

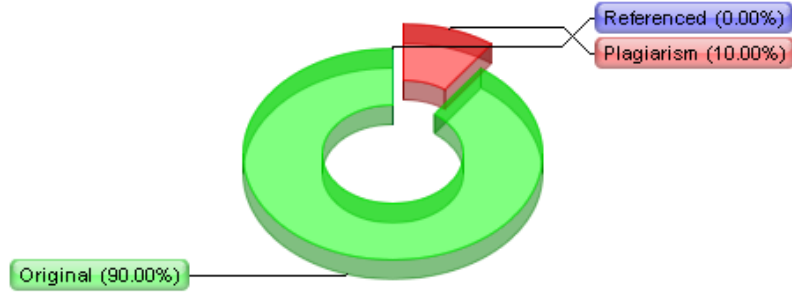
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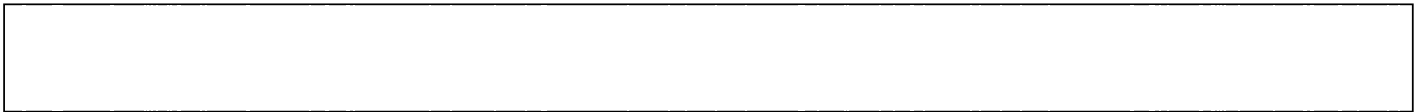
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IMPACT OF INTRA-INDUSTRY TRADE INDONESIA ON MACROECONOMIC INDICATORS

Mohtar Rasyid

Trunojoyo University, Indonesia

ABSTRACT

The purposes of this article are to investigate the existence of intra creative industry trade and its impact on macroeconomic goals. The literature of international economics define

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that intra industry trade is simultaneous exports and imports of product within particular industry. The level of intra industry trade (I

T) is generally measured by the so-called Grubel and Lloyd index. The results indicate that design and art industry have relatively high level of IIT. Base on regression analyses that control for any heterogeneity in industry level, IIT index has positive and significant impact on value added of creative industry. This paper confirms relevant theoretical hypothesis that international trade promote the economic growth. Otherwise, some economic indicator like employment and pricing has significant association with share of export on total production.

JEL Classifications: F14, F62, L16 Keywords: empirical trade studies, macroeconomic impact, price-cost margin indices Corresponding Author's Email Address

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mohtar.rasyid@gmail.com INTRODUCTION

Intra-industry trade is one of important feature in modern international trade. Some studies suggest that the share of intra-industry trade has increased along with the global economic growth. Comprehensively, Widodo (2009) studied the trend of intra-industry trade

in some developed countries in Asia such as Japan, Korea, China and five ASEAN countries including Indonesia. Comparative advantages theory that emphasize on the relative ownership of natural resources is not relevant anymore. The facts show that developed countries such as Japan and the newly industrialized countries such as South Korea, Taiwan and Singapore are not known as a country with abundant natural resources. However, industrialized countries can produce any product and services that have competence internationally. Chang (1998) shows the influence of the institution or institutions for the development of Asian countries. In other words, creativity and governance factors have been displacing the position of comparative advantage as an important element in determining the direction of global trade.

The importance of creativity in the economy has become a global issue. Van de Pol (2014) analyzed that the creative industries, especially culture-based industries, has an important role not only for the economy but also has an impact on the social aspect as a whole. Studies conducted in the UK showed that the new -new creative industries contribute significantly to employment, gross value added or Gross Value Added (GVA) and exports of

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services (Department for Culture Media and Sport, 2015). The contribution of creative industries to employment and economic growth in Australia is also being studied in a comprehensive manner (Australian 400

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Government, 2015). In essence, the creative economy sector increasingly has a portion which is very important in modern economic development in all its aspects.

Development of creative industries in line with the economic development paradigm shifted: from agricultural economy, industrial economy, information economy to the creative economy (2008). The mapping study and the potential of creative industries has also been carried out quite intensively by the Ministry of Trade (2009) following a preliminary assessment of

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the mapping of the creative industries in In

onesia a few years earlier (2007). In this case the Indonesian government

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would not waste the opportunity to

take part of the development of contemporary issues, including

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the development of creative economy industry.

