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Analysis of Economic Growth Levels: Literature Study of International Charts of Indonesian Export and Import Values

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Economic growth, Exports, Imports

Abstract

Analysis of the level of economic growth through a literature study of graphs of export and import values aims to find out whether movements in export and import graphs have an influence and are relevant to the level of economic growth in Indonesia. The time period used in the research was 10 years, namely from 2010 to 2020. The method for collecting data used secondary methods by obtaining data through the Central Statistics Agency (BPS) and journal literature or previous research. Data analysis is explained descriptively through each graphic sample, namely; 1) Economic Growth Rate, 2) Indonesian Export Value 3) Indonesian Import Value. This research produces explanations in the form of; 1) Indonesia's economic growth rate experiences fluctuations which tend to decrease. 2) The level of Indonesian export value experiences fluctuations which tends to decrease. 3) Indonesia's import level experiences increasing fluctuations which leads to the conclusion that state spending is greater. Researchers suggest that the government as the party with the authority can make policies to maximize state income through exports and minimize imports of foreign goods.

1. Introduction

Economic growth is an important measure of a country's economic development and progress. When the level of economic growth increases optimally, all economic sectors in a country are expected to function effectively. Economic growth can improve people's prosperity and well-being as reflected in an increase in per capita income. According to Sukirno (2010), economic growth can also be understood as the expansion of economic activities where the production of goods and services increases. Apart from being an important aspect of economic development, economic growth can also be an indicator of the health of a country's economy, which is generally reflected through changes in Gross Domestic Product (GDP).

GDP represents the total value of all economic activities in a country, which is influenced by domestic and international factors that produce goods and services. One of the main components of GDP is international trade, which includes foreign sales and purchases. International trade has a significant impact on a country's economic growth. When a country exports more than it imports, the country experiences an increase in national income and economic growth, because exports represent sales that contribute to the country's income. The benefits of international trade include allowing a country to specialize in the production of goods and services, thereby encouraging competitive trade relations and increasing economic cooperation. In addition, international trade can increase foreign exchange reserves, facilitate capital transactions, and create jobs between countries.

Economic growth measured through international trade figures can be represented by the national income formula: $Y = C + I + G + (X - M)$, where international trade is reflected in exports (X) and imports (M). For countries, especially those with open economic systems, international trade plays an important role in driving change and growth in the national economy. Export and import activities have a double impact on economic development, influencing GDP and encouraging economic growth (Siti Ngatikoh, 2020). Therefore, policies that encourage open economic reforms and capital flows through strategic growth initiatives in international trade are essential (Dai et al., 2016; Carrasco & Tovar-García, 2020; Sedyaningrum et al., 2016; Mishra, 2012). For companies, export activities motivate the implementation of best practices in the international arena and the application of leading technological innovations, which increase efficiency, improve product quality, and ultimately increase export competitiveness (Bbaale et al., 2019).

Table 1

Indonesia's Economic Growth Rate

YEAR	MARK (%)
2010	6.22
2011	6.17
2012	6.03
2013	5.56
2014	5.01
2015	4.88
2016	5.03
2017	5.07
2018	5.17
2019	5.02
2020	2.97

Source: Central Statistics Agency (BPS).

Economic growth is an important indicator for every country to measure the country's economic capacity. Economic growth is also influenced by internal and external economic activities. External economic activities are activities outside the country (international) which are identical to exports and imports so that economic growth variables can be analyzed through descriptions of the value of foreign economic activities or the country's own exports and imports. Economic growth refers to an increase in the production of goods and services by an economy over a certain period of time. Economic growth involves complex factors that can influence a country's growth rate, one of which variables is international trade or exports and imports.

Table 2

Indonesian Export Value

YEAR	VALUE (USD$)
2010	157,779,000
2011	203,496,000
2012	190,020,000
2013	182,552,000
2014	175,980,000
2015	150,252,000
2016	145,134,000
2017	168,730,000
2018	180,012,000
2019	167,684,000
2020	163,192,000

Source: Central Statistics Agency

Exports are an important calculation indicator in a country's economic growth because exports are the activity of spending goods or services abroad to earn income. Exports aim to sell goods and services from one country to another country or on an international scale with the aim of economic cooperation or obtaining state income. Exports also play an important role in the global economy because they are an integral part of international trade with export benefits including economic growth, employment, access to technology and best practices and diversification.

Table 3

Indonesian Import Value

YEAR	VALUE (USD$)
2010	139,000,000
2011	163,400,000
2012	155,600,000
2013	186,629,000
2014	178,179,000
2015	152,120,000
2016	162,780,000
2017	160,479,000
2018	180,013,000
2019	167,683,000
2020	171,275,000

Source: Central Statistics Agency

Imports are an important activity in a country, especially countries with an open economic system as a form of economic cooperation between countries. Import is the activity of bringing goods or services from abroad to the destination country with the aim of selling them to the receiving country. Imports are also an important aspect of international trade, because imports allow countries to gain access to goods and services that are not produced locally in that country to meet consumer or community needs. Import activities also provide benefits in the form of providing commodities that cannot be met by local production, economic diversification, and reducing production costs through imports of raw materials and components.

