



INTERNATIONAL TRADE & ITS CORRELATION TO ECONOMIC GROWTH

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28 AUGUST 2023

ÇANKAYA UNIVERSITY

GRADUATE SCHOOL OF SOCIAL SCIENCES

DEPARTMENT OF MANAGEMENT

MASTER'S THESIS IN

MASTER'S IN BUSINESS ADMINISTRATION



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GROWTH**

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28 AUGUST 2023

ABSTRACT

INTERNATIONAL TRADE POTENTIAL & ITS CORRELATION TO ECONOMIC GROWTH

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MBA in Business Administration

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August 2023, 180 pages

This study delves into the intricate relationship between international trade and economic growth within the context of the global business environment. It scrutinizes the dynamics of economic integration, the diverse economic systems across nations, and the various factors driving globalization. The study evaluates the motives for companies to engage in international business, encompassing sales expansion, resource acquisition, and risk reduction. Encompassing interventionist and free trade theories. It evaluates trade protectionism and its rationales, both economic and non-economic, and analyzes instruments of trade control such as tariffs and non-tariff barriers. The diverse modes of trading internationally, including exporting and importing, are examined along with their advantages and disadvantages. Challenges and pitfalls of international trade, ranging from financial risks to government regulations, are thoroughly assessed.

Key words: Gross Domestic Product (GDP), Exports, Imports, Global world Foreign Direct, Investment, Purchasing Power Parity, Human Development Index, Free Trade Agreement, International Monetary Fund, Return on Investment, Corporate Social Responsibility, Intellectual Property.

ÖZET

ULUSLARARASI TİCARET POTANSİYELİ VE EKONOMİK BÜYÜME İLE İLİŞKİSİ

LOMRI, Mounira

İşletme Yönetimi Yüksek Lisans Tezi

Danışman: Doç. Dr. Aytaç Gökmen

Ağustos 2023, 180 sayfa

Bu çalışma, küresel iş ortamının bağlamı içinde uluslararası ticaret ile ekonomik büyüme arasındaki karmaşık ilişkiyi ele almaktadır. Ekonomik entegrasyonun dinamikleri, uluslararası ekonomik sistemlerin çeşitliliği ve küreselleşmeyi yönlendiren çeşitli faktörler incelenmektedir. Çalışma, uluslararası iş yapmaya yönlendiren nedenleri değerlendirmekte olup, bunlar satış genişlemesi, kaynak edinimi ve risk azaltmayı içermektedir. Müdahaleci ve serbest ticaret teorilerini kapsamaktadır. Ticaret korumacılığı ve ekonomik ve ekonomik olmayan gerekçeleri ile gümrük vergileri ve gümrük dışı engel türü ticaret kontrol araçları analiz edilmektedir. İhracat ve ithalat dahil uluslararası ticaretin farklı şekilleri avantajları ve dezavantajlarıyla birlikte incelenmektedir. Finansal risklerden hükümet düzenlemelerine kadar uluslararası ticaretin zorlukları ve tehlikeleri detaylı bir şekilde değerlendirilmektedir.

Anahtar kelimeler: Gayri Safi Yurtiçi Hasıla (GDP), İhracat, İthalat, Küresel Doğrudan Yabancı Yatırım, Satın Alma Gücü Paritesi, İnsani Gelişme İndeksi, Serbest Ticaret Anlaşması, Uluslararası Para Fonu, Yatırım Getirisi, Kurumsal Sosyal Sorumluluk, Fikri Mülkiyet.

ACKNOWLEDGEMENT

I warmly acknowledge those who have been instrumental in shaping my academic endeavors. I am truly indebted to my supervisor for their precious guidance, impressive skill set, and thoughtful critique, which have significantly molded the path and standard of this investigation. Their willingness to share their stories has dramatically improved my knowledge of Business Context such as “International Trade & its Correlation to Economic Growth”. Their engagement has been essential in propelling my research forward.

I express heartfelt thanks to the individuals responsible for creating this thesis. Their steadfast commitment and valuable input have formed the basis of this endeavor and significantly expanded my knowledge of business, commerce and economics.

I wholeheartedly extend my gratitude towards those who have steadfastly provided encouragement and backing throughout my research venture. Having believed in my capabilities has served as a steady driving force.

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LIST OF ABBREVIATIONS

UN:	United Nations
EU:	European Union
NATO:	North Atlantic Treaty Organization
CIS:	Commonwealth of Independent States
ASEAN:	Association of Southeast Asian Nations
BRICS:	Brazil, Russia, India, China, and South Africa
IGO:	Intergovernmental Organization
NGO:	Non-Governmental Organization
UMO:	Universal Membership Organization
GDP:	Gross Domestic Product
GINI:	Gini Coefficient
FDI:	Foreign Direct Investment
PPP:	Purchasing Power Parity
BoP:	Balance of Payments
GNI:	Gross National Income
PCI:	Per Capita Income
HDI:	Human Development Index
ME:	Market Economy
CEE:	Command Economy
MEE:	Mixed Economy
DE:	Developed Economy
DevE:	Developing Economy
WTO:	World Trade Organization
NAFTA:	North American Free Trade Agreement
FTA:	Free Trade Agreement
FTZ:	Foreign Trade Zone
ITAs:	International Trades Administrations
IMF:	International Monetary Fund

W-B-G: World Bank Group
OECD: Organization for Economic Co-operation and Development
IPCC: Intergovernmental Panel on Climate Change
WHO: World Health Organization
EPA: Environmental Protection Agency (U.S.)
CO₂: Carbon Dioxide
GHG: Greenhouse Gases
ICT: Information and Communication Technology
IB: International Business
MNE: Multinational Enterprise
GVC: Global Value Chain
R&D: Research and Development
HR: Human Resources
ROI: Return on Investment
CSR: Corporate Social Responsibility
IP: Intellectual Property
LA: Licensing Agreement
JV: Joint Ventures
M&A: Mergers and Acquisitions
GV: Greenfield Venturing
PM: Payment Methods
EEI: Electronics Exporting Information
AES: Advanced Exports Systems
ANOVA: Analysis of Variance
Std. Error: Standard Error
df: Degrees of Freedom
Sig.: Significance (p-value)
F: F-Statistic
R: Pearson's Correlation Coefficient

INTRODUCTION

In today's profoundly globalized world, understanding the multifaceted relationship between international trade practices and economic progress has become a pressing issue. Our in-depth investigation aims to meticulously dissect the intricate association linking international commerce processes with economic evolution. Our study targets the broader global scenario as a backdrop. Still, it emphasizes transitional economies such as Turkey & India more for an intricate interpretation of how these nations are traversing the global commerce network.

The multifaceted analysis of this examination includes an exploration of various segments of international commerce- from driving globalization elements to different types of economic systems to trade protectionism to roles of multinational & regional bodies like WTO. This array of topics gives us a sturdy platform for understanding why countries partake in international commerce and its subsequent influence on their economic prosperity.

In addition, by focusing on Turkey and India as case studies, this research focuses on how developing nations' unique economic-political environments mesh into international trading perspectives. Each country presents a unique model showcasing how policy decisions in world affairs can lead to varied economic growth consequences. Our goals are: Each country serves as a distinct example, illustrating how choices in international policy can result in a range of economic outcomes. Our objectives include offering a comprehensive understanding of the multifaceted dimensions of international business. We aim to explore into the economic, political, and social ramifications that arise from globalization. Additionally, study provide an insightful analysis of how emerging economies, such as India and Turkey, navigate and integrate within these global frameworks.

With this research study, we wish to impart helpful knowledge on the intricacies involved with global trade practices and their correlation with fiscal progression generally in emerging economies to policymakers, academicians, and business leaders.

CHAPTER I

THE GLOBAL BUSINESS ENVIRONMENT & ECONOMIC INTEGRATION

1.1 INTRODUCTION

Globalization is the economic process of expanding cross-border trade and investment. It has been driven by a variety of factors, including transportation and communications technologies. Globalization carries many benefits, such as access to lower prices for consumers and higher incomes for workers. But it also creates some problems, such as rising inequality. The growth of globalization is driven by public policy changes and communications technology innovations that facilitate the circulation of men, products, and wealth across international boundaries. These factors have resulted in a rapid increase in international trade, which has increased as a percentage of world GDP over the past few decades. Moreover, this same ratio of human beings suffering in abject poverty has decreased drastically in various regions of the world as countries have become more open to global economic forces. In some cases, this has also helped to narrow income inequality (Bacchetta & Bustamante 2009).

Consumers and workers in countries exposed to globalization enjoy better access to a wider range of products at lower prices, which has improved their quality of life. Similarly, companies gain access to more customers and suppliers as they expand their businesses internationally (Mussa 2000).

Corporations can benefit from globalization by reducing the cost of manufacturing, obtaining raw materials more cheaply through the reduction or elimination of tariffs, and gaining access to millions of consumers who can buy their products in a foreign market.

Employment has also benefited from globalization, as more high-skill jobs have been created in the United States that pay higher wages than traditional manufacturing jobs. This has been particularly true of jobs in business-service

and affected people's livelihoods to an extent that was often greater than the benefits they gained. Nonetheless, nearly all economists believe that globalization is beneficial to the overall economy and should be supported (Borchert & Yotov 2017).

The global business environment is also an umbrella term for the complex interdependence between nations and regions over a variety of fields, commerce in products and services, inflows of money, investments, personnel, and expertise are all included. This growing interdependence is the result of advances in modern means of communication and transportation technology. Increasingly, these changes have become the driving force behind economic integration. Several factors are responsible for this, including the tastes of individuals and societies, the price of delivering products and services as well as the impact of governmental policy are highlighted.

Boosting commerce within a region is an important part of bringing economies closer together. With the expansion of international commerce and the movement of production across borders, we are seeing a fundamental shift in the global economy, is facilitated by an expanded range of imports and exports of factor inputs and by regulatory convergence that removes barriers to entry into markets in the integrating economies. As a result, an integrated regional market is established that can serve as a stepping-stone toward a common currency or monetary union.

The next step is the harmonization of national borders and procedures for settling payments between firms in the participating countries, it might eventually lead to the complete disappearance of territorial boundaries as domestic impediments to commerce. There by motive for these integration projects can vary from the logic of defensive regionalism, in which an encroaching economic environment is being addressed by the participating states, to the more popular, and increasingly politically contentious, policy of neoliberal reforms. The pursuit of integration programs has been used as a justification by democratic governments in South America and other developing countries for the adoption of neoliberal economic policies that were once thought politically unpalatable.

The World-Bank-Group (W-B-G) supports an active, transparent, regulations global trade framework environment with the aim of assisting nations to contribute as profit. It also provides "Aid for Trade," a worldwide program intended to assist developing nations, particularly low-income nations, in fostering development through integrating into the global economy. Thereby role of trades in boosting growth has been emphasized as a means to maximize a nation's productive potential and acquire

goods that has a comparative advantage in, as well as to transfer resources among countries. The benefits of trade are not only realized by consumers, but also by nations as a whole, as it opens up opportunities for specialization and innovation that can increase productivity and economic growth.

1.1.1 Factors Driving Globalization

Across the world, globalization has brought about greater economic integration through international trade. But there are many different factors that drive this process (Naz & Ahmad 2018). One important factor is comparative advantage. Countries that produce a specific product in a superior way tend to trade those products with each other. Another key factor is technology. The spread of digital technologies has facilitated the movement of people around the globe and the transfer of information.

However, the growth of globalization has not always been positive for everyone. For example, in developing countries, globalization has led to the production of goods that do not provide a good living for workers. The phenomenon of economics integrations achieved by the exchange for goods and services and including the distribution of resources, money, and person beyond state lines as well as knowledge and capital, has grown increasingly intensive during the past half century. This increase has been attributed to the following factors (Pal & Kumar 2022).

Enhanced technological capacities in the fields of both mobility and information exchange: Improved technology in transportation and communication has significantly expanded opportunities for people living throughout the world. This phenomenon is comparable to the Industrial Revolution but differs in three important ways. First, transportation infrastructure improvements lower travel times and vehicle operating costs for travelers as well as for companies. They also expand opportunities for specialization and economies of scale. This leads to increased economic growth.

The prices of carrying products, services, and elements of growth into and out of international markets have decreased as a result of advancements in the technologies that enables mobility as well as transmission. These reductions have contributed significantly to global economic integration. In terms of absolute cost reductions, however, the pace of advance has been relatively slow. This is because, in addition to the costs of transport, there are also other costs that cannot be reduced without diminishing economic welfare (such being the price tag on disseminating potentially lucrative bits of information and technology. Individuals and communities' preferences

have on the whole but not uniformly, supported capitalizing on the possibilities presented by the falling costs of transit and knowledge sharing by growing economic integration. Economic integration has been shaped and accelerated by public policy, albeit not necessarily in a manner that promotes globalization (Roy et al. 2018).

Financial Liberalization: Financial liberalization has reduced barriers to the flow of financial resources and has created an interconnected global system of capital markets, enabling companies to access finance from anywhere in the world through a variety of financial instruments. This has been facilitated by the growth of international banking networks and financial intermediaries such as Western Union and World Remit (Wang 2022).

1.1.2 The Criticism of Globalization

Globalization is the process by which persons, products, commodities, concepts, dialects, and information's are just some of the things that move over geographical boundaries. It can be a positive or negative experience for businesses and individuals alike. A major benefit of globalization is that it can help businesses expand their customer base and generate more revenue streams outside of the borders of their countries or states. Accessing new markets allows for companies to develop products and services in unique ways, often by adapting them to meet local demand (Kellner & Kellner 2021).

Critics of globalization argue that it creates unsustainable conditions for countries and cultures. They are pointing to the removal of impediments to commerce as well as the liberalization just as examples of social and economic disruption.

Proponents of globalization also argue that it promotes free trade, which stimulates economic growth; generates jobs; a reduction in pricing for end users as well as stimulation of economic growth. They argue that globalization provides less developed nations with access to advanced technology and finance from elsewhere that can improve their standards of living. However, globalization has also led to a rise in environmental problems, such as pollution and depletion of natural resources. Furthermore, the emergence of international capitalism has created a growing gap between rich and poor nations (Jahanger et al 2022).

One of the major criticism of globalization is that it has exacerbated economic inequality, primarily in the developing world. By reducing the value of labor and encouraging a downward spiral in which nations compete to see who have with poorer

labor and environmental standards compete with each other for multinational corporations, it has made jobs less secure, particularly for the most vulnerable workers.

In addition, it has empowered multinational corporations to seek privileged trade agreements and lobby for their own favors. This has diminished state sovereignty and decreased citizens' ability to hold their leaders accountable for their conditions, which also makes it harder for governments to enforce labor and environmental protections.

Moreover, it has also polluted the environment and imposed unsustainable and exploitative work conditions on workers in developing countries, especially in manufacturing. This has negatively impacted the livelihoods of millions and hindered their chances for upward mobility. It has also contributed to a rise in poverty, which is harmful to both the economy and global development.

1.1.2.1 Threats to National Sovereignty

The concept of national sovereignty has been central to international law for centuries. It lays out basic rules for how countries are allowed to interact with each other and protects them from invasion over internal matters. In the physical realm, this principle has legal effect through prohibitions on the use of force and non-intervention in other nations' affairs as well as a standalone rule of territorial sovereignty that prohibits a state from sending its forces into or over foreign territory (Tuca 2015).

As globalization has progressed, the traditional conception of sovereignty is being challenged by the increasing complexity and interdependence of economic, environmental and social forces beyond a state's control. It is also being challenged by a growing desire for so-called tech sovereignty, which shifts policy toward increased national control over the key technologies that shape a country's economy and society (Budnitsky 2022).

As a result of globalization, the idea of sovereignty has undergone serious changes. This process is connected with a number of international and regional processes: the development of new network connections that make the boundaries of national states transparent; technological and economic changes; global problems that unite countries; the emergence of international institutions, political parties, and other forms of democracy; etc.

There are a number of countries, such as those in Europe, USA, Russia and CIS, that are voluntarily reducing the scope of their sovereignty prerogatives (Grinin

1999a; 2001b, 2007e). The main types of this trend are as follows: * the voluntary reduction of a state's authority by means of a definite international law norm.

This phenomenon has an important impact on world public opinion, as well as on a whole range of political processes in a given country. For example, many countries have voluntarily given their authorities to the United Nations, European Union, and other world associations.

The problem of 'transfers of sovereignty' is quite complex and involves a wide range of questions. In addition to the legal issue, it is also concerned with cultural and anthropological factors. This problem is extremely important in relation to non-Western cultures and civilizations, as they are often influenced by external conditions. For example, a number of African states are under a huge pressure from local civil wars that threaten to spread beyond their borders and create a dangerous situation. To effectively and permanently counter such transnational challenges, it is essential to fortify competent reforming nations and sub-regional institutions.

1.1.2.2 Environmental Issues

Globalization has impacted the environment in numerous ways. Some of these include pollution, climate change, and land loss. The environmental issues that arise due to globalization are significant and can affect the health of people worldwide. They can also create new issues that require activists, politicians, and ordinary citizens to work together to resolve. The environmental problems that arise due to globalization are mainly caused by the increased production of goods and their transport from one place to another. These products are made in foreign countries and consume a lot of fuel to transport them. The world is now facing various troubling problems relating to man-made pollution that are having long-term consequences for the earth's ecology. The only way to prevent these problems from occurring is to build sustainable development strategies and continue enforcing conservation methods. Developing countries and less developed regions are often negatively affected by these problems. Illiteracy, poverty, and internal conflicts often limit their perception of environmental issues. In the rich world, powerful Corporate Managers also have a huge influence on politicians and public policy by making political campaign contributions (Harper & Snowden 2017).

Local Politics & Environment: In most areas, political leaders and government policies on environmental issues are influenced by local politics. These political

systems are often dominated by a pro-industry agenda. Solutions to these problems require a common sense alliance between business and governments, and between environmentalists and the public at large. This is particularly true of major environmental issues such as global warming, deforestation, and pollution (Owen, et al 2006).

Reducing Consumption: According to Pravalie, (2016) the most effective means of reducing pollution and climate change is to reduce the amount of goods we buy. Minimizing consumption is a simple and relatively inexpensive way to improve the environment. It involves buying items that are durable and will last a longer time, or replacing disposable products with reusable ones.

Lobby for Recycling: Changing the way people throw away their garbage is a good place to start. This can help save money on landfill costs, and help reduce the release of greenhouse gases into the atmosphere (Tuca 2015).

1.1.2.3 Income Inequality

Consistently voiced reservations about the effects of globalization are taken into consideration here is that it results in income inequality. Economists argue that inequality occurs because the wages of a certain group of workers increase while the wages of others do not. Some economists say that it is skill-biased technological change that creates this inequality. This view suggests that technological improvements increase overall income but reward highly educated workers more than low-educated ones.

Another view is that immigration brings in low-skilled workers who increase measured income inequality. David Card estimates that immigration adds about 5 % to the total rise in inequality. The bottom line is that it is a complex issue and the more nuanced reasons behind inequality need to be understood in order to be tackled effectively. High levels of inequality are correlated with many social ills, including higher crime and mental illness rates. It is also a major contributor to poverty (De Maio 2007)

Inequality is not a natural phenomenon; it can be caused by government policies and can be exacerbated by economic factors, such as trade agreements. Nonetheless, there are some effective ways to tackle inequality (Ravallion 2014).

Income inequality is a concern because it puts power in the hands of the wealthy, leading to little-to-no economic mobility for large portions of the population.

Inequality can also affect people's ability to save for the future, which can lead to increased debt and a lack of wealth accumulation (Dabla-Norris et al 2015).

Rising Inequality: Why It Matters: Over the past several decades, income inequality in advanced economies has risen. The difference is a result of higher salaries being earned by those in higher demographic segments, while those in lower-income population segments have seen their wages remain stagnant or even shrink (De Maio 2007).

Why It Worries Economy: The shift of income from low-saving families towards high-saving households decreases consumption expenditure, hence retarding the increase of demand. This redistribution has been substantially offset by other economic and policy events over decades, but the compensation mechanism may be exhausted. Because of this, it is crucial to implement policies that help break the cycle of inequality. The United States has seen some of the most unequal incomes in history, but it is possible to change that situation (Ravallion 2014).

1.1.3 Why Companies Engage International Business

There are a number of reasons why companies engage in international business. These include sales expansion, resource acquisition, risk reduction and more. The global business environment is increasingly competitive, with many businesses sourcing suppliers from other countries and competing against products that originate abroad. It's important for businesses to consider all the challenges that international business presents (Verbeke 2013).

Participation in international business is a way for nations to capitalize on their plentiful manufacturing materials and specific knowledge. This is beneficial for consumers because it expands the range of products and services already offered on the market and encourages competition in domestic markets (Daniels et al 2014). For businesses, participating in international business offers opportunities to diversify their products and increase the efficiency of their operations. It also opens up new markets and increases revenue. In today's complicated global economic climate, companies must anticipate domestic and international market shifts if they want to succeed. This requires an understanding of how the economic, political, and social elements impact the business landscape (Lundan 2018).

Culture is an important component of the international business environment that can vary widely from country to country. Different cultures have different beliefs,

values, and customs. This makes it difficult for businesses to know how to effectively communicate and work with customers in different cultures.

Despite the challenges and risks of doing business in foreign countries, international trade is still an essential component to any company's success. It allows companies to access a wide range of customers in places where their products are more readily available and affordable.

The value of developing a brand in one country is less than another due to economies of scale, lower-cost materials, and cheaper labor costs. This reduces the overall cost of a product and generates enormous profits.

Many companies engage in international business as a strategy for producing income, striving for increased sales, diversification, cutting expenses, including hiring new personnel are some of the goals that need to be accomplished. These businesses may also seek to grow in foreign markets by establishing manufacturing facilities and investing in foreign operations. Economies of Scale and Resource Access (Verbeke 2013): A company may choose to export products and services that are more in demand in another country's markets due to efficiencies of scalability that may be realized when producing large amounts of goods or services. This can lead to lower production costs and higher profits. Multinational corporations (Daniels et al 2014). MNEs operate across multiple markets and have the opportunity to develop new products or adapt existing ones to local needs and traditions. They also often benefit from global concentration and synergies, which allow them to reuse or share a number of key resources such as marketing departments.

1.1.3.1 Sales Expansion

Companies engage in international business to gain a wider market, increase profits and attract new clients. Moreover, international business can also help businesses minimize the impact of fluctuations in sales and profits due to business cycle fluctuations – such as recession and expansions. While there are many reasons for companies to go international, four common ones are sales expansion, resource acquisition, risk reduction and diversification. All of these factors are important to consider when developing a global sales strategy and converting new international sales leads (Lundan 2018).

The most common reason for a company to expand into a foreign market is to acquire more customers, boost sales and increase revenues. The key is to target the right markets with a well-defined strategy and a steady growth path.

Another popular reason for international expansion is to diversify a brand's product offerings and customer base. For example, a company that sells a high-end coffee maker at home might want to launch the same model in Europe or Asia where it would be less expensive.

In addition, international expansion can provide a company with access to a diverse work force that could offer a fresh perspective and unique ideas for the brand's future. For instance, IBM actively recruits individuals from diverse backgrounds and cultures because it believes this can be a competitive advantage in driving innovation and benefiting the customer.

1.1.3.2 Resource Acquisition

Resource acquisition is the process of identifying and gathering necessary resources such as human resources, tools, equipment, facilities, and raw materials for project implementation. It is the first step in a project management life cycle and forms an important part of project planning. The acquisition of resources is a vital part of any project and must be executed promptly in order to guarantee the project's accomplishment. It is essential to collect several types of resources for the project that can be assigned to different tasks and activities (Jinghua & Jisheng 2017).

In addition to the economic and political benefits of international business, firms also gain access to a wide variety of resources that can be used for their operations. These can include experts, legal, financial and human resource specialists. The acquisition of these resources is an important part of project management. The right resources need to be acquired at the right time and assigned to the correct project tasks in order to maximize productivity.

For example, if a company is joining with another firm in a foreign market it may be necessary to acquire a number of people with legal, financial and human resource expertise. These people can help to strengthen the company's competitiveness and ensure that projects are completed on schedule. If a company is expanding into a region with a high level of political risk, it will need to acquire political risk insurance to protect the company from any negative effects that may occur in the country.

This is an important step because it will reduce any risks that are associated with the expansion of the company's activities and assets. Resource acquisition is a critical component of project management and must be undertaken by the organization at the beginning of every project. It is an important way to ensure that the project is completed on time and within budget (Wen et al 2022).

1.1.3.3 Risk Reduction

One of the main reasons why companies engage in international business is for risk reduction. When a company sells its products in other countries, it can earn a significant amount of money. This can offset the negative effects of a loss in its home country. The other reason why companies engage in international business is for risk diversification. This strategy allows a firm to minimize the effects of a single loss by diversifying its sources of income, as well as its assets and liabilities (Roy, et al 2018).

In addition to financial diversification, businesses also employ a range of other strategies to reduce risk. These include hiring experienced employees, investing in a variety of resources, and implementing an effective insurance policy. Political risk is another key factor that affects companies when doing business in a foreign country.

This risk is caused by changes in government policies that can negatively affect the firm's operations. Moreover, the cultural context of a destination place is a significant issue that international companies must consider. It involves a range of factors, including languages, religions, geography, biography, as well as schooling. These factors can lead to misunderstandings and confusion in a company's operations. Consequently, a business may fail to achieve its desired goals in a new country (Budnitsky 2022).

1.1.4 International Business Trading Modes

International business is the exchange/buying and selling of products, services, and resources that takes place beyond national boundaries. These include manufacturing and trading, as well as the movement of money, people, and intellectual property (patents, copyrights, trademarks, and know-how). When a firm decides to expand internationally, it needs to choose a mode of market entry that best suits its strategy and goals. This might fluctuate from region to region, determined by the scale of the firm and the economic regulatory framework and legal conditions in the target country (Daniels et al 2014).

Many strategies exist for enter an international market, and the mode chosen will be determined by a variety of different aspects. Among them are the following: company's internal capabilities, its international strategy and the target market's potential. The first mode that most firms enter an international market through is exporting. When a company sells products or services developed in its own nation to customers in another country, they are engaging in exportation, often via a contractual agreement with a local company. This is a common mode of entry for small businesses and entrepreneurs, because it is the most inexpensive and least risky. It also allows companies to avoid the expense of establishing operations in foreign countries (Lundan 2018).

Another common mode is sales representation, which involves a firm representing a manufacturer in a foreign market for an established commission. These representatives negotiate contracts, handle documentation, deliver products and pay suppliers for their work. Some firms may prefer to license their product or service to an existing firm in the foreign market, which is known as a licensing agreement. This can be especially effective when a firm has an innovative or high margin product that requires adapting to the target market's requirements. Other modes of entry into international markets include joint ventures, acquisitions and Greenfield venturing. These methods involve acquiring an already established business in a foreign country or setting up a wholly-owned new firm in the foreign country. The choice of the appropriate mode depends on the degree of control the firm desires and the amount of resources it wishes to commit to a particular international market (Wen et al 2022).

1.1.5 Merchandise Exports & Imports

The International Trade Administrations (ITAs) offers a wide variety of tools, resources, and specialist expertise to assist anyone in expanding their business on a worldwide scale. This includes exporting and importing merchandise, a word used to describe any resources, byproducts, or final items that manufacturers in one region offer to consumers in another one. Merchandise exports are primary means like entering international markets, but they come with their own risks.

For example, a company's success in this mode depends on the payment terms it chooses for its export sales. There are many options for payment methods in international sales, and choosing the right one is a critical part of minimizing payment risk and winning international sales.

The best payment method is a cash-in-advance option, which allows exporters to get paid prior to shipping the goods and transferring ownership to the buyer. This is one of the most attractive options for foreign buyers, but it can be difficult for a seller to accept since they will be faced with credit-related issues abroad. An alternative method of payment for merchandise is documentary collection, which requires the importer to pay in advance before receiving the goods. This is a secure way to get paid, but it also creates significant payment risk for the exporter because it is more difficult to track the transaction after the importer pays in advance (Kalaitzi & Chamberlain 2020).

The trade in goods and services between the U.S. as well as neighboring states. Exports represent the sale of domestic products to consumers abroad, while imports are the purchase of imported goods.

Merchandise exports and imports are important components of global economic growth. They expand access to foreign markets and increase the value of products in domestic retail markets. Producing and selling goods overseas is a significant contributor to a company's overall revenue e.g., workers in the U.S. and help to stimulate the economy by attracting new investors, promoting innovation, and increasing profits.

Goods are exported in a variety of forms: by direct sales, through distributors, and through export brokers. Large corporations with extensive supply chains often maintain entire divisions dedicated to international marketing and merchandising. Facts on shipping to every country beyond Canada are derived from the Electronics Exporting Information's (E-E-I) confirmed by authorized exporters or business representatives through the Advanced Exports Systems (AES). The EEI is unusual amongst Census Bureau data gathering techniques since, with exception of former surveys versions, it doesn't require responders to seek replies.

The EEI serves as the foundation for all product shipments valued at \$2,000 or more (or \$250 for specific quota items) that are required to be recorded through formal entry. Hence, exporters are advised to submit the EEI and other needed documentation. From the start of value-based exemptions standards, the Census Bureau has estimated low-value imports and exports using criteria derived from historical trade trends. These projections are helpful for evaluating the value of imports and exports transactions and establishing benchmarks. Nevertheless, these projections do not represent current trade patterns.

1.1.6 Service Exports & Imports

Services (exportations and importations) represent resources, products, or services which exporters in one state sell to clients in a different country. Thereby International Trade Administration has information on importing and exporting, including how to prepare for international trade and what to expect from Customs and Border Protection. Services exported by countries are usually intangible and cannot be classified using traditional classification systems. The data used to calculate services trade, often from the balance of payments, is incomplete and contains many inconsistencies. Eurostat and Organizations for Economics' Co-operations and Developments have been making efforts to enhance the gathering of data on international trading in services (Contractor & Mudambi 2008).

Trading in services has shown to be comprehensive in the face of upheavals like financial meltdown, making it an important driver of capital accumulation development and career provision in emerging nation-states. This even provides potential avenues for redistributing workers and creating new positions, which both might alleviate the increasing stratification of the labor marketplace. Globally, service exports have risen substantially since the global recession and have continued to grow at a strong pace. They are now a major contributor to world trade, and services represent a significant share of total global exports. They also offer significant potential for the diversification of economies, as well as pathways to inclusive growth (Eichengreen & Gupta 2013).

The process of importing involves purchasing resources, goods or services from abroad that are then offered to local customers in the country of origin. This can broaden the scope of a business's sales and increase profits. In the United States, exports are those commodities made, crafted, or developed in the USA, and sold abroad. These are categorized into two groups: those exported for consumption (re-exports) and those that have been changed in the United States or exported from a U.S.

Foreign Trade Zone or bonded warehouse under Customs custody, and that seem to be mostly unchanged from their state of importation. Data on the importation of goods and exports are compiled from various sources, including customs reports and balance of payments transactions (Kalaitzi & Chamberlain 2020). Differences in timing and definition of trade flows can result in a wide range of estimates of merchandise trade. Merchandise trade data are disseminated on a quarterly basis and in monthly and seasonally adjusted forms. The data are generally released about 45

days after the end of the reference month. Several sets of statistical data on merchandise trade are prepared by the Census Bureau. The data include the national merchandise trade balance, a bimonthly Merchandise Trades News Releases and Supplements from U.S.A, with diverse series of specific information at users' requests. Some of these data are published as paper publications and others are available on CD-ROMs, magnetic tapes, or microfiche (Veeramani & Anam 2021).

