

Cocoa Export Competitiveness Indonesia In European Union Market

Imama Nurus Izaati¹, Azwar Annas¹

¹Department of Agribusiness, Institute of Technology and Business Muhammadiyah, Banyuwangi,

imama01@itbmb.ac.id



Abstract – European Union is one of increasing cocoa consumption rate of 3.9% year. This is a potential market for Indonesia to increasing exports in this country. Currently, Indonesia's cocoa exports to European Union are still constrained by 15% tariff rate. This study aims to analyze the export competitiveness of Indonesian cocoa butter and powder in European Union market. The measurement of competitiveness Indonesian cocoa products uses Revealed Comparative Advantage (RCA) and Index Specialization of Trade. Result of average Revealed Comparative Advantage (RCA) of Indonesia's cocoa butter commodity at 5th position with a value of 5.77 after Ivory Coast, Ghana, Malaysia, and Cameroon. Positive value results of RCA analysis indicates that Indonesia has a comparative advantage in exporting cocoa butter in European Union Market. This is supported by value index specialization trade of Indonesia's cocoa butter of 0.96. Means that Indonesia has specialized as an exporter of cocoa butter in the European Union market. In cocoa powder, Indonesia's Revealed Comparative Advantage (RCA) average value is in fourth position with an RCA value of 3.75 after Ghana, Ivory Coast, and Malaysia. The positive value of results RCA analysis indicates that Indonesia has a comparative advantage in exporting cocoa powder in the European Union Market. This supported by value of the cocoa powder index specialization trade of 0.22. This value indicates that Indonesian in additional growth. Cocoa powder is a downstream product from cocoa beans, which is currently being increased in production.

Keywords export competitiveness, market, revealed comparative advantage, index specialization of trade

I. INTRODUCTION

Europeans have a habit of consuming foods and drinks made from chocolate. Chocolate is a must-have food every day, just like rice in Indonesia. Chocolate consumption in the region in 2019 reached 6.2 Kg / capita / year (FAO, 2019). To meet the consumption of chocolate in the country, Europe imports cocoa in the form of cocoa beans, cocoa butter, cocoa paste, and cocoa powder. Currently, European imports are still dominated by cocoa beans 2.3 million tons, cocoa butter 604,529 tons, and cocoa paste 502,866 tons (FAO, 2019). European imports of cocoa beans are obtained from cocoa producing countries such as Côte d'Ivoire, Ghana, Cameroon, Indonesia. Meanwhile, imports of semi-finished cocoa products such as cocoa butter, cocoa paste, and cocoa powder are not only obtained by cocoa producing countries. Imports of European cocoa derivative products come from Malaysia, the Netherlands, Germany, and France.

High consumption of chocolate in the region is an attraction for world cocoa producing countries, including Indonesia to continue to increase their export volume. The increase in cocoa consumption in the European Union region was not offset by an increase in the volume of Indonesian cocoa exports to the region. Indonesia only exports 7% of the European Union's cocoa demand in the form of cocoa butter amounting to 37,882 tons (FAO, 2019). Indonesia's cocoa exports are still far away compared to other cocoa producing countries. The export volume of Côte d'Ivoire reached 60,674 tons (11%), Ghana by 63,109 tons (12%) , and Cameroon 17,596 tons (3%) (FAO, 2019). There are several obstacles in increasing the export of Indonesian processed cocoa to the European Union, including the high freight cost and high import duties for Indonesian products of 10-15% compared to Ivory Coast and Ghana 0% (Ministry of Trade, 2019). In addition to importing from cocoa producers, the European Union also imports from non-cocoa producing countries, namely the Netherlands, Germany, France, Malaysia, and China. In fact, the volume

of imports from non-cocoa producing countries is greater than that of cocoa producing countries such as import volumes from the Netherlands (39%), Germany (14%), and France (10%) (FAO, 2019).

