SUMMARY

SUBHAN. Strategy to Increase the Competitiveness of Urea Industry in the International Market and its Implication Toward the Development of Urea Industry in Indonesia. Supervised by UJANG SUMARWAN, ARIEF DARYANTO, and KIRBRANDOKO.

Urea industry including the manufacturing sector in 2014 made major contributions amounting to 24% of the Gross Domestic Product (GDP), compared with agriculture, forestry and fisheries which only contributed 14% of GDP. Urea industry including non-oil and gas processing industry which contributing 12% to GDP and has a great opportunity to increase foreign exchange. Commodities urea produced by Indonesian urea industry in 2014 contributed to the revenue of the country amounted to USD 475 million with an export volume of 1.027 million tons to the country to India, Bangladesh, South Korea, Philippines, Thailand, Australia and New Zealand, United States, Brazil and Mexico.

Competitiveness classifies in three categories: (i) the competitiveness at the company level, (ii) the level of competitiveness in the industry, and (iii) the competitiveness at the country level. All three levels are inter-related because of the competitiveness of national industry is highly dependent on the conditions of competitiveness of various industries that support the national economy and industrial competitiveness is determined by the competitiveness of companies operating in the industry. Indicators that can be used for measurement of enhanced competitiveness is a value of the company through profitability is the company's ability to generate profits and efficiency in the use of its assets. Measuring the competitiveness of the industrial level using the comparative efficiency of the production costs and the index of RCA, while for the level of countries use different indicators and indices are commonly used to measure the level of competitiveness of the country is the Global Competitiveness Index, which is published every year by the WEF. Competitive advantage is measured by Porter Diamond models.

Indonesia urea industry's competitiveness in the international market lower as indicated by the high cost of production per ton of urea compared to the cost of production of urea in Russia, countries in the Middle East, Malaysia, China and Venezuela. The high cost of production due to high gas prices and the age of the old plant and the technology used is still old technology so that the consumption of raw material gas is still high.

Increasing the competitiveness of industries urea can be done by increasing the company's value through an increase net income and the ratio of revenue to total assets. The company's net income could be increased by increased revenue from the sale of fertilizer, namely by adjusting the domestic selling price according to the price of international market and increase sales volume. The ratio of revenue to total assets can be improved by increasing the current ratio by increasing sales and finance short-term liabilities as well as accelerate the payment of current accounts receivable from sales of urea to the government subsidy.

The purpose of this study was to determine the position of the structure and behavior of the global urea market, comparative and competitive advantages as
well as the position of market competitiveness urea Indonesia and formulate strategies to improve the competitiveness of industries urea in the international market.

The methodology used in this study is a case study, which was conducted during the period October 2014 to March 2015. Analysis of the structure and performance of the market using the Herfindahl index and the concentration ratio ($CR_4$), the comparative advantage of using Reveled Comparative Advantage (RCA), a competitive advantage by using the theory Porter Diamond and to formulate strategies and models of competitiveness, use Analytic Network Process (ANP).

Analysis of the market structure of urea in the international market in 2014 showed a tendency towards oligopoly with a high concentration level indicated by the value of the Herfindahl Index average of 0.2371 and $CR_4$ value of 55.99%. Indonesia urea industry has a comparative advantage as indicated by the value of RCA of 2.17 is higher than China as a major competitor in Asia, while the countries with the highest RCA value is Saudi Arabia at 4.42, Qatar at 4.13 and Russia at 3.93. The results of the analysis of the competitive advantage of Porter's Diamond Theory yields that the overall attributes of resources and domestic demand have a competitive advantage. Support from the Government and the opportunity to help the formation of a competitive advantage. Obstacles are still contained in the fertilizer industry is the availability of gas as a raw material, raw material prices and the age of the plant old that cause inefficient.

Index urea Indonesia's competitiveness in the South Asian market south at 0.35, in the Oceania market amounted to 0.68, in the US and Latin America at 0.58 and in the Southeast Asia / East Asia market at 0.71. Ranking urea Indonesia's competitiveness in the South Asian in position 6, in the Oceania market at position 3 in the US and Latin America at position 4 and in South East Asia at position 5, of the six major exporting countries urea world.

Indonesia urea market position in South Asia in the BCG matrix is in quadrant IV (dogs) with low market growth and market share is small so it is advisable to be diverted to the export market further contributes better profit. In the Oceania market, the United States and Latin America, Southeast Asia and East Asia are in quadrant I (question marks) has a high-growth markets with a small market share so that the necessary development of the market with a market penetration for the region that is geographically close may contribute profits.

Formulation of strategies to increase competitiveness with ANP needs to be done (i) revitalizing the urea industry with technology development, (ii) market development and (iii) business communications with urea-producing countries to improve competitiveness in the international market.

Keywords: Analytical Network Process, BCG Matrix, competitiveness, strategy, urea market situation.