

Article

# The Impact of Foreign Trade Policy on Economic Growth of Aceh Province, Indonesia

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**Abstract:** This study analyzes the influence of foreign trade in Aceh province along with inflation, exchange rate, investment, and labor factors on the economic growth rate in Aceh Province. The variables that represent foreign trade are exports and imports. In addition, this study also used a dummy variable in the form of foreign trade policy in the form of reactivation of the Krueng Gukueh port. The analytical model used in this study is multiple linear regression. This analysis model can identify how much influence each independent variable has on the dependent variable to formulate various policy steps to increase the economic growth rate. The results found in this study are exports, imports, and investment have a positive and significant effect on the rate of economic growth of Aceh province. Meanwhile, the factors that have a negative and significant influence on the economic growth rate of Aceh province are the exchange rate and labor. Inflation and foreign trade policies of Aceh province have not had a significant influence on the economic growth rate of Aceh province.

**Keywords:** multiple linear regression, foreign trade, economic growth, Aceh province



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## 1. Introduction

Economic growth is an indicator that can be used to measure the development achievements of a country or region, especially in the economic sector and is often used as a basis for evaluating economic development performance (Central Bureau of Statistics of Aceh, 2020). One form of transformation of the global economy to accelerate economic growth is the existence of foreign trade to encourage the production process to increase production. Foreign trade is one of the policy steps to expand market reach to increase demand for goods and services, especially from abroad (Purnomo, 2020). Herawati (2016) said that effective foreign trade illustrates the more accessible access to investment between countries in conducting trade. Aceh Province has privileges through the Helsinki MoU and has the authority to trade and invest internationally following applicable regulations (Purba, 2015). This privilege should be able to bridge the economic development of Aceh Province using more qualified exports and imports. Aceh Province is one of the provinces rich in oil, natural gas, and other mining products. The agricultural sector also has

considerable potential in this province, especially agricultural and plantation crops. In addition to its natural resource potential, Aceh also has extraordinary potential because it is located on international trade routes adjacent to the Andaman and Nicobar (India) islands and adjacent to Malaysia and Thailand. Thailand and Malaysia have also cooperated with Indonesia in regional development known as the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT). The cooperation is expected to encourage and expand cooperation in the fields of industry, tourism, agriculture, and trade between provinces in the three countries.

In addition, Aceh, with its privileges through the Aceh Government Law Number 11 of 2006, has been given authority in terms of trade by Article 166, namely: "The government under the legislation can provide tax facilities in the form of tax relief, exemption from import duty, exemption from taxes for the import of capital goods and raw materials to Aceh and the export of finished goods from Aceh, investment facilities, and other fiscal facilities proposed by the Aceh government." To carry out exports and imports, Aceh Province has 3 (three) major ports, including the Sabang Free Port, Krueng Geukuh Port in North Aceh and Malahayati Port. However, this potential is not considered optimal at this time. If we look at the data on exports and imports between provinces in Indonesia, Aceh is still far behind other provinces.

The province with the highest export value was West Java, which amounted to US\$29.94 billion, and the province with the lowest export value was Gorontalo Province, which was US\$10.1 million. Meanwhile, the province with the highest import was DKI Jakarta, with a total import of US\$88.93 billion, while the lowest was North Maluku Province, which was US\$0.8 million. Aceh province is included in the province with the lowest export value, even the 6th lowest of all provinces in Indonesia, with an export value of 317.68 million US dollars and Aceh's import value of 131.22 million US dollars. The contribution of exports and imports to the value of Aceh's GDP can also be said to be very minimal, only around 3.04 per cent for exports and 2.04 per cent for imports (Central Bureau of Statistics of Aceh Province, 2020).

