

# THE INCREASING OF WEST SUMATRA EXPORT IN THE GLOBAL MARKET DURING THE COVID-19 PANDEMIC

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## **Abstract**

*The international trade sector, especially exports, has become one of the focuses of the Indonesian government, especially the West Sumatra government. West Sumatra's leading export products such as essential oils, CPO, and rubber products have their own markets in the global market. Data from the West Sumatra Central Statistics Agency shows a significant increase in the export value of West Sumatra from the end of 2019 to the final quarter of 2020. This study aims to look at the factors that support the increase in exports of West Sumatra in the global market during the Covid-19 pandemic. To see these factors this study will use the concept of a resource-based paradigm which will focus on internal factors and the contingency paradigm that focuses on external factors of international trade. This research uses*

*qualitative research methods with a descriptive analysis approach. This study found that internal factors of increasing West Sumatra exports, namely West Sumatra government policies that support exports, the experience of local companies, and the performance of these two parties. Meanwhile, internal factors are the conditions of competition between countries in increasing production and the increasing global demand for food and medicinal products.*

**Keywords:** *Covid-19, export, West Sumatra, global trade, global market*

## **Introduction**

The economic sector is one of the important sectors for a country. A country with a stable and strong economy is the goal to be achieved in addition to political and social stability. So that every country in the international system is competing to build the economy of their respective countries. Various efforts have been made to develop the country's economy, including building the trade, industry, science and technology sectors, human resources, and so on. These efforts are not only implemented in the domestic context but also prioritized in the international context. This is inseparable from the increasingly rapid form of interaction between countries in building their economy. Of course, this has also shaped and helped build a scheme of the international economic system that exists today.

One of the activities or fields that shape and influence the current international economy is international trade, which is growing rapidly and has enormous economic potential. Export and import activities are dominant when talking about international trade because in international trade exports and imports are the driving force of international trade itself. As it is known that exports and imports are often used as indicators of a country's economic success. For example, when a country experiences an increase in the number and value of exports compared to imports, the country is considered positive because it has a trade surplus which means that the country benefits

financially from the trade they have done. However, there are also conditions that show that too low imports of a country also have a negative meaning, namely that the country is considered unproductive based on the analysis that not all countries have production sources that are already available in their country. There are various kinds of analysis regarding exports and imports, but the main value that is often taken by each country is that the high export value indicates the running of the domestic industrial sector and the income or profit for the country.

Every country in normative side always wants stable international conditions so that each country's international trade also runs well and stable. So that there are many collaborations formed by various countries and institutions or organizations to maintain and build international trade from various obstacles that can destabilize international trade, such as border conflicts, trade wars, tariffs, and permits for goods to enter. The existence of the WTO (World Trade Organization) as an international organization that handles international trade and various collaborations such as ASEAN+3, G20, and so on are various collaborations carried out to maintain the world economy, especially international trade.

However, at this time global conditions are faced with a different situation, namely the emergence of a new virus known as Covid-19 which is medically a virus that attacks the human respiratory system and can cause death. So far, Covid-19 is known to have emerged in one of the provinces in Wuhan City, China and quickly spread to various countries. The emergence of Covid-19 has become a very scary thing for people around the world because of the very high death rate from this virus in various countries.

Not only developed countries such as America, Britain, China and Japan, Indonesia is also faced with the Covid-19 pandemic. Indonesia is one of the countries that has a significant case of the Covid-19 pandemic. Based on data from the Ministry of Health of the Republic of Indonesia on June 17, 2020 there were 40,400 positive confirmed cases of Covid-19 in Indonesia

and 7,941,791 positive confirmed cases of Covid-19 in the world.<sup>1</sup> The high number of positive cases of Covid-19 patients to date is very worrying for various parties and even the country.

