ASSIGNMENT REPORT

A project report on development and trade policies

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Contents

ABSTRACT

This report gives an overview on how different development and trade variables affect the growth strategies developed by different economies. Here we compare three different economies with high, middle and low income levels and the growth, development and trade strategies developed by them for gaining high economic growth and uplift economic activities such as import substitution, diversification of economy, and increased female participation in labour force etc. The degree of government effectiveness, population growth rate, gross savings, tourism, maritime transport, the number of traded products and exchange rate are some other factors that have been discussed for every country. Also, the existing policies for enhancing growth and trade have been discussed and policy reforms have been suggested for better growth and development.

OBJECTIVE: VARIABLE EXPLANATION

Based on the demographic features and geographic features of counties and data collected from other sources, we are trying to analyse the existing trade and development policies of the country and suggest some policy reforms for improvement and faster development. The development variables taken for analysis of the country are:

- Government effectiveness
- Population Growth (annual %)
- Labour force, female
- Gross savings

The degree of Government Effectiveness Index captures the perceptions of the quality of public services, the quality of civil services and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of government's commitment to such policies. Increased government effectiveness improves the growth rate of the country. Hence the growth of the country or the GDP of the country should depend positively on the Government Effectiveness Index.

The Population Growth Rate can be defined as the annual percentage change in population, resulting from a surplus of births over death and balance of migrants entering or leaving the country. It may be positive or negative. A high positive population growth imposes a burden on the country due to increased needs of its people for infrastructure, resources and employment and hence slows down the growth rate. Hence the growth rate of the county and population growth rate are inversely related.

Female labour force as a percentage of total shows the extent up to which women are active participants in the country's economically active population (World Bank definition). Though a great majority of empirical studies demonstrate that in the initial stages of economic growth female labour force participation tends to be decreasing, but it has been seen that after reaching a certain level of output per capita, a positive relationship emerges and women's engagement in labour market gradually increases.

Gross Savings are calculated as gross national income less the total consumption plus the net transfers. It is expressed as a percentage of GDP. It consists of household sector, private corporate sector and public sector. Savings of the people of the country increases when there is a rise in income of the people of the country. Increase in income means economic growth. Hence gross savings and growth have a positive relationship i.e. increased savings lead to increased growth.

Similarly the trade variables taken for analysis are:

- Tourism- international tourism, receipts(% of total exports)
- Maritime transport- linear shipping connectivity index
- Traded products- number of traded products in import export sector
- Exchange rate- official exchange rate (LCU per US$, period average)

The World Tourism Organization defines tourism as people "travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes". Tourism sector has been growing rapidly from the past few years and it has been seen that it contributes positively and significantly to the growth of the economy. International tourism receipts are defined (by WTO) as expenditure of international inbound visitors including their payments to national carriers for international transport. They also include any other payments or payments afterwards made for goods and services received in the destination country.

Maritime transport is the shipment of goods (cargo) and people by sea and other waterways. Port operations are a necessary tool to enable maritime trade between trading partners. The linear shipping connectivity index aims at capturing the country's level of integration into existing linear shipping network by measuring linear shipping connectivity. The higher the index, the easier it is to access a high capacity and frequency global maritime freight transport system and thus effectively participate to international trade.

The number of traded products are the number of total commodities that a country trades in the import and export market. It is obvious that more is the number of these products, the more is the country involved in trade

The balance of trade and currency exchange rates influence each other through its effect on supply and demand of foreign exchange. Supply and demand dictate when demand is high, prices rise and thus currency appreciates in value. When this happens, country's exports increase over imports. On the other hand, when demand is less, currency depreciates and imports rise over exports.

Portugal: Introduction

Portugal is a county in Iberian Peninsula in Southern Europe. To the west and south it is bordered by the Atlantic Ocean and to the east and north by Spain. Its location on the Atlantic Ocean has influenced many aspects of its culture: salt cod and grilled sardines are national dishes, the Algarve's beaches are a major destination and much of the nation's architecture dates to the 1500s–1800s, when Portugal had a powerful maritime empire. Portugal is defined as a Mediterranean climate. It is one of the warmest European countries. Climate in Portugal is suitable for a variety of products like green vegetables, rice, corn, barley, olives, oilseeds, nuts, cherries, bilberry, table grapes and edible mushroom. It is democratic county headed by a presidentially appointed Prime Minister, also including Ministers, Secretaries of State and Under-Secretaries of State.

It is a developed country and listed among high income countries in the World Bank data. It reported a GDP growth rate of 1.5% in the second quarter of the year 2015.

Regression Analysis

Based on the data found for the variables explained above from the World Bank data source, we conducted a regression analysis in order to find how these variables influence the growth rate of the country. The dependent variable here is taken as GDP per capita. The results and interpretation of the result is as follows:

```
. regress GDP_capita pop_grth_rate govt_eff_index Lin_Ship_Index Int_Tour_Rec gross_savings Off_Exc_Rate  lbr_fem cash_surplus_defic
> it
```

Source	SS	df	MS
Model	26.0642517	8	3.25803147
Residual	15.2334424	2	7.61672121
Total	41.2976942	10	4.12976942

Number of obs =   11
F(8,   2) =   0.43
Prob > F   = 0.8413
R-squared   = 0.6311
Adj R-squared = -0.8443
Root MSE   = 2.7598

GDP_capita	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
pop_grth_r~e	-7.823561	12.27143	-0.64	0.589	-60.62327	44.97615
govt_eff_i~x	19.71828	16.09001	1.23	0.345	-49.51145	88.94801
Lin_Ship_I~x	.1286374	.25906	0.50	0.669	-.9860076	1.243282
Int_Tour_Rec	-.4730265	4.40307	-0.11	0.924	-19.41791	18.47185
gross_savi~s	1.781603	1.812165	0.98	0.429	-6.015512	9.578719
Off_Exc_Rate	-2.29976	46.78724	-0.05	0.965	-203.609	199.0095
lbr_fem	4.729639	6.406716	0.74	0.537	-22.83623	32.29551
cash_surpl~t	-.0416673	1.307044	-0.03	0.977	-5.665423	5.582088
_cons	-232.1925	310.8987	-0.75	0.533	-1569.882	1105.497

- GDP per capita (annual %) is negatively related to the population growth rate. When the growth of the population outpacing the growth of GDP, the per-capita GDP will fall.
- Government Effectiveness Index is positively related to the GDP per capita as it indicators the efficiency of implementation of policies of the government. Thus, better the index, better is the GDP per capita.
- Linear Shipping Index is directly related to the GDP per capita as better sea connectivity boosts the trade volumes greatly and increases the growth rate per capita.
- International tourism receipts comes out to be negatively related to the GDP per capita as sometimes tourism has negative impacts like infrastructure costs, increase in prices, seasonal character of jobs, etc.
- Gross saving is positively related to the GDP per capita which can be explained through **Harrod-Domar Model**.
- Official exchange rate is related varies positively with GDP per capita as exports become more competitive.
- Female labour as a % of total labour force is positively related to GDP per capita as the growth rates are accelerated by the involvement of more women in the working class of the economy.

Thailand: Introduction

Thailand is a county at the centre of Indochinese peninsula in Southeast Asia. With a total area of approximately 513,000 km^2 (198,000 sq. mi), Thailand is the world's 51st-largest country. It is the 20th-most-populous country in the world, with around 66 million people. The capital and largest city is Bangkok. Thailand is a constitutional monarchy and was a parliamentary democracy until the coup in May 2014 by the National Council for Peace and Order. It is bordered to the north by Myanmar and Laos, to the east by Laos and Cambodia, to the south by the Gulf of Thailand and Malaysia, and to the west by the Andaman Sea and the southern extremity of Myanmar. Its maritime boundaries include Vietnam in the Gulf of Thailand to the southeast, and Indonesia and India on the Andaman Sea to the southwest. The agriculture in country is highly competitive, diversified and specialised and its exports are very successful internationally. Rice is the country's most important crop. Thailand is a major exporter in the world rice market. Rice exports in 2014 amounted to 1.3 percent of GDP.

The Thai economy is the world's 20th largest by nominal GDP and the 27th largest by GDP at PPP. It became a newly industrialised country and a major exporter in the 1990s. Manufacturing, agriculture, and tourism are leading sectors of the economy. It is considered a middle income country according to the World Bank data.

Regression Analysis

Based on the data found for the variables explained above from the World Bank data source, we conducted a regression analysis in order to find how these variables influence the growth rate of the country. The dependent variable here is taken as GDP per capita. The results and interpretation of the result is as follows:

```
. regress GDP_capita pop_growth  govt_eff_index  Lin_Ship_Index  Int_Tour_Rec  gross_sav  Off_Exc_Rate lab_fem cash_surplus_deficit
```

Source	SS	df	MS		
Model	28.8105078	8	3.60131347		
Residual	45.9450034	2	22.9725017		
Total	74.7555112	10	7.47555112		

Number of obs = 11
F(8, 2) = 0.16
Prob > F = 0.9779
R-squared = 0.3854
Adj R-squared = -2.0730
Root MSE = 4.793

GDP_capita	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]	
pop_growth	-18.34281	52.91248	-0.35	0.762	-246.0068	209.3212
govt_eff_i~x	9.6248	18.2116	0.53	0.650	-68.73337	87.98297
Lin_Ship_I~x	.2283396	.6694945	0.34	0.766	-2.652263	3.108942
Int_Tour_Rec	-.3909759	1.721791	-0.23	0.841	-7.799245	7.017294
gross_sav	1.123292	1.799282	0.62	0.596	-6.618392	8.864976
Off_Exc_Rate	.2085143	2.118128	0.10	0.931	-8.905054	9.322082
lab_fem	-4.681285	14.93043	-0.31	0.784	-68.92173	59.55917
cash_surpl~t	.869339	2.17177	0.40	0.728	-8.475033	10.21371
_cons	175.5711	681.0656	0.26	0.821	-2754.818	3105.96

- GDP per capita (annual %) is negatively related to the population growth rate. When the growth of the population outpacing the growth of GDP, the per-capita GDP will fall.
- Government Effectiveness Index is positively related to the GDP per capita as it indicators the efficiency of implementation of policies of the government. Thus, better the index, better is the GDP per capita.
- Linear Shipping Index is directly related to the GDP per capita as better sea connectivity boosts the trade volumes greatly and increases the growth rate per capita.
- International tourism receipts comes out to be negatively related to the GDP per capita as sometimes tourism has negative impacts like infrastructure costs, increase in prices, seasonal character of jobs, etc.
- Gross saving is positively related to the GDP per capita which can be explained through **Harrod-Domar Model**.
- Official exchange rate is related varies positively with GDP per capita as exports become more competitive.
- Female labour as a % of total labour force is negatively related to GDP per capita as the growth rates because either the either the productivity of women is low or there are not appropriate jobs for women in Thailand even when the country has a good amount of women labour force.

