

**THE IMPACT OF FOREIGN DIRECT INVESTMENT (FDI) ON
INTERNATIONAL TRADE – EVIDENCE FROM INDONESIA**

THESIS

Presented as Partial Fulfillment of the Requirements of the Degree of Sarjana Manajemen

**(S1) in International Business Management Program Faculty of Business and
Economics Universitas Atma Jaya Yogyakarta**

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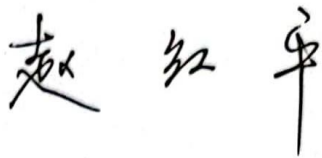
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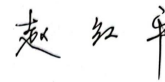
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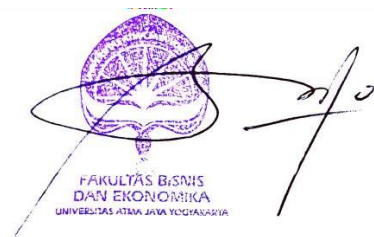


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AUTHENTICITY ACKNOWLEDGEMENT

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**Is really, my own thinking and writing. I fully acknowledge that my
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for those that have been cited and mentioned in the references.**

Elvina Pambudi,

A handwritten signature in black ink, consisting of a stylized 'E' and 'P' intertwined.

Yogyakarta, June 22, 2023

Abstract

Foreign Direct Investment (FDI) has an important role in the running of International Trade. But in expert research, it is still debated whether the relationship between the two things has a substitution relationship, or a complementary relationship. In this paper, by looking at data from FDI and export-import activities of the country of Indonesia over the past 20 years, will be examined what is the most suitable relationship between those two variables. Quantitative research method is used in this paper, the results obtained are that the relationship between FDI and International Trade is a complementary relationship which can be seen from the test results carried out every increase in FDI, followed by an increase in export and import activities. This paper also tested if there is a relationship between the past FDI and International Trade and the results showed that there is a negative relationship between those two variables. Moreover, the result of this paper also showed that if there is an increase on export and import, there will be an increase on nation's GDP. These relations showed that all variables are related to each other. The increasing of GDP is affected by the raising of export and import activity, and the raising of those activity is affected by the increasing of FDI. Therefore, FDI is an important part not only in International Trade but also in raising nation's GDP.

Keyword

FDI, International Trade, Complementary

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