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The Influence of Foreign Trade, Consumption, and Inflation on Economic Growth in 5 ASEAN Countries

Widya Ananda Fitriani[1], Chahayu Astina[2], Nanda Safarida[3]
[1,2,3] Faculty Of Islamic Economics And Business, Sharia Economics Study Program, Institu Agama Islam Negeri Langsa, Indonesia
Email: widyaananda2003@gmail.com, chahayu.astina@iainlangsa.ac.id, Nandasafarida@iainlangsa.ac.id

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Abstract
This study analyzes the impact of foreign trade, consumption, and inflation on economic growth in five ASEAN countries (Indonesia, Malaysia, Singapore, the Philippines, and Thailand) during the period of 2017-2021. The research utilizes secondary data in the form of panel data. The panel data regression method is applied to assess the relationship between independent and dependent variables. The result indicate that exports significantly positively affect economic growth, while imports and consumtion do not have a significant impact. Inflation also shows a significant positive effect. These finding highlight the importance of foreign trade and inflation in influencing economic growth in the ASEAN region.

INTRODUCTION

Economic growth in a country becomes a very fundamental aspect for the development of a country toward becoming a developed nation. Economic growth is a process of continuous change in a country's condition toward a better state over a certain period (Hanna Meilaniwati, 2021). An economy can be said to grow if the quantity of goods and services increases. This can be seen from the value of Gross Domestic Product (GDP). The GDP value is used to measure the percentage of economic growth of a country (Didu, 2017). Economic growth is defined as the process of increasing output per capita in the long run (Yulistia, 2024). The development of activities in the economy causes an increase in the goods and services produced by society and an increase in the welfare of the people. ASEAN organization has 11 member countries. However, in this study only 5 countries are analyzed, namely Indonesia, Malaysia, Singapore, Thailand, and the Philippines because these five countries have several similarities (Rosyda, n.d.). In terms of geography, the five countries have close proximity and have the same tropical climate (Alzan, 2021). In terms of history and culture, the five analyzed countries have similarities in that they are former colonized countries, except Thailand. Thus, resulting in similar culture such as the Malay-Austronesian culture found in these five countries. In addition, in the economic aspect, the five countries analyzed have cooperation in the field of economy both in the industrial and trade sectors (Faluzi Annisa, Hairunina Kamilah, n.d.).

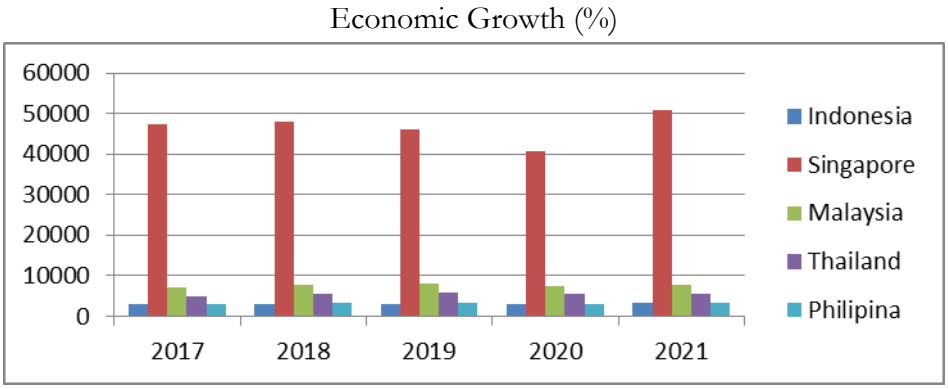


Figure 1.
Economic Growth Data in 5 ASEAN Countries

Based on the economic growth data in Figure 1, it can be seen that Indonesia experienced fluctuations. Indonesia experienced a decline in the years 2017–2021. Singapore experienced an increase in 2017–2018, then decreased again in 2019–2020 and in 2021 experienced a fairly rapid increase. Malaysia experienced an increase in 2017–2019, then a decline in 2020 and an increase again in 2021. Thailand's economic growth in 2017–2019 experienced an increase and then in 2020 experienced a decline. However, the increase and decrease in economic development in Thailand was not very significant. Meanwhile, the Philippines' economic development in 2017–2019 experienced an increase, but the growth increase was not too significant. The increase in the Philippines' economic development in 2017–2019 was around one to two percent. In 2020–2021, the Philippines' economic development experienced a decline but not too deep.