Tanzania: Introduction

Tanzania is a large country in Eastern Africa within the African Great Lakes region. Parts of the country are in Southern Africa. It is bordered by Kenya and Uganda to the north; Rwanda, Burundi, and the Democratic Republic of the Congo to the west; Zambia, Malawi, and Mozambique to the south; and by the Indian Ocean to the east. Tanzania's population of 51.82 million (2014) is diverse, composed of several ethnic, linguistic and religious groups. Tanzania is a presidential constitutional republic, and since 1996, its official capital city has been Dodoma. In 2006, basic needs poverty in Tanzania was reported to be 34.4% which declined to 28.2% in 2012. During the same time extreme poverty declined from 11.7% to 9.7%. Yet, around 12 million Tanzanians still live in poverty and around 70% still continue to live with less than $2 per day. More than 80% of the poor population live in rural areas and most of them are involved in farming sector. Land is a vital asset in ensuring food security and among the main food crops in Tanzania are maize, sorghum, millet, rice, wheat, beans, cassava, potatoes and bananas.

Due to extreme poverty conditions in the country, it is listed among the low income countries in the World Bank data.

Regression Analysis

Based on the data found for the variables explained above from the World Bank data source, we conducted a regression analysis in order to find how these variables influence the growth rate of the country. The dependent variable here is taken as GDP per capita. The results and interpretation of the result is as follows:

```
. regress GDP_capita pop_grth   Govt_Eff_Index  Lin_Ship_index   Int_Tour_Rec  gross_sav  Exchange_Rate  lab_fem, noconstant

      Source |       SS       df       MS              Number of obs =      11
                                                       F(  7,     4) =   13.47
       Model | 143.324858     7  20.4749797            Prob > F      =  0.0122
    Residual | 6.08158683     4  1.52039671            R-squared     =  0.9593
                                                       Adj R-squared =  0.8881
       Total | 149.406445    11  13.5824041            Root MSE      =   1.233


   GDP_capita |      Coef.   Std. Err.      t    P>|t|     [95% Conf. Interval]

     pop_grth |  -16.93808   9.522285    -1.78   0.150    -43.37618    9.500025
   Govt_Eff_I~x |   .9456773   10.1502     0.09   0.930    -27.23578    29.12714
   Lin_Ship_i~x |   2.156751   .9571757    2.25   0.087     -.5007951   4.814296
   Int_Tour_Rec |   .0644328   .2234024    0.29   0.787     -.5558317    .6846972
     gross_sav |  -.3757861   .3938009   -0.95   0.394     -1.469153    .7175805
   Exchange_R~e |  -.0048143   .0053213   -0.90   0.417     -.0195886    .0099599
      lab_fem |   .9326739   .5640039     1.65   0.174     -.6332521      2.4986
```

- GDP per capita (annual %) is negatively related to the population growth rate. When the growth of the population outpacing the growth of GDP, the per-capita GDP will fall.
- Government Effectiveness Index is positively related to the GDP per capita as it indicators the efficiency of implementation of policies of the government. Thus, better the index, better is the GDP per capita.
- Linear Shipping Index is directly related to the GDP per capita as better sea connectivity boosts the trade volumes greatly and increases the growth rate per capita.
- International tourism receipts is positively related to the GDP per capita due to increase in employment opportunities leading to socio-economic development.
- Gross saving is negatively related to the GDP per capita which can be explained by explained by the **Paradox of Thrift**. Here it is negative because the government is in deficit, hence the **dissaving**.
- Official exchange rate is related varies negatively with GDP per capita because they have to import at high prices (e.g. oil). Hence their disposable income decreases. This is a case similar to **cost-push inflation**.
- Female labour as a % of total labour force is positively related to GDP per capita as the growth rates are accelerated by the involvement of more women in the working class of the economy.

Policies and Reforms

Cash Surplus and Deficit
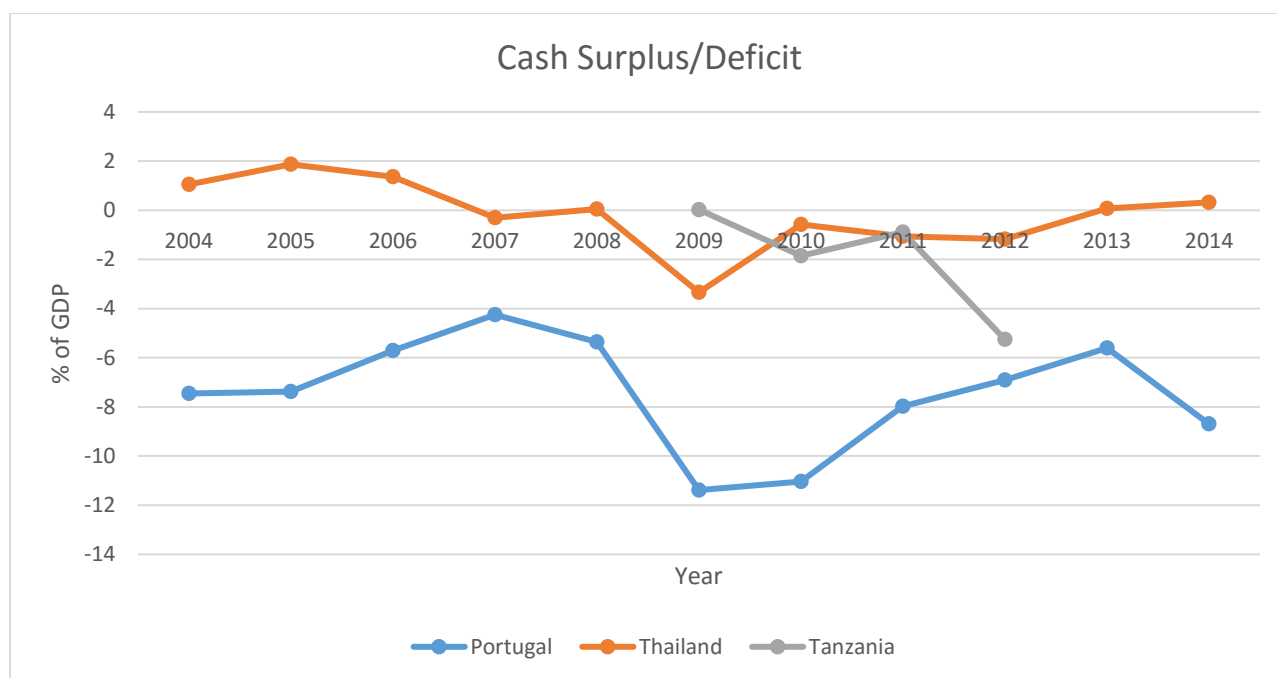
Since Portugal would have the highest GDP among the three countries, its cash surplus as a % of GDP is least.

Also we see that the cash surplus faces a dip during the recession period of 2008, for all the countries. From there the developed country (Portugal) recovered at the fastest rate (from -11.3 in 2009 to -7.97 in 2011).

The economic slowdown in the recent years has caused the slow increase in surplus (or decrease as in the case of Portugal) after 2013.

The **suggested policies** are as follows:

TANZANIA-

1. Reduce aid dependency by enhancing domestic revenue mobilization.
2. Combination of tax increase and strengthening administration by Tanzania Revenue Authority.

THAILAND-

1. Increasing the Thailand's competitiveness through fiscal liquidity, high-social-and-economic-return projects, and confidence build up for crowding-in private investment.
2. Emphasis will be made on the ministries and agencies in performing their responsibilities affecting the reduction in social inequality, expanding opportunities and improving the

quality of life of people along with increasing the country's competitiveness and stimulating economic growth.

3. Policy should be adopted with the consideration on the fiscal sustainability framework and necessity of the public sector's spending's in order to mobilize the expansion of Thailand's economy with stability

PORTUGAL-

1. Reduce social security taxes and compensate the loss in fiscal revenues through an increase in consumption taxes (VAT taxes). Fiscal devaluation can mimic the changes in relative prices similar to an exchange rate devaluation.
2. In an environment of low inflation, in particular, it would be important to consider reductions in payroll taxes (or, more to the point, fiscal credits for earned income) benefiting mainly low wage (low skilled) workers.

Gross Savings

Gross Savings (% of GDP)
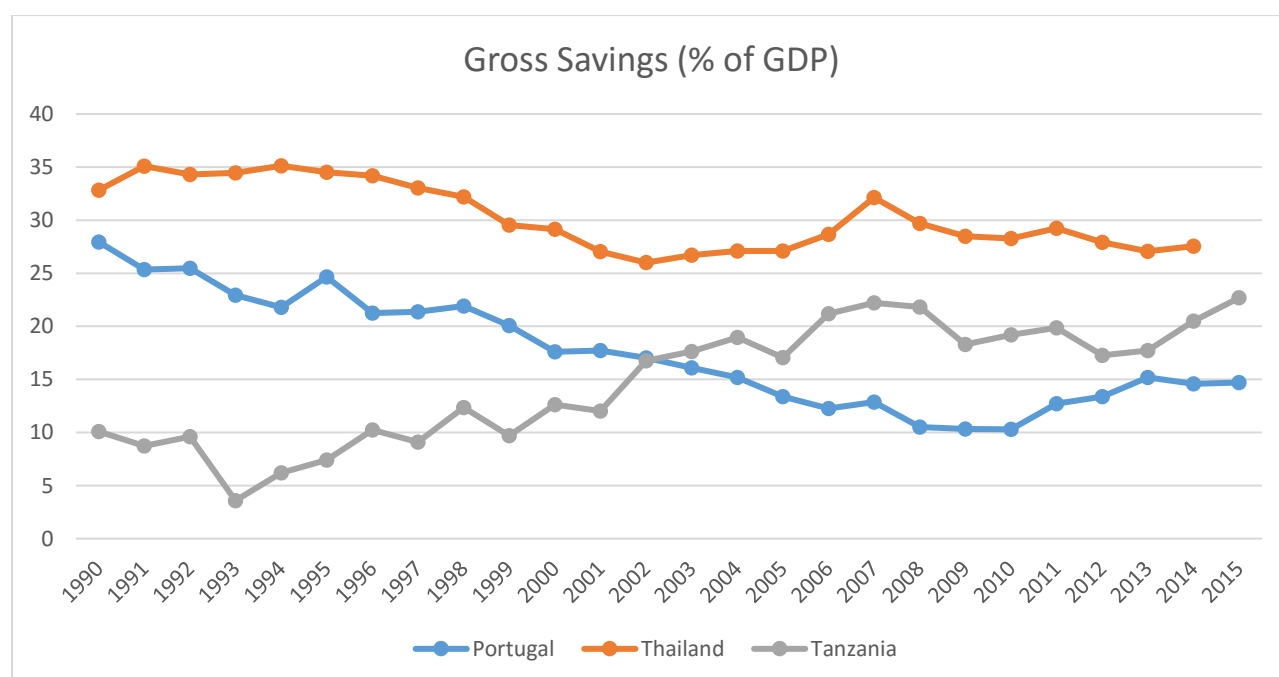
All the three countries experience a dip in the savings at the time of depression. Tanzania is slowing reaching the savings growth rate equal to the more developed countries. Both Thailand and Portugal have experienced nearly stagnant savings rate in the recent years as they are reaching the developed state.