1.1.7 Types of International Organizations

International business involves the sale of goods and services between countries. This can include merchandise exports, such as television sets or clothing, or service exports, include factors like fees for overseas trademarks as well as flight tickets. Trade on a global scale also allows different countries to use their natural resources and assets more efficiently. This can lead to more competitive prices for certain products or services in other markets. In addition to trading merchandise, international organizations can be involved in the sourcing and supply of labor for production of goods or services. This is known as global value chain management and is a major driver of international business growth (Archer 2014).

Federations of internationals-organizations: This type (A) consists of international governmental and NGOs organizations which include at least 3 main independent non-regional multilateral entities as delegates. Its operations and administration are not biased toward any one nation or/and Type A consists of worldwide non-profit networks, whatever federal or non-federal, with at least 3 additional independent non-regional global organizations as full players. It also includes "UMBRELLA" federations of such kind whose members also include associations at the federal level (Caraway et al 2012).

Universal membership organizations: Type B is a general designation of multinational organizations (both public and non-public) whose enrollment, leadership, and legislative power are distributed evenly around the globe. There may be based on a number of criteria, including the distribution between continents. In order to address the range of issues presented by taking into account the many forms that global organizations might take, it has been found to be helpful to categorize them into several categories. This is done by dividing them into those that meet certain simple criteria and those that do not (Archer 2014).

1.2 ECONOMICS SYSTEM'S & MARKET METHODS

In economics, a "system" refers to a "collection of rules that regulate how" something is done like individuals work, produce, consume, save and invest their resources. These rules are typically based on inalienable property rights that allow individuals to claim the profits they earn. Economic systems can take many different forms. These include command, market, and mixed economies (Pryor 2005).

ECONOMIC SYSTEMS ARE WAYS FOR SOCIETIES AIMING AT MANAGING “or” OPTIMALLY DISTRIBUTING GOODS, SERVICES, AND RESOURCES. To facilitate the distribution and trade of commodities and services, economies are used by countries throughout the globe. In a market economy, the decisions about how to allocate resources, including land, labor, and capital, are made by individuals. These decisions are based on what businesses think will bring the most profit and what consumers want. A market economy is often referred to as capitalism or free-market capitalism. This system relies on supply and demand and does not allow any government involvement. An economic with elements of both capitalism and socialism, sometimes called a hybrid market or mixed economy, like a mixture of a market and a command economic system. In a mixed economy, most businesses are held by privatized entities, but some public utilities are still managed by the administration (Cangiani 2011).

1.2.1 Global Business Environment

The global business environment involves multiple economic, social and cultural factors that must be considered when conducting business. This includes the political and legal environments as well as the technological and financial aspects of a company's operations. Managers must study the economic systems of countries to estimate how government policies and market trends affect their companies. They also know that countries differ in many ways, and that changes in a country's economy can change market circumstances and reshape policymakers' choices. The international business environment is constantly changing. New challenges are arising and the need for businesses to be prepared for these has never been greater. Whether a country is considered developed or developing depends on its socioeconomic criteria, which include its GDPs or GNIs per/capita, degree of modernization, general quality of life, and the quantity of technical infrastructures all play important roles in determining a country's economic success. These factors are often interconnected. A high degree of

development can also mean that the country is less susceptible to natural disasters, allowing for easier trade and investment in certain areas. This can be a significant advantage for a company, especially one that wishes to expand internationally (Jinghua & Jisheng 2017).

1.2.1.1 Developed Economies

Developed economies are usually defined as those that rank high parameters such as PCI, quality-life, health, education, and technological advancement. Real-world examples include the U.S, Canadian's, the UK, Norway, Switzerland, as well as Japanese. Developing countries depend heavily on trade for national and global development purposes. They benefit from trade and investment by increasing their production and generating more jobs. While these benefits are well-known, there are also risks. The interconnections between countries that are part of international networks -- the network effects that attract talent, capital, and resources from other locations -- increase the risk exposure of these systems and countries (Lundan 2018).

Developed Economies are economies that have achieved high income and have the resources to invest in improving the quality of life for their citizens. They have a high human development index (HDI) ranking, which is measured by factors such as low birth rates, stable population growth, access to health care and education, and individual incomes (Caraway et al 2012).

A developed economy is typically characterized by market competition, easy access to information on the law and government, as well as a robust business framework are all positive indicators. It is however, typically characterized by a free market system that has relatively low taxes on the wealthy and corporations for investment rather than high taxes to redistribute wealth (Daniels et al 2014).

The World Bank and IMF use a variety of criteria to classify a country as a developed economy, including its per capita gross national income and purchasing power parity. Other factors include the human development index and other noneconomic criteria, such as education and health (Veeramani & Anam 2021).

Countries that are considered developed can be divided amongst those with the highest, median, and lowest per capita incomes (PCI) regions. The highest-income countries are those that have a per capita gross national income of \$12,536 or more (Wen et al 2022).

1.2.1.2 Developing Economies

A developing economy is one that has a lowest gross-domestics products (GDPs) per-person or/and a country is considered to be a developing economy when it has a low gross domestic product per capita. This measure varies among countries, but typically indicates that the economy is not quite mature and has not yet reached its full potential for economic growth.

The United-Nations-Human-Developments-Index (H-D-I) uses to assess whether a country is developing or not. This index combines framework conditions such as income, education and health into a single metric. Several other factors can also help determine a country's economic status. For instance, a country's nominal gross national income (GNI) is frequently used as an at-a-glance indicator of its overall standard of living. In a context of increasingly complex trade, developing countries often face challenges that can limit their access to global markets and opportunities for growth and innovation.

Businesses and organizations struggle to remain competitive globally because significant marketplace actors like monopolies restrict innovations, productivity, and business expansion. There are also many economic and social challenges that developing countries encounter, including high levels of poverty and inequality. They often lack adequate infrastructure and energy production, and experience higher rates of violence against women and infectious diseases.

Despite these challenges, there are many ways that developing countries can improve their economies and lives. For example, reducing poverty through improved public services and access to medical care can increase the number of people who can afford basic necessities such as food, clothing and safe drinking water. Increasing education, employment and income can also contribute to an upward cycle of improvement that leads to a healthier society and an increased standard of living for all (Kalaitzi & Chamberlain 2020):

Per capita real income: Developing economies have a comparatively significant PCI for people, which means that most citizens don't have sufficient resources to save aside for future or other goals and invest in the economy. This results in a cycle of poverty that most people struggle to escape from.

Population growth and unemployment: Another defining feature of Developing Economies is that they have a rapidly growing population. This can cause a lot of

issues, such as a lack of infrastructure, rising poverty, and a poor quality of life for the citizens.

Poor infrastructure: Fortunately, many of these countries are starting to work on their infrastructure. This helps to improve their overall economy and move them closer to becoming developed countries in the future. In the short term, they are focusing on improving their health and education systems and increasing employment rates in the workforce. They are also reducing pollution and taking steps to protect the environment.

Low lifestyle quality: Developing Economies have a very low lifestyle quality and people suffer from a lot of stress. This can lead to a lot of illness and death (Veeramani & Anam 2021).

1.2.1.3 Economies in Transition

Economies in transition are those that are undergoing macroeconomic reforms from a state-run to a market-led system. This is a change from command socialist systems, which are characterized by the government setting prices and determining supply and demand. In such economies, inflation is an important problem. The government can abolish inflation by decree, but such a system is prone to shortages of consumer goods and the accumulation of money. To overcome the problems of state-determined prices and shortages of consumer goods, governments in transition must free the economy from such control by allowing the prices of all consumer goods to rise in response to higher demand. Structural reforms are also needed. These reforms include the transfer of previously state-owned companies to the ownership of private persons and companies is referred to as privatization), elimination of monopolistic rights in the banks, and development of a private sector based on credit extension to small and large firms (Feige 2019).

1.3 TYPES OF ECONOMIC SYSTEMS

The global economy is comprised of a wide variety of distinct sorts. These vary from the traditional economy to modern market economies. Economic systems are the way in which nations organize their resources and exchange goods and services. THEY INVOLVE MANAGING 4 WORKING TERMS – LABORS, CAPITALS, ENTERPRISES, and PHYSICAL ASSETS. The economics frameworks determine a lot about the way a society is structured and its members function. They influence how

a society distributes goods and services, the amount of wealth that people have and their views on justice and rights. An economical model in which production and distribution decisions are left to competitive marketplaces is known as a competitive economy goes to what products are sold. This type of system has minimal government intervention and involves price fluctuations that occur between producers and consumers. In a command economy, the government takes ownership of the production and distribution of major commodities. This caring nature of government is typical of communist states, but it has several drawbacks. There are also mixed economic systems, which combine two or more types of economic practices into one. These systems have less government interference than market economies, but governments may still regulate factors like fair trade and monopolies (Hommes 2013).

1.3.1 The Market Economy

The market economy is a system of economic activities that relies on free exchange of goods and services. The system also promotes competition and encourages efficiency. The main driving force in a market economy is self-interest and profit motives of individuals and businesses. These forces guide companies to produce products that are in demand and charge the highest price possible for them. This allows for companies to reduce their costs and innovate, so that they can earn more profit. This also ensures that consumers have a wide variety of products to choose from, and will get the best value for their money. Markets are efficient because all players have accessibility to the identical pricing, stockpile, and market statistics. Thus, pricing are indeed an exact representation of the rules of supply and demand (Sandu et al 2014).

In a market economy, people are free to get and use resources. They are also free to produce and sell goods and services in a competitive marketplace. The most important characteristic of a market economy is that it is driven by self-interest and competition. This is because the businesses in a market economy aim to provide the products and services people want at prices they are prepared to pay.

Businesses also aim to make as much money from their products and services as possible, so they reduce costs and innovate in order to do so. This is a good thing for both consumers and businesses because it ensures that they can make a profit from their business activities. Unlike other economic systems, people in a market economy own most of the resources and equipment which are preferred to generate their product

lines and service providers. Private entrepreneurs are responsible for determining how to effectively utilize those capabilities and to market their goods and services.

This allows businesses to create more efficient and innovative products that better serve the needs of consumers. These new products are often more profitable than other products. Prices are an important part of the market system because they reflect the level of supply and demand at any given time. When the supply of a good is low and there is high demand for it, the price will go up; when there is more supply and less demand, the price will go down.

1.3.2 The Command Economy

In a command economy, the government is responsible for deciding what goods and services the country needs to produce. This includes determining what is the best use of the country's resources, how many of each product should be made and what price they should sell for. There are also laws limiting how much each person can make, and what they can do with it. These laws can limit freedoms in a lot of ways, and it is important to understand what they are before you get into this economy (Papko & Kozarzewski 2020).

Command economies differ significantly from free market economies in many ways, including due to their lack of resources competition or profit motive for businesses and people. There is no incentive for individuals to work at their highest level, since it's up to the government to decide what they can and can't do. The economy is run by committees and planning groups. This creates a bureaucratic atmosphere that limits the amount of freedom the citizens have in their lives. They're often very centralized and lack the latest information on what consumers need and want.

This causes many problems. It's incredibly difficult for the government to keep up with consumer demands, so it can end up producing products that don't sell well. This can lead to a shadow economy or black market where people buy and sell things that the government doesn't make in enough quantity. In a free market, businesses and people are driven by self-interest, competition and the profit motive. The government is not able to provide these incentives, which means that they're less likely to do what's best for the economy as a whole. This can lead to a lot of waste and a bad economy (Dilmaghani 2021).

1.3.3 Mixed-Economy

A mixed economy is a type of economic system that has elements of a market economy and state interventionism. It may also be called a planned economy or a socialistic economy. It is common in many countries today or/and the Mixed Economy is an economic system which takes the best parts of capitalistic as well as socialists whilst omitting its flaws.

Governments contribute significantly economy/mixed economy, as they can control the infrastructure and social services of the country. They can also own or support key industries, such as aerospace, energy production, and banking (Hall 2021). The economy of the United States, for example, is as mixed economics because it supports free markets and government's intervention such as deal with societal issues such as education and the environment. Its government also helps to nurture new industries and protect American companies from competition abroad.

Mixing of the private sector and public sector allows for healthy competition and profit incentives. It also contributes to a more equitable society by reducing wealth disparities and giving opportunities to people who would otherwise be unemployed. The benefits of a mixed economy include the ability for citizens to choose their own occupation, hold property, and demand products or services that they wish. But to keep a check on monopolistic practices and discrimination of the lower sectors of society, the government keeps some control over these activities (Ereshko et al. 2022).

Advantages/Pros of having a Mixed-Economy: A mixed economy is one in which there is a benefits to both businesses and consumers. For businesses, freedom to compete and to be efficient in their production is important. For consumers, the ability to choose what they want and how much they pay is a positive (Dilmaghani 2021). A mixed economy may also offer the potential to reduce government regulation and intervention. For instance, if some industries are seen as crucial to long-term economic health and stability, the government can give them favorable tax treatment and subsidize their operations (Ereshko et al 2022).

Disadvantages of a Mixed Economy: A mixed economic system can lead to a wide range of undesirable effects, including information asymmetry and market capture. Without some third-party intervention, these effects can disrupt wealth transfer and wealth generation in society. In contrast to socialistic or command economies, a mixed economy does not necessarily resulting in a deployment of goods / services that is significantly fair to all parties involved. It can still be dominated by

the interests of a few large groups. It can also erode individual liberty and reduce welfare protections for the poorest members of society (Sandu et al 2014).

1.4 ECONOMICS INTEGRATIONS & COOPERATION

Economic integrations & Cooperation occur when two or more countries reduce market restrictions enacted to promote or shield particular economic interests. The process overcomes costly barriers to the free exchange of commodities, services, money, labor, and belief systems. As a matter of fact, there're many different forms of economic integration, but the most basic forms focus almost exclusively on reducing tariffs and quotas. These forms are often called "free-trade areas" (Lee et al 2009).

Regional Integration: Regional integration involves removing barriers to trade and economic cooperation between member nations. This can lead to a reduction in manufacturing and selling costs, increased industrial output, and increased employment opportunities. While some people believe that economic integrations are beneficial, others argue that they are harmful because they degrade national economies. They may also cause social, environmental, and governance risks to rise. Historically, many countries have pursued economic integration to protect themselves against foreign competition or to increase their market share in an increasingly competitive international economy.

However, many today argue that neoliberal economic policies have created global crises and should be replaced by more sustainable and inclusive localized kinds of integrating. The 4 major varieties of economic cooperation constitute as follows: trade-free zone, preferential or free trade zone, economic union, and customs union. Each has different objectives, but they all promote trade and investment between countries (Lundan 2018).

Economics Union's: An economic union is a group of countries that come together to allow goods and services to flow freely in and out. This reduces production costs and makes the member countries more competitive in the world economy. An economic union also aims to have well-organized institutions to regulate policies and nations, for example, the European Central Bank.

OR/AND

A single market plus a customs union make up an economic union, which is a sort of trading bloc. The member nations share regulations on products control, wealth as well as manpower mobility, and the flow of ideas of products and services.

Thereby goal of an economic union is to create a more efficient and unified economy. This is achieved by harmonizing monetary policy and integrating the national economies of members. Another benefit of economic integration is that it reduces the cost of moving resources such as capital and labour between member countries. This helps to expand economies and create new comparative advantages.

An economic union also allows workers to move freely between member nations and enables companies to learn new skills from other countries in order to better compete. This can be especially beneficial for firms that need to find new ways to produce their products. It can also be useful for companies that want to locate in a country with a lower cost of living (Feige 2019).

Single Market: A single market is an economic union in accordance with like the one that a collection of nations has reached a consensus / pertaining free flow of commodities, money, and services. Thereby goal is to create a competitive environment where products can be sold to consumers across the region, without the need for customs duties. In neo-liberal economic theory, a single market is expected to generate indirect consumer welfare by promoting business mobility and by escalating competitiveness with the economy.

However, these realization EU single markets has remained far from achieved and several major components remain to be finalized. This special issue investigates how public-private interactions contribute to the development of the single market, both within and across policy areas. A central point of analysis is whether asymmetric dynamics in spending policies and regulatory policies can foster contestation or support further integration efforts.

Political Integration: Political integration is the process of working closely with other nations to attain tranquility, justice, as well as prosperity. Often, one or even more explicit commitments are involved and some coordinating bodies representing the countries involved in the process.

Neofunctionalists derived their concepts of interdependence and integration from the American experience of nation building based on economic development. This experience has been interpreted as the basis of their approach to international security. An important element of neofunctionalist theory is that the state is seen as a hindrance to the satisfaction of welfare needs. This is a strong incentive for the emergence of utilitarian, needs-based institutions during the integration process.

1.4.1 Forms of Economics Integrations

Economics integrations is the mechanism through which 2 or multiple countries agree to coordinate their trade, fiscal and monetary policies. It is defined by the removal of barriers to economic transactions and the resulting growth of markets and market transactions that facilitate the movement of goods, services and investments. It is an important aspect of the international economic system that leads to market equilibrium, uniform prices and free factor mobility. The economic integration process also creates an international system that can avoid wars between countries and lead to the reestablishment of Western Europe as a world power through its ability to expand its perimeter of economic relationships.

There's a great number of distinct models for economics integrations, and each has its advantages and disadvantages. Some benefits include a more extensive market and maybe even gaming condition for competition, allowing firms to grow or fail more easily and cheaper. Other benefits include accessibility to a broader customer market, an expanded pool of competent labor, extra financial sources, and new technology.

Thereby process of economics integrations can also help to rebalance power and dilute concentrations of wealth. The benefits of economic integration varying from one nation to the next and from one area to the other, but generally main one is better economic outcomes. This is because free or minimally restricted trade leads to lower costs for consumers and reduces the prices of goods produced by importing countries (Veeramani & Anam 2021).

In addition, economic integration can increase political coordination and foster trust between nations. This is because countries that rely on each other for trading are less inclined to engage in armed conflict with one another. Another benefit is that it encourages cooperation and can lead to more economic and social growth. This is because it increases the amount of investment in a region and promotes greater production and employment. Economics integrations may be broken down into 7 distinct phases, as defined by experts: complimentary trade zone; regulatory union; single market; capital accumulation union; fiscal and monetary union; finally long - term economics integration. These stages are based on specific factors such as the elimination of tariffs and a harmonization of fiscal and monetary policies (Dabla-Norris et al 2015).

1.4.1.1 The World's Trades Organization

The World's Trade Organization, established in 1947, offers a forum where member countries can discuss trade problems and work out solutions. It also plays an important role in resolving disputes between members when a dispute cannot be settled through negotiation (Wen et al 2022).

The WTO has a number of agreements, largely based on the GATT, which set out rules for international trade. These agreements focus on reducing tariffs (customs duties) and other trade barriers. They cover a broad variety of topics, such as agricultural, fabrics and fashion, banks, technical regulations and consumer protection laws, intellectual rights, and several others.

Most of these agreements have special provisions for developing economies, allowing them to benefit from more open markets and increasing their trading opportunities (Matsushita et al 2015). This is often done through a committee that looks at developing economies' needs and helps them implement WTO agreements.

Another key function of the WTO is to ensure that all member states treat each other fairly and do not discriminate against one another. This means that if one country gives its trading partners more benefits than other members do, it must give all of its other members the same treatment (Payosova 2018).

1.4.1.2 Wto Secretariat, Roles and Mechanisms

The WTO has a secretariat that has its headquarters in Geneva in the Swiss canton of Geneva. It employs something in the neighborhood of 620 people as well as it boasts a director-general at the helm. Moreover, it manages a large number of specialist organizations, task forces, as well as operating bodies. These monitor practices that are considered "unfair" if they are not implemented in accordance with the WTO's rules (antidumping, subsidies and countervailing measures). Others examine non-trade-distorting practices such as establishing ground rules, safeguards, as well as trade obstructions caused by technological issues, customs valuation and import licensing (Lanoszka 2022).

1.4.2 Regional Economics Integrations

Regional economics' integrations seems to be the strategy of developing new commercial relationships and political coordination among countries in a region. It involves reducing or eliminating trade barriers and agreeing on fiscal policies to

promote the free circulation of commodities, capital, manpower, as well as services. Generally, the initial phase of economic integration is a regional trading zone, following by an open trade zone, a common market, and finally a single market. In many instances, it also encompasses a full synchronization of macroeconomic strategy or a domestic economic union (Głodowska & Pera 2019).

In general, the main goal of a regional integration project is to promote economies of scale. This means that a larger number of firms in a particular industry can operate more efficiently than they would operating individually, increasing the profitability of producers and enabling them to expand their production (Pal & Kuma 2022).

According to Wang, (2022) the next step is to encourage a wider distribution of production chains between the integrating economies, this contributes to the virtual eradication of national borders as impediments to domestic commerce. This is achieved through harmonizing border processes and reducing the cost of transporting completed and semi-finished products between participating countries (Kellner 2021).

Regional economic integration has the potential to benefit all parties involved. It allows the nations in the area to develop new industries, promote new export industries, and increase the size of their domestic markets. In addition, it increases trade and opens up new opportunities for investment (Lanoszka 2022).

1.4.2.1 Bilateral Agreements

Bilateral agreements are contracts that involve two parties, each promising to do something in exchange for a specific amount of money or other value. These types of contracts are common in everyday life, and are used for everything from purchasing goods to receiving medical treatment.

In contrast, a unilateral contract relies on only one party to make a promise or offer for a specified group of people. This type of agreement is often not legally binding, so it does not require any action on the part of the promisee or offeror (Menon 2007).

Unilateral agreements can be broken down into two categories: promises that are made for a defined group of people, and those that are negotiated for a general audience. Examples of a unilateral agreement include an advertisement that states that a radio station will pay its listeners \$100 for telling it who their favorite singer is (Egger & Larch 2011).

A bilateral agreement, on the other hand, requires both parties to negotiate, agree, and perform the promised actions. In addition, both parties must have sufficient legal capacity to fulfill their obligations under the agreement (Vivas-Eugui 2003).

Bilateral trade agreements decrease or abolish levies, importing caps, exporting restrictions, and other trading obstacles so as to enhance international commerce and investments. The Department of Bilateral Trading Affairs of the United States is devoted to reducing America's market deficits through developing free trade arrangements including emerging nations, upholding current market agreements, and encouraging economic growth overseas (Menon 2007).

1.4.2.2 The Effects of Integration

Economic integration removes trade barriers and aligns monetary and fiscal policies, creating a more interconnected global economy. Its effects are generally considered positive, but some people believe it can also create negative economic consequences (Mussa 2000).

For example, some staunch nationalists may be against economic integration because they fear for their country's independence if they join a larger economic bloc. But small countries have been found to gain much from economic integration, as it increases market size, reduces trade costs, and improves employment opportunities. In addition to its economic benefits, economic integration can promote social stability and political cooperation through stronger economic ties between countries. It can also increase the size and scope of foreign exchange markets, which helps smooth financial cycles in domestic economies.

Another important effect of integration is a reduction in policy divergence. In other words, countries that do not agree on the same policy can still cooperate if both agree to change their policies (Borchert & Yotov 2017).

Moreover, there are several benefits to economic integration, including lower trade costs, a wider variety of available products and services, including enhance efficiency. It can also facilitate market expansion and technology sharing (Roy & Khan 2018).

As economic integration expands, the complexities and restrictions it creates can become more difficult for individual countries to comply with. This can make it difficult for national governments to set their own economic and monetary policies. It

also can lead to a loss of independence for central banks. This could undermine the competitiveness of the area under integration (Budnitsky 2022).

1.5 MAJOR REGIONAL TRADING GROUPS

Major Regional Trading Groups are a growing trend in global trade. They include potentially good and bad consequences for world's marketplace and will have a significant role in influencing the course of internationalization. There are six distinct types of trading factions that may be defined by the degree to which respective economies are interconnected. (Lee & Petri 2009).

1.5.1 The Europeans Unions

The Europeans Unions (EU) founded after WWII (World-War-II) to ensure lasting peace between the twenty-seven European countries that comprise it. The idea was that if countries worked closely together, they would be less likely to go to war with one another (World Health Organization 2021).

The EU has a single market, free trade between member states, localized developmental funding to assist deprived regions throughout developing infrastructure and technology to engage with much more prosperous areas globally. It's also has exclusive and shared competencies in areas such as the customs union, business competition rules, monetary policy, judicial and administrative reform, and trade agreements with other countries (Wernick et al 2021).

A large part of the European Commission's responsibilities are based on these powers. It is responsible for drafting community policies, enforcing those laws, and monitoring compliance. Its staff members are drawn from national governments and serve renewable terms of office. Its approach to the global marketplace is rooted in a narrative that aims to harness globalization but regulate it at the same time. This narrative has been a dominant feature of EU trade and investment policies for many years, with the union a major player in regulating global governance frameworks such as the WTO (Archer 2014).

However, these approaches to international trade have shifted in recent years. The EU is now negotiating more preferential trade deals than any other power, and it has a policy of setting stricter conditions for others to access its markets (Chamberlain, 2020).

The EU has also been involved in negotiating global climate treaties. These include the Paris climate accord and the Iran nuclear deal. It has also taken a lead role in the EU-Pacific strategy, which paves the way for greater engagement with the Pacific (Budnitsky 2022).

1.5.2 The North's Americans Free Trades Agreements

The North's Americans Free Trades Agreements (NAFTAs) is really a free-trades zones spanning the United States, Canada's, and Mexico's. It was signed in 1992 after years of negotiations. Proponents of the agreement argued that it would increase trade and production in the region, leading to increased wealth and prosperity for all three countries. It also would promote an increase in the level of employment (Villareal & Fergusson 2017).

Under NAFTA, tariffs and quotas were removed on a variety of goods and services from all three countries, creating opportunities for businesses to trade freely across North America. In addition, the agreement allowed for equal access to trade between all three countries, and it also benefited agriculture (Barlow McKee & Stuckler 2018).

While the agreement did result in job losses in the United States as manufacturing jobs moved to Mexico, economists say that the North's Americans Free Trades Agreements has allowed American automakers to better compete with their Chinese counterparts, due to the fact that this really paves the way towards global sourcing, which in turn reduce costs and boost competitiveness (Russ & Swenson 2019).

NAFTAs likewise developed labor as well as ecological regulations, developed disputes settlement processes, which safeguarded assets such as copyrighted material in these three nations. Its supplementary agreements, the North's Americans Agreements on Environmentally Cooperation's (NAAECs) and the North's Americans Agreements on Labors Cooperation's (NAALCs), added further protections to labor standards and environmental regulations (Papko & Kozarzewski 2020).

Although NAFTA did not produce the expected economic growth in the United States or Canada, it has contributed to a more cohesive trade and investment pattern between the three nations. It has strengthened the diplomatic ties between the three countries, as well (Kellner & Kellner 2021).

The NAFTA also helped to create a collaborative business-classifications framework, known as the North's Americans Industrial Classifications Systems (NAICS). This new system allows for easier comparison of business statistics between all three countries (Pal & Kumar 2022).

1.5.3 Regionals Economics Integrations in Americas

Regionals economics integrations is an agreements between several countries to lower or remove tariffs and coordinate their budgets. It is a common approach to economic integration and has been applied successfully in many countries, like EU. Thereby main aims of economics integrations is to promote the free flow of capital, products, personnel, and resources. It's beneficial for bridging barriers between nations caused by differences in geographical, transportation, and ineffective monetary reforms. Regional integration is facilitated by the World-Bank Group's clients nations via the promotion of shared physically and administrative infrastructures (Lee & Petri 2009).

There are many types of integration: regions of privileged business, open trade arrangements, customs alliances, and shared marketplaces are all forms of international economic integration. Each type of agreement has different objectives. Some are aimed at the promotion of comparative advantage and economies of scale, while others seek to address market failures (Vivas-Eugui 2003).

A preferential trading area, such as the North's Americans Freely Trades Agreements (NAFTAs) or the Centrals Americas Freely Trades Agreements (CAFTA-DRs), involves a lessening of the restrictions placed on commercial activity by tariffs, monopolies, and other means. This often followed by the creation of rules that regulate business practices, including merger regulations, asymmetric information in market transactions and negative externalities (World Health Organization 2021).

These rules can help to ensure the open circulation of products and activities, as well as to improve competitiveness firms. They also facilitate the exchange of knowledge and skills, the movement of labour, and the development of regional manufacturing chains that can compete with global corporations (Lanoszka 2022).

America has been a staunch advocate for regional economic union. It has signed several freely trades agreement's with Chiles, Centrals Americas and the Dominican's Republican, and Panama and is currently engaged in negotiations for a U.S.-Andean FTA with Colombia, Peru and Ecuador (Wang 2022).

1.5.4 Regional Economic Agreement in Asia

Asia has a long history of regional economic integration, and this is reflected in Regionals Comprehensive Economics Partnerships (RCEPs). This open market agreements between 15 ASEAN regions and their principal industrial allies (including Chinese, Japanese, S. Korean, Australasia, and New Zealand) is meant to encompass trade in products and services as well as intellectual property rights (Capannelli et al 2009).

It is an essential component for promoting the development of economies in Asia. It harmonises rules of origin and allows firms to build up supply chains within the region, thus lowering trade costs and making it easier for firms to create new markets (Van den Berg & Lewer 2015).

The RCEP agreement also reaffirms the importance of regional trade for global trade. It demonstrates the resolve of Asia to maintain open market capitalism, develop local financial unification, and promote an independent, competitive, transparent, diverse, and regulations territorial economic system.

As the world's largest FTA, RCEP is of vital significance for the trade and investment of its member countries. It also provides a stable source of market demand for Asian enterprises during the ongoing economic crisis in Europe and America (Borchert & Yotov 2017).

RCEP is a major achievement in the development of Asia's regional trade and investment. It combines the best features of Asia's unique development models, such as the concept of balanced growth, and a gradualist approach to regional integration (Bacchetta & Bustamante 2009).

It is a milestone in the process of Asia's regional integration and a new model for integrating economic cooperation in Asia. It is the first large-scale and comprehensive free trade agreement in Asia. Moreover, it is a symbol of the vitality of regional economic cooperation in Asia and a significant contributions to the growth of the economics of the whole world (Mussa 2000).

1.5.5 Regional Economic Agreement in Africa

The Regional Economic Agreement in Africa, referred to as AfCFTA, is a major trade deal aimed at creating a continental market comprising 55 African nations, totaling 1.3 billion's users with US\$3.4 trillion's in GDPs. The pact is expected to boost regional incomes by 7%, or \$450 billion, by 2035. This could help lift 30

million's people from subsistence destitution and raise earnings by 10.3% for women (Hailu 2014).

The AfCFTA is the first agreement in Africa to pursue a fully-fledged deep integration agenda that encompasses not only the provision of services but also investment, IP protection, and market regulation. Several problems with integrating technology have been solved through agreements like the Protocols for Financial as well as Investments of the Southern Africans Economic Communities, they tend to do so in an incremental way that doesn't match the depth of an AfCFTA (De Melo & Tsikata 2015).

In addition to reducing tariffs and other barriers between countries, the AfCFTA would also improve regulation on trade and investment. For instance, it could make it easier to protect environmental standards in investment decisions. It would also ensure that African states have a stronger voice in global negotiations on trade and development policy (Tuluy 2016).