According to Sukirno, national income is a measurement tool that can be used in assessing economic activities. National income is a parameter used to measure the ability to produce goods and services in a certain year (Sukirno, 2004). National income is the total income received by the people of a country in a certain period which is usually calculated annually. The purpose of calculating national income is to obtain an overview of the level of economy that has been achieved by a country. National income can be used as a barometer to measure the level of living or welfare in a region or country.

A high national income is something desired by many countries in the world, especially developing countries that are striving toward becoming developed nations, as is also desired by the countries located in the ASEAN region. The Association of Southeast Asian Nations (ASEAN) is a regional organization consisting of 10 countries in Southeast Asia that has a common goal, namely to improve cooperation in the fields of economy, security, socio-culture, and other forms of cooperation. The ASEAN organization (Association of Southeast Asian Nations) was established on August 8, 1967, through the Bangkok Declaration, signed by five countries in Southeast Asia, namely Indonesia, Malaysia, Singapore, the Philippines, and Thailand. Currently, ASEAN has 10 member countries, all of which are located in Southeast Asia.

There are several important variables that influence economic growth, including foreign trade, consumption, and inflation. One of the expert theories stating that foreign trade is correlated with economic growth is the theory of absolute advantage proposed by Adam Smith. According to Adam Smith, absolute advantage is based on the ability to produce more effectively in the

economic sector by using fewer resources compared to other potential competitors. Global efficiency can be increased through trade because a country can focus on its absolute advantage, export its surplus, and import its shortages (Viphindrartin, 2018). Alya Sabrina Pasaribu and colleagues in their research confirmed that international trade has a significant and positive effect on economic growth (Pasaribu & Nasution, 2024). Foreign trade is trade that occurs between the people of one country and the people of another country through mutual agreement between both parties (Devina Wistiasari et al., 2023). This foreign trade can be private-to-private, private-to-government, or government-to-government with other countries. International trade also determines a country's economic growth. If a country exports more often than it imports, then the country's income will increase so it will have a positive effect on economic growth (Fitriani E, 2019). In international trade, there are two main activities, namely export and import. Export and import activities can be beneficial to the countries that carry them out. Export is also one of the important sources of foreign exchange for open countries, because export can increase the amount of production which can play an important role in economic growth and the stability of a country's economy. Through export and import, the economy of a country can mutually benefit through market expansion, technology exchange, and job creation (Alzzalki, 2021).

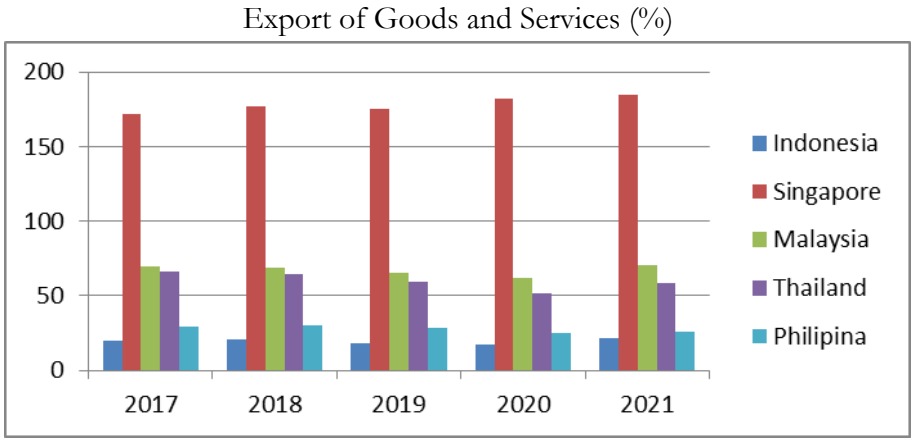


Figure 2.
Data on Exports of Goods and Services in 5 ASEAN Countries

Based on export data in Figure 2, the five countries each experienced annual fluctuations. Indonesia experienced an increase in the export of goods and services in 2017–2018. Then, Indonesia experienced a consecutive decline in exports of goods and services in 2019–2020 and again experienced an increase in 2021. Singapore experienced an increase in exports of goods and services in 2017–2018, then a decrease in 2019, and in the last two years continued to increase. Malaysia and Thailand experienced a decline in exports of goods and services for four consecutive years, from 2017 to 2020, and a significant increase in 2021. Meanwhile, the Philippines experienced a continuous decline in exports over the five years, with the lowest decline occurring in 2020–2021. The export activities of the five countries experienced fluctuations from 2017–2021, with an average decline in the first three years and an increase in the last one or two years.

