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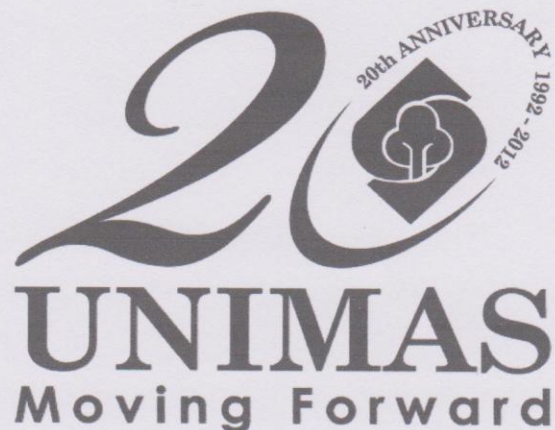
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ENERGY CONSUMPTION AND SECTORAL OUTPUTS OF MYANMAR

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Purpose - The purpose of this paper is to investigate the cointegration and causality link between selected type of energy consumption and selected sectoral outputs in Myanmar for 1980-2009 periods. The sum of selected sectors examined in this study contributed more than 80% to the GDP of Myanmar for the time period under studied (United Nation, 2011).

Methodology/approach – The common time series econometrics analysis such as unit root, cointegration and the Granger causality tests have been applied in estimating the results in intention of achieving the objective of the study. For the cointegration test, ARDL bound testing approach which is developed by Pesaran et al. (2001) has been applied. This is followed by the Granger causality of ARDL framework.

Findings – The empirical results suggested that the sectoral outputs of Myanmar have long-run relationship at least with one type of energy consumption. The causality directions run from all the sectoral outputs towards electricity, other energy, oil (just two sectors only) and gas consumption consistently. This indicates that consumption of those energies depending on the sectoral growth. Nonetheless, an increase in consumption of those energies will never give any impact to the sectors in Myanmar. In contrast, neutrality hypothesis is hold for coal consumption towards all the sectoral outputs where it indicates that all the sectors able to reduce the usage of coal without affecting the performance of the sectors.

Originality/value – The value of this paper is by identifying the energy consumption flow towards the sectoral growth in Myanmar. It is important to study about this flow in Myanmar since the demand for the energy has been increasing and this country has experienced rapid growth of GDP over the recent years. Through this study, we able to discover which sector that need energy and which is not and it able to reduce the wastage and by allocating the use of energy wisely.

Keywords - *Energy consumption, sectoral outputs, Myanmar, ARDL bound test approach*