

CHAPTER 5

ANALYSIS AND RESULT

In this chapter the author do the analysis of the data has been obtained. Data can be used to obtain good analysis results. In this case the author divides the data have been obtained for the interests of the industry association analysis shown in the index, the data is the data of trade from Ministry of Trade (MOT), Statistic Central Bureau (BPS), World Integrated Trade Solution (WITS), COMTRADE, and other sources which related with this research including electronic source. Hereinafter the author uses the data for the purposes of trade liberalization impact analysis, the data is the social accounting matrix data where is include in Global Trade Analysis Project (GTAP).

Furthermore the author do the analysis in 2 parts, the first analysis of the impact of trade liberalization using the GTAP (General Trade Analysis Project), The analysis of industry linkages between the two countries, in explaining the shape index.

5.1 Impact of Trade Liberalization Indonesia – Turkey

Analysis of the impact of trade liberalization between Indonesia and Turkey will analyze the macroeconomic change in both countries, where the author only limit on the Trade Balance growth, Welfare growth, and Labor demand. Then be analyzing on changes in the total value of export per product of partial.

On this analysis will do free trade simulation using data and models Global Trade Analysis Project (GTAP) version 6 to determine the impact of trade liberalization for Indonesia and Turkey. The simulation will do is to reduce tariffs, with the two types of simulation that a) Simulation 1 is liberalization tariff with change rate -100% (overnite liberalization). b) Simulation 2 is the gradual liberalization with change rate of -50%. The simulation was intended also to determine which method is better to do.

Simulation performed by inserting a key partner countries of Indonesia and Turkey RASEAN (all ASEAN countries except Indonesia), EU (the EU member countries), NAFTA, ROW (Rest of the World) to create simulations based on real

conditions. Besides it also includes aggregation sectors or aggregation products are analyzed as far as possible adapted to the main export products of each country. GTAP version 6 programs that is used has limitations in analyzing the detailed data, which can be done to analyze detailed data or in aggregation are only 10 states and 10 sectors. The product or aggregation sector analyzed in this simulation is the Agriculture, Mining, Foods, Chemical Rubber Plastic, Metal, Electronic, Transports, Machinery, Other Manufacture and Services.

5.1.1 Impact on Trade Balance

After doing the analysis using GTAP version 6 and with limitations that have GTAP version 6 the author try to maximize the existing capacity to analyze aggregation products which include in the GTAP products as the major export and import of trade between Indonesia and Turkey. The result from calculation of GTAP can be seen in table 11. In that table was describes about growth trade balance as trade liberalization impact from both countries and which also affect to another countries or region.

Then for the result of detail is happening on the growth of the total of exports of each country where the results of the simulation shows if Indonesia is doing trade liberalization using simulation 1 (0%) a total trade balance grew in amount of US\$ 13.89 million, meanwhile Turkey by using the same way that the total values of trade balance grew in amount of minus US\$ 10.72 million. Meanwhile using simulation 2 (-50%) as gradually a total trade balance of Indonesia grew in amount of US\$ 5.28 million, meanwhile Turkey has experiencing growth in amount of minus US\$ 4.33 million.

Furthermore for analysis aggregate sectors on simulation 1 the sector which increase for Indonesia was occur on foods and other manufacture where is foods sector has big contribute for increase Indonesia trade balance although all sector almost have experience trade decrease. The opposite for Turkey, although all sector almost have experience trade increase particularly other manufacture sector is big increase but foods sector has big contribute for decrease of Turkey trade balance. In the other simulation, for both countries is

not quiet big experience increase and decrease in trade. But the Indonesia foods sector are still have big contribute to increase of Indonesia total trade balance. And Turkey Foods sector still have big contribute to trade decrease but it is smaller than previous simulation. On trade liberalization assumption when two country doing reduce tariff should be occur trade increasing for both country. But from the result analysis Turkey has experience trade balance decrease. It means trade liberalization both country has affect to other region where is occur trade diversion or creation. It shows in table where in simulation 1 REASEAN has experience trade balance increase meanwhile other region has experience trade balance decrease. And then in simulation 2 REASEAN and EU have experience trade balance increase meanwhile other region is the same on simulation 1.

