

RELATIONSHIP BETWEEN TRADE LIBERALIZATION AND ECONOMIC GROWTH:  
EMPIRICAL EVIDENCE FROM SUB-SAHARAN AFRICA

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ABSTRACT

This study empirically examines the relationship between trade liberalization and economic growth in Sub-Saharan Africa using a panel data for the period of 1970-2010. Data was obtained from World Development Indicators and we adopted the OLS approach. Our results indicate that trade liberalization and FDI have significant positive impact on the economic growth of Sub-Saharan Africa. On the other hand, financial development and inflation have a significant negative influence on economic growth, while population growth has an insignificant relationship with economic growth. This study therefore, concludes that Sub-Saharan Africa can vigorously pursue trade liberalization policies in order to enhance their economic growth. We recommend that since trade could serve as engine of growth to Sub-Saharan Africa, countries should trade especially among themselves for mutual benefits.

*Keywords:* Trade Liberalization, Economic Growth, Empirical Evidence, Africa