The Influence of the US Dollar Exchange Rate and Indonesia's National Income on Indonesia's Imports from Thailand

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ABSTRACT

Indonesia's import activities from Thailand have developed from capital goods to consumer goods and the agricultural sector. The high imports from Thailand are inseparable from the fluctuations in the US exchange rate against IDR and Indonesia's national income. The purpose of the study was to determine the effect of the US exchange rate against IDR and Indonesia's national income on the value of Indonesia's imports from Thailand. The method used is quantitative descriptive with multiple regression modeling for the period 2000-2023. From the processing results, it was obtained that the US exchange rate against IDR and Indonesia's national income partially and simultaneously significantly affected the value of Indonesia's imports from Thailand. The US$ exchange rate against IDR hurt the influence on the value of Indonesia's imports from Thailand. Indonesia's national income had a positive influence on the value of Indonesia's imports from Thailand.

Keywords: Exchange rate, National Income, Import Value

INTRODUCTION

Foreign trade has been believed to be one way to improve the welfare of a country's people (Mire & Wahyuni, 2024). Reality shows that not all of a country's needs can be met by itself, so imports are needed (Ghufron, 2019). Since the New Order, Indonesia, as a developing country, tends to import capital goods to facilitate the production process (Lestari, 2014). Indonesia's import activities are supported by foreign exchange control policies (May 2022).

After entering the reform era, there was a phenomenon in which Indonesian imports began to expand to Asian countries (Gourdel et al., 2025). The main factor is that the government has abolished import duties, making it easier for other countries to enter the domestic market (Witt et al., 2023). Thailand is one of the Asian countries that has a high contribution to increasing Indonesia's import value (Thorbecke, 2023). Besides the opportunity to fulfill capital goods such as machinery and mechanical equipment, plastic and plastic goods, vehicles, and their components, it turns out that Indonesia's import commodities from Thailand have expanded to agricultural commodities (Lewandowski, 2018).

This phenomenon is very important to study, considering that Indonesia is a country with the largest territory in Southeast Asia, but is very dependent on imports of agricultural commodities from Thailand, which is geographically below Indonesia (Huff, 2024). This contradicts the goals of sustainable development in Indonesia, which emphasize the importance of utilizing Natural Resources as optimally as possible (Alisjahbana & Murniningtyas, 2018). The sustainable development program strongly supports Indonesia becoming a country with a surplus in the agricultural sector, which can increase food security. Ironically, various agricultural commodities, ranging from vegetables, fruits, and tubers that can be grown in Indonesia, are imported from Thailand (Herliana et al., 2025). Thailand's persistence in penetrating the Indonesian export market cannot be separated from the competitive advantage of agricultural sector productivity, which can increase our appetite for

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import demand compared to domestic commodities.

he taste of the Indonesian people for imported products from Thailand, from the perspective of international trade, is influenced by the US exchange rate against IDR and Indonesia's national income (Rangkuty, 2018). The use of the US exchange rate against IDR for Indonesia is very important in international transactions and continues to this day (Saragih, 2016), thus affecting our purchasing power.

If the IDR depreciates against the US, the price of Indonesian imported commodities from Thailand will increase in IDR (Machmud, 2020). So, the expenditure of IDR by Indonesian importers will be greater for the price of imported goods in the same US$. Thus, the depreciation of IDRh against the US has an impact on the decline in the value of Indonesian imports from Thailand (Sugiartiningsih, 2021a). Conversely, an increase in Indonesia's national income has the potential to increase people's purchasing power for imported goods from Thailand (Siti Maysarah & Hendra Ibrahim, 2023).

