DESCRIPTION OF EXPORT IMPORT OIL AND GAS-NON OIL AND GAS COMMODITIES ON INDONESIA-PHILIPPINES TRADE BALANCE (PERIOD 2018-2022)

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ABSTRACT

This research paper aims to provide a detailed description of the trade balance between Indonesia and the Philippines on the export-import of oil and gas and non-oil and gas commodities. The study utilizes data obtained from various sources, including the Indonesian Ministry of Trade spanning a 5 year period from 2018 to 2022. This research used secondary data and the method used to explain this research is a descriptive approach method. The research provides an overview of the trade patterns between the two countries, analyzing the trends in the import and export of oil and gas products and non-oil and gas commodities. Additionally, the study examines the impact of various factors, such as trade policies, on the trade balance between the two nations. The results of the study it can be explained that the export trade balance is higher than imports where the export trend value in 2018-2022 is
16.23% compared to the Import trend value of 14.17%. It can be concluded that the export and import trade balance of Indonesia-Philippines in 2018-2022 is called a surplus because the export value from 2018-2022 is greater than the import value.

Keyword : *Export, Import,oil and gas, non-oil and gas, trade Balance*

A. Introduction

Export and Import is one of the important activities in international trade. In this case, Indonesia and the Philippines have great potential to improve bilateral relations through international trade. Indonesia-Philippines have similar interests in trade activities, such as business growth, global economic market access, and economic sector development. The economic relationship between Indonesia and the Philippines is an important factor that affects the economic development of each country. This condition causes competitiveness to become one of the determining factors in competition between countries to benefit from an increasingly open world economy. The benefits of an open economy can be seen from the state of a country's

trade balance.Trade between Indonesia and the Philippines continues to grow and will continue to increase. Bilateral trade between the two countries increased from US$ 6,812 billion in 2018 to US$ 12,899 billion in 2022, which encourages good relations between the two countries. Indonesia and the Philippines have abundant natural resources, including iron ore, coal, tin, silver, and copper. International trade between the two countries can be complementary and mutually reinforcing natural resources, ensuring a stable supply and dependence on each other. According to Bank Indonesia, the balance of payments is a record of economic transactions between Indonesian residents and non-residents.

A country's balance of payments is a surplus if there is an excess of trade and investment funds compared to the obligations paid to the country, while it is a deficit if imports are higher than exports. The state of the balance of payments is surplus or deficit affects Indonesia's economic growth. Much empirical literature shows that international trade and trade balance are the main factors to explain economic growth.

TABLE 1.1 Trade Balance between Indonesia and Philippines period 2018-2022 (million US$)

Trade balance	**2018**	**2019**	**2020**	**2021**	**2022**
Oil and Gas	-4.2	14.4	42.2	2.4	4.2
Non-Oil and Gas	5877.9	5933.8	5266.5	7328.7	11405.2
Total	5873.7	5948.2	5308.7	7331.1	11409.4

Source: Indonesian statistics Ministry of Trade

According to (M.yusuf and Dewi 2019,) The trade balance is a record that contains the value of goods exported or imported by a country. Indonesia's trade balance with the Philippines from 2018 to 2022 has experienced a significant increase. Based on the table above, the trade balance between Indonesia and the Philippines in 2018 was US$ 5873.7, while in 2022, the trade balance between Indonesia and the Philippines was US$ 11409.4. It shows that the trade balance between Indonesia and the Philippines has increased significantly.

Table 1.2 Total Trading between Indonesia and the Philippines for the period 2018-2022 (million US$)

Total Trade balance	**2018**	**2019**	**2020**	**2021**	**2022**
Oil and Gas	43.9	16.9	42.3	2.4	4.3
Non-Oil and Gas	7746.7	7575.1	6450.4	9875.2	14392.7
Total	7790.6	7592	6492.7	9877.6	14397

Source: Indonesian statistics Ministry of Trade

Based on the table above, total trade between Indonesia and the Philippines has increased significantly. The total trade between Indonesia and the Philippines in 2018 amounted to 7790.6 US$ while in 2022 the total trade between Indonesia and the Philippines was 14397 US$. This amount of trade can be seen from the total oil and gas and non-oil and gas trade. The oil and gas and non-oil and gas trade sector is quite well developed as seen from the statistics of the Ministry of Trade of the Republic of Indonesia.

