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Indonesian Export Dynamics in the RCEP Era: Trade Creation or Trade Diversion?

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A R T I C L E I N F O

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A B S T R A C T

International trade is a key factor in driving economic growth and expanding a country's market access amid increasing global economic integration. One form of regional trade integration is the Regional Comprehensive Economic Partnership (RCEP), which involves ASEAN countries and their trading partners in the Asia-Pacific region. This study aims to analyze the phenomena of trade creation and trade diversion of Indonesian exports within the RCEP framework during the 2005–2024 period. The study uses secondary data obtained from UN Comtrade, the World Bank, and CEPII, employing panel data regression analysis using the gravity model approach. The results indicate that the implementation of RCEP has predominantly led to trade creation rather than trade diversion, suggesting that regional trade integration has a positive impact on the development of Indonesia's exports.

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INTRODUCTION

The International trade has undergone significant transformation over the past two decades, driven by the increasing dispersion of production activities across countries, the expansion of global value chains, and the strengthening of regional economic integration. External factors such as globalization and the growing role of economic blocs in shaping trade patterns have contributed to the increasing prominence of regional cooperation as a mechanism for enhancing market access and improving trade efficiency in Indonesia (Suryanto & Kurniati, 2022). Differences in economic and structural characteristics, including variations in population size, economic scale, level of development, and geographical conditions, influence a country's ability to capitalize on international trade opportunities effectively. Such high levels of heterogeneity across countries may lead to disparities in trade performance and constrain the benefits that can be derived from international trade (Pertiwi *et al*, 2020).

One of the major challenges in global trade is the existence of trade barriers, including both tariff and non-tariff measures. These barriers can reduce the efficiency of moving specific commodities from one country to another. Free Trade Agreements (FTAs) are designed to minimize trade barriers, particularly tariffs, in order to expand market access among participating countries. Through FTAs, member countries can gradually reduce or eliminate tariffs, enhance trade efficiency, and accelerate regional economic integration. FTAs are expected to lower trade costs and improve resource allocation efficiency by facilitating cross-border trade flows (Nurkhamid & Kusumawati, 2025). Furthermore, trade integration through FTAs encourages the diversification of export destinations by strengthening economic cooperation among member countries, thereby reducing dependence on traditional export markets (Siswanto *et al*., 2023).

According to the theory proposed by Jacob Viner (1950), the formation of free trade agreements can generate two primary effects on trade flows, namely trade creation and trade diversion. Trade creation occurs when goods that were previously produced domestically are replaced by imports from member countries with more efficient production costs. This shift enhances resource allocation efficiency and generates welfare gains for countries participating in the trade agreement. In contrast, trade diversion arises when imports from more efficient non-member countries are replaced by imports from member countries with relatively higher production costs due to preferential tariff treatment. Such a condition may reduce economic welfare because trade patterns become determined by differential policy treatment rather than relative production efficiency. Consequently, trade flows may be redirected from relatively more efficient producers to less efficient ones solely as a result of discriminatory trade preferences granted to members of a regional integration arrangement (Salvatore, 2013)

One trade agreement that has the potential to influence patterns of trade creation and trade diversion is the Regional Comprehensive Economic Partnership (RCEP). Since its implementation began in early 2022, RCEP has been expected to generate significant implications for the trade patterns of member countries, particularly through the reduction of trade barriers and the

enhancement of intra-regional market access. RCEP differs from previous trade agreements such as the ASEAN+1 Free Trade Agreements, which involve ASEAN and individual partners such as China, Japan, and the Republic of Korea. ASEAN+1 agreement is generally bilateral or partial in nature, featuring different rules of origin, trade standards, and tariff mechanisms across agreements. This situation often creates complexity in trade practices, commonly referred to as the "spaghetti bowl effect," characterized by overlapping and inconsistent trade rules among countries. In contrast, RCEP consolidates these agreements into a more comprehensive framework through regulatory harmonization, including simplified rules of origin, broader tariff liberalization, and enhanced trade facilitation among member countries. For Indonesia, RCEP has the potential to strengthen its export position within the Asia-Pacific region while simultaneously reshaping its trade orientation toward non-member trading partners.

