Export-Led Growth Hypothesis: Comparison Between Islamic and Non-Islamic Countries in ASEAN

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Abstract: This study aims to prove and analyze the effect of export growth on economic growth in the ASEAN countries. Using annual data from 2004 to 2014, the empirical result shows that export growth is significant and gives positive impact on the economic growth in ASEAN. However, investment and labor-force are less to affect the economic growth in ASEAN. This study also provides strong evidence that supports the hypothesis of export-led growth as described by Nurkse (Moon, 1997). Export-led growth is an economic strategy that is also used by Islamic countries in ASEAN. Export-led growth has two important reasons, it can generate profits and allow countries to balance their finances and the export growth can lead to greater productivity. This is consistent with the macro theory assumes that exports are injection to the economy (McCombie et al, 1994).

Keywords: Economic Growth, Export, Export Led-Growth, ASEAN

Introduction

Development and economic growth are basically a series of policy efforts aimed to improve people's life, expand employment opportunities and direct the revenue sharing evenly. Economic development goals which committed by the countries is to improve the welfare of the community in the broadest sense. Economic growth showed changing in the level of economic activity that occur from year to year, in which economic growth can be seen by comparing the national income from year to year (Arsyad, 2010). High economic growth and sustainable needed to be able to achieve the improvement of social welfare, as it also requires a relatively large capital which will be used to strengthen the infrastructure, both physical and social.

The 1980s was a period of macro adjustment policies in Indonesia in response to the presence of an external shock such as the decline in oil prices, worsening terms of trade of Indonesia and the depreciation of the US dollar which resulted in increasing Indonesia's foreign debt. Free trade is the best choice for Indonesia to compensate for the loss of oil revenue by trading non-oil commodities. Initially the Indonesian economy is more oriented into the emphasis on import substitution, became more oriented economy to the outside which emphasizes export promotion.

One of the components in the GDP is international trade, in this case reflected in export and import activities. The impact of international trade can increase the overall income of a country, especially if there is an increase in the volume and value of exports and the development process is more advanced. This proves that the theories of exports are the engine of growth (Salvatore, 2004). Export is one of the important aspects for the growth of developing countries. The higher the proportion of exports will increasingly affect the overall economic growth. To support the increase in exports is necessary to note also some factors both internal and external factors of a country.Exports expand aggregate demand, encouraging full

employment of resources, and earn revenue to pay for imports that increase consumption and facilitate the advancement of technology (Moon, 1997).

The role of exports in economic growth is still a topic of discussion in many countries. According to Jung and Marshal (1985), there are four categories of linkages between exports and economic growth. They are exports drive economic growth, economic growth boost exports, exports decrease economic growth and economic growth lowering export. The relationship between exports and growth is an important one in the field of economics, especially for countries that seek to improve the livelihoods of citizens through economic reforms expanding (Pandhi, 2007).

Beckerman and Vernon's ideas, arguing that the initial growth spurt favored by export expansion through the efficiency and allocation effects reverberates in enhanced international competitiveness, fostering a new round of export expansion and paving the way for a virtuous development path (Gabriele, 2006).

According Kravis (Moon, 1997) trading is one of cause among many causes for economic growth, which only works for some countries under some conditions. Indonesia is one country that has followed the globalization that means switching on an open economic system in which the conduct of international trade. Indonesia economic growth can be said to be one of the high growth in Asia and the world. The average of Indonesia high economic growth is about five to six percent indicating Indonesia began to be emerging markets and has a stable economic condition.

Figure 1: GDP growth in ASEAN (Annual%)
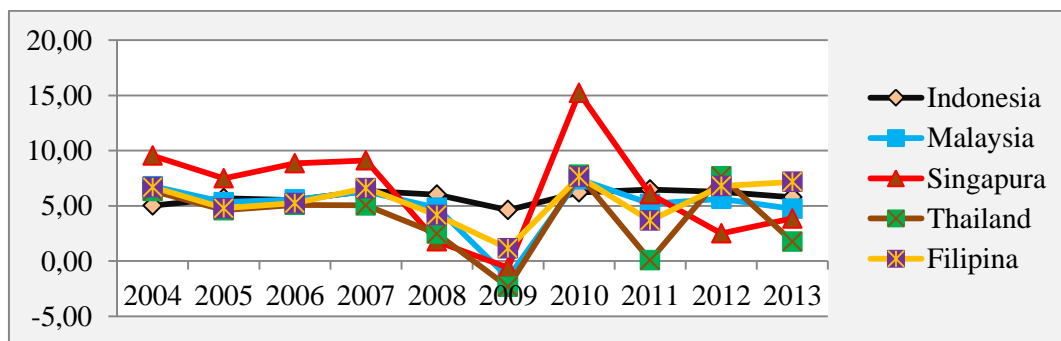
Source: Worldbank (processed)

