

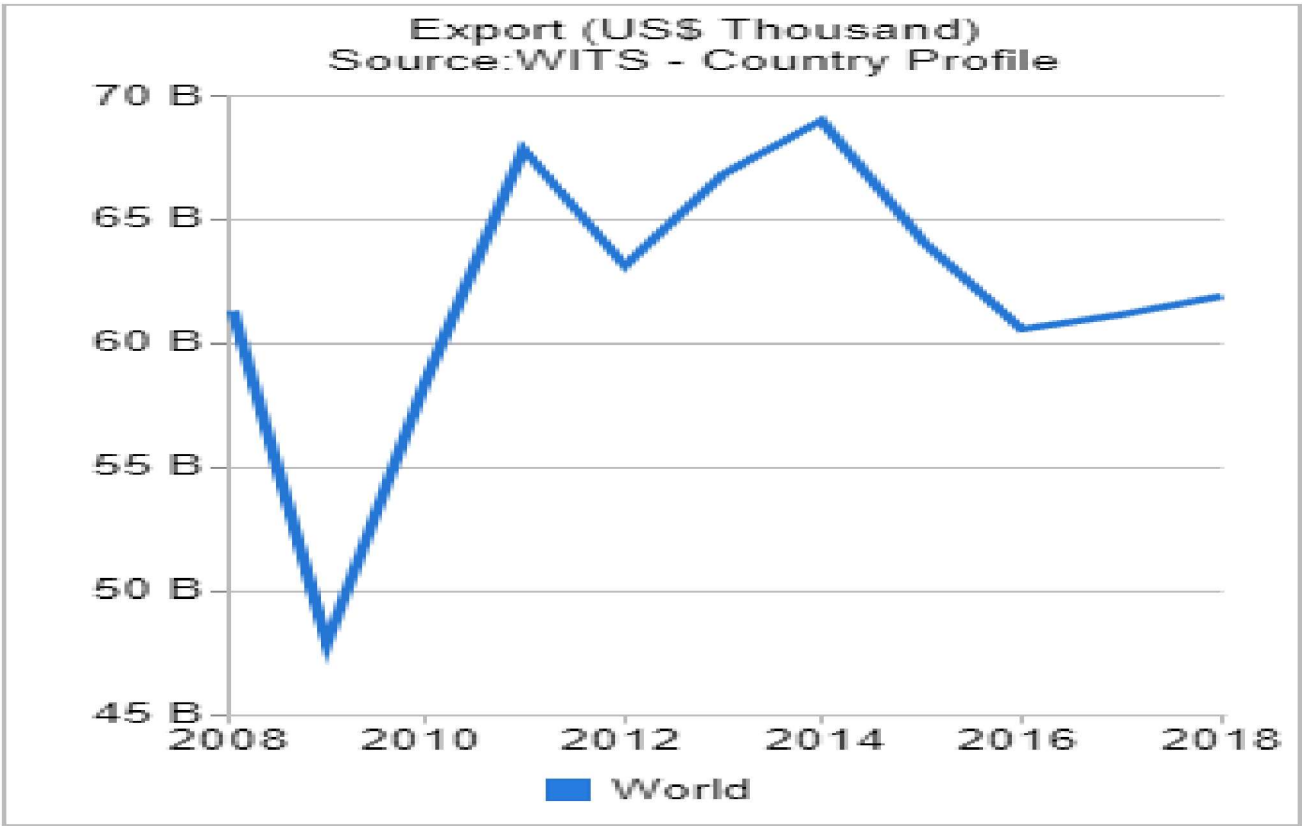
HS311:- International Economics I
Course Project
Comparative Study of Middle East and North Africa : Israel

Submitted by :-
Sharang Mantri (18B080022)

