

## Effects of International Trade on Economic Growth

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**Abstract :** In the paper, attempt was made to investigate the impact of international trade on economic growth at the disaggregate level both from the theoretical and economic angle. The study in its contribution examines this impact at the disaggregated level. To this end, a hypothesis was formulated to investigate the short run and long run impact of international trade on growth in the country. In the econometrics investigation that follow, international trade was disaggregated to export and imports and their short run and long run effect on growth was examined. Also, the aggregate international trade was also investigated to see the long run effects of its own growth. The results of the findings indicate that; both export and import impact significantly to growth in the short run. The long-run impact of export on growth was found to be positive, significant and stable both. Engle-Granger co integration test and error correlation mechanism were applied to these long run relationships. For the import, while the short run was found to be positive and significant on its impact on growth, the long run relationship was found to be negative but not significant. Therefore, it is thus recommended among others that the country should engage more on export promotion drives.

**Keywords :** international trade, disaggregated, import, export, econometrics, trade, economic growth, foreign trade, import, export

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