



**A STUDY ON THE RELATIONSHIP OF
MALAYSIA'S EXPORT AND IMPORT
TOWARDS MALAYSIA FOREIGN DIRECT
INVESTMENT**

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1. This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees
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ABSTRACT

Some earlier theoretical work has predicted either positive or negative relationship between export and import with FDI. Most of empirical studies have revealed a positive and significant relationship of export and import towards FDI. And yet, a few of previous study also revealed a positive but insignificant relationship of export and import towards FDI. The volatility of Malaysia's exports, imports and FDI from 1996 to 2006 shows instability movement which is sometimes increases and sometimes decreases. The export and import oriented activities can attract both local and foreign investors to involve in FDI. In order to attract participation by bumiputra, the Malaysian government encourages or requires joint ventures between Malaysian and foreign companies and in many areas limits foreign equity and employment. This is among the essential factors that affect the performance of Malaysia exports and also imports; not only in manufacturing sector but also in the other sectors as well and it will give some impact on FDI.

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