DETERMINING PRIORITY PRODUCTS OF SMALL MEDIUM ENTERPRISES FOR EXPORT THROUGH TRADING HOUSES

Penentuan Produk Ekspor UKM Prioritas Melalui Trading House

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Abstrak

Upaya mempercepat laju ekspor Indonesia melalui peningkatan ekspor dari sektor usaha kecil dan menegah (UKM) merupakan pendekatan yang strategis. UKM telah terbukti sebagai sektor yang mampu bertahan dalam situasi krisis ekonomi domestik dan global. Namun demikian, UKM menghadapi beberapa kendala dalam menembus pasar internasional. *Trading House* dapat menjadi salah satu solusi dalam mengatasi kendala tersebut. Penelitian ini bertujuan untuk menyusun kriteria prioritas produk potensial ekspor dan sekaligus menentukan produk prioritas ekspor UKM yang akan dimasukkan dalam *Trading House*. Data yang digunakan adalah data sekunder yang berasal dari BPS dan data primer yang berasal dari FGD. Metode yang digunakan adalah metode *Analytical Network Process* (ANP). Metode ANP diharapkan dapat memberikan hasil yang lebih bagus mengingat kemampuannya dalam memperhitungkan interaksi dua arah antar elemen dan kluster dalam kerangka penelitian. Hasil analisis menunjukkan bahwa kriteria prioritas untuk menentukan produk *Trading House* adalah pangsa ekspor, impor dunia dan ketersediaan bahan baku lokal. Produk prioritas *Trading House* adalah perhiasan dan aksesoris, furnitur, makanan olahan, produk tekstil dan garmen, minyak atsiri (produk spa aromaterapi). Pemerintah perlu segera membangun *Trading House* yang komprehensif dan mensosialisasikan fungsinya kepada pelaku usaha terutama UKM.

Kata kunci: *Trading House*, Ekspor, UKM, Metode ANP

Abstract

One of the efforts to accelerate Indonesian exports can be done through increasing small and medium enterprises (SMEs) which is a strategic approach. SMEs are able to survive in the domestic and global economic crisis even though they experienced some obstacles in getting an access to international market. Trading House could be a solution in overcoming the SMEs difficulties. This study aims to establish priority criteria of potential export products as well as priority of export products of SMEs through Trading House. This study utilized both secondary data coming from BPS and primary data from Focus Group Discussion (FGD), and used Analytical Network Process (ANP) method. The ANP is aimed to give the best solution of the problem since it considers two way interactions between elements or clusters (feedback). The results show that the priority criteria for determining Trading House products include the share of exports, world imports and the availability of local raw materials. Trading House priority products are jewelry and accessories, furniture, processed foods, textile and garment products, essential oils (aromatherapy spa products).The government must immediately build a comprehensive Trading House and socialize its functions to business players, especially SMEs.

Keywords*: Trading House, export, SMEs, ANP Methods*

***JEL Classification**:* C82, F13, H30, O24

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) plays an important role on supporting Indonesian economy. It is indicated by significantly growing number of the business units. The number of Micro and Small business units rose on the average of 6.42% and 2.13% per year during 2010-2015.

Furthermore, the trend of starting independent business is also high. For example, around 41% people in labor force age have their own independent business in 2015. The use of social media as one of marketing strategies supports this MSMEs performance (Vasquez & Escamilla, 2014).

In term of output value, Micro and Small business also experienced significant growth. The trend of its output value reached 40.75% per year for micro businesses during 2010-2015, while the output value of small businesses increased on average 37. 86% per year.

Unfortunately, the share of MSMEs exports is still low around 15.7% of total non-oil and gas exports in 2014, compared to Korea (43%), China (40-60%) and Taiwan (56%) (Sato, 2015). In 2014, the value of MSMEs exports reached Rp 186 trillion, increased 2.1% compared to a previous year. The share of Micro Enterprises export to total non-oil and gas export fell by 4.43% compared to 2013, furthermore the share of small businesses also decreased 4.14% while the share of Medium Enterprises increased by 1.90%. In spite of its export contribution that is considered relatively low, the opportunity to grow of the MSMEs is widely open.