The **suggested policies** are as follows:

TANZANIA-

1. Improve access to financial services (increasing loans and deposits), the development of diversified and vibrant financial system.
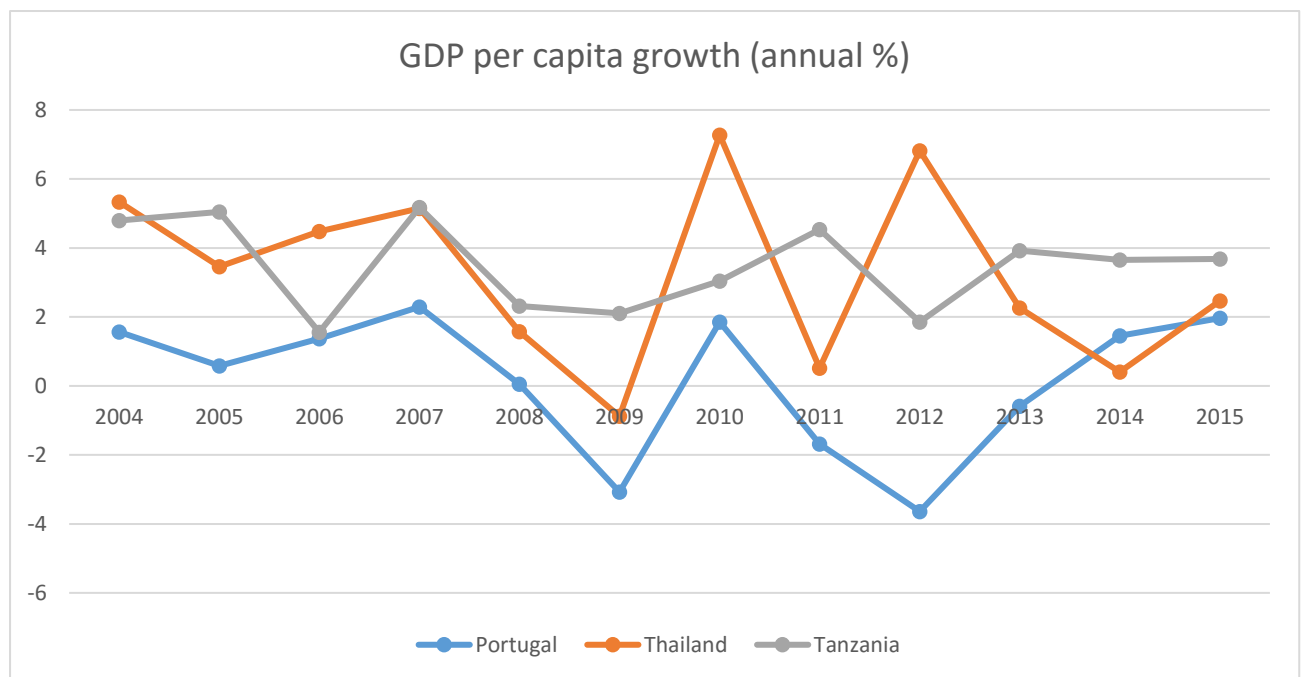
THAILAND-

1.   Rich households save more and a higher rate than low income household. Reducing of inequality or upliftment of poor households will increase savings rate.
2.   Providing financial access and bank facilities to villages will also increase household savings of villagers.

PORTUGAL-

1.   Monetary policy should be aimed at improving the quality of the contracts of housing and consumer loans, especially in terms of consumer protection, is likely to lift the demand for households' loans and to bring down the accumulation of target saving.

GDP per Capita Growth

As we can see Thailand and Portugal because of having good levels of development earlier were affected sharply during recession but the GDP growth rates of Tanzania remains steady over the years with a little rise in the recent 3-4 years. Buoyant Tourism and government expenditure helped Thailand attain high levels of GDP growth rate in 2010 and 2012 even though some countries experience a dip.

There is a dip in the recent years due to political volatility. The county's weak political outlook remains Thailand's Achilles heels.

The **suggested policies** are as follows:

TANZANIA-

1. Inclusive development of rural areas (which has 80% of Tanzania's population and also because Tanzania is predominantly agricultural). This will help generating more employment and the income levels of vast majority of population. Presently, the economic growth of Tanzania is not broad-based.

PORTUGAL-

1. Spending should be targeted in order to maintain, and where possible expand, childcare support for low-income families, help achieve a better balance between work and care commitments, and reduce poverty risks.

Population Growth

Population growth (annual %)
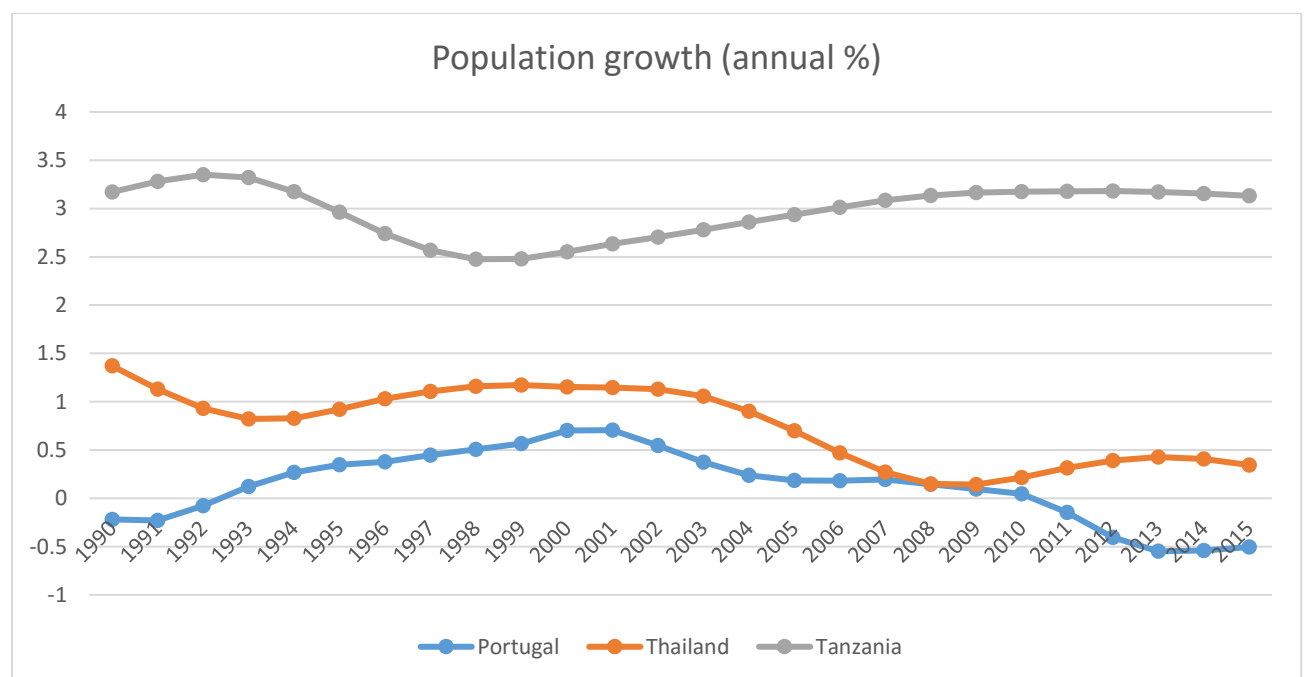
As Tanzania is in initial stages of Development, it experiences a high level of population growth. Portugal being developed, has a controlled level of population growth rate and Thailand is slowly attaining optimum levels of population growth rate.
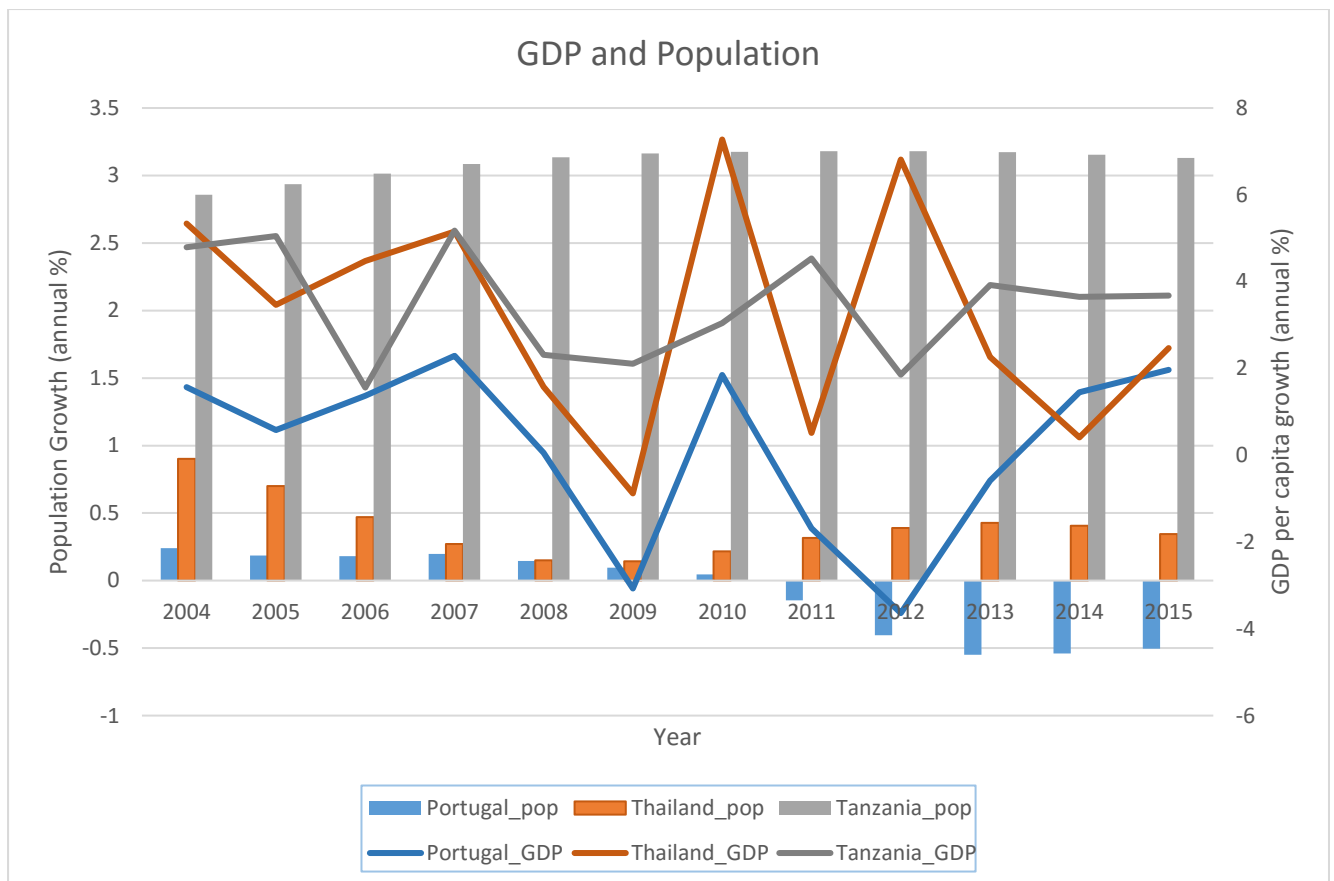
The GDP per capita growth rate, in general, are negatively related to the population growth rate. Malthusian Theory explains this relationship in detail.

