Harmonization of Trading Partners Between Indonesia–Italy: Empirical Calculations of Selected Agricultural Commodities

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Abstract

Initially, exports were perceived as the prestige and dignity of a nation. However, in terms of terminology, the essence of export flows is complementarity between countries, where each party has advantages, competition and excess production of a particular product to offer. The orientation of this study is to examine the relationship between tobacco exports, coffee exports, and wine exports to GDP growth in Italy—and Indonesia. There are key variables which that are divided into two case studies, including tobacco export volume, FoB on tobacco exports, coffee export volume, FoB on coffee exports, green grape export volume, CIF on green grape exports, red wine export volume, CIF on red wine exports, GDP share of agriculture in Indonesia and Italy. The fundamental difference in wine exports from the two is that Indonesia uses green grapes and for Italy it uses red wine. The method is set through a panel data regression approach and samples for the 2013–2021. The Existing econometric results predictions explain find that tobacco exports and coffee exports have a significant effect on the the GDP share of agriculture in Indonesia—Italy. Likewise, CIF on exports of green grapes and red wines which have a significant effect on the the GDP share of agriculture in both nations. These findings inspire more urgent implications for the topic of agricultural commodity exports and become an integrated whole.

Keywords: agricultural commodities; export; GDP share of agriculture; panel data regression; Indonesia—Italy.

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I. Introduction Formatted: Font: Bold, Kern at 16 pt

Since the last few decades, Indonesia and Italy as two countries have had a series of cooperation in the fields of politics, defense, economics and security, such as the Bilateral Communication Forum (FKB) as a bilateral dialogue mechanism which was agreed upon through the signing of a Memorandum of Understanding (MoU) in bilateral consultation in 2009 (The Italian Trade and Investment Agency, 2021). In fact, Italy also took part in recognizing Indonesia's independence in 1945 after the Dutch colonial reforms (Wirjopranoto, 1954). Good collaboration between the two is also implied by the history of the Group of Twenty (G21), including Italy and Indonesia joining the group which was formed in 1999 as an intergovernmental forum that systematically brings together advanced economic powers and emerging markets to highlight important issues of global economy (Al-Fadhat, 2022; Berawi, 2022; Singh, 2014).

In the cross-trade context, Indonesia has played a vital role in fulfilling the business framework for several agricultural commodities, including coffee, green grapes grown in tropical climates, and tobacco. The Katadata (2022a) reports that Indonesia is in fourth position after Brazil (first rank), Vietnam (second rank), and Colombia (third rank) as a coffee producer in the worldworldwide in 2021 reaching 774.60 thousand tons. The most famous types of coffee from Indonesia for export are Arabica Gayo—Sumatra, Arabica Kintamani—Bali, Arabica Toraja—South Sulawesi, Arabica Java Ijen Raung—East Java, Liberika Rangsang Meranti—Riau, Arabica Flores Bajawa—East Nusa Tenggara, and Robusta Temanggung—Central Java (Fitriani et al., 2021). Even though the history of coffee from Italy is very striking and is a favorite of coffee lovers—in the world, Italy still exports coffee from Indonesia to absorb demand because coffee stocks are also limited. On the other hand, Indonesia has become a regular customer of Italian coffee, where the expansion of coffee from several variations, such as: Cappuccino, Marocchino, Caffe Latte, Shakerato, Caffe al Gingseng, Caffe d'Orzo, and Macchiato is the best image and choice that drives the interest of Indonesian customers. As an illustration, the existence of Italian coffee is quite progressive as many coffee outlets market it in raw packaging and sell processed products. Nurhasanah & Dewi (2019), Oktafarel et al. (2021), and Purnomo et al. (2021) argue that the popularity of Italian coffee in Indonesia targets various ages, especially millennials.

Furthermore, the popularity of wines from Italy calls attention to the export market (Casini et al., 2009; Colombini, 2015; Corsi et al., 2010; Hertzberg & Malorgio, 2008; Piñeiro & Maffi, 2018; Ponte, 2021). With abundant production of red wine, Italy's status as the second highest supplier of wine after China also oduces<u>results in</u> superior added value for the national economy (The Agriculture News, 2019). In 2019, wine production in Italy reached 7,900,121 tons. With that capacity, each resident produces up to 79,366 kg of grapes and produces with an income of 30,594 US\$ (The Atlas Big, 2022). More than 1 million hectares of vineyards are spread across almost the entire region. This was pioneered by the Romans Starting from the Romans as a pioneering nation and continuing until today, Italy is still very skilled at producing wine (The Tanjung Pinang Pos, 2022). ButNevertheless, local wisdom explored by Indonesia to develop green grape commodities has been implemented in terms of regarding exports (Fernando et al., 2017; Mariani et al., 2012; Revindo, 2017; Septina, 2020). To fulfill Indonesia's commitment to Italy, the green type that is considered traditional medicineits trading partner commitments, Indonesia exports green grapes to Italy, where this type of grape is very unique and functions as traditional medicine. Apart from Besides being used for medicine, green grapes are also used as a food ingredient, an-in addition to cooking, desserts, and a mixture in of red wine fermentation combinations. In contrast to the majority of the population in Italy, whose hobby is drinking wine, in Indonesia, people consume non-processed wine as a nutritional supplement. Even though there are differences in cultural characteristics, both countries need each other to export and import.

Besides that As is known, tobacco is a commodity that cannot be separated from that is quite intensive in export and import activities trade. Even though tobacco which has high levels of nicotine has always been a matter of debate as a universal health issue, the price of tobacco always soars high on the market (Bader et al., 2011). It should be noted that apart from cigarettes, cigars, leaf cigarettes, and sliced tobacco, tobacco leaves are also used as raw materials for pharmaceutical and cosmetic products (Niu et al., 2021; Popova et al., 2019). In practice, demand for tobacco always increases (Chaloupka et al., 2012; Huang et al., 2018). By taking advantage of the high demand side, Italy is the target market for tobacco commodities from Indonesia. In Indonesia, cigarettes are seen as a characteristic of ancestral culture in one unit (Ayuningtyas et al., 2021). Generally, people Indonesians who are classified as active smokers are those who also like to consume coffee because coffee is considered a complementary need (Hartoyo et al., 2022). These two attributes are inseparable. The case study in Italy is actually a dilemma guite dilemmatic, where the majority of smoking behavior is related to burning and inhaling a substance used to relieve stress (Caponnetto et al., 2020; Garzillo et al., 2022; Munarini et al., 2022). In 2017, importing countries addicted to Indonesian tobacco products. includedespecially the US: 2,827.3 tons, Sri Lanka: 1,086 tons, Belgium: 992.7 tons, the Netherlands: 871.8 tons, and the Dominican Republic: 753.3 tons (Okezone-, 2017). Through guaranteed-By guaranteeing tobacco quality, Indonesia is able tocan control meet world tobacco tradedemand, including the level of demand from shipments to Italy. Meanwhile, Indonesia's tobacco export performance in 2018 was the sixth largest. With a-national production habitat of 136 thousand tonnes or around 1.91% of total global tobacco production, Indonesia is in-the sixth position largest tobacco producing country after China, Brazil, India, US and Malawi (The Ministry of Health Republic of Indonesia, 2018).

