



T.C.
SELÇUK UNIVERSITY
GRADUATE SCHOOL OF NATURAL AND APPLIED SCIENCE

**TRADE OPPORTUNITY
OF POTENTIAL AGRICULTURAL
COMMODITIES
BETWEEN TURKEY AND INDONESIA**

Hari HARYADI

Master Thesis

Agricultural Economics Department

**May-2014
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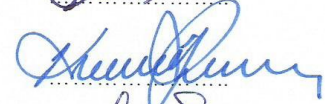
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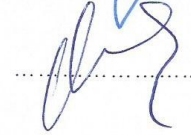
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İmza

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ÖZET

YÜKSEK LİSANS TÜRKİYE VE ENDONEZYA ARASINDA TARIMSAL EMTIALARA DAYALI TİCARET FIRSATLARI

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Bu çalışma Haziran 2013 ile Ocak 2014 tarihleri arasında Endonezya ve Türkiye’de gerçekleştirilmiştir. Bu çalışmanın amacı Türkiye ile Endonezya arasında ticaret hacmine sahip 3 önemli tarımsal emtianın ticaret potansiyelini ve endüstriyel cazibesini SWOT analizi yöntemi ile analiz etmektir. Ticaret hacmine sahip 3 önemli emtianın sanayi rekabet gücü de ayrıca ele alınmıştır. Bu çalışmada nitel,nicel birincil ve ikincil veriler kullanılmıştır. Birincil veriler araştırma amaçları uyarınca gayeli örnekleme yöntemi ile elde edilmiştir ve veriler üzerinde Online/yüzyüze görüşme usulü ile uzmanların görüşleri alınarak Odak Grup Tartışması (OGT) gerçekleştirilmiştir. İkincil verileri Birleşmiş Milletler (UN) Comtrade, FAOSTAT, IMF, Dünya Bankası, Ticaret Bakanlıkları, Tarım Bakanlıkları ve diğer ilgili kurumların verileri oluşturmaktadır. Çalışmanın açıklayıcı verileri, SWOT (Güçlü yanlar, Zayıf yanlar, Fırsatlar, Tehditler) matris metodu, SOR (Stratejik yönelim) matris metodu, İç Faktör Analizi (IFAS), Dış Faktör Analizi (EFAS), Stratejik Konumu ve Eylem Değerlendirme (SPACE) ve Porter’ın Beş Rekabet Güçleri Matrisi yöntemleri kullanılarak analiz edilmiştir. Çalışmanın sonucunda Türkiye’nin Endonezya’ya ihraç etmekte güçlü olduğu ilk üç ürün Buğday, Mısır ve Pamuk olarak tespit edilmiştir. Endonezya’nın Türkiye’ye ihraç etmekte güçlü olduğu ilk üç ürün ise Palm Yağı, Kauçuk ve Muz şeklinde belirlenmiştir. Türkiye ve Endonezya arasında tarımsal emtia ticaretinin eşit koşullu durumda olduğu iç-dış faktörlerin analizi diyagramına göre ($X = 0.67$; $Y = 1.42$), ($X = 1.31$; $Y = 0.57$) tespit edilmiştir. Bu tespit ile SOR analizinden elde edilen sonuçlar neticesinde çalışmanın ana tavsiyesini Türkiye’nin piyasada rekabet gücünü arttırmak için uygulayacağı strateji öncelikle saldırı stratejisi daha sonra savunma stratejisidir. Öncelikli saldırı stratejisinin ulusal tarım sanayisinin iki ülke arasında pazar payı elde etme kabiliyeti için daha faydalı olduğu yapılan analiz ile tespit edilmiştir.

Anahtar Kelimeler: *Rekabet Stratejileri, Tarımsal Emtialar, ve Uluslararası Ticaret*

ABSTRACT

MS THESIS

TRADE OPPORTUNITY OF POTENTIAL AGRICULTURAL COMMODITIES BETWEEN TURKEY AND INDONESIA

Hari HARYADI

**THE GRADUATE SCHOOL OF NATURAL AND APPLIED SCIENCE
OF SELÇUK UNIVERSITY
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This study was conducted from June 2013 to January 2014 in Indonesia and Turkey. The aims of this study to analyze the Strengths, Weaknesses, Opportunities, and Threats (SWOT) of trade relations in macro-scale of the agricultural commodities, to analyze the industry attractiveness, trade potential, also strategic orientation of the three leading agricultural commodities traded between Turkey and Indonesia, and to analyze the industry competitive forces of the three leading agricultural commodities traded. The data used are primary and secondary data both quantitatively and qualitatively. The primary data obtained from deep interview by purposive sampling, Focus Group Discussion (FGD) method by online and offline communication either, also experts acquisition. The secondary data obtained from UN Comtrade, FAOSTAT, IMF, World Bank, Ministry of Commerce, Ministry of Agriculture and other relevant agencies. Descriptive data were analyzed using the SWOT Matrix method, the SOR (Strategic Orientation) Matrix method, Internal Factor Analysis (IFAS), External Factor Analysis (EFAS), Strategic Position and Action Evaluation (SPACE), and the Porter's Five Competitive Forces Matrix. The result of this study those were most commodities while in Turkey in case it is needed by Indonesia based on the top three are: Wheat, Maize, and Cotton Lint. Most commodities in Indonesia in this case required by the Turkish based on the top three commodities: Palm Oil, Dry Natural Rubber, and Banana. Based on diagraming by the internal-external factor matrix, it is known that the condition of trade in agricultural commodities between Turkey and Indonesia were same condition on the Divest ($X = 0.67$; $Y = 1.42$) and ($X = 1.31$; $Y = 0.57$). Therefore, the main recommendations suggested by using the SOR analysis as conclusions of the study were attack strategy for Turkey and defence strategy then, attack before national agroindustrial ability has been better.

Keywords: *Agricultural Commodities, Competitive Strategy, and International Trading.*

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LIST OF ACRONYMS AND ABBREVIATIONS

ASEAN = Association of South East Asian Nations

AEC = Asian Economic Community

BRIC = Brazilia, Rusia, Indonesia, China

BCI = Better Cotton Initiative

CTEP = Comprehensive an assessment Trade and Economic Partnership

CPO = Crude Palm Oil

CKO = Crude Kernel Oil

CME = Chicago Mercantile Exchange

D-8 Country = Organization of Eight Developing Countries predominantly Muslim

EU = European Union

EFAS = External Factor Analysis

FAO = Food Agriculture Organisation

FGD = Focus Group Discussion

FDI = Foreign Direct Investment

FAOSTAT = Food Agriculture Organisation Statistic

G-20 Country = The Group of Twenty (G20) is the premier forum for its members' international economic cooperation and decision-making. Its membership comprises 19 countries plus the European Union.

GDP = Gross domestic product

GE = Genetically Engineered

ha = A symbol from hectare. Is a unit of area equal to 10,000 square meters.

Usually used to measure land.

IRSG = International Rubber Study Group

IMF = International Monetary Fund

ISE = Istanbul Stock Exchange

IGE = Istanbul Gold Exchange

IFAS = Internal Factor Analysis

IGEME = İhracati Geliştirme Etüd Merkezi

ISPAT = Investment Support and Promotion Agency of Turkey

JCM = Joint Commission Meeting

LCA = Life Cycle Assessment

MY = Marketing Year

MINT = Mexico, Indoneia, Nigeria and Turkey

MINFAL = Turkey's Ministry of Food, Agriculture and Livestock

MoU = Memorandum of Understanding

NR = Natural Rubber

OIC = Organization of Islamic Conference

OECD = Organisation for Economic Co-operation and Development

PPI = Producer Price Indices

Rp = Indonesia money symbol. The currency *abbreviation* for the *Rupiah (Rp)*

SPACE = Strategic Position and Action Evaluation

SWOT = Strength, Weakness, Opportunity, Threat

SOR = strategic orientation

SO Strategy = Strength-Opportunity

ST Strategy = Strenght-Threat

SWOT-AHP = strength, weakness, opportunity, threat, and analysis hierarchy process

SBR = Styrene Butadiene Rubber

TL = Turkey money symbol. The currency *abbreviation* for the *Turkish Lira* / Türk Lirası (*TL*),

TRY = Turkey money symbol. The currency abbreviation for the Turkish new lira / Türk Yeni (*TRY*)

TurkDex = Turkish Derivatives Exchange

TÜİK = Türkiye İstatistik Kurumu (Turkey Statistical Institute / TURKSTAT)

USD = America money symbol. The currency *abbreviation* for the United State Dolar (*USD*)

USAID = United States Agency for International Development (USAID)

UN = United Nations

UN Comtrade = The United Nations Commodity Trade Statistics Database

U.S = United State (America)

WO Strategy = Weakness-Opportunity

WT Strategy = Weakness-Threat

1. INTRODUCTION

1. 1 Background of the Study

In the area of free trade, the distance is not considered as a factor barrier the expansion of the market. All countries can be considered as an important market for a country's exporters. Turkey at the western end of Asia and Indonesia on the belly of the redefined East Asia has in recent time accomplished remarkable achievements. Both recovered from the global financial crisis of 2008-2009 faster than many other economies and are currently enjoying a promising acceleration of growth. Indonesia is a country with a strong influence in Southeast Asia while Turkey is a gateway to Europe. Turkey be viewed as a gateway of trade and investment because of its proximity to major markets such as Europe, the Middle East and the Caucasus. Besides the potential market with a population of over 70 million people, Turkey also has a very good trading system.

Diplomatic relations between Indonesia and Turkey has been officially opened since 1950. Indonesia opened its Embassy in Ankara in 1958. In addition to the equation mentioned earlier, Indonesia and Turkey have joined together as members of the Organization of Islamic Conference (OIC) and a member of the Organization of Eight Developing Countries predominantly Muslim (D8). Both countries also have a foreign policy vision that was similar. Turkey's foreign policy was based on the philosophical Teachings of Mustafa Kemal Ataturk that was *Peace at Home, Peace in the World (YURTTA BARIŞ, DÜNYADA BARIŞ)*. Meanwhile, Indonesia's foreign policy was also based on a vision that participates in the establishment of a world order based on peace and social justice.

In bilateral trade relations, Indonesia and Turkey have been doing seven times the Joint Commission Meeting (JCM) since 1985. A series of meetings indicated the strength of the relationship between the two countries to strengthen and develop economic and trade cooperation on the basis of mutual benefit. According to *Foreign Ministry of Indonesia (2008)*.

After the Memorandum of Understanding (MoU) related to agricultural sector between Indonesia and Turkey on 20 January 2008, in 7th JCM held on 18th September 2008 in Ankara, the two countries agreed on the establishment of the Comprehensive an assessment Trade and Economic Partnership (CTEP), which leads to a form of free trade agreements. In addition, the two countries have signed several bilateral agreements as cooperation, among others Economic and Technical Cooperation Agreement, Double Taxation Avoidance Agreement, the Promotion and Protection Agreement Joint Investment and Information Exchange MoU between Bank Indonesia and the Banking Regulation and Supervision Agency of Turkey. According to Ministry of the Republic of Indonesia secretariat of state government office (2012), between Government of Republic of Indonesia and dan Government of Republic of Turkey agreed to increased cooperation in Industrial sector and technology development in an effort to accelerate the achievement of trade between the two countries amounted to U.S. \$5 billion in the next five years. The agreement was reached on October 5, 2011 in Istanbul.

On 20 January 2008 had been signed Memorandum of Understanding (MoU) between The Government of The Republic of Indonesia and The Government of The Republic of Turkey on Agricultural Sector for a period of 5 (five) years (2008-2013). This Memorandum of Understanding (MoU) Parties shall carry out the cooperation between them in the following areas:

1. Plant production and plant protection;
2. Animal husbandry and animal health;
3. Food industry;
4. Research, rural development, irrigation and extension services;
5. Promotion of joint ventures in the field of agriculture between the private sectors of each country;
6. Other related areas that are of interest and mutually agreed upon by the Contracting Parties.

The Memorandum of Understanding (MoU) Parties agree to cooperate in the following forms:

1. Exchange of information, visit, experts, research results, study and training;
2. Organization of seminars, symposia, exhibitions and conferences;
3. Any other technical form of cooperation as mutually agreed upon by the Contracting Parties.

(Anonymous, 2013)

Agriculture is a central theme on the development agenda: it is a key to triggering growth, reducing poverty, ensuring food security and meeting environmental goals (*World Bank, 2008*). Indonesia is currently the fourth-largest country in the world with a total population around of 250 million and the third largest agricultural economy in Asia after India and China (in terms of total arable land both used and available for use). The agricultural sector is one of the most important economic sectors in the country, contributing significantly to output and employment. If we see this condition, has the potential cooperation in agriculture between Indonesia and Turkey, then it is very promising.

Nevertheless, bilateral relations have improved with a fast pace since 2004. Besides bilateral cooperation, Turkey and Indonesia continue to work together within the framework of several international and regional organizations as members, such as the United Nations (UN) and its specialized institutions, Organization of the Islamic Cooperation (OIC), D-8 and G-20 (*Republic of Turkey Ministry of Foreign Affairs, 2013*).

Based on that condition, this research was conducted and wants to give information about Agricultural Sectors. Especially this thesis have special purpose for giving information to Indonesia and Turkey about trade opportunity by comparing the results of the production of most commodities and most import needs in both countries, we can determine which commodities have the potential trade. Most commodities in Indonesia in this case required by the Turkish based on the top three: **Palm Oil, Dry Natural Rubber, and Banana**. Most commodities while in Turkey in case it is needed by Indonesia based on the top three are: **Wheat, Maize, and Cotton Lint**. To support and optimize it then drafted this thesis aimed for giving information to Indonesia and Turkey about trade opportunity in Agricultural Economics sectors.

1. 2. Significance of the Study

This study is very important because it can provide strategic advice to the government through a comprehensive review of Turkey and the Government of Indonesia regarding the steps that should be done so that an increase in harmonious cooperation between the two countries in the economic field in particular trade in the agricultural commodities.

1. 3. The Aims of the Study

The aims of this study are:

1. Analyze the strengths, weaknesses, opportunities, and threats of trade relations in macro-scale of the agricultural commodities between Indonesia and Turkey.
2. Analyze the industry attractiveness, trade potential, also strategic orientation of the three leading agricultural commodities traded between Indonesia and Turkey.
3. Analyze the industry competitive forces of the three leading agricultural commodities traded between Indonesia and Turkey.
4. To determine internal and external factor analysis

2. AGRICULTURAL STRUCTURE IN TURKEY AND INDONESIA

1. 1. Turkey's Agricultural Structure

Based on *European Commission (2009)*, Republic of Turkey was established on 29th October 1923. Turkey has a total population of 71.5 million people (2009) and a continental land area of 783.562 km². The country has been experiencing solid economic growth in recent years. The EU is by far Turkey's main economic partner with 41.7 percent of the total trade and around 76 percent of foreign direct investment in 2010. Agriculture is still a very important sector of the economy. In 2010 it represented 10.1 percent of GDP and 24.7 percent of employment. Turkey is a major world producer and exporter in some sectors (e.g. fruit and vegetables). Social and economic development of rural areas is a major challenge for coming years.

Agriculture is of key importance to Turkey, both in social and economic terms. About half of Turkey's total land area is devoted to agriculture, which is slightly above the EU-27 average (41 percent). Turkish accession would therefore add about 39 million hectares to the EU's agricultural area. This would represent 22 percent of the EU-27 agricultural area. In 2010 roughly 25.4 percent of the workforce was employed in agriculture (*European Commission, 2009*). From the Figure 1, shown that Turkey has a good geographical position in this world.

Figure 1. Turkey Geographical Map



Source: European Commission, 2009.

Turkey's agricultural imports and exports in 2009, excluding processed food, amounted to USD 4.6 billion (3.3 percent of the total imports) and USD 4.5 billion (4.4 percent of the total exports). Turkey is a major producer of cereals (Wheat, barley and Maize); other crops (Sugar beet, cotton, Potatoes and Tobacco); fruit and vegetables (especially apples, citrus, grapes, figs, hazelnuts, olives, and Tea); and sheep and goat meat.

Turkey's agricultural exports are not highly diversified; fruits, nuts and vegetables are the major export categories (approximately 60 percent of total agricultural exports). Tobacco, cereals, and Sugar comprise a further 20 percent. Despite the overall trade deficit of Turkey, the agricultural trade balance is significantly positive, providing some relief to external accounts (*The Ministry of Food, Agriculture and Animal*, 2010). Generally, fruit and vegetables are Turkey's most important agricultural exports with 40 percent and 42 percent share in total agricultural exports in 2008 and 2009, respectively (*ISPAT*, 2010).

The farm structure in Turkey shows similarities with some of the new member states. According to the 2001 census, there are approximately 3 million agricultural holdings in Turkey (compared to approximately 15 million in the EU-27), most of which are family farms employing family labor. Holdings are smaller than EU average (6 ha, compared to an EU-25 average of 13 ha). Subsistence and semi-subsistence farming is an important characteristic of Turkish agriculture. These farms are typically characterized by productivity of the factors of production being low and only a small fraction of production being marketed (*European Commission*, 2009). The agricultural sector represents 8.3 percent of the Gross Domestic Production (in 2009) (*Republic of Turkey Prime Ministry, Investment Support and Promotion Agency of Turkey, Turkish Agriculture Industry Report*, 2010) with employment in agriculture is 24 percent of total employment (5,2 million people in 2010) (*The Heinrich Böll Foundation*, 2007).

Although, agriculture has been declining in importance compared with the industrial and service sectors, it nonetheless continues to play a fundamental role in Turkish society, employing approximately a quarter of the workforce and generating most of the income and employment in rural areas (*Vural and Karasu*,

2007). Agriculture is one of the leading sectors in the Turkish economy. The share of agricultural production in Turkey's GDP was 8.3 percent in 2009, decreased from 10.1 percent in 2000.

During this period, Turkey experienced a continuation in its economic transformation from agriculture towards industry and the services sector. Despite the decreasing share in GDP, the level of agricultural production in Turkey has been rising since 2000. Agricultural production in 2008 and 2009 amounted to TRY 73 billion and TRY 79 billion, respectively.¹ The sector employed 5.2 million people as of March 2010, which constitutes 24 percent of the total employment in Turkey (*ISPAT, 2010*). Based on *FAOSTAT (2013)*, total production of Cotton Lint, Maize, and Wheat commodities in Turkey in 2008-2011 are given in Table 1.

Table 1. Total Production Three Primary Commodities in Turkey 2008-2011.

| Commodities | Year (tones) | | | |
|--------------------|--------------|------------|------------|------------|
| | 2008 | 2009 | 2010 | 2011 |
| Cotton Lint | 673,000 | 638,250 | 816,705 | 954,600 |
| Maize | 4,274,000 | 4,250,000 | 4,310,000 | 4,200,000 |
| Wheat | 17,782,000 | 20,600,000 | 19,674,000 | 21,800,000 |

Related to *Turkish Agriculture Sector (2011)*, while the agricultural sector generates production of lower rates compared to the number of the employees employed in this sector, its share in the Turkey's foreign trade is at lower rates as well. According to the classification of operations of the foreign trade, whereas the share of the agricultural export in the total production is 4.4-4.5 billion dollars as of 2009, the share of importation is 3.3 percent with 4.6 billion dollars. While the rate of the agricultural export to meet the import is fluctuated agricultural export and import interact in a balanced manner in 2011. In the Table 2 by the Turkish Statistics Institute, shown Turkey's Agricultural Products and Finished Products Foreign Trade (Million Dollars).

Table 2. Turkey's Agricultural Products and Finished Products Foreign Trade (Million Dollars).

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| Total export | 27,775 | 31,334 | 36,059 | 47,253 | 63,167 | 73,476 | 85,535 | 107,272 | 132,027 | 102,129 |
| Total Agriculture and Food Industry Export | 3,520 | 3,967 | 3,642 | 4,688 | 5,840 | 7,653 | 7,853 | 8,917 | 10,616 | 10,486 |
| Livestock and Food Substances | 2,891 | 3,316 | 3,118 | 3,944 | 5,044 | 6,512 | 6,595 | 7,822 | 9,155 | 9,126 |
| Livestock | 2 | 44 | 31 | 8 | 7 | 5 | 9 | 7 | 13 | 24 |
| Meat and Meat Products | 13 | 19 | 17 | 23 | 27 | 41 | 36 | 54 | 103 | 174 |
| Milk, Milk Products and Eggs | 22 | 42 | 35 | 49 | 54 | 81 | 107 | 179 | 255 | 268 |
| Fish and Other Seafod | 89 | 73 | 121 | 152 | 212 | 243 | 259 | 303 | 408 | 339 |
| Grains, Grain Products | 406 | 327 | 299 | 409 | 520 | 892 | 876 | 1,037 | 1,385 | 1,482 |
| Fruits and Vegetables | 1,817 | 2,142 | 2,062 | 2,568 | 3,406 | 4,374 | 4,261 | 4,902 | 5,308 | 5,353 |
| Sugar, Sugar Products and Honey | 239 | 343 | 183 | 226 | 237 | 211 | 283 | 304 | 352 | 301 |
| Coffee, Tea, Cacao, Spices and Products | 140 | 149 | 172 | 243 | 297 | 309 | 345 | 463 | 500 | 472 |
| Feed for animals | 10 | 25 | 13 | 14 | 12 | 18 | 10 | 12 | 68 | 75 |
| Various eatable products | 153 | 152 | 185 | 251 | 274 | 338 | 409 | 561 | 763 | 638 |
| Beverage and Tobacco | 529 | 471 | 426 | 489 | 591 | 736 | 820 | 805 | 891 | 933 |
| Beverages | 37 | 36 | 41 | 70 | 113 | 146 | 135 | 161 | 186 | 176 |
| Tobacco and Tobacco Products | 491 | 435 | 385 | 419 | 478 | 590 | 685 | 644 | 705 | 757 |
| Animal, Vegetable fats and oils waxes | 100 | 180 | 98 | 255 | 205 | 405 | 438 | 290 | 570 | 427 |
| Animal Liquid oils and Solid fats | 2 | - | 3 | 5 | 1 | - | - | - | 26 | 3 |
| Prepared vegetable oil and solid Fat | 72 | 165 | 76 | 226 | 175 | 359 | 308 | 206 | 269 | 240 |
| Processed liquid oils, solid , waxes | 26 | 15 | 19 | 24 | 30 | 46 | 130 | 84 | 274 | 184 |
| Total Import | 54,503 | 41,399 | 51,554 | 69,340 | 97,540 | 116,774 | 139,576 | 170,063 | 201,964 | 140,926 |
| Total Agriculture and Food Industry Import | 1,899 | 1,353 | 1,689 | 2,366 | 2,620 | 2,660 | 2,959 | 4,266 | 7,182 | 5,192 |
| Livestock and Food Substances | 1,159 | 736,000 | 1,056 | 1,604 | 1,818 | 1,616 | 1,730 | 3,084 | 5,024 | 3,591 |
| Livestock | 33 | 23 | 16 | 12 | 10 | 14 | 16 | 24 | 41 | 34 |
| Meat and Meat Products | 2 | 1 | - | 1 | 1 | 1 | 1 | 1 | 4 | 2 |
| Milk, Milk Products and Eggs | 37 | 24 | 39 | 53 | 71 | 78 | 85 | 119 | 133 | 120 |
| Fish and Seafood | 37 | 12 | 19 | 33 | 55 | 69 | 85 | 97 | 119 | 108 |
| Grains, Grain Products | 408 | 193 | 392 | 722 | 558 | 226 | 212 | 1,024 | 2,208 | 1,285 |
| Fruits and Vegetables | 193 | 118 | 142 | 132 | 162 | 284 | 348 | 456 | 860 | 673 |
| Sugar, Sugar Products and Honey | 6 | 12 | 20 | 36 | 39 | 46 | 40 | 57 | 92 | 57 |
| Coffee, Tea, Cacao, Spices and Products | 124 | 122 | 156 | 255 | 291 | 275 | 297 | 374 | 391 | 389 |
| Food substances for Animals | 207 | 136 | 144 | 200 | 401 | 341 | 317 | 550 | 773 | 556 |
| Various eatable products | 102 | 95 | 127 | 163 | 231 | 280 | 331 | 381 | 403 | 367 |
| Drinks and Tobacco | 365 | 296 | 218 | 250 | 270 | 299 | 296 | 353 | 456 | 479 |
| Drinks | 15 | 13 | 10 | 15 | 31 | 23 | 40 | 51 | 65 | 79 |
| Tobacco and Tobacco Products | 351 | 283 | 208 | 235 | 239 | 276 | 256 | 302 | 392 | 400 |
| Animal, Vegetable liquid oils and solid fat; Wax | 375 | 321 | 415 | 512 | 532 | 745 | 933 | 829 | 1,702 | 1,122 |
| Animal Liquid oil and Solid fat | 51 | 33 | 49 | 64 | 61 | 73 | 84 | 110 | 154 | 106 |
| Prepared vegetable liquid oil and solid Fat | 292 | 269 | 337 | 409 | 425 | 626 | 792 | 641 | 1,446 | 930 |
| Processed liquid, solid Fat, waxes | 33 | 19 | 29 | 39 | 46 | 46 | 57 | 78 | 102 | 87 |

Source: Turkish Statistics Institute (2010).

2. 2. Indonesia's Agricultural Structure

Today, Agriculture Indonesia's economy is accepted enough and one of main sectors to play an important role. Agriculture (including fisheries and forestry), the predominant activity in terms of employment and production continues to be traditional. There are a lot of mineral resources in the country and evaluated quick enough in the last 30 years, and thus contribute significantly to mining sector, the balance of payments. Starting in the mid 1980s, rapid expansion of the agriculture sector in the manufacturing industry left behind for the first time in 1991 and 46.9 percent of GDP in 2010 was accounted for 38.3 percent of GDP in 2010 while the services sector share of agricultural sector was 14.8 percent. The effect of increasing the share of services sector of the tourism sector has developed over time. The national economy has been operating in many public enterprise. The government of Indonesia monopolize on the operation of many natural resources. From Table 3 and figure 2, given perspective about Basic Social Indicators of Indonesia and geographic condition in Indonesia.

Table 3. Basic Social Indicators of Indonesia.

| Name | Republic of Indonesia |
|----------------|--|
| Population | 242,3 million |
| Area | 1 904 443 km ² |
| Religion | Islam (88 %), Christian (8 %), Hindu (2 %), Buddha (1 %), and Others (1 %) |
| Language | Bahasa, and around 250 other local languages |
| Capital City | Jakarta |
| Money currency | Rupiah, 12.000 Rp = 1\$ |
| GDP | \$846.8 billion |

Source: Badan Pusat Statistik (Center of Statistics Agency), 2013.

Indonesia has a lot of commodity and get the good reputation from the world. Because of this reputation, a lot of investor in this century interesting to invest their capital in Indonesia. With the GDP expected to reach US\$ 1 trillion in 2012, Indonesia is the largest economy in Southeast Asia. Much less affected by

the global financial crisis compared to its neighboring countries, Indonesia's economy grew by 6.3 percent in the first semester of 2012, making it the fastest growing G20 economy after China. Indonesia grew by 6.5 percent in 2011 and is expected to grow by 6.3 percent this year, providing a case for the country's inclusion in the so-called BRIC (Brazilia, Rusia, Indonesia, China) economies (*OECD, 2013*).

Future economic expansion is expected to include more inclusive growth as nominal per-capita GDP is expected to quadruple by 2020, according to a Standard Chartered report. A large part of our economic success is a result of prudent fiscal stewardship that focused on reducing the debt burden. Indonesia's debt to GDP ratio has steadily declined from 83 percent in 2001 to less than 25 percent by the end of 2011, the lowest among ASEAN countries, aside from Singapore which has no government debt. As a result, by early this year, Moody's and Fitch had uplifted Indonesia's credit rating to investment grade status. The rating reflects Indonesia's resilience to the global financial crisis, improving government and external credit-metrics, and an ability to manage domestic political challenges to the reform agenda. Economically strong, politically stable and reform minded, Indonesia is an emerging global powerhouse in Asia (*Indonesia Coordinating Investment board, 2013*).

