

CHAPTER II

LITERATUR REVIEW

The literature review section discusses theories relating to this research as well as describes some similar research.

2.1 Theoretical Background

2.1.1 International Trade

International trade is an activity of exchange of goods and services across the boundaries of a country or territorial of a country to other state territory. This trading activity is a significant source of contributor to the Gross Domestic Product and is critical to the economic, social, and political growth of a country. The revival of industry, transportation, globalization, multinational corporations have a very important meaning in the era of globalization and a step in the promotion of international trade. The philosophy and concepts contained in international trade are interdependence between countries with another countries, and generate relations between countries by national laws of individual countries, or bilateral/regional/multilateral agreements (Undang-Undang Republik Indonesia Nomor 24 Tahun 2000, about International Agreement).

One nation to gain from trade, the government should do everything in its power to promote exports and discourage imports, hence the protectionism (Smith, 2008 in Love and Lattimore, 2009). International

trade influences a whole range of activities including jobs, consumption and the fight against poverty. It also affects the environment and relations among countries. Trade is paradoxical in that it brings countries together, and often for their mutual benefit, while at the same time reinforcing competition between them, falling under the rules of the World Trade Organization (WTO) and trade agreements (Love and Lattimore, 2009).

2.1.2 Export

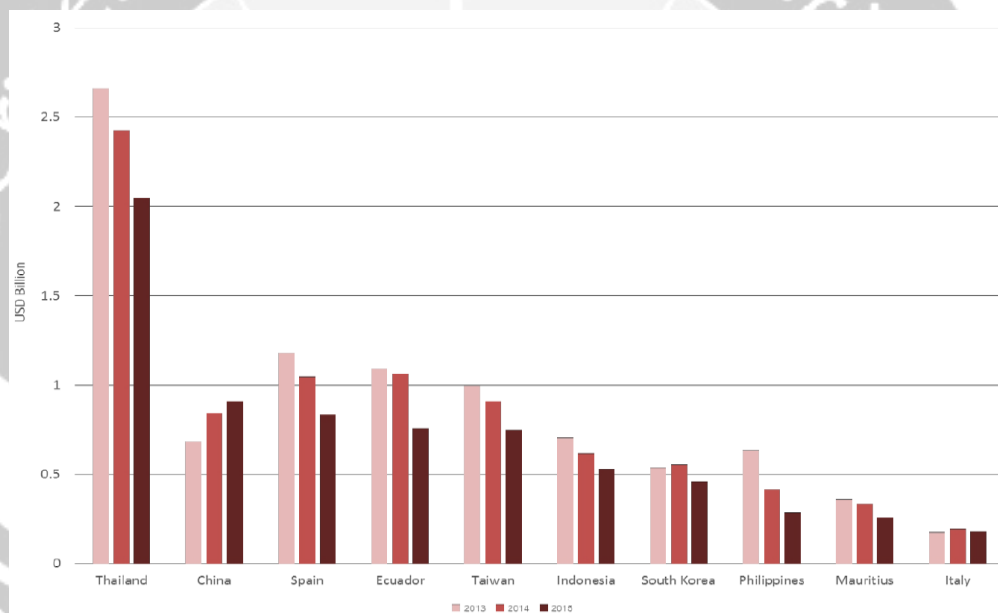
Export activity is a trading system by issuing goods from domestic abroad by complying with applicable regulations. Exports represent the total goods and services sold by a country to another country, including among goods, insurance, and services in a given year (Utomo, 2000).

2.1.3 Tuna as Comodity Export

Tuna is one of the most important economical fish species in the world and is the third largest fishery commodity in Indonesia after shrimp and fish base. Tuna has a relatively more expensive price compared to other fish commodity prices with increasing demand (WWF-Indonesia Fishery Team, 2015).

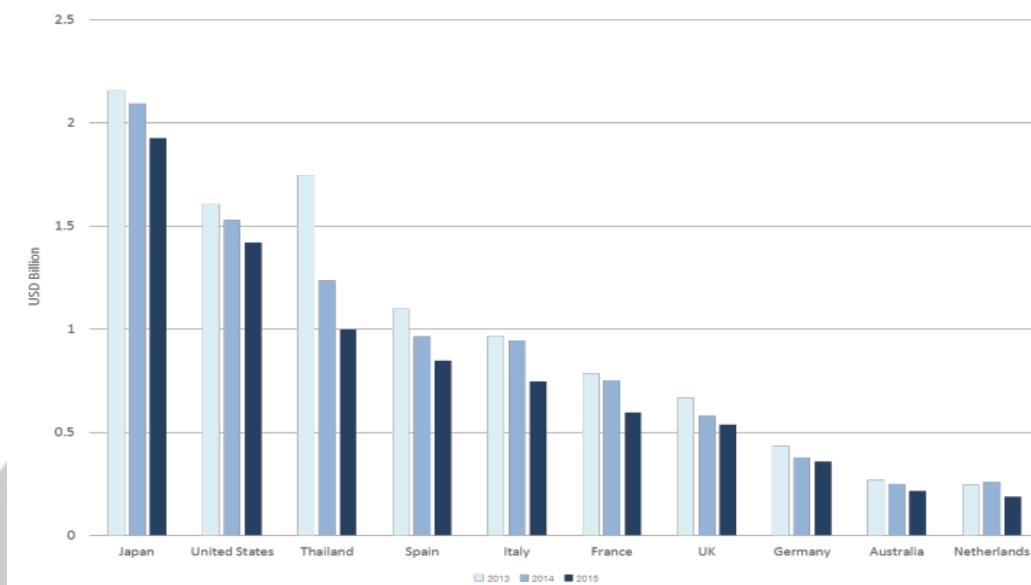
Tuna is a marine fish belonging to the Thunnini genus, composed of several species from the scombridae family, especially the Thunnus genus. Unlike most fish that have white meat, tuna is pink to deep red. Tuna is a fish that has high commercial value and important catching commodity (Ministry of Commerce Republik Indonesia, 2015).