An example of a study investigated by Ahsan et al. (2020), Al-Abdulkader et al. (2018), Fatkurrohim et al. (2022), Gizaw et al. (2022), Gunawan et al. (2018), Musona (2016), Murindahabi et al. (2019), Nkhoma et al. (2021), Nugroho & Lakner (2022), Sumner & Alston (1987), and Zuhdi & Yusuf (2022) have an orientation about the balance in exports and imports of wine, coffee and tobacco commodities towards economic growth. So far, dynamic trading blocks have responded to the trade pattern driven by these three products, whose relationship in optimizing the rate of has been able to increase economic growth is significant optimally. In an open economy, aggressive product diversity and diversification dictates intense competition in well-managed product diversity and diversification is one of the considerations in the competitiveness of exports and imports of especially wine, coffee, and tobacco.

Examining each country that has certain competitive strengths, ideally they should concentrate on importing products in anticipation of weaknesses in the supply of complementary goods, to avoid shortages in the proportion of product stock. Ideally, before exporting, countries that have certain competitive strengths tend to concentrate on importing products first to anticipate a scarcity of supply of complementary goods which can automatically reduce the increase in prices of substitute goods. Meanwhile, supplier countries strengthen trading partner institutions that function to overcome the scarcity of substitute commodities, so that contributions from exporters create a sustainable cluster chain. The motivation of this work is to evaluate the impact between export partners in wine, coffee, and tobacco commodities on Gross Domestic Product (GDP) growth in Indonesia and Italy. The paper is organized into five pillars. Session—1: Introduction discusses the phenomenon and background. Session—2: Theoretical Review outlines the narrative and comparison of the relevance/foundation of the literature. In session—3: Research Methods presents describe

the data sets and analysis techniques. Then, sSession-4: Analysis and Discussion expresses reveal empirical findings and comparisons from previous publications. Finally, sSession-5: Conclusions and Suggestions verifies clarify the research points while presenting limitations, policy recommendations, and future study agenda.

The novelty of the study lies in the gaps in past studies dissected by Ahsan et al. (2020), Al-Abdulkader et al. (2018), Fatkurrohim et al. (2022), Gizaw et al. (2022), Gunawan et al. (2018), Musona (2016), Murindahabi et al. (2019), Nkhoma et al. (2021), Nugroho & Lakner (2022), Sumner & Alston (1987), and Zuhdi & Yusuf (2022), where although red wines from Italy are very famous, Indonesian green grapes have also proven to be in demand by the Italian market. Also, trade synergies originating from coffee beans and Indonesian tobacco have promising business opportunities for the this global market, especially forexport cooperation from Indonesia to Italy and vice versa to be used as raw materials for making cigarettes and several coffee variants with aru aroma according to market share and consumer tastes. As explained at the beginning, what differentiates this study from these publications is the performance of local wisdom, which has the potential to be developed, such as green grape products from Indonesia. Even though it specializes in one commodity in several cases and in many countries, the weakness of the existing research is the analysis of traded commodities. So far, only a few have combined the exports of two with different commodities (in this easesuch as wine, tobacco and coffee beans) for review. Another originality places or includes elements of Free on Board (FoB) and Cost, Insurance, and Freight (CIF), whose causality needs to be considered in influencing agricultural GDP. Talking about exports and imports, these two mechanisms are important in maintaining collaboration between Italy and Indonesia, international trade mechanisms through export-import are very important because they are interrelated, profitable international trade agricultural sector. In a different insight, another feature of the research uses agricultural economic growth based on GDP share and not collective GDP, so that the material is deepened based on which allows for a more implicit version of the material to be deepened. In other words, this allows and provides an opening for further diagnosis.

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II. Theoretical Review

2.1. GDP of Agricultural

In a macroeconomic view, Gross Domestic Product (GDP) is reflected in economic growth, where one add is accumulated by export receipts minus import expenditure (Ahmad, 1978; Roy et al., 2022). When investment realization enters a certain country or region, this indicates that there is a flow of capital that drives the economic structure, be it primary, secondary or tertiary. The complexity of economic empowerment has great potential to absorb labor, improve welfare, reduce disparities such as unemployment and poverty, and revive socio-economic status. For this reason, the development of commodity products triggers an exportimport pattern.

Regulations on the trading system represent the identity of producers and consumers in the eyes of the this world. If a nation exports more than it imports, it is classified as a developed country, In contrast, whereas if the value of imports tends to be dominant over exports, then the country is classified as developing (Hummels & Klenow, 2005). In its concept, the agricultural sector is defined as a business field that includes all businesses that are obtained from nature and are objects or biological (living) goods whose results are used to meet one's own subsistence needs or to be sold to other parties. This Agricultural business includes

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activities whose main aim is to cover or supplement one's own needs (subsistence), such as in the fields of food crops, forestry, fisheries and plantations (Emam et al., 2021). Explicitly, the share of agricultural GDP is the gross added value from various units of all services and products ereated or produced fromin the agricultural sector in a country (Rosyadi et al., 2023). Basically, agricultural GDP is driven by which arise as a result of various economic activities in a the agricultural sphere within a certain period of time without regardless of to whether the production factors are owned by residents or non-residents (Rosyadi Priyagus et al., 20232024). Bosma & Curry-Machado (2012) and Ganeshamurthy et al. (2011) illustratesclassified that tobacco plants, coffee plants and grapes are part of plantation commodities.

2.2. Theory of Import-Export

Nowadays, one of the signals of a nation's economic development progress is how big its trading reputation is and its ability to dominate the market (Lin & Rosenblatt, 2012; West, 2018). In reality, Fung et al. (2010) stated that there is not a single country in the world-that does not need assistance from other countries—(Fung et al., 2010). In this regardthe case of trade partnerships, connections are built through partnerships that enable comparative mobility between parties, so that each country countries to gains profits. Every nation has superior and limited resources, whether they come from natural or human resources (Goldin, 2019). Thus, a country with certain outstanding—resources wealth—is definitely—not necessarily—owned by certain—other—countries and this is called comparative advantage, and conversely Conversely, countries that are endowed with certain resources also need help from abroad because of the dimensions of weaknesses that they do not have. For that reasonTherefore, it makes sense to create interrelated integration from one country to another through an agreement or agreement within a certain period of time (Marinov, 2015; Nguyen, 2019; Surugiu & Surugiu, 2015).