Figure 2. Indonesia Geographical Map.



Source: www.lib.utexas.edu.

Agriculture, fisheries and forestry sectors are also included country's most important source of employment. Significant export revenue for 53 percent of the population and providing job opportunities for the agricultural sector plays an important role in Indonesia's national economic growth. The share of agriculture in the form of crop revenue payments to the employees whether they are for domestic consumption greatly. A large part of the crop is not covered by the records of the country's economy. Industrialized, the share of agriculture in GDP declined in Indonesia. In the early 1970s the share of agriculture in GDP ratio of 40-50 percent, this value decreased to 14.8 percent in 1997. Felt in the agricultural sector in the national economy in 1999 due to the contraction ratio, this ratio increased to 19.5 percent again. As 14.1 percent in 2005, this ratio was decreased. This rate was 14.8 percent in 2010.

Table 4. Main Economic Indicators of Indonesia.

| Category | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|-------|-------|--------|-------|--------|
| GDP (billion dollars) | 364,6 | 432,2 | 510,2 | 539,4 | 706,7 |
| GDP real growth (percent) | 5,5 | 6,3 | 6,0 | 4,5 | 6,1 |
| Inflation (percent) | 6,6 | 5,8 | 11,1 | 2,8 | 5,1 |
| Per Capita GDP (purchasing power parity) | 3.314 | 3.583 | 3.835 | 4.000 | 4.222 |
| Exports (fob) (U.S. \$ billion) | 103,5 | 118,0 | 139,6 | 119,4 | 154,6 |
| Imports (fob) (U.S. \$ billion) | 73,9 | 85,3 | 116,0 | 85,5 | -118,7 |
| Current Account Balance (\$ billion) | 10,9 | 10,5 | 0,1 | 10,7 | 6,9 |
| Foreign Exchange Reserves (\$ billion) | 42,6 | 56,9 | 51,6 | 66,1 | 95,0 |
| Total External Debt (U.S. \$ billion) | 132,5 | 142,6 | 150,8 | 156,7 | 160,9 |
| Average Exchange Rate (Rp / \$ parity) | 9.020 | 9.419 | 10.950 | 9.400 | 9.121 |

Source: *Ihracati Geliştirme Etüd Merkezi (2009)*

The major agricultural products grown are Rice, Corn, Sweet Potatoes, Soybeans, Peanuts, Natural Rubber, Coffee, Cocoa, Tea, Sugar, Tobacco, Pepper and Spices. Table 4 given data of main Economic Indicators of Indonesia. World's the second largest Palm Oil producer is Indonesia, the fourth largest Coffee producer, is a leading source of rubber and Indian cane, and major oil producer and exporter of Spices (*Anonymous, 2013*). Based on FAOSTAT data (2013) on table 5 , total productions of three prior commodities in Indonesia between 2008 until 2011 are:

Table 5. Total Production Three Primary Commodities in Indonesia 2008-2011.

| Commodities | Year (tones) | | | |
|------------------------|--------------|------------|------------|------------|
| | 2008 | 2009 | 2010 | 2011 |
| Bananas | 6,004,615 | 6,373,533 | 5,755,073 | 6,132,695 |
| Oil, palm | 17,539,788 | 19,324,293 | 19,760,011 | 21,449,000 |
| Rubber, natural | 2,751,286 | 2,440,347 | 2,734,900 | 3,088,400 |

Source: *FAOSTAT (2013)*.

Table 6. Top Import Agricultural Product in Indonesia 2008-2011.

| Rank | Commodity | Quantity (tones) | Value (1000 \$) | Unit value (\$/tones) |
|-------------|--------------------------------------|-----------------------------|----------------------------|--------------------------------------|
| 1 | Wheat | 5,604,861 | 2,193,987 | 391 |
| 2 | Cotton Lint | 546,997 | 1,785,830 | 3,265 |
| 3 | Sugar Raw Centrifugal | 2,371,250 | 1,638,729 | 691 |
| 4 | Cake of Soybeans | 2,938,556 | 1,321,038 | 450 |
| 5 | Soybeans | 2,088,616 | 1,245,963 | 597 |
| 6 | Maize | 3,207,657 | 1,028,527 | 321 |
| 7 | Food Prep Nes | 174,383 | 552,828 | 3,170 |
| 8 | Tobacco, unmanufactured | 106,570 | 507,188 | 4,759 |
| 9 | Milk Skimmed Dry | 127,770 | 442,216 | 3,461 |
| 10 | Cloves | 14,979 | 345,151 | 23,042 |
| 11 | Milk Whole Dried | 67,590 | 327,288 | 4,842 |
| 12 | Feed Supplements | 539,657 | 317,642 | 589 |
| 13 | Flour of Wheat | 686,003 | 284,646 | 415 |
| 14 | Garlic | 419,090 | 272,819 | 651 |
| 15 | Meat-Cattle Boneless (Beef and Meal) | 58,257 | 218,574 | 3,752 |
| 16 | Cassava Starch | 435,419 | 211,254 | 485 |
| 17 | Apples | 212,685 | 186,405 | 876 |
| 18 | Tangerines, mandarins, clem | 182,346 | 164,788 | 904 |
| 19 | Whey Dry | 87,540 | 158,538 | 1,811 |
| 20 | Groundnuts Shelled | 120,719 | 130,677 | 1,082 |

Source: FAOSTAT (2013).

Table 7. Top Export Agricultural Product in Indonesia 2008-2011.

| Rank | Commodity | Quantity (tones) | Value (1000 \$) | Unit value (\$/tones) |
|-------------|-----------------------|-----------------------------|----------------------------|----------------------------------|
| 1 | Palm Oil | 16,336,750 | 17,261,248 | 1,057 |
| 2 | Rubber Nat Dry | 2,546,237 | 11,735,105 | 4,609 |
| 3 | Palm kernel oil | 1,442,666 | 2,113,877 | 1,465 |
| 4 | Fatty Acids | 1,168,717 | 1,188,621 | 1,017 |
| 5 | Coffee, green | 346,092 | 1,034,815 | 2,990 |
| 6 | Coconut (copra) oil | 569,801 | 937,756 | 1,646 |
| 7 | Cocoa beans | 210,067 | 614,496 | 2,925 |
| 8 | Food Prep Nes | 191,433 | 597,574 | 3,122 |
| 9 | Fat Prep Nes | 416,141 | 527,962 | 1,269 |
| 10 | Cigarettes | 56,684 | 513,302 | 9,056 |
| 11 | Margarine Short | 370,870 | 399,917 | 1,078 |
| 12 | Cake of Palm Kernel | 3,093,510 | 378,062 | 122 |
| 13 | Cocoa powder and Cake | 84,878 | 328,792 | 3,874 |
| 14 | Cocoa Butter | 82,535 | 304,581 | 3,690 |
| 15 | Coffee Extracts | 76,924 | 266,828 | 3,469 |
| 16 | Pepper (Piper spp.) | 36,487 | 214,681 | 5,884 |
| 17 | Pastry | 70,160 | 176,410 | 2,514 |
| 18 | Pineapples Cand | 169,878 | 169,418 | 997 |
| 19 | Tea | 75,450 | 166,717 | 2,210 |
| 20 | Oil Essential Nes | 4,359 | 161,026 | 36,941 |

Source: FAOSTAT (2013).

In 2010, the rate of foreign investment in Agribusiness Sector reached U.S. \$774 Million. In the third semester of the year 2011, the rate of investment of foreign investment declined to U.S. \$307 Million. Table 6 and 7 shown FAO data related Top import and export agricultural product in Indonesia during 2008 until 2011. The number of companies that make investments also decreased. Business units of foreign investment that invest in the agribusiness sector in 2010 reached

185 units and in the third quarter of 2011 this number reached 95 living units. In 2010, approximately 97 percent of the investment value of foreign investment in this sector came from sub-sectors of food crops and plantation followed by fishery that contribute to the investment value of 2.3 percent and the livestock sector by 0.6 percent (*Indonesia Investment Coordinating Board, 2011*).

In world markets, Indonesia is the second largest country after Malaysia in trading palm and palm products. However, those products such as CPO (Crude Palm Oil) and CKO (Crude Kernel Oil) have low added value. However, Malaysia is the country's largest exporter for CPO (Crude Palm Oil) and CKO (Crude Kernel Oil) products that have been processed. The same thing is also happened in the commodity Cocoa. Indonesia is a major Cocoa producer country in Asia and has the potential to build for processing Cocoa industry thereby increasing job creation.

The investment value of Domestic Investment on agribusiness sector in Indonesia during the last five years peaked in 2010 amounted to USD 8.885 billion. However, in the third quarter of 2011, decreasing the value of this investment reached USD 3.612,8 billion. The number of business units of Domestic Investments that invest in the agribusiness sector reached 227 units. The proportion of sub-sector agribusiness investment 99 percent of the total domestic investment comes from the sub-sectors of food crops and plantations. On the other hand, the livestock sub-sector only gives the proportion of domestic investment by 0.4 percent of the total investment of Domestic Investment on agribusiness sector. While in the fisheries sector there has been no investment (*Indonesia Investment Coordinating Board, 2011*).

Rice is the basic food source in the country. Indonesia the world's third largest Rice producer in 1985 and 2004 led to self-sufficiency. In the intervening years, Indonesia has become one of the world's best Rice-importing countries. Java, Bali and Madura islands are the major Rice production centers. Industrialization and population density has led to the loss of arable land. Observed that reduction in Rice production in Indonesia since 1985.

Markets in the country every year, approximately 3.5 million tons (10 percent of demand), and that Indonesia has been importing Rice has become the most important importer of Rice. Between 1983-1993, Indonesia has lost a total of 1 million ha of arable Rice-plant. To reverse this trend in the management Riau, Jambi, South Sumatra, Bengkulu and West Kalimantan regions had an effort to make Rice for planting. The country of 54 million tons in 2005 shelled Rice (equivalent to 32.4 million tons of unshelled Rice) production was achieved, the need for 32 million tons of brown Rice that has been exceeded (*Anonymous, 2013*).

3. MATERIAL AND METHOD

3.1. Material

The data used are primary and secondary data both quantitatively and qualitatively. The primary data was taken from the interviews to the national agribusiness experts and practitioners. Quantitative secondary data consists of the data time series and cross section of the year 2008-2011 for trade data in two countries, Turkey and Indonesia. The secondary data obtained from UN Comtrade, FAOSTAT, IMF, World Bank, Ministry of Commerce, Ministry of Agriculture and other relevant agencies. The data used include data on total production, the volume of imports and exports, and international trade policy. The primary data obtained from deep interview by purposive sampling, Focus Group Discussion (FGD) method by online and offline communication either, also experts acquisition. While the qualitative data and other additional data that support the quantitative data obtained through the study of literature in the form of a thesis before, the internet and books related to the study, and respondent survey. This research started from June of 2013 until February of 2014.

3.2. Method

3.2.1. Data Processing Method

In processing data were used both descriptive and quantitative methods. The studies determine which commodities have the potential trade. Most commodities in Indonesia in this case required by the Turkish based on the top

three of export quantity: **Palm Oil, Dry Natural Rubber, and Banana**. Most commodities while in Turkey in case it is needed by Indonesia based on the top three of export quantity: **Wheat, Maize, and Cotton Lint**. This data originally taken from FAOSTAT 2013.

Descriptive method was used to describe the capacity of supply and demand by knowing the volume of exports and imports of major agricultural commodities in the country of Turkey and Indonesia, examines the trade policy and global marketing strategy in the SWOT (Strength, Weakness, Opportunity, Threat) matrix method, the SOR (strategic orientation) matrix method, Internal Factor Analysis (IFAS), External Factor Analysis (EFAS), Strategic Position and Action Evaluation (SPACE), and the Porter's Five Competitive Forces Matrix. Quantitative method was used to forecast the trend line of changes in demand and supply on the main commodity traded. The processing of data was performed via Microsoft Excel 2010 software and then proceeds to the stage of data interpretation.

3. 2. 2. SWOT Analysis

SWOT Analysis is a way to systematically identify the various factors to formulate corporate strategy. This analysis is based on the logic that maximizes the strength and opportunities, but at the same time can minimize the weaknesses and threats. Strategic decision-making process is always associated with the development of the mission, objectives, strategies and policies of the company. Thus strategic planner should analyze the company's strategic factors (strengths, weaknesses, opportunities, and threats) that exist today. It is called the analysis of the situation. The most popular models for the analysis of the situation were a SWOT Analysis (*Rangkuti, 2005*).

Tabel 8. SWOT Matrix.

| External | Internal | STRENGTHS (S) | WEAKNESSES (W) |
|------------------------------|----------|---|---|
| OPPORTUNITIES (O) | | STRATEGY SO | STRATEGY WO |
| | | Creating strategies that use strengths to capitalize on the opportunities | Creating strategies that minimize weaknesses to leverage on opportunities |
| THREATS (T) | | STRATEGY ST | STRATEGY WT |
| | | Creating strategies that use strengths to overcome threats | Creating strategies that minimize weaknesses to avoid threats |

Source: Rangkuti (2005).

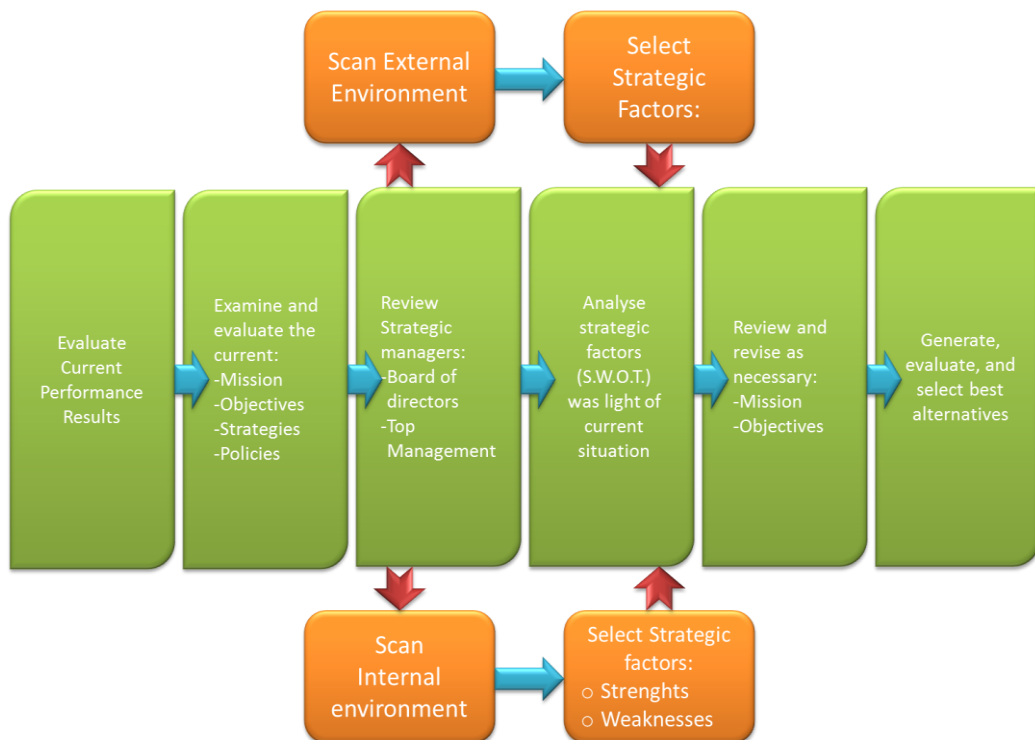
Based on table 8, results of SWOT analysis is made up of four alternative strategies that can be used as a material consideration by standard enterprise management (Rangkuti, 2005):

- (1) SO Strategy (*Strength-Opportunity*). This strategy uses the company's internal strength to grab the opportunities that exist outside the company. So if the company has a weakness, the company should be able to overcome these weaknesses. whereas if the company is facing a threat, then the company should try to avoid it and try to concentrate on the opportunities.
- (2) WO Strategy (*Weakness-Opportunity*). This strategy aims to reduce the company's internal weaknesses by using external opportunities. Sometimes companies face difficulties in taking advantage of opportunities because of internal weaknesses, therefore, depends on how the management company to use strategy and overcome its internal weaknesses.
- (3) ST Strategy (*Strenght-Threat*). Through this strategy the company seeks to avoid or reduce the impact of external threats.
- (4) WT Strategy (*Weakness-Threat*). This strategy is a tactic to survive (defensive) by reducing internal weaknesses and avoiding threats. A company that is faced with a number of internal weaknesses and external threats actually are in a dangerous position, the company has struggled to stay a float

3. 2.3 Strategic Orientation (SOR) Analysis

Strategy Orientation Model (SOR) or called formulation strategy was often referred to as strategic or long range planning. Regardless of the term used, the process is primarily analytical, not action oriented. The formulation process is concerned with developing a corporation’s mission, objectives, strategies and policies. In order to this, strategy makers must analyse the corporation’s strategic factors (key strengths, weaknesses, opportunities, and threats) in light of the current situation. With matrix shown in figure 3, known that step of strategy orientation process were:

Figure 3. Strategy Orientation Process.



From figure 3, shown before the Strategic Orientation starts, provide for each of the respondents the SWOT tables and the SOR matrix. To perform the analysis using the SOR method, made up of the follow steps (Vermeire and Gellycnk, 2009):

Step 1: Present the focus of the SOR

Tell about the aims of research and how the SOR-exercise helps to define the strategic goals that will lead to a successful. It is very important to explain the focus of the strategic orientation round. As it was discussed during the SWOT-analysis, the ability to keep the focus clear during the SOR determines the success of the analysis.

Step 2: Present SWOT

The SWOT-tables are input for the Strategic Orientation. Present the 2 S's, W's, O's and T's concluded upon after the interview round. Explain their meaning and motivate briefly. It can be expected that some of the respondents will disagree with the SWOT-table. Make clear to them that this is not a problem.

However, do not change the SWOT table at this stage. The discussion and voting in the next steps gives the participants the possibility to express their opinion and influence the strategy-building. The participants should now have a look at the SOR-matrix. Explain how they should read the matrix by showing some examples (adapt the model questions to your SWOT to make them more clear).

Step 3: Explain the voting system

The voting system score is attributed to the O's and T's, whereby it is considered to what extent they can help to face S's and W's. Thereby:

- 3 = very important
- 2 = important
- 1 = some importance
- 0 = not important / relevant

Further, a maximum number of 12 votes can be distributed per O and T. Note that this is a maximum, not a minimum: if the O or T are less important, less than 12 votes will be distributed. Consequently, a significant number of combinations can be left blank.

Step 4: Voting

Give the participants time to give their final votes. In contrast with the former step, the final votes are anonymous.

Step 5: Counting the votes

The individual SOR-matrix are aggregated to an overall matrix. After the first round, an assistant can collect the filled-in SOR-matrices and count them during the second SOR. After the second round, there is also some time for counting provided. Counting implies:

- a. total scores per combination
- b. total scores per row (S and T) and column (O and T)
- c. total scores per quadrant

Step 6: Reflection on the results

The results are presented to the participants and there is some time for reflection. In the model agenda, this time is very limited. It would be interesting to have a more profound discussion, however, there is the risk of overloading the agenda. For the example of SOR-Matrix, shown on the Figure 4.

Figure 4. SOR-Matrix Example.

| | | Opportunities | | | | | Threats | | | | | Tot |
|------------|----|---------------|------------------|----|----|----|---------|---------------|----|----|----|-----|
| | | o1 | o2 | o3 | o4 | o5 | t1 | t2 | t3 | t4 | t5 | |
| Strengths | S1 | 8 | 0 | 1 | 0 | 1 | 5 | 0 | 2 | 0 | 1 | 40 |
| | S2 | 6 | Attack 95 | | | 2 | 1 | Defence 80 | | | 1 | 29 |
| | S3 | 3 | | | 9 | | 1 | | | 4 | | 32 |
| | S4 | 2 | | | 2 | | 2 | | | 0 | | 47 |
| | S5 | 1 | 0 | 8 | 4 | 3 | 2 | 3 | 5 | 0 | 1 | 27 |
| Weaknesses | w1 | 2 | 8 | 3 | 5 | 1 | 2 | 9 | 3 | 1 | 0 | 34 |
| | w2 | 6 | Clean ship 66 | | | 2 | 1 | Crisis 77 | | | 0 | 31 |
| | w3 | 6 | | | 0 | | 3 | | | 0 | | 26 |
| | w4 | 1 | | | 0 | | 1 | | | 5 | | 30 |
| | w5 | 1 | | | 0 | | 0 | | | 5 | | 24 |
| Tot. | | 36 | 31 | 34 | 42 | 20 | 18 | 48 | 43 | 32 | 27 | 337 |

Source: (Vermeire and Gellycnk, 2009).

Step 7: Intrepretation

In SOR Analysis process, we have to know how to do make interpretation based on our collected datas research. For the steps of make SOR Interpretation explained on Table. 9,

Tabel 9. SOR Intepretation.

| The SOR-matrix contains a lot of information. After the session, it will be up to the regional partner to interpret it and to extract strategic objectives out of it. The partner can interpret the figures in different ways, however, following scores are crucial: Score | What does it tell ? | What to do with it ? |
|---|---|--|
| Total scores per S (Strength), W (Weakness), O (Opportunity), T (Threat) | How important the different S's, W's, O's, T's are. | Strategy is aimed towards taking maximum benefit of external factors: therefore build strategy around the 2 or 3 most important O's & T's. |
| Score per combination | How important the O or T is to deal with S or W. | Develop strategic objectives which deal with the combinations with the highest scores. |
| Total scores per quadrant | What the general prospects are. | <p>High S-O: attack, the chances are good</p> <p>High S-T: defence, we have the power to deal with the threats</p> <p>High W-O: clean ship or reorientation, work on the weaknesses to take benefit of present opportunities</p> <p>High W-T: crisis situation, the threats are serious and we don't have the means to deal with them.</p> |

Source: (Vermeire and Gellycnk, 2009).

3.2.4. Internal Factor Analysis (IFAS)

IFAS analysis is used to analyze internal factors, which determine the strengths and weaknesses of the company. The results are used to manage opportunities in dealing with threats from the external environment. The company's strength can be used in a competitive weapon and weaknesses of the company must be corrected in order to face the changing environment. After the internal strategic factors of a company are identified, IFAS tables compiled to formulate internal strategic factors in the framework of the "Strengths and Weaknesses" company (*Rangkuti, 2005*).

Stages are: (1) Determine the strengths and weaknesses of the company in column 1, (2) Give the weight of each of these factors on a scale ranging from 1.0 (most important) to 0.0 (not important), based on the influence of these factors the strategic position of the company (all weight must not exceed the amount of the total score 1.00), (3) Calculate the rating (in column 3) for each factor to provide a scale ranging from 4 (outstanding) to 1 (poor) based on the influence of these factors on condition of the company (*Rangkuti, 2005*).

The variables (all variables are categorized as strengths) were given values ranging from +4 (very good) compared to the industry average or the main competitors. If variable negative is the opposite. For example, if a big company drawback compared to the industry average, its value is -4, whereas if the weakness of the company below the industry average, its value is -1, (4) multiply the weight in column 2 with the rating in column 3, to obtain the weighting factors in column 4. The result is a weighted score for each factor whose value varies from 4.0 (outstanding) to 1.00 (poor), (5) Use the column 5 to give a comment or note why certain factors are sorted, and how the weighting is calculated, (6) Number of weighted scores (in column 4), to obtain a total weighted score for the company. This shows how the total value of a particular company reacts to internal strategic factors (*Rangkuti, 2005*).

3. 2.5. External Factor Analysis (EFAS)

Analysis of the external environment is the monitoring of an enterprise environment that identifies threats and opportunities that may affect the company and its strategy to achieve the company's goals. External environment are factors beyond the company's control that may affect the choice of direction and action, organizational structure, and internal processes of the company (*Rangkuti, 2005*).

Given the close linkage between the enterprise and external environment factors, it is necessary to do an environmental analysis of the process to monitor the environment in determining the opportunities and threats to the existence of the enterprise. The following are ways of determining factors Internal Strategies (EFAS) (1) Prepare in column 1 (5 to 10 chances threats), (2) Give the weight of each factor in column 2, ranging from 1.0 (very important) up to 0.0 (not important) (*Rangkuti, 2005*).

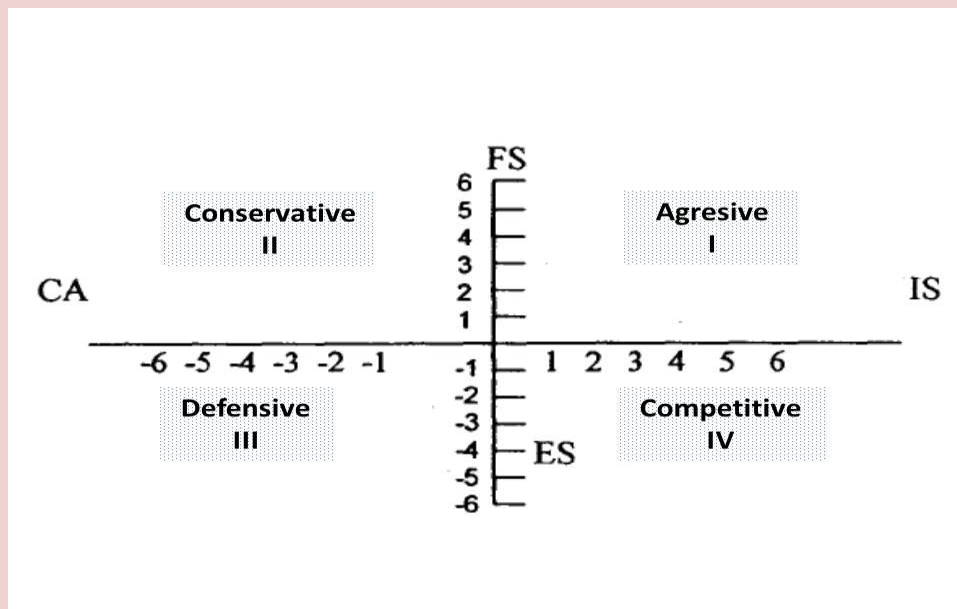
These factors could potentially have an impact on strategic factors, (3) Calculate rating (column 3) for each factor to provide a scale ranging from 4 (outstanding) to 1 (poor) based on the influence of these factors on the condition of the company. Rating for scoring opportunities factor is positive (greater opportunities were rated +4, but if small chances were rated +1. Provision threat rating is the opposite. For example, if the value of the threat is very large, the rating is -4. Conversely, if the threat is small then the value of the rating is -1 (4) multiply the weight in column 2 with the rating in column 3 to obtain the weighting factors in column 4. The results represent a weighted score for each factor whose value varies from 4.0 (outstanding) to 1.0 (poor), (5) Use column 5 to give a comment or note why certain factors are selected and how the weighting score calculated, (6) Calculate the total weighting scores (in column 4) to obtain a total score weighting for the enterprise. The total value of these shows how companies react to external strategic factors (*Rangkuti, 2005*).

3.2.6. Diagraming SWOT to Strategic Position and Action Evaluation (SPACE)

Diagraming SWOT Analysis conducted by *Pearce and Robinson (2008)* is divided into several strategies in four cells that comprise the aggressive strategy of the first cell, the second cell diversification strategy, the third cell strategies to improving, and the fourth cell yields defensive strategy. In this research, SWOT analysis was further developed by using SPACE analysis and Rangkuti's Internal-External analysis.

According to *David (2004)* shown in the Figure 5 , SPACE Analysis Matrix presented by using a cartesian diagram consisting of four quadrants with the same size scale. The analysis can show clearly veldor lines are positive or negative, both for financial strength (Financial Strength), the power industry (Industry Strength), competitive advantage (Competitive Advantage) and the stability of the environment (Environmental Stability).

Figure 5. SPACE Matrix.



Source: David (2004).