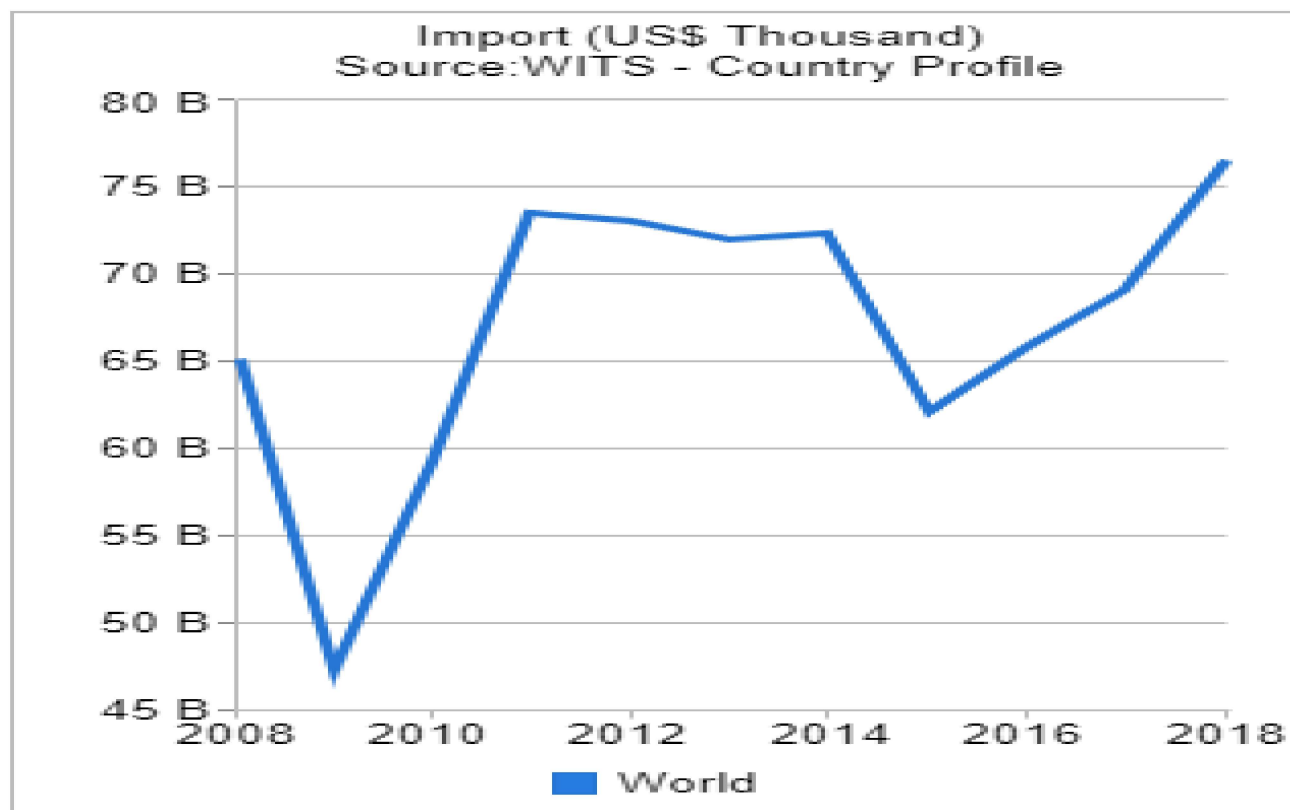
Under the guidance of:-
Prof. Aditi Chaubal & Saptarshi Prosonno Ghosh
Department of Economics, Humanities and Social
Sciences
Indian Institute of Technology, Bombay

Q1) Extract the data on exports and imports for this economy for the last 10 years.

