Impact of International Trade on Economic Growth in Indonesia During Period 2000-2013

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ABSTRACT

International trade can be interpreted as a commercial transaction between the subjects of the country's economy with the economies of other subjects. International trade affect a country's economic growth, as in the international trade of all countries to compete in the international market. One of the advantages of international trade is to enable a country to specialize in producing cheap goods and services, both in terms of materials and production methods. This study aims to determine the development of exports, imports and economic growth in Indonesia as well as determine the effect of exports and imports to Indonesia's economic growth. This research uses Granger causality test and Vector Auto Regression approach using Eviews 6.0 software. Calculation shows that exports do not have an influence on economic growth. But the results of this experiment indicate that the import has a two-way causal relationship to GDP and GDP also has a relationship with the import. This study also proved that the greater the level of imports may affect the level of GDP in Indonesia in the short term is 2 years during the period 2000 to 2013.

Keywords: International Trade, Economic Growth, export, import, Granger Causality and Vector Auto Regression.