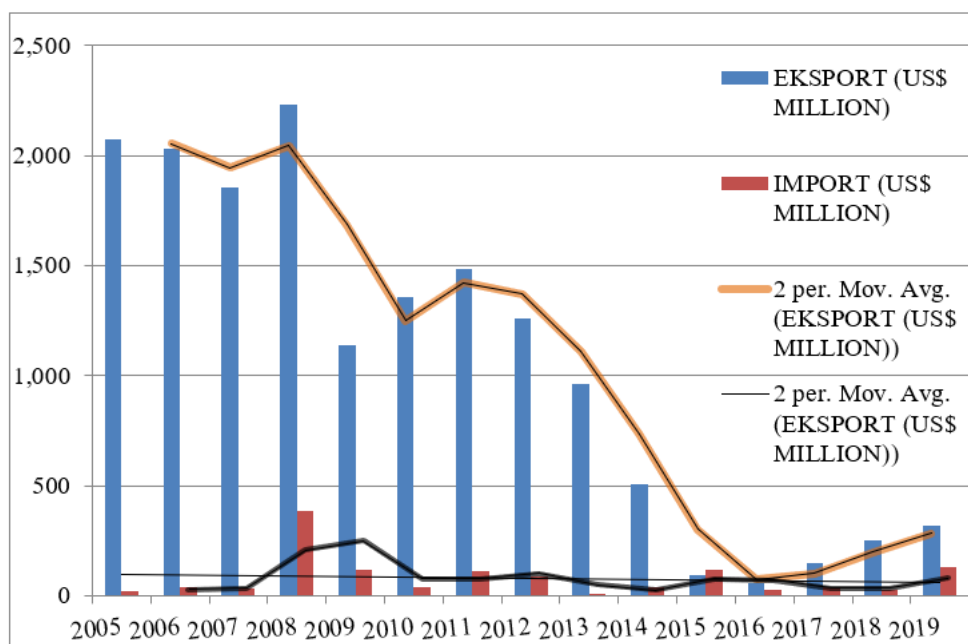


Figure 1. Development of Aceh's export and import value (million US\$) from 2005-2019.

Source: Statistics of Aceh Province (2019)

Figure 1 captures the export development of Aceh Province, which tends to decline from 2009 to 2016. It is because from 2009 to 2015, Aceh's oil and gas exports decreased and only exported LNG and Condensate until 2015. Furthermore, in 2016, Aceh Province only relied on non-oil and gas exports where oil and gas exports were no longer produced. While non-oil exports of Aceh's major export commodities are coffee and iron ore, iron ore exports started from 2009 to 2014. In 2015, the iron ore was not allowed to be exported due to Government Regulation 1 of 2014 concerning the prohibition of mineral ore exports. In 2017 Aceh's non-oil exports began to increase due to coal exports. Aceh's export destinations include China, Taiwan, America, India, Malaysia, Saudi Arabia, Singapore, Thailand, Europe and several other countries. For coffee exports, Indonesia is the world's 4th largest producer after Brazil, Vietnam and Colombia. Aceh is ranked 5th in Indonesia's total coffee exports, after Banten, Lampung, North Sumatra and East Java.

On the basis of previous studies, the study results show positive and negative effects of exports and imports on increasing a country's economic growth (Purnomo, 2020). Chang & Mendy (2012), Marelli & Signorelli (2011), and Nowbutsing (2014) state that foreign trade has a positive effect on economic growth. Meanwhile, according to Krugman (1994) and Rodriguez & Rodrik (2000), the impact of foreign trade on economic growth is still in doubt. Furthermore, since Aceh Province is a province still lagging in export and import activities, researchers are interested in studying more deeply the influence of Aceh Province's foreign trade by focusing on export and import activities on Aceh's economic growth. It is because few studies link exports and imports to economic growth. In this study, apart from exports and imports, the researchers also used the rupiah exchange rate, inflation, investment, and labor as control variables.

