

The Analysis of Fator Which Affect CPO Export Volume at PT. Astra Agro

Lestari, Tbk

**(Study at: Amin Jaya Village, Kumai Subdistrict, Kotawaringin Barat District,
Central Borneo)**

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ABSTRACT

Palm oil industry is one of important industries in Indonesia because it provide export earnings and provide job opportunity for Indonesian. The main product of palm oil industry is crude palm oil (CPO). High demand of CPO either in domestic or international cause CPO has high economic value. One of many palm oil industries in Indonesia is PT. Astra Agro Lestari, Tbk. Beside to provide domestic CPO need, CPO product of PT. Astra Agro Lestari was also sold abroad toward China, Vietnam and Malaysia. But CPO export volume of PT. Astra Agro Lestari continue to decrease due to the high of CPO export tax. Beside affected by CPO export tax, volume of CPO export by PT. Astra Agro Lestari was also affected by CPO domestic price, CPO export price and CPO production. This research aim to determine the effect of CPO export tax, CPO domestic price, CPO export price and CPO production toward volume of CPO export at PT. Astra Agro Lestari. Result of this research showed that CPO export tax

and CPO domestic price were significant toward volume of CPO export at PT. Astra Agro Lestari whereas CPO export price and CPO production was not significant. CPO export tax and CPO domestic price both had negative effect toward volume of CPO export. The increasing of CPO export tax and CPO domestic price decreased volume of CPO export at PT. Astra Agro Lestari.

Keyword: CPO Export Tax, CPO Domestic Price, CPO Export Price, CPO Production, CPO Export Volume.

INTRODUCTION

The palm oil Industry is an important sector in the Indonesian economy as it is one of the country's major export earners as well as food source for its population. The production of palm oil increased from 450.000 tons in 1976 to 12.11 tons in 2004 indicating a drastic increase of more than 2000 percent. This makes Indonesia as the second world largest producer of palm oil after Malaysia. Indonesia accounted for about 34.04 percent of the world production compares to Malaysia, which accounted 55.26 percent in 2005. In the last decade, the average annual growth rate of palm oil production in Indonesia was 21.67 percent, while the figure for Malaysia was 7.71 percent suggested a rapid expansion of hectares and production of palm oil in this country (Ernawati,2005).

Export taxes are predominantly used by developing countries with the objective either to generate government revenues or to protect particular groups for political reasons. The effect of an export tax by a small country under a competitive market

structure causes the price in the exporting country to fall below the world price. Under this policy, producers in the exporting country will lose because they receive lower prices and exports decline. High demand of CPO either in domestic or international cause CPO has high economic value. One of many palm oil industries in Indonesia is PT. Astra Agro Lestari, Tbk. Beside to provide domestic CPO need, CPO product of PT. Astra Agro Lestari was also sold abroad toward China, Vietnam and Malaysia. But CPO export volume of PT. Astra Agro Lestari continue to decrease due to the high of CPO export tax. Beside affected by CPO export tax, volume of CPO export by PT. Astra Agro Lestari was also affected by CPO domestic price, CPO export price and CPO production. This research aim to determine the effect of CPO export tax, CPO domestic price, CPO export price and CPO production toward volume of CPO export at PT. Astra Agro Lestari.

METHOD

Time and Location

Research was conducted at PT. Astra Agro Lestari at Amin Jaya Village, Kumai Subdistrict, Kotawaringin Barat District, Central Borneo. Research was conducted by using secondary data from PT. Astra Agro Lestari, Tbk and research journal. Data was then analyzed by using multiple regression method.

Data Analysis Method

This research is conducted to determine effect of export tax, CPO domestic price, CPO export price, and CPO production toward volume of CPO export at PT.

Astra Agro Lestari. This research used for independent variable which are CPO export tax (data was obtained from statistical financial data of PT. Astra Agro Lestari), CPO domestic price (data was obtained from research journal), CPO export price (data was obtained from research journal, CPO production (data was obtained from statistical financial data of PT. Astra Agro Lestari) and one dependent variable which is volume of CPO export (data was obtained from statistical financial data of PT. Astra Agro Lestari).