For the explanation is as follows:

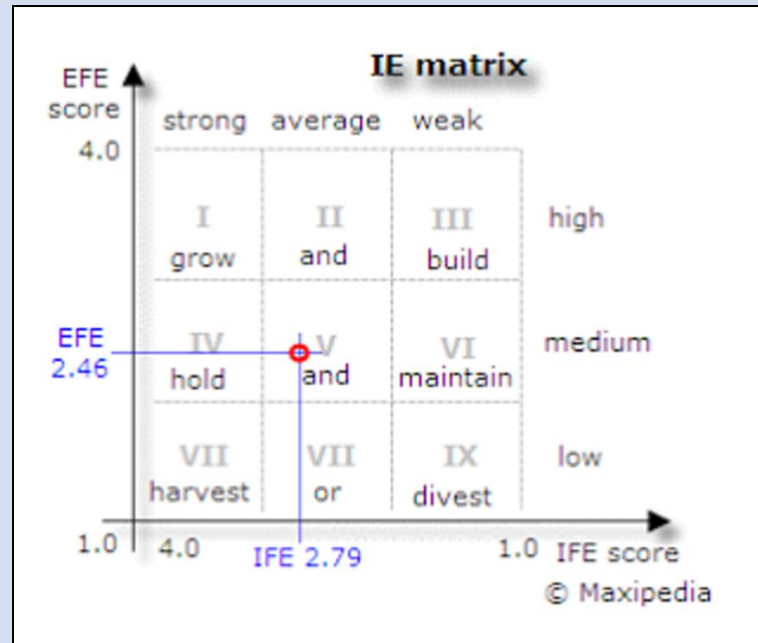
- Cell (1) **Aggressive strategy.** Is the most preferred strategy in which the company faced several environmental opportunities and a lot of forces that encourage the use of these opportunities? This strategy suggests a growth-oriented strategy to take advantage of this favorable situation. The company can use the strength and opportunity to avoid weaknesses and threats optimally. Alternative strategies that can be applied to a position that is aggressive market penetration, market development, product development, backward integration, forward integration, horizontal integration, concentric diversification, horizontal diversification, conglomerate diversification strategy or a combination of all that can be run, depending on the specific conditions encountered by the company.
- Cell (2) **Diversification strategy.** Companies with specific strength to face unfavorable environment. This strategy will be used in long-term opportunities for products or other markets. In this quadrant implies the company remains close to the company's core competencies and does not taking excessive risks. Conservative strategy that is often used is market penetration, market development, product development and concentric diversification.
- Cell (3) **Defensive strategy.** This strategy is used for companies facing major environmental threats while the company is in a relatively weak position. This situation clearly requires strategies that can reduce or limit involvement in product or market in order to survive. Indicates the company is at a competitive strategy. Competitive strategy is often used is backward integration, forward integration, horizontal integration, market penetration, market development, product development, and also joint ventures.
- Cell (4) **Strategies to improve itself.** The company faces a conducive market environment, but constrained by the company's internal weaknesses. This strategy focuses company to overcome these weaknesses in order to be

more effective and efficient in serving the product or market. Suggest that companies should focus on improving internal weaknesses and avoid external threats, the strategy is often taken rationalization, divestiture, liquidation and concentric diversification.

Rangkuti (2005) Internal External Matrix is a model developed from the model of General Electric, the parameters used include the strength of the company's internal parameters and external influences facing the company. The purpose of the use of this model is to obtain corporate business strategy at a more detailed level. Identification of 9 cells corporate strategy, according Rangkuti (2005) cells ninth in principle it can be grouped into three main strategies, namely:

1. **Growth strategy:** a growth company itself (cells 1, 2, and 5) or diversification efforts (cells 7 and 8).
2. **Stability strategy:** the strategy is implemented without changing the direction of the strategy that has been applied.
3. **Retrenchment strategy:** the effort to minimize or reduce the efforts of the company.

Figure 6. Rangkuti's Internal-External Matrix.



Source: Rangkuti (2005)

To obtain a more detailed explanation, of the nine strategies contained in the IE matrix of nine cells, from Figure 6 about Rangkuti's Internal-External Matrix it can be explained as follows Rangkuti (2005) :

1. Growth strategy (Growth strategy)

Designed to achieve growth, both in sales, assets or profit, or a combination of all three. This can be achieved by lowering pRices, develop new products, increase the quality of products or services, or to improve access to a wider market. Attempt to do is to minimize the cost (minimize cost) in order to increase profits. This method is an important strategy if conditions in the company's rapid growth and there is a tendency for the competitors into a pRice war in an attempt to increase market share. Thus, companies that have not reached critical mass (a profit of large scale production) would be defeated, unless the company can focus on a particular market profitable.

2. The strategy of growth through concentration and diversification

If companies choose strategy concentration, the company can grow through horizontal and vertical integration, both internally through its own resources or externally by using outside resources. If companies choose diversification strategy, the company can grow through concentration or diversification conglomerate both internally through new product development, and externally through acquisitions.

3. Concentration through vertical integration

Growth through concentration can be achieved through vertical integration by way of backward integration (taking over the function of the supplier) or by means of forward integration (taking over the function of the distributor) . This is the main strategy for companies that have a strong competitive position market (high market share) in the high tensile power industry.

4. Concentration through horizontal integration

Strategy of growth through horizontal strategy is an activity to expand the company by building in another location, and increase the variety of products and services.

5. Diversification of concentric

Growth through diversification strategy is generally carried out by a company that has a very strong position competitive conditions but the value is very low industry attractiveness. The company tries to use its power to create new products efficiently because the company already has the capability of manufacturing and good marketing.

6. Diversified conglomerate

Growth strategy through business activities that are not interconnected can be done if the company faces competitive position is not so strong and the attractiveness of its industrial value is very low. Both of these factors forced the company conducts its business to another company.

3.2.7 Porter's 5 Competitive Industry Forces

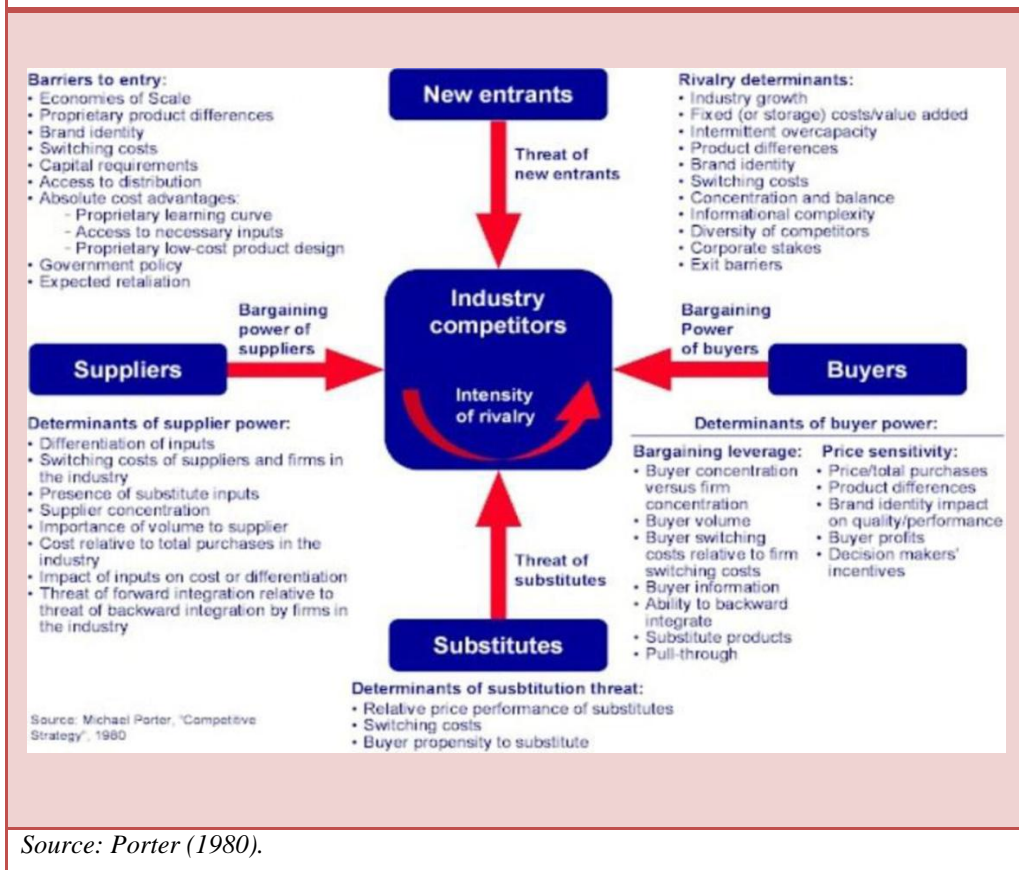
According to Porter (1980 and 2008), Porter's Five Forces of Competitive Position Analysis were developed in 1979 by Michael E. Porter of Harvard Business School as a simple framework for assessing and evaluating the competitive strength and position of a business organization. This theory is based on the concept that there are five forces that determine the competitive intensity and attractiveness of a market.

Porter's five forces help to identify where power lies in a business situation. This is useful both in understanding the strength of an organization's current competitive position, and the strength of a position that an organization may look to move into. Strategic analysts often use Porter's five forces to understand whether new products or services are potentially profitable. By understanding where power lies, the theory can also be used to identify areas of strength, to improve weaknesses and to avoid mistakes. Five forces analysis helps organizations to understand the factors affecting profitability in a specific industry, and can help to inform decisions relating to: whether to enter a specific industry; whether to increase capacity in a specific industry; and developing competitive strategies. The five forces given in Figure 7, are :

- 1. Supplier power.** An assessment of how easy it is for suppliers to drive up prices. This is driven by the: number of suppliers of each essential input; uniqueness of their product or service; relative size and strength of the supplier; and cost of switching from one supplier to another.
- 2. Buyer power.** An assessment of how easy it is for buyers to drive prices down. This is driven by the: number of buyers in the market; importance of each individual buyer to the organization; and cost to the buyer of switching from one supplier to another. If a business has just a few powerful buyers, they are often able to dictate terms.
- 3. Competitive rivalry.** The main driver is the number and capability of competitors in the market. Many competitors, offering undifferentiated products and services, will reduce market attractiveness.

4. **Threat of substitution.** Where close substitute products exist in a market, it increases the likelihood of customers switching to alternatives in response to price increases. This reduces both the power of suppliers and the attractiveness of the market.
5. **Threat of new entry.** Profitable markets attract new entrants, which erodes profitability. Unless incumbents have strong and durable barriers to entry, for example, patents, economies of scale, capital requirements or government policies, then profitability will decline to a competitive rate.

Figure 7. Porter's Five Competitive Forces.



4. LITERATURE

Ath (2013). This research told to us that Turkish people are actually not newcomers to the Indonesian archipelago. The first encounters can be traced back to the early sixteenth century when the Portuguese dominated maritime trade across the Indian Ocean. The Portuguese naval power threatened not only the spice trade between the Sultanate of Aceh (located in modern-day Sumatra) and the rest of the world, but also the safety of the pilgrimage routes of Acehnese Muslims on their way to Mecca. In 1538, the Sultan of Aceh, Alauddin Riayat, approached the Ottoman Sultan Suleiman the Magnificent, who also held the title of caliph, asking for help against the Portuguese threat. He received not only weapons and ammunition from the caliph, but also military instructors, housing and construction specialists, and other experts. It was the beginning of a long period of military cooperation between the Ottoman Empire and the sultanate. Closer diplomatic relations soon followed, culminating in the first exchange of ambassadors in 1547.

Republic of Turkey Ministry of Foreign Affairs (2013). Based on report of Republic of Turkey Ministry of Foreign Affairs, there is an important potential between Turkey and Indonesia in terms of economic and trade cooperation. The recent rise in bilateral economic relations temporarily stalled due to the 2009 global financial and economic crisis and both exports and imports saw a downfall in comparison to the previous year. However, relations in the field of trade have begun showing signs of revitalization in 2010. Bilateral trade volume reached 1.73 billion USD in 2010, up from 1.27 billion USD in 2009. A trade volume of 5 billion USD is targeted for 2015 in the field of trade relations. Turkey's imports from Indonesia are much higher than its exports to Indonesia and while our import commodities mostly consist of raw and intermediate materials such as textile products, Palm Oil, rubber, chemical products and forest products, export commodities include Wheat flour, machines, iron and steel products, Tobacco and textile products.

OECD-FAO (2013). Research report from collaboration between OECD and FAO told us that, for decades, global agriculture was characterised by policy-induced production surpluses in industrialised countries and stagnating growth in developing countries. Policy reforms and economic growth across the globe have been changing demand and supply fundamentals sufficiently to turn agriculture into a more market-driven sector which provides investment opportunities, particularly in developing countries. Agricultural trade is projected to increase with developing countries capturing most of the export growth. Expansion of agricultural production is likely to slow at least in the medium term with slower area and productivity growth. Supply should keep pace with demand at prices that are expected to remain relatively high. In this context, measures to reduce food loss and waste will be important in meeting rising demand and for increasing productivity.

OECD (2013). This report told us that Indonesia is the world's 4th most populous country and the 10th largest agricultural producer. The country is scarce in agricultural land, at one-third of the world's average when measured in per capita terms, but relatively abundant in water resources.

Indonesia Coordinating Investment board (2013). Based on this report, a large part of our economic success is a result of growing middle class and stable economic growth. Indonesia is in list of MINT economies (Mexico, Indonesia, Nigeria and Turkey), namely those that were the most attractive to long-term investors due to their favorable demographic profiles.

Alhayat (2011). According to this research, since distance is considered as a barrier to trade in the contemporary world, it is perceived that all countries become important markets for exporters. For Indonesia, Turkey is considered as high potential market as well as a gateway of trade and investment with its proximity to major markets such as Europe, Middle East and Caucasus. It also identifies the sectors that have comparative advantage and potential for Indonesian products in

the Turkish market. That the level of trade complementarity between Indonesia and Turkey are high and there is high intra-industry trade on some products. This is an important indication that strengthening trade relations may have a positive impact for both countries in the future because of mutual cooperation. In addition, indicative potential trade provides additional information about Indonesia's export products that can be developed further related to a high demand in Turkey.

Indonesia Coordinating Investment board, (2011). According to the report that , the role of the agribusiness sector (Food Crops, Fisheries, Plantation, and Animal Husbandry) on the Indonesia national economy is fluctuated. The role of the agricultural sector to Gross Domestic Product in 2004 reached 13.4% and continued to decline in 2006 to 12.0%. Beginning in 2007-2009 increased to 14.6%. The proportion of agribusiness sector reached 13% of all activity sectors of the Indonesian economy. Year 2006-2010, the rate of growth of national economy revolves around the figure of 5.5% -6.56% while the agribusiness sector fell from 3.81% to 2.91% in the same period. In 2008, the contribution of food crops to Indonesia's GDP reached 8.08% and continued to decline until it reaches 1.83% in 2010.

International (2011). Regarding the research journal, Turkish agriculture should benefit over the long term from export opportunities (due to its proximity to major import markets in the Middle East and Asia) and a growing domestic demand base. However, much of the sector will remain heavily regulated, which could prevent production from increasing, particularly in the case of the Sugar sector. However, there are plans to slowly liberalise the sector, and despite the government's intervention, the sector generally runs surpluses in most commodities. A key sector concern over the medium term will be food price inflation. Food price inflation recently increased significantly, which should create incentives within the sector to increase production.

Nurul., et. al. (2011). Application of nanotechnology opens vast opportunities for increasing the competitiveness of the national agroindustries. In this study, five agroindustries that potentially applied nanotechnology were reviewed and analyzed by using a SWOT-AHP (strength, weakness, opportunity, threat, and analysis hierarchy process) to determine the position of the competitiveness of each industry. Criteria were analyzed based on internal factors that have the potential to be the strengths and weaknesses, and external factors into opportunities and threats. Development of nanotechnology, which is directed to industrial food, herbal medicine, and fertilizer, is highly prospective for supporting the national program of food security and health as detailed in the National Research Agenda. Competitiveness position value for each industry shifted when independent variables used in the analysis of quantitative SWOT was replaced with dependent variables used in the SWOT-AHP. The result of this study can be used as a reference for the stakeholders for strategic decision making in relation to improving the competitiveness of national agroindustry through the development of nanotechnology.

ISPAT (2010). Based on ISPAT organization report, that agriculture has always been one of the leading sectors in the Turkish economy, largely for natural reasons: the rich soil sources, biological diversity, good climate and geographical conditions. There is also a tradition of hard working farmers and, more recently, private entrepreneurs interested in investing in Turkish agriculture. Agriculture has an important impact on the social and economic development of Turkey since it meets the majority of the population's food requirements domestically and prevents Turkey from being dependent on international sources and also supplies the raw materials of other sectors dependent on agriculture.

Turkish Embassy Jakarta (2009). This report told us that bilateral trade relations have been mainly conducted by Turkey's imports from Indonesia. Turkey's main export items are Wheat flour, chemicals, electrical machines, iron and steel products, cotton and yarns, carpets and Tobacco, while Indonesia's main

export items comprise of Palm Oil and its fractions, Natural Rubber, textile products, chemicals, paper and paperboard, television tubes, footwear, ceramic tableware, wood, furniture and electrical machinery and equipment. Turkey considers that geographical locations of Turkey and Indonesia present a chance for both sides to become a base for benefiting from the opportunities of their respective regions. In this sense, the potential market of both countries are equally strategic. Turkey is at the gateway to Europe, Middle East and Western and Central Asia while Indonesia is at the gateway to the Southeast Asia Region.

Erugur and Cakmak (2005). From this research, Turkey's membership of EU will lead to the enlargement of already established customs union between EU and Turkey to the agro-food products. This involves not only a full liberalization of agricultural trade within the EU but also the implementation of a common external tariff. Trade diversion and creation effects for agro-food trade will emerge.

5. TRADE OPPORTUNITY FROM TURKEY TO INDONESIA IN AGRICULTURAL COMMODITIES

By comparing the results of the production of most commodities and most import needs in both countries, we can determine what commodities have the potential trade. Most commodities while in Turkey in case it is needed by Indonesia based on the top three are: **Wheat, Maize, and Cotton Lint** (FAO,2013).

5. 1. Wheat

The Wheat (*Triticum aestivum* L. em Thell), which has the widest adaptation capacity among cereal species, has an important role in human nutrition (Briggle and Curtis, 1987). With the respect of cultivated area and production quantity in production pattern, Wheat is an important product for Turkey by the socially and economically ways (Ozcelik and Ozer, 2006).

Table 10. Turkey Wheat imports Marketing Year 2012-2013.

| Turkey: Wheat Import | | |
|----------------------|-----------|--------------------------|
| Countries | MY 2012 | MY 2013 (June to August) |
| Russia | 2,322,172 | 673,598 |
| Kazakhstan | 580,608 | 59,193 |
| Ukraine | 150,201 | 2,991 |
| United States | 285,037 | 39,960 |
| Greece | 138,336 | 7,671 |
| Other | 503,492 | 92,095 |
| Total | 3,979,846 | 875,508 |

Source: (Global Agriculture Information Network, 2013).

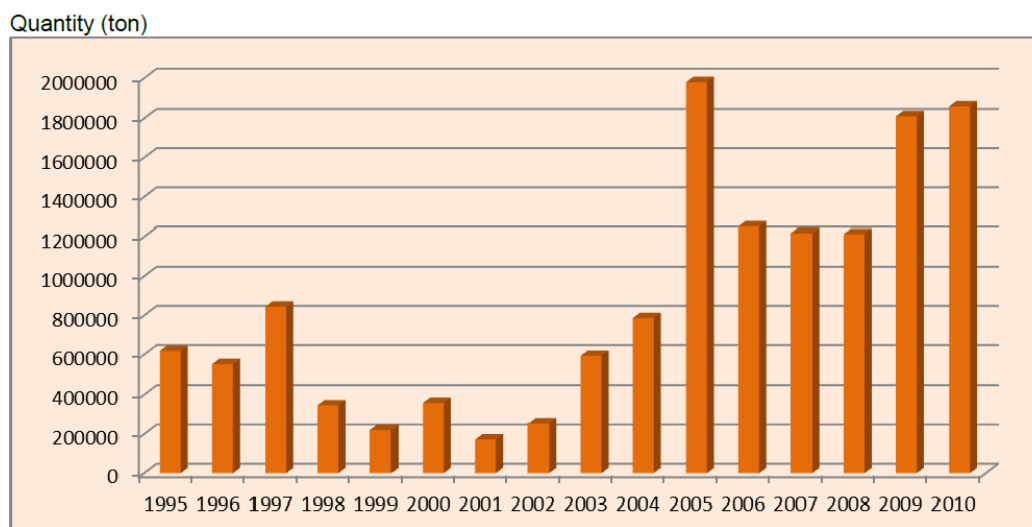
Turkey's Ministry of Food, Agriculture and Livestock (MINFAL) has stated consistently that they will test all Wheat shipments from the U.S for Genetically Engineered (GE) traits. No GE traits are approved for food use and Turkey uses a positive/negative test that raises the likelihood of detecting traits from other crops, such as Corn dust in a Wheat shipment. As a result, Post does not expect any Wheat coming from the U.S (Global Agriculture Information Network, 2013). Turkey offers a large range of agricultural product groups such as

grains, pulses, fruit and vegetables and livestock. From Table 10 shown condition of Turkey Wheat imports Marketing Year (MY) 2012-2013.

The main products in the grain group are Wheat, barley and Corn, which constituted 61%, 21% and 13% respectively of the total grain production of 33.563 thousand tons in 2009. The total grain production declined in 2007 due to drought and started to recover slowly in 2008. In 2009, there was a more substantial recovery, with growth of 14.6 percent in the quantity of total grain produced, due to increased rainfall and higher prices (*Republic of Turkey Prime Ministry, Investment Support and Promotion Agency of Turkey, Turkish Agriculture Industry Report, 2010*).

From figure 8, given the information about Turkey's Wheat Flour Exports in 1995-2010 by Turkish Flour Industrialists' Federation. Turkey exported flour to 106 countries in 2010 and received US\$ 609.5 million in return. This amount corresponds to about 1.861.651 tons of flour. These figures mean that Turkey feeds 3.7 million people in the world. In spite of adverse conditions in global and domestic markets, Turkey preserved its role as a leading flour exporter thanks to sacrifice and efforts made by flour industrialists to adapt themselves to changing conditions (*Turkish Flour Industrialists Federation, 2011*).

Figure 8. Turkey's Wheat Flour Exports in 1995-2010.



Source: *Turkish Flour Industrialists' Federation, 2011*.

Demand for high protein Wheat will be very strong starting from January 2014. Russia at the moment is the main supplier. Turkish millers hope to get it from Kazakhstan, but quality was lower than anticipated due to heavy rain. Turkey will seek high quality Wheat either from the U.S, Austria or Canada (*Global Agriculture Information Network, 2013*).

Turkey's export markets between 2004 and 2010 consisted of the Middle East, Far East, Asian, and African countries. Iraq was our main export market after 2004. Iraq accounted for 58 percent of our exports in 2005 when we were the largest exporter in the world. Iraq also ranked first in 2010 and other major export markets include Indonesia, the Philippines, Sudan, Cuba, South Korea, Thailand, UAE, Madagascar, and Gambia. An interesting aspect of figures related to Turkey's Wheat flour exports in 2009-2010 is that we did not export flour to Cuba, Guinea, Zimbabwe, and Russia in 2009 whereas 25.3 million kilograms of flour was exported to Cuba, 7.68 million kilograms of flour to Guinea, 3.9 million kilograms of flour to Zimbabwe, and 670,000 kilograms of flour to Russian Federation in 2010 (*Turkish Flour Industrialists Federation, 2011*).

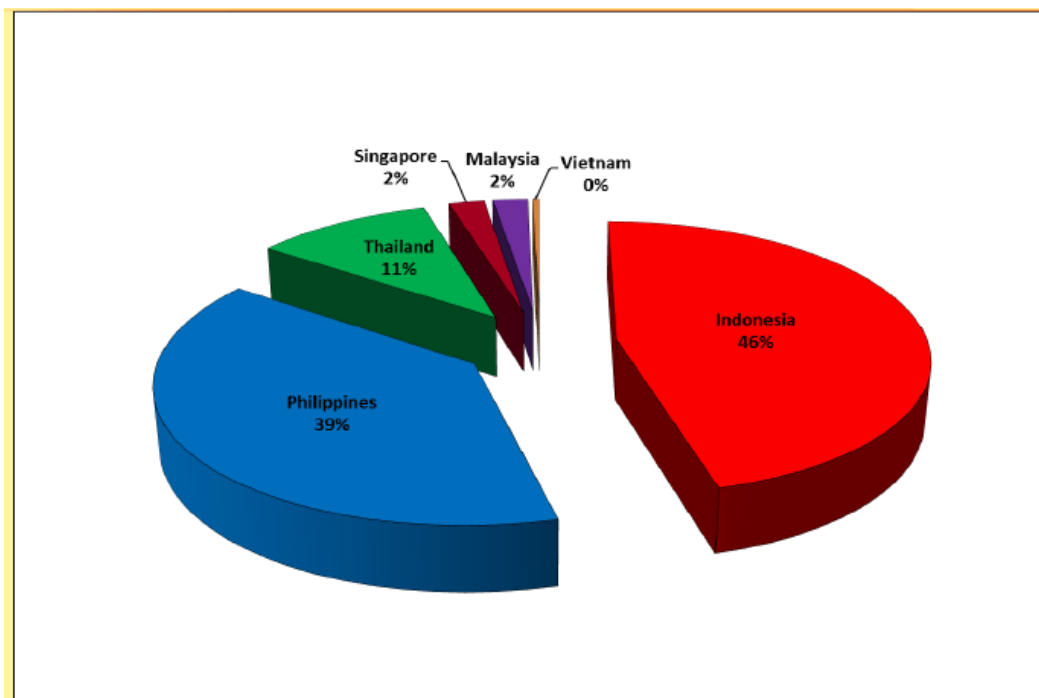
Table 11. Flour Exports, Top Ten Countries in Terms of Value (Ton/\$).

| Countries | 2009 | | 2010 | |
|----------------|------------------|--------------------|------------------|--------------------|
| | Quantity | Value | Quantity | Value |
| Iraq | 794,106 | 281,005,814 | 847,893 | 309,930,417 |
| Indonesia | 445,914 | 129,632,695 | 462,165 | 135,641,471 |
| Philippines | 103,521 | 30,914,803 | 98,485 | 27,844,560 |
| Sudan | 66,881 | 21,853,598 | 35,609 | 12,375,133 |
| Thailand | 29,686 | 10,360,475 | 36,683 | 11,954,041 |
| Gambia | 20,545 | 5,928,503 | 35,800 | 10,595,070 |
| Madagascar | 14,654 | 4,590,922 | 32,056 | 9,873,930 |
| U. A. Emirates | 20,355 | 6,202,198 | 28,854 | 9,008,542 |
| Cuba | 0 | 0 | 25,300 | 6,810,100 |
| South Korea | 19,484 | 6,972,229 | 18,295 | 6,349,675 |
| Other | 295,351 | 93,875,824 | 240,511 | 74,071,987 |
| Total | 1,810,497 | 591,337,143 | 1,861,651 | 609,454,908 |

Source: (Turkish Flour Industrialists Federation, 2011).

Based on Table 11 data of Flour Exports, Top Ten Countries in Terms of Value (Ton/\$), from 10 countries of export destination of Turkey has obtained information that, for the most 3 countries importing Wheat from Turkey are Indonesia, Philippines, Thailand. This contrasts with the opposite condition of the country where the staple food is Rice largest majority.

Figure 9. Turkish Flour Exports to Southeast Asia in 2012.



Source : Pinca, 2013.