Covid-19 does not only attack humans but economically and socially it can be said that Covid-19 also attacks the economy of every country, because of several things, first of all, the limited movement of people which has an impact on decreasing demand for some products and services which of course will have an impact on the slowdown of several sectors. production and even the decline of small and medium enterprises. Second, the large state expenditures for handling this virus also have an impact on the continued reduction in state finances on the intensity of foreign aid. Third, the delay and even the cessation of various important state projects which have an impact on the decline in the level of state development. Since the spread of Covid-19 in many countries and the impact on the country's economic sector, the presence of Covid-19 also has a direct impact on international trade because international trade involves many countries with their respective domestic conditions which are in unstable conditions caused by Covid -19.

The impact of Covid-19 on the economies of many countries including Indonesia will also directly impact countries that have a large focus on international trade. For example, Indonesia as a country that relies on international trade will also feel the impact of unstable international trade caused by the Covid-19 pandemic. As is well known, Indonesia consists of 34 provinces where each province has the potential to export certain superior products to various countries in the international market. Such as processed palm products (CPO), rubber, coffee, fishery products, and so on.

West Sumatra is one of the provinces that contributes to Indonesia's export figures and is active in international trade, especially exports of various vegetable oil products such as CPO, artsiri oil, rubber and various other agricultural products. According to data from the Central Statistics Agency

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<sup>1</sup> Update Covid-19 on 17 June 2020. Source: <https://infeksiemerging.kemkes.go.id/> Accessed on 17 June 2020

(BPS) of West Sumatra, West Sumatra's export value in March 2020 was able to reach USD 140.42 million. This is a positive achievement for West Sumatra's exports. The stable value of West Sumatra's exports was also seen at the beginning of the 2020 quarter, namely an increase in exports in June from the previous month, which was USD 112.32 million. There was an increase of 55.01% from the previous month.<sup>2</sup> Although in April 2020 there was a contraction, the following month saw a very significant increase for West Sumatra exports.

Based on the data above, it can be seen that since the emergence of the Covid-19 pandemic in various countries, especially West Sumatra as one of the provinces with export potential in Indonesia, it is also faced with uncertain international trade conditions, especially in the export sector. From January to March 2020 West Sumatra experienced an increase in exports but a significant decline in only one month, namely in April 2020 which reached a decline of up to 33.15%. The figure of 33.15% is not a small number because it indicates a decline or setback for the export sector of West Sumatra. This decline did not last long because in the following month and even in the final quarter of 2020 there was a significant increase in West Sumatran exports.

The main destination countries or markets for West Sumatra's leading export products are India and the United States in addition to China, Singapore and Middle Eastern countries. 28.53% of product export destinations from West Sumatra are India, while the second position of 20.01% export destinations for West Sumatra products is the United States.<sup>3</sup> The countries above are also countries experiencing the Covid-19 pandemic, even the United States is the country with the most Covid-19 positives at this time.

In his research, Ginting stated that export are related to economic growth and Indonesian economic growth supported by the good management

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<sup>2</sup> Sumbarprov. Perkembangan Ekspor dan Impor Sumatera Barat Juni 2020. Source: <https://sumbarprov.go.id/home/news/19223-perkembangan-ekspor-dan-impor-sumatera-barat-juni-2020.html> Accessed on 15 September 2020

<sup>3</sup> Berita Resmi Statistik 2 Juni 2020. Badan Pusat Statistik Sumatera Barat. 2020, page 23-27.

of Indonesian export administration system, research and technology of the product. Also, good infrastructure, financial stability and the emerging of non traditional market are another supporting factors that increase Indonesia export.<sup>4</sup> More explanation about West Sumatra export to global market can be seen in the research by Yolamalinda that explain that West Sumatra export defined by the market orientation of the export. Consumer and competitor are included in some variables of market orientation of West Sumatra export.<sup>5</sup> There are some previous research about West Sumatra export and Indonesian export, but research about West Sumatra export that got increase in the pandemic Covid-19 is not any yet. So, it is a useful research to be done about West Sumatra export that got increase in the pandemic Covid-19.