Export balance of Israel



Import Balance of Israel



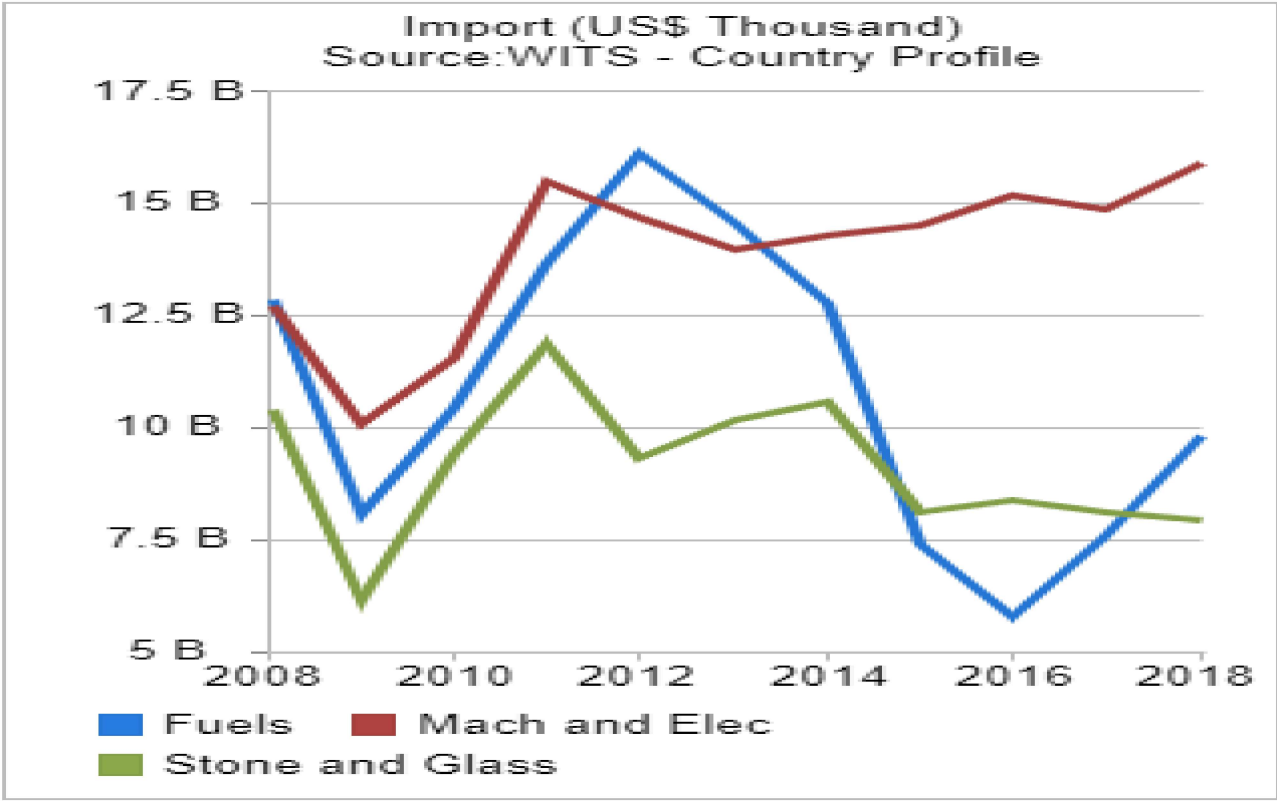
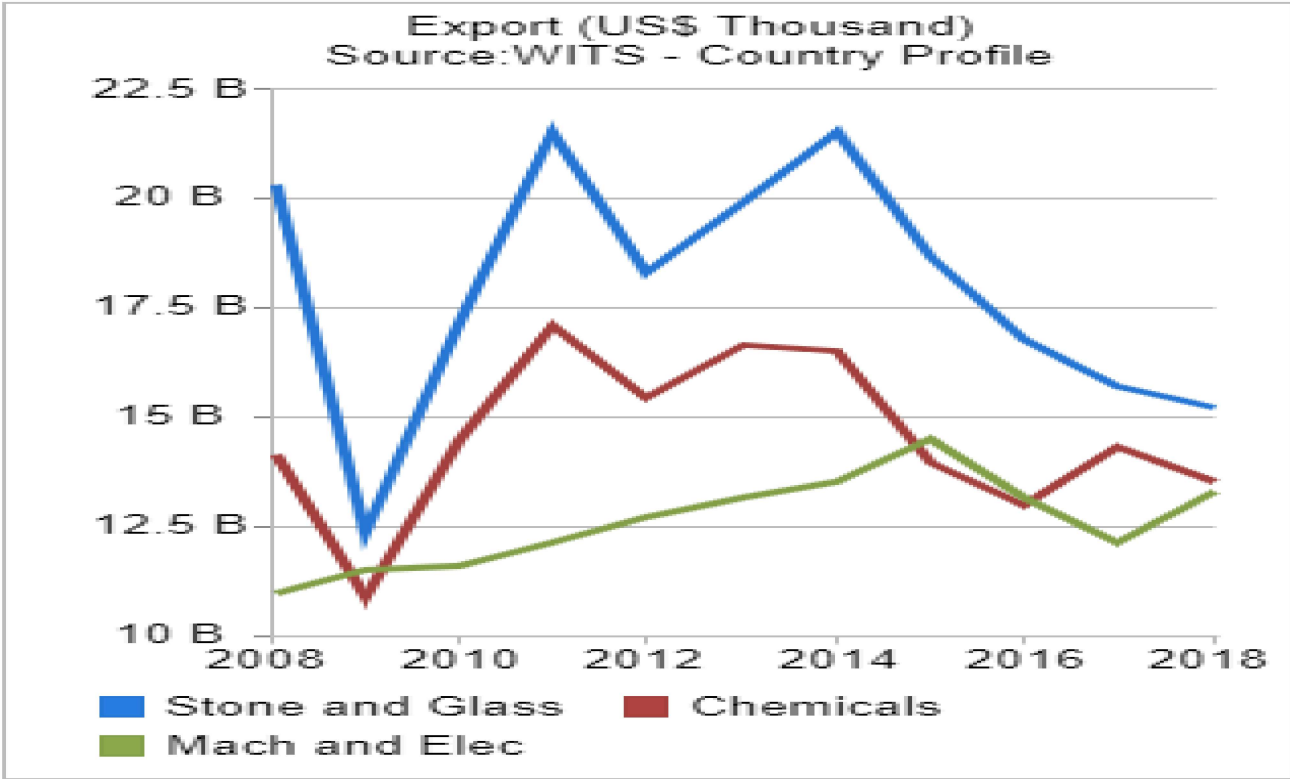
Q2) What have been the top 3 export and import commodities for this country? Which countries have been the top 3 export destinations (to which your country exports) and the top 3 countries from which your country imports?