Overall, through the data that has been obtained, the researcher analyzed the data through graphical description analysis to find out whether the scale of the movement of the economic growth graph is relevant to the movement of the export and import value graph in international trade. Indonesia. This research describes economic growth through graphs of economic income, export and import values, which are described as research data analysis methods.

2. Literature Review

2.1 Economic growth

According to Untoro (2010: 39), economic growth is the development of economic activities that increase the goods and services produced by a society and improve the welfare of society in the long term. According to Kuznets (in Sukirno, 2006: 132), economic growth means increasing the long- term capacity of a country in providing various economic goods to its citizens.

Economic growth is an indicator that can be used by a country to assess and evaluate the condition of economic development in a country. Economic growth is the process of continuously changing the economic conditions of a country towards a better condition over a certain period. Economic growth can increase the prosperity of society. One thing that influences a country's economic growth is international trade activities.

2.2 Export

International trade activity stimulated domestic demand and, along with a stable political structure and flexible social institutions, encouraged the growth of large-scale manufacturing industries. Based on the explanation above, developing countries are likely to achieve economic progress comparable to developed countries, because exports appear to reflect international trade activities that can drive the engine of international trade growth (Todaro, 2002).

Exporting is when a domestic company purchases goods from another country. The most important factor determining exports is a country's ability to produce goods that are able to compete in foreign markets (Sukirno 2008: 205). Exports have a direct impact on national income. However, the opposite relationship is not necessarily true. In other words, an increase in national income does not necessarily lead to an increase in exports, because an increase in national income is caused by an increase in household spending, business investment, government spending and an increase in alternative spending. A combination of imported and domestic products. (Sukirno 2008: 206). Net exports are the difference between a country's total exports and total imports. A positive net export value means the export value is greater than the import value, and a negative net export value means the export value is smaller than the import value (Case and Fair, 2007): 387).

2.3 Import

Imports are the purchase or entry of goods from abroad into the domestic economy (Sukirno, 2006: 203). Imports have a significant impact on a country's economic growth. As explained in the Heckscher-Ohlin theory (Appleyeard, Field, and Cobb, 2008), countries will import products and goods that utilize production factors. They rarely do this

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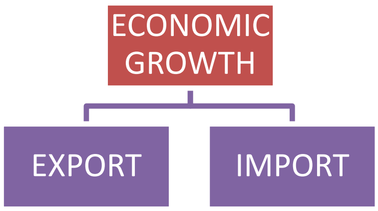
or own land. This activity is more profitable for the country than producing it itself, but is less efficient.

3. Research Methods

The article in this research uses descriptive qualitative research methods with perspective analysis of economic graphs which are described to measure economic growth through the scale of international trade, exports and imports. Data collection techniques in research use secondary methods with data obtained through the Central Statistics Agency (BPS) which is relevant to the research. This research uses qualitative methods as a priority for the quality of data processing to maximize the analysis of the economic graphs described. This article is also supported through the literature review method by taking relevant research references to be further developed and become a source for continuing research.

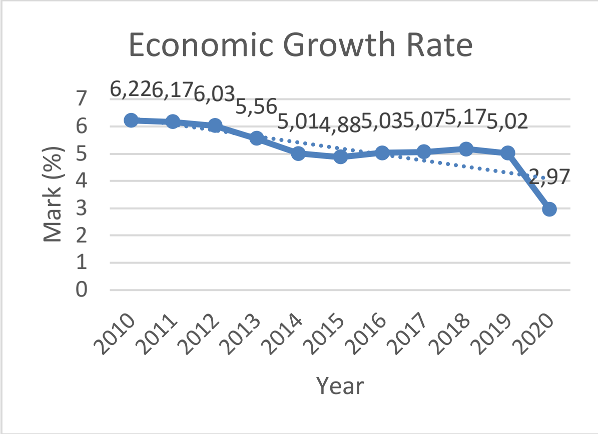
4. Results and Discussion



4.1 Economic growth

Economic growth is an important part of measuring a country's development and success in the economy. This is relevant to Sukirno's statement (2011:49) which considers a country's success and track record in controlling economic activity and its efforts in the short term by looking at the economic growth achieved from year to year. Future economic developments can be evaluated in the long term. Meanwhile, the economic growth graph according to the Central Statistics Agency over a 10 year period is as follows:

Graph 1
Indonesia's Economic Growth Rate 10 years



From the graph data on Indonesia's economic growth rate, it can be seen that the growth rate during the 10 year period experienced a dominant downward movement, although several times economic growth experienced upward fluctuations, the economic growth rate fell again, precisely at the end of the year of the research period. The decline in the level of economic growth can also be seen through a trend line that is moving downward to the right or moving down. Indonesia's economic growth rate in 2010-2020 had the highest percentage point in 2010 with a percentage economic growth rate of 6.22%. On the other hand, Indonesia's economic growth rate over a period of 10 years with the lowest percentage point was in the final year of the research period, namely 2020, with an economic growth percentage of only 2.97%. This also causes the economic growth trend line to fall because the initial and final periods of economic growth experience downward changes.