Based on the explanation above, there are interesting conditions to study, namely the increase and stability of West Sumatra exports during the Covid-19 pandemic. Meanwhile, in various other countries and regions there was a significant decline in exports. The Covid-19 pandemic itself has become an epidemic in various countries including the United States and India since the last quarter of 2019, but during that period until the beginning of 2020, West Sumatra's export conditions experienced a significant increase. So it is interesting to study more scientifically what factors support the increasing exports of West Sumatra in the global market during the Covid-19 pandemic.

## **Research Method**

To achieve the objectives of this research, the research method that the researcher uses is a qualitative research method, which is a method that relies more on linguistic data than numerical data, and uses the basis of meaning in data analysis.<sup>6</sup> Furthermore, the type of research that will be used in this

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<sup>4</sup> Ginting, Ari Mulianta, Analisis Pengaruh Ekspor Terhadap Pertumbuhan Ekonomi Indonesia, Buletin Ilmiah Litbang Perdagangan, Vol. 11 No. 1 (2017), page 1-20.

<sup>5</sup> Yolamalinda, Pengaruh Orinetasi Pasar Terhadap Kinerja Ekspo Sumatera Barat, *Economica*, Vol.1 No. 1 (2012), page 44-56.

<sup>6</sup> Robert Elliot, Ladislav Timulak, *Descriptive and Interpretive approaches to Qualitative Research*, (Oxford: Oxford University Press, 2013) Page 147

research is descriptive analysis. This type of research has a simple way of analyzing and interpreting data on an existing social phenomenon.<sup>7</sup> The data collection technique chosen is literature study, namely the data needed to answer the questions in this study obtained through a literature review or literature study using books, journals, online news, and official government websites such as [sumbar.bps.go.id/](http://sumbar.bps.go.id/), [sumbarprov.go.id](http://sumbarprov.go.id), [infeksiemerging.kemkes.go.id](http://infeksiemerging.kemkes.go.id) and other related website and sources.

The concept of international trade, especially exports, has various definitions and understandings from experts. Broadly speaking, export is an activity of selling products to other parties outside the territorial area or outside the country's borders. According to the Law of the Republic of Indonesia Number 17 of 2006, export is the activity of removing goods from the Customs area. The customs area itself is the territory of the Republic of Indonesia which includes land, waters and air space above it, as well as certain places in the Exclusive Economic Zone and continental shelf in which the Law of the Republic of Indonesia applies.<sup>8</sup>

Exports are very dominant seen when discussing international trade or when analyzing a global market. Not only carried out by developed countries, exports are also increasingly being carried out by developing countries. This is inseparable from the role of exports as one of the main keys for developing countries in developing their country's economy, especially in the economic field.<sup>9</sup> As a developing country, Indonesia is a country that makes exports its economic focus. Furthermore, of course, exports by West Sumatra itself. With the emergence of the Covid-19 pandemic, it also has an impact on West Sumatra's exports because of the dynamics of increasing and decreasing West Sumatra's export numbers.

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<sup>7</sup> Affifudin, & Saebani, B. A. (2009). *Metodologi Penelitian Kualitatif*. Bandung: CV Pustaka Setia.

<sup>8</sup> Undang-undang Republik Indonesia Nomor 17 Tahun 2006 tentang Kapabeanean Rebuplik Indonesia.