Indonesian tuna fishery product is an export commodity after shrimp. Indonesia is one of producer countries and the world's largest exporter of tuna products. The main export market for Indonesian tuna is European Union, United States of America and Japan. Fresh form tuna, frozen or canned tuna are the export product of Indonesian tuna to international markets. Meanwhile, export market requires quality assurance and higher food safety (Nurani, et al., 2011).



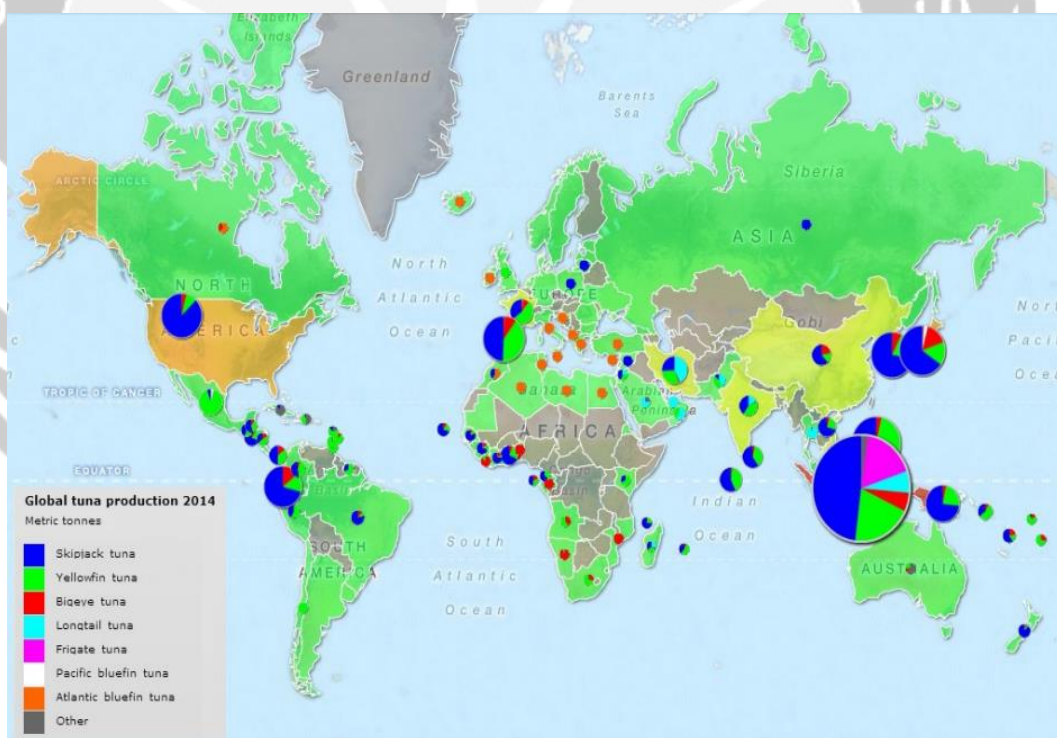
source: Lem, 2016

Figure 2.1 Top 10 Tuna Exporter 2013, 2014, and 2015



source: Lem, 2016

Figure 2.2 Top 10 Tuna Importer 2013, 2014, and 2015



Source: Lem, 2016

Figure 2.3 Global tuna production 2014

2.1.4 Marketing Strategy

Indonesian fish production need to run with marketing strategy which is not only oriented to sell the product of the process of selling (selling concept) but must be developed through the improvement of product quality as desired by the consumer (Nurasa, in Yudiarosa, 2009).

Proper strategic planning will greatly benefit the company in the future. The goal is to refine the company's business and products to gain profit and growth goals. Therefore, the company must know and learn to analyze the internal factors in the form of strengths and weaknesses owned and external factors such as opportunities and threats or obstacles that may affect their products (Yudiarosa, 2009).

2.1.5 Production and Marketing Factors

There are some several factors in production and marketing for Indonesian tuna product, such as (Lestari, et all., 2013):

a. Resources

Potential resources will be very affect the production volume of tuna in a country. The greater the potential resources, the opportunity of country to increase production is greater.

b. Processed tuna quality is produced

The quality of product will affect selling price. Better quality of product produced by a country, will increase the demand on international market.

c. Import requirements in destination country of export

Each destination country for tuna export have different import requirements between each other.

d. Fresh tuna prices and raw material prices

The price of fresh tuna will affect total cost production. The higher the price of raw materials, then higher the cost of production and consequently the selling price should be higher and may be can not compete in the international market.

e. Prices of tuna

Prices in overseas market will be related to quality of export product and also influenced by ability a country overcomes obstacles in export destination market.

f. Tariff and non tariff barriers

In general, export destination country apply import tariff setting. Bilateral relations or become an International organization member International can be done and may be lowering these tariff barriers. Another obstacles is non tariff barriers, such as quality, sanitation, food security, health, terrorism, environmental issues and administrative barriers.

g. World trade organizations, regional and bilateral organizations

Regional organizations and bilateral organizations strongly supports export performance of a product. Some of the organizations that regulates conservation, management of arrests and Indian tuna trade

are Ocean Tuna Commission (IOTC), International Convention on Conservation of Atlantic Tuna (ICCAT) and Western and Central Pacific Fisheries Commission (WCPFC).