To find out the development of the three variables during the period 2000-2023, see Table 1 below:

Table 1. Development of the US Dollar Exchange Rate, Indonesia's National Income, and Indonesia's Imports from Thailand for the Period 2000-2023

Tahun	MIT	GNI	ER	Tahun	MIT	GNI	ER
2000	1338.1321	1297.6081	8421.77500	2012	11141.9704	8372.5115	9386.62917
2001	1365.7287	1585.2708	10260.85000	2013	10701.8365	9260.8078	10461.24000
2002	1678.3329	1767.3203	9311.19167	2014	9409.2413	10215.3122	11865.21130
2003	2273.5170	1936.2607	8577.13333	2015	7704.6155	11143.9930	13389.41294
2004	3207.4347	2190.4761	8938.85000	2016	8126.1359	12004.7155	13308.32680
2005	3952.7083	2639.2806	9704.74167	2017	8826.8456	13159.2199	13380.83388
2006	3335.9620	3196.9479	9159.31667	2018	10161.9626	14396.5723	14236.93877
2007	4818.8232	3788.4085	9141.00000	2019	9085.5558	15351.3361	14147.67136
2008	6259.0846	4772.8231	9698.96250	2020	7534.6142	15019.3059	14582.20347
2009	4654.2504	5409.9840	10389.93750	2021	8718.0017	16515.8546	14308.14390
2010	7347.3549	6681.3622	9090.43333	2022	10227.2669	19049.8833	14849.85394
2011	9971.4800	7614.8333	8770.43333	2023	9947.5108	20354.4416	15236.88466

Source:
MIT: https://kidb.adb.org/economies/thailand, NI, and ER: https://kidb.adb.org/economies/indonesia

MIT = Indonesia Imports from Thailand

GNI = Gross National Income of Indonesia

ER = Exchange Rate US to IDR

Table 1 shows that the US Dollar exchange rate against the IDR fluctuates, but the trend is increasing from the lowest value of IDR 8,421.7750 (2000) to IDR 1,5236.8847 (2023). This means that there has been an appreciation of the US Dollar against the IDR of 80.92% from 2000 to 2023. On the other hand, Indonesia's national income continues to increase annually from IDR 1,297.6081 trillion (2000) to IDR 2,0354.4416 trillion (2023), increasing by 1,468.61% from 2000 to 2023. Meanwhile, Indonesia's import value from Thailand was able to reach the largest value of 1,1437.2388 (2012), then in the following years it was seen to fluctuate to reach the US 9,947.5108 (2023). A unique feature of the data development is that when the US exchange rate appreciates against the IDR, it is followed by an increase in the value of Indonesian imports from Thailand. Previous research (Wiguna, 2014) reviewed the influence of the US exchange rate against the IDR, foreign exchange reserves, inflation, and GDP on imports of compressor machines from China for the period 1994-2011. The calculation results showed that the exchange rate was negatively and significantly related, while national income did not have a significant effect on the value of Indonesian imports from China.

Contradiction is predicted to occur in the influence of Indonesia's national income on the high value of Indonesian imports from Thailand due to the consumerist spirit towards imported products. Supporting research

(Maulana & Harry, 2010) states a positive GDP coefficient with a probability of 0.0054.

Based on the reality of data development and previous research results, researchers are encouraged to further examine how much Indonesia's import value from Thailand is influenced by the exchange rate and Indonesia's national income.

Research Problems

From the description of the background of the problem, the formulation of the research problem is:

1. How much influence do the US$ exchange rate and Indonesia's national income have on the value of Indonesia's imports from Thailand for the period 2000-2023, partially or simultaneously?
2. What solutions should be taken to reduce Indonesia's import dependence on Thailand?

LITERATURE REVIEW

Trade between one country and another is more profitable than if a country had to produce and consume the goods it needed itself (Krugman, Paul R. & Maurice Obstfeld, 2018).

Trade encourages a country to specialize in producing and exporting goods that have a comparative advantage so that it can improve people's welfare (Balassa, 1965; Krugman, Paul R. & Maurice Obstfeld, 2018). Conversely, countries that do not have a comparative advantage can meet domestic needs through imports (Feenstra, 2004; Melitz, 2003).

Research conducted by Autor et al. (2013), (Autor et al., 2013) shows that international trade can increase a country's productivity and economic efficiency. In addition, research conducted by Ahn et al. (2017). Ahn et al. (2011) show that international trade can improve people's welfare by increasing access to goods and services.

