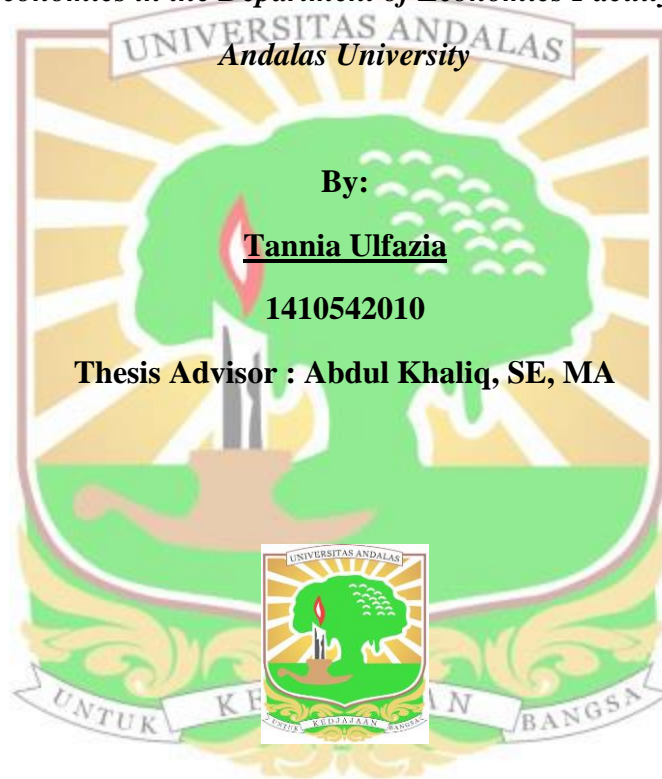# PATTERNS AND DETERMINANTS OF INTRA INDUSTRY
TRADE OF INDONESIA WITH SEVEN ASIAN COUNTRIES
TRADING PARTNERS PERIOD OF 1991-2017

THESIS

Prepared and submitted to fulfillment of the requirements to achieve the degree of

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STUDY PROGRAM S1 ECONOMICS

FACULTY OF ECONOMIC

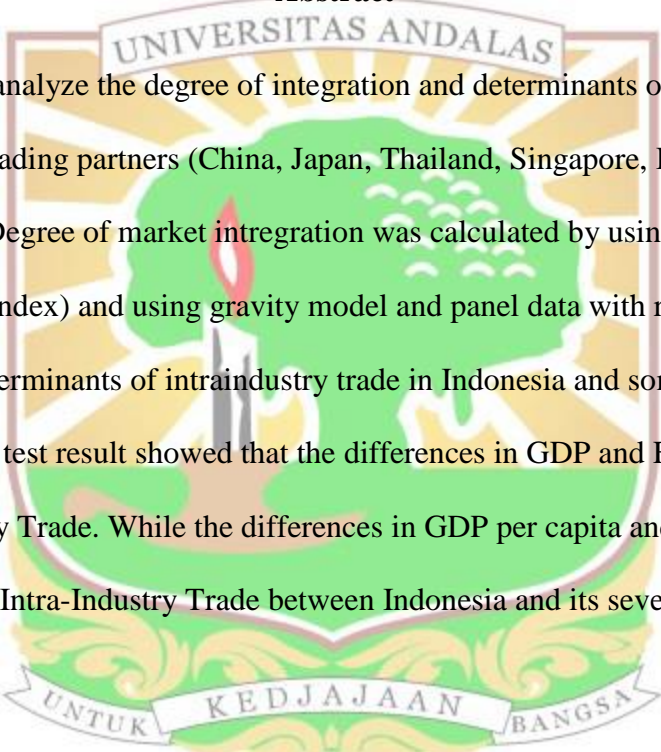**ANDALAS UNIVERSITY**

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PATTERNS AND DETERMINANTS OF INTRA INDUSTRY TRADE OF INDONESIA WITH SEVEN ASIAN COUNTRIES TRADING PERTNERS

PERIOD OF 1991-2017

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Abstract

This research aims to analyze the degree of integration and determinants of intra industry trade in Indonesia and seven trading partners (China, Japan, Thailand, Singapore, Korea, Malaysia, and India) in 1991-2017. Degree of market intregration was calculated by using Intra-Industry Trade Index (Grubel-Llyod Index) and using gravity model and panel data with random effect model analysis to explain determinants of intraindustry trade in Indonesia and some country trading partners. Based on the test result showed that the differences in GDP and FDI has a significant effect on Intra-Industry Trade. While the differences in GDP per capita and exchange rate has insignificant effect on Intra-Industry Trade between Indonesia and its seven Asian trading partners.

Keyword: Integration, Intra Industry Trade, Intra Industry Trade Index (Grubel-Llyod Index), Difference GDP, Difference GDP Per Capita, Foreign Direct Investment, Exchange Rate Trading Partner.