

Gaining Doctorate after Researching Intra-Industrial Trade of Indonesia-ASEAN

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Intra-industrial trade (PII) is important solution for Indonesia's trade with other Asean countries. PII was initially developed as a result of cooperation among countries, members of trade block in conducting liberalization. Since the liberalization in the Asean region through AFTA in 2010, PII becomes important as a measure of the trade integration level of Asean.

A number of studies researching intra-industrial trade in the Asean region indicate the level of PII is still very small. The small level shows that trade in the Asean region tends to be inter-industrial trade rather than intra-industrial one. "However, the PII index in the Asean region from year to year is generally increasing. This means the increasing integration of trade in the region," Pauline Henriette Pattyarine said in open examination of her doctoral program at Faculty of Economics and Business on Thursday (28/7).

Departing from the phenomenon, Pauline conducted research to see Indonesia's ability to perform PII with other ASEAN members to increase the intensity of trade integrity, especially in priority sector on wood and rubber-based products. The result showed that the influence of labor productivity on each large and medium industrial output is the highest of all existing factors. This phenomenon occurs mainly in furniture and products from rubber due to high capital used both in medium and large industries.

"Utilization of installed capacity averagely exceeding 75% also plays important role in industrial output improvement," the woman born in Amurang, North Sulawesi, 22 March 1969 added.

The results of other studies have shown that the performance of industrial output becoming determinant of PII is proven to also support PII. If the domestic industry outputs increase, they will

also increase intra-industrial trade of Indonesia with Singapore, Malaysia and Thailand.

In her dissertation entitled *Determinants of Indonesia-Asean Intra-industrial Trade: Wood and Rubber-based Products, 2000-2006*, Pauline said that the products having the highest PII are rubber-based products, followed by furniture and plywood for large or medium industry. Seeing this fact, she continued that there should be efforts to increase the amount of capital per hour of labor and labor productivity so that the output value for wood and rubber-based products improves. "The increase of working capital per hour of labor will raise the productivity of existing workforce. Similarly, increase in the amount of capital per working hour and labor productivity will increase output, which in turn encourages the increase of Indonesia's PII with Malaysia, Singapore, and Thailand," the 1,439th doctor of UGM said.

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