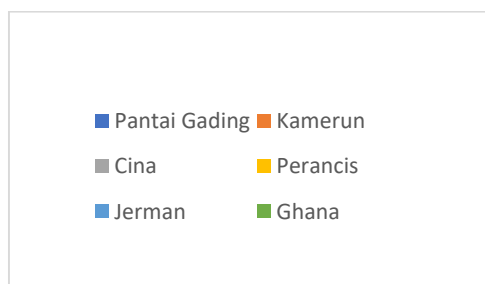


Figure 1. Export Volume of Cocoa Butter (FAO, 2019)

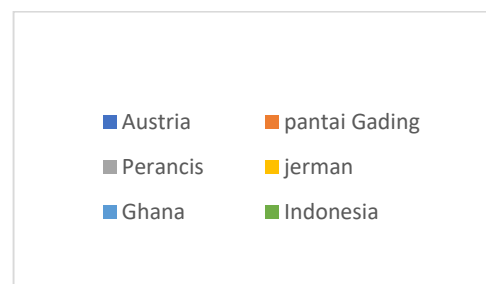


Figure 2. Export Volume of Cocoa Powder (FAO, 2019)

In addition to cocoa butter Indonesia is also an exporting country for cocoa powder in the European Union Market. In 2019 the export volume of Indonesian cocoa powder amounted to 8,802 tons (3%) of the European Union's cocoa powder needs. Meanwhile, the other two cocoa producing countries, namely Côte d'Ivoire and Ghana, are at 6% and 19%, respectively. In contrast to countries that are not cocoa producers, they are actually able to meet the demand of the European Union market more. The Netherlands and Germany meet 34% and 20% of cocoa powder needs respectively in the European Union Market (FAO, 2019). While the rest is filled by Austria, France, Italy, and Spain. .

Prospect of processed cocoa markets, namely cocoa butter and powder in the European Union Market, continues to increase in line with the increase in cocoa consumption in European Union countries. Cocoa consumption in the European Union region is increasing every year, showing a positive trend of 3.9% per year (FAO, 2019). The area absorbs almost 58% of the world's cocoa production (Izaati et al, 2020). Cocoa consumption in the region in 2019 reached 6.9 kg per capita. Cocoa consumption in the country is used to meet the demand of the cocoa processed products industry. Considering that people in the area make chocolate a food and drink that must be consumed every day..

High market potential and the trend of increasing exports of Indonesian cocoa butter and powder, which is indicated by the increase in cocoa consumption in the European Union, is an opportunity for Indonesia as one of the cocoa producers to seize existing market opportunities. Changes in the physical condition of the environment and the trading system with economic liberalization led to competition between exporting countries in the EU Cocoa Market. In conditions of trade liberalization, countries that have a comparative advantage and a higher competitive advantage will have the ability to continue to exist, even penetrate and control the international market (Stephson and Erwidodo, 1995). Indonesia as a cocoa producing country must have competitiveness in the form of company and competitive advantages in order to be able to compete and even become a leader in the European Union Market. Considering that the European Union market is one of the potential markets for Indonesia to see an increase in cocoa consumption in the region. This study aims to analyze the performance and competitiveness of Indonesian cocoa butter and cocoa powder products in the European Union Market.

II. METHODOLOGY

The commodities studied in this study were cocoa butter and cocoa powder. The data used in this study are the export value of cocoa butter exporting countries, the export value of all cocoa butter exporting countries, the export value of cocoa butter in the European Union, the export value of all goods except EU cocoa butter, the export value of cocoa powder exporting countries, the export value of all goods except cocoa powder exporting countries, the export value of EU cocoa powder, and the export value of all goods except EU cocoa powder. The cocoa butter exporting countries used in this study are the main exporting countries for cocoa butter in the European Union Market, namely Ivory Coast, Ghana, Indonesia, Cameroon, the Netherlands, Germany, France, Malaysia, and China. Sementara negara pengespor kakao powder yang digunakan pada penelitian ini meliputi Pantai Gading, Ghana, Indonesia, Belanda, Jerman, Perancis, Italy, Austria, Malaysia, dan Spanyol. Data yang digunakan data runtut waktu tahunan mulai Tahun 2000-2019. Data tersebut diperoleh dari Food and Agricultural Organization. Meanwhile, the cocoa powder exporting countries used in this study include Côte d'Ivoire, Ghana, Indonesia, the Netherlands, Germany, France,

Italy, Austria, Malaysia, and Spain. The data used is annual time-series data from 2000-2019. The data was obtained from the Food and Agricultural Organization.