Figure 1 illustrated the GDP growth in ASEAN fluctuated every year. Although in 2009, GDP growth had declined as a result of the global financial crisis. The position of Indonesia in ASEAN could still be quite stable compared to other countries. In 2009 four other countries experienced a substantial drop even up to minus for some countries such as Thailand, Malaysia and Singapore.

Figure 2. Export Development ASEAN (Million US $)
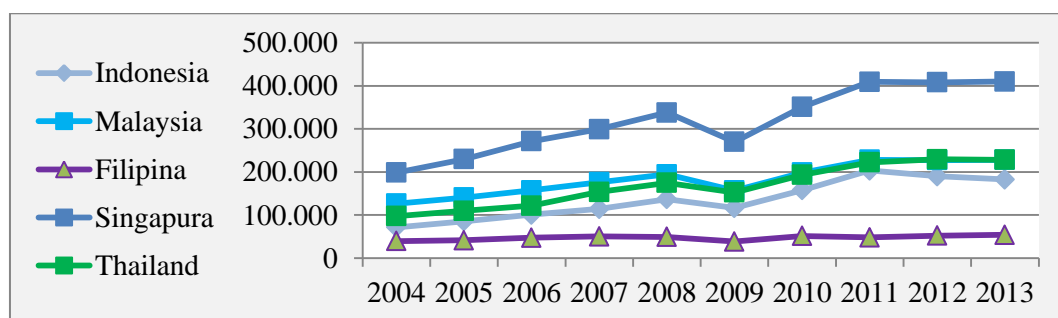
Source: Worldbank (processed)

ASEAN export development during the period 2004-2013 showed tendency to positive developments, however in that period it was found that a slowdown in economic growth. Thus, this study aimed to determine the effect of export growth on economic growth of ASEAN countries. Will export growth lead to increase or reduce the economic growth in the ASEAN countries?

Literature Review

Growth and economic development mean the same thing by some economists, which is a process that led to the increase in real income per capita of the population of a country in the long term that is accompanied by improvement of the institutional system (Arsyad, 2010). Kuznets (1955) also said that economic growth is the increasing in long-term capacity of the countries concerned to provide economic goods to its citizens.

Economic growth is expected to generate an additional income of the people in a given period, because the economic activity is a process of utilization of production factors to produce the output. This process will generate remuneration to the factors of production owned by the user community of the production factors (Mankiw, 2012). To achieve economic growth, there are several factors that influence them namely labor force, investment income and government spending.

According to Solow's economic growth depends to increase the supply of factors of production (population, labor and capital accumulation) and the rate of technological progress. In other words, the degree to which the economy will develop depends on population growth, capital accumulation and technological progress (Arsyad, 1999).

Gross domestic product (GDP) is used as the best calculation to find out how the economy works. GDP can be viewed from two perspectives, the first GDP seen from across the total income in the economy, while the latter is viewed from the total expenditure on the economy of goods and services (Mankiw, 2012).

Smith said that trade would encourage countries to perform at their highest productivity so as to encourage companies to improve their efficiency. In the end, the process will increase the income and wealth of society. It was concluded that the increase in exports to certain countries led to an increase in gross domestic product (Smith, 2007).

Ricardo (Sukirno, 2006) says that "foreign trade is indispensable to develop an economy, where countries encouraged running a free trade system". Trading will cause the world resources be utilized more efficiently and will maximize the prosperity of the world (Salvatore, 2004).