Export and import are activities of selling and buying products across national borders that are inseparable from the problem of the value of the domestic currency, which is assessed against the currency of another country, called the exchange rate (Krugman, Paul R. & Maurice Obstfeld, 2018).

The US Dollar exchange rate is known as the world's strong currency, so that world trade transactions use the US Dollar as the international payment standard (Mishkin, 2019). There are three main exchange rate systems, namely the gold standard, the pure floating exchange rate system, and the managed floating exchange rate system (Salvatore, 2016).

Research conducted by Bahmani-Oskooee and Kara (2020) and Bahmani-Oskooee et al. 2020) shows that changes in exchange rates can affect a country's international trade. In addition, research conducted by the European Central Bank (2017) (European Central Bank, 2017) shows that exchange rates can affect the prices of imported and exported goods.

In addition to exchange rates, international trade activities are also influenced by national income. From a macroeconomic perspective, there are two types of national income, namely Gross National Product (GNP) and Gross Domestic Product (GDP) (Paul A. Samuelson & William D. Nordhaus, 2023). GNP focuses on the amount of income generated by citizens, while GDP is the income generated by the population of a country. The higher the national income, the more purchasing power the population will have in meeting the needs of goods, both from within and outside the country (Karl E. Case & Ray C. Fair, 2007).

Developing countries like Indonesia are highly dependent on imports from other countries for production and consumption processes. Capital goods, ranging from machinery to automotive, are the main needs to increase Indonesia's economic productivity (Krugman, Paul R. & Maurice Obstfeld, 2018). Meanwhile, imports of consumer goods continue to increase due to free trade, which changes the culture of Indonesian consumers to prefer foreign products (Feenstra, 2004).

The value of Indonesia's imports is predicted to continue to increase and become a factor in our dependence on the foreign sector. The increase in import value is influenced by fluctuations in the IDR exchange rate against the US Dollar (Mishkin, 2019). If the IDR appreciates against the US Dollar, it will have an impact on the increase in Indonesia's import value from other countries (Salvatore, 2016).

For example, before the appreciation dollar, \$1 = IDR 15,000, and the price of imported goods X is US\$100/unit, if domestic consumers have IDR 6 million, then when exchanged to US Dollars, US\$400 will be spent to import goods X to get 4 units. If appreciation occurs, US\$1 = 12,000, so that with the same amount of rupiah, it is exchanged to US\$500, and 5 units are obtained. Thus, the appreciation of IDR against US\$ will have an impact on the decline in the price of imported goods in IDR, thereby increasing the value of Indonesian imports (Krugman, Paul R., & Maurice Obstfeld, 2018).

So there will be a negative relationship between the US\$-IDR exchange rate and the value of Indonesian imports from other countries. Indonesia's national income will have a positive relationship to the value of imports (Krugman, Paul R. & Maurice Obstfeld, 2018).

The main factor of increasing national income can be interpreted as the amount of money in circulation increases, so that it increases purchasing power for imported goods, then the value of Indonesian imports from foreign exporters will increase (Karl E. Case & Ray C. Fair, 2007). Conversely, if national income decreases, domestic consumers have less money to import goods from abroad, thus reducing the value of Indonesian imports.

Simultaneously, the influence of the US\$-IDR exchange rate and national income has a significant effect on the import value (Krugman, Paul R., & Maurice Obstfeld, 2018). If the rupiah exchange rate against the US\$ appreciates and national income rises, the import value will increase more. The main factor is that the price of imported goods is considered lower by domestic consumers, in addition to having more money, thus increasing purchasing power for imported goods (Feenstra, 2004). For example, if the IDR currency increases against the US\$ by 10% and national income also increases by 10%, the import value will increase by 15% (Ahn et al., 2011).

