Analysis of Global Value Chain in Rubber Export
Indonesia to United States

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Abstract
This study aims to discuss on rubber matter based on global value chain analysis in 2013 which has arousing various different opinions either among elite or civilians in Indonesia. As Adviser to Government of Indonesia in terms of export issues and the effective concept of business matter, Indonesia and United States has been began their relations since 2010, and on 2013 the value of export between Indonesia and US decrease until 14.5%. At least, there are 2 issues which underlie the formulation and the concept of global value chain in concept: ranging from designing, marketing, processing and the practices of export from Indonesia to US with legislation. This concept however with previous concept which announced by Michael Porter in United States on 1976 for effective business system. In Porter’s view the operational system of global value chain still shacked within framework of governance in global value chain by using conventional strategies and the implementations of global value chain concept in management of handling rubber export.

Keywords: Rubber, Export, Global value chain, Indonesia

INTRODUCTION
Plantation commodity is one of mainstay export. Indonesian export well in trade balance foreign exchange income. The Author aims that the Rubber will impact trading goods in Indonesia and America as the bigger consumption of Rubber’s Indonesia. Recorded by 2013 total export reached US $ 29.476 billion dollar or equal with Rp 353.371 Trillion (Assumption 1 US$: Rp 12.000) for this contribution the Author seeing that plantation sector will pay take attention for developing Indonesian’s economy.

One part of production is the production of rubber plantations. As the Author know, the biggest Rubber Production supply held by Thailand and Indonesia. Thailand is the biggest country for rubber production. And also the first largest of rubber producer in the world with 3.5 million ton accounted for rubber and followed by Indonesia with 3.04 million ton, and the third is Malaysia as 9.500 thousand ton for rubber production. On the other hand, the last one for rubber production is Vietnam as 863.3 thousand Ton. In the Industry, rubber industry as material is processed into the import-export
in Indonesia state boosters, as noted has produced more than 5000 type stuff. On the other hand, rubber can produce some of goods such as shoes, sandal, tires, and another function. Rubber plantation was establish since for a years ago, and can be founded in several places in Indonesia, such as Sumatera, Sulawesi, Kalimantan, and Riau.

Since 2013, the rubber of Indonesia has been decrease than 2012, noted in 2013, from January until December, United State of America has been imported the Indonesian’s rubber attain US$ 2.316,86 million, decrease 14,5% from the years before, and market place 8,46%. From this data, the researcher can seek that Indonesia as the fourth of biggest country after China, Canada, and Japan. While the reason of researcher to take the topic related some factors which involve decreasing of rubber export of Indonesia in 2013.

GLOBAL VALUE CHAIN CONCEPT

Global value chain is part of Value Chain, value chain analysis which elaborate the primary activities and support activities, the concept of value chain has been popularized with Michael Porter in his book, Competitive Advantage, he defined the value chain into five process consist of: inbounds logistic, operations, outbond logistics, marketing and sales, and service.

Figure 1. Porter’s Generic Value Chain

Global value chain also part concept of supply chain. Although there are some definition of value chain own: Value chain analysis is a technique widely applied in the fields of operations management, process engineering and supply chain management, for the analysis and subsequent improvement of resource utilization and product flow within manufacturing processes.
According to Amir S, Export is the activities of removing goods from the community and sent to foreign country, in accordance with the provisions of the government and expect payment via foreign exchange form. Although, according to Hutabarat Rosselyne, Export is trade by way of removing the goods from the customs area in out of Indonesia by fulfilling the provisions applicable.

The mapping of export producing can mentioned with following below:

**Figure 2. Export Procedures**

Export procedure, In this procedure explain that the first should be doing are: (1) Determine of correspondence and making contract between importer country, (2) even having a contract each other, (3) the Exporter will open the L/C (Letter of Credit). (4) after the Bank removing LC, (5) LC will be sent to correspondence receiving bank and sent it to the exporter (6) after receiving the LC from Bank, the Exporter should to clarification about the goods which exported accord with goods code defined by customs according to regulation which issued by Ministry of Trade such as 29/BC/2016 tentang Perubahan atas peraturan Direktur Jenderal Bea Cukai no PER-32/BC/2014 tentang tata laksana kepabean di bidang ekspor (7) After making the clarification product then the shipping stage presence or the delivery of the goods to a vessel under Customs regulations, (8) and regulation and flat PEB (Pemberitahuan Ekspor Barang) and PEBT after that a shipment of an item and send it to the publisher instance of SKA (Surat Keterangan Asal) to the legality of
the goods, (9) after that it was only
existence of negotiations between the bank
and agencies receiving Publisher SKA
related LC (10) after that, the goods can be
sent to the importing countries, before the
goods are removed to the Harbour. (11)
Checking of the presence of LC by
importing Bank to ensure again for legality
requirements of the exporting country is
already filled or not. (12) It was only after
the check of the goods can be taken by the
importing countries and sent to the address
of company or associated in the importing
countries.