A. Data Analysis Methods

Competitiveness analysis was carried out using a mathematical approach to the size of the competitiveness of Indonesian cocoa butter and cocoa powder in the European Union market. The competitiveness measures used are Revealed Comparative Advantage (RCA) and Index Specialization of Trade.

a. Revealed Comparative Advantage (RCA)

Revealed Comparative Advantage (RCA) is one of the methods used to measure the comparative advantage of a country's commodities on the world market. In the analysis research, RCA was used to measure the comparative advantages of cocoa beans and Indonesian cocoa processed products in the European Union market. So that its comparative advantages can be compared between countries in the European Union market.

$$RCA_{ijt} = \frac{X_{ijt} / X_{jt}}{W_{IT} / W_t}$$

Where:

X_{ijt} : Export value of commodity I by country j at t-year

X_{jt} : Export value of country j at t-year

W_{IT} : World export value of commodity I at t-year

W_t : World export value at t-year

a. Index Specialization of Trade

Index Specialization of Trade is a measure used to analyze the position or stages of development of a product so that a country's tendency as an exporter or importer can be seen. The IST will identify the growth rate of a product in trading into 5 stages as follows:

1. Recognition stage, if the IST value is between -1 to -0.50
2. Import substitution stage, if the IST value is between -0.50 to 0.00
3. Growth stage, if the IST value is between 0.01 to 0.80
4. Maturity stage, if the IST value is between 0.81 to 1.00
5. Re-importing stage, if the Return value decreases from 1.00 to 0.00

Mathematically, Index Specialization of Trade are formulated as follows:

$$IST = \frac{X_{it} - M_{it}}{X_{it} + M_{it}}$$

X_i : Export value commodity I at t-year

M_t : Import value commodity I at t-year

III. RESULTS AND DISCUSSION

3.1. Analysis Revealed Comparative Advantage

Competitiveness analysis is needed to see the ability of Indonesian processed cocoa to compete in the international market of one of the European Union markets and develop in the long term. The comparative advantage of cocoa butter and cocoa powder trade in Indonesia is measured by Revealed Comparative Advantage (RCA) (Moenius, 2006). RCA measures the export market share of a country in the same industry group as other exporting countries (Serin and Civan, 2008). In this analysis, the RCA value of cocoa butter and Cocoa powder Indonesia will be compared with the exporting countries of these commodities in the European Union Market. European Union countries that are export destinations for Cocoa Butter and Indonesian cocoa powder include Germany, the Netherlands, Belgium, France, Lithuania, Austria, Italy, and Denmark (FAO, 2019).

1. Comparative Advantages of Indonesian Cocoa Butter

The development of the competitiveness of Indonesian cocoa butter in the European Union Market in 2000-2019 fluctuates tends to increase. The average RCA value of Indonesian cocoa butter exports is 5.77. The positive results in the RCA analysis show that Indonesia has a competitive advantage in the trade of cocoa butter in the European Union market. The increase in RCA of Indonesian cocoa butter exports tends to increase significantly starting in 2017. Meanwhile, in 2000-2016 Indonesia was less able to specialize in cocoa butter trade than the main exporter countries in the European Union region. In that period, some exports of cocoa commodities were still dominated by cocoa beans. So that Indonesia has a lower competitiveness than competitors of fellow cocoa producers such as Côte d'Ivoire, Ghana, and Cameroon. Based on the analysis of RCA, Côte d'Ivoire has the highest comparative advantage, because the country is the largest cocoa producer in the world, the country is downstreaming by processing cocoa beans into cocoa butter.

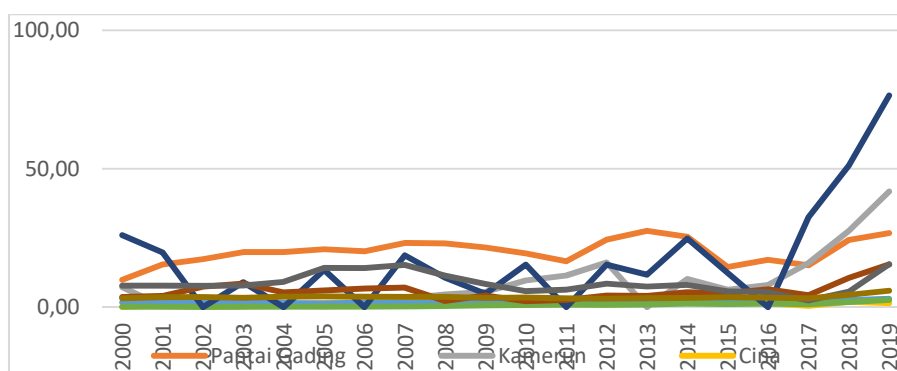


Figure 3. Grafik Analisis Revealed Comparative Advantage Kakao Butter

Factors that can affect the value of RCA include export and import volume, export and import value, resource availability, exchange rate, and price of commodities traded (Suryana et al, 2014). These factors need to be considered so that the RCA value of Indonesian cocoa butter in the European Union market can be stable and survive in the market as a cocoa exporter. Considering that the European Union is a potential market for Indonesia.