Table 1.3 Trading export between Indonesia and the Philippines for the period 2018-2022 (million US$)

Export	2018	2019	2020	2021	2022
Oil and Gas	19.8	15.6	42.3	2.4	4.3

Non-Oil and Gas	6812.3	6754.5	5858.5	8601.9	12.899
Total	6832.2	6770.1	5900.7	8604.3	12903.2

Source: Indonesian statistics Ministry of Trade

Based on the table above, the amount of Indonesia's exports to the Philippines in 2018 was 6832.2 US$ and in 2021 it rose to 8601.9 US$. This increase in export commodities occurred in the non-oil and gas sector. In 2018 exports of the oil and gas sector amounted to 19.8
US$ while in 2021 Indonesia's oil and gas exports amounted to 2.4 US$ and decreased by 17.4

US$. Non-oil exports is 28027.2 US$ for 4 years (2018-2021). Meanwhile, Indonesia's exports to the Philippines from 2021 and 2022 have increased by 4298.9 US$. Total export trade to the Philippines from 2018 was 6832.2 US$ and in 2022 was 12903 US$. We can see that trade in
2018-2022 was very significant.

Table 1.4 Trading Import between Indonesia and the Philippines for the period 2018-2022 (million US$)

Import	2018	2019	2020	2021	2022
Oil and Gas	1,068.20	1,159.80	1,091.30	2,572.00	2,298.30
Non-Oil and Gas	9,108.00	8,101.80	7,488.90	8,677.10	9,315.70
Total	10,176.20	9,261.60	8,580.20	11,249.20	11,614.00

Source: Indonesian statistics Ministry of Trade

Indonesia's imports from the Philippines have increased from 2018 to 2022. However, in

2019 and 2020 the number of imports from the Philippines to Indonesia has decreased. The amount of imports from the Philippines to Indonesia in 2018 was 50881.20 US$ while in 2022
Indonesia's imports from the Philippines were 11,614.00 US$ and the largest imports were from the non-oil and gas sector.

B. Literature review

Trade balance:

The difference between a country's total exports and total imports of goods and services over a given period of time, usually a year. A positive trade balance (surplus) occurs when a country exports more than it imports, while a negative trade balance (deficit) occurs when a country imports more than it exports. The trade balance is made so that a country can know the development of international trade that is being carried out. As for the balance of payments is divided into two parts, namely the liabilities and assets. According to (M Yusuf, Dewi, 2019) The liability or debit section (-) records transactions that make the state make payments to other countries. Meanwhile, the assets or credit (+) section records transactions that make the state accept payments from other countries.

Balance of payment transactions can be divided into two types transactions:

a. Debit transaction: A debit transaction refers to a financial transaction in which funds are taken out of a bank account.
b. Credit transactions: A credit transaction refers to a financial transaction in which funds are added to a bank account.

A country's balance of payments is said to be a surplus if there is an excess of trade and investment funds compared to the obligations paid to the country while it is said to be a deficit if imports are greater than exports. The state of the balance of payments that is surplus or deficit affects Indonesia's economic growth. Indonesia's oil and gas trade balance with the Philippines in the 2018-2022 period experienced an upward trend of 55.36%, this can be seen from the total trade balance between Indonesia and the Philippines in 2018 is 5873.7 US$ to 11409.4 US$ in 2022. The Central Statistics Agency (BPS) explained that Indonesia's trade balance in the march

2022 period experienced a surplus 4,53 US$. Oil and gas trade balance recorded deficit, non-oil and gas trade balance surplus. in 2020 and 2021 the trade balance between Indonesia and the Philippines will again experience an increase in deficit. This was due to the COVID-19 pandemic which had an impact on the decline in the economy and trade in both countries. In
2022, it is hoped that the economic conditions of the two countries will recover and increase the potential for bilateral trade. In addition, the two countries also agreed to increase cooperation in the trade and investment sector through dialogue and business forums.

