ANALYZING IMPACT OF ASEAN-CHINA FREE TRADE AGREEMENT (ACFTA) TOWARDS ECONOMIC GROWTH OF INDONESIA

(A Study Case in Indonesia Period 2010-2015)

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ABSTRAK

Keywords: ACFTA, ekspor, investasi luar negeri, hutang luar negeri, pertumbuhan ekonomi.

ABSTRACT
Free trade agreement both of several countries has improved rapidly especially in ASEAN. In order to accelerate economic growth of a country, ASEAN has created several free trade agreements. One of them is ASEAN-China Free Trade Agreement, that contains about regulations between economic relationship of ASEAN and China. ACFTA implementation is supposed to contribute massive improvement in economic growth in developing countries, especially Indonesia. Purpose of this research are to figure out the impact of implementation of ASEAN-China Free Trade Agreement towards Indonesia’s economic growth. Using regression model; export from Indonesia to China, foreign direct investment from China to Indonesia, also external debt from China to Indonesia variables used as indicators to found out influence of ACFTA implementation towards economic growth of Indonesia. This research used quarterly data start from 2010 until 2015. The result of research indicates that three of independent variables influence simultaneously towards gross domestic product as dependent variable, export Indonesia to China influence no significant towards gross domestic product, FDI influence significant towards gross domestic product, and external debt Indonesia to China influence no significant towards gross domestic product. This result suggests that the existence of ACFTA contributes impact in FDI only towards Indonesia.

Keywords: ACFTA, export, foreign direct investment, external debt, economic growth.
INTRODUCTION

The globalization in this era has reached all of the society in this world. This is about internationalizing process to all around the world. The globalization was created because there are human necessary that couldn’t filled by the single country, however, as the time passed by, globalization function is not only for filling human necessary but become tool for every single country to improve its economic growth. Consciousness of the economic growth has been planted in each government, on how to obtain the welfare and prosperity to its citizen is by increase their economic growth. The fluctuation of economic growth means the strength, readiness, and the value of the country itself. Economic growth can be measured by Gross Domestic Product (GDP) as indicator of aggregate of economic condition. Every single country realizes about how important economic growth is, therefore, they commit to make bilateral, multilateral and even a region of international organization as a reaction of this globalization. And that’s how ASEAN (Association of Southeast Asian Nations) has born. It has formed since 1967 and has one destination to gathered and make a regional economic unity in Southeast Asia. It purposes to accelerate economic development especially in emerging markets. There are so many aspects that have to be considered and need to be improved, one of them is economic condition of ASEAN members. Therefore, since it has formed, it has made free trade agreement towards several countries that are considered have massive impact towards the emerging market especially in ASEAN. One of those free trade agreements is ACFTA (Asean China Free Trade Agreement). The ACFTA formed a free trade agreement which means international trade. People in this era has understood that there are lots of things that can’t be fulfilled by a country itself, and as the technology has improved day by day, the human necessary has also changed. It’s not simply only about the primer needed, but also there are lots of new things showed up. The implementation of ACFTA is not about international trade but also about investment. Foreign investment is also one of instrument that was negotiated in the arrangement of ACFTA. If the ASEAN members reduced all the limit and trade barriers to China, then in other hand, China should poured investment to ASEAN countries. China investment forms are not only in the field of poured funds, but also in manufacturing sectors, machine investment, infrastructure, and joint venture. While the Indonesia-China trade and investment moved fluctuating and take much of attention from economic experts and researchers, the other influential aspect that also contributes massive changing is the flow of foreign debt or external debt. Debt is another facilities obtained by this agreement. The development of each country can not be separated from foreign debt, especially development countries such as Indonesia. It also can not be denied that several countries build and accelerate its economic growth using debt as its capital. External debt is a part from total of debt in a country that sourced by foreign creditor. The newest previous research Indriyani (2016) examined the significance level of ACFTA influence towards Indonesia economic growth, however, this research only focused on international trade towards economic growth of Indonesia by examined export import data towards Gross Domestic Product of Indonesia. The difference is this research gives new causing factors that is investment and also external debt fluctuation beside of the trade itself, and how these three major factors contributes to the positive or negative impact towards Indonesia’s economic growth as one of ASEAN members.

