

ABSTRACT

This study aims to analyze degree of integration and determinants of intra industry trade in agricultural products between Indonesia and nine trading partners (USA, Australia, Cina, India, Japan, South Korea, Malaysia, Singapura, and Thailand) in 2009-2013.

Degree of market intregration was calculated by using Intra-Industry Trade Index (Grubel-Llyod Index) and using gravity model and panel data with Fixed effect model analysis to explain determinants of intra-industry trade in agriculture sector between Indonesia and some country trading partners.

The results of this study show that degree of integration between Indonesia and nine trading partners in agriculture sector are in weak integration is 28,9 percent, mild integration is 40 percent, moderately integration is 17,8 percent, and strong integration is 13,3 percent. And the empirical results of determinants of Intra-Industry Trade indicate that average GDP per capita, exchange rate between Indonesia and some countries has a positive influence on this type of trade. While product differentiation, and the difference GDP per capita have a negative effect to Indonesia intra-industry trade in agricultural products. The results also suggest that different GDP and distance has an insignificant influence on Indonesia intra industry trade in Agriculture sector.

Key World: Integration, Intra Industry Trade, Intra Industry Trade Index (Grubel-Llyod Index), Average GDP Per Capita, Difference GDP, Difference GDP Per Capita, Exchange Rate Tranding Partner, Product Diferensiation, Distance, weak integration, mild integration, moderately integration, strong integration.