

Finally, I believe that my thesis has weaknesses. I am waiting for your comment and suggestion with pleasure. Hopefully, my thesis can give benefit for us.

Yogyakarta, July, 2004

YUNIAR PERMAYASARI



This chapter explains the study background, problem formulation, research limitation, objectives and benefits, definition of terms, and research organization.

Chapter II LITERATURE REVIEW

This chapter describes some empirical findings about Constant Market Share.

Chapter III THEORITICAL BACKGROUND

This chapter explains the international trade theory, the Constant Market Share Analysis, and the hypotheses formulation.

Chapter IV RESEARCH METHODOLOGY

This chapter deals with technical method of how this research was designed.

Chapter V DATA ANALYSIS

This chapter concern with data description, research findings and analysis.

Chapter VI CONCLUSIONS AND IMPLICATION

This chapter withdraws some conclusion from hypotheses.

The implication will be also shown in this chapter.

export market to those export destination countries can be increased in the future and has Term of Trade.

- The production of commodity SITC 842 and 843 is labor-intensive manufacture so that increase its export can push the economic growth and can reduce unemployment in this country.



Heckscher-Ohlin trade theory involves two countries, two final goods and two primary factors of production. Heckscher-Ohlin theorem said that each country exports the commodity, which uses the country's more abundant factor more intensively.

The basic assumptions of Heckscher-Ohlin trade theory are as follows:

1. The endowment factor of each country is different, so that there are countries, which have labor abundant, capital poor, and countries, which have capital abundant, labor poor.
2. The intensity factor of output is different, so that there are labor-intensive outputs and capital-intensive outputs.
3. The availability of inputs in each country is limited. It is called perfectly inelastic supply of input.
4. The quality of the same input in each country is homogen.

3.1.3. New-Techno Economic Paradigm

The New-Techno Economic Paradigm is a new paradigm of international trade, which involves technology in its activity. This paradigm uses technology as content of a product, which is trade in international market. A product which is produced contains technology, therefore, the product becomes the high technology product. Consumers in international market are

export destination country is relatively low. It means that this effect gives contribution to the decrease of export.

The positive sign of the competitive effect shows that the commodity gives contribution to the increase of export and the country is a powerful competitor. The negative sign of the competitive effect shows that the commodity gives contribution to the decrease of export and the country is a weak competitor.

3.3. Hypotheses Formulation

The hypotheses, which are examined in this research, is that the change on Indonesia's export of natural-resources-intensive manufactured products are contributed by all effects of the Constant Market Share analysis, which means Growth of World Export Effect, Commodity Composition Effect and Competitiveness Effect contribute to the change on Indonesia's export of natural-resources-intensive manufactured products.

- The market distribution effect

$$\sum_i^n \sum_j^m s_{ij} \dot{Q}_{ij} - \sum_i^n s_i \dot{Q}_i$$

This effect represents the additional change of a country's exports due to initial market distribution.

- The competitiveness effect

$$\sum_i^n \sum_j^m Q_{ij} \dot{s}_{ij}$$

This effect reflects the changes in competitiveness of a country's exports.



TABLE 5.2.
Indonesia's Export of Natural-Resources-Intensive Manufactured Products to South Korea 1983-1994:
CMS Analysis (in Thousands of US\$)

Year	Change of Export $\dot{q}$	Growth of World Export Effect $s\dot{Q}$ (-1-)	Commodity Composition Effect $\sum s_i \dot{Q}_i - s\dot{Q}$ (-2-)	Competitiveness Effect $\dot{s}_u \dot{Q}_u$ (-3-)	Total of (-1-)+(-2-)+(-3-)
1987-1989	4128470 100	2991353 72.457	-2979612 -72.172	4116729 99.716	4128470 100
1989-1991	-4071123 100	55754.78 -1.370	37889648.22 -930.693	-42016526 1032.062	-4071123 100
1991-1994	-353519 100	-1111127 31.435	-159236 45.043	-83156 23.522	-353519 100

Source : proceed from table 5,6 and 7

6.2. Implication

Indonesia's export of natural-resources-intensive manufactured products faces problem in competitiveness, problem in its importance in the export destination countries, and also can not enjoy the growth of export led by the world market growth. Therefore, Indonesia must pay more attention and focused on the effort of improving its export to overcome those problem such as producing more efficiently, promoting its export to the destination countries and improving the flow of information that could make Indonesia has good relationship to the world export/import market.



Tambunan, Tulus T.H. (2001), *Industrialisasi di Negara Sedang Berkembang:*

Kasus Indonesia, Ghalia Indonesia: Jakarta

Thee Kian Wie (2000), *Raising Indonesia's Competitiveness*, Ekonomi dan

Keuangan Indonesia Vol.XLVII No.1: pp.35-62

Widarjono, Agus (1991), Analisis Constant Market Share terhadap Ekspor Barang

Manufaktur Padat Karya Indonesia tahun 1975-1988, submitted to the

faculty of economics of University of Gadjah Mada in partial fulfillment of

the requirements for the Bachelor Degree in Economic Development,

unpublished

Widarjono, Agus (2002), *Kinerja dan Prospek Ekspor Produk Manufaktur Pasca*

Oil Boom, Kajian Bisnis No.26 Mei – Agustus: pp.77-88