4.2 Export

Exports are one of the important indicators in a country's economy. Every country with an open economic system requires exports as additional economic income for the country. According to H. Banu Santoso (2003), exports are trade through the movement of goods into and out of Indonesia based on applicable regulations. And the

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following is an economic graph of Indonesia's export value over a 10 year period.

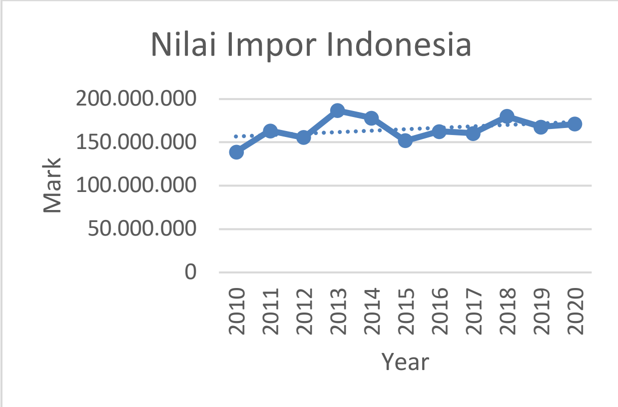
Graph 2
Indonesian Export Value

From the graphical data on the value of Indonesian exports in USD ($) units, it can be analyzed that the percentage of Indonesian export value over a period of 10 years experienced fluctuations which were predominantly downward. This fluctuation is also evidenced by the trend line pointing down to the right or down. If further analyzed using the economic growth trend line, the export value graph has several values whose movements are relevant to economic growth. It can be seen that the export graph experienced a decline in the middle of the research period, and this graph is the same as the economic growth graph. From this graph it can be interpreted that the value of exports can influence economic growth, because export activities will add to the country's own economy. During the 2010-2020 time period, it can be seen that the highest export value was in 2011 with a value of 203,496,000US. On the other hand, in the same period Indonesia's lowest export level was in 2016 with a value of only 14,134,000. And overall fluctuations in the value of Indonesian exports are on a downward trend line.

4.3 Import

Imports are another indicator that is no less important in a country's economy. Every country needs imports to meet the country's commodity needs to meet public demand. According to Ali Purwit and Indriani (2014: 10) Import is understood as the activity of bringing goods into a region, whether carried out by individuals or legal entities using cross-border transportation, in which case import duties or taxes may be charged. And the following is an economic graph of Indonesia's import value over a 10 year period.

Graph 3
Indonesian Import Value



From the graphical data on the value of Indonesian imports over a 10 year period, it can be seen that Indonesia's import figures are experiencing fluctuations which tend to increase. This is inversely proportional to the value of exports and economic growth. However, theoretically, if imports are greater than exports, then it is natural that the level of economic growth will decrease, this is because imports that bring goods or services from abroad into the country will incur costs or increase state expenditure. If analyzed using the graphic trend line, it can be seen that the import graph has increased to the top right even though the increase is shown to be sloping. During the 2010-2020 time period, Indonesia's highest import value was in 2013 with a value of 186,629,000. On the other hand, the lowest value of Indonesian imports during the same period was in 2010 with a value of only 139,000,000 and this is relevant to economic growth which is still high, which means that Indonesian imports are low when economic growth is rising or high.

5. Closing

5.1 Conclusion

Overall, the research regarding the analysis of economic growth through international trade charts on the value of Indonesian exports and imports, the author draws several important points as conclusions, namely:

1. Indonesia's economic growth rate during the 10 time period, to be precise in 2010-2020, experienced fluctuations that were predominantly downward. This is supported by a graphic trend line that points downwards from the start year to the end year of the research sample.
2. Indonesia's export level during the 10 year period, to be precise in 2010-2020, experienced fluctuations that were predominantly downward. This is supported by the graphic trend line which also points downwards from the beginning to the end of the research sample. With reduced exports, economic income also decreases because exports affect a country's income.
3. Indonesia's import level during the 10 year period, to be precise in 2010-2020, experienced predominantly upward fluctuations. This is supported by a graphic trend line that tends to increase from the beginning to the end of the research sample. As the value of imports increases, state expenditure will increase, this is the cause of state income falling and the country's economic growth also falling.

5.2 Suggestions

Overall research, researchers draw a suggestion that focuses on the government as the party that has the authority because it has the right to maintain foreign cooperation or international trade. The government must be able to maximize regulations and policies to maximize the value of exports to increase the economic income surplus so that economic growth increases. Apart from that, the government must be stronger in promoting the welfare of local products by minimizing the value of imports so that the country's economic turnaround is better and improve the welfare of the Indonesian people.

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