Data which was used in this research was secondary data which was quantitative data obtained from data was obtained from statistical financial data of PT. Astra Agro Lestari and research journal. Research data was then analyzed using multiple regression method. Data which had been analyzed by using quantitative analysis was then discussed and analyzed as qualitative in order to explain phenomena which happen on obtained data.

RESULT AND DISCUSSION

CPO Production at PT. Astra Agro Lestari, Tbk.

High level of nabati oil demand affects the CPO production at PT. Astra Agro Lestari as palm oil producer. Data of CPO production growth at PT. Astra Agro Lestari base of company statistic financial data are described below:



Figure 1. Graph of CPO production growth at PT. Astra Agro Lestari

In 2004 CPO production at PT. Astra Agro Lestari was 145,977,164 ton. On 2005 CPO production at PT. Astra Agro Lestari was 187,233,188 ton, and on 2006 CPO production was 196,650,125 ton and on 2007 CPO production at PT. Astra Agro Lestari was 476,837,099 ton. CPO production at PT. Astra Agro Lestari always increase from 2004 but start decrease on 2011 where on 2011 CPO production at PT. Astra Agro Lestari was 1,040,991,524 ton decrease from 2010 where CPO production at PT. Astra Agro Lestari on 2010 was 1,475,252,191 ton. On 2012 CPO production at PT. Astra Agro Lestari continue to decrease where the CPO production on 2012 was 734,509,868. CPO production at PT. Astra Agro Lestari increase on 2013 with total CPO production was 1,471,848,501 ton. On 2014 CPO production at PT. Astra Agro Lestari drastically decrease where the CPO production on 2014 was 349,853,507 ton.

CPO Sale at PT. Astra Agro Lestari

Most of CPO product at PT. Astra Agro Lestari was sold in domestic and other (little number) was sold abroad. In domestic CPO product from PT. Astra Agro Lestari was sold to the industrial or company which produce nabati oil such as PT. Best Surabaya, PT. Smart Tbk Jakarta, PT. Best Semarang and other nabati oil producer company. For export, CPO product at PT. Astra Agro Lestari was sent to Malaysia, Vietnam, India, Thailand and China.

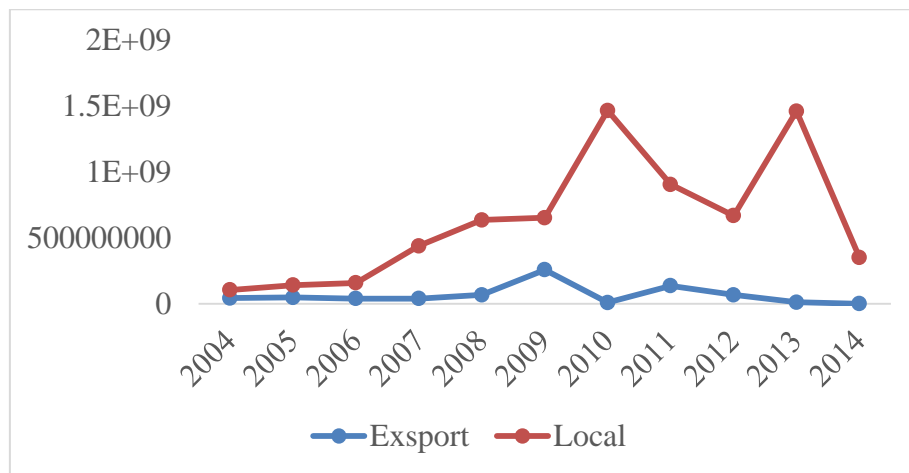


Figure 2. Graph of CPO Sale at PT. Astra Agro Lestari

Based on data, CPO export tax was clearly affected volume of CPO export at PT. Astra Agro Lestari. It is mean that CPO export tax has negative effect where the higher of CPO export tax then the lower of CPO export volume which was conducted by PT. Astra Agro Lestari. In addition based o graph above, can be concluded that CPO sell by PT. Astra Agro Lestari in domestic was higher than CPO export to the other country or to abroad.

CPO Domestic Price

CPO domestic price is one of factors that affect CPO productivity and CPO export at PT. Astra Agro Lestari. CPO domestic price high will cause company increase CPO production and when CPO domestic price low will affect to decrease CPO production because where the CPO price is low, company or palm oil industry can not get the maximal profit from CPO sale or even face dumnification. Prahastuti (2009) said that CPO domestic price will affect volume of CPO production and volume of CPO export. Low CPO domestic price will affect palm oil industry decision where conduct CPO export is better than sell CPO in domestic so that volume of CPO export will increase.

