

[International Review of Applied Economics](#) >
Volume 26, 2012 - Issue 1

386 | 11 | 0
Views | CrossRef citations to date | Altmetric

Articles

Is there J-Curve effect in Africa?

Mohsen Bahmani-Oskooee  & Abera Gelan

Pages 73-81 | Received 24 Mar 2007, Accepted 24 Jun 2009, Published online: 21 Nov 2011

 Download citation  <https://doi.org/10.1080/02692171.2011.619972>

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  Supplemental  Citations
 Metrics  Reprints & Permissions [Get access](#)

Abstract

The J-Curve is a term used to describe the post-devaluation behavior of the trade balance, i.e., initial deterioration followed by an improvement. Previous research has tested the phenomenon for many developed and developing countries. However, African nations have not received any attention on this regard. In this paper, we test the hypothesis for nine African countries of Burundi, Egypt, Kenya, Mauritius, Morocco, Nigeria, Sierra Leone, South Africa, and Tanzania for which quarterly trade data were available. After using the bounds testing approach to cointegration and error-correction modeling, we were unable to find any support for the J-Curve.

 Keywords: [Africa](#) [the J-Curve](#) [bounds testing approach to cointegration](#)

 JEL Classification: [F31](#)

[< Previous article](#)

[View issue table of contents](#)

[Next article >](#)

Acknowledgements

The valuable comments of two anonymous referees are greatly appreciated. Any remaining errors, however, are ours.

Notes

1. This definition would only be true if the trade balance and the real exchange rate are defined in a way that a positive relation between the two reflects an improvement in the trade balance due to real devaluation or real depreciation.
2. Note that the Bounds testing methodology here closely follows Bahmani-Oskooee and Kara (2003) in this journal. See also Bahmani-Oskooee, Economidou, and Goswami (2005) and Bahmani-Oskooee, Goswami, and Talukdar (2008).
3. Note that if the increase in domestic income is due to an increase in the production of goods that are close substitute for imports, a country could import less. In this case the estimate of β could be negative. By the same token, an estimate of γ could be positive. For more see Bahmani-Oskooee (1986).
4. We also employed Schwarz Bayesian Criterion (SBC) in selecting optimum lags. There were no significant changes in the results.
5. For some examples of these studies on the elasticity approach see Agbola and Damoense (2005), Narayan and Narayan (2005), and Truett and Truett (2000).
6. A table is available upon request from the authors showing exact partners for each country.



Related research

People also read

Recommended articles

Cited by
11

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

Mohsen Bahmani-Oskooee * et al.

Applied Economics

Published online: 2 Feb 2007

The J-curve in the emerging economies of Eastern Europe >

Mohsen Bahmani-Oskooee et al.

Applied Economics

Published online: 11 Apr 2011

The Real Exchange Rate, the Ghanaian Trade Balance, and the J-curve >

Bernard Njindan lyke et al.

Journal of African Business

Published online: 27 Apr 2017

[View more](#)

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 © 2023 Informa UK Limited](#) [Privacy policy](#) [Cookies](#) [Terms & conditions](#)

[Accessibility](#)



Taylor & Francis Group
an **informa** business

Registered in England & Wales No. 3099067
5 Howick Place | London | SW1P 1WG