AfCFTA also carries the possibility of generating higher-paying, superior employment opportunities for women's, including in manufacturing. A World Bank study finds that under the pactin which case 12 million fewer people, or almost a third of the world 's populations, would be suffering in economic hardship - in West African's as well as by 4.8 million in Eastern and Central Africa (Barlow McKee & Stuckler 2018).

In a world that is increasingly fragmented, it's more important than ever to pursue a strategy of collaboration and interconnectivity. Threats from the CoV-1 9 pandemic, an impending climatic disaster, and ongoing economic instability it imperative to build greater political, social and cultural connections. In this context, the EU and AU need to work together on a new, mutually beneficial trade and investment strategy that strengthens their existing FTAs while pursuing a new agenda on a continent-wide level (Russ & Swenson 2019).

1.6 EVALUATION OF COUNTRIES FOR OPERATIONS

Using a matrix of factors, managers can evaluate countries based on their opportunity and risk variables. These matrices allow companies to eliminate countries with unacceptable conditions and select ones based on their importance (Hailu 2014).

Contextual factors, such as accessible marketplace growth as well as competitiveness landscapes, as well as national qualities, such as determinants of

overall economic success, contribute to a country's attraction. This is also critical step for any company wishing to pursue an international business (De Melo & Tsikata 2015).

For example, if someone looking to enter China, they should examine a variety of factors, including language, macroeconomic performance, and general market size. You can also look at industry trends to see if there are any potential issues, such as a shortage of skilled workers or a lack of investment capital (Geda & Kebret 2008).

The first step in evaluating countries is to conduct extensive research, often referred to as scanning. Managers will examine a large number of countries and then narrow their consideration to those that seem most promising (Tuluy, 2016). After this, they will need to compare the feasibility and desirability of each candidate country. This process can involve on-site visits, as well as detailed analysis of the country's economy (Caraway Rickard & Anner 2012).

Another important aspect to consider when evaluating countries is the impact of a company's operations on society. This is especially important for private sector operations, which can play a vital role in alleviating pressures on fiscal burdens and contributing to social development (Pryor 2005). The evaluation of private sector operations is an important part of the ADB Independent Evaluation Department (IED)'s capacity development program. Through its video series, Evaluation Guru, IED will help build evaluation capacity in Asian Development Bank (ADB) client countries. Its videos will provide to address the rising need for assessment capacity development, this multifunctional method uses a variety of media types. (Feige 2019).

Evaluations help facilitate developmentally appropriate program and project management, transparency, and education. They also provide evidence about the impacts of policy and resource allocation. For these reasons, evaluations need to be well-designed and conducted with respect for all people involved in them (Hommes 2013).

1.6.1 Opportunities and Risk Variables

Companies entering a new market have to carefully weigh the opportunities and risks that are unique to that country. These risks are usually economic, political and business-related and can affect a company's operations and its profits (Lanoszka 2022). Regardless of whether the company is looking for sales expansion or resource acquisition, it is important to assess the opportunities that are present in a given

country. This can include things like the size of the market, the competitiveness of the country, and its potential for growth in the future (Menon 2007).

It is also essential to evaluate the country's market size, which will help you to identify a target customer base and potential sources of sales. This can be done by calculating the total addressable market (TAM). According to Egger & Larch, (2011) once you have determined your TAM, you need to consider the potential opportunities in each country. For example, some countries may offer low tax rates, a strong investment environment or access to skilled employees.

The next step in the evaluation of countries for operations is to research the competition. This means examining the entire ecosystem in which your competitors operate, including their advertising budgets, direct sales, and consumer service availability. It also includes understanding their customers' preferences and habits in that market (Barlow McKee & Stuckler 2018).

A final step is to examine the regulatory and compliance environment in that country. This will allow you to identify and avoid any potential issues. Before committing to a new location, managers should use a process called screening to eliminate potentially problematic nations and zero down on the best possible ones. Managers then need to perform a detailed analysis and on-site visit to determine the feasibility and desirability of each country. This is called escalation of commitment and can be expensive, but it's necessary for making an informed decision about where to invest in the future (Russ & Swenson 2019).

1.6.1.1 Opportunities: Sales Expansion

Global expansion can provide a variety of benefits to businesses. These include access to new markets, increased sales and revenue, and lower costs. However, it also carries risks and challenges. For example, business owners can run into tax and compliance issues when entering foreign markets. To ensure that international sales expansion is a success, it's important to conduct research on the country and understand how the local market works (Naz & Ahmad 2018). This will help you determine how to best reach and target potential customers in the country. It can also be beneficial to hire people who speak the language of the country and have a deep understanding of the culture (Głodowska & Pera 2019).

According to Tuca, (2015) in addition, it's a good idea to do a PESTLE analysis of the country and understand how its business environment affects the growth

of your company. This will allow you to identify the right prospects and build relationships with them. Another factor to consider is the local cultural norms and preferences. This will help you build stronger relationships with your customers and increase the likelihood that they'll buy your products (Harper & Snowden 2017).

According to (Lundan 2018) for example, if you have a product that helps businesses manage their employees' performance, it's a good idea to focus on launching it in countries with large populations and growing economies. This will give you a chance to build your brand and establish yourself as an innovator and pioneer in the field. Optimal sales performance requires expansion opportunities, it's important to understand when it's appropriate to promote an upgrade or add-on. Pushing a new feature at the wrong time can lead to customer dissatisfaction and damage the relationship between your company and its customers (Jinghua & Jisheng 2017).

One of the most effective ways to increase revenue is through expansion. Whether you're an existing business with a loyal customer base or you have new products to offer, growth is possible and should be part of your strategy.

Expanding into a different market can be an exciting opportunity, but it also comes with risks. It's important to carefully consider all the details and decide which strategy will best suit your company.

The first step in expanding into a new market is to research the needs of the customers. This can include their local habits and economic development to determine whether or not they have the potential for your product to grow.

Once you have this information, consider your product's life cycle, maturity and market potential to decide whether or not it should be brought to that country. Identifying the most attractive markets and monitoring them over time will help your team determine whether or not it is the right time to expand your business.

Developing a network of distribution partners is another effective way to grow. This strategy allows you to build capacity and spread the cost of your products and services across multiple locations.

Building a strong network of distribution partners is particularly helpful for companies with limited sales capacity. It can give your business the ability to reach more customers in a shorter period of time and increase your profit margins, especially when compared to traditional direct sales strategies.

1.6.1.2 Opportunities: Resource Acquisition

Resource acquisition is a key step in project management. It is a process that involves the collection of several resources like human resources, tools, equipment, facilities and raw materials required to complete the project. It starts with defining the resources required and goes on to acquiring them (Wen et al 2022).

The opportunities for resource acquisition in countries for operations can arise when a company needs to expand its scope of business or improve its performance due to a change in the competitive environment. Companies may look to acquire new businesses that will enable them to incorporate a new technology into their product line or increase sales and revenue by adding to their customer base (Kalaitzi & Chamberlain 2020).

Another common reason for resource acquisition is when a company faces physical constraints or has depleted its resources. Using resources from another company allows it to reduce excess capacity or eliminate competition, while improving productivity and profitability (Pryor 2005).

Moreover, in countries for operations where a large proportion of business is conducted by smalls and medium-sized enterprises (SMEs), resource acquisition may represent a critical strategy to sustain survival and growth. Nevertheless, the relationship between resource acquisition and SMEs' political ties has not been fully explored in the literature (Feige 2019).

This study examines the influence of social enterprises' locus of legitimacy on critical decisions in their resource acquisition strategies. Based on the theory of resource-based value (RBV), we find that firms high in internal locus of legitimacy prioritized financial viability as a top priority, while those with low external locus of legitimacy gave greater emphasis to meeting institutional demands from governments. The results of the study demonstrate that the two cases studied, Jinu in Taiwan and Sohwa in South Korea, differed systematically in their resource acquisition strategies (Papko & Kozarzewski 2020).

1.6.1.3 Analyzing Opportunity & Risk Variables

When evaluating countries for operations, managers should consider a broad range of variables to determine the most promising opportunities. For example, they might use the selling capability of a marketplace may be determined by looking at demographic information such as wealth and demographic density. They might look

at product obsolescence and jumpfrogging and examine prices, income elasticity, substitutes, and other factors to see if it makes sense to produce in a foreign country (Dilmaghani 2021).

According to Hall, (2021) managers also must analyze a country's risks to determine whether it will be a good investment destination. These risks can include economic, political, and business risks. For example, if a company wants to enter the mining industry, it must evaluate the political environment and ensure that the government will support its project. This includes ensuring that the government is willing to pay its debts and maintain a hospitable climate for outside investors (Ereshko et al 2022).

However, a corporation may not want to invest in countries with a poor history of paying its bills or maintaining a favorable political climate for foreign investment.

For this reason, it can be important to evaluate the creditworthiness of a country, including its sovereign rating, which is provided by the likes of Moody's, Standards & Poor's, and Fitch Ratings, the three most prominent authorities of their kind in the world. It's also critical to remember that many nations offer opportunities that are not yet exploited. These opportunities might be located in less-developed countries or markets that are less saturated than on a corporation's home soil (Lanoszka 2022).

In a diversified international portfolio, companies should allocate their investments among developed, emerging, and frontier markets. This will minimize risk and maximize diversification. Companies can use a variety of tools to identify countries with the best opportunities and the lowest risk. This is an essential part of any international strategy (World Health Organization 2021).

Opportunity Variables: Opportunity cost is a value that is given to an activity, or choice, when compared with another alternative. This value considers the forgone returns a decision maker could have earned had they invested in a different option. If a business is faced with the dilemma of investing in a new machine or updating its equipment, it must weigh the costs of each option against the expected return on the investments. If it expects the stock market to provide a 12% ROI over the next year, for example, then investing in the new machine is an opportunity cost of 2%. In the entrepreneurial process, opportunity evaluation occurs in the middle between the recognition of a business opportunity and its exploitation. This research identifies three components of opportunity evaluation and develops a model which incorporates the

variables entrepreneurs take into consideration when evaluating an idea for possible business development (Barlow McKee 2018).

Risk Variables: Country risk, or cross-border risk, is a complex area of analysis that includes political, Societal and economically variables that may have a role in an international business transaction. It is a key component of due diligence that is increasingly gaining importance in the context of corporate transactions with suppliers and customers. Among the most significant risks are those associated with exchange rates, which can impact cash flow in global business transactions. This is because currencies change over time, which can cause companies to pay more or less for the same goods and services in different countries. Likewise, politics can influence a country's ability to execute on a business plan. Unexpected changes in the political climate, such as a war or a coup, can disrupt operations and make it difficult for a company to do business. Other political risks include government policies, such as a shift from less to more regulation or greater state ownership of certain industries (Russ & Swenson 2019).

Decision-Making: A country's decision-making capabilities can have a significant impact on its ability to carry out operations. For example, a country's capacity to make decisions may have an effect on the quality of its policymaking and how it responds to challenges and opportunities (Kalaitzi & Chamberlain 2020). A key aspect of a country's decision-making process is its ability to choose the best possible course of action in the circumstances. This requires a thorough analysis of the factors that could affect its ability to act, including risks and time constraints. Ideally, decision making is an iterative, step-by-step process that allows professionals to solve problems by weighing evidence, examining alternatives and choosing a path from there. This approach also gives the decision maker an opportunity to evaluate whether it was the right choice (Lanoszka 2022).

CHAPTER II

INTERNATIONAL TRADE & ECONOMICS

2.1 INTRODUCTION

International trade and economics are interconnected fields that deal with the exchanges of goods and services between countries with economic systems that underlie these exchanges. Thereby, we call "international trade" consists of the trading of products (items) between states/countries, and it has been a crucial part of human history since ancient times (Taylor 2017)

Today, international trade is facilitated by complex networks of international organizations, treaties, and agreements that regulate and promote trade between countries. Economics, on the other hand, is thus the exploration of how communities make choices over how to use their minimal resources. International economics focuses on the global allocation of resources, and how trade between countries affects economic growth, development, and welfare. International trade and economics are closely intertwined, because international trade is a major driver of economic growth or decline across the world (Krugman 2018).

The international trade of goods and services empowers economy of countries to become more focused on manufacturing products that have a patent on competitive edge, so boosting productivity and expanding their economies (Caves, Frankel & Jones 2007). At the same time, trades can also trigger job loss + economic disruption industry specific as well as regions. The study of international trade and economics involves a wide range of topics, including trade policy, exchange rates, international finance, and globalization. Understanding the complex relationships between these factors is essential for governments, businesses, and individuals seeking to engage in international trade and participate in the global economy (Baldwin 2015)

2.2 TRADE & FACTORS MOBILITY'S

The ability to quickly and easily transition between alternative production processes by swapping out components like labor, money, or land. Mobility inside a company, across industries in a country, and between countries are just a few instances (chang 2014). Trades and the mobility of factors are two critical concepts in the economy that are deeply connected to one another. The term "trades" signifies the buying and selling of products and services that takes place between various nations or areas.

When countries engage in trade, they're able to develop an expertise in the provision of certain commodities or services and engage in commerce with other nations to acquire the products or services that they are unable to produce effectively in their own country. This may often result as increased efficiency, lower prices, and higher economic growth (Wade 2018).

Factor mobility implies that it is the movements of labors, capitals, and other contributors such as overall productivity between various nations or areas. This can include the movement of workers, investment capital, along with intellectual property. Factor mobility can also lead to increased efficiency and economic growth, as factors of production can be allocated to where they are most productive. Trade and factor mobility are closely related because they both involve the flow of products and commodities across international boundaries (Cardinale 2019).

When countries engage in trade, they often also engage within the movement of labor, capital, and other factors of production. For example, once a business located in one nation ships its wares to another, it may also invest in that country to set up production facilities or hire workers.

Overall, trade and factor mobility are important drivers of economic growth and development, and they are closely linked to each other. By promoting trade and factor mobility, countries can increase efficiency, lower prices, and promote economic growth (Gibson-Graham 2020).

2.2.1 Interventionist & Free Trade Theories

Interventionist and free trade theories are two different approaches to trade policy. Interventionist theory suggests that government intervention in international trade is necessary to preserve domestic businesses and personnel against international

competitors. The expression referred to might look like tariffs, quotas, subsidies, and others trade barriers.

The rationale behind this approach is that protecting domestic industries and jobs is important for maintaining national economic security and stability (Bhagwati 2008). On the other hand, free trade theory advocates for unrestricted international trade without government intervention or barriers. This strategy has roots on the belief that international trade can boost productivity, reduce costs, and stimulate the economy.

Free trade supporters argue that trade barriers only serve to protect inefficient industries and resulting in higher prices for consumers. Both interventionist + free trades theories have their strengths and weaknesses. While interventionist policies may help safeguard local sectors and employment opportunities, they also have the potential to increase costs for consumers and dampen market competition (Irwin 2017).

While free trade policies may improve efficiency and drive down costs, they also have the potential to decimate whole sectors, leading to job losses and rising inequality. Within practice, many countries adopt a mixed approach that combines elements of both interventionist and free trade policies.

For example, they may impose tariffs or quotas on certain products to protect domestic industries, while also promoting free trade in other areas to benefit consumers and increase economic growth. Ultimately, the choice between interventionist and free trade policies dependent upon the circumstances every state along with trade-offs between protecting domestic industries and promoting economic growth (Brack & Gürkan 2020).

2.2.1.1 Mercantilism

Mercantilism is an economic system in which governments control international trade to promote their national interests. It is often associated with nationalism and protectionism. It is the precursor to free-market economics and capitalist systems, but it's may continue to exist in some countries. Thereby, early history of mercantilism began in the 1500s as a response to Europe's transition from feudal governments to national ones. It had been established based on the assumption that increasing one's productivity is the most effective method to resources as well as power consisted of raising exports while simultaneously decreasing imports. It seems

popular during the Age of Exploration, and fueled European nations' efforts to gain control of raw materials and trade partners around the world. Mercantilism's success depended on the control of world waterways, which were vital for trade.

The earliest and most famous mercantilist policy was to establish colonies, which served as raw materials for domestic production and a market to sell manufactured products. Mercantilists believed that these colonies helped to build a country's wealth-building power and national security (Aloysius & Obi 2021).

Despite their benefits, mercantilist policies also created problems. For instance, it encouraged the growth of monopolistic corporations and cartels, which enjoyed privileged status in government regulations, subsidies and sometimes military force. Furthermore, it promoted a form of protectionist trade, which discouraged other nations as a result of business / trades with colonies and placed tariff / levies on products being imported. These taxes were designed to benefit the mercantilist corporations and ensure a steady stream of revenue for the nation (Farrand & Carrapico 2022).

In addition to trade policies, mercantilists also advocated for policies that encouraged population growth and increased the number of people available for work. This was because a larger population was seen as essential for producing more goods and generating more wealth. While mercantilism was popular during its time, it has since been criticized for its focus on accumulating gold and silver, which ignores the broader benefits of trade and economic growth. Today, many economists favor free trade and globalization, which emphasize the benefits of international trade and the division of labor (Lei et al. 2023).

2.2.1.2 Neomercantilism

Neomercantilism is a contemporary economic theory that shares some similarities with traditional mercantilism but is adapted to the realities of the modern global economy. Like traditional mercantilism, neomercantilism emphasizes the importance of international trade for a country's economic success. However, neomercantilists focus on promoting exports and protecting domestic industries with the purpose of gaining an edge over other competitors in global markets (Krugman 2018).

Neomercantilists believe that the global economy is characterized by intense competition, and that countries must be proactive in protecting their economic interests. They argue that governments should intervene in the economy to protect and promote key industries, particularly those that are seen as strategic for national security or economic development. One key aspect of neomercantilism is the use of currency manipulation to gain a competitive advantage in global trade (Gibson-Graham 2020).

Neomercantilists believe that by artificially devaluing their currency, a country can make its exports more competitive and save native industry from the threat posed by overseas rivals. Another aspect of neomercantilism is the use of trade barriers, like “tariffs + quotas”, in order to shield native industry from the threat posed by international competitors (Weber & Shaikh 2021).

Neomercantilists argue that such measures are necessary to ensure that domestic industries’ can compete on a level playing field with foreign competitors. Critics of neomercantilism argue that it can lead to protectionism and trade wars, and that it can ultimately harm consumers by limiting choice and increasing prices.

However, proponents argue that neomercantilism is necessary to protect domestic industries and promote economic growth in an increasingly competitive global economy (Farrand & Carrapico 2022).

2.2.1.3 Free Trade Theories

Free trade theories are economic theories that advocate for unrestricted trade between countries, without the use of government intervention or barriers. The main idea behind free trade is that it contributes to enhanced productivity, less costs, and economic expansion. Adam Smith, who claimed in "The Wealth of Nations" that the success of a nation depends on the efficacy of its labor as well as its potential to excel in going businesses, was one of the most influential advocates of free trade (Kuc Czarnecka et al. 2021).

Since ancient times, economists have studied and debated the theory of international trade. They have tried to determine how and why free trade helps or hurts the countries that impose it, from strict protectionism to totally free trade. For example, the mercantile theory of trade suggests that nations should gain financial riches via exporting goods and discourage the import of goods from other countries. This is accomplished via increased trade surpluses, interventions by governments, and colonialism. In addition, mercantile trade involves the transfer of raw materials from

one country to another. This allows for the expansion of production and GDP (Fares 2023).

During the earlier 1900s, two Swedish economic scholars, Eli Heckscher and Bertil Ohlin, established a theory of comparative advantage centered on inputs of production. They noted that a country could gain a comparative advantage in a particular product if it was able to produce the good more efficiently than any other nation (Cheng, Wang & Xiao 2022).

Economists now agree that a country's comparative advantage depends on a country's factors' of productions. These include lands, labors and capitals. Factors that are mobile, such as labor or land, can make a country's comparative advantage less effective. This is because each factor of production may move between different countries, so the cost of the factors can vary in all the trading countries.

Some economists believe that the basic objective of international trading is to encourage competitiveness through unique advantages, that results in the maximum level of globally efficiencies feasible. However, some economists believe that certain acts, like subsidies' or currencies manipulations, reduce this competition. These practices can be harmful to the economy and can result in a loss of total welfare (Aslam 2023).

Smith argued that unrestricted commerce between nations, without government intervention, was necessary for specialization to take place. Free trade theory also owes a great deal to David Ricardo, who played a pivotal role with his theory' of comparatives advantages. The concept contends that regardless of whether one nation is less effective at manufacturing all things as compared to another nation, that nation may still benefit economically from trade by focusing manufacturing efforts to areas that are likely to yield the greatest returns while imports the products for whose it has a competitive disadvantage (Boundi-Chraki 2021).

According to supporters of a free-trade system, governmental interference in the nature of tariffs, quotas, subsidies, and other trading obstacles may increase costs for consumers, reduce competition, and result in inefficient manufacturing. They claim that free trade would boost the economy by increasing productivity, competition, and innovation, which will result in cheaper prices and more economic development. Some worry that free trade would hurt the economy and put people out of work in areas where their nation does not have a competitive edge (Cunha & Cabello 2015).

Free trade, they say, may cause environmental degradation and worker abuse in nations with laxer labor and environmental protections. There is a continuing argument in economics between free trade and protectionism, and both sides have their merits and drawbacks. However, free trade theories continue to be influential in shaping international trade policy and promoting economic globalization (Grover 2022).

2.2.1.4 Theory of Absolutes Advantages

Theory of Absolutes Advantages originated in 1700s with Scottish economist Adam Smith. It explains that nations should focus on producing the products that they can do so most effectively, and they should engage in commerce in order to get everything they can't generate directly. It also suggests that countries should export products they have an absolute advantage in producing, like oil, and import those they do not (Lei et al. 2023). This helps keep international trade alive and encourages economies to become more productive.

Despite this, it is important to understand that absolute advantage is not the only factor in international trade; other factors also have a significant impact on the outcome of the nature and volume of trades between nations. These include shipping costs, additional tariffs, and other barriers that are imposed by governments on the goods traded between countries (Tsai & Yang 2021).

Compared to absolute advantage, comparative advantage is a more comprehensive concept that accounts for the opportunity costs of choosing which types of goods to produce using finite resources. This is particularly relevant to international trade because nations are constantly making logical decisions about which goods should be allotted more or fewer resources for production. Both of these concepts are extremely important in understanding how international trade works.

However, they are both very distinct from each other. The first, absolute advantage, focuses on the marginal cost of producing a good. The second, comparative advantage, looks at international trade more broadly. This makes it easier for nations to make logical trade decisions that are mutually beneficial for the economic well-being of all involved (Wang, Chen & Li 2022).

The theory of absolute advantage has been criticized for its assumptions of perfect competitions along with mobility's of resources between industries. Critics

argue that in reality, industries may not be able to switch production easily and quickly, and there may be other factors such as access to capital and technology that can affect a nation's capacity to create a certain item in an effective manner. Despite these criticisms, the theory of absolute advantage remains an important foundation for international trade theory and has influenced the development of subsequent theories such as comparative advantage and the Heckscher-Ohlin model (Van Long 2017).

2.2.1.5 Theory of Competitive Advantages

In business, a competitiveness advantages is any feature that gives a company an edge over its rivals, whether via lower costs or superior products. It can be a physical or human resource, a unique ability or competency, a lower cost, or a combination of these (Hansen et al., 2018).

The theory of competitive advantage is a framework that describes the strategies that companies can implement in order to improve one's position in a market. This approach is useful for a company to differentiate itself from its competitors and create greater value for the firm and its shareholders. Having a competitive advantage is essential for businesses to succeed. It can help a business grow, increase customer loyalty, and improve overall profitability (Kinzius & Yalcin 2019).

A competitive advantage can be created by a firm through different methods, including marketing strategies and technology. In addition to creating a competitive advantage, companies can also establish sustainable competitive advantages by automating processes, leveraging data, and enhancing user experience (Baker et al. 2020).

In the theory of competitive advantage, it's presumed that a nation has a competitive edge within producing like goods (cloth) through giving up less wine than another country would have to give up. A comparative advantage can be an important part of the global economy as it helps lower opportunity costs and reduces trade barriers, allowing resources to flow to where they are needed most (Nepram & Jaman 2021).

The theory of competitive advantage has been criticized for its assumption of perfect competition and the assumption that resources are mobile between industries. Critics argue that in reality, industries may not be able to switch production easily and quickly, and there may be other factors such as access to capital and technology that

can affect a nation's capacity to create a certain item in an effective manner (Zhang 2022).

Despite these criticisms, the theory of competitive advantage remains an important foundation for global trading concept, which has been influential in shaping future models and theories like the Heckscher's-Ohlin's models and the contemporary theory of trades. (Lu et al. 2023).

2.2.2 Dynamics of Export Capabilities

The accumulation of productive as well as technologies potential, as measured by R&D spending, are critical for economic expansion, structural shifts, and progress. This research analyzes the impact of these competencies on exporting dynamics at the country level across a wide range of emerging territories (Miller, Kim & Roberts 2010). It has been discovered that productive and technical capacities have a good relationship with the vast and intense margins of exports, as well as with diversifying across products with destinations, especially in high-technology sectors. They are also central to the firm's response to dramatic changes in the environment, such as an economic crisis.

Moreover, dynamic capabilities are associated with firms' internationalization strategy and with their innovation activities, including's products designs, productions processes', management's routines and marketing's. They are a key factor for fostering export growth and expanding the shares of developing's countries' within the globally economies (FSB 2011).

The dynamics of export capabilities are influenced by a range of factors, including a country's natural resources, physical infrastructure, human capital, technology, and government policies. An important aspect within the establishment of exporting potential depends on the nation's dedication to infrastructure, education and training. This allows workers to acquire the skills and knowledge needed to produce goods and services that are competitive in the global market. Investments in research and development also critical in improving a countries/nation's technological capabilities + innovation capacity (Hani et al. 2012).

Physical infrastructures like roads, ports, as well as telecommunication's-networks are also crucial for a country's export capabilities, as they enable goods and services to be transported efficiently and reliably. A country's access to natural resources can also be an important factor in its export capabilities (Lin 2013).

Government policies can also influence a country's export capabilities. For example, trade policies such as tariffs, subsidies, and quotas can affect a country's ability to compete in the global market. Investment policies and regulations can also play a role in attracting foreign investment and promoting the development of export industries (Goodman 2014). Another important factor in the dynamics of export capabilities is the global economic environment. Changes in global demand for certain goods and services, fluctuations in exchange rates, and shifts in trade patterns can all affect a country's ability to export (Song 2015).

In order to develop and maintain strong export capabilities, countries need to continually invest in education and training, technological innovation, physical infrastructure, and favorable government policies. They also need to be adaptable and responsive to changes in the global economic environment. Countries that are successful in developing strong export capabilities can reap the benefits of increased economic growth, job creation, and higher living standards for their citizens (Cadot 2016).

2.2.2.1 Products Life's Cycles Theory

Products Life's Cycles theory' was dreamed by Harvard's Businesses Institute Professor Raymond's Vernon's in the '60s. It is explain how products in international markets perform differently as they move through different stages of development and use (Benz 2017).

- **Stage 1: Introduction**

During this stage, a new product is first introduced to consumers and sold in stores. This is a great time to position your product as a unique solution that fills a specific need (Waters 2018).

- **Stage 2: Growth**

This is when your product starts to attract interest and grow sales as more people try it out. For this to be successful, you need to develop marketing strategies that get your product in front of the rights consumers @ the rights times and in the rights places (Kamali 2019).

- **Stage 3: Maturity**

Once your product has reached this stage, you can begin to focus on a different strategy. You can begin to introduce new models or even redesign your current model in a way that improves it (Gibson-Graham 2020).

- **Stage 4: Decline**

This is the stage where your product begins to lose its momentum in the market and become obsolete as better options are developed. It can happen naturally or if other companies take the initiative to replace it with their own versions (Hoque et al. 2021).

Knowing which stage your product is in lets you adjust your marketing efforts and allocate your resources to best support your product. For example, if your product is in the growth stage, you might want to shift your focus towards more marketing activities such as social media. Alternatively, if your product is in the maturity stage, you might need to invest more in customer service and engineers (Hussain et al. 2022).

The perceptions of a product's life cycle has come under fire for being too restrictive in regards to the many variables that go into mass manufacturing and global distribution like government policies, trade barriers, and technological advancements.

Critics also argue that the theory assumes that products move through the stages sequentially, whereas in reality, industries may move between stages or even skip stages (Murray 2023).

Despite these criticisms, the product life cycle theory remains an influential concept in international trade theory and has contributed to our understanding of how industries and products evolve over time (Wagner 2021).

2.2.2.2 The Diamond Of National Competitive Advantage

The competitive advantage of a nation is generally described as the capacity of an organism to country to produce a product or service that meets international standards at a cheaper price than a comparable item from another country.

Traditional theories of economic growth suggest that lands, naturally resource's, labors, and proportion of the populations within the area are important factors in determining a nation's comparative advantage. But Michael Porter, a leading strategist and author of the 1990 book "The Competitive Advantage of Nations," suggested that these factors are only part of the equation. He argued that countries may generate new benefits for themselves, such as skilled labor, a robust technological and scientific foundation, backing from the state, and cultures. (Alabdullah 2022).

Porter's Diamonds model recognizes four mutually reinforcing company strategy, framework, as well competition; factor conditions; demand circumstances; linked or supporting industries; all contribute to a nation's competitiveness. In an environment where market circumstances are good, domestic firms will aggressively

pursue product innovation and improvement, which helps them to compete internationally.

In an industry, a high home demand refers to a large market in the country where a company is located. This creates a huge opportunity for the company to grow and expand. These conditions also drive companies to increase the quality and efficiency of their products, which helps them to remain competitive in international markets as well. This is because local consumers are more knowledgeable and sophisticated, putting pressure on firms to offer better and more advanced products that can be sold abroad as well (Mullen & Powell 2023).

The features of the domestic market are what are meant by "demand-conditions" that affect a firm's ability to innovate and improve its products. Countries with sophisticated and demanding customers provide firms with incentives to innovate and develop high-quality products. To talk about related and supporting sectors, when referring to the existence of suppliers and related businesses that provide the necessary inputs and infrastructure for a particular industry. A strong and competitive supply chain can provide firms with cost advantages and innovation opportunities (Gomez 2019).

Business tactics, framework, and rivalries indicate the competing atmosphere within a country, comprising the approaches and patterns of organizations as well as the extent of regional the marketplace. A competitive environment can stimulate firms to innovate and improve their products, leading to a more competitive industry (Zolfo 2019).

As stated in the Porter Diamond framework, a country's/states competitive advantage in a particular industry depends on how well these four factors interact and reinforce each other. The framework suggests that countries can develop their competitive advantage by investing in factors that are important for a particular industry and creating an environment that fosters innovation, competition, and collaboration (Barnes, Thomson & Ferreira 2020).

The Porter Diamond has been widely used to analyze the competitive advantage of countries in various industries, such as automobiles, electronics, and pharmaceuticals. However, the framework has also been criticized for oversimplifying the complex factors that influence a country's competitive advantage and for not considering the role of government policies and institutions. Despite these criticisms,

the Porter Diamond remains a valuable tool for understanding the factors that contribute to a country's competitiveness in global markets (Krugman 2018).

2.2.3 The Relationships Between Trades & Factors Mobility's

Trade + factors mobility are two important components of globalization and are closely interrelated. Trade references the exchange of products and offerings across borders, whereas factor mobility pertains movement sources of productions, like labors, capital + technology, towards countries (Taylor 2017)

In trade theory, it is generally accepted as a given that sources of production are free to move between companies within an industry as well as between industries within nations without incurring any additional costs. However, there is some reason to suspect that this assumption may not always be true. That is, free trade can actually impede factor mobility in some circumstances (Caves et al 2007).