1. Trade sector:

This includes various industries such as manufacturing, agriculture, mining, and services. The trade sector in both Indonesia and the Philippines plays a significant role in the economies of both countries. According to data from the World Bank, in 2019, the total value of exports for Indonesia was US$ 180.2 billion, and for the Philippines it was US$70.3 billion. According to Ngatikoh, S., & Faqih, A. (2020), Indonesia experienced a rapid growth in export of manufactured products in the last two decades, which has been driven by strong domestic demand and export-oriented industrial policies. However, the report also highlights that Indonesia still lags behind its Southeast Asian neighbors in terms of export sophistication, with a smaller share of high-tech exports. Furthermore, a study by the Indonesia Institute of Sciences (LIPI) identifies trade as one of the key drivers of economic growth in the country, with exports contributing to an average of 24% of GDP between 2014-2018. The study also emphasizes the need for Indonesia to strengthen its competitiveness in the global market through improvements in infrastructure, business regulations, and investment climate.

The trade sector in the Philippines has also been identified as an important driver of economic growth. According to Halim, A. (2020) the country's growth is closely linked to its

strong performance in the services sector, which includes the trade sector. The report also highlights the need for the Philippines to diversify its economic activities, including its exports, in order to reduce its vulnerability to external shocks. A study by (Kurniawan, A. A. 2015) emphasizes the importance of trade policies that support the development of small and medium- sized enterprises (SMEs) in Indonesia. The report highlights that SMEs account for 99.6% of all businesses in the country and are the major contributors to employment and economic growth. The study recommends policy interventions that can help SMEs participate in global value chains, such as improvements in infrastructure and access to finance.

Both countries have significant potential for growth and diversification in their trade sectors. While Indonesia has made progress in expanding its manufacturing exports, it still needs to improve its competitiveness in the global market. On the other hand, the Philippines needs to focus on diversifying its exports and supporting the growth of SMEs in the trade sector.

2. Export Sector:

Indonesia and the Philippines are two Southeast Asian countries with economies heavily reliant on the export sector. Both countries are among the top ten exporters in the region, with Indonesia's export value reaching US$ 150.9 billion in 2020 and the Philippines' export value reaching US$ 63.8 billion in the same year (World Bank, 2021). Indonesia’s export sector is dominated by commodities such as oil, gas, coal, and palm oil, which account for more than 60% of its total exports (Eropa, D. 2021). However, the country has been diversifying its export base in recent years, with the manufacturing sector accounting for a growing share of its exports. Indonesia's manufacturing exports include textiles, electronics, automotive, and footwear, which have gained a competitive edge in global markets due to Indonesia's low-cost labor and favorable geographic location (Asian Development Bank, 2020). However, the COVID-19 pandemic has disrupted global supply chains and weakened demand for Indonesia's exports, causing a 9.9% decline in its total exports in 2020 (World Bank, 2021).

One of the main challenges facing Indonesia's export sector is the lack of infrastructure, which has hindered the country's ability to access global markets and compete with other regional exporters. According to a study by the World Bank (2019), Indonesia's infrastructure quality ranks 63rd globally, severely hindering supply chain efficiency and increasing transportation costs for exporters. Additionally, Indonesia has limited access to financing, which has limited its

ability to invest in critical infrastructure and advanced technology to support its export sector (Asian Development Bank, 2020). The Philippines' export sector is also dominated by commodities, with electronics and semiconductors accounting for nearly 60% of the country's total exports (Philippine Statistics Authority, 2021).

The country's manufacturing sector has been boosted by its skilled workforce, favorable business environment, and government incentives for exporters (Asian Development Bank, 2018). However, the Philippines' exports have been impacted by the COVID-19 pandemic, leading to a 13.9% decline in its total exports in 2020 (World Bank, 2021). One of the significant challenges facing the Philippines' export sector is infrastructure, particularly in the transportation sector. According to the World Economic Forum's Global Competitiveness Report (2019), the Philippines ranks 94th in the world for the quality of its infrastructure, with inadequate transport facilities severely hindering supply chain efficiency and driving up transportation costs for exporters

3. Import Sector:

The import sector in Indonesia is growing at a steady pace, with the country importing mainly machinery and equipment, electrical appliances, chemical products, steel, and food products. The import of machinery and equipment is mainly due to the country's expanding manufacturing sector, which requires advanced technology and capital goods. Additionally, Indonesia also imports various food and agricultural products such as wheat and soybean to meet the demand of its growing population. The country's import sector is primarily dominated by China, Japan, and the United States, which account for a significant proportion of Indonesia's import value. In recent years, Indonesia has also established trade relationships with countries in the ASEAN region and Europe, resulting in an increased import of goods from these regions.

