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### The Influence of Trade Liberalization on International Trade Balance of Agricultural Commodities

**Abstract.** Introduction. In the era of globalization, the correlation between trade liberalization and international commodities is becoming a popular issue. It happens because of the trade limitation, which creates inefficiency in both production and consumption impacted on the lowering of overall prosperity.

**Purpose.** This study aimed to observe the influence of trade liberalization on the international trade balance of agricultural commodities in South Sulawesi, Indonesia. Afterward, this study applied a qualitative approach with double linear regression. The data used in this study was secondary data from 2003 until 2009.

**Results.** The result of this study showed that trade liberalization did not impact the international trade balance on agricultural commodities in South Sulawesi. It was caused by the export and import performance were getting 150% surplus from market share. Also the highest commodity on cacao had the competitive power.

**Conclusions.** South Sulawesi agricultural commodities had high competitiveness and net-export oriented. Hence, the trade liberalization did not influence the international trade balance of agricultural commodities in 2011- 2016.

**Keywords:** trade liberalization, trade balance, agricultural commodity, cocoa, Indonesia.

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### Вплив лібералізації торгівлі на міжнародний торговий баланс сільськогосподарської продукції

**Анотація.** В епоху глобалізації взаємозв'язок між лібералізацією торгівлі та міжнародним товаром стає популярним питанням. Це відбувається через обмеження торгівлі, яке створює неефективність як у виробництві, так і в споживанні, що впливає на зниження цілісного процвітання. Це дослідження мало на меті спостерігати вплив лібералізації торгівлі на міжнародний торговий баланс сільськогосподарських товарів у Південному Сулавесі, Індонезія. Після цього в дослідженні застосовано якісний підхід з подвійною лінійною регресією. Дані, що використовувалися в цьому дослідженні, є вторинними даними з 2003 по 2009 рік. Результатом цього дослідження було показано, що лібералізація торгівлі не вплинула на баланс міжнародної торгівлі сільськогосподарськими товарами в Південному Сулавесі. Це було викликано експортно-імпортними показниками, які отримували надлишкову частку ринку на 150%. Також найвищий товар на какао мав конкурентну силу. Сільськогосподарські товари Південного Сулавесі мали високу конкурентоспроможність і орієнтовані на чистий експорт. Таким чином, лібералізація торгівлі не вплинула на міжнародний торговий баланс сільськогосподарських товарів у 2011-2016 роках.

**Ключові слова:** лібералізація торгівлі; торговельний баланс; сільськогосподарська продукція; какао; Індонезія.

**Statement of the problem.** The relation between trade liberalization and international commodity issues is enormous in this globalization era, especially in Indonesia. It happens in relation to the trade and investment liberalization process in 2020, particularly in developing countries. This liberalization is caused by trade limitation to any forms, such as rates or quota which create inefficiency either production or consumption, hence it impacts the lowering of holistic prosperity. Generally, trade makes an enormous contribution to each country's economy, particularly Indonesia's. The trade sector makes the second largest contribution after household consumption towards gross domestic product, as shown in table 1.

Generally, developing countries have substantive agricultural business characteristics which are fully commercial oriented. This means that agricultural dealing with culture and livelihood. This condition is less aligned to AoA (Agreement of Agriculture) regulation and market mechanism which is only suitable for market oriented modern agricultural industry in advanced countries. The injustice to open market access happened when the developed countries forced the developing countries to open their markets widely while limiting the developing countries' products market access through instruments such as escalation rates, sanitary protection and phytosanitary, non-trade barriers and so forth.

Table 1 Indonesia International Trade and Contribution to GDP in 2011 to 2016 period

Year	Export (trillion)	Export Contribution to GDP – PDB	Import (trillion)	Import Contribution to GDP (%)	GDP (trillion)
2011	783541.2	54.30	516420.2	35.79	1442985
2012	818992.5	54.38	543425.8	36.08	1506124
2013	881623.1	55.90	593516.2	37.63	1577171
2014	955653.3	57.69	667740.0	40.31	1656517
2015	793613.0	45.33	639701.9	36.54	1750815
2016	868256.5	47.00	694605.3	37.60	1847293

Source: Indonesia Statistics Central Bureau

Agreement on Agriculture is the trade liberalization agreement to the commodity that cut rates, subsidy and open-access beginning January 1, 1995. It has been implemented gradually over six years in developed countries and ten years in developing countries. The developed countries will decrease the trade rates about 36% with the minimum decrease of about 15%. Furthermore, developing countries have agreed to decrease the trade rates on average by 24% with the minimum of 10%. However, each country has to open the market to import goods with 5% as the minimum from overall domestic consumption. Since this domestic market access was started by 3% to import goods in 1995. It was up to the committed time in domestic market by 5% minimum goods import from related countries absorption (Das, 1998).