STRATEGY FOR UPGRADING THE
RUBBER INDUSTRY IN INDONESIA

The strategies which applied in this
chapter is the elaboration of global value
chain against Indonesia rubber industry by
making consumer, producer, and based on
technology to overcome some problems of
rubber itself, such as downgrading
competitiveness, and decreasing quality of
rubber. On the other hand, in fixing and
improving the competitiveness need the
tools as specific system in global rubber
market including following way below:
Dimension of global value chain analysis is
constituted by four dimensions:

1. Input-Output Structure

A chain represents the entire
input-output process that brings a
product or service from initial
conceptions to the customer’s hand.
The input of the rubber plant crop yield,
then the outpour of structure resulting
the raw materials of rubber industry
towards United States such as tires. And
several rubbers in SIR (Standard
Indonesia Rubber) on HS 400110 as the
natural rubber code.

2. Geographic Scope

Firms and workers in widely
separated locations affect one another
more than they have in the past the
geographic scope are the company
who implemented this rubber such as
PT Djambi Waras Jujuhan, PT
Sumitomo, PT Seikom, Bridgestone,
Michellin and other company related
rubber production.

3. Governance

Governance as the market: market
governance involves
transactions that are relatively simple.
Information on product specification is
easily transmitted, and suppliers can
make products with minimal input from
buyers. Governance of this concept are
Ministry of Trade, Industry, Plantation,
and the GAPKINDO as the association
of rubber plantantion. The Ministry in
this role as the market make some expo
festival of Indonesian commodity such as rubber, pepper, and coffee. One of this agenda was held on 32nd Trade Expo of Indonesia on 11-15th of October 2017 at Indonesia Convention Exhibition in Banten. On the other hand, GAPKINDO wa controlled many rubber companies in Indonesia by increasing natural rubber export to be able to meet international rubber market needs.

Governance as the modular: modular governance occurs when complex transactions are relatively easy to codify. Typically, suppliers in modular chains make products to a customer specification and take full responsibility for process technology using generic machinery that spreads investment across a wide customer base. This also has been applied by Ministry of Trade in their meeting of rubber production and several companies related to Rubber on the Agreement of natural rubber or International Natural Rubber Agreement (INRA).

Governance as the relational: relational occurs when buyers and sellers rely on complex information that not easily transmitted or learned. Governance as the hierarchy: hierarchical governance describes chains characterized by vertical integration and managerial control within lead firms that develop and manufacture product in-house. The governance try to shift the relationship between another country in Indonesia, such as Malaysia and Thailand, therefore there country tries to implement Agreed Export Scheme Tonnage System (AETS) or limiting the volume of natural rubber price when the rubber in the world are over capacity.

4. Institutional Context

How local, national and international conditions and international policies shape the globalizations in each stage of the value chain the international policies regarding to regulation between two country Indonesia-United States.

The global value chain framework allows one to understand how global industries are organized by examining the structure and dynamics of different actors. And there are four basic dimensions that GVC methodology explore: (1) an input and output structure, which describes that process of transforming raw and materials into final products, (2) a geographical consideration, (3) a governance structure, which explain how the value chain controlled, (4) in
CONCLUSION

The concept of the global value chain as one instrument is a tool to upgrading the value of rubber competitiveness which has been applied by one of rubbers company such as PT Djambi Waras Jujuhan, as a subsidiary of PT Kirana Megatara, On the other hand, by utilizing other subsidiaries to increase the production of natural rubber to be a good processing even into tires as well, or by trading directly through the buyers in the United States such as Bridgestone Inc, or other companies.

Since 2013, the export of rubber industry in particular field was increase than before, especially in rubber prices. Even though, the value in 2013 are reduced than previous year. This case caused by several factors, each of them is the increasing export of rubber in Indonesia due to the large number of demand for rubber from the consumers country such as China, the United States and other European regions in developing the automotive industry, where rubber of Indonesia as raw material manufacturing industry. Indonesian rubber has advantages and disadvantages compared with another producer country such as Thailand, Malaysia and Vietnam. One of advantages is the large are of rubber plantation which reach to 3.4 million/ha. If compared with other countries, the large area of rubber plantation in Indonesia are the own advantages. Therefore, from this issue, Indonesia should make some companies of rubber in Indonesia can produce very large quantities, but the lack of industry rubber Indonesia is less existence of a special technology that can enhance the competitiveness of rubber in Indonesia toward the competitiveness of rubber among the world. The concept of the global value chain on the rubber industry in Indonesia can be concluded with followings explanation, including: rubber cultivation concentrated in Bengkulu, Jambi and Palembang. Rubber can be processed in Sumatra one of companies is PT Djambi Waras Jujuhan. Then, the process of raw material such as tires, it can be processed in PT Sumitomo, Tangerang, while marketing of trading rubber itself through Seikom Inc, Singapore as a free-market commodity in Southeast Asia, then it was delivered to the buyer in the United States such as the Bridgestone Inc., Goodyear, Michelin Inc., Inc. as well as Dunlop Inc.
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