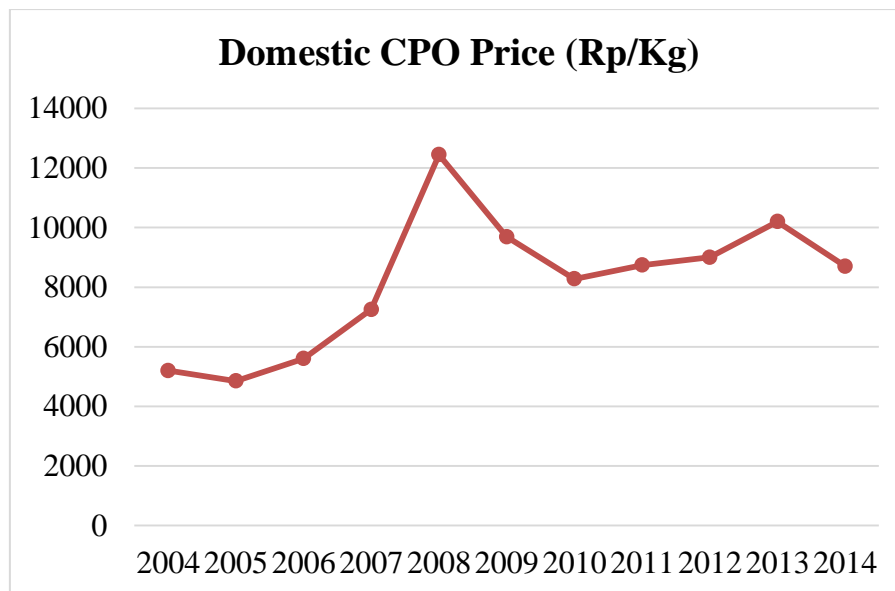


Figure 3. Graph of CPO Domestic Price

Graph above describes CPO domestic development from 2004 until the end of 2014. On 2004 CPO domesic price was Rp. 5200/Kg, continue to increase and reach the highest price on 2008 which was Rp. 12.444/Kg. CPO domestic price then decreases on 2009 which was Rp. 9,687. Since 2009 antil the end of 2012 CPO domestic price relatively constant which price in range Rp. 9,000/Kg. On 2013 CPO

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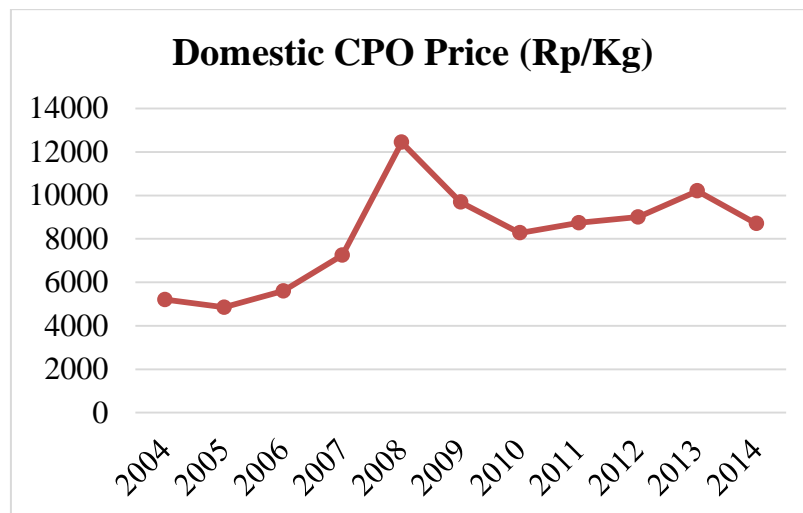


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Volume of CPO Export and CPO Export Tax at PT. Astra Agro Lestari, Tbk

Export tax charge is one of policy from Indonesian government to manage volume of CPO export. Practice of Export tax which was increased step by step hopefully can decrease level of domestic fried oil.