For several decades, <u>traded</u> product commodities that are traded have not only been distributed in the form of raw materials for services, but are now <u>leading focused to on</u> semi-finished products and finished products for industrial, <u>households</u>, and <u>use to finished products other consumption purposes</u>. However, <u>there many</u> are still <u>many of them</u> in the raw product segmentation, where the raw product trading process tends to be dominated by the agricultural sector. In general, developing countries export agricultural products to rich countries with limited land, extreme climates, and no agricultural base (Kuzminov, 2017; Mohan, 2007; Sanjuán & Dawson, 2010; Trostle & Seeley, 2013; Utomo et al., 2023). Referring to market needs, if the intensity of the national demand side increases, but the supply side stagnates or decreases, then the country is obliged to accommodate this demand from abroad. The output is that all transactions will be recorded in the trade balance (Astuti et al., 2016; Ha, 2022). The various volumes of exports traded at the international level and imports entering the domestic market indicate that the country is both a supplier and part of international trade relations. An indication of the success of exports and imports is based on the level of surplus or deficit in the trade balance (Blavasciunaite et al., 2020).

2.3. FoB and CIF

Free on Board (FoB) and Cost, Insurance, and Freight (CIF) have different meanings. FoB is defined as a situation where the price calculated by the seller (exporter) to the buyer (importer) is based on the value of the goods plus all costs until the goods arrive on the ship (Akande & Iteshi, 2020). At the same time, FoB also strengthening strengthens the logistics aspects by functioning as a solution to maintain food security, maintainsafeguard trade assets, and reduce product shrinkage. The nature of agricultural commodities is very fragile, so distribution must be managed effectively. The pProblems with the distribution process in exports

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and imports using shipping routes via airplane transportation can eut-save time, but isthe consequences are expensive. It is logical that many countries still implement sea access because of cost savings. In this way, ship transportation depends on port infrastructure. Shipping payment methods applicable to international trade are FoB and CIF. Either FoB or CIF, These these two methods are most commonly used by exporters and importers.

The system implemented applied in the FoB method is to load goods within the in one's own country itself so that and be able to identify the capacity of goods anomalies are known, whether they are in terms of in terms of excess or shortage. From the level of flexibility, customs administration matters should also be easier to carry out (Chuah, 2007). This document includes the costs that will be borne by the exporter, i.e customs duties or export taxes, transportation costs from the warehouse to the port, loading costs from the port onto the ship, and costs for arranging commodities on the ship. Camisón-Haba & Clemente-Almendros (2020) justify that importers bear costs such as insurance, loading and unloading at the port of destination port, and transportation costs until the commodity is brought into the warehouse.

Nugroho (2015) focuses explains that in the on CIF, that exporters have an obligation to should an cover travel costs until they arrive at the port of the destination countryport, costs for transporting goods and cargo, and insurance costs for goods. For CIF, the exporter has the obligation must to cover travel costs until they arrive at the port of the destination country, cover the costs of transporting the load and cargo, or cover the costs of insurance for the goods (Kariyoto, 2016). The risk of loss and damage is also the responsibility of the exporter. Then, the price that determined using the CIF is charged to the importers with higher must pay costs is greater because all these prices the payment includes the price of the goods (Vogt & Davis, 2020).

III. Methodology of Research

3.1. Dataset

Operationally, The profiles of the research data is are panel data type. Panel data is extracted into Ordinary Least Square (OLS). Data was obtained from secondary publications, i.e Global Economy, Katadata, and Central Bureau of Statistics of Indonesia. After tThe data was collected data, it was designed and tabulated into two parts. The first part is a case study in analyzes Indonesia and the second part is inanalyzes Italy. After verified panel data from secondary publication reports, the data is extracted into the Ordinary Least Square (OLS) model. Table 1 summarizes data units based on variable names, explanations, variable abbreviations, units, and data sources.

Table 1. Data Unit Operational Definition of Data

Variable Name (Abbreviations)	Indicator	Measurement
Indonesia's Gross Domestic Product of Agricultural (IDN GDP_Ag)	Share of agricultural GDP in Indonesia	%

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Italy's Gross Domestic Product of Agricultural (ITA GDP_Ag)	Share of agricultural GDP in Italy,	%
Tobacco Export Volume (TEV)	The value of tobacco leaf exports from Indonesia to Italy and vice versa	Ton
Free on Board on Tobacco Export (FoB_TE)	Delivery of tTobacco leaf export products cooperation that have has been agreed between Indonesia and Italy.	US\$ (000)
Coffee Export Volume (CEV)	The value of coffee bean exports from Indonesia to Italy and vice versa	
Free on Board on Coffee Export (FoB_CE)	Delivery of eCoffee bean leaf export products cooperation that have has been agreed between Indonesia and Italy.	US\$ (000)
Green Grape Export Volume (GGEV)	The value of green grape exports from Indonesia to Italy and vice versa	Ton
Cost, Insurance and Freight on Green Grape Exports (CIF_GGE)	Indonesia's obligation to cover the cost of shipping, transportation, and insurance costs for green grape exports to Italy,	US\$ (000)
Red Wine Export Volume (RWEV)	The value of red wine exports from Italy to Indonesia	Ton
Cost, Insurance, and Freight on Red Wine Exports (CIF_RWE)	Italy's obligation to cover the cost of shipping, transportation, and insurance costs for the export of red wine exports to Indonesia.	US\$ (000)

Source: The Global Economy (2022); Central Bureau of Statistics of Indonesia (2022a, b, c); Katadata (2022a, b).

An Based on Table 1 above, the study variables are elaborated using series of data characteristics below is an elaboration throughout the 2013–2021 period. The total data observations observed were was 126 samples. If divided by two, each where the respective number for Indonesia and Italy is 63 samples. In accordance with FoB regulations, Coffee coffee and tobacco are long-lasting durable products, thus that require a purchase price adjustments below to FoB regulations where the purchase price is below the exemption limit will not be subject to import duties and import taxes. On the other hand Furthermore, the grade of grapes is vulnerable, so to anticipate expiration, a CIF system is applied to quality grapes that are susceptible to expiration has been adopted which not only requires payment of the price of the goods, so that importers are not only required to pay the price of the goods, but is are also subject to insurance and shipping costs.

