

CHAPTER 5

Conclusion

5.1 Conclusion of Research

In this study, the author examines an analysis of the relationship between economic growth and trading in ASEAN plus China, Korea, and Japan for the period of 1995-2014 by using PMG, MG, and DFE estimators for Panel ARDL approach to Cointegration. The author separated the countries into two groups Developed Country for China, Korea, and Japan. Developing Country for all ASEAN ten countries.

In this section, the author concluded the studies and compared between them. An analysis of this research concluded an increase in import, export and the degree of openness are the key macroeconomic factors to increase the country economic growth for Developed Country. For the Developing Country, an increase in export and import are the main factor for increasing economic growth for the long-run equilibrium. An increase in the exchange rate and import is the main factor to increase economic growth for Developing and Developed Country in the short run.

Finally, the author tested and concluded all the countries that studied in this research that increases in export and increases in the exchange rate and other all variables that grow up the increase in economic growth in the long run and short run for this study. According to the results of this study, all the variables used in this study impact on the country's economic growth, and so they are the main determinants to increase the GDP.

5.2 Policy Recommendations

Today, the world's third largest regional trading block is ASEAN after EU and NAFTA. The feature of ASEAN's policy is the non-interference in the internal affairs of the member nations. Among the developing countries, the preference trading arrangement and the regional investment programs of ASEAN are already prominent. According to

the results of Developed Country, import and the degree of openness are positively related to economic growth that means 1% increase in the country's import and openness that caused 0.03% and 0.22% increase respectively. Feenstra and Kee (2008) found that when trade openness is measured by export ratio and export variety index, it has a positive and significant on GDP per capita. However, only trade openness is measured by export variety have a positive impact on economic growth. So, trade openness is impacted on economic growth when the country specialised in high-quality products and the country's export basket exhibits need a minimum level of quality. In this research, the author's economics policy recommendation for Developed Country (China, Korea, and Japan) and Developing Country (ASEAN countries) is an investment in the productive sectors must be moved to the high exports up with excellent quality. Marilyne Huchet-Bourdon, Chantal Le Mouël, Mariana Vijil studied the data between 1980 – 2004 for panel 158 countries about The relationship between trade openness and economic growth.

5.3 Suggestions for Future Study

The author found much interesting research from around in the world. The data of some developing countries is unavailable. The author researched over a 20 year period, concluding that studying the trading and economic growth of all ASEAN countries and China, Korea, Japan, is overly broad. There are many opportunities for future research, for example, 1) trading and economic growth relation between ASEAN countries plus India, 2) impact of ASEAN's GDP growth by using free trade among each ASEAN countries