Based on the import data of goods and services in Figure 3, it can be seen that the import activities of the five countries fluctuated during 2017–2021. Indonesia and Thailand experienced an increase in imports in 2017–2018, followed by a two-year decline in 2019–2020, then experienced an increase in the final year. Singapore experienced annual increases and decreases in

imports. Malaysia's import activity declined for four consecutive years from 2017–2020 and rose again in the final year. Meanwhile, the Philippines experienced an increase in imports in 2017–2018, followed by a significant decline over the last three years, namely 2019–2021.

Imports of Goods and Services (%)

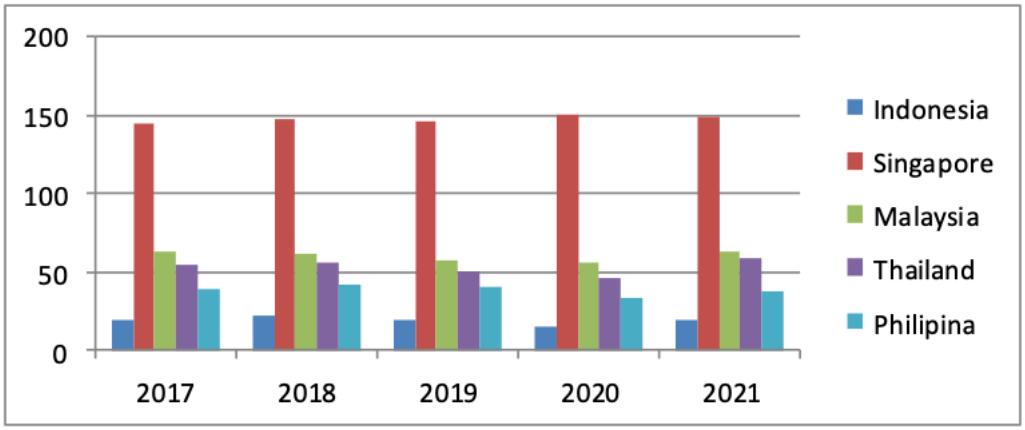


Figure 3.
Data on Imports of Goods and Services in 5 ASEAN Countries

Consumption also affects economic growth in a country. Keynes has a theory of absolute consumption known as the Keynesian Consumption Theory (absolute income hypothesis). Keynes argues that the amount of household consumption depends on the income earned. The comparison between the amount of consumption and income is referred to by Keynes as the Marginal Propensity to Consume (MPC). This MPC is used to measure that the greater the income earned, the higher the household consumption level, and vice versa (Sudirman, 2018). Nur Alia Budirman in her undergraduate thesis stated that household consumption has a positive and significant effect on economic growth (Budirman, Alia, 2023). The existence of a significant influence between economic growth and consumption indicates that consumption is influenced by economic growth. This condition occurs because when economic growth increases, income also increases. The increase in income will raise the real purchasing power of the community so that the demand for goods and services will also increase. This increase in demand for goods and services will encourage an increase in consumption. Likewise, if economic growth declines, income will also decline. This decrease in income will reduce the real purchasing power of the community so that the demand for goods and services also decreases. The decrease in demand for goods and services will lead to a decline in the economy (Nurhuda, N., Sri Ulfah Sentosa, 2013).

Consumption of Goods and Services (%)

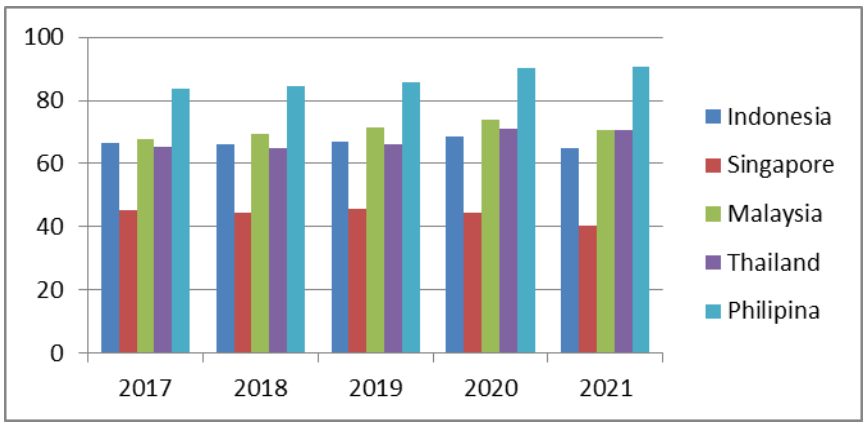


Figure 4.
Data on Consumption of Goods and Services in 5 ASEAN Countries

Based on the consumption data of the five countries in Figure 4, it can be seen that consumption activities in the five countries experienced fluctuations or were not stable but tended to increase. In 2017–2018, Indonesia's consumption remained relatively stable, then increased in 2019–2020, and then decreased in the final year.