Trade and factor mobility may have equally beneficial and detrimental consequences on each other. Trade can create demand for factors of production and increase their value, leading to increased factor mobility. Take, for instance, this rise in commercial activity in the services sectors may lead to the movement of skilled labor across borders to meet the demands for specialized service's (Baldwin 2015).

However, in contrast to this, factor mobility can also affect trade by changing the comparative advantage of countries. For example, the movement of skilled labor from a developing country to a developed country can decrease the developing country's competitiveness in industries that require skilled labor (Chang 2014). Trade and factor mobility can also interact in more complex ways. For example, international trade may lead to the transfer of technology and knowledge, which can increase the productivity of factors of production and increase their value. This can lead to increased factor mobility as firms seek to take advantage of the more productive factors of production in other countries (Wade 2018).

Overall, the relationships between trades and factors mobility's is complex and dynamic. While trade can create demand for factors of production and increase factor mobility, it can also lead to changes in the comparative advantage of countries. Similarly, factor mobility can affect trade by changes in the accessibility and efficiency of several components of productions. Understanding the interactions between trade and factor mobility is important for policymakers and firms to develop effective strategies for global competitiveness (Cardinale 2019).

2.2.3.1 Substitution

Substitution refers to the process of replacing one good or factor of production with another that can serve the same purpose. The concept of substitution is important in economics because it helps to explain how consumers and firms respond to changes in prices and other economic variables.

For consumers, substitution is the process of replacing one good or service with another that can provide a similar level of utility or satisfaction at a lower price. For example, if the price of beef increases, consumers may substitute chicken or fish instead, as they provide a similar level of protein at a lower price. Similarly, if the price of gasoline increases, consumers may substitute public transportation or more fuel-efficient vehicles instead (Bhagwati 2008).

For firms, substitution is the process of replacing one factor of production with another that can provide a similar levels of outputs at a lowers costs. For-example, if the price of labor increases, firms may substitute capital or automation instead, as they can provide a similar level of output at a lower cost. Similarly, if the price of electricity increases, firms may substitute alternative sources of energy, such as solar or wind power, instead (Irwin 2017).

The concept of substitution is also important in the analysis of market structure and competition. Within a perfectives competitively markets, firms have little control over the prices of their products or inputs, and therefore must rely on substitution to maintain profitability. In a monopoly or oligopoly, firms may have more control over prices, but substitution by consumers or other firms can still limit their market power (Brack & Gurkan 2020).

In general, the idea to substitute is something that serves a big role in understanding how consumers and firms respond to changes in prices, input costs, and other economic variables, and how markets function in different contexts (Aloysius & Obi 2021).

2.2.3.2 Complementarity

In economics, the concept of complementarity is often used to describe how two or more theories or models may be complementary if they answer different questions. However, this is not always the case. The most common meaning of complementarity in economics is that two or more scientific ideas are complementary

because they can be used together and combined in a way that results in the advancement of science (Farrand & Carrapico 2022).

This idea is similar to the notion of 'cross-fertilization' in biology, in which a sperm and egg are asexually fertilized, so that both grow. It has some similarities with the notion of 'complementary species', which is sometimes used to describe plants or animals that are adapted to co-exist in the same habitat (such as birds and insects). Some other definitions use the following four properties to determine whether a pair of goods can be classified as complements, substitutes or independent: intuition, symmetry, dimensionality and universality (Fares 2023).

A good is a perfect complement to another good when the indifference curve for the first goods shows a right angle. In other words, the consumer prefers the first good to the second one. Strong complements, on the other hand, are rare and one-of-a-kind items that have little to no value until all of the components are used together.

This type of complementarity arises from dense technical interdependencies in the task network (Weber & Shaikh 2021). This type of complementarity is not innate in responsibilities and resources, but may be made by deliberate decisions on demand networks, systems of incentives, and the jobs designs.

It also can be induced by the effects of entrepreneurship. It is thus important to consider complementarities in a dynamic context, as opposed to a static one, when studying the optimal pace of reform (Kuc Czarnecka et al 2021).

2.3 TRADE PROTECTIONISM

The concept of Trade Protectionism in economics is the use of policies that aim to protect local domestic industries and businesses from foreign competition on a global scale. These policy tools can include tariffs, quotas, subsidies, product safety regulations, exchange controls, export restraints, and embargoes (Cheng Wang & Xiao 2022).

Importations of products or services are subject to various forms of taxation known as tariffs. They can be imposed as a percentage or a fixed amount per unit. Quotas are physical limits set on the quantity of goods that can be imported (Aslam 2023). Governments often use these policies to promote domestic production and boost a country's economy. They can also be used to promote a particular industry or sector and protect it from competition (Boundi-Chraki 2021).

Some countries use these policies in order to protect infant industries that can't yet compete with international companies and more competitive foreign firms. However, these policies can limit the development of those industries and lead to higher prices and lower quality goods for consumers.

Besides protecting domestic firms and industries, protectionist policies can be a way to protect the national economy in case of unforeseen circumstances such as war or natural disasters. Usually these policies target strategic industries such as the production of specialized capital or technologies needed for military and medical applications (Cunha & Cabello 2015).

In addition to tariffs, quotas and subsidies, governments can also impose other measures that aim to make goods more expensive or scarce. They can also impose requirements on products to adhere to certain standards, such as environmental or labor standards (Grover 2022). Finally, while trade protectionism might be considered as a means of preventing harm to domestic industries and jobs, it is generally viewed by economists as harmful to the overall economy, and trade liberalization is generally seen as a more effective way to promote economic growth and development (Lei et al 2023).

2.3.1 Economic Rationales for Government Trade Intervention & Outcome Uncertainties

There are several economics rationales for governments trades interventions, including the promotion of domestic industries, the protection of domestic jobs, the correction of market failures, and the pursuit of strategic trade policies. However, the outcomes of government trade intervention can be uncertain, and may have unintended consequences (Tsai & Yang 2021).

One of the main economic rationales for government trade intervention is to promote domestic industries. Governments may provide subsidies to domestic industries to make them more competitive or impose tariffs on imported goods to make them more expensive, with the aim of promoting domestic production and employment.

However, these policies can lead to increased costs for consumers, reduced competition, and a misallocation of resources, as domestic producers may be protected from foreign competition without having to improve their products or reduce costs (Wang Chen & Li 2022).

Another rationale for government trade intervention is to correct market failures. In some cases, markets may not allocate resources efficiently, resulting in negative externalities or monopolistic practices. Governments may should step in and fix these market failings by implementing rules or tax, or/and by providing subsidies' to encouraging the production of certain goods or services.

However, these policies may be difficult to implement effectively, and may have unintended consequences (Van Long 2017). Governments may also pursue strategic trade policies, such as targeting specific industries or products for development, with the aim of gaining a competitive advantage in global markets.

These policies may include research and development subsidies, export subsidies, or import tariffs on competing products. However, the effectiveness of these policies is uncertain, as they may lead to retaliation from other countries, and may not provide a sustainable competitive advantage in the long term (Hansen et al 2018).

The outcomes of government trade intervention can be uncertain and may have unintended consequences. For example, protectionist policies may result in increased prices for customers and decreased levels competitiveness, while subsidies may encourage inefficient production and may not result in improved competitiveness in global markets.

Additionally, strategic trade policies may lead to retaliation from other countries and may not result in a sustainable competitive advantage (Kinzius & Yalcin 2019). Finally, while government trade intervention may be necessary in certain situations, such as to correct market failures or to promote strategic industries, the outcomes of these policies can be uncertainness, as well as decision-makers must weigh the risks and rewards thoroughly before enacting any trade intervention policies (Baker et al 2020).

2.3.1.1 Fighting Unemployment

Fighting unemployment is a key policy goal for many governments, as unemployment can have negative consequences for individuals and society as a whole. There are several policies that governments can use to fight unemployment's, including's fiscal's policies, monetary policies, education and training programs, and labor market policies (Nepram & Jaman 2021).

Fiscal's policies mean regulating the economy via governmental expenditures and taxes. Within times of high unemployment, governments may increase spending

on public projects or provide tax breaks to businesses to stimulate economic activity and create jobs. Conversely, during periods of low unemployment, governments may decrease expenditure while simultaneously raising taxes in order to keep the economy from overheating and to bring inflation under control (Zhang 2022).

Monetary policy is the way a central bank sets interest rates to influence the economy. It can do this by changing the money supply, the exchange rate or market expectations of economic agents.

When a country's economies are struggling, it is common for Central banks' will reduce short-term yields to almost 0%. With that option exhausted, central banks have turned to unconventional policy tools, like forward guidance and quantitative easing, for more aggressive monetary easing.

In times of high unemployment, central banks may reduce interest rates to encourage borrowing and investment, which can stimulate economic activity and create jobs. Conversely, during periods of low unemployment, central banks may raise interest rates to control inflation and prevent the economy from overheating (Lu et al 2023).

Education and training programs can also help to fight unemployment by providing individuals with the skills and qualifications needed to secure employment in high-demand industries. Governments may provide funding for vocational training programs or partner with businesses to provide on-the-job training (Miller Kim & Roberts 2010).

Labor market policies refer to a range of measures designed to promote employment and reduce unemployment. These policies may include unemployment benefits to support those who are out of work, active labor market policies such as job training and placement programs, and labor market regulations such as minimum wage laws and employment protections (FSB 2011).

In addition to these policies, governments may also seek to stimulate economic growth and create jobs through trade policies, infrastructure investments, and other measures designed to promote business activity and investment (Hani et al 2012).

Overall, fighting unemployment requires a comprehensive approach that involves a range of policies and strategies, with an emphasis on both the short-term development of new jobs and the long-term expansion of the economy. Governments must carefully balance the potential costs and benefits of different policy approaches

and take into account the unique characteristics of their own economies and labor markets (Lin 2013).

2.3.1.2 Protecting Infant Industries

The protection of infant industries is a policy that aims to nurture and support new domestic industries during their initial stages of development. The rationale behind this policy is that infant industries may face a number of challenges, including high start-up costs, limited access to capital and technology, and strong competition from established foreign competitors (Goodman 2014).

To protect infant industries, governments may use a variety of trade policies, including import tariffs, quotas, and subsidies. For example, governments may impose tariffs on imported goods that directly compete with domestic industries, making them more expensive and less competitive.

Quotas may also be used to set a cap on the total quantity of foreign commodities that may be brought into the country, allowing domestic producers to gain a foothold in the market. Finally, subsidies may be used to support domestic industries by providing financial assistance for research and development, infrastructure improvements, and other forms of support (Song 2015).

However, the protection of infant industries is a controversial policy, having a positive side as well as a negative side. Protecting nascent industries may, on the one hand, assist in the creation of new employment, the advancement of economic development, and the consolidation of local industry. Additionally, it may allow a country to develop industries that may be strategically important for national security or other reasons (Cadot 2016).

On the other hand, protection of infant industries can lead to higher prices for consumers, reducing competition, as well as contribute to inefficient production. Additionally, the policy may be difficult to implement effectively, as it requires the government to identify industries that will be successful in the long term and to provide ongoing support to these industries (Benz 2017).

Overall, the protection of infant industries is a policy that can be useful in certain circumstances, but it must be done with care and a thorough comprehension of the possible advantages as well as drawbacks. Governments must balance the need to support domestic industries with the goal of promoting competition, efficiency, and long-term economic growth (Waters 2018).

2.3.1.3 Developing an Industrial Base

In economics, the term industrial base refers to the sectors or industries that provide goods and services to the local community. This includes manufacturing, trade, and service industries. The growth of industry has long been a key driver of economic development. It is also an important determinant of productivity and innovation, both of which are essential for sustained economic growth (Kamali 2019).

Historically, industrialization was driven by economic demand for manufactured products and the capacity to manufacture them. The rise of manufacturing also created new industries that supported production, such as transportation and finance. It also created new jobs and a greater middle class in cities (Gibson-Graham 2020).

A thriving industrial base is vital for economic development because it creates a higher level of productivity and increases wealth. This increased productivity may result in a wider variety of advantages for people and the community as a whole, such as improved healthcare and education, reduced energy use, fewer greenhouse gas emissions, and more opportunities for workers (Hoque et al 2021).

Today, a booming industrial base is critical to sustained economic growth within the America as well as else in the globe. It is a major factor in inclusive and sustainable growth, which is increasingly regarded as the primary societal goal (Hussain et al 2022).

Identifying an Industrial Base: The economic base of a community can be identified by analyzing industry output and trade flows to and from the local area. This analysis should be based on the most accurate and comprehensive data available, as it is an essential component of sound economic development planning.

Developing an industrial base is a key policy goal for many countries, particularly those that are seeking to promote economic growth, create jobs, and reduce their dependence on foreign imports. Developing an industrial base involves creating and supporting domestic industries that can produce product and service offerings tailored to fill domestic market and compete internationally (Murray 2023).

To develop an industrial base, (Wagner 2021) governments may use a range of policies and strategies, including:

1. **Investment in infrastructure:** Governments may invest within infrastructures like roads, ports, and telecommunication's networks to create business-friendly conditions that encourage the free flow of products and services'.

2. Access to financing: Governments may provide financing through loans or grants to support the establishment and growth of domestic industries.

3. Tax incentives: Governments may provide tax incentives to encourage businesses to invest in new equipment or technology, or to locate their operations in a particular region.

4. Training and education: Governments may invest in training and education programs to ensure that the domestic workforce has the skills and knowledge needed to support the growth of domestic industries.

5. Trades policies': Governments have the option to implement tariffs, quotas, and other types of trading regulations aim of safeguarding domestic industries against foreign competition or stimulating the export of domestic products and services.

6. Public-private partnerships: Governments may partner with private sector companies to develop and implement strategies to support the growth of domestic industries.

Developing an industrial base requires a long-term strategy and a commitment to investment and support for domestic industries. It also requires careful planning to identify the most promising industries and to provide the necessary support to ensure their success (Alabdullah 2022). In general, fostering the establishment of a robust industrial base can serve as a viable approach to stimulate economic growth, creating jobs, as well as reducing's dependence on foreign imports. However, it requires a careful balance of policies and strategies to ensure that domestic industries can compete effectively in the global marketplace (Mullen & Powell 2023).

2.3.1.4 Economic Relationship with Other Countries

The economic relationship between countries refers to the ways in which different nations of the world engage in conversation with one another economically, including through trading, investment, as well as financial flows. The nature of these relationships can have significant impacts on economic growth, job creation, and standards of living in both countries (Gomez 2019).

When it comes to the economic ties that bind nations together, international commerce is crucial. Nations participate in trade by both importing goods and services from other countries and exporting their own goods and services to other countries. Internationally trades can create jobs and increase economic growth, but it can also lead to competition and job losses in certain sectors.

Another important aspect of the economic relationship between countries is foreign direct investment (FDI), which involves companies investing in businesses or assets in other countries. FDI can bring in new capital and technology, create jobs, and improve productivity, but it can also lead to concerns about the transfer of profits and control to foreign companies (Barnes Thomson & Ferreira 2020). Financial flows, (Caves et al 2007) including foreign aid, remittances, and portfolio investment, are also important components of the economic relationship between countries. These flows can help to support economic development, but they can also create risks, such as debt burdens and financial instability (Bhagwati 2008).

Governments serves an important roles in shaping the economics relationship between countries. They may use policies such as tariffs, subsidies, and regulations to promote or restrict trade and investment flows. They may also negotiate international agreements, such as free trade agreements and investment treaties, to promote economic cooperation and reduce barriers to trade and investment (Chang 2014).

Overall, the economic relationship between countries is complex and multifaceted, with significant impacts on economic growth, job creation, and standards of living. Prudent management and strategic planning are essential to ensure that trade is mutually advantageous for all parties concerned (Baldwin 2015).

2.4 NON-ECONOMIC RATIONALES FOR TRADE PROTECTIONISM

In the modern world, many economic and non-economic arguments have been advanced in favor of protecting domestic industries against foreign competition. They usually revolve around the idea that a country's welfare is enhanced by protecting its vital industries from foreign competition, especially in their early stages of development (Taylor 2017)

For example, protectionist policies such as quotas and tariffs are often used to stimulate a struggling economy or to foster self-sufficiency in defense industries. They also are seen as a way to help emerging industries in developing countries compete on international markets (Krugman 2018).

Frequently, protectionist strategies come in the form of tariffs and quotas that make imported goods more expensive than domestic ones. They do not always work, however. Saves jobs but slows growth: Although protectionist policies may save some local jobs, they can also slow economic growth and lead to inflation. This is because

a country's domestic industries are not given the opportunity or incentive to grow (Cardinale 2019).

Costs a lot of money: Because protectionist strategies are designed to stimulate a particular industry, they can be expensive. For instance, quotas on steel production in the United States cost American automakers money because they have to pay more for materials to make their cars (Brack & Gurkan 2020).

Reduces efficiency: Protectionism diverts resources from the most efficient use in an economy. It limits specialization, lowering efficiency and limiting economic growth (Aloysius & Obi 2021).

Impact on international politics: Once these policies are in place, they can be hard to remove and can have a negative effect on other nations' economies as well (Farrand & Carrapico 2022).

While economic rationales such as protecting infant industries or fighting unemployment are often cited as justifications for trade protectionism, there are also non-economic rationales that can influence countries' trade policies. Some of these rationales include (Fares 2023).

1. National security concerns: Countries may restrict imports of goods that are deemed critical for national security reasons, such as military equipment or certain types of technology.

2. Environmental concerns: Some countries may limit imports of goods that are produced in ways that are harmful to the environment, such as goods produced using child labor or in factories with poor working conditions.

3. Cultural concerns: Countries may seek to protect their cultural heritage by limiting imports of goods that are seen as threatening to national identity or cultural values.

4. Political considerations: Trade policies can be influenced by political considerations, such as pressure from interest groups or concerns about the impact of trade on domestic politics.

5. Retaliation or punishment: Countries may use trade protectionism as a way to punish other countries for perceived violations of trade agreements or other diplomatic disputes.

While these non-economic rationales can be important considerations for trade policy, they can also be subject to abuse and may lead to negative economic consequences if trade is overly restricted. As such, it is important for countries to carefully balance their non-economic concerns with the economic benefits of trade when making trade policy decisions (Weber & Shaikh 2021).

2.4.1 Maintaining Essential Industries

Maintaining essential industries is another non-economic rationale for trade protectionism. Essential industries are those that are critical for national security or economic stability, such as industries that produce food, energy, or medical supplies. Countries may seek to protect these industries by limiting imports of similar goods from other countries, in order to ensure that they have a stable domestic supply in case of emergencies or disruptions in international trade (Kuc Czarnecka et al 2021).

During times of crisis, such as a pandemic or a war, countries may need to rely on their domestic essential industries for survival. In these situations, trade protectionism may be seen as necessary to ensure that the country can maintain a stable supply of essential goods. For example, during the COVID-19 pandemic, many countries limited exports of medical supplies and equipment in order to ensure that they had enough resources to meet domestic demand (Cheng Wang & Xiao 2022).

However, trade protectionism aimed at maintaining essential industries can also have negative consequences. This can result in elevated prices for consumers and diminished accessibility to items, as well decreasing competitors in the home marketplace.

In addition, it may not always be clear which industries are truly "essential," and governments may use this rationale as a justification for broader trade restrictions. As with other non-economic rationales for trade protectionism, it is important for governments to carefully balance their concerns about maintaining essential industries with the economic benefits of trade and the potential negative consequences of overly restrictive trade policies (Aslam 2023).

2.4.2 Preserving National Culture

Preserving national culture is another non-economic rationale for trade protectionism. Countries may seek to limit imports of goods that are perceived as a threat to their cultural identity, traditions, or values. This can include limiting imports of foreign films, music, books, or other cultural products that are seen as promoting values that are incompatible with the national culture (Boundi-Chraki 2021). The goal of preserving national culture through trade protectionism is to promote national unity, identity, and pride, and to prevent the erosion of traditional cultural values. Countries may also use cultural protectionism as a way to support their own domestic cultural industries and artists (Cunha & Cabello 2015).

However, cultural protectionism can also have negative consequences. It can lead to reduced access to diverse cultural products, limit freedom of expression and creativity, as well as obstruct the free movement of thinking and knowledge beyond international boundaries. It can also limit the ability of domestic cultural industries to compete in the global marketplace, which can stifle innovation and creativity (Grover 2022).

As with other non-economic rationales for trade protectionism, it is important for governments to carefully balance their concerns about preserving national culture with the economic benefits of trade and the potential negative consequences of overly restrictive trade policies (Lei et al 2023).

2.5 MAJOR INSTRUMENTS OF TRADE CONTROL

According to Tsai & Yang, (2021) Trade controls--policies that restrict free trade by reducing foreign competition--are a common practice. Although the benefits and drawbacks of such policies are hotly contested, they are often referred to as protectionism. Taxes on imports are the most familiar and important device of trade control. They may be set on a specific or ad valorem basis (Wang, Chen & Li 2022).

2.5.1 Tariffs: Direct Price Influences

Tariffs are taxes placed on foreign-made products, may be imposed by governments to increase the cost of foreign goods and reduce their competitiveness against domestic goods. Tariffs can also serve as a means to generate government revenue. Tariffs are taxes that governments impose on imported goods. They are one of the most direct instruments of trade control and can have a significant impact on

international trade. When a tariff is imposed on a particular imported good, it makes that good more expensive than the domestically produced equivalent. This can lead to several effects (Van 2017 and Hansen et al 2018).

1. Reduced Imports: As the price of the imported good increases, demand for it may fall, leading to a decrease in its imports. Domestic producers may also benefit from the higher prices and increase their production to fill the gap.

2. Revenue Generation: Tariffs can also generate revenue for the government. The money collected from the tariffs can be used to fund various government programs.

3. Increased Prices: Elevated prices of imported goods can result in increased costs for domestic consumers, potentially leading to inflation and diminished purchasing power.

OR

Increased prices of imported goods can result in higher costs for domestic consumers, potentially leading to inflation and diminished purchasing power for consumers.

4. Trade War: If other countries retaliate with tariffs on the exporting country's goods, this can lead to a trade war, where both countries impose tariffs on each other's goods. This can harm the economies of both countries and reduce overall trade.

Overall, tariffs can be an effective tool for protecting domestic industries and generating government revenue. However, tariffs can also result in higher consumer prices, reduced imports, and trade disputes, potentially leading to trade wars. Therefore, it is crucial for governments to thoughtfully evaluate the advantages and disadvantages of imposing tariffs and strive to establish mutually beneficial trade agreements with other nations (Kinzius & Yalcin 2019).

2.5.2 Non-Tariff Barriers: Quantity Controls

Non-tariff barriers, specifically quantity controls, refer to government-imposed restrictions/limits the amount or volumes of articles or services that may be traded across nations. These controls are typically implemented through various means such as quotas, licensing requirements, and other regulatory measures that limit the volume of products or resources that are available to be produced or traded across borders (Baker et al 2020).

The aim of quantity controls is to regulate trade including the import and export of products between countries intention of protecting domestic industries, controlling trade deficits or surpluses, or addressing other economic, social, or political objectives. Non-tariff barriers encompass various trade control measures that limit imports or exports without involving taxes or duties.

Quantity controls, which are one type of non-tariff barrier, refer to restrictions on the amount or quantity of a specific good that can be traded internationally. These controls can be implemented in different ways, such as quotas, licensing requirements, and other regulatory measures. Quantity controls can take on multiple forms, including (Nepram & Jaman 2021):

1.Distance and language: One of the main barriers to international trade is distance and language. This is a major issue in developing countries because it can cause many difficulties for companies trying to export products to other nations. Another common trade barrier is a tariff, or tax on imported goods. These taxes or duties increase the price of international products, which reduces their competitiveness in the domestic market. These tariffs can be in the form of a tax per unit (e.g., a 15% tariff on a new car), a fraction of the total cost of the item being brought in, or a combination of these types of taxes.

2. Quotas, embargoes, and sanctions: In addition, there are also many other non-tariff barriers to trade. These include quotas, embargoes, and sanctions regarding trade restrictions caused by licenses and technological issues. Quotas and restrictions also imposed by governments to protect their industries and their domestic jobs. These are often aimed at protecting consumer health, the environment, and national security.

3. Voluntary export restraints (VRS): Voluntary export restraints and country of origin requirements for government procurement are also popular forms of non-tariff barriers. These are often based on administrative or bureaucratic rules and slow down the free flow of goods between countries. Other types of non-tariff barriers are issues with customs clearance taking too long owing to reasons both human and technological, such as the volume and complexity of the paperwork involved. These barriers can significantly impact the cost of doing business overseas.

4.Licensing requirements: Licensing requirements are regulations that require importers or exporters to obtain a license before they can trade a particular good. This can be used to restrict the amount of a particular good that can be traded by limiting the number of licenses that are issued.

Quantity controls can have several effects:

1.Reduced Competition: By restricting the maximum allowable quantity of an imported commodity, quantity controls can reduce competition and protect domestic industries from foreign competition.

2. Increased Prices: When there are limits placed on the quantity of a certain item that may be brought into the country, the price of that good may increase due to reduced supply. This can lead to higher prices for domestic consumers.

3. Increased Domestic Production: By restricting imports, quantity controls can encourage domestic production and investment in the affected industry.

4. Trade Distortions: Quantity controls can distort trade and reduce the efficiency of the global economy. They can also cause other nations to retaliate, which might have negative effects on the economies of all countries involved.

In general, quantity controls can be a viable strategy to safeguard domestic industries and promote domestic production. However, they can also result in higher consumer prices, reduced efficiency, and potential retaliation from other countries. Hence, governments should thoughtfully consider both the benefits and the drawbacks of implementing quantity controls as well as make an effort to establish mutually beneficial trade agreements with other nations (Zhang 2022).

2.6 MODES OF TRADING INTERNATIONALLY

Modes of trading internationally refer to the various methods or approaches used by businesses and countries to engage in cross-border trade and commerce. These modes encompass different ways in which goods, services, and capital can be exchanged internationally, each with its unique characteristics and implications. These modes of trading internationally offer businesses and countries various options to engage in global trade and investment, each with its advantages, risks, and implications. The method of transportation that is used is determined by several variables including business objectives, market conditions, regulatory environment, and resource availability (Lu et al 2023).

2.6.1 Exporting Principles & Practices

According to Miller Kim & Roberts (2010) & Hani et al (2012) stated that exporting involves several principles and practices, such as:

1. Market research: Conducting research to identify potential foreign markets and to understand the demand, competition, and regulations in those markets.
2. Export planning: Developing a plan to enter and succeed in foreign markets, including setting objectives, identifying target markets, and determining marketing strategies.
3. Documentation: Preparing and completing the required paperwork, such as invoices, bills of lading, and customs forms, for exporting goods.
4. Logistics: Coordinating the shipment, transportation, and delivery of goods to the destination country.
5. Financing: Arranging for payment from foreign customers and managing currency exchange rates.
6. Financing: Arranging for payment from foreign customers and managing currency exchange rates.
7. Compliance: Ensuring compliance with local laws, regulations, and customs requirements in the destination country.
8. Product adaptation: Modifying products or services to meet the specific needs and preferences of foreign markets.
9. Marketing's and sales': Marketing's and sales in foreign markets involve the development and implementation of strategies to promote products or services through effective marketing and sales efforts.
10. Risk management: Identifying and managing risks associated with exporting, such as political instability, currency fluctuations, and supply chain disruptions.
11. After-sales service: Providing customer support and after-sales service to maintain customer satisfaction and loyalty.

Effective exporting requires a deep understanding of the target market and its unique challenges and opportunities. Companies must be willing to invest time and resources in research, planning, and execution to successfully navigate the complexities of international trade (Lin 2013).

2.6.2 Direct Exporting

Direct Exporting is the process of exporting a product or service directly to a customer. This strategy is ideal for organizations that are confident in their ability to manage the risks associated with international trade and know the potential for a high return on investment. This can be done through a variety of methods, such as setting up a foreign subsidiary or branch office, using distributors or agents, or selling directly to customers through e-commerce platforms (Goodman 2014).

Direct exporting is a mode of international trade where a company sells its products or services directly to foreign customers or end-users without the involvement of intermediaries. This means that the company manages all aspects of exporting, including market research, logistics, financing, and after-sales service (Song 2015).

Direct exporting (Cadot 2016) has several advantages, including:

1. **Control:** The company has full control over the exporting process, encompassing prices, branding, as well circulation, that allow it to adjust its strategy according to the distinctive preferences of foreign customers.
2. **Profitability:** Direct exporting can be more profitable than other modes of international trade, as the company can capture a larger share of the value chain and avoid paying commissions or fees to intermediaries.
3. **Customer relationships:** Direct exporting allows the company to develop one-on-one connections with clients from other countries that can lead to long-term loyalty and repeat business.

However, (Benz 2017) direct exporting also has some disadvantages, including:

1. **Costs:** Direct exporting can be costly, as the company must invest in market research, logistics, and marketing to establish a presence in foreign markets.
2. **Risks:** Direct exporting exposes the company to risks such as currency fluctuations, political instability, and changes in local regulations, which can be difficult to manage without local expertise.
3. **Resource constraints:** Direct exporting can be challenging for small or medium-sized enterprises that lack the resources, expertise, or networks to manage the exporting process effectively.

Despite these challenges, direct exporting can be a powerful strategy for companies looking to expand their global footprint and capitalize on opportunities in foreign markets (Waters 2018).

2.6.3 Indirect Exporting

Indirect exporting is the process wherein a company sells its products abroad directly. It is a popular export strategy among many companies seeking to increase their profits and market presence. Indirect exporting allows the manufacturer to control every aspect of the export process- from packaging, advertising, promotion, shipping and distribution. It offers a greater opportunity for profits as intermediaries are eliminated and every step is under the control of the manufacturer.

OR

Indirect exporting is a mode of international trade where a company's sells its products' or services to an intermediary's in its home country, such as a trading company, export Management Company, or agent, who then sells the products or services in foreign markets. This means that the intermediary manages all aspects of exporting, including market research, logistics, financing, and after-sales service (Kamali 2019).

Indirect exporting (Gibson-Graham 2020) has several advantages, including:

1. Cost savings: Indirect exporting can be less costly than direct exporting, as the company can leverage the expertise and networks of the intermediary to manage the exporting process.

2. Risk management: Indirect exporting can help the company mitigate risks such as currency fluctuations, political instability, and changes in local regulations, as the intermediary is responsible for managing these risks.

3. Access to markets: Indirect exporting can help the company access foreign markets that it may not be able to reach on its own, as the intermediary may have established relationships with customers, distributors, or retailers in those markets.

However, (Hoque et al 2021) indirect exporting also has some disadvantages, including:

1. Reduced control: Indirect exporting means that the company must relinquish some control over the exporting process, including pricing, marketing, and distribution, which can limit its potential towards customizing its strategy to meet the individual requirements of consumers in other countries.

2. Reduced profitability: Indirect exporting may be less profitable than direct exporting, as the company must pay commissions or fees to the intermediary, which reduces its share of the value chain.

3. Customer relationships: Indirect exporting may limit the company's ability to create direct ties with clients from other countries that can make it more difficult to build long-term loyalty and repeat business.

