

## **ABSTRACT**

*The implementation of trade liberalization which occur on most of the countries was inevitable from the developing of technology and economy. In Indonesia, the beginning of trade liberalization occurred in 1980's decade, followed with the reduction of trade restriction, both from tariff barrier and non-tariff barrier. One of the consequences, it makes the level of import in Indonesia increased. From the basic understanding which import could bring the profit into normal level, so Indonesian trade liberalization phenomenon become one of the cases that appealing to be researched due the large need of import within its domestic market.*

*To analyze the case, this research emphasizes the relation between Structure-Conduct-Performance (SCP) and international economics as fundamental framework. This research had used Fixed Effect Model and Generalised Least Square as method to estimate. The estimation, used data from HS import and ISIC 4-digit, with period, ranged from 2010-2014. The result shows that import affects industry profit negatively, as well as the level of raw material and labor per output. Based on these result, the ideas of import that plays as price stabilization instrument had applied in Indonesia.*

*Keywords: trade liberalization, import penetration, cost of labor per unit, cost of raw material per unit, price-cost margin.*