Table 1. Results of The Revealed Comparative Advantage Analysis of Indonesian Cocoa Butter

No	Year	Ivory Coast	Cameroon	China	France	Germany	Ghana	Indonesia	Malaysia	Netherlands
1	2000	9.90	7.21	0.03	1.76	0.19	26.00	3.63	7.74	3.19
2	2001	15.42	0.36	0.56	1.64	0.13	19.79	4.04	7.72	3.59
3	2002	17.32	0.88	0.17	1.56	0.06	0.00	7.40	7.69	3.65
4	2003	19.91	1.22	0.21	1.73	0.11	9.02	8.53	7.79	3.36
5	2004	19.86	0.68	1.03	1.49	0.14	0.00	5.34	9.15	3.74

6	2005	20.91	0.28	1.52	1.35	0.17	13.45	5.99	14.14	3.86
7	2006	20.20	0.95	1.80	1.61	0.19	0.00	6.69	14.11	3.78
8	2007	23.19	3.16	1.77	1.57	0.25	18.72	7.08	15.24	3.67
9	2008	23.02	4.64	2.24	1.51	0.43	10.63	2.27	11.41	3.70
10	2009	21.56	5.57	1.05	1.64	0.64	4.88	4.24	8.36	3.30
11	2010	19.44	9.67	1.88	1.46	0.77	15.38	2.13	5.77	3.47
12	2011	16.57	11.44	1.35	1.70	0.89	0.00	2.58	6.29	3.18
13	2012	24.37	16.13	3.16	2.08	0.83	15.40	4.25	8.48	3.03
14	2013	27.55	0.00	4.01	1.82	0.93	11.72	4.02	7.46	3.25
15	2014	25.45	10.18	3.59	1.51	1.27	24.81	5.41	8.02	3.27
16	2015	14.54	6.31	1.96	1.74	1.09	12.36	5.02	5.74	3.57
17	2016	17.14	8.04	1.37	1.42	1.29	0.00	6.47	5.45	3.39
18	2017	15.14	15.95	0.44	1.75	1.04	32.46	4.33	2.44	3.17
19	2018	24.25	27.53	1.89	2.58	1.88	51.12	10.58	5.60	4.44
20	2019	26.74	41.79	1.44	3.03	2.58	76.49	15.45	15.48	5.98
Rata-rata		20.12	8.60	1.57	1.75	0.74	17.11	5.77	8.71	3.63

Source: FAO Processed (2019)

Based on the average Revealed Comparative Advantage (RCA) value of cocoa butter in the European Union market, Indonesia occupies the 5th position after Côte d'Ivoire, Ghana, Malaysia, and Cameroon. This indicates that although Indonesia is a world cocoa producer, the RCA value is below Malaysia which is the main importer of Indonesian cocoa beans. The average RCA scores of Indonesia and Malaysia were 8.71 and 5.77, respectively. Seeing these conditions, strategic steps are needed to manage the upstream-downstream sub-system of cocoa commodities, so that Indonesia can increase the value of its competitiveness in the European Union Market.

Compared to cocoa producing countries, the country's RCA value is low, because the volume of imports for cocoa butter and other products is quite large. So that the RCA value is below that of the cocoa producing country. The value of RCA in cocoa importing countries is highly dependent on the volume of exports from cocoa producing countries such as Ghana and Côte d'Ivoire, which is a major exporter for cocoa and its derivative products. Both countries have access to the European Union market without import duties, while Indonesia is subject to import tariffs of 15% (Maulana and Kartiasih, 2017). This is detrimental to Indonesia because it cannot increase its export volume due to the large import tariffs. So it is a challenge for the Indonesian government to increase diplomatic so that import tariffs on cocoa commodities and their derivatives in the European Union Market can be lowered.

2. Comparative Advantages of Indonesian Cocoa Powder

In addition to Indonesia, there are several countries that export cocoa powder in the European Union market, namely Côte d'Ivoire, Ghana, Austria, the Netherlands, France, Spain, Germany, Malaysia, and Italy. Of the ten cocoa powder exporting countries, there are three countries that are cocoa producers, namely Côte d'Ivoire, Ghana, and Indonesia. Ghana is the country with the highest RCA value compared to other countries. Although Côte d'Ivoire is the world's largest cocoa producer, the export volume of ivory coast is dominated by cocoa beans. So that the export volume of cocoa powder to the European Union market is still below Ghana. Ghana's RCA analysis showed that it fluctuated more than other competitors who tended to flatten at an RCA value of 0.7 to 4. Overall, the RCA value in the 10 exporting countries of cocoa powder in the European Union market is

positively valued at >0 , so it can be concluded that all of these countries have a comparative advantage of cocoa powder trade in the European Union. The difference is that the level of volume, value, and market share obtained by each country is different..

