

## MEA IMPACT ANALYSIS OF EXPORT INDONESIA

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### ABSTRACT

Countries that are members of the ASEAN economic integration has been agreed for the implementation of Asean Economic Community or AEC since the end of 2015. The positive impact is more smooth flow of import-export, services, investment, skilled labor, and capital inflows due to international trade barriers that there is more alleviated or even eliminated. The condition is an opportunity as well as a threat. Opportunities for countries that can compete with other MEA countries members of the human resources, product quality and so forth. The threat is that when the MEA countries are unable to compete with the other member countries of the MEA.

The export value of Indonesia after the enactment of the MEA to reach US \$ 12.63 billion, decreasing by 0.74 percent. Non-oil exports in August 2016 reached US \$ 11.50 billion, compared to exports in August 2015 rose by 2.76 percent. While the value of Indonesian imports in August 2016 reached US \$ 12.34 billion, down 0.49 percent compared to August 2015. Non-oil imports in August 2016 reached US \$ 10.58 billion when compared to August 2015 rose 2.84 percent. Oil imports in August 2016 reached US \$ 1.76 billion, down 16.71 percent compared to August 2015.

In general decline in the value of Indonesian exports and imports that occur due to weakening global economic activity, the supply and demand of goods decreased, decreased purchasing power, declining domestic investment, government spending (Government Spending) decreased for the budget outcome is currently not optimal.

**Keywords:** Impact MEA, Export, Import, Indonesia

### INTRODUCTION

Countries that are members of the ASEAN economic integration has been agreed for the implementation of Asean Economic Community or AEC since the end of 2015. The impact of positive and negative MEA felt by all member countries of the MEA. The positive effect is more smooth flow of import-export, services, investment, skilled labor, and capital inflows due to international trade barriers that exist more alleviated or even eliminated. The condition is an opportunity as well as a threat. Opportunities for countries that can compete with other MEA countries members of the human resources, product quality and so forth. The threat is that when the MEA countries are unable to compete with the other member countries of the MEA.

Invalidity of import-export tariffs for certain goods should be best utilized by MEA member states to be able to sell more products to fellow country member MEA. After the MEA applicable, Indonesia hopes to increase exports performed. Therefore, Indonesia made a policy of increasing exports through the Directorate General of Customs. This is important because to improve the trade balance position, accelerate the industrial development of the National autonomous, creating a National Branding, encourage the expansion of economic activities and income of the community, increasing the role of Indonesia in international trade and to strengthen the competitiveness of Indonesia ([www.beacukai.go.id](http://www.beacukai.go.id)).

Policies need to be specified increase in exports was also due to an increased chance of Indonesian exports are still very wide. This is due to the number of Indonesian export commodities in the world market based on variations in the six-digit HS approaching 70%. That is a commodity product diversification Indonesia received the export market is large enough so as to boost exports enough to increase the volume of exports of each product. In addition to having the opportunity is still quite nice, Indonesia also have problems related to exports. The first problem that is a lack of competitiveness due to high cost of production and industry structure that still relies on imported raw materials. The second problem is the high cost of logistics and yet awakening connectivity between the chain of economic activity.

The problems are believed to have hamper export performance and conducted by Indonesia, so the Directorate General of Customs and Excise to take steps to overcome the existing problems. There are several strategies carried out by the Directorate General of Customs and Excise to solve the problems of Indonesian exports. The first strategy of harmonization of policies, both fiscal facilitation strategy, service strategy and oversight third and fourth are extending.

Harmonization of policies consists of three steps taken. First Building a chain of economic activities by opening supply raw materials companies ease import or export purposes KITE of the production of bonded zone or bonded warehouse or from a KB or GB. Both Extending coverage of the facility by adding fiscal facility, for example: KITE with BMDTP, facilities KB / GB with KITE, amenities FTA with KB. Third Working with agencies outside the Directorate General of Customs to increase exports.

Fiscal facilities conducted by optimizing fiscal facility contained in articles 25, 26 and 44 Customs Act to help reduce the cost of imported raw materials purchased by industries in the country. While the service and supervision by the way to simplify and automate licensing procedures, provision of facilities and service facilities, menshifting pattern of service on the basis of profiling and attention to risk management, menshifting pattern control from traditional to modern to build an integrated system for analyzing risks and potential risks and do monitoring and evaluation of the provision of facilities for the right target. The fourth strategy is extending. Extending done by making a study of the potential advantages of the area that can be given facilities and promotion of the facilities that can be granted to export-oriented companies. Through these methods expected to increase exports by Indonesia, especially in the era of MEA.