The study of the cre

ative industry trade patterns and their impact on macroeconomic objectives

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such as an increase

in

output, employment and relative price efficiency has not been done. Creative industry mapping study by the Ministry of Trade (2009) actually pertaining to the development of international trade of creative industries from 2002 to 2008. However, those studies have not

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touched on the impact of tra

de on other economic indicators. To fill the gap the

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study of the creative industries in a

macro perspective, this paper will specifically identify the pattern of intra creative industry in Indonesia as well as the influence of the trade sub-

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sectors of the creative industries is

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increase output (value added), employment an

d economic efficiency. The results show that there is a significant correlation between the indexes of intra-industry trade with the added value of this sector. Furthermore, this study shows that the share of exports of creative industry has a significant relationship with employment, added value and efficiency of the price. The empirical evidence is increasingly strengthening signaled the importance of the creative economy sector development in the future. Organization of this paper is organized as follows. The next session discusses the debate

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over the theory of international trade

between factor endowment trade theory and alternative new trade theory. Further discussion followed

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by a discussion of the data

descriptions and data analysis methods. Results of the study will be discussed in the next section.

REVIEW LITERATURE

The new trade theory no longer put relatively ownership advantages of the abundant production factor as the sole determinant of cross-border trade (Adams, 1985). Trade theory based on the relative differences in the ownership of production factors cannot explain the phenomenon of cross-border trade with the ownership of production factors are relatively the same, i.e. trade between industrialized countries to commodity in a clump of similar industries. As a classic example, why the US and Japan as an economic superpower and world exports (as well as) the import of motor vehicles? The new trade theory describes a number of alternative determinants of trade such as monopolistic market structure (Lancaster, 1980), the existence of product differentiation (Helpman, 1981) and increased economies of scale (Krugman, 1985). One of the consequences of the new theory is that the trade will not be detrimental to the owner of a factor which is rare because the base is not a

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difference of factors. In the frame of new trade theory, all those who trade (including the owners of the factors of production)

will equally benefit (Krugman, 1981).

Along with the rise of new trade theory literature, research on the topic of intra-industry trade has also been conducted in several countries. Empirical studies ranged from the issue of the measurement of the intensity of intra-industry trade (Grubel & Lloyd, 1971) until determinant of intra-industry trade. In general, determinants of cross-border trade were divided into two groups: country-specific (Greenaway, R.Hine, & C.Milner, 1994) 401

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and industry-specific (Greenaway, R.Hine, & C.Milner, 1995). Factors differences between countries include differences in per-capita income, geographical distance between trading partners as well as other macro indicators such as the amount of capital investment among countries. In the meantime the industry specification factors include market structure, the degree of product differentiation, capital intensity and technical efficiency of an industrial size. The analytical framework Grubel and Lloyd (1971) and Greenaway et.al (1994; 1995) has become a sort of prototype of advanced research in the realm of empirical studies of intra-industry trade today. Some studies such as in Indonesia (Widarjono, 2008), Portuguese (Leitão & Faustino, 2008), Pakistan (Shahbaz

Leitão, 2010) as well as several other countries showed a more or less uniform. First, the intensity of intra-industry trade has a tendency to increase over time.

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Second, the pattern of trade

that occurs is determined by the relevant determinants. There are two general types in intra-industry trade patterns which patterns of vertical (VIIT) and the horizontal pattern (HIIT). Vertical intra-industry trade patterns determined more by economic variation among countries, while the horizontal pattern is determined by factors of industrial structure and product differentiation.

