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ANALYSIS OF THE EFFECT OF EXCHANGE RATES, INDONESIAN COFFEE PRODUCTION AND INTERNATIONAL COFFEE PRICE ON COFFEE EXPORT VOLUME IN INDONESIA (CASE STUDY ON INDONESIAN COFFEE EXPORTS 2018-2022)

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ABSTRACT

This research is a type of explanatory research with a quantitative approach. The variables used in this study are the exchange rate, Indonesian coffee production, and international coffee prices as the independent variables, and the volume of Indonesian coffee exports as the dependent variable. This study uses secondary data using time series from 2018 to 2022 with 30 data taken from 6 countries, each country taking five years. The data analysis method is multiple linear regression analysis. The results of multiple linear regression analysis show that there is a combined effect between the variables of exchange rates, production, and international prices on export volume, there is no partial effect between the variables of exchange rates and production on export volume, and there is a partial effect between international prices and export volume.

Keywords: Exchange Rates; Production; International Prices; Export Volume; Coffee

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INTRODUCTION

International trade aims to increase a country's economic development, one of which is by carrying out export activities. One of the benefits of exports in foreign trade is that the country will gain profits that will cause national income to rise, which will lead to an increase in output and the rate of economic growth. The t-level high output will increase economic development (Komenaung & Niode, 2014).

It can be said that a country's economy is declining or not, as seen from its indicators, namely the exchange rate. The exchange rate is the price of one unit of foreign currency in domestic money. In other words, the exchange rate is the price of a currency when exchanged for other currencies. The exchange rate that is often used is the Rupiah exchange rate against the Dollar because the Dollar is a relatively stable currency in the economy. If a country's currency strengthens, the country's economy will continue to increase, and vice versa. If the value of the currency weakens, it means that the country's economy is experiencing a decline. The exchange rate is also an essential factor in carrying out international trade activities; in terms of exports, an increase in a country's exchange rate will also spur the country's producers to increase the number of their exports in order to increase their profits.

Table 1 shows each country's exchange rate, which changes yearly, either increasing or decreasing. Changes in exchange rates significantly affect economic activity, both exports and imports. Changes in exchange rates impact the company's value because it affects the number of cash inflows received from the company's export activities or from its subsidiaries which affect the number of cash outflows used to pay for imports (Sukirno, 2006). In general, exchange rate changes can hinder international trade because exchange rate changes are closely related to the relative prices of domestic goods at home and abroad.

Table 1. Middle Exchange Rates of Foreign Currencies Against Rupiah at Several Banks of Indonesia (Rupiah) 2018-2022

Foreign Currency	2018	2019	2020	2021	2022
Australian dollars	10211.00	9739.00	10771.29	10343.60	10580.68
Euro	16560.00	15589.00	17330.12	16126.84	16712.63
British pound sterling	18373.00	18250.00	19085.50	19200.38	18925.98
Hong Kong dollars	1849.00	1785.00	1819.34	1829.84	2018.56
Japanese Yen	131.00	127.97	136.47	123.89	117.57
Malaysian ringgit	3493.00	3397.00	3491.78	3416.10	3556.25
Singapore dollars	10603.00	10321.00	10644.08	10533.76	11659.08
American Dollars	14481.00	13901.00	14105.00	14269.00	15731.00

Source: Bank Indonesia

Indonesia is one of the world's largest producers of coffee and has a significant role in Indonesia's total agricultural exports. Coffee is a type of drink that is important for most people around the world. Not only because of the enjoyment of coffee consumers but also because of the economic value for countries that produce and export coffee beans. Coffee exports play a significant role in developing Indonesia's total export value because coffee is one of the leading export commodities in the agricultural sector.

Coffee exports play a significant role in developing Indonesia's total export value because coffee is one of the leading export commodities in the agricultural sector. Indonesia is the second largest Robusta coffee-producing country after Vietnam. The coffee commodity has a declining market share in the agricultural sector, and its growth tends to be negative, but the absolute value of its exports is relatively high. It is due to competition from Vietnam, the main competitor for Indonesian Robusta coffee exports. Vietnam has several advantages compared

to Indonesia, especially regarding productivity and quality. There are more than 50 destination countries for Indonesian coffee exports, with the USA, Japan, Germany, Italy, and England being the main destinations. Panjang Port (Lampung) is the gateway for Indonesian robusta coffee exports, and Belawan Port (North Sumatra) is the gateway for Sumatran Arabica coffee. At the same time, Tanjung Perak Port (East Java) is the gateway for arabica and robusta coffee produced from East Java and parts of East Indonesia. The demand for Indonesian coffee continues to increase from time to time, considering that Indonesian robusta coffee has the advantage of having a strong enough body. In contrast, Arabica coffee produced by various regions in Indonesia has unique taste characteristics (acidity, aroma, flavor).