A country which does international trade is based on two main reasons that will deliver the benefits of trade (gains from trade). First, countries trade with each other because they are different from each other. Countries that do trade relations can benefit from their differences through mutual agreement can be considered beneficial. Second, countries trading is to achieve economies of scale in production, which is a state where if a country produces some kinds of goods alone then the country will be able to produce the goods on a larger scale and more efficient than if the country is producing many goods (Krugman, 2003).

Arguments about trade much debated, according to the neoclassical that there is a sizeable positive impact of exports and trade on economic performance as better allocation of resources. However, the attitude of the Marxist or neo-Marxist may treat trade as one of the mechanisms to exploit the less developed countries (LDCs) by the industrial West (Ram, 1985).

According to Harberler (Salvatore, 2004) at least there are a few reasons why international trade is said to be an engine of growth. That reasons namely: (1) because of international trade will make use of the resources used by fully (full employed), or in other words the developing countries can shift factors production less efficient or even not enter into the production possibility frontier of it; (2) because of international trade will expand the market which then allows the division of labor and economies of scale; (3) international trade can be

used as a tool to spread ideas and new technologies; (4) through international trade will facilitate the entry of capital flows from developed countries to developing countries; (5) trade will help create efficiencies in the country so that it can compete with foreign competitors.

Without exception, economies are involved in international trade. The role of international trade in an economy can be measured in relation to gross national product. For example, one can measure the openness of an economy through export plus import role in PNB (Greenway and Milner, 1992). The classical economists and neoclassical argue that international trade can push the economic growth of a country. So it is often said that international trade is an engine of growth.

There are four common views regarding the role of international trade in the process of development and economic growth (Greenway and Milner, 1992). (1) There is wholly optimistic view of the very pro-trade. This view believes that the welfare of the two parties stated that trade is increasing, even though the trade occurs between developed countries with low-income countries. (2) This view believes that free trade is not only the best policy only and also not improving the welfare of the two countries concerned. If international trade was accompanied by the use of a tool or means of appropriate government intervention (especially optimal), then the trade will be beneficial for both parties. (3) This view emphasizes the application of empirical rigor or consistency descriptive rather than attached to the previous conservative views. This view tries to describe how differences in economic structure between advanced and industrialized countries are likely to benefit in trade and harm the economy are underdeveloped and not industrialists. And (4) trade and economic specialization actually lead to polarization of the world between a core group of advanced countries and the underdeveloped periphery.

Exports expand aggregate demand, encouraging full employment of resources, and earn revenue to pay for imports that increase consumption and facilitate the advancement of technology (Moon, 1997). Kravis argues that trade is a consequence of growth. Trade was only one of many causes for economic growth, which only works in some countries under some conditions, and, most importantly, that trade is the primary sources for growth internal (Moon, 1997).

There are three connections between economic growth and exports. First, according to Colombatto, although industrialization is essential for economic growth, domestic demand may be low. Exports provide an outlet for excess production and generate income. Secondly, according to Krueger in the long term, exports help growth as exports lead to greater technical advances and more efficient. It also increases a country credit rating to generate hard currencies and thus makes obtaining foreign loans more easily. Third, according to Balassa, the export promotion policy increases the total factor productivity (Sinha, nd).

Export-Led Growth Hypothesis (Export Optimist)

Export-led growth hypothesis was first proposed by Ragnar Nurkse. Nurkse argues that the export sector is sector pushed the economy toward growth and rapid development. Export function as the engine of economic growth, and export should be done for every country that wants to go forward. This is consistent with the macro theory assumes that exports are injection to the economy (Moon, 1997).

Hypothesis-Reducing Export Growth (Export Pessimist)

For those with a pessimistic view of the group of exports, the export mechanism as an engine of economic growth only happens in the short term, particularly for countries that are developing. But in the long term export is not the right solution to solve the problems of development in developing countries due to their exports will lead to economies of developing countries into the world economy vulnerable to fluctuations.

The group concluded that export pessimism hurt export development in developing countries due to: (1) low growth in demand for primary goods exports from developing countries mean that the export expansion that occurs only produces a low level of export prices and transfer of income from poor countries to rich countries, (2) without import restriction, the high elasticity of import demand from developing countries combined with low elasticity of exports implies that developing countries should grow gradually to avoid exchange rate crises and chronic balance of payments, and (3) because the developing countries have a comparative advantage static on primary products, the free trade policy that emphasizes the promotion of exports tends to hinder the process of industrialization (Todaro, 1997).

