

CHAPTER 5

CONCLUSION AND SUGGESTIONS

5.1 CONCLUSION

Taking everything into account, it can be concluded that Indonesia's coal export competitiveness is significantly high. This is supported by the evaluation and analysis that the author has used, including the use of Porter's Five Forces to analyze five important aspects in international coal trade, the use of market share indicator to see how big and powerful Indonesia's coal export in the world is, and also the use of Revealed Comparative Advantage indicator to help calculate whether or not Indonesia has a comparative advantage in exporting coal when compared to other major coal exporters.

It has been demonstrated that Indonesia has been the leading exporter of coal in the world for more than a decade by now. This is mostly due to the fact that Indonesia is favourably endowed with a substantial quantity of coal on its territory. The output of coal in Indonesia has also been consistently rising year after year, which, in the long run, contributes to the country's increased competitiveness in the export market for coal.

Based on the results of the Porter's Five Forces study, the author has determined that Indonesia's coal export competitiveness is strong for the following reasons:

1. Indonesia has a high bargaining power as a supplier due to its position as the top coal exporter in the world. This is due to the fact that Indonesia is the largest coal exporter in the world, with high demands coming from a variety of different countries throughout the world;
2. Indonesia does have a slightly increased threat of substitute products, as society is starting to shift away from the usage of fossil fuels and toward green energy that is more sustainable and less harmful to our environment;
3. Indonesia does, however, have a very high coal export competitiveness in the factor of threats of new entrants and rivalry among competitors. Because of the conflict between Russia and Ukraine, which began in 2022, a number of European nations have decided to stop importing coal from Russia, which was one of Indonesia's coal exporter competitors.

As a result, the demand for Indonesia's coal has increased significantly, and only a small number of countries have sufficient coal resources to fulfil this high demand.

On top of that, from the indicators that were used by the author, it can also be concluded that Indonesia has a very high coal export competitiveness based on the findings that:

1. Indonesia holds the biggest market share for coal export in the world accounting for more than 30% of the market share followed by Australia and Russia right after Indonesia.
2. From the calculation of 2021 Revealed Comparative Advantage Index of the top three coal exporters, namely, Indonesia, Russia, and Australia. It was found that Indonesia and Australia have an astronomically high RCA value, which are greater than 20 points, which means that they have high comparative advantage and high export competitiveness. While Russia, the world's third biggest coal exporter, only had a value of 6.37 which is not nearly as good as Indonesia and Australia.

5.2 SUGGESTIONS

Taking the results and conclusion of this research into consideration, there are several suggestions that can be use by Indonesia to further boost their coal export competitiveness despite their already high coal export competitiveness when compared to other competitors. Firstly, Indonesia should keep implementing their newest regulation regarding coal export where mining companies would have to fulfilled the yearly Domestic Coal Obligation (DMO) before exporting the coal in order to not disrupt the international trade flow. Another suggestion for Indonesia to keep paying close attention to the latest coal demand, coal trade trend, and also the global movement of shifting from non-renewable energies to renewable ones to be able to forecast the market demand. Last but not least, is for Indonesia to develop a more efficient and sustainable way to mine coal in order to boost their coal export competitiveness.

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