The trend of MSMEs share to export is weakened during 2010-2014, however its export value in 2014 showed positive growth. Therefore, Indonesia should be optimistic that the opportunity of MSMEs export can be strived to increase.

The participation of SMEs in the Global Value Chain (GVC) is expected increase exports optimally. Mohiuddin & Su (2014) stated firms are more integrated through GVC. About 62% of Canadian manufacturing SMEs are re-integrated to produce their own products, even 28% of them are successfully incorporated to be the exporters. In addition, participating in GVC will benefit to strengthen

company's technical and managerial capabilities, improving capacity utilization and production efficiency, strengthening corporate credibility, providing a way for SMEs to compete in global markets. However, participating on GVC is a challenge particularly for SMEs. This is because SMEs have constraints and limitations to meet product standards, production capacity, quality standards, logistics efficiency and process standards (Abonyi, 2015).

Currently there are at least five global SMEs products that are affected by GVC involvement: (1) Agriculture products, (2) Processed foods (3) Automotive products, (4) Electronic products (5) Handicrafts. Through GVC, SMEs are involved in providing intermediate input and acting as subcontractors in the production process (Yuhua, 2014).

Participation in the GVC is expected can encourage SMEs product exports. However, Indonesian SMEs are still difficult to engage in GVC, because they do not have access to export information and products that fulfill quality standards (Kadarusman & Nadvi, 2013).

Trading House becomes one of alternative solutions to increase SMEs export. Reflect from Japan's and South Korea's successful experiences, establishment of Trading House could effectively increase export and help SMEs product marketing. Beside Japan and South Korea, many countries have developed trading house to support their SME export, for instance, Canada, Taiwan and Sweden.

Ortega, et. al (2016) on their research provided a new classification of the MSMEs sector based on the knowledge level. Research finding revealed that almost half of the MSMEs sector in Mexico has lower level of knowledge, and only 10% are classified as highest level knowledge. Adding employees has no significant contribution to MSMEs knowledge and sales, and therefore not effective to improve its performance.

Furthermore, effort to maintain the uniqueness and the quality of exported products requires SMEs to have copyright protection (Intellectual Property Rights/IPR) of their products. These IPR requirements can only be obtained with good cooperation between IPR publishers, SMEs supporting institutions, business associations, and other relevant

government agencies (Sukarmijan & Sapong, 2014).

Trading House is expected to play an active role as bridging tool between SMEs and its access to IPR need. Trading House assisting SME to get IPR certification at the Ministry of Justice and Human Rights which take advantage of the cooperation scheme between Ministry of Cooperative and SMEs with Ministry of Justice and Human Rights that provide free of charge to take care of IPR of SME's export products.

However, the main benefit of trading house to SME is helping them to access the market. Accessing foreign market requires sunk costs, such as marketing and market information gathering, which is too large for typical SME to bear. Hadiyanti (2015) said that the SME frequently experience difficulty in marketing their product that prevent them from competing with larger firms in foreign market. Trading house should be directed to provide the collective marketing service for SME. In other word, Trading House is a means for government intervention to overcome market failure due to public goods problem.

The question is what criteria can be used as a reference to determine what SMEs export products can be improved through Trading House. In addition, which SMEs products that should be selected based on those priority determination criteria. This paper will answer these two problems both criteria and the selected SME product. This paper is in accordance with National Medium-Term Development Plan (RPJMN) 2015-2019 which states "marketing and distribution channel integration are supported by market information system and trading house development for SMEs products".