Research Method

Foreign trade is a vital economic sector in the movement of commodities and production factors to be able to enter and exit between countries. The free trade policy set by the World Trade Organization (WTO) provides an opportunity for countries to increase their credibility towards foreign products while consistently maintaining environmental sustainability by creating a green economy (Tanveer et al., 2024).

Superior commodity productivity, both comparatively and competitively, has the opportunity to easily meet the import needs of other countries. This condition can be seen from the large imports carried out both through bilateral and multilateral relations.

Indonesia, as a densely populated country with a fairly large area, has great potential to increase imports from other countries (Rozi et al., 2023). Thailand is one of the ASEAN countries that has a high appeal in responding to the desires of our people for imported goods from that country.

The success of bilateral trade in the form of imports is certainly inseparable from the influence of the exchange rate used, namely the US\$. The decline in the IDR exchange rate against the US\$ is predicted to affect the value of Indonesia's imports from Thailand.

Previous research, Sugiartiningsih (Sugiartiningsih, 2021b), showed a positive relationship between the rupiah exchange rate against the US\$ and the value of Indonesia's exports from Thailand. In addition to the exchange rate, the increase in the value of Indonesia's imports from Thailand is also supported by a stable increase in Indonesia's national income. This potential will increase Indonesia's purchasing power for imported goods, both for consumptive and productive needs. The more our national income increases, the higher our satisfaction with consuming imported commodities from Thailand.

Based on this description, the influence of the US\$ Exchange Rate against the IDR (ER) and Indonesia's National Income (GNI) on Indonesia's Imports from Thailand (MIT) can be described as follows:

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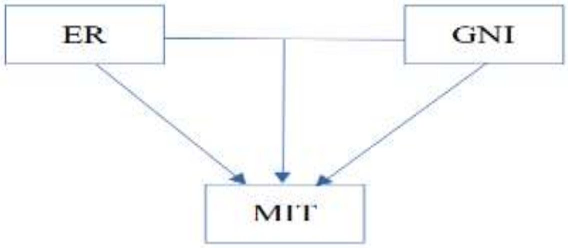

Figure 1.

The Influence of the US Exchange Rate against IDR and Indonesia's National Income on Indonesia's Import Value from Thailand

The subject of this study is the causal relationship between Indonesian imports and Thailand associated with Indonesia's national income and the US Dollar exchange rate against IDR. The independent variables used are the US Dollar exchange rate against IDR and Indonesia's national income, while the dependent variable is the value of Indonesia's imports from Thailand.

The data used are secondary data sourced from the Asian Development Bank (ASEAN Development Bank, 2024). The research limitation is from 2000 to 2023. The year 2000 was chosen because of the beginning of reform in Indonesia, which was marked by Indonesia's openness to imports from other countries. The year 2023 was chosen to obtain more optimal results from the perspective of development economics, which is considered stable.

Simultaneous import equation modeling. Previous research on the US$ exchange rate equation against IDR determined by other independent variables, such as inflation, interest rates, and oil and gas prices, can provide good estimated exchange rates (Sugiartiningsih, 2015).

Then, for the study of bilateral exports from Indonesia to Thailand, the US$ exchange rate against IDR and Baht was used in the multiple regression equation, and significant results were obtained (Sugiartiningsih, 2021b). The results of this study inspired researchers to use the US$ exchange rate against IDR as an exogenous variable built through a multiple regression equation (Sugiartiningsih, 2021b).

Another difference is that it emphasizes bilateral relations with ASEAN member countries by including the US exchange rate against IDR. This reality is supported by research on rice imports from Vietnam, which does not include the US$ exchange rate variable against the Dong because the results obtained were not good (Sugiartiningsih & Winarso, 2021). So, the uniqueness of this study is that it dares to use the independent variable of the US$ exchange rate against the Rupiah as an exogenous variable and is associated with the value of Indonesian imports from Thailand.

The modeling built in this study is (Chacholiades & Miltiades, 1978):

$$MIT = f(ER, GNI)$$

Where MIT is the value of Indonesian imports from Thailand, ER is the US Dollar exchange rate against IDR, and GNI is Indonesia's national income.