Another factor that affects economic growth is inflation. Keynes argues that inflation occurs due to the excessive desire of a group of people who want to consume more goods and services than are available. Due to the desire to fulfill needs excessively, demand increases, while supply remains constant, resulting in rising prices. The government may buy goods and services by printing more money, for example. Inflation can also occur due to the success of entrepreneurs in obtaining credit. This credit is used to buy goods and services, thus aggregate demand increases, while aggregate supply remains unchanged. This condition leads to rising prices (Simanungkalit, Veronica, 2020).

Almir Salim, Fadilla, and Anggun Purnamasari in their research entitled "The Influence of Inflation on Indonesia's Economic Growth" stated that inflation had a t-value of 3.532 > t-table 2.306 with a significance level of 0.039 < 0.05, which means that inflation affects Indonesia's Economic Growth/Gross Domestic Product (GDP) (Fadilla, A. S., & Purnamasari, 2021). Meanwhile, M. Farhan Hidayatullah and his colleagues in their research concluded that there is a complex relationship between inflation and economic growth in Indonesia (Hidayatullah, M. Farhan, 2024). Inflation basically reflects an imbalance between supply and demand in the national economy. Although some inflation is considered normal in an economy, price levels that are too high can damage consumer purchasing power, distort resource allocation, and make economic planning uncertain (Fadilla, A. S., & Purnamasari, 2021). Moreover, inflation can affect a country's fiscal and monetary policies, which need to be regulated wisely to maintain price stability and balanced economic growth (Salefulloh, M. Halfidz Meiditambua, Fathlevi, Muhammad Rizalh, Centauri, Sylvi Alfa, 2023). Economic growth often triggers inflation due to increased demand that exceeds supply, while policies to control inflation sometimes result in slowing the pace of economic growth (Wiryani, E., Mukarromah, 2020).

Inflation Rate (%)

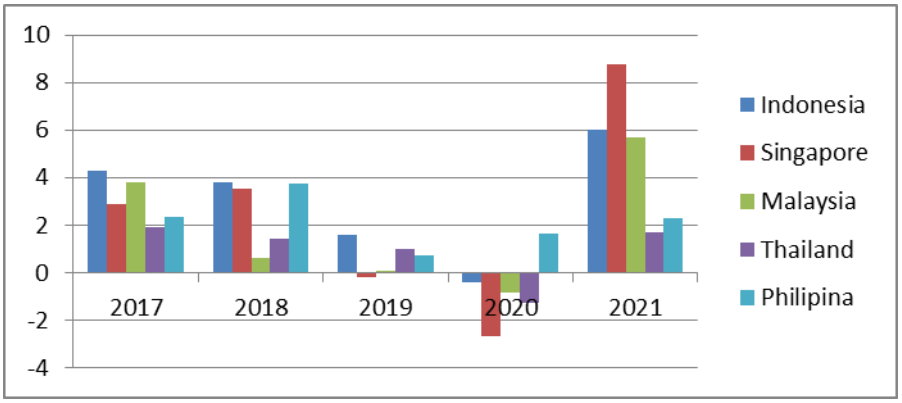


Figure 5.
Inflation Rate Data in 5 ASEAN Countries

Based on the inflation rate data in Figure 5, it can be seen that the inflation conditions in the five countries tended to decline. In 2017–2020, Indonesia, Malaysia, and Thailand experienced annual declines in inflation rates. Then in 2021, they experienced a significant increase, especially Indonesia and Malaysia. Inflation conditions in Singapore increased in 2017–2018, then decreased in 2019 and 2020, and then experienced a very significant increase in 2021. Meanwhile, the Philippines experienced an increase in inflation from 2019–2021.

This study aims to analyze the influence of foreign trade, consumption, and inflation on economic growth in 5 ASEAN countries during the period 2017–2021. This study also aims to determine the magnitude of the influence of foreign trade, consumption, and inflation on economic growth in the five ASEAN countries. This research will examine the economic growth conditions in 5 countries that are members of ASEAN, namely Indonesia, Malaysia, Singapore, the Philippines, and Thailand.

