

Evaluation of Global Trade Policy in an Economy

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Abstract

The purpose of this study is to explain the importance of evaluating global trade policies in the context of the Indonesian economy. Economic transactions such as exports, imports, foreign investment, foreign debt, remittances, and payment of services play a key role in the Indonesian economy. Factors such as differences in resources, economies of scale, technological differences, differences in demand, differences in regulations, innovation, and research affect international trade. However, there are also factors that can hinder international trade, such as tariffs, trade wars, technical and cultural barriers, economic crises, protectionism, and infrastructure inequality. The impact of these economic transactions also affects Indonesia's trade balance, economic growth, and overall financial stability. The study also underscores the need to take into account external dynamics, such as global economic conditions and changes in international trade regulations, in the evaluation process of global trade policies. Qualitative research methods are used to evaluate global trade policies, including case studies, qualitative interviews, document analysis, participant observations, and content analysis. The evaluation of global trade policies considers their impact on economic growth, social inequality, the environment, and political stability. In conclusion, a thorough understanding of the complex and related aspects of global trade policy evaluation is necessary for sustainable and well-being-oriented decision-making of society as a whole.

Keywords: Indonesian Economy, Evaluation of global trade policies, Economic transactions

1. Introduction

All economic transactions, including exports, imports, foreign investment, foreign debt, remittances, and payment of services, play an important role in the Indonesian economy. Exports involve the sale of goods and services to other countries, while imports are the purchase of goods and services from abroad. The trade balance records the difference between exports and imports. Foreign investment enters Indonesia in the form of direct investment or portfolio. Foreign debt can come from governments or international financial institutions. Remittances are the transfer of money from Indonesian workers abroad to their families in Indonesia. Service transactions are also important, including payments for financial, educational, and health services. All of these transactions affect Indonesia's trade balance, economic growth, and financial stability.

International relations encompasses interactions between countries, international organizations, and non-state actors on a global scale. It involves politics, economics, security, culture, and the environment. International organizations such as the United Nations, IMF, and WTO facilitate multilateral cooperation and conflict resolution. Global security, including armed

conflict and terrorism, is also a focus in international relations. The phenomenon of globalization affects international relations by accelerating the flow of information and cultural exchange. Bilateral and multilateral collaboration is important to promote national and global interests. International relations is a broad field of study that involves complex interactions between countries in various political, economic, social, and cultural contexts.

International trade arises due to a number of factors which include:

- a. Resource Differences: Each country has a comparative advantage in the production of a good or service based on differences in natural resources, labor, technology, or capital. Countries tend to specialize in production where they have a comparative advantage, and then make an exchange for goods or services that are produced more efficiently by other countries.
- b. Economy of Scale: The benefits of economies of scale allow countries to produce in large quantities at a lower average cost. In some cases, large-scale production may not be efficient in certain countries, so other countries may supply such goods through international trade.
- c. Technological Differences: Differences in technological advancements between countries affect their ability to produce goods and services. Countries that have access to more advanced technologies may be able to produce goods at lower costs or higher quality, encouraging international trade.
- d. Demand Differences: Each country has different consumer preferences and needs, creating opportunities for international trade as countries can meet demand that cannot be met efficiently domestically by importing goods from other countries.
- e. Regulatory Differences: Differences in trade policies, taxes, environmental regulations, and labor laws between countries affect a country's production costs and relative competitiveness in international trade, encouraging countries to seek comparative advantages through policies that support exports or reduce trade barriers.
- f. Innovation and Research: International trade drives innovation and research in different countries as global competition encourages companies to improve their quality, efficiency, and competitive advantage in winning international market share.