The equation of the influence of the US Dollar exchange rate against IDR and Indonesia's national income on the value of Indonesian imports from Thailand is classified as a multiple regression equation, so that for model processing, it can be described as follows:

$$MIT = a + b_1 ER + b_2 GNI$$

In the regression equation above, a, b_1, and b_2 are coefficients obtained from the results of the regression carried out. Coefficient a is the amount of Indonesian import value obtained during the period studied, before the US Dollar exchange rate against IDR and Indonesia's national income operates. The values of coefficients b_1 and b_2 show the relationship between the US Dollar exchange rate against IDR and Indonesia's national income, with

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the value of Indonesian imports from Thailand. If the coefficient b_1 is negative, it can be interpreted that an increase in US$ against IDR will reduce the value of Indonesian imports from Thailand and vice versa. If the coefficient b_2 is positive, an increase in national income will be followed by an increase in the value of Indonesian imports from Thailand.

The processing of the equation above uses the Ordinary Least Squares (OLS) method because it only uses one equation with two independent variables (Salvatore, 2003).

Hypothesis Test Design

Partial Test of Regression Equation

Ho: $\rho > 0$, The US Dollar exchange rate against IDR will have a positive influence on the value of Indonesian imports from Thailand.

Ho: $\rho < 0$, The US Dollar exchange rate against IDR will have a negative influence on the value of Indonesian imports from Thailand.

Ho is rejected if $\rho < 0$.

Indonesia's national income will have a positive effect on the value of Indonesian imports from Thailand.

National Income is known as one of the indicators of a country's economic progress (Murni, 2013). The increasing national income of Indonesia will encourage the purchasing power of our people to increase, especially for imported goods from Thailand. Free trade that is established bilaterally between the two countries has changed the preferences of the Indonesian people to prefer imported products that tend to be consumptive.

On the other hand, Indonesia is also very responsive to capital goods produced by Thailand. This complexity will encourage an increase in Indonesia's purchasing power for imported goods from Thailand. Thus, the increase in national income will increase the value of Indonesia's imports from Thailand.

This is in line with research conducted by Suryandanu & Richard (Suryandanu & Richard, 2014) and M. Uzunoz & Akcay (M. Uzunoz & Akcay, 2009) showing a significant influence of one percent on commodity imports in Indonesia and Turkey.

Ho: $\rho < 0$, Indonesia's national income will have a negative influence on Indonesia's import value from Thailand

Ho: $\rho > 0$, Indonesia's national income will have a positive influence on Indonesia's import value from Thailand

Ho is rejected if $\rho > 0$.

Simultaneous Test of Regression Equation

The use of the US Dollar exchange rate variable against IDR and Indonesia's national income has been proven to have a close relationship in influencing Indonesia's import value compared to using it partially, such as the US Dollar exchange rate against the US$ only.

The two independent variables mutually strengthen their relationship with Indonesia's import value from Thailand, so that they have a simultaneous effect.

Supporting research (Kurniawati1 & Suresmiathi, 2015) shows that foreign exchange reserves, GDP, and the US Dollar exchange rate simultaneously affect the import of industrial goods in Indonesia.

Ho: $\rho = 0$, The US Dollar exchange rate against the Baht and Indonesia's national income do not simultaneously affect the value of Indonesia's imports from Thailand

Ho: $\rho \neq 0$, The US Dollar exchange rate against the Baht and Indonesia's national income simultaneously affect the value of Indonesia's imports from Thailand

Ho is rejected if $\rho \neq 0$.