The import sector in the Philippines is a significant contributor to the country's economic growth. The country mainly imports petroleum products, electronic products, machinery, and equipment, iron and steel, and transport equipment. These imports are mainly driven by the country's increasing consumer demand, growing industrial sector, and limited domestic production. China, Japan, the United States, South Korea, and Singapore are the top import partners of the Philippines. The country's import sector is dominated by China, which accounts for a significant portion of the import value. In recent years, the Philippines has also established

strong trade relationships with countries in the ASEAN region, resulting in increased imports from these countries.

The import sector plays a crucial role in the economic growth of Indonesia and the Philippines. Although the two countries have different import profiles, the sectors share common features such as a growing demand for advanced technology and machinery, an increasing focus on the development of the domestic manufacturing sector, and the implementation of government policies to regulate imports. Despite external challenges such as trade restrictions and geopolitical tensions, both countries remain committed to maintaining robust import and export relationships with their trading partners.

C. Research Methodology

The method used to explain this research is a quantitative approach method. According to Sugiono (2016), a quantitative method is a scientific approach that views a reality it can be classified, as concrete, observable, and measurable, and the variable relationship is causal where the research data is in the form of numbers. In this study focuses on explaining the relationship between the trade balance of payments as a dependent variable and economic growth as an independent variable in Indonesia with using time series data year to year 2018-2022. The formulation of the problem use descriptive statistical analysis, according to (Radjab & Jam'an, 2017) descriptive statistical analysis is descriptive which is used to analyze data in a descriptive way or describe the data that has been collected as it is. Data used in this research is Data obtained from Central Bureau of Statistics.

The data used in this study is secondary data obtained from official publications of government agencies, namely the Ministry of Trade and the Central Bureau of Statistics and direct observation from the official websites of the Ministry of Trade and the Central Bureau of Statistics. Based on the above, the data collection method used is library research and documentation research.

D. Result and Discussion

Based on the discussion above about export-import on the Indonesia-Philippines trade, it is explained as follows :

Export-Import Indonesia-Philippines (Period 2018-2022)

Year	2018	2019	2020	2021	2022	trend (%) 2018-2022	Description
EXPORT	**6,832.20**	**6,770.10**	**5,900.70**	**8,604.30**	**12,903.20**	**16.23%**	Increased
Oil and Gas	19.8	15.6	42.3	2.4	4.3	-39.11%	Decline
Non-Oil and Gas	6,812.30	6,754.50	5,858.50	8,601.90	12,899.00	16.40%	Increased
IMPORT	**958.4**	**821.9**	**592**	**1,273.30**	**1,493.80**	**14.17%**	Increased
Oil and Gas	24	1.2	0.1	0	0	-89.29%	Decline
Non-Oil and Gas	934.4	820.7	592	1,273.30	1,493.80	14.77%	Increased

Source : Indonesian statistics Ministry of Trade

Based on the results of the table above about export-import Indonesia-Philippines trade it can be explained as follows:

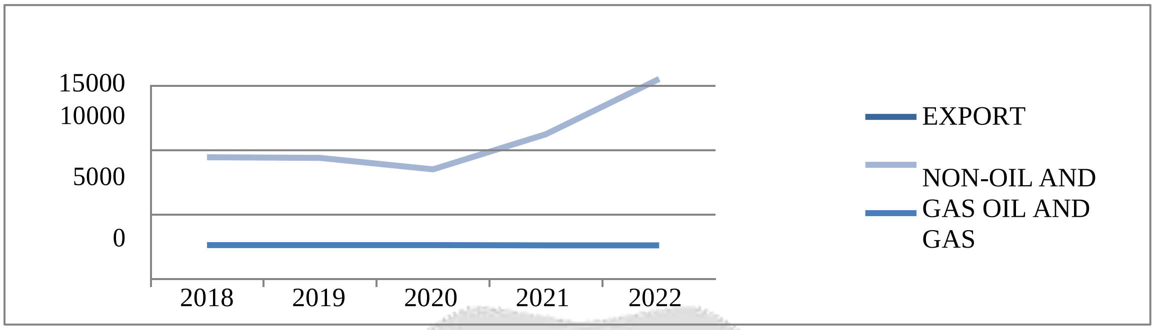
1. Export sector Indonesian-Philippines (period 2018-2022)