## 2. Literature Review

Economic growth is a long-term process, reflecting how an economy develops or changes from time to time (Boediono et al., 1999). An economy is said to be experiencing economic growth if it experiences an increase in output per capita from the previous period. Theories related to economic growth are divided into several theories, such as classical growth theory, neoclassical growth theory, and modern growth theory. The Aceh government has carried out various policies to increase foreign trade in Aceh Province, such as the success of the Aceh Government in convincing the Central Government to make Krueng Guekuh Port one of the ports for importing certain products. In addition, promotion by providing design assistance and promotional facilities at ITPC (Indonesia Trade Promotion Center) in various countries as well as providing information services for foreign markets. From 2017 to 2019, Aceh's non-oil exports slowly increased. Exports are part of foreign trade activities that release goods from one region to another. The export activity aims to expand market reach to increase the productivity of goods and services in a region. This goal is realized when the supply of goods and services in a region exceeds the demand for these goods. So, a policy is needed to continue to increase productivity in a region through market expansion in export policies. The increase in exports can increase economic growth in a region due to the increase in the gross added value of goods and services in a region.

Increasing exports in a region are the desire and hope of each region, especially exports of finished goods that have added value to these goods. An area with a high level of exports can indirectly describe a healthy production system in a region because it can meet the region's needs, so an export policy is needed. Exports can succeed when various policies can support export activities such as facilitating binding rules, providing goods or services according to international market demands, and so on. Economic developments in a region today cannot be separated from international market movements caused by global economic conditions. International market movements cause economic relations between regions to become a factor in the success of a region in increasing export activities. This condition illustrates that it takes the ability to compete between regions to generate profits between regions that export and regions that import. An exporting region can increase the region's foreign exchange while an importing region can cover the needs or demand in the region to stimulate the local market in production. Exports are classified as autonomous expenditures because national income is not an important determinant of a country's level of exports. Competitiveness in foreign markets, economic conditions in other countries, protection policies in foreign countries and foreign exchange rates are the main factors that will determine the ability of a country to export abroad.

In addition to exports, foreign trade is also determined by the import policy. Import is buying foreign goods or services from one country to another. Imports can also be interpreted as the purchase of goods and services from abroad into the country with a cooperation agreement between two or more countries. Import can also be considered as trade by entering goods from outside into the territory of Indonesia by fulfilling the applicable provisions. Import is legally transforming goods or commodities from one country to another, generally in the trade process. The import process is generally the act of entering goods or commodities from other countries into the country. Imports in bulk generally require customs intervention in sending and receiving countries. Imports are an important part of international trade. Import activities are carried out to meet the needs of the people. Imported products are goods that cannot be produced or countries that can already be produced, but cannot meet the needs of the people (Benny, 2013). International trade or export-import can bring efficiency because each country has three different factors: natural resources, economies of scale, and tastes. These three factors are common views which explain why international trade between two countries can be mutually beneficial (Nyahoho, 2010a). In addition, the factor influencing economic growth is the rupiah exchange rate. Mankiw (2003) explains that the exchange rate between two countries is the price level agreed by the residents of the two countries to trade. The exchange rate is the amount of domestic money needed, namely the number of rupiah needed to obtain 1 unit of foreign currency—the

exchange rate is one of the important variables in an open economy. The exchange rate influences other variables, such as price levels, interest rates, the balance of payments, and the current account.

The Mundell-Fleming theory states that the exchange rate negatively affects economic growth. If the exchange rate rises, it will result in lower exports. The decline impacts the decline in output and will affect GDP. This condition indicates that economic growth has decreased. Changes influence exchange rates in the demand and supply of traded goods/services and investment flows. Conceptually, the exchange rate is divided into nominal exchange rate, real exchange rate, and effective exchange rate. The nominal exchange rate ( $e$ ) is the par value (par value) used by each country, commonly called the official rate. The real exchange rate between two countries is calculated from the nominal exchange rate and the price level in the two countries. If the real exchange rate is high, then the price of imported goods is relatively low, and domestic goods are relatively more expensive. The real exchange rate affects macroeconomic conditions, especially net exports or the trade balance. This effect can be formulated as a relationship between the real exchange rate and net exports or the trade balance. The next factor that affects the rate of economic growth is inflation. Inflation is a condition that can have several consequences on individuals, society, and economic activity as a whole. Inflation rates can vary from period to time and from country to country. In the quantity theory of money, David Hume in Mankiw states that the central bank oversees the money supply and has high control over the inflation rate. The price level will stabilize if the central bank keeps the money supply stable. But if the central bank increases the money supply, the price level will increase rapidly.