<sup>9</sup> Danjuma N. H, Habakuk A, Amos A. A. International Trade: a Mechanism for Emerging Market Economies, *International Jurnal of Development and Emerging Economies*. Vol. 2,No.4, (2014) page 24-32

To understand the impact of Covid-19 on West Sumatran export products in the Global Market, this study will use resource-based theory to look at internal factors and contingency theory to see external factors from the influence of Covid-19 on West Sumatran exports in the Global market. This theory is also found in research conducted by Sousa Carlos M.P and colleagues entitled *The determinants of export performance: A review of the research in the literature between 1998 and 2005*.<sup>10</sup>

Table 1. Internal and External factors affecting exports

No.	The Determiants of Export Performance	
	Resource-based (Internal)	Contingency (Eksternal)
1.	Managerial characteristic	Foreign market characteristic
2.	Organizational characteristic	Foreign environmental characteristic
3.	Targeting	Domestic market characteristic
4.	Firm characteristic	
5.	Marketing-mix strategy	
6.	Market orientation	

However, in the research conducted by Sousa Carlo M.P, these two theories are aimed at exports as a whole. While in this study, these two theories are used to see new phenomena that began to occur at the end of 2019 and are still continuing today.

Many researches have been done on international trade and exports between countries in the Global market scheme. However, there is still no research that examines the impact of the Covid-19 pandemic on West Sumatran export products on the global market. So it is very interesting to see how the Covid-19 pandemic affects West Sumatran export products in the

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<sup>10</sup> Carlos Sousa M.P, Francisco J. Martinez Lopez, and Filipe Coelho. (2008) *The determinants of export performance: A review of the research in the literature between 1998 and 2005*. *International Journal of Management Reviews* (2008). Volume 10 Issue 4 page 343–374



global market. Therefore, it can be said that this research has novelty and an interesting state of the art for further research.

## **Result and Discussion**

### **The Internal Factors of Increasing West Sumatra's Exports in the Global Market**

The following are the internal factors that the authors found in the increasing or stable export of West Sumatran products in the global market. First, the government of West Sumatra is included in the provincial government in Indonesia which is very concerned about its export sector. The Government of West Sumatra has always emphasized the importance of increasing West Sumatra's export activities to the global market. This can be seen from several West Sumatra provincial government policies related to increasing export activities. This policy is in the form of policies that support local companies to increase their exports to the global market, including the ease of licensing, export consulting for companies that will expand their exports, and other policies.<sup>11</sup>

During the Covid-19 pandemic, the West Sumatran government continued to provide support to local companies to keep running their production by always paying attention to the health protocols of workers during the pandemic.<sup>12</sup> This is done so that the company continues to operate and carry out activities as usual without having to stop during the pandemic. Thus the company continues to operate and the economy also continues to run well despite the problems faced together.

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<sup>11</sup> Sumatera Bisnis. Ini Upaya Pemprov Sumbar Lakukan Pemulihan Ekonomi di Tengah Pandemi. Source: <https://sumatra.bisnis.com/read/20200903/533/1286698/ini-upaya-pemprov-sumbar-lakukan-pemulihan-ekonomi-di-tengah-pandemi> Accessed on 17 September 2020.

<sup>12</sup> Antara Sumbar. Kemnaker awasi penerapan normal baru di perusahaan, tak terapkan protokol kesehatan kena sanksi. Source: <https://sumbar.antaranews.com/berita/364624/kemnaker-awasi-penerapan-normal-baru-di-perusahaan-tak-terapkan-protokol-kesehatan-kena-sanksi> Accessed on 16 September 2020

West Sumatra's leading export products are vegetable oil products such as CPO, essential oils, rubber and various other agricultural products. These products are raw materials for various daily needs such as raw materials for food products, medicines, cosmetics and so on. CPO is the main ingredient for cooking oil products. Many countries are dependent on CPO exports from Indonesia, where one of the largest CPO-producing provinces in Indonesia is West Sumatra. Not only as a basic ingredient for cooking oil, CPO is also a basic ingredient for the manufacture of several cosmetics, bio fuels, and supporting materials for the production of various other products.

As is known, even though the Covid-19 pandemic has hit many countries and the lockdown policy has been implemented to anticipate the increase in the positive number of Covid-19, the global community's need for food or basic daily needs will always increase. Humans need food although they must be limited in terms of movement of daily activities. So with conditions where the movement of global society is limited, but on the contrary, basic daily needs such as consumption will continue to run. Moreover, with uncertain conditions regarding the availability of food supplies, many people in various countries have taken action to purchase basic necessities in large quantities compared to normal conditions. This situation indirectly affects the demand for raw materials for the manufacture of several food products. Call it in this case, one of which is the need for CPO which is the basic material for making several products for the daily needs of the global community.

