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# ANALYSIS OF FACTORS AFFECTING RAW GOODS IN INDONESIA SINCE 1986-2021

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**ABSTRACT**

In Indonesia, the demand for raw goods continues to increase along with national and international needs, making production continue to increase and this makes economic growth continue to increase, but inversely proportional to the availability of raw goods in nature which is increasingly dwindling and it is feared that it does not have raw goods spare parts, so the government carries out policies related to this phenomenon by allowing more processing of raw goods into semi-finished goods so that More maximally in handling these problems and increasing the value of investment and export activities. In addition, investment adds to existing resources so as to create relations between countries with cooperation and use the prevailing exchange rate. In this study, it is known that the influence of raw goods on economic growth is positive with other factors such as investment activities, exports, exchange rates that make economic growth more positive than the previous year. In this method, using the var model in research where previous research was carried out previously through secondary data collection methods and separated in detail according to year. Management uses app in conducting research with var more helps get information shouting data that is processed from the results of the sarsenerity test it is found that all variables except for one variable, namely the Export variable (EKS) because at the level or first difference do not have a stationary value. The optimal leg test leg is in the maximum second leg. In the stability test, all have a stable intention. Impulse response has a positive and negative effect on variables except against investment, while in the Variance Decomposition test increased every period. The production of raw goods has a negative effect at the beginning of the production period but often over time it has a positive effect on economic growth.



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## INTRODUCTION

Economic development in a country can be seen from one of the important variables so that it can be measured whether the country is experiencing an economic increase or a decline. In addition, there are several aspects that can affect the country's economic development: activities in macro zones such as exports, investment, raw goods production, and in carrying out international trade activities in need of exchange rates or depletion rates that apply in conducting international trade. The production of raw goods is often one of the sectors that are favored in one country, especially in Indonesia. From the available natural resources, the production of raw goods increases so that it can help economic growth in terms of exports due to high demand from other countries. Economic development is only influenced by aspects of inputs such as capital and labor and technological revision (Solow in Todaro, 2006).

Meanwhile, the idea of endogenous economic growth initiated by Romer and Lucas (in Salvatore, 2014) explained that international trade in the form of export and import activities positively affects production and economic development, the thinking of endogenous economic development claims that by solving international trade problems, it promotes economic development and development for the long term. Salvatore (2014) believes that exports and investment are two important factors that can help boost the economy. Salvatore suggests that exporting and investing are two important ways to make money. Many countries have found that increased exports have a positive effect on their economies. This happens because exports help increase production and economic growth.

As research conducted by Ginting (2007) shows that when Indonesia exports and invests abroad, this has a positive impact on the country's economy in the short and long term, this is supported by Sunde's research (2017) which combines exports, direct investment and economic development. Exports and direct investment boosted South Africa's economic development. Whereas in Korea, Kim and Lim's (2005) research using VECM and Granger causality for analysis tools found that there is no causal relationship between exports and economic growth.

In accordance with the results obtained by Ginting supported by Kim and Lim de Sunde and Abou-Stait allows for differences in relationships between dependent and independent variables in some countries. This thinking detects that there is a gap between previous research assisted by Ginting (2017), Sunde (2017) and Kim and Lim (2005) supported by Abou-Stait's (2005) research. In this study, changes in the dependent variable can be seen as a result of changes in the independent variable.

In the industrial world (David, 2017), raw goods inventory is actually needed so that producers can operate properly and smoothly, in raw goods inventory producers will offer maximum raw goods so that the activities carried out operate smoothly as desired. Producers manage inventories appropriately to prevent commodity inventories from dwindling and growing. The corresponding raw goods make up the most output.

