

The contribution and potential of service activities to the upturn of economic growth in Bolivia

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ABSTRACT

In this article, the contribution of the services sector to the economic growth of Bolivia during the period 2006 - 2022 was evaluated. A decline in the services sector was observed during the COVID-19 pandemic to later lead the growth within the Gross Domestic Product (GDP) during the recovery period. In this work, econometric tools such as the Granger causality test, Autoregressive Vectors (VAR) and the Bound test of the ARDL models are used. In the work we found that there is a bidirectionality between the service sector and economic growth. The VAR results show clear evidence that services sector affects economic growth and the Bound cointegration test shows a long-term balance between the variables. The Error Correction Mechanism indicates that 0.33% of the short-term GDP imbalance is corrected quarterly. The service subsectors that have the greatest contribution to GDP are those of financial services and transport.

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Palabras clave: *Service sector, economic growth, impulse-response function, Error Correction Mechanism*