

Impact of Export Diversification on Economic Growth: Evidence from Developing Countries of Asian Region

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Export-led growth strategy has become a major concern of economic policymakers of developing countries to achieve their economic growth objectives. In this respect, the effect of export diversification has a major role to play in achieving higher and sustainable economic growth. The main focus of this study is to understand the impact of export diversification on the economic growth in developing countries of the Asian region and to identify the most suitable export strategy to achieve higher economic growth.

The export herfindahl concentration index is the main variable used in this study as a proxy to measure the effect of export diversification and concentration on economic growth. The Study has employed the GMM panel estimation method to analyze the data of 33 developing countries in the Asian region from 1995 to 2019 at an annual frequency. The study has found a negative and significant relationship between the export herfindahl concentration index (H) and the GDPPC growth of the selected developing countries, which implies that there is a positive impact of export diversification on economic growth. In light of the findings it can conclude that export diversification may lead to higher and sustainable economic growth in developing countries of the Asian region.

Keywords: *Developing countries, Export diversification, Economic growth, Export herfindahl concentration index (H)*

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