

Analysis of the Effect of the Covid-19 Pandemic on the Import Process of Auxiliary and Raw Materials for Coffee

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Abstract.

The free market is being promoted, and the trade era continues to develop globally so that companies that have import-related businesses need knowledge of import procedures and updated regulations related to customs, shipping, banking, taxation, and matters relating to imports. With adequate knowledge, the company can run the business smoothly and minimize the problems that occur in the field. In particular, executives, importers, and purchasing departments are expected to gain a deeper understanding of customs, the concept of international trade, and international taxation. Import is the entry of goods into the customs area. The entry of goods through the delivery of goods mechanism. Shipment is goods that are sent using the postal service provider with the laws and regulations in the postal sector. Courier Service Company (PJT) is a postal service provider that has obtained a business license from the relevant agency to provide mail, document, and package services in accordance with statutory regulations in the postal sector. International trade regulations, start from many economic instruments to achieve economic growth. Coffee is a drink that is loved by the people of Indonesia. Coffee is a drink that may be a daily drink or just to accompany you when you are relaxing. Coffee is also attached to our minds as a drink that interrupts sleepiness.

Keywords: Import, Coffee, Customs, Business

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1. Introduction

Indonesia is the largest coffee producer and exporter in the world. Many of the products produced are robusta varieties that have lower quality. Indonesia is famous for having many specialty coffees such as 'coffee Luwak (known as the most expensive coffee in the world) and 'coffee Mandailing'. Concerning the types of agriculture, coffee is the fourth largest foreign exchange earner for Indonesia after palm oil, rubber, and cocoa.

The opening of international trade and import activities are important activities that cannot be separated from the Indonesian economy. There is a gap between the need and the availability of domestic goods, resulting in the industrial sector carrying out import activities to meet industrial operational requirements. The gap can be caused by unavailability, differences in quality, variety, price, or inadequate supply. Import activity is the activity of importing goods from *the customs area of another country* to the customs area of Indonesia. The Customs area is the territory of the Republic of Indonesia, such as land, water, and air space above it, as well as certain places in the special economic zone and continental shelf. Trade procedures regulate imported goods, imported goods are supervised, and there are restrictions.

Goods regulated by the import trade system are certain goods or commodities whose import system is regulated through several trade mechanisms. Examples: Sugar, rice, salt, cloves, lubricants, etc. Goods prohibited from importing are goods that do not have an import permit from the authorized agency, for example, Pesticide Ethylene Dibromide (EDB), hazardous and toxic waste (B3), psychotropics, etc. Finally, goods that are free from import where all goods are not included in the regulated, supervised, prohibited, and imports can be carried out by every company with an Importer Identification Number.

The company must have an Importer Identification Number (API) to carry out import activities; there are 2 types, API-U and API-P. Requirements for import (*Conditional*). The requirements depend on what kind of goods are imported. To check the requirements, you can access the web <http://eservice.insw.go.id/>, then enter the HS Code. Examples of other requirements for importing certain goods Instant Coffee and creamer require a BPOM Import Certificate (SKI) permit. Wheat and coffee beans require an SSM quarantine permit for food feasibility lab results. Harmonized System HS Code is a numerical language for product or product material classification as an international standard for reporting goods at customs and government agencies. The purpose of the HS code is to simplify retrieving, trade transactions, transportation, and statistics that have been improved from the previous classification system. For checking HS Code, [Check HS Code -à http://eservice.insw.go.id/](http://eservice.insw.go.id/).

Notification of Import of Goods is a customs notification activity for releasing imported goods for use. A certificate of Origin is a customs supporting document issued by the Issuing Agency of SKA which agrees that goods that will enter the customs area can be given preferential fees/free from import duty.

Coffee is an important beverage for most people around the world. For coffee lovers, this drink has its pleasure. However, where is the economic value for countries that import and export coffee beans? For some, this product, made from roasted beans of the coffee plant, could be called "the second most legally traded commodity" in human history. The coffee sold in the world is mostly a combination of roasted beans from two varieties of the coffee tree: arabica and robusta. The difference between these two varieties is mainly seen in the taste and level of caffeine. Arabica beans, more expensive in the world, have a mild flavor and a caffeine content of 70% lower than robusta beans.

Foreign trade can be recognized as the most important determinant of the economic development of a country worldwide. A country's foreign trade will result in the movement of goods and services from within and outside, followed by foreign exchange inflows and

foreign exchange outflows. Moreover, the current world economic integration is driven by advances in communication and information technology as well as government policies to reduce barriers to the flow of trade and capital flows. Therefore, international trade is an important part of development strategies and can effectively promote economic growth, job creation, and poverty alleviation.