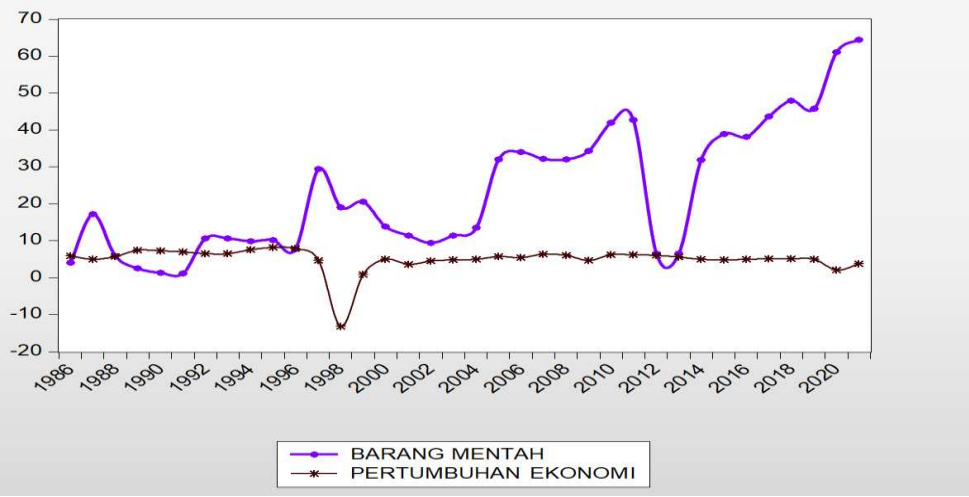
Opinion from (Sirait, 2019), so much inventory of raw goods can cause high costs, where the acquisition of raw goods has different funds and also different types of materials. Therefore, producers calculate inventory levels correctly so that production activities run smoothly. Raw goods are essential goods by every manufacturer as completing its production process. Because producers need to know the appropriate amount of raw goods when planning the availability of raw goods, producers can produce orders accordingly so as not to cause excessive availability of raw goods and lead to the use of inefficient "styles" (Pratama et al., 2020). In addition, Pasaribu (2017) also explained that

every company has an obligation to provide clear policies on the raw material inventory process. This aims to support capacity achievement during a sustainable and equal / balanced production process. Pasaribu (2017) explained that an important element in an organization is raw materials, this is because raw materials are the basis for the sustainability of a production process. Raw materials are materials used to process parts or wholes of finished products. Raw materials that have been processed at manufacturing companies are usually purchased in local purchases, imports or come from their own manufacturing processes (Mulyadi in Indah and Maulida 2018). According to Adisaputro and Asri (2016) explained that the raw material budget includes the raw material purchase budget, the raw material needs budget, the raw material inventory budget and the raw material cost budget

A material is considered a raw material if it is part of the final product and can be identified with it (Arif Saudi, 2000). Raw goods are goods that are obtained by producers to be processed for semi-finished goods and until they become finished or finished goods (Lukman Syamsudin, 2001: 281). However, the definition of raw material here focuses on physical materials related as a whole to the point of production. If the procurement of raw goods is smooth, the production process is also smooth. For example, if the acquisition of raw goods when carrying out activities makes the results not sufficiently available, so that the production of goods is disrupted and causes a decrease in the results of goods carried out by producers.

Therefore, the decision of shipping goods (investment of goods) is very important to detect failure when it is found that the investment of inventory of a Producer reduces the Producer's profit. The definition of inventory is an asset that contains producer goods intended when sold in a specified period, or the availability of goods when sold or productive activities, or the availability of raw goods that are used for use in production activities (Sofjan Assauri, 2004).

Another definition of inventory is any or all of an organization's resources that are stored and waiting to be replenished. Resource requests can be internal or external at these points of delivery, including raw goods, goods still being processed, finished or finished goods, auxiliary or auxiliary materials, and other components that are part of the manufacturer's product (T. Heni Handoko, 2001). When manufacturers invest too much money in storage space, this can increase the cost of storing raw materials, which includes rent, maintenance, and insurance costs. Conversely, if manufacturers do not invest enough money in storage, this can lead to stock shortages, which can result in lower profits.