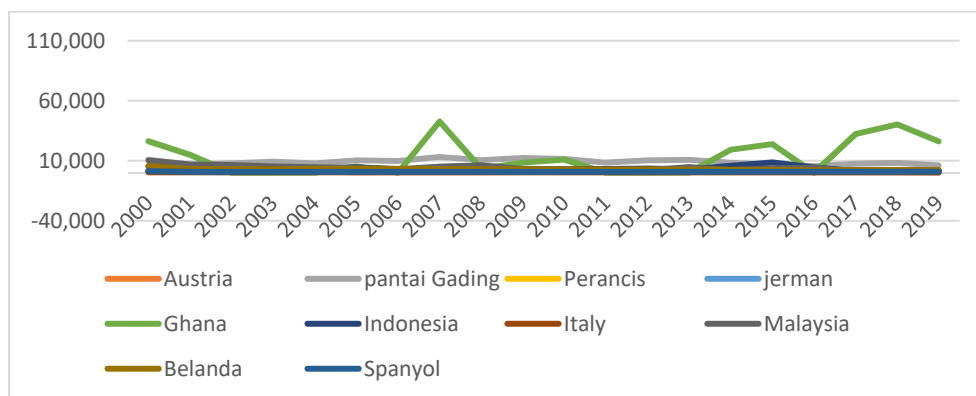


Figure 4. Graph Analysis Revealed Comparative Advantage Cocoa Powder

RCA value in the analysis of cocoa powder daylight in the European Union Market is influenced by several factors, namely the volume and value of cocoa powder exports in the country, the volume and value of cocoa powder imports in that country, as well as the volume and value of cocoa powder exports in countries that are members of the European Union. In addition, policies applied to exporting and importing countries also contribute to determining the competitiveness of a commodity in their country. The EU cocoa powder market is dominated by non-cocoa producing countries that export cocoa powder in the region. In this analysis, it was found that countries that are cocoa producers have a higher comparative advantage compared to non-cocoa producing countries.

Table 2. Results of The Revealed Cimparative Advantage Analysis of Kakao Powder Indonesia

No	Tahun	Austria	Pantai Gading	Perancis	Jerman	Ghana	Indonesia	Italia	Malaysia	Belanda	Spanyol
1	2000	1.291	10.998	2.101	1.209	26.247	5.434	0.304	10.362	5.632	1.387
2	2001	1.034	7.015	0.990	0.585	14.989	3.792	0.259	6.973	3.245	0.728
3	2002	1.122	7.816	0.901	0.470	0.000	4.565	0.191	6.428	3.077	0.887
4	2003	1.055	9.212	1.045	0.522	0.057	4.722	0.344	5.227	2.856	0.833
5	2004	0.937	7.719	0.946	0.505	0.000	3.608	0.290	4.613	3.309	0.589
6	2005	0.275	10.416	0.984	0.589	5.373	4.557	0.366	3.850	3.393	0.519
7	2006	0.424	9.822	1.138	0.678	0.000	3.034	0.417	2.827	3.197	0.589
8	2007	0.397	13.204	0.556	0.698	42.723	3.114	0.413	5.269	3.137	0.728
9	2008	0.391	10.610	1.264	0.724	3.510	3.585	0.314	6.179	3.056	0.759
10	2009	0.582	12.267	1.245	0.829	8.377	2.639	0.250	3.361	2.809	0.814
11	2010	0.554	11.539	1.110	1.172	11.014	2.894	0.228	3.036	2.655	0.877
12	2011	0.748	8.396	1.001	1.257	0.000	3.118	0.200	2.112	2.647	0.975
13	2012	0.757	10.262	1.244	1.205	0.003	3.538	0.161	2.135	2.811	0.663
14	2013	0.805	10.725	1.530	1.134	0.127	2.785	0.165	4.833	2.778	0.623
15	2014	0.708	8.462	1.584	1.600	19.269	5.888	0.177	2.272	2.272	0.738