Research on

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the determinants of intra-industry trade has been a lot done, but an empirical study on how the impact of intra-industry trade

intensity towards the relative economic performance has not been done. The influence of trade to economic indicators was analyzed by conventional theoretical framework such as the testing of hypotheses export led growth or vice versa (Ullah, Bedi-uz-Zaman, Farooq, & Javid, 2009; Ray, 2011). Trade influence on the efficiency of the price (using the cost price indicator margin), was also alluded to in Bowen et.al (2001) but still not specifically analyze

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trading on the performance of the

industry.

The results showed that the volume of intra-industry trade intensified both of which

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occurred between developed countries and among devel

oping countries. Possession of abundant natural resources is no longer a major factor because without the support of human resource capabilities that are innovative, creative and competitive, the ownership of natural factors alone will not be a lot of benefits. Relative gap has not been much research done is to examine the trade impact of creative industries on key economic indicators such as value added, employment and price efficiency. In other words, the main contribution of this paper is a preliminary study that specifically evaluates the impact of intra-industry trade to the condition of the national economy using macroeconomic data.

METHODOLOGY

The data used in this study came from two sources that the creative industry data mapping results Ministry of Trade in 2007 - 2013 as well as survey data Central Statistics Agency (BPS) on Large and Medium Scale Industries in the period 2007-2013. The analytical method used in this paper consists of following stages. First, calculate the pattern of intra creative industries with an index commonly used the Grubel and Lloyd (GL) index or Intra Industry Trade (IIT) index. Referred index can be written as follows:

|
|
()
(
)

In this case

is the value of exports of certain industries and

is the import value industry concerned. This

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index will be worth 1 if the type of trading that occurred in the industry are thoroughly investigated intra-industry and is 0 if the industry were evaluated in whole has a type of inter industry. In a review of empirical, IIT usually varies between 0 and 1 so that will be analyzed is whether a trade in a particular industry closer to the type of intra or inter industry.

Second, to determine the impact of trade on some key indicators such as output, employment and efficiency will be used regression analysis approach. The classic problem

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of the use of standard

regression analysis is the potential endogeneity due to omitted relevant variables (Gujarati, 2003) as well as non-spherical disturbance that caused bias in the results of hypothesis testing (Thomas, 1997). To overcome this

problem, the second estimation approach to Generalized Least Square (GLS) and incorporate industry-specific indicators that represent the presence of other factors outside the model. An important variable in this analysis is the IIT or proxy indicators of trade were used.

()

In this case y is the analyzed indicators

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include value added (value added

, employment and price efficiency), IIT is intra-industry index; X is a vector of variables that affect the dependent variable. Meanwhile IND is the industry-specific variables that describe the variation between industries. To overcome the problem of endogeneity due to the neglect of important variables that are time variant, this study used regression approach control panel with time variation. This approach is known as a fixed effect to control time. Given the availability of data and consideration of the specification models, indicators of intra-industry in several models estimated using the share of exports of creative industries. Following Bowen et. al (2001), industry performance indicators in this study using Price-Cost Margin (PCM), with a standard formulation as follows:

\sum

()

\sum

The variable p is the price level, Q is output, and c is the marginal cost. While the parameter ϵ is the elasticity of demand, τ is the market share and ω indicates conjectural parameter variation. Calculation of the difference in price and marginal cost in the empirical studies are not obtained directly. To calculate PCM indicator, then in this study using the ratio

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of output value to the value o

f the input value. With this ratio, mathematically the quantity of output can be omitted in the equation so as to obtain a consistent value. Thus, the equation 3 above can be modified as follows: \sum

()

The value of output and input values expressed in monetary units. Given the same unit, the PCM indicator has no units. PCM indicator values will range between 0 to 1, with the stipulation that the closer to 1, the industry is concerned increasingly inefficient allocate for wearing a price level which is higher than the

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average cost. In the concept of microeconomic theory and industrial organization, PCM value closer to 1 if the industrial structure closer

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to the performance of the

monopoly. Conversely, if the value of PCM is getting close to 0 then analyzed the structure of the industry will be even closer to the performance of perfect competition. The basic assumption in the model is the PCM industry working in conditions of constant return to scale. Thus, the marginal cost (MC) assumed equal to the average cost (AC).

