

**A STUDY ON THE RELATIONSHIPS BETWEEN EXPORT,
IMPORT AND WAGE RATE WITH FOREIGN DIRECT
INVESTMENT (FDI) IN MANUFACTURING INDUSTRIES IN
MALAYSIA**

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APRIL 2007

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ABSTRACT

This paper examines the relationships between exports, import and wage rate with foreign direct investment (FDI) in Manufacturing Industries in Malaysia. The panel data of FDI in manufacturing industry were taken at Malaysia Industrial development Authority (MIDA) from 1981 – 2005 by using quarterly basis. This data is for the purpose of analyzing the trends of FDI movement in manufacturing industry within 25 years. The Multiple Linear Regression results reveal that the flow of FDI to Malaysia in this sample is significantly affected by three variables; export, import and wage rate. In general, the empirical results are consistent with the prediction of the theory where the export, import and wage rate are move positively and negatively in response to FDI in manufacturing as dependent variable.