

Impact of International trade of Libya on its economic growth and trading partners

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Abstract

This study aims at analysing Libya's foreign trade and its impact on economic growth for both Libya and trading partners. EU is the most critical section regarding the trade and trade partners of Libya. The study recognises Germany, France, Spain, the UK, and Italy as the major trading partners of Libya. To achieve its purpose, the study analyses the imports of Libya and GDPs of Libyan nationals amid the year 1960 – 2008. The analysis uses the Two-Stage Least Square (TSLS) Method to estimate the coefficients. Libyan imports from France have a big impact on the GDP of France. The results reveal that the UK, Italy, Germany, and Spain have no feedback effect of the trade relations with Libya. Hence, in comparison to the other European Union countries, France has the greatest dependence on trade with Libya for the country's economic growth. Based on the findings, the study suggests that Libya establishes policies to expand business with France. Drivers and barriers of the trade relationship of Libya with member countries of the EU as the results revealed that the gains of trade between most of the EU members and Libya have no benefits to Libya.

Keywords: International Trade, Economic Growth, Trading Partners, Libya