ABSTRACT

YUDI SAPTA PRANOTO. The Impact of Government Policies on Profitability and Competitiveness of White Pepper (Muntok White Pepper) in the Province of Bangka Belitung (ANNA FARIYANTI as Chairman and RITA NURMALINA Member of the Advisory Committee).

Indonesia is well known as the world producer and exporter of white pepper. In the year 2000, Indonesia was able to meet 90 percent of the world demand for white pepper. But during the past 10 years, Indonesia’s white pepper exports have declined, even in 2009 and 2010 export of white pepper contributed only as much as 26.8 percent and 28 percent of the world white pepper demand. At present, the problem becomes a serious threat to the sustainability of white pepper exports as there is a decreasing in crop area thus decline the productivity and a stronger competition with other exporter countries such as Vietnam. This study was conducted in the province of Bangka Belitung. Aims of this study were: (1) to analyze the profitability of white pepper commodity financially and economically, (2) to analyze the comparative and competitive advantages of white pepper, and (3) to analyze the impact of government policy on profitability and competitiveness of white pepper. Policy Analysis Matrix (PAM) was used to calculate the private and social profits and to measure the level of comparative advantage and competitive advantage of white pepper. Sensitivity analysis was also conducted in order to analyze the impact of policy change on white pepper commodity. The results showed that: (1) white pepper farm in the province of Bangka Belitung is profitable (both private and social profitable), (2) it had a competitive advantage (PCR<1) and comparative advantages (DRCR<1), and (3) government policies do not provide effective protection for farmers to produce white pepper.

Key Words: White Pepper, Profit, Comparative Advantages, Competitive Advantages, Policy Analysis Matrix