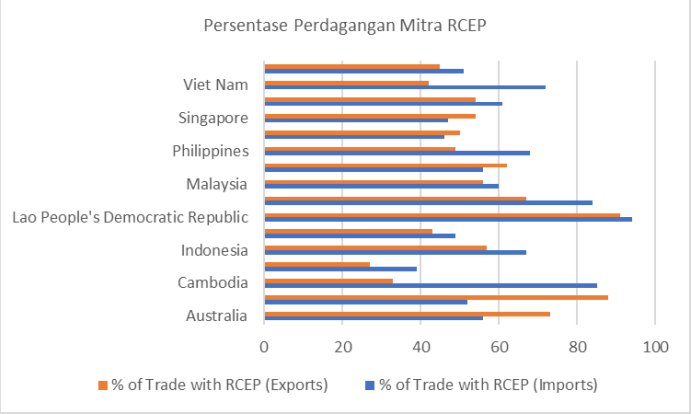

Figure 1. Trade Share among RCEP Member Countries
Source: UN Comtrade (2025)

Approximately 51% of imports and 45% of exports among RCEP member countries occur within the regional bloc, indicating a high degree of intra-regional trade integration. Several countries exhibit a particularly strong dependence on regional markets. For instance, more than 90% of Laos's exports and imports are conducted within the RCEP region. In contrast, larger economies such as China, Japan, and the Republic of Korea display relatively lower proportions of intra-regional trade compared to smaller member countries, although their absolute trade volumes remain substantial. Indonesia records approximately two-thirds of its imports and more than half of its exports with fellow RCEP member countries.

An analysis of Indonesia's multilateral export patterns is therefore essential to assess whether integration through RCEP primarily generates new trade flows that stimulate export growth or instead redirects trade away from non-member countries.

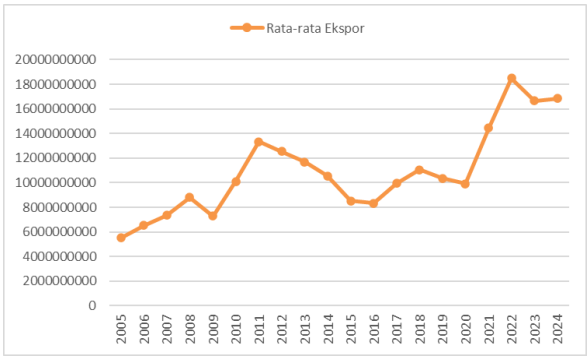

Figure 2. Indonesia's Export Performance to RCEP Trading Partners
Source: UN Comtrade (2025)

Based on the visualization of Indonesia's average exports to RCEP member countries during the period 2005–2024, export performance appears to have followed a fluctuating trajectory, characterized by several distinct periods of expansion and contraction. Following Indonesia's active implementation of its commitments under RCEP, average export values remained at a relatively high level, although the rate of growth tended to moderate. This pattern suggests that the impact of RCEP on Indonesia's exports during the initial stage of implementation has not yet been fully reflected in accelerated export growth, but rather remains within a period of trade structure adjustment.

The pattern of export growth among RCEP trading partners provides preliminary indications of potential changes in Indonesia's trade structure. If, following the implementation of RCEP, exports to member countries grow more rapidly than exports to non-member countries, this may indicate the occurrence of trade creation within the region. Conversely, if export growth toward RCEP members is accompanied by a slowdown or diversion of exports from non-RCEP markets, such a pattern may suggest the presence of trade diversion.

LITERATURE REVIEW

International Trade

The primary conceptual foundation of this study is international trade theory, which seeks to explain the patterns and determinants of trade among countries. International trade theory is a branch of economics that examines the factors driving the exchange of goods and services across national borders and the economic benefits generated from such activities. Through international trade mechanisms, countries are able to specialize in commodities that can be produced more efficiently, thereby enhancing resource allocation efficiency and promoting aggregate economic welfare (Ridha *et al.*, 2025).