Source: data processed by the author
Figure 1. Raw Goods and Economic Growth Charts

Exports are also known to cause economic growth using the Granger randomness test method. Using the vector error correction model (VECM), Kim & Lim (2005) found that exports had an impact on economic growth in Korea. Indonesian hypothesis testing research was conducted by Sumiyarti (2015) using the OLS approach. Sumiyarti is interested in how exports from Indonesia can help the country's economic growth.

It was concluded that manufacturing exports have a positive and significant effect on economic growth. Almost the same as Sumiyarti (2015), Solomon and Hubarat (2007) found data as exports have a significant impact on economic development in the long run.

Using the latest data and different approaches, the study focuses on Indonesia's total exports rather than its industry. To distinguish from the previous research points sourced from the explanation above, this research aims to carry out further research on the influence of exports on economic development. In other words, this research aims to test whether the ELG hypothesis is acceptable for Indonesia. The results of this research can be a reference for making politics of Indonesia's export growth.

## RESEARCH METHODS

This research examines annual data in the form of time-series, namely from 1986-2021. The data obtained comes from several sources such as forestry data and economic growth data and activities such as exports, besides that data is also obtained from several other sources such as the Central Statistics Agency (BPS), Lokadata IDX.id, investing.com and Forestry journals in 2016-2020.

In addition, this study processes the effect of raw goods growth on economic growth with activities in it such as exports and investment, by utilizing natural resources in the form of raw goods so that they can find out in detail the production of raw goods.

Variable is used to take advantage of the production of raw goods in Indonesia so that there is an overview of competitiveness and the movement of economic growth in Indonesia in the form of raw goods within the country with the level of exports and investment. Ginting's research (2017) found that when foreign businesses invest in Indonesia, it helps the country's economic growth in the short and long term. This is based on Sunde's research (2017) which found that when foreign companies export goods and invest their money here, it has a positive impact on the Indonesian economy.

Table 1. Variable Definition

| Variable | Description | Symbol | Source |
|---|---|---|---|
| Raw goods | Thing raw Non Indonesia's oil and gas in the last 36 years in Indonesian | BM | BPS and forestry journals |
| Export | Amount of raw bang in overseas exports of raw goods | Exs | Bps |
| Exchange rate | Rupiah exchange rate against dollar | Exchange rate | Local Data |
| investment | Sum Planting capital at Indonesia for raw goods | Inv | IDX.id and investing.com |
| Economic growth | Level addition and income deduction in Indonesia for 36 years | Y | Data local |

Source: data processed by the author

In this research there is a strong interrelated relationship between raw goods and economic development. Export and investment activities become one of the activities that can make a positive influence on economic growth where these activities are also associated with currency exchange rates or in other words (exchange rates).

So it can be said that this activity becomes its own benefit for Indonesia and has a positive impact on the path of economic growth. However, sometimes the value of investment and exports as well as the amount of natural wealth that continues to deplete have an impact on the activity of raw goods production and cause great speculation such as export demand where currency and investment become important things in the economy that are influenced from outside such as foreign exchange rates. This makes a lot of raw goods production into semi-finished goods can only be exported. The impact of these activities slows down the activity of the economic growth lane. With this, the influence of raw goods on economic growth and activities is influenced by exchange rate exports and investment Marwanti et.

The Navy (2017) also studied the effect of export-import and investment on the economic development of Indonesia's agricultural zones using vector regression (VAR) and created that the absolute dimensions of export-import and investment do not have a significant effect on GDP-growth in Indonesia has. in agricultural zones, but on the contrary, agricultural zone GDP has a significant impact on Indonesia's import exports and large investments.

This case study focuses on the impact and mutual influence of dependent or raw goods on macroeconomics such as Economic Growth as income and production, investment in currency exchange rates, exports with an autoregressive vector approach (VAR) model.this method examines the effect of raw goods and on economic growth with production activities and income. Some of the two variables analyzed can affect the capital market, namely inflation, exchange rates, and interest rates (Kristanto &; Idris, 2016).

