

MAKERERE

UNIVERSITY



COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES (COBAMS)

SCHOOL OF ECONOMICS

MASTER OF ARTS IN ECONOMIC POLICY MANAGEMENT (MAEPM)

**THE EFFECT OF TRADE OPENNESS ON ECONOMIC GROWTH IN CASE OF
SUB SAHARAN AFRICA (SSA) COUNTRIES: A PANEL DATA APPROACH**

BY

SISAY FIKADU HEYI

REG.NO.2016/HD06/3199X

STUDENT NO. 216022348

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF ARTS IN
ECONOMIC POLICY MANAGEMENT

SUPERVISOR

DR. OKUMU IBRAHIM MIKE

OCTOBER 2017

ABSTRACT

The relationship between trade openness and economic growth has been extensively investigated yielding to mixed and inconclusive results. This paper examines the effect of trade openness on economic growth for Sub Saharan Africa Countries over the period of 1996 to 2015. The study employed a method of Feasible Generalized Least Square model and the results of this empirical analysis have led to the conclusions that trade openness has a positive effect on GDP per capita level in SSA. Accordingly, first, SSA countries have to improve their balance of trade through exports diversification and balanced growth in order to reap the full benefits of integration into global markets. Second, SSA countries have to expand their infrastructural facilities within themselves so as to actively integrate into to regional and global value chains.