Based on the point of view above, that has motivated this researcher to make research with the topic: Analyzing Impact of ASEAN-China Free Trade Area (ACFTA) towards Economic Growth of Indonesia.

THEORITICAL REVIEW

International Trade

International trade is the extension of commercial exchange outside a country’s borders to the international area; it is as old as the system of nation States, and by analogy extends back in history to collectivities such as tribes, city-states, or other political units (Bethlehem, 2009:7). Every country has its own limit resources, while the necessary of human always improved all the time. Production goods, of course, need resources. There is no country
that can self-sufficient. That is why international trade has created. The subject of the international trade itself is importer, exporter, citizen, industry companies, government and its institution, and also related parties (Sardono, 2000; 6). Export is an activity of issuing goods from the region customs(Directorate of Custom, 2015:2).

**Export**
Export also is "goods (including services) that are sold to a resident of the other Contracting State, coupled with services that were delivered to residents of the State in the form of capital taking and other things that help the exports activity (Winardi, 2003:13). Another definition states that an attempt issuing export goods from circulation in the community and sent abroad according to government regulations and expects payments in foreign exchange(Amir, 2004:11).

**Foreign Direct Investment**
According to the IMF and OECD definitions, direct investment defined to obtained the lasting interest by a citizen entity of one economic (direct investor) in an company that is resident in another economic (the direct investment company). In addition, according to the International Monetary Fund (IMF), FDI refers to an investment made to acquire lasting interest in company operating outside of the economic of the investor.

**External Debt**
According to International Monetary Fund (IMF), external debt is the amount that given by another country or institution, with contractual liabilities of residents of a country to nonresidents to repay principal with or without interest, or to pay interest, with or without principal. The external debt, basically, divided into difference perspective, based on the material, this could be interpreted as capital inflow from foreign to domestic that increase domestic capital source. Based on the formal side, this could be interpreted as receipts or gift that used for improve investment to support economic growth. Based on the function, external debt could be alternative source of funding the development of country. However, generally, external debt is obligation agreement of total amount that used by countries for certain goals; whether capital or investment in order to accelerate the economic growth and in some period of time need to be returned with interest based on agreement of both parties.

**Gross Domestic Product**
GDP is the total income earned by a nation’s permanent residents. It differs from GDP by including revenue that the citizens earn abroad and excluding revenue that foreigners earn here. According to IMF, GDP refers to GDP measures the monetary value of final goods and services—that is, those that are bought by the final user—produced in a country in a given period of time. Gross domestic product (GDP) is the market value of all final goods and services produced inside a country in a certain period of time (Mankiw, 2014:468). GDP is also one of measuring tools to economic growth of a country. That’s because GDP reflects the national income and represent the market value of any goods or services for certain period. It counts the whole of the output generated within the borders of a country. It composed of goods and services that produced for sold in the market and also includes some nonmarket production, such as defense or education services provided by the government. Types of GDP that used in this research is constant price. Constant price is the year from which prices that are used to compile constant or base price estimates originate; different base years thus results in different constant price estimates although the volume estimates at the most detail level are the same.

**METHODOLOGY OF RESEARCH**

**Type of Research**
The type of this research is explanatory research with quantitative approach. Explanatory research means that research that explained the influence and linkage of each research variables and examined the hypothesis that has formed before(Singarimbun and Effendi,2006:5). Research can be interpreted also as quest for knowledge and provide continuous sense of something(Nazir, 2005:13).
Location of Research.
This research retrieved data from Website Bank of Indonesia (bi.go.id) as the location of research because Bank of Indonesia is official government institution that has trusted as data provider.

Variable and the Measurement.
a. Dependent Variable: In this research, the dependent variable found Gross Domestic Product \((Y_1)\) as variable that affected from independent variables.
b. Independent Variables:  
\(X_1\) : Export Indonesia to China.  
\(X_2\) : Foreign Direct Investment from China to Indonesia  
\(X_3\) : External Debt from China to Indonesia

Population and Sample
a. Population
Population is generalization area that contain of object or subject that have quality and certain character determined by researcher to be studied and take the conclusion (Sugiyono, 2010:117). The population of this research is Export from Indonesia to China, Foreign Direct Investment from China to Indonesia, External Debt from China to Indonesia, and also Gross Domestic Product in Indonesia for certain period started from 2010 – 2015 (quarterly).
b. Sample
Sample is part of the population amount and character that owned by the population itself (Sugiyono, 2011: 118). The sample technique that used in this research is non probability sampling technique, that contains saturation sampling. Saturation sampling is sampling determination technique with using all the population as the sample (Sugiyono, 2011:122).