The different goals and imbalance has made this agricultural sector multilateral trade unfair. The trade reformation benefit is only received by developed countries (Sawit, 2003; Khor, 2000). The UNDP (United Nation Development Program) report mentioned that global trade caused the deficiency balance in developing countries to widen. Thus, the import is increasing while the export is decreasing (Sawit, 2001). It is caused by the inability to compete with developed countries that have high supportive system whether export subsidies, domestic aid and so on. Thus, this study was aimed at the trade liberalization impact to international balance of trade on agricultural commodities, particularly in South Sulawesi.

**Analysis of recent research and publications.** Agbeyegbe, Stotsky, and Wolde Mariam had observed international trade liberalization, currency change and tax revenue from Africa Sub-Saharan from 1980 until 1996 (Agbeyegbe et al, 2006). They found that a significant correlation between trade liberalization and tax revenue was based on trade liberalization's used which only influence positively on tax revenue. The domestic currency exchange appreciation and high inflation as its impact caused the overall tax revenue decreased.

Afterward, Indraswati Tri Reviane conducted a study on trade liberalization impact on the prosperity characteristics. First, her study included one more theoretical variable that had a significant impact on country and tax revenue in terms of tax imposition, which was economic growth. Second, the study tried to see the trade liberalization impact on Indonesia's prosperity

which proxied by revenue distribution. Third, the study tried to see the trade liberalization and macro economy variables toward the prosperity tax revenue simultaneously (Reviane, 2010).

Thus, the writer adopted Indraswati Tri Reviane's model (2010) to analyse the influence of trade liberalization with South Sulawesi as the study's object (Reviane, 2010). The difference between these current studies and Reviane's research is quite significant, since this current study involves a tax variable using export and import tax. Furthermore, the decision taking for basic trade exchange is merely using exchange rate value along 2003-2009. This current research is not concern on the prosperity, but merely to the trade balance. Basically, trade balance is hoped to give prosperity as well as implicitly reveal the comparative supremacy based on competitive power in South Sulawesi in International trade.

**Setting objectives.** This study aimed to observe the influence of trade liberalization on international trade balance of agricultural commodity in South Sulawesi, Indonesia

**Methodology.** This study is depicted as Explanatory study characterized by seeing the causality relationship to other variables. The approach used was quantitative using statistical analysis tool which was descriptive and inferential characterized. Afterward, this research was conducted in South Sulawesi, a region with a well-known agricultural potential and also considered as the agricultural basis in East Indonesia.

The population was all two digits Harmonized System Code Agricultural Commodity Data, Indonesia tax revenue, rupiahs' currency exchange to Dollar, and current account transaction to all international trade commodities. Then, purposive sampling used as sampling technique chosen from particular criterion population. Therefore, Harmonized System (HS) 01-24, 40, 50-52 code agricultural commodities South Sulawesi in recent 6 years period, from 2011 until 2016 used as samples.

Furthermore, the data collection technique used was documentation technique, such as: collecting documents or notes, journals, books and other relevant research variables. This documentation technique was conducted to get direct data from such institution, it also included relevant books and activity reports to its research focused.

The collected data of this study was secondary data, including South Sulawesi GDP, Harmonized System (HS)

01-24, 40 and 50-52 Agricultural Commodity South Sulawesi codes. The data analysis technique used to prove the proposed hypothesis was by double linear regression analysis applying SPSS 16.0 for Windows (Statistical Package for Social Science). The regression equality was formulated as follows:

$$\hat{Y} = \beta_0 + \beta_1 X_1 + e,$$

where:  $\hat{Y}$  – commodity trade balance that South Sulawesi basis;  
 X – trade liberalization.

South Sulawesi GDP applied roughly 99.904.66 trillion rupiah as the basic price in 2009. Agricultural sector contributed the biggest additional scores to other sector, 27.958,27 trillion rupiah. On the other sides, other services sectors reached 16.704,94.