Table 11
Trade Balance Indonesia and Turkey
(US\$ million)

DTBALi	Simulation 1 (-100%)						Simulation 2 (-50%)					
	IND	TUR	REASEAN	NAFTA	EU	ROW	IND	TUR	REASEAN	NAFTA	EU	ROW
Agriculture	-0.90	0.03	0.14	0.11	0.31	0.47	-0.38	0.01	0.06	0.05	0.13	0.20
Mining	-7.97	1.79	0.37	1.09	2.47	2.10	-3.45	0.68	0.14	0.46	1.07	1.07
Foods	58.30	-36.28	0.07	-9.66	-13.47	-8.62	21.31	-11.85	-0.02	-3.98	-5.33	-3.65
Chemrubplas	-4.55	1.15	-0.05	0.72	2.53	0.46	-1.60	0.32	0.01	0.27	0.90	0.18
Metal	-5.04	1.11	0.13	0.21	2.30	1.22	-2.02	0.24	0.06	0.11	1.01	0.59
Electronic	-17.44	0.09	-0.03	4.66	5.80	7.14	-6.78	-0.16	-0.01	1.86	2.31	2.87
Transports	-2.61	2.68	0.09	-0.85	1.90	-1.24	-1.01	0.78	0.04	-0.30	0.93	-0.44
Machinery	-0.10	1.20	-0.52	-1.14	4.09	-3.45	0.04	0.08	-0.20	-0.43	1.82	-1.29
OtherMnfcs	6.94	12.21	-0.79	3.27	-17.59	-3.73	4.32	4.27	-0.34	1.28	-7.60	-1.81
Svces	-12.74	5.30	1.11	0.46	11.48	3.27	-5.15	1.30	0.46	0.30	4.88	1.40
Total	13.89	-10.72	0.52	-1.13	-0.18	-2.38	5.28	-4.33	0.2	-0.38	0.12	-0.88

Source: Simulation on GTAP Version 6

5.1.2 Impact on Welfare

The analysis was also performed on the welfare impact of two countries if the trade liberalization policies implemented in both countries. The results of the analysis carried out by using GTAP version 6 can be seen in the table below

Table 12
Impact on welfare (US\$ million)

Countries	Simulation 1	Simulation 2
Indonesia	19.19	7.73
Turkey	-0.59	3.66
REASEAN	-2.94	-1.17
NAFTA	-1.94	-0.81
EU	-3.63	-1.78
Rest of the World (ROW)	-6.13	-2.52

Source: Simulation on GTAP Version 6

In all simulation, Indonesia has experience welfare increase if doing the trade liberalization but it is not occur to Turkey and other region (REASEAN, NAFTA, EU, and Rest of the World). In simulation 1 Turkey has experience welfare decrease but in simulation 2 Turkey has experience welfare increase too. The author make note for Turkey result analysis where is **simulation 1 (-0.59) and simulation 2 (3.66)**, for the result should be positive or increase and simulation 1 should be bigger than simulation 2. According to theory welfare in case of tariff reduction the price should be a cheap means consumer surplus, but in equivalent variation (EV) assumption (GTAP modeling framework version 6.2,2003), the equivalent variation (EV) by determining the income that would be required to achieve the current actual utility level in a shadow demand system in which prices are fixed. In other word, in case of tariff reduction means that the price of good become cheaper and import of goods increase and then the domestic product can not compete, causing many producers suffer losses and close company. with many of companies that close means unemployment increases and there is no income to labor. Although the price of product becomes cheaper causes reduction tariff but consumer purchasing power ahs decreased due to the many unemployed. It means that consumer welfare is also decreasing. So that the Turkey result analysis on simulation 1

become minus and smaller than simulation 2 because unemployment was greater in the simulation 1.

5.1.3 Impact on Labor Demand

After performing an analysis on the trade balance and the welfare, the authors do an analysis on the impact of labor demand where the focus on the labor of each country, especially skilled labor and un-skilled labor that has done a significant influence of trade liberalization. The result can be seen in the table below:

Table 13
Impact on Labor Demand

Skilled Labor (%)

Description	Indonesia		Turkey	
	Simulation 1	Simulation 2	Simulation 1	Simulation 2
Agriculture	0.01	0	-0.01	0
Mining	-0.07	-0.03	0.02	0.01
Foods	0.2	0.07	-0.12	-0.05
Chemrubplas	-0.05	-0.02	0.02	0.01
Metal	-0.13	-0.05	0.05	0.01
Electronic	-0.21	-0.08	0.02	0
Transports	-0.02	-0.01	0.06	0.02
Machinery	-0.04	-0.01	0.05	0.02
OtherMnfcs	0.02	0.01	0.07	0.02
Svces	0.01	0	0	0