3.2. Variables and Analysis

Substantially, the purpose of this paper is that the analytical study analysis tool is supported by supported by supported with panel data regression supposed in the which is classified as OLS scheme. Instruments in Panel data instruments are connected to two categories of data synchronize (time series data and cross section) data, where the same cross section units are measured over based on different time periods (Baltagi, 1998; Doering et al., 2020; Kropko & Kubinec, 2020; Troeger, 2019). In its actualization, panel data is data from

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several of the same-individuals observed over a certain period of time (Holtz-Eakin et al., 1998; Wooldridge, 2009). If using periods, then the formulation is adjusted as follows:

$$t = 1, 2, \dots T \tag{1}$$

$$i = 1, 2, \dots N \tag{2}$$

Where; t = time, $T = time \frac{period}{period}$, i = observation, and N = number of individuals.

Referring to the formulation above, with using the existing panel data we have it is known we get athat the total of NT observation units are NT. If the number of time units is the same for each individual, then the data is a balanced panel, and conversely. If if the opposite is true, i.e the number of time units is different for each individual, then the status is unbalanced panel.

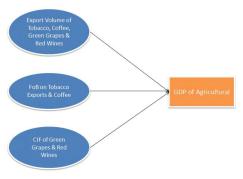


Figure 1. Framework
Source: Own.

The variable components are divided into two models, namely including independent and dependent variables. There are fundamental differences between the two. The dependent variable is positioned as a variable that is influenced by the independent variables. The role of independent variables is to influence the dependent variable (Fitriadi et al., 2020a). Based on Through the format above, the independent variables are converted into three scopes: (1) Export volume of tobacco, coffee, green grapes and red wine; (2) FoB on tobacco and coffee exports; and (3) CIF of green grapes and red wine. From another lens, the dependent variable is supported by agricultural GDP. Under Based on the academic landscape and practical perspective explained above, the study variables are organized into a framework below has been prepared (see Figure 1). Adopting a study conducted by Fitriadi et al. (2020b) Then, the projection stages in statistics were are examined based on three assumptions, including: (1) Descriptive statistics and correlation—; (2) Analysis of Variance (ANOVA); and (3) partial Partial determination (Fitriadi et al., 2020b). Data interpretation was framed operated using via the Microsoft Excel 2010 program and statistical software; namely called Statistical Package for the Social Sciences (SPSS) series 26.

3.3. Econometrics

Econometric specifications are supported by two-way standards that consider the effect of time or include time variables (e.g., Ahn et al., 2013; Austin et al., 2020). The requirements to form a general mathematical function are as follows:

$$Y_{it} = \alpha + \alpha_i + \delta_t + X'_{it}\beta + \epsilon_{it} \tag{3}$$

Based on the above function, an equation of each variable is formed for the two models (Indonesia–Italy) with the following simulation:

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IDN GDP_Ag_{it} =
$$\alpha_0 + \beta_1 \text{TEV}_{it} + \beta_2 \text{FoB_TE}_{it} + \beta_3 \text{CEV}_{it} + \beta_4 \text{FoB_CE}_{it} + \beta_5 \text{GGEV}_{it} +$$

$$\beta_6 \text{CIF_GGE}_{it} + \text{IDN } \epsilon_{it} \qquad \qquad (4)$$
ITA GDP_Ag_{it} = $\alpha_1 + \beta_7 \text{TEV}_{it} + \beta_8 \text{FoB_TE}_{it} + \beta_9 \text{CEV}_{it} + \beta_{10} \text{FoB_CE}_{it} + \beta_{11} \text{RWEV}_{it} +$

$$\beta_{12} \text{CIF_RWE}_{it} + \text{ITA } \epsilon_{it} \qquad (5)$$

Symbol description notations; IDN = Indonesia, ITA = Italy, $\alpha_{0,1}$ = constant in the first and second models, $\beta_1, \dots, \beta_{12}$ = vector of size P x 1, which is the parameter of the estimation result, it = the ith observation of the independent variable, α_i = individual effect that different for each 1**-first_individual, ε_{it} = regression error for both models.

According to the provisions of the significance level of 1% ($\rho = 0.01$) and 5% ($\rho = 0.05$), then the form of hypothesis testing is denoted below:

Hypothesis zero (H₀) = rejected, while
$$\rho > 0.01$$
 or 0.05 and $\rho \neq 0.01$ or 0.05 (6)

Hypothesis alternative (H_a) = accepted, while ρ < 0.01 or 0.05 and $\rho \neq$ 0.01 or 0.05

IV. Results and Discussion

4.1. Descriptive Statistics and Correlations

The Descriptive descriptive statistical method that is used to summarizes a data set on variables in the form of a representation of the entire population or a sample of a particular object. In this case, descriptive statistics are intended to measure variability or dispersion, including standard deviation (S-D-), mean score, Kurtosis, and Skewness. In short, descriptive statistics are useful for describing and understanding the features of a particular data set by providing a brief summary of the sample and data size.

Table 2 displays the position of the five elements in the descriptive statistics. In both Indonesia and Italy, it appears that there are similarities in the highest and lowest scores in the mean and S-D. For Indonesia, the highest mean score is FoB_CE (M = 63,237.777), while in Italy it is FoB_CE (M = 210,138.189), while theFor comparison, the lowest mean is IDN GDP_Ag (M = 13.255) and ITA GDP_Ag (M = 2.013). Likewise, for the S-D. score, where of the two the smallest is IDN GDP_Ag (S-D: = 0.321; S-D: = 0.090), but the highest is FoB_CE in Indonesia (S-D: = 14,942.694) and FoB_CE in Italy (S-D: = 66,995.118). The anti-climax is precisely the Skewness and Kurtosis scores. Although ITA GDP_Ag is the highest (S = 0.732), this is in contrast to contrasts with IDN GDP_Ag (S = -0.668) or the lowest. InterestinglyIn the scope of Skewness, CIF_GGE (S = 0.652) in Indonesia is the largest compared to other variables (S = 0.652) and the lowest Skewness score from in Italy is TEV (S = -0.242). Turning to the Kurtosis value, the highest was FoB_TE in Indonesia (K = 1.050), but FoB_TE in Italy was the lowest (K = -2.216). From In the scope of Kurtosis points, the lowest score in Indonesia is FoB_CE (K = -1.284) and for in Italy it is FoB_TE (K = -2.216).

