Malaysia-OIC Trade: Static and Dynamic Gravity Model Approaches

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Abstract

This paper examines the impact of the Organization of Islamic Conference (OIC) membership on Malaysian exports. We use the static and dynamic gravity model approaches to analyse the relationship using annual data from 1980 to 2010. The empirical results reveal that the GDP of OIC member countries, FDI of Malaysia, local population size, exchange rate, price ratios, distance and border are the main determinants of Malaysian exports. The evidence also suggests that there is also considerable room for improvement trade between Malaysia and OIC membership countries.

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