Further, it can be seen in the needs of the global community for medicinal products. During the Covid-19 pandemic, the public's need for medicines has increased. One of the export products of West Sumatra which is the raw material for making medicine is essential oil. This oil has properties that are known in various countries because essential oils in addition to having a fragrant aroma also have properties in treating various diseases. For example, citronella oil is very well known as a basic ingredient for making medicines in various countries and its fragrance is favored because of its distinctive and calming aroma.

The next factor that helps determine West Sumatra's exports in the global market is that local West Sumatran companies are companies that have experience in carrying out export activities. These companies have been able to demonstrate their strength in continuing to export even though the global economy and market conditions are considered to be in an unstable condition caused by the Covid-19 pandemic. This is of course also supported by the role of the provincial government in working together so that West Sumatra exports continue to increase.

In the midst of the Covid-19 pandemic where the social economic conditions of the people of West Sumatra are experiencing problems, West Sumatran companies participating in export activities continue to race and try to keep their production stable and increase. One example is the CPO company PT. Padang Raya Cakrawala (Apical Group) has built an oil refinery at Teluk Bayur Padang Port as an effort to expand its production. The construction of this refinery is strongly supported by the government of West Sumatra because one of these companies does not only produce for domestic needs but focuses on increasing CPO exports.<sup>13</sup>

The success of West Sumatran product exports in the global market in the midst of the Covid-19 pandemic is also inseparable from the characteristics of export-oriented West Sumatran local companies. These companies are very concerned about their product marketing strategies as well as possible during this pandemic. The marketing strategy of these companies is also in line with the provincial government's strategy that focuses on stabilizing and increasing source exports in the global market. So not only the provincial government's policies that support increasing exports but also supported by the provincial government's efforts to establish and seek information that supports exports of West Sumatra.

The government of West Sumatra has always been active in determining market opportunities for products from West Sumatra in the

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<sup>13</sup> Pos Metro Padang. Pabrik PRC Hadir di Teluk Bayur, Ratusan Tenaga Kerja Diserap Perusahaan. Source: <https://posmetropadang.co.id/pabrik-prc-hadir-di-teluk-bayur-ratusan-tenaga-kerja-diserap-perusahaan/> Accessed on 20 September 2020

global market. Furthermore, the provincial government is also active in establishing cooperation with the governments of other countries to develop trade in West Sumatra. Of course, this activity cannot be separated from the role of the central government such as the Ministry of Trade of the Republic of Indonesia. It can be seen that the marketing strategies of local companies and local governments, in this case the provincial government of West Sumatra and the central government, synergize in forming a very good strategy. This strategy is very helpful in increasing exports of West Sumatran products in the global market.<sup>14</sup> Although the pandemic hit West Sumatra, Indonesia and even many other countries, West Sumatra's exports could remain stable and even increase.

### **The External Factors of Increasing West Sumatra's Exports in the Global Market**

Generally, external factors from the export performance of a country or region are factors that affect the number of exports originating from outside the country or region itself. This external factor can be in the form of conditions that exist outside the export country or the export destination country. Global conditions both social, economic, security and so on can also be said to be part of external factors. For example, when a country experiences security problems, this condition will indirectly affect its demand for various products from other countries or regions. If a country is experiencing a decline in economic performance, for example inflation, this will also affect the country's demand or imports. However, this may not affect certain products.