- h. Information distribution of export procedures and import requirements the government needs to disseminate information related to export procedures and requirements. Information dissemination related import requirements from export countries destinations also need to be socialized to entrepreneurs (exporters).
- i. Development of market intelligence and Promotion
Market intelligence is an activity to know the condition of international market related to requested product, demand volume and other related information.

2.1.6 Human and Institutional Factors

Despite of production and marketing factors, there are also some human and institutional factor that affect Indonesian tuna fishery industry (Lestari, et all., 2013) :

- a. The role of the Government in the regulation of export regulation and import requirements

The regulation of export and import regulation is very strong in the competitiveness of a country's products.
- b. The role of Government in the handling and handling of illegal fishing

Illegal fishing is a crucial problem that needs special handling, because due to illegal fishing the country suffered huge losses. The availability of raw materials for the processing industry is also strongly influenced by illegal fishing. Illegal fishing by foreign fishermen in Indonesian territory with the target of catching tuna is rampant.

- c. The role of the Government in fostering the quality of processed tuna
Government coaching is indispensable for improvement and quality control processed tuna products, so Indonesian product can compete in international markets.

2.1.7 Types and Sizes of Commercial Tuna

Tuna fish that live in Indonesian marine waters are grouped into two types, large tuna and small tuna. Large tuna include madidihang (yellowfin tuna), albakora (albacore), big eye tuna, and southern bluefin tuna. Madidihang fish and big eyes are found throughout the marine waters of Indonesia. Meanwhile, albakora live in the waters of West Sumatra, South Bali to East Nusa Tenggara. Southern bluefin tuna only live in the waters South of Java to the waters of the South Indian Ocean which is low temperature (cold). Meanwhile, small tuna consists of skipjack tuna (tuna skipjack), tuna (*eutynnus affinis*), small tuna (*auxis thazard*) and gray fish (*thunnus tongkol*). Skipjack fish can be found in all marine waters of Indonesia, except in Southern Sunda Strait, Malacca Strait, Karimata Strait, and Java

Sea. Tuna has a very wide spread area or almost in all tropical and subtropics (Ministry of Commerce Republik Indonesia, 2015).

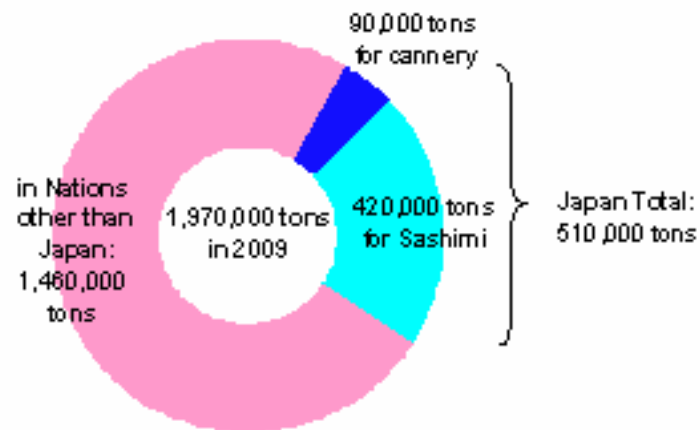
2.1.8 Product Export Description

In taxonomy, tuna is part of the mackerel family (Scombridae) and the perch-like order (Perciformes). This cruiser with a torpedo-like body can migrate efficiently through the (deep) ocean.

- a. Yellowfin, also known as 'ahi', is a tuna with yellow fins. Yellowfin can be found in cans or as fresh and frozen in steaks, loins, fillets or whole,
- b. Albacore, pale flesh tuna which can be mainly found in cans, but also as fresh or frozen,
- c. Bluefin, the biggest tuna species which is mostly used in sushi,
- d. Bigeye, also known as 'ahi', is a big tuna which is sold as tuna steaks and sushi,
- e. Skipjack, most common and relatively small tuna species mostly sold as canned tuna (www.cbi.eu/market-information/fish-seafood/fresh-tuna/ accessed on 28 Desember 2017)

2.1.9 Japanese Market and Indonesian Tuna Fishery Product

Japan leads the world in tuna consumption. It consumes one third of the world's tuna production and the second is the United States that consumes roughly another third. In 2003, about 458,000 tons of raw tuna was sold in Japan. Of this, 43 percent was caught in Japanese waters. The rest was imported (Hays, 2008 in factsanddetails.com).



source: FAO in www.oprt.or.jp

Figure 2.4 Amount of tunas consumed worldwide

The high demand for tuna in the international market makes the role of Indonesia's tuna fish catches industry increasingly important and strategic. The high volume of tuna export indicates that Indonesian tuna is well accepted in the international market, one of the International markets is the Japanese market. Japanese culture that consumes tuna fish makes Japan as the main destination of Indonesian tuna export. Indonesian fishery export commodities to Japan are dominated by Tuna Fish 33% (Statistics of exported fishery products according to Commodity and destination countries 2012, 2013 on Putri, et al., 2016). Almost 60% of Indonesian tuna exports are fresh and frozen tuna fish. Nearly 80% of the total export of fresh tuna is to Japanese market, followed by America United, Netherlands and Yemen. Mostly Indonesian tuna production is exported to several destination countries such as Japan, EU and America. Tuna demand in Japan and the United States from year to year has never experienced decline. The Japanese

market prefers fresh tuna because it is suitable for use as material Sashimi making standard is favored by Japanese consumers (Lestari, et al., 2013).



