



**INTERNATIONAL TRADE IMPACTS
ON ECONOMIC GROWTH: EVIDENCE
FROM MALAYSIA AND 5 ASEAN COUNTRIES**

**MOHD AMIRUL IZZAT BIN MD YAKUB
2017275448**

**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (BUSINESS ECONOMICS)
FACULTY OF BUSINESS AND MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KAMPUS KOTA KINABALU**

JULY 2020

DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”**

I, MOHD AMIRUL IZZAT BIN MD YAKUB, (I/C Number: 970511125081)

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ABSTRACT

International trade is an important factor in raising living standards, providing employment and enabling consumers to gain benefit from a wider variety of products. In recent years, international trade has been increase with a greater share of GDP devoted to exports and imports. The main purpose of this study is to investigate the impact of international trade on economic growth in Malaysia and other 5 ASEAN countries which is Indonesia, Singapore, Thailand, Philippines, and Vietnam. To conduct the panel data analysis 30 years has been considered, from 1989 to 2018. Exports, imports, consumption expenditure, capital investment and government spending have been considered as explanatory variables in order to lead this study.

The empirical evidence conducted by Abu Naser Mizam (2019) mentioned that international trade may have various consequences depending on the geographical position of each country and other policies of that country. For example, in Malaysia, trade barriers to other countries in the region were low except for Hong Kong and Singapore. This policy strategy has widely acknowledged that the Malaysian economy has been able to effectively lead to rise the opportunities on the internationalization of production and globalization of world trade. So, the Granger Causality test has been employed to check the cause and effect relation between export, import and economic growth.

Thus, this study was conducted to investigate the relationship between international trades on economic growth in 6 ASEAN countries. Based on the Granger Causality test, the findings show that export does not Granger cause GDP and GDP does not Granger cause export. However, the results also shows that import also does not Granger cause GDP, but GDP does have Granger cause import. Therefore, the 6 ASEAN countries can implement a domestic policies as a basis of trade. The imposition of domestic taxes or subsidies can induce the international trade. For examples, a production subsidy imposes in a country will cause a commodity to be exported, so this will lead to increase the export and at the same time will lead to rise import.