There are several factors that can hinder international trade, including:

- a. Tariffs and Non-Tariff Barriers: The implementation of import tariffs makes imported goods more expensive in the domestic market, while non-tariff barriers such as import quotas and certification requirements also make it difficult to access markets for foreign goods.

b. Trade Wars and Political Conflicts: Political conflicts can trigger trade wars by imposing additional tariffs or trade sanctions, hampering international trade and damaging economic relations between countries.

c. Technical and Cultural Barriers: Differences in technical and cultural standards and languages become barriers to international trade, requiring time-consuming and costly adaptation for exporters and importers.

d. Economic Crisis and Instability: A global economic crisis or political instability can reduce consumer purchasing power and investment, leading to a decline in international trade due to reduced market demand and the inability of companies to operate normally.

Protectionism: Protectionist policies impede international trade with export restrictions, domestic industry subsidies, or anti-dumping practices, creating inequalities in market competition and restricting access for goods from other countries.

f. Inequality in Infrastructure and Market Access: Inequalities in infrastructure and market access hinder international trade by increasing logistics costs and delivery times, as well as restricting access to ports and transportation networks.

2. Method

The qualitative method of global trade policy evaluation research in an economy involves a deep approach to the understanding, interpretation, and context behind the implementation and impact of trade policy. Case Studies: The research uses case studies to understand the implementation of global trade policies in specific contextual situations. This allows researchers to examine the detailed interactions between policies, related actors, and their impact on various economic, social, and political aspects. Qualitative Interviews: Interviews with stakeholders provide insight into their perceptions, experiences, and views on trade policy. This allows for an in-depth understanding of policy implementation and the experiences of those involved. Document Analysis: Document analysis involves studying documents such as policies, white papers, and meeting notes to understand the context, objectives, and developments of trade policy. It provides evidence of policy implementation and reactions to it. Participant Observation: Participant observation allows researchers to be directly involved in the implementation of global trade policies. It provides insight into the dynamics, challenges, and effects of real-life policies. Content Analysis: Content analysis involves analyzing texts from

various sources to identify patterns, themes, and trends related to global trade policy. This helps track people's narratives and perceptions of policies.

3. Results and Discussion

In the discussion of the evaluation of global trade policies in an economy, it is important to accommodate various complex and interrelated aspects. First of all, this evaluation includes an analysis of the direct impact of trade policies on a country's economic growth. This impact can be observed through changes in Gross Domestic Product (GDP) growth, investment, and employment. In addition, the evaluation also considers how trade policy affects the trade balance, namely the comparison between the value of a country's exports and imports. If the value of exports is greater than the value of imports, then the country has a trade surplus, while the deficit occurs the opposite.

Furthermore, the evaluation of global trade policies also includes an analysis of their social impacts. This includes an assessment of the likelihood of economic inequality, poverty, and their impact on social welfare. Trade policies can have diverse effects on different groups of people, depending on the economic sectors involved and their adaptability to the changes that occur. In the context of the environment, the evaluation of global trade policies considers their impact on the use of natural resources, pollution emissions, and environmental sustainability. International trade can strengthen or weaken environmental protection efforts, depending on how well trade policies are regulated and implemented. Political impact is also an important part of the evaluation of trade policy. Global trade policies can affect a country's political stability, relations with other countries, and national sovereignty. Political analysis helps in understanding the extent to which trade policies support or undermine the political stability of an economy.

In addition, the evaluation of global trade policies also considers the implications for special economic sectors, such as agriculture, manufacturing, and services. The impact of trade policies can vary between sectors, with some sectors likely to benefit greatly while others may experience pressure. The evaluation also includes consideration of the consistency of trade policies with sustainable development goals, such as poverty alleviation, environmental protection, and social inclusivity. Effective trade policies must support the achievement of these goals without sacrificing economic growth.