Source: Kawamoto, 2016

Figure 2.5 Three main market of tuna in Japan

2.1.10 Indonesia Japan Economic Partnership Agreement

Free trade is the absence of government obstacles goods traded by an individual or a company of a country to another country (export or import).

The obstacles that are usually done by the government are tariff setting, import duty, tax, protection, quota and dumping on business process conducted between Indonesia and Japan. Japan and Indonesia began with

an agreement reached between the leaders of both countries in June 2005.

The agreement was signed at a meeting held in Jakarta in August 2007 and apply on July 2008. Japan-Indonesia EPA becomes the sixth economy partnership agreement, after Japan has partnered with Singapore, Mexico, Malaysia, Chile and Thailand. While this is the first economic partnership agreement for Indonesia.

Summary of the Indonesia Economic Partnership Agreement

Agreement

The agreement aims to build economic partnerships between Japan and Indonesia, through liberalization and streamlining of investments and trade in goods and services, natural movement of people, closer relations in energy and resource mining, cooperation in human resource development, business environment, etc., and is expected to strengthen general bilateral relations, including economic relations (Japan Government, 2016).

2.1.11 Distribution of Management Areas in Indonesian Maritime Zone

For sustainable fisheries resource management, the National Commission for the Assessment of Fish Resources (KOMNASJISKAN) revised WPP-NRI from 9 WPP-NRI to 11 WPP-NRI. Determination of 11 WPP-NRI refers to FAO (Food and Agriculture Organization of the United Nations) where the numbering and distribution of management areas are in line with FAO international standards.

Based on the Minister of Maritime Affairs and Fisheries Regulation No.01 / MEN / 2009 on Fisheries Management Area of the Republic of Indonesia has determined the distribution of WPP to 11 WPP namely:

- a. WPP-RI 571 covers the waters of the Malacca Strait and the Andaman Sea;
- b. WPP-RI 572 includes the waters of the Indian Ocean to the west of Sumatra and the Sunda Strait;

- c. WPP-RI 573 covers the waters of the Indian Ocean to the south of Java to the south of Nusa Tenggara, Sawu Sea, and the West Timor Sea;
- d. WPP-RI 711 includes the waters of Karimata Strait, Natuna Sea, and South China Sea;
- e. WPP-RI 712 covers the waters of the Java Sea;
- f. WPP-RI 713 includes the waters of Makassar Strait, Bone Bay, Flores Sea, and Bali Sea;
- g. WPP-RI 714 Covers the waters of Tolo Bay and the Banda Sea;
- h. WPP-RI 715 covers the waters of Tomini Bay, Maluku Sea, Halmahera Sea, Seram Sea and Berau Bay;
- i. WPP-RI 716 covers the waters of Sulawesi Sea and North Halmahera Island;
- j. WPP-RI 717 covers the waters of Cenderawasih Bay and the Pacific Ocean;
- k. WPP-RI 718 covers the waters of Aru Sea, Arafuru Sea, and East Timor Sea(<http://fishmate.blogspot.co.id/2012/08/mengenal-wilayah-pengelolaan-perikanan.html>).

2.1.12 Major Port and Catchment Area of Tuna Fisheries in Indonesia

In general, Maluku-Papua contributes the biggest landings of albacore, bigeye tuna, and yellowfin tuna, with 26 percent of total Indonesian tuna landings, followed by North Sulawesi (24%), Bali-Nusa Tenggara (16%), South Sulawesi (12%), North Java (10%), and West Sumatra (8%) (Note:

for Bali-Nusa Tenggara, North Java, and West Sumatra, the landings also include Southern bluefin tuna). Since tuna resources are abundant and scattered around Indonesian waters, fishing grounds and landing areas of tuna in Indonesia are dispersed. A significant volume of tuna is unloaded in Muara Baru (Jakarta) and Benoa (Bali); three other fishing ports that carry tuna are Bitung, Ambon, and Sorong.



Source: (White Paper, 2011)

Figure 2.6 Major Ports of Tuna Fisheries in Indonesia

2.1.13 Illegal Fishing

Illegal fishing is an illegal fishing activity, fishing activities that are not regulated by regulations existing, or unreported activity to an institution or management agency available fisheries (Nikijuluw in Jaelani and Basuki, 2014). Unregulated Fishing occurs when fishing activity is on area protected by RFMO by ship without nationality or by ship with a state flag who are not members of RFMO (Sodik, 2005).

Illegal, Unreported and Unregulated (IUU) fishing is a major threat to marine biodiversity, the sustainability and balance of marine ecosystems, and to fish populations worldwide (European Commission, 2007 in

Bondarof, 2015). It is necessary to un-package and define what constitutes IUU fishing. The term IUU fishing generally encompasses all fishing that breaks fisheries laws or occurs outside the reach of fisheries laws and regulations (PEW Charitable Trusts (PEW), 2013 in Bondarof, 2015).