VAR method is used to design a system of time series variables and analyze the dynamic effects of the causes contained in the variable system. In the VAR model, several factors affecting a particular variable are taken into account at once. This is in contrast to simultaneous equation models that look at each variable separately. The VAR model looks to the past to see how each variable affects past values, and how that affects future behavior. This study is in line with the study of Safari, Menik Fitrian (2016). In his research "Analysis of the Effect of Exports, Capital Formation, and Government Expenditure on Indonesia's Economic Growth". According to the results of the study, it was concluded that export variables had a positive and significant impact on GDP in 1975-2014.

This study focuses more on how the impact of raw goods on the economic column and the availability or stock of raw goods in Indonesia.where considering the demand for raw goods transactions from abroad with existing export and investment activities and the value of the prevailing currency drain where I am competitive and the demand for raw goods always increases from year to year even though the amount available is running low because raw goods are becoming one of the most available. Favor in Indonesia which can help accelerate economic growth.

Policies carried out by the government related to exports and investment in raw goods where the most demand is from finished goods producing countries with guaranteed competitiveness and quality. The VAR approach is used to analyze between policy and

demand and the influence on the current economy, the VAR model is used because previous studies used the same model so that it became the basis of theory and research. One of the advantages of the analytical method used for this study is VAR indifference. VAR estimation steps according to Ekananda (2016) the VAR model used for this study according to Ekananda Marwant (2017) So that this research is more focused and uses the VAR model more.

BP = f(eks,exchange rate,inv,Pe)

Where BP is the total raw goods, ex as an activity in international trade, exc as the exchange rate of rupiah against the dollar, inv as foreign investment capital planted in the production of raw goods in Indonesia, PE as the basis of the growth path that occurs due to the production process and international transactions.

Export activities are based on the fact that the country is completely self-sufficient because one needs and complements each other. If another country needs the products produced by a country, it can export those products to those other countries. This helps meet the needs of other countries, and thus helps boost the economies in both countries.
In this study the use of the VAR method, as stated by Carrillo et al., (2020) is written as follows:

$$A - 1Xt = C + \sum BlXt{-}l + ut$$

Where C is nx 1, which is the constant vector A-1 is n x n which is used as a matrix of contemporary structural relationships between variables in the model. Bl is a persistent matrix, and ut is a structural innovation vector with mean = 0, containing no autocorrelation and the variance matrix – covariance is equal. Where E{ut , ut }=In. A model with a derivative will produce a multiplication version of the system, which becomes

$$Xt = \tilde{C} + \sum \tilde{B}\, lXt{-}l + \xi t$$

Where C = AC, B = AB and ξt = Aut, which is a vector shape derived from the innovation form with the same variance matrix – covariance for E{ξt ,ξt }= Ω . Therefore, the following matrix A AA' = Ω
To satisfy an exogenous block, matrices A and Bl are matrices with blocks equal to zero, so it can be written as follows:

$$A \equiv \begin{bmatrix} Azz & 0 \\ Azy & Ayy \end{bmatrix} \qquad B\ell = \begin{bmatrix} B zz,\ell & 0 \\ B zy,\ell & B yy,\ell \end{bmatrix}$$

Where Azz represents the impact of variables on the system, Azy represents the impact of macroeconomic variables, and Ayy represents the impact on macroeconomic variables, and economic growth. Also $\tilde{B}$zz,l is the effect of log l variable on the variable when it occurs, $\tilde{B}$zy,l is the effect of the current macroeconomic variable, and $\tilde{B}$yy,l is the effect of log l macroeconomic variable and current macroeconomic variable.

## RESULTS AND DISCUSSION

All variables in the model, raw goods, exports, exchange rates, infestations, and economic growth against BM have an Average value greater than the Standard Deviation value. This means that all variables in the model have high variability. The slope based on the Skewness value indicates the distribution of data. If the value is negative, the data tends to have a slope to the left, while if the Skewness value is positive, the data tends to tilt to the right. exchange rate and Infestation have a negative Skewness value thus the data is skewed to the left. Meanwhile, raw goods and exports and infestations have a positive skewness value, meaning the data is skewed to the right.

