ABSTRACT

This study aims to analyze the J-curve effect on bilateral relations between Indonesia and ASEAN-5 countries. The J-curve effect is the effect where the depreciation of a country's exchange rate is used to improve the condition of a country's net exports. This study was conducted by using the regression method to test the applicability of the Marshall-Lerner Condition as a condition for the J-curve effect to apply. This study also examined the effect of economic openness on the J-curve effect.

The results of this study indicate that in Indonesia's bilateral relations with other ASEAN-5 countries the Marshall-Lerner Condition applies so that the J-curve effect also applies. The economic openness variable affects the J curve through the movement of the net export variable and this will determine the starting point of the J curve.

Keywords : Net Exports, Real Exchange Rate, Economic Openness, Marshall-Lerner Condition, J Curve Effect