The **suggested policies** are as follows:

TANZANIA-

1. People with a single child should be offered benefits ranging from priority for housing, healthcare and education to higher pensions on retirement. This will help in controlling population.
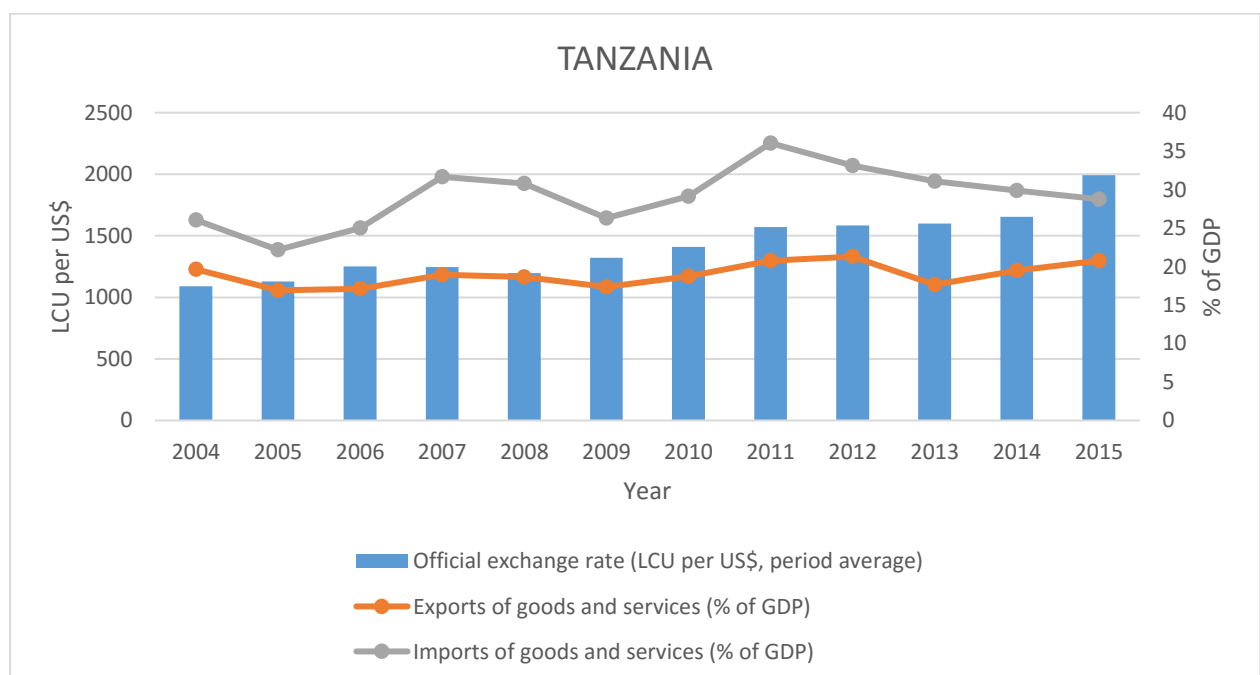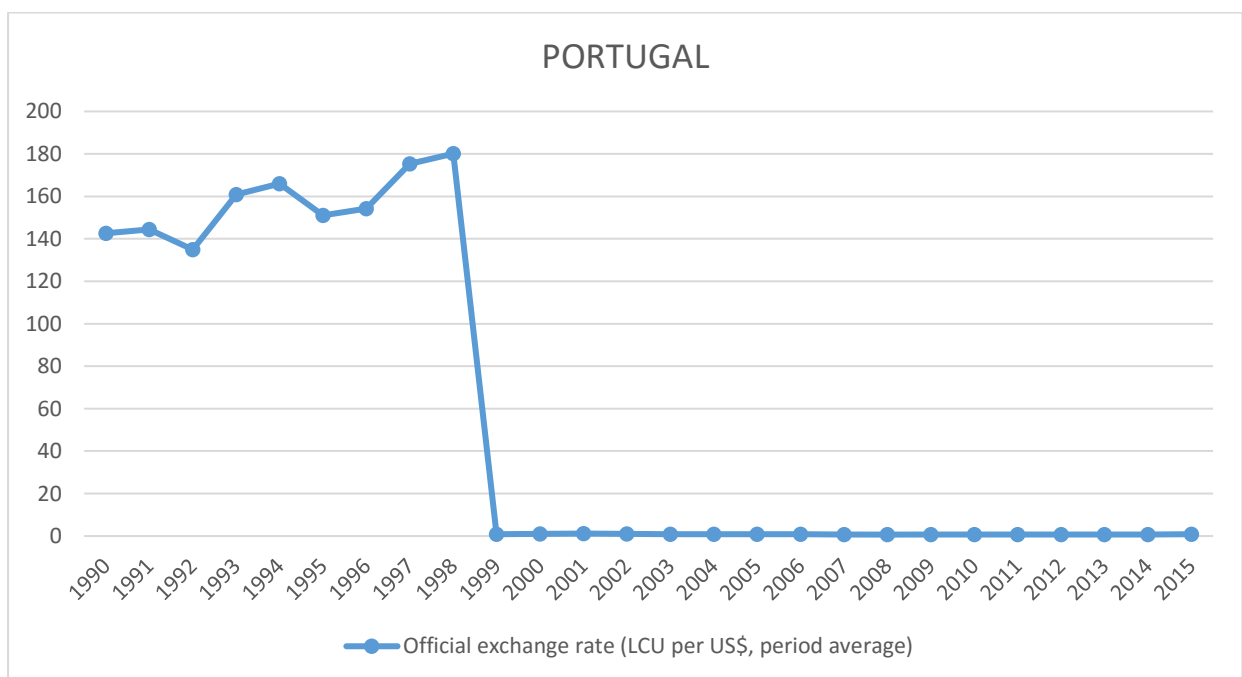
THAILAND-

1. Thailand should be considering more generous maternity-leave provisions than are provided at present, more flexible working hours and improved subsidized childcare.
2. Thailand's population policy focused on reducing fertility from high levels for almost three decades. It's time to introduce policies designed to encourage marriage and childbearing.

Maritime Transport: Linear Shipping Connectivity Index

Linear shipping connectivity index


Legend: Portugal — Thailand — Tanzania
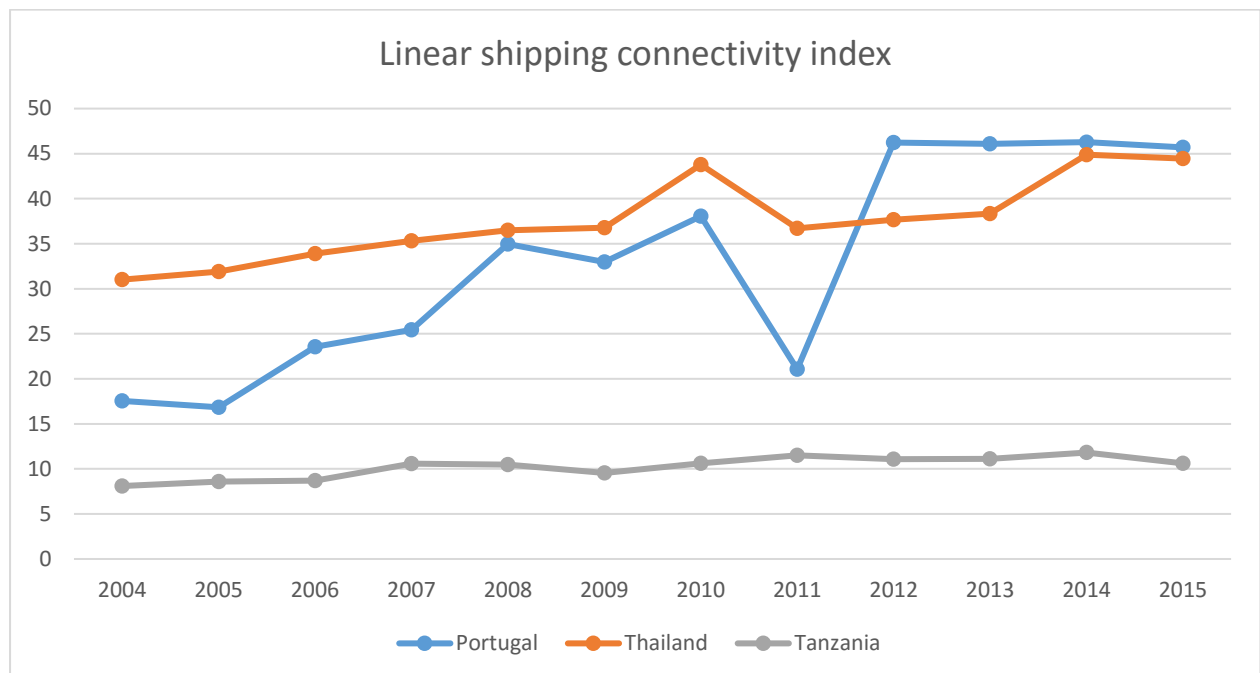
There was a dip in 2011 in Portugal because the port couldn't handle the increase in cargo transportation because of less capacity and productivity of the port. Thereafter, the development of ports had been the subject to new policies and necessary freight infrastructure which connected the Portuguese ports in a smart and competitive network with alternative transport routes to manage the traffic were developed.