RESEARCH METHODS

The Analytical Network Process (ANP) method is utilized to select the criteria as well as SMEs product or commodity group which to be included in the Trading House. The ANP is believed to have better process over other decision-making methods because it provides more consideration both in the criteria as well as in the option through its feedback feature. There are two stages of ANP in this paper. The first is determining the criteria that will be used to find priority product that are:

1. Source of raw materials (domestic or imported)
2. Trends in output values
3. Indonesia's export growth
4. Growth of export share
5. Growth of world imports
6. Contribution to the Indonesian economy

The second stage is to determine priority products of SMEs that will be included in the Trading House by using the criteria resulted from the first stage. The ANP method has been widely used by previous research to make priority and determine a right decision.

The ANP method is being developed from the Analytical Hierarchy Process (AHP) method. AHP chooses the alternative priority of choice through hierarchy process in one direction, while ANP takes into account interactions among elements as well as clusters and it has two way tracks or feedbacks of selecting best solution of the problem. As a result, ANP is alleged to give the best composite weights (Vayvay et al, 2012). Several studies have used AHP methods for various aspect. Prabowo (2014) utilized AHP method to select some commodities that are included in priority foodstuffs.

Gorener's study (2012) compared the ANP and AHP methods to determine the priority factors of Strengths, Weakness, Opportunities and Threats (SWOT) in making decisions on manufacturing companies. Nedjati & Izbirak (2013) research used ANP method to formulate and establish prioritized leading indicator of intellectual capital (IC) for dairy companies.

Alfian research, et. al (2013) also used ANP method to select supplier of paper raw materials for magazine industry. While, research conducted by Jaharnsyah, et.al (2013) formulated a strategy of improving SMEs shoes export in Surabaya by using the ANP method.

ANP analysis consists of two parts, which are:

1. Hierarchy control where network of criteria and sub criteria control the interactions within the system.
2. The second part is a network that shows the influence between elements in a cluster or between clusters.

ANP method describes a decision of choosing problem's solution through a network called control hierarchy. The decision network consists of clusters, elements

and links. A cluster consists of some corresponding elements in a network or sub network. For each network, the cluster of a system with its elements is calculated.

All interactions and feedbacks within a cluster are called inner-dependence, whereas interactions and feedback between clusters are called outer-dependence. Through inner-dependence and outer-dependence, decision makers can describe the concept of interaction relationships between clusters and between elements within a cluster.

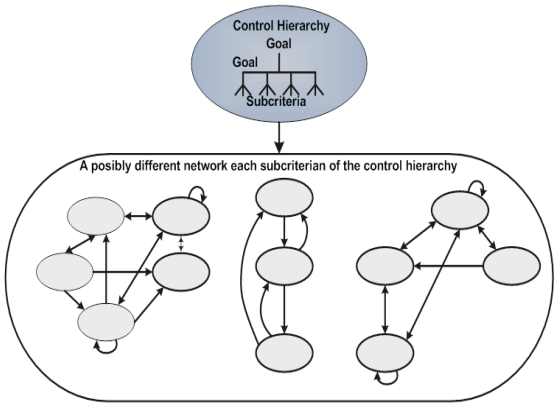

Figure 1. ANP Hierarchy and Feedback

The ANP network structure is represented by a two-lane arrow (circular arc) that shows inter-dependence between clusters. If there is an interaction among elements within the same level of cluster is called a loop. The arrow of a circular arc signifies a dependency. There are several steps in using ANP method:

1. Develop a network hierarchy of decisions that show the relationship between decision factors
2. Make pairwise comparisons among factors that influence decisions
3. Calculates the relative importance weight vectors of these factors.
4. Creating a super-matrix composed of relative importance weight vectors.
5. Calculates the final weights with super-matrix.

RESULTS AND DISCUSSION

A. Priority Criteria Determination

The criteria used as a basis for prioritizing product groups to be handled through Trading House is a combination of review and considerations through FGD with relevant stakeholders. Initially there are only six criteria by reviewing the literature. However, the six criteria do not include Indonesia specific criteria. The latter are obtained through FGD. Some criteria used to prepare Priority Trading House products are;

1. The availability of local raw materials. This criteria indicates that the priority product should has plenty sources of raw materials

domestically, and it does not depend on imported raw materials. In addition, an increase in the priority product exports with high local raw material content will also boost the upstream sector.