Based on Figure 9 about Turkish Flour Exports to Southeast Asia in 2012, Indonesia is major importer country for Turkey's Wheat. According to the potential data of the Indonesian market for Turkey Wheat, Indonesia is the largest export destination country in the Asian markets. Therefore, in 2015 in Asia will be implemented Asian Economic Community (AEC), this condition will increase bilateral trade in asia region. From this condition, it is proper Turkey improve its performance in the Wheat trade in Asian markets, especially Indonesia

The other hand, according to *Indonesia Wheat Update (2010)* that Indonesian Wheat Flour Mills Association reported that the sharp decline of Russian Wheat production followed by a ban on Wheat exports, combined with

possible lower Wheat production in Canada and Australia, are straining Indonesian supplies of Wheat and Wheat flour. Turkey, which has long been a source of relatively cheap Wheat flour for Indonesia, has stopped exporting Wheat flour in order to secure its own domestic needs. In Marketing Year 2008/09, around 500,000 tons of Wheat flour in Indonesia was imported, with Turkey accounting for the largest market share (53 percent), followed by Belgium (15 percent), Sri Lanka (15 percent) and Australia (14 percent). The void left by Turkish Wheat flour provides potential for increased U.S. Wheat exports to Indonesia. Post will continue monitoring the market before making any adjustment to the Wheat PSD.

Table 12. Shares of 5 Major Exporters in Global Trade in Flour (%).

| Country | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Kazakhstan | 6.6 | 10.0 | 12.0 | 19.0 | 17.3 | 16.8 |
| Turkey | 8.5 | 18.0 | 22.0 | 16.5 | 12.8 | 16.0 |
| EU | 25.5 | 21.5 | 18.0 | 12.2 | 10.3 | 12.3 |
| Argentina | 6.0 | 5.8 | 5.9 | 9.0 | 12.9 | 10.9 |
| Russia | 3.0 | 2.0 | 3.2 | 3.0 | 4.6 | 5.4 |

Source: Turkish Flour Industrialist Federation, 2011

According to Table 12 about shares of 5 major exporters in global trade in flour, have an analysis covering the top 5 exporters in the world indicates that there was a considerable fall in the EU's shares in six years as compared with a constant in the shares of Turkey and Kazakhstan. The EU's share of global trade was 25 % in 2004 as against Turkey's 8.5 % and Kazakhstan's 6.5 %. Respective figures in 2006 were 22 percent for Turkey, 18.0 for the EU, and 12.0 % for Kazakhstan. Turkey and Kazakhstan each had a share of 16 percent as compared with the EU's 12 % in 2002. A slight increase was observed in Argentina's share while Russia's share of global trade remained unchanged. It is estimated that the trend in 2009 continued in 2010. *Turkish Flour Industrialist Federation (2011).*

5. 2. Maize

Maize (*Zea mays* L.) is the most important silage plants in the world because of its high yield, high energy forage produced with lower labor and machinery requirements than other forage crops (*Roth et al., 1995*). Maize is one of the oldest human-domesticated plants. Its origins are believed to date back to at least 7000 years ago when it was grown in the form of a wild grass called teosinte in Central Mexico. Recognizing its early potential as a major food crop, over time the Mesoamerican natives managed to improve the crop, by systematically selecting certain varieties for their desired traits. This process led to the gradual transformation of teosinte to its present day form known as Maize, a name which is a likely derivative of “mahis”, meaning “source of life” for Tanio people, the natives known to have mastered its cultivation.

Maize is also known as Corn, which is the name that has come into common usage primarily because it is used in the United States, the world’s largest producer, consumer and exporter of Maize. This reference to Corn, rather than Maize, in the United States can be traced to the arrival of the early European settlers in the New World when Maize was referred to as “Indian Corn”. Indian Corn is a type of Maize known for its colourful kernel (or seed) which is scientifically known as *Zea mays*. The term Corn most likely originates from the Germanic ‘korn’ which referred to any edible grass. The importance of Corn in North American heritage could not be more evident than in the history of the annual Thanksgiving celebration, the origin of which dates back to the first celebrations by the Pilgrims and the Native Americans who gave thanks for the “Corn harvest” (Abbassian, 2007).

Maize is an annual plant with high productivity which also enjoys exceptional geographic adaptability, an important property which has helped its cultivation to spread throughout the world. Its gradual expansion in the Americas by the Natives was rapidly propagated in the 16th century following the return of Columbus to Europe. Colonial conquests and trade played a central role in the spread of Maize cultivation well beyond the European continent, to Africa and Far East Asia. There exist several hybrids of Maize, each with their own specific

properties and kernel characteristics; the most common ones include: dent (or field Maize, used for livestock feeding and can be yellow or white), flint (or Indian Maize, grown mostly in Central and South America), and sweet (or green Maize). Depending on their colour and taste, Maize grown around the world is generally categorized into two broad groups: yellow and white.

Yellow Maize constitutes the bulk of total world Maize production and international trade. It is grown in most northern hemisphere countries where it is traditionally used for animal feed. White Maize, which requires more favourable climatic conditions for growing, is produced in only a handful of countries, the United States, Mexico and in southern Africa. White Maize is generally considered a food crop. Market prices are usually higher for white Maize compared to the yellow type but the premium can vary depending on local supply and demand conditions (*Abbassian, 2007*). Maize is the third largest planted crop after Wheat and Rice. It is mostly used and traded as a leading feed crop but is also an important food staple. In addition to food and feed, Maize has wide range of industrial applications as well; from food processing to manufacturing of ethanol (*Abbassian, 2007*).

Maize is an important crop in Turkey. Because of the reduced profitability of cotton production in Turkey, Maize production has increased during the past 10 years to 550,000 ha areas in 2007 (*FAO, 2009*). Weeds are an important yield-limiting factor for Maize production in Turkey, as in many other countries. Worldwide yield losses in Maize due to weeds are estimated to be around 37 percent (*Oerke and Dehne 2004*).

According to TÜİK's data, Maize production was 4,6 million tons in Turkey during 2012. It was estimated that 2013 Maize production will be 4.95 million tons with an increase of 7.6 percent compared to 2012. On 7th August 2013, Maize intervention purchase price has been announced as 640 TL/ton. Purchases by cash and procurements as consignee have begun as of 12th August 2013 and by 21st August 2013 23.023 tons of Maize have been purchased by cash (*Turkish Grain Board General Directorate, 2013*).

International Maize economy has undergone major changes over the past two decades in terms of production, utilization, trade as well as marketing structure. These changes were driven by a host of factors ranging from rapid advancements in seed and production technologies, changes in national policies and international trade, nearly uninterrupted expansion of feed usage across the globe and more recently the sudden surge in demand for ethanol (*Abbassian, 2007*). There are two main users of Corn in Turkey the feed industry and the Corn starch industry. The Corn starch industry is controlled by the government through quota allocations.

There are six starch companies; three of them are in Adana, two of them are in the Marmara region, and one of them recently opened in the South East of Turkey which does not have quota at the moment. The total production capacity of the Corn starch industry is 1.3 MMT. The sector uses 900,000 MT of domestic Corn and produces 525,000 MT of Sugar, either in the form of high fructose Corn syrup or glucose syrup (*Turkish Grain Board General Directorate, 2013*). Corn trade was very strong in Marketing Year (MY) 2012 due to high demand from the feed sector. Corn demand will be very strong again in MY 2013. The Corn production area increase will reduce demand for Corn imports, but post forecasts at least 300,000 MT of Corn trade in MY 2013(*Turkish Grain Board General Directorate, 2013*).

For Corn production, in Turkey Cotton premiums and soybean premiums are not increased very much in 2013. The cotton premium increased from 460 TL/MT to 500 TL/MT and the soybean premium remained the same. Although the soybean premium remained unchanged, the soybean production area increased in the Cukurova region. However, depleted soybean seed supplies limited soybean planting and farmers planted Corn instead. Higher Corn prices attracted farmers this year. Some traders who expected 700 TL/MT Corn failed at Corn business.

Otherwise, farmers and traders generally enjoyed high Corn prices at the market. In a normal season, first crop planting in the Cukurova region begins at the end of February and ends in April. This year the first season Corn planting

began on March 10. First crop Corn planting increased in the Cukurova, Marmara and Aegean regions. The Marmara and especially Aegean region mostly focused on silage Corn. Konya city is a relatively new Corn producer, increased its Corn area dramatically compared to Marketing Year (MY) 2012 (*Turkish Grain Board General Directorate, 2013*).

In MY 2013, farmers demand for Corn seed was very high again, but this time seed companies were ready to supply. The only big problem farmers had was the limited availability of silage Corn seed. Some farmers used grain Corn seed to produce silage Corn. Post forecasts the Corn area will reach 550,000 ha production and 4.4 MMT in MY 2013. A major increase in the Corn planting area was observed in several areas. In Cukurova it was due to farmers' heavy investment losses on cotton planting in MY 2013. In the Aegean region it was due to a dramatic increase in the number of livestock farms. In the Marmara region it was due to increased demand from the broiler industry. Second season Corn planting will be decreased in Cukurova, not only in MY 2013 but also in the following years. Disease problems, such as the European Corn Borer, and low yields are causing farmers to grow alternative crops.

Second Corn will be concentrated in the GAP region in MY 2013 and in the future as well. Dry weather conditions and the availability of irrigation should help GAP farmers to get 10-12 MT/ha yields in the region. Due to heavy support for sunflower seed, high demand from sunflower oil companies and contracting directly with farmers, the sunflower area is increasing in the Cukurova, and surprisingly, in the Konya and East Anatolia regions as well. Sugar beet production is not as profitable as it was in the past for the Konya region, so some farmers will switch from Sugar beet to either sunflower or Corn production. Post will follow this trend closely (*Turkish Grain Board General Directorate, 2013*).

5. 3. Cotton Lint

Cotton and cotton textile industries are central to the economic growth of both developed and developing countries, and contribute to development that is sustainable and socially responsible. Cotton is the raw material of wealth, industrialization and development. It is a vital cash crop providing income for everything from education, health and housing to transportation, and often serves as a catalyst for industrialization and rising social welfare. World cotton production and consumption are trending higher, and the industry is being transformed by new technologies, including biotechnology. World cotton production reached a record of 26 million tons in 2004/05, and production remained nearly as high in the two years following.

The average cost of cotton production varies widely across countries, but the cost of production for most producers is between US\$ 0.50 and US\$ 0.60 per pound. While per capita consumption of cotton at the retail level is highest in developed countries, the strongest growth in both retail consumption and mill use of cotton is occurring in developing countries, particularly China, India and Pakistan. The elimination in January 2005 of quotas that limited trade in textiles and apparel for more than 30 years is leading to a shift in textile and apparel production toward China and other developing countries, and the cotton industry is benefiting from increased consumption caused by lower retail prices of textile and apparel products. However, substantial distortions caused by subsidies still exist in the market for cotton itself (*Cotton exporter's guide, 2013*).

World cotton production fell for three consecutive seasons to a six-year low of 21.9 million tons in 2009/10. The continuous decline in production was driven by increasing price competitiveness of alternative crops, in particular grains and oilseeds, and increased agricultural production costs. In 2009/10, the situation changed: international cotton prices jumped to levels not seen in over a decade, due to a considerable tightening of cotton stocks. In the same time, prices of competing crops declined, triggering renewed interest in cotton cultivation for the first time in several years. Finally, fertilizer prices at planting time were significantly lower than in the previous season. As a result, world cotton area is

expected to rebound by 10 percent to 32.9 million hectares in 2010/11. Assuming a small increase in the average yield, to 766 kg/ha, global cotton production is forecast at 25.2 million tons, up by 15 percent from 2009/10. This gain of 3.4 million tons would be the largest experienced since 2004/05, when output increased by 5.9 million tons (*International Cotton Advisory Committee, 2010*).

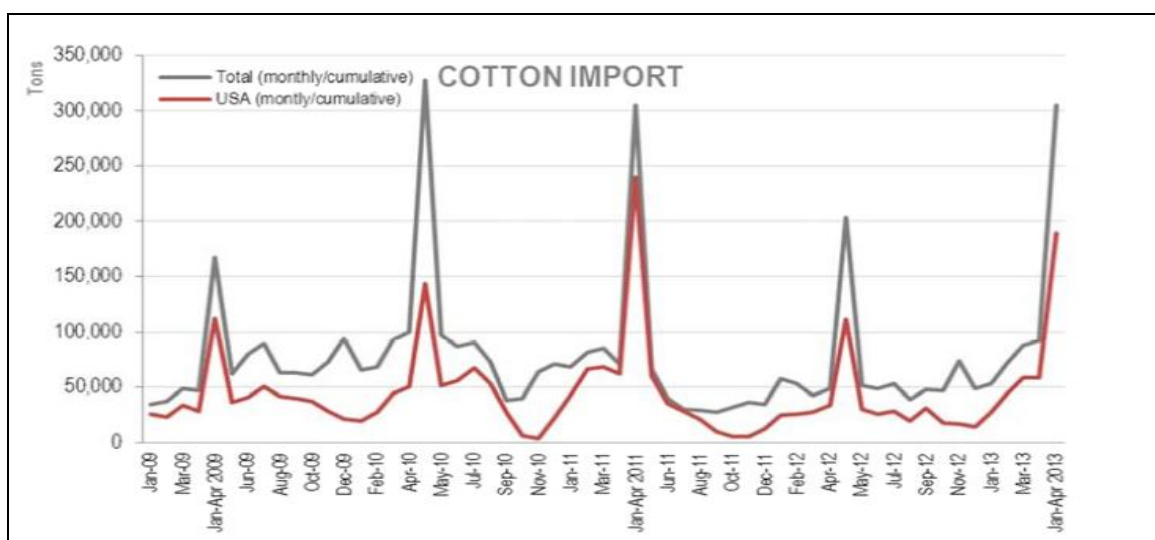
Cotton (*G. hirsutum* L.) is a strategically important crop for Turkish agriculture and plays a vital role in the life of lots of farmers in Turkey and around the world. Turkey has had major development in cotton productivity and quality. The increase in production resulted from high average yield. It was only 128 kg/ha in 1932 and increased to 1700 kg /ha in 2010. Before the Turkish Republic was established, the great majority of the cultivars of the cultivated cottons in Anatolia were old world's cultivars, especially *G. herbaceum*. At that time, Turkish cotton production was approximately 15,000 tons of lint. The major improvement and increase in yield was achieved after the Turkish Republic established in 1923. In 1932, the total production was about 20,000 metric tons. Meanwhile, in 1934 Cotton Research Institute was established and by effect of Cotton Research Institute and other research institutes, after World War II, production progressed very fast due to the increase of the planted area and the introduction of new productive cultivars from other countries. Cotton production area, production and lint yield have increased enormously from 1925 to present day thanks to important innovations in cotton production techniques (*Yucer and Sarsu, 2011*).

The growth rate of agriculture, hunting and forestry sector in Turkey increased 3.5 percent (constant pRices) in 2012 compared to the previous year. This was above the overall growth rate of Turkish economy which was 2.2 percent. The share of agriculture in GDP (by PPI) has been 8.9 percent and 9.1 percent in 2011 and 2012, respectively. Producer PRice Indices (PPI) numbers for cotton fell behind the overall PPI numbers of the agriculture sector in 2011. Recovery signals started at the beginning of 2012 and caught up to the general agriculture sector level in the first months of 2013 (*Informa Economics and SERES International, 2013*).

According to Figure 10 about Import Cotton Priode 2009-2013, on the supply side the first estimate reported by the Turkish Statistic Institute (TURKSTAT) on 23 of May, shows a slight increase, 2.6 percent, in raw cotton production compared to that of 2012. Theoretically, this estimate is equivalent to 880,600 MT of Cotton Lint. Production figures (provisional) for 2012 and estimates for 2013 seem somewhat optimistic when the trade data, planting and crop situation is considered. For the current year, both decreases in planted area and post planting crop damage are being reported.

While sowing activities were completed without interruption in the western part of Turkey, in some parts of the Southeastern Region, which represents over 50 percent of domestic production, heavy rainfall damage occurred and even led to some replanting. Thus, most likely the crop size will need a significant downward revision that might fall behind the 2012 crop size (*Informa Economics and SERES International, 2013*). On the other hand, the latest import figures for cotton in the period of Jan-April 2013 indicate a 50 percent increase compared to the previous year, and close to the level of same period of 2011. Imports of other related goods amounted to 600,000 MT as cotton equivalent (*Informa Economics and SERES International, 2013*)

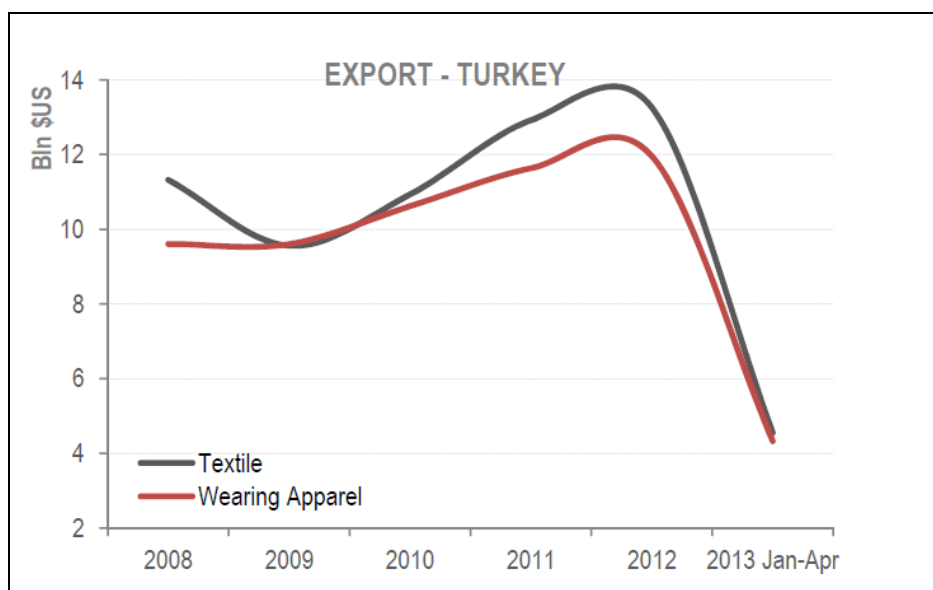
Figure 10. Import Cotton Priode 2009-2013.



Source: Turkstat in *Informa Economics and SERES International, 2013*.

From figure 11. Export Cotton Lint from Turkey (2008-2013), the price for Ege St 1 quality at the Izmir Exchange is consistent with the Cotlook A Index. While the price of cotton in Turkey has been stable in national currency terms between 3.70-3.75 TL/kg, it fell in \$US terms due to the change in the \$US/TRY rate. The price in the futures market for the nearest contract is 3.495 TL/kg as of 14 June (*Infirma Economics and SERES International, 2013*).

Figure 11. Export Cotton Lint from Turkey (2008-2013).



Source : TURKSTAT in *Infirma Economics and SERES International, 2013*.

Most of Turkey's cotton is planted between mid-March and mid-May and harvested from mid-August through November. The crop is grown in three main areas; the Aegean region, Cukurova and Southeastern Anatolia. Small amounts of cotton are also produced around Antalya (*Global Agricultural Informatin Network Report, 2012*). There are four different types of exchanges operating in Turkey. These are: the commodity exchanges where the agricultural products are traded as spot, Istanbul Stock Exchange (ISE) where the stocks are traded, Istanbul Gold Exchange (IGE) where the precious metals are traded and the Derivatives Exchange (TurkDex) where the financial and agricultural contracts are traded. Turkdex is the first private exchange of Turkey.

Opened in February 2005, Turkish Derivatives Exchange (TurkDex) has become an important derivatives exchange in the region (*IME, 2010*). As Turkey's first entirely electronic derivatives exchange, TurkDex offers a core product base of financial and commodity instruments. Its primary objective is to develop and provide derivatives to help traders, hedgers, and investors to manage their risks effectively. With the launch of TurkDEX, market participants now have the proper tools for managing their exposures to price fluctuations in foreign currency, interest rates, equities and commodities (cotton, Wheat, gold) (*Adanacioglu, 2011*).

Historically, according to *Country Report Turkey on 2011* the highest ever world cotton prices, prevailing during the planting season (March-May 2011), further raised the expectations for even a larger crop than the one achieved in the 2010/11 season. Furthermore, despite the high prices at the time of planting, the announcement of the premium payment levels also added some positive contribution to the realisation of a better crop size. However, two factors, which emerged soon after the planting period, negatively affected crop development:

- a. The first factor was that lint cotton prices which exhibited their peak on 22 March 2011, started to roll downwards practically in the same manner as they had gone up, lessening the probability of the continuation of these moderately high prices, if not the highest levels ever achieved.
- b. The second factor, on the other hand, was related to weather conditions, under which most of the cotton fields received prolonged rainy spells, which, at times caused even local flooding at short intervals. In some areas, these rainy spells partly necessitated replanting in the second half of May 2011, ultimately causing significant delays in the maturity process of the crop. Although very hot weather experienced during the subsequent summer months have helped to the shortening of the maturity period of the planted crop, there still remained a period of roughly 2 weeks, which may not be further shortened.

In the domestic regulatory area, ongoing strategic planning studies by the Turkish government predict strong measures for the period of 2013-2016, mainly focused on increased export share of textiles and ready to wear sectors in global

trade and improvement of the production substructure. These mainly include establishing healthy audit and database substructures as well as new supporting mechanisms within the supply chain. The one which indicates a kind of supporting regime is based on domestic raw material preference, namely, cotton, for textile and ready to wear industries. This is considered to be an argument for encouraging domestic cotton production, at least to some extent (*Informa Economics and SERES International, 2013*).

Turkey will be the world leader for organic cotton production, but increasing world production has lowered the margins and domestic production has declined in recent years. MY 2012 production is estimated at 12,000 MT compared to 30,000 MT in MY 2006. But field preparations indicate that production will go up to 14,000 MT in MY 2013. Turkish producers are also taking steps to be part of the Better Cotton Initiative (BCI) and targeting production of about 15,000 MT of cotton that complies with BCI standards in two years. Despite the fact that cotton planting will start in the very near future, GOT has not yet officially announced the production bonus for commodities, including cotton, under the program for MY 2013.

Unofficial press releases indicate that the cotton bonus will be increased about ten percent to 0.5 TL per kilogram. Farmer leaders argue that such an increase will be insufficient to convince farmers to plant cotton, and that the bonus this year should be TL 0.60 per kilogram due to the increased cost of production. They argue that a higher bonus would result in higher planting (*Global Agricultural Informatin Network Report, 2012*). Cotton imports have become a growing necessity to meet the increased demand from the booming textile and garment sector, especially after 1993, when Turkey became a net cotton importing country and cotton exports declined to low volumes (*Adanacioglu, 2011*).

6. TRADE OPPORTUNITY FROM INDONESIA TO TURKEY IN AGRICULTURAL COMMODITIES

By comparing the results of the production of most commodities and most import needs in both countries, we can determine what commodities have the potential trade. Most commodities in Indonesia in this case required by the Turkish based on the top three: **Palm Oil, Dry Natural Rubber, and Banana** (FAO, 2013).

6. 1. Palm Oil

The two main oils are palm and soya bean; demand for the latter is driven primarily by demand for meal, rather than for vegetable oil. In the past, the rate of growth in demand for soya bean meal has been approximately the same as the rate of growth in demand for vegetable oil, so that soya bean oil has retained a more or less constant share of the vegetable oil market (Sargeant, 2001). Soybean oil will continue to make up 30 percent of total production. Other oils remain constant at today's production levels, with Palm Oil making up the difference.

In the last thirty years, the amount of vegetable oil consumption worldwide increased threefold. Among the major commodities of vegetable oils, Palm Oil is much reaching the highest growth rate: its production up to tenfold, so that the large amount of consumption of Palm Oil between the other vegetable oils has reached 34 percent of which was only 11 percent. Even if production of palm kernel oil counted, then the amount of 38 percent (Teoh, 2010).

Palm Oil is the oil with the lowest production costs (Carter et al., 2007), and Schmidt and Weidema (2008) consider that Palm Oil is now the 'marginal' oil. The move away from trans-fatty acids also favours Palm Oil, as it can be used without hydrogenation as the solid fat component in many formulations (Berger and Idris, 2005). An alternative scenario therefore has Palm Oil meeting the entire additional requirement, with the other oils all remaining constant at today's levels, including soya.

It is one of the potential oil and Palm Oil industry, which is considered as the most profitable investment today. Palm Oil is one of the major plantation

commodities in Indonesia (*Directorate, 2008*). According to Data Center and Information of the Secretariat General for the Ministry of Industry (2007), The most the primary processed Palm Oil plant is from the Fruit. Part of pulp producing crude Palm Oil who processed into feedstock of cooking oil. Excess from Palm Oil is lowpRice, low cholestrol, and has a high carotene content. Palm Oil is also processed into feedstock of margarine.

Another advantage from Palm Oil are :

- Feedstock of Biodiesel
- Nutrition for livestock feed (body shell of processing results)
- Feedstock of compos (body shell of processing results)
- As basic materials for other industrial sectors (soap industry, cosmetic industry, food industry)

Because of that, the supply demand in and outside the country will continue to stimulate demand for Palm Oil for several years to come, unless a later date can be found substitution potential (*Lubis, 1995*). Today, Indonesia's economy is accepted enough and one of main sectors to play an important role. Agriculture (including fisheries and forestry), the predominant activity in terms of employment and production continues to be traditional. There are a lot of mineral resources in the country and evaluated quick enough in the last 30 years, and thus contribute significantly to mining sector, the balance of payments.

Starting in the mid 1980s, rapid expansion of the agriculture sector in the manufacturing industry left behind for the first time in 1991 and 46.9 percent of GDP in 2010 was accounted for. 38.3 percent of GDP in 2010 while the services sector share of agricultural sector was 14.8 percent. The effect of increasing the share of services sector of the tourism sector has developed over time. The national economy has been operating in many public enterprise. The government of Indonesia, monopolize on the operation of many natural resource.

Indonesia has a lot of commodity and get the good reputation from the world. Because of this reputation, a lot of investor in this century interesting to invest their capital in Indonesia. With the GDP expected to reach US\$ 1 trillion this year, Indonesia is the largest economy in Southeast Asia. Much less affected

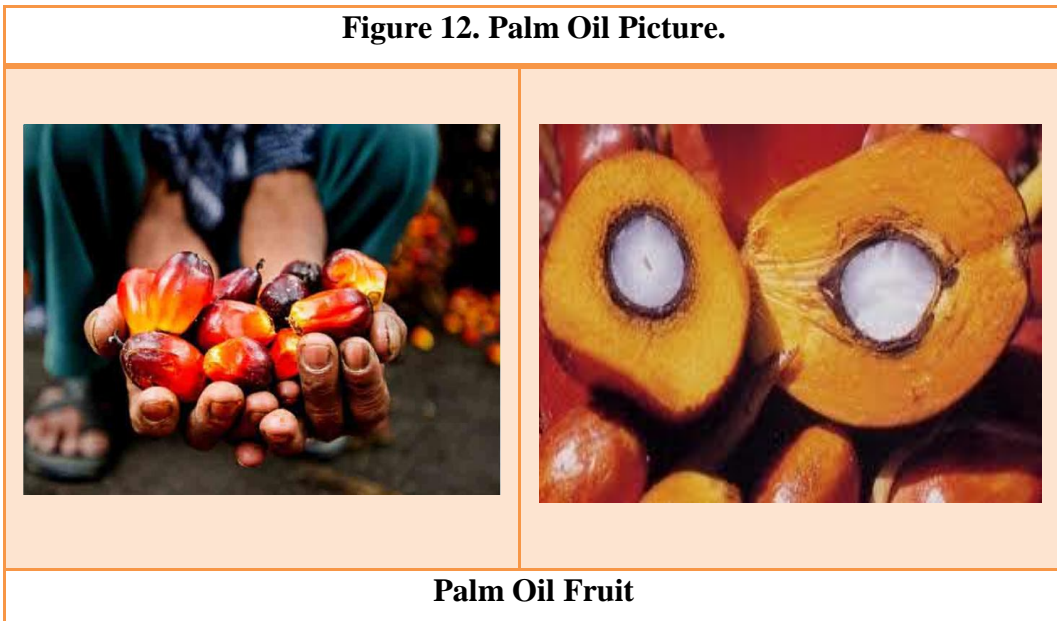
by the global financial crisis compared to its neighboring countries, Indonesia's economy grew by 6.3 percent in the first semester of 2012, making it the fastest growing G20 economy after China. Indonesia grew by 6.5 percent in 2011 and is expected to grow by 6.3 percent this year, providing a case for the country's inclusion in the so-called BRIC economies (*OECD, 2013*).