Table 2.1 Estimated Illegal and Unreported Catches for Tuna Products Exported in 2011 from the Top 10 Countries Exporting Wild-Catches to US

Country	IU catches range by Product (Estimated % for Tuna)	Product	Catch Exported to the U.S. in 2011 (in MT)	IU Catches Estimated % for Top 3 Products Exported to the U.S. by Each Country (in MT)	
				Lower Limit	Upper Limit
Thailand	25-40%	Tuna	128,381	32,095	51,352
Indonesia	20-35%	Tuna	19,443	3889	6805
Ecuador	10-15%	Tuna	21,510	2151	3226
Vietnam	25-35%	Tuna	24,513	6128	8579
Philippines	20-32%	Tuna	30,931	6186	9898
Mexico	15-25%	Tuna	4213	632	1053
Total			228,991	51,081	80,913

(in MT and percent by weight) source: WWF, 2015

Various Mode of IUU Fishing

- Fishing without legal permit, illegal entry into Indonesian waters
- Unauthorized fishing gears, in unauthorized fishing ground, port of call
- Fake document regarding transferred of foreign fishing vessels, document falsification, manipulation of prerequisite to conduct fishing activities (DC, Bill of Sale)
- Transshipment at sea without reporting to the assigned fishing ports
- Double flagging or sailing under Indonesian flags in Indonesian waters to avoid detection by Indonesian security

- f. Fictitious company address and forgery of documents issued by other institutions (Kusuma, 2014).

2.1.13.1 Disadvantage and Threat from Illegal Fishing

As a maritime country, Indonesians are heavily reliant on wild-catch and aquaculture fisheries production/resources to sustain their livelihoods. These resources are under threat because stocks are being depleted. Over-fishing and illegal, unreported and unregulated (IUU) fishing are serious problems in many Indonesian fisheries, including those shared with Australia and other neighbours (Australian Government, 2009).

Illegal and unreported fishing can have very significant effects on stocks. For instance, unreported catches of bluefin tuna from the Mediterranean (estimated by the International Commission for the Conservation of Atlantic Tunas to have been 19,400 ton in 2006 and 28,600 ton in 2007; 30) have significantly contributed to the rapid decline in the stock, and a failure by the European Union to control unreported catches led to a failure to generate any recovery in North Sea cod until very recently (WWF 2007, in Agnew 2009).

Economic Losses

- a. Estimated US \$ 40 billion/year
- b. Overfishing dan overcapacity
- c. Fisheries resources degradation depletion of fish stocks
- d. Marine ecosystem degradation

- e. Decline of catch per-unit effort (CPUE)
- f. Incompetitiveness of fishery businesses
- g. Weaken competitiveness of National Fishing Industries
- h. Affect Traditional Livelihood fisher folks remains suffering of poverty (Kusuma, 2014).

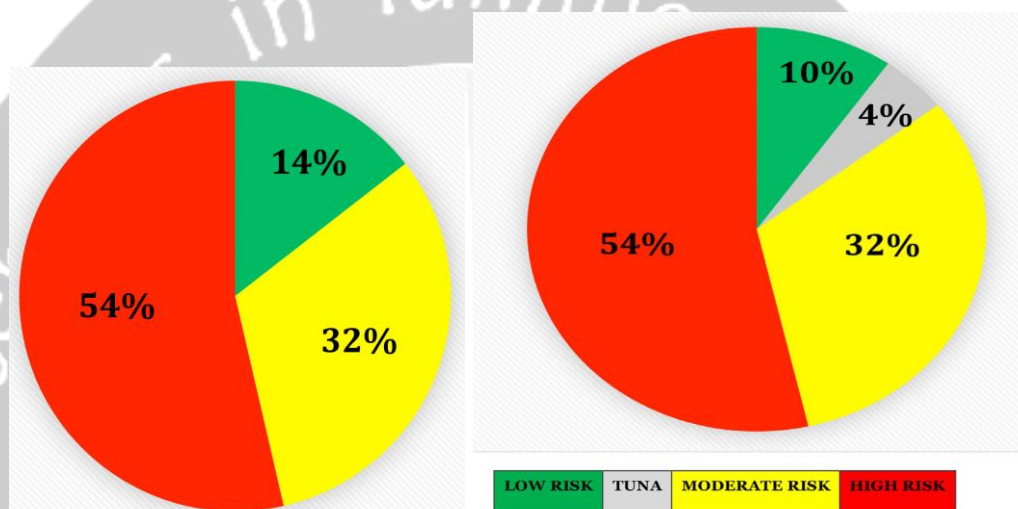


Figure 2.7 Species at-risk of IUU Fishing 567 Stocks/Species Groups

Source: WWF, 2015
Figure 2.8 Species at-risk of IUU Fishing Tuna Stocks Separate

All species/groups or stocks assessed were categorized as at high or moderate risk of IUU fishing; 54 percent experienced high levels of IUU fishing, while 32 percent experienced moderate levels of IUU fishing. Only 14 percent (82) of all species/groups or stocks assessed were categorized as at low risk of IUU fishing. However, of these, almost one-third (27) are tuna stocks, for which more recent studies have found significant levels of IUU. If tuna stocks were reclassified as moderate to high risk according to those analyses, only about 10 percent

of total stocks globally would be categorized at low risk of IUU fishing (WWF, 2015).

2.1.13.2 Indonesian Government Policy in Eradicate Illegal Fishing

Permen KP No 56 / Permen KP / 2014 and supported by Permen KP No. 57 / Permen-KP / 2014 About Fishing Enterprises in the Management Areas Fisheries of the Republic of Indonesia, which supporting the cessation of transshipment in the middle of the sea. There are also rules regulate the civil apparatus of the state in favor in eradicating illegal fishing in Permen KP no. 58 / Permen-KP / 2014 (Syahrani, et all., 2017).

2.1.13.3 Disadvantage from the Regulation

Despite their support for the government's efforts in the fight against illegal fishing, Indonesia's tuna exporters have urged the authorities to loosen their stance on requirements for tuna ships, which they claim have hampered the commodity's export performance.