TANZANIA

Legend:
- Official exchange rate (LCU per US$, period average)
- Exports of goods and services (% of GDP)
- Imports of goods and services (% of GDP)

THAILAND

PORTUGAL

The irregularity in the graph is due to the fact that Portugal adopted **Euro** as its national currency in the year 1 January, 1999 from its original currency **escudo**.

PORTUGAL
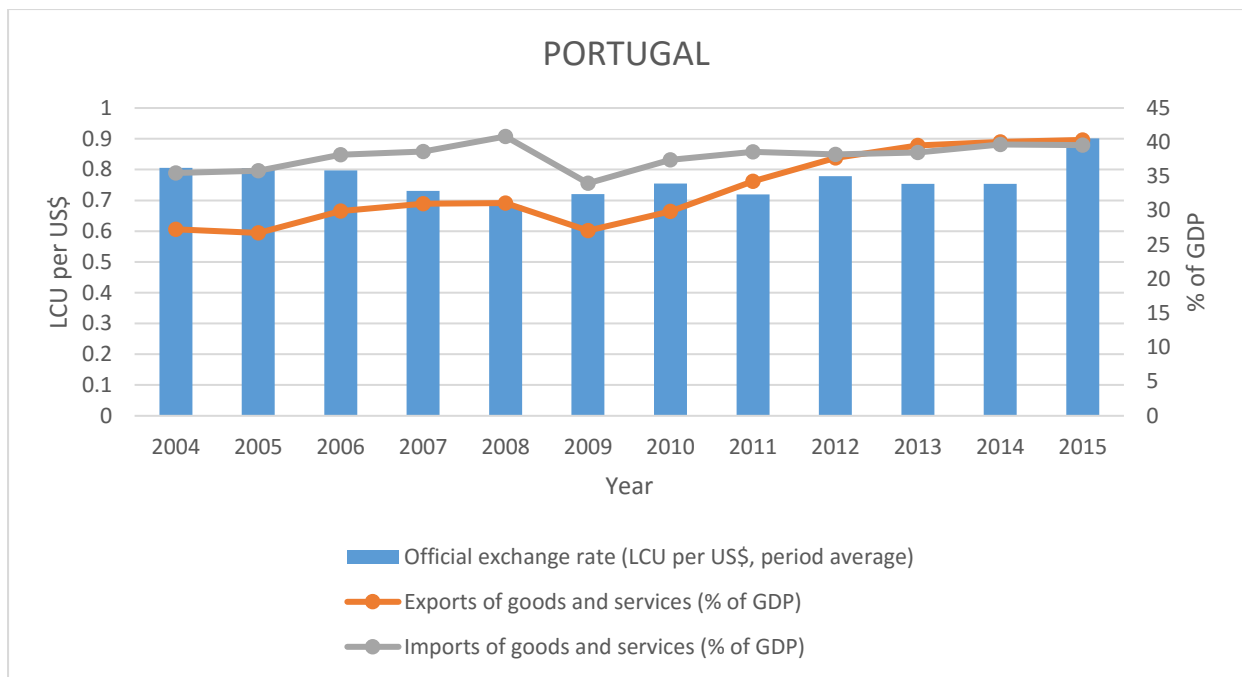
Explanation of the above 3 Graphs:

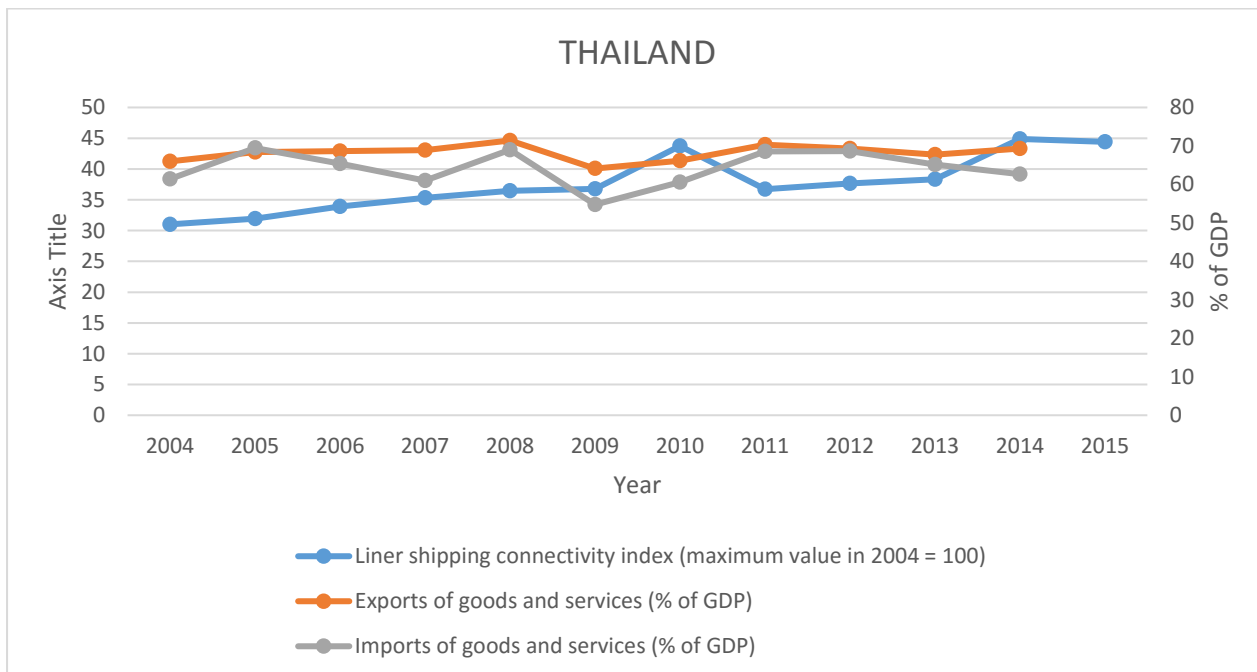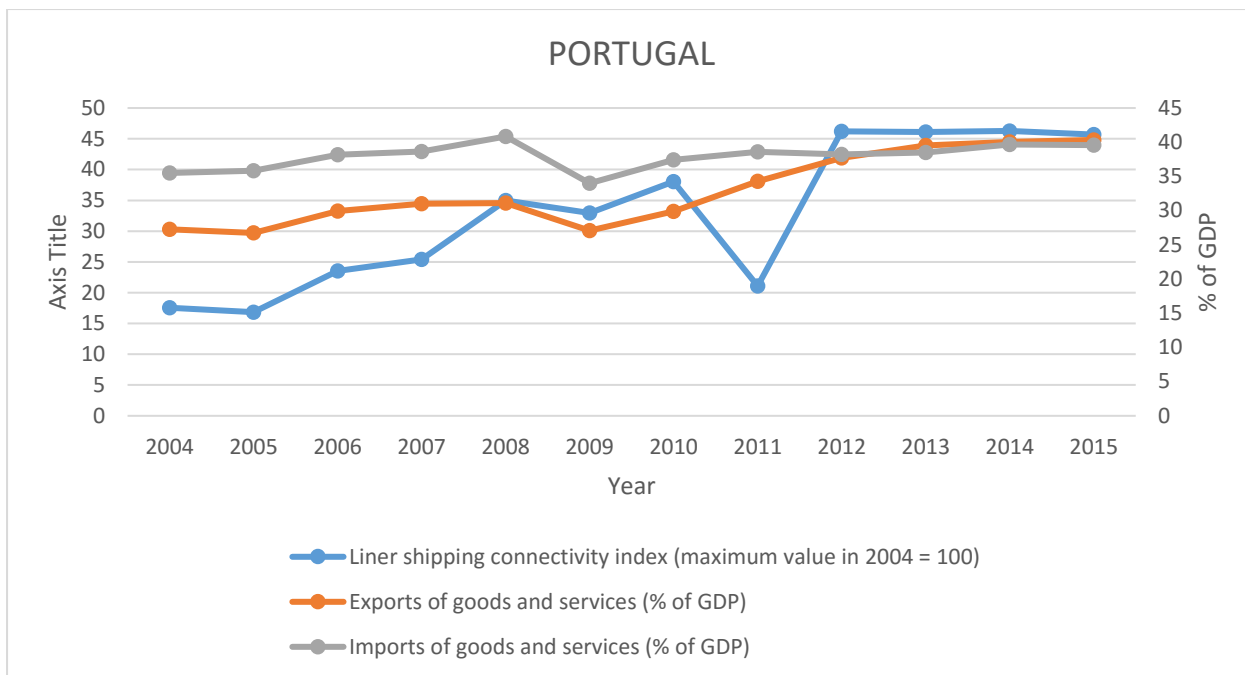A weaker domestic currency stimulates exports and makes imports more expensive.

