684] \quad [2.204] \quad [.295] \quad (4)$$

The interpretation is as follows: (a) Constant of -275459540 states that if the international coffee price variable, the rupiah exchange rate and the price of a competitor's commodity (cocoa) have a fixed value or equal to zero, coffee exports will decrease by -275459540. (b) The regression coefficient of international coffee prices on coffee exports is 3936.032, international coffee prices have a positive relationship to coffee exports. Which means that if there is an increase of one unit, coffee exports will increase by 3936,032. USD assuming *ceteris paribus*. (c) The regression coefficient of the rupiah exchange rate on coffee exports is 46,682. The exchange rate has a positive relationship to coffee exports. Which means that if there is a one unit increase in the rupiah exchange rate it will cause an increase in coffee exports by 46,682 USD assuming *ceteris paribus*. (d) The regression coefficient of competitors' commodity prices on coffee

exports is 41,281. Competitor commodity prices (cocoa) have a positive relationship to coffee exports. Which means that if there is a one unit increase in coffee exports it will cause an increase in coffee exports by 41,281 USD assuming *ceteris paribus*.

Based on the t value, it can be seen as follows: (a) The t-count value for international coffee prices is 2,684 with a probability value of 0.016, while the t-table value with 20 degrees of freedom (dk) observations is $20 - 4 = 16$ with an alpha confidence level of 0.05, so the t-table is 2,119. Testing international coffee prices on coffee exports in Indonesia produces a t-count value of 2,684 > t-table 2,119 and a significant t-test value of 0.016 < 0.05, this means that there is a significant effect of international prices on coffee exports in Indonesia. (b) The t-count value of the rupiah exchange rate is 2,204 with a probability value of 0.043 while the t-table value with a total of 20 degrees of freedom (dk) observations is $20 - 4 = 16$ with an alpha confidence level of 0.05, so the t-table is 2,119. Testing the rupiah exchange rate on coffee exports in Indonesia yielded a t-count value of 2.204 > t-table 2.119 and a significant t-test value of 0.043 < 0.05, this means that there is a significant effect of the rupiah exchange rate on coffee exports in Indonesia. (c) The t-count value of competitor commodity prices is 0.295 with a probability value of 0.772 while the t-table value with 20 degrees of freedom (dk) observations is $20 - 4 = 16$ with an alpha confidence level of 0.05, so the t-table is 2.119. Testing the prices of competitors' commodities (cocoa) on coffee exports in Indonesia yields a t-count value of 0.295 < t-table 2.119 and a significant t-test value of 0.772 > 0.05, this means that there is no significant effect of competing commodity prices (cocoa) on coffee exports in Indonesia.

3.3 F test

This significant test is basically meant to statistically prove that all independent variables, namely international coffee prices (X1), the rupiah exchange rate (X2), and competing commodity prices [cocoa] (x3) have a joint effect on the dependent variable, namely coffee exports (Y). The F test was conducted to show whether all the independent or independent variables included in the regression model have a joint effect on the dependent variable.

The criteria used in accepting or rejecting the hypothesis are: (a) H_a is accepted if $F\text{-count} > F\text{-table}$, at $\alpha = 5\%$ and $p\text{-value} < \text{level of significance of } 0.05$. (b) H_a is rejected if $F\text{-count} > F\text{-table}$, at $\alpha = 5\%$ and the $p\text{-value} > \text{level of significance is } 0.05$.

Table 3. F test

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	922106629060.102	3	307368876353.367	7,221	.003b
	residual	681049485696.098	16	42565592856.006		
	Total	1603156114756.200	19			

a. Dependent Variable: Coffee Exports

b. Predictors: (Constant), HKP, NTR, HKI

Source: processed from SPSS.22

Based on the test results in the table above, it is known that the Fcount is 7,221 with a probability of 0.003. The F-table value for the number of observations is 20 with a significant level of 0.03 and k or the total number of variables is 4, then $nk = 20 - 4 = 16$, then the obtained value of the F-table is 3.01 so that it can be concluded that the F-count is greater than the F-table, namely $7,221 > 3.01$ and can also be seen from the greater probability value from a significant level of $0.003 < 0.05$, meaning that together the variables of international coffee prices, the rupiah exchange rate, the prices of competing commodities (cocoa) have a significant effect on coffee exports in Indonesia at $\alpha = 5\%$.

