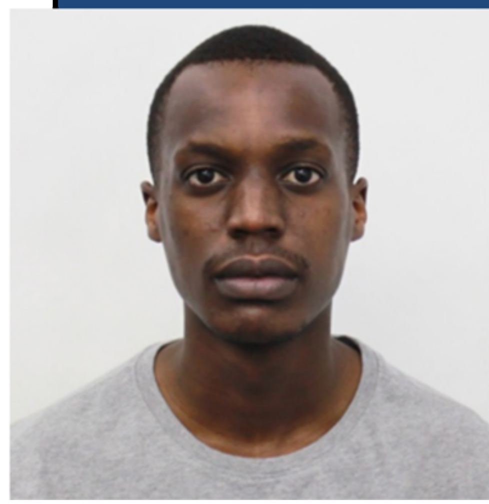
Graduate Seminar

Department of Economics and Finance

College of Business and Economics

Davies Nyachieng'a



MA Candidate

Supervisors: Mei Li and David Prescott

FDI inflows in the new century and their effect on trade in selected East and Southern African countries

From the beginning of the 21st century until the first half of 2010s, natural resource prices rose, with the exception of the global financial crisis period. Concurrently with the rising natural resource prices, foreign direct investment (FDI) inflows for Africa, a continent well-endowed with these natural resources, increased dramatically. This paper applies the fixed and random effects regression models for panel data to examine the effect of FDI inflows on trade for countries within East and Southern Africa during the years 2000-2014. As the Hausman specification test favours the fixed effects model, final conclusions are based on the results from this model. The results show that FDI has significantly contributed to imports but its effect on exports is statistically insignificant although the estimate is positive. Additional analysis finds that GDP, natural resource endowments and the control of corruption have a significant positive effect on both FDI and exports.

Date: Monday August 14th 2017
Time: 10:00am
Room: Mackinnon 720