



**THE FACTORS INFLUENCING THE ECONOMY OF A COUNTRY IN
FINANCING THE INTERNATIONAL TRADE: EVIDENCE FROM ASIA
AND PACIFIC COUNTRIES**

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TABLE OF CONTENT

	Page
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF FIGURES	vii
LIST OF TABLES	viii
LIST OF ABBREVIATIONS	ix
ABSTRACT	x
CHAPTER 1 INTRODUCTION	
1..Background of Study	1
1.1.Problem Statement	2
1.2.Objective of Research	4
1.3.Research Question	4
1.4.Scope and Limitation of Research	5
1.5.Significance of the Problem	5
1.6.Organization of Thesis	5
CHAPTER 2 LITERATURE REVIEW	
2.Theory Associated With To The Study	7
2.1.Neoclassical Theory	7
2.2.Literature Review	7
2.2.1.Financing in International Trade	8
2.3. Independent Variables	
2.3.1 Foreign Direct Investment	9
2.3.2. Lending Interest Rate	10
2.3.3. External Debt Stock	10
2.3.4 Trade	11
2.4. Dependent Variables	
2.4.1. Gross Domestic Products	12
2.5. Research Hypothesis	12
CHAPTER 3 DATA METHODOLOGY	
3.1. Research Design	14
3.2. Data Collection Method	14
3.2.1. Secondary Data	13
3.3. Measurement of Variables	15
3.4. Research Framework	16
3.4. Sampling Design	
3.4.1.Multiple Regression	17
3.5. Data Processing	

3.5.1. Descriptive Statistic	17
3.5.2. Unit Root and Stationary Test	18
3.6. Research Flow	19
 CHAPTER 4 DATA ANALYSIS	
4.1. Descriptive Statistic Analysis	20
4.2. Panel Unit Root Test	21
4.3. BPLM Test	22
4.4. Diagnostic Check	
4.4.1. Multicollinearity	23
4.4.2. Autocorrelation	23
4.4.3. Heteroscedasticity	24
4.5. Regression Test and Robust Standard Error Method	24
4.5.1. Robust Standard Error Method	25
4.6. Conclusion	25
 CHAPTER 5 CONCLUSION AND RECOMMENDATION	
5. Conclusion	27
5.1. Recommendation	27
 APPENDIX A	28
APPENDIX B	34
REFERENCES	58

ABSTRACT

Appropriate understanding and acceptance about factors financing in international trade should now be regarded as an essential requirement within any modern business. For this research paper, factors of financing in international trade that impacts economy of a country are sought and critically reviewed.

Due to seeking for factors financing in international trade, secondary data from World Bank Data and articles from business and economic journals were used. Next, in order to analyze the data and to see the findings, Stata were used to run the secondary data to see the significant between the dependent and independent variables.

For the data and methodology, secondary data from World Bank data been used for this research. 10 countries from Asia and Pacific countries such China, India, Lao, Sri Lanka, Indonesia, Mongolia, Bangladesh, Pakistan, Philippines and Vietnam and covering from 2006 to 2017. The method been used are the descriptive statistics to show simple summary of the mean, observation number, skewness and kurtosis. Panel unit root test used to see whether the data is free from unit root. BPLM test is to find out whether the data is pooled by OLS. The diagnostic test is to test whether the data not suffer from heteroscedasticity, multicollinearity and the autocorrelation. Lastly, robust test is to treat any problem in the data.

For the result, there is a significant relationship for Foreign Direct Investment (FDI), Lending Interest Rate (LEND) and Trade (TRD) with GDP. For External Debt Stock (DOD), there is no significant relationship with GDP.

This study was conducted to have a better knowledge in the Foreign Direct Investment (FDI), Lending Interest Rate (LEND), External Debt Stock (DOD) and Trade (TRD) between the economic growths that measured using the GDP. Even though there is significant results but it is still need to be have a further analyzed with sufficient time and more detailed information by the future analysis in order to have another strong evidence that international trade can affects the economic growth.