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THE EFFECT OF EXPORT, IMPORT AND FOREIGN DIRECT INVESTMENT TOWARDS THE GROSS DOMESTIC PRODUCT: EVIDENCE FROM MALAYSIA

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1.1 Background of study

According to this research paper, the Growth Domestic Product (GDP) is generally defined as the market value of the good and services produced by a country. The gross domestic product (GDP) is one of the primary indicators used to pump the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period. Usually, GDP is expressed as a comparison to the previous quarter or year. GDP is a common measure of economic well-being of a society. When government officials plan for the future, they consider the various economic sectors' contribution to the GDP. GDP is the sum of value added produced within the country. The gross domestic product (GDP) or gross domestic income (GDI) is the market value of all final goods and services produced within a country in a given period of time. It is often positively correlated with the standard of living, alternative measures to GDP for that purpose. Countries seek to increase their GDP in order to increase their standard of living. One way to calculate a nation's GDP is to sum all expenditures in the country. The expenditure approach calculates GDP by summing the four possible types of expenditures as follows:

GDP = Consumption + Investment + Government Purchases + Net Exports

Now, moving on to the definition of export, it can be derived from the conceptual meaning as to ship the goods and services out of the port of a country. The seller of such goods and services is referred to as an exporter who is based in the country of export whereas the overseas based buyer is referred to as an importer. In International Trade, exports refer to selling goods and services produced in home country to other markets. Any good or commodity, transported from one country to another country in a legitimate fashion, typically for use in trade. Export goods or services are provided to foreign consumers by domestic producers.

Moreover, import can be defined as the goods and services that are bought by residents, governments or businesses of a country, but made outside of the country. It does not matter what the goods or services are, or how they are sent. They can be shipped, sent by email, or even hand-carried in personal luggage on a plane. If they are produced in a foreign country and sold to domestic residents, they are imports.