

Comparative Study Analysis of the Effect of Protectionism Policy on Indonesian Cocoa Exports to Destination Countries: India, United States, Malaysia, China, Australia

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ABSTRACT

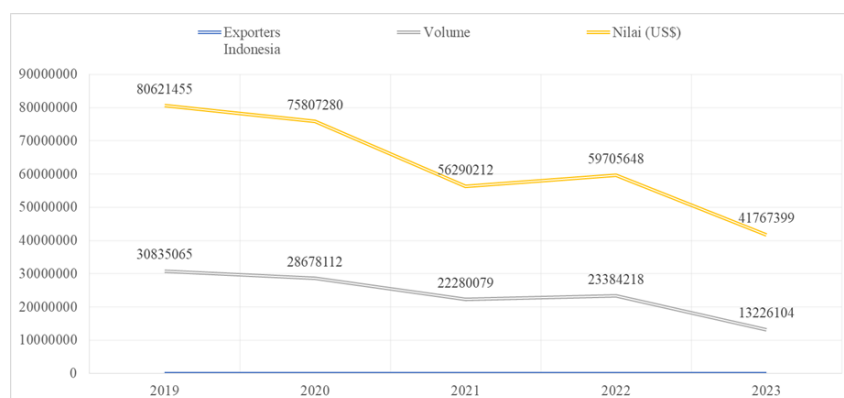
Protectionist policies are taken by some countries such as Indonesia with the aim of protecting and improving the quality of domestic products. Indonesia is one of the largest cocoa producers in the world and plays an important role in the global supply chain. This study aims to analyze the effect of protectionist policies implemented by the Indonesian government on the volume of cocoa exports to five main destination countries, namely India, the United States, Malaysia, China, and Australia, during the 2019-2023 period. Protectionist policies such as export duty tariffs and non-tariff regulations are implemented to encourage domestic processing to increase the added value of cocoa products. The research method uses a quantitative approach with comparative analysis. Data was obtained from reliable secondary sources, such as the Central Statistics Agency (BPS). The results show that protectionist policies have a significant impact on the competitiveness of Indonesian cocoa exports in the global market. The practical implication of this study is the importance of market diversification and product quality improvement to face international competition. In addition, the government needs to balance between protecting the domestic industry and increasing global competitiveness to maintain the sustainability of Indonesian cocoa exports.

Keywords: Protectionist Policies, Cocoa Export Volumes

INTRODUCTION

Indonesia is one of the largest cocoa producers in the world. Based on data from the International Cocoa Organization (ICCO) and the Central Bureau of Statistics, Indonesia is one of the largest cocoa producing countries in the world after Ivory Coast, Ghana, and Ecuador in global cocoa production. As a leading commodity in the agricultural sector, cocoa plays an important role in supporting the national economy, especially in producing regions such as Sulawesi, Sumatra, and Papua. However, the dynamics of international cocoa trade are inseparable from the policies implemented by producing countries, including Indonesia. One policy that is often implemented is protectionism, where countries try to protect domestic industries through restrictions or imposition of tariffs on the export of certain commodities. Protectionism is an economic policy that affects trade that covers the world market between countries. Plus it is a government regulation designed to create restrictive protection and favor domestic industries. These protectionist measures are usually implemented with the aim of increasing economic activity in the domestic economy, but can also be implemented for safety or quality reasons (Maulana et al., 2023).

Protectionist policies often emerge as one of the measures taken by countries to protect their domestic interests. Protectionism, which can take the form of tariffs or non-tariff policies, aims to protect local industries from foreign competition, but also has the potential to affect their export dynamics. According to Alexander Hamilton, a United States Secretary of the Treasury, in 1791 in the reports of manufactures explained that the state must carry out protectionism against domestic products from products originating from abroad, and close foreign access so that domestic products can compete (Hardenta et al., 2023).



Source: Central Bureau of Statistics

Figure 1
Indonesia's export volume (in tons) 2019-2023

This graph shows significant fluctuations in Indonesia's export volume over the 2019-2023 period. The downward spike in 2020 followed by a sharp decline reflects the impact of various external and internal factors, including the Covid-19 pandemic, trade policies, as well as global economic factors. Changes in export volumes reflect the dynamic conditions of the global market and the challenges Indonesia faces in maintaining its export position (Izzatin et al., 2023). Theoretically, this study uses the theoretical framework of international trade to examine a comparative analysis of the relationship between protectionism and export dynamics. The study also utilizes empirical data related to the volume and value of cocoa exports over the past five years to evaluate the real impact of the policy. The findings are expected to provide guidance for policy makers in designing trade strategies that support international competitiveness.