Type of Data
The data used in this research is a secondary data. Secondary data is type of data that already available beforehand valid to be used as research data. The data sources from of documents, publications, previous research, and images.

Data Collecting Methods.
This research used documentation method as a data collecting method. Documentation method is information that comes from good important notes from institution or personal organization (Hamidi, 2004:72). The documentation itself could be written data, images or monument creation (Sugiyono, 2011: 240).

DataAnalysis
Result of research from the research conclusion is to answering the research cases based on several data examination process. This research used Descriptive Statistic and also Inferential Statistic.
a. Descriptive Statistic
According to the Sugiyono (2011:207) declared that descriptive statistic is statistic to analyze data with description or describe data that has collected beforehand not to make conclusion. This statistic used to analyze data with describing the data that has collected just the way it is without any destination to make conclusion for generalization.
b. Inferential Statistic
Inferential statistic is statistic method to analyze sample data and the result is implemented to population (Sugiyono, 2011:209).

1. Classical assumption test
   One of the part in inferential statistic, the researcher also used Classical assumption economics test and they are:
   a. Normality Test  
   b. Multicollinearity Test  
   c. Heteroscedasticity Test  
   d. Autocorrelation Test

2. Multiple Regression Test
   Regression analysis is a statistical tool for the investigation of relationships between variables (Sykes, 2008:1). The investigator seeks to ascertain the causal effect of one variable upon another effect of a price increase upon demand, for example, or the effect of changes in the money supply upon the inflation rate.
Hypothesis Test
a. F-test
This research used F test to examine whether there is an influence of export, FDI, external debt towards GDP simultaneously.

b. t Test
This research used F test to examine whether there is an influence of export, FDI, external debt towards GDP partially.

Determinant Coefficients ($R^2$)
Determinant Coefficients ($R^2$) is a statistic that explains the amount of variance accounted for in the relationship between two (or more) variables (Itaoka, 2012: 1187). Some-time $R^2$ is called the coefficient of determination, and it is given as the square of a correlation coefficient.

RESULT & DISCUSSION
Result
Classical Assumption
a. Normality Test
Based on table 1, found $Asymp.Sig. (2\text{ tailed})$ amounted 0.768. The value is larger than significance value (0.768 > 0.05), therefore can be concluded that data has normal distribution.

Table 1. Normality Test Result One-Sample Kolmogorov-Smirnov

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Normal Parameters</td>
<td>Mean</td>
</tr>
<tr>
<td></td>
<td>Std. Deviation</td>
</tr>
<tr>
<td>Most Ext Diff</td>
<td>Absolute</td>
</tr>
<tr>
<td>Positive</td>
<td>.136</td>
</tr>
<tr>
<td>Negative</td>
<td>-.072</td>
</tr>
<tr>
<td>Test Statistic</td>
<td>.665</td>
</tr>
<tr>
<td>Asymp. Sig(2 tailed)</td>
<td>.768</td>
</tr>
</tbody>
</table>

Source: Data processed, 2017.

b. Multicollinearity Test
Based on table 2, founded every variables; export, FDI, external debt and also GDP have $tolerance$ value > 0.1 and VIF value < 10, therefore can be concluded that there is no multicollinearity detected between independent variables.

Table 2. Multicollinearity Test

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Tolerance</th>
<th>VIF</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export($X_1$)</td>
<td>0.337</td>
<td>2.966</td>
<td>There is no multicollinearity</td>
</tr>
<tr>
<td>FDI ($X_2$)</td>
<td>0.653</td>
<td>1.532</td>
<td>There is no multicollinearity</td>
</tr>
<tr>
<td>External Debt ($X_3$)</td>
<td>0.293</td>
<td>3.408</td>
<td>There is no multicollinearity</td>
</tr>
</tbody>
</table>

Source: Data processed, 2017.

c. Autocorrelation Test
Based table 3, showed a significance value is larger than real level 1.00 > 0.05, also when $n_1 < r < n_2$ ($n_1 = 12; n_2 = 12; r = 13$), based on F table $7 < 13 < 15$ which means regression model in this research is random or there is no autocorrelation in residual value.