2. The growth trend of output value. This criterion is indicated by the average growth of production value during 2009-2013. Output value growth trend is used to see the consistency of production processes of the priority products.
3. The trend of Indonesia's export growth. It is indicated by average growth of Indonesian exports during 2011-2015. Export growth trend is an indicator to observe Indonesia's ability to supply the priority products for international market.
4. Export share growth trend to indicate the size of Indonesia's export capability. The instrument used in this criterion is the average growth of Indonesian export share towards Indonesia's non-oil and gas exports during 2011-2015.
5. World import growth trend which is indicated by the average growth of world import during 2010-2014. This criterion shows the trend of import demand in the world market.

Table 1. Priority Weighted Product Criteria to be handled through Trading House

CRITERIA	Domestic Raw Material	Output Value	Export Value	Export Share	World Import	Contribution to Economy	TOTAL	RANK	WEIGHT
Domestic Raw Material	1,0	1,4	1,2	0,8	0,8	0,8	**6,0**	**3**	**0,17**
Output Value	0,6	1,0	0,8	0,8	0,8	0,8	**4,8**	**6**	**0,13**
Export Value	0,8	1,2	1,0	0,6	1,0	1,0	**5,6**	**4**	**0,16**
Export Share	1,2	1,2	1,4	1,0	1,2	1,2	**7,2**	**1**	**0,20**
World Import	1,2	1,2	1,0	0,8	1,0	1,4	**6,6**	**2**	**0,18**
Contribution to Economy	1,2	1,2	1,0	0,8	0,6	1,0	**5,8**	**5**	**0,16**

Source: Desk Research, FGD

6. Contribution to the Indonesian economy to see the impact of priority product sectors on economic activity, both upstream

and downstream sectors. The indicators used are indexes of both forward and backward linkage from Input-Output (IO) table.

Table 1 presents the analysis on the priority products criteria which is indicated by aggregate sum. Based on the aggregate sum, the table also provides the rank of each criterion. Analysis shows that the priority criteria for determining the products to be handled through Trading House are (1) High export share; (2) High world import; (3) Local raw material available; (4) High export value; (5) High economic contribution; (6) High output value

B. Priority Product Determination

The FGD was conducted by involving SMEs, exporters, institutions that are knowledgeable on Trading House to perform several functions Trading House, and the local government representative which handle export and SME. Each FGD participants are required to provide an assessment of the criteria for the application of Trading House concept. Criteria for selection of the product is determined by the priority weighting FGD participants. These criteria are: (1) Source of raw materials (domestic or imported); (2) Trends in output value; (3) Indonesia's export growth; (4) Growth of export share; (5) Growth of world imports; (6) Contribution to the Indonesian economy.

After the criteria are determined, the next step is to provide a priority assessment or scoring/ weighting for each criterion. Appraisal score for the criteria for the selection of priority criteria was determined and followed by determining the scores of priority product alternatives that have been previously selected. Weighting method is done in the same way that is making pairwise comparison matrix for each alternative pair based on each criterion. Priority synthesis is carried out by the sum of the weights obtained by each product alternative for each criterion. High-ranking products will become export priority products handled through Trading House. The list of priority products to be enhanced through Trading House is reconfirmed and review by all related stakeholders in FGD. The products are as presented in Table 2:

Table 2. Proposed Trading House Products

Group	Products
Handicraft Industry	Furniture Wood product handicrafts (rattan, wicker and plait handicrafts) Pottery, ceramics, and decorative product Jewelry and accessories Textile and garment Leather and batik product (slipper, shoes, handbag, and wallet)
Fishery Product	Seaweed Ornamental Fish Mollusca and sea cucumber
Agriculture Oriented Product	Essential Oils Ornamental Plants and Flowers Coconut product Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens) Processing food

Source: FGD results
Note: * The wood product include carving, painting

B1. Priority Products based on Local Raw Material Availability Criteria

Fishery products, such as ornamental fish, and Mollusca as well as ornamental plants have the highest weight in the criteria of local raw materials which the weight reaches 0.0834. This condition shows that these two products mostly use local raw materials as production input. In addition, processed food products, such as snacks also have a high weight in this criterion that is 0.08. Meanwhile, the leather and batik products have the lowest weight (0.0573) compared to other priority products.