Future economic expansion is expected to include more inclusive growth as nominal per-capita GDP is expected to quadruple by 2020, according to a Standard Chartered report. A large part of our economic success is a result of prudent fiscal stewardship that focused on reducing the debt burden. Indonesia's debt to GDP ratio has steadily declined from 83 percent in 2001 to less than 25 percent by the end of 2011, the lowest among ASEAN countries, aside from Singapore which has no government debt. As a result, by early this year, Moody's and Fitch had uplifted Indonesia's credit rating to investment grade status. The rating reflects Indonesia's resilience to the global financial crisis, improving government and external credit-metrics, and an ability to manage domestic political challenges to the reform agenda. Economically strong, politically stable and reform minded, Indonesia is an emerging global powerhouse in Asia. (*Indonesia coordinating Investment board, 2013*).

Palm Oil production has experienced a rapid increase in recent years, contrary to the country's economic developments in Indonesia in 2007 and received his title of being Malaysia's largest manufacturer. Malaysian crude Palm Oil production in Indonesia and 85 percent of the world and carries out 88 percent of exports. 106 000 hectares in 1967 and in 2004 the cultivated area increased from 3.4 million hectares. Approximately 2 million people are employed in this sector. The Government supports investments in Palm Oil 160 000 tonnes of Palm Oil production in 1967 in the amount of 16.9 million tonnes in 2007 rising took place. 80 percent of Palm Oil produced in the local oil industry, 10 percent of the oleo chemical industry, 3.1 percent and the remaining amount of margarine production to a large extent been used in other industries, including the production of soap.

Nowadays, Indonesia is the second largest rubber producer in the world, Thailand and Malaysia are among the ranks. It carries 85 percent of world production of the three countries. Low wages and the International Rubber Organization was founded in 1999 to fight to be controlled through the annual rubber production is to determine pRices. 1 U.S. dollar pRices to exceed the production constraint is provided in the country today, is projected to reach 1.23 million tons of export value. Figure 12 and 13, shown the Palm Oil picture in Indonesia.

Figure 12. Palm Oil Picture.



Palm Oil Fruit

Figure 13. Palm Oil Harvest Time.



Source: Directorate, 2008.

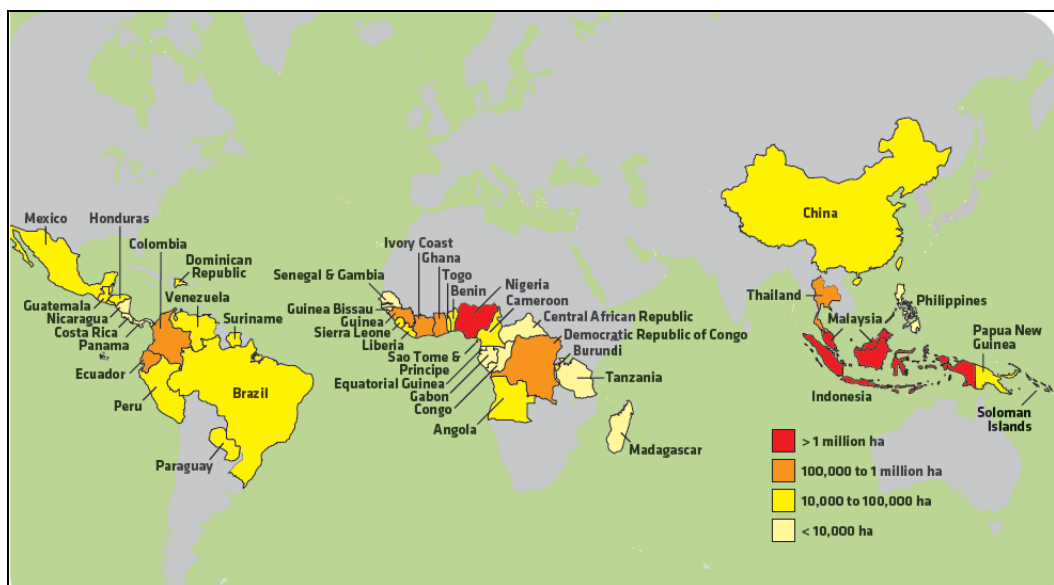
Palm Oil as Palm Oil producing plants and palm kernel is one of the excellent crops who be a source non-oil income for Indonesia. Bright prospects for Palm Oil commodities in world trade of vegetable oils has been motivates Indonesian government to encourage development oil palm plantation area. The development sub-sector of oil palm plantations in Indonesia can not be separated from government policy that provides a variety of incentives especially in terms of ease of licensing and investment subsidies for smallholder plantations development and the opening of new areas for private areas estates (*Data Center, 2007*). The otherhand, the condition of some country like China on 2010 until 2011; Republic Congo on 2005, 2010 and 2011 and also some countires who have not value in table 3 and 4 because of they are not include in big ten 10th countries in thats era.

Palm Oil processing and refining is carried out mainly by large integrated companies. These companies own sizeable plantation areas and Palm Oil mills, and in some cases are further integrated into refineries, oleochemical factories and

biodiesel plants. The largest companies include Sinar Mas Group, Wilmar Group, London Sumatera, Minamas Gemilang, Astra Agro Lestari, Asian Agri, Duta Palma Nusantara, Makin, Bakrie Sumatera Plantation, PT Surya Dumai, and PT Musim Mas (*World Bank, 2010*). The future Palm Oil supply depends on the ability to mechanise, the potential for improving yields and the scope for expanding the oil producer countries, since ultimately they will determine the Palm Oil supply for decades to come. Palm Oil production growth in Malaysia has been slowing by contrast the with oil palm in Indonesia has been growing fast.

Originating in Africa, the oil palm was introduced into Malaysia and Indonesia in the colonial period. Current cultivation is concentrated in the tropical areas of the Americas, Africa and Southeast Asia, particularly Indonesia and Malaysia—where the climatic growing conditions are ideally suited for Palm Oil trees. Other key Palm Oil producing countries include Nigeria, Thailand, Columbia, Ecuador and other African economies.

Figure 14. Oil Palm Cultivation in 43 Oil Palm Producing Countries in 2006.



Source: *World Growth (2011)*.

Oil palms grow only in tropical humid countries: the Gulf of Guinea in Africa, from where it originates; the Amazon and Central America; and finally South East Asia, where it is the most widespread today by far. In all, 15 million

hectares are planted worldwide. The characteristics of Palm Oil make it attractive to the food industry. It is easily the cheapest oil on the market (costing about \$1,000 per metric tonne at the end of 2010), although prices are rising sharply. At 5,950 litres per hectare a year, the oil palm has a yield five times that of peanut or rapeseed. Oil palms are grown as single crops in tropical plantations on deforested land using very lowcost labour. From figure 14 , shown condition of Oil Palm Cultivation in 43 Oil Palm Producing Countries in 2006.

An oil palm will yield several crops a year over its twenty or so years of maturity. Also, Palm Oil is solid at room temperature (and so more resembling a fat), tolerates high temperatures, is resistant to becoming rancid, and gives foods a soft consistency: all these things make it a valuable ingredient in many food preparations. It is also increasingly an export product, in which case it is refined and deodorized before use. In 80 percent of cases, it is used in food (margarine, ready meals, pastries, cereals, biscuits, ice cream, etc.), in 19 percent of cases it goes to oleochemical non-food products (cosmetics, soaps, lubricants, candles, pharmaceuticals, etc.), and the remaining 1 percent is used in the production of a biofuel-biodiesel (27 percent of uses for the European Union) (*BTC Trade for Development, 2011*).

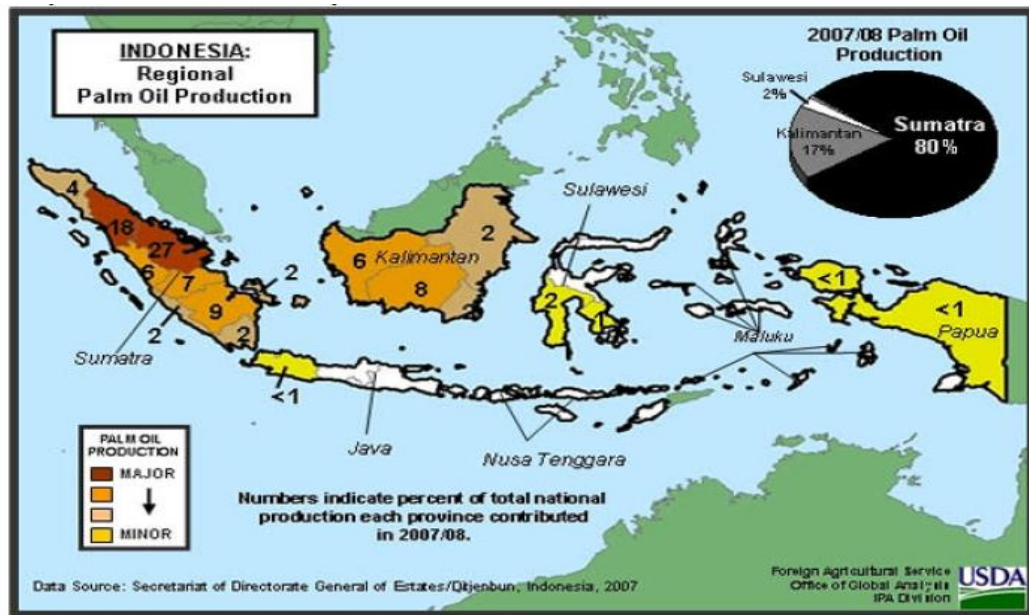
More than 17 types of oilseeds, oils and fats are traded in the world's oils and fats sector. Some of these products are exported free of duty while some countries impose duties on exports. Similarly, some importing countries imposed tariffs on the imports of these products. In the case of vegetable oils, small duties are imposed on imports of crude vegetable oils while oils that have undergone higher levels of processing face a much higher level of tariff. Some exporting countries impose higher tariffs on exports of crude vegetable oils and lower tariffs on exports of processed oils. Countries producing the same type of oil too compete with one another for markets. Competition can be in the form of tariffs and prices. The reasons for the imposition of tariffs or duties on exports of goods by a country can be due to the government wanting to collect revenue and/or protection of the local industry. On the other hand, importing countries impose tariffs on imports to bring gains to domestic producers who face import

competition, by taxing only the foreign product. The more it costs consumers to buy the foreign products, the more they will turn to domestic suppliers, who get the benefits of extra sales and higher pRices thanks to the tarif (*Amiruddin, 2003*).

Palm Oil is an important source of edible oil, and also a potential biofuel raw material. Also one of an alternative green renewable energy for the energy demands of the future until now. Indonesia is one of the world's largest producers of Palm Oil and the industry has been the economy's most valuable agricultural export sector for the past decade. The Palm Oil industry is a significant contributor to production in Indonesia. In 2008, Indonesia produced over 18 million tonnes of Palm Oil. The industry also contributes to regional development as a significant source of poverty alleviation through farm cultivation and downstream processing. Palm Oil production provides a reliable form of income for a large number of Indonesia's rural poor, with one source suggesting that employment generated from Palm Oil production in Indonesia could potentially reach over 6 million lives and take them out of poverty. Over 6.6 million tonnes of Palm Oil is produced by smallholders representing over 41 percent of total Palm Oil plantations. In 2006, it was found that around 1.7 to 2 million people worked in the Palm Oil industry (*World Growth, 2011*).

Palm Oil provides employment for many small land holders, with over 6.7 million tonnes of Palm Oil produced by smallholders in 2008. In 2006, it was found that around 1.7 to 2 million people worked in the Palm Oil industry (*Zen et al., 2006*). In 2008, the Indonesian Palm Oil commission found that over 41 percent of total Palm Oil. plantations were owned by smallholders, with a further 49 percent owned by private plantations the remaining 10 percent is owned by government. The Palm Oil industry makes a substantial contribution to rural incomes, particularly small land holders. In 1997, the average net income of oil palm smallholders was seven times that of farmers involved in subsistence production of food crops (*Harder et al, 1997*).

Figure 15. Indonesia Primary Palm Production Areas.



Source: Chicago Mercantile Exchange, 2010

In Indonesia, Palm Oil plantations are largely concentrated in Sumatera, and date back to Dutch colonial era. Given its long history, the development of Palm Oil plantations and its related infrastructure in Sumatera is relatively more advanced than in other parts of Indonesia. In recent years, Kalimantan has become a feasible alternative as it offers a large potential land bank for developing Palm Oil plantation. From figure 15, shown the Indonesia Primary Palm Production Areas.

6. 2. Natural Rubber

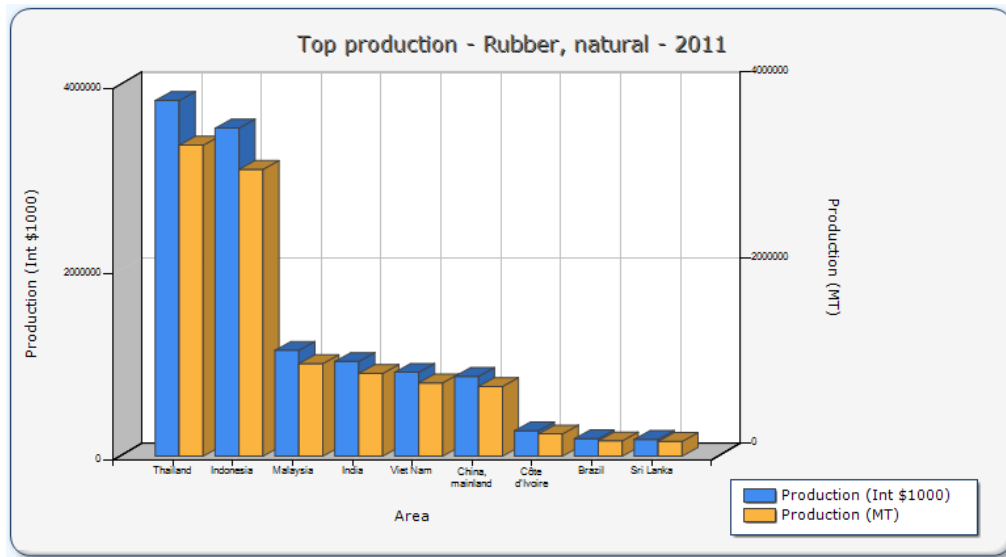
Indonesia is the second largest producer of Natural Rubber (NR) in the world and has the highest acreage under rubber cultivation. Over 84 percent of cultivation is in smallholdings. However, low productivity levels have kept rubber cultivation vulnerable to over exploitation, when pRices are high, and abandonment, when pRices are low. In 2005 the average yield was 862 kg per ha per annum compared to 1,875 kg in Thailand; 1,727 kg in India; 1,483kg in Vietnam; and 1,330 kg in Malaysia. Although prima facie it appears that the main cause for low national rubber productivity is the high percentage of smallholders

this is also the case for other countries with higher productivity experiences. Data From Food Agriculture Organisation shown the condition of World Country Production for Natural Rubber 2011 on figure 16 and table 13.

Rubber is grown on smallholder lines in Thailand, 90 percent of the extent; and India, 89 percent of the extent and 91 percent of total production. What is seen in contrast is the careful management of smallholder cultivation by the State – recognizing and providing for appropriate institutional support to help smallholders. Smallholder support focuses on help to obtain the right planting material; continuously educating and monitoring smallholders in correct planting, maintenance and tapping practices; and creating support for marketing activities (*USAID, 2007*).

Rubber is found in the fluid of some specific plants but it can also be produced synthetically. Synthetic rubber is produced through the process of polymerization of various monomers. Naturally, rubber is produced by the process of tapping of the plant called *Hevea Brasiliensis*. The rubber tree is a native of the Amazon River basin in South America. The ideal rubber growing regions should be 8 degree North of Equator, 10 degree South of Equator, high temperature, altitude not beyond 400m and high humidity (*National Multi Commodity Exchange, 2007*).

Figure 16. Top Production Natural Rubber 2011.



Source: FAO (2011).

Table 13. World Country Production for Natural Rubber 2011.

| Rank | Area | Production (Int \$1000) | Production (MT) |
|------|-----------|-------------------------|-----------------|
| 1 | Thailand | 3830585 | 3348897 |
| 2 | Indonesia | 3532620 | 3088400 |
| 3 | Malaysia | 1140029 | 996673 |
| 4 | India | 1019550 | 891344 |
| 5 | Viet Nam | 903212 | 789635 |

Source: Food Agriculture Organization, 2011

Consumption of Natural Rubber in the world the last two decades has increased drastically, despite the global economic recession. The period 1980-2005 Natural Rubber consumption growth is declining and stagnant in Europe, and in Japan in 1990 also experiencing period of stagnant but in China and developing countries experiencing high growth (IRSG, 2004).

According to the *International Rubber Study Group (IRSG)* forecast to be a shortage of supply of Natural Rubber in the period of the next two decades. This condition will affect the consumer, especially car tires factories such as Bridgestone, Goodyear and Michelin. Therefore, in 2004, IRSG did studies on the

demand and supply of Natural Rubber and synthetic world. The study said that demand for natural and synthetic rubber amounted to 31.3 million tons in 2035 to tire and non-tire industry where 15 million of which is Natural Rubber. Natural Rubber production in 2005 amounted to 8.5 million tons. Based on the study, projected growth of Indonesian rubber production will reach 3 percent per year, while Thailand and Malaysia only 1 percent and also 2 percent (*IRSG, 2004*). It is very beneficial for Indonesia that have the a sufficiency large area. From the figure 17, shown The number of business communities in Each Indonesia's Region Rubber Commodities .

Figure 17. The number of business communities in Each Indonesia's Region Rubber Commodities.



Source: Data Center (2007).

Indonesia has a number of locations in the state of land suitable for rubber cultivation, mostly in Sumatra and Kalimantan. According to (*Directorate General of Estate, 2013*), Nat. Rubber production on 2011 is 2,990,184 MT, with immature areal (Ha) is 3,456,128 Ha. and, productivity/yield (Kg/Ha) is 1,071.

Figure 18. Potential Region Rubber Processing Industry in Indonesia region .



Source: Data Center (2007).

The number of world rubber consumption increased and higher than existing production. From the Figure 18, shown the potential region rubber processing industry in Indonesia region. That way Indonesia will have the opportunity to become the world's largest manufacturer due to a major competitor countries such as Thailand and Malaysia growing difficult to get a shortage of land and labor is cheap so that it can be comparative and competitive advantages of Indonesia in order to be better for the increase in the rubber industry.

In this five-year period of Indonesian rubber production industry experiencing change for the better seen from the increase in total exports of rubber commodities as a whole from year to year. Although other countries do not have extensive rubber plantations such as in Indonesia, but the total value of exports of rubber competitor countries is better than in Indonesia due competitor countries exporting more synthetic rubber with good technologies relying on their industry. By looking at the development of the rubber industry in Indonesia today is less to produce synthetic rubber such as competitor countries but Indonesia could increase the yield of Natural Rubber industry (*Data Center, 2007*). Therefore, it is is a challenge for Indonesia to be able to develop the Natural Rubber and synthetic rubber which has good quality.

6. 3. Banana

Indonesia located at the equator belt, has a strong comparative advantage in agricultural and marine resources. Agriculture plays an important role in Indonesian economy. Comparative advantage has to be developed to attain a strong competitive agriculture (*Ministry of Agriculture of Indonesia, 2006*). Bananas including the important horticultural commodities and have long become trade commodities that has an international reputation. Bananas are easy to come apart because the harvest season lasts throughout the year is also very popular with people of the world no matter about age and gender. Besides that Banana is one type of nutritious food potential. According to information from the FAO for Bananas included as a fourth important food in developing countries (*Satyantari et. al., 2009*). Bananas come from regions in Southeast Asia (including Indonesia). These plants then spread to Africa (Madagascar), South and Central America. In West Java, Bananas called *Cau*, in Central Java and East Java called *Gedang*.

Bananas are divided into three types:

1. Bananas are eaten without cooking the fruit is *M. paradisiaca var Sapiantum*, *M. nana* or also called *M. cavendishii*, *M. sinensis*. For example, *Bananas, milk, king, cavendish, barangan* and *mas*.
2. Bananas are eaten after cooked fruit is *M. paradisiaca forma typica* or also called *M. paradisiaca normalis*. For example *Banana nangka, tanduk* and *kepok*.
3. Bananas have seeds that *M. brachycarpa* the leaves used in Indonesian. For example, *pisang batu* and *klutuk*.
4. Banana who taken fiber from it, like *pisang manilla* (abaca) (*Ministry of Agriculture of Indonesia, 2005*).

Bananas as material consumption is a very nutritious fruit that is a source of vitamins, minerals and carbohydrates. Banana used as a table fruit, *pisang sale*, *Pure pisang* and Banana flour. Banana peels can be used to make the vinegar through a fermentation process of alcohol and acetic acid. Banana leaves used as wrappers assorted traditional Indonesian food. Abaca stem is processed into

fibers for clothing, paper, etc. Banana stem that has been cut and Banana leaves can be fed to ruminants (sheep, goats) during the dry season when the grass is not or less available. Traditionally, water from *pisang kepok* stem tubers used as a cure dysentery and colon bleeding while water is used as the pisang stems urinary pain medications and detoxification (*Ministry of Agriculture of Indonesia, 2007*). For information about World Top Production Banana given on Figure 19 and table 14.

Banana exports from Indonesia recently began made it into the world market, especially Japan which as if has been closed for Indonesia. But after the development of type cavendish Banana by PT Global Agronusa in Maluku and PT Nusantara Tropical Fruit in Lampung, Indonesia export Bananas to Japan was making progress. This type of Banana tastes a bit sour and suited to the taste of foreign consumers. Japan, Germany, Britain, France and the Middle East countries are the largest consumers of this type of Banana and sometimes experience a shortage of supply caused by the production of the fruit is still limited and high rate of demand for cavendish Bananas (*Satyantari et. al., 2009*).

Banana crop in Indonesia is not depending on the season because rainfall spread evenly throughout the year. Thus the production of Bananas can be set in detail throughout the year as needed. It is very profitable and highly competitive business primarily for the purpose of fresh Banana fruit postharvest involving various operational phases include: harvest (criteria, timing and method of harvesting), the transport to the packinghouse, packinghouse operations (cutting comb, wash, treatment fungicides, drying, packaging), transport packaging and loading Bananas into refrigerated containers (cool storage) which is then loaded into the ship, rail or truck. For export purposes the means of transport on distribution activities should use the cold chain (*Ministry of Agriculture of Indonesia, 2007*).

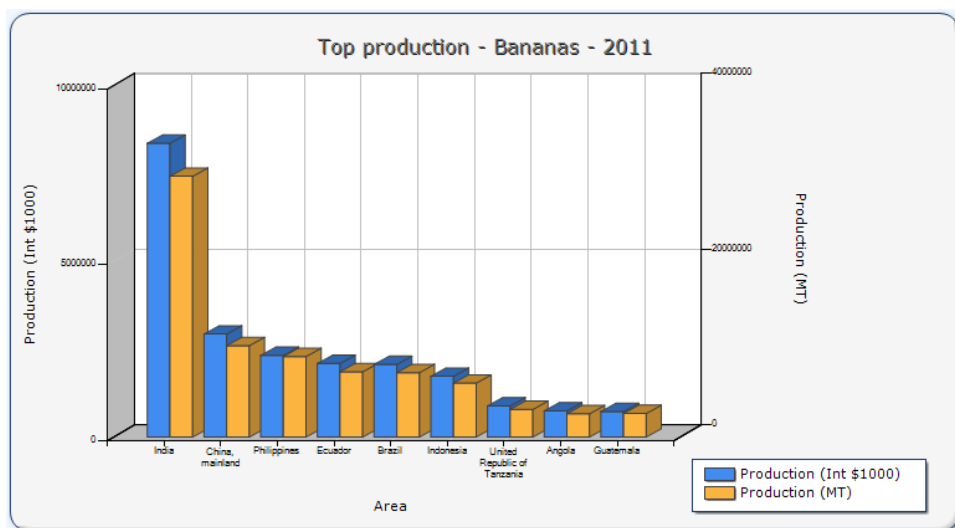
Related to land area in Indonesia, we have to know picture of Agriculture in Indonesia as like below (*Ministry of Agriculture of Indonesia, 2006*):

- a. Small scale farming (more or less 0.3 Ha)
- b. Level of income: < 500 US\$/year/farmer

- c. Income of Hortic. Farmer: can be up to 1400 US\$/year
- d. Share of agriculture in the GDP approx 16-17 percent
- e. The number of farmers: approx 41 millions
- f. Practices low inputs of agriculture production and modest technology

Banana cultivation appropriate with Indonesian climate both lowland and ‘high up to 1300 above sea level, and at an optimal temperature of 18 – 27°C, and technically easily cultivated. Banana production is the largest fruit production in Indonesia, 40 percent of the national fruit production (*Ministry of Agriculture of Indonesia, 2005*).

Figure 19. World Top Production Banana 2011.



Source: Food Agriculture Organization (2011).

Banana cultivars sold in supermarkets are mostly Cavendish kinds, being in other markets (fruit shops, kiosks, street vendors, traditional market) is a cultivar of Barangan, Green Ambon, Ambon Kuning, Mas, Raja Raja Sere and Bulu. Development of non-Cavendish cultivars to market needs fresh Bananas in the country focused on improving product quality and continuity. Assuming the per capita consumption in 2010 amounted to ±20 kg/cap/year, the target of Banana production need was estimated at 4.6 million tones. The production targets can be achieved through the development of technological innovation in

production centers that have nothing in 2004 to 300,000 ha covering the breadth of the province of West Java, Central Java, East Java, West Sumatra, South Sumatra, Lampung, Bali, West Nusa Tenggara and South Sulawesi, as well as through the extension area of \pm 6,000 ha with a productivity of \pm 15 tons/ha (*Ministry of Agriculture of Indonesia, 2007*).

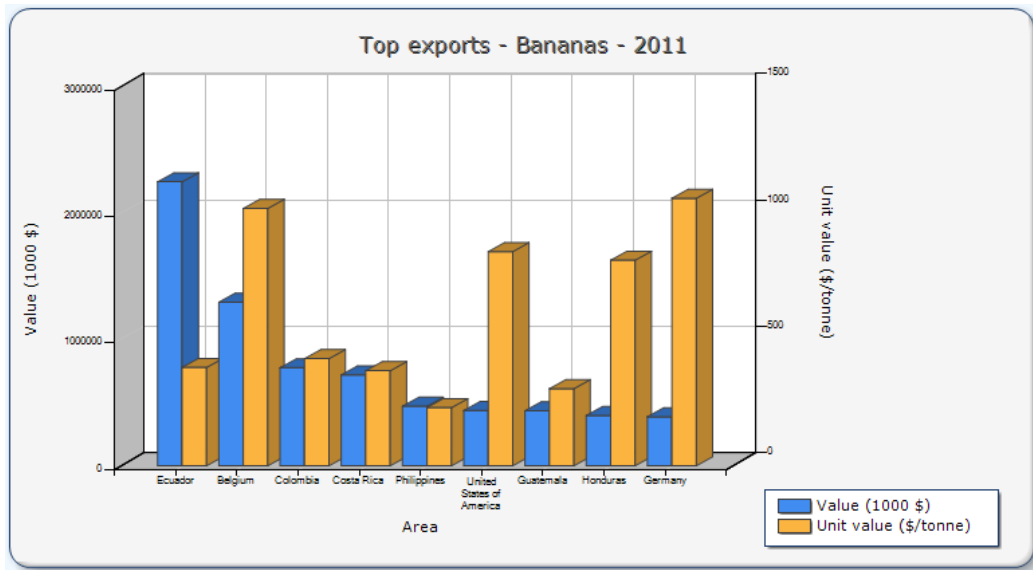
Table 14. Top Production of Banana.

| Rank | Area | Production (Int \$1000) | Production (MT) |
|-------------|--------------------------------|------------------------------------|------------------------|
| 1 | India | 8,355,139 | 29,666,973 |
| 2 | China, mainland | 2,928,962 | 10,400,000 |
| 3 | Philippines | 2,323,044 | 9,165,043 |
| 4 | Ecuador | 2,091,891 | 7,427,776 |
| 5 | Brazil | 2,064,206 | 7,329,471 |
| 6 | Indonesia | 1,727,157 | 6,132,695 |
| 7 | United Republic of Tanzania | 885,401 | 3,143,835 |
| 8 | Angola | 745,216 | 2,646,073 |
| 9 | Guatemala | 726,589 | 2,679,934 |
| 10 | Mexico | 602,320 | 2,138,687 |

Source: Food Agriculture Organisation (2011).