RESULTS AND DISCUSSION

The results of data processing on the equation of the influence of the US Dollar exchange rate against IDR and Indonesia's national income on the value of Indonesia's imports from Thailand for the period 2000-2023, and statistical tests are as follows:

Table 2. Regression Calculation, Partial, Simultaneous, and R^2 Tests of the Equation of the Influence of the US Dollar Exchange Rate Against IDR and Indonesia's National Income on the Value of Indonesia's Imports from Thailand

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. regress mit gni er

      Source |       SS           df       MS      Number of obs   =        24
-------------+----------------------------------   F(2, 21)        =     46.08
       Model |   202106683         2   101053341   Prob > F        =    0.0000
    Residual |  46055225.8        21  2193105.99   R-squared       =    0.8144
-------------+----------------------------------   Adj R-squared   =    0.7967
       Total |   248161908        23  10789648.2   Root MSE        =    1480.9

------------------------------------------------------------------------------
         mit |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
         gni |   .9912106   .1384148     7.16   0.000     .7033612     1.27906
          er |  -1.459034   .3422562    -4.26   0.000    -2.170795   -.7472738
       _cons |   14613.77   2799.874     5.22   0.000     8791.116    20436.43
------------------------------------------------------------------------------
```

Source: SPSS (processed, 2025)

Based on Table 2, MIT is the value of Indonesia's imports from Thailand before the US Dollar exchange rate against IDR, and Indonesia's national income operates at US$14613.77 million. This condition shows the large dependence of Indonesia's imports from Thailand, reaching US$14613.77 million as seen from the intercept figure.

The US Dollar exchange rate variable against IDR has a parameter value of -1.459034. This means that if the US Dollar appreciates against the IDR, Indonesia's imports from Thailand will decrease by US$1.459034 million.

Supporting research, Machmud (Machmud, 2020), shows the negative impact of IDR depreciation against the Dollar on the development of Indonesian imports. Research conducted by Sugiartiningsih (Sugiartiningsih, 2021a). The influence of the Dollar exchange rate against IDR on the value of Indonesia's exports to Thailand shows a negative relationship.

Meanwhile, if Indonesia's national income increases by US$1 million, it will be followed by an increase in the value of Indonesia's imports from Thailand by US$0.9912106 million. This is as seen from the parameter with a figure of 0.9912106.

Likewise, supporting research (M. Uzunoz & Akcay, 2009) on wheat imports in Turkey for the period 1984-2006 shows that GDP/Capita has a significant effect at the one percent level on wheat imports.

Statistical Testing

In testing the significance of the coefficient value of the multiple regression equation using the t-test and F, and R^2 statistics.

Partial Test of Regression Equation

From the results of the t-statistic test, the results of the US Dollar exchange rate against IDR have a t-count of -4.26. This t-count value is proven to be greater than the t-table at a significance level of 1% (t-table = 2.831).

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The results of the t-test are strengthened by a probability value of 0.000, which is less than 0.05.

Likewise, the Indonesian national income variable has a t-count value of 7.16, which is proven to be significant at a significance level of 1%. The calculation results are supported by a probability value of 0.000, which is lower than 0.05. (Gujarati & Damodar N., 2023).

Simultaneous Test of Regression Equation

From the results of the F-statistic test for the equation of Indonesian imports from Thailand of 46.08, it looks greater than the F-table at a significance level of 1% (F-table = 5.72). The results of the F test are strengthened by a probability value of 0.0000, so that it is lower than 0.05 (Gujarati & Porter, 2009).

R^2 Test

To find out how much the variation of the US Dollar exchange rate variable against IDR and Indonesia's national income contributes to Indonesia's imports from Thailand for the period 2000-2023, the R^2 test results are 0.8144.

Thus, the contribution of the two independent variables to the value of Indonesia's imports from Thailand is 0.8144 or 81.44%. The remaining 18.56% is outside the independent variables used. The contribution of the US Dollar exchange rate against IDR and Indonesia's national income is quite large, following international trade theory.

DISCUSSION

Ha: The US Dollar exchange rate against IDR has a negative influence on the value of Indonesia's imports from Thailand

The US Dollar exchange rate variable against IDR has a negative influence on the value of Indonesia's imports from Thailand. This statement follows trade theory, which states that the influence of the declining IDR exchange rate against the US$ will reduce the value of Indonesia's imports from Thailand because import prices are considered expensive in IDR.