Table 3. Autocorrelation Test Result

<table>
<thead>
<tr>
<th>Runs Test</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test Value$^{a}$</td>
<td>-.51307</td>
</tr>
<tr>
<td>Cases &lt; Test Value</td>
<td>12</td>
</tr>
<tr>
<td>Cases &gt;= Test Value</td>
<td>12</td>
</tr>
<tr>
<td>Total Cases</td>
<td>24</td>
</tr>
<tr>
<td>Number of Runs</td>
<td>13</td>
</tr>
<tr>
<td>$Z$</td>
<td>.000</td>
</tr>
<tr>
<td>Asymp. Sig. (2 tailed)</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Data processed, 2017.

d. Heteroscedasticity Test
Based on the scatter plot figure below, it shows the distribution of plots that has random form. It does not make a specific form (whether wavy, narrow or wound); therefore it means there is no heteroscedasticity detected.
Multiple Regression Analysis Result

Multiple Regression Analysis used to measure the depth of influence between independent variable; export, FDI, external debt towards dependent variable GDP.

Based on the analysis calculation, regression formula is such as follows:

\[ \text{GDP} = 115.350 + 0.002 \times X_1 + 0.105 \times X_2 + 0.001 \times X_3 \]

The interpretation of the formula above is:

a. \( b = 115.350 \) shows 350 signed positive that reflects that if there is no changing towards the three of independent variables (export, foreign direct investment, and external debt) means the gross domestic product in this research would increase about 115.350.

b. \( X_1 = 0.002 \) shows if foreign direct investment increased amount 1 USD, then gross domestic product will also increase 0.002 USD.

c. \( X_2 = 0.105 \) shows if external debt increased amount 1 USD, then gross domestic product will also increase 0.105 USD.

d. \( X_3 = 0.001 \) shows if export increased amount 1 USD, then gross domestic product will also increase 0.002 USD.

Hypothesis test

a. **First Hypothesis (H₁)**

First hypothesis is a supposition that there is a simultaneous influence of ACFTA implementation measured from independent variables; export from Indonesia to China (X₁), foreign direct investment from China to Indonesia (X₂), and also external debt from China to Indonesia (X₃), towards economic growth (Y₁) that measured from Gross Domestic Product (Y₁).

b. **Second Hypothesis**

For the second hypothesis, it destined to know the partial influence of export from Indonesia to China towards Indonesia GDP. Based on the table below, Export variable \( (X_1) \) has \( t_{\text{count}} = 1.028 \), this value is smaller than \( t_{\text{table}} = 2.085 \); so when \( 1.028 < 2.085 \), it means \( H_2 \) accepted and \( H_2 \) refused. This concludes that export variable has no influence towards Gross Domestic Product (GDP) of Indonesia.

<table>
<thead>
<tr>
<th>Table 4. F Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>( F_{\text{count}} )</td>
</tr>
<tr>
<td>37.037</td>
</tr>
</tbody>
</table>

Source: Data processed, 2017.

c. **Third Hypothesis**

For the third hypothesis, it destined to know the partial influence of FDI from China to Indonesia towards Indonesia GDP. Foreign Direct Investment/FDI variable \( (X_2) \) has \( t_{\text{count}} = 9.968 \), this value is larger than \( t_{\text{table}} = 2.085 \); so when \( 9.968 > 2.085 \), it means \( H_0 \) refused and \( H_1 \) accepted. This concludes that Foreign Direct Investment variable has influence towards Gross Domestic Product (GDP) of Indonesia.