Seen from the table, Indonesia ranks sixth in the world after India, China, Philippine, Ecuador and Brazil. It is a proud thing. However, the opposite result can be seen from the condition of export of Bananas in Indonesia.

Figure 20 . Top World Country Exporter Banana.



Source: Food Agriculture (2011).

The volume and value of exports of Bananas Indonesia is not included in the top 20 of world Banana exporting country. This is due to the varieties grown in Indonesia is very diverse, but the international market is still preferred to Bananas from Cavendish kinds such as Williams and the Grand Naine. The Cavendish Banana cultivar development in Indonesia is facing constraints of Fusarium wilt disease. Cultivars Raja Sere, Barangan Red and Mas have a great opportunity to become Indonesia's main export commodity, but adequate promotional support necessary to achieve it. But on the other hand, Banana leaf has been one of Thailand's export products to foreign countries, among others, to the United States (Ministry of Agriculture of Indonesia, 2007). The top world country exporter Banana given on figure 12

7. ANALYSIS OF THE RESEARCH

7. 1. Analysis Trading Opportunity from Indonesia to Turkey

7. 1. 1. SWOT Matrix Agricultural Commodity Trading from Indonesia to Turkey

| | Strength – S | Weakness – W |
|--|---|---|
| | <ol style="list-style-type: none"> 1.Satisfying customer service 2.Sufficient production and transportation facilities 3.High work discipline level in supply companies 4.Experienced in export business of agricultural commodities 5.Good product quality 6.The management company running smoothly 7.The tropical climate and vast agricultural land | <ol style="list-style-type: none"> 1.Not all Indonesian agricultural products have certificates of Life Cycle Assessment (LCA) which required by EU 2.High operating costs 3.Promotional activities are not optimal 4.The lack of international distribution network 5.Market share is still narrow 6.Less strong capital 7.Still selling raw materials |
| Opportunity – O | Strategy – SO | Strategy – WO |
| <ol style="list-style-type: none"> 1. National agricultural industry continues to grow 2. The number of entrepreneurs in agricultural commodities are relatively big 3. Business climate venture in agricultural commodities is relatively good for newcomers 4. Technological advancements in the field of information, communication and transportation 5. Loyal customers from abroad 6. There is a MoU trade between Indonesia-Turkey 7. the amount of Indonesian society that graduate from agricultural science from universities in Turkey is increasing | <ol style="list-style-type: none"> 1. Introducing new and innovative agricultural products to increase the added value (S1, S2, S3, S4, S7, O1, O2, O3, O7) 2. Improve product quality, human resources, and service to maintain the loyal customers in Turkey (S1, S2, S3, S4, S5, O1, O4, O5, O6, O7) 3. Adding more advanced production technology and transportation facilities (S2, S4, O1, O4) 4. Optimizing the role of Indonesian Student who graduates from Turkish University become bridge of collaboration between Indonesia and Turkey. | <ol style="list-style-type: none"> 1. Strengthen national agricultural commodities business network (W3, W4, W6, O1, O2) 2. Adding a media campaign through cyberspace and international exhibitions (W3, W4, O4) 3. Adds investments, technological efficiency, and production capacity and product quality (W1, W2, W6, W7, O1, O2, O4, O6, O7) 4. Adding international distribution network through similar commodity trade associations abroad (W3, W4, W5, O1, O2, O3, O4, O5, O6, O7) |
| Threat – T | Strategy – ST | Strategy – WT |
| <ol style="list-style-type: none"> 1. Business competition is getting tougher 2. Changes in consumer tastes 3. Indonesia's economic growth is running slowly 4. 4. Complicated and burdensome export licensing bureaucracy 5. High rates of inflation and the weakening of the rupiah 6. The issue of environmental damage due to poor farming practices 7. Complicated international trade licensing quarantine | <ol style="list-style-type: none"> 1. Providing compensation of social responsibility to surrounding communities (S6, T1, T3, T6) 2. Lobbying the government through the agricultural commodity trade associations to apply tape in export facilities and active in international forums (S5, T4, T7) 3. Improving competitiveness through efficiency and quality (S1, S2, S3, S4, S6, S7, T1, T2, T5) 4. Improve the credibility of enterprises through the fulfillment of consumer demand and suitable to international rules (S1, S2, S6, S7, T1, T7) | <ol style="list-style-type: none"> 1. Optimize production capacity and make cost savings (W1, W2, W7, T1, T2, T5) 2. Doing manpower recruitment marketing to Turkey (W3, W4, W5, T1, T2) 3. Doing strategies concentration on one product line (W1, W2, W5, W6, W7, T1, T2) |

Notice: Statement with red colour informed about important strategy which can be conducted.

7. 1. 2. Internal Factor Analysis (IFAS) from Indonesia to Turkey

| No | Internal Strategic Factors | Score (B) | Rating (R) | B x R |
|----|--|-------------|------------|--------------|
| 1 | Strength | | | |
| | Satisfactory customer service | 0.11 | 4 | 0.44 |
| | adequate production and transportation facilities | 0.08 | 3 | 0.24 |
| | high work discipline level in supply companies | 0.05 | 3 | 0.15 |
| | Experienced in export business of agricultural commodities | 0.08 | 3 | 0.24 |
| | Good quality product | 0.05 | 4 | 0.20 |
| | Management of the company running smoothly | 0.06 | 3 | 0.18 |
| | The tropical climate and vast agricultural land | 0.09 | 4 | 0.36 |
| | Ammount | 0.52 | | 1.81 |
| 2 | Weakness | | | |
| | Not all Indonesian agricultural products have certificates of Life Cycle Assessment (LCA) which required by EU | 0.06 | -3 | -0.18 |
| | High operating costs | 0.07 | -2 | -0.14 |
| | Promotional activities are not optimal | 0.05 | -2 | -0.10 |
| | the lack of international distribution network | 0.08 | -2 | -0.16 |
| | Market share is still narrow | 0.06 | -3 | -0.18 |
| | Less strong capital | 0.07 | -3 | -0.21 |
| | Still selling raw materials | 0.09 | -3 | -0.27 |
| | Ammount | 0.48 | | -1.24 |
| | Total | 1.00 | | 0.57 |

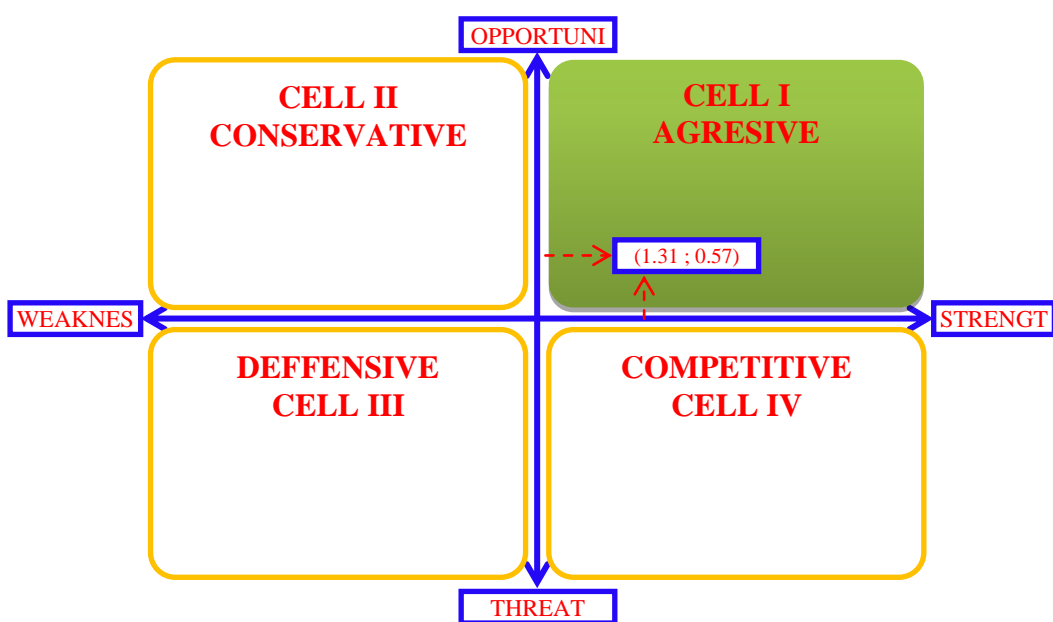
7. 1. 3. External Factor Analysis (EFAS) from Indonesia to Turkey

| No | External Strategic Factors | Score (B) | Rating (R) | B x R |
|----|--|-------------|------------|--------------|
| 1 | Opportunity | | | |
| | National agricultural industry continues to grow | 0.12 | 4 | 0.48 |
| | The number of entrepreneurs in agricultural commodities are relatively big | 0.09 | 3 | 0.27 |
| | Business climate venture in agricultural commodities is relatively good for newcomers | 0.06 | 3 | 0.18 |
| | Technological advancements in the field of information, communication and transportation | 0.09 | 3 | 0.27 |
| | Loyal customers from abroad | 0.07 | 4 | 0.28 |
| | There is a MoU trade between Inonesia-Turkey | 0.11 | 4 | 0.44 |
| | the amount of Indonesian society that graduate from agricultural science from universities in Turkey is increasing | 0.10 | 4 | 0.40 |
| | Amount | 0.64 | | 2.32 |
| 2 | Threat | | | |
| | Business competition is getting tougher | 0.06 | -3 | -0.18 |
| | Changes in consumer tastes | 0.07 | -2 | -0.14 |
| | Indonesia's economic growth is running slowly | 0.05 | -3 | -0.10 |
| | complicated and burdensome export licensing bureaucracy | 0.05 | -2 | -0.16 |
| | High rates of inflation and the weakening of the rupiah | 0.05 | -4 | -0.18 |
| | The issue of environmental damage due to poor farming practices | 0.03 | -3 | -0.21 |
| | complicated international trade licensing quarantine | 0.05 | -3 | -0.27 |
| | Amount | 0.36 | | -1.01 |
| | Total | 1.00 | | 1.31 |

7. 1. 4. Matrix Internal-External from Indonesia to Turkey

| | | INTERNAL BUSINESS POWER | | | | | | |
|-------------------------|--------|-------------------------|------|---------------------------------|--------|--|-----|-----|
| | | 4.0 | High | 3.0 | Medium | 2.0 | Low | 1.0 |
| INDUSTRY ATTRACTIVENESS | High | I <i>Grow</i> | | II <i>Grow and Build</i> | | III <i>Build</i> | | |
| | 3.0 | IV <i>Hold</i> | | V <i>Hold and Maintain</i> | | VI <i>Maintain</i> | | |
| | Medium | VII <i>Harvest</i> | | VII <i>Harvest or Divest</i> | | X = 1.31 ; Y = 0.57 IX <i>Divest</i> | | |
| | 2.0 | | | | | | | |
| | Low | | | | | | | |
| | 1.0 | | | | | | | |

7. 1. 5. Grand Strategy Matrix from Indonesia to Turkey



7.1.6. Strategic Orientation Matrix from Indonesia to Turkey

| | | OPPORTUNITY | | | | | | THREAT | | | | | | TOTAL | | |
|----------------|--|--|---|---|--|-----------------------------|--|--|---|----------------------------|---|---|---|-----------|---|--|
| | | National agricultural industry continues to grow | The number of entrepreneurs in agricultural commodities are relatively many | Business climate venture in agricultural commodities is relatively good for newcomers | Technological advancements in the field of information, communication and transportation | Loyal customers from abroad | There is a MoU trade between Inonesia-Turkey | the amount of Indonesian society that graduate from agricultural science from universities in Turkey is increasing | Business competition is getting tougher | Changes in consumer tastes | Indonesia's economic growth is running slowly | complicated and burdensome export licensing bureaucracy | High rates of inflation and the weakening of the rupiah | | The issue of environmental damage due to poor farming practices | complicated international trade licensing quarantine |
| STRENGTH | Satisfying customer service | 10 | 0 | 0 | 5 | 10 | 0 | 0 | 10 | 10 | 0 | 5 | 0 | 0 | 5 | 55 |
| | sufficient production and transportation facilities | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 5 | 0 | 5 | 0 | 0 | 0 | 0 | 20 |
| | high work discipline level in supply companies | 0 | 5 | 10 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 10 | 10 | 45 |
| | Experienced in export business of agricultural commodities | 5 | 10 | 5 | 0 | 5 | 15 | 5 | 5 | 10 | 5 | 5 | 10 | 15 | 10 | 105 |
| | Good product quality | 5 | 5 | 5 | 10 | 5 | 0 | 5 | 10 | 5 | 0 | 0 | 10 | 5 | 10 | 75 |
| | The management company running smoothly | 0 | 0 | 5 | 0 | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 40 |
| | The tropical climate and vast agricultural land | 10 | 0 | 0 | 0 | 0 | 5 | 0 | 10 | 5 | 0 | 0 | 0 | 0 | 0 | 30 |
| WEAKNESS | Not all Indonesian agricultural products have certificates of Life Cycle Assessment (LCA) which required by EU | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | 5 | 25 |
| | High operating costs | 10 | 5 | 5 | 5 | 0 | 0 | 5 | 5 | 0 | 0 | 5 | 10 | 0 | 0 | 50 |
| | Promotional activities are not optimal | 0 | 5 | 5 | 0 | 0 | 5 | 5 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 25 |
| | the lack of international distribution network | 0 | 10 | 5 | 10 | 10 | 10 | 10 | 0 | 0 | 5 | 5 | 0 | 0 | 0 | 65 |
| | Market share is still narrow | 5 | 5 | 5 | 0 | 5 | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 35 |
| | Less strong capital | 5 | 5 | 5 | 0 | 0 | 5 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 5 | 30 |
| | Still selling raw material | 10 | 5 | 0 | 5 | 0 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 5 | 35 |
| TOTAL = | 60 | 55 | 50 | 50 | 45 | 50 | 35 | 60 | 45 | 20 | 25 | 35 | 45 | 60 | 580 | |

7.1.7. Porter's 5 Competitive Industry Forces for Crude Palm Oil Commodity

| | | |
|---|--|--|
| | New Entrance | |
| | <ul style="list-style-type: none"> • There is a barrier to entry because: requires large-scale investment, labor-intensive, require plenty of labor availability, and require a very extensive plantations in tropical regions. • There are not many new entrance in the industry. | |
| Suppliers | Industry Competitors / Intensif Rivalry | Buyers |
| <ul style="list-style-type: none"> • Has the bargaining power of the Palm Oil commodity pRices in the form of raw and processed , which Is a commodity that is traded competitively in world commodity markets, and involves a lot of sellers / buyers. • Indonesia has a good ability as a supplier of CPO but the strength of commodity pricing is determined by the developed countries. | <ul style="list-style-type: none"> • With the increasing number of companies engaged in oil palm plantations and the increasing growth in CPO production in Indonesia, which is above the level of domestic consumption of Palm Oil, the rivalry between the companies engaged in oil palm plantations is quite high. • With the increasing consumption of Palm Oil in the world, the CPO production in Indonesia will be absorbed in the market. intensify competition on market seizing occurred at the downstream level, ie on advanced derivative products such as cooking oil, margarine, and others. | <ul style="list-style-type: none"> • Have the power to bargain with both Palm Oil pRices in raw or processed form, is a commodity that is traded competitively in world commodity markets, and involves a lot of buyers. • Buyer become important determiner in determining the pRice of Palm Oil commodity in world wide market |
| | Subtitute | |
| | <ul style="list-style-type: none"> • Palm Oil is the raw material for both edible and non-edible oil that competes with soybean oil, rapeseed oil, and sunflower oil. • On the other hand, Palm Oil has the advantage because its Perton processing cost is lower than other raw materials, supplies stable and more resistant to climatic factors (oil from other commodities very prone to the weather), Palm Oil can be harvested in the long term (around 3-25 years after planting). | |

7.1.8. Porter's 5 Competitive Industry Forces for Natural Rubber Commodity

| | | |
|---|---|---|
| | New Entrance | |
| | <ul style="list-style-type: none"> • There is a barrier to entry because: requires large-scale investment, labor-intensive, a lot of labor availability, very extensive plantations in the tropical area . • There's not much of new entrance in this world. | |
| Suppliers | Industry Competitors / Intensif Rivalry | Buyers |
| <ul style="list-style-type: none"> • Have the bargaining strength of the commodity pRice of Natural Rubber in its raw form or are processed commodities that are traded competitively in the world commodities market and involves a lot of sellers / buyers. • Indonesia has a good ability as a supplier of Natural Rubber, but the determination of the strength in commodity pRices of Natural Rubber is determined by the developed countries. | <ul style="list-style-type: none"> • Competition among companies in the industry with the increasing number of companies engaged in the Natural Rubber plantations and the increasing growth of Natural Rubber production in Indonesia, which is above the level of domestic consumption in Indonesia, leading to high competition between the companies engaged in the Natural Rubber plantations • With the increasing consumption of rubber in the world, then the rubber production in Indonesia will be absorbed in the market. | <ul style="list-style-type: none"> • Have the power to bargain with the pRice of Natural Rubber in the form of raw or processed as a commodity traded on the world market and involves a lot of buyers. • Buyer be an important determinant in determining the selling pRice of the commodity of Natural Rubber in the world market |
| | Subtitute | |
| | <ul style="list-style-type: none"> • There are two types of rubber commonly used in industry, namely Natural Rubber and synthetic rubber. Synthetic rubber is made largely by relying on petroleum feedstock. • Currently, the number of production and consumption of Natural Rubber is still far below the synthetic rubber. Both types of rubber has benefits and drawbacks of each. Natural Rubber has elastic power and perfect resilience, has good plasticity, not easy to heat, and has a high resistance to cracking. Synthetic rubber is more resistant to various chemicals and relatively stable. Examples of widely used synthetic rubber is styrene butadiene rubber (SBR). | |

7.1.9. Porter's 5 Competitive Industry Forces for Banana Commodity

| | | |
|---|---|---|
| | New Entrance | |
| | <ul style="list-style-type: none"> • there is a barrier to entry in the form of land and planting season. countries with four seasons doing cultivation in summer, while tropical countries do cultivation throughout the season. • There is a lot of new entrance in this industry. Therefore, quality-based business competition is very pronounced in this area. • Production cost for Banana commodities can be done by many parties, especially tropical countries. | |
| Suppliers | Industry Competitors / Intensif Rivalry | Buyers |
| <ul style="list-style-type: none"> • Possess the power to bargaining Bananas pRice and involve a lot of seller/ buyers • Indonesia having good ability both as manufacturer and supplier of Banana commodities. • In pRice finding on Banana commodity in mature world market determining by bargaining power between seller and buyer • Determination of Banana's pRice on world market is influenced by the bargain power of sellers and buyers | <ul style="list-style-type: none"> • Competition between companies in Banana trading is quite high with the increasing number of companies that works in producing Banana especially in tropical countries. • With the increasing number of Banana's consumption in this world, Banana production from Indonesia still able to be absorbed in world's market. | <ul style="list-style-type: none"> • Possess the power of bargaining Banana's pRice and involve a lot of sellers/buyers. • The determination of world Banana pRice influenced by bargain power of seller and buyers |
| | Substitute | |
| | <ul style="list-style-type: none"> • The substitution of Banana is very variative because Banana is included as fresh fruit so its not difficult to looking for the substitutional fruit. • Substitutional fresh fruits that is easy to find e.g: oranges, apple, watermelon, pear, etc. | |

7.2. Analysis Trading Opportunity from Turkey to Indonesia

7.2.1. SWOT Matrix of Agricultural Commodity Trading from Turkey to Indonesia

| | Strength – S | Weakness – W |
|---|--|--|
| | <ol style="list-style-type: none"> 1. Agricultural products in every season 2. Zoning of agricultural production which has been established 3. Agricultural technology has advanced 4. Agricultural commodity market entrance into the European Union 5. Good product quality 6. The management company running smoothly 7. Reliable human resources are very abundant | <ol style="list-style-type: none"> 1. Turkish young people are less interested in agricultural business 2. The Turkish government has not focused on agriculture development agenda 3. Turkey is not optimal in developing markets outside the European Union 4. Lack of international distribution network 5. Market share is still narrow 6. Less strong capital 7. Agricultural investment are still weak |
| Opportunity – O | Strategies – SO | Strategies – WO |
| <ol style="list-style-type: none"> 1. Turkey is a strategic bridge trade with the EU 2. The number of entrepreneurs in agricultural commodities are relatively big 3. Business climate venture in agricultural commodities is relatively good for newcomers 4. Advances in information technology, communications, and transportation 5. Loyal customers from abroad 6. There is a MoU trade between Indonesia-Turkey 7. Start increasing the Indonesian people who study agricultural science to Turkish universities | <ol style="list-style-type: none"> 1. Introducing innovation of agricultural products to increase differentiation, competitive advantage and added value (S1, S2, S3, S4, S7, O1, O2, O3, O7) 2. Increasing research capacity, product quality, and service to retain loyal customers abroad (S1, S2, S3, S4, S5, O1, O4, O5, O6, O7) 3. Increasing production capacity and more advanced technology of transportation logistics (S2, S4, O1, O4) 4. Optimizing the role of Turkish Student who graduates from Indonesia University become bridge of collaboration between Indonesia and Turkey. | <ol style="list-style-type: none"> 1. Strengthen the national network of entrepreneurs and lobby for agricultural commodities through the Turkish embassy in Indonesia (W3, W4, W6, O1, O2) 2. Adding a media campaign through cyberspace and international exhibitions (W3, W4, O4) 3. Conducting improvement in market penetration, strengthening the investment, technological efficiency, production capacity and product quality (W1, W2, W6, W7, O1, O2, O4, O6, O7) 4. Adding an international distribution network through a Turkish-Indonesian Business Council as a kind of commodity trade associations in Indonesia (W3, W4, W5, O1, O2, O3, O4, O5, O6, O7) |
| Treath – T | Strategies – ST | Strategies – WT |
| <ol style="list-style-type: none"> 1. Business competition is getting tougher 2. Changes in consumer tastes 3. The issue of environmental damage due to poor farming practices 4. Trade pressure from other producing countries with similar export commodities 5. The existence of global warming is causing climate cycles in Turkey changed 6. The existence of policies in destination countries to reduce imports of agricultural commodities 7. The existence of the ASEAN Economic Community (AEC) in 2015 in Southeast Asia, including Indonesia | <ol style="list-style-type: none"> 1. Conducting comprehensive market research in the export target countries (S6, T1, T3, T6) 2. Activating graduates from universities in Turkey to do networking in Indonesia (S5, T4, T7) 3. Improving competitiveness through efficiency and quality (S1, S2, S3, S4, S6, S7, T1, T2, T5) 4. Increasing Foreign Direct Investment (FDI) as a developed investment in Indonesia (S1, S2, S6, S7, T1, T7) | <ol style="list-style-type: none"> 1. Optimize production capacity and cost efficiency (W1, W2, W7, T1, T2, T5) 2. Conducting labor recruitment marketing to Indonesia (W3, W4, W5, T1, T2) 3. Pursuing a strategy of concentration on one strategic product line (W1, W2, W5, W6, W7, T1, T2) |

Notice: Statement with red colour informed about important strategy which can be conducted.