According to Sukirno (2006), inflation is a process of increasing prices prevailing in an economy. From the definitions of inflation previously, it can be concluded that inflation is a continuous increase in prices over a certain period. The inflation rate is the percentage increase in prices in a given year, usually used as a measure to show how bad the economic problems are. Not all inflation has a negative impact on the economy, especially if inflation is below ten per cent. Mild inflation can inspire entrepreneurs to increase their production. Inflation can hamper the economy if inflation exceeds ten per cent. With inflation, an increase in the inflation rate indicates economic growth, but a high inflation rate will have a very bad impact in the long term. This high inflation rate causes domestic goods to be relatively more expensive than the price of imported goods (Islam, 2013).

Furthermore, investment factors can affect a region's economic growth movement. Investment is one component that determines aggregate expenditure. Investment is defined as capital expenditure to support producing goods and services to improve the economy in a region. The increase in the level of investment can be issued impacts increasing goods and services in the future. In addition, investment can replace capital goods that have experienced depreciation, so they need renewal (Sukirno, 2006). Investors make investments intending to make a profit. It creates economic conditions that can guarantee businesses can lure investors into being able to provide investment to an area. This condition is a privilege of Aceh Province because it can regulate and organize the economic direction it wants to form so that investment security is more guaranteed.

Investment in Indonesia is generally divided into domestic investment (DMI) and foreign investment (FDI) that can encourage economic development. This investment factor received special attention from Harrod-Domar as a factor that has a major role in the economy. It is because investment can create income while also increasing production capacity by increasing the capital stock (Jhingan, 2016). PMDN itself is an investment activity provided by local investors to develop their business or business in the territory of Indonesia. In contrast, FDI is an investment activity to conduct business or business within the territory of Indonesia, which foreign investors carry out. FDI is also referred to as transferring tangible and intangible assets between countries to generate profits but is still under the asset owners' control.

The last factor used in this study to see the movement of the economic growth rate is labor. The workforce is part of the workforce where the labor force is a working-age population. The Central Bureau of Statistics (2021) said that part of the labor force are residents aged 15 years and over who are working or have a job but are temporarily out of work and unemployed during the past week. The workforce, according to the law, states that everyone who works or does work is capable of producing goods and services for their own needs and the community.

Todaro & Smith (2003) stated that an increase in the labor force is closely and positively related to an increase in population growth which provokes an increase in the economy. An increase in the number of workers can increase production, while an increase in population can expand the reach of the resulting market. However, the economic system's ability to absorb the available labor productively determines the positive and negative impact.

According to endogenous economic growth theory, economic growth cannot be separated from the role of labor in producing output goods and services. Toner (2011) stated that the factors resulting from the

development and innovation of science would develop so that a qualified workforce is one important aspect of economic growth. Menajang (2019) concluded that the workforce positively and significantly influences the level of the economy. Increasing people's income by increasing the number of workers will ultimately be able to improve the economy in a region.

### 3. Materials and Methods

This study aims to study the relationship between exports and imports on economic growth in Aceh Province with the control variables, the rupiah exchange rate and inflation for the 2010-2019 (quarterly) period. The data structure used is times series data for 2010-2019 and is in the form of quarterly data in Aceh Province. The variables used in this study are economic growth, exports, imports, rupiah exchange rate, inflation, labor, and investment. The data used in this study is secondary data obtained from the Central Statistics Agency (BPS), both the BPS for the Republic of Indonesia and the BPS for the Province of Aceh. This research will use the inferential analysis method, namely Multiple Linear Regression. Multiple linear regression was used to analyze the relationship between exports and imports and the effect of each control variable, namely the rupiah exchange rate, inflation, investment, and labor, on economic growth in Aceh Province. Regression analysis is a statistical technique used to explain the form of a statistical relationship between variables through a mathematical equation, where one of the variables is called the dependent variable whose value is thought to be influenced by other variables or independent variables (Marill, 2004). The multiple linear regression model is the simplest regression model. This model only contains one independent variable in the equation. The term "linear" means that the model (Y) is a linear function (linear combination) of the regression coefficient parameters. In general, the RLB model can be expressed as follows:

$$Y_t = \beta_0t + \beta_1tX_{1t} + \dots + \beta_{nt}X_{nt} + \varepsilon_t \quad (1)$$