If it was linked to International trade pattern and GDP ratio toward agriculture commodity using Harmonized System (HS) code 01-24, 40, 50-52, then the contribution could be described in the table 2 below.

Table 2 Harmonized System (HS) 01-24, 40, 50-52 Code Agricultural Commodity South Sulawesi to 2003-2009 GDP (in trillion rupiah)

Year	Export	Import	International Trade	GDP	Ratio %
2011	743.80	519.56	1263.36	39414.66	3.21
2012	2997.25	978.29	3975.54	44744.53	8.88
2013	4320.14	4891.07	9211.21	51780.44	17.79
2014	4828.00	1520.31	6348.32	60902.83	10.42
2015	4787.15	2186.81	6973.96	69271.92	10.07
2016	6522.79	3741.78	10264.57	85143.20	12.06

Source: total counted in South Sulawesi

In the table 2, the total amount of international trade is 1,263.36 billion by 3.21% ratio toward GDP. It has increased significantly in the 2012 and 2013 about 3,975.54 billion and 9,211 billion by 8.88% and 17.79% ratio, respectively. However, in the 2014 and 2015, it has decreased from the previous year which about 6,348.32 billion and 6,973.96 billion with the ratio toward GDP is about 10.42% and 10.07%. Fortunately, it has increased more in 2016. From the statistical test obtained that regression coefficient to negative direction about -34.767 in which the probability value is about 0.498, and the insignificant is in the 0.05 level ( $0.498 > 0.05$ ). Hence, trade liberalization ( $X_1$ ) has no impact toward international trade balance in South Sulawesi ( $Y$ ), then it concluded that hypothesis ( $H_0$ ) was accepted.

**The main part.** Historically, Indonesia trade policy had gone through protection and liberalization era. From the early 70's until 80's, Indonesia trade policy had high protection such as high rates to import goods domestic made. However, along with world economic growth, Indonesia economy became more opened. Indonesia gradually took the precise momentum when government did trade liberalization policy since 80's. Mainly, the reformation trade liberalization was done in middle 80's.

Indonesia government gradually opened the economy by deregulated policy sequences that blocked import goods by lowering the import tax and erasing other non-rates barrier tax policies. The most important deregulation was happened when the petroleum price

decreased significantly in 1986. It forced Indonesia government to do the trade policies reformation between lowered rates and conversed import license. The trade policy was meant to decrease the oil and gas export addiction and focused on non-oil and gas export increasing.

The overseas trade policy was protective such as high rates imposition to import goods by domestic company in the early 70's. In terms of domestic trade, government started to give monopoly rights to particular business doers. The overseas trade regulation started to loosen its rates gradually, particularly to raw materials that export oriented in early 80's. The policies sequences were issued to overseas trade deregulation as on the following table 3 below.

In short, the policy on May 1995 impacted 20% of decreasing Indonesia rates. In 1994, it was decreased 8% in 2000. It indicated that the international trade policy became more liberalized. Generally, trade liberalization policy for developing countries was an obligated implementation commitment including Indonesia. It was caused by globalized situation. Hence, it was implemented with no preparation in domestic business sector particularly for developing countries. Then, this policy could bring disadvantage to domestic business doers. It was also caused by the competitive lack that domestic business doers owned and inefficiency business environment.

Table 3 **Indonesia trade deregulation policies**

<b>Policies on 16 January 1982</b>
Regulated the import, export and foreign exchange traffic by empowering the Indonesia export competitiveness. Issued the counter purchase policy.
<b>Policies on 6 May 1986</b>
Increased the Indonesia export competitiveness and decreased the obstacles that caused by investors' lack interest Policies encircled non-oil and gas commerce simplicity, import duty return facility, import duty freed facility and bounded region appliance. In terms to achieve this policies impact, government did the devaluation Rupiah exchange currency to US Dollar on 12 September 1986. Besides the export increasing reason, this was done to lower the government budget deficiency caused by world petroleum price decreasing.
<b>Policies on 25 October 1986</b>
Decreased the production's cost by lowering the import duty to numerous commodities, domestic product protection through rates system, new SWAP facility giving and capital investment policy
<b>Policy on 15 January 1987</b>
Increased the production need goods flow and domestic industrial protection efficiently that could change the non-rates numerous commodity.
<b>Policies sequences on 24 December 1987</b>
Opened the fund mobilization to money market that accelerated the permit in production, service and investment field and also to accelerate the export and import flow
<b>Policy on 28 May 1990</b>
Protection replacement confirmation through import commerce that became protective by import duty rates that aimed to increase and strengthen the national industrial competitive power
<b>Policy on 6 July 1992</b>
Government loosened the import commerce and policy essence so that each producer could do the direct import without any industrial department recommendation.
<b>Policy on 10 June 1993 and DE bureaucracy package 23 October 1993</b>
Involved automotive field deregulation, export/import field, capital investment field and business permit
<b>Policy on May 1995</b>
Regulate the difference rates decreasing schedule from year to year that depended on previous rates level Agreement cooperation trade in South East Asia region to increase the trade among South East Asia Countries.