METHODS

This study is a type of quantitative research. The type of data used is secondary data in the form of panel data. The focus of this research is conducted on five ASEAN countries, namely Indonesia, Malaysia, Singapore, Thailand, and the Philippines, for the period from 2017 to 2021. In this study, the variables used are foreign trade, consumption, inflation, and economic growth. The data was obtained from the World Bank website.

A variable is anything that is studied and examined to obtain certain information and then draw conclusions (Sugiyono, 2006). In this study, the dependent variable is economic growth, while the independent variables are foreign trade, consumption, and inflation.

This research uses panel data regression with the EViews 10 program. According to (Widarjono, 2014), panel data regression is a combination of cross-section and time series, allowing for a larger amount of data and a greater degree of freedom. The model used can be formulated as follows:

$$Yit = \beta 0 + \beta 1\, X1it + \beta 2\, X2it + \beta 3\, X3it + \beta 4\, X4it + eit$$

Explanation:

Y = GDP (US$)

β0 = intercept coefficient

X1 = export value (US$)

X2 = import value (US$)

X3 = consumption (US$)

X4 = inflation (%)

i = 5 ASEAN Maritime Southeast Asian countries

t = time period from 2017–2021

e = error term

In this research, the sampling method used is purposive sampling with the following criteria: countries listed as ASEAN members, countries that consistently publish reports on foreign trade, consumption, inflation, and economic growth from 2017 to 2021, and countries that are categorized as developing or advanced and not currently experiencing conflict.

Based on the sample determination criteria, out of a total of 11 countries, 5 countries meet the sample criteria, namely: Indonesia, Singapore, Malaysia, Thailand, and the Philippines (Yulistia, 2024).

RESULTS AND DISCUSSION

Citing data from the World Bank, Indonesia's economic growth during the period 2017–2021 generally experienced fluctuations. In 2017, Indonesia's economy grew by 5.07%, then slightly slowed to 5.02% in 2019. In 2020, Indonesia's economy contracted due to the COVID-19 pandemic, growing at –2.07%. However, in 2021, Indonesia began to recover economically, growing by 3.69%. Indonesia's exports during the 2017–2021 period showed an upward trend, although there were fluctuations. Export value in 2021 reached USD 231.609 billion, increasing from previous years. Despite the increase, there were declines such as a decrease in non-mineral exports in December 2021. Meanwhile, Indonesia's import values during 2017–2021 consistently increased. In 2017, import value reached USD 156.990 billion, then rose to USD 188.710 billion in 2018, and returned to increase in 2021, reaching USD 196.190 billion. Household consumption in Indonesia during 2017–2021 showed an upward trend amid fluctuations, especially impacted by the COVID-19 pandemic. In 2021, the monthly average household consumption expenditure reached IDR 1.26 million, higher than in previous years. Indonesia's inflation during 2017–2021 showed a relatively stable trend, despite occasional fluctuations due to domestic and global economic dynamics, particularly the pandemic in 2020–2021.

Next, Malaysia's economic growth during 2017–2021 experienced significant fluctuations, affected by both domestic and global factors, including the impact of COVID-19. From 2017–2020, Malaysia's economic growth declined, then increased in 2021. Malaysia's

export values from 2017–2020 were unstable and fluctuated. In 2021, there was an increase, with export value reaching USD 264.02 billion. Malaysia's import values during 2017–2020 were relatively unstable, then experienced a significant rise in 2021, reaching USD 236.99 billion. Malaysia's household consumption throughout 2017–2021 showed a trend influenced by domestic and global factors, including the pandemic. The consumption level consistently increased every year. Inflation in Malaysia during 2017–2021 fluctuated; the most significant decline occurred from 3.87% in 2017 to 0.88% in 2018.

Meanwhile, Singapore's economic growth during 2017–2021 experienced significant fluctuations, especially influenced by global dynamics and the COVID-19 pandemic. Singapore experienced economic recovery in 2021 after the pandemic, with GDP growth around 7.6%. Singapore's exports during 2017–2021 fluctuated, reflecting global economic conditions, regional demand, and the pandemic's impact. A very significant export growth occurred in 2021 with an export growth rate of around 12.1%. Meanwhile, Singapore's import activity also fluctuated during the period, with a significant decrease in 2020 likely due to COVID-19. Singapore's household consumption significantly declined in 2020, likely due to pandemic impact. However, in 2021 consumption rose again along with economic recovery. Singapore's inflation rate fluctuated throughout the period, and a very significant inflation rate increase occurred in 2021 reaching 2.30%. Nevertheless, compared to neighboring countries, Singapore showed lower and more stable inflation, reflecting effective monetary and fiscal policies in controlling price volatility.