Table 2. Descriptive Statistics of all Variables, each N = 63

IDN	Mean	S-D-	Skewness	Kurtosis	
IDN GDP_Ag		10.055	0.001	0.000	0.001
		13.255	0.321	-0.668	-0.231

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TEV	3,297.455	1,323.632	-0.401	-0.584
FoB_TE	12,264.556	4,118.198	0.038	1.050
CEV	33,340.333	6,191.012	-0.012	-1.241
FoB_CE_	63,237.777	14,942.694	-0.012	-1.284
GGEV	18,879.489	11,911.069	0.846	-1.027
CIF_GGE	17,953.788	9,168.903	0.652	-1.186
ITA	Mean	S-D	Skewness	Kurtosis
ITA GDP_Ag	2.013	0.090	0.732	-0.868
TEV	291.077	177.321	-0.242	-1.006
FoB_TE	1,564.467	1,076.708	0.077	-2.216
CEV	90,603.011	34,034.274	-0.116	-0.727
FoB_CE	a10 199 190	66,995.118	0.170	-1.271
	210,136.165			
	41,945.9		-0.239	0.263

Source: Authors' estimation from compiled data.

The correlation analysis includes association measurement techniques that focus on a group of techniques in bivariate statistics that track the strength of the relationship between two variables. Pearson correlation is aimed at examining numerical will check numerical values to determine the degree of relationship between continuous variables numerically. Table 3 demonstrates the close relationship between variables through correlation analysis. Applying 5% probability ($\rho < 0.05$) that there is a close implication between FoB_CE and againts FoB_TE (C = 0.795; $\rho = 0.010$) and CEV to againts FoB_TE (C = 0.705; $\rho = 0.034$). ThenAdditionally, there is also a moderate relationship between FoB_CE and againts FoB_TE (C = 0.690; $\rho = 0.040$). For the 1% probability ($\rho < 0.01$), there are four significant relationships, although one relationship is in a close position, i.e. CEV with againts TEV (C = 0.747; $\rho = 0.021$) and three very close or almost perfect relationships include FoB_TE to againts TEV (C = 0.851; $\rho = 0.004$), FoB_CE with againts CEV (C = 0.950; $\rho = 0.000$), and CIF_GGE against GGEV (C = 0.977; $\rho = 0.000$).

Table 3. Correlation Analysis in Indonesia

Items TEV FoB_TE CEV FoB_CE GGEV CIF_GGE IDN
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							GDP_Ag
TEV							
	1	0.851**	0.747**	0.795*	-0.411	-0.543	0.138
		(0.004)	(0.021)	(0.010)	(0.271)	(0.131)	(0.723)
FoB_TE	0.851**	1	0.705*	0.690*	-0.032	-0.178	-0.112
	(0.004)		(0.034)	(0.040)	(0.935)	(0.646)	(0.775)
CEV	0.747**	0.705*	1	0.950**	-0.306	-0.407	0.073
	(0.021)	(0.034)		(0.000)	(0.423)	(0.277)	(0.851)
FoB_CE	0.795*	0.690*	0.950**	1	-0.418	-0.538	0.067
	(0.010)	(0.040)	(0.000)		(0.263)	(0.135)	(0.863)
GGEV	-0.411	-0.032	-0.306	-0.418	1,	0.977**	-0.652 <mark>.</mark>
	(0.271)	(0.935)	(0.423)	(0.263)		(0.000)	(0.057)
CIF_GGE	-0.543	-0.178	-0.407	-0.538	0.977**	1,	-0.580 <u>.</u>
	(0.131)	(0.646)	(0.277)	(0.135)	(0.000)		(0.102)
IDN GDP_Ag	0.138	-0.112	0.073	0.067	-0.652	-0.580	1
	(0.723)	(0.775)	(0.851)	(0.863)	(0.057)	(0.102)	

Note: (**) and (*) indicate significance at 1% and 5% probability levels.

 ${\bf Source:} \ {\bf Authors'\ estimation\ from\ compiled\ data}.$

Table 4. Correlation Analysis in Italy

Items	TIV	FoB_TE	CEV	FoB_CE	RWEV	CIF_RWE	ITA GDP_Ag
TEV							
	1	0.817**	-0.077	0.103	-0.118	-0.148	-0.366
		(0.007)	(0.04.9)	(0.708)	(0.769)	(0.709)	(0.888)

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FoB_TE	0.817**	1	-0.038	0.053	0.093	0.110	-0.320
	(0.007)		(0.922)	(0.891)	(0.812)	(0.779)	(0.401)
CEV	-0.077	-0.038	1,	0.974**	-0.470	-0.527	0.606
	(0.843)	(0.922)		(0.000)	(0.202)	(0.145)	(0.084)
FoB_CE	0.103	0.053	0.974**	1	-0.518	-0.577	0.496
	(0.793)	(0.891)	(0.000)		(0.153)	(0.104)	(0.174)
RWEV	-0.118	0.093	-0.470	-0.518	1,	0.946**	-0.137
	(0.763)	(0.812)	(0.202)	(0.153)		(0.000)	(0.725)
CIF_RWE	-0.148	0.110	-0.527	-0.577	0.946**	1	-0.208
	(0.703)	(0.779)	(0.145)	(0.104)	(0.000)		(0.591)
ITA	-0.366	-0.320	0.606	0.496	-0.137	-0.208	1
GDP_Ag	(0.333)	(0.401)	(0.084)	(0.174)	(0.725)	(0.591)	

Note: (**) and (*) indicate significance at 1% and 5% probability levels.

Source: Authors' estimation from compiled data.

Only the correlation profilecharacteristic in Italy has a 1% probability ($\rho < 0.01$). Table 4 concludes that there are two very close strong (near perfect) relationships, such as the relationship between FoB_CE and againts CIV (C = 0.974; $\rho = 0.000$) and RWEV to againts CIF_RWE (C = 0.946; $\rho = 0.000$). In tThere is relationship with a strong correlation between FoB_TE and againts TEV (C = 0.817; $\rho = 0.007$), it is in a close correlation

4.2. Simultaneous Distribution (F-Test) and Partial Distribution (T-Test)

The ANOVA test is used to compare population means and identify significant differences between two or more data groups of data. In this paper, a two-way ANOVA is applied, which aims to analyseanalyze an experiment that haswith six independent variables that affect the condition of the dependent variable. Table 5 explains that the Sum of Squares (SS) score in Indonesia is higher than in Italy, where the SS in Indonesia reaches 0.826, while the SS in Italy reaches 0.065. The- degrees of freedom (df) for both models is 62. Meanwhile, the F-count-value for the IDN and ITA models is 2.26 with and the-F-statistics are of 5.414 and 7.651. ANOVA results prove that all independent variables have a simultaneous effect on IDN GDP_Ag (F = 5.414 > 2.26; $\rho = 0.038$) and ITA GDP_Ag (F = 7.651 > 2.26; $\rho = 0.019$).

Comprehensively, the panel data regression method will provided escribes an the estimation result that is Best Linear Unbiased Estimation (BLUE); if provided that all Gauss Markov assumptions are met and one of them is non-autocorrelation. Two advantages of using panel data regression analysis are that it provides can observe large-scale observations data, and increases the degree of freedomdf, where data variability reduces collinearity between explanatory variables, thereby allowing resulting immore efficient econometric estimates. Then, the completion rate is better in the inference of inferring dynamic changes in the partial test. In principle, this test is implemented to notice the significance of the partial regression coefficient.