<table>
<thead>
<tr>
<th>Table 5. Export t Test Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence of each variable</td>
</tr>
<tr>
<td>Export from Indonesia to China variable has no influence towards GDP</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2017.
Table 6. FDI t Test Result

<table>
<thead>
<tr>
<th>Influence of each variable</th>
<th>Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Direct Investment from China to Indonesia</td>
<td>T count = 9.968</td>
<td>H3 refused</td>
</tr>
<tr>
<td></td>
<td>T table = 2.085</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig = 0.000</td>
<td>H3 accepted</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2017.

d. Fourth Hypothesis

For the fourth hypothesis, it destined to know the partial influence of external debt from China to Indonesia towards Indonesia GDP. External Debt (X3) variable has t count = 1.321, this value is larger than t table = 3.108; so when 1.321 < 2.085, it means H0 accepted and H1 refused. This concludes that External Debt variable has no influence towards Gross Domestic Product (GDP) of Indonesia.

Table 7. External debt t Test Result

<table>
<thead>
<tr>
<th>Influence of each variable</th>
<th>Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Debt from China to Indonesia</td>
<td>T count = 1.321</td>
<td>H4 accepted</td>
</tr>
<tr>
<td></td>
<td>T table = 2.085</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig = 0.201</td>
<td>H4 refused</td>
</tr>
</tbody>
</table>

Source: Data processed, 2017.

Determinant Coefficient

Determinant Coefficient (R²) is implemented for testing how far the ability of model to explain variant of dependent variable. From table below, the value of determinant coefficient (R²) is 0.825.

Table 6. R² result

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.921</td>
<td>0.847</td>
<td>0.825</td>
</tr>
</tbody>
</table>

Source: Data processed, 2017.

Table 6 explained that Adjusted R² 0.825 (82.5%) means all independent variables; export Indonesia to China, foreign direct investment China to Indonesia, and also external debt Indonesia to China influence Gross Domestic Product (GDP) about 82.5%, while another 17.5% (100% - 82.5%) of the GDP changing in Indonesia is affected by another variables out of regression model.

Discussion

After several tests have implemented, researcher needs to explain the regression model from research result. The destination of explaining of this research result is to understand clearly about the accordance of research result to the real condition.

Therefore, there are several regression model interpretation such as follows:

a. Export from China to Indonesia (X1).

According to the hypothesis test above, export variable has no influence towards gross domestic product. In one of approach of GDP that used by researcher is expenditure approach that contains export net (X-M).

Export used to has significance influence towards Gross Domestic Product (GDP) because export is one of component in GDP formula. However, in fact, the export from Indonesia to China has no significance influence towards Indonesia GDP.

Need to be noted, since ACFTA has implemented, the significant influence towards Indonesia and China trading is import from China. It is noted that years to years amount of import China to Indonesia increase rapidly and not has the same level as export value of Indonesia to China.

According to the Adi Tiara Putri (2011) in thesis that analyze about ACFTA impact towards economic growth by examined export towards gross domestic product also declared that export proved has no significant influence towards growth of gross domestic product.
It shows mapping between export and import data towards China and the influence toward economic growth. Based on its result, researcher declares that the ACFTA implementation emphasize in import only and this implementation only stimulate the import while export Indonesia to China is still in small amount if it is compared toward import of Indonesia.

b. Foreign Direct Investment from China to Indonesia (X2).
Investment is purchasing capital or goods that destined to be not consumed but used for production process and create goods or services in the future. A country will have great development if investment that made is larger than the value of depreciation of production factors. In macro economy, one of component to improve Gross Domestic Product (GDP) is investment. When investment poured, economic passion is also growth. By using investment, government stimulates the fluctuation of economic. Foreign Investment manifested in a form of project and also capital. These two forms give positive impact, investment can keep companies to making production, accelerate economic development, and also contributes in capital inflow. This is all factors needed by country to improve its economic growth. Therefore, when every single time investment is improved, the growth of economic is also improved.

c. External Debt from China to Indonesia (X3).
Based on the examination result, it is known that external debt in partial has no significant towards Gross Domestic Product. This is shown by coefficient X3 amounted 1.321 with significant level is 0.201 which is smaller than the current significant level 0.05 (0.201 > 0.05). Based on the partial examination result (t-test), hypothesis declared that there is no significant relation external debt towards Gross Domestic Product.