3.4 The Influence of International Coffee Prices on Coffee Exports in Indonesia

Testing international coffee prices on coffee exports in Indonesia produces a t-count value of 2,684 > t-table 2,119 and a significant t-test value of 0.016 < 0.05, this means that there is a significant effect of international coffee prices on coffee exports in Indonesia.

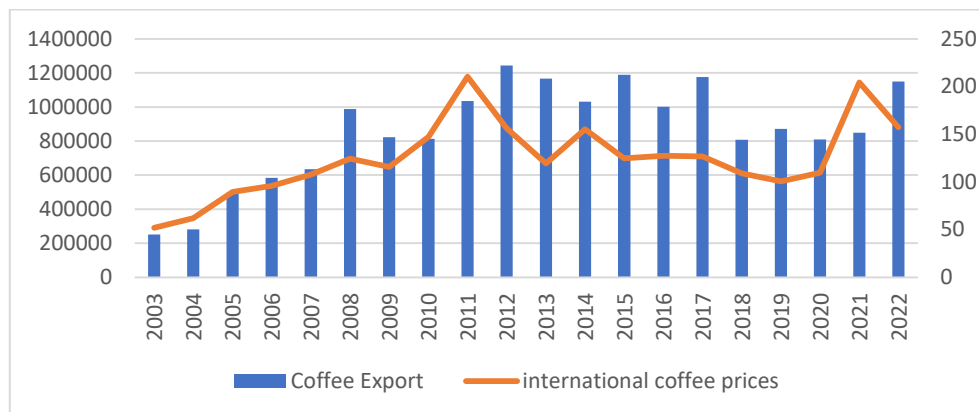


Figure 2. The Influence of International Coffee Prices on Indonesian Coffee Exports
Source: International Coffee Organization and UN. Comtrade

Based on Figure 3 above, it can be seen that international coffee prices do not always affect coffee exports in Indonesia. In 2003 the international coffee price was 51.90 with Indonesian coffee exports amounting to 250882 thousand USD. Then in 2004 – 2008, international prices always increased along with coffee exports which also increased. Then there was a 7% decline in 2009 with an international coffee price of 115.67 USD along with coffee exports of 821956 thousand USD. In the following year, international coffee prices increased significantly by 21% to 147.24 USD, as a result, coffee exports decreased by 1% with a value of 812360 thousand USD. Then in 2011, international coffee prices again experienced a 30% increase of 210.39, even though coffee prices increased, coffee exports in the same year continued to increase by 21% with a value of 1034724 billion USD. International coffee prices with coffee exports in the following year always fluctuate. This research is in accordance with Soekartiwi's opinion in the journal Listiana (2021) that the widening gap between global market prices and domestic prices may result in many commodities being traded at a premium price. If a particular commodity in the domestic market stabilizes, international and domestic coffee prices will both become more significant, regardless of how large the balance between the two factors is (Listiana, 2021).

In addition, the fluctuations in prices in the vortex of international trade are caused by the economic conditions of exporting countries, where high inflation in the domestic market will cause prices on the domestic market to rise, and prices on the international market to increase, where international prices are a balance between world export supply and demand for world imports of a commodity on the world market increases so that if the commodity on the domestic market is stable, the difference between international and domestic prices will increase. (Sadano Sukirno, 2019).

In writing Nasir (2017) said that the Islamic Economic Theory, Ibnu Qudamah analyzed that price fixing also implies control over unprofitable prices. He believes that fixing prices will push prices higher. Because if outsiders hear that there is a price control policy, they will not want to bring their wares to an area where they are forced to sell their wares beyond the price they want. The local traders who have merchandise, will hide the merchandise. Consumers in need will demand merchandise and make their demand unsatisfied, because the price increases. Prices are rising and both parties are

suffering. The sellers will suffer because they are restricted from selling their wares and the buyers suffer because their wants cannot be fulfilled. This is the reason why it was banned.