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Table 5. Compiled of ANOVA

IDN	SS	df	F	Sig.
Regression	0.000			0.000
	0.826	6	5.414	0.038
Residual	0.368	56		
Γotal.	0.826	62		
ITA <mark>.</mark>	SS	df	F	Sig,
Regression	0.044	6	7.651	0.019
Residual	0.021	56		
Γotal,	0.065	62		

Note: Dependent The dependent variable is IDN GDP_Ag and ITA GDP_Ag.

Source: Authors' estimation from compiled data.

Using By using a sample of 63 units in each model, a-partial estimate results was obtained are used to validate the panel regression approach. During 2013–2021, The results in the first model (IDN), it is known that during 2013–2021, the constant (α) is in first model was 13.523. The positive sign on the path coefficient indicates a-that there is a unidirectional effect between the independent variable and the dependent variable. If TEV, FoB_TE, CEV, FoB_CE, GGEV, and CIF_GGE do not change or remain, then the value of IDN GDP_Ag increases to 13.523. The R² score is 0.774, which indicates shows that IDN GDP_Ag is influenced by the six independent variables reaching reaching 77.4% and the confounding factor is of 22.6%. FurthermoreMoreover, the Adjusted R² of 0.783, implies which indicates that the ability of the independent variables in this study to affect influence the dependent variable reaches is 78.3%; while and the remaining 21.7% is another indicator outside the first model.

Table 6. Factors Affecting GDP Share of Agriculture in Indonesia and Italy

С	 SE	Prob.	Coefficient	T-test	Sign of expectation	IDN
9.053 13.523 0.012* 1.494	1.494	0.012*	13.523	9.053		С

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TEV	+,	2.110	0.155	0.029*	0.000
FoB_TE	7	-0.007	-0.008	0.995	0.000
CEV	+,	1.391	0.745	0.007**	0.000
FoB_CE	-	-0.463	-1.000	0.689	0.000
GGEV	7	-0.392	-1.407	0.733	0.000
CIF_GGE	+	4.163	0.643	0.048*	0.000
$R^2 = 0.744$; Adj.	$R^2 = 0.783$				
ITA	Sign of expectation	T-test	Coefficient	Prob.	SE
C		4.954	1.914	0.038*	0.386
TEV	+	3.814	1.394	0.015*	0.001
FoB_TE	7	-0.887	-1.049	0.469	0.000
CEV	+	1.198	5.196	0.045*	0.000
FoB_CE	7	-1.059	-4.502	0.401	0.000
RWEV	-	-0.069	-0.095	0.951	0.000
CIF_RWE	+,	5.222	0.346	0.001*	0.000

Note: (**) and (*) indicate significance at 1% and 5% probability levels.

Source: Authors' estimation from compiled data.

Based on the six factors that influence influencing IDN GDP_Ag, only three hypotheses are accepted, and the other three hypotheses are rejected. The variables were FoB_TE ($\rho=0.029<0.05$), CEV ($\rho=0.007<0.01$), and CIF_GGE ($\rho=0.048<0.05$). CEV, FoB_CE, and CIF_GGE as—are variables that have no significant effect on IDN GDP_Ag. The Standard Error (SE) in the first model, which shows that thean average standard deviation is of 1.494. In line with As in the first model, Table 6 also understands presents that in the second model (ITA), three hypotheses are rejected; and three hypotheses are accepted in the second model. The variables that have a significant effect on ITA GDP_Ag include TEV ($\rho=0.015<0.05$), CEV ($\rho=0.045<0.05$), and CIF_RWE ($\rho=0.001<0.01$). On the one hand, FoB_TE, FoB_CE, and RWEV are variables that have no significant effect on ITA GDP_Ag. With an SE score of 0.386, the second model obtained an R²

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Formatted Formatted of 0.825 and an Adjusted R² of 0.277. This indicates The findings show that ITA GDP_Ag is influenced by independent variables by 82.5% and confounding factors by 17.5% is residual. Meanwhile, the Adjusted R² score implies represents the ability of the independent variables in the second model—to influence the dependent variable reaching 27.7% and the remaining 72.3% are is another indicators outside the discussions accord model. The score of 1.914 confirms that there is a positive effect of the independent variables (TEV, FoB_TE, CEV, FoB_CE, RWEV, and CIF_RWE), where when the six independent variables increase in one unit, the ITA GDP_Ag increases or ceteris paribus.

4.3. Existing Situation

It can be seen that the growth of agricultural GDP in Indonesia tends to be higher than in Italy. Throughout 9-nine periods, the average growth of agricultural GDP in Indonesia is in a very high trend, reaching 13.26%. The agricultural sector is the basis in of Indonesia because it has a larger area of agricultural land when compared to Italy. Moreover, the routine work of the Indonesian population mostly relies on agriculture. Therefore, the agricultural sector also absorbs a larger workforce than other sectors. Many sub-sectors are used as livelihoods and generate economic opportunities. In factreality, Indonesia still relies on primary structures, such as agriculture. In Italy, the average growth of agricultural GDP growth was 2.16% (see Figure 2). YetNevertheless, Italy is focused on only a few sub-sectors or a few agricultural commodities compared to Indonesia. Too, mMany agricultural products commodities that have brightwith potential prospects are able to transformed into secondary and tertiary structures products (such as the coffee and wine processing industries industry) which can be and are also used as for agricultural tourism, thereby which has attracted attracting the attention of visitors from many otheracross countries to be studied study and, develop eultivated cultivation, and developed.



Figure 2. Value Added in the Agricultural Sector as Percent of GDP Source: The Global Economy (2022).

At that moment n 2013, the highest growth in Indonesia'a agricultural GDP growth in Indonesia was the highest at 13.7% (2013), while the lowest was in 2019 at 12.71%. The performance of agricultural GDP growth in Italy was the largest in 2021 (2.16%), and 1.91% was the smallest trend in 2019. The recession in agricultural GDP growth was caused by the Coronavirus disease 2019 (COVID-19), which prompted the government to impose surveillance of mobility of mass crowds and tightening of regulation of workers, including those who work as farmers and farm labourers laborers (e.g., Aday & Aday, 2020; Couch et al., 2020; Eck & Hatz, 2020; Mogues, 2020). The decline in several agricultural sub-sectors has also resulted from shifts in demand to other sectors such as health services, education services, finance and insurance, and information and communication services.

