DETERMINANTS OF MALAYSIA'S COCOA EXPORT

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ABSTRACT

This paper studies the determinants of cocoa export in Malaysia in the era of free trade. Using OLS regression method, the findings revealed that there are positive relationships between cocoa export and explanatory variables namely planted area (b= 0.554), world price of cocoa (b = 5.122), and competitors' export (b = 0.030). The results show that the cocoa export is influenced significantly ($p<0.05$) by planted area and competitors' export.

In terms of elasticity test, the elasticity of planted area is E_P = 0.25, world price of cocoa is E_{WPC} = 0.14 and competitors' export is E_{CE} = 4.54. Competitors' export is the most responsive as the changes in value of export by competitors by 1% will cause a great change in Malaysia's cocoa export by 4.54%.

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