RESULT AND DISCUSSION

The calculation result of intra trade

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patterns of creative industries in Indonesia using the IIT index (equation 1) can be presented in Table 1. Of the 14 sub-sectors of the creative industries

mapping results Ministry of Trade, only 10 sub-sectors can be analyzed in view of the availability of trade data for each of the selected sectors. IIT index mapping results can generally be observed in Figure 1 as follows:

FIGURE 1. IIT INDEXES

0.71718

games

0.67666

advertisement

0.37854

publisher

0.89995

art

0.

55367

music

2013

0.18601
handicraft
0.01515
2007
film
0.06429
fesyen
0.83184
design
0.10628
architecture
0.00000
0.20000
0.40000
0.60000
0.80000
1.00000

Source: Ministry of Trade, Indonesia

Visualization Figure 1 above clearly explains some facts. First, over the past few years, IIT index in general tend to be stable. This indicates that intra-industry trade map changes in the creative sector have not changed much. Second, the industry has a trade value of intra creative industry is the industry's most prominent art and design. Both of these industries have the intensity of intra-industry trade the most. These results indicate that the level of trade competition for both industries is relatively high compared with other creative industries. Third, there are two industries that are not too high intensity of intra-industry trade, namely the film industry and the fashion industry. That is, the type of trade between the two industries is more dominated by the type of trade in the same direction (as a net-exporter or a net importer). The most striking results to be considered more carefully are the considerable development in the development of intra-industry trade for the publishing and music industry. If in 2007 the IIT index of both industries is still below the 0.2 figure in 2013 both shot high
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enough. The music industry increased to 0.55 in 2013, while the publishing industry to 0.37 in 2013. This signal indicates that the two industries are increasingly open in the intensity of competition with other countries. IIT index calculation results of Indonesia's creative industries can be considered more fully through the grain the following table (Table 1). Table 1

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presents the results of the

calculations are complete IIT index from 2007 to 2013 for ten creative industries are analyzed.

TABLE 1. IIT CREATIVE INDUSTRY IN INDONESIA

Industri
2007
2008
2009
2010
2011
2012
2013
Mean
architecture
0,20455
0,48077
0,10938
0,03822
0,17647
0,12069
0,10628
0,17662
design
0,87589
0,87730
0,92433
0,93838
0,82421
0,94254
0,83184

0,88779
fesyen
0,04378
0,03653
0,03412
0,03773
0,04185
0,05555
0,06429
0,04484
film
0,03855
0,07160
0,09265
0,03763
0,02585
0,01138
0,01515
0,04183
handycraft
0,17974
0,18082
0,18044
0,23025
0,19174
0,19619
0,18601
0,19217
musik
0,16122
0,11695
0,35262
0,64009
0,49387
0,79285
0,55367
0,44447
art
0,87727
0,92142
0,80128
0,93570
0,89765
0,98232
0,89995
0,90223
publisher
0,16939
0,36079
0,20647
0,08305
0,10546
0,32109
0,37854
0,23211
advertiser.
0,61672
0,76615
0,63263
0,50400
0,77457
0,68060
0,67666
0,66447
games
0,70699

0,84148
 0,92687
 0,84390
 0,94937
 0,99531
 0,71718
 0,85444

Source: Ministry of Trade, Indonesia

The calculations show that among the 10

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sectors of the creative industries

are analyzed, the three industrial sectors namely art, design and interactive games have a relatively high index. These results indicate that the three sectors of the industry have the type of intra-industry trade in the sense that the amount of exports and imports are relatively balanced. Meanwhile the film and fashion industry has a relatively low index. If explored more deeply it can be seen that in the

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case of the film industry,

Indonesia is relatively still a net importer. As we know that the movie industry is still not able to host in own country although it must be recognized that the development of the national film industry has been better than the previous few decades. Conversely, this type of trade is the Indonesian fashion industry to act more as a net exporter. In general it can be evaluated that the pattern of intra-industry trade was relatively stable during the study period. IIT index average for the ten sectors of the creative economy can be seen in the far right column. Although there are some fluctuations in value at some period, but in general art and design industry has the most prominent IIT intensity.

