SUMMARY

DIANA SEPTININGRUM. Analysis of Factors Affecting Supply and Export Price of Agarwood from Indonesia. Supervised by HERMANTO SIREGAR and BAMBANG JUANDA.

Indonesia has the largest diversity of gaharu-producing trees in the world. Agarwood products are sold ranging from wood, leaves, extract of gaharu oil up with residue the oil used as raw materials of incense in worship ceremonies. Agarwood has long been a part of cultures in several countries. This is a potential opportunity for Indonesia to keep improving as commodity exports agarwood contribute foreign exchange. Agarwood is a one of commodity Non-Timber Forest Products (NTFPs) which naturally occurring result of damage or infection to the host tree (type Aquilara, Gyrinops and Gonystylus), producing a dark brown or black resinous core at the centre of the tree that serves as an immune response to wounds resulting from insects of fungal disease. Not all plants containing gaharu.

Prized for its fragrant scent, agarwood is used extensively throughout the world as a primary component in luxury perfumes, soaps and incense for spiritual and religious ceremonies. The high demand of world agarwood market and the relatively high price makes uncontrolled hunting activity of agarwood. This causes agarwood included in the Appendix CITES list which wild agarwood trade is restricted by quota. In attempting to fulfill demand of world agarwood, apart from natural agarwood, Indonesia also produced through the cultivation using inoculation techniques as a commodity export. Through this technique agarwood can be harvested with a shorter time compared with the harvesting of natural agarwood.

The purpose of this study was (1) To analyze the factors that influence the export supply of agarwood in Indonesia; (2) Analyze the factors that affect the export price of agarwood in Indonesia; (3) To formulate policy to increase exports of agarwood from Indonesia. The data used in this study are secondary data time series during the year 2002-2013. The analysis model is a simultaneous equation model estimated by the method of Two Stages Least Squares (2SLS).

Results showed factors affecting export supply agarwood Indonesia is the production of agarwood, the exchange rate rupiah against dollar, and the artificial of agarwood. While the factors which affecting export prices of gaharu Indonesia is the production of agarwood, agarwood world prices and the exchange rate rupiah against dollar.

Recommendations can be given to the government nor the parties involved in implementing the development og agarwood in Indonesia, including capacity building and knowledge for entrepreneurs; to negotiate with the importing countries, to facilitate managing agarwood industry development; Selling agarwood products to the real entrepreneurs; improving agarwood quality products; and to formalized artificial agarwood policy.

Keywords: NTFPs, agarwood, export, supply, price, 2SLS