Exports relationship with Economic Growth

Ram (1985) analyzed the role of exports in economic growth with the entry process to the input in the production function. His research shows that exports have an important role for economic growth, as well as the impact of exports on growth performance in LDCs seems small during the period 1960-1970, as well as the positive impact of exports on growth is quite large and the amount is almost the same for both groups (low income and middle income).

Pandhi (2007) examined the relationship of export and economic growth in African countries by regression analysis for four economic data (growth, exports, investment, and population), as well as most of the positive relationship between exports and growth and mixed results for other independent variables.

Galimberti (2009) examined the impact of the level of GDP per worker, human capital, and the share of exports in GDP by using the root test panel. Overall the most common determinants of growth (the initial level of output per worker, the investment rate, labor force growth, and human capital) found statistically significant, the countries that have achieved higher levels of human capital development are important, while for the underdeveloped countries the growth of the labor force is still an important limitation in the context of growth, and the impact of exports on growth is positive, statistically significant.

Dodaro (1993) examined the relationship between real export growth for LDCs by using OLS. The result causal relationships between these variables proved to be weak as well as the effect on the growth of export growth proved too weak to LDC.

Yang, et al (2015) examined the effect of exports, multinational corporations (MNC), and shares state-owned enterprises (SOEs) in the production of regional economic growth in Vietnam for the years 1996-2006. They confirm that exports and the MNC as an influential factor in economic growth.

Khan, et al (2013) investigated the relationship and impact of inflation and population growth with GDP using data from 40 developing countries from 2009-2011. The results showed a negative correlation of inflation and a positive relationship with the population growth of GDP. Positive relationship is from GDP on the population growth.

Sodipe, et al (2011) examined the relationship employment and economic growth in the Nigerian economy by using OLS, where there is a positive and statistically significant elasticity exists between the employment rates of economic growth in Nigeria while a negative correlation was observed between the rate of employment growth and GDP growth rate in the economy.

Data and Methodology

The type of data in this study is a data panel for 11 years from 2004-2014 in the ASEAN, namely Indonesia, Malaysia, Singapore, Thailand and the Philippines. These countries are chosen based on available data.

The data consists of the data GDP growth of ASEAN (%) as the dependent variable, and for the independent variable is the export growth of the ASEAN (%), and as the control

variable is the growth of the labor force of the ASEAN (%) and the growth of the ASEAN investment 5 (percentage of GDP).

Data Analysis Methods

Estimation model in this study is using model that is used by Ram (1985). Furthermore, this study modified the model which aimed to determine the impact of exports on economic growth in the ASEAN. The model in this study will then be estimated with panel data regression analysis techniques. According Widarjono (2010), there are several advantages of using panel data, including: (1) the data panel able to provide more data so that it will produce a degree of freedom is greater, and (2) incorporation of information on cross section and time series is able to address the problems that arise when there is a problem disappearances variable. In this model, the control variables used are labor force growth and investment.

Ram (1985) analyzed the role of exports in economic growth within the framework of the production function model that treats straight forward export similar to production inputs. One can then determine the aggregate production function quite simply as:

$$Y = f(L, K, X), \tag{1}$$

Where Y is the aggregate real output, L is labor input, K is the capital input, and X measuring exports. It is easy to rewrite (1) in terms of growth rates. With a total derivative, and manipulate the terms a bit, found a familiar expression:

$$\dot{Y} = \beta 0 + \beta 1 \acute{L} + \beta 2 \acute{K} + \beta 3 \dot{X}, \tag{2}$$

Where a point above the variable indicates the rate of growth and, $\beta 1, \beta 2, \beta 3$ is the elasticity of output with respect to L, K, and X. Since K, the rate of growth in capital input, usually unknown to most of the country, (2) can be formulated by replacing K by the variable $\Delta K / Y$, which is close to the ratio investment income, as follows:

$$\dot{Y} = \beta_0 + \beta_1 \dot{L} + \frac{\partial Y}{\partial K} \cdot \frac{K}{Y} \cdot \frac{dK}{K} + \beta_3 \dot{X}; \tag{3}$$

