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THE EFFECT OF NATURAL GAS EXPORT ON ECONOMIC GROWTH AND CONVERGENCE IN ASIA PACIFIC REGION: AN AUGMENTED SOLOW GROWTH MODEL APPROACH

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ABSTRACT

This study investigates the effect of natural gas export on economic growth and the convergence of economic growth in Asia Pacific region. Specifically, it will focus merely on the export countries, namely Australia, Brunei Darussalam, China, Indonesia and Malaysia. The data used in this study is panel data during 1990 to 2012. The model used in this study is Augmented Solow Growth Model which is classified by restricted regression and unrestricted regression as well as conditional convergence of the Augmented Solow Growth Model. The results show that the natural gas export effects the convergence of the economic growth of the export countries in Asia Pacific region. In addition, human capital also plays important role in accelerating the convergence of economic growth in Asia Pacific region compared to the other variables such as distance and foreign direct investment variables.

Keywords: Natural Gas Export, Economic Growth, Convergence, Asia Pacific Region

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