

**MALAYSIA – ASEAN TRDAE DETERMINANTS, PATTERNS AND  
PROSPECTS**

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## Abstrak

Kajian ini bertujuan menganalisis faktor-faktor yang memberi kesan terhadap perdagangan antara Malaysia dan negara ASEAN lain dari 1980-2014. Selain Malaysia, negara ASEAN lain adalah Brunei, Indonesia, Thailand, Singapura, Vietnam, Kemboja, Myanmar, Filipina and Laos. Lima ujian punca unit panel yang berbeza (Ujian LLC, Ujian Breitung, Ujian IPS, Ujian F ADS, dan Ujian F-PP) telah dijalankan bagi mengenal pasti isu-isu kepegunan. Hasil ujian punca unit panel menunjukkan kesemua pemboleh ubah pegun pada satu tahap, dan berubah menjadi tidak pegun pada perbezaan pertama. Selain itu, keputusan Ujian *Causality Granger* menunjukkan bahawa dalam jangka pendek, *causality* satu arah telah dikenal pasti pada Keluaran Dalam Negeri Kasar (KDNK) per kapita dan kadar pertukaran jumlah perdagangan Malaysia antara Malaysia dan negara ASEAN yang lain, serta pada jumlah penduduk ke jumlah perdagangan negara ASEAN lain. Bagi ujian bersama, *causality* dwiarah telah dikenal pasti pada KDNK per kapita Malaysia, KDNK per kapita negara ASEAN lain, kadar pertukaran Malaysia, kadar pertukaran negara ASEAN lain, jumlah penduduk negara ASEAN lain, jarak antara ibu negara Malaysia dan ibu negara bagi negara ASEAN lain, dan jumlah perdagangan antara Malaysia dan negara ASEAN lain. Dengan kata lain, kesemua pemboleh ubah bergantung antara satu sama lain. Keputusan model GMM menunjukkan KDNK per kapita Malaysia dan negara ASEAN lain serta kadar pertukaran Malaysia dan negara ASEAN lain adalah positif dan signifikan secara statistik. Walau bagaimanapun, jumlah penduduk negara ASEAN lain tidak signifikan, walaupun pada kadar signifikan 10 peratus. Hubungan jumlah jarak antara ibu negara Malaysia dan negara ASEAN lain juga tidak signifikan. Peningkatan kadar KDNK Malaysia dan negara ASEAN lain serta peningkatan kadar pertukaran mata wang Malaysia dan negara ASEAN lain akan turut merangsang kadar dagangan antara Malaysia dan negara ASEAN lain. Kesimpulannya, peningkatan jumlah jarak antara ibu negara Malaysia dan negara ASEAN lain akan membantutkan kadar dagangan antara Malaysia dan negara ASEAN lain.

**Kata kunci:** Dagangan Antarabangsa, Ujian *Causality Granger*, Model GMM, Malaysia, ASEAN

## ABSTRACT

The main objective of this study is to analyze the factors that effect Malaysia – ASEAN trade during 1980 – 2014. The (9) ASEAN countries such as Brunei, Indonesia, Thailand, Singapore, Vietnam, Cambodia, Myanmar, Philippines and Lao PDR. There are five different panel unit root test have been applied to check the stationarity issues the five test are {LLC test – Beritung test - IPS test – F ADS test – F-PP test}. The results of panel unit root tests shows that all the variables are stationary at level and become non-stationary at first difference. In addition, results of Granger causality suggested that in the short run unidirectional Granger causalities were found to be running from per capita GDP and exchange rate of Malaysia total trade between Malaysian and other ASEAN countries, as well as from total population of other ASEAN countries to total trade. For joint tests, bi-directional causalities were observed between per capita GDP of Malaysia, per capita GDP of other ASEAN countries, exchange rate of Malaysia, exchange rate of other ASEAN countries, total population of other ASEAN countries, distance between capital of Malaysia and capital of other ASEAN countries and total trade between Malaysia and other ASEAN countries. In other words all the variables are reliant to each other. The results of GMM model show that per capita GDP of Malaysia and other ASEAN countries as well as exchange rate of Malaysia and other ASEAN countries are positively and statistically significant. However, total population of other ASEAN countries is insignificant even at 10 percent level of significant. Similarly, total distance between capital of Malaysia and other ASEAN countries is negatively significant. An increase of Gross Domestic Product (GDP) of Malaysia and other ASEAN countries as well as exchange rate of Malaysia and other ASEAN countries will increase it will also boost the trade between Malaysia and other ASEAN countries. Consequently, increase the distance between capital of Malaysia and other ASEAN countries will decrease the trade between Malaysia and other ASEAN countries.

Keywords: International Trade, Granger Causality, GMM model, Malaysia, ASEAN

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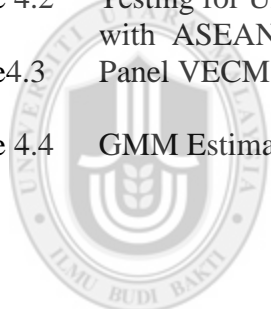
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## LIST OF ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
GMM	Generalized Method of Movement
OLS	Ordinary Least Square
MCA	Malaysian Chinese Association
NEP	New Economic Policy
NEM	New Economic Model
NDP	New Development Policy
LNG	Liquefied Natural Gas
FDI	Foreign Direct Investment
AFAS	ASEAN Framework Agreement on Services
AIA	ASEAN Investment Area
DOTS	Direction of Trade Statistics
OECD	Organization of Economic Co-operation and Development
WTO	World Trade Organization
2SLS	Two Stage Least Square
FTA	Free Trade Agreement
SADC	South Africa Development Community
SAARC	South Asian Association for Regional Cooperation
SBC	Schwarz Bayesian Criterion
CLRM	Classical Linear Regression Model
CD	Cross Dependency
LLC	Levin, Lin and Chu
IPS	Im, Pesaran and Shin

# CHAPTER ONE

## INTRODUCTION

### ➤ **Organization of studies:-**

The chapter begins with the background of the study under section 1.1. In this section study explain the importance of international trade towards economic growth and development and role of Malaysian trade with ASEAN countries. The problem of the study is stated under Section 1.2. The problem of the study is stated under Section 1.2. The research questions and objectives have been provided in the Section 1.3 and Section 1.4 respectively. The significance of the study is discussed under Section 1.5 followed by scope of the study under Section 1.6. The structure of the study is presented under section 1.7. Finally, Section 1.8 provides the conclusion of the chapter.

### **1.1 Background of the Study**

International trade have fundamental role in an economic system. The import of raw materials, capital and intermediate goods are always required to enhance the production. The countries want to import these items due to scarcity of these items domestically and foster exports growth. Imports of consumer goods are also required to meet the excess in domestic demand. Export of trade is crucial to meet the required foreign exchange gap and to increase the import capacity. An increase in import capacity boosts the industrialization and overall economic activities, which, in turn, can ensure economic growth .

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