

**Paper 58 – Business and Governance**

**INTERNATIONAL TRADE ANALISIS BETWEEN INDONESIA AND PHILIPPINES BEFORE AND AFTER ASEAN-CHINA FREE TRADE AGREEMENT**

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**ABSTRACT**

Since the elimination of trade barriers, it is very clear that the implementation ASEAN-China Free Trade has changed the international price of products and services. How could it be for a country? How exchange rates, inflation and free trade give impact toward export and import of Indonesia and China. Exchange rate and inflation are the things considered. There is no guarantee that International free trade always brings advantage. It could be threat or benefit. The research aim is to show how exchange rates and inflations predict exports and imports before and after free trade by using Indonesia-Philippines data analysis technique namely regression analysis, partial (t-test), simultaneous (F-test) and adjusted square. Sources of data are obtained from legal website of Central Bureau of Statistics of Indonesia. The data of import-export are divided into two parts, namely from 2005 to December 2009 is used to measure the performance of data before Free Trade. And from 2010 to 2014 is used to measure the performance of data after free trade. As it is shown at export performance that linear regression had different before and after the implementation of Free Trade. It shows that the present of Free Trade had changed the predicted performance of regression results. Both inflation and exchange rate gave different contribution before and after the implementation on Free Trade. Export of Indonesia shows in the linear regression line that both before and after Free Trade moved from left to right yearly. Nevertheless, the tilt of both lines didn't have the same. The line tilt before Free Trade is more steeply than the line tilt after Free Trade. It means the performance of export had leaped much bigger before Free Trade yearly. Import performance shows that if the exchange rate increased then the import would increase, but after Free Trade, if the exchange rate increase, then the import would decrease. Significant level of correlation (sig. 2 tailed) shows that the inflation rate changed from 0.858 to 0.123 and the significant level of exchange rate correlation (sig. 2 tailed) changed from 0.387 to 0.514. And both numbers are above of 0.025. Import of Indonesia on the linear regression line shows that before Free Trade, the direction went up from left to right. Import was getting increase yearly. But after Free Trade, the direction went down from right to left. Import had decreased yearly. Therefore, the implementation of Free Trade contributed a positive impact to Indonesia.

**Keywords: Free Trade, Import, Export, Inflation, And Exchange Rate.**