Source: Aisyha, Sitti, R Hutabarat and Indraswati 2009

**Results.** In this case, if the degree of trade liberalization was higher signed by the wider open-accessed if economy, thus, it would impact on several aspects of economy such as domestic's exchange currency, inflation level, as well as domestic revenue. The more opened an economy by lowering or releasing the import duty fees, it would generally impact to accelerate entered the domestic market. This made the increasing competitiveness between domestic and overseas producer eventually would force the inefficient domestic producer to exit from its business. Also, re-allocating the resources to other would be more efficient industry. Thus, it would increase the national production.

Then, the increasing of import activities would push the domestic price to decrease and lead to lower the country inflation and increasing the domestic demand toward other currency impacted on the lowering of domestic currency exchange.

Furthermore, the commitment schedule with World Trade Organization (WTO) almost included all products except automotive, steels, planes, ships as well as armed and explosive goods. Related to the WTO agreement in Cambodia on September 2003 the industrial goods were including 1) released the retribution rates in 200, yet it had been done in 1996, far before the deadline time. 2) released all non-rates obstacle (NTB – non rates barriers) in 2004. Indonesia had erased almost of NTB before the last Uruguay play. 3) Keep the applied rates under maximum limitation applied in WTO commitment. In reality, all Indonesia industrial product rates were far below the maximum rates. 4) Decreased the Information Technology product rates up to zero percentage.

As the rates lowered, almost other all rates (83.4 %) had roughly on 0 to 10% in 2003, even 67.9% from total lines rates had lowered 0% or 5%. We can see this on table 4 below.

Table 4 Indonesia Rates Structure to all classification 2002-2003

Final Bound						
Bound Tariff lines (% of all tariff lines)	n/a	n/a	n/a	n/a	n/a	93.2
Simple average applied rate	7.2	7.2	9.9	9.9	9.5	37.5
Agricultural Product (Harmonized System (HS) 01-24)	8.6	8.6	11.6	11.8	11.4	47.3
Industrial Product (Harmonized System (HS) 25-97)	7.0	7.0	9.6	9.6	9.2	35.8
WTO agriculture product	8.6	8.6	12.1	12.2	11.8	47.7
WTO non- agriculture product	7.0	7.0	9.6	9.6	9.2	35.8
Textile and clothing	10.5	10.5	10.8	10.8	10.9	29.3
Domestic tariff "peaks" (% of all tariff lines)	1.6	1.6	5.0	5.0	5.1	0.5
International tariff "peaks" (% of all tariff lines)	3.6	3.6	10.7	10.4	10.6	90.7
Overall standard deviation of tariff rates	11.2	11.2	15.4	15.4	13.7	12.7
Coefficient of variation of tariff rates	1.5	1.5	1.6	1.6	1.5	0.3
Duty-free tariff lines (% of all tariff lines)	21.9	21.8	20.9	21.1	22.0	1.7
Non-ad valorem tariffs (% of all tariff lines)	0.2	0.2	0.2	0.2	0.2	0.0
Non-ad valorem tariffs with no AVEs (% of all tariff lines)	0.0	0.0	0.0	0.0	0.0	0.0
Nuisance Applied rates (% of all tariff lines)	0.0	0.0	0.0	0.0	0.0	0.0

Note: n/a (not-available)

Source: 2007 report in table 3, 2

Based on the WTO's report in 2007 which was about Indonesian tariff structures under several classification along the period 2002-2006 in the table above, there were several things that should be take care of. First, rates were the main trade policy instrument but the rates contribution would only contribute 4% from all government revenue. Based on the effective additional score in 80's, the revenue consideration gave a small role to trade policy decision making. Second, low relative rates which were more than 75% rates decrease to 0-10% limit. Third, over 93% rates line are limited, but the highest average is on 37.5%. On the other sides, the currency exchange crisis became a financial crisis in 1997 caused the opened trade policy must be along with LOI agreement between Indonesia and IMF.

