ABSTRACT

ASKAR JAYA. Regional Leakage in Community Cinnamon Commodity Agribusiness System and its impact on Regional Economy: Case in Kerinci Regency of Jambi Province. Supervised by Ernan Rustiadi as the leader, Isang Gonarsyah, Deddy S. Bratakusumah, and Bambang Juanda as supervisor commission members.

Cinnamon is one of national export commodities which has placed Indonesia as the world’s biggest exporter. Its existence is a source of income in society, source of foreign exchange and the country of employment. Development problem is the low price at the level of farmer’s, affecting the farmers cut off all the trees without effort to manage the plants, and it makes the productivity decrease. In general, the purpose of this research is to analyze the regional leakage in community cinnamon commodity agribusiness system and its impact on regional economy, cases in Kerinci Regency of Jambi Province. The specific purposes are; (1) to analyze cinnamon commodity agribusiness system development (2) to analyze the integration of cinnamon price in farmers and exporter, the competitiveness of cinnamon in international market; and the cinnamon demand in international market; (3) to analyze the contribution the cinnamon to the economy of Kerinci Regency; (4) to analyze regional leakage potential and implication the cinnamon sector to regional economy. The research uses the following model: descriptive, input-output (I-O), econometrics and constant market share (CMS). The research showed that: (1) The cinnamon commodity agribusiness system had inefficiency development system; (2) The cinnamon exporter price was integrated 40% to farmers’ price. The Indonesian cinnamon competitiveness is lower than China’s. The Indonesian cinnamon demand is significantly influenced by the price, economic growth (GDP), and real exchange rate; (3) The cinnamon had an important role in regional economy of Kerinci Regency; (4) The cinnamon had regional leakage potential and its implication to regional economics. To develop cinnamon sector there are several strategies: Develop the agro industry processing, the tree structure industry, the competitiveness, marketing, the farmer’s institution, and government policy.

Key words: cinnamon, regional leakage, sectoral linkages, agribusiness system, price integration, export competitiveness and agro industry processing.