

## **Evaluasi ekonomi Asean China free trade area ACFTA terhadap Indonesia = economic evaluation of Asean China free trade area ACFTA on Indonesia's welfare**

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### **Abstrak**

This thesis uses general equilibrium model to examine the economic impact of ASEAN-China Free Trade Area (ACFTA) on Indonesia. The analysis covers how price and quantity change in response to tariff liberalization under ACFTA framework. Demand and supply elasticity is needed to calculate welfare effects. Difference-in-differences method is applied to estimate demand elasticity while supply elasticity is calculated through Instrumental Variable (IV) regressions using tariff as an instrument. The results show that Indonesia's demand is elastic enough and supply to Indonesia is fairly elastic. Indonesia consumers are willing to substitute products between different sources due to price changes. ACFTA would increase production quantity for all member countries but had insignificant effect on reducing price of goods. Furthermore, I confirm result from existing literature that trade creation effect is dominated than trade diversion effect.