According to Magiera (2003), the bounded LOI agreement given by IMF must be undertaken before the end of December 2002. The point should be noted was that LOI commitment which not regulated could be drawn after the IMF program finished.

The trade policy encircled several things. First, the IMF agreement largely had been included in May 1995 policy. Indonesia government agreed to lower the rates became 5% in February 1998 to decrease the Rupiah depreciation food price while the agricultural product rate, not including to food, was decreased gradually by 10% maximum target in 2003. Afterward, agricultural sector, iron industry and petrochemical products included to exceptional sectors from lowered rates. According to May policy 1995, there would be three rates forms, such as 0.5 and 10% in 2003. Rice commodity was confirmed to specific rates as 430 per kilogram until August 2000, whereas sugar commodity would be lowered up to 25% rates in three years. Second, the non-rates barriers to industry product, Indonesia government had agreed to

erase the non-rates barriers as long as it did not justify to environment and safety problem. The agreed various types were bigger than WTO agreement. Third, Indonesia government had agreed to erase the import monopoly that owned by Indonesia Logistics Bureau of agricultural product regarding to non-rates blocked except rice commodity. Non-rates barrier deletion was also wider from WTO's scheduled. The domestic monopoly companies were still allowed. Fourth, regarding to the export tax and obstacle, Indonesia government had agreed to erase any export obstacles. The export obstacles revocation were the export tax deletion to iron ore, aluminium residue, leather and decrease the export gradually to sawn timber, rattan, mineral and woods up to 10%.

The trade policy impact must be faced by Indonesia government because the IMF program aid attachment could cause Indonesia market more open-accessed even compared to developed countries. The import goods flow, especially to consumption goods, increased rapidly and several domestic companies that could not survive eventually lowered or bankrupt.

The South East Asia region trade cooperation, officially announced on 24 February 1977, was called Preferential Trade Agreement (PTA) that eventually became South East Asia Free Trade Area (AFTA). Although, PTA has offered five ways to conduct free trade, yet lowering rate was the only one way conducted widely in ASEAN countries.

AFTA, through CEPT (Common Effective Preferential Rates), was the South East Asia countries manifestation to form free trade and to increase the South East Asia region economy power. The fourth summit decided to undertake AFTA in 15 years (1 January 1993–1 January 2008). However, it only included manufacture product which was

fastened to be conducted in 2003, but it was again fastened in 2002. In 2002, the import duty was charged to trade goods between 6 countries in South East Asia (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand) and lowered up to 0-5% except sensitive product such rice and confirmed exceptional products such as drug and psychotropic substance. Indonesia commitment to CEPT-AFTA scheme showed roughly 99.07% while Indonesia CEPT rates was on 0-5% range in 2003. Besides, the AFTA agreement did not only lower the rates but also the quantitative restriction deletion and non-rates barriers blocked.

The integration acceleration to 11 South East Asia priority sector had been agreed on 12 July 2003 in Jakarta. Then, the rates would be lowered up to 0% to each sector priority, no-rates barriers obstacles deletion and currency exchange restriction to products would be harmonized. Besides, the more bounded globalized world, the more bounded Indonesia to WTO would be.

The world economy had gone through liberalization symbolized by General Agreement on Rates and Trade in 1947 which is now replaced by World Trade Organization role. The free trade seemed to be the goal of largely countries in the world. It was expected to increase the economic growth and society prosperity. World trade data showed that the increasing trade since 1950 amounted 290 US\$ trillion and 1012\$ trillion in 2005. The good export grades (manufacture, mining and agricultural) increased to 6.3% averagely from 1950 until 2001. The world output increased to 3.8% averagely. This was in line with Baier and Bergtand's statement in Cauglin, that world trade was impacted by three factors, including

income growth, lowering obstacles and cheaper cost transportation. Therefore, free trade was signed by decreasing or even deletion trade obstacles to boost the goods and services flow.