Continuing, Thailand's economic growth throughout 2017–2021 experienced fluctuations. A very significant decline occurred in 2020 with GDP growth of –6.05% due to the pandemic. In 2021, Thailand recovered with GDP growth of 1.57%. Thailand's export activities fluctuated, decreasing in 2019–2020 and recovering in 2021. Thailand's imports saw the most significant increase in 2021, with annual growth of +28.0%. Thailand's household consumption experienced consecutive declines from 2019–2021, reflecting the pandemic's impact, and as of 2021 Thailand had not yet recovered in consumption. The COVID-19 pandemic triggered deflation in Thailand of –0.85%, due to reduced domestic demand, falling energy prices, and suspension of economic activity. Inflation returned to positive 1.23% in line with economic recovery, rising energy prices, and easing of social restrictions.

Finally, the Philippines' economic growth declined consecutively from 2017–2020. The most significant decline occurred in 2020 with GDP growth of –9.52%. In 2021, the Philippines achieved economic recovery with growth of 5.71%. The Philippines' merchandise exports fluctuated, with the most significant drop in 2020 with export growth of –8.13%. However, in 2021 exports recovered significantly. The Philippines' imports rose consecutively from 2017–2019, then declined significantly by 19% in 2020 due to global supply chain disruption, reduced domestic demand, and suspension of economic activity. The imports recovered significantly in 2021. The Philippines' household consumption rose consecutively from 2017–2019. In 2020, consumption declined but not significantly. In 2021 household consumption rose again, with an annual increase of 9.23%. Inflation in the Philippines increased significantly in 2018, with an inflation rate of 5.31%, declined in 2019 to 2.39%, and remained so until 2020. In 2021 inflation increased again.

This study utilizes data directly over the five-year period from 2017 to 2021. The information used originates from the World Bank website in the form of GDP, exports, imports,

and consumption data using US dollars, while inflation uses percentage (%) units.

Table 1.
Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	47.441691	(4,16)	0.0000
Cross-section Chi-square	63.853865	4	0.0000

(Source: Regression results, 2024)

The Chow test was conducted to compare or choose between the Common Effect Model or the Fixed Effect Model. The decision is made by observing the probability (p) value for the Cross-Section F. If $p > 0.05$, the Common Effect Model is chosen. If $p < 0.05$, the Fixed Effect Model is chosen. Referring to Table 1, both probability values from Cross-Section F and Chi-square are below the 0.05 significance level, so the null hypothesis is rejected. This indicates that the most appropriate model to use is the Fixed Effect Model.

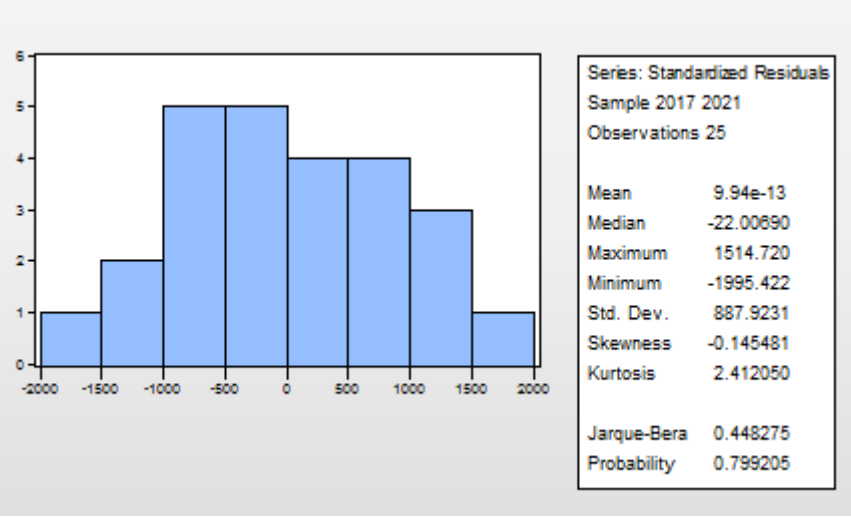
Table 2.
Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	189.766766	4	0.0000

(Source: Regression results, 2024)

The Hausman test was conducted to compare and determine the most appropriate model between the Fixed Effect Model and the Random Effect Model. The decision is based on the p-value of the Cross-Section random. If the p-value is greater than 0.05, the Random Effect Model is chosen. However, if the p-value is less than 0.05, the Fixed Effect Model is used. Based on Table 2, the probability value is 0.0000, which is less than the alpha level. Therefore, according to the model selection test, the Fixed Effect Model (FEM) is selected.

