

***INTRA-INDUSTRY TRADE (IIT) ANALYSIS OF THE AUTOMOTIVE
INDUSTRY SECTOR BETWEEN JAPAN AND FIVE TRADING PARTNERS
IN THE ASEAN-JAPAN COMPREHENSIVE ECONOMIC PARTNERSHIP
(AJCEP)***

Adrianto Shifa Al Aro

18/429670/GE/08855

ABSTRACT

Japan's dominance in the automotive sector in ASEAN5 countries is so high, that this affects the IIT conditions between Japan and its five trading partners. The study of IIT in regional value chains generally involves several countries with different levels of economic development. Furthermore, for trade to occur IIT, the countries involved in the trade must have an equally strong conflict, even though the trade that occurs between developed and developing countries. This study analyzes the level of IIT and the influence of IIT determinants including differences in GDP per capita, distance, foreign direct investment and AJCEP cooperation agreements on IIT levels in the automotive industry sector between Japan and ASEAN5 countries (Philippines, Indonesia, Malaysia, Thailand and Vietnam) in 2004 – 2021. This study used the Grubel-Lloyd Index to determine IIT levels and a static panel data model to analyze the effect of differences in GDP per capita, FDI, Distance and AJCEP on IIT. The results showed that the IIT level in the automotive sector between Japan and five trading partners in the AJCEP region is still relatively low, with an average GL index value below 50 percent. The difference in GDP per capita has a significant negative effect on IIT, Distance and FDI negatively affect IIT. Meanwhile, AJCEP has no effect on IIT.

Keywords: *Intra-industry trade, Grubel-Lloyd Index, Automotive Industry Sector*