The top 3 Export commodities of Israel are :

- 1) Stone and glass (15.196 bil dollar)
- 2) Chemicals (13.53 bil dollar)
- 3) Electronics and Machinery (13.311 bil dollar)

The top 3 Import commodities of Israel are :

- 1) Electronics and Machinery (15.852 bil dollar)
- 2) Fuels (9.807 bil dollar)
- 3) Stone and glass (7.931 bil dollar)



The top 3 Export destinations of Israel are :

- 1) The United States of America (16.78 bil dollar)
- 2) United Kingdom (4.409 bil dollar)
- 3) China (4.794 bil dollar)

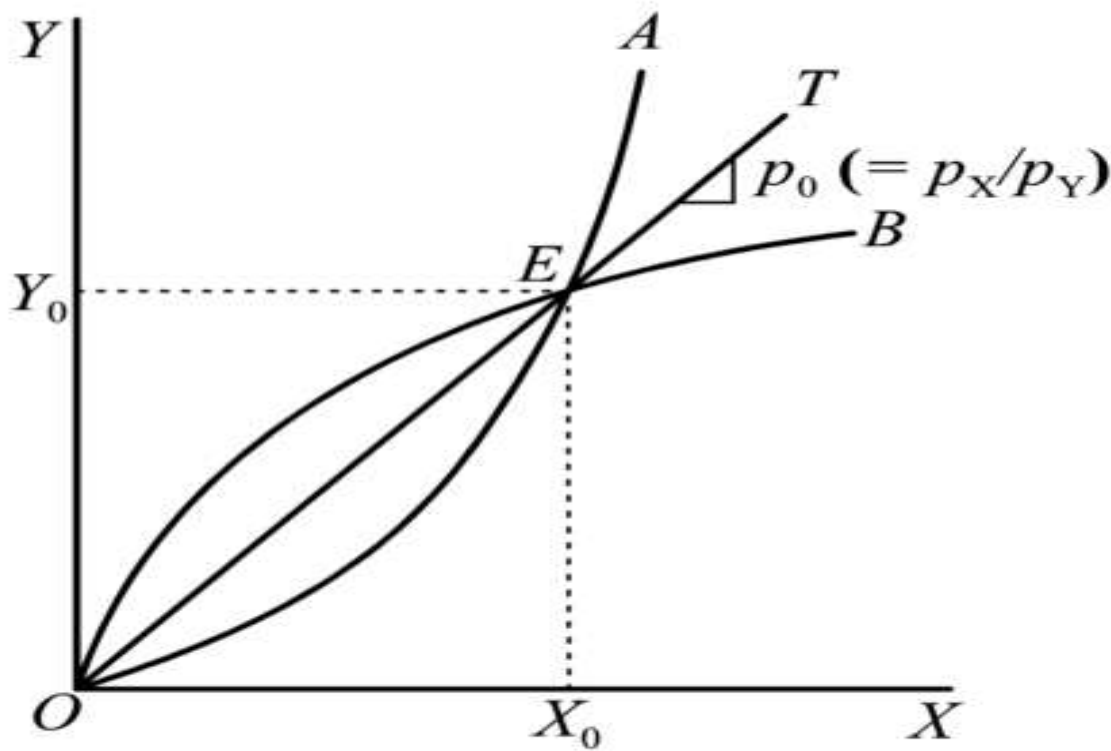
The top 3 Import destinations of Israel are :

- 1) China (10.465 bil dollar)
- 2) The United States of America (10.249 bil dollar)
- 3) Turkey (6.212 bil dollar)

Q3) Comment on whether your country has a comparative advantage in the top 3 commodities that its exports.

From data from the site Israel has Comparative Advantage in Chemicals(1.84), Stones and Glasses (5.82) as net trade in terms of money is positive for this 2 commodities while has a comparative disadvantage in machine and electronics(0.73) as net trade in terms of money is negative for this commodity

Q4) For the top commodity of export and import, comment on what the offer curve would look like for your country according to the latest available data? (Support your answer with the help of any necessary figure/s and tables).



Offer curve shows the quantity of one type of product that an agent will export ("offer") for each quantity of another type of product that it imports. Offer curves work only with two goods and two countries, not more. To use them in more complicated worlds, it is necessary to aggregate. It is not too hard, especially for countries under ideal conditions (no distortions). Studying Israel for example, we can interpret country China as the entire rest of the world. Israel exports majorly Stones and Glasses and imports fuel from China. Graphs of offer curves would be looking somewhat like the general form only as it is produced in both the countries and Stones and Glasses can only be produced in Thailand and fuel product is only found in China. Assuming it is only a traded commodity and it only trades this with China and no other country.