Table 1. Descriptive Analysis

| | BM | EX | COURSE | INV | And |
|---|---|---|---|---|---|
| Mean | 22.27057 | 77657.29 | 77657.29 | 79112.92 | 4.983143 |
| Maximum | 61.02000 | 162841.0 | 16800.00 | 413535.5 | 8.220000 |
| Minimum | 1.190000 | 14805.00 | 1652.000 | 2398.600 | -13.13000 |
| Std. Dev. | 16.23471 | 53388.15 | 4734.090 | 112814.6 | 3.475224 |
| Skewness | 0.486089 | 0.448434 | -0.172639 | 1.792751 | -4.208398 |
| Kurtosis | 2.087365 | 1.546587 | 1.751984 | 5.108786 | 22.48937 |
| Obs | 35 | 35 | 35 | 35 | 35 |

Source: processed by Author

The kurtosis value is used to see if the data is normally distributed or not. If the kurtosis value is 3 or around 3 then the data is normally distributed. If the value is above three, then the data distribution is at its peak. Meanwhile, if the kurtosis value is below three, the data distribution is flat.

The variable Buy Rate of IDR against USD has a currency value of around three which means that the data distribution is normal. Meanwhile, other variables have a kurtosis value below 3 which means the distribution of data is flat. All variables have the same observation value of 35. In the inv (investment) and Y (economic growth) variations, the currency value is above 3, the maximum distribution is at the peak and in the variable bm (raw goods), ex (export) exchange rate (exchange rate) The value is carried three which has a flat distribution. All variables have the same value.

### Stationarity Test

To test the presence of non-stationary stochastics in time-series data, this study uses the Phillips-Perron (PP) unit root test approach, in addition to this approach to eliminate heteroscedasticity in the data.in this unit root test uses "trend and intercept" for unit root test with "trend" and applies "intercept" for unit root test with "no trend". Raw goods (BM), exports (EKS), exchange rates (exchange rates), investment (INV), economic growth (Y) have a stationary value when they are at first difference 1, based on the root test unit test using PP, it is known that all stationary variables at the first difference except exports.

In addition to using the Phillips-Perron (PP) unit root test approach to eliminate heteroscedasticity in the data, this time the unit root test uses "trend and intercept" for unit root tests with "trend" and applies "intercept" for unit root tests with "no trend". Raw goods (BM), exports (EKS), exchange rates (exchange rates), investment (INV), economic growth (Y) have stationary values when they are at first difference 1, based on the root test unit test using PP, it is known that all stationary variables at first difference

except exports (EKS). The unit root test does not use the second difference I(2) because it can cause incorrect regression.

Table 2. Stationarity Test

| Variable | PP | |
|---|---|---|
| | Intercept | Trend & Intercept |
| Level | | |
| Bm | -0.886195 | -2.788.859 |
| EXS | 1.155836 | -1.743.059 |
| COURE | -1.482.077 | -3.310.203 |
| INV | 3.868799 | 0.484292 |
| Y | -4.097.982 | -4.059.132 |
| First Difference | | |
| Bm | -7.427053*** | -12.39324*** |
| EXS | -3.468.543 | -3.479.882 |
| COURE | -7.902812*** | -7.771887*** |
| INV | -4.759212*** | -6.396977*** |
| Y | -19.32341*** | -18.93689*** |

Source: data processed by the author

From the data above produced with the Phillips-Perron (PP) root test unit approach, it is known that all variables are not stationary at either level (intercept without trend or trend and intercept) namely the variety of raw goods (BM), exports (EKS), exchange rates (exchange rates), investment (INV), economic growth (Y) while for first difference with (intercept without trend or trend and intercept) all variables have stationary values, namely the variety of raw goods (BM), exchange rate (exchange rate), Investment (INV), Economic Growth (Y) except for one variable, namely the Export variable (EKS) because at the level or first difference does not have a stationary value.