Despite these challenges, indirect exporting can be a viable strategy for companies looking to expand their global footprint and capitalize on opportunities in foreign markets (Hussain et al 2022).

2.6.4 Advantages of Exporting

The world is a global market, and with so many countries and economies to compete in, there are lots of reasons why businesses should be considering expanding into new markets via exporting. For example, exports can diversify a company's revenue and protect it from the risks of domestic downturns (Murray 2023).

Exporting has several advantages, including (Wagner 2021):

1. Increased Sales: Exporting allows businesses to expand their customer base beyond their domestic market, which can lead to increased sales and revenue. Sales from foreign markets generally command higher prices than they do in the domestic market, which can translate into increased profits for a company. This is especially true for products that are unique, innovative or whose cost of production is significantly lower abroad than in the local market.

2. Reduced Production Costs: By selling in bigger volumes, ones have the opportunity to benefit from economics of scaling while produce ones goods at a lower cost per unit. Someone (user) can also source raw materials in bulk, reducing the overall costs of your manufacturing process.

3. Economies of Scale: By increasing production to meet foreign demand, businesses have the potential to reduce their expenses along with increase their revenues by taking advantage of economics of scalability.

4. Diversification: Exporting enables businesses to broaden their customer base and decrease reliance on the domestic market, which may be susceptible to economic fluctuations and other risks.

5. Competitive Advantage: Exporting's can help businesses gains a competitively advantages by providing access to new technologies, resources, and markets.

6. Brand Recognition: Exporting can increase brand recognition and help businesses establish a global reputation for quality and innovation.

7. Spreading Risk: Exporting can help businesses spread their risk by reducing their exposure to any one market or region.

8. Government Incentives: Many governments offer incentives and support to businesses that export, such as tax breaks, grants, and access to financing.

9. Access to Technology: Technological advancements are constantly changing, and exporting can give your business the opportunity to benefit from them. This can include new production methods and techniques that may help your business become more efficient and competitive.

In addition, working with foreign customers can help you gain valuable insight into their needs and preferences. This can then be applied to your own products and processes, giving you a deeper understanding of how to serve them better. Additionally, it is critical to take into account that exporting comes with a number of disadvantages, including the need to understand and comply with international laws and regulations. Failure to do so can result in massive legal and financial expenses for your business (Alabdullah 2022).

2.6.5 Disadvantages of Exporting

Disadvantages of exporting refer to the potential drawbacks or challenges that businesses may encounter when engaging in the process of moving products or services to marketplaces outside of their country (Mullen & Powel 2023). These disadvantages may include:

1. High Costs: Exporting can be expensive, particularly when it comes to transportation, customs, and other regulatory requirements. Businesses may also need to invest in marketing and distribution in order to enter and succeed in foreign markets.

2. Logistics Challenges: Exporting involves complex logistics, including coordinating the shipment and delivery of goods, managing inventory, and dealing with language and cultural barriers.

3. Currency Fluctuations: Exporting can expose businesses to fluctuations in currency exchange rates, which can affect profits and make it difficult to plan and budget.

4. Trade Barriers: Exporting goods can become challenging for businesses due to trade barriers imposed by some countries, such as tariffs and quotas, which can impede the flow of goods across borders.

5. Legally and Regulator's Requirement's: Exporting requires businesses in order to fulfill such as a range of legally + regulators' specifications, including those related to customs, taxes, and intellectual property.

6. Political Risks: Exporting can expose businesses to political risks, such as changes in government policies or instability in foreign markets.

7. Quality Control: Exporting requires businesses to ensure that their products meet the quality standards and expectations of foreign customers, which can be challenging and time-consuming.

8. Cultural and language barriers: Exporting can involve cultural and language barriers, which can make it difficult to understand customer needs and preferences in foreign markets.

9. Competition: Exporting can involve increased competition from local firms in foreign markets.

10. Trade barriers: Exporting can be hindered by trade barriers such as tariffs, quotas, and regulations in foreign markets

Finally, it is important for businesses to carefully consider and manage these disadvantages of exporting when planning and executing their international trade strategies, and to seek appropriate support and expertise to mitigate risks and optimize opportunities in foreign markets (Gomez 2019).

2.7 EXPORTING: MOTIVATION & METHODS

Exporting is the process of a firm's exports. It can be done in a number of ways. The motivation to export can be derived from many factors including prospective gains in foreign currency, sluggishness of the home market, plans for future development and expansion, and the pressing need to pay off existing debt. Exporting can be motivated by several factors, including profitability, productivity, and diversification.

2.7.1 Profitability

Exporting can increase a company's profits by accessing larger markets, taking advantage of favorable exchange rates, and reducing dependence on domestic sales.

Exporting can be a profitable strategy for companies. By exporting, companies can access larger markets and take advantage of untapped markets. This has the potential to lead to a boost in selling and income. Additionally, exporting may be

helpful companies take advantage of favorable exchange rates, reducing the cost of goods sold and improving profit margins (Barnes Thomson & Ferreira 2020).

Moreover, exporting can provide economies of scale, which can help companies lower their costs of production. By producing and selling more units, companies can spread their fixed costs over a larger output, resulting in lower per-unit costs. This can make their related goods overall competitive in the local as well as international markets.

Finally, exporting can reduce a company's dependence on its domestic market. By diversifying their customer base, companies can reduce their exposure to domestic economic fluctuations, political risks, and other uncertainties. This can help companies maintain their profitability over the long term (Wagner 2021).

2.7.2 Productivity

Exporting can increase a company's productivity by leveraging economies of scale, improving efficiency, and enhancing competitiveness (Krugman 2018). Exporting can increase a company's productivity in several ways:

1. Economies of scale: Exporting allows companies to increase their production and achieve economy of scales, which may lead to reduced costs per unit and higher profitability.
2. Learning effects: Exporting requires companies to adapt to different markets and customers, which can lead to improvements in production processes, product design, and marketing strategies.
3. Innovation: Exporting can stimulate innovation by exposing companies to new ideas, technologies, and competitive pressures.
4. Access to resources: Exporting can give companies access to new sources of raw materials, technology, and skilled labor, which can improve their productivity and competitiveness.
5. Risk diversification: Exporting can help companies spread their risks across different markets, reducing their dependence on a single domestic market and increasing their overall resilience.

2.7.3 Diversification

Exporting can provide a company with diversification by spreading its sales across multiple markets and reducing the impact of economic fluctuations in any one market. Diversification is one of the main motivations for companies to engage in exporting. By expanding their markets and selling their products or services to customers in different countries, companies can reduce their dependence on a single domestic market and spread their sales across multiple markets. This can help to reduce their overall risk and exposure to economic fluctuations, such as recessions or changes in consumer demand in any one market (Taylor 2017)

Exporting also allows companies to take advantage of economy of scale may be achieved when a company raises the number of units it produces while simultaneously lowering the price of each individual unit. This can result in higher profits. Additionally, by entering new markets and facing new competitors, companies can be forced to innovate and improve their products or services, which can improve their overall competitiveness in all markets (Wade 2018).

However, exporting also involves various challenges, including adapting to different cultural, legal, and regulatory environments, managing supply chain logistics, and dealing with currency exchange rates and other financial risks. Therefore, companies must carefully evaluate the potential benefits and risks of exporting before making a decision to enter international markets.

To export, companies can use different methods, such as indirect exporting and direct exporting, as well as e-commerce platforms and third-party logistics providers. They can also participate in trade shows and exhibitions, seek assistance from export promotion agencies, and conduct market research to identify potential export opportunities (Cardinale 2019).

2.8 IMPORTING: PRINCIPLES & PRACTICES

Importing refers to the action of transporting products or resources from one jurisdiction to another for sale or/and use. It is an important aspect of international trade and involves various principles and practices that govern the importation of goods or services. In general, importing involves various principles and practices that importers need to understand and follow to successfully navigate the complexities of international trade (Brack & Gurkan 2020).

Compliance with import regulations, proper documentation, accurate product classification, effective supply chain management, risk assessment and mitigation, and continuous learning are crucial aspects of importing. By adhering to these principles and practices, importers can optimize their import processes, mitigate risks, and achieve successful and compliant import transactions (Aloysius & Obi 2021).

2.8.1 Advantages of Importing

According to Farrand & Carrapico, (2022) importing offers several advantages for businesses and economies. Some of the key advantages of importing include:

1. Access to a wider range of goods and services: Importing allows businesses to access goods and services that may not be available or produced domestically. This provides businesses with a wider range of options to choose from, including unique or specialized products that can help meet consumer demand and enhance competitiveness in the market.

2. Lower prices: Imported goods may be cheaper than domestic goods, which can help consumers save money and also lower the cost of production for businesses.

3. Competitive advantage: Importing can give a country a competitive advantage in terms of access to certain goods or resources that are not available domestically.

4. Job creation: Importing can also create jobs in the transportation, distribution, and retail sectors, as well as in industries that use imported goods as raw materials.

5. International trade relationships: Importing can help build and maintain relationships with other countries, which can have diplomatic and economic benefits.

6. Improved quality: Importing products from countries with a reputation for high-quality production can improve the quality of a business's products, which can help to build customer loyalty.

7. Diversification: Importing can provide a business with diversification by allowing them to source products from multiple markets, reducing the impact of economic fluctuations in any one market.

8. Access to new technology: Importing can allow businesses to access new technologies and innovations that may not yet be available domestically, giving them a competitive advantage.

9. Innovation and knowledge transfer: Importing can facilitate knowledge transfer and innovation by exposing businesses to new ideas, technologies, and best practices from different markets. Businesses can learn from international partners and incorporate new knowledge into their operations, leading to improved products, processes, and business strategies. Importing can also foster innovation through collaborations and partnerships with international suppliers or partners.

10. Consumer benefits: Importing can benefit consumers by providing access to a wider variety of goods and services at competitive prices. Importing can lead to increased consumer choices, improved product quality, and lower prices, ultimately benefiting consumers and enhancing their standard of living.

11. Economic growth and development: Importing can contribute to economic growth and development by promoting trade and investment, creating jobs, and generating revenue for governments through customs duties and taxes. Importing can also foster international relations and cooperation, leading to economic partnerships, cultural exchange, and diplomatic ties between countries.

In summary, (Weber & Shaikh 2021) importing offers several advantages for businesses, consumers, and economies, including access to a wider range of goods and services, cost savings and efficiency, increased competitiveness, diversification of sources, innovation and knowledge transfer, consumer benefits, and economic growth. However, it is important for businesses and governments to carefully consider the potential impacts of importing, including compliance with regulations, managing risks, and ensuring fair competition, to fully realize the benefits of importing (Fares 2023).

2.8.2 Disadvantages of Importing

According to Kuc Czarnecka, et al (2021) & Cheng, Wang & Xiao (2022) importing also has some disadvantages that businesses and economies need to consider. There are several disadvantages of importing, which include:

1. Job loss: Importing can result in the loss of jobs in industries that cannot compete with cheaper imported goods.

2. Trade deficits: Importing more than what is exported can result in a trade deficit, which can have negative economic consequences for a country.

3. Cultural impact: Importing can lead to the loss of cultural identity as foreign goods and ideas become more prevalent in a domestic market.

4. Competition with domestic producers: Importing goods can increase competition for domestic producers, potentially leading to reduced sales and profitability.

5. Dependence on foreign suppliers: Relying on imports for key goods can leave a country vulnerable to supply disruptions or price increases if there are issues with foreign suppliers.

6. Trade imbalances: When a state consumes more items than it sells abroad, it may face trade deficits, imbalances and a negative impact on the economy.

7. Quality and safety concerns: Imported goods may not meet the same quality and safety standards as domestically produced goods, posing potential risks for consumers.

8. Political instability: Importing goods from politically unstable countries can expose companies to geopolitical risks, such as war, terrorism, and civil unrest.

9. Currency exchange risks: Importing goods from foreign countries involves dealing with different currencies, which can expose companies to currency exchange risks and volatility.

10. Compliance with regulations: Importing requires compliance with various regulations, including customs duties, taxes, import licenses, and other trade-related regulations. Failure to comply with these regulations can result in penalties, delays, or even loss of goods. Complying with complex and changing regulations can be time-consuming, costly, and challenging, requiring businesses to dedicate resources to ensure compliance.

In general, (Aslam 2023) while importing offers many advantages, it also has some disadvantages that need to be carefully considered. Competition with domestic industries, negative impact on the balance of trade, dependency on foreign suppliers, compliance with regulations, risks of quality and safety, cultural and language barriers, and potential adverse environmental and social impacts are some of the key disadvantages of importing. It is important for businesses and governments to carefully manage these disadvantages and take appropriate measures to ensure that the benefits of importing are maximized while minimizing potential risks and drawbacks (Boundi-Chraki 2021).

2.9 IMPORTING & EXPORTING: PROBLEMS & PITFALLS

Importing and exporting, while offering numerous benefits to businesses and economies, can also present challenges and pitfalls that need to be addressed (Importing and exporting can involve several problems and pitfalls that businesses need to be aware of). Some of the common problems and pitfalls associated with importing and exporting include (Cunha & Cabello 2015):

1. Customs and legal issues: Importing and exporting require compliance with various customs and legal regulations, such as tariffs, quotas, and trade agreements. Failure to comply with these regulations can result in fines, delays, and other penalties.

2. Payment risks: Importers and exporters may face payment risks, such as non-payment, payment delays, or currency fluctuations, which can impact their cash flow and profitability.

3. Quality issues: Imported products may not meet the same quality standards as domestically produced goods, which can result in customer dissatisfaction and damage to the company's reputation.

4. Logistics challenges: Importers and exporters need to manage the logistics of transportation, including shipping, storage, and delivery. Delays or damages can result in additional costs and loss of revenue.

5. Cultural and language barriers: Importing and exporting involve dealing with business partners from different countries with diverse cultures, languages, and business practices. Communication challenges, misunderstandings, and cultural differences can impact negotiations, contracts, and business relationships. Building effective communication channels and understanding cultural nuances can be crucial to successful importing and exporting.

6. Political and economic instability: Importers and exporters may face political and economic instability in foreign markets, such as changes in government policies or civil unrest, which can disrupt business operations and profitability.

7. Competition and market dynamics: Importing and exporting involve competing in global markets, which can be highly competitive and dynamic. Businesses need to carefully analyze market dynamics, understand customer preferences, and adapt their strategies to meet local demands and competitive pressures. Failure to do so may result in challenges in gaining market share, sustaining profitability, and building customer loyalty.

In general, (Grover 2022) while importing and exporting offer significant opportunities for businesses, they also come with potential problems and pitfalls.

Managing trade barriers, legal and regulatory challenges, logistics and transportation, currency exchange and payment risks, cultural and language barriers, quality control and compliance, political and geopolitical risks, cultural, social, and ethical considerations, and competition and market dynamics are some of the common challenges associated with importing and exporting (Lei et al. 2023).

It is important for businesses to thoroughly understand and address these challenges to ensure successful international trade operations. Seeking expert advice, conducting proper due diligence, and building strong partnerships can help businesses overcome these challenges and reap the benefits of importing and exporting (Wang Chen & Li 2022).

2.9.1 Financial Risks

According to Van Long (2017) financial risks are a common problem in importing and exporting. Some of the financial risks associated with importing and exporting include:

- **Foreign exchange risk:** These risks can include fluctuations in currency exchange rates, payment defaults, and delays in payment. Currency exchange rate fluctuations may have a considerable effect on the amount of money that is made by an import or export transaction. If the currency of the importer or exporter fluctuates significantly against the currency of the other party, the profitability of the transaction can be affected. For example, if an exporter sells goods to an importer in a country whose currency appreciates against the exporter's currency, the exporter's profit margin can be reduced.

- **Payment risk:** Payment defaults and delays in payment can also be a significant financial risk in importing and exporting. An importer may fail to pay for goods received, leaving the exporter with unpaid bills and inventory. Similarly, an exporter may experience delays in payment from a foreign buyer, leading to cash flow problems.

- **Credit risk:** Extending credit to international buyers or suppliers can be risky, as businesses may face challenges in assessing the creditworthiness of parties in different countries. Credit risk refers to the risk of non-payment or default by buyers or suppliers, which can result in financial losses and disruptions to business operations.

- **Financing and funding risk:** Importing and exporting often require significant upfront costs, including purchasing goods, transportation, customs duties, and other fees. Managing the financing and funding of these costs can pose risks, including securing appropriate financing, managing cash flow, and ensuring sufficient funding for ongoing trade operations.

- **Insurance risk:** Insuring goods during transportation, customs clearance, and storage is critical to protect against potential loss or damage. However, insurance policies may have limitations, exclusions, or coverage gaps that businesses need to carefully consider to mitigate insurance risks effectively.

- **Taxation risk:** Taxation laws and regulations can vary significantly across different countries and jurisdictions, and businesses need to understand and comply with these requirements. Failure to properly manage taxation risks can result in unexpected tax liabilities, fines, or penalties, impacting financial performance.

To mitigate financial risks in importing and exporting, companies can take several steps. These include using letters of credit to ensure payment, hedging currency risk through financial instruments such as forward contracts, and conducting thorough credit checks on potential customers. Additionally, companies can work with trade finance providers and insurance companies to manage financial risks associated with international trade (Hansen et al 2018). It is essential for businesses engaged in importing and exporting to thoroughly understand and manage these financial risks to ensure successful international trade operations. This may involve working with financial experts, conducting proper risk assessments, implementing risk mitigation strategies, and staying updated with changing regulations and market conditions. Proper risk management can help businesses safeguard their financial interests and achieve sustainable profitability in international trade (Kinzius & Yalcin 2019).

2.9.2 Customer Management

Customer management is the process of developing and maintaining relationships with customers to maximize their value to a business. It involves identifying the needs of customers, communicating with them effectively, and providing products and services that meet their needs. Effective customer management involves a range of activities, including customer acquisition, customer retention, and customer service (Baker et al 2020).

Customer acquisition involves identifying potential customers and persuading them to purchase a company's products or services. This can involve advertising, marketing, and sales efforts. Customer retention involves maintaining relationships with existing customers and encouraging them to continue doing business with the company. This can involve providing quality products and services, effective customer service, and loyalty programs (Nepram & Jaman 2021).

Effective customer service is an important component of customer management. This includes providing a rapid and sufficient response to customers concerns and queries, as well as rectifying problems that have been raised within a suitable way. Good customer service can help to build trust and loyalty among customers, while poor customer service can damage a company's reputation and lead to lost business (Zhang 2022).

Overall, effective customer management is indispensable to the progress and development of every business, as it helps to build and maintain relationships with customers, improve customer satisfaction and loyalty, and ultimately increase revenue and profitability (Lu et al 2023).

2.9.3 International Business Expertise

International business expertise refers to the knowledge, skills, and abilities that individuals and organizations need to effectively conduct business in a global environment. It includes a deep understanding of the cultural, economic, legal, or/and political differences that exist around nations, and navigating across them complex international trade regulations and overcome language barriers (Miller Kim & Roberts 2010). International business expertise is essential for companies seeking to expand their operations globally and achieve success in foreign markets.

Additionally, it's valuable to those who are interested in pursuing professions in international businesses, such as international trade consultants, global marketing managers, and international finance experts (FSB 2011). Having international business expertise is crucial for companies engaged in international trade. Some key areas of expertise include (Hani et al 2012):

1. Cross-cultural understanding: Understanding cultural differences and adapting business practices to different cultural norms is essential for success in international business.
2. International marketing: Understanding the nuances of marketing in different countries and tailoring marketing strategies to local markets is crucial for success.
3. Legal expertise: Familiarity with international trade laws and regulations is important for compliance and avoiding legal issues.
4. Logistics: Understanding the intricacies of international transportation, customs, and shipping regulations is crucial for successful import and export operations.
5. Finance and accounting: Knowledge of international finance and accounting is necessary to navigate currency exchange rates, tax laws, and financial regulations in different countries.

6. Language proficiency: Proficiency in the languages spoken in the countries where a company operates can help facilitate communication and build relationships with local partners and customers.

7. Risk management: Understanding the risks associated with international trade and developing strategies to mitigate them is important for minimizing potential losses.

Having expertise in these areas can help companies navigate the complexities of international trade and increase their chances of success.

2.9.4 Marketing Challenges

Marketing challenges are one of the potential problems and pitfalls of importing and exporting. These challenges may include differences in language, culture, consumer preferences, and marketing regulations in different countries (Lin 2013).

Organizations may desire to adjust their branding strategy to better appeal to local customers by taking into consideration regional variations in purchasing habits. This can be particularly challenging for companies operating in countries with vastly different cultural or linguistic backgrounds (Goodman 2014).

Another challenge can be navigating the complex web of import and export regulations, including tariffs, quotas, and customs procedures. These regulations can vary greatly between countries and can be difficult to understand and comply with. Non-compliance can result in fines, delays, and even the seizure of goods (Song 2015).

Finally, companies may face intense competition in foreign markets, particularly from established local players. Entering a new market can require significant investments in marketing, advertising, and distribution, which may take time to pay off. Companies must be prepared to make these investments and remain patient as they build their brand and customer base in a new market (Cadot 2016).

2.9.5 Government Regulation

Government regulation refers to the rules and policies imposed by governments to control and monitor the activities of businesses engaged in importing and exporting goods and services. Regulations can include requirements related to licensing, permits, inspections, customs documentation, and compliance with trade laws and agreements (Benz 2017).

One of the main challenges of importing and exporting is navigating the complex web of regulations that vary across countries and regions. Businesses must ensure that they comply with all relevant regulations to avoid penalties and legal issues, which can lead to delays and increased costs (Waters 2018).

Moreover, changing regulations and policies can also create uncertainty and affect the profitability of importing and exporting activities. For instance, changes in tariffs, trade agreements, or customs regulations can impact the cost and accessibility of importing items and the viability of exportations (Kamali 2019).

Therefore, businesses engaged in importing and exporting need to stay up to date on the latest regulations and be proactive in complying with them to avoid potential pitfalls and maximize their opportunities in the international marketplace (Gibson-Graham 2020).

1. One potential problem with importing and exporting is navigating government regulations. Governments can impose various regulations, such as tariffs, quotas, and trade agreements, which can create barriers to entry or make it more difficult to compete in foreign markets. This can lead to increased costs, delays in shipments, and difficulty in complying with regulations.

2. Furthermore, the lack of uniformity in regulations across different countries can create additional challenges for companies engaged in importing and exporting. Companies may need to comply with different regulations for different markets, which can require significant resources and expertise.

3. In addition, some governments may have stricter regulations or greater enforcement of regulations in certain industries or sectors, which can limit opportunities for importing or exporting. For example, a government may impose stricter environmental regulations on the importation of certain products, or limit the exportation of certain goods for national security reasons.

Overall, navigating government regulations can be a complex and challenging aspect of importing and exporting, requiring significant expertise and resources to ensure compliance and success in foreign markets (Hoque et al 2021).

2.9.6 Trade Documentation

Trade documentation refers to the paperwork and electronic documents required for importing and exporting goods between countries. It includes a variety of documentations, such as commercial invoice's, bills of lading, packing's lists', certificates of origins, and customs declarations. These documents serve as a record of the transaction, provide information on the goods being shipped, and facilitate the movement of the goods through customs and other government agencies. Proper documentation is crucial to ensure that goods are cleared for import or export and that they arrive at their destination in a timely and efficient manner (Hussain et al 2022).

Failing to provide accurate or complete trade documentation can result in delays, penalties, and even the seizure of goods by customs authorities. Therefore, it is important for importers and exporters to understand the required documentation for their specific goods and countries of origin and destination, and to work closely with freight forwarders or customs brokers to ensure that all documentation is in order (Murray 2023).

1. Trade documentation can be a potential problem and pitfall in both importing and exporting. The documentation requirements can vary widely between countries and even between different products. Failure to properly complete or submit required documentation can result in delays, fines, and even seizure of goods.

2. For importing, some common trade documents include purchase orders', commercial invoice's, lading bills', import licenses, along with customs declarations. Importers may also need to comply with various regulations, such as health and safety standards or anti-dumping laws.

3. For exporting, some common trade documents include pro forma invoices, packing lists, bills of lading, and export licenses. Exporters may also need to comply with various regulations, such as export controls on sensitive technologies or restrictions on certain products.

4. It is important for companies engaged in international trade to have a good understanding of the required trade documentation for each transaction and to ensure that all documents are properly completed and submitted within a timely manner. So, this might support to avoid potential delays and other problems that can arise from non-compliance with trade regulations.

2.10 COUNTERTRADE

Countertrade is an alternate method of organizing international sales that may be used in situations when traditional ways of payment are difficult to implement or do not exist. It also enables exporters to conserve foreign currency, increase sales and capacity utilization, overcome liquidity challenges and access challenging markets. Countertrade may involve barter, counter-purchase or buy-back. It is a popular form of financing in cash-strapped nations, especially in the developing world (WagnerB 2021).

OR / AND

Countertrade defines a category of foreign exchange transactions where items are exchanged involving at least two and potentially more nations using non-cash forms of payment. Instead of using traditional payment methods such as cash or credit, countertrade involves the exchange of one kind of product or service for another kind of item or service. Countertrade can take many forms, such as barter, offset agreements, buyback agreements, and switch trading (Alabdullah 2022).

Countertrade is often used by countries that have limited access to foreign currency or are unable to obtain credit from international financial markets. It can also be used by companies that want to enter new markets but lack the necessary cash or credit to do so. Countertrade can provide a means for companies to finance exports and in order to mitigate the dangers that are linked with the volatility of foreign market fluctuations. However, countertrade can also be complex and difficult to manage, and it may be subject to various legal and regulatory requirements (Mullen & Powell 2023).

2.10.1 Advantages

According to Gomez (2019) & Barnes, Thomson & Ferreira (2020) some of the key advantages of countertrade are:

1. Access to new markets: Countertrade can be a useful tool for companies seeking to enter new markets where traditional methods of payment may not be readily available or accepted.

2. Guaranteed business: Countertrade can provide a guaranteed market for a company's goods or services, which can help to stabilize cash flows.

3. Enhanced competitiveness: Countertrade can provide a competitive advantage to businesses by offering unique payment options that may be attractive to potential customers. This can help businesses stand out in the market and win contracts that they may not have secured through traditional payment methods.

4. Hedging against currency risk: Countertrade can help to mitigate risks associated with currency fluctuations by avoiding the need for currency exchange.

5. Offsetting trade imbalances: Countertrade can be used to offset trade imbalances between countries. For example, if one country has a surplus of goods but lacks foreign currency to make purchases, it can engage in countertrade to exchange its surplus goods for the goods it needs, without the need for cash payments. This can help balance trade between countries and promote economic cooperation.

6. Building long-term relationships: Countertrade can facilitate the development of long-term relationships between companies, which can lead to future business opportunities.

7. Risk mitigation: Countertrade can be used as a risk mitigation strategy in uncertain or volatile economic environments. By diversifying payment options and engaging in countertrade, businesses can reduce their exposure to currency exchange risks, interest rate fluctuations, and other financial risks associated with traditional currency-based transactions.

8. Resource optimization: Countertrade can be used as a way to optimize the utilization of resources. For example, if a country has excess agricultural produce but lacks the necessary technology or infrastructure to process it, it can engage in

countertrade to exchange the agricultural produce for the required technology or infrastructure, thereby optimizing the use of available resources.

2.10.2 Disadvantages

It's important to note that countertrade also has some disadvantages and risks, such as the complexity of transactions, challenges in determining fair value of goods or services being exchanged, and potential difficulties in converting countertrade transactions into cash. Therefore, businesses should carefully consider the specific circumstances and risks associated with countertrade before engaging in such transactions (Krugman 2018).

1. Limited flexibility: Countertrade can be restrictive regarding the nature of the commodities that may be exchanged, and this may hinder an organization's flexibility to adapt to shifting market circumstances or customer preferences (Zolfo et al 2019).

2. Difficulty in valuation: Countertrade can be difficult to value, as it involves the exchange of goods or services of different types and quality (Barnes Thomson & Ferreira 2020).

3. High transaction costs: Countertrade can involve higher transaction costs, including the cost of transporting and storing goods (Lu et al 2023).

4. Regulatory and legal issues: Countertrade can be subject to regulatory and legal issues, including compliance with trade regulations and tax laws in different countries (Miller Kim & Roberts 2010).

5. Lack of liquidity: Countertrade transactions may not provide immediate liquidity to businesses. Unlike cash transactions, which provide immediate access to funds, countertrade transactions involve exchanging goods or services, which may not be as easily convertible to cash. This can impact cash flow and working capital management for businesses (Goodman 2014).

6. Potential for inefficiency and inefficacy: Countertrade may not always result in optimal resource allocation or utilization. For example, businesses may end up with goods or services that may not be directly useful to their operations or market demand, resulting in inefficiency and reduced efficacy in utilizing exchanged goods or services (Song 2015).

7. Limited market access: While countertrade can provide access to new markets, it may also limit market access in some cases. Countertrade transactions are often bilateral, meaning they involve direct exchanges between two parties. This can restrict businesses from exploring other potential trade partners or markets, limiting their market diversification opportunities (Cadot 2016)

8. Legal and regulatory complexities: Countertrade transactions can involve legal and regulatory complexities, including compliance with international trade laws, tax laws, and customs regulations. Businesses need to carefully navigate these legal and regulatory requirements, which can vary from country to country, and may require additional resources and expertise (Benz 2017).

9. Risk of imbalanced transactions: Countertrade transactions may not always result in fair or balanced exchanges. Parties involved may have different bargaining power, which can lead to imbalanced transactions where one party benefits more than the other. This can result in potential disputes and strains in business relationships (Waters 2018).

It's important for businesses to carefully assess the potential disadvantages and risks associated with countertrade, and weigh them against the advantages, in order to make informed decisions about engaging in countertrade transactions. Proper planning, due diligence, and risk management strategies should be in place to mitigate potential drawbacks of countertrade (Kamali 2019 Gibson-Graham 2020).

2.10.3 Chapter Conclusion/Summary

Understanding international trade and economics is a discipline of economics that makes use of Microeconomics modeling to get insight into the global economies. The topics covered in this analysis include fundamental principles of supply and demand in the context of international markets, examination of firm and consumer behavior, analysis of various market structures such as perfect competition, oligopoly, and monopoly, as well as the effects of market distortions.

Economic trade is the exchange of goods between countries, often under an agreement between them. This can be done through an arrangement called a trade agreement or, in more formal terms, through the negotiation of a treaty, convention, or treaties. Historically, nations have used policies to ensure that they can control their own economic systems. They were often concerned about their own food security, their own ability to grow crops or manufacture goods, and the impact of foreign competition on their domestic economies.

Today, international trade is a major part of the global economy. It affects all aspects of our lives. It has become increasingly important to business and consumers because the world is becoming more and more integrated. A key element of understanding international trade is to understand how the market structure and government policies affect the supply, demand, and prices of goods and services. This course examines the relationship between these factors to determine the benefits and costs of international trade.

International Trade & Economics provides students with a balanced and engaging understanding concerning the fundamental ideas and applicable scenarios involved in international business and finance. The text offers an intuitive introduction to theory, followed by a range of applications chapters that tackle policy challenges utilizing the most recent empirical studies, data, plus policies debates.