The results of this study are in line with research conducted by Aldo Gunawan (2018) with the title "The Influence of International Prices and United States GDP per capita on the Value of Indonesian Textile Exports to the United States". This study found that international currency exchange rates had a significant impact on the spread of Indonesian culture to the United States. The result is a tcount value of 2.555 with a probability of $0.034 < 0.05$. As a result, international prices have a significant impact on Indonesian textile exports (Bonaraja Purba et al., 2021)

3.5 Effect of the Rupiah Exchange Rate on Coffee Exports in Indonesia

Testing the rupiah exchange rate on coffee exports in Indonesia yielded a t-count value of $2.204 > t\text{-table } 2.119$ and a significant t-test value of $0.043 < 0.05$, this means that there is a significant effect of the rupiah exchange rate on coffee exports in Indonesia.

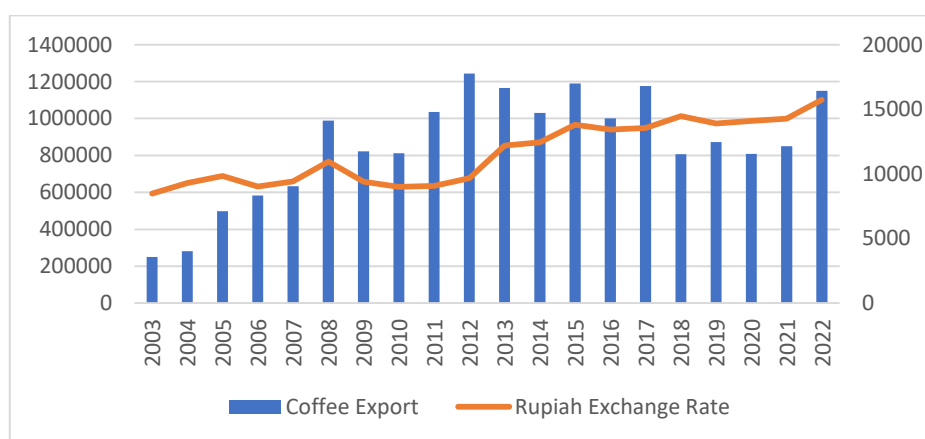


Figure 3. Effect of the Rupiah Exchange Rate on Indonesian Coffee Exports
Source: Badan Pusat Statistik Indonesia and UN.Comtrade

Based on Figure 4 above, it can be seen that the rupiah exchange rate does not always affect coffee exports in Indonesia. in 2003, the rupiah exchange rate was Rp. 8465 with an export value of 250882 thousand USD. The next 2 years, the rupiah exchange rate increased by 5% to Rp. 9830, then coffee exports increased 43% to 497777 thousand USD. Then in 2007, the rupiah exchange rate increased by 4%, namely Rp. 9419, coffee exports also increased by 8% to 633919 thousand USD. The rupiah exchange rate fluctuates every year so that in 2021-2022 the rupiah exchange rate will again weaken by 9% by Rp. 15731 this had an impact on coffee exports which increased 26% to 1150000 billion USD.

The exchange rate of a country's currency is influenced by demand and supply factors. So that if the demand for a currency increases and is not accompanied by supply, it is certain that there will be an increase in the exchange rate of foreign currencies. The increase in the rupiah exchange rate benefited domestic conditions, because theoretically the prices of domestic products would be relatively cheaper when compared to similar prices from other countries. This condition causes coffee exports to increase.

The results of this study are in accordance with the opinion (Sadano Sukirno, 2019) said that a country's exchange rate will affect export growth. A stronger exchange rate will result in a country's exports decreasing. This happens because domestic goods are more expensive than foreign goods. Vice versa (Aziziah & Setiawina, 2021). The

depreciating exchange rate of the rupiah against the US dollar caused Indonesia's coffee exports to increase. Therefore, the policy to increase exports is the right decision, so it needs to be continued. The higher the people's income, the higher the demand for coffee. So that promotion of high-income market segments needs to be improved. The government needs to intervene in Indonesia's coffee exports (Ridwan Azhari Lubis et al., 2022). The intervention referred to in providing incentives for Indonesian coffee export activities includes among others in the construction of industrial projects, research and development, training, investment and export promotion to increase demand for Indonesian coffee exports from coffee importing countries. (Desky, Syaparuddin, & Aminah, 2018).