Several prominent theories have been developed to explain the rationale and benefits of international trade, including the theories of absolute advantage, comparative advantage, and factor endowments.

1.Absolute Advantage

The concept of absolute advantage was introduced by Adam Smith (1776) in his seminal work An Inquiry into the Nature and Causes of the Wealth of Nations. Smith argued that a country possesses an absolute advantage when it

can produce a particular good at a lower cost or generate a greater output than another country using the same quantity of resources. The theory emphasizes the importance of specialization, whereby each country should concentrate its production on goods that it can produce most efficiently. Within this framework, international trade is viewed as a mutually beneficial activity because it enables countries to obtain goods that would otherwise be produced less efficiently domestically through exchange with other nations. Nevertheless, the theory has an important limitation, as it cannot adequately explain trade patterns when one country enjoys absolute advantages in the production of all goods while another country lacks any absolute advantage.

2. Comparative Advantage

The theory of comparative advantage was developed by David Ricardo (1817) as an extension and refinement of Adam Smith's theory of absolute advantage. Ricardo argued that international trade can generate mutual gains even when a country does not possess an absolute advantage in producing any particular commodity. The central idea of the theory lies in the concept of opportunity cost, which refers to the value of the next best alternative forgone when producing a specific good. A country is considered to have a comparative advantage if it can produce a commodity at a lower opportunity cost than another country. By specializing according to comparative advantages, countries can allocate resources more efficiently and maximize the gains derived from international trade.

3. Heckscher–Ohlin Theory

The Heckscher–Ohlin (H–O) theory was initially developed by Eli Heckscher and later refined by Bertil Ohlin in the early twentieth century. As one of the major extensions of classical trade theory, the H–O model differs from Ricardo's approach by emphasizing differences in factor endowments rather than labor productivity. The theory argues that countries vary in their ownership of production factors, including labor, capital, and natural resources. According to the model, capital-abundant countries tend to export capital-intensive goods, whereas labor-abundant countries tend to export labor-intensive goods. Consequently, trade patterns are determined by relative differences in factor endowments, allowing countries to specialize in commodities that intensively utilize their relatively abundant production factors.

Trade Creation and Trade Diversion

The concepts of trade creation and trade diversion were first introduced by Jacob Viner (1950) in his analysis of the economic effects of customs unions and regional trade agreements. According to Viner, the establishment of a free trade agreement (FTA) does not automatically lead to welfare improvements, as its impact depends on how trade patterns change following trade liberalization. The effects of an FTA can therefore be evaluated through the concepts of trade creation and trade diversion, which emerge as consequences of economic integration (Rachman & Hartono, 2023).

Trade creation refers to a situation in which the reduction or elimination of trade barriers causes a country to substitute high-cost domestic production with imports from a partner country that can produce the same goods more

efficiently. Within the context of economic integration, trade creation occurs when part of the production within an FTA member country is replaced by lower-cost imports from another member country, thereby generating new trade flows among members (Rachman & Hartono, 2023). This shift improves resource allocation efficiency and contributes positively to economic welfare.

In contrast, trade diversion occurs when trade is redirected from a more efficient non-member country to an FTA member country with relatively higher production costs solely because of preferential tariff treatment. In such circumstances, efficient imports from non-member countries are replaced by imports from member countries, which may adversely affect global economic efficiency (Wei, 2024). According to Viner (1950), this phenomenon can reduce overall welfare because trade patterns become influenced by discriminatory trade preferences rather than by relative production efficiency.

Gravity Model

The Gravity Model was first developed independently by Tinbergen (1962) and Pöyhönen (1963) by adapting the principles of Newton's law of gravitation. The model posits that the magnitude of trade flows between two countries is positively influenced by their respective economic sizes and negatively influenced by the geographical distance separating them. Economic size is commonly represented by Gross Domestic Product (GDP), which reflects a country's productive capacity and market potential, whereas geographical distance serves as a proxy for trade costs, including transportation expenses, logistical barriers, and information costs.