Un-Skilled labor (%)

Description	Indonesia		Turkey	
	Simulation 1	Simulation 2	Simulation 1	Simulation 2
Agriculture	0	0	-0.01	0
Mining	-0.1	-0.04	0.03	0.01
Foods	0.17	0.06	-0.11	-0.04
Chemrubplas	-0.1	-0.04	0.04	0.01
Metal	-0.19	-0.07	0.07	0.02
Electronic	-0.26	-0.1	0.04	0.01
Transports	-0.08	-0.03	0.08	0.03
Machinery	-0.1	-0.03	0.07	0.02
OtherMnfcs	-0.03	-0.01	0.09	0.03
Svces	-0.05	-0.02	0.02	0.01

Source: Simulation on GTAP version 6

The impact trade liberalization on percentage labor demand for Indonesia has experience increase on foods sector, other manufacture sector, and services sector for skilled labor at all a simulation. But for un-skilled labor only foods sector has increase and it is as big contribute too for Indonesia so that it is influence Indonesia trade balance. For Turkey, it is almost all sectors and simulation has experience increasing but only foods and agriculture sector has percentage demand labor decrease, and that is a big contributes to Turkey for trade balance and welfare decrease.

Meanwhile the impact of Labor Demand can be seen from the GTAP calculation result in output sector change in the table below:

Table 14
Output Sector (%)

Product	Indonesia		Turkey	
	Simulation 1	Simulation 2	Simulation 1	Simulation 2
Agriculture	0	0	-0.01	0
Mining	-0.06	-0.02	0.02	0.01
Foods	0.13	0.05	-0.11	-0.04
Chemrubplas	-0.07	-0.02	0.03	0.01
Metal	-0.15	-0.06	0.06	0.02
Electronic	-0.23	-0.09	0.03	0.01
Transports	-0.04	-0.02	0.07	0.02
Machinery	-0.07	-0.02	0.06	0.02
OtherMnfcs	0	0.01	0.08	0.03
Svces	-0.01	-0.01	0.01	0

Source: Simulation on GTAP version 6

Where is the output sector Indonesia for foods sectors on simulation 1 has experience bigger increases than in other simulation. Meanwhile output sector for electronic sector in simulation 1 has experience biggest percentage decrease than in other simulation. And for Turkey, in simulation 1 foods sector still has become a biggest decrease and other manufactures sector has become a biggest output sector increase. In simulation 2, for both country has experience increase and decrease to all aggregation sector but it is not a bigger than simulation 1.

5.2 Industry Relationship Index and Comparative Advantage

In the bilateral trade relationship between both countries industry is an important prerequisite to ensure the negotiations can work better and provide long-term positive impact more significant. As for some index that will be used in this analysis, namely, RCA (Reveal Comparative Index) explaining about the product competitiveness of a country, TII (Trade Intensity Index) describes the intensity of a country's trade to the world, TSI (Trade Specialization Index) describes the specialization products that are traded by a country, IIT (Intra-Industry Trade) describes the trade of industrial relations between both countries. Detail results from the index calculation can be seen in the table in Appendix 12.

A. Reveal Comparative Advantage (RCA)

The results from calculated index Reveal Comparative Advantage (RCA) of the 20 main export product Indonesia to Turkey using HS 2 digit, most of its RCA value below 1 which means the products are not competitiveness, only a few products which have a RCA value above 1 which means that the products are competitiveness, among others: Man-made staple fibres (HS55), plastic and articles thereof (HS39), Cotton (HS52), Rubber and articles thereof (HS40), Paper & paperboard; art of paper pu (HS48), Miscellaneous chemical products (HS38), Organic chemical (HS29), and Vehicles o/t railw/tramw roll-stock (HS87).

RCA index value of Indonesia for main imports product from Turkey of the 20 main import products Indonesia from Turkey using HS 2 digit, most of its value are below 1 which means main import products from Turkey have low competitiveness, there are only 6 of 20 main import products from Turkey have competitiveness namely: Pulp of wood/of other fibrous cellu (HS47), Organic chemicals (HS29), Inorgn chem; compds of prec mtl,r (HS28), fertilisers (HS31), Cotton (HS52), and Electrical mchy equip part thereof (HS85).

B. Intra Industry Trade (IIT)

Intra Industry Trade between Indonesia and Turkey for export and import main product in the appendix 11 was relatively low. This is shown from the IIT calculation in appendix 11 where the index range of values of IIT is 0 to 1 as good result.

