RUDI EKO SETYAWAN. The Strategies to Increase the Competitiveness of Indonesian Rattan Furniture Industry in ASEAN and China. Supervised by HENY K DARYANTO and RINA OKTAVIANI.

The competitiveness of rattan furniture export of a country is one of the indicators that can be used to measure its headway of national economy. The objective of this study was to analyze the competitiveness of Indonesian rattan furniture in ASEAN and China by reviewing the advantage comparative as well as the factors that influence it. From the influence factors, later would be concluded a viable strategy to improve the competitiveness of Indonesian rattan furniture, especially in ASEAN and China market. The quantitative analysis was performed in this study using Normalized Revealed Comparative Advantage (NRCA), regression of panel data from 2004 to 2014 and Analytic Hierarchy Process (AHP). While the qualitative analysis was performed using Porter's Diamond approach based on the opinions of 12 experts of rattan furniture as respondents.

The study concluded that in the period 2004 to 2014, Indonesian rattan furniture exports to ASEAN and China still has competitiveness. It could be seen from all the index of Normalized Revealed Comparative Advantage (NRCA) which has a positive value despite the graphics was very fluctuating. In the concept of Porter's Diamond, government policy elements was a major priority of the six factors that affect a country's competitive advantage. The government policy was a ban on raw and semi-finished rattan exports. In the panel data regression using Fixed Effect Model techniques (FEM), the independent variables that significantly influence the NRCA based on the coefficient values in sequence was banning of raw and semi-finished rattan export policy, the number of rattan industry in Indonesia, rattan furniture export volume, Indonesian rattan processing investment, rattan furniture production value, rattan industry direct labor, real production of rattan in Indonesia, comparison of lending rate against the export destination country, world price of rattan furniture, and implementation of ACFTA.

To be able to increase the competitiveness of rattan furniture in the ASEAN and China represented by NRCA index, the government should establish a training and development center of innovative design and standards quality of rattan furniture. It should also be supported with the guaranteed of rattan raw materials availability and also the improvement of rattan processing industry technology. In addition, the improvement of infrastructure, distribution chain, market information systems and strengthening the brand image of Indonesian rattan furniture in International market also need to be done.