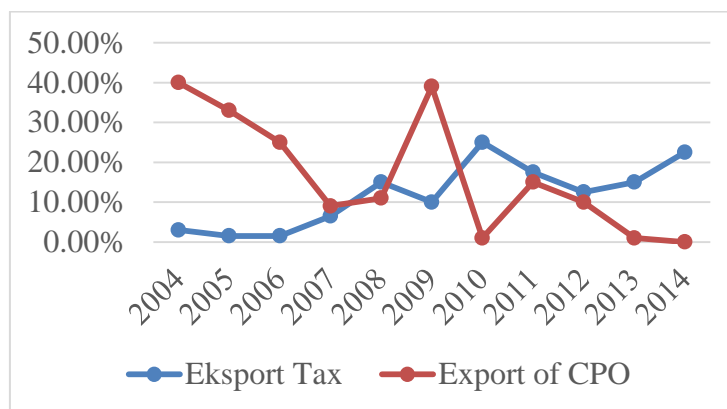


Figure 5. Graph of volume of CPO export and CPO export tax at PT. Astra Agro Lestari

Graph above describes data CPO export tax at PT. Astra Agro Lestari Which established by Indonesian government based on data of financial statistic of PT. Astra

Agro Lestari. In 2004 CPO export tax which was established by Indonesian government equal to all of palm oil industry in Indonesia include PT. Astra Agro Lestari which was 3%. In 2005 and 2006 CPO export tax decrease because Indonesian government realize that high level of CPO export tax became factor which inhibit development of palm oil industry in Indonesia where CPO export tax in 2006 was 1.5%. Hutabarat (2008) reported that CPO export which relatively low on 2007 caused of increasing fried oil price in domestic. This phenomena caused government made new policy to increase CPO export price as the solution of the problem. In 2007 government established progressive CPO export tax. Progressive CPO export tax is export tax which depend on volume of CPO export and depend on World CPO price. Progressive export tax which was established by government minimum was 15% and maximum 25%. Base on statistical financial data of PT. Astra Agro Lestari, CPO export tax established for PT. Astra Agro Lestari in 2007 was 15%, and then decreased on 2008 became 10%. The highest level of CPO export established by government for PT. Astra Agro Lestari was in 2010 wich reach the maximal level 25%. In 2014 CPO export tax at PT. Astra Agro Lestari decreased became 22.50%.

Effect of CPO Export Tax Toward Volume of CPO export at PT. Astra Agro Lestari, Tbk

Increasing of CPO export tax will cause competition ability of CPO product from Indonesia become low in international market and decrease market share in Export market (Paisal et al, 2010). High level of CPO export tax will decrease profit pf palm oil industry and that affect to the quality of CPO product and make the quality become lower than CPO product from another country especially Malaysia as the largest CPO

producer in the world. From multiple regression analysis was obtained that CPO export tax significant and has negatif effect toward volume of CPO export at PT. Astra Agro Lestari. When export tax increase 1% then volume of CPO export will decrease 1.589 million ton. This is equal with (Hutabarat, 2008) said that export tax has negative effect toward volume of CPO export in Indonesia. More high CPO export tax then volume CPO export will become smaller.

Effect of CPO Production Toward Volume of CPO Export

CPO production at PT. Astra Agro Lestari trend increase from 2004 until the end of 2010. After 2010, CPO production at PT. Astra Agro Lestari decrease which was suspected because of the decrease of CPO price both in domestic and in International. In 2012 CPO production at PT. Astra Agro Lestari back to increase because on 2013 domestic CPO price increase become Rp. 10,200/Kg from 2012 which was Rp. 9,000/Kg. In 2013 CPO export price also increase become 1200 USD/ton from 2012 which was 900 USD/ton (Riffin et al, 2009). This is equal with research which was conducted by Sitohang (2008) which concluded that CPO price will affect toward volume of CPO production by palm oil industry. When CPO price trend to increase, then palm oil industry will produce CPO product in large amount aim to increase the company profit. Partial t test which determine effect of CPO production toward volume of CPO export at PT. Astra Agro Lestari was not significant where the signification value of CPO production was higher than 0.05 (alpha) or ($0.776 > 0.05$). Regression coefficient showed that CPO production has positive affect toward volume of CPO

export. CPO production was not significant was suspected because the affects of CPO export tax was stronger and push the affects of CPO production. When CPO production were excess but the CPO export tax was high, PT. Astra Agro Lestari considered to sell CPO product in domestic to fill fried oil demand in domestic rather than export. That was the reason why CPO production was not give significant effect toward volume of CPO export at PT. Astra Agro Lestari.