The next question is how the consequences of intra-industry trade on the performance of each

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sub-sector of the creative industries.

This fundamental question can be answered by performing a standard regression analysis as mentioned in the methodology section. But to obtain a more modest, relationship between IIT indexes as a representation of the intensity of intra-industry trade with the main indicators of industry performance is, the value-added industry, over the study period. Visualization of the image in Figure 2 shows a simple scatter plot between IIT index with value added several creative industries are expressed in thousand billion rupiah for the purpose of simplifying the analysis.

The vertical axis shows the level of industrial added value, while the horizontal axis shows the value of the index IIT. Plotting the data also comes with a simple regression model to show the direction

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of the relationship between the two variables

was analyzed. Results of simple regression coefficient estimates are also

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shown to further clarify the following calculation with a coefficient of determination to demonstrate the accuracy of the regression line.

FIGURE 2. PLOTTING IIT VERSUS VALUE ADDEED

12

10

VA (000 milliar)

8

6

4

2

0

$y = 7.677x + 2.693R$

$R^2 = 0.6450$

0.10.20.30.40.50.60.70.80.91 IIT Index

Source: Author Calculations

Plotting the results in Figure 2 above clearly shows that there is a general tendency that the industry with a higher IIT indices have higher added value. The relationship between IIT with value added (VA) tend to be positive. It shows that trade is increasingly open with the type of intensity of exports and imports are relatively balanced in fact have a positive impact on value-added industry. The coefficient of determination (R^2) obtained amounted to 0,645. Thus, approximately 64.5 percent of the variation of the added value can be explained by

intra-industry trade proxy for intra-industry index.

Plotting two variables only give a rough idea of the relationship between variables without evaluating the effects of other relevant factors determining the value added. To obtain a more robust, then the other variables

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should be included in the model as a control. In this study the relevant variables included is the number of industries involved in the creative industries as

a

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representation of the level of

capital employed and the amount of labor used in each industry. Basic theory used in the estimation model is the standard theory of production that shows the technical relationship between the level of production (in this case is a plus) with input determiner (i.e. capital and labor). Of course there are several other variables that determine the added

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value of the creative industries. The

variable is represented by two other indicators in the model, the time and industry-specific. All other variables that affect the dependent variable and are time-variant will be represented by an index of time. While the other variables do not change over time However the specifics vary across the industry will be represented by a variable analyzed the specific industry.

In contrast to the results of plotting in Figure 2, the regression performed using the variables in the model intact added value in units billion (not in thousands billion rupiah). The Effect of these changes will only affect magnitude of the relevant coefficients without

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changing the significance of th

e regression coefficients will be obtained. Results of regression estimates referred to may be

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considered in some of the following table.

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Estimation of Basic Model

Based on the results of intra-industry index calculation has been done, and then the estimated impact of the intensity of IIT on the value-added production. Results of the estimate can be noted in Table 2.

TABLE 2. IMPACT IIT ON VALUE ADDED (MODEL A)

(1)

(2)

IIT

2183,16***

2095,48***

(2,87)

(2,70)

FIRM

-0,0169264***

-0,0165727***

(-2,75)

(-2,93)

LABOR

0,0218731***

0,0217376***

(9,11)

(9,74)

CONS

1211,954***

99,74267

(4,81)

(0,16)

TIME

no

yes

INDUSTRY

no

no

R-Square

0,9782

0,9792

F-stats

934,69

460,12

Obs.

