ABSTRACT

Indonesia, with its strategic location and abundant natural resources, is in fact still imports goods and services to meet the domestic needs. Therefore, this study will discuss the effect of the rupiah exchange rate of the USD, GDP per capita, term of trade, and dwelling time on imports of goods and services in Indonesia. This study uses Error Correction Model (ECM) analysis tool to see the long and short-term effects of each independent variable to the dependent variable. The analysis begins with data preparation, stationary test, cointegration test, followed by statistical tests and classical assumption tests. Based on the ECM, the results show that GDP per capita and term of trade give an effect on changes in imports of Indonesian goods and services in the long term. The short term effect on changes only affected by GDP, while both the exchange rate and dwelling time give no effect.

Keywords: *imports of goods and services, error correction model, rupiah exchange rate against USD, GDP per capita, terms of trade, dwelling time.*