According to Tinbergen, larger economies tend to engage in greater volumes of international trade, while greater geographical distance generally reduces trade intensity. Over time, the Gravity Model has evolved into an augmented gravity model through the inclusion of additional explanatory variables, particularly institutional factors such as free trade agreements, to assess the effects of trade policies on bilateral trade flows. Recent empirical studies indicate that geographical distance exerts a significantly negative effect on exports, whereas participation in trade agreements generally promotes trade flows, although the magnitude of such effects may vary across different agreements (Long et al., 2023).

METHODOLOGY

Research Design

This study employs a quantitative approach with both descriptive and inferential characteristics to empirically examine the relationships and effects among variables. The quantitative approach is selected because the data are numerical in nature, enabling statistical measurement and hypothesis testing. Descriptive analysis is utilized to illustrate the development and trends of the research variables, while inferential analysis is conducted to investigate the effects of Indonesia's Gross Domestic Product (GDP), partner countries' Gross Domestic Product (GDP), the real exchange rate, economic distance, and the Regional Comprehensive Economic Partnership (RCEP) policy represented by dummy variables on Indonesia's exports using a panel data framework. Therefore, this study not only describes observed phenomena but also tests the

relationships among variables to generate measurable empirical evidence, consistent with the characteristics of quantitative research as described by (Sugiyono, 2021)

Panel data regression analysis is employed to examine the significance of the effects of the independent variables on the dependent variable. The estimation results subsequently serve as the basis for testing the research hypotheses. To improve variance stability and facilitate elasticity interpretation, the variables are transformed into their natural logarithmic form. The panel data regression model follows the framework proposed by Gujarati and Porter (2009).

Model Specification

The empirical model used in this study is specified as follows:

$$lnEXijt = \beta0 + \beta1lnGDPit + \beta2lnGDPjt + \beta3lnRERijt + \beta4lnEcoDistijt + \beta5DFTA1 + \beta6DFTA2 + eijt$$

EX_{ijt} : Export country i to country j in year t

GDP_{it} : Gross Domestic Product of country i in year t

GDP_{jt} : Gross Domestic Product of country j in year t

RER_{ijt} : Real Exchange Rate between country i and country j in year t, calculated as:

$$\frac{CPI_j}{CPI_t} \times \frac{Nonimal\ Exchange\ Rate_i/\$}{Nonimal\ Exchange\ Rate_j/\$}$$

$EcoDist_{ijt}$: Economic distance between country i and country j in year t, measured as:

$$\frac{Geographical\ Distance_{ijt}}{GDP_{jt}/\sum GDP_{all\ observation\ countries\ t}}$$

$DFTA_1$: Intra-regional RCEP dummy variable, taking a value of 1 when both Indonesia and the destination country are RCEP members in year t, and 0 otherwise

$DFTA_2$: Extra-regional RCEP dummy variable, taking a value of 1 when Indonesia is an RCEP member and the destination country is a non-RCEP country in year t, and 0 otherwise;

ln : natural logarithm

β : intercept term

i : Indonesia

j : Export destination countries (Malaysia, Singapore, Thailand, the Philippines, Vietnam, Japan, China, South Korea, Australia, the United States, the Netherlands, Germany, and India)

t : observation period (2005-2024)

e : erorr

Identification of Trade Creation and Trade Diversion Effects

Following the framework of Viner (1950), the effects of RCEP are identified through the estimated coefficients of the policy dummy variables:

- **Trade creation** is indicated when both β5 and β6 are positive.
- **Trade diversion** is indicated when β5 is positive while β6 is negative.

A positive coefficient for the intra-regional RCEP dummy suggests that RCEP stimulates trade among member countries. Conversely, a negative coefficient for the extra-regional dummy implies that increased trade within the RCEP region is accompanied by a reduction in trade with non-member countries, thereby signaling the presence of trade diversion effects.