Or replace dK by I,

$$\dot{Y} = \beta_0 + \beta_1 \dot{L} + \alpha_2 \frac{I}{Y} + \beta_3 \dot{X}, \tag{4}$$

Where α2 is the marginal physical product of capital.
So from the model used Ram (1985), we modify the model as follows.

$$Growth\_GDP_{it} = \alpha_0 + \beta_1 Growth\_EX_{it} + \beta_2 LF_{it} + \beta_3 INV + e_{it}$$

Specification:
GDP = GDP growth in country i in year t (%)
Ex = Export growth country i in year t (%)
Xi = Variable Control:
L = The growth of the labor force in the country i t (%)
IY = Gross domestic investment as precentage of the GDP of country i in year t

Estimation Method

To estimate the parameters of the model with panel data, there are several techniques (Baltagi, 2005), namely:
a. Fixed coefficient between time and individual (Common Effect) Ordinary Least Square:
   In this technique, the data between the cross section and time series are combined and treated as a unit of observation to estimate the model with OLS method. Although combining the data, we could not see the difference either between individuals or between times, because in

this approach it is assumed that the behavior of data between same area in different time series.

b. Fixed effect model

In this model not all the variables included in the model equations to allow for the intercept is not constant. In other words, the intercept would change for each individual and time fixed effects model.

c. Random effect model

In this model, the differences between individuals and the time were accommodated by error. Error in this model has the possibility to correlate along across section and time series.

Because there are three types of estimation techniques panel data regression model, then to choose which one to use techniques that required the selection panel data regression estimation techniques, including:

a. Chow test

This test is testing the F statistic used to select the model that is used among the common effects models (pooled least squared) or fixed effects. Chow test hypotheses are:

- Ho   : Pooled Least Squared Model
- H1   : Fixed Effect Model

The test is:

$$Uji\ Chow\ (F\ statistic) = \frac{(RRSS - URSS)/(N-1)}{URSS/(NT-N-K)}$$

Specification:

RRSS = Restricted Residual Sum Square, the Sum of Squared Residual of the panel estimates Pooled Least Square method.

URSS = Unrestricted Residual Sum Square, the Sum of Squared Residual of the panel estimation method Fixed Effect.

N   = Number of cross section data.

T   = Number of time series data.

k   = Number of dependent variables.

In addition to use the formula above, the test chow can also use the program and the results eviews F statistic is the same.

Hypothesis:

- When the $F_{statistic} > F_{table}$ then H_0 is rejected and the chosen model is the fixed effect.
- When the $F_{statistic} < F_{table}$ then H_0 is rejected and failed chosen model is pooled least square.

b. Hausman Test

This test is used to select the model that is used between the fixed effects or random effects with the hypothesis as follows:

- H_0 : Random Effect Model
- H_1 : Fixed Effect Model

The result of calculation using eviews program in the hypothesis:

- If the test Hausman>Chisquared$_{table}$ then H_0 is rejected and the model chosen is a fixed effect.
- If the test Hausman<Chisquared$_{table}$then H_0 is rejected and failed chosen model is the random effect.

c. Lagrange Multiplier test

This test is used to choose between the model common effects (pooled least squared) or random effects with the hypothesis as follows:

- H_0 : Model Pooled Least Squared
- H_1 : Random Effect Model

The test is:

$$LM_{test} = \frac{nT}{2(T-1)}\left[\frac{\sum_{i=1}^{n}\left(\sum_{t=1}^{T}\bar{e}\right)^2}{\sum_{i=1}^{n}\sum_{t=1}^{T}e^2}-1\right]^2 \quad \text{or } LM_{test}= \frac{nT}{2(T-1)}\left[\frac{T^2\sum\bar{e}^2}{\sum e^2}-1\right]^2$$

Where:

n	= *number of firms*
T	= *number of period*
$\sum\bar{e}^2$	= *average number of squares of residuals*
$\sum e^2$	= *number of squares of residuals*

Hypothesis:

- If the LM test>Chisquared$_{table}$ then H_0 is rejected and the model chosen is random effects.
- If the LM test <Chisquared$_{table}$ then H_0 is rejected and failed chosen model is pooled least squared.

