ESTIMATING MALAYSIA IMPORT DEMAND FOR MEAT

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ABSTRACT

Purpose of this study is to identify factors that influence import demand for meat im Malaysia. Four variables, namely real exchange rate, national income (GDP), lagged import quantity of meat and the dummy variable to take into account the currency pegging policy that has been practiced by Malaysia for the year 1997 to 2005 are identified and tested to determine each variable relationship with Malaysia import demand for meat.

Import demand function that has been used by Aysen-Tanyeri-Abur and Parr Rosssonin (1997) paper titled Forecasting Mexican Import Demand for Diary Products has been adapted. In estimating the demand of import for meat in Malaysia, A double-log-linear functional form (Leamer et al, 1970) is used as a functional for for the study. The secondary data was used and tested using SPSS software package and manual calculation.

The result suggested that only two variables namely real exchange rate and country income are found significant towards determining Malaysia import demand for meat while the other two namely lag one year of import quantity and dummy variable (currency pegging policy that has been practiced by Malaysia in 1997 to 2005). The real exchange rate, national income and dummy variable that have been included had a positive relationship with import demand of meat while the lagged one year of import quantity had negative relationship with Malaysian import demand for meat.

CHAPTER ONE: INTRODUCTION

1.1   Introduction of the Chapter

This chapter will provide an overview of the subject being studied. Besides that this chapter also proposed to provide an introduction to the subject being studied. The chapter will include an overview of Malaysian agricultural sector which will gives general outlook of contribution of agricultural sector towards Malaysian economy, general fact and figures about import and export values of livestock products, review of agricultural policies that has been planned and implemented in Malaysia, the Malaysian government effort towards the growth of agricultural sector and the suggestion of action that should be taken to face the challenges in agricultural sector in Malaysia.

Beside that, the introduction chapter also will discuss the problems that have been identified in Malaysian trade of meat. The objective of the study and the research questions that arise in achieving the aim of study will also be presented in this chapter.

To provide a better understanding to the subjects that will be presented in this research, the significant of the study and also scope, coverage and limitation of the study will be introduced. Lastly, the introduction chapter will present the definition of terms that will be used in this study.