Since recent decades, the world economic growth increased rapidly by the big role in global economy. The ratio increasing to export, import and trade volumes largely to a country's GDP was an indicator to International trade country openness. The free trade process done by Indonesia was surely aimed to gain static advantage from the trade which could increase the economic growth through trade balance surplus. Trade liberalization was related to the opening of market access for export products from Indonesia to the world. The point is that the opening of market access for exporting product will also open the access of import products in Indonesia.

Import-export activity was reflected in a country's trade balance. The trade liberalization policy was tried to erase its obstacles aimed to increase the export-import and vice versa. A country was aimed to have surplus trade balance or in other words the export should be higher than import. Therefore, the trade liberalization would impact the trade balance, including export and import growth. The export and import growth would determine the surplus or trade deficiency. The growth of Indonesia trade balance consecutively rising as 15% and 12.97% in 2005 and 2006. Additionally, the non-oil and gas export decreased up to 18.75% and 19.68% in the same year (Central Bureau of Statistics). Generally, Indonesia export had a significant change in structure in 1996-2006 periods as seen on the table 5 below:

Table 5 Indonesia Export Structure Changing in 1996 and 2016

HS	Product types	1996		2016	
		Total (MIL US\$)	Rank	Total (MIL US\$)	Rank
85	Electrical Equipment	3271	2	7291	1
27	Mineral Fuels & Oils	1138	8	6410	2
15	Fats, Oils & Waxes	1525	3	6070	3
40	Rubber, & Rubber Articles	2274	5	5529	4
26	Ores, Slag and Ash	1801	6	4994	5
84	Machinery	1184	10	4362	6
62	Crocheted	2308	4	3374	7
44	Wood	5168	1	3356	8
48	Paper	944	2	2805	9
61	Knitted	1145	13	2159	10

Source: *Hutabarat Post in Nongsina and Hutabarat (2007)*

The table 5 showed that there were drastically structure shift, particularly in wood products. In 1996, wood became the superior product which placed the first place. Unfortunately, it moved to the eighth rank in 2006 while the first rank was placed by electrical equipment which was the second place in 1996.

Then, mineral fuels and oil had increased significantly to be on the second place in 2006 which was on the eighth rank in 1996. The machinery, paper and knitted also increased significantly which each placed on tenth, twelfth and thirteenth rank in 1996 rose to be on the sixth, ninth and tenth rank in 2006. Otherwise,

“crocheted” had decreased from the fourth rank to the seventh rank in 2006. It showed that Indonesia export which was dominated by labour intensive goods, started to change into natural intensive goods and capital intensive goods.

Export is one of the facilities to Indonesia development. It needs more attention from Indonesia government particularly in post-effort and future-effort to increase the export contribution mainly non-oil and gas sector in order to decrease the oil-gas sector dependence. The acceptance diversity were more directed to production, commodity export and non-oil and gas service escalation.

Basically, trade liberalization is a trade and service concept to cross countries without any obstacles. Free trade is a better trade model because the price would be cheaper. In addition, social life would be uplifted if the trade obstacle is deleted based on largely economy experts. It is applied to all countries even developed countries such as America, Japan and Western Europe. The trade happened because not all countries could produce their own product and service need. It would be better to import cheaper and more efficient goods and services from other countries. Otherwise, a country would have additional value if it could produce export goods and services efficiently.

Referring to hypothesis test result, it could be concluded that the zero hypothesis ( $H_0$ ) was accepted. It means that the trade liberalization did not influence the agricultural commodity trade balance in South Sulawesi. Thus, it indicated that the trade liberalization process did not impact the surplus and deficiency agricultural commodity trade balance in South Sulawesi. The production efficiency undertaken by imported countries could not defeat the sound South Sulawesi trade, mainly on plantation and fishing products. The result of this study is in line with Balassa’s theory. He stated there were many ways to measure the industrial or sector competitiveness (Balassa, 1956). One of them is generally mentioned as Revealed Comparative Advantage (RCA) Index based on Balassa formula. This index compares a product market with a country export by world market as the product market. Total index equals to 1 sign that Indonesia had relative specialty to that product. Otherwise, the smaller score from 1 meant the Indonesia competitiveness power is low, under the world average.

**Conclusion.** Based on the previous analysis and discussion, South Sulawesi agricultural commodity had high competitiveness and net-export oriented. Hence, the trade liberalization did not influence international trade balance of agricultural commodity in 2011- 2016.

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