METHOD

This research uses a quantitative approach with a comparative method. The main objective of this study is to analyze the effect of protectionism policies on Indonesia's cocoa exports to five destination countries, namely India, the United States, Malaysia, China, and Australia with the period set from 2019-2023. The data used in this study is secondary, obtained from reliable sources such as the Central Statistics Agency (BPS), the Ministry of Trade and Agriculture, and the World Trade Organization as well as other official publications related to international trade. This research uses quantitative analysis techniques with descriptive statistical methods and comparative analysis. The steps of data analysis that will be carried out include: Descriptive Statistics: Presentation of data in the form of descriptive statistics to show cocoa export trends and protectionist policies of each destination country.

Comparative Analysis: Conducted to compare the effect of protectionism policies between destination countries. With this analysis, it is expected to know which countries have the most impact on Indonesian cocoa exports due to protectionism policies. Using variables that are compared, such as and protectionism policy or destination country (X) cocoa export volume (Y). To test normality, Mean, T-test, and Comparative Test, this data was processed using SPSS Statistics software.

RESULTS

The results of this study show that the implementation of this policy has various impacts depending on the export destination country, reflecting market dynamics, consumer preferences, and bilateral trade relations. It can be seen from table 1 that the amount of demand from the five main destination countries varies greatly. Results and discussion can display data in the form of tables and figures. Results must be supported by related references or can compare with previous research.

Table 1
Indonesia's Export Volume to Destination Countries for the 2019-2023 Period

Exporter Indonesia	India	United States	Malaysia	China	Australia
2019	28,849,391.17	61,769,409.55	80,589,732.47	23,599,349.82	10,031,780.46
2020	38,103,469.46	49,039,324.52	67,465,642.23	29,044,933.20	14,160,441.73
2021	50,384,268.46	47,004,378.48	55,910,088.83	51,757,527.94	15,576,757.33
2022	68,211,489.03	48,157,804.40	47,030,289.23	36,735,687.96	18,322,155.89
2023	61,921,555.48	43,402,695.58	35,181,169.10	39,889,855.15	15,669,607.23

Source: Central Bureau of Statistics

Data shows that from the value of cocoa export volume, there is an increase in export volume in most destination countries from 2019 to 2021. This indicates the potential for increased demand in the global market, due to the superiority of Indonesian products and market dynamics in destination countries. The decline after the peak in 2022 and 2023 shows a downward trend in exports to all five destination countries. This phenomenon is related to external factors such as the global economic slowdown and post-Covid-19 pandemic regulations (Ariningsih et al., 2020).

Table 2
Normality Test

Groups	sig	Descriptions
Indonesia-India	0.083	Normal
Indonesia-United States	0.129	Normal
Indonesia-Malaysia	0.987	Normal
Indonesia-China	0.917	Normal
Indonesia-Australia	0.632	Normal

Source: Data processed

Table 2 displays the results of normality tests conducted using method Shapiro-Wilk, on five main variables: Indonesia-India, Indonesia-United States, Indonesia-Malaysia, Indonesia-China, and Indonesia-Australia. This test aims to evaluate whether the data of the five variables follow a normal distribution or not. Normal distribution is a crucial assumption in many statistical analysis methods. Based on the results presented in the table, it can be concluded that the data for all variables are normally distributed. This conclusion is based on the significance value (p-value) which is greater than 0.05 in the Shapiro-Wilk test method because the test only uses five samples and less than 30 samples and is normally distributed.

Table 3
Comparative testing of Mean, T Test, and P Value results

Objective	Mean	T Test	P Value	Decision	Description
Indonesia-India	4949403472	-0,048	0,963	H ₀ accepted	Protectionist policies have no effect on the volume of Indonesian cocoa exports to India compared to Indonesia's exports to the U.S. There is no effect of these policies on increasing or decreasing the volume of exports.
Indonesia-Amerika	4987472251				
Indonesia-Malaysia	5723538437	2,275	0,059	H ₀ accepted	Protectionist policies have no effect on the volume of Indonesian cocoa exports to Malaysia compared to Indonesia's exports to the China there is no effect of these policies on increasing or decreasing the volume of exports.
Indonesia-China	3620547081				
Indonesia-Australia	1475214853	-10,309	0,001	H ₀ rejected	Protectionist policies have an effect on the volume of Indonesian cocoa exports to Australia because the country applies the same policy system as compared to Indonesia to the US and there is no effect of the policy on increasing or decreasing the volume of exports.
Indonesia-Amerika	4987472251				
Indonesia-Australia	1475214853	-5,312	0,005	H ₀ rejected	Protectionist policies affect the volume of Indonesian cocoa exports to Australia because the country applies the same policy system as compared to Indonesia to Malaysia, there is no effect of the policy on increasing or decreasing the volume of exports.
Indonesia-Malaysia	5723538437				