16	2015	0.767	6.698	1.296	1.655	23.857	8.727	0.103	3.580	2.487	0.736
17	2016	0.854	5.473	1.327	1.670	0.000	4.607	0.167	4.231	1.989	0.808
18	2017	0.711	7.544	1.255	1.537	32.359	1.559	0.255	1.312	2.257	0.847
19	2018	0.568	8.182	1.238	1.701	40.296	1.320	0.166	0.917	2.359	0.819
20	2019	0.294	6.230	1.305	1.659	26.149	1.568	0.201	1.632	2.308	0.829
Rata-rata		0.714	9.129	1.203	1.070	12.718	3.753	0.249	4.058	2.914	0.787

Source: FAO Processed (2019)

Positive value in the RCA analysis of Indonesian cocoa powder exports is a potential for Indonesia to continue to maintain and increase cocoa powder exports in the European Union region. By determining strategic steps and policies that are able to encourage actors in the upstream to downstream sub-systems of cocoa commodities. The effective and efficient management of each cocoa commodity sub-system is expected to be able to increase the production, export, and competitiveness of processed cocoa in the international market.

3.2. Analysis Index Specialization of Trade

Index Specialization of Trade (IST) is one of the methods used to analyze the trade specialization of a country. The analysis aims to find out the country to be an exporting or importing country. The result of the IST analysis is between -1 to 1. If the result of such an analysis is between 0 to 1 or is of positive value, then the specialization of tomato trade in a country can be said to be an exporting country (exporter). Meanwhile, if the isp analysis results show a number between -1 to 0 or negative value, the specialization of tomato trade in a country can be said to be an importer country (Tambunan, 2004).

1. Index Specialization of Trade Indonesian Cocoa Butter

Results of the IST analysis on the ten exporting countries of cocoa butter in the European Union Market, namely Ivory Coast, Ghana, Cameroon, Indonesia, Malaysia, Germany, France, the Netherlands, and China, obtained results that the average IST value was around -0.23 and 1. China, France, and Germany have negative IST values, which means that these countries are importing cocoa powder countries. While other countries have a positive IST value which means that the country specializes in cocoa powder trade by acting as an exporter in the European Union market.

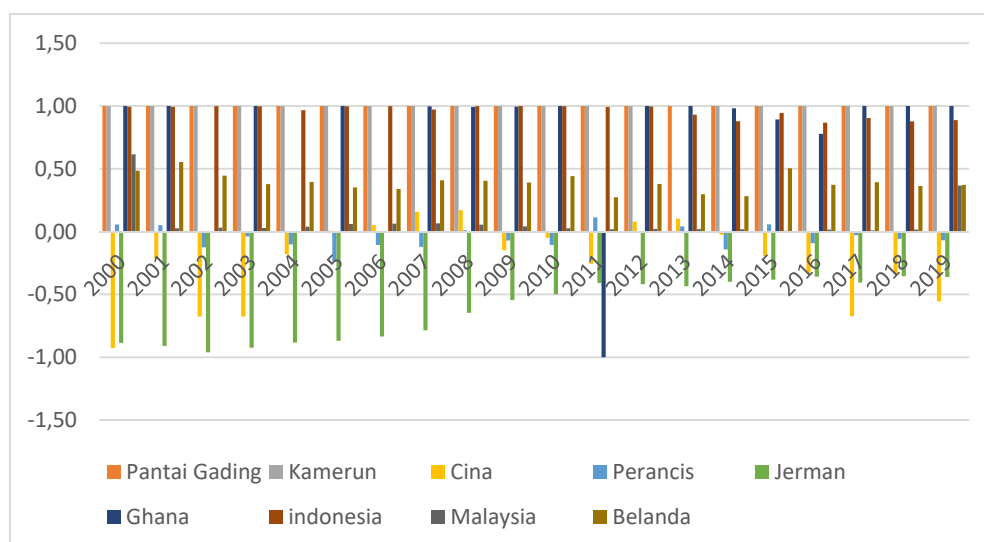


Figure 5. Graph Analysis Index Specialization of Trade Cocoa Butter

The country with the highest Index Specialization of Trade is Côte d'Ivoire with an average IST value of 1 which means that the country is already in a position of maturity of cocoa butter exports. The value of Ivory Coast IST is high because the country is the largest cocoa producer in the world and has a large volume of cocoa butter exports in the European Union region. When compared to Indonesia, although Indonesia is also a cocoa producer, the volume of cocoa butter exports to the European Union is still fluctuating, because Indonesian cocoa exporters before 2013 were more interested in exporting cocoa beans. In addition, Indonesia is also subject to import tariffs of 15% when distributing its products to the European Union. While Côte d'Ivoire, Ghana and Cameroon have no import tariffs.