By considering all of these aspects holistically, the evaluation of global trade policies provides a comprehensive understanding of the impact and implications of those policies in an

economy. This provides a solid foundation for sustainable and well-being-oriented decision-making for society as a whole. In evaluating global trade policy in an economy, it is important to understand that trade policy not only has a direct impact on economic aspects, but also affects various other aspects of social, political, and environmental life. Therefore, the evaluation must be carried out holistically, taking into account all the dimensions involved. Economically, the evaluation will evaluate whether the trade policy has been successful in increasing a country's economic growth. Strong economic growth is often seen as an indicator of the success of trade policies. However, the evaluation must also consider whether this growth is equitable and sustainable, as well as the extent to which trade policies contribute to the creation of decent jobs and the improvement of people's living standards. In addition, the evaluation will also review the social impact of trade policies. This includes an assessment of how the policy affects poverty rates, economic disparities, and people's access to basic services such as education and health. The evaluation will also consider whether trade policies have provided fair benefits to all levels of society or only to certain segments. Environmental impact is also an important focus in the evaluation of global trade policies. The evaluation will assess whether trade policies have worsened or improved environmental conditions, especially in terms of natural resource use, pollution, and climate change. This is important because environmental damage can have serious long-term consequences for economic and social sustainability.

From a political perspective, the evaluation will consider the impact of trade policy on a country's political stability, international relations, and national sovereignty. Trade policies that are incompatible with national interests or cause political instability can be a source of conflict and tension. In addition, the evaluation will also examine certain economic sectors affected by trade policies, such as agriculture, manufacturing, and services. The impact of trade policies is not always evenly distributed across sectors, and some sectors may need special protection or assistance to stay competitive in the global market. Finally, the evaluation will also consider the consistency of trade policies with sustainable development goals, such as poverty alleviation, environmental protection, and social inclusion. Successful trade policies are those that are able to achieve these goals without damaging economic growth or creating greater inequality. Taking into account all of these dimensions, the evaluation of global trade policies provides a deeper understanding of the impact and implications of those policies in an economy. This allows

decision-makers to create better policies that take into account the different aspects and interests involved.

The evaluation must take into account external factors that can affect trade policy, such as global economic conditions, changes in international trade regulations, and political dynamics at the global level. These changes in the external environment can force countries to adjust their trade policies to address new challenges or take advantage of emerging opportunities. It is important to evaluate the policy-making process itself. It includes an analysis of the government's success in formulating policies that are in line with the country's economic needs and goals, as well as the level of participation of the community and other stakeholders in the process. Evaluation of the policy-making process can provide insight into the extent to which the policy is well planned and accepted by the community. The evaluation must also consider long-term aspects of trade policy. This includes an analysis of the long-term impact of trade policies on economic structures, investment patterns, and adaptability to global changes. Long-term evaluations help in understanding whether trade policies have created a solid foundation for sustainable and resilient economic growth. The evaluation of global trade policies should also take into account the potential side effects or unintended consequences of such policies. This includes an analysis of the possibility of negative reactions from trading partner countries, human rights violations, or an increase in socio-political tensions due to controversial policies. Taking these side effects into account helps in designing more responsible and sustainable policies.

4. Conclusion

In evaluating global trade policies in an economy, a thorough understanding of various complex and interrelated aspects is required. First of all, this evaluation includes an analysis of the direct impact of trade policies on a country's economic growth, including changes in Gross Domestic Product (GDP), investment, and employment. In addition, the evaluation also considers the effect on the trade balance, which reflects the comparison of the value of exports and imports. Not only that, the evaluation also includes an analysis of social impacts, such as poverty levels, economic disparities, and access to basic services. The impact of trade policies is also assessed from an environmental perspective, including the use of natural resources, pollution, and environmental sustainability. Meanwhile, political impacts are also a concern, including political stability, international relations, and national sovereignty.

Furthermore, the evaluation considers the implications of trade policies on special economic sectors, such as agriculture, manufacturing, and services. Not all sectors may feel the same impact, therefore the evaluation should pay attention to these variations. In addition, the consistency of trade policies with sustainable development goals is also a focus, including the goals of poverty alleviation, environmental protection, and social inclusion.

In conducting evaluations, it is important to consider external factors that may affect trade policy, the policymaking process itself, aspects of long-term trade policy, as well as potential unwanted side effects. This will provide a comprehensive understanding of the impact and implications of such policies, as well as provide a basis for sustainable and well-being-oriented decision-making for society as a whole.

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