To curb rampant illegal fishing carried out by foreign vessels, the Maritime Affairs and Fisheries Ministry imposed a temporary moratorium on the use of foreign-made vessels from November 2014 to October 2015, during which time it also froze the operation of vessels with a capacity greater than 30 gross tons (GT). The ministry required them to undergo permit audits and demanded that they be replaced by locally made vessels. As many as 1,132 ships were pulled from operations during the moratorium (The Jakarta Post, 2017).

According to Coordinating Minister for the Ministry of Home Affairs, Fishermen and Fishery Entrepreneurs support the Minister of Marine Affairs and Fisheries, Susi Pudjiastuti are aggressively arrested the perpetrators of illegal fishing. However, there is another problem that appears from those act. Many fishermen complained about the policy that they felt become barrier for fishermen and fishery entrepreneurs.

"In addition to supporting the eradication of illegal fishing, they also convey their grievances. And also conveyed about the moratorium on fishing, we collect it later to be delivered to the Minister of Marine and Fisheries directly," said the Coordinating Minister for the Ministry of Home Affairs on (Sutari, 2016).

2.1.13.4 IUU Prone Area in Indonesia

The fish-prone areas of Indonesia are Natuna sea, the Natuna sea (Riau Islands), the South Arafura Sea (Papua and the borders of Australia), North Bitung (North Sulawesi), Bird's Head (West Papua), Indian Ocean, Triangle Sea gold between Thailand, Indonesia and Malaysia (Siregar, 2016).

According to PSDKP's (Pengawasan Sumberdaya Kelautan dan Perikanan) records, in the Natuna Sea foreign fishermen that do illegal activities in Indonesia's seas are from Taiwan, Thailand, Malaysia, and China. While in Bitung there are foreign fishermen from the Philippines. In the Arafura Sea, fishermen from China, Thailand, and

Taiwan often steal fish. (<https://finance.detik.com/berita-ekonomi-bisnis/2783205/3-wilayah-di-ri-ini-rawan-pencurian-ikan>).

2.2 Authenticity of Research

Several previous studies which have relevance to this research are:

- a. The research by Rasyid (2015) aims to analyze the economic potential of Indonesian fisheries, particularly from the aspect of international trade within ASEAN. The study results show that Indonesian fish and fishery exports are generally spread over three regional blocks: developed countries (Japan, the United States and China), ASEAN (Singapore, Malaysia, Vietnam and Thailand) and new industrialized countries (Taiwan, Hongkong and South Korea). The export concentration index using the Herfindahl Index (IH) yields a coefficient of 0.102 of 10 countries if the export destination is relatively equivalent. The result of regression test with a sample of four ASEAN countries shows that export demand for fish and fishery products in Indonesia is more sensitive to consumer growth.
- b. According to Lestari, et al (2013), Indonesian tuna are mostly exported in fresh and frozen (55%), and 45% in processed foods. Based on the analysis of competitive profile, three factors of production and marketing are very influential on the competitiveness of tuna fish that is the quality of tuna produced, tariff and non tariff as well as development and promotion market. Human and institutional factors, factors that have an important role

in improving competitiveness are the Government's role in the development of tuna processing industry, the availability of human resources (HR) capable of handling the quality and role of government in prevention and handling of illegal fishing. Based on analysis of RCA analysis and matrix analysis of competitive profile of priority strategy that can be done to improve the competitiveness of Indonesian tuna processed with production and marketing factors such as (1) Improve the quality of Indonesian tuna processing, (2) Encourage to overcome tariff and non tariff barriers, (3) enhancing market development and promotional knowledge; The strategic priorities for human and institutional factors are (1) Increasing the role of the Government in the development of tuna processing industry, (2) Increasing the capacity of human resources capable of handling quality, (3) eradication and control of illegal fishing.

- c. Yudiarosa (2009) said, to compete with the other country in the world since free trade era to gain devisa, Indonesia should considering the other competitive resources. In relation to this, tuna as Indonesia's export commodity has plate an important role but presently Indonesia can only contribute 7% of the world tuna supply. Being one of the country which have unused tuna potensial up to 53,7%, Indonesia's opportunity to supply world market is the large. This studied was aimed at analyzing, factors influencing Indonesian tuna export, factors influencing domestic supply of tunas, predicting tuna export in the next 5 years (2000-2005) and study marketing strategies that effect Indonesia's export of tuna. Result of this

study showed that, tunas export price, tuna export tax, exchange rate and tuna export the previous year effected tuna export. Factors that influenced domestic tuna supplies were domestic prices of tuna and domestic supplies of tuna the previous year. Increase in tuna export must be supported by marketing strategies. Marketing strategies that can be carried out based on the SWOT analysis are improving infrastucture, transfer of technology for fleet and catch material, improvement in the quality and quantity of the product, marketing research and upgrading cooperation with importing countries.

- d. Putri, et all (2016), this reasearch aims to explain the factors that affect the volume of Indonesian Tuna Export to Japan such as exports price and exchange rate of the Rupiah againts the US dollar. This reaseach will tested if the dependent variables can affecting the independent variables simultaneously or even partially. Focus of reasearch is given on volume of Indonesia's Tuna exports in period 2011-2015. The reasult of F-test shows that tuna export price and exchange rate of the Rupiah againts the US dollar are simultaneously influencing significant to volume of Indonesia's Tuna Export to Japan. Partially, tuna export price and exchange rate of the Rupiah againts the US dollar are simultaneously influencing significantly to volume of Indonesian Tuna Export to Japan.
- e. Gripsurd (1990), this paper focuses on the process that occurs when active exporters, reacting to new opportunities, either enter or increase exports to psychologically distant markets. The overall purpose of the study is to

provide guidance for export promotion activities. Since future exports cannot be observed directly, the attitude regarding future exports is introduced as this study's primary dependent variable. A model is formulated where firm and product attributes, as well as perceived barriers. The empirical results support the notion that the product submarkets the firm operates in has an independent effect both upon its export experience and upon its attitude towards future exports opportunities are proposed as determinants of attitudes towards future exports. Previous export experience in the relevant market is also introduced as an additional variable in explaining attitude towards future exports.