The lowest position of the IST value is Germany with an average ISP value of -0.68 which means that the country is still at the stage of introduction as an exporter of cocoa butter in the European Union market. This is because Germany has a large volume of imports on cocoa butter commodities. The volume of cocoa butter imports increased by 89% per year (FAO, 2019). The import of cocoa butter is to meet the needs of the cocoa processing industry in Germany.

2. Index Specialization of Trade Indonesia Cocoa Powder

The results of analysis Cocoa Powder Index Specialization of Trade (IST) in ten cocoa powder exporting countries, namely Ivory Coast, Ghana, Indonesia, Austria, Germany, Italy, France, Spain, and the Netherlands, obtained that the average IST value was -0.18 to 1. Côte d'Ivoire, Ghana, the Netherlands, Indonesia, and Austria have positive IST values. The positive value of IST indicates that these countries are exporters of cocoa powder in the European Union market. While France, Germany, Italy, Malaysia, and Spain have negative IST values. This indicates that the country is still an importer of cocoa powder in the European Union. Côte d'Ivoire is at the maturity stage of cocoa powder exports with an IST value of 1. The Netherlands and Germany have IST values of 0.46 and 0.44, respectively, meaning that the country is at the growth stage of cocoa powder exports. At the growth stage, the exporting country will try to increase cocoa powder production so that the volume of exports will also increase. It same thing is also done by Austria and Indonesia which have IST values of 0.07 and 0.02 respectively.

Negative IST values in France (-0.18), Germany (-0.22), Malaysia (-0.07), and Spain (-0.45) indicate that these countries are still at the stage of introduction as cocoa powder exporters in the European Union. In order to compete and become a specialty as an exporter, strategic steps are needed to increase the production and export volume of cocoa powder. Considering that these countries are not cocoa producers, so they require the import of cocoa beans to meet the needs of raw materials for cocoa powder production. Italy is the only country that is at the substitution stage of cocoa powder imports, which is reflected in the IST value of -0.64.

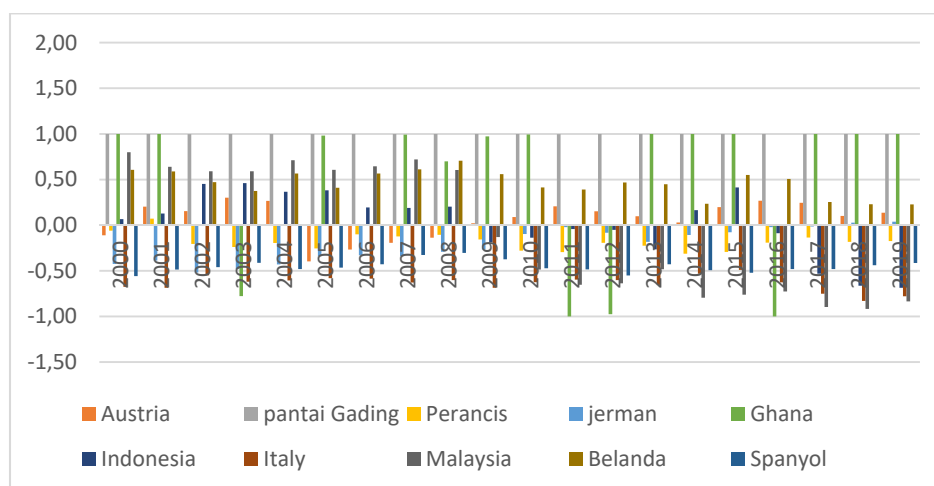


Figure 6. Graph Analysis Index Specialization of Trade Cocoa Powder

Index Specialization of Trade becomes an important measure for a country in conducting international trade between countries. In the European Union cocoa powder market, most exporters are non-cocoa producing countries such as Malaysia, Germany, Austria, France, Italy, the Netherlands, and Spain. Meanwhile, Ivory Coast, Ghana, and Indonesia are cocoa producing countries. Based on Figure 6, Indonesia has a lower IST value compared to the Netherlands. This condition is a challenge for Indonesia to reach the stage of tough cocoa powder exports in the European Union. Some of the efforts that can be made are

replanting and improving the upstream sub-system in cocoa farming, improving diplomatic relations to reduce import tariffs, and encouraging downstreaming of cocoa powder.