98

98

t-stat in parentheses

*** p 0.01, ** p 0.05, * p 0.1

A dependence

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variable in Table 2 is the value added. Intra-industry trade impact of the value added

can be considered in the first row. The first column shows the least squares estimation results without exercise control over the variation over time and variation between industries. IIT coefficients are positive and significant to 1 percent significance level. The second column

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presents the results of the

estimation taking into account the variation over time. Indicators of time (time) is used to control the influence of other factors outside the model has changed between the time a good that can be observed or not observable (un-observed heterogeneity). By controlling the variation of the time, the significance of IIT variables still at the level of 1 per cent but the amount (magnitude) of the estimated coefficients be slightly reduced. In general

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it can be shown that the addition of one unit IIT index increase the value added of the creative industries amounting to an average of two thousand billion rupiah. Judging in terms of scale, these results would indicate that a significant contribution.

Regression test results in Table 2 confirm plotting in Figure 2,

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where there is a significant positive relationship between

IIT with added value indicator. The addition of the timing (time) increase the amount of the coefficient of determination, but reduce the amount or magnitude coefficient of IIT. This indication shows that when the time variable is controlled, then the standard OLS estimation results biased. The test results in Table 2 have not fully control all the relevant variables. That is, it could be the result of these estimates will

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change significantly if the other variables are included. Other variables included in this model are a variation between industries represented by industry-specific indicators. The calculation result more models can be considered in Table 3 as follows:

TABLE 3. IMPACT IIT ON VALUE ADDED (MODEL B)

(1)

(2)

IIT

2870,73**

2064,15*

(2,19)

(1,90)

FIRM

-0,0052606

-0,003922

(-0,66)

(-0,49)

LABOR

0,0056546

0,0049485

(1,14)

(0,84)

CONS

2733,993***

2290,599***

(7,90)

(5,26)

TIME

no

yes

INDUSTRY

yes

yes

R-Square

0,9958

0,9966

F-stats

842,02

587,05

Obs.

98

98

t-stat in parentheses

*** p 0.01, ** p 0.05, * p 0.1

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The results showed that the signi-

ficance of the coefficients of the variables IIT reduced when controlling for variation between industries as confirmed in Table 3 column (1). Likewise with other independent variables which are explicitly included in the model

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that is the number of

companies (FIRM) and labor (LABOR). Both variable number of companies (FIRM) and variable labor (LABOR) proved to be quite significant. The calculations show that the level of IIT reduced the significance and magnitude of the coefficient also declined. This shows that neglect variation control over time and industry will produce biased estimates (overestimate). However coefficient of interest, namely IIT, still significant level of 10 percent. Thus it can be said that a positive determination on the value-added IIT index is robust given

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the consistency of the results of

several alternative models have been used. The presence of other variables decisive significance of the added value represented by a constant (CONS) and control of the variation of time (TIME) and industrial (IND). Given the purpose of this paper is not to analyze the factors affecting the value added, then the presence of complete variables that affect the dependent variable to be not so important for the reviews. Calculation results consistently show that the IIT variables have a positive impact on the added

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value of the creative industries. Ch

eck of robustness can be done in various ways. In addition to trying various alternative models of estimation, can also be done by using alternative data sources, alternative indicators as well as alternative critical variables (variables of interest).

BPS survey provides a complete industrial value data output and input values that can be used to

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calculate indicators of price-cost margin (PCM). These indicators are used to evaluate the allocation efficiency of an industry and the pricing is done by an industry. PCM calculation

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results of the creative industries in 2009

and 2013 can be considered as follows:

FIGURE 3. PCM INDEXES OF CREATIVE INDUSTRY

Furniture

0.

44

0.18

Radio and other similar products

0.48

Recording reproduction

0.32

Printing

0.45

Pubishing

0.46

Goods from wood

2013

0.47

Footwear

2009

0.28

Leather and good leather

0.67

Wearing apparels for

0.58

Wearing apparels textiles

0.28

Knitting

0.38

Carpets

0

0.1

0.2

0.3

0.4

0.5

0.6

0.7

0.8

Source: BPS, Indonesia

Illustration Figure 3 above shows that the overall index of PCM has not changed much from 2009 and 2013. The results are quite prominent is certainly the radio products and the like that are changing quite dramatically PCM from 0.65 in 2009 to about 0.18 in 2013. This shows that the industry is experiencing a fairly good efficiency improvements during the period of study presented.

