

Identification of Indonesian Products Exported in Their Utilization to Meet the Crude Oil Consumption Level of Thailand through International Trade

**Sherly Febryana¹, Dahlia Anggraeni Nursyihab², Shilvi Oktafiani³, Yulfa Istikhola⁴,
Daspar Daspar⁵**

^{1,2,3,4,5}Universitas Pelita Bangsa

E-mail: sherlyfebryana270200@gmail.com

Abstrak

In a country, the economy can be measured by the number of goods and services produced in one year. Rapid economic growth increases people's consumption in a country. Apart from carrying out its own production, as a form of global cooperation, a country also requires the role of other countries to meet the consumption needs of its people. This international trade is very profitable for producing and consuming countries. For this reason, Indonesia also establishes trade relations with fellow ASEAN members, such as Thailand. This article aims to identify Indonesia's international trade relations with Thailand as a member of the ASEAN countries. The discussion in this article focuses on the products exported by Indonesia to Thailand as well as the opportunities and threats that arise between Indonesia's international trade and Thailand. However, threats such as increasingly fierce competition, commodity price fluctuations and unstable trade policies also need to be taken seriously.

Keywords: International Trade, Thailand, Impact, opportunities, threats

Introduction

A country's economy can be measured by the number of goods and services produced in one year, which is referred to as gross domestic product (GDP). The country's ability to produce goods and services is influenced by various factors in the country. The ability of countries to meet the needs of their populations encourages cooperation between countries through international trade (Fidanti & Nazaruddin, 2020). Exports and imports are important in trade because they can increase GDP and people's quality of life.

The higher the economic development of a country, the greater the country's income, the increase can be used as investment or mutual cooperation that can be used for the benefit of state revenue. This economic development can be carried out by cooperation between a country and other countries both in the agriculture, tourism, industry, plantations, and so on. Economic growth in a country cannot always continue to be stable or experience a good increase, therefore in the economic world, international relations carried out by the two countries are a relationship that is always a way out of the economic downturn that occurs. (Simanungkalit & Erika, 2020)

According to Fidanti & Nazaruddin, (2020) neoclassical theory and competitive advantage show that trade occurs due to the superiority of a country's resources, which can increase economic growth. Therefore, exports and imports are needed to stimulate and increase the productivity of goods and services from a country, so that economic growth increases. An example is trade cooperation between Indonesia and Thailand which can be seen from the development of exports, imports, and GDP of both.

Indonesia's main export commodities are fresh fish, sea transportation equipment, rei and railway equipment, crude oil, paper and carbon paper. Indonesia's imported commodities from Thailand are rice, sugar, corn, telecommunication aircraft, chemicals, food processing machinery and artificial fiber to be spun

Thailand also relies on the agricultural sector in its economy. Thailand has advanced agricultural technology and has become an example for other developing countries in food processing. Thailand also implements commodity policies that are beneficial for development, creation, or export. Thailand has upgraded the concept of agribusiness in its agricultural sector to become one of the largest exporters of agricultural inputs (Imanuela, 2022). To avoid negative competition between Indonesia and Thailand in the agricultural sector, it is recommended to establish cooperation between the two countries. Cooperation with Thailand can improve the quality of human resources and technology in Indonesia, as well as share experience and capacity.

Rapid economic growth makes the people's consumption increase in a country. In addition to producing itself, as a form of global cooperation, a country also needs the role of other countries to meet the needs of its people in consumption. The existence of international trade is very beneficial for producing countries and consumer countries. For this reason, Indonesia also establishes trade relations with fellow ASEAN members, such as in this case Thailand. Where Indonesia exports its products to Thailand. Indonesia is required to improve its export performance to increase its cooperation with ASEAN countries in the international market.

According to Dewi & Lia (2018) stated that Thailand is included in ASEAN members along with Indonesia with a strategic geographical location as a market in Southeast Asia, Thailand is the 9th largest trading partner in the world for Indonesia. Meanwhile, in ASEAN, Thailand is the 4th largest market after Singapore, Malaysia, and Indonesia. However, in terms of transportation services, Thailand managed to occupy the top 2 positions in ASEAN.

Cooperation between Indonesia and Thailand in overcoming challenges and taking advantage of trade opportunities can boost the economic growth of both countries and strengthen their bilateral relations. International trade opportunities with Thailand can be seen from several aspects, such as:

Comparative Advantage. Indonesia has a comparative advantage in cement production and exports some of its cement to Thailand, whereas Thailand specializes in rice production and exports some of its rice to Indonesia.

