

ABSTRACT

This study aims to analyze the impact of the ASEAN-Korea FTA agreement on the condition of the global economy, macroeconomy, competition among regions and sectoral condition of Indonesia. Using the Global Trade Analysis Project (GTAP Version 8) which has 129 countries and 57 coverage aggregation commodity, this study collects database year from 2004 to 2007. GTAP is one a comprehensive tool to take a look on impact of trade liberalization agreement. The impact of the agreement is done through simulation scenarios shock and closure in the GTAP. Shock simulation performs under scale of 5 percent and 0 percent. It is conducted in order to determine output value percentage of normal condition. The results show that: (i) ASEAN-Korea FTA cooperation agreement, in general, had a positive impact on the global economy; (ii) in macroeconomic perspective, the cooperation agreement might provide benefits to Indonesia—such benefits include increased GDP, regional prosperity, and the trade balance; (iii) in competition perspective, the cooperation agreement will open up opportunities for regions to compete in exploiting the openness of market; (iv) in sectoral/commodity perspective, cooperation agreement for Indonesia enable the increase of private commodity demand from the agricultural, agricultural-processing, and manufacturing sector.

Keywords: ASEAN-Korea FTA, Macroeconomics, GTAP, Sectoral / Commodity, Shock, Closure, The End of Competition.

