

**Exploring the Islamic Economic Impact: Trade, Export Import, and Growth in Indonesia (2012-2019)"**

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**ABSTRACT**

This article aims to determine the effect of international trade, namely the ratio of export and import growth in both the oil and gas and non-oil and gas sectors, as well as the amount of investment that is included in the FDI category on economic growth in Indonesia. The method was qualitative. The object in this paper is focused on all variable data for 2012 -2019, with the data used is quarterly data. This article also involves the inflation rate which is then used as a control variable. as a whole proves that exports and investment have a significant positive effect on economic growth while the amount of imports has a significant negative effect on economic growth.

**Keywords:** Exports, Impact, Macroeconomics

**INTRODUCTION**

one indicator of the success of economic development in something in public life is economic growth. Where is the economic growth This reflects something economic condition in a country by Keep going continuously going to more circumstances Good during a certain period? kindly general economic growth can see from increased income incurred as a consequence of increased production of goods and services. Generally, this economic growth is identical with increased capacity realized production with existing increase in national income.

related to production of goods and services such as, international trade, what we can be certain of is to be one of the most influential economic growths in a country. If a country does more exports than imports so the country's national income will increase so later it will have a positive influence on economic growth. Profit international trading that it is possible for a country to specialize in producing goods and services, so it can export abroad.

Apart from international trading, economic growth cannot be free from capital or power, work and technology. Provision source capital is needed in implementation development. source of this fund embodied in the form of investment (Investment). It is very necessary to support economic growth, as well as opportunity work. Investment funds can be obtained from government, public

(private), loans abroad as well as investment by private foreigners (Sukirno, 2002: 351).

The Central Bureau of Statistics (BPS) reports economic growth data third quarter of 2019. Growth seen economy from gross domestic product (GDP) grew by 5.02%. annual or year-on-year (YoY) in the third quarter of -2019. the GDP slowed down compared to the first and second quarters of 2019 which grew 5.07% and 5.05%. Third quarter GDP even was the lowest since second quarter of 2017.

## RESEARCH METHODS

This research is a quantitative study using time series data. The research was conducted with the aim of determining how the relationship between the independent variables and the dependent variable is. As for this study, Economic Growth is the dependent variable, while the independent variables are exports, imports, and FDI (Foreign Investment). As well as adding inflation as a control variable to be able to explain phenomena in research so that it is more optimal.

## RESULTS AND DISCUSSION

Component largest share of GDP, consumption House ladder, who experienced slowdown Keep going drag down growth Indonesian economy. Household consumption ladder accounted for 56.52% of formation of Indonesia's GDP, in the third quarter of 2019 only grew 5.01%. Growth the slow down compared to the previous quarter which amounted to 5.17% and became the weakest rate since the first quarter of 2018. Component largest GDP maker second ie Fixed Capital Formation Gross (PMTB) aka investment. In the third quarter of 2019, investment only grew 4.21%, slowing down compared to the previous quarter namely 5.01% and the same period year previously which was 6.96%. Furthermore, there is export which is the third largest component of GDP maker. In the third quarter of 2019, the BPS Agency reported export goods and services only grew 0.02%. Far slow down compared to same period year previously rose 8.08%.

War trading going on between the United States (US) and China to be the reason for weak RI exports. Not only RI, many countries affected impact from war trade two giant this world economy that is already going on more than One year. World Trade Organization (WTO) estimates growth in global exports this year only 1.2%. Slow down compared to the projection made in April was 2.6%. Temporary That government consumption, the largest contributor to GDP fourth, only grew 0.98% in the third quarter of 2019. Far slow down compared to the previous quarter which reached 8.25% and the previous year period namely 6.27%.

Indicators that are not Can be free in analyzing economic circumstances in a country ie Inflation. Inflation Alone is something circumstances showing economy exists trend increase price level in a general manner (price level) and character in a manner constantly. Inflation in Indonesia itself experiences fluctuation from year to year. The Central Bureau of Statistics (BPS) recorded inflation level in calendar year 2019 of 2.72%. the figure is the lowest level of inflation for the last 10 years.