This condition has been overcome by Thai exporters by increasing the competitiveness of commodities, both in terms of quality and output traded in Indonesia. Indonesia's main import commodities from Thailand for industrial goods categories, such as granulated sugar and automotive, are quite large.

The shift in planting has an impact on the delay in harvesting and milling periods at sugar factories. Therefore, a limited coordination meeting at the Ministerial level (17/9 2019) decided to tap 521,052 tons of imported sugar to be processed into consumer sugar (Sulistyowati, 2020).

Thailand is a country that contributes greatly to the fulfillment of granulated sugar in Indonesia. The Indonesian granulated sugar industry uses a lot of imported raw materials. This reality, apart from being detrimental to sugarcane farmers, also has a negative influence on the high import of granulated sugar from other countries, including Thailand.

According to the BPS report, Indonesia's granulated sugar imports from Thailand throughout 2012 amounted to 1.2 billion tons. The simple reason is to maintain public panic from the scarcity of stock and the high price of granulated sugar, which will reduce people's purchasing power. This government policy is acceptable in the short term, but what is more urgent is to strengthen domestic sugar producers (Fahmi, 2019).

Likewise, other agricultural products are supplied from Thailand, which competes closely with local products. For example, for vegetable commodities, chilies, which are a staple food for the community, are widely distributed from Thailand.

The advantage of this product is that it has a texture similar to local chilies, and the price is relatively low. Even fruits such as longan, durian, and crystal guava are very strong in capturing the fruit market in Indonesia. This illustrates the high competition of Thailand in penetrating our domestic market, which, in terms of fertility, land area, and so on, Indonesia is superior.

However, in terms of Human Resources in the agricultural sector, we are still lagging, so Thailand's agricultural productivity can surpass Indonesia, so can reduce production costs, which are ultimately able to compete at quite good prices (Sugiartiningsih, 2019a; Sugiartiningsih, 2021c).

Moreover, for rice commodities, which are the staple food of the Indonesian people, it is also inseparable from Indonesia's imports from Thailand. The high value of rice imports is due to factors such as price and quality of rice, which is better than Indonesian rice (Isnaini et al., 2024). This statement is supported by previous research that when the price of imported rice from Vietnam increased, the demand for imported rice increased (Sugiartiningsih & Winarso, 2021).

Even for oil and natural gas products (oil and gas), which in reality cannot be met domestically due to oil and gas scarcity, they must be covered by importing from Thailand, worth US$297 million. Thailand's success in penetrating the Indonesian oil and gas market is due to the elimination of oil and gas subsidies. This statement follows the trade theory that imports can increase due to the elimination of trade barriers.

Since the government eliminated oil and gas subsidies, the opportunity for foreign countries to offer oil and gas is relatively high due to the difference in domestic and foreign prices (Riyandi, 2013).

If it turns out that the price of imported products from Thailand is lower than Indonesian products, but the US$ exchange rate continues to increase against the Rupiah, it will reduce the value of Indonesian imports from Thailand.

Equation of the Effect of the US Dollar Exchange Rate Against the Rupiah and Indonesia's National Income on the Value of Indonesian Imports from Thailand.

Ha: Indonesia's national income has a positive effect on the value of Indonesian imports from Thailand

This statement is supported by microeconomic theory (Amaliawati & Murni, 2019) and international trade, which states that national income will increase a consumer's purchasing power for goods and services. Post-reformation, Indonesia is known as a consumer nation, especially towards imported goods (Patunru, 2023).

Especially for the culinary group of industrial products, we enjoy consuming foreign products that are full of innovation. For example, the famous Thai Tea beverage commodity from Thailand has succeeded in competing with local products of the same level, such as juice or other original Indonesian drinks.

Creativity in combining flavors in drinks makes us prefer to consume them, which are thought to have high elasticity value. Our weakness in innovation has made us only act as importers.