RESEARCH RESULT

Table 1. Estimation Results

Variable	Coefficient	t-Statistic	Probability
Constanta	27,49211	9,540021	0,0000
$lnGDP_{it}$	1,047993	9,644628	0,0000
$lnGDP_{ijt}$	-0,444170	-2,919194	0,0038
$lnRER_{ijt}$	-0,057464	-1,357079	0,1753
$lnEcoDist_{ijt}$	-1,744571	-9,847012	0,0000
DFTA1	0,204831	4,757509	0,0006
DFTA2	0,187042	4,230094	0,0247
Statistical Summary			
Adjusted R-squared	0,624882		
F- statistic	72,90835		
Prob(F-statistic)	0,000000		

Coefficient of Determination (R²)

The coefficient of determination (R^2) is employed to assess the explanatory power of the independent variables in accounting for variations in the dependent variable. Based on the estimation results of the Random Effects Model (REM), the adjusted R-squared value is 0.624882. This indicates that Indonesia's GDP, partner countries' GDP, the real exchange rate (RER), economic distance, the RCEP-member dummy variable, and the non-RCEP-member dummy variable jointly explain approximately 62.48% of the variation in Indonesia's export value. The remaining 37.52% is attributable to factors not included in the model.

The relatively high coefficient of determination suggests that the gravity model employed in this study possesses substantial explanatory power in capturing the effects of economic factors on Indonesia's exports within the context of the Regional Comprehensive Economic Partnership (RCEP).

F-Test

The F-test was conducted to determine whether all independent variables in the research model jointly affect the dependent variable. Based on the estimation results of the Random Effects Model (REM), the Prob(F-statistic) value was 0.000000, which is lower than the significance level of 0.05. These

results indicate that all independent variables simultaneously have a significant effect on Indonesia's export value. The results of the simultaneous test further indicate that Indonesia's GDP, partner countries' GDP, the real exchange rate (RER), economic distance, the RCEP partner dummy variable, and the non-RCEP partner dummy variable collectively explain changes in Indonesia's export value within the framework of the RCEP agreement.

t-Test

The partial significance test (t-test) is performed to evaluate the individual effect of each independent variable on Indonesia's export value. The results indicate that Indonesia's GDP, partner countries' GDP, economic distance, the RCEP-member dummy variable, and the non-RCEP-member dummy variable have statistically significant effects on exports, as their probability values are below the 5% significance threshold.

Indonesia's GDP, the RCEP-member dummy variable, and the non-RCEP-member dummy variable exhibit positive and statistically significant effects on export performance. In contrast, partner countries' GDP and economic distance demonstrate significant negative effects on Indonesia's exports. Meanwhile, the Real Exchange Rate (RER) variable does not have a statistically significant effect on Indonesia's export value, as its probability value of 0.1753 exceeds the 5% significance level. This finding suggests that fluctuations in the real exchange rate were not sufficiently influential to affect changes in Indonesia's export performance within the RCEP trade framework during the study period.

DISCUSSION

Trade Creation and Trade Diversion of Indonesia's Exports within RCEP Integration

The regression estimation results indicate that both the RCEP partner dummy variable and the non-RCEP partner dummy variable have a positive effect on Indonesia's exports. The RCEP partner dummy variable has a positive coefficient of 0.204831 and a probability value of 0.0006, indicating a positive effect on Indonesia's exports. These results suggest that the implementation of RCEP has had a positive impact on Indonesia's trade with RCEP member countries. This finding is consistent with previous studies which explain that the implementation of RCEP increases intra-regional exports through the reduction of trade barriers and the improvement of market access (Akhmadi & Lee, 2025) and (Lu et al., 2025). The reduction of trade barriers, harmonization of trade regulations, and enhancement of regional economic cooperation have contributed to improved market access for Indonesian export products.

Furthermore, the non-RCEP partner dummy variable has a coefficient of 0.187042 with a probability value of 0.0247, indicating a positive effect on Indonesia's exports. This result suggests that although RCEP is a regional trade agreement, Indonesia's trade relations with non-member countries have also increased following the implementation of RCEP. Therefore, the implementation of RCEP in this study does not provide strong evidence of trade diversion that would adversely affect Indonesia's trade with non-member countries. This finding is consistent with previous studies suggesting that the implementation of RCEP is more likely to generate trade creation than trade diversion, allowing

member countries, including Indonesia, to continue expanding exports outside the region through enhanced production capacity and regional production networks (Silalahi et al., 2023) and (Wei, 2024).