Arabica coffee entered Indonesia in 1696, brought by the trading company Dutch East India Co. from Ceylo (Yahmadi, 2007). Arabica coffee is the most widely developed coffee in the world, especially in Indonesia. This coffee is grown in the highlands, which have a dry climate around 1350-1850 meters above sea level. While in Indonesia alone, this coffee can thrive in high areas up to an altitude of 1200 meters above sea level. This coffee tends not to be resistant to leaf rust (*Hemileia vastatrix*), but this coffee has a strong aroma and taste (Cahyono, 2011).

Robusta coffee, also known as *Coffea canephora*, was originally only known as a bush or wild plant that can grow up to several meters in height. Finally, Robusta coffee was first discovered in the Congo in 1898 by Emil Laurent. But apart from that, some claim that this type of robusta coffee was discovered first by two British travelers named Richard and John Speake in 1862 (Yahmadi, 2007). This coffee can be grown in the lowlands to 1,000 meters above sea level. This type of coffee is more resistant to pests and diseases. This makes robusta coffee cheaper (Cahyono, 2011) than arabica coffee.

A country will only export goods with a high comparative advantage and import goods with a low comparative advantage. Comparative advantage can lead to trade benefits (gains from trade) for both parties and further encourage trade between countries. Comparative advantage is a fundamental factor that determines the pattern of international trade. It can be said that if a country has a comparative advantage in the production of certain goods, then the country tends to export these goods. But it shouldn't stop here. Should dive further into the factors that determine or affect a country's comparative advantage.

The research of Nia Rosiana, Rita Nurmalina, Ratna Winandi, and Amzul Rifin (2017) under the title *Dynamics of Indonesian Robusta Coffee Competition Among Major Competitor Countries* shows that this study aims to analyze the competitiveness of Indonesian Robusta coffee exports and the level of competition between the main competitor countries, such as Vietnam and India.

The analysis results show that the competitiveness of Indonesian coffee tends to increase compared to the two main competitors of the world's Robusta coffee exporters, such as Vietnam and India. However, the competitiveness of Indonesian coffee is still half that of Vietnam. Furthermore, competition for Indonesian coffee with Vietnam and India is not significantly correlated due to differences in the market of export destination countries. Therefore, increasing competitiveness and strength of competition in the export market can be done by improving the quality and continuity of domestic Robusta coffee in accordance with the demands of world consumers.

In addition, Bambang Dradjat, Adang Agustian, and Ade Supriatna (2007), with the title *Export and Competitiveness of Indonesian Coffee Bean in International Market: Strategic Implication for the Development of Organic Coffee Bean*, show that this study aims to analyze

the competitiveness of Indonesian coffee in Indonesia. International market and convey some views on the possibility of developing organic coffee for export.

The coronavirus was first discovered in the city of Wuhan, China. Corona is a virus that attacks the human respiratory system; this virus is very easy to spread, causing a high death rate. Currently, the coronavirus has spread to various countries, one of which is Indonesia. The coronavirus has had a huge impact on the economy. The cause of the low economic growth in Indonesia is the decline in public interest in consumption and investment, both in the household and government spheres. In the current era of the coronavirus pandemic, people are required to reduce activities outside the home that affect the economy of traders. Therefore, the economy is an important factor in human life. Therefore, daily human life can always intersect with economic needs (Honoatubun, 2020).

The Covid-19 pandemic has changed the pattern of global trade, which was centered in China, and has now spread to a number of countries. Indonesia also received a positive impact because it received the relocation of a number of industries. However, the pandemic also makes logistics costs increase. The reason is that the Covid-19 procedure increases costs while the number of goods decreases due to decreased purchasing power. Although Indonesia is a member of several international trade agreements, many countries have currently abandoned these agreements and re-imposed trade barriers. All of that will cause new threats globally. The global recession is a possibility that we cannot underestimate, and where a number of countries have also imposed restrictions on distribution in their countries so that goods imports Incoming have decreased. Some countries are tightening with the addition of certain standards, where imported goods may enter but must meet complicated conditions. Small traders are experiencing rapid losses due to the Covid-19 outbreak. Activity restrictions due to COVID-19 have caused economic losses nationally (Hadiwardoyo, 2020).