However, the government efforts have not yielded optimal results. This can be seen from the data of exports and imports by Indonesia. Here the authors present data is the rise and fall of exports and imports by Indonesia at the time before the MEA applied, ie in 2015 and after that MEA enacted in 2016.

Based on the authors obtained data from the Central Bureau of Statistics, in 2016, the export value of Indonesia in August 2016 reached US \$ 12.63 billion, an increase of 32.54 percent compared to exports in July 2016. As compared to August 2015 decreased 0.74 percent. Non-oil exports in August 2016 reached US \$ 11.50 billion, up 34.84 percent over July 2016, as well as compared to exports in August 2015 rose by 2.76 percent.

The cumulative value of Indonesian exports in August 2016 reached US \$ 91.73 billion, down 10.61 percent over the same period in 2015, as well as non-oil exports reached US \$ 83.11 billion, down 7.32 percent. The largest increase in non-oil exports in August 2016 to July 2016 occurred in the ore, crust, and the gray metal of US \$ 285.7 million (151.94 percent), while the largest decrease occurred in the objects of iron and steel amounted to US \$ 120.9 million ( 54.79 percent). Non-oil exports to the United States in August 2016 reached the largest number of US \$ 1.36 billion, followed by China's US \$ 1.36 billion and Japan US \$ 1.17 billion, with the contribution of three reached 33.79 percent. While exports to the European Union (28 countries) amounted to US \$ 1.22 billion.

By sector, non-oil exports of manufactured products in January? August 2016 fell 4.37 percent over the same period in 2015, and exports of mining products and others fell 20.83 percent, as well as agricultural exports fell 20.69 percent. According to the province of origin, Indonesia's largest export in August 2016 from West Java with a value of US \$ 16.59 billion (18.09 percent), followed by East Java US \$ 12.54 billion (13.67 percent) and East Kalimantan U \$ 8 80 billion (9.59 percent).

Indonesia's import value in August 2016 reached US \$ 12.34 billion, up 36.84 percent when compared to July 2016, but down 0.49 percent compared to August 2015. Non-oil imports in August 2016 reached US \$ 10.58 billion, up 40.90 percent compared to July 2016. Similarly, if compared to August 2015 rose 2.84 percent. Oil imports in August 2016 reached US \$ 1.76 billion, up 16.55 percent compared to July 2016, but down 16.71 percent compared to August 2015.

The cumulative value of imports from January to August, 2016 reached US \$ 87.35 billion, down 9.42 percent over the same period in 2015. The cumulative value of imports consist of oil and gas imports US \$ 11.96 billion (down 31.64 percent) and non-oil US \$ 75 , 39 billion (down 4.49 percent). The increase in non-oil imports in August 2016 is a class of machinery and mechanical equipment of US \$ 559.7 million (41.68 percent), while the largest decrease was class of ships and floating structures of US \$ 37.2 million (35.63 percent). Three country of origin of the largest non-oil imports from January to August, 2016 was China with a value of US \$ 19.45 billion (25.80 percent), Japan US \$ 8.42 billion (11.17 percent), and Thailand US \$ 5.90 billion (7, 83 percent). Non-oil imports from ASEAN reached a market share of 21.84 percent, while 9.27 percent of the European Union. The value of imports class raw / auxiliary materials and capital goods during January-August 2016 has decreased compared to the same period of the previous year respectively by 10.74 percent and 12.86 percent. Instead of imported consumer goods group increased by 11.79 percent.

Based on the above data can be seen that after the implementation of the Asean Economic Community, or AEC, Indonesian exports to other countries experiencing a declining trend. In other words, MEA applicable helped make Indonesia's export performance declined. Based on those Urian, the researcher is interested to further investigate the performance of exports and imports by Indonesia.

## **REVIEW OF LITERATURE**

### 1. On Classical Theory of International Trade

#### a. The views Merchantilist About Trade

Salvator, (1997) says that the only way for a country to become rich and powerful is to do as much as possible export and import as little as possible. Exportable surplus to be formed in the flow of bullion or precious metals, especially gold and silver. The more gold and silver owned by a country, the more rich and powerful countries. It tersbut make the government encouraged to use all his power to increase exports and reduce imports, especially imports of luxury goods. However, because each country can not simultaneously generate exportable surplus and because of the amount of gold and silver remain at a certain moment, a country can only gain at the expense of other countries. Therefore disseminate mercantilist economic nationalism and believe that here would be a conflict of national interests.

