

A Dynamic Panel Approach to Measuring the Impact of Economic Complexity on Economic Growth at The Territorial Level in Romania*

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* Presented at the 40th IBIMA International Conference, 23-24 November 2022, Seville, Spain

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Abstract

Economic complexity is considered an essential determinant of economic growth. Our research follows the "Product Space" methodology to compute an index for the Economic Complexity of Romanian territorial units. A Romanian panel dataset is being analyzed using a system GMM approach to investigate the impact of economic complexity and exports on economic growth. Both short and long-run estimates are obtained for the exogenous variables. Results support our research hypotheses, documenting that economic complexity serves as a significant contributor to wealth at the territorial level. Most importantly, our findings advocate the necessity to conceive strategies to foster the development of economic complexity.

Keywords: Economic Complexity, Economic Growth, Product Space, Panel Analysis, Romanian territorial units.