Table 3. Priority Product Weight Based on Local Raw Material Availability Criteria

No	Priority Product	Weight on Local Raw Material Criteria
1	Ornamental Fish	0,0834
2	Ornamental Plants and Flowers	0,0834
3	Mollusca and sea cucumber	0,0834
4	Processing food	0,0800
5	Seaweed	0,0800
6	Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens)	0,0797
7	Furniture	0,0767
8	Jewelry and accessories	0,0700

9	Wood product handicrafts (rattan, wicker and plait handicrafts)	0,0677
10	Essential Oils	0,0642
11	Textile and garment	0,0583
12	Coconut product	0,0583
13	Pottery, ceramics, and decorative product	0,0576
14	Leather and batik product (slipper, shoes, handbag, and wallet)	0,0573

Source: ANP results

B2. Priority Products based on Output Value Growth Criteria

Based on the criteria of output value growth trend, furniture products have the highest weight of 0.2789. This condition shows that furniture production in Indonesia tends to be consistent and higher than other product groups. In addition to furniture, other products that have a quite high weight in this criterion are plantation products, processing foods (snacks, fruit juices) and coconut product.

Table 4. Priority Product Weight is based on the Output Value Growth Criteria

No	Priority Product	Weight on Output Value Criteria
1	Furniture	0,2789
2	Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens)	0,1432
3	Processing food	0,1394
4	Coconut product	0,1335
5	Seaweed	0,1095
6	Leather and batik product (slipper, shoes, handbag, and wallet)	0,0812
7	Wood product handicrafts (rattan, wicker and plait handicrafts)	0,0642
8	Essential Oils	0,0268
9	Textile and garment	0,0161
10	Pottery, ceramics, and decorative product	0,0073
11	Ornamental Fish	0,0000
12	Jewelry and accessories	0,0000
13	Ornamental Plants and Flowers	0,0000
14	Mollusca and sea cucumber	0,0000

Source: ANP results

On the other hand, handicraft products of pottery, metal ceramics and other decorative products have the lowest weight. The ornamental

fish, jewelry, ornamental plants and sea cucumbers are not included in the criteria of output value growth trend because they have negative growth trend value.

B3. Priority Products based on Export Value Growth Criteria

Jewelry and accessories products have the highest weight of export growth trend criteria. The weight of jewelry and accessories products is 0.6233, much higher than other priority product choices. This condition indicates that the product is experiencing a five-year average increase which is greater than other products. In contrast, pottery, ceramics and other decorative handicraft products have five-year export value growth trends lower than other products, so the weight value tends to be low. The ornamental fish products, wood products and wicker rattan, coconut products and sea cucumbers are not included in this criterion because they have a negative export growth trend or tend to decline during 2011-2015.

Table 5. Priority Product Weight is Based on Export Growth Criteria

No	Priority Product	Weight on Export Value Criteria
1	Jewelry and accessories	0,6233
2	Textile and garment	0,1375
3	Leather and batik product (slipper, shoes, handbag, and wallet)	0,0472
4	Seaweed	0,0430
5	Ornamental Plants and Flowers	0,0430
6	Furniture	0,0376
7	Processing food	0,0236
8	Essential Oils	0,0230
9	Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens)	0,0164
10	Pottery, ceramics, and decorative product	0,0055
11	Ornamental Fish	0,0000
12	Wood product handicrafts (rattan, wicker and plait handicrafts)	0,0000
13	Coconut product	0,0000
14	Mollusca and sea cucumber	0,0000

Source: ANP results

B4. Priority Products based on Export Share Growth Criteria

Jewelry and accessories products have the highest export share growth rate which the weight reaches 0,5010. Textile and garment products also have a high weight of 0.1268. The ornamental fish has the lowest weight of 0.0196. Rattan and wicker products, coconut products and sea cucumbers are not included in this criterion because the growth oftheir export share is on average decreased during 2011-2015.