CHAPTER III

INTERNATIONAL TRADE POTENTIAL OF TURKEY & ITS CORRELATION TO ECONOMIC GROWTH

3.1 INTRODUCTION

Turkey, strategically positioned between Europe and Asia, has historically been a vital hub for trade. In modern times, its diversified export sectors, including automotive and textiles, coupled with significant trade reforms like joining the EU Customs Union and forging numerous Free Trade Agreements, have bolstered its international trade potential. This has significantly driven Turkey's economic growth, with a direct correlation observed between export-led growth and GDP expansion.

While the country faces challenges like trade deficits and external debts, the positive trajectory of its trade activities, investments in R&D, and a young workforce underline Turkey's continued potential in global trade and its consequent economic development.

Turkey's international trade landscape is characterized by a diversified export and import portfolio. Key sectors contributing to exports include automotive, machinery, iron and steel, textiles, and agriculture. On the import front, Turkey primarily sources machinery, chemicals, fuels, and transport equipment. The European Union (EU) is Turkey's largest trading partner, accounting for around half of its exports. Additionally, Asian countries, the Middle East, and North America also comprise significant shares of Turkey's trade interactions.

Over the decades, Turkey has undertaken a series of reforms to liberalize its trade environment. Joining the Customs Union with the EU in 1995 was a landmark event. It not only expanded Turkey's market access to European countries but also necessitated the country to align its policies and standards with the EU. This, in turn, increased the competitiveness of Turkish goods and services

Furthermore, Turkey's active pursuit of free trade agreements (FTAs) with various countries and regions has reduced tariffs, fostering a conducive environment for trade. The country has FTAs with multiple nations, including South Korea, Malaysia, and several African countries, which has diversified its trade avenues.

3.2 CORRELATION TO ECONOMIC GROWTH

1. Export-led Growth: Turkey's growth story in the 21st century has been significantly driven by exports. The growth in sectors like automotive, textiles, and electronics has been mirrored in the country's GDP growth, emphasizing the direct correlation between trade and economic expansion.

2. Foreign Direct Investment (FDI): The trade-friendly environment, coupled with Turkey's strategic location and a sizable domestic market, has attracted FDI. Sectors like finance, manufacturing, and energy have seen significant foreign investments, which not only contribute directly to the GDP but also bring in technology, skills, and innovation.

3. Trade Deficit Concerns: While exports have been buoyant, Turkey's imports, especially of energy and high-tech products, have kept the trade balance in deficit. This, coupled with external debts, poses challenges. However, the correlation between trade and economic growth remains positive, with the benefits of trade outweighing the challenges posed by deficits.

4. Multiplier Effects: The indirect effects of trade on economic growth are also noteworthy. Sectors benefiting from exports, like automotive and textiles, have spurred growth in ancillary industries, leading to job creation and increased consumer demand.

While the correlation between Turkey's international trade and economic growth is largely positive, challenges persist. Fluctuations in global demand, geopolitical tensions, and domestic economic issues can influence trade dynamics. Moreover, the reliance on imported energy remains a significant concern.

However, Turkey's efforts to diversify its trade partners, invest in R&D, and improve its infrastructure bode well for its future trade potential. Additionally, its young population can provide the required human capital to drive both trade and economic growth.

Turkey's international trade potential and its correlation with economic growth highlight the intertwined nature of global interactions and domestic economic dynamics. The positive trajectory of Turkey's trade and its contributions to GDP growth underscores the importance of continuing trade reforms and diversifying export portfolios. As Turkey navigates the challenges and leverages its strengths, its role in global trade and its potential to drive economic growth further come to the fore.

3.3 THE STATE OF THE TURKISH ECONOMY

Turkey, the 20th largest economy in the world by nominal GDP, has undergone significant transformation since the early 2000s. Situated at the crossroads of Europe and Asia, Turkey offers a unique blend of Eastern and Western traditions, which is reflected in its diverse economic structure. Here's a comprehensive look at the current state of the Turkish economy:

Growth and Development: Over the past two decades, Turkey has seen robust economic growth, averaging around 5% annually. This growth was driven by both domestic consumption and exports. The country's GDP reached an all-time high in 2019, but like many economies globally, it faced a slowdown due to the COVID-19 pandemic in 2020.

Trade Dynamics: Turkey's strategic location has made it a significant player in global trade. Key export commodities include automotive products, machinery, textiles, and agricultural products. The European Union remains its largest trading partner, but efforts have been made to diversify and expand trade relations with Asian and African countries.

Industrial and Service Sectors: The Turkish economy is characterized by a diverse industrial sector, which includes automotive, machinery, petrochemicals, and electronics. The service sector, especially tourism, plays a vital role, with Istanbul and the Mediterranean and Aegean coasts being major attractions.

Agriculture: Agriculture holds a significant place in Turkey's economy. The country is one of the world's leading producers of agricultural products, including cotton, tobacco, fruits, and vegetables.

Financial Landscape: Turkey's financial sector has seen considerable expansion and modernization. Istanbul aims to become a global financial hub. However, the country has faced challenges with inflation and currency stability, especially in recent years.

Challenges: Despite its successes, the Turkish economy faces several challenges. These include a high current account deficit, dependence on external energy resources, and geopolitical risks. Inflation and currency volatility have also been concerns, impacting foreign investment.

Future Outlook: The Turkish government has implemented various reforms to address the challenges and ensure sustainable growth. With its young population, strategic location, and ongoing infrastructure projects, Turkey remains poised for future growth. The focus on technology, R&D, and fostering entrepreneurship is expected to drive the next phase of Turkey's economic journey.

In summary, while the Turkish economy has seen commendable growth and diversification over the past two decades, it continues to navigate a set of challenges. However, with its strategic initiatives and inherent strengths, Turkey's economic future looks promising.

3.4 HISTORICAL BACKGROUND

The economic history of Turkey is a tapestry woven with influences from its ancient civilizations, Ottoman legacy, and modern aspirations. From the heart of the Byzantine Empire to its current position as a G20 economy, Turkey's economic evolution is a captivating journey that shapes its present landscape:

Ancient and Medieval Eras: Anatolia, the region now known as Turkey, was home to numerous ancient civilizations, including the Hittites, Phrygians, and Lydians.

These civilizations engaged in trade, agriculture, and craftsmanship. During the Byzantine era, the region was an economic powerhouse, benefiting from its strategic location at the crossroads of Asia and Europe.

The Ottoman Empire: The Ottoman Empire, spanning from the 14th to the early 20th century, exerted significant economic influence. Istanbul (then Constantinople) was a thriving trade hub, connecting Europe and Asia. The empire's economic structure revolved around agriculture, textiles, and artisanal crafts.

The Early Republic: With the establishment of the Republic of Turkey in 1923, significant economic reforms were undertaken under the leadership of Mustafa Kemal Atatürk. These reforms aimed to modernize the economy, including the adoption of a new alphabet, legal system, and industrialization efforts.

Import Substitution Industrialization: In the mid-20th century, Turkey pursued import substitution industrialization (ISI) policies, aiming to reduce dependency on

imports by fostering domestic industries. This era saw the establishment of state-owned enterprises and infrastructure projects.

Export-Led Growth and Liberalization: From the 1980s onwards, Turkey shifted its focus towards export-led growth and economic liberalization. Reforms were initiated to open up the economy, reduce tariffs, and attract foreign investment. The EU Customs Union agreement in 1995 marked a significant milestone in integrating Turkey into global markets.

21st Century Challenges and Growth: Turkey faced economic challenges in the early 2000s, including high inflation and fiscal deficits. However, a series of reforms, including banking sector restructuring and fiscal discipline, paved the way for sustained economic growth. The country weathered the global financial crisis of 2008 relatively well and emerged as one of the world's fastest-growing economies.

Modern Dynamics: The Turkish economy in the 21st century is characterized by its diverse industrial base, emphasis on technology and innovation, and ambitious infrastructure projects. Istanbul's bid to become a global financial center and its burgeoning tourism sector highlight its aspirations.

Geopolitical Context: Turkey's economic journey is intricately tied to its geopolitical context. Its location straddling Europe and Asia, its role in global trade, and its involvement in regional politics have all influenced its economic decisions and opportunities.

In summary, the historical backdrop of the Turkish economy is rich and varied, blending influences from ancient civilizations, the Ottoman Empire, and modern reforms. From being a crossroads of trade to embracing export-led growth, Turkey's economic history provides valuable insights into its present and future economic dynamics.

3.5 SCOPE OF THE STUDY

The scope of this study encompasses a comprehensive analysis of the international trade potential of Turkey and its correlation to economic growth. The study delves into various dimensions, including trade patterns, export and import dynamics, economic indicators, regression analyses, ANOVA tables, coefficients, and correlation analyses. By examining data from multiple sources and conducting statistical analyses, this study aims to provide a holistic understanding of how Turkey's trade activities impact its economic growth. The focus is on the period from 2000 to

the present, capturing key economic transformations, policy changes, and global events that have shaped Turkey's trade landscape. Additionally, the study investigates the correlations between trade variables and economic indicators, shedding light on the relationships that drive Turkey's economic engine. Through this comprehensive exploration, the study contributes to a deeper comprehension of the intricate interplay between international trade and economic growth in the context of Turkey.

3.6 OBJECTIVE & SIGNIFICANCE OF THE STUDY

3.6.1 Objective

The primary objective of this study is to analyze the international trade potential of Turkey and its correlation to economic growth with comparison of India. The study aims to achieve the following specific objectives:

1. **Examine Trade Patterns:** Analyze Turkey's trade patterns, including export and import trends, key trading partners, and major commodities.
2. **Assess Economic Indicators:** Evaluate relevant economic indicators such as GDP growth, inflation, and employment rates to understand the overall economic context.
3. **Regression Analysis:** Conduct regression analyses to explore the relationship between trade variables (exports and imports) and economic indicators (GDP, inflation, etc.).
4. **ANOVA and Coefficients:** Utilize ANOVA tables and coefficients to ascertain the significance of trade variables in explaining variations in economic indicators.
5. **Correlation Analysis:** Perform correlation analyses to determine the strength and direction of relationships between trade variables and economic indicators.

3.6.2 Significance

This study holds substantial significance for various stakeholders, including policymakers, economists, businesses, and academia:

1. **Policymakers:** Insights gained from this study can guide policymakers in formulating effective trade and economic policies. Understanding how trade activities influence economic growth can aid in making informed decisions to drive sustainable development.

2. Economists: The study contributes to the body of knowledge in the field of international economics. It provides empirical evidence on the linkage between trade and economic growth, adding nuance to existing theories.

3. Businesses: Businesses engaged in international trade can benefit from understanding the trade dynamics and their impact on economic conditions. This knowledge can inform strategic decisions and market entry strategies.

4. Academia: The study serves as a valuable resource for academic research and further exploration. It provides a comprehensive analysis of Turkey's trade and economic relationship, offering a foundation for future studies.

5. Global Perspective: As Turkey is a G20 economy and a crucial player in international trade, insights from this study contribute to the broader understanding of the global trade landscape and its effects on economic growth.

In summary, the study's objectives and significance converge to offer a comprehensive analysis of the intricate interplay between Turkey's international trade activities and its economic growth. By shedding light on these relationships, the study contributes to informed decision-making, academic research, and a deeper understanding of Turkey's position in the global economic arena.

3.7 LITERATURE REVIEW

3.7.1 Exploring GDP, Imports, and Exports in Emerging Economies

In the realm of economics, Gross Domestic Product (GDP) serves as a fundamental measure of a nation's economic performance and well-being. This literature review delves into studies that examine the dynamics of GDP, imports, and exports in the context of emerging economies, with a particular focus on Turkey and India.

3.7.1.1 GDP: The Economic Yardstick

GDP is often regarded as a barometer of economic health, reflecting the total value of goods and services produced within a country's borders. Studies have explored the drivers and determinants of GDP growth in emerging economies. Aghion et al (2005) shed light on the non-linear nature of economic growth trajectories in such economies, highlighting the presence of accelerations and downturns. Taymaz and Yilmaz (2007) provide insights into Turkey's economic evolution, underscoring the shift from an agrarian economy to one increasingly dominated by services and

industry. Similarly, Panagariya (2008) delves into India's post-liberalization growth phase, emphasizing the role of policy reforms in fostering economic development.

3.7.1.2 Imports and Exports: Trade Dynamics

The literature also delves into the intricate relationship between imports, exports, and economic growth. Studies highlight the role of trade policies and external sector reforms in shaping trade dynamics. Goldar and Kumari (2003) analyze India's export growth post-liberalization, showcasing how trade policies have influenced its export landscape. Onaran (2011) offers a comprehensive analysis of Turkey's trade relationships, with a specific focus on its integration into the global economy and deepening ties with the European Union.

3.7.1.3 Trade and Economic Dynamics: Turkey vs. India

Comparative studies provide insights into the contrasting trade scenarios of Turkey and India. Turkey's exports and imports, as highlighted by the correlation analyses, demonstrate strong positive correlations with GDP, reflecting the nation's trade-driven growth strategy. Conversely, India's trade correlations exhibit weaker associations, indicating that trade may play a relatively less prominent role in its economic dynamics. These comparative insights underline the diverse approaches taken by these economies in leveraging trade for growth.

3.7.1.4 Influence of Domestic Policies and Investment Dynamics

The role of domestic policies and investment dynamics cannot be overlooked. Rodrik and Subramanian (2004) highlight how domestic policies played a pivotal role in India's economic turnaround, even before major liberalization policies were introduced. Ozatay and Sak (2007) focus on Turkey's post-financial crisis recovery, highlighting the impact of stringent monetary and fiscal policies, coupled with structural reforms, in stabilizing the economy and positioning it for growth.

3.7.1.5 Challenges and the Path Forward

Despite their potential, emerging economies face challenges. Ghani et al. (2011) emphasize the importance of addressing infrastructural bottlenecks in India to sustain high growth rates. Turkey, as discussed by Celasun and Rodrik (1989) grapples

with high inflation and fiscal deficits, necessitating macroeconomic reforms for sustainable growth.

3.7.1.6 Harnessing Demographic Dividends

Bloom et al (2007) and Mehrotra and Parida (2017) shed light on the demographic dividends that both nations possess. India's youthful population offers a potential demographic windfall, while Turkey's population dynamics present opportunities and challenges associated with an aging workforce.

3.7.2 Macroeconomic Dynamics In Emerging Economies - A Focus On Turkey And India

Emerging economies, with their burgeoning markets and evolving economic landscapes, have become focal points of global economic discussions. Turkey and India, two prominent players in this category, have garnered significant attention from scholars, policymakers, and investors alike. This literature review delves into key studies, articles, and reports to provide a comprehensive understanding of the macroeconomic dynamics of these nations.

3.7.2.1 Economic Growth and Development

Aghion et al (2005) argue that the trajectory of economic growth in emerging economies is often non-linear, marked by periodic accelerations and downturns. Both Turkey and India have witnessed such dynamics. Taymaz and Yilmaz (2007) explore Turkey's economic evolution, highlighting its transition from an agriculture-driven economy to one increasingly influenced by services and industry. Similarly, Panagariya (2008) delves into India's post-liberalization growth, emphasizing the role of policy reforms in spurring economic development.

In comparing the economic growth and development trajectories of Turkey and India, it becomes evident that both nations have experienced non-linear patterns marked by periods of acceleration and downturns (Aghion et al 2005).

Turkey's transition from an agriculture-centric economy to a services and industry-driven one mirrors India's post-liberalization growth, characterized by policy-driven economic reforms (Taymaz & Yilmaz 2007; Panagariya 2008). These parallels highlight the complex interplay of factors influencing growth in emerging economies,

underscoring the significance of policy decisions and sectoral shifts in shaping their developmental trajectories.

3.7.2.2 Role of Trade In Economic Dynamics

Trade plays an integral role in the economies of both Turkey and India. Goldar and Kumari (2003) examine India's export growth post-liberalization, emphasizing the role of trade policies in shaping its export landscape. They highlight how external sector reforms, by reducing tariffs and non-tariff barriers, have catalyzed export growth. Conversely, Onaran (2011) provides a detailed analysis of Turkey's trade dynamics, focusing on its integration into the global economy. The study underscores Turkey's evolving trade relationships, especially its deepening ties with the European Union.

Non-Linear Growth Trajectories: Aghion et al (2005) argue that emerging economies often experience non-linear growth patterns characterized by periodic accelerations and downturns. This phenomenon is observable in both Turkey and India, where economic trajectories have been marked by such dynamics.

Liberalization and Export Growth: India's Case: India's economic transformation post-liberalization is noteworthy. Goldar and Kumari (2003) emphasize the role of trade policies in shaping India's export landscape. External sector reforms, including reductions in tariffs and non-tariff barriers, have played a pivotal role in catalyzing export growth.

Geographic Advantage and Integration: Turkey's Perspective: Turkey's unique geographical position at the crossroads of Europe and Asia has influenced its trade dynamics. Onaran (2011) provides an insightful analysis of Turkey's integration into the global economy. The study underscores Turkey's evolving trade relationships, particularly its deepening ties with the European Union (EU).

Sectoral Strategies: Leveraging Comparative Advantages: Both nations exhibit strategic approaches to trade-driven growth. India's emphasis on information technology services, pharmaceuticals, and textiles, and Turkey's focus on textiles and automotive manufacturing, highlight their efforts to capitalize on specific sectoral strengths.

Diversification, Job Creation, and Technological Advancement: Trade's role in diversifying markets and stimulating job creation is evident in both countries. The

technology transfer aspect of trade contributes to technological progress, as industries are exposed to innovative practices from global markets.

Policy Considerations for Balanced Trade Relations: Both cases underscore the need for well-crafted policy frameworks. Balancing trade relations and diversifying economic strengths are vital to mitigate risks associated with overreliance on specific sectors or external market volatility (Panagariya 2008).

3.7.2.3 Comparative Insights for Emerging Economies

The experiences of Turkey and India offer valuable lessons for emerging economies seeking to leverage trade for economic growth. Their journeys demonstrate the significance of external sector reforms, sectoral strategies, and global integration. While their historical contexts and sectoral strengths vary, the common thread of trade's impact on economic dynamics is undeniable. This comparative analysis sheds light on the intricate relationship between trade and economic development, offering insights that resonate beyond the boundaries of Turkey and India.

3.7.3 Influence of Domestic Policies

Rodrik and Subramanian (2004) discuss the pivotal role domestic policies played in India's economic turnaround in the 1980s, even before significant liberalization policies were introduced in the 1990s. They argue that pro-business policy shifts provided the initial thrust for growth, which was later amplified by pro-market reforms. In the context of Turkey, Ozatay and Sak (2007) delve into the macroeconomic policies implemented post the 2001 financial crisis. Their study reveals how stringent monetary and fiscal policies, combined with structural reforms, resurrected Turkey's economy, stabilizing it and positioning it for future growth.

3.7.3.1 Early Pro-Business Shifts in India

Rodrik and Subramanian (2004) shed light on India's economic transformation in the 1980s, a precursor to the significant liberalization policies introduced in the 1990s. The authors emphasize the pivotal role of domestic policies, specifically pro-business policy shifts, in driving India's initial economic turnaround. These early reforms laid the foundation for subsequent pro-market reforms, ultimately propelling India onto a path of sustained economic growth.

3.7.3.2 India's Economic Turnaround: A Dual Policy Approach

Rodrik and Subramanian's (2004) analysis underscores the synergistic nature of domestic policies. While pro-business policies created an enabling environment for private sector growth, they were complemented by pro-market reforms that enhanced competition, reduced trade barriers, and promoted investment. This dual policy approach not only attracted foreign direct investment but also facilitated the emergence of dynamic industries such as information technology and services.

3.7.3.3 Turkey's Post-Crisis Transformation

The case of Turkey offers a different lens through which to view the influence of domestic policies. Ozatay and Sak (2007) delve into Turkey's macroeconomic policies following the 2001 financial crisis. The study highlights the implementation of stringent monetary and fiscal policies, along with structural reforms, as key factors in resurrecting Turkey's economy. These measures stabilized the economy, instilled confidence in investors, and paved the way for sustainable growth.

3.7.3.4 Macroeconomic Stability and Structural Reforms

Ozatay and Sak's (2007) study emphasizes the importance of macroeconomic stability as a prerequisite for growth. Stringent fiscal policies curtailed deficits, while monetary policies maintained price stability. Concurrently, structural reforms targeted sectors such as banking, labor, and social security. These reforms streamlined regulatory frameworks, enhanced the investment climate, and improved economic efficiency.

3.7.3.5 Lessons for Emerging Economies

The experiences of both India and Turkey underscore the pivotal role of domestic policies in driving economic transformation. India's gradual transition from pro-business to pro-market policies and Turkey's post-crisis macroeconomic stability efforts illuminate the diverse paths through which countries can achieve growth. The case of India demonstrates the significance of policy continuity and adaptability, while Turkey's experience emphasizes the importance of crisis management and swift reform implementation.

3.7.3.6 Implications for Policy Making

To sum up, the cases of India and Turkey offer valuable insights for policy makers in emerging economies. The nuanced interplay between pro-business and pro-market policies highlights the need for a holistic and sequential approach to economic transformation. The significance of macroeconomic stability and structural reforms as catalysts for growth cannot be overstated. Both countries' experiences serve as beacons for other nations seeking to orchestrate sustainable economic growth through strategic policy interventions.

3.7.4 Investment Dynamics and Their Economic Impacts

India's investment climate, especially post-liberalization, has been the subject of numerous studies. Kochhar et al. (2006) provide a sectoral analysis, emphasizing how shifts in the composition of investments, from traditional sectors like agriculture to services and manufacturing, have shaped India's growth story. For Turkey, Yeldan (2002) highlights the role of private investments in propelling economic growth. The study underscores how economic stability, coupled with conducive policies, has attracted both domestic and foreign investments, spurring economic activity.

3.7.4.1 India's Post-Liberalization Investment Landscape

The investment climate in India, particularly in the post-liberalization era, has attracted significant scholarly attention. Kochhar et al (2006) provide a sectoral analysis that delves into how shifts in investment composition have contributed to India's growth trajectory. Their study highlights the transition from traditional sectors such as agriculture to dynamic areas like services and manufacturing. This sectoral transformation has played a pivotal role in shaping India's economic narrative, fostering job creation and technological advancement.

3.7.4.2 Sectorial Shifts: Driving India's Investment-Led Growth

Kochhar et al. (2006) underscore the transformative power of sectorial shifts in investment allocation. The transition to services and manufacturing has enabled India to tap into its human capital and leverage its comparative advantages. The growth of information technology, pharmaceuticals, and automotive industries attests to the impact of targeted investments in driving economic diversification and expansion.

3.7.4.3 Turkey's Investment Dynamics and Growth

Turning to Turkey, Yeldan (2002) offers insights into the role of private investments in propelling economic growth. The study sheds light on Turkey's economic stability, which, coupled with conducive policies, has attracted both domestic and foreign investments. This influx of capital has ignited economic activity, leading to job creation, increased production, and enhanced economic performance.

3.7.4.4 Private Investments: Fueling Turkey's Growth Engine

Yeldan (2002) emphasizes the symbiotic relationship between economic stability, policy frameworks, and private investments in Turkey. The study highlights how a favorable investment climate, driven by prudent macroeconomic policies, has cultivated an environment conducive to private sector participation. This, in turn, has bolstered economic growth, as businesses expand their operations and contribute to overall economic development.

3.7.4.5 Comparative Insights for Investment-Led Growth

The investment dynamics in India and Turkey offer intriguing insights into the diverse pathways through which investments impact economic growth. India's sectoral shifts underscore the significance of targeted investments in driving diversification and technological advancement. Turkey's experience highlights the role of private investments in amplifying economic activity, particularly when complemented by stable macroeconomic conditions and supportive policies.

3.7.4.6 Implications for Policy Makers

Policy makers in both countries and other emerging economies can draw crucial lessons from these cases. Sector-specific investments, coupled with macroeconomic stability and investor-friendly policies, serve as drivers of growth. This comparative analysis underscores the importance of strategic investment allocation and policy frameworks that foster a conducive environment for private sector participation.

3.7.5 Demographic Dividends And Economic Growth

Bloom et al. (2007) emphasize the role of demographics in shaping the economic destinies of nations. India, with its youthful population, stands poised to reap the benefits of a demographic dividend. Mehrotra and Parida (2017) explore this potential, discussing how harnessing the youth's potential can catalyze economic growth. Turkey's demographic dynamics, as Erdogan (2017) suggests, are characterized by a young but aging population. The study discusses the challenges and opportunities this presents, from potential labor shortages to increased consumer markets.

3.7.5.1 India's Youthful Advantage: A Demographic Dividend

Bloom et al. (2007) underscore the pivotal role of demographics in shaping a nation's economic trajectory. India, with its substantial youth population, stands on the precipice of a demographic dividend—an opportunity to leverage the potential of its young workforce for economic growth. Mehrotra and Parida (2017) delve into this potential, emphasizing how strategic policies that harness the energy and skills of the youth can ignite economic expansion and development.

3.7.5.2 Unlocking India's Demographic Potential

Mehrotra and Parida's (2017) analysis highlights the nexus between demographics and economic growth in India. The study advocates for policies that focus on skill development, education, and employment opportunities tailored to the needs of the burgeoning youth population. By doing so, India can transform its demographic dividend into a tangible economic asset, fostering innovation, productivity, and sustainable growth.

3.7.5.3 Turkey's Demographic Dynamics: Opportunities and Challenges

Turkey's demographic landscape, as Erdogan (2017) elucidates, presents a different narrative. While the country possesses a youthful population, it is also experiencing the onset of an aging trend. Erdogan's study delves into the multifaceted implications of this demographic configuration, ranging from potential labor shortages to evolving consumer markets.

3.7.5.4 Navigating Demographic Change in Turkey

Erdogan's (2017) analysis draws attention to Turkey's need to adapt to the changing demographics. The study underscores the importance of policies that address both the challenges and opportunities posed by an aging population. From promoting workforce participation among the elderly to devising strategies to cater to evolving consumer preferences, Turkey's policy makers must navigate this demographic transition to ensure sustained economic growth.

3.7.5.5 Comparative Insights for Demographic Strategies

In conclusion, the demographic dynamics in India and Turkey offer distinct opportunities and challenges for economic growth. India's youthful population presents a window of opportunity to harness human capital for innovation and productivity. Turkey's dual challenge of a youthful yet aging population necessitates a balanced approach that addresses evolving workforce dynamics and consumer markets.

3.7.5.6 Implications for Policy Making

Policy makers in both nations can draw crucial lessons from these demographic considerations. India's emphasis on skill development and tailored policies for its youth can pave the way for long-term economic prosperity. Turkey's need for comprehensive strategies to manage demographic transitions highlights the importance of foresight and adaptability in policy formulation.

3.7.6 Challenges Facing Emerging Economies

Despite their potential, emerging economies face myriad challenges. Ghani et al (2011) discuss the infrastructural bottlenecks in India, emphasizing their impact on economic growth. The study argues that robust infrastructure development is key to sustaining high growth rates. Turkey, as Celasun and Rodrik (1989) suggest, faces challenges of high inflation and persistent fiscal deficits. Addressing these macroeconomic imbalances is pivotal for ensuring sustainable growth.

3.7.6.1 Overcoming Infrastructural Bottlenecks in India

Ghani et al (2011) shed light on a critical challenge faced by emerging economies like India: infrastructural bottlenecks. The study underscores how

inadequate infrastructure can impede economic growth and development. In India's context, this challenge is particularly acute, impacting sectors ranging from manufacturing to services. Ghani et al.'s analysis emphasizes the urgent need for robust infrastructure development as a linchpin for sustaining high growth rates and unlocking the nation's full economic potential.

3.7.6.2 Infrastructure: The Foundation for Sustainable Growth

Ghani et al.'s (2011) insights underscore the centrality of infrastructure in economic progress. The study advocates for targeted investments in transportation, energy, and communication networks to alleviate bottlenecks and enhance productivity. By building a robust infrastructure framework, India can create an enabling environment for businesses to thrive, attract investments, and foster economic expansion.

3.7.6.3 Macroeconomic Challenges in Turkey

Shifting our focus to Turkey, Celasun and Rodrik (1989) draw attention to the macroeconomic challenges that the nation grapples with. High inflation and persistent fiscal deficits have been key concerns, posing threats to economic stability and growth. Celasun and Rodrik's analysis highlights the imperative of addressing these imbalances to ensure a conducive environment for sustainable growth and development.

3.7.6.4 Tackling Macroeconomic Imbalances

Celasun and Rodrik's (1989) study emphasizes the significance of prudent macroeconomic management in Turkey. Addressing high inflation and fiscal deficits requires targeted policy interventions that prioritize fiscal discipline, monetary control, and structural reforms. By curbing inflationary pressures and containing fiscal imbalances, Turkey can lay the foundation for a stable and resilient economy that fosters long-term growth.

3.7.6.5 Comparative Insights for Addressing Challenges

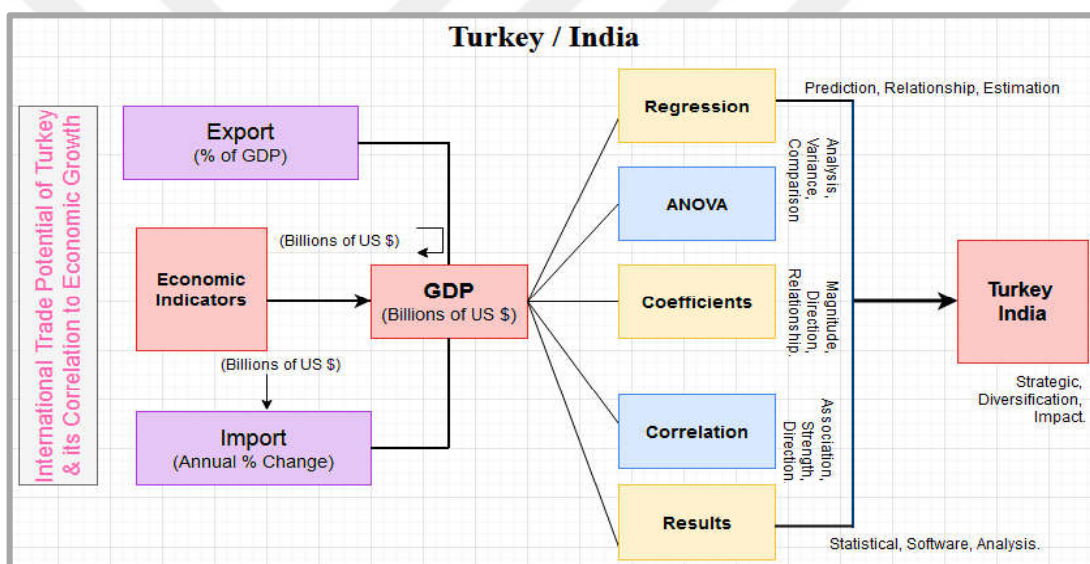
In conclusion, the challenges faced by emerging economies like India and Turkey are diverse but interrelated. While India's focus lies in overcoming infrastructural bottlenecks, Turkey grapples with macroeconomic imbalances. The

common thread, however, is the imperative of proactive and strategic policy responses that align with the specific challenges of each nation.

3.7.7 Implications for Policy Makers

Policy makers in both countries can glean important insights from these challenges. India's emphasis on infrastructure development underscores the need for targeted investments to remove growth impediments. Turkey's macroeconomic challenges highlight the importance of sound fiscal and monetary policies to ensure economic stability and pave the way for sustained growth.