Islamic economics tolerates changes in exchange rates or domestic currency exchange rates against foreign currencies, as long as the process of change occurs because of sunnatullah, meaning that exchange rates fluctuate due to normal market mechanisms, for example the demand for foreign currency increases due to people's need for imported goods and general price increases or inflation and so on. However, if changes in the exchange rate have come out of sunnatullah, for example due to market engineering by speculators or political pressure by parties who want to overthrow the regime through currency, then the floating exchange rate system is very dangerous if it is maintained. (Rahmawati, 2019).

In the Qur'an, the need for justice in all dimensions is included in the size of the currency, so that the size of the rupiah currency is not clear and uncertain and can cause misery for a country and a community. As has been observed that the Qur'an does not only apply to individuals but also to society and the state and the size of currency according to Islamic Economics must be fair, perfect, straight, stable and not easily swayed as in the word of Allah SWT in QS Al-Araf verse 85. "And (we have sent) to the people of Mad-yan their brother, Shu'aib. he said: "O my people, worship Allah, there is no god for you but Him. In fact, clear evidence has come to you from your Lord. So perfect measures and weights and do not reduce for mankind the goods of measures and weights, and do not make corruption on earth after God has repaired it. that is better for you if you are truly believers." (Rahmawati, 2019).

The results of this study are in line with the research conducted Setyorani (2018) with the title Effect of the exchange rate on exports and the money supply in Indonesia. the exchange rate and the money supply have a significant effect on the amount of exports with a significance level of 0.000. The relationship between the exchange rate and exports is negative. At the output above, an increase in the exchange rate of \$ 1 will reduce the amount of exports by 2.1 million dollars.

3.6 The Influence of Competitor Commodity Prices on Coffee Exports in Indonesia

Testing the prices of competitors' commodities (cocoa) on coffee exports in Indonesia yields a t-count value of $0.295 < t\text{-table } 2.119$ and a significant t-test value of $0.772 > 0.05$, this means that there is no significant effect of competitor commodity prices on coffee exports in Indonesia.

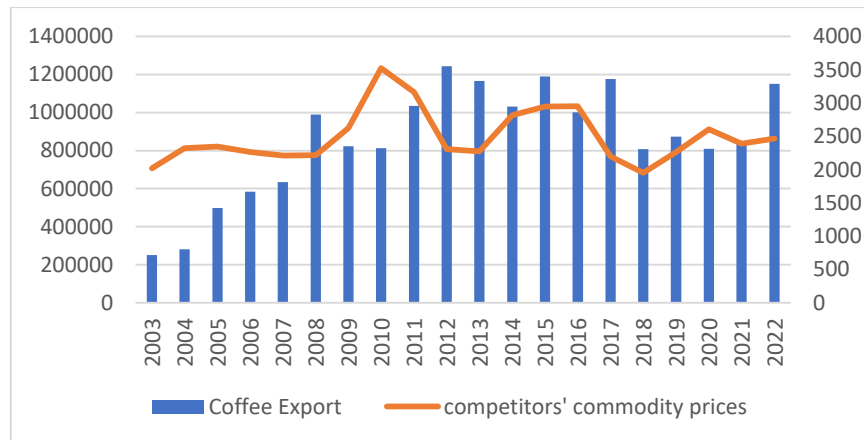


Figure 4. Effect of competitor commodity prices (cocoa) on coffee exports
 Source: International Cocoa Organization and UN. Comtrade

Based on Figure 5 above, the price of competing commodities (cocoa) has no effect on coffee exports. In 2003, the price of a competitor's commodity (cocoa) was 2021 USD. In 2004, the price of a competitor's commodity (cocoa) increased by 3% to 2322 USD, this caused coffee exports to increase 11% to 281635. In 2005 the price of a competitor's commodity (cocoa) increased only 1% with exports also increasing 43% by 497777 thousand USD. Then in 2010 commodity prices of competitors experienced a 26% increase of 3525 USD. So that coffee exports in 2010 decreased by 1% by 812360 thousand USD. In 2011 the price of a competitor's commodity (cocoa) again declined significantly, namely 34%, this caused coffee exports to increase by 21%. Then in 2012-2019, Competitor commodity prices (cocoa) always fluctuate violently. In 2020 the prices of competing commodities (cocoa) decreased by 22%, this caused coffee exports to increase by 13%. Until 2022 the prices of competing commodities (cocoa) will increase by 12% which will cause coffee exports to increase by 24%.