- f. Hidayati, et al., (2016), Tuna is main export commodity of the fisheries sector with the average proportion of 15,31% of the total production. Indonesia tuna exported in the form of fresh, frozen, and preserved tuna with Japan and United States (US) as traditional markets. Through the Strategic Plan 2010-2014, Rep. of Korea has been set to one of the prospective market. The changes in the global order not only providing opportunities but on the other hand increasing the competition, so the competitiveness of products becoming the key factor to win the competition. The research aims to know competitiveness, competitive position, and determinant factors of Indonesia tuna competitiveness in word, Japanese, US, and Rep of Korea market. The research use the times series data of s import export tuna in 1982-2014 with the main source UN Comtrade and Ministri of Maritime Affairs and Fisheries of Indonesia. It

is using analysis of simultaneous equations, market share, Revealed Comparative Advantage, and Revealed Symmetric Comparative Advantage, Trade Specialist Ratio and Constant Market Share Analysis. The result showed that : 1) factors affecting the Indonesian tuna exports: a) the world market, b) Fresh tuna market in Japan, c) frozen tuna market in Japan, d) preserved tuna market in Japan. 2) Factors affecting the export price : a) fresh tuna market in Japan, b) frozen tuna market in Japan, c) preserved tuna in Japan. 3) Indonesia Tuna has a highly competitiveness in world market and the competitiveness of fresh tunas is higher than frozen and preserved tuna, 4) Indonesian tuna have high competitiveness In the Japanese market, the USA, and Rep. of Korea, with the rate of growth go to maturity, and 5) competitiveness of Indonesian tuna is caused by the effect of specific competitiveness.

- g. Rahmawaty, et all (2013), productivity and export of Indonesian fish product increase and Indonesia became number one producer of tuna product in the world. The biggest challenge for Indonesian fishery products in the era of free trade is food safety. This study aims to analyze the case of rejection of Indonesian fishery products by the U.S. and design a recommendation on food safety strategy development of fishery products export to United State. The result of data collection indicate that Indonesian products rejection by FDA in 2010-2012 has fluctuated and dominated by fishery products, with the main cause of rejection are filthy and Salmonella. The case study conducted at tuna processing company

which has been HACCP certified by Ministry of Maritime Affairs and Fisheries to strengthen the data. Case study indicate a failure in the application of HACCP system because of in harmony standard, regulation and audit system Indonesia to FDA. Based on gap analysis standard and regulation of Indonesia to FDA, recommendation are proposed on food strategy related to standardization, accreditation, infrastructure and international cooperation

- h. Apsari, (2011), purpose of this paper is to empirically analyze the effect of the export demand to total export of Indonesian Tunas in international market and to knowing the characteristic from the three main Importir Countries: United States of America, European Union, and Japan. Indonesia as a maritime nation has a big chance for being a big exportir of tunas to maintain economic stabilitation not only depended by oil and gas sector that tend to be depleted. The methods which used in this paper is simultan equation model with three step least square. Result of this study is knowing the characteristics of Indonesian tuna export demand in the international market, which can become very important material for government and business actors in Indonesian tuna to take the best policy in order to increase the export of Indonesian tuna sustainably.
- i. Jaelani and Basuki (2014), Indonesia has had some legislation as the legal basis on which the prevention and eradication of illegal fishing in Indonesia thats include the Territorial Sea Act 1939 and the Maritime Environment (Territorial Zee en Maritime Kringen Ordonantie, Stbl.1939 No. 442), UU No. 17 of 1985 on the Ratification of the United Nations

Convention on the Law of the Sea (UNCLOS), UU No. 5 of 1983 on the Indonesian Exclusive Economic Zone, Act No. 21 of 1992 on Shipping, UU No. 6 of 1996 About Indonesian water , UU No. 31 Year 2004 jo. Act No. 45 of 2009 on the Fisheries Act No. 32 of about Marine, Regulation of the Minister of Marine and Fisheries of the Republic of Indonesia Number 2 / CANDY-KP / 2015 on the Prohibition of the Use of Fishing Trawler and trawl Pull in Regional Fisheries Management of the Republic of Indonesia. But the reality in Indonesia is still a lot of cases of illegal fishing going on, it can be seen from the development of Non-Tax Revenues from KP sector fluctuated. In 2012, the Supreme Audit Agency (BPK) estimates of IUU fishing state losses of Rp 300 trillion and cause damage to habitats and marine ecosystems. Including illegal fishing that accompanied the destruction of the marine environment either by blast fishing, trawling, and using cyanide.