Table 2. Indonesian Coffee Production & Export

Year	Production (tons)	Export (tons)	Exports (in billion US dollar)
2018	759,118	513,143	1.45
2019	761,453	471,250	1.68
2020	765,153	392,715	1.30
2021	651,217	455,135	1. 29
2022	641,222	419,320	1. 41

Source: Association of Indonesian Coffee Exporters and Industry (AEKI)

During The Pandemic Covid era, there is fluctuating demand for coffee export that can decrease the amount of Indonesian coffee sold to other countries. We can see from Table 2 that the development of coffee production has fluctuated in the amount of coffee produced each year. From 2020 to 2021, coffee production decreased from 765,153 tons to 651,217 tons. However, Indonesia's coffee production has also experienced an increase from 2019 to 2020 by 9.95%. Not only does coffee production fluctuate, but the amount of coffee exported also fluctuates in the export value of plantation commodities yearly.

These factors attract researchers to find out why the coffee export volume in Indonesia has decreased. As explained above, is it just because covid 19 pandemic or other factors such as exchange rates, coffee production, and international coffee price? We must find these factors because we want Indonesian coffee export to increase like last time.

LITERATUR REVIEW

International Trading

International trade is an activity of relations and buying and selling transactions between countries, which includes exports and imports. International trade exists by mutual agreement between one country and another. Not only do individuals interact with each other, each country also interacts. Moreover, one form of interaction between countries is cooperation in international trade.

Prices occur through two things: prices set by the government based on a planned economy and prices determined by the interaction of consumers, labor, and companies based on a market economy. The price sold or bought in the domestic market results from market mechanisms that form the equilibrium price. According to Rahardjan (2008), the equilibrium price is when consumers and producers do not want to increase or decrease the amount (quantity) of goods consumed and sold. It means that demand equals supply.

According to (Hutabarat, 1995), export is defined as the sale of domestic products to foreign countries that pass through customs areas. The goal of the exporter is to make a profit. Prices of goods exported abroad are more expensive than domestic. If it is not more expensive, exporters are not interested in exporting the goods. Without these conditions, export activities will not generate profits.

Exchange Rate

The difference in the exchange rate of a country's currency (exchange rate) is principally determined by the amount of supply and demand for that currency (Levi, 1996). In general, the exchange rate can be interpreted as a comparison of the exchange rate is the price of a currency against other currencies (Salvatore, 1997). Exchange rates between currencies are also referred to as exchange rates. The exchange rate is the price of one unit of foreign currency in units of domestic money; in other words; the exchange rate is the price of one currency when exchanged for another. Rupiah exchange rates against the US Dollar, Yen, Pound Sterling, Australian Dollar, Singapore Dollar, and Euro are terms that often appear in various mass media.

The currency is considered to have a stable value and is often used for international payment. The exchange rates contain the terms selling and buying rates used by money changer companies to gain profits from foreign currency exchange services. The selling rate is the rate that applies when we want to sell Rupiah to money changers or will exchange Rupiah for foreign currency. The buying rate is the rate that applies when we want to exchange foreign currency for Rupiah (we want to buy Rupiah). The foreign exchange rate system will depend on the nature of the market. The state of the exchange rate is influenced by the amount of money in the country. The amount of domestic money in circulation to the amount of goods and services sold.

In addition, the supply and demand conditions for domestic currency against foreign currencies and the exchange rate system adopted by the country also affect the value of a country's exchange rate. An increase in the exchange rate of the domestic currency is called appreciation of the foreign currency. The decrease in the domestic exchange rate is called the foreign currency depreciation. Relative changes due to appreciation or depreciation can then affect the condition of a country's foreign trade. By holding all other conditions held, a currency appreciation will increase the relative price of its exports and decrease the relative price of its imports.

The export goods of these countries are relatively less competitive in the international market, which can reduce the value of exports abroad and encourage an increase in imports. Conversely, depreciation will result in a decrease in the relative price of exports and an increase in the relative price of imports. The country's export goods become more competitive in the international market, which can increase the value of exports abroad and reduce the value of imports.