This examination result has same result with research of Limam (2015) that concluded that there is no significant relation external debt towards Gross Domestic Product. According to the research, this significant relation occurs when a country has relied too much on the external debt to finance its balance deficit and to stimulate the economic, so much so that this deep dependence on the external debt as source of financing becomes out of control. Based on research, the larger external debt caused the larger amount that Indonesia needs to pay and it is burdening APBN, because external debt must to be paid with the interest. In Indonesia case, the most irony is in order to pay the external debt, the government takes another external debt to cover the previous debt. Therefore in long term, external debt can caused economic crisis, therefore it needs to be allocated with good planning.

CONCLUSION AND SUGGESTION
Conclusion
Based on the research entitled Analysis Influence of ASEAN-China Free Trade Agreement Toward Economic Growth in Indonesia (study case at Indonesia period 2010-2015), therefore it can be concluded that:

a. Based hypothesis examination result simultaneously or F test showed that as long as period of research, the independent variables which is export Indonesia to China, foreign direct investment China to Indonesia, and also external debt of Indonesia to China have significant effect simultaneously toward gross domestic product.

b. Variable of export Indonesia to China has no significant influence towards gross domestic product of Indonesia.
This is showed from hypothesis examination result of t test, that as long as the research period, the export from Indonesia to China has no significant relation towards gross domestic product or less than level of significance that has determined.

c. Based on the hypothesis examination result of t test, showed that foreign direct investment from China to Indonesia has positive and significant influence towards gross domestic product. This is showed from the result of t test is lesser than level of significance that has determined. This means that every single improvement of foreign direct investment of China to Indonesia is always followed by improvement of gross domestic product either.

d. Variable of external debt Indonesia to China has no significant influence towards gross domestic product of Indonesia. This is showed from hypothesis examination result of t test, that as long as the research period, the external debt from Indonesia to China has no significant relation towards gross domestic product or less than level of significance that has determined.

**Research Limitation**

a. The times period of this research started 2010 until 2015 using quarterly data, causing the sample does not filled the amount of minimum sample that suggested by parametric statistic. This is caused because of ACFTA implementation started in 2010, while 2016 cannot calculated as period of times because there is a limitation in data.

b. This research used multiple regression as statistic method although the sample of data is less than 30, because in this research case, the most suitable method is multiple regression. In additional, according to Wahl (2013:11) declared that using sample less than 30 is allowed to implement regression analysis, however, the estimates of the coefficients will be rather imprecise and probability of error is also higher. Therefore, the existence of next research is really important to continue clarify the result.

**Suggestion**

Based on the opportunity and also result of statistic analysis, there are several suggestions that expected can contribute to governor of Indonesia to improve economic growth of Indonesia from ACFTA implementation, such as follows:

a. **Practical Aspect**

1. Making free trade agreement between two or more countries specifically means that ease of doing international trade, therefore both of two countries supposed to obtain advantages, not only China but also Indonesia. Indonesia, surely, has competitive advantage towards China in textile, creative product and also tourism sectors that still less of attention from government. As long as this period, export Indonesia to China is centered in raw material only, which nowadays has no values as high as finished goods or creative product industry. Therefore, Indonesia needs to explore more resource to be traded into international trade.

2. To obtain good quality of products that will be traded, Indonesia governor needs to pay attention towards the quality of the human resource first. The good quality, full of skill, and also competitive are needed. Besides, knowledge of creative and innovative need to be improved to make Indonesia can survive in the middle of competitors from the other countries.

3. External debt could be rated from two perspectives, whether could be a helper and also destroyer. Therefore, if it is maintained well with a good planning and system of finance allocation, it can contribute massive impact towards economic growth in Indonesia. But it could also be a new barrier and burdening the government if it is not maintained well. Therefore, Indonesia still needs clear allocation money system to change this perspective.
b. Next Research
1. This research period contains six years start from 2010-2015. Since the data of independent variables in 2016 does not exist yet, therefore it will be better if the next researcher prolong the period to make it more complete.
2. ASEAN-China Free Trade Agreement, in fact, has lots of aspects, factors and variables that can be explored. Unfortunately, most of research emphasizes in the trade both two countries only. Therefore, it should be better if the next researcher explore new variables or newest issues about ACFTA implementation especially the effect toward Indonesia economic growth.

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