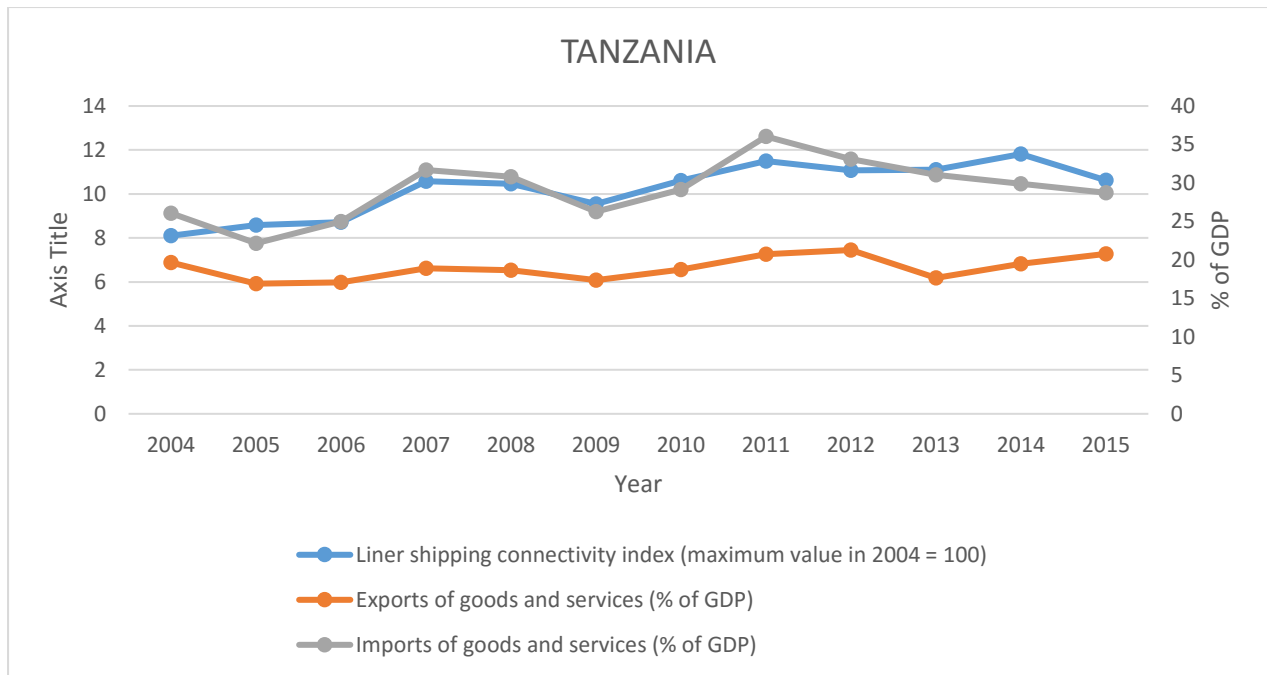The **suggested policies** are as follows:

TANZANIA-

1. Exchange Rate appreciation for Tanzania. This will have impact on competitiveness.

THAILAND-

1. With a flexible exchange rate acting as an absorber of external shocks, the policy rate under the inflation targeting framework can be more focused and can more effectively accommodate domestic shocks.

PORTUGAL

Legend:
- Liner shipping connectivity index (maximum value in 2004 = 100)
- Exports of goods and services (% of GDP)
- Imports of goods and services (% of GDP)

THAILAND

Legend:
- Liner shipping connectivity index (maximum value in 2004 = 100)
- Exports of goods and services (% of GDP)
- Imports of goods and services (% of GDP)

TANZANIA

A good sea port connectivity and also the presence of multiple ports will boost trade as most of the goods that are internationally traded are exchanged through maritime transport.

The **suggested policies** are as follows:

TANZANIA-

1. A combination of policy and finance instruments need to be developed to reorient and leverage investment for more sustainable transport patterns.
2. Climate finance instruments (such as the United Nations Green Climate Fund, the Clean Development Mechanism, or other funds for transport-specific or capacity building technology) can be used to complement or leverage investment and cooperation into sustainable freight transport in several ways.
3. A combination of policy and finance instruments need to be developed to reorient and leverage investment for more sustainable transport patterns.

THAILAND-

1. The government should come up with plans for connectivity projects linking Thailand with neighbouring countries, to generate more investment opportunities and increase tourist arrivals.
2. The facilities at the ports should be improved.

PORTUGAL-

1. The government should now deal with the economic, environmental and social challenges through the development of synergies between sectorial policies.

Labour Force, Female
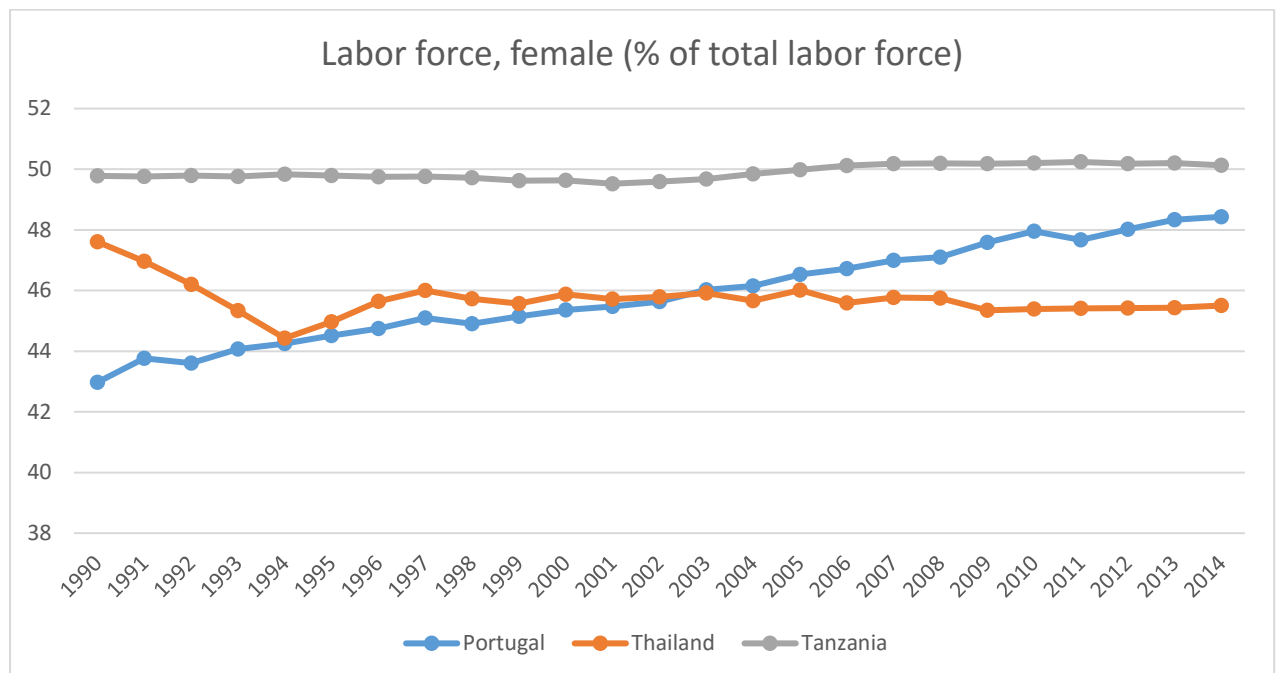
As Tanzania has agriculture as its major contributor to GDP which involves a lot of women, it has higher labour force female. As Portugal it already developed it is now focusing on increasing gender equality, the graph shows a slow but certain linear trend upwards. Thailand experiences a steady percentage of labour force, female.

The **suggested policies** are as follows:

TANZANIA-

1. Tanzania is predominantly agricultural with mostly female workers yet there status is very low. Presently, necessary support should be given to agriculture and other productive sector.
2. Introduction of new education system focused towards enrolment of more girls.
3. Implementing international agreements which safeguard the rights of women.
4. Providing secure land tenures to ensure that traditional users in the rural districts do not lose their lands.