Where t is year period-t, n is the number of independent variables,  $Y_t$  is the value of the dependent variable in period t, which is assumed to be random/stochastic,  $X_t$  is the value of the independent variable is assumed to be fixed/non-stochastic,  $\beta_{0t}$  is intercept,  $\beta_{nt}$  is a model parameter also called a regression coefficient,  $\beta_1t, \dots, \beta_{nt}$  is a slope (line gradient) which states the change in the value of Y for every one unit increase in X,  $\varepsilon_t$  is a random error component (contains the influence of other independent variables besides the X variable).

On the basis of the equations in the multiple linear regression model using least square (OLS), the equations in the study are as follows:

$$PE = \beta_0 + \beta_1Exp + \beta_2Imp + \beta_3Kurs + \beta_4Inf + \beta_5TK + \beta_6Inv + \varepsilon_i \quad (2)$$

Where PE is economic growth,  $\beta_0$  is intercept,  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$  is regression coefficients, Exp is export, Imp is import, Kurs is exchange rate, Inf is inflation, TK is labor and Inv is investment.

### 4. Results and Discussion

Linear regression is used to see the effect and whether the effect is significant or visible. This study wants to see the effect of exports, imports, inflation, investment, exchange rates, labor, and foreign trade policies on the rate of economic growth in Aceh Province. Before performing linear regression analysis, the classical assumption was tested to determine the bias of the estimator generated by the model formed. The first classical assumption test that was carried out was the normality test using the Jarque-Bera test. The results of this test indicate that the Jarque-Bera probability value of 0.763194 is greater than the alpha value of 0.05 so it can be concluded that the data used is normally distributed (attachment). After the test is carried out, it is continued with the classical assumption test against heteroscedasticity. The test results show that the Chi-Square probability is 0.0232 and is smaller than the alpha value of 0.05, which means that it can be said that the data used is homoscedastic.

The next classic assumption test that is carried out is the multicollinearity test. Assumptions based on the Variance Inflation Factors (VIF) test show results with a VIF value below 10, meaning there is no relationship between the variables used in this study. This shows that there is no violation of the multicollinearity assumption (attachment). The last classic assumption made is the autocorrelation test. This autocorrelation test uses the Durbin-Watson test which has the result that the data used in this study does not violate the autocorrelation assumption (attachment). After testing the classical assumptions, it can be said that the estimator generated from the model formed is Best Linear Unbiased Estimator (BLUE). The

BLUE estimator shows that each parameter generated has a minimum variance value. The results of linear regression processed using the E-views application are as follows:

**Table 1.** Results of hypothesis testing.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EKS	0.427	0.163	2.622	0.013
IMP	0.354	0.152	2.325	0.027
INF	0.152	0.194	0.786	0.438
INV	0.062	0.021	2.916	0.006
KEB	1.323	1.101	1.202	0.238
KURS	-0.001	0.000	-2.236	0.033
TK	0.000	0.000	-2.799	0.009
C	25.392	13.644	1.861	0.072
R-squared	0.288	Prob. (F-stats)		0.012
Adjusted R squared	0.132	Prob. (Wald F-stats)		0.010

Based on the results of using the linear regression model, the equations formed are as follows:

$$PE = 25,39 + 0,43 EKS * + 0,35 IMP * + 0,15 INF + 0,06 INV * + 1,32 KEB - 0,001 KURS * - 0.0000142 TK * \quad (3)$$

Note: \* is significant at 10 per cent alpha.

The model formed shows that 5 variables affect economic growth in Aceh Province. The model is also fit, as seen from the Probability F-statistic value, which is 0.012, smaller than the 10 per cent alpha value. Statistical models can explain variations in the value of economic growth through the independent variables used by 28.78 per cent. This value tends to be small because the economic growth of Aceh Province is influenced by many other factors that are not used in this study.