- j. Sunyowati (2014), the greatest potential of Indonesian marine biological resources is fisheries. The last decade showed that exploitation of fishery products in Indonesia showed a very significant increase. But, activities that accompany sea exploration is a fishery criminal activity that is very detrimental to Indonesia. The number of cases of IUU Fishing in Indonesia, basically cannot be separated from the weakness of law enforcement and supervision in Indonesian sea area, especially on the management of marine natural resources, as well as indecision of the apparatus in handling the perpetrators of illegal fishing. The practice of

IUU Fishing is not only economically disadvantageous, but also destroying the fishermen's economy. It also has a political impact on coexisting inter-state relations, violating state sovereignty and threats to the conservation of marine biological resources. The impact that arises is the crime of fish theft resulting in the destruction of marine and fishery resources.

- k. According to Osterblom And Bodin (2012) Illegal, unreported, and unregulated (IUU) fishing is prevalent globally and has detrimental effects on commercial fish stocks and nontarget species. Effective monitoring and enforcement aimed at reducing the level of IUU fishing in extensive, remote ocean fisheries requires international collaboration. Changes in trade and vessel activities further complicate enforcement. Used a web-based survey of governmental and nongovernmental organizations engaged in reducing IUU fishing in the Southern Ocean to collect information on interorganizational collaborations among the identified 117 organizations engaged in reducing IUU fishing. International collaboration improved the ability to control and manage harvest of commercially important toothfish (*Dissostichus* spp.) stocks and reduced bycatch of albatrosses (*Diomedidae*) and petrels (*Procellariidae*) in longlines of IUU fishing vessels. The diverse group of surveyed organizations cooperated frequently, thereby making a wide range of resources available for improved detection of suspected IUU vessels and trade flows, cooperation aimed at prosecuting suspected offenders or developing new policy

measures. Our results suggest the importance of a central agency for coordination and for maintaining commonly agreed-upon protocols for communication that facilitates collaboration. Despite their differences, the surveyed organizations have developed common perceptions about key problems associated with IUU fishing.

2.3 Boundary Concepts and Variables Affecting Export

To answer research objectives in this study, there are some boundary concepts and variables that used to arrange and compile questions list.

2.3.1 Export Experience in a Market

Gripsrud (1990), company market knowledge will make it easier to increase exports in the future. If company has experience in the relevant market, firms are likely to perceive less uncertainty in their exporting activities, have a better understanding of foreign market mechanisms, develop a network of personal contacts and customer relationships abroad, and, consequently, design and implement effective export marketing programmes (Madsen, 1989).

According to Erramilli (1991), export experience measuring the intensity of the firm's exporting experience, and scope measuring diversity of the experience. The number of years the manufacturer had been engaged in exporting activities to describe exporting experience. The scope of a firm's exporting experience was operationalized as the number of countries that the firm was involved in through regular exporting operations.

2.3.2 Firm and Product Characteristics

Product categories of the company are given obstacles and opportunities, that may vary from one product to another even within the same industry. Differences in demand and tariffs may exist between products. For example, the Japanese market become opportunity for Indonesia because the government's regulation toward fish import from Indonesia. Japan market also importance fat content, size, color and other attributes of particular species that do not coincide with requirements met in other markets (Katsikeas,1996)

2.3.3 Perceived Obstacles and Opportunities

Some of the obstacles and opportunities that may influence export performance of a firm, such as regulation and market condition are:

a. NTMs (Non Tarrif Measures) Regulations

As one means to monitor the quality of goods, the Japanese government imposed a series of rules that refers to the national interest. For that goods exported to Japan must follow a series of regulations, among others:

- i. The Plant Protection Law that regulates the quarantine system of fruits, vegetables, and plants that are banned in Japan.
- ii. The Consumer Product Safety Law which regulates procedures for importing and selling consumer goods in Japan.
- iii. Measurement Law which regulates the product packaging system with the label of content description, name and address of importer

- iv. Quarantine Law which regulates quarantine system of imported goods
- v. Law for Promotion of Sorted and Recycling Containers and Packaging which regulates recycled packaging systems
- vi. Industrial Standardization Law which regulates the standard system of industrial product quality
- b. Sanitary and Phytosanitary (SPS)

The Agreement on Sanitary and Phytosanitary Measures (SPS) builds on previous GATT rules to restrict the use of unjustified sanitary and phytosanitary measures for the purpose of trade protection. It requires that sanitary and phytosanitary measures be applied for no other purpose than that of ensuring food safety and animal and plant health. The basic aim of the SPS Agreement is to maintain the sovereign right of any government to provide the level of health protection it deems appropriate, but to ensure that these sovereign rights are not misused for protectionist purposes and do not result in unnecessary barriers to international trade. International standards are often higher than the national requirements of many countries, including developed countries, but the SPS Agreement explicitly permits governments to choose not to use the international standards. However, if the national requirement results in a greater restriction of trade, a country may be asked to provide scientific justification, demonstrating that the relevant international standard would not result in the level of health protection the country considered appropriate. (World Trade Organization)

c. Technical Barrier to Trade

TBT measures could cover any subject, from car safety to energy-saving devices, to the shape of food cartons. To give some examples pertaining to human health, TBT measures could include pharmaceutical restrictions, or the labelling of cigarettes. Most measures related to human disease control are under the TBT Agreement, unless they concern diseases which are carried by plants or animals (such as rabies). In terms of food, labelling requirements, nutrition claims and concerns, quality and packaging regulations are generally not considered to be sanitary or phytosanitary measures and hence are normally subject to the TBT.

2.3.4 Attitude Towards Future Exports

The attitude towards exporting forms part of the set of subjective characteristics specific to decision-makers (Leonidou et al, 1998 in Araújo et al, 2006), which include context of international sales, a favorable valuation by managers in relation to commercial operations abroad, their volume or their future consequences, may guide decisions, so that a favorable attitude to exporting can lead to consistent behavior.