Table 6. Priority Product Weight based on Export Share Growth Criteria

No	Priority Product	Weight on Export Share Criteria
1	Jewelry and accessories	0,5010
2	Textile and garment	0,1268
3	Leather and batik product (slipper, shoes, handbag, and wallet)	0,0574
4	Seaweed	0,0544
5	Ornamental Plants and Flowers	0,0542
6	Furniture	0,0499
7	Processing food	0,0392
8	Essential Oils	0,0388
9	Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens)	0,0337
10	Pottery, ceramics, and decorative product	0,0250
11	Ornamental Fish	0,0196
12	Wood product handicrafts (rattan, wicker and plait handicrafts)	0,0000
13	Coconut product	0,0000
14	Mollusca and sea cucumber	0,0000

Source: ANP results

B5. Priority Products based on world Import growth criteria

Essential oils and pottery handicrafts, metal ceramics and other decorative products have the highest world import growth trend compared to other priority products of 0.31 and 0.2786, respectively. This condition shows that both groups of products have a higher trend of world demand than other products. Meanwhile, rattan and wicker handicrafts actually have the lowest weight value of 0.0045. Some products such as ornamental fish, plantation products, coconut products, seaweed, ornamental plants and sea cucumbers are not included in the criteria of world import growth trend due to negative growth of import demand.

Table 7. Priority Product Weight is based on the Criteria of World Import Growth Trend

No	Priority Product	Weight on World Import Criteria
1	Essential Oils	0,3100
2	Pottery, ceramics, and decorative product	0,2786
3	Furniture	0,1312
4	Leather and batik product (slipper, shoes, handbag, and wallet)	0,0914
5	Textile and garment	0,0908
6	Jewelry and accessories	0,0561
7	Processing food	0,0376
8	Wood product handicrafts (rattan, wicker and plait handicrafts)	0,0045
9	Ornamental Fish	0,0000
10	Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens)	0,0000
11	Coconut product	0,0000
12	Seaweed	0,0000
13	Ornamental Plants and Flowers	0,0000
14	Mollusca and sea cucumber	0,0000

Source: ANP results

B6. Priority Products based on Contribution to the Economy Criteria

Based on the contribution to the economy criteria, coconut products such as VCO and coconut fiber/belt have the highest weight of 0.095. Besides that, pottery, ceramics and decorative productsalso experience high weight which reaches 0.0835. Both groups have forward and backward linkage index above 1 indicating that the development of both industries can contribute to the growth of their upstream and downstream sectors. In addition to these two products, other priority products that have a high enough weight include: (i) processing foods (snack, fruit juice); (ii) ornamental fish; (iii) furniture; (iv) wood, rattan and wicker products; (v) jewelry and accessories; and (vi) sandals, shoes, handbags, handicrafts from batik, leather and combination.

Table 8. Priority Product Weight is based on Contribution Criteria to the Economy

No	Priority Product	Weight on Contribution to the Economy Criteria
1	Coconut product	0,0951
2	Pottery, ceramics, and decorative product	0,0835
3	Processing food	0,0821
4	Ornamental Fish	0,0773
5	Furniture	0,0763
6	Wood product handicrafts (rattan, wicker and plait handicrafts)	0,0763
7	Jewelry and accessories	0,0717
8	Leather and batik product (slipper, shoes, handbag, and wallet)	0,0702
9	Textile and garment	0,0673
10	Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens)	0,0672
11	Seaweed	0,0619
12	Ornamental Plants and Flowers	0,0588
13	Essential Oils	0,0575
14	Mollusca and sea cucumber	0,0542

