

## ABSTRACT

The objectives of this research are to identify and analyze factors that affecting the demand behavior of pine log at Forestry Public Corporation Unit 1 of Central Java. The population of this research is the pinewood processing Plants and Industries registered at Marketing Bureau of Forestry Public Corporation Unit 1 of Central Java this consist of 95 units.

Primary data source of this research is the secondary data obtained from some government authorities. Like Forestry and Agricultural Department, Trading and Industrial Department and Statistic Center Bureau, Forestry Public Corporation Unit 1's office of Central Java and Forestry Authorization Unit. Data was also collected from Pinewood Manufactures from West Pekalongan, East Pekalongan, West Banyumas, East Banyumas, North Kedu, South Kedu, Surakarta, Semarang and Pati. Entrepreneurs of pinewood processing plants industries of Central Java were also interviewed. Data was also collected from statistical books and related articles.

Estimation of data is done using the analysis model with Multiple Regression transformed into the natural logarithma model.

The result shows that at 5 percent level of significance, the pine log price variable, the total pinewood processor plant/ industry, per capita income and rupiah rate exchange were significantly affected to pine log demand. While *sengon* wood price, sawn timber price and finger joint export price were not significantly affected to pine log demand.

Price elasticity of pine log was elastic in nature to pine log demand with the elasticity coefficient amount wa equal to -1.009. Per capita Income was also elastic in nature to pine log demand with elasticity coefficient amount was equal to 1.310. Elasticity coefficient of total plants/ industries wa equal to 0.714 and elasticity coefficient of rupiah rate exchange was equal to -0.877.

Based on the result summary and policy implication we recommend :  
(a) management of price regulation policy of pine log (b) Regulation permission to pinewood processing plants and industries which are at the middle and lower level (c) Provide facilities, infrastructure and improvised skill to the pinewood processing industries which are at the midlle and lowers levels.