**Optimal Leg Test**

In the optimal leg test in the VAR method, it serves to find out that the Var used has applied the best leg requirements, namely by determining where the optimal leg is based on the number of legs tested on the overall data.in addition, in the optimal leg test to get the optimal leg, it uses the value * to show the sequence of distance. With sequential modified LR test statistics (each test at 5%), final prediction error (FPE), information criterion (AIC), Schwarz information criterion (SC) and Hannan-Quin information criterion for the smallest value.

Table 3. Test Optimal Lag

| Was | LogL | LR | FPE | AIC | SC | HQ |
|---|---|---|---|---|---|---|
| 0 | -285.3055 | ON | 30.11370 | 17.59427 | 17.82102 | 17.67057 |
| 1 | -170.7490 | 187.4562 | 0.135019 | 12.16660 | 13.52706* | 12.62436 |
| 2 | -136.6815 | 45.42323* | 0.087168* | 11.61706* | 14.11124 | 12.45628* |

Source: data processed by the author

From the data above, it is known that the best leg is 2, where it can be seen from the number of stars (*) which shows that in the var method with the data used that the optimal leg is 2, besides that in each LR, FPE, AIC, SC, and HQ shows that in this data after the var test, the best leg is in the 2nd leg.

**Stability Test**

In the stability test used is to test the stability of var in the var method itself.with the lag test structure ar root table is used when using the var model so that it can be known how stable the var value is tested in the var model.

Table 4. Stabuility Test

| Root | Modulus |
|---|---|
| 0.965396 | 0.965396 |
| 0.744145 | 0.744145 |
| 0.691361-0221091i | 0.725852 |
| 0.691361+0221091i | 0.725852 |
| 0.360286-0534971i | 0.644980 |
| 0.360286+0534971i | 0.644980 |
| -0.134951-0509348i | 0.526922 |
| -0.134951+0509348i | 0.526922 |
| -0.469159 | 0.469159 |
| -0.182198 | 0.182198 |

Source: data processed by the author

From the data above which is tested using the ar root table test, it is known that there are no errors because all the data tested does not have a value above 1 so that the estimation of the data tested has a stable value in accordance with the provisions of the VAR.salain ar root table test, it can also use the ar root graph test to ensure that the data used does not have errors.