Likewise, capital goods such as cars and public transportation easily flood the Indonesian market. Indonesia's automotive needs that are still imported provide a great opportunity to be more competitive in increasing the value of its exports to Indonesia. Then, supported by their creativity to reduce prices, the increase in Indonesia's national income increases our purchasing power for imported products.

Various Indonesian import products from Thailand for industrial goods commodities are public transportation cars reaching 12.3 million kg, equivalent to US$110.4 million; heavy equipment as much as 17.5 million kg, or worth US$82.1 million; 4WD cars as much as 9 million tons, or US$101.2 million. This high purchasing power is driven by the increase in Indonesia's national income, making it easier for us to obtain these goods by importing from Thailand. The high demand for these automotive products opens up opportunities for Indonesian imports from Thailand to continue to increase, so that a positive relationship is obtained (Riyandi, 2013).

The increasing fondness of the Indonesian people for imported commodities can be detrimental to various parties, both in the balance of payments deficit caused by high imports and the loss of our creativity. Viewed from the perspective of international trade in the reform era, Indonesia's trade balance has experienced deficits several times, thus worsening Indonesia's Balance of Payments deficit.

Then, with the ease of importing either for further production processes or consumption, Indonesian producers have only been able to assemble. This weakness must be overcome through cooperation between all related parties, starting from the government, industrialists, and farmers, to end consumers, through the principle of cooperation.

Solutions to Reduce Imports from Thailand

The dependence on Indonesia's import value from Thailand, which is quite high, needs to be addressed with the right policy. One of them is combining fiscal and monetary policies harmoniously.

Facts show that the success of the Indonesian economy in suppressing inflation in the agricultural sector, so that it is stable, is achieved by using an expansionary monetary policy, namely reducing interest rates for farmers, followed by increasing government spending on agriculture in various regions of Indonesia (Sugiartiningsih, 2019b).

The priority policy for granulated sugar commodities is protection for domestic businessmen. The goal is to resolve the sugar mafia or sugar cartel cases that aim to manipulate sugar prices to gain short-term profits (Fahmi, 2019).

Another policy is to instill the mentality of our nation to prefer domestic production. This formation must start from ourselves with a strong determination to help protect Indonesia's original natural products.

For example, Indonesia has quite high marine wealth, but due to the inability to manage it further, we often unknowingly import culinary products whose raw materials (fish) are from Indonesia. This is where it is necessary to increase the role of the agro-industry, which can lift poverty from traditional fishermen (Kurnia, 2021).

Likewise, Indonesian agricultural products, apart from being diverse due to the support of a tropical climate, must be maintained in their entirety. Preservation measures are important to protect against the extinction of germplasm and increase our agricultural productivity so that we can compete with other countries (Thohar, 2021).

Government policy for the oil and gas and automotive sectors by empowering Indonesian human resources who have expertise in these fields to be more innovative in producing their own with high excellence (Sugiartiningsih et al., 2019). For example, by substituting oil and gas from available raw materials, such as plants that can produce oil and gas with patents granted by the government (Prabowo Subianto, 2013). The use of cow waste to increase oil and gas productivity in Indonesia will be able to increase economic and environmental value (Askitosari, n.d.). The seriousness of all related parties to do so will succeed in protecting our country from increasing imports from Thailand.

CONCLUSION AND SUGGESTIONS

Conclusion

1. The US$ exchange rate against IDR has a negative and significant influence on the value of Indonesia's imports from Thailand.
2. Indonesia's national income has a positive and significant influence on the value of Indonesia's imports from Thailand.
3. The US$ exchange rate and Indonesia's national income simultaneously affect the value of Indonesia's imports from Thailand.
4. The policy to reduce Indonesia's imports from Thailand is to maintain the stability of agricultural inflation through expansive fiscal and monetary policies, instill a mentality to like one's products, and maintain the sustainability of agriculture as a whole.

Suggestions

1. Future research needs to emphasize fruit commodities to get a more realistic picture.
2. The need for effective action against efforts to thwart agricultural and industrial programs in Indonesia.

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