

Applied Economics >

Volume 38, 2006 - [Issue 8](#)

407 Views | 34 CrossRef citations to date | 0 Altmetric

Original Articles

# Bilateral J-curve between the UK vis-à-vis her major trading partners

Mohsen Bahmani-Oskooee , Charikleia Economidou & Gour G. Goswami

Pages 879-888 | Published online: 02 Feb 2007

 Cite this article  <https://doi.org/10.1080/00036840500399388>

Sample our  
Economics, Finance,  
Business & Industry Journals  
>> **Sign in here** to start your access  
to the latest two volumes for 14 days



 Full Article  Figures & data  References  Citations  Metrics

 Reprints & Permissions

Read this article

 Share

## Abstract

Currency depreciation is said to worsen the trade balance first before resulting in an improvement, yielding a short-run pattern labelled the J-curve phenomenon. While early studies tested the J-curve by using aggregate trade data, a few recent studies have employed bilateral data, mostly between the US and her major trading partners. In this paper we extend the literature by considering the experience of the UK. We test the phenomenon between the UK and her twenty major trading partners by employing data over 1973Q1–2001Q3 period. In most instances, we find no support for the J-curve in the short-run. In the long run, only in five cases has the exchange rate had significant impact on the bilateral trade balance.

# Notes

<sup>1</sup> To find a rigorous analysis of this issue see Alexander ([1952](#)).

<sup>2</sup> Junz and Rhomberg ([1973](#)) support the delayed response by identifying five different lags: recognition lag, decision lag, delivery lag, replacement lag, and production lag.

<sup>3</sup> The trading partners include the UK, Canada, France, Germany, Italy, and Japan.

<sup>4</sup> The list of countries is same as Rose and Yelen ([1996](#)).

<sup>5</sup> For a review article see Bahmani-Oskooee and Ratha ([2003](#)).

<sup>6</sup> To have an overall idea about the UK the reader may visit the CIA website at <http://www.odci.gov/cia/publications/factbook/geos/uk.html>

<sup>7</sup> For an impact study of the devaluation of pound sterling in 1967 see Artus ([1975](#)). Artus ([1975](#)) uses a commodity level disaggregation to show the impact of devaluation on trade balance and trade flows for the UK.

<sup>8</sup> Cowitt ([1988](#)), p. 702.

<sup>9</sup> The ratio is used to make the measure of trade balance unit free (Bahmani-Oskooee, [1991](#)). For theoretical derivation of the reduced form see Rose and Yellen ([1989](#), pp. 54–55).

<sup>10</sup> All the estimations in this paper follow the manual of MFIT, Version 4.0 developed by Pesaran and Pesaran ([1997](#)).

<sup>11</sup> The critical values are taken from Case III, Pesaran et al. ([2001](#)), p. 300.

<sup>12</sup> However, the results are available upon request when we also use R bar squared and SBC criteria.

<sup>13</sup> The graphs for other countries are also available from the authors upon request.

---



Publish today in  
**Finance and Space**  
**FIND OUT MORE »**

## Related research

People also read

Recommended articles

Cited by  
34

[The J-Curve: a literature review >](#)

---

Mohsen Bahmani-Oskooee \* et al.  
Applied Economics  
Published online: 2 Feb 2007

---

[Bilateral J-curve between India and her trading partners >](#)

---

Swarnjit Arora et al.  
Applied Economics  
Published online: 5 Oct 2010

## Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

## Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

## Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

## Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

## Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954  
5 Howick Place | London | SW1P 1WG



**Taylor & Francis**  
by informa