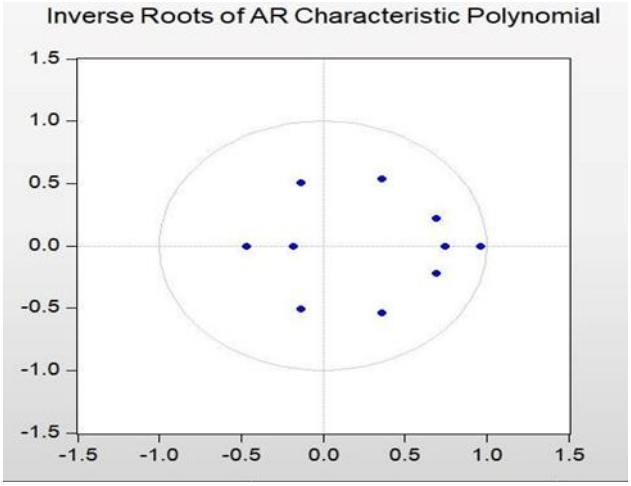


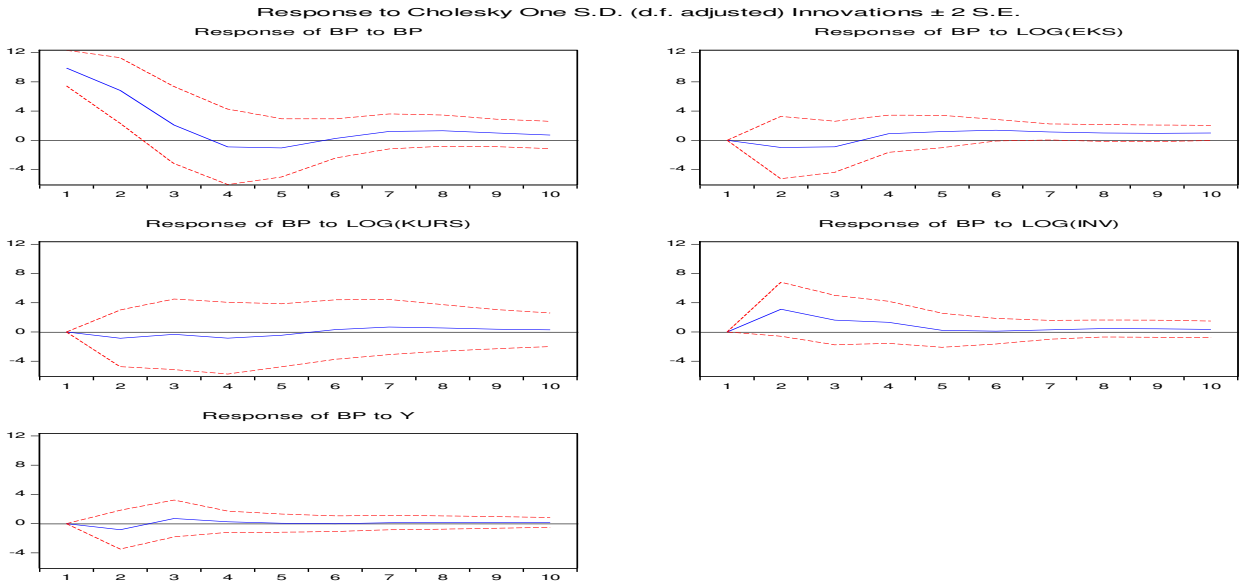

Figure 2. AR Roots Graph

In the VAR model for the root graph test, the level is stable if the data is stable in the circle and not out of the circle so that the data will be stable. In the data it can be known that all points are in the circle, this indicates that the estimated data tested has a stable value but in the root test of the graph there are those who have negative values or positive values depending on whether the value is carried on the line or above the center line.

**Impulse Response Function.**

For the Impulse Response Function (IRF) aims to find out the extent to which the influence of the dependent variable on the independent will have a positive effect or a

negative effect where it can be influenced by other variants tested so that with the Impulse Response Function it can find out the bumps that will occur on the variable being tested.




From the data above for IRF analysis for 10 periods, it is known that the response of BP variables to BP itself in the first period to the tenth period fluctuates where it responds positively and negatively or in other words (up and down) to the shock, which in the first to third periods has increased, but in the fourth to sixth periods has decreased and in the fourth to sixth periods has increased or responded. positive from the data, BP variability experienced the highest increase in the first period.

In the BP variable against the Log EKS variable, it was found that for the first period there was a decrease that responded negatively to shocks until the third period then in the fourth period the shocks began to decrease or there was an increase that caused an increase so that it responded positively.

Furthermore, the variable response of BP to the Exchange Rate Log in the first to fifth period decreased which responded negatively to shocks but increased again in the sixth to tenth periods so that it responded positively to shocks in that period.

In Variable BP to the variable Log INV in the first period to the second period experienced a high increase or responded positively to shocks then in the third to tenth period decreased but still perceive positively because it does not cross the line or zero point and if it crosses the line it will respond negatively. Then in the third period experienced an increase or positive response to shocks and in this period experienced the highest increase among 10 other periods, in the fourth period experienced a positive decrease but remained stable until the tenth period because positive perceptions were in line with the line and did not cross the gari or zero point where if it had not crossed the line then the response was said to have a positive effect on shocks.

**Variance Decomposition (VD) Test**

The Variance Decomposition test serves as an illustration that a dynamic system in the VAR model. In the variance decomposition test, in addition to breaking a dynamic system, it also functions to estimate the variance error on one variable which will provide information on how much change between the variance between the before and after a

shock or shock, whether it's a shock that comes from the variable itself or to other influential variables.