Competitor commodity prices (cocoa) will not affect the ups and downs of coffee exports unless cocoa prices continue to rise which will cause coffee consumers to switch to coffee substitutes, namely cocoa. This is in accordance with the theory of demand, namely if the price of a good is low, the demand for that good will be higher and vice versa. Rising prices of goods will result in consumers looking for other goods as substitutes. Rising prices of goods will have implications for reduced consumer income, with reduced income, consumers will reduce purchases of goods that have experienced price increases.

In Islamic economics, competition is very permissible. Competition that is allowed is fair competition as stated in QS Al-Baqarah verse 148. International trade from an Islamic economic perspective prohibits the practice of dumping in conducting transactions. This aims to avoid harm in transactions carried out by importing and exporting countries. Indonesian coffee exports are in accordance with an Islamic economic perspective even though the destination country is not a country with a majority Muslim population. This is shown by the trade agreements that have been agreed upon by the two countries, namely environmentally friendly and anti-dumping laws (Laili, 2021).

This research is in line with research conducted by Mahendra, (2022) with the title Analysis of Factors Influencing Indonesian Shrimp Exports to the United States in 1998 – 2020, the results of the study show that competitor commodity prices have no effect on the value of Indonesian shrimp exports to the United States in the long term. This can happen because the price of shrimp does not continue to rise so that consumers do not

switch to consuming crabs. In general, export transactions describe products that are not consumed in the domestic and national economic areas, but show consumption by foreign parties, either directly or indirectly. To increase domestic volume, there are a number of influences including domestic production, coffee prices on the international market, domestic coffee prices, domestic coffee consumption levels, world coffee consumption levels, production of other coffee producing countries and world coffee demand levels. In addition, the decline in coffee demand is also the cause of the decline in coffee exports (Widodo, 2019).

This research is in line with research conducted by Listiana (2021) with the title Effects of the Rupiah Exchange Rate and International Coffee Prices on the Export Value of Coffee in Indonesia. This study shows that the rupiah exchange rate and international coffee prices simultaneously have a significant effect on Indonesian coffee exports.

4 CONCLUSION

Based on the results of the research and discussion above, it can be concluded that international coffee prices have a significant effect on coffee exports in Indonesia in 2003 – 2022. The Rupiah Exchange Rate had a significant effect on Coffee Exports in Indonesia in 2003 – 2022. The widening gap between global market prices and domestic prices can result in many commodities being traded at a premium price. If a particular commodity in the domestic market stabilizes, international and domestic coffee prices will both become more significant, regardless of how large the balance between the two factors is. The acquisition of the Rupiah exchange rate benefited the economy because according to theory the price of goods in the country was cheaper when compared to prices in other countries. This condition causes coffee exports to increase. Furthermore, the prices of competing commodities (cocoa) have no effect on coffee exports in Indonesia in 2003-2022 and together international prices, the rupiah exchange rate and commodity prices of competitors have a significant effect on coffee exports in Indonesia in 2003-2022. Competitor commodity prices (cocoa) will not affect the ups and downs of coffee exports unless cocoa prices continue to rise which will cause coffee consumers to switch to coffee substitutes, namely cocoa.

Suggestions from the author, To support export growth the local coffee agribusiness development strategy in Indonesia that can be carried out includes increasing local coffee production, both in terms of quality and quantity so that Indonesian coffee commodities can be superior in the international market. Good quality will affect demand and supply so that it will affect prices. To support export growth, the local coffee agribusiness development strategy in Indonesia that can be implemented includes increasing local coffee production, both in terms of quality and quantity so that Indonesian coffee commodities can be superior in the international market. Good quality will affect demand and supply so that it will affect prices. To support export growth, the local coffee agribusiness development strategy in Indonesia that can be implemented includes increasing local coffee production, both in terms of quality and quantity so that Indonesian coffee commodities can be superior in the international market. Good quality will affect demand and supply so that it will affect prices.

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