From the description that has been delivered, you can see that export, import and investment, constitute part of the growth indication of Gross Domestic Product (GDP). this can be manifested by roles various element supporters who influence it, one of them element inflation as already explained above. When referring to studies previously, Growth Economy is naturally influenced by many factors. Research conducted by Solomon (2007) shows export and import have a significant influence on economic growth, meanwhile according to Santoso (2010), in Partial good variables import capital goods, export, investment No influence on economic growth in Indonesia.

A country's balance of payments is said to be a surplus if there is an excess of trade and investment funds compared to the obligations paid to the country while it is said to be a deficit if imports are greater than exports. The state of the balance of payments that is surplus or deficit affects Indonesia's economic growth.

According to Thirlwall (1979), the balance of payments acts as a constraint on the growth rate of output. An increase in domestic output due to increased imports can lead to a balance of payments deficit that allows a decrease in demand or a depreciation of the real exchange rate. Countries grow faster in the face of a higher income elasticity for exports than for imports. This is due to no country growing faster than the level of payments that must be paid because a large foreign debt to GDP ratio causes a collapse in international and external confidence.

Economic growth is an indicator of successful economic development in society. Where is the economic growth being a condition of the economy in a country continuously going to more good circumstances during a certain period? Economic growth can be measured by seeing GDP figures produced by the country concerned. Exports are one of the largest components of GDP maker. In macro-economic theory (macroeconomic theory), between the relationship export with level of economic growth or national income is something equality identity because export is part of level of national income (Oiconita, 2006). reviewed from the production corner, export is one of the most important factors of Gross National Product (GNP), so with change mark export so public income in a manner right away too experience changes. Furthermore Import, where a country's balance sheet payment is said to be in surplus if there is surplus trade and investment funds compared to paid obligations to the country meanwhile says deficit if imports are bigger than exports.

circumstances balance sheet surplus payments or deficit influence growth Indonesian economy. One of the reasons for the increase in domestic output is the increase in the amount of imported goods. With increasing imports can cause balance sheet deficit possible payments decline request or depreciation mark swap real. Next investment, where investment This is one important variable in increasing a country's economic growth. (Hasibuan, 1990:112). Investments are also recorded as one component largest GDP maker. Inflation is rated as having a negative influence on monetary policy and economic growth in Indonesia. If inflation rises then economic growth will go down and vice versa. If inflation goes down so economic growth will go up.

Growth imports has a negative and significant influence on economic growth. this is in line with GDP formula, where big one small GDP value is

contribution from export net, where export net is amount export minus amount import. this shows that the higher number of imports will give a decline impact to economic growth in the period in question.

inflation level No influence economic growth in Indonesia in 2012-2019. this because Inflation that occurred in Indonesia continues experience increase and decrease from year to year, however development product domestic gross No fluctuate like development inflation in Indonesia, developments product domestic gross precisely experience increase from year to year.

In the context of Islamic economic principles, economic growth is seen not only as a measure of material prosperity but also as a means to achieve broader societal well-being in a morally and ethically sound manner. Islamic economic laws emphasize fairness, justice, and ethical conduct in economic transactions. In Islamic finance, for instance, the concept of "Riba" (usury or interest) is prohibited, promoting equitable wealth distribution and discouraging exploitative financial practices. Furthermore, the principles of "Zakat" (obligatory almsgiving) and "Sadaqah" (voluntary charity) play a vital role in addressing income inequality and ensuring that economic growth benefits all segments of society, especially the less fortunate. Islamic economic principles also encourage productive investment and entrepreneurship, aligning with the notion that economic growth should result from ethical and productive activities that contribute to the welfare of society while adhering to the values and teachings of Islam.

## **CLOSING**

Export growth in Indonesia has a significant positive influence on economic growth. This shows that the higher the value of exports in that period, the higher the economic growth in that country in the period concerned. Import growth in Indonesia has a significant negative effect on economic growth. This is in line with the GDP formula, where the size of one of the GDP values is the contribution of net exports, where net exports are the number of exports minus the number of imports. This indicates that the higher the number of imports will have a lower impact on economic growth in the period concerned.

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