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In-Figure 3; it-shows represents the volume of Indonesian tobacco exports from Indonesia to Italy, which the development of which fluctuates from period_2013 to period_2021. During 2013-2021 this period, the largest tobacco export were in the largest in 2015 reached [5,082.3 tons], while the smallest export quantity in was the smallest in 2021—was [992.7 tons]. When viewed based on growth, the trend of the highest export volume of tobacco from 2013 to 2014 reached 51.5%. The lowest growth trend in Fot tobacco exports from Indonesia to Italy, the lowest growth trend occurred in 2020 to 2021 up to at -49.5%. For the performance of tobacco exports from Indonesia to Italy, 2017 as the largest FoB period reached 17,084.3 thousand US\$ and the smallest among other years was in 2021 which only reached 3,653.6 thousand US\$ or the lowest percentage was 61.7% which was allegedly due to the weakening of the Rupiah (IDR) exchange rate In 2017, the performance of Indonesian tobacco exports to Italy as the FoB period was the largest at 17,084.3 thousand US\$ and in 2021 it was the smallest at 3,653.6 thousand US\$ or with the lowest percentage of -61.7% compared to previous years which is thought to be due to by the weakening of the Rupiah exchange rate (IDR). The most prominent growth trend was from 2013 to 2014 (33.7%).

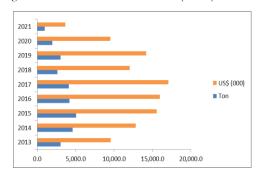


Figure 3. Tobacco Export Quantity and Value on FoB from Indonesia to Italy Source: The Central Bureau of Statistics of Indonesia (2022a).

Based on Figure 4, the volume of tobacco exports from Italy to Indonesia is also in a less consistent corridor. The highest export quantity in tobacco commodities was in 2017 (507.1 tons), while the lowest was in 2021 (24.6 tons). The growth trend of tobacco exports from Italy; to Indonesia experienced a rapid increase which jumped high from 2016 to 2017 (157%). Surprisingly, from 2019 to 2020, it decreased drastically to -80.7%. The implications of increases and decreases in tobacco exports also have an impact on the value of FoB value, where The the largest in 2018 (2,708.4 thousand US\$) and the smallest in 2021 (158.5 thousand US\$). The dynamics of growth in FoB growth were seen also displayed when from 2016 to 2017 it was at 220.6%, but instead actually decreased fluctuated down to -80.9% in (2019 to 2020).

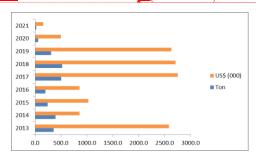


Figure 4. Tobacco Export Quantity and Value on FoB from Italy to Indonesia Source: The Central Bureau of Statistics of Indonesia (2022a).

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Mabeta et al. (2015), Nasim & Gunawijaya (2021), and Shelina & Sasana (2022) are of the opinionthink that in the long term, tobacco exports encourage economic growth in Zambia and Indonesia. In some countries, smoking is one of the things that is deeply deep-rooted in traditions and the culture, adopted from the ancestors since for centuries (Mishra & Mishra, 2013). About this topic, due to the lack of tobacco production capacity, they export tobacco from other countries. Ahsan et al. (2020) and Galinato et al. (2017) examines revealed the ratification of abundant tobacco imports trade between in Mozambique, Zimbabwe, Bangladesh, and Pakistan, which are known as tobacco from exporting countries, that collaborate with exporting countries (such as including Indonesia), thus having which creates a relative double effect on welfare. Although there were external shocks, such as the falling in prices for of severalsome world market commodities due to COVID-19, they this effect did not have much of an impact on the tobacco trade mechanism and insteadactually increased the productivity of tobacco export productivity increased GDP (Clancy et al., 2020; Monge & Lazcano, 2022; Sheth et al., 2022; Yang & Ma, 2021).

Figure 5 discusses the volume of coffee exports and the value on of FoB from Indonesia to Italy from year to year (y.o.y). Throughout 2013–2021, the quantity of coffee exports has a positive slope. The Evidence of the consistency of Indonesian coffee exports to Italy was proven to be high-in 2015 reachingreached (43,048.3 tons); so that during that period, the with a growth trend was of 44.7% or the highest among other periods. The smallest export achievement to Italy in 2021 (24,590 tons) and uncontrolled or worsening growth reachingreached -26.7% in 2018. Overall, the effect of coffee exports also had an impact on the FoB value, where in 2015 was the most dominant period reachingreached 84,005 0.4 thousand US\$ (38.5%), and the lowest is at 42,662.9 thousand US\$ for 2021. The lowest FoB trend for coffee exports is in 2018 (-32.2%).

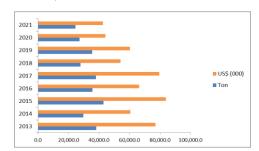


Figure 5. Coffee Export Quantity and Value on FoB from Indonesia to Italy Source: The Katadata (2022b).

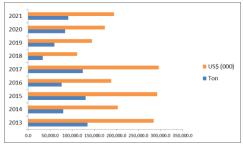


Figure 6. Coffee Export Quantity and Value on FoB from Italy to Indonesia Source: The Katadata (2022b).

Figure 6 reflects that Italy's has succeeded succeess in seeing business opportunities triggered due to by the crisis in Indonesia's quality coffee stock in Indonesia, through superior so that the competence of trading competence in coffee commodities is that are relatively popular quite enthusiastic in with

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Seeing the high factor of famous coffee brands from Italy, the intensity of demand, well-known coffee brands from Italy have become a factor to be taken into account in the global market of demand is quite high. In 2013, Indonesia imported 135,204 tons of Italian coffee beans. This is the which was the highest number of Italian coffee exports from Italy to Indonesia. However, in 2018, coffee exports had decreased to 33,650 tons. From Since 2018-to_2019, the largest-coffee exports period grew 77.4% (the highest), while but the lowest trend wasgrowth was in 2017-to-2018 at -72.9%. The results of the FoB achievement of Italian coffee exports to Indonesia were the largest in 2017 (296,047 thousand US\$), but the growth in the FoB value was 56.9% (2016 to 2017) and the smallest FoB in 2018 (111,402.4 thousand US\$) with a growth of -62.4%.