Production

Production factors have a very close relationship with the product produced in the production process. The product as the output of the production process is highly dependent on the production factors as input in the production process. While the production process also depends on the factors of production that go into it. It means that the value of the resulting product depends on the value of the production factors used in the production process. The production function is the link between product value (output) in the production process.

The production function can reflect the state of the technology users, be it companies, industries, or the economy in general. Changes in the use of technology will change the shape of the production function. For example, a company manufactures shoes. In the production function, shoes can be produced in various ways. If one of the compositions of factors of production is simply changed, then the result will change. However, the output will remain the same if other factors of production replace changes in one factor of production. Mathematically, the production function can be formulated as follows (Equation 1):

$$\mathbf{Q = f(K.L.R.T)} \qquad (1)$$

Q represents the number of products (output) produced, f represents a function, which shows the functional relationship between the number of outputs and inputs (K, L, R, T), and K represents the amount of capital or capital goods. L represents the amount of labour, R represents the number of resources (natural wealth), and T represents the technology level used.

The formula shows the amount of product (output) produced depending on the amount of capital (capital), the amount of labor, the number of resources, and the level of technology used. In general, the production process requires various types of production factors. However, to facilitate analysis, it is necessary to simplify the factors of production, which are very large in quantity and quality.

Price

Price is the most important thing in business activities because an item sold must be priced in advance so that all parties can benefit and obtain satisfactory results by setting an agreed price. Price is a customer agreement to measure the company's profit and market share based on the use and expectations of the item (Richter, 2012). Price is an exchange rate of goods or services in the form of money for an item or service that consumers must pay to obtain or own an item or service. Price is used as the main force for companies to measure market share and profits. It causes every small price change to result in a change in the percentage of profits the company gets.

If the international price is higher than the domestic price, then when trade starts, a country will tend to become an exporter. Producers in that country are interested in taking advantage of higher prices on world markets and selling their products to buyers in other countries. Conversely, when international prices are lower than domestic prices when trade relations begin, the country will be interested in taking advantage of the lower prices offered by other countries.

The Effect of Exchange Rate on Indonesian Coffee Export Volume

Ginting (2020) concluded that long-term and short-term exchange rates negatively and significantly affect Indonesia's exports. Jamilah et al. (2019) concluded that the rupiah exchange rate and domestic coffee production significantly affected Indonesia's coffee export volume. Likewise, Sevianingsih et al. (2020) concluded that the rupiah exchange rate had a significant effect on Indonesia's export volume. Therefore, the first hypothesis is

H1: The exchange rate has a positive effect and is significant to the export volume of Indonesian coffee

The Effect of Coffee Production on Indonesian Coffee Export Volume

The link between Indonesian coffee production and the amount of Indonesian coffee exports is that if the amount of coffee production increases, it means that the amount of coffee exports to various countries also increases. Galih and Setiawina (2014) concluded that partially, only the variable amount of production had a significant effect on the volume of Indonesian coffee exports from 2001-2011. Umam et al. (2016) concluded that the factors that have a significant effect are the productivity of coffee plantations in Malang Regency and domestic coffee prices. Jamilah et al. (2019) concluded that the rupiah exchange rate and domestic coffee production had a significant effect on the volume of Indonesian coffee exports. Therefore, the second hypothesis is

H2: Production has positive effects and is significant to the export volume of Indonesian coffee

The Effect of International Coffee Prices on Indonesian Coffee Export Volume

When international coffee prices increase, coffee exporters will carry out mass production so that exports will be even greater (Puspita et al., 2015). Conversely, if international coffee prices

decrease, coffee exporters will produce according to importers' requests, and exports will be smaller when production increases. Puspita et al. (2015) showed that domestic cocoa production and international cocoa prices have a significant effect on coffee exports. Sevianingsih et al. (2020) show that international tea production and prices have no significant effect on the volume of Indonesian tea exports. So the hypothesis can be formulated:

H3: International coffee prices have a positive effect and a significant to the volume of Indonesian coffee exports