3.3. Implication

Support of the government is very important in encouraging the creation of added value which is marked by the growth of the processing industry since the existence of the exit duty policy that can hinder the export of cocoa beans. Industrial performance needs to maintain the sustainability of production in order to continue to have an impact both economically and socially. Plus most of the products of the cocoa processing industry for export which in the end can contribute to the country's foreign exchange (Augustin et al, 2022).

Implication of the results of this study is for the government as the owner of the policy authority to be able to be an input in the formulation of policies that have an impact on the industry and pay attention to the upstream sector, in this case the plantation sector so that it continues to run well. This is because one of the main problems of the industry is the limited raw materials for cocoa beans which are closely related to the productivity of the cocoa plantation sector. In addition, the next implication for plantation sector business actors (farmers) can continue to increase their productivity because there is a considerable market opportunity with the demand for cocoa bean raw materials for the industry. If the needs of the domestic industry can be met by the supply of domestic cocoa plantation products, it will reduce imports.

IV. CONCLUSION

Average Revealed Comparative Advantage (RCA) of Indonesia's cocoa butter commodity is in the 5th position with a value of 5.77 after Ivory Coast, Ghana, Malaysia, and Cameroon. The positive value in the results of the RCA analysis indicates that Indonesia has a comparative advantage in exporting cocoa butter in the European Union region. This is supported by the index value of Indonesia's cocoa butter trade specialization of 0.96. This means that Indonesia has specialized as an exporter of cocoa butter in the European Union market. In cocoa powder, Indonesia's Revealed Comparative Advantage (RCA) average value is in fourth place with an RCA value of 3.75 after Ghana, Ivory Coast, and Malaysia. The positive value in the results of the RCA analysis indicates that Indonesia has a comparative advantage in exporting cocoa powder in the European Union Market. This is supported by the value of the cocoa powder trade Specialization Index of 0.22. This value indicates that Indonesian ISPs are in additional growth. Cocoa powder is a downstream product from cocoa beans, which is currently being increased in production.

V. SUGGESTIONS

Positive RCA and ISP values on cocoa butter and powder indicates that these two products have competitiveness in the European Union market. This is a potential and prospect for Indonesia to increase its exports in the future. So it is necessary to research the demand for cocoa butter and powder in the European Union Market. The limitation of this research is that there is no analysis of the factors that affect the export volume of cocoa butter and cocoa powder in the European Union. It was carry out further research on the factors that affect the export of these two commodities.

REFERENCES

- [1] Augustin et al. 2022. Analysis of Competitiveness and Trend of Indonesian Cocoa Exports to Five Destination Countries 2010-2019. *Journal of Agricultural Economics (JEPA)*. Vol 6, No. 2 (2022): 442-455.
- [2] Food and Agricultural Organization (FAO). 2019. Consumption Cocoa Uni Eropa. (Online) <https://www.fao.org/faostat/en>.
- [3] Izaati, I.N., Anindita, R, and Sujarwo. 2020. Analysis of Integration and Price Efficiency: A Case of Indonesian Cocoa Beans Export Market. *Agricultural Sosio-Economic Jurnal*. 2 ed., Vol 20. Pp 167-178.
- [4] Maulana, A dan Kartiasih, F. 2017. Analysis of Indonesian Processed Cocoa Exports to Nine Destination Countries 2000-2014. *Indonesian Journal of Economics and Development* 17 (2):103-107
- [5] Moenius, J. 2006. The Good, the bad, and the Ambiguous: Standards and Trade in Agricultural Products. Paper for the IATRC Summer Symposium "Food Regulation and Trade: Institutional Framework, Concepts of Analysis and Empirical Evidence. Bonn, Germany.

- [6] Serin, V. and Civan, A. (2008) Revealed Comparative Advantage and Competitiveness: A Case Study for Turkey towards the EU. *Journal of Economic and Social Research*, 10, 25-41. (online) <http://jesr.journal.fatih.edu.tr/jesr.serin.civan.pdf>
- [7] Stephenson, S., and Erwidodo. 1995. *The Impact of The Uruguay Round on Indonesia's Agricultural Sector*. The Minister of Agriculture, Jakarta.
- [8] Suryana, A.T., Fariyanti, A., dan Rifin, A. 2014. Competitiveness and Flow of Indonesian Cocoa Trade in International Markets. *Journal of Industrial Plants and Refreshments*. J.TIDP 1(1):29-40.
- [9] Tambunan, Tulus. 2004. *Economic Growth and Poverty Development: The Case of Indonesia*. In *Economic Studies, Journal of Research in the Field of Economists*. Vol. 3 No. 2. Universitas Sriwijaya, Palembang