The export variable has a positive and significant impact on the economic growth of Aceh Province. Every 1 percent increase in exports will increase the economic growth of Aceh Province by 0.43 percent. This finding follows the theory that explains that export activities are one of the market expansions carried out to increase the production process in a region. It is reinforced by research conducted by Rahman (2021) which states that exports have a positive and significant impact on economic growth caused by increased demand for certain goods and services.

The import variable is also one factor that has a positive and significant impact on economic growth in Aceh Province. An increase of 1 per cent in the value of imports can increase economic growth in Aceh Province by 0.35 per cent. This finding illustrates that the import policy carried out by the Aceh government has been right on target, namely, in accordance with the needs of the community and is able to support the production process carried out in Aceh Province. This has an impact on increasing the output produced to increase economic growth. This finding is in line with the findings made by Zheng & Tian (2021) where import activities can trigger economic growth when the policy is based on market needs, not just political needs or conflicts of interest.

Investment is the next factor that has a positive and significant impact on the rate of economic growth in Aceh Province. Every 1 per cent increase in investment will increase 0.06 per cent economic growth. It is something with the theory that investment can encourage the production process in a region. This increase is the impact of increased production capital. This finding is in line with the findings of research conducted by Udemba & Yalçintaş (2021), which states that good investment can have an impact on increasing economic growth. The increase in investment is the impact of various government policies to be pro to investors so that investors feel safe to invest (Nyahoho, 2010b).

The monetary side also affects the economic growth of Aceh Province, which is represented by the exchange rate variable. Every 1 rupiah increase in the rupiah exchange rate against the US dollar can reduce the economic growth rate of Aceh Province by 0.001 per cent. This effect is in accordance with the theory, which states that the weakening of the rupiah exchange rate against the US dollar can impact various imported raw materials to reduce the production process in Aceh Province. This has an impact on the decline in the rate of economic growth in Aceh Province. This finding follows the research conducted by Silitonga

et al. (2017), which states that weakening a region's currency can impact the amount of production in a region, thereby reducing the rate of economic growth.

The last variable influencing the rate of economic growth in Aceh Province is the number of workers. Everyone thousand increase in the number of workers reduces the economic growth rate of Aceh Province by 0.01 per cent. This finding is caused by the high number of workers in the agricultural sector, dominated by agricultural workers and unpaid workers or family workers. This led to a slowdown in the increase in output despite a significant increase in the workforce in the agricultural sector. The results of this study are supported by research conducted by Arham & Hatu (2020), stated that the agricultural sector workforce in Aceh Province who has the quality of human resources tends to be relatively low so that the increase in output is not proportional to the increase in the workforce.

## 5. Conclusion

In conclusion, this study found that several variables used in this study affect the rate of economic growth in Aceh Province, namely exports, imports, investment, exchange rates, and labor. At the same time, the variables that have not had a statistically significant effect are inflation and the foreign trade policies of Aceh Province. The export variable has a positive and significant effect on the rate of economic growth in Aceh Province. These results indicate that export activities that have occurred in Aceh Province can increase economic growth. The increase in exports that occurred in Aceh Province was the impact of the Aceh Province's foreign trade policy which reactivated the Krueng Gukueh port as a means of export in Aceh Province. It facilitates access for exporters to increase total exports to Aceh Province's economy. The import factor has a positive and significant effect on the rate of economic growth in Aceh Province. It indicates that production actors can maximize the import policy that occurs to utilize imported raw or semi-finished materials and increase production to stimulate an increase in the rate of economic growth in Aceh Province.