THAILAND-

1. Thailand should be considering more generous maternity-leave provisions than are provided at present, more flexible working hours and improved subsidized childcare.
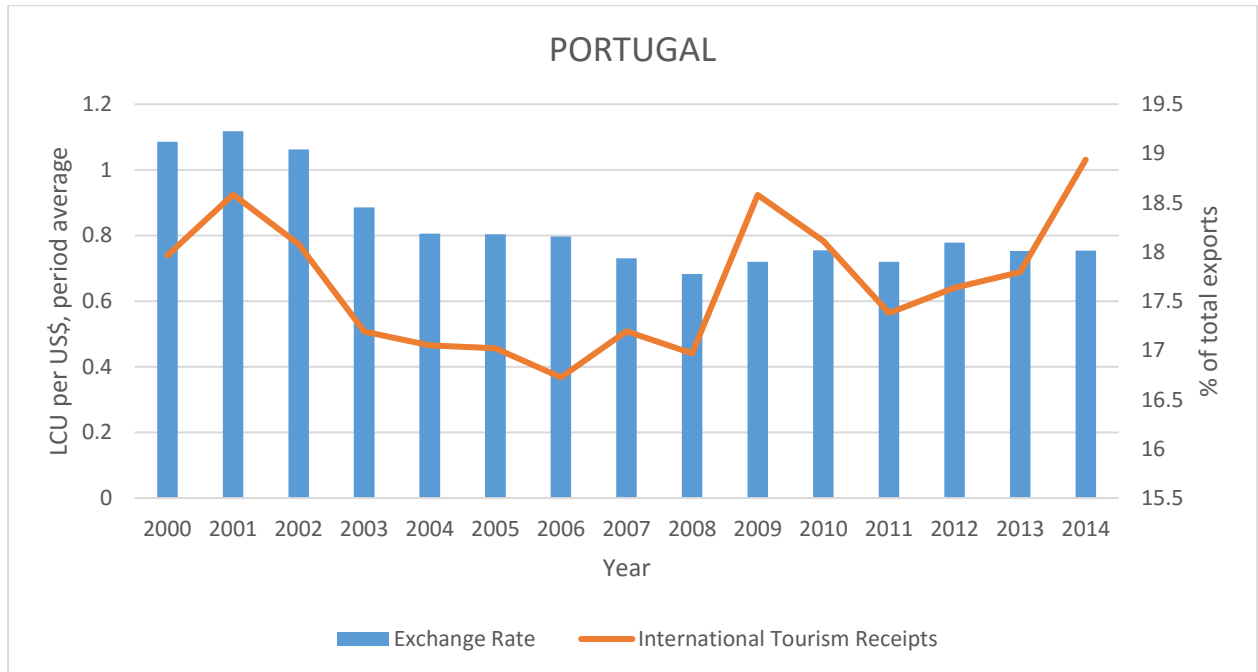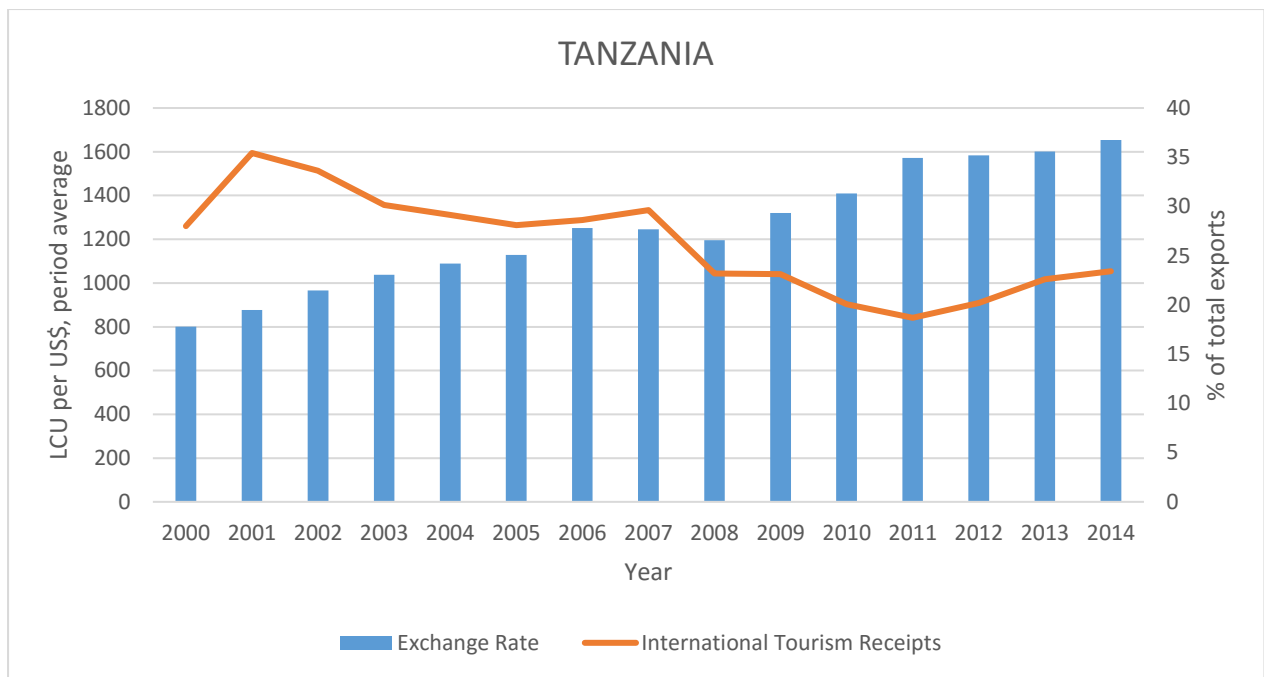
PORTUGAL-

1. Develop an integrated strategy to address the male–female gap in health status by enhancing the regulatory and organizational environment, and promote the exchange of information about gender inequalities. Build on lessons learned from the implementation of successful

health policies (such as maternal and child health policies) in addressing the most significant causes of mortality and morbidity.

2. Build on lessons learned from the implementation of successful health policies (such as maternal and child health policies) in addressing the most significant causes of mortality and morbidity.

Tourism: International Tourism Receipts

PORTUGAL

THAILAND

TANZANIA

Exchange rate is directly related to international tourism receipts. If exchange rate is more, the foreign find it cheap to travel to that country and the tourism receipts increase. For eg. – Indians are more likely to visit Thailand than Portugal due to the exchange rates.

Tourism Industry has played important role in Thailand Economy. Thailand government believes tourism as a fast track to economy growth and requires less investment than other industries

The **suggested policies** are as follows:

TANZANIA-

1. Need to diversify the tourist attractions (presently mainly concentrated on wildlife. Could include sandy beaches, archaeological sites, diverse cultures, etc.) In order to achieve balanced growth within the tourism industry and maximize the benefits from that sector.
2. Improvement of tourist facility such as accommodation as well as supporting physical and service infrastructure.

THAILAND-

1. Promote and develop new marketing strategies to attract more quality tourists to visit Thailand as well as attracting domestic tourists.
2. Raise and maintain the standard for tourism services to meet international standards
3. Improve the standards of personnel in the tourism sector; and, improve public services in order to attract and be able to efficiently service and market for quality tourists.
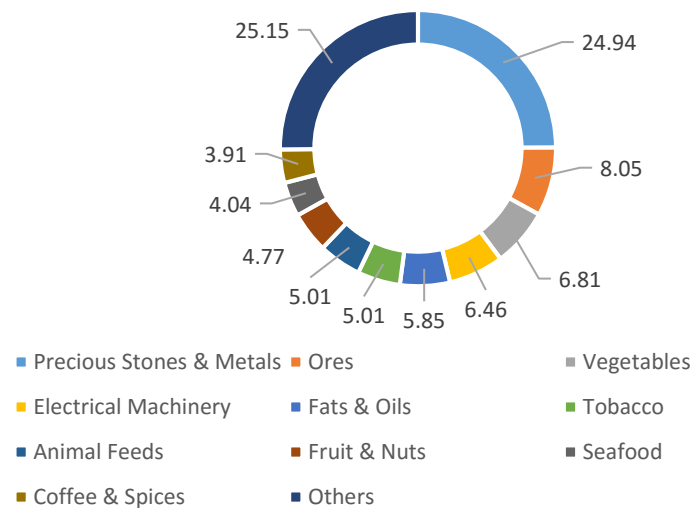
PORTUGAL-

1. A wide range of structural reforms is required to raise productivity and rebalance the economy. This is also expected to positively impact the tourism activity in the coming years.

A branding strategy able to highlight the tourism potential of Northern Portugal could strengthen the position of the region and the country as a whole.
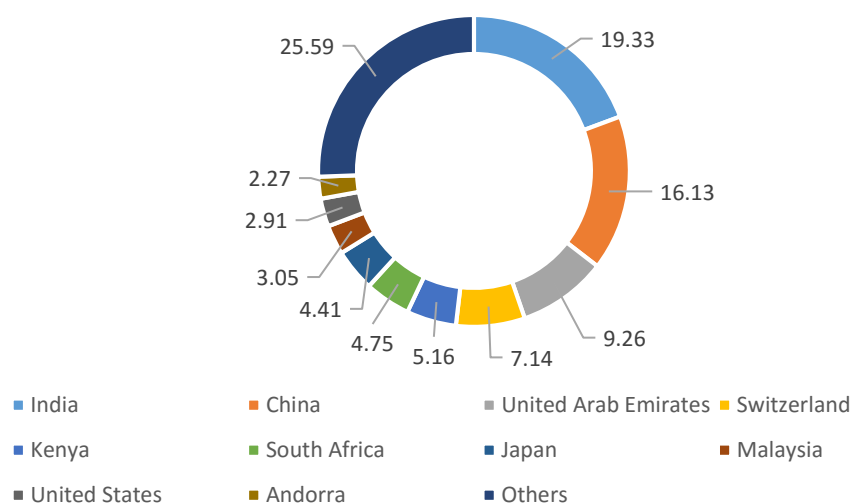
Number of traded products: Exports and Imports

TANZANIA

Top 10 Exports of TANZANIA

25.15
24.94
8.05
3.91
6.81
4.04
4.77
5.01
5.01
5.85
6.46

- Precious Stones & Metals
- Ores
- Vegetables
- Electrical Machinery
- Fats & Oils
- Tobacco
- Animal Feeds
- Fruit & Nuts
- Seafood
- Coffee & Spices
- Others

Top 10 Import Partners of TANZANIA

25.59
19.33
2.27
16.13
2.91
3.05
4.41
9.26
4.75
5.16
7.14

- India
- China
- United Arab Emirates
- Switzerland
- Kenya
- South Africa
- Japan
- Malaysia
- United States
- Andorra
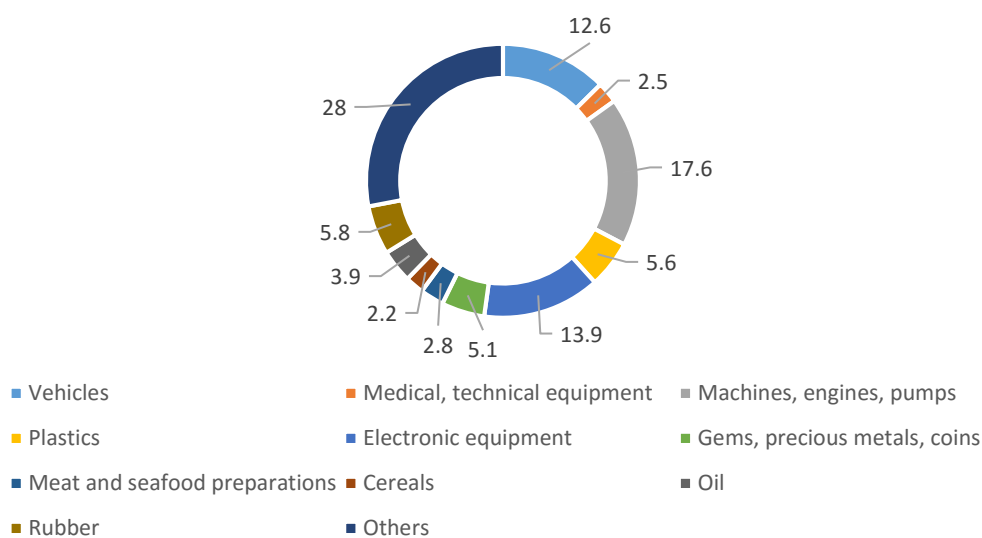- Others