Table 3.
Normality Test



(Source: Regression results, 2024)

The normality test aims to evaluate whether the regression model's dependent and independent variables are normally distributed. The appropriate model is one whose residuals follow a normal distribution. To test normality data in EViews, two methods are used: histogram and Jarque-Bera test. The Jarque-Bera statistic is a method to determine whether data is normally distributed or not. Detection is done by observing the asymptotic Jarque-Bera value (for large samples based on Ordinary Least Squares residuals). The test examines the Jarque-Bera probability: if $p > 0.05$, the data is normally distributed; if $p < 0.05$, the data is not normally distributed.

Based on Table 3 above, the test results indicate that the Jarque-Bera value is 0.448275 with a probability of 0.799205, so it can be concluded that the model in this study is normally distributed.

Table 4.
Multicollinearity Test Results

	X1	X2	X3	X4
X1	1.000000	0.993907	-0.179239	0.030717
X2	0.993907	1.000000	-0.200160	0.023735
X3	-0.179239	-0.200160	1.000000	0.236116
X4	0.030717	0.023735	0.236116	1.000000

(Source: Regression results, 2024)

The multicollinearity test aims to evaluate whether there is a correlation between independent variables. A good regression model should not show correlation among all independent variables, as it will be difficult to identify the effect of each independent variable on the dependent variable.

This test is useful to determine whether there is a correlation among independent (free) variables in the regression model. A good model is one that does not show correlation between its independent variables. If the correlation coefficient between independent variables is > 0.8, then it can be concluded that the model experiences multicollinearity issues. Conversely, if the correlation coefficient is < 0.8, the model is free from multicollinearity. Below are the results of the test conducted on the research model.

Based on the results in Table 4 above, it appears that all correlations between independent variables do not exceed 0.8. This means that in this regression model, multicollinearity does not occur, or in other words, there is no correlation among the independent variables.

Table 5.
Heteroscedasticity Test Results

Variabel	Prob.	Keputusan
X1	0.265305	Tidak terjadi heteroskedastisitas
X2	0.651201	Tidak terjadi heteroskedastisitas
X3	1.483048	Tidak terjadi heteroskedastisitas
X4	-0.691649	Tidak terjadi heteroskedastisitas

(Source: Regression results, 2024)

The heteroscedasticity test aims to identify whether there is a correlation between the independent variables. A good regression model should not show correlation among independent variables. A regression model is considered to experience multicollinearity if there is a perfect linear relationship between several or all independent variables in the model. As a result, it becomes difficult to observe the effect of explanatory variables on the explained variable. A good regression model is one that is homoscedastic or does not experience heteroscedasticity. To ensure the absence of heteroscedasticity, the Glejser test can be conducted. The Glejser test recommends regressing the absolute residual values on the independent variables. If the independent variables show a significance level of < 0.05, then heteroscedasticity occurs. Conversely, if the independent variables have a significance level > 0.05, then heteroscedasticity does not occur.

Based on the heteroscedasticity test using the Glejser test, it appears that the probability values for variable X1 is 0.265305 > 0.05, variable X2 is 0.651201 > 0.05, and variable X3 with a probability value of 1.483048 > 0.05, which means that heteroscedasticity does not occur. Therefore, it can be concluded that the regression model does not experience heteroscedasticity.

Table 6.
Coefficient of Determination

Adjusted R-squared	0.168898

(Source: Regression results, 2024)

The R^2 Coefficient of Determination test is conducted to determine how much the dependent variable can be explained by the independent variables. The higher the R^2 value (approaching 1), the better the model is considered because the relationship between the dependent and independent variables is stronger.

From the results in Table 6 above, it appears that the R-squared value is 0.168898. This indicates that the independent variables can explain the dependent variable by 16.88%, while the rest is explained by other variables outside the research model (Yulistia, 2024).