Indonesia-China	3620547081	4,279	0,003	H ₀	Protectionist policies affect the volume of Indonesian cocoa exports to China because the country applies the same policy system as compared to Indonesia to Australia, there is an effect of these policies on increasing or decreasing the volume of exports.
Indonesia-	1475214853			rejected	
Australia					

Source: Data processed

This Table 3 illustrates the conclusions of data processing calculations on the average volume of cocoa exports from Indonesia to five main destination countries, namely India, the United States, Malaysia, China and Australia, which have significant variations. The destination country with the highest average export volume is Malaysia (5,723,538,437), followed by the United States (4,987,472,251) and India (4,949,403,472). In contrast, the lowest average export volumes were recorded for Australia (1,475,214,853) and China (3,620,547,081). This shows that Australia tends to have lower demand than other destination countries. Significance of the Effect of Protectionism Policy. Hypothesis testing is conducted to determine whether the protectionism policy implemented by the Indonesian government has a significant effect on the volume of cocoa exports to each destination country (Aji et al., 2019).

Indonesia's protectionist policies have a mixed impact on cocoa exports to the five main destination countries. India has a relatively stable demand for cocoa, with imports focused on raw commodities such as spices, so Indonesian cocoa exports have remained stable without significant effects from protectionism. The United States, despite having a large cocoa market and high international standards, is less affected by this policy as American importers have alternative sources, although in some cases additional tariffs may affect import costs. Malaysia, as a country with a large cocoa processing industry, continues to import raw cocoa from Indonesia to fulfill its production needs, so protectionist policies do not have a significant impact on export stability. China, an emerging market with growing demand for cocoa, shows sensitivity to changes in prices and trade policies, but its import volume from Indonesia is still small so the impact is not significant. On the other hand, Australia is highly dependent on cocoa imports as its climatic conditions do not allow cocoa cultivation, so Indonesia's protectionist policies, such as increased export taxes, have a significant impact by reducing the competitiveness of Indonesian cocoa prices in the Australian market. This shows that the effect of protectionist policies depends on the level of dependence of destination countries on Indonesian cocoa and the structure of the cocoa market in each country (Augustin et al., 2022).

This study aims to analyze the effect of protectionism policies on the volume of Indonesian cocoa exports for the period 2019-2023 to the main destination countries, namely India, the United States, Malaysia, China and Australia. Based on the results of descriptive and comparative analysis studies of the data that has been processed, the following conclusions are obtained: The effect of protectionism policies on cocoa export volume protectionism policies implemented in various export destination countries have a significant impact on the volume and value of Indonesian cocoa exports. The Indonesian government which imposes protectionist policies with export duty tariffs and non-tariffs such as import quotas and strict quality standards tends to have a significantly different impact on the five countries regarding the need for cocoa exports from Indonesia. Comparative analysis shows that there are variations in the impact of protectionism policies in each destination country. India, as one of the main importers of Indonesian cocoa, shows higher resistance to the effects of protectionism than other countries. In contrast, the United States, Malaysia and Australia are more selective with very high quality standards, thus minimizing Indonesia's cocoa market opportunities. The effectiveness of export policies in Indonesia to support exports, such as tax incentives and trade facilitation, can help reduce the negative impact of protectionism in destination countries. However, these policies are still not optimal enough to boost the competitiveness of Indonesian cocoa in the global market.

The Indonesian government needs to strengthen its international trade negotiation strategy to reduce protectionist tariffs imposed domestically. Businesses in the cocoa sector must be more adaptive to international quality standards by increasing product certification and improving processing. This is important to ensure Indonesian cocoa products can compete in the global market. Future research can serve as a reference for future studies that focus on the impact of protectionism policies on other commodity exports. Future research is also expected to deepen the analysis by using broader panel data.

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