Hypothesis

Hypotheses are used to test the significance of variables with a confidence level of 95% is as follows:

Do the export variables affect economic growth in ASEAN. When exports increase, then economic growth will also increase. It is formulated in the following hypothesis:

H_0 :Variable exports do not significantly affect the economic growth in ASEAN

H_1 :Variable exports significantly affect the economic growth in ASEAN.

Reject Ho if α <5%.

Results and Discussion

Tests Selection Panel Data Model

a. Chow Test

Chow test is testing the F statistic. Chow test is used to choose between the pooled least squares or fixed effect with the hypothesis as follows:

H_0 : the method used is pooled least squares or common effects

H_1 : the method used is the fixed effects

If probability <α then H_0 is rejected and then the method used is the fixed effect. Or if $F_{statistic}>F_{table}$ then H_0 is rejected and then the method used is the fixed effects.

Redundant Fixed Effect Tests

Table 1: Test cross-section fixed effects

Effects Test	Statistik	d.f.	Prob.
Cross-section F	0.636364	(4,42)	0.7031
Cross-section Chi-square	3.173013	4	0.4302

Test cross-section fixed effects

In this study, the probability is obtained 0.7031 at the 95 percent confidence level. So H_0 accepted or in other words the method used in this study were pooled least squares models.

b. Hausman Test

This test is done after the Chow test that aims to choose the method between fixed effects or random effects with the hypothesis as follows:

H_0 : the method used is random effects

H_1 : the method used is the fixed effects

When Chi square$_{statistic}$> chi square$_{table}$ then H_0 is rejected, or if the probability is <α then H_0 is rejected, so that the method used is the fixed effects models.

Correlated Random Effects—Hausman Test

Table 2: Test cross-section random effects

Test Summary	Chi-Sq. Statistik	Chi-Sq. d.f.	Prob.
Cross-section random	2.287032	3	0.4265

With a confidence level of 95% was obtained probability > alpha, so that the method used is random effects.

c. Lagrange Multiplier Test (LM—test)

This test is used to choose between the common effects model (PLS) or random effects with the hypothesis as follows:

H_0 : the method used is pooled least square

H_1 : the method used is random effects

If the value LM$_{statistic}$> Chi Squared$_{table}$ the chosen model is the random effects, and vice versa if the value LM$_{statistic}$<Chi Squared$_{table}$ the chosen model is common effects (PLS).

After the Lagrange Multiplier test of 43.25 LM$_{statistic}$ obtained by Chi Squared with alpha 5% of 4.815. Thus obtained LM$_{statistic}$> Chi Squared$_{table}$: 43.25> 4.815, then H_0 is rejected.

Based on the above three tests, it can be concluded that the random effects models are most appropriate method of estimating panel data in this study.

Results of random effects regression models which is the best model can be written in the form of the following equation:

$Growth\_GDP_{it} = 12.4322 + 0.282497\ Growth\_EX_{it} – 0.153016\ LF_{it} + 0.052013\ INV + e_{it}$

In the above equation it can be seen that the coefficient of export growth of ASEAN shows the positive value that is 0.282497. While the labor force control variable shows a negative value of -0.153016, as well as investment variables showed a positive value of 0.052013.

Hypothesis Testing Theory and Research

Table 3: Results of Random Effects Regression Models

Independent Variable	Probability Value
Export growth	0.0000*

Note: * = Significant at α = 5 %

  The next test is the test of the significance of each coefficient as seen from the p-value at which this test p-value export growth amounted to 0.0000 or less than 0.05 resulting in variable export growth significantly affect the economic growth in the countries of ASEAN 5. While the p-value for control labor force variable and investment respectively 0.0746 and 0.4444 which resulted in the control variable does not affect the growth of GDP (economic growth) in ASEAN.