Table 5. Variance Decomposition Test

| Period | HERSELF | BM | EX | INV | COURSE | And |
|---|---|---|---|---|---|---|
| 1 | 9.886461 | 100.0000 | 0.000000 | 0.000000 | 0.000000 | 0.000000 |
| 2 | 12.49800 | 92.26850 | 0.636697 | 6.083603 | 0.570091 | 0.441110 |
| 3 | 12.82816 | 90.22442 | 1.089199 | 7.344640 | 0.623488 | 0.718251 |
| 4 | 12.98893 | 88.49456 | 1.537061 | 8.155964 | 1.075189 | 0.737225 |
| 5 | 13.09489 | 87.70486 | 2.339642 | 8.049491 | 1.178753 | 0.727255 |
| 6 | 13.17322 | 86.69993 | 3.394727 | 7.961848 | 1.224588 | 0.718908 |
| 7 | 13.29775 | 85.90722 | 4.058213 | 7.865041 | 1.454544 | 0.714983 |
| 8 | 13.41906 | 85.31390 | 4.535240 | 7.850299 | 1.586395 | 0.714161 |
| 9 | 13.50284 | 84.80453 | 4.974538 | 7.861191 | 1.639850 | 0.719888 |
| 10 | 13.56727 | 84.28125 | 5.469006 | 7,857554 | 1.666316 | 0.715870 |

From the data above, it can be found that the influence of other variables such as the variables EKS, INV, EXCHANGE RATE and Y if there is a shock will affect the BM variable. In the EKS variable, if you experience shocks, it will affect the BM variable, it can be seen that in the first period it has an intention of 0% and then continues to experience a loss from the second period to the tenth period, this states that it will affect if there are shocks from time to time, where the greatest influence is in the tenth period with a value of 5.46% and the lowest is the first period.

In the INV variable, if it experiences a shock, it will affect the BM variable as well, where it can be seen that in the first period for the variable it still has a value of 0%, but in the second period it has a considerable increase until it has the largest intention in the fourth period, namely with a value of 8.15%, then it has a fairly stable value to the next period until the tenth period where the lowest period is still in the period itself.

In the KURS variable, if it experiences a fluctuation like other variables, it will affect the BM variable as well, in this case this variable itself has an impact if there is a fluctuation where in the first period it still has no value or 0% so that it is not so large then in the next period it increases slightly until the tenth period continues to increase where in the tenth period it has the greatest value with value 1.66 percent and its increase from the first period to the first period can be stable.

In variable Y, if it experiences a shock, it will affect the BM variable where it can be seen in the first period to the tenth period for the first period still has a value of 0% and the next period has a slow increase until the tenth period and in this variable the highest value is in the ninth period with a value of 0.719% so that it can be said that every time a shock occurs, it will affect the BM variable.

## CONCLUSION

From the results of research conducted, it is known that the production of raw goods in Indonesia continues to decrease, often with high levels of consumption, where if policies are not carried out in this case, the availability will decrease according to data from 1986-2021.

The production of raw goods has a negative effect at the beginning of the production period, but often over time, it has a positive effect on economic growth, in addition to the influence of exports and investment and exchange rates have a positive effect on raw

goods that increase the path of economic growth, which can be said to have a positive effect insignificantly, such as exports have a positive effect on raw goods according to the data processed, then investment has a positive effect on Raw goods, there is also the development of the value of the stock has a positive influence on raw goods so that it can be concluded that the presence of raw goods that affect economic growth has a positive effect with the influence of other variables such as export investment and exchange rates. So that in the Indonesian economy raw goods that are well produced will produce good quality goods and make prices rise, besides that in the short term raw goods production activities are also one of the occurrences of mutually beneficial cooperation, especially in Indonesia which will affect the exchange rate (Exchange Rate), export levels, and investment invested in the country. The availability of raw goods in Indonesia is currently reduced and sold at low prices so it is expected that the government will carry out new policies that make Indonesia benefit by making raw goods into finished middle goods so that it will increase the quality of the Indonesian economy, especially in the long term and in the short term can reduce excessive exports of raw goods.

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