The characteristics of the destination country or market for West Sumatran export products are one of the external factors of the increasing exports of West Sumatra during the Covid-19 Pandemic. Based on data for 2020, the main export destinations for West Sumatran products are India, the

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<sup>14</sup> Republika. Mengapa Gubernur Sumbar Sering ke Luar Negeri? Source: <https://republika.co.id/berita/pu5aru282/mengapa-gubernur-sumbar-sering-ke-luar-negeri>  
Accessed on 18 September 2020

United States, China, and Bangladesh. China has experienced an increase in West Sumatra's export numbers, making China the first country to export West Sumatra products.<sup>15</sup> If analyzed, these export destination countries are countries that do not escape the economic and social problems caused by the Covid-19 pandemic. China itself is known as the country of origin of this virus outbreak. The United States is also reported to have a very large number of Covid-19 positives and India is faced with difficulties in dealing with the positive spike in Covid-19 amid India's financial difficulties. This is also exacerbated by the high number of India's population living below the poverty line, low access to health and very high mobility of the people so that Covid-19 has worsened the social and economic conditions of Indian society.<sup>16</sup>

The characteristics of the export product market of West Sumatra, in this case India, the United States, China and Bangladesh, are countries that are very active in the production of various products. India and Bangladesh are known as textile producing countries, the United States and China as producer countries of manufactured products which are also exported to various countries. Each country will always increase their production even during the Covid-19 pandemic. Therefore, these countries need raw materials as the basis for production. So indirectly the demand for raw materials will also increase. In this case, it also has an impact on the stability of demand for West Sumatra export products. The concept of a global production chain can be seen in the above conditions. When a manufacturer produces a product, they will need raw materials from other manufacturers. In this concept it can be analyzed that to make a product it can be through several productions originating from several companies from different countries.<sup>17</sup>

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<sup>15</sup> Langgam. Sepanjang Agustus 2020, Tiongkok Jadi Tujuan Utama Ekspor Sumbar. Source <https://langgam.id/sepanjang-agustus-2020-tiongkok-jadi-tujuan-ekspor-utama-sumbar/> Accessed on 19 September 2020.

<sup>16</sup> Kompas. Ini Beberapa Alasan Kasus Covid-19 di India Lampau 2 Juta. Source: <https://www.kompas.com/global/read/2020/08/07/223308870/ini-beberapa-alasan-kasus-covid-19-di-india-lampau-2-juta?page=all> Accessed on 19 September 2020.

<sup>17</sup> Meine Pieter van Dijk and Jacques Trienekens. Global Value Chains: Linking Local Producers from Developing Countries to International Markets, pp 9-30. (Amsterdam: Amsterdam University Press, 2012)

The next external factor that determines the level of exports of a country or region is the characteristics of the condition of the international system. The international system is one of the important factors when discussing the country's economy, including looking at export and import opportunities.<sup>18</sup> When the global economy is experiencing problems such as financial crises in several countries, trade wars between one country and another as is currently happening between the United States and China and various other problems, this directly affects international trade activities. Can have an impact on decreasing exports and imports of a country or even vice versa can increase exports and imports of a country.

One of these can be seen in the case when the United States experienced the financial crisis in 2009 which had an impact on the decline in exports of various countries to the United States. Although on the other hand, exporting countries to the United States market such as China, Japan and South Korea can overcome this problem of decline by increasing their exports to other developing countries such as countries in Southeast Asia or those who are members of ASEAN.<sup>19</sup> From the case examples above, it can be concluded that the condition of the international system greatly affects the export growth of a country where this growth can increase or decrease and stagnate.