From 20 products as main export product Indonesia to Turkey, there is no product that obtain value an index of 1 and even a majority product below 0.5 of value an index, except for product Optical, photo, cine, meas, checkin (HS90), Electrical mchy equip parts thereof (HS85), Organic chemicals (HS29), Nuclear reactors, boilers, mchy & m (HS84), and Cotton (HS52) getting quite good value.

Whereas for main import product Indonesia from Turkey, the IIT calculation results also indicate a relatively low value, it does not which obtain the value 1 as a good result, it means a link between the industry for a product in exporter and importer country can be increase economic of scale for both countries. The IIT calculation results are obtaining the minimum value of 0.5, there are only 3 products from 20 main imported products Indonesia form Turkey namely: Organic chemicals (HS29), Inorgn chem; compds of prec mtl, r (HS28), and Electrical mchy equip parts thereof (HS85).

C. Trade Specialization Index (TSI)

The results of calculations of Trade Specialize Index (TSI) shows that main export product Indonesia to Turkey from the table at annex 1 is a product of competing in international market from both countries except for Mineral fuels product, oils & product of th (HS27), Iron and steel (HS72), Nuclear reactors, boilers, mchy & m (HS84), Electrical mchy equip parts thereof (HS85), Organic chemicals (HS29), Copper and articles thereof (HS74), and Inorgn chem.; compds of prec mtl, r (HS28) have a TSI value minus that mean for the product of both countries did not compete in international markets.

Whereas for main imports product Indonesia from Turkey shows that the calculated TSI of 20 product from the table in annex 1 is the product of competing in international markets with indication of the positive value almost as much a product that does not compete in international markets with indication of a negative value.

D. Trade Intensity Index (TII)

The results of calculations of Trade Intensity Index (TII) shows that the ratio of the intensity of trade between Indonesia and Turkey as a whole relatively low.

From 20 main export product Indonesia to Turkey using HS 2 digit have 6 products that have more value than 1, meaning the intensity of exports for the product is high to partner countries than export to the world, among other: Man-made staple fibres (HS55) (11.109), plastic and articles thereof (HS39), Cotton (HS52), Rubber and articles thereof (HS40), Paper & paperboard; art of paper pu (HS48), Miscellaneous chemical products (HS38).

Meanwhile, main imports product Indonesia and Turkey, the trade intensity ratio base on data from 20 main imported products Indonesia from Turkey using HS 2 digit has value as a whole is relatively low there are only 3 products have a value of more than 1 which means that the intensity for the product from partner countries is higher than exports into the world, namely: Pulp of wood/of other fibrous cellu (HS47), Organic chemicals (HS29), and Inorgn chem.; compds of prec mtl, r (HS28).

Furthermore the results of calculations of the index above industry linkages at bilateral trade relations with Indonesia Turkey, from 20 products main export and import between Indonesia and Turkey have in common is a product of macroeconomics that have good value and significance to be retained even further increased the Organic chemicals (HS29), Cotton (HS52) and Inorgn chem.; compds of prec mtl, r (HS28) and also from the results of the RCA product from each country has a high competitiveness even in the international market. But for other product does not mean not good but from the index calculation results done on writing this thesis is the result of calculations is less good and not significant. Just as some products are included in the 20 main export products Indonesia to Turkey is Plastics and articles thereof (HS39), Paper & paperboard; art of paper pu, Rubber and articles thereof. and Man-made staple fibers (HS55), while the main imports products Indonesia from Turkey is Pulp of wood / of other fibrous cellu (HS47), Inorgn chem.; compds of prec mtl, r (HS28) and Fertilisers (HS31). Can see on table below:

Table 15
Potential Product for Indonesia – Turkey

No	HS	Product	RCA	TII	TSI	IIT
Main product import Indonesia from Turkey						
1	29	Organic chemicals.	24.415	5.072	0.123	0.877
2	31	Fertilisers.	3.706	0.770	1.000	0.000
3	47	Pulp of wood/of other fibrous cellu	125.680	26.108	-0.663	0.337
4	28	Inorgn chem; compds of prec mtl, r	7.176	1.491	0.372	0.628
Main product export Indonesia to Turkey						
1	39	Plastics and articles thereof.	5.782	3.592	0.993	0.007
2	48	Paper & paperboard; art of paper pu	2.268	1.409	0.994	0.006
3	52	Cotton.	4.922	3.058	0.431	0.569
4	40	Rubber and articles thereof.	2.402	1.492	0.996	0.004
5	55	Man-made staple fibres.	17.881	11.109	0.963	0.037