7. 2. 2. Internal Factor Analysis (IFAS) from Turkey to Indonesia

| No | Internal Strategic Factors | Score (B) | Rating (R) | B x R |
|---------------|--|-------------|-------------|--------------|
| 1 | Strength | | | |
| | Agricultural products in every season | 0.10 | 4 | 0.40 |
| | Zoning of agricultural production which has been established | 0.09 | 3 | 0.27 |
| | Agricultural technology has advanced | 0.08 | 4 | 0.32 |
| | Agricultural commodity market entrance into the European Union | 0.09 | 3 | 0.27 |
| | Good product quality | 0.07 | 4 | 0.28 |
| | The management company running smoothly | 0.08 | 3 | 0.32 |
| | Reliable human resources are very abundant | 0.09 | 4 | 0.36 |
| Amount | 0.60 | | 2.22 | |
| 2 | Weakness | | | |
| | Turkish young people are less interested in agricultural business | 0.05 | -3 | -0.18 |
| | The Turkish government has not focused on agriculture development agenda | 0.04 | -2 | -0.14 |
| | Turkey is not optimal in developing markets outside the European Union | 0.03 | -2 | -0.10 |
| | Lack of international distribution network | 0.07 | -2 | -0.16 |
| | Market share is still narrow | 0.04 | -3 | -0.18 |
| | Less strong capital | 0.03 | -2 | -0.06 |
| | Agricultural investment are still weak | 0.04 | -3 | -0.27 |
| | Amount | 0.48 | | -0.08 |
| Total | 1.00 | | 1.42 | |

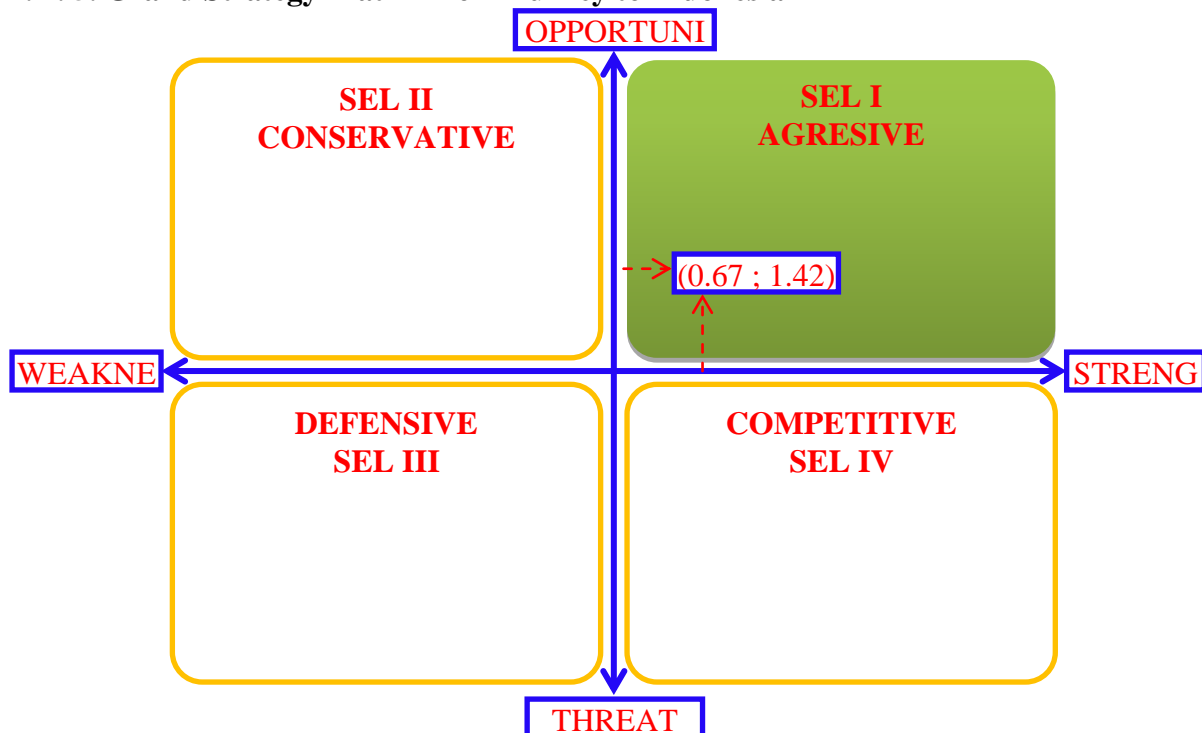
7. 2. 3. External Factor Analysis (EFAS) from Turkey to Indonesia

| No | External Strategic Factors | Score (B) | Rating (R) | B x R |
|---------------|--|-----------|--------------|-------|
| 1 | Opportunities | | | |
| | Turkey is a strategic bridge trade with the EU | 0.11 | 4 | 0.44 |
| | The number of entrepreneurs in agricultural commodities are relatively many | 0.07 | 3 | 0.21 |
| | Business climate venture in agricultural commodities is relatively good for newcomers | 0.06 | 3 | 0.18 |
| | Advances in information technology , communications , and transportation | 0.08 | 3 | 0.24 |
| | Loyal customers from abroad | 0.07 | 3 | 0.21 |
| | There is a MoU trade between Inonesia-Turkey | 0.10 | 4 | 0.40 |
| | The increasing of Indonesian people who study agricultural science to Turkish universities | 0.08 | 4 | 0.32 |
| Amount | 0.57 | | 2.00 | |
| 2 | Treatth | | | |
| | Business competition is getting tougher | 0.06 | -3 | -0.18 |
| | Changes in consumer tastes | 0.08 | -3 | -0.24 |
| | The issue of environmental damage due to poor farming practices | 0.07 | -3 | -0.21 |
| | Trade pressure from other producing countries with similar export commodities | 0.06 | -2 | -0.12 |
| | global warming that causing climate cycles in Turkey changed | 0.04 | -4 | -0.16 |
| | policies in destination countries that reduce imports of agricultural commodities | 0.06 | -3 | -0.18 |
| | The existence of the ASEAN Economic Community (AEC) in 2015 in Southeast Asia, including Indonesia | 0.06 | -4 | -0.24 |
| Amount | 0.43 | | -1.33 | |
| Total | 1.00 | | 0.67 | |

7. 2. 4. Internal-External Matrix from Turkey to Indonesia

| | | INTERNAL BUSINESS POWER | | | | | |
|-------------------------|--------|-------------------------|------|---------------------------------|--------|-----------------------|-----|
| | | 4.0 | High | 3.0 | Medium | 2.0 | Low |
| INDUSTRY ATTRACTIVENESS | High | I <i>Grow</i> | | II <i>Grow and Build</i> | | III <i>Build</i> | |
| | 3.0 | IV <i>Hold</i> | | V <i>Hold and Maintain</i> | | VI <i>Maintain</i> | |
| | Medium | VII <i>Harvest</i> | | VII <i>Harvest or Divest</i> | | IX <i>Divest</i> | |
| | 2.0 | | | | | X = 0.67 ; Y = 1.42 | |
| | Low | | | | | | |
| | 1.0 | | | | | | |

7. 2. 5. Grand Strategy Matrix from Turkey to Indonesia



7. 2. 6. Strategic Orientation Matrix from Turkey to Indonesia

| | | OPPORTUNITY | | | | | | | THREAT | | | | | | | TOTAL |
|----------------|--|--|--|---|--|-----------------------------|---|---|---|----------------------------|---|---|--|---|--|-------|
| | | Turkey is a strategic bridge trade with the EU | The number of entrepreneurs in agricultural commodities are relatively big | Business climate venture in agricultural commodities is relatively good for newcomers | Advances in information technology, communications, and transportation | Loyal customers from abroad | There is a MoU trade between Indonesia-Turkey | Start increasing the Indonesian people who study agricultural science to Turkish universities | Business competition is getting tougher | Changes in consumer tastes | The issue of environmental damage due to poor farming practices | Trade pressure from other producing countries with similar export commodities | Global warming that causing climate cycles in Turkey changed | Policies in destination countries that reduce imports of agricultural commodities | The existence of the ASEAN Economic Community (AEC) in 2015 in Southeast Asia, including Indonesia | |
| STRENGTH | Agricultural products in every season | 10 | 0 | 0 | 5 | 15 | 0 | 0 | 15 | 10 | 0 | 0 | 0 | 0 | 0 | 55 |
| | Zoning of agricultural production which has been established | 5 | 0 | 0 | 10 | 10 | 0 | 0 | 5 | 5 | 0 | 0 | 0 | 0 | 35 | |
| | Agricultural technology has advanced | 0 | 5 | 15 | 5 | 5 | 15 | 0 | 5 | 0 | 15 | 10 | 0 | 0 | 75 | |
| | Agricultural commodity market entrance into the European Union | 5 | 5 | 5 | 0 | 5 | 15 | 10 | 5 | 0 | 0 | 5 | 0 | 15 | 0 | 70 |
| | Good product quality | 5 | 10 | 5 | 15 | 5 | 5 | 5 | 5 | 10 | 15 | 0 | 15 | 5 | 15 | 115 |
| | The management company running well | 0 | 0 | 10 | 0 | 0 | 5 | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 5 | 30 |
| | Reliable human resources are very abundant | 10 | 0 | 0 | 0 | 5 | 5 | 10 | 5 | 0 | 5 | 0 | 10 | 0 | 5 | 55 |
| WEAKNESS | Turkish young people are less interested in agricultural business | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| | The Turkish government has not focused on agriculture development agenda | 5 | 5 | 0 | 5 | 0 | 0 | 5 | 5 | 0 | 5 | 10 | 5 | 15 | 5 | 65 |
| | Turkey is not optimal in developing markets outside the European Union | 0 | 10 | 5 | 5 | 0 | 10 | 5 | 0 | 0 | 0 | 5 | 5 | 5 | 5 | 55 |
| | Lack of international distribution network | 0 | 10 | 5 | 5 | 5 | 0 | 0 | 5 | 10 | 0 | 5 | 0 | 5 | 5 | 55 |
| | Market share is still narrow | 5 | 10 | 5 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 10 | 40 |
| | Less strong capital | 5 | 0 | 5 | 0 | 0 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 |
| | Agricultural investment are still weak | 10 | 5 | 0 | 5 | 0 | 0 | 0 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 30 |
| TOTAL = | 60 | 60 | 55 | 55 | 55 | 60 | 45 | 60 | 45 | 40 | 35 | 35 | 45 | 50 | 645 | |

7. 2. 7. Porter's 5 Competitive Industry Forces for Wheat Commodity

| | | |
|--|--|--|
| New Entrance | | |
| <ul style="list-style-type: none"> • There is a barrier to entry because: requires large-scale investment, labor-intensive, plenty of labor availability, very extensive plantations, and grown in optimum conditions at a temperature of 20 25 ° C. • In this world, only countries with four climates that became "new entrance" in the Wheat industry. | | |
| Suppliers | Industry Competitors / Intensif Rivalry | Buyers |
| <ul style="list-style-type: none"> • Have the power to bargain with Wheat commodity pRices in raw form or processed into bread or flour, which is a commodity product traded on world commodity markets and involves a lot of sellers / buyers. • Turkey has a good ability as a supplier of world commodity Wheat, but the strength of Turkish Wheat commodity pricing is often debated due to the lower pRice from the world market pRice. | <ul style="list-style-type: none"> • Competition among companies in the grain industry lead to interventions of the consumer countries. Wheat importing countries began to involve safety guard to protect consumers of dependence on Wheat exporting countries. With so many companies engaged in the field of Wheat, led to rising ratio of inter-company competition. • With the increasing consumption of Wheat in the world, the production of 'Wheat Turkey' remain absorbed in the market. Competition in the market intensified seize occurred at the downstream level. for example on advanced derivative products such as flour, bread, and noodles. | <ul style="list-style-type: none"> • Have the power to bargain with Wheat commodity pRices in raw form or processed into bread or flour, which is a commodity that is competitively traded in the world market and involves a lot of sellers / buyers. • Buyer be an important determinant in the determination of commodity grain pRices on the world market. |
| Subtitute | | |
| <ul style="list-style-type: none"> • Wheat has been a basic material for the manufacture of noodles, bread and the staple food in most countries. For Wheat alternative commodity for example is such as Rice, Corn, Potatoes and etc • On the other hand, the potential of Wheat as raw material of bread and noodles difficult to replace with other substitute materials. | | |

7. 2. 8. Porter's 5 Competitive Industry Forces for Maize Commodity

| | | |
|--|--|---|
| | New Entrance | |
| | <ul style="list-style-type: none"> • There is a barrier to entry because: requires large-scale investment, labor-intensive, plenty of labor availability, very extensive plantations in tropical regions. • There are many new entrance in the industry so that business competition based product quality is very pronounced in this case. | |
| Suppliers | Industry Competitors / Intensif Rivalry | Buyers |
| <ul style="list-style-type: none"> • Have the power to bargain with the pRice of Maize commodity that is traded competitively in world commodity markets and involves a lot of sellers / buyers. • Determination of Maize selling pRice in the world market is affected by the bargaining power of sellers and buyers. | <ul style="list-style-type: none"> • Competition among companies in the Maize trade is quite high with the increasing number of companies engaged in the field of Maize producers, especially in tropical countries. • With the increasing consumption of Maize in the world, the Maize production in Turkey will be absorbed in the world market. | <ul style="list-style-type: none"> • Have the power to bargain with Maize commodity pRices, which traded competitively in world commodity markets and involves a lot of sellers / buyers. • Buyer be an important determinant in determining the selling pRice of the commodity in the world market Maize |
| | Subtitute | |
| | <ul style="list-style-type: none"> • Maize is the basic ingredient for the manufacture of noodles, bread and the staple food in most countries, especially tropical countries. For alternative commodities besides grain Rice, Corn, Potatoes and etc • On the other hand, Maize can be grown in all countries. | |

7. 2. 9. Porter's 5 Competitive Industry Forces for Cotton Lint Commodity

| | | |
|---|---|--|
| New Entrance | | |
| <ul style="list-style-type: none"> • There is a barrier to entry because: requires large-scale investment in producing cotton spun into yarn (Cotton Lint), the availability of a lot of labor, and the plantation area to support plant production. • new entrance in this industry are not widely available in the world. | | |
| Suppliers | Industry Competitors / Intensif Rivalry | Buyers |
| <ul style="list-style-type: none"> • Have the power to bargain with commodity pRices of lint cotton in raw or processed form, which is a commodity in the world market and involves a lot of sellers / buyers. • sale pRice determination of lint cotton in the world market is affected by the bargaining power of sellers and buyers. | <ul style="list-style-type: none"> • Competition among companies in the trade of Cotton Lint is quite high with many companies in tropical countries engaged in the manufacturer of Cotton Lint. • With the increasing consumption of Cotton Lint, the Cotton Lint production in Turkey will remain absorbed in the world market. | <ul style="list-style-type: none"> • Have the power to bargain with the pRice of lint cotton commodity either in raw or processed form and is a commodity traded competitively on world markets and involves a lot of buyers. • Buyer be an important determinant in sale pRice determination of cotton lint in the world market |
| Subtitute | | |
| <ul style="list-style-type: none"> • Raw materials not only from cotton yarn, but can also from silkworms, plant fibers, or synthetic fibers. | | |

8. DISCUSSION

8. 1. Analysis for Trading on Agricultural Commodities from Turkey to Indonesia

The main agricultural commodity between Indonesia and Turkey is very potential to be developed further stage. Each country has the advantage that commodities can be supplied to other countries. In addition, each country also has needs particular commodity that can be bought from other countries. In this era of globalization, international trade performance needs to be improved to be able to face rapidly changing market and similar industrial world competition is getting stronger.

The growth rate of agriculture, hunting and forestry sector in Turkey increased 3.5 percent (constant pRices) in 2012 compared to the previous year. The share of agriculture in GDP (by PPI) has been 8.9 percent and 9.1 percent in 2011 and 2012, respectively. By comparing the results of the production of most commodities and most import needs in both countries, we can determine what commodities have the potential trade. Most commodities while in Turkey in case it is needed by Indonesia based on the top three are: **Wheat, Maize, and Cotton Lint** (FAO,2013).

The main products in the grain group are Wheat, barley and Corn, which constituted 61 percent, 21 percent and 13 percent respectively of the total grain production of 33,563 thousand tons in 2009. Turkey exported flour to 106 countries in 2010 and received US\$ 609.5 million in return. This amount corresponds to about 1,861,651 tons of flour. Turkey's export markets between 2004 and 2010 consisted of the Middle East, Far East, Asian, and African countries. Based on data from 10 countries of export destination of Turkey has obtained information that, for the most 3 countries importing Wheat from Turkey are Indonesia (46 percent), Philippines (39 percent), Thailand (11 percent). Two countries in Southeast Asia which low imported Wheat from Turkey these are Singapore (2 percent) and Malaysia (2 percent).

Maize production was 4,6 million tons in Turkey during 2012. It's estimated that 2013 Maize production will be 4,95 million tons with an

increase of 7,6 percent compared to 2012. On 7th August 2013, Maize intervention purchase price has been announced as 640 TL/ton. MY 2012 production is estimated at 12,000 MT compared to 30,000 MT in MY 2006. But, field preparations indicate that production will go up to 14,000 MT in MY 2013. Turkish producers are also taking steps to be part of the Better Cotton Initiative (BCI) and targeting production of about 15,000 MT of cotton that complies with BCI standards in latest two years.

Based on Strength-Weakness-Opportunity-Threat (SWOT) analysis for learning trading relationship from Turkey to Indonesia was obtained important information, those are :

1. The strengths of the bilateral trading relationship of Turkey to Indonesia, these are: agricultural products in every season, zoning of agricultural production which has been established, agricultural technology has advanced, agricultural commodity market entrance into the European Union, good product quality, the management company running smoothly, and reliable human resources are very abundant.
2. The weaknesses of bilateral trading relationship of Turkey to Indonesia, these are: Turkish young people are less interested in agricultural business, the Turkish government has not focused on agriculture development agenda, Turkey is not optimal in developing markets outside the European Union, lack of international distribution network, market share is still narrow, less strong capital, and agricultural investment are still weak.
3. The opportunities of bilateral trading relationship of Turkey to Indonesia, these are: Turkey is a strategic bridge trade with the EU, the number of entrepreneurs in agricultural commodities are relatively big, business climate venture in agricultural commodities is relatively good for newcomers, advances in information technology, communications, and transportation, loyal customers from abroad, there is a free trade between Indonesia-Turkey, and start increasing the Indonesian people who study agricultural science to Turkish universities.

4. The threats of bilateral trading relationship of Turkey to Indonesia, these are: business competition is getting tougher, changes in consumer tastes, the issue of environmental damage due to poor farming practices, trade pressure from other producing countries with similar export commodities, the existence of global warming is causing climate cycles in Turkey changed, the existence of policies in destination countries to reduce imports of agricultural commodities, and the existence of the Asean Economic Community (AEC) in 2015 in southeast asia, including Indonesia.

To get more strong power for improving and expanding trading activity from Turkey to Indonesia needed strategy formulation which increasing the internal strengths and decreasing the weaknesses combined to catch the opportunities and to avoid the threats. The Strength-Opportunity (SO) strategy focused on introducing innovation of agricultural products to increase differentiation, competitive advantage and added value, increasing research capacity, product quality, and service to retain loyal customers abroad. The Weakness-Opportunity (WO) strategy pushed on conducting improvement in market penetration, strengthening the investment, technological efficiency, production capacity and product quality, and adding an international distribution network through a Turkish-Indonesian business council as a kind of commodity trade associations in Indonesia. The Strength-Threat (ST) concentrated on improving competitiveness through efficiency and quality and increasing Foreign Direct Investment (FDI) as a developed investment in Indonesia. The Weakness-Threat (WT) prioritized on optimizing production capacity and cost efficiency and pursuing a strategy of concentration on one strategic product line.

Based on Internal Factor Analysis (IFAS), the highest score in strength obtained by the first factor that is agricultural products in every season, it gained +0,40 point and the lowest score in weakness obtained by seventh factor that is agricultural investment are still weak, it gained -0,27 point. The IFAS result is positive, it mean that the strenghts is bigger than the

weaknesses and the industry can be face the weakness with their internal strength.

Based on External Factor Analysis (EFAS), the highest score in opportunity obtained by the first factor that is Turkey as a strategic bridge trade with the EU, it gained +0,44 point and the lowest score in theath obtained by seventh factor that is the existence of the ASEAN Economic Community (AEC) in 2015 in Southeast Asia including Indonesia, it gained - 0,24 point. The EFAS result is positive, it mean that the opportunities is bigger than the threats and the industry can be face the threats with opportunities which support of Turkey.

Based on the analysis of the internal - external factor matrix, it is known that the condition of trade in agricultural commodities from Turkey to Indonesia was on the ninth of cells, namely the Divest condition ($X = 0.67$; $Y = 1.42$), where X is the total value of EFAS and Y is an internal value IFAs. In the grand strategy matrix, the position of Turkey is in a position to aggressively enter Indonesia. By using analysis Strategic Orientation (SOR) matrix, showed that, which became a major force in agricultural commodities trade from Turkey to Indonesia is good product for quality with 115 points but unfortunately has main weakness that the Turkish government has not focused on agriculture development agenda with 65 points. Next, the main chance is becoming Turkey is a strategic bridge trade with the EU (60 points). On the other hand, the challenge is weighing Business competition is getting tougher (60 points). Therefore, the main recommendations suggested by using the SOR analysis is attack strategy (245 points).

Based on Porter's 5 Competitive Forces Matrix for Wheat commodity informed that, there is a barrier to entry because requires large-scale investment, labor-intensive, plenty of labor availability, very extensive plantations, and grown in optimum conditions at a temperature of 20-25°C. In this world, only countries with four climates that became "new entrance" in the Wheat industry. Suppliers has the power to bargain with Wheat commodity pRices in raw form or processed into bread or flour, which is a

commodity product traded on world commodity markets and involves a lot of sellers / buyers. Turkey has a good ability as a supplier of world commodity Wheat but, the strength of Turkish Wheat commodity pricing is often debated due to the lower price from the world market price. Competition among companies in the grain industry lead to interventions of the consumer countries. Wheat importing countries began to involve safety guard to protect consumers of dependence on Wheat exporting countries. With so many companies engaged in the field of Wheat, led to rising ratio of inter-company competition. With the increasing consumption of Wheat in the world, the production of Turkish Wheat remain absorbed in the market.

Competition in the market intensified seize occurred at the downstream level for example on advanced derivative products such as flour, bread, and noodles. Turkey has the power to bargain with Wheat commodity prices in raw form or processed into bread or flour, which is a commodity that is competitively traded in the world market and involves a lot of sellers / buyers. Buyer be an important determinant in the determination of commodity grain prices on the world market. Wheat has been a basic material for the manufacture of noodles, bread and the staple food in most countries. The substitutes for Wheat alternative commodity for example is such as Rice, Corn, Potatoes, and etc. On the other hand, the potential of Wheat as raw material of bread and noodles difficult to replace with other substitute materials.

Based on Porter's 5 Competitive Forces Matrix for Maize commodity informed that, there is a barrier to entry because: requires large-scale investment, labor-intensive, plenty of labor availability, very extensive plantations in tropical regions. There are many new entrance in the industry so that business competition based product quality is very pronounced in this case. Suppliers has the power to bargain with the price of Maize commodity that is traded competitively in world commodity markets and involves a lot of sellers / buyers. Determination of Maize selling price in the world market is affected by the bargaining power of sellers and buyers. Competition among companies in the Maize trade is quite high with the increasing number of

companies engaged in the field of Maize producers, especially in tropical countries.

With the increasing consumption of Maize in the world, the Maize production in Turkey will be absorbed in the world market. Buyers has the power to bargain with Maize commodity pRices, which traded competitively in world commodity markets and involves a lot of sellers / buyers. Buyer be an important determinant in determining the selling pRice of the commodity in the world market Maize. Maize is the basic ingredient for the manufacture of noodles, bread and the staple food in most countries, especially tropical countries. The subtitires for alternative commodities besides grain Rice, Corn, Potatoes, and etc. On the other hand, Maize can be grown in all countries.

Based on Porter's 5 Competitive Forces Matrix for Cotton Lint commodity informed that, there is a barrier to entry because: requires large-scale investment in producing cotton spun into yarn (Cotton Lint), the availability of a lot of labor, and the plantation area to support plant production. New entrance in this industry are not widely available in the world. Suppliers has the power to bargain with commodity pRices of lint cotton in raw or processed form, which is a commodity in the world market and involves a lot of sellers / buyers. Sale pRice determination of lint cotton in the world market is affected by the bargaining power of sellers and buyers.

Competition among companies in the trade of Cotton Lint is quite high with many companies in tropical countries engaged in the manufacturer of Cotton Lint. With the increasing consumption of Cotton Lint, the Cotton Lint production in Turkey will remain absorbed in the world market. Buyers has the power to bargain with the pRice of lint cotton commodity either in raw or processed form and is a commodity traded competitively on world markets and involves a lot of buyers. Buyer be an important determinant in sale pRice determination of cotton lint in the world market. The subtitutes of Cotton Lint is raw materials not only from cotton yarn, but can also from silkworms, plant fibers, or synthetic fibers.

8. 2. Analysis for Trading on Agricultural Commodities from Indonesia to Turkey

Agriculture plays an important role in Indonesian economy. By comparing the results of the production of most commodities and most import needs in both countries, we can determine what commodities have the potential trade. Most commodities in Indonesia in this case required by the Turkish based on the top three: **Palm Oil, Dry Natural Rubber, and Banana** (FAO, 2013). In the last thirty years, the amount of vegetable oil consumption worldwide increased threefold. Among the major commodities of vegetable oils, Palm Oil is much reaching the highest growth rate

Palm Oil production has experienced a rapid increase in recent years, contrary to the country's economic developments in Indonesia in 2007 and received his title of being Malaysia's largest manufacturer. Approximately 2 million people are employed in this sector. Nowadays, Indonesia is the second largest rubber producer in the world, Thailand and Malaysia are among the ranks. It carries 85 percent of world production of the three countries. Palm Oil as Palm Oil producing plants and palm kernel is one of the excellent crops who be a source non-oil income for Indonesia. Bright prospects for Palm Oil commodities in world trade of vegetable oils has been motivates Indonesian government to encourage development oil palm plantation area. Palm Oil processing and refining is carried out mainly by large integrated companies. These companies own sizeable plantation areas and Palm Oil mills, and in some cases are further integrated into refineries, oleochemical factories and biodiesel plants. The characteristics of Palm Oil make it attractive to the food industry. It is easily the cheapest oil on the market (costing about \$1,000 per metric tonne at the end of 2010), although pRices are rising sharply. Palm Oil is an important source of edible oil, and also a potential biofuel raw material.

Indonesia is the second largest producer of Natural Rubber (NR) in the world and has the highest acreage under rubber cultivation. Over 84 percent of cultivation is in smallholdings. Consumption of Natural Rubber in the world the last two decades has increased drastically, despite the global

economic recession. Nat. Rubber production on 2011 is 2,990,184 MT, with immature areal (Ha) is 3,456,128 Ha. and, productivity/yield (Kg/Ha) is 1,071.

The volume and value of exports of Bananas Indonesia is not included in the top 20 of world Banana exporting country. According to information from the FAO for Bananas included as a fourth important food in developing countries. Bananas as material consumption is a very nutritious fruit that is a source of vitamins, minerals and carbohydrates. Banana crop in Indonesia is not depending on the season because rainfall spread evenly throughout the year. Banana exports from Indonesia recently began made it into the world market, especially Japan which as if has been closed for Indonesia. But after the development of type cavendish Banana by PT Global Agronusa in Maluku and PT Nusantara Tropical Fruit in Lampung, Indonesia export Bananas to Japan was making progress.

Based on Strength-Weakness-Opportunity-Theath (SWOT) analysis for learning international trading relationship from Indonesia to Turkey was obtained important information, those are:

1. The strengths of the bilateral trading relationship of Indonesia to Turkey, these are: satisfying customer service, sufficient production and transportation facilities, high work discipline level in supply companies, experienced in export business of agricultural commodities, good product quality, the management company running smoothly, and the tropical climate and vast agricultural land.
2. The weaknesses of bilateral trading relationship of Indonesia to Turkey, these are: not all Indonesian agricultural products have certificates of Life Cycle Assessment (LCA) which required by EU, high operating costs, promotional activities are not optimal, the lack of international distribution network, market share is still narrow, less strong capital, and still selling raw materials.
3. The opportunities of bilateral trading relationship of Indonesia to Turkey, these are: national agricultural industry continues to grow, the number of

entrepreneurs in agricultural commodities are relatively big, business climate venture in agricultural commodities is relatively good for newcomers, technological advancements in the field of information, communication and transportation, loyal customers from abroad, there is a free trade between Indonesia-Turkey, and the amount of Indonesian society that graduate from agricultural science from universities in Turkey is increasing.

4. The threats of bilateral trading relationship of Indonesia to Turkey, these are: business competition is getting tougher, changes in consumer tastes, Indonesia's economic growth is running slowly, complicated and burdensome export licensing bureaucracy, high rates of inflation and the weakening of the rupiah, the issue of environmental damage due to poor farming practices, and complicated international trade licensing quarantine.

To get more strong power for improving and expanding trading activity from Indonesia to Turkey needed strategy formulation which increasing the internal strengths and decreasing the weaknesses combined to catch the opportunities and to avoid the threats. The Strength-Opportunity (SO) strategy focused on introducing new and innovative agricultural products to increase the added value, Improve product quality, human resources, and service to maintain the loyal customers in Turkey. The Weakness-Opportunity (WO) strategy pushed on adding investments, technological efficiency, and production capacity and product quality, and adding international distribution network through similar commodity trade associations abroad. The Strength-Threat (ST) concentrated on improving competitiveness through efficiency and quality, also improve the credibility of enterprises through the fulfillment of consumer demand and suitable to international rules. The Weakness-Threat (WT) prioritized on optimize production capacity and make cost savings and doing strategies concentration on one product line.

Based on Internal Factor Analysis (IFAS), the highest score in strength obtained by the first factor that is satisfactory customer service, it gained +0,44 point and the lowest score in weakness obtained by seventh factor that is still selling raw materials, it gained -0,27 point. The IFAS result is positive, it mean that the strenghts is bigger than the weaknesses and the industry can be face the weakness with their internal strength.

Based on External Factor Analysis (EFAS), the highest score in opportunity obtained by the first factor that is national agricultural industry continues to grow, it gained +0,48 point and the lowest score in threath obtained by seventh factor that is complicated international trade licensing quarantine, it gained -0,27 point. The EFAS result is positive, it mean that the opportunities is bigger than the threats and the industry can be face the threaths with oppourtunities which support of Turkey.

Based on the analysis of the internal - external factor matrix, it is known that the condition of trade in agricultural commodities from Turkey to Indonesia was on the ninth of cells, namely the Divest condition ($X = 1.31$; $Y = 0.57$), where X is the total value of EFAS and Y is total value of IFAS. In the grand strategy matrix, the position of Indonesia is in a position to aggressively enter Turkey. By using analysis Strategic Orientation (SOR) matrix, showed that, which became a major force in agricultural commodities trade from Indonesia to Turkey is Experienced in export business of agricultural commodities with 105 points and its main weakness is the lack of international distribution network with 65 points. Next, the main opportunity is national agricultural industry continues to grow (60 points), On the other hand, the main threath is Business competition is getting tougher (60 points) and complicated international trade licensing quarantin (60 points). Therefore, the main recommendations suggested by using the SOR analysis is defence strategy and attack before national agroindustrial ability has been better.

Based on Porter's 5 Competitive Forces Matrix for informed that, there is a barrier to entry because: requires large-scale investment, labor-

intensive, require plenty of labor availability, and require a very extensive plantations in tropical regions. There are not many new entrance in the industry. Suppliers has the bargaining power of the Palm Oil commodity pRices in the form of raw and processed, which Is a commodity that is traded competitively in world commodity markets, and involves a lot of sellers / buyers. Indonesia has a good ability as a supplier of CPO but the strength of commodity pricing is determined by the developed countries. With the increasing number of companies engaged in oil palm plantations and the increasing growth in CPO production in Indonesia, which is above the level of domestic consumption of Palm Oil, the rivalry between the companies engaged in oil palm plantations is quite high. With the increasing consumption of Palm Oil in the world, the CPO production in Indonesia will be absorbed in the market. Intensive competition on market seizing occurred at the downstream level on advanced derivative products such as cooking oil, margarine, and others.