Effect of CPO Export Proice Toward Voulme of CPO Export

Partial t test result of CPO Export Price toward volume of CPO export at PT. Astra Agro Lestari was not significant where signification value of CPO Export Price higher than 0.05 ($0.409 > 0.05$). Regression coefficient showed that CPO export price has positif effect toward volume of CPO export although the effect was not significant. CPO export price effect was not significant toward volume of CPO export is suspected because the effect was lower than CPO export tax effect. When CPO export tax was high, so that CPO product from PT. Astra Agro Lestari will lose in competition between CPO products from other country for example from Malaysia. Establishing high level of export tax will make CPO sell price from PT. Astra Agro Lestari is higher than CPO from another country although the price is not higher than CPO world price (Faisal et al, 2010).

Hutabarat (2008) with his research observe the effect of export tax toward palm oil industry where from his research, he found that CPO export price was significant toward volume of CPO export which was conducted by palm oil industry in Indonesia. It mean that result of Hutabarat research contract with the result of this research or the result of Hutabarat research is different with the result of this research where the CPO

export price was not significant toward volume of CPO export. It might be because of the difference of data research period. In Huatabarat (2008) research data which was used in period 1987-2007. In that period CPO export tax was low caused fluctuation of CPO export tax so that it was significant. The effect of CPO export tax toward volume of CPO export was negative similar with result of this research.

Effect of CPO Domestic Price Toward Volume of CPO Export

Partial t test result of CPO export price effect toward volume of CPO export at PT. Astra Agro Lestari was significant where signification value of CPO export price was lower than alpha (0.05) ($0.020 < 0.05$). Determination coefficient showed that effect of CPO export price toward volume of CPO export was negative. When CPO domestic price increase, then volume of CPO export will decrease. This is suspected because when CPO domestic price increase and in other condition CPO export tax was high, PT. Astra Agro Lestari got more profit of selling CPO product in domestic rather than export it to another country. This is equal with research result which was conducted by Mamlukat (2005) concluded that rubber domestic price effect was significant toward volume of rubber export. The effect of rubber domestic price toward volume of rubber export was negative. When rubber domestic price was increase, volume of rubber export was decrease. Domestic price affect volume of product export because when domestic price was equal or even higher than export price, sell the product in domestic will gives more profit because there was no distribution cost and export tax like when selling the product abroad.

Sitohang (2008) and Hutabarat (2008) got the same research result. From both of their research the conclusion was CPO domestic price significant toward volume of

CPO export. From Sitohang research (2008) and Hutabarat (2008) resulted that the effect of CPO domestic price toward volume of CPO export by palm industry in Indonesia was negative. When CPO domestic price increase or going to increase, then volume of CPO export will decrease. Furthermore Sitohang (2008) also reported that the decreasing of CPO export will able to keep the balancing of fried oil price in domestic because when the volume of CPO export low, stock of domestic CPO was high.

CONCLUSION

Problem at PT. Astra Agro Lestari is the high level of CPO export tax which decreased the competition ability PT. Astra Agro Lestari with CPO industry from other country especially CPO industry from Malaysia. High CPO export affect to decrease volume of CPO export at PT. Astra Agro Lestari. Multiple regression result showed that effect CPO export tax was significant toward volume of CPO export at PT. Astra Agro Lestari. Regression coefficient was negative mean that increase of CPO export tax then decrease the volume of CPO export.

Factors which affect volume of CPO export are CPO export tax, CPO production, CPO domestic price, and CPO export price. Result of multiple regression analysis showed that the both effect of CPO export tax and CPO domestic price were significant toward volume of CPO export price, whereas effect of CPO production and CPO export price was not significant toward volume of CPO export at PT. Astra Agro Lestari. CPO export tax has negatif effect toward volume of CPO export at Palm Oil

Industry in Indonesia where higher level of CPO export tax then lower level of volume of CPO export.

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