Source: WITS (World Integrated Trade Solution), Proceed

Man-made staple fibres (HS55) product from the index calculation results in a table 15 show that these products have high competitiveness value for Indonesia, and the intensity for the product on the international trade in Indonesia is product with high intensity trade, and also this products is become specialize in another trade case for Indonesia, which makes the product becomes even specialize in trade to trade international. Next in terms of intra-industry trade of these products from the calculation have a relatively low value due to lack of interest in the businessmen of both countries to trade for these products.

Product of Plastics and articles thereof (HS39) from the index calculation for Indonesian products have high competitiveness in trade with Turkey and in international trade but not for Turkey against the product, as well as the index calculation Intensity and Trade Specialized products for Turkey is not a specialist product in the trade so that trade intensity is not also routinely even in international trade. However, for Indonesia is a specialized product in a trade so that its intensity in the trade has a high value. Next in terms of intra-industry bilateral trade between Indonesia and Turkey becomes the product was not essential to any trade between both countries where the results of calculation have a relatively low value.

Meanwhile for Paper & paperboard; art of paper pu and rubber and articles thereof product form the index calculation has high value for competitiveness,

intensity and specialized product for Indonesia. But for intra-industry trade has value indication of a very small.

Then from main import products Indonesia from Turkey is the product of Pulp of wood/of other fibrous cellu (HS47) result from the index calculation for these products for Turkey have high competitiveness and intensity trade. For Turkey although a product by HS 47 has relatively high competitiveness and intensity but the product not specialisation in the trade. In addition in intra industry trade has value similar to Indonesia is relatively low.

Finally, product of Fertilisers (HS31) index calculations shows that product is for Turkey has high competitiveness value and a relatively high value for intensity trade, the positive results of specialisation product trade. Meanwhile for intra-industry trade between Indonesia Turkey has intra industry trade value relatively low.

5.3 Scope of Liberalization

Since 1996 Turkey which became a member of the EC (European Custom Union) all trade policy including tariff structures applied influence by European Custom Union trade policies. In the tariff structure of EC (European Custom Union) for tariff liberalization policies focused only on the three products namely Agriculture, Service, and Public Procurement.

Related to this, the liberalization of trade between Indonesia and Turkey from the results of analysis using the GTAP version 6 on Trade Balance, Labor Demand, and Output Sector shows that Indonesia Trade Balance gets profit only from food/agriculture sector whereas from the other sector/other products obtain negative results. This happens also in Labor Demand and Output Sector, Where Indonesia is get profit only from food/agriculture sector while the others have negative results.

From the results of GTAP analysis and tariff policies applied in the membership of the EC (European Custom Union), the purpose scope of trade liberalization in product between Indonesia and Turkey only food/agriculture products which has positive Trade Balance, Labor Demand, and Output Sector. Furthermore, from the definition of GTAP food/agriculture products, the conversion will be done to achieve

the proposed coverage criteria for products in Harmonized System (HS). This is necessary because the negotiations are generally using the criteria HS Products.

Determination of products in the HS criteria to consider the results of GTAP and their trade performance, for the calculation of the overall of the trade performance can be seen in appendix 2. However, in consideration of product coverage the important things that the main concern is competitiveness of Indonesia and the demand for these products in the Turkey market, the proposed agriculture products for liberalized among others can be seen in the table below:

Table 16
Proposed Liberalization

HS	Description	RCA	TII	TSI	IIT	Import Turkey from World
24	Tobacco and manufactured tobacco su	2.74	1.70	-0.64	0.36	391,693.70
11	Prod.mill.indust; malt; starches;	1.31	0.81	-0.99	0.01	25,232.37
15	Animal/veg fats & oils & their clea	1.09	0.68	1.00	0.00	1,657,559.96
08	Edible fruit and nuts; peel of citr	0.65	0.40	0.91	0.09	319,224.55
02	Meat and edible meat offal	0.46	0.29	1.00	0.00	905.88
20	Prep of vegetable, fruit, nuts or o	0.16	0.10	-0.17	0.83	87,946.64
09	Coffee, tea, mati and spices.	0.14	0.09	0.80	0.20	72,743.83
14	Vegetable plaiting materials; veget	0.14	0.09	1.00	0.00	4,919.70
17	Sugars and sugar confectionery.	0.11	-0.07	1.00	0.00	86,840.49
13	Lac; gums, resins & other vegetable	0.10	0.06	1.00	0.00	25,678.60
18	Cocoa and cocoa preparations.	0.08	0.05	1.00	0.00	284,165.82
05	Products of animal origin, nes or	0.01	0.01	1.00	0.00	28,540.14
16	Prep of meat, fish or crustaceans,	0.01	0.01	0.38	0.62	2,473.61
21	Miscellaneous edible preparations.	0.01	0.01	-0.88	0.12	387,175.56
12	Oil seed, oleagi fruits; miscell gr	0.01	0.01	0.56	0.44	1,464,811.74