METHODS

Operational Variable Definitions

Exchange Rate Fluctuations. The exchange rate is the price of one unit of foreign currency in units of domestic money; in other words, the exchange rate is the price of a currency when exchanged for another. Fluctuations mean changing certain variables, which generally occur due to market mechanisms. The change can be in the form of an increase or decrease in the variable's value, in this case, the fluctuation of the currency or price. During an appreciation, the price of exported goods increases, and the price of imported goods decreases, reducing the value of exports abroad. In contrast, during a depreciation, the price of exported goods decreases, but the price of imported goods increases relatively. The rate of increase or decrease in the exchange rate every year can be seen from the percentage increase or decrease in the exchange rate. As for how to calculate the present in this study by:

$$\% \text{ Increase/Decrease} = \frac{\text{increase value/decrease value}}{\text{value before increase/decrease}} \times 100\% \quad (2)$$

Indonesian Coffee Production. The relationship between Indonesian coffee production and the amount of Indonesian coffee exports is that if the amount of coffee production increases, it means that the amount of coffee produced increases so that exporters can export coffee to various countries in large quantities. Conversely, if Indonesia's coffee production decreases, the amount produced will be less so that exporters can export the same amount as usual, and the amount can even decrease. The greater the products produced, the greater the exports (Puspita et al., 2015). In this case, the units used for the amount of production are Tons. As for how to calculate the percentage in this study by:

$$\% \text{ Increase/Decrease} = \frac{\text{increase value/decrease value}}{\text{value before increase/decrease}} \times 100\% \quad (3)$$

International Coffee Prices. Price is an exchange rate of goods or services in the form of money for an item or service that consumers must pay to obtain or own an item or service. When international coffee prices increase, coffee exporters will carry out mass production so that exports will be even greater (Puspita et al., 2015). Conversely, if international coffee prices decrease, coffee exporters will produce according to importers' requests, and exports will be smaller when production increases. In this case, the international coffee price is expressed in US$/ lb. To see the yearly increase or decrease in international coffee prices, look at the percentage increase or decrease. As for how to calculate the present in this study by:

$$\% \text{ Increase/Decrease} = \frac{\text{increase value/decrease value}}{\text{value before increase/decrease}} \times 100\% \quad (4)$$

Population and Sample

Researchers use objects in the form of Indonesia's central destination countries for exporting coffee and the number of coffee exports from 2018-2022. The population in this study uses six countries, and each country is taken for a 5-year period starting from 2018-2022 for each variable, and the total data used is 30 data. The sample in this study uses data that has been processed or filtered in the Table 3 below.

Table 3. Export Volume, Exchange Rate, Indonesian Coffee Production, International Coffee Prices by Main Destination Country (2018-2022)

Country/Year	Export Volumes (tonnes)	Exchange rate (IDR)	Production (tonnes)	International Coffee Prices (US$/lb)
Japan				
2018	58,878.9	111.27	633,991	7.35
2019	51,438.4	110.63	748,109	7.57
2020	41,920.4	109.43	740,000	6.05
2021	41234.3	108,66	711513	5.68
2022	41240.1	11 1.25	550,000	5.6
USA				
2018	48,094.7	13340	633,991	5.19
2019	69,651.6	13336	748,109	5.68
2020	66138.1	13308	740,000	5.45
2021	58,308.5	14440	711513	4.99
2022	65,481.3	14795	550,000	4.72
German				
2018	26,461.0	15739	633,991	5.1
2019	50,978.2	15810	748,109	4.74
2020	60,418.5	16821	740,000	5.65
2021	37,976.7	16133	711513	5.72
2022	47,662.4	15070	550,000	5.18
Italy				
2018	27,344.4	14739	633,991	8.52
2019	29080.8	15810	748,109	8.49
2020	38,152.5	16821	740,000	8.99
2021	29,745.5	15133	711513	8.85
2022	43048.3	15070	550,000	7.48
England				
2018	24,343.1	15894	633,991	15.70
2019	14,868.4	15969	748,109	19.02
2020	16312.4	16579	740,000	19.2
2021	20,781.0	20097	711513	18.92
2022	14,349.2	19370	550,000	20.59
Singapore				
2018	7.814.1	18778	633,991	17.80
2019	8.717.1	17929	748,109	19.87
2020	5212.9	17055	740,000	18.02
2021	5377.0	17447	711513	17.80
2022	7,725.9	16540	550,000	18.54

Data Types and Sources

The type of data used in this research is secondary data. The secondary data used is data that is recorded systematically in the form of time *series data*. This study used data for 2018-2022 obtained from various sources, including data on the development of non-oil and gas exports by sector for 2018-2022 from the Agricultural Sector Export Commodity Analysis, the Central Bureau of Statistics (BPS), world coffee price data obtained from ICO (International Coffee Organization*)*, coffee production and export data in Indonesia from the Indonesian Coffee Exporters and Industry Association (AEKI), coffee export data by the main destination country for 2018-2022 from the Central Statistics Agency (BPS), while data on the exchange rate of the United States Dollar against Rupiah Indonesia expressed in Rupiah per Dollar obtained from Bank Indonesia. This study uses time series data which is limited to the years 2018 -2022. The basis for choosing the year in this study is to see coffee exports to various countries from year to year.

