The sources of export competitiveness: the case of Malaysia estate natural rubber sector, 1997-1990

Abstract

The inherent limitation of the Constant Market Share (CMS) approach in analysing relative export competitiveness is recognised. This paper instead explains export competitiveness in terms of four industry characteristics namely, investment in R&D, and measures of labour, physical and human capital intensities. The analysis leads to two policy conclusions. First, the critical role of labour in Natural Rubber (NR) cultivation and extraction and the urgent need for the development of labour saving technologies. Second, the marginal return of R&D to a matured industry suggests great potential in the export of R&D stock to rapidly growing low cost NR producing countries.