

ABSTRACT

This study analyzes the development of trade balance between ASEAN-5 with China in ACFTA obligation 2005-2014. The sample in this study using panel data regression model with fixed effect model SUR-cross section (EGLS). The data used is secondary data which is an annual data over the period 2005-2014 per country: China, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

This study using several variables, they are FDI, GDP, interest rates and exchange rates to assess how big influence on the trade balance with China ASEAN-5 after the ACFTA. The author also uses dummy variables to compare how the effects before and after the ACFTA policy on the trade balance. Based on the results show that the ACFTA there was negative significant change in the trade balance for ASEAN-5 and China.

Variables showed that FDI is a significant negative effect on the trade balance, GDP is positive and significant impact on the trade balance and the exchange rate and a significant negative effect on the trade balance.

Keywords: Trade balance, ACFTA, panel data, FDI, GDP and exchange rates.