Discussion Variable

Export Growth Variable

From the regression results obtained using the random effect model of economic growth models ASEAN in the following table:

Table 3: Regression Model of Indonesian Economic Growth

Dependent variabel: Growth_GDP ASEAN

Independent Variable	Coefficient	t-statistik	Prob.
Growth_Export	*0.282497*	3.472871	0.0000
Labor_Force	*-0.153016*	-1.824647	0.0546
Investment	*0.052013*	0.771477	0.4334
R^2 = 0.52643			

Note: * = Significant at α = 5 percent

From the table above obtained results show that export growth in a significant and positive effect on the growth of real GDP (growth) in ASEAN, meet or consistent with the hypothesis, with a coefficient of *0.282497*, and the value of t-statistic of 3.472871, which means significant at probability = 0.00%. This means that with the increase in export growth by one percent, increase GDP growth (economic growth) amounted to 0.282 percent.

To find out how well the regression line owned can be seen from the coefficient of determination that shows how much the variation of the dependent variable explained by all the independent variables. From the panel data regression results above, it is known that the value of R^2 is 0.52643, which means economic growth variation explained by the model of 52.64 percent and the rest is explained by other variables outside the model.

This is certainly consistent with the theory that expressed by Nurkse (Moon, 1997), which argues that the export sector is the sector that pushed the economy toward growth and rapid development. Export function as the engine of economic growth, and export should be done for every country that wants to go forward. This is consistent with the macro theory assumes that exports are injection to the economy. When linked with economic growth, exports have a positive correlation. As an example for the case, in Indonesia's own situation is reinforced by government policies that constantly promoting exports in other countries. Therefore, for sustainable economic growth is expected that each country in the ASEAN can carry out the expansion of highly competitive exports.

Export-led growth which is the economic and trade policies that aim to speed up the process of industrialization of a country by exporting goods that have comparative advantages. It would be interesting if we compare between Islamic and non-Islamic countries to determine export led growth hypothesis. Table 3 below is comparison of macroeconomic analysis between Islamic and non-Islamic countries in ASEAN.

Table 4: Regression Model Islamic and non-Islamic countries

Dependent variabel: Islamic_Growth				Dependent variabel: Non-Islamic_Growth			
Independent Variable	Coefficient	t-statistic	Prob.	Independent Variable	Coefficient	t-statistic	Prob.
Growth_Export	2,9613	2.4228*	0	Growth_Export	-1,5712	2,0861*	0,04

Note: * = Significant at α = 5%

From the table above shows that export growth is in a significant and positive effect on the growth of real GDP (growth) in Islamic countries in ASEAN, meets or consistents with the

hypothesis, with a coefficient of 2,9613, and the value of t-statistic of 2.4228, which means significant at probability = 0.00%. This means that with the increase in export growth by one percent, it will increase GDP growth (economic growth) amounted to 2,9613 percent.

In Non-Islamic countries, export growth is significant and negative effect on the growth of real GDP (growth) in ASEAN, that is not consistent with the hypothesis, with a coefficient of 1,5712, which means significant at probability = 0.04%. This means that with the increase in export growth by one percent, it will decrease GDP growth (economic growth) amounted to 1,5712 percent

To sum up, export-led growth opens up domestic markets to foreign competition in exchange for market access in other countries. Export-led growth is an economic strategy used by Islamic countries in ASEAN (see table 3).

Conclusion

Studying the role of exports in economic growth is certainly very interesting, and has a lot of empirical and theoretical studies which are conducted to examine this in a few years decades. This paper attempts to advance existing research by using the ASEAN as the research object.

Research results that we have obtained clear that export performance seems to be essential for economic growth. Export growth in a positive and significant effect on economic growth. This means that export is still contributing to the promotion of economic growth in ASEAN, so that the increase in export growth is still going to increase economic growth. Positive and significant influence between exports and economic growth indicates that the Keynesian theory suited to the condition of ASEAN, which is that the key to economic growth trend determined from the effective expansion of aggregate demand which include export growth in ASEAN.

Export-led growth is an economic strategy that is used by Islamic countries in ASEAN. This strategy seeks to find a niche in the world economy on the export of certain types. Industries producing exports can receive government subsidies and better access to the local market. By implementing this strategy, the countries hope to get stronger currencies to import the commodity which is produced cheaper elsewhere. Export-led growth has two important reasons, it can generate profits and allow a country to balance their finances even exceed their debts as long as facilities and materials available for export. In addition, the export growth can lead to greater productivity (McCombie et al, 1994).

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