Islamic Joint Market. The Islamic common market can be realized, having 5.1 billion consumers, but there are also weak points, namely the imbalance of economic levels among Islamic countries, the similarity of industrial production between them, the absence of the same trade law, the weakness of investment, and the huge dependence on the import of products from non-Muslim countries.

Economic Cooperation. Economic cooperation between Indonesia and Thailand can affect the buoyancy of international trade. This collaboration can increase the awareness and concern of the Indonesian people on the importance of increasing the export of Indonesian products to Thailand.

Increased Exports. The increase in Indonesia's exports to Thailand can be seen from several factors, such as the increase in awareness and concern of the Indonesian people towards

the importance of increasing the export of Indonesian products to Thailand, as well as the increase in economic cooperation between Indonesia and Thailand.

Trade Balance. The Indonesia-Thailand trade balance for the 2012-2017 period experienced fluctuations where the highest total trade occurred in 2014 and 2015. Based on the data above, it can be seen that the Indonesia-Thailand trade balance has fluctuated and has the potential to increase the export of Indonesian products to Thailand.

International Market. Thailand is currently listed as one of the new industrial and trade centers in Asia, especially ASEAN. The buoyancy of Indonesia's international trade with Thailand can be seen from several aspects, such as comparative advantages, Islamic common markets, economic cooperation, increased exports, trade balance, and international markets.

Trade Cooperation. Trade cooperation between Indonesia and Thailand can affect the buoyancy of international trade. This collaboration can increase the awareness and concern of the Indonesian people on the importance of increasing the export of Indonesian products to Thailand.

UN Comtrade data. UN Comtrade data can be used to calculate the export value of Indonesian products to Thailand. This data includes information about the type of products exported, export value, and export volume.

IMF World Economic Outlook Database data. The IMF World Economic Outlook Database data can be used to calculate the export value of Indonesian products to Thailand. This data includes information on the Indonesia-Thailand halal product trade balance.

Global Halal Market Data. Global Halal Market data can be used to calculate the export value of Indonesian products to Thailand. This data includes information on the types of halal products exported, export value, and export volume.

There are various challenges faced by Thailand itself. The low utilization of industrial capacity and the swelling household debt have made Thailand's economic condition not in good condition. This triggered an economic crisis which could reduce its import activities abroad, including Indonesia. The threat of a recession revealed by the deputy finance minister on CNN Indonesia last January is a big danger.

Apart from internal factors from their own country that are a threat, environmental factors such as the occurrence of natural disasters can also be a threat to Thailand's exporting country. Thailand is a country that is prone to natural disasters such as tsunamis, storms, droughts, and disasters caused by human hands such as floods, landslides, forest fires, and even epidemics.

Relations between countries are the main factor that shapes the establishment of communication between business people, but there are other factors that encourage international trade. Differences in production are one of the drivers, where different natural resources, capital, technology, and culture between countries cause variations in the number of goods or services owned. In addition, the difference in the price of goods between countries is also an important factor, because business people can benefit from the difference between the selling price and the purchase price. Furthermore, international trade can also increase productivity, where each country chooses to focus on producing only a few products according to its resource capabilities, then exchanges through international trade to meet other consumption needs. Thus, the combination of these various factors encourages the occurrence of mutually beneficial international trade between countries.



There is a considerable influence of this international trade on the economy of a country. The positive impact can help meet the needs of countries that carry out international trade activities, increase productivity with technological advances in producing products, reduce the unemployment rate because it opens up job opportunities for new workers to enter and get to know the world of work, increase foreign exchange earnings for countries with a large number of goods sold to other countries and can encourage the advancement of science and technology as an efficient learning of production techniques and better.

Method

This study discusses export products that are one of the economic growth strategies by using studies of previous research. The research method used is descriptive analysis. This method is carried out by analyzing economic data and international trade between Indonesia and Thailand and reviewing related literature. Descriptive analysis is used to identify exported products, evaluate opportunities and threats in international trade, and provide suggestions to improve trade cooperation between the two countries.

Results and Discussion

Indonesia is a crude oil producing country. Where the excess natural resources owned are used for export activities to other countries. This is because Indonesia's own refineries are not able to accommodate all the crude oil production they produce.

Its high value makes crude oil an export commodity that the country is favored to increase economic growth. As well as Indonesia, which exports crude oil to various ASEAN and Non-ASEAN countries (Japan, South Korea, Taiwan, China, Australia, and the United States). Below is a table of oil export activities from Indonesia to several ASEAN countries, including Thailand from 2016 to the first half of 2021. This data is reported from the E-book Statistics of the Directorate General of Oil and Gas of Energy and Mineral Resources Indonesia.