Salvator, (1997), citing Smith regarding international trade is done voluntarily. The two countries will conduct a voluntary trade if both countries gain. If one of the countries to benefit from international trade, while the country suffered a loss, then this will encourage the rejection of the trade.

#### b. Absolute Excellence

Salvator, (1997) says that if a country is more efficient than in other countries, or has an absolute advantage in producing a commodity, but less efficient or have a loss of absolute than any other country in producing other commodities, both countries can gain an advantage in international trade by how each specialize in producing a commodity which has an absolute advantage and exchange it for goods that have an absolute loss. In this way the existing resources in both countries can be used in the most efficient manner. The output produced will increase. An increase in output will measure the benefits of specialization in production for both countries to trade.

#### c. Comparative Advantage

Although a country is less efficient than other countries in producing both commodities or an absolute loss, but can still carry trade is beneficial to both sides. The first country should specialize in producing and exporting commodity which has an absolute disadvantage is greater (this commodity has a comparative disadvantage).

#### d. Relative Cost

According to David Ricardo in Nopirin, (2010), the starting point of international trade theory is the theory of value or value. According to Ricardo value or the value of an item depends on the amount of labor devoted to producing goods (labor cost value theory). Trade between countries would arise if each country has a comparative cost is small.

### 2. On Modern Theory of International Trade

#### a. Factor Proportion (Heckscher and Ohlin)

Heckscher & Ohlin in Nopirin, (2010), states that the difference in cost oportunity of a country to another because of differences in the number of its production factors. A country has more labor than in other countries, while other countries have more capital than in those countries which can result in an exchange.

#### b. Similarity Factor Prices

The essence of this theory is that free trade is likely to result in the same production factor prices in some countries. Referring to Hecksher Ohlin theory of factor proportions, for country A to multiply the production of goods X will lead to increased demand for labor, otherwise diminishing the production of goods Y means the least demand for capital. This would tend to lower wages (the price of the workforce) and raise the price of the capital (rate of return).

#### c. Demand Theory And Deals

In principle, trade between the two countries arises because of differences in supply and demand. The difference this demand can be caused by differences in income and tastes, for example, while the difference is because the deals, for example due to differences in the quantity and quality of production factors, the level of technology and externalities.

### 3. The Asean Economic Community (AEC)

#### a. Definition of the Asean Economic Community (AEC)

Asean Economic Community (AEC) is an economic integration that aims to improve the competitiveness of ASEAN as well as China and India could compete to attract foreign investment. Foreign investment in the region is needed to boost employment and improve welfare. Asean Economic Community (AEC) allows the country to sell goods and services easily to other countries across Southeast Asia so the competition will be intense. Asean Economic Community is not only open up the flow of goods or services, but also the labor market professionals, such as doctors, lawyers, accountants, and others. MEA requires the elimination of rules that have plagued the recruitment of foreign labor. MEA will be more opportunities for foreign workers to fill a variety of positions and professions in Indonesia were closed or minimal foreign power. But the Indonesian government still protect Indonesian workers by making the requirements more stringent for foreigners who will work in Indonesia. Examples are berasal dari prospective workers abroad should be able to speak a foreign language and must have relevant professional certification institute in the country, (bbc.com).

#### b. Advantages MEA For Southeast Asian Countries

Asean Economic Community has great benefits. Besides being able to create millions of new jobs, economic integration can also improve the welfare of 600 million people living in Southeast Asia. International Labour Organization (ILO) detailing that demand professional workforce will increase by 41% or about 14 million. While the demand for middle-class workers will rise 22% or 38 million, while the lower level of labor increased by 24% or 12 million, (bbc.com). This means that with their MEA Indonesia has the opportunity to be able to reduce unemployment.

## METHODS

This study sought to analyze the impact of the Asean Economic Community (AEC) on exports and imports by Indonesia. This study will attempt to analyze the causes of the rise and fall of exports and imports are carried out. The method used is descriptive qualitative.

## DISCUSSION AND RESULTS

The main cause of decline in Indonesia's trade balance was caused by weak global demand and also lower world oil prices remained at US \$ 45 to US \$ 50 per barrel. According [www.cendananews.com](http://www.cendananews.com), 2016 the drop in export value of Indonesia in July 2016 one of them because they are influenced by their long holiday before and after Hari Raya Idul Fitri 2016 for one week, so many companies that dismiss employees and halt exports to overseas as well as imports from abroad.