Data Analysis Method

Multiple linear analysis determines the direction of the relationship between the independent and dependent variables, whether each independent variable is positively or negatively related. In this study, it is used to analyze the effect of exchange rate fluctuations (X1), Indonesian coffee production (X2), and international coffee prices (X3) on the dependent variable, namely Indonesian export volume (Y). The multiple linear regression equation model is as follows (Equation 5):

$$\mathbf{Y = a + b1X1 + b2X2 + b3X3 + e} \quad (5)$$

Y represents Indonesian coffee export volume, a is Constant, X1 represents the fluctuating of value exchange rate, X2 represents Indonesian coffee production, while X3 represents international coffee prices. b1 represents regression coefficient of fluctuating variables mark exchange rate, b2 represents regression coefficient of indonesian coffee production variable, and b3 represents regression coefficient of indonesian coffee price variable.

RESULTS AND DISCUSSION

Hypothesis testing

According to Ghozali (2011), the coefficient of determination (R^2) essentially measures how far the model's ability to explain the variation of the dependent variable is. The value of the coefficient of determination is between zero and one. A small R2 value means that the ability of the independent variables to explain the variation in the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable.

The processed data (shown in Table 4) shows that the results are Adjusted R 2 is 0.494, which means 49.4%. It means that exchange rates, Indonesian coffee production, and international coffee prices can explain 49.4% of export volume. In comparison, the rest (100% - 49.9% = 50.6%) is explained by other causes outside the model, such as domestic price, land area, level of consumption, and others.

Table 4. *Adjusted* results R [2] Regression

Summary Model [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimates
1	.739 [a]	.546	.494	12274.1710

a. Predictors: (Constant), International Coffee Prices, Coffee Production, Exchange Rates
b. Dependent Variable: Export Volume

According to Ghozali (2011), the F statistical test shows whether all the independent or independent variables included in the model have a joint effect on the independent variable/bound to the null hypothesis (Ho). From the F test, the calculated F value is 10.440 with a probability of 0.000. Because the probability is much smaller than 0.05, the regression model can be used to predict the volume of coffee exports, or it can be said that the exchange rate, Indonesian coffee production, and international coffee prices jointly affect the volume of coffee exports. Following are the results of the F test in this study:

Table 5. F test results

ANOVA [a]

Model		Sum of Squares	df	Means Square	F	Sig.
1	Regression	4718522770.421	3	1572840923.474	10,440	.000 [b]
	residual	3917037087.446	26	150655272.594		
	Total	8635559857.867	29			

a. Dependent Variable: Export Volume
b. Predictors: (Constant), International Coffee Prices, Coffee Production, Exchange Rates

According to Ghozali (2011), the t-statistical test shows how far the influence of one explanatory/independent variable individually explains the variation of the dependent variable. Of the three independent variables in the regression model, the exchange rate and Indonesian coffee production are not significant. It can be seen from the significant probability for the exchange rate of 0.740 and Indonesian coffee production of 0.627, which are far above 0.05. Based on processed data, it shows that the independent variable influences the dependent. The results of the t-test in this study are shown in Table 6.

Table 6. Test Results t

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	54233.286	22738915		2,385	.025		
	ER	-.140	.416	-.051	-.335	.740	.753	1,327
	CP	.016	.033	.065	.492	.627	.996	1,004
	ICP	-2402,443	513,618	-.712	-4,677	.000	.753	1,329

a. Dependent Variable: Export Volume
Note: ER: Exchange rate, CP: Coffee Production, ICP: Internasional Coffe Prices

The Effect of Exchange Rate on Coffee Export Volume

By the results of data processing, the exchange rate variable has no significant negative effect on export volume. Based on Table 6 above, it can be seen that the exchange rate against export volume gives a t value of -0.335 with a significance of 0.740 greater than 0.05 (0.740 > 0.05), then Ho1 is accepted, and Ha1 is rejected, meaning that the exchange rate has no significant effect on coffee export volume. However, simultaneously, the exchange rate, Indonesian coffee production, and international coffee prices all have an effect on export volume.