Table 1. Indonesian Oil Export Activities to ASEAN Countries 2016 – Semester I 2021

| Destination Country | 2016 Bbl | 2017 Bbl | 2018 Bbl | 2019 Bbl | 2020 Bbl | 2021 Bbl |
|------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| Malaysia | 14.113.741 | 10.850.599 | 7.437.740 | 1.011.946 | 4.402.241 | 6.209.863 |
| Filipina | 96.035 | - | - | - | - | - |
| Singapore | 7.866.715 | 5.868.729 | 2.806.610 | 5.232.242 | 4.572.825 | 4.760.295 |
| Vietnam | - | - | - | - | - | 1.105.939 |
| Thailand | 16.030.721 | 16.591.594 | 12.709.451 | 10.094.550 | 11.912.585 | 12.837.526 |
| Subtotal | 111.072.814 | 89.020.836 | 64.704.890 | 25.716.405 | 31.447.689 | 33.099.376 |
| Total | 125.515.791 | 102.677.897 | 74.472.089 | 25.971.079 | 31.447.689 | 33.099.376 |

Based on data from the table above, Thailand is one of the ASEAN countries that fills the entire range from 2016 to 2021. With a total of 80,176,427, Thailand is Indonesia's largest crude oil importer in the ASEAN region.

In 2017, crude oil exports to Thailand experienced a slight increase from the previous year's 16,030,721 barrels in 2016 to 16,591,594 barrels. However, it experienced a very drastic decline in 2018 to 12,709,451 barrels and again decreased to 10,094,550 barrels in 2019. Then in 2020 Indonesia's crude oil exports to Thailand rose again to 11,912,585 barrels, until in mid-2021 Indonesia exported 12,837,526 barrels to Thailand.

Conclusion

Economic improvement is the country's goal in development. The development of exports is one of the efforts of a country in formulating strategies for the achievement of economic growth. Indonesia, with its abundant natural resources, has succeeded in utilizing its natural resources as an export commodity abroad, starting from ASEAN countries, Non-ASEAN, and even outside Asia. From this research, Thailand contributes greatly in importing commodities, especially crude oil from Indonesia. By understanding the opportunities, threats, and factors of Thailand's international trade, it is hoped that Indonesia can see the positive side and avoid its negative impact to continue to be a major actor in the global market through a well-planned strategy and commitment to positive values. Based on these discussions, Thailand will continue to need Indonesia to continue to supply crude oil to its country.

References

- ESDM, Ditjen Migas. 2021. E-BOOK OIL AND GAS STATISTICS, halaman 60.
- Kusuma, H., Sheilla, F. P., & Malik, N. (2020). Analisis pengaruh ekspor dan impor terhadap pertumbuhan ekonomi (Studi perbandingan Indonesia dan Thailand). *Jurnal Ekonomi Dan Pembangunan Optimum*, 10(2), 140-152.
- Rangkuty, D. M., & Nasution, L. N. (2018). Analisis Ekspor Indonesia Dan Gdp Thailand Pendekatan Granger Causality Test. *Jurnal Kajian Ekonomi dan Kebijakan Publik*, 4(1), 47-55.
- Sheilla, F. P., & Malik, N. (2020). Analisis Pengaruh Ekspor dan Impor Terhadap Pertumbuhan Ekonomi di Indonesia dan Thailand. *Jurnal Ilmu Ekonomi JIE*, 4(3), 455–470.
- Simanungkalit, Erika Feronika. 2020. Pengaruh Inflasi Terhadap Pertumbuhan Ekonomi di Indonesia. *Journal of management* vol 13, no.3 hal 327-340.
- Sinaga, Nova Meliyora. (2011). Analisis Faktor-faktor yang Mempengaruhi Ekspor Karet Alam Negara Thailand, Indonesia dan Malaysia. Skripsi: Fakultas Ekonomi dan Manajemen Institut Pertanian Bogor. hal. 5,
- SUNDARI, Y. M. (2016). Analisis Daya Saing dan Strategi Pengembangan Ekspor Karet Alam Indonesia dan Thailand di era Perdagangan Internasional. UIN SUNAN KALIJAGA YOGYAKARTA.
- Triono, Dwi Condro. 2005. Perdagangan Internasional.
- Triyawan, Andi. "ANALISIS PERDAGANGAN BILATERAL INDONESIA DAN THAILAND." PROCEEDING AFRO-ASIAN UNIVERSITY FORUM. 2019.
- Yasid, F., Andi, S., & Hendra, K. 2020. ANALISIS PENAWARAN EKSPOR MINYAK BUMI MENTAH INDONESIA PADA PASAR GLOBAL TAHUN 2009-2018, 4(3), 471-487.