



UNIVERSITAS ANDALAS

**THE EFFECTS OF ECONOMIC GROWTH, FINANCIAL
DEVELOPMENT, TRADE OPENNESS AND ENERGY CONSUMPTION
ON CO₂ EMISSION IN INDONESIA**

UNDERGRADUATE THESIS

SHARLY JIHANNISA NUR SAHARA

1810513017

THESIS ADVISOR: HADI RAHADIAN SE., M.Si

FACULTY OF ECONOMICS AND BUSINESS

DEPARTMENT OF ECONOMICS

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**The Effects Of Economic Growth, Financial Development, Trade Openness And
Energy Consumption On CO2 Emission In Indonesia**

by

Sharly Jihannisa Nur Sahara
1810513017

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ABSTRACT

This research aims to analyze the effects of economic growth, financial development, trade openness, and energy consumption in Indonesia from 1980 to 2020. The analytical method employed is autoregressive distributed lag (ARDL) modeling. The data for this study is sourced from official websites, including the World Bank, Our World in Data, and British Petroleum. Based on the research findings, both energy consumption and economic growth are found to increase CO2 emissions in Indonesia in both the short and long run. Conversely, financial development and trade openness are observed to contribute to the reduction of CO2 emissions in the long run. In the short run, trade openness also facilitates a decrease in CO2 emissions in Indonesia. However, the variable of financial development does not have a significant impact on CO2 emissions in Indonesia in the short run.

Keywords : CO2 Emission, Economic Growth, Financial Development Trade Openness, Energy Consumption and Autoregressive Distributed Lagged

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