Publications highlighting the effects of coffee exports on economic growth have been reviewed. In Ethiopia, the source of income for the majority of the population is agriculture, particularly from where coffee production is increased coffe production which is supported through two under incentive schemes and incentive and retention) schemes. Besides, the country also relies on coffee exports, which have are positively relationship related to the level of GDP (Yifru, 2015). In the long term, coffee export commodities are able tocan boost economic growth in Lampung-Indonesia Province (Aprianto et al., 2022). During 1986–2019, Nort Sumatran coffee exports from North Sumatra Indonesia to three destination countries (Japan, US, and Malaysia). As a result, coffee yield with export revenues and FoB values have having a partially significant effect on GDP growth (Sihombing et al., 2021). Apart from Besides consumers, Italy is also the second-largest exporter and producer of roasted coffee in the European Union, after Germany. Cardoso et al. (2016) confirm that the that Italy's GDP from agricultural sector is currently influenced by import policies as a results of limited lack of domestic coffee production, consumer quality demands, and coffee drinking traditions—affect Italian coffee imports, thereby stimulating GDP. The evolution of agricultural exports determines coffee exports in Togo's small open economy (Tchalim, 2016).

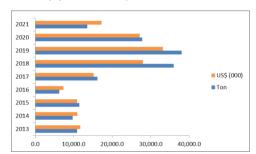


Figure 7. Wine Export Quantity and Value at CIF From Indonesia to Italy Source: The Central Bureau of Statistics of Indonesia (2022b).

Data on the volume of wine exports and the value of CIF from Indonesia to Italy and Italy to Indonesia are inversely related. Indonesian wine exports to Italy are less than Italian wine exports to Indonesia. In detail, the CIF value is smaller than the quantity of Indonesian exports, so that the revenue from these exports is below the Italian average. Italy's CIF tends to be above the average volume of wine exports. Most recently, Indonesia's largest export volume was the largest in 2019 (38,041.3 tons), but the trend for the highest export growth trend was from in 2016—to 2017 reaching (156.9%). From this Figure 7, it is also can be concluded that the lowest volume of Indonesian wine exports occurred was in 2016 (6,285.8 tons) and the smallest export growth compared to other periods was from in 2020 to 2021 reaching at -51.4% (see Figure 7). The highest value of wine exports results represented by in 2019 at (33,149.8 thousand US\$) and the lowest was in 2016 (7,371.2 thousand US\$). Growth over the 9-nine periods was also volatile, with the largest CIF trend for 2016 to 2017 (106.1%), while the lowest was from 2015 to 2016 (-32.2%).

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In Italy, wine production dates back to the second century BC. According to Dodd (2022) and Geçer & Yerlikaya (2018), the history of Wine wine production techniques were initiated began with by the Romans (Dodd, 2022; Geçer & Yerlikaya, 2018). Grapes are produced in larger quantities with innovative wine storage solutions (Bandinelli et al., 2020; Maicas & Mateo, 2020; Pomarici et al., 2021). These steps include bottling (packaging) and wine-making. In fact, a gricultural food supply decisions, forced the consortium to protect the uncertainty of strategic primary sectors such as tobacco and wine in collective institutions (Ciliberti et al., 2019).

Collectively, Figure 8 displays the highest volume of Italian wine exports in 2021 (52,104.1 tonnes), but and the biggest growth trend from was in 2015 to 2016 up to 21 31.2%. In contrast Next to that, the lowest export level volume was in 2015 (28,578.5 tons) or with the lowest growth contribution from 1014 to 2015 at of the level of 24.9%. The biggest CIF achievement was in 2019 (109,400.9 thousand US\$), while the highest growth trend was in from 2016 to 2017 at around 39.7%. Interestingly Surprisingly, this gain was the quantity of wine exports is not matched balanced with by the CIF value because in 2015 was the lowest period (46,745.3 thousand US\$) as well as with the worst period of CIF growth of at 24.9%.

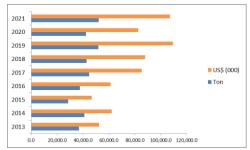


Figure 8. Wine Export Quantity and Value at CIF From Italy to Indonesia Source: The Central Bureau of Statistics of Indonesia (2022b).

Anderson (2018) analyzes stated that with excess domestic the production, of Australian became a wines exported exporting during 1975-1985 that and its product were able to complete are internationally competitive. Through open markets, Ayuda et al. (2020) opens the horizon about trade liberalization having the impact of such as wine exports has had an impact on affecting the increasinge in alcohol consumption (Ayuda et al., 2020). The linkage motive between wine exports and income is highlighted by Dascal et al. (2022). Empirical literature in on the heterogeneity of the commodity wine increases GDP per capita. Free trade agreements in across nations also led to an the East Asia region have seen increases in wine imports to China, South Korea, and Japan, and some countries in the East Asia region for in 1990-2016 (Harada & Nishitateno, 2021). Macroeconomic performance on the surplus level of Portuguese Douro wines assimilated affects the export of wines from the best category of wines to several international markets (Macedo et al., 2019). Pinilla & Ayuda (2002) elarified explained that the expansion of ordinary table wine products produc by Spain wine products in the period from 1890-1935 caused several countries in on the Americas American continent to experience quite large suffer serious losses, due so that trade policies tended to trade policies be that tended to be discriminatory towards market penetration. In 2011 2019 Moldova, three aspects that <u>influenced vineyards revitalization during 2011–2019 included</u> labour, land area, and quality of fertilizers have revitalized vineyards in Moldovaguality (Darma et al., 2022).

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V. Conclussion and Recommendation

This scenario of this paper commits is to investigate the effects impact of tobacco, coffee and wine exports on GDP growth of in Indonesia and Italy using panel data regression over the period 2013–2021. Scenario analysis using panel data regression. The existing findings results prove that of the from testing the six hypotheses in the first and second models variables in each country, only three hypotheses are were accepted and the other three hypotheses are were rejected. The results of the analysis output also concludes that the variables TEV, CEV, CIF_GGE, and CIF_RWE have a significantly affect effect on IDN GDP_Ag and ITA GDP_Ag. From the statistical output another perspective, it was also found that FoB_TE, FoB_CE, GGEV, and RWEV actually have had no an insignificant impact on IDN GDP_Ag and ITA GDP_Ag.

Regardless of the findings that have deviated, policy recommendations must adjust every export regulation related to transportation infrastructure which is a practical strategy, protect consumers, prepare preventive steps to increase investment, prevent unfair export tariffs which are at times inelastic through domestic creativity in the productivity of agricultural commodities, simplifying international trade legal channels, removing complicated systems in negotiations and trade transactions, and involving several elements in parallel not only by policy makers stakeholders, but farmers, business actors (exporters), consumers and other interested parties. Finally, from this paper; offers relevant academic novelty is obtained to enhance improve the economic literature surrounding international trade affairs in discussing research outcomes. The fFuture agendas also needs to rethinking the import and export urgency of three commodities constructively through other procedures that can influence trade values evicusly think about the implications, adding variable components, or simply extending the time lag, so that constructive urgency is considered. The contribution of this study allows wider exploration by extending the time lag analyzed or adding variables beyond the current model.

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