Tanzania is 102nd largest economy in the world. Since mining sector is the leading sector in the country due to its geographic locations, Tanzania majorly exports in precious metals like diamond, gold and gemstones and its exports are increasing every year. The mining sector contributes approximately 3% to the annual GDP and the government targets to make it to 10% or more by 2025.
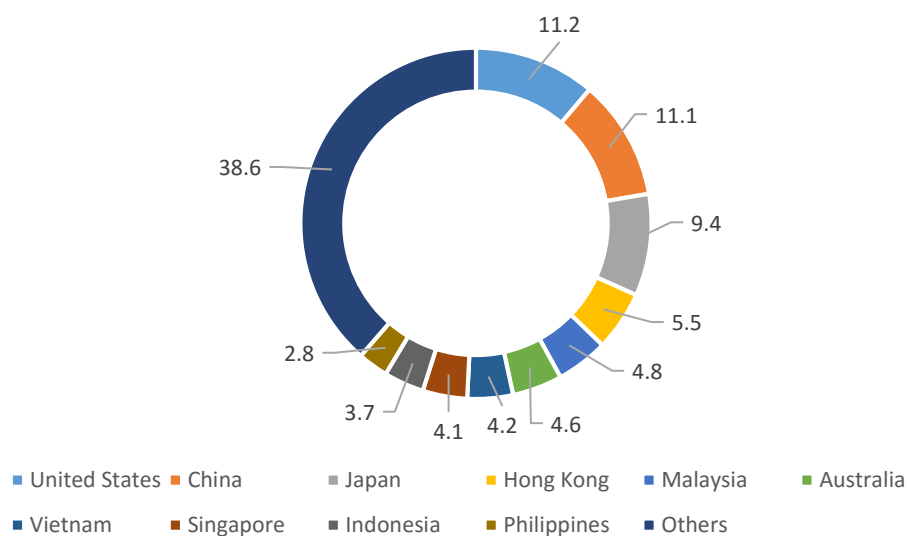
The country is situated along the coast of Indian Ocean and is a member of East Africa Community. Dar es Salaam is the largest port of entry in Tanzania and serves as a gateway to landlocked neighbouring countries. Since the country has very good connectivity through Indian Ocean, it as a comparative advantage in trading with countries like India and China which share coasts with the same ocean and have good shipping network. As per the Ricardian Model, trade is more if the countries share a common border. In this case, the countries tend to share a common ocean (Indian Ocean) and hence Tanzania trades the most with India and China.

THAILAND

Top 10 Exports of THAILAND

- Vehicles
- Medical, technical equipment
- Machines, engines, pumps
- Plastics
- Electronic equipment
- Gems, precious metals, coins
- Meat and seafood preparations
- Cereals
- Oil
- Rubber
- Others

Values: 12.6, 2.5, 17.6, 5.6, 13.9, 5.1, 2.8, 2.2, 3.9, 5.8, 28

Top 10 Import Partners of THAILAND

- United States
- China
- Japan
- Hong Kong
- Malaysia
- Australia
- Vietnam
- Singapore
- Indonesia
- Philippines
- Others

Values: 11.2, 11.1, 9.4, 5.5, 4.8, 4.6, 4.2, 4.1, 3.7, 2.8, 38.6
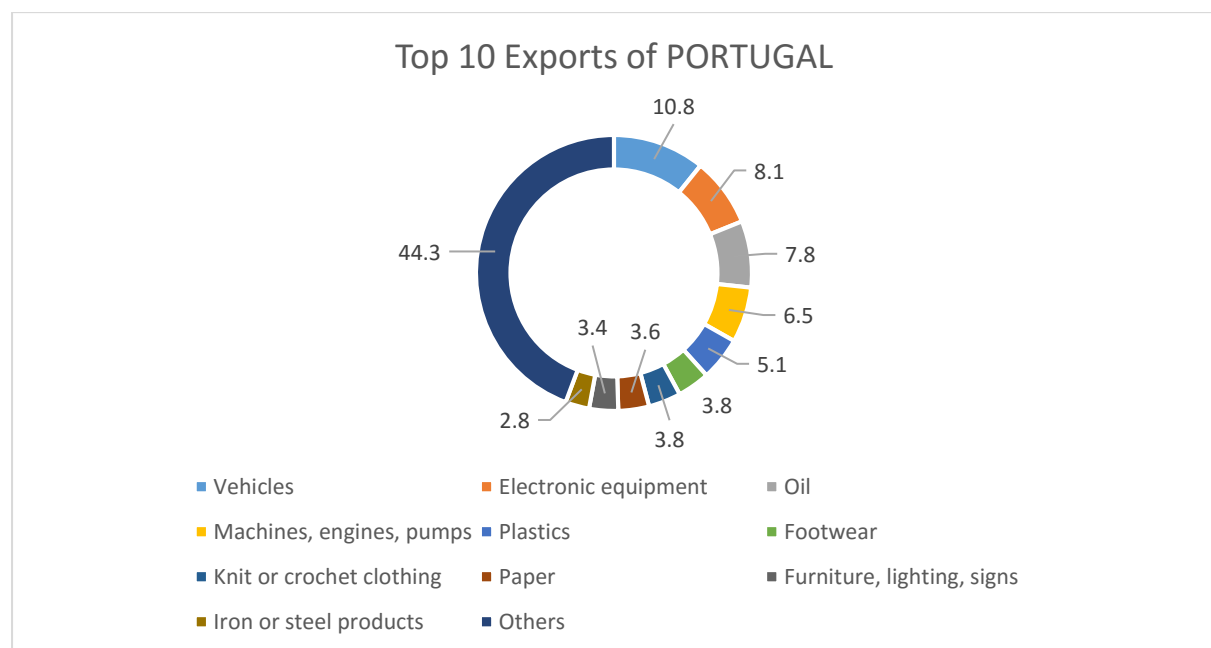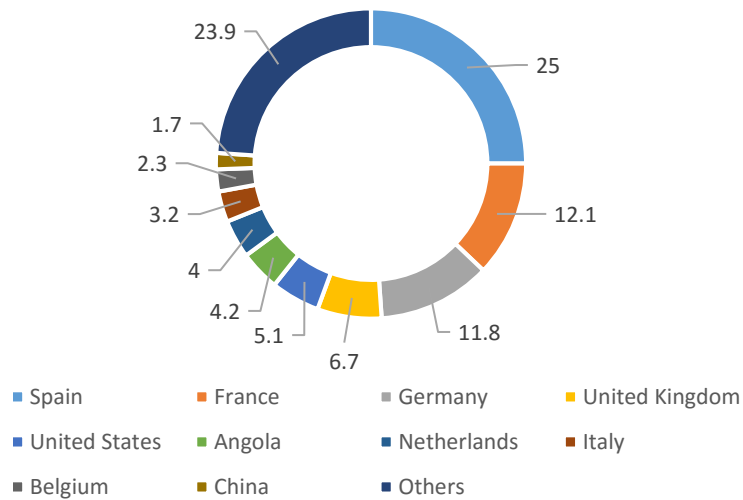
Thailand is the 22nd largest export economy in the world. It mainly exports in meat and seafood. It borders Malaysia by land and Indonesia, India and Vietnam by sea. According to Ricardian theory, there is a comparative advantage in trading with these countries and hence these countries are among the top 10 import partners of Thailand. Also, the six free trade agreements (FTAs) with Austria, China, India, New Zealand and the 10 member countries of ASEAN (Association of Southeast Asian Nations) have increased trade in Thailand significantly and made it an even more attractive place to invest.

The FTAs have provided a competitive advantage in the importation of raw materials, components and other production inputs by reducing and eliminating import duties on these items. Some of the free trade initiatives also opened new markets and industries to foreign direct investment, such as the ASEAN Investment Area (AIA) Agreement and the Thailand-Australia FTA, which enables Australian investors to own majority control of investments in selected industries in Thailand without BOI promotion. Some FTAs have also harmonized customs codes and product standards, speeding trade flows. Hence due to establishment of free trade and custom free areas China, Japan, Australia, New-Zealand, India etc. are among the top 10 trading partners of Thailand

PORTUGAL

Top 10 Exports of PORTUGAL

- Vehicles — 10.8
- Electronic equipment — 8.1
- Oil — 7.8
- Machines, engines, pumps — 6.5
- Plastics — 5.1
- Footwear — 3.8
- Knit or crochet clothing — 3.8
- Paper — 3.6
- Furniture, lighting, signs — 3.4
- Iron or steel products — 2.8
- Others — 44.3

Top 10 Import Partners of PORTUGAL

Legend			
■ Spain	■ France	■ Germany	■ United Kingdom
■ United States	■ Angola	■ Netherlands	■ Italy
■ Belgium	■ China	■ Others	

Values shown: 25, 12.1, 11.8, 6.7, 5.1, 4.2, 4, 3.2, 2.3, 1.7, 23.9

Portugal stands at Rank 51 in Imports & 54 in Exports. Portugal majorly exports in vehicles, knit and crochet clothing and electronic equipment. It borders Spain by land and Morocco by sea. According to Ricardian Model, it has a comparative advantage in trading with Spain since they share common borders and hence Spain is the top import partner of Portugal. Also it has signed agreements Netherlands, china, United States etc. where they can facilitate free trade or low custom duty trades across their borders and hence they are among the top 10 import partners of the country.

Conclusion

PORTUGAL

Portugal needs to privatize its ports to reap the full benefits of its location. It is necessary to increase competition and transparency when it comes to public tendering process (this would reduce service costs and would improve the services provided by private companies). Portugal's economic recovery remains highly vulnerable to challenges related to ensuring fiscal stability and restoring financial-sector competitiveness. The recent structural reforms have benefited Portugal's economy. Recently, there have been an increased focus on reducing the inefficient and oversized government sector, better management of public finance, and introducing reforms in loss-making state-owned enterprises.

- Notable Successes: Trade Freedom and Business Freedom
- Concerns: Management of Public Finance and Labour Freedom

THAILAND

Even after more than a year after the military seized power, Thailand's economy is still struggling to regain its growth momentum. Because of political uncertainty and volatility, the investments and the country's economic dynamism lies below potential levels. Even though capital controls have been relaxed, authoritarianism coupled with populist economic policies continues to deter flows of investment. Systemic corruption still hampers long-term economic development.

- Notable Successes: Trade Freedom
- Concerns: Property Rights, Corruption, and Labour Freedom

TANZANIA

Tanzania's economy has grown substantially in recent years, but much of the population still remains below the extreme poverty line because of uncontrolled growth population rate. The services sector has developed to some extent, but tourism remains underdeveloped due to a lack of proper infrastructure. Government corruption hinders foreign investment in Tanzania.

- Notable Successes: Fiscal Freedom and Investment Freedom

- Concerns: Rule of Law and Regulatory Efficiency