Based on the table above, Indonesia's trade balance regarding oil and gas and non-oil and gas exports in the 5-year period 2018-2022 has increased but in 2019-2020 it decreased significantly, but with the following year 2021, which increased from 6770.10 US $ 2019 to 8604.30 US $ 2021. Based on the table above, the total value of Indonesia's exports in 2018 amounted to 6832.20 US $ to 12903.20 US $ in 2022 or an increase of 60.71%. In this period, oil and gas exports in 2018 amounted to 19.8 US $ while in 2022 they amounted to 4.3 US $ or decreased in the oil and gas sector by 0.155%, and the results of the oil and gas trend in 2018-2022 were -39.11% or a significant decline. but in contrast to non-oil and gas exports which in

2018 amounted to 6812.30 US $ to 12899.00 US $ in 2022, or a very significant increase of

67.16% Indonesia-Philippines non-oil and gas exports are much higher than oil and gas exports. Based on the table above, it can be explained that non-oil and gas exports are higher than oil and gas exports in the 5 years 2018-2022.

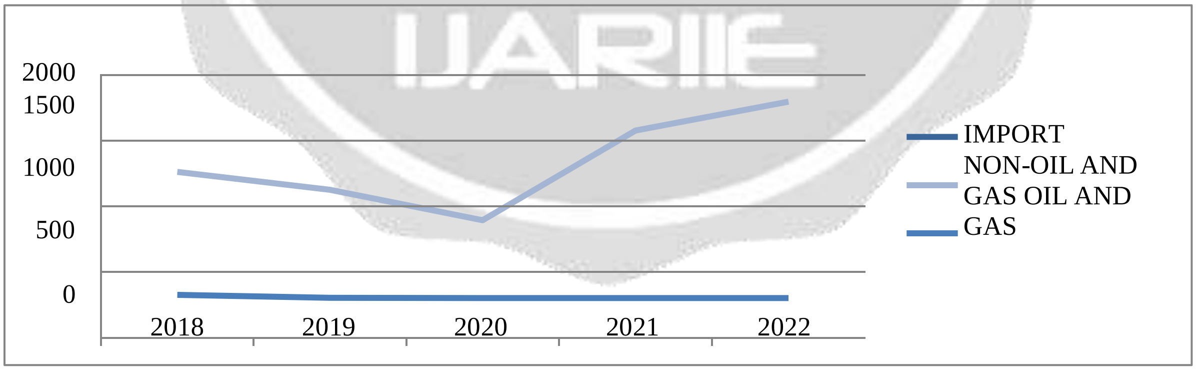
Based on the explanation above about Export Sector Indonesia-Philippines (period 2018-2022) it can be concluded with this following chart:



1. Import sector Indonesian-Philippines (period 2018-2022)

Based on the table above, Indonesia's trade balance regarding total oil and gas and non- oil and gas imports in 2018-2022 is 958.4 US $ - 1493.80 US $ which has increased but in 2019-2020 it has decreased significantly. Based on the table above, the value of Indonesia's oil and gas imports in 2018 amounted to 24 US $ to 0 US $ in 2022 or experienced a very significant decline. and the results of the oil and gas trend in 2018-2022 amounted to -89.29% or experienced a significant decline, but in contrast to non-oil and gas imports which in 2018 amounted to 934.4 US $ to 1493.80 US $ in 2022 or experienced a significant increase of 5.50%. Indonesia- Philippines non-oil and gas imports are much higher than oil and gas imports. Based on the table above, it can be explained that non-oil and gas imports are higher than oil and gas imports in the 5-year period 2018-2022.

Based on the explanation above about Export Sector Indonesia-Philippines (period 2018-2022) it can be concluded with this following chart:



E. Conclusion

Based on the explanation above of the Indonesia-Philippines export-import trade balance in

2018-2022, it can be explained that the export trade balance is higher than imports where the export trend value in 2018-2022 is 16.23% compared to the Import trend value of 14.17%. from the above results, it can be concluded that the export and import trade balance of Indonesia- Philippines in 2018-2022 is called a surplus because the export value from 2018-2022 is greater than the import value.

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