These findings indicate that the implementation of RCEP tends to increase Indonesia's trade with both member and non-member countries. This condition suggests that RCEP integration is more closely associated with the phenomenon of trade creation, namely the generation of new trade flows resulting from reduced trade barriers and improved market access among member countries. This reflects a tendency for Indonesia's trade orientation to shift toward RCEP member countries following the implementation of the agreement. Nevertheless, since trade with non-RCEP countries continues to exhibit a positive effect, evidence of trade diversion in this study remains relatively weak. Therefore, the implementation of RCEP appears to generate a greater trade creation effect than trade diversion effect on Indonesia's exports. This finding is consistent with the studies conducted by (Purwono *et al.*, 2022) and (Wei, 2024).

Indonesia's GDP and Exports

The Indonesia GDP variable has a coefficient of 1.047993 with a probability value of 0.0000, indicating a positive effect on Indonesia's exports. This result suggests that an increase in Indonesia's GDP will encourage greater domestic production capacity, thereby enhancing Indonesia's ability to export. Within the gravity model framework, the GDP of the exporting country reflects the size of the economy and its production capacity. The larger the size of Indonesia's economy, the greater its capacity to produce goods and services for international markets.

The coefficient of 1.047993 indicates that a 1% increase in Indonesia's GDP will increase Indonesia's exports by approximately 1.04%. This finding is consistent with international trade theory and the gravity model of trade, which suggest that countries with larger economies tend to have higher trade volumes. Furthermore, GDP growth reflects increased industrial activity, investment, and national productivity, which ultimately strengthen Indonesia's export competitiveness in international markets. This finding is in line with previous studies explaining that Indonesia's GDP within the gravity model serves as an indicator of economic strength and a country's ability to supply goods to international markets (Natanael, 2025) and (Fadhor *et al.*, 2025).

Partner Countries' GDP and Exports

The partner countries' GDP variable has a coefficient of -0.44417 with a probability value of 0.0038, indicating a negative effect on Indonesia's exports. This result suggests that an increase in the GDP of partner countries is associated with a decline in Indonesia's exports to those destinations. Theoretically, an increase in partner countries' GDP should lead to higher import demand for Indonesian products. However, the negative relationship found in this study indicates that as the economies of partner countries expand, they tend to strengthen their domestic production capacity or shift their imports toward other countries that are more competitive.

The negative coefficient may also reflect increasing trade competition within both the RCEP region and the global market. Partner countries with strong economic growth, such as China, Japan, and South Korea, possess more

advanced production capabilities and technologies, thereby reducing their dependence on imports from Indonesia. Consequently, growth in partner countries' GDP does not necessarily lead to increased demand for Indonesian export products. This finding is consistent with previous studies suggesting that increases in partner countries' GDP may negatively affect Indonesia's exports because larger economies tend to possess greater industrial competitiveness and stronger import-substitution capabilities (Prameswari & As, 2025) and (Fadhor et al., 2025).

Exchange Rate and Exports

The real exchange rate (RER) variable has a coefficient of -0.057464 with a probability value of 0.1753. These results indicate that the real exchange rate does not significantly affect Indonesia's exports within the RCEP framework, despite exhibiting a negative coefficient. This implies that changes in Indonesia's real exchange rate relative to its trading partners have not exerted a sufficiently strong influence on Indonesia's export performance during the study period. This finding is consistent with previous studies indicating that exchange rate volatility does not always directly stimulate exports because trade is also influenced by global demand conditions and commodity structures (Tancangco & Parcon-santos, 2024) and (Nurkhamid & Kusumawati, 2025).