PCM calculation for the creative industries use data BPS complete version can be noticed in Table 4 on the following page. PCM index is basically an indicator of industry performance as well as added value. This index measures the efficiency of the price that occurs in an industry to measure the ratio between the levels of prices to marginal cost (Equation 3). An industry is said to be efficient if the price set is not much different from its marginal cost. This index is a value between 0 and 1 with the provision that if getting close to zero then evaluated industry is more efficient. PCM calculation results of the 12 creative industry survey results of the industry (3 digit ISIC) BPS indicates that the average index value is between 0.3 and 0.5. This shows that the creative industries are relatively efficient in terms of pricing. Industries included in the group such as the clothing industry leather industry (leather), knitting (knitting) and rugs (carpets) is an industry with a level of efficiency that is relatively good price. The radio industry and similar products, PCM has decreased from 0.65 in 2005 to 0.18 in 2009. Among the group of selected industries, the apparel industry of fur has a relatively good price

that is less efficiency. The performance indicators and other relevant industries to be studied is employment. Labor issues to be one of the key indicators

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in analyzing the role of the creative industries sector to the macroeconomic objective. The nature of the creative industries based on

the ability of human resources should open up greater opportunities in

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Mapping study conducted by the Ministry of Trade (2009) showed that the contribution of net trade (net-trade)

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creative industries sector to the national net trade on average relatively large (26.12 percent). With the contribution of the creative industries sector

which reached an average of 8 percent of the total Gross Domestic Product (GDP), the position of this sector (

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particularly in terms of trad

e) in the national macroeconomic maps are very important. The results showed that the expansion of trade contributed positively to the increase in value added, employment and price efficiency. Given the growing

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role of the creative industries sector to t

he national production, the dynamics in this sector will certainly provide a significant contribution to the macroeconomic objectives such as growth in production (or value added), reduction of unemployment and price stability. Study of the Ministry of Trade (2009) also noted that the labor force participation rate of the national creative industry sector on average reaches 7.74 percent.

Positive contribution to the creative industries sector macroeconomic objective is not only limited to the indicators of output and unemployment. The role of this sector to price stability can be traced through the effects of trade on price efficiency. In the long run, the price level will naturally achieve efficiency levels (the gap between the price and the cost of getting smaller). Considering the results of studies

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showing the significance of the correlation trading on the efficiency of the price of the contribution of the creative industries sector

to price stability should also quite important.

CONCLUTIONS

The results showed that some subsectors of creative industries like art, fashion and design have intra-industry trade levels are quite high.

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The high level of intra-industry trade is basically consistent with the global trend which demonstrates the growing importance of intra-indu

stry

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trade across developed countries and among devel

oping countries. Research also shows that creative industries

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trade has a significant impact on the inc

rease in value added, employment and price efficiency. Given

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the contribution of the creative industries

are significant in the national economy; the role of this sector to the macroeconomic objective (i.e., growth, unemployment and inflation) is of course very important.

Bringing research results are quite important policy implications. Along with the demands of international trade competition to consistently reduce trade

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barriers, the sector of creative

industries augurs well enough for the economy long term. In contrast to other sectors that rely on conventional inputs (such as capital and labor), this unique industry-specific because based on human creativity. The opening of trading faucet that allows trade flows between similar products and services (intra-industry trade) will potentially have a positive impact on the economy in three macro indicators: output, employment and prices. In other words, this sector can be seen as the sectors most ready to fight in this era of global competition. For that, the government's attention to the development of this sector needs to be improved. Economic history has proved that South Korea's creative industries sector has emerged as one of the economic powers of the world begin to be considered. The success of Samsung shift the Sony-Ericson and Nokia could be a little note to remind the greatness of the

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role of the creative industries.

Not only has that, in the modern automotive industry, the Korean car begun in parallel with the old player made in Japan and Europe.

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