

Environmental Impact of Trade Sector Growth: Evidence from Tanzania

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Abstract : This paper attempted to investigate whether there is Granger-causality running from trade to environment as evidenced in the changing climatic condition and land degradation. Using Tanzania as the reference, VAR-Granger-causality test was employed to rationalize the conundrum of causal-effect relationship between trade and environment. The changing climatic condition, as the proxy of both nitrous oxide emissions (in thousand metric tons of CO₂ equivalent) and land degradation measured by the size of arable land were tested against trade using both exports and imports variables. The result indicated that neither of the trade variables Granger-cause the variability on gas emissions and arable land size. This suggests the possibility that all trade concerns in relation to environment to have been internalized in domestic policies to offset any likely negative consequence.

Keywords : environment, growth, impact, trade

Conference Title : ICETD 2017 : International Conference on Economics, Trade and Development

Conference Location : Paris, France

Conference Dates : April 18-19, 2017