Buyers has the power to bargain with both Palm Oil pRices in raw or processed form, is a commodity that is traded competitively in world commodity markets, and involves a lot of buyers. Buyers become important determiner in determining the pRice of Palm Oil commodity in world wide market. Palm Oil is the raw material for both edible and non-edible oil that competes with soybean oil, rapeseed oil, and sunflower oil. On the other hand, Palm Oil has the advantage because its Perton processing cost is lower than other raw materials, supplies stable and more resistant to climatic factors (oil from other commodities very prone to the weather), Palm Oil can be harvested in the long term (around 3-25 years after planting).

Based on Porter's 5 Competitive Forces Matrix for dry Natural Rubber commodity informed that, there is a barrier to entry because: requires large-scale investment, labor-intensive, a lot of labor availability, very extensive plantations in the tropical area. There's not much of new entrance in this world. Suppliers has the bargaining strength of the commodity pRice of Natural Rubber in its raw form or are processed commodities that are traded

competitively in the world commodities market and involves a lot of sellers / buyers. Indonesia has a good ability as a supplier of Natural Rubber, but the determination of the strength in commodity prices of Natural Rubber is determined by the developed countries.

Competition among companies in the industry with the increasing number of companies engaged in the Natural Rubber plantations and the increasing growth of Natural Rubber production in Indonesia, which is above the level of domestic consumption in Indonesia, leading to high competition between the companies engaged in the Natural Rubber plantations. With the increasing consumption of rubber in the world, then the rubber production in Indonesia will be absorbed in the market. Buyers has the power to bargain with the price of Natural Rubber in the form of raw or processed as a commodity traded on the world market and involves a lot of buyers. Buyers be an important determinant in determining the selling price of the commodity of Natural Rubber in the international market.

There are two types of rubber commonly used in industry, namely Natural Rubber and synthetic rubber. Synthetic rubber is made largely by relying on petroleum feedstock and can be substitute of dry Natural Rubber. Currently, the number of production and consumption of Natural Rubber is still far below the synthetic rubber. Both types of rubber has benefits and drawbacks of each. Natural Rubber has elastic power and perfect resilience, has good plasticity, not easy to heat, and has a high resistance to cracking. Synthetic rubber is more resistant to various chemicals and relatively stable. Examples of widely used synthetic rubber is Styrene Butadiene Rubber (SBR).

Based on Porter's 5 Competitive Forces Matrix for dry Natural Rubber commodity informed that, there is a barrier to entry in the form of land and planting season. Countries with four seasons doing cultivation in summer, while tropical countries cultivate throughout the season. There is a lot of new entrance in this industry. Therefore, quality-based business competition is very pronounced in this area. Production cost for Banana

commodities can be done by many parties, especially tropical countries. Possess the power to bargaining Bananas pRice and involve a lot of seller / buyers. Indonesia having good ability both as manufacturer and supplier of Banana commodities. In pRice finding on Banana commodity in mature world market determining by bargaining power between seller and buyer.

Determination of Banana's price on world market is influenced by the bargain power of sellers and buyers. Competition between companies in Banana trading is quite high with the increasing number of companies that works in producing Banana especially in tropical countries. With the increasing number of Banana's consumption in this world, Banana production from Indonesia still able to be absorbed in world's market. Possess the power of bargaining Banana's pRice and involve a lot of sellers / buyers. The determination of world Banana pRice influenced by bargain power of seller and buyers. The substitution of Banana is very variative because Banana is included as fresh fruit so its not difficult to looking for the substitutional fruit. Substitutional fresh fruits that is easy to find e.g: oranges, apple, watermelon, pear, etc.

9. CONCLUSION AND OPINION

9.1. CONCLUSION

Diplomatic relationship between Indonesia and Turkey day by day have been increasing. In Agriculture, Economy, Military, Culture, and Education. This condition is very good as starting point to increasing more deeply relation between Indonesia and Turkey. But Unfortunately, currently in Economic Sector especially Agriculture still low collaboration, the responsible organisations, between two countries should be doing cooperation related in Agriculture Sector.

9.2. OPINION

To follow up the potential sector in Agriculture needed strategy formulation which increasing the internal Strengths , reduce the Weakness, grab the Opportunities, avoid or reduce the impact of Threats; as the first student doing Master on Agricultural Economic in Turkey from Indonesia, based on the research results I give recommendation below :

➤ **For Republic of Indonesia**

Based on Results of Analysis Trading Opportunity of Agricultural Commodities from Indonesia to Turkey (on the page 70-76) :

- To Maximize Internal Strength Factors by using External Opportunity Factors, Indonesia Government have to doing :
 1. Introducing new and innovative agricultural products to increase the added value,
 2. Improve product quality, human resources, and service to maintain the loyal customers in Turkey
 3. Optimizing the role of Indonesia Students who graduated from Turkish University become bridge of collaboration between Indonesia and Turkey.

- To Reduce the Government's Internal Weakness Factors by using the External Opportunity Factors, Indonesia Government have to doing :
 1. Adds investments, technological efficiency, and production capacity and product quality,
 2. Adding international distribution network through similar commodity trade associations abroad

- To Avoid or Reduce the Government's External Threat Factors by using the Internal Strength Factors, Indonesia Government have to doing :
 1. Improving competitiveness through efficiency and quality
 2. Improve the credibility of enterprises through the fulfillment of consumer demand and suitable to international rules

- To Survive by Reducing the Government's Internal Weakness and Avoiding Threat Factors, Indonesia Government have to doing :
 1. Optimize production capacity and make cost savings
 2. Doing strategies concentration on one product line

➤ **For Republic of Turkey**

Based on Results of Analysis Trading Opportunity of Agricultural Commodities from Turkey to Indonesia (on the page 77-83) :

- To Maximize Internal Strength Factors by using External Opportunity Factors, Turkey Government have to doing :
 1. Introducing innovation of agricultural products to increase differentiation, competitive advantage and added value
 2. Increasing research capacity, product quality, and service to retain loyal customers abroad

- To Reduce the Government's Internal Weakness Factors by using the External Opportunity Factors, Turkey Government have to doing :
 1. Conducting improvement in market penetration, strengthening the investment, technological efficiency, production capacity and product quality
 2. Adding an international distribution network through a Turkish-Indonesian Business Council as a kind of commodity trade associations in Indonesia

- To Avoid or Reduce the Government's External Threat Factors by using the Internal Strength Factors, Turkey Government have to doing :
 1. Improving competitiveness through efficiency and quality
 2. Increasing Foreign Direct Investment (FDI) as a developed investment in Indonesia

- To Survive by Reducing the Government's Internal Weakness and Avoiding Threat Factors, Turkey Government have to doing :
 1. Optimize production capacity and cost efficiency
 2. Pursuing a strategy of concentration on one strategic product line

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APPENDIX



REPUBLIK INDONESIA

**NOTA KESEPAHAMAN
ANTARA
PEMERINTAH REPUBLIK INDONESIA
DAN
PEMERINTAH REPUBLIK TURKI
TENTANG
KERJASAMA BIDANG PERTANIAN**

Departemen Pertanian Republik Indonesia dan Kementrian Pertanian dan Urusan Pedesaan Republik Turki, selanjutnya disebut sebagai "Para Pihak",

Bermaksud untuk meningkatkan hubungan persahabatan yang telah terjalin antara kedua negara melalui pengembangan kerjasama di bidang pertanian;

Merujuk pada Perjanjian antara Pemerintah Republik Indonesia dan Pemerintah Republik Turki mengenai Kerjasama Teknis dan Ekonomi, yang ditandatangani di Jakarta pada tanggal 18 Desember 1982;

Sesuai dengan hukum dan peraturan perundang-undangan yang berlaku di kedua negara;

Telah menyetujui hal-hal sebagai berikut:

**PASAL 1
TUJUAN**

Tujuan dari Nota Kesepahaman ini adalah untuk memajukan dan mendorong kerjasama ekonomi, ilmu pengetahuan dan teknik di bidang pertanian antara unit-unit ekonomi, studi dan organisasi-organisasi lainnya.

**PASAL 2
RUANG LINGKUP DAN BENTUK KERJASAMA**

Para Pihak akan melakukan kerjasama dalam bidang seperti tersebut dibawah ini:

1. Produksi Tanaman dan Perlindungan Tanaman;
2. Peternakan dan Kesehatan Hewan;

3. Industri Pangan;
4. Penelitian, pengembangan kawasan pedesaan, pengairan dan penyuluhan pertanian;
5. Memajukan *joint ventures* (usaha patungan) di bidang pertanian antar sektor swasta di kedua negara;
6. Bentuk kerjasama lainnya yang dikehendaki dan disetujui oleh Para Pihak.

Para Pihak setuju untuk bekerjasama dalam bentuk:

1. Pertukaran informasi, kunjungan, tenaga ahli, hasil penelitian, studi dan pelatihan;
2. Penyelenggaraan seminar, simposium, pameran dan konferensi;
3. Bentuk-bentuk kerjasama teknis lain yang disepakati oleh Para Pihak.

PASAL 3 PIHAK-PIHAK BERWENANG

Pihak-pihak berwenang yang bertanggungjawab dalam pelaksanaan Nota Kesepahaman ini adalah:

1. Departemen Pertanian, atas nama Pemerintah Republik Indonesia; dan
2. Kementerian Pertanian dan urusan Pedesaan, atas nama Pemerintah Republik Turki.

PASAL 4 PEMBENTUKAN KOMITE BERSAMA

1. Para Pihak sepakat untuk membentuk Komite Bersama (selanjutnya disebut "Komite") untuk memantau dan mengkaji pelaksanaan kerjasama di bawah Nota Kesepahaman ini.
2. Komite terdiri dari 5 anggota dari setiap negara pihak termasuk ketua-ketua delegasi di tingkat Eselon III.
3. Komite melakukan pertemuan tahunan atau pada waktu yang telah ditentukan secara bersama dan dilakukan secara bergantian di Indonesia dan Turki.
4. Komite bertanggung jawab dalam :
 - menganalisa pelaksanaan program kerjasama yang disepakati;
 - menyampaikan usulan bagi pengembangan lanjutan dan peningkatan atas bentuk-bentuk kerjasama;
 - merekomendasikan solusi terhadap masalah-masalah yang muncul selama pelaksanaan kegiatan kerjasama.

**PASAL 5
HAK ATAS KEKAYAAN INTELEKTUAL**

Para pihak sepakat bahwa segala hak atas kekayaan intelektual yang muncul sebagai implementasi dari Nota Kesepahaman ini, akan diselesaikan sesuai dengan aturan nasional masing-masing dan peraturan internasional di mana Para Pihak menjadi pihak dari peraturan internasional tersebut.

Para pihak tidak dapat menyebarkan informasi ekonomi ataupun informasi teknis-pengetahuan yang diberikan oleh pihak lainnya dalam implementasi Nota Kesepahaman ini ataupun hasil-hasil dari penelitian bersama, kecuali hal tersebut sudah disepakati bersama oleh Para Pihak secara tertulis.

**PASAL 6
PEMBIAYAAN**

Pembiayaan perjalanan internasional para anggota Komite Bersama serta tenaga ahli ditanggung oleh negara pengirim, sedangkan biaya akomodasi dan biaya perjalanan domestik menjadi tanggungan negara penerima.

Pemberitahuan kepada negara penerima mengenai kunjungan dimaksud agar disampaikan dua bulan sebelum tanggal kedatangan.

**PASAL 7
PENYELESAIAN PERSELISIHAN**

Perselisihan atau perbedaan pendapat yang timbul berkaitan dengan penafsiran atau pelaksanaan dari Nota Kesepahaman ini akan diselesaikan secara damai melalui konsultasi dan perundingan bersama antara Para Pihak.

**PASAL 8
PERUBAHAN**

Nota Kesepahaman ini dapat diubah melalui persetujuan bersama Para Pihak.

Perubahan tersebut akan mulai berlaku sesuai dengan ketentuan dalam pasal 9 dan akan menjadi bagian integral dari Nota Kesepahaman ini.

PASAL 9
MASA PEMBERLAKUAN, JANGKA WAKTU DAN PEMBATALAN

1. Nota Kesepahaman ini mulai berlaku pada saat Para Pihak saling memberitahukan bahwa prosedur internal masing-masing pihak untuk masa pemberlakuan Nota Kesepahaman tersebut telah diselesaikan.
2. Pada saat mulai berlakunya Nota Kesepahaman ini, maka Protokol antara Pemerintah Republik Indonesia dan Pemerintah Republik Turki mengenai Kerjasama Pertanian yang ditandatangani pada 19 Mei 1995 dinyatakan berakhir.
3. Nota Kesepahaman ini akan berlaku selama jangka waktu 5 (lima) tahun dan dapat diperpanjang atau diperbaharui melalui kesepakatan bersama Para Pihak secara tertulis. Salah satu pihak dapat membatalkan Nota Kesepahaman ini dengan memberikan pemberitahuan tertulis melalui jalur diplomatik kepada pihak lainnya setidaknya 6 (enam) bulan sebelumnya.
4. Pembatalan Nota Kesepahaman ini tidak akan mempengaruhi penyelesaian program-program dan/atau proyek-proyek yang dibuat atas dasar Nota Kesepahaman ini hingga selesainya program-program tersebut.

Disaksikan di bawah ini, penandatanganan Nota Kesepahaman telah dilakukan.

Dibuat di Ankara pada tanggal 20 Januari 2008 dengan salinan dalam bahasa Indonesia, Turki dan Inggris, masing-masing memiliki keabsahan yang sama. Apabila terjadi perbedaan penafsiran, maka naskah dalam bahasa Inggris yang menjadi acuan.

UNTUK
PEMERINTAH REPUBLIK INDONESIA

Signed

ANTON APRIYANTONO
MENTERI PERTANIAN

UNTUK
PEMERINTAH REPUBLIK TURKI

Signed

MEHMET MEHDI EKER
MENTERI PERTANIAN DAN URUSAN
PEDESAAN

ENDONEZYA CUMHURİYETİ HÜKÜMETİ
İLE
TÜRKİYE CUMHURİYETİ HÜKÜMETİ
ARASINDA
TARIM ALANINDA İŞBİRLİĞİ
KONULU MUTABAKAT ZAPTI

Endonezya Cumhuriyeti Tarım Bakanlığı ve Türkiye Cumhuriyeti Tarım ve Köyşleri Bakanlığı (bundan böyle "Akit Taraflar" olarak anılacaklardır);

Tarım alanındaki işbirliğini geliştirerek iki ülke arasında mevcut dostane ilişkileri artırmak isteği ile;

Endonezya Cumhuriyeti Hükümeti ve Türkiye Cumhuriyeti Hükümeti arasında 18 Aralık 1982 tarihinde Cakarta'da imzalanan Ekonomik ve Teknik İşbirliği Anlaşmasına atıfta bulunarak;

İlgili ülkelerdeki mevcut kanunlar ve yönetmelikler çerçevesinde;

Aşağıdaki hususlarda mutabakata varmışlardır:

MADDE 1
AMAÇLAR

Bu Mutabakat Zaptının amacı, tarım alanındaki ekonomik birimler, eğitim birimleri ve diğer teşkilatlar arasında tarım alanında ekonomik, bilimsel ve teknik işbirliğini teşvik etmek ve artırmaktır.

MADDE 2
İŞBİRLİĞİ ŞEKLİ VE ALANLARI

Akit Taraflar aralarında aşağıdaki alanlarda işbirliği gerçekleştirirler:

1. Bitkisel Üretim ve Bitki Koruma
2. Hayvancılık ve Hayvan Sağlığı
3. Gıda Sanayi
4. Araştırma, kırsal kalkınma, sulama ve yayım hizmetleri
5. İki ülke özel sektörleri arasında tarım alanında ortak yatırımları teşvik etme
6. Akit Tarafların ilgi alanlarına giren ve karşılıklı mutabakata vardıkları diğer ilgili alanlar.

Akit Taraflar aralarındaki işbirliğini aşağıdaki şekillerde gerçekleştirme konusunda anlaşmıştır:

1. Bilgi, uzman ve araştırma sonuçlarının karşılıklı mübadelesi, karşılıklı ziyaretler ve eğitim;
2. Seminerler, sempozyumlar, sergiler ve konferanslar düzenlenmesi;
3. Akit Tarafların karşılıklı mutabakatı ile her türlü diğer teknik işbirliği şekli.

MADDE 3 İCRA ORGANLARI

Bu Mutabakat Zaptının uygulanmasından sorumlu icra organları aşağıdaki şekildedir:

1. Endonezya Hükümeti adına Tarım Bakanlığı
2. Türkiye Cumhuriyeti Hükümeti adına Tarım ve Köyişleri Bakanlığı

MADDE 4 YÜRÜTME KOMİTESİNİN KURULMASI

1. Akit Taraflar, bu Mutabakat Zaptı kapsamındaki işbirliğinin uygulanmasını izlemek ve değerlendirmek amacıyla bir Yürütme Komitesinin (bundan sonra "Komite" olarak anılacaktır) kurulmasını kararlaştırmıştır.
2. Komite Müsteşar Yardımcısı düzeyindeki heyet başkanları da dahil olmak üzere her ülkeden beşer üyeden oluşur.
3. Komite yıllık olarak veya karşılıklı mutabakata varılan bir zamanda sırasıyla Endonezya ve Türkiye'de toplanır.
4. Bu Komite aşağıdaki görevlerden sorumludur:
 - Karşılıklı olarak mutabakata varılan işbirliği programlarının uygulanmasının analizi;
 - İşbirliği şeklinin daha da geliştirilmesi ve iyileştirilmesi konusunda teklifler sunulması;
 - İşbirliği faaliyetlerinden kaynaklanan güçlüklerin üstesinden gelmek için olası yollar tavsiye edilmesi.

MADDE 5 FİKRİ MÜLKİYET HAKLARI

Akit Taraflar, ulusal mevzuatları ve ülkelerinin taraf olduğu uluslararası yasal araçlar uyarınca ikili işbirliğinin uygulanmasından doğabilecek her türlü fikri mülkiyet hakkını sağlar.

Akit Taraflar, üzerinde yazılı olarak mutabakata varılanlar dışında bu Mutabakat Zaptına dayalı olarak birbirlerine verdikleri herhangi bir ekonomik veya bilimsel-teknik bilgiyi ve

bunların yanı sıra ortaklaşa gerçekleştirdikleri çalışmaların sonuçlarını yayınlamamayı taahhüt ederler.

MADDE 6 MASRAFLAR

Yürütme Komitesi üyelerinin ve uzmanların uluslararası seyahat masrafları gönderen ülke, konaklama ve yurtiçi ulaşım masrafları ise ev sahibi ülke tarafından karşılanır.

Ev sahibi ülke, ziyaret tarihinden en az iki ay önce planlanan ziyaret hakkında bilgilendirilir.

MADDE 7 ANLAŞMAZLIKLARIN ÇÖZÜMÜ

İşbu Mutabakat Zaptının yorumlanması veya uygulanmasından doğabilecek her türlü anlaşmazlık veya görüş ayrılığı, Akit Taraflar arasında karşılıklı istişare ve müzakere yoluyla dostça çözüme kavuşturulur.

MADDE 8 MUTABAKAT ZAPTI ÜZERİNDE YAPILACAK DEĞİŞİKLİKLER

Akit Tarafların karşılıklı rızası ile İşbu Mutabakat Zaptı üzerinde değişiklik yapılabilir.

Yapılacak değişiklikler Madde 9 hükümleri çerçevesinde yürürlüğe girer ve İşbu Mutabakat Zaptının bütünüleyici bir parçasını oluşturur.

MADDE 9 MUTABAKAT ZAPTININ YÜRÜRLÜĞE GİRMESİ, SÜRESİ VE FESHİ

1. İşbu Mutabakat Zaptı, Akit Tarafların bu mutabakat Zaptının yürürlüğe girmesi için gerekli iç mevzuatları tamamladıklarını birbirlerine bildirdikleri tarihten itibaren yürürlüğe girer.
2. Mutabakat Zaptının yürürlüğe girmesi ardından 19 Mayıs 1995 tarihinde imzalanan Endonezya Cumhuriyeti Hükümeti ile Türkiye Cumhuriyeti Hükümeti arasında Tarım Alanında İşbirliği Protokolünün yürürlüğü sona erer.
3. İşbu Mutabakat Zaptı, 5 (beş) yıl süreyle yürürlükte kalır ve Akit Tarafların karşılıklı rızası ile süresi uzatılabilir veya yenilenebilir. Akit Taraflardan biri, en az 6 (altı) ay önceden diplomatik kanallar aracılığıyla diğer tarafa yazılı tebligatta bulunmak kaydıyla herhangi bir zamanda Mutabakat Zaptını feshedebilir.

4. İşbu Mutabakat Zaptının sona ermesi, yine bu Mutabakat Zaptı çerçevesinde başlatılmış ve devam eden program ve/veya projelerin tamamlanması hususunu etkilemez.

İşbu Mutabakat Zaptı, yukarıdaki hükümler muvacehesinde aşağıda ismi yazılı kişiler tarafından imzalanmıştır.

20 Ocak 2009 tarihinde Ankara'da her biri aynı derecede geçerli ikişer orijinal nüsha halinde, Endonezyaca, Türkçe ve İngilizce dillerinde imzalanmıştır. Yorumda farklılıklar olması durumunda, İngilizce metin geçerlidir.

Endonezya Cumhuriyeti
Hükümeti
Adına

Signed

Anton Apriyantono
Tarım Bakanı

Türkiye Cumhuriyeti
Hükümeti
Adına

Signed

Mehmet Mehdi Eker
Tarım ve Köyşleri Bakanı



REPUBLIK INDONESIA

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
AND
THE GOVERNMENT OF THE REPUBLIC OF TURKEY
ON
AGRICULTURAL COOPERATION**

The Ministry of Agriculture of the Republic of Indonesia and the Ministry of Agriculture and Rural Affairs of the Republic of Turkey hereinafter referred to as "the Contracting Parties",

Desiring to enhance the existing friendly relations between the two countries and through development cooperation in the field of agriculture,

Referring to the Agreement between the Government of the Republic of Indonesia and the Government of the Republic of Turkey on Economic and Technical Cooperation, signed in Jakarta on December 18, 1982,

Pursuant to the prevailing laws and regulations in their respective countries,

Have agreed as follows:

**ARTICLE 1
OBJECTIVES**

The objective of the Memorandum of Understanding is to promote and encourage economic, scientific and technical cooperation in the field of agriculture between economic units, study and other organizations in agriculture.

**ARTICLE 2
AREAS AND FORM OF COOPERATION**

The Contracting Parties shall carry out the cooperation between them in the following areas;

1/4

1. Plant Production and Plant Protection;
2. Animal Husbandry and Animal Health;
3. Food industry;
4. Research, rural development, irrigation and extension service;
5. Promotion of joint ventures in the field of agriculture between the private sectors of each country;
6. Other related areas that are of interest and mutually agreed upon by the Contracting Parties.

The Contracting Parties agree to cooperate in the following forms;

1. Exchange of information, visit, experts, research results, study and training;
2. Organization of seminars, symposia, exhibitions and conferences;
3. Any other technical form of cooperation as mutually agreed upon by the Contracting Parties.

ARTICLE 3 THE EXECUTING AUTHORITIES

The Executing Authorities responsible for the implementation of this Memorandum of Understanding are:

1. The Ministry of Agriculture, on behalf of the Government of the Indonesia; and
2. The Ministry of Agriculture and Rural Affairs, on behalf of the Government of the Republic of Turkey.

ARTICLE 4 ESTABLISHMENT OF STEERING COMMITTEE

1. The Contracting Parties agreed to establish a Steering Committee (hereinafter referred to as "the Committee") to monitor and review the implementation of the cooperation under this Memorandum of Understanding.
2. The Committee is composed of 5 members per country including the delegation heads on the level of Deputy Undersecretary.
3. The Committee shall meet annually or at a time as mutually agreed, alternately in Indonesia and Turkey;
4. This Committee shall be responsible for:
 - Analyzing the implementation of the cooperation programs as mutually agreed upon;
 - Submitting proposals on the further development and improvement of cooperation forms;

- Recommending possible ways for overcoming difficulties arising out of the cooperation activities.

ARTICLE 5
INTELLECTUAL PROPERTY RIGHTS

The Contracting Parties shall ensure any intellectual property rights, which may arise out of implementing the bilateral cooperation in accordance with the national legislation and the international legal instruments which their states are parties to.

The Contracting Parties undertake an obligation to publish neither economic nor scientific-technical information they have provided to each other on the basis of this Memorandum of Understanding, nor the results of their joint study besides those, the Contracting Parties have agreed upon in writing.

ARTICLE 6
EXPENSES

The international travel expenses of the Steering Committee members and experts shall be born by the sending Party, while accommodation and internal travel expenses shall be assumed by the host country.

The host country shall be informed of the intended visits at least two months prior to the date of arrival.

ARTICLE 7
SETTLEMENT OF DISPUTES

Any dispute of differences arising out of the interpretation or implementation of this Memorandum of Understanding shall be settled amicably through consultation or negotiation between the Contracting Parties.

ARTICLE 8
AMENDMENTS

This Memorandum of Understanding shall be amended by mutual consent of the Contracting Parties.

The amendments shall enter into force in accordance with the provision of Article 9 and form an integral part of this MoU.

ARTICLE 9
ENTRY INTO FORCE DURATION AND TERMINATION

1. This Memorandum of Understanding shall enter into force on the day which the Contracting Parties notify each other that their respective internal procedures for its entry into force have been completed.
2. Upon the entry into force of this Memorandum of Understanding, the Protocol Between the Government of the Republic of Indonesia and the Government of the Republic of Turkey on Agricultural Cooperation of 19 May 1995 shall cease to be in force.
3. This Memorandum of Understanding shall remain in force for a period of 5 (five) years and shall be extended or renewed by mutual written consent of the Contracting Parties. Either Contracting Party may terminate this Memorandum of Understanding at any time by giving written notification to the other through diplomatic channels at least 6 (six) months in advance.
4. The termination of this Memorandum of Understanding shall not affect the completion of any ongoing programs and/or projects under this Memorandum of Understanding.

IN WITNESS WHEREOF, the undersigned, have signed this Memorandum of Understanding.

Done in Ankara on 20th January 2009 in duplicate original copies in the Indonesian, Turkish and English languages, each of them being equally authentic. In case of any divergence of interpretation, the English text shall prevail.

For
The Government of the Republic of
Indonesia

Signed

Anton Apriyantono
Minister of Agriculture

For
The Government of the Republic of
Turkey

Signed

Mehmet Mehdi Eker
Minister of Agriculture and Rural
Affairs

BIOGRAPHY

PERSONAL INFORMATION

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EDUCATION

| Degree | Name, City, Province | Graduate Year |
|------------------------------|---|---------------|
| High School | : 1st Senior High School of Government in Medan | 2005 |
| Bachelor | : Gadjah Mada University/Yogyakarta/Indonesia | 2010 |
| Master | : - | |
| Doctor of Philosophy: | - | |

WORK EXPERIENCE

| Year | Corporate | Responsibility |
|-------------|---|---------------------|
| 2010 | Indonesia Australia Business Council for Yogyakarta Province, Indonesia | Executive Secretary |

AREA OF EXPERTISE : International Trading and International Policy

FOREIGN LANGUAGES : English and Turkish

PUBLICATION :
Oğuz C., Yener A., Haryadi H., 2012. "Agricultural Activities A Study on the possibilities of rural women; Case Study in Konya", The 11th International Symposium "Prospects For The 3rd Millenium Agriculture". 27-29 September, Cluj / NAPOCA, ROMANYA.