The investment factor has a positive and significant effect on the rate of economic growth in Aceh Province. The effect given by this variable is the smallest positive effect caused by investments made in Aceh Province. The investments that have been given have supported the improvement of the economy in Aceh Province, although the investments made are still focused on several sectors and studies have not been carried out to improve other sectors. The next factor that has a negative and significant effect on the rate of economic growth in Aceh Province is the exchange rate. An increase in the exchange rate will cause a decrease in the value of every goods and services produced in Aceh Province. This is due to the eroding value of the rupiah when compared to the value of the US dollar, so that every item sold at the same price in nominal terms in Indonesia will decrease in value in real terms. This reduction in value will certainly have an impact on reducing the gross added value of goods and services so that it will reduce the rate of economic growth in Aceh Province.

The last factor that has a significant effect on the growth rate in Aceh Province where the influence is negative is the labor factor. This certainly illustrates how the addition of manpower has not been able to be accompanied by additional employment so that the addition of manpower will reduce labor productivity in Aceh Province. The inflation factor has no significant effect on the rate of economic growth in Aceh Province. This illustrates many things which means that the increase in inflation has not been accompanied by various policies that have a direct impact on society. The policy taken is to implement a low-cost market which is still not optimal because there are still few elements of society who get the policy. In addition, inflation that does not have a significant effect is caused by changes that occur in addition to prices, which are decreased consumption so that it does not increase the economy in Aceh Province. The last factor is the foreign trade policy factor which has not been able to significantly increase the rate of economic growth in Aceh Province. This factor has a positive effect although it is not statistically significant. This is understandable because foreign trade policy takes a long time to be able to show significant results on the rate of economic growth.

In addition, this study suggests to increase and expand the export potential of other commodities in accordance with the characteristics of the Aceh Province. Also, entrepreneurs are given the convenience of carrying out export transactions through ports in Aceh Province. This is intended to increase demand for these export commodities and accelerate Aceh Province's economic growth. Keeping the import activities carried out is really a production requirement that cannot be met in Aceh Province. This aims to maintain the quality of imports per Aceh Province's needs. Excess imports will increase supply, lowering prices so that the economy becomes sluggish and slows down. Investments issued in the province of Aceh have accelerated the pace of economic growth. However, various policies that could prevent investors from entering Aceh Province will be facilitated to accelerate economic growth. In addition, investments that can enter Aceh Province are investments that can have an impact on the wider community so that many workers

are able to be absorbed by these investment activities. This will have an impact on increasing the income per capita of the people in Aceh Province so that it can increase the rate of economic growth.

The needs to be the value of the rupiah against the currencies of other countries. It is because the exchange rate will greatly influence regions that have export and import activities. The weakening of the currency's value will cause the currency's real value to decrease so that the quantity that can be exported will decrease. This decline has an impact on a slowdown and even a decrease in the rate of economic growth in Aceh Province. It is improving the quality of human resources owned by Aceh Province. It will greatly affect per capita income. In addition, it is necessary to increase the number of employment opportunities so that qualified workers can compete and show competition in the labor market. This will certainly have an impact on increasing labor productivity and can accelerate the pace of economic growth. Keeping the inflation rate at a level that economic actors in Aceh Province can balance. It aims to ensure the economic actors can continue to grow in producing goods, inflation can also be used to indicate that people have a more equitable ability to own goods or services. This ability will cause more money in circulation resulting in inflation. Therefore, the government needs to be able to control the rate of inflation.

Evaluate and improve various policies related to foreign trade in Aceh Province. It is mainly related to helping exporters and importers to be able to carry out various activities optimally. In addition, various studies are needed to determine whether the selection of a foreign trade port is right in Krueng Gukueh or whether it needs to be moved or added to streamline the various foreign trade processes that occur. The process of economic development in Aceh Province through foreign trade is expected to be an evaluation material for the Aceh Provincial Government and district/city governments. It aims to formulate appropriate policies based on export potential and import all targeted production needs. It is done so that foreign trade policies, both exports and imports, can positively affect Aceh Province's economy. In connection with further research, it can be carried out using a longer time span and using other methods to be able to capture the impacts that occur in the long term. Further research is also expected to provide an explanation and elaboration of economic development through other variables that are more specific to the potential for exports and imports in Aceh Province to be able to describe the influence of export and import commodities on the economy of Aceh Province.

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