Source: ANP results

B7. Weight of Criteria Based on Priority Products

In ANP method, it is possible to have reciprocal relationship which can be seen from each priority product. In the reciprocal stage, each criteria is compared to one specific options (SME product). The criteria of local raw materials and contribution to the economy cannot be compared with other criteria because of the different data types. Criteria of output value growth trend, Indonesia's export value growth trend, export share growth trend and world import growth trend have the same type of data that is the percentage of growth, so these four criteria can be compared each other based on priority products.

Based on furniture product, the superior criterion is the output value growth trend, so this criterion is given the highest weight value that is 0,7275. The second highest weight in furniture product is the export sharegrowth trend with a weight value of 0.1546. Meanwhile, on ornamental fish product, an export share growth trend criterion is the only one that is superior, so the weight is 1. The other criteria for the product have a negative growth value, so the weight is 0.

Export share growth trend criteria also have a high weight on pottery,

metal ceramics and other decorative handicraft product by 0.4380. In addition, the criteria of world imports growth trend in these products also have a relatively high weight which reaches 0.3874.

From the processing food products side, the growth trend of output value is superior to other criteria. The weight of this criterion is 0.6633, much higher than the other criteria. Furthermore, the criteria are followed by the growth trend of export share with the weight of 0.2217; Indonesia's export value growth trend with a weight of 0.0981; and world import growth trend of 0.0169.

Reflect in the option of essential oil products or aromatherapy spa products, these four criteria compared to each other have almost the same weight. The highest weight is obtained from the export share growth trend of 0.3769; followed by world import growth trend of 0.2393; the growth trend of output value of 0.2190; and export value growth trend of 0.1649.

The weight for the growth trend of export share and export value have almost the same weight from jewelry and accessories products that are 0,5198 and 0,4755, respectively. The weight of world import growth trend is very low at 0.0046.

In rattan wood and wicker products, the growth trend of output value has much greater weight than the weight of world import growth trend criteria. The weight of the growth trend of output value was 0.9934, while the world import growth trend only recorded at 0.0066.

The growth trend of output value also have a high weight on plantation products, such as cashew, gambier, mangosteen, coffee, chocolate and ginger which is equal to 0,7250. The growth trend of export share was the second with the weight value reaches 0.2024. The export value growth criterion has the lowest weight of 0.0726.

From the textile and garment products, export share growth trend criterion has the highest weight with a value of 0.5101. In addition to the growth of export share, the export value growth trend criterion also has a fairly high weight of 0.4063. Meanwhile, the weight of the growth trend of output value and world import demand tends to low which recorded at 0.0545 and 0.0290, respectively.In coconut products case, only growth trend of output value that has weigh

because the three others have a negative growth. Consequently, this criterion has weight of 1.

On the other hand, from seaweed product there are only two criteria that can be compared each other, which are the growth trend of export share and export value. Nevertheless, the export share growth trend criteria have a greater weight than the export value growth trend of 0.6307. While, the weight export value growth trend was 0.3693.

Furthermore, based on the products of sandals, shoes, handbags, handicrafts from batik, leather and combination, growth trend of output value has the highest weight of 0.4077 and followed by export share growth trend criteria and export value growth trend which each hasa weights of 0.3421 and 0.2069. The weight of world import growth trend is the lowest (0.0433).

Similar to seaweed products, the export share growth trend criteria have a greater weight than the growth trend of export value in ornamental plant products. The weight of the export share growth trend is 0.6314, while the valueis only 0.3686. All four criteria on Mollusca and sea cucumber products have a negative growth trend, so they have the same weight of zero.