[news.ddtc.co.id](http://news.ddtc.co.id), 2016, Head of Statistics Suryamin said there are two main factors that affect the performance of Indonesia's export value in the period in July 2016, one of which is a factor of global economic slowdown, which is affecting export demand. Although the performance of Indonesian exports have decreased quite signifikan in July, but these achievements are still fairly reasonable, since the same reduction also occurred in July 2013 and 2014 ago. In 2013, the decline occurred before and during Eid amounting to US \$ 2 billion, and in 2014 decreased US \$ 1 billion. As for non-oil exports in July 2016 amounted to US \$ 8.52 billion, or decreased by 27.75% compared to June 2016.

[bisniskeuangan.kompas.com](http://bisniskeuangan.kompas.com), 2016 declared a global economic slowdown blamed to be the main cause of the decline of Indonesian exports. The main destination countries of Indonesian exports have traditionally like China, Japan, the United States and European countries experiencing economic slowdown. As a result, demand for goods from Indonesia declined. Fortunately, the decline in export performance is not in line with the amount of production of goods produced in the country. Production of agricultural commodities and processed goods in the country still increasing at a rate which was nice. It was certainly not free from the condition of Indonesia as a huge market, with a population of 255 million people, the fourth largest in the world after China, India, and the United States. This means that local products can still be absorbed by the domestic market. This sort of situation is actually very vulnerable, because if local products rely solely on domestic absorption, then there will be lasting. The increasing openness of international trade, especially the commencement of the implementation of the ASEAN Economic Community (AEC), goods from abroad will be more easily enter Indonesia simultaneously ejecting local players. Nevertheless the actual chances of domestic industries to grow so large. High competitiveness make local products will not only enjoy a huge domestic market, but also the opportunity to increase production for export purposes. Only by relying on the domestic market uptake alone,

the industry and the Indonesian economy was able to grow, especially when coupled with the export. That is, if the Indonesian exports increased, then Indonesia's economic growth could skyrocketed.

According to Yudhoyono, in 2016 there are four factors that led to the decline in exports. First household consumption, public purchases of goods and services decreased because people's purchasing power is also declining, both because of declining investment in the country and in many sectors even stopped. The third value of domestic export commodities also declined. although there are a number of commodity export volumes still remain, but the value goes down because of a number of commodity prices fall. Eg petroleum, coal, palm oil and rubber. Therefore, we are the main manufacturer on commodities that, the acquisition of the state of Indonesia's exports declined. Fourth, government spending (Government Spending) decreased and the budget outcome is not optimal.

Indonesia imports, which dropped one of which is imported wheat. MedanBisnis.com, 2016 explains that the decline in wheat imports is mainly due to the season and the stock in the country is still insufficient. While the general decline in imports caused by the availability of products that are usually imported quite a lot in the country.

## CONCLUSION

Based on the discussion, it can be concluded that with the implementation of the Asean Economic Community (AEC) enough to give effect to the export and import by Indonesia. As from early 2016 to August 2016 exports and imports do tend to decrease.

Based on the authors obtained data from the Central Bureau of Statistics, in 2016, the export value of Indonesia in August 2016 reached US \$ 12.63 billion, an increase of 32.54 percent compared to exports in July 2016. As compared to August 2015 decreased 0.74 percent. Non-oil exports in August 2016 reached US \$ 11.50 billion, up 34.84 percent over July 2016, as well as compared to exports in August 2015 rose by 2.76 percent. While the value of Indonesian imports in August 2016 reached US \$ 12.34 billion, up 36.84 percent when compared to July 2016, but down 0.49 percent compared to August 2015. Non-oil imports in August 2016 reached US \$ 10.58 billion, up 40.90 percent when compared to July 2016. Similarly, if compared to August 2015 rose 2.84 percent. Oil imports in August 2016 reached US \$ 1.76 billion, up 16.55 percent compared to July 2016, but down 16.71 percent compared to August 2015.

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## Suggestions

The decline in imports which do indicate as a positive thing because it will improve the performance of the domestic industry. But the decline in export activities conducted can not go unpunished just because it can lead to less than optimal performance of the domestic industry which eventually will affect employment. Therefore, there are some things that will be authors suggest could boost Indonesia's export performance.

Several things can be done by the private sector in order to boost exports is to improve product quality, increase the diversity of goods exports, increase trade promotion abroad, as well as lower production costs. In addition to the private sector is dominant in regulating the production costs, the government also took part in this. Examples simplify licensing procedures, combating illegal payments, simplify import procedures and the main ingredient Maturing auxiliary materials, and so forth. Another thing that can be done by the government is to provide export subsidies and export premiums. While that can be done by Bank Indonesia is to maintain the stability of the rupiah exchange rate against foreign currencies and devaluation.

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