

Trade and Human Development: Case of ASEAN

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Association of Southeast Asian nations (ASEAN) is a dynamically progressing group of nations which aims at developing their economies through greater regional cooperation and policy coordination. the collective aim of ASEAN's current policies is to boost intra- regional trade as well as trade with partners outside the region via reduction in both tariff and non-tariff barriers. This study is an explanatory research aiming at establishing the link between trade openness and human development in a panel consisting of the ASEAN member states. the application of a panel cointegration test along with a fully modified OLS technique revealed a significant relationship between trade per capita (measurement of trade openness) and human development index values (measurement of human development) for the 7 ASEAN members taken into account. The result of this study, with its given limitations, has implications for the policy-makers laying the framework for trade liberalisation in ASEAN and thus aiming at the ultimate goal of setting up of the ASEAN economic community.

Keywords: Trade openness, Human Development Index, ASEAN, Panel Cointegration, FMOLS