Abstract:

This paper considers Mongolian case and tries to study the relationships between exports and GDP growth. The indirect effects of exports with different industrial origin on economic growth have been estimated using the model proposed by Feder (1983). The study tested hypothesis that exports affect economic growth through productivity differential channels and externality effects spilling over from export sector to non-export sector. The study covers period 1985 to 2002 and total export is decomposed consisting from three sectors, agricultural, mineral and manufactured product export sectors. The overall productivity differential effects of export sector are all positive and mixed in term of significance. Also the study estimated decomposed indirect effects of exports on economic growth. The findings suggest that the economy is benefiting from the exports through channels of increased productivity such like technology, knowledge and etc., However the externality spilling over from export sector have positive sign, they are not significant enough to be observed. The industrial sector differential effects should be due to difference in technology, immaturity, and growth potentials caused by industrial policy development of Mongolia. The study may generate some signals for further policy recommendations to improve productivity levels of agricultural and manufactured production sectors, and establish a working mechanism to strengthen backward and forward linkages export sectors and non-export sectors.

Keyword: Economic growth, Sectoral export, Productivity differential effects, Externality effects, Mongolia