Table 7.
F-Test

F-statistic	1.609665
Prob(F-statistic)	0.198664

(Source: Regression results, 2024)

The F-test is conducted to determine whether all independent variables have a simultaneous effect on the dependent variable. This is done by comparing the probability value of the F-statistic with a significance level of $\alpha = 5\%$. The following are the criteria for drawing conclusions in the F-test: If the prob. value < 0.05, then H_4 is accepted, which means that the independent variables (foreign trade, consumption, and inflation) simultaneously affect the dependent variable (economic growth). If the prob. value < 0.05, then H_4 is accepted, which means that the independent variables (foreign trade, consumption, and inflation) simultaneously affect the dependent variable (economic growth).

It is known that the F-statistic value is 1.609665 with a prob. (F-statistic) value of 0.096423 (> 0.05), so it can be concluded that the independent variables (X) do not have a significant simultaneous effect on the dependent variable (Y).

Table 8.
t-Test Regression Results

Variable	coefficient	Prob.	Keterangan
X1	32207.93	0.0108	signifikan
X2	-58.25855	0.6485	Tidak Signifikan
X3	-185.8729	0.2202	Tidak signifikan
X4	532.3177	0.0002	Signifikan

(Source: Regression results, 2024)

The t-test is an analysis used to determine the partial effect between each independent variable and the dependent variable. H_0: $\beta \geq 0$ = No significant effect between variable X and Y
H_1: $\beta \leq 0$ = There is a significant effect between variable X and Y

The coefficient value for export (X1) is 32207.93 while the probability value is 0.0108, which indicates that the probability is below 5%, so H_0 is rejected, which means that export (X1) has a significantly positive effect on economic growth with the GDP indicator. This result is in line with the research of (Anggraning Sulistya Eka, 2016) and (Ellen & Ibnu, 2021), which explains that export has a significantly positive effect on economic growth, where if exports increase, national income and foreign exchange earnings also increase, thereby boosting economic growth. Thus, the results of this study support the assumption that export has a significant effect on economic growth.

The coefficient value for import (X2) is -58.25855, while the probability value is 0.6485, which indicates that the probability is above 5%, so H_0 is accepted and H_1 is rejected. In other words, inflation (X2) does not affect economic growth measured by the GDP indicator. This result is consistent with the research of (Haris Istiawan Khan et al., 2024) and (Lara Ria et al., 2022), which states that import has a negative and insignificant effect on economic growth, because if imports increase, it can reduce domestic demand and cause an outflow of foreign exchange (meaning money goes from domestic to abroad for purchases). Therefore, this research result does not support the hypothesis that import has a significant effect on economic growth.

The coefficient value for consumption (X3) is -185.8729, while the probability value is 0.2202, which indicates that the probability is above 5%, so H_0 is accepted and H_1 is rejected. In other words, consumption (X3) does not affect economic growth measured by the GDP indicator. This result aligns with research which explains that consumption has a negative and insignificant effect on economic growth, because if consumption is not healthy or not balanced with production, it can reduce economic growth due to rising imports and debt. Therefore, this study does not support the hypothesis that consumption has a significant effect on economic growth.

The coefficient value for inflation (X4) is 532.3177 while the probability value is 0.0002,

which indicates that the probability is below 5%, so H_0 is rejected, which means that inflation (X4) has a significantly positive effect on economic growth with the GDP indicator. This result is in line with (Fadila, Salim, Almir, Purnamasari, 2021) and (Hanna Meilanawati, 2021), which explain that inflation affects economic growth, where if inflation rises and economic growth also increases, it reflects strong demand in the economy. This condition encourages businesses to increase production and investment to meet that demand, thereby driving economic growth. Thus, the results of this study support the assumption that inflation has a significant effect on economic growth.

CONCLUSION

This study analyzes the effect of foreign trade, consumption, and inflation on economic growth in 5 ASEAN countries (Indonesia, Malaysia, Singapore, the Philippines, and Thailand) during the period 2017–2021. The research results show that exports have a significant positive effect on economic growth, while imports and consumption do not have a significant effect. Inflation also shows a significant positive effect. These findings emphasize the importance of foreign trade and inflation in influencing economic growth in the ASEAN region.

The researcher realizes that this paper is still far from perfect, both in terms of content and writing technique, due to the limitations of the researcher's insight and knowledge. Therefore, the researcher sincerely hopes for constructive criticism and suggestions from readers to improve this writing and to broaden the researcher's understanding. The researcher also hopes that this paper can serve as reading material and reference for other relevant writings.

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