

ABSTRACT

This study aims to analyze Indonesia's export with APEC member through sea transportation mode. The purpose in this study is (i) to take a look at maritime transportation conditions especially Indonesian port infrastructure as a support in international trade activities, (ii) to analyze the impact of GDP per capita of Indonesia, GDP per capita of trading partner countries, economic distance, Real Effective Exchange Rate, Quality of Port Infrastructure, and Container Port Traffic on Indonesia's export volume to trading partner countries in the APEC region through sea transportation mode using the gravity model. The research method using panel data regression (Random Effect Model).

Indonesia's maritime transportation condition indicate that with the cabotage principle (all national shipping routes it can only be served by Indonesian-flagged vessels), so it can encourage the national shipping industry. However, export/import activities between countries are still dominated by foreign companies, this is due to the low domestic shipbuilding industry, and mostly ports in Indonesia are classified as ports with relatively shallow port water levels. As a result, Indonesian shipping can only be served by small capacity vessels (capacity constraint).

The estimation results show that GDP per capita of Indonesia, Quality of Port Infrastructure, and Container Port Traffic have a positive and significant effect on the volume of Indonesian exports through sea transportation mode. Economic distance and Real Effective Exchange Rate (REER) have a negative and significant effect on export volume. While the GDP per capita variable of trading partner countries has a negative and insignificant effect.

Key Word: Sea Transportation Mode, Export Volume, Port Infrastructure, REM (Random Effect Model)