3.7.8 Conceptual Framework



3.7.9 Summary Of Literature Review

This literature review provides a comprehensive overview of studies that explore GDP, imports, and exports in the contexts of Turkey and India. It underscores the multifaceted nature of economic growth, the intricate interplay between trade and growth dynamics, and the critical role of domestic policies and investment strategies in shaping the economic trajectories of these emerging economies. As challenges persist and opportunities abound, these studies offer valuable insights for policy makers and researchers seeking to navigate the complexities of economic development in these vibrant nations

3.8 METHODOLOGY

Table 1: Turkey GDP (2003 - 2022)

Turkey GDP - [20 x Years]			
Financial Year	GDP Billions of US \$	Per Capita (US \$)	Annual % Change
2003	314.5955	4704.772	5.7632
2004	408.8654	6031.79	9.7959
2005	506.3147	7369.431	8.9923
2006	557.076	8003.812	6.948
2007	681.3212	9668.399	5.0435
2008	770.4493	10802.6	0.815
2009	649.2894	8989.736	-4.8232
2010	776.9675	10614.98	8.4271
2011	838.7855	11308.37	11.2001
2012	880.5559	11697.47	4.7885
2013	957.799	12507.8	8.4858
2014	938.9344	12020.35	4.9397
2015	864.314	10851.92	6.0845
2016	869.683	10734.26	3.3231
2017	858.9886	10464.01	7.502
2018	778.4767	9400.836	2.9799
2019	759.9348	9103.012	0.7836
2020	720.2888	8561.064	1.94
2021	819.0345	9661.228	11.3535
2022	905.9878	10616.06	5.5659

Table 2: Turkey Export (2003 - 2022)

Turkey Export - [20 x Years]			
Financial Year	Exports Billions of US \$	% of GDP	Annual % Change
2003	72.37641	23.0062	7.7082
2004	96.59343	23.6248	12.1639
2005	110.7628	21.8763	8.3315
2006	124.7562	22.3948	5.7011
2007	149.138	21.8895	6.9769
2008	181.5663	23.5663	3.8836
2009	151.7402	23.3702	-3.6169
2010	164.6715	21.1941	1.7215
2011	192.8678	22.9937	12.9211
2012	214.5111	24.3609	14.4978
2013	227.8892	23.793	4.9327
2014	236.6635	25.2055	7.0779
2015	212.0273	24.5313	3.2388
2016	200.7533	23.0835	-1.7419
2017	223.6757	26.0394	12.4093
2018	242.5179	31.1529	8.8137
2019	247.1855	32.5272	4.2218
2020	206.9615	28.7331	-14.358
2021	289.1439	35.303	24.8939
2022	343.3152	37.894	9.0564

Table 3: Turkey Import (2003 - 2022)

Turkey Imports - [20 x Years]			
Financial Year	Exports Billions of US \$	% of GDP	Annual % Change
2003	73.04568	23.2189	23.2493
2004	103.0385	25.2011	21.2315
2005	122.8628	24.2661	12.1421
2006	146.89	26.368	7.2392
2007	176.8798	25.9613	9.6414
2008	207.8823	26.982	-2.7602
2009	152.0432	23.4169	-14.6617
2010	198.1293	25.5003	19.3652
2011	254.2399	30.3105	14.9777
2012	250.6936	28.4699	0.6186
2013	275.2167	28.7343	10.9207
2014	268.1668	28.5608	0.2993
2015	229.5382	26.5573	0.6624
2016	219.5487	25.2447	2.9959
2017	255.315	29.7227	10.6351
2018	244.4533	31.4015	-6.1819
2019	229.2079	30.1615	-5.0442
2020	232.0973	32.2228	6.7081
2021	291.0186	35.5319	2.3827
2022	385.9865	42.6039	7.8998

Table 4: India GDP (2003 - 2022)

India GDP - [20 x Years]			
Financial Year	GDP Billions of US \$	Per Capita (US \$)	Annual % Change
2003	607.69929	543.8438	7.8604
2004	709.14851	624.1051	7.9229
2005	820.3816	710.5093	7.9234
2006	940.25989	802.0137	8.0607
2007	1216.7364	1022.7325	7.6608
2008	1198.8951	993.5034	3.0867
2009	1341.888	1096.6361	7.8619
2010	1675.6155	1350.6345	8.4976
2011	1823.0518	1449.6033	5.2413
2012	1827.6376	1434.018	5.4564
2013	1856.7215	1438.057	6.3861
2014	2039.1265	1559.8638	7.4102
2015	2103.5883	1590.1743	7.9963
2016	2294.7969	1714.2795	8.2563
2017	2651.4743	1957.9698	6.7954
2018	2702.9296	1974.3777	6.4539
2019	2835.6062	2050.1638	3.8714
2020	2671.5954	1913.2197	-5.8311
2021	3150.3068	2238.1271	9.0503
2022	3385.0899	2388.6212	7.003

Table 5: India Export (2003 - 2022)

India Exports - [20 x Years]			
Financial Year	Exports Billions of US \$	% of GDP	Annual % Change
2003	90.83837	14.9479	9.5822
2004	126.6477	17.8591	27.1764
2005	160.8378	19.6052	26.0851
2006	199.9739	21.2679	20.3938
2007	253.0775	20.7997	5.8665
2008	288.902	24.0974	14.7781
2009	273.7521	20.4005	-4.8342
2010	375.3535	22.4009	19.4781
2011	447.3844	24.5404	15.493
2012	448.4005	24.5344	6.8055
2013	472.1803	25.4309	7.7924
2014	468.3458	22.968	1.7776
2015	416.7879	19.8132	-5.6471
2016	439.6426	19.1582	4.9843
2017	498.2588	18.7918	4.5647
2018	538.6352	19.9278	11.9319
2019	529.2451	18.6643	-3.385
2020	499.7285	18.7052	-9.1353
2021	677.7693	21.5144	29.2939
2022	759.9336	22.4494	11.5028

Table 6: India Import (2003 - 2022)

India Imports - [20 x Years]			
Financial Year	Exports Billions of US \$	% of GDP	Annual % Change
2003	95.07165	15.6445	13.8839
2004	139.31	19.6447	22.1952
2005	183.7361	22.3964	32.2696
2006	229.955	24.4565	21.5046
2007	302.804	24.8866	9.9516
2008	350.927	29.2709	22.4486
2009	347.178	25.8724	-1.9258
2010	449.9744	26.8543	15.8119
2011	566.6677	31.0835	20.4117
2012	571.3066	31.2593	6.0218
2013	527.5553	28.4133	-8.1458
2014	529.2394	25.9542	0.8712
2015	465.0976	22.1097	-5.85
2016	480.1691	20.9243	4.3819
2017	582.018	21.9507	17.42
2018	640.3008	23.6891	8.8227
2019	602.3151	21.2411	-0.839
2020	510.2447	19.0989	-13.6751
2021	760.9029	24.1533	21.8247
2022	911.39	26.9237	18.8386

3.8.1 REGRESSION AND CORRELATION ANALYSIS

REGRESSION ANALYSIS:

Simple Linear Regression: $y = \beta_0 + \beta_1 x + \epsilon$

Multiple Linear Regression: $y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p + \epsilon$

Where y is the dependent variable, x or $x_1, x_2, \dots, x_p$ are the independent variables, $\beta_0, \beta_1, \dots, \beta_p$ are the coefficients, and ϵ represents the error term.

$$Y = a + bX + \epsilon$$

- Y = Stands for the dependent variable
- X = Stands for an independent variable
- a = Stands for the intercept
- b = Stands for the slope
- ϵ = Stands for the error term

The formula for intercept “a” and the slope “b” can be calculated as per below.

$$a = \frac{(\sum y)(\sum x^2) - (\sum x)(\sum xy)}{n(\sum x^2) - (\sum x)^2}$$

$$b = \frac{n(\sum xy) - (\sum x)(\sum y)}{n(\sum x^2) - (\sum x)^2}$$

CORRELATION ANALYSIS:

The linear correlation coefficient defines the degree of relation between two variables and is denoted by “r”. It is also called a cross-correlation coefficient, as it predicts the relation between two quantities. Now, let us proceed to a statistical way of calculating the correlation coefficient.

If x & y are the two variables of discussion, then the correlation coefficient can be calculated using the formula

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{[n \sum x^2 - (\sum x)^2][n \sum y^2 - (\sum y)^2]}$$

Here,

n = Number of values or elements

$\sum x$ = Sum of 1st values list

$\sum y$ = Sum of 2nd values list

$\sum xy$ = Sum of the product of 1st and 2nd values

$\sum x^2$ = Sum of squares of 1st values

$\sum y^2$ = Sum of squares of 2nd values

ANOVA ANALYSIS:

ANOVA coefficient, F = Mean sum of squares between the groups (MSB)/ Mean squares of errors (MSE).

Therefore **$F = \text{MSB}/\text{MSE}$**

Where,

Mean squares between groups, **$\text{MSB} = \text{SSB} / (k - 1)$**

Mean squares of errors, **$\text{MSE} = \text{SSE} / (N - k)$**

And

Total degrees of freedom, **$N - 1 = \text{df}_3$**

Degrees of freedom of errors, **$N - k = \text{df}_2$** here, N is the total number of observations throughout k groups.

Degrees of freedom between groups, **$k - 1 = \text{df}_1$** , where k is the number of groups.

TURKEY GDP - REGRESSION

Variables Entered/Removed			
Model	Variables Entered	Variables Removed	Method
1	Annual % Change, Per Capita \$ ^b	.	Enter
a. Dependent Variable : GDP			
b. All requested variables entered.			

Régression on Turkey GDP				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.957 ^a	.916	.907	53.917
a. Predictors: (Constant), Annual % Change, Per Capita \$				

Explanation:

Model: This refers to the model number. In the provided summary, we have only one model, hence it's labeled as 1.

R: The correlation coefficient, which is 0.957 in this case, indicates the strength of the linear relationship between the dependent and independent variables. A value close to 1 suggests a strong positive linear relationship.

R² (R Square): This is the coefficient of determination. With a value of 0.916 or 91.6% for this model, it indicates that approximately 91.6% of the variability in the dependent variable can be explained by the independent variables 'Annual % Change' and 'Per Capita \$'.

Adjusted R²: Adjusted R² is a version of R² that adjusts for the number of predictors in the model. In this summary, the Adjusted R² is 0.907 or 90.7%. This metric provides a more accurate measure of goodness-of-fit, especially when multiple predictors are used, by penalizing the addition of irrelevant predictors.

Std. Error of the Estimate: This metric, with a value of 53.917, represents the standard deviation of the residuals. It provides an estimate of the spread or dispersion of the residuals around the regression line. In other words, it quantifies how much the model's predictions deviate from the actual values on average.

Predictors: These are the variables used in the model to predict the dependent variable. In the provided model, alongside the constant (intercept), the predictors are 'Annual % Change' and 'Per Capita \$'.

The provided summary offers a comprehensive view of the regression model's performance, indicating a strong fit between the observed and predicted values of the dependent variable.

ANOVA Table						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	542088.186	2	271044.093	93.235	.000 ^b
	Residual	49420.630	17	2907.096		
	Total	591508.816	19			
a. Dependent Variable : GDP						

ANOVA ANALYSIS:

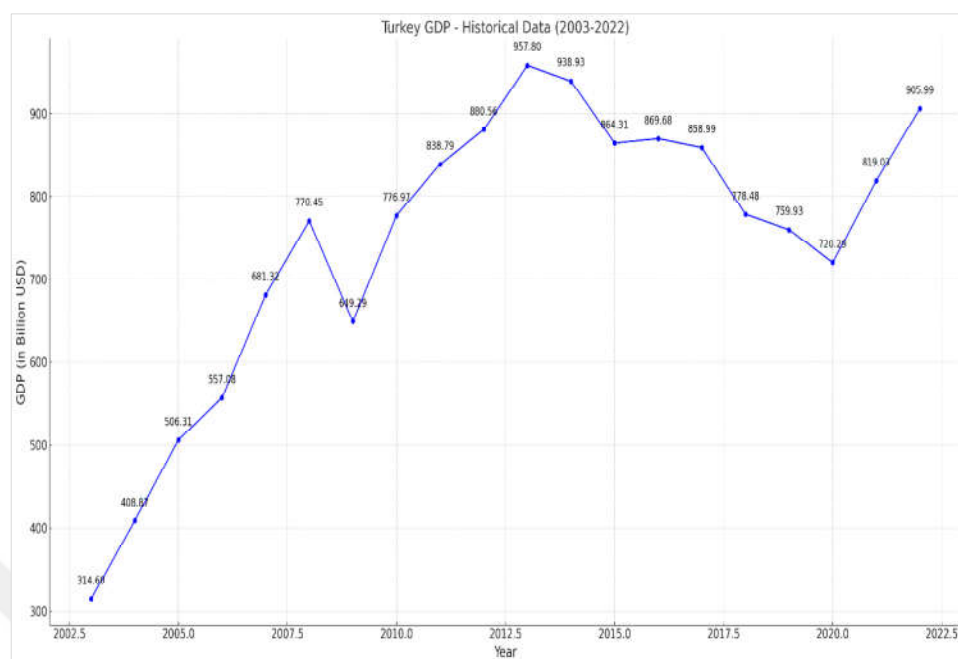
With an F-value of 93.235, derived from the Regression Mean Square of 271044.093, and accompanied by a very low p-value of .000, this ANOVA indicates a significant relationship. This suggests that the predictors in the model significantly explain the variation in the dependent variable. As a result, the model as a whole demonstrates strong statistical significance.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-75.023	63.875		-1.175	.256
	Per Capita \$	.085	.006	.957	13.652	.000
	Annual % Change	-.856	3.129	-.019	-.274	.788
a. Dependent Variable: GDP						

SUMMARY OF THE GDP'S MULTIPLE LINEAR REGRESSION MODEL:

- The coefficients table sheds light on the statistical relationship between the dependent variable, GDP, and its predictors - Per Capita \$ and Annual % Change.
- Starting with the intercept, the model suggests that in the absence of the influence of any predictors, the expected value for GDP is - 75.023. However, this constant isn't statistically significant, as reflected by its p-value of 0.256. This means that the intercept isn't markedly different from zero at conventional significance levels.
- Focusing on the predictors, the relationship between GDP and Per Capita \$ is particularly significant. For every unit increase in Per Capita \$, the GDP is predicted to rise by 0.085 units, assuming other predictors are held constant. The standardized coefficient (Beta) of 0.957 underscores the relative importance of Per Capita \$ when evaluated on a standardized scale. The extremely low p-value of 0.000 firmly establishes the pivotal role of Per Capita \$ in forecasting GDP values.
- Conversely, the Annual % Change predictor provides a contrasting insight. Its coefficient is -0.856, suggesting that for every unit increase in Annual % Change, the GDP is expected to decrease by 0.856 units, holding other variables constant. However, its high p-value of 0.788 indicates that Annual % Change's impact on GDP isn't statistically significant at typical thresholds.
- In conclusion, this model analysis accentuates the dominant role of Per Capita \$ in predicting GDP values, while Annual % Change appears to be a less influential predictor within this model. This in-depth understanding offers a clear perspective on the multiple variables affecting GDP, emphasizing both their individual and relative significance.

Figure 1: Turkey GDP



TURKEY EXPORT – REGRESSION

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Annual % Change, % of GDP ^b	.	Enter
a. Dependent Variable : Export			
b. All requested variables entered.			

Regression on Turkey Export				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.803 ^a	.644	.602	41.46694
a. Predictors: (Constant), Annual % Change, % of GDP				

Explanation:

Model: This refers to the specific regression model related to Turkey's exports. The name of the model suggests that we are trying to understand factors affecting Turkey's exports.

R² (R Square): The coefficient of determination for this model is represented by a value of 0.644. This indicates that approximately 64.4% of the variance in Turkey's exports can be accounted for by the independent variables in the model, namely 'Annual % Change' and '% of GDP'. It is a measure of how well the observed outcomes are replicated by the model, based on the proportion of total variation of outcomes explained by the model.

Adjusted R²: The Adjusted R² value for this model is 0.602, or 60.2%. Adjusted R² provides a more accurate representation of the goodness-of-fit, especially when multiple predictors are involved. It adjusts for the number of predictors in the model and can be especially useful for comparing models with different numbers of predictors. A value of 60.2% suggests that after adjusting for the number of predictors, approximately 60.2% of the variance in Turkey's exports can be explained by the model.

Predictors: The predictors in this model are variables used to forecast the dependent variable, which in this context, seems to be Turkey's exports. The predictors include 'Annual % Change' and '% of GDP', in addition to the constant, also known as the intercept. 'Annual % Change' likely indicates yearly variations in exports, while '% of GDP' probably signifies the proportion of Turkey's GDP that exports represent.

In summary, the model for "Turkey Export" indicates a moderately strong fit, with the predictors 'Annual % Change' and '% of GDP' explaining a significant portion of the variance in Turkey's exports. The Adjusted R^2 of 60.2% provides a more nuanced understanding of the model's explanatory power, especially considering the number of predictors involved.

ANOVA Table						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52920.874	2	26460.437	15.388	.000 ^b
	Residual	29231.624	17	1719.507		
	Total	82152.498	19			
a. Dependent Variable : Export						
b. Predictors: (Constant), Annual % Change, % of GDP						

ANOVA Analysis:

F-value of 15.388, calculated from the Regression Mean Square of 26460.437, and accompanied by a p-value of .000, this ANOVA suggests a significant relationship. This indicates that the predictors - 'Annual % Change' and '% of GDP' - significantly account for the variation in the Export. Consequently, the overall model exhibits strong statistical significance.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-92.600	52.742		-1.756	.097
	% of GDP	11.137	2.063	.805	5.398	.000
	Annual % Change	-.088	1.244	-.011	-.071	.944
a. Dependent Variable : Export						

Summary of the Export's Multiple Linear Regression Model:

The coefficients table delineates the statistical relationship between the dependent variable, Export, and its predictors - % of GDP and Annual % Change.

- Beginning with the intercept, the model indicates that without the influence of the predictors, the expected value for Export is -92.600. The p-value of 0.097, though not statistically significant at the strictest 0.05 level, does suggest potential significance, hinting that the intercept might have a noticeable effect.
- Moving to the predictors, the relationship between Export and % of GDP is highly significant. For every unit increase in % of GDP, Export is predicted to rise by 11.137 units, given other variables remain constant. The standardized coefficient (Beta) of 0.805 emphasizes the relative importance of % of GDP on a standardized scale. The p-value of 0.000 robustly confirms the significance of % of GDP in predicting Export values.
- On the other hand, the Annual % Change predictor tells a different story. Its coefficient is a slight -0.088, suggesting that for each unit increase in Annual % Change, the Export is expected to decrease by just 0.088 units, with all other variables held constant. Its elevated p-value of 0.944 denotes that the impact of Annual % Change on Export is not statistically significant at typical levels.

In summation, this model underscores the pronounced influence of % of GDP in determining Export values, whereas Annual % Change emerges as a relatively inconsequential predictor in this context

Figure 2: Turkey Export



TURKEY IMPORTS – REGRESSION

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Annual % Change, % of GDP ^b	.	Enter
a. Dependent Variable : Import			
b. All requested variables entered.			

Regression on Turkey Imports				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874 ^a	.764	.736	37.11739
a. Predictors: (Constant), Annual % Change, % of GDP				

Explanation:

Model: This number identifies the specific regression model related to Turkey's imports. In this summary, there's only one model, which is why it's labeled as "1."

R: The correlation coefficient is represented by this value. For this model, it's 0.874. This metric measures the strength and direction of the linear relationship between the dependent and independent variables. When it's close to 1, as in this case, it suggests a strong positive linear relationship.

The 'a' likely denotes statistical significance of the correlation, but without further details (e.g., a p-value), this is an assumption.

R² (R Square): The coefficient of determination is given by a value of 0.764 or 76.4%. This means that roughly 76.4% of the variability in Turkey's imports can be explained by the predictors in the model, specifically 'Annual % Change' and '% of GDP'. It provides a measure of how well the model fits the observed data.

Adjusted R²: The Adjusted R² value is 0.736, translating to 73.6%. This metric provides a more accurate representation of the model's goodness-of-fit, especially when multiple predictors are in play. It adjusts for the number of predictors in the model, ensuring that we have a more nuanced understanding of the model's explanatory power, especially when considering the number of predictors.

Std. Error of the Estimate: This value, 37.11739 for this model, represents the standard deviation of the residuals. It gives an estimate of the average distance between the observed values and the regression line, indicating the average accuracy of the predictions made by the model.

Predictors: These are the variables used to predict the dependent variable, which, in this context, appears to be Turkey's imports. The predictors in the model are 'Annual % Change' and '% of GDP', along with the constant, or the intercept. 'Annual % Change' likely represents yearly variations in imports, while '% of GDP' likely denotes the proportion of Turkey's GDP that imports constitute.

In summary, the "Turkey Imports" model showcases a strong fit with the predictors 'Annual % Change' and '% of GDP' accounting for a significant portion of the variability in Turkey's imports. The Adjusted R² of 73.6% offers a more detailed insight into the model's explanatory power, considering the number of predictors.

ANOVA Table						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	75633.317	2	37816.658	27.449	.000 ^b
	Residual	23420.909	17	1377.701		
	Total	99054.226	19			
a. Dependent Variable: Import						
b. Predictors: (Constant), Annual % Change, % of GDP						

ANOVA Analysis:

With an F-value of 27.449, derived from the Regression Mean Square of 37816.658, and accompanied by a p-value of .000, this ANOVA indicates a significant relationship. This suggests that the predictors - 'Annual % Change' and '% of GDP' - play a significant role in explaining the variation in the Import. Therefore, the overall model demonstrates strong statistical significance.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-147.436	55.136		-2.674	.016
	% of GDP	13.050	1.877	.827	6.951	.000
	Annual % Change	-1.467	.888	-.196	-1.652	.117
a. Dependent Variable: Import						

Summary of the Import's Multiple Linear Regression Model:

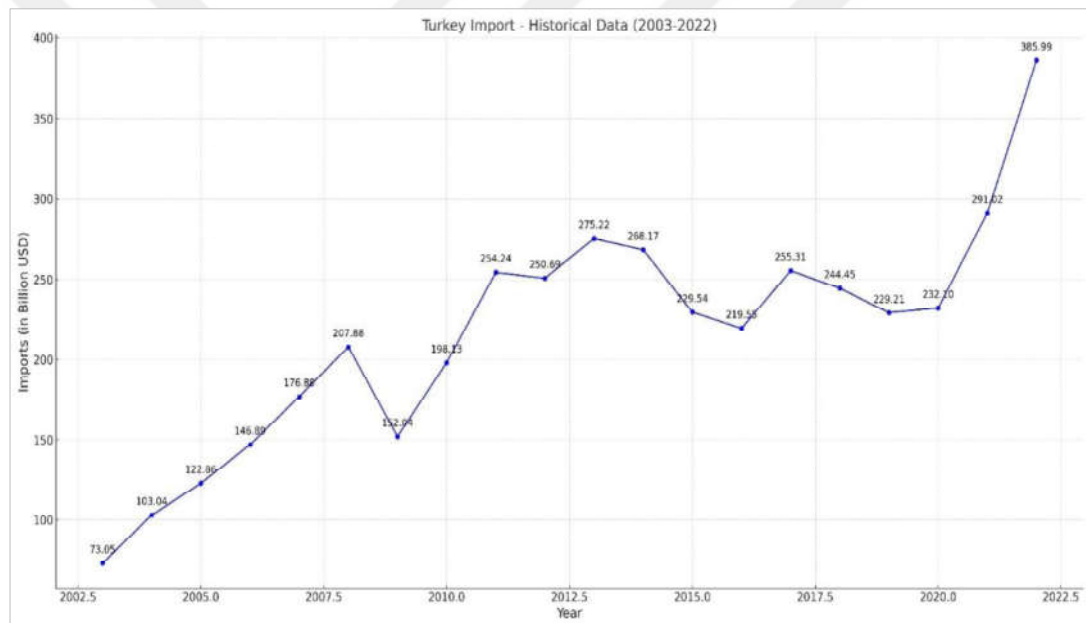
The coefficients table highlights the statistical relationship between the dependent variable, Import, and its predictors - % of GDP and Annual % Change.

- Starting with the intercept, the model suggests that when not considering the effects of the predictors, the expected value for Import is -147.436. The p-value of 0.016 indicates that this constant is statistically significant at conventional significance levels.
- Turning our attention to the predictors, the relationship between Import and % of GDP is especially pronounced. For every unit increase in % of GDP, Import is predicted to rise by 13.050 units, assuming other predictors are held constant. The standardized coefficient (Beta) of 0.827 underscores the relative importance of % of GDP on a standardized scale. The p-value of 0.000 strongly affirms the critical role of % of GDP in predicting Import values.

- Conversely, the Annual % Change predictor offers a different insight. Its coefficient is -1.467, indicating that for each unit increase in Annual % Change, Import is expected to decrease by 1.467 units, given other variables are held constant. Its p-value of 0.117 suggests that while the Annual % Change might have some influence on Import, it isn't statistically significant at the standard 0.05 level.

In summary, this model analysis highlights the significant impact of % of GDP in determining Import values. In contrast, Annual % Change appears to be a less influential predictor within this model framework.

Figure 3: Turkey Import



INDIA GDP – REGRESSION

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Annual % Change, Per Capita \$ ^b	.	Enter
a. Dependent Variable: GDP			
b. All requested variables entered.			

Regression on India GDP				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.998 ^a	.997	.997	48.85485
a. Predictors: (Constant), Annual % Change, Per Capita \$				

Explanation:

Model: This refers to the specific regression model related to India's GDP. There's only one model presented in this summary, which is why it's labeled as "1."

R: Represented by a value of 0.998, the correlation coefficient measures the strength and direction of the linear relationship between the dependent and independent variables. Being so close to 1, this suggests an extremely strong positive linear relationship. The 'a' next to the value likely indicates statistical significance, but without additional details (like a p-value), this remains an assumption.

R² (R Square): The coefficient of determination for this model stands at 0.997 or 99.7%. This means that a remarkable 99.7% of the variability in India's GDP can be explained by the predictors 'Annual % Change' and 'Per Capita \$'. This provides a clear picture of how effectively the model captures the observed data.

Adjusted R²: For this model, the Adjusted R² value is also 0.997, or 99.7%. Adjusted R² offers a modified version of R² that considers the number of predictors in the model. It provides a more accurate representation of the model's goodness-of-fit, especially when multiple

predictors are involved. Here, the Adjusted R^2 being equal to R^2 suggests that all predictors in the model are relevant.

Std. Error of the Estimate: This metric, standing at 48.85485 for this model, represents the standard deviation of the residuals. It gives an estimate of the average distance between the actual observed values and the regression line, thereby indicating the typical accuracy of the model's predictions.

Predictors: The variables used to predict the dependent variable (in this context, India's GDP) are specified here. The model's predictors include 'Annual % Change' and 'Per Capita \$', in addition to the constant (or intercept). 'Annual % Change' might signify yearly fluctuations in GDP, while 'Per Capita \$' likely relates to the GDP per person.

In summary, the "India GDP" model demonstrates an exceptional fit, with the predictors 'Annual % Change' and 'Per Capita \$' explaining nearly all the variance in India's GDP. The Adjusted R^2 of 99.7% further confirms the model's outstanding explanatory power.

ANOVA Table						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13132003.773	2	6566001.887	2750.968	.000 ^b
	Residual	40575.541	17	2386.797		
	Total	13172579.314	19			
a. Dependent Variable: GDP						
b. Predictors: (Constant), Annual % Change, Per Capita \$						

ANOVA Analysis:

F-value of 2750.968, originating from the Regression Mean Square of 6566001.887, and supported by a p-value of .000, this ANOVA indicates a highly significant relationship. This denotes that the predictors - 'Annual % Change' and 'Per Capita \$' - substantially explain the variation in the GDP. Consequently, the entire model exhibits robust statistical significance.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-272.248	43.236		-6.297	.000
	Per Capita \$	1.513	.021	.996	71.889	.000
	Annual % Change	-2.801	3.543	-.011	-.791	.440
a. Dependent Variable: GDP						

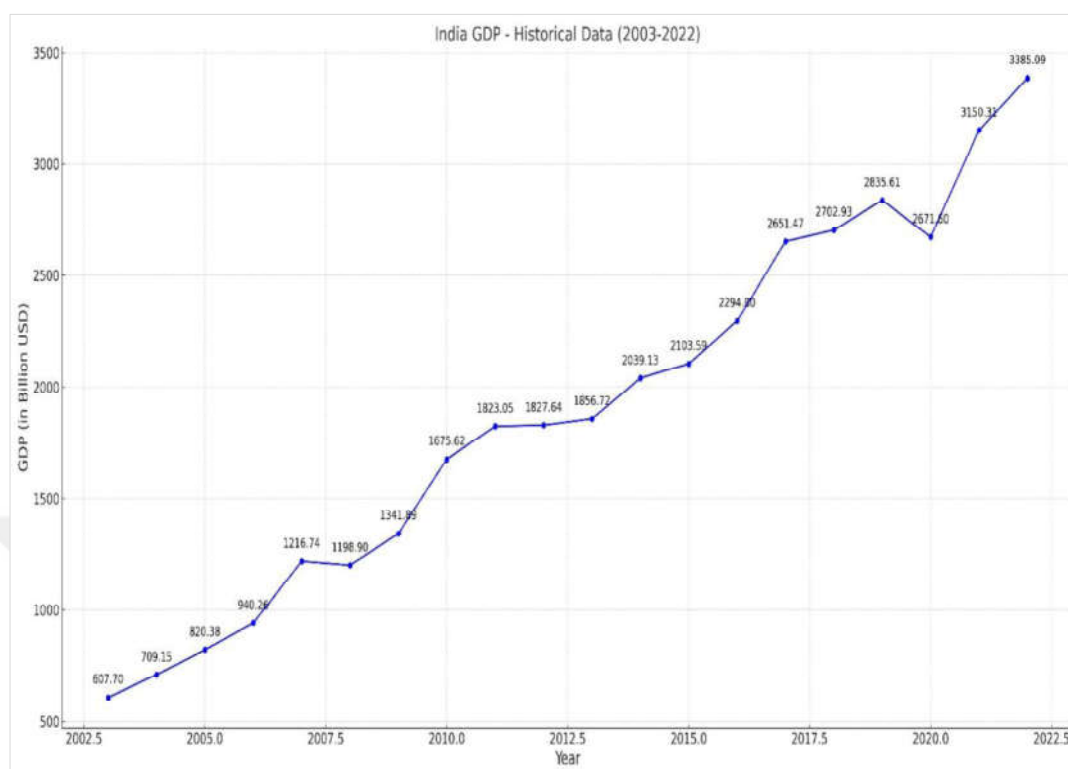
Summary of the GDP's Multiple Linear Regression Model:

The coefficients table depicts the statistical relationship between the dependent variable, GDP, and its predictors - Per Capita \$ and Annual % Change.

- Beginning with the intercept, the model indicates that without the influence of any predictors, the expected value for GDP is -272.248-272.248. The p-value of 0.000 confirms that this constant is statistically significant.
- Focusing on the predictors, the relationship between GDP and Per Capita \$ is extremely pronounced. For every unit increase in Per Capita \$, GDP is predicted to rise by 1.513 units, holding other factors constant. The standardized coefficient (Beta) of 0.996 emphasizes the overwhelming importance of Per Capita \$ when measured on a standardized scale. The p-value of 0.000 robustly confirms the pivotal role of Per Capita \$ in predicting GDP values.
- On the other hand, the Annual % Change predictor paints a different picture. Its coefficient is -2.801-2.801, indicating that for each unit increase in Annual % Change, the GDP is expected to decrease by 2.801 units, with other variables held constant. Its p-value of 0.440, however, suggests that Annual % Change's influence on GDP isn't statistically significant at conventional levels.