2. Research Methods

This researcher uses a sociological juridical research method, where regulations are formed based on empirical facts regarding the development of problems and needs by considering existing rules, which will be changed or revoked to ensure legal certainty and a sense of community justice. This study also uses a descriptive form to determine the impacts during the pandemic period. The data collection technique used in this study was sourced from primary and secondary data, namely data obtained from questionnaires. The method with this questionnaire was carried out because the researchers did not allow them to go directly into the field due to the Covid-19 virus. Technical data analysis, using qualitative analysis techniques, namely methods that emphasize more on aspects of in-depth understanding of a problem than looking at problems for generalization research. The qualitative analysis in this study was used to answer the impact of the Covid-19 case on coffee imports in Indonesia as sample data for this research discusses the effect of the COVID-19 pandemic on the process of importing coffee supplies and raw materials at one of the leading coffee companies in Indonesia, which is located at Raya Gilang.

3. Results And Discussion

Arabica coffee prices on the second weekend of July 2020 moved lower. Then, during the third week of July, the price of Arabica coffee began to fluctuate with a tendency to

strengthen. At the beginning of the week, Monday (13/7), the price of soft commodities was mixed, and the price of Arabica coffee was recorded at the beginning of the week, moving up. It was recorded through the Reuters page on Monday (13/7), referring to the world's major Arabica coffee exchange, ICE New York, that coffee prices moved up to their highest level in a week amid forecasts of bad weather in coffee plantation areas in Brazil. Thus, the price of Arabica coffee for the July 2020 delivery contract on the ICE New York exchange rose by US\$3.45 or 3.22% to US\$110.65. This price movement was triggered by the weather so that the price of Arabica coffee rose to a one-week high when Somar Meteorologia predicted that rain and wind would occur in the largest plantation of Minas Gerais, Brazil, which would cause coffee beans to fall and reduce production. Meanwhile, it was also reported that global coffee supplies had decreased when on Friday (10/7), the ICO announced that global coffee exports from October 2019 – March 2020 had decreased by 3.9% from last year to 61,959 million bags.

There was a price increase at the beginning of the week; it was not continued on Wednesday (15/7). It was noted that coffee prices weakened due to reduced demand. Thus, the price of Arabica coffee for the September 2020 contract fell 70 cents, or 0.71%, to the level of US\$97.95. The second wave of the Covid-19 pandemic forced regulations to be tightened, and several countries imposed lockdowns again, reducing demand from restaurants, cafes & offices. In California, restaurants and bars are closed for dine-in. The European Union is still closing its ports to goods from the US and other foreign countries for the next two weeks. Hong Kong imposes a maximum of 4 people.

One of the coffee companies in Indonesia is located in Raya Gilang. This study aims to analyze the impact of the COVID-19 pandemic on the import process of coffee auxiliary and raw materials at the company and also analyze coffee imports throughout Indonesia. With this pandemic, it can be seen that not only this coffee company will experience a decline in coffee imports, but throughout Indonesia, it has also experienced a decline, not even in imports but in export activities that have also decreased.

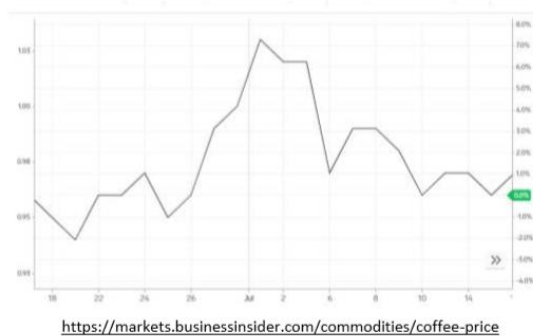
In the accounting practice, this coffee company has implemented SAK ETAP to prepare financial statements starting in 2010. The statement of cash flows presents information on historical changes in the entity's cash and cash equivalents, showing separately the changes that occurred during a period from operating, investing, and financing activities. Investments are generally classified as cash equivalents only if they have an immediate maturity of three months or less from the date of acquisition. The amount of bank withdrawals generally includes funding activities similar to loans. However, the number of bank withdrawals can be withdrawn at any time and is an inseparable part of the entity's cash management, so the overdraft includes components of cash and cash equivalents.

The company's financial statements are based on accounting rules and must provide historical, quantitative basic information, an important set of inputs used in calculating economic values. In preparing the financial statements at the end of the accounting period, basic assumptions are used so that the financial statements are in accordance with the actual situation.