The exchange rate does not have a significant effect because the demand for coffee from abroad is very large, so regardless of the exchange rate in the importing country, because the demand is significant and continues to rise, the importing country will still buy coffee to meet domestic coffee needs even though the exchange rate is depreciating. World coffee

consumption is increasing yearly, and the trend of drinking coffee is inherent in society, causing demand for coffee to continue to rise even though exchange rates fluctuate. The large number of international transactions that use dollars and a large amount of money circulating in the country make the Rupiah currency unsellable, which is also why the Rupiah exchange rate is less influential in international trade. Even though the rupiah depreciates or appreciates, exports are not affected by this movement, so every point of Rupiah depreciation will have the same effect as if it were appreciated, only in a different direction. These results are not following the theory of factors affecting exports. The results of this study are in line with the research of Umam (2016), Puspita et al. (2015), and Ratana et al. (2012), which state that the exchange rate has no significant effect on export volume.

The Effect of Indonesian Coffee Production on Coffee Export Volume

Following the data processing results, the production variable has a positive but insignificant effect on export volume. Based on Table 6 above, it can be seen that Indonesian coffee production in terms of export volume gives a t value of 0.492 with a significance of 0.627 greater than 0.05 (0.627 > 0.05), then Ho2 is accepted, and Ha2 is rejected, meaning that production has no significant effect on export volume. However, simultaneously, the exchange rate, Indonesian coffee production, and international coffee prices all affect export volume. The test results show that not all coffee produced in Indonesia will be exported abroad. However, coffee production in Indonesia is also marketed domestically because it is to meet domestic needs. So, if the amount of our coffee production increases, it does not mean that our exports also increase. The ability of products produced for export should have a high potential to compete in the global market. Not all coffee products produced are of good quality so they can meet the product quality standards of the importing country. The results of this study are in line with the research of Sevianingsih et al. (2016), which states that production has no significant effect on export volume.

The Effect of International Coffee Prices on Coffee Export Volume

Following the data processing results, the international coffee price variable has a negative and significant effect on export volume. Based on Table 6, the value of international coffee prices to exports is 0.000. It means that the international coffee price variable has a negative and significant effect because the significance level is less than 0.05 (0.000 <0.05), then Ho3 is rejected, and Ha3 is accepted, meaning that international coffee prices have a significant effect on export volume.

It follows the theory of factors affecting exports. This suitability must be balanced with the high demand for coffee in the market, which has caused coffee prices to increase both domestically and internationally. It causes producers to have more tips to offer their products to the market because Indonesian coffee has its characteristics, so many other countries like various types of Indonesian coffee. It has made several importing countries focus on importing coffee products from Indonesia even though international coffee prices are increasing. It is what makes Indonesia's coffee export volume continue to increase even though international coffee prices continue to soar. This study's results align with the research of Mohani et al. (2016) and Puspita et al. (2015), which states that international prices significantly affect export volume.

CONCLUSION

This research was conducted to analyze the effect of the exchange rate, Indonesian coffee production, and international coffee prices on the volume of Indonesian coffee exports during 2018-2022. The exchange rate has no significant effect on the export volume of Indonesian coffee. It means that regardless of the exchange rate in the importing country because the demand is large and continues to rise, the importing country will continue to buy coffee to meet

domestic coffee needs even though the exchange rate depreciates. The large number of international transactions that use dollars and a large amount of money circulating in the country makes the Rupiah currency unsold; this is also why the Rupiah exchange rate has less influence on international trade.

Indonesian coffee production has no significant effect on the volume of Indonesian coffee exports. It means that no matter how much coffee production is in Indonesia, not all coffee produced is exported abroad. However, coffee products are also marketed domestically to meet domestic needs. Not all coffee products produced are of good quality, so they cannot meet the product quality standards of importing countries.

International coffee prices significantly affect the volume of Indonesian coffee exports. It means that the large demand for coffee in this market also causes coffee prices to increase domestically and internationally. The increased demand for coffee is because more and more foreign people are interested in coffee from Indonesia, which has its own characteristics, so many countries import coffee from Indonesia to meet their country's needs. It has made some importing countries focus on continuing to import coffee products from Indonesia even though international coffee prices are increasing.

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