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THE EFFECT OF RISING OIL PRICES ON DIFFERENT ECONOMIC SECTORS

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Abstract

This paper studies the impact of oil revenues on different economic sectors of 10 developing oil countries and 10 developing non-oil ones, over the period of 1993 to 2010. For this purpose, the panel data model is used. The results show that in the oil countries, with rising oil prices, the share of value added in industry, agriculture and services is reduced. The most negative impact is on the agricultural sector and the least impact is on service sector. Reducing the share of value added in each of the three mentioned sectors in total GDP shows that with the rise in oil price the share of oil in the model increases. In non-oil countries, the share of value added in agriculture decreased and the results obtained in sections of industry and services are the statistically meaningless.

Keywords: tradable goods, non-tradable goods, industry, agriculture, service sector
