



DETERMINANTS OF SUGAR TRADE IN FIJI AND INDONESIA

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ABSTRACT

Sugar was up to the seventeenth century an expensive luxury item. Mainly due to increased consumption as a result of an increased production, sugar turned into a necessity in the eighteen century and is today a mass consumed product all over the world. In this research, Fiji is observed as sugar exporter in the world. Fiji being a member of the African, Caribbean and Pacific (ACP) countries it has mutually benefited from a long and profitable partnership in the sugar sector with the European Union under the terms of the ACP/EU Sugar Protocol. In addition, this research observes the Indonesia sugar industry as a sugar importer. Amongst the Asian countries, Indonesia is in the top five in sugar production and the top three in sugar consumption. Indonesia has now become one of the five biggest importers of sugar in the world.

The purpose of this research is : (1) to know and understand the performance of sugar exports and sugar imports in Fiji and Indonesia's economy; (2) to analyze the competitiveness of the sugar industry in Fiji and Indonesia ; and (3) to know the factors that influence the export and import of sugar in Fiji and Indonesia. Data used are secondary data and are collected according to time series in the form of annual data from the year 1981- 2011. Least square regression model was applied for trend analysis, AR index used to see the competitiveness and ordinary least square (OLS) model is used to see the factors that affect import and exports of sugar in Fiji and Indonesia.

The results of the analysis show that :(1) there is great fluctuations of import and export of sugar for Fiji and Indonesia which were due to financial crises, land issues, political situations unstable weather conditions and world sugar prices, (2) Fiji has an acceleration ratio of 0.98 whereas Indonesia has its acceleration ratio of 0.99, as observed that both countries do export and import but Indonesia is considered as a net importer; (3) Fiji sugar industry is affected by the sugar import price and per capita availability of sugar. Moreover, Indonesia sugar industry is affected by Brazil's sugar price and per capita availability of sugar.

Keywords: *sugar, ACP/EU Sugar Protocol , regression.*



Determinants of Sugar Trade in Fiji and Indonesia

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Universitas Gadjah Mada, 2015 | Diunduh dari <http://etd.repository.ugm.ac.id/>

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