Table 9. Criteria Weight by Each Priority Product

		Priority Product											
		Furniture	Ornamental Fish	Pottery, ceramics, and decorative product	Processing food	Essential Oils	Jewelry and accessories	Wood product handicrafts (rattan, wicker and plait handicrafts)	Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoesteens)	Textile and garment	Coconut product	Seaweed	Leather and batik product (slipper, shoes, handbag, and wallet)
Criteria	Local Raw Material	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000
	Output Value	0,7275	0,0000	0,1076	0,6633	0,2190	0,0000	0,9934	0,7250	0,0545	1,0000	0,0000	0,4077
	Export Value	0,0855	0,0000	0,0670	0,0981	0,1649	0,4755	0,0000	0,0726	0,4063	0,0000	0,3693	0,2069
	Export Share	0,1546	1,0000	0,4380	0,2217	0,3769	0,5198	0,0000	0,2024	0,5101	0,0000	0,6307	0,3421
	World Import	0,0323	0,0000	0,3874	0,0169	0,2393	0,0046	0,0066	0,0000	0,0290	0,0000	0,0000	0,0433
	Contribution to Economy	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000	0,0000

Source: ANP Resuts

B8. Priority Products in Trading House Indonesia

All the weight both on criteria and each product are compiled and calculated using Super Decision software. The final weight on each priority product are transferred to ordered rank on Table 10. Based on the calculation, it is concluded that jewelry and accessories product is the main priority products that its export need to be improved through Trading House. Jewelry and accessories product dominates in export growth criteria

both in value and share. In both criteria, the product is the first rank based on the weight. It means that the export growth of jewelry and accessories product is higher than other priority product options. Furthermore, on the table 10, export share also has the highest weight among criteria. However, this product is weak in the criteria of output value growth which means that its production tends to slowdown. In addition to jewelry and accessories product, other potential products include: (i) furniture; (ii) processed foods in the form of snack and fruit juice; and (iii) textile as well as garment products. Meanwhile, ornamental fish products and sea cucumbers, hoi sum, jellyfish are categorized as less prioritized products in Trading House in Indonesia.

Table 10. Total Priority Product Rank

Priority Product	Rank of Each Criteria						Overall Rank
	Local Raw Material	Output Value Growth Trend	Export Value Growth Trend	Export Share Growth Trend	World Import Growth Trend	Contribution to Economy	
Jewelry and accessories	8	12	1	1	6	7	1
Furniture	7	1	6	6	3	5	2
Processing food	4	3	7	7	7	3	3
Textile and garment	11	9	2	2	5	9	4
Essential Oils	10	8	8	8	1	13	5
Leather and batik product (slipper, shoes, handbag, and wallet)	14	6	3	3	4	8	6
Seaweed	5	5	4	4	12	11	7
Plantation product (coffee, cocoa, cinnamon, ginger, cashew, mangoes	6	2	9	9	10	10	8
Pottery, ceramics, and decorative product	13	10	10	10	2	2	9
Coconut product	12	4	13	13	11	1	10
Ornamental Plants and Flowers	2	13	5	5	13	12	11
Wood product handicrafts (rattan, wicker and plait handicrafts)	9	7	12	12	8	6	12
Ornamental Fish	1	11	11	11	9	4	13
Mollusca and sea cucumber	3	14	14	14	14	14	14

Source: ANP results

CONCLUSION AND POLICY RECOMMENDATION

Priority criteria for determining products included in Trading House are (1) export share; (2) world import; (3) availability of local raw materials; (4) export value; (5) contribution to economy; (6) output value. The analysis using these criteria successfully identified 14 products that need to be handled through Trading House, five priority products are (1) jewelry and accessories; (2) furniture; (3) processing foods; (4) textile and garment products; (5) essential oil (aromatherapy spa product).

The government must immediately build a comprehensive

Trading House and socialize its functions to business players, especially SMEs. It is better to cover exported products as many as possible on Trading House; however, in the early stage of development, government and stakeholders should focus firstly on some potential products first.

In the initial stages (the first 3-5 years) the government can create a pilot of a Trading House project managed by the state or local government, and if necessary, the next stage may involve the private sector.

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