The international system, especially the global economy, is currently very volatile and its dynamics are always changing. Each country is currently entering into the competition in showing its economic performance, one of which is by increasing their respective exports. China and the United States are currently entering a very serious trade war phase where each country is attacking each other with import tariffs for each imported product. This trade war has had a profound impact on the current state of the international system. India does not want to lose in terms of competition for increasing role in the

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<sup>18</sup> Carlos Sousa M.P, Francisco J. Martinez Lopez, and Filipe Coelho. (2008) The determinants of export performance: A review of the research in the literature between 1998 and 2005. *International Journal of Management Reviews* (2008). Volume 10 Issue 4 pp. 343–374

<sup>19</sup> Silvi Cory, The Potential of ASEAN in ASEAN Plus Three Economic Cooperation. *Proceeding ICASEAN*. 2020. hal 383-389

global economy. As is known, India is one of the countries participating in the vortex of global trade competition.<sup>20</sup>

To be able to become a major and influential player in the global system, each country must be able to show its economic improvement in the eyes of the global community. Furthermore, these countries are expected to become dominant players in international trade. One way that countries can do to dominate the international market and become a major player on the global stage is by increasing their exports. The increase in exports must be supported by good and quality domestic production. To run a domestic industry, companies need raw materials from the products they produce. In response to this, these countries need supplies of raw materials from various countries. In this case, the raw material exporting country will also benefit.

From the conditions discussed above, it can be analyzed that India, the United States and China, which are the main trading partners of West Sumatra, are countries that are actively involved in the struggle for roles in the international arena. China has always built its economy through international trade or exports to other countries. Likewise, the United States will not remain silent in responding to the struggle for its existence with China. And India is also a new player in the global economy. As is known, these three countries are the main destination countries for West Sumatra's export products. So with the efforts of these three countries in continuing to build their economies through production and exports, they have helped encourage their demand for raw materials or raw materials, one of which comes from West Sumatra such as CPO, rubber, essential oils and various other products.

Global economic conditions that are in the period of the Covid-19 pandemic and the period of competition between China and the United States and India have indirectly contributed to increasing export demand from West Sumatra. As previously explained, the competition of each country in

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<sup>20</sup> CNBC Indonesia. Soal Pertumbuhan Ekonomi, China tak Mampu Kalahkan India Source: <https://www.cnbcindonesia.com/market/20190102175243-17-48813/soal-pertumbuhan-ekonomi-china-tak-mampu-kalahkan-india> accessed on 19 September 2020.

developing their economies to be able to compete globally and become an important player in the international system has formed a production chain that involves West Sumatra as an exporter of raw materials for their industrial needs. This impact was very positive for West Sumatra in increasing exports in the midst of the Covid-19 pandemic. When many countries experienced trade balance deficits, one of the provinces in Indonesia, namely West Sumatra, experienced an increase in exports (surplus).

The next external factor that helped increase West Sumatra's exports during the Covid-19 pandemic was the type of product being exported. Types of export products from West Sumatra are basic daily necessities such as raw products for the food, medicine and cosmetic industries. The type of product that is in demand by global consumers can of course determine the demand for a product. Consumer needs for goods are also of course also determined by the conditions that are happening to these consumers, both in one country and in the conditions of global society.

During the Covid-19 pandemic, the demand for medicinal and food products increased by many times compared to before the pandemic. The global community is flocking to buy basic necessities and even buy them for long-term needs. This is triggered by government policies in various countries in implementing lockdown policies so that people maximize spending on basic needs with one purchase. Worries about the lack of supply of basic needs also encourage people to buy basic necessities in large quantities. As can be seen in various countries where people buy food in large quantities because they are worried about the availability of basic commodities.<sup>21</sup> In the United States, many people are shopping for basic necessities in very large quantities in the face of the Covid-19 pandemic.<sup>22</sup>

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<sup>21</sup> Liputan 6. HEADLINE: Virus Corona Picu Panic Buying Makanan, Masker, Hand Sanitizer, Bagaimana Meredamnya? Sources <https://www.liputan6.com/news/read/4193886/headline-virus-corona-picu-panic-buying-makanan-masker-hand-sanitizer-bagaimana-meredamnya> Accessed on 19 September 2020.

<sup>22</sup> Reuters. No milk, no bleach: Americans awake to coronavirus panic buying. Source: <https://www.reuters.com/article/us-health-coronavirus-usa-shoppers-idUSKBN211171> Accessed on 19 September 2020.