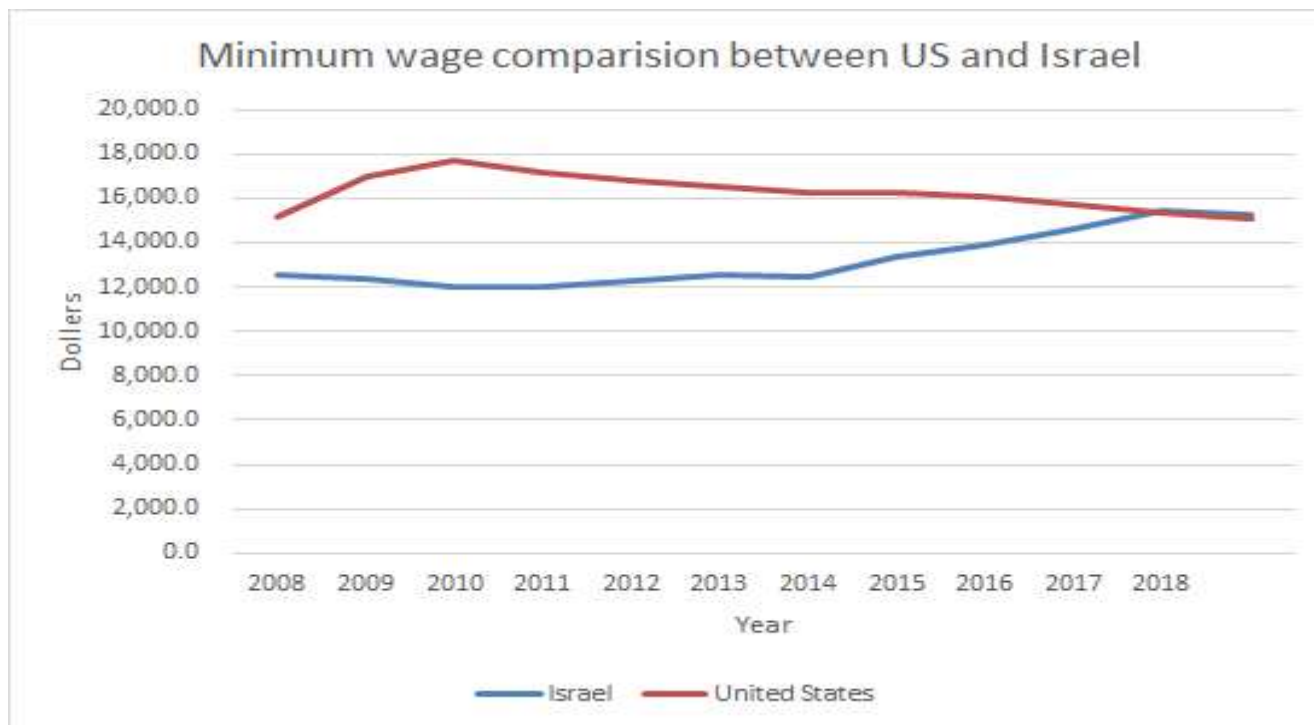
Q5) Take another country that you have listed as one of the top 3 export destination countries in part (ii). Over the years, is the volume of trade going up or down between these two countries?

Comparison of trade volume between Israel and United States



Over the years volume of trade between Israel and United States has remained constant mostly with slight decrease during financial crisis of 2008-2010 considering United states as a high consumption country, consumption was reduced during that period therefore less amount of trade was taking place

Q6) Continue with the set-up established in part (v). If the volume of trade is increasing over the years, then are the wages tending to become more equal between the two countries? Alternatively, if trade is shrinking, is the wage difference widening? Comment.



The minimum wages between 2 countries over the years with increasing trade is becoming more equitable considering both the countries are high end consumption countries.

Q7) Write a short paragraph with your conclusions / analysis.

Over the years Israel has increased its exports and imports around the world with many Israel companies becoming MNCs increasing employment and overall status of living of country (Export - Import > 0) while becoming the one of the major developed forces around the world with its high end production of goods making it a high income-high consumption country which is evident with its place in G-20 nations.

With its high growth rate in past decades it has now become equal to wage provided with the United States which shows Israels progress as one of the top developed countries in the world

All calculations done can be viewed in

https://docs.google.com/spreadsheets/d/1RN1BtUjmCMW6aY_woatq8qeExvYzPYu3b5uYcPa0rb4/edit?usp=sharing