This condition suggests that Indonesia's exports are influenced not only by price factors arising from exchange rate movements but also by other factors such as global demand, product quality, trade barriers, and the composition of export commodities. In addition, the dominance of primary commodities in Indonesia's export structure implies that changes in the real exchange rate do not directly enhance Indonesia's export competitiveness in international markets.

Economic Distance and Exports

The economic distance variable has a coefficient of -1.744571 with a probability value of 0.0000, indicating a negative effect on Indonesia's exports. These results suggest that the greater the economic distance between Indonesia and its trading partners, the lower Indonesia's exports tend to be. Within the gravity model framework, economic distance reflects trade barriers such as transportation costs, logistics costs, differences in market accessibility, and the efficiency of international trade distribution.

The coefficient of -1.744571 indicates that a 1% increase in economic distance will reduce Indonesia's exports by approximately 1.74%. This finding is consistent with the gravity theory of trade, which states that trade flows between countries tend to decline as economic distance increases. This result is also in line with previous studies suggesting that greater economic distance increases trade costs and consequently reduces export performance (Xiaoxi *et al*., 2024) and (Le, 2024).

CONCLUSIONS AND RECOMMENDATIONS

This study aims to analyze the phenomena of trade creation and trade diversion in Indonesia's exports within the framework of the Regional Comprehensive Economic Partnership (RCEP) using a gravity model approach and panel data regression for the period 2005–2024. Based on the estimation

results using the Random Effects Model (REM), Indonesia's GDP, economic distance, the RCEP partner dummy variable, and the non-RCEP partner dummy variable were found to significantly affect Indonesia's exports. Meanwhile, the real exchange rate variable did not exhibit a significant effect on Indonesia's export performance during the study period.

The findings indicate that Indonesia's GDP has a positive effect on exports. This result suggests that improvements in domestic economic capacity can stimulate national production, thereby enhancing Indonesia's ability to export to its trading partners. In contrast, partner countries' GDP has a negative effect on Indonesia's exports. This finding implies that economic growth in partner countries is not always accompanied by increased demand for Indonesian products, as stronger domestic production capabilities and growing trade competition may reduce their reliance on imports from Indonesia. Furthermore, economic distance is found to have a negative effect on Indonesia's exports, indicating that greater economic barriers and trade distances between countries tend to reduce trade volumes.

Both the RCEP partner dummy variable and the non-RCEP partner dummy variable exhibit positive effects on Indonesia's exports. However, the larger coefficient of the RCEP partner dummy variable indicates that Indonesia's trade with RCEP member countries has increased more strongly than its trade with non-member countries. These results suggest that the implementation of RCEP tends to generate trade creation rather than trade diversion. In other words, trade integration under RCEP has created additional trade flows rather than diverting Indonesia's trade away from non-member countries toward RCEP member countries. Overall, this study demonstrates that trade integration within the RCEP framework has had a positive impact on Indonesia's exports, particularly through the strengthening of intra-regional trade within the Asia-Pacific region. In addition to trade integration, domestic economic size and trade barriers remain important determinants of Indonesia's export performance during the period under study.

Based on these findings, the Indonesian government should continue to maximize the benefits of RCEP by strengthening export competitiveness, improving trade facilitation, and expanding market access within the Asia-Pacific region. Future studies are encouraged to incorporate additional variables and a broader set of trading partners in order to provide a more comprehensive understanding of the trade effects associated with regional economic integration.

ADVANCED RESEARCH

This study is subject to several limitations. First, the analysis focuses on a limited number of trading partner countries and may not fully capture the overall impact of RCEP on Indonesia's global export performance. Second, the model only incorporates selected economic variables, namely Indonesia's GDP, partner countries' GDP, the real exchange rate, economic distance, and RCEP dummy variables. Other factors that may influence export performance, such as foreign direct investment, trade facilitation, logistics performance, tariff rates, and institutional quality, are not included in the analysis.

Future research is encouraged to incorporate additional explanatory variables, expand the coverage of trading partner countries, and employ alternative econometric approaches to provide a more comprehensive understanding of the trade creation and trade diversion effects arising from regional economic integration under RCEP.

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