The above actions directly encourage companies to increase their production due to the increasing demand for basic necessities or consumption needs. As previously explained, when the company is going to improve its industry, the company needs raw materials as the composition of the manufacture of its products. In this case, in several food products, West Sumatra is one of the exporters of the raw materials needed such as CPO which is useful for making cooking oil and other consumption needs.

Not only on staples or consumption, the same thing also happens to the increasing public demand for medicinal products. The world community tries to keep improving their health in the face of the Covid-19 pandemic because a healthy body and strong immune system can increase immunity against various diseases including Covid-19.<sup>23</sup> Therefore, the demand for raw products for the manufacture of medicines has increased significantly.

West Sumatra is one of the global producers of essential oils which is one of the ingredients for making various medicines. When the demand for medicines increases in the global market, this condition becomes a positive value for West Sumatra because it has an impact on the demand for essential oil products from West Sumatra and continues to increase exports of essential oils from West Sumatra which are known for their good quality.

The interesting thing about the export of West Sumatran products which are the raw materials for making medicines is the increasing demand for mangosteen exports from West Sumatra. During the Covid-19 pandemic, in 2020 there was an increase in mangosteen exports from West Sumatra to China. Even the number of mangosteen exports from West Sumatra to the Chinese market doubled in 2020, namely as many as 143 shipments from January to July 2020 with a total of 475.5 tons and a figure value of 21.4 billion IDR.<sup>24</sup>

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<sup>23</sup> CNN Indonesia. Alasan di Balik Imunitas Tubuh Kuat Bisa Cegah Covid-19. Source: <https://www.cnnindonesia.com/gaya-hidup/20200318125414-255-484489/alasan-di-balik-imunitas-tubuh-kuat-bisa-cegah-covid-19> Accessed on 19 September 2020.

<sup>24</sup> Republika. Ekspor Manggis Sumbar Justru Meningkat di Masa Pandemi. Source: <https://republika.co.id/berita/qehm8r349/ekspor-manggis-sumbarjustru-meningkat-di-masa-pandemi> Accessed on 18 September 2020.

From the explanation above, it can be analyzed that the increase in exports of West Sumatra products is also largely determined by external conditions, namely the conditions and characteristics of the global market and the current international system. Furthermore, West Sumatra's focus on the export of vegetable products which are basic needs for food and medicinal consumption products is also a positive potential for West Sumatra in the midst of the Covid-19 pandemic where the global community has high demand for food and medicinal products. So that there is a very significant increase in exports for exports of West Sumatra products even though the world is hit by the Covid-19 pandemic which causes various social and economic problems.

## **Conclusion**

Based on the explanations and analyzes that have been carried out regarding the increase in West Sumatran export products in the global market during the Covid-19 pandemic, it appears that there are two main factors for the increase in exports. The first factor is the internal factor. These factors include the characteristics of the West Sumatran government which always prioritizes policies to support local companies to increase their exports, West Sumatran companies that have experience in export activities, and the synergy of cooperation between the provincial government and the company. Meanwhile, from the external side, the competition from many countries to increase their exports has contributed to the demand for products from West Sumatra, which are generally raw materials for the manufacture of various products. Types of export products also synergize in increasing exports of West Sumatra during the Covid-19 pandemic where the world community's demand for food and medicine products has made various food and drug producing countries increase their demand for food and medicine raw materials. Responding to this, West Sumatra has benefited because, as is well known, West Sumatra's export products are dominated by products that are

used as raw materials for food and medicine. Even though West Sumatra is able to increase the value of its exports during the pandemic where many countries are experiencing export problems, it is better if the West Sumatra government and companies continue to work together in continuing to increase and stabilize exports in the future. It is also necessary to diversify products so that exports from West Sumatra do not only depend on the types of existing products but are more diverse so that the increase will be higher and can improve the economy of West Sumatra in particular and Indonesia in general.

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