

## **Long-run Determinants of Export Supply of Sarawak Black and White Pepper: An ARDL Approach**

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*Malaysia is the fifth largest pepper exporter in the world. About 90% of the pepper produced in Malaysia is meant for export market. Malaysia exports both black pepper and white pepper in the international market. Sarawak Pepper is the trade name for pepper exported from Malaysia. This paper will explore and compare the long-run determinants of both black and white pepper in Malaysia by using the Autoregressive Distributed Lag (ARDL) Model. The paper concludes by providing some policy recommendations to Malaysian government to continue making Malaysia as one of the top pepper exporting countries in the international arena.*

JEL Codes: P52, Q17 and Q18

### **1. Introduction**

Pepper (*Piper Nigrum L.*), the King of spices, with its varied uses and dominance in the global spice trade, is the oldest and widely used spice in the world. It has occupied a position that is supreme and unique and is today a foreign exchange earner for several countries including Malaysia. Pepper has secured a pivotal position in food, pharmaceuticals, perfumery and cosmetic industries (Nybe and Peter, 2002). With the development of modern science and technology and greater awareness and demand among people for the use of natural products, particularly in food and pharmaceuticals, pepper indeed secured a better position and has a better prospect in the years to come.

Malaysia is the fifth largest pepper exporter in the world after Vietnam, Brazil, India and Indonesia. About 90% of the pepper produced in Malaysia is meant for export market. Malaysia exports both black pepper and white pepper in the international market. Sarawak Pepper is the trade name of pepper exported from Malaysia either in the form of black pepper or white pepper. Most of the pepper produced in Malaysia is from the state of Sarawak. In fact, pepper is still considered an important cash crop particularly in Sarawak, Malaysia. Changes in export supply of pepper would indirectly affect the income level and welfare of pepper farmers. This paper will explore the long-run

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