PT. Santos Jaya Abadi is a company engaged in the private sector in coffee production. Not as a government agency or public institution. So, PT. Santos Jaya Abadi does not apply Public Sector Accounting in managing the company. Corporate social responsibility/CSR is

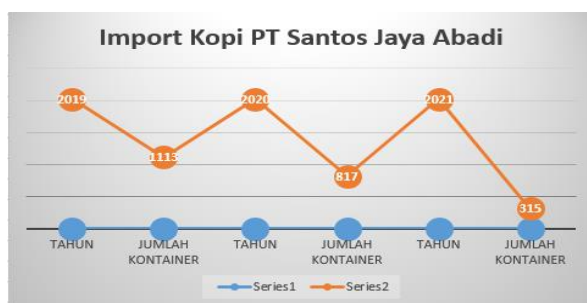
part of the company's long-term business strategy. Corporate social responsibility (CSR) is a concept that organizations, especially companies, are responsible to consumers, employees, shareholders, communities, and the environment in all aspects of the company's operations, such as issues affecting the environment, such as pollution, waste, product, and labor safety. CSR is not only limited to providing financial assistance to the social environment but also how the company treats its employees non-discriminatory, maintaining good relations with suppliers.

Where covid 19 has decreased everywhere, PT Santos Jaya Abadi has a program to distribute 10,000 gifts to medical personnel and health workers as part of the CSV (*Corporate Shared Value*) program during the covid 19 pandemic. Medical personnel works tirelessly on the front line fighting against the Covid-19 virus. Even at the end of the year, when families gather to celebrate Christmas and the new year, the media and health workers must remain on duty 24 hours. Therefore, as an expression of appreciation and gratitude, Santos Jaya Abadi, a coffee producer with the Kapal Api brand, 2020 through the CSV program, provided 10,000 packages of parcels to medical personnel. The distribution of these gifts shows that PT Santos Jaya Abadi wants to provide moral support to express concern for the National Heroes.



In trading Thursday (16/7), a report from the country stated that amid public concerns about the issue of the outbreak of the Coronavirus (Covid-19), exports of gayo arabica coffee from the Gayo Highlands did not show any effect on demand. In a Technical Coordination Meeting Related to the Prevention and Handling of the Covid-19 Virus at the Regional Disaster Management Agency (BPBD) Alert Post, Bener

Meriah, Aceh, conveyed that the coronavirus and coffee prices in the area did not have a significant effect.



The condition of the import process of PT. Santos Jaya Abadi during covid 19, 2019, Santos Jaya Abadi imported 1113 containers of coffee supplies and raw materials. At the beginning of the pandemic in 2020, coffee imports decreased to 817 containers by the end of the year. It has decreased significantly during the Covid-19 outbreak. And from 2021 until May, coffee imports began to increase with 315 containers, almost 500 containers in 5 months.

Analisis Pengaruh Pademic Covid 19 Terhadap Proses Import Bahan Pembantu dan Baku Kopi.docx



4. Conclusion

The impact of COVID-19 is of great concern to the people of Indonesia. In addition to having a major impact on public health, the COVID-19 case has also had a major impact on the community's economy. From the description above, the researcher concludes that Covid-19 has an impact on the economy in Indonesia, including the difficulty of finding work, many employees who are already working are forced to be sent home without being paid to an unknown extent, The emergence of crime in several areas, the State suffers significant losses. Very large, the import process has decreased, and there are many obstacles.

Although many problems occurred during covid 19, the government and all coffee companies in Indonesia worked together to restore trade in Indonesia so it could be stable and smooth again. PT Santos Jaya Abadi mainly provides support through funds and medical packages such as masks, medicines, hand sanitizer, etc.

The government has relaxed the income tax for industrial manufacturing workers (abolition of PPh 21 for six months) or corporate tax for the manufacturing industry (exemption of Import PPh 22 and a 30% discount on PPh 25) must be expanded. Because the current economic slowdown is not only felt by the manufacturing industry sector but also other sectors. Therefore, the government needs to carry out tax relaxation, such as providing tax breaks, accelerating the payment of restitution, and delaying the payment of tax installments to other sectors, especially those most severely affected, such as the transportation and tourism sectors.

In this Covid-19 pandemic, countries should still be able to control their country's import levels, namely by implementing correct and appropriate policies in accordance with current conditions, for example, by simplifying import licensing to overcome possible economic crises. Then the public is also asked to cooperate with the government by complying with the regulations and policies that apply during this pandemic to prevent the spread of Covid-19.

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