Source: WITS (World Integrated Trade Solution), Processed

5.4 Removal on Non-Tariff Barrier

To analyze trade liberalization with GTAP cannot simulate the liberalization of non-tariff barriers, therefore, these barriers will be key input to be negotiated in a trade liberalization agreement between Indonesia and Turkey, in forum negotiation Indonesia and Turkey. For the current issue of non tariff barriers that occurred in Turkey and Indonesia trade is about the alleged dumping of the product that Turkey exported from Indonesia. According to data of Directorate General KPI of Ministry of

Trade for products are impose and in the process of investigating allegation of dumping during 2004 – 2008 such as,

Impose Custom Duty Anti Dumping

No	Product	Description
1	Pipa dan Komponen Penghubung	Impose
2	Polyethylene Terephthalate (PET)	Impose
3	Pre-Finished Engineered Laminated Flooring (Floating or Not)/Laminated Parquet	Impose
4	Sintetik polyester Serat Terputus	Impose
5	Produk Engsel dari Logam dan Komponen Produk Furniture	Impose

In Process Investigation

No	Product	Description
1	Polyester Textured Yam	Process
2	Yarn of Man Made Staple Fibres	Process
3	Pneumatic tyres new of rubber for motorcycles and Inner tubes of rubber except bicycles or motor vehicle	Process
4	Pneumatic tyres new of rubber for bicycles and Inner tubes of rubber for bicycles	Process
5	Lids and other closures of glass	Process

If performed trade liberalization between Indonesia and Turkey, so for non-tariff barriers issues in order to be included in negotiations on trade liberalization agreement.

CHAPTER 6

CONCLUSION AND RECOMMENDATION

6.1 Conclusion

1. Trade performance Indonesia will getting better if bilateral trade cooperation has been implemented. It was shown by rising of Indonesia trade balance in simulation using GTAP. There are several products that have potential to enhance Indonesia trade performance after calculated using index. The products are for Turkey, organic chemical; fertilizers; pulp of wood/of other fibrous cellulosic material; and inorganic chemical, compounds of precious metal, radioact elements; while for Indonesia plastic and article thereof; paper and paperboard; art of paper pulp; cotton; rubber and articles thereof; man-made staple fibres. Furthermore, for sector commodity that have enhance Indonesia trade balance are foods sector, other manufacture sector if Indonesia do liberalization overnight or simulation 1.
2. From the result GTAP simulations which are performed to analyze the trade liberalization between Indonesia and Turkey are predicted that the impact of liberalization will increase of Indonesia's trade balance. By using simulation 1 (target 0% of tariff) Indonesia will getting better impact than simulation 2 (target 50% of tariff), where is total trade balance will increase in amount of US\$ 13.89 million with the foods sector as big contribution for trade balance increase, welfare will increase in amount of US\$ 19.19 million, percentage labor demand will increase for skilled labor but will decrease for unskilled labor where is electronic sector as big contribution of unskilled labor demand decrease. So the overall bilateral trade Indonesia and Turkey will profitable for Indonesia.

6.2 Recommendation

Policy recommendation:

1. Bilateral trade cooperation between Indonesia and Turkey should do Preferential Trade Agreement (PTA) which was considered more profitable and easier to Indonesia performed.
2. Non-tariff barriers should be included in negotiating trade liberalization agreements with consideration of tariffs impose by both countries not too high in addition to Indonesia and Turkey has been a member of the WTO and ratified agreements on tariff reduction. Then currently a Non-Tariff barrier is more significant as a barrier on international trade.

Research recommendation:

1. In order to analysis of products with HS code are more specific (HS 6 digit or more).
2. Analyzing the impact of trade liberalization between Indonesia and Turkey with other methodology as a comparison of the results using GTAP methodology.