

Volume 31, Issue 3**Research Announcement****Co2 emission, economic growth, energy consumption and foreign trade in
pakistan: causality analysis**

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*COMSATS Institute of Information Technology, Attock***Abstract**

The alarming increase in global warming in the last century resulted in an intensive debate over issues of environmental degradation due to rapid economic growth on the basis of intensive utilization of the natural resources of the world economy. The literature is exhaustive on these issues and the underlying study fills the gap in literature by producing evidence in context of a relatively underdeveloped, open in context of international trade and significantly contributing to total global emissions, Pakistan. The analysis is conducted using annual data from the World Development Indicators on Carbon Dioxide emission, economic growth, consumption of energy and openness for foreign trade from 1972 to 2007. Following Toda and Yamamoto (1995), augmented Vector Autoregression technique is implemented to test Granger causality. The results indicate that gross domestic product significantly Granger causes emission of Carbon Dioxide, energy consumption and foreign trade. It is also evident that energy consumption unidirectional Granger causes emission of Carbon Dioxide. The existence of causal relationships has implications for implementing effective policies to control alarming increases in emission of contaminate gases and contribute to conserve global environment.

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