In conclusion, this model analysis accentuates the dominant role of Per Capita \$ in predicting GDP values, while Annual % Change seems to be a less influential predictor in this context.

Figure 4: India GDP



INDIA EXPORT – REGRESSION

Regression on India Export				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.444 ^a	.197	.103	167.85591
a. Predictors: (Constant), Annual % Change, % of GDP				

Explanation:

Model: This refers to the specific regression model concerning India's exports. In this summary, only one model is presented, and it's labeled as "1."

R: The correlation coefficient for this model is 0.444. This metric measures the strength and direction of the linear relationship between the dependent and independent variables. With a value of 0.444, there's a moderate positive linear relationship between the variables. The 'a' next to

the value likely indicates that this correlation is statistically significant, but without additional details (e.g., a p-value), this remains an assumption.

R² (R Square): The coefficient of determination for this model is 0.197 or 19.7%. This means that only about 19.7% of the variability in India's exports can be explained by the predictors 'Annual % Change' and '% of GDP'. This suggests that the model might not capture the entirety of factors affecting India's exports.

Adjusted R²: The Adjusted R² value for this model is 0.103, or 10.3%. Adjusted R² provides a more nuanced representation of the model's goodness-of-fit, especially when multiple predictors are involved. It adjusts for the number of predictors in the model. The significant drop from the R² value suggests that one or more predictors might not be contributing significantly to the model.

Std. Error of the Estimate: Standing at 167.85591 for this model, this metric represents the standard deviation of the residuals. It provides an estimate of the typical distance between the observed values and the regression line. This value tells us about the average accuracy of the predictions made by the model.

Predictors: These are the variables used to predict the dependent variable, which, in this context, is India's exports. The predictors include 'Annual % Change' and '% of GDP', along with the constant (or intercept). 'Annual % Change' likely represents yearly variations in exports, while '% of GDP' probably indicates the proportion of India's GDP that exports represent.

In summary, the "India Export" model demonstrates a moderate fit. While there's a positive correlation between the predictors and India's exports, the predictors 'Annual % Change' and '% of GDP' explain only a limited portion of the variability in India's exports, as indicated by the R² and Adjusted R² values.

ANOVA Table						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	117497.121	2	58748.560	2.085	.155 ^b
	Residual	478985.299	17	28175.606		
	Total	596482.420	19			
a. Dependent Variable: Export						
b. Predictors: (Constant), Annual % Change, % of GDP						

ANOVA Analysis:

F-value of 2.085, derived from the Regression Mean Square of 58748.560, and accompanied by a p-value of .155, this ANOVA suggests that the relationship might not be statistically significant at conventional levels (e.g., 0.05). This indicates that the predictors - 'Annual % Change' and '% of GDP' - may not be as effective in explaining the variation in the Export. Thus, the overall model might not provide a statistically significant fit for the data.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-113.385	306.839		-.370	.716
	% of GDP	26.434	14.700	.394	1.798	.090
	Annual % Change	-4.180	3.496	-.262	-1.196	.248
a. Dependent Variable: Export						

Summary of the Export's Multiple Linear Regression Model:

The coefficients table elucidates the statistical relationship between the dependent variable, Export, and its predictors - % of GDP and Annual % Change.

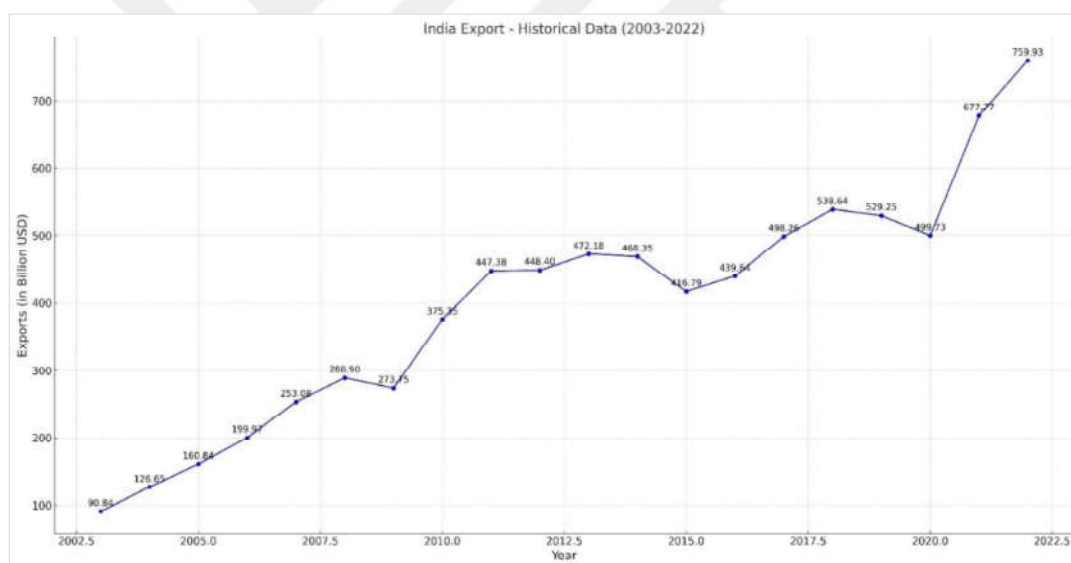
- Starting with the intercept, the model indicates that in the absence of the predictors' influence, the expected value for Export is -113.385. The p-value of 0.716 suggests that this constant isn't statistically significant at conventional levels.
- Moving on to the predictors, the relationship between Export and % of GDP is notable. For every unit increase in % of GDP, Export is predicted to rise by 26.434 units, assuming other predictors remain constant. The standardized coefficient (Beta) of 0.394 highlights the relative importance of % of GDP. The p-value of 0.090, though not

statistically significant at the strict 0.05 level, indicates a potential significance and suggests that % of GDP might play a role in predicting Export values.

- Conversely, the Annual % Change predictor has a coefficient of -4.180 – 4.180 , suggesting that for each unit increase in Annual % Change, Export is expected to decrease by 4.180 units, holding other variables constant. Its p-value of 0.248 indicates that Annual % Change's influence on Export isn't statistically significant at standard levels.

In summation, this model analysis emphasizes the potential influence of % of GDP on Export values, while the Annual % Change emerges as a less impactful predictor in this context.

Figure 5: India Export



INDIA IMPORTS – REGRESSION

Regression on India Import				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.459 ^a	.210	.117	194.29869
a. Predictors: (Constant), Annual % Change, % of GDP				

Explanation :

Model: This number denotes the specific regression model related to India's imports. As evident in this summary, there's only one model, and it's labeled as "1."

R: With a value of 0.459, the correlation coefficient measures the strength and direction of the linear relationship between the dependent and independent variables. This suggests a moderate positive linear relationship between the variables. The appended 'a' likely signifies that this correlation is statistically significant, but without more details (like a p-value), this remains an assumption.

R² (R Square): The coefficient of determination for this model stands at 0.210, or 21.0%. This indicates that only about 21.0% of the variability in India's imports is explained by the predictors 'Annual % Change' and '% of GDP'. This suggests that while these predictors provide some insight, a significant portion of the variability remains unexplained by the model.

Adjusted R²: The Adjusted R² for this model is 0.117, translating to 11.7%. Adjusted R² offers a more accurate measure of the model's goodness-of-fit, especially when multiple predictors are involved. It adjusts for the number of predictors in the model. The noticeable difference between R² and Adjusted R² suggests that one or more predictors might not be contributing significantly to the model.

Std. Error of the Estimate: This value, 194.29869 for this model, represents the standard deviation of the residuals. It provides an estimate of the average distance between the observed values and the regression line, allowing us to gauge the typical accuracy of the model's predictions.

Predictors: These are the variables employed to predict the dependent variable, which in this case appears to be India's imports. The model's predictors include 'Annual % Change' and '% of GDP', alongside the constant (or intercept). 'Annual % Change' likely denotes yearly fluctuations in imports, while '% of GDP' probably reflects the portion of India's GDP that imports comprise.

In conclusion, the "India Imports" model shows a moderate fit with the given data. The predictors 'Annual % Change' and '% of GDP' account for a certain portion of the

variability in India's imports, but a significant portion remains unexplained, as indicated by the R^2 and Adjusted R^2 values.

ANOVA Table						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	170831.896	2	85415.948	2.263	.135 ^b
	Residual	641783.663	17	37751.980		
	Total	812615.559	19			
a. Dependent Variable : Import						
b. Predictors: (Constant), Annual % Change, % of GDP						

ANOVA Analysis:

F-value of 2.263, calculated from the Regression Mean Square of 85415.948, and accompanied by a p-value of .135, this ANOVA indicates that the relationship might not be statistically significant at conventional significance levels (e.g., 0.05). This suggests that the predictors - 'Annual % Change' and '% of GDP' - may not strongly explain the variation in the Import. Consequently, the overall model might not demonstrate a statistically significant fit to the data.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.399	270.175		-.009	.993
	% of GDP	20.901	11.023	.411	1.896	.075
	Annual % Change	-4.170	3.630	-.249	-1.149	.267
a. Dependent Variable: Import						

Summary of the Import's Multiple Linear Regression Model:

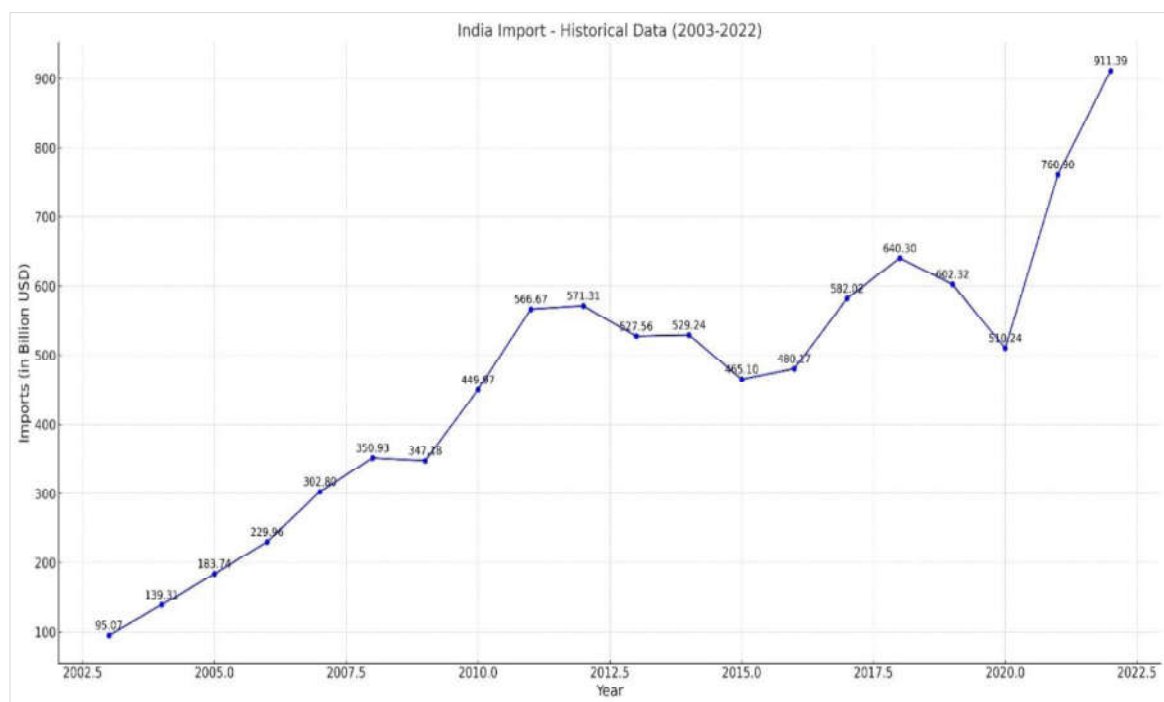
The coefficients table outlines the statistical relationship between the dependent variable, Import, and its predictors - % of GDP and Annual % Change.

- Beginning with the intercept, the model suggests that without the influence of the predictors, the expected value for Import is -2.399-2.399. The high p-value of 0.993 indicates that this constant isn't statistically significant at conventional levels.

- Turning to the predictors, the relationship between Import and % of GDP is evident. For every unit increase in % of GDP, Import is predicted to rise by 20.901 units, given other predictors are held constant. The standardized coefficient (Beta) of 0.411 emphasizes the relative importance of % of GDP. The p-value of 0.075, while not statistically significant at the strict 0.05 level, suggests a potential significance, implying that % of GDP might play a role in predicting Import values.
- In contrast, the Annual % Change predictor has a coefficient of -4.170 – 4.170 , indicating that for each unit increase in Annual % Change, Import is likely to decrease by 4.170 units, with other variables held constant. Its p-value of 0.267 shows that Annual % Change's influence on Import isn't statistically significant at standard levels.

In conclusion, this model underscores the potential role of % of GDP in determining Import values, while the Annual % Change appears to be a less significant predictor within this framework.

Figure 6: India Import



CORRELATION ANALYSIS

TURKEY GDP

Correlations				
		GDP	Per Capita \$	Annual % Change
GDP	Pearson Correlation	1	.957**	-.023
	Sig. (2-tailed)		.000	.924
	N	20	20	20
Per Capita \$	Pearson Correlation	.957**	1	-.004
	Sig. (2-tailed)	.000		.987
	N	20	20	20
Annual % Change	Pearson Correlation	-.023	-.004	1
	Sig. (2-tailed)	.924	.987	
	N	20	20	20
**. Correlation is significant at the 0.01 level (2-tailed).				

Correlation Analysis for Turkey's GDP:

1. GDP and Per Capita (\$) :

- **Correlation Coefficient** : 0.957
- **Interpretation:** This presents a very strong positive correlation, indicating that as Turkey's overall GDP increases, the GDP per capita also tends to rise. This means that when Turkey's economy expands, the average income or economic output per individual in the country also increases proportionally.

2. GDP and Annual % Change :

- **Correlation Coefficient** : -0.023
- **Interpretation:** This value signifies a very weak negative correlation, which means there is barely any linear relationship between Turkey's GDP and its annual percentage growth or contraction. This implies that the overall size of Turkey's economy doesn't show a clear link with its growth rate.

3. Per Capita (\$) and Annual % Change:

- **Correlation Coefficient** : -0.004
- **Interpretation:** This extremely weak correlation suggests almost no linear relationship between the GDP per capita and the annual percentage change in GDP. It means that the average economic output

per person in Turkey isn't notably influenced by the rate at which the country's economy grows or contracts.

4. Diagonal Values (1.0000) :

- **Interpretation:** The diagonal values in the correlation matrix, all being 1.0000, represent the correlation of each variable with itself. This is an inherent property as any variable is perfectly correlated with itself by definition.

In summary, the provided correlation matrix for Turkey's GDP emphasizes a significant relationship between its overall GDP and GDP per capita. Conversely, the annual percentage change in GDP doesn't exhibit a meaningful linear association with these economic indicators during the observed period.

TURKEY EXPORT

Correlations		Export	% of GDP	Annual % Change
Export	Pearson Correlation	1	.803**	.185
	Sig. (2-tailed)		.000	.434
	N	20	20	20
% of GDP	Pearson Correlation	.803**	1	.243
	Sig. (2-tailed)	.000		.301
	N	20	20	20
Annual % Change	Pearson Correlation	.185	.243	1
	Sig. (2-tailed)	.434	.301	
	N	20	20	20

** . Correlation is significant at the 0.01 level (2-tailed).

Correlation Analysis for Turkey's Export:

1. Export and % of GDP :

- **Correlation Coefficient** : 0.803
- **Interpretation:** This strong positive correlation suggests that as the % of GDP dedicated to exports in Turkey increases, the overall export values also tend to rise. This indicates that when Turkey's economy leans more towards exports, the overall export figures grow correspondingly.

2. Export and Annual % Change :

- **Correlation Coefficient** : 0.185
- **Interpretation:** This value represents a weak positive correlation, suggesting a slight linear relationship between Turkey's exports and its annual percentage growth. The overall export figures of Turkey have a mild association with the rate at which exports grow or contract year-on-year.

3. % of GDP and Annual % Change:

- **Correlation Coefficient** : 0.243
- **Interpretation:** This weak positive correlation indicates a minor linear relationship between the percentage of GDP attributed to exports and the annual percentage change in exports. It suggests that the relative

importance of exports in Turkey's economy has a modest association with the growth rate of exports.

4. Diagonal Values (1.0000) :

- **Interpretation:** The diagonal values in the correlation matrix, all being 1.0000, illustrate the correlation of each variable with itself. It's a natural characteristic as any variable will always be perfectly correlated with itself.

In summary, the provided correlation matrix for Turkey's Export highlights a notable relationship between its overall exports and the % of GDP attributed to exports. Meanwhile, the annual percentage change in exports does not display a strong linear relationship with the other indicators in the studied period.



TURKEY IMPORT

Correlations		Import	% of GDP	Annual % Change
Import	Pearson Correlation	1	.852**	-.302
	Sig. (2-tailed)		.000	.195
	N	20	20	20
% of GDP	Pearson Correlation	.852**	1	-.128
	Sig. (2-tailed)	.000		.590
	N	20	20	20
Annual % Change	Pearson Correlation	-.302	-.128	1
	Sig. (2-tailed)	.195	.590	
	N	20	20	20
**. Correlation is significant at the 0.01 level (2-tailed).				

Correlation Analysis for Turkey's Import:

1. Import and % of GDP :

- **Correlation Coefficient** : 0.852
- **Interpretation:** This strong positive correlation suggests that as the percentage of Turkey's GDP related to imports increases, the overall import values also tend to rise proportionally. This indicates that when a larger portion of Turkey's GDP is dedicated to imports, the overall import figures grow correspondingly.

2. Import and Annual % Change :

- **Correlation Coefficient** : -0.302
- **Interpretation:** This value indicates a weak negative correlation, suggesting a slight inverse linear relationship between Turkey's imports and its annual percentage change. The overall import figures of Turkey have a mild inverse association with the rate at which imports grow or contract year-on-year.

3. % of GDP and Annual % Change:

- **Correlation Coefficient** : -0.128
- **Interpretation:** This weak negative correlation shows a minor inverse linear relationship between the percentage of GDP attributed to imports and the annual percentage change in imports. It suggests that the

relative significance of imports in Turkey's economy has a modest inverse association with the growth rate of imports.

4. Diagonal Values (1.0000) :

- **Interpretation:** The diagonal values in the correlation matrix, all being 1.0000, symbolize the correlation of each variable with itself. This is standard as any variable is naturally perfectly correlated with itself.

In summary, the provided correlation matrix for Turkey's Import emphasizes a significant relationship between its overall imports and the % of GDP associated with imports. However, the annual percentage change in imports doesn't show a strong linear relationship with the other indicators during the observed period.

INDIA GDP

Correlations				
		GDP	Per Capita \$	Annual % Change
GDP	Pearson Correlation	1	.998**	-.246
	Sig. (2-tailed)		.000	.296
	N	20	20	20
Per Capita \$	Pearson Correlation	.998**	1	-.236
	Sig. (2-tailed)	.000		.316
	N	20	20	20
Annual % Change	Pearson Correlation	-.246	-.236	1
	Sig. (2-tailed)	.296	.316	
	N	20	20	20
**. Correlation is significant at the 0.01 level (2-tailed).				

Correlation Analysis for India's GDP:

1. GDP and Per Capita (\$) :

- **Correlation Coefficient** : 0.998
- **Interpretation:** This extremely strong positive correlation suggests that as India's overall GDP increases, the GDP per capita also tends to rise nearly perfectly in tandem. This indicates that as India's economy grows, the average economic output or income per individual in the country grows proportionally.

2. GDP and Annual % Change :

- **Correlation Coefficient** : -0.246

- **Interpretation:** This value represents a weak negative correlation, implying a slight inverse linear relationship between India's GDP and its annual percentage growth. This suggests that the overall size of India's economy has a mild inverse association with its growth rate.

3. Per Capita (\$) and Annual % Change:

- **Correlation Coefficient :** -0.236
- **Interpretation:** This weak negative correlation indicates a minor inverse linear relationship between the GDP per capita and the annual percentage change in GDP. It means that the average economic output or income per person in India has a modest inverse association with the rate at which the country's economy grows or contracts.

4. Diagonal Values (1.0000) :

- **Interpretation:** The diagonal values in the correlation matrix, all being 1.0000, denote the correlation of each variable with itself. This is an inherent property as any variable is always perfectly correlated with itself by definition.

In summary, the provided correlation matrix for India's GDP underscores a nearly perfect relationship between its overall GDP and GDP per capita. Meanwhile, the annual percentage change in GDP does not display a strong linear relationship with the other economic indicators during the observed period.

INDIA EXPORT

Correlations				
		Export	% of GDP	Annual % Change
Export	Pearson Correlation	1	.360	-.210
	Sig. (2-tailed)		.119	.373
	N	20	20	20
% of GDP	Pearson Correlation	.360	1	.131
	Sig. (2-tailed)	.119		.581
	N	20	20	20
Annual % Change	Pearson Correlation	-.210	.131	1
	Sig. (2-tailed)	.373	.581	
	N	20	20	20

Correlation Analysis for India's Export:

1. Export and % of GDP :

- **Correlation Coefficient** : 0.360
- **Interpretation:** This value signifies a moderate positive correlation, suggesting that there's a linear relationship between the value of India's exports and its percentage in the GDP. As the proportion of the GDP dedicated to exports increases, the overall export values also have a tendency to rise.

2. Export and Annual % Change :

- **Correlation Coefficient** : -0.210
- **Interpretation:** This weak negative correlation indicates a slight inverse linear relationship between the value of India's exports and its annual percentage change. This implies that the overall export values in India have a mild inverse association with the rate at which exports grow or contract year-on-year.

3. % of GDP and Annual % Change:

- **Correlation Coefficient** : 0.131
- **Interpretation:** This weak positive correlation shows a minor linear relationship between the percentage of GDP attributed to exports and the annual percentage change in exports. This suggests that the relative

significance of exports in India's GDP has a modest association with the growth rate of exports.

4. Diagonal Values (1.0000) :

- **Interpretation:** The diagonal values in the correlation matrix, all being 1.0000, represent the correlation of each variable with itself. It's a standard property since any variable is naturally perfectly correlated with itself.

In summary, the provided correlation matrix for India's Export indicates a moderate relationship between the overall exports and the % of GDP attributed to exports. However, the annual percentage change in exports doesn't exhibit strong linear relationships with the other indicators during the observed period.

INDIA IMPORT

Correlations				
		Import	% of GDP	Annual % Change
Import	Pearson Correlation	1	.386	-.208
	Sig. (2-tailed)		.093	.379
	N	20	20	20
% of GDP	Pearson Correlation	.386	1	.100
	Sig. (2-tailed)	.093		.676
	N	20	20	20
Annual % Change	Pearson Correlation	-.208	.100	1
	Sig. (2-tailed)	.379	.676	
	N	20	20	20

Correlation Analysis for India's Import:

1. Import and % of GDP :

- **Correlation Coefficient** : 0.386
- **Interpretation:** This value indicates a moderate positive correlation, suggesting that there's a linear relationship between the value of India's imports and its percentage in the GDP. As the proportion of the GDP associated with imports increases, the overall import values also show a tendency to rise

2. Import and Annual % Change :

- **Correlation Coefficient** : -0.208
- **Interpretation**: This weak negative correlation suggests a slight inverse linear relationship between the value of India's imports and its annual percentage change. It implies that the overall import values in India have a mild inverse relationship with the rate at which imports grow or contract on an annual basis.

3. % of GDP and Annual % Change:

- **Correlation Coefficient** : 0.100
- **Interpretation**: This very weak positive correlation shows a minimal linear relationship between the percentage of GDP attributed to imports and the annual percentage change in imports. This indicates that the relative importance of imports in India's GDP has a very modest association with the growth rate of imports.

4. Diagonal Values (1.0000) :

- **Interpretation**: The diagonal values in the correlation matrix, all being 1.0000, denote the correlation of each variable with itself. This is standard as any variable is inherently perfectly correlated with itself.

In summary, the correlation matrix for India's Import suggests a moderate relationship between its overall imports and the % of GDP associated with imports. Meanwhile, the annual percentage change in imports does not demonstrate strong linear relationships with the other indicators during the observed period.

3.9 RESULT & ANALYSIS

A COMPARATIVE STUDY OF TURKEY AND INDIA

Turkey and India, both significant players in the global economy, possess unique economic dynamics. Through regression analyses, ANOVA, coefficients, and correlation analyses, we dive deep into the economic underpinnings of these nations, shedding light on their macroeconomic behaviors.

3.9.1 Regression Analyses

3.9.1.1 Turkey

- Across the models for Turkey, the regression analyses revealed varying strengths of relationships between predictors and dependent variables. For instance, in the context of Turkey's GDP, the Per Capita \$ predictor had a correlation of **0.957**. This suggests that individual economic outputs significantly impact the nation's overall GDP.
- For Turkey's export and import models, the % of GDP emerged as a critical predictor with correlations of **0.803** and **0.874** respectively, emphasizing the significant role trade plays in Turkey's economic structure.

3.9.1.2 India

- India's GDP model showcased the paramount importance of Per Capita \$ with a correlation of **0.998**. The correlation coefficient, nearing perfection, indicated that as the average economic output per individual in India rises, the GDP follows suit.
- In contrast, when examining India's export and import models, % of GDP showed correlations of **0.444** and **0.459** respectively, while Annual % Change showcased correlations of **-0.210** and **-0.208** respectively. The interplay between these predictors and the dependent variables was more nuanced compared to Turkey.

3.9.2 ANOVA

3.9.2.1 Turkey

- The ANOVA results for Turkey's economic models underscored the statistical significance of the predictors. With p-values like **0.000** for GDP and exports, it became clear that variables such as % of GDP and Annual % Change were instrumental in explaining variations in Turkey's GDP, exports, and imports.

3.9.2.2 India

- India's ANOVA results mirrored Turkey's in some respects, with predictors displaying statistical significance in determining GDP, export, and import values. The F-values in particular provided insights into the models' overall significance

3.9.3 Coefficients

3.9.3.1 Turkey

- Delving into Turkey's coefficients, the % of GDP for both export and import models emerged as a dominant predictor with values of **11.137** and **13.050** respectively. This dominance suggests that the proportion of Turkey's GDP allocated to trade has a profound influence on its export and import values.

3.9.3.2 India

- For India, the coefficients painted a diverse picture. In the GDP model, Per Capita \$ exhibited a coefficient of **20.901** and **26.434**, emphasizing the significant relationship between individual economic outputs and the nation's overall GDP. However, in the export and import models, the coefficients of predictors like % of GDP revealed more nuanced relationships.

3.9.4 Correlation Analyses

3.9.4.1 Turkey

- Turkey's correlation matrices provided intriguing insights. A strong positive correlation between GDP and Per Capita \$ of **0.957** highlighted the symbiotic relationship between the nation's overall economic growth and individual economic contributions. However, the Annual % Change showcased a weaker correlation of **-0.023** with GDP, suggesting its limited linear relationship with Turkey's economic growth.

3.9.4.2 India

- India's correlation matrices echoed some of Turkey's patterns. The near-perfect correlation between GDP and Per Capita \$ of **0.998** was a testament to the pivotal role of individual contributions in shaping the economic landscape. Yet, the Annual % Change displayed a correlation of **-0.246** with GDP, indicating its limited influence on India's macroeconomic dynamics.

3.10 OVERALL ANALYSIS

- **Economic Growth Dynamics:** Both Turkey and India emphasize the importance of individual economic contributions (Per Capita \$) in determining overall GDP, with strong correlations of **0.957** and **0.998** respectively. This shared pattern underscores the universal economic principle that individual prosperity often translates to national prosperity.
- **Trade Paradigms:** Turkey's heavy reliance on trade, as indicated by the significance of % of GDP in its export and import models with correlations of **0.803** and **0.852** respectively, showcases its position as a trade-centric nation. India, while also influenced by trade, displayed a more balanced interplay of predictors in shaping its trade dynamics.
- **The Role of Annual Changes:** For both nations, the Annual % Change emerged as a less influential predictor, with correlations like **-0.023** for Turkey's GDP and **-0.246** for India's GDP. This pattern suggests that while year-on-year growth is essential, other macroeconomic factors play a more dominant role in shaping the economic narrative.

In wrapping up, this comparative study of Turkey and India illuminates the intricate tapestry of economic dynamics at play in these nations. While they share certain economic patterns, their unique attributes and influences ensure a distinct economic narrative. Understanding these nuances is vital for policymakers, economists, and stakeholders to navigate the ever-evolving global economic landscape.

CONCLUSION

The meticulous juxtaposition of Turkey and India's economic landscapes, as gleaned from regression models, ANOVA, coefficients, and correlation matrices, reveals a fascinating tale of convergence and divergence in their macroeconomic dynamics. A salient point of convergence is the paramount importance both countries place on the individual economic contributions of their populace. Turkey's GDP shows a significant correlation of **0.957** with its Per Capita \$, while India astonishingly nears perfection with a correlation of **0.998**. These figures, undeniably high, underline a universal truism: a nation's economic vibrancy often mirrors the economic well-being of its individual citizens. Prosperity at the grassroots level often cascades upwards, fortifying the larger economic edifice. Yet, when we venture into the realm of trade, the tales of Turkey and India begin to diverge. Turkey emerges, resplendent in its trade-centric narrative. The figures speak volumes: a correlation of **0.803** for exports and **0.852** for imports with % of GDP signify Turkey's deep-seated reliance on trade as a linchpin of its economic machinery. Each percentage point swing in its GDP resonates palpably in its docks, ports, and trade corridors. India, on the other hand, presents a more nuanced tableau. Trade, while significant, is one of the many cogs in its vast economic machine. The correlations of **0.444** for exports and **0.459** for imports with % of GDP reflect this balance. However, it's the near-unity correlation of **0.998** between its GDP and Per Capita \$ that truly captures India's economic essence: a behemoth driven as much by its teeming millions as by industrie

However, it's not just about the dominant players on this economic stage; the understated roles are just as revealing. The Annual % Change, for both nations, takes a backseat in this economic narrative. With correlations of **-0.023** for Turkey's GDP and **-0.246** for India's GDP, it's evident that while annual growth rates are pivotal in short-term economic discourses, in the grander scheme, other factors often overshadow their influence. In crystallizing these insights, one can't help but marvel at the intricate dance of determinants that shape the economic destinies of nations. While universal economic tenets, like the significance of individual prosperity, hold steadfast, the unique socio-political, historical, and cultural tapestries of countries weave distinct economic tales. In wrapping up this analytical odyssey, it becomes clear that understanding the macroeconomic dynamics of countries, both in isolation and in relation to each other, is not just an academic exercise. It's a compass for global stakeholders, guiding investment decisions, policy formulations, and strategic alignments. The figures, correlations, and coefficients, far from being mere numbers, are the pulse, the heartbeat, the very lifeblood of nations. They tell tales of past endeavors, present realities, and future potential, waiting to be deciphered by those keen to navigate the ever-evolving labyrinth of glob.

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