

Open Lecture

Malaysia's Bilateral Trade Linkages with OIC (Organization of Islamic Conference) Countries vis-a-vis the Rest of the World

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This lecture, using a well-documented technique of trade intensity measurement, analyses and compares trends and patterns in Malaysia's bilateral merchandise trade relations with its two broadly categorized trading partners, the selected OIC countries and rest of the world (ROW). Embedded in the technique are several measures of trade intensity like absolute-measure, relative-measure and double-relative measure. The third measure, pioneered by Brown (1949) and had been extensively used by Kojima (1964), Drysdale (1969) and Linnemann (1996), is exerted here. Over the period of 1990-June 2000, the analysis reveals that while Malaysia's trade with OIC countries has been relatively under-represented as its trading partner, ROW has been over-represented. However, recent trends have shown that Malaysia's trade with OIC countries has become more intensive, and that with ROW has become less.

From the findings, this lecture proposes that a more intensified bilateral trade between Malaysia and OIC countries should be given due consideration, especially to face the challenges that are increasingly coming from the developed world's imposition of trade liberalization on developing world, via the World Trade Organization (WTO), of which Malaysia is part and parcel of it.