

# [The importance of france’s import and export partners](https://assignbuster.com/the-importance-of-frances-import-and-export-partners/)

[Business](https://assignbuster.com/essay-subjects/business/)

France mainly exports oils, natural gas, tourism, industrial machinery and equipments, aircrafts, minerals and agricultural produce, with exports having accounted for US Dollars 761 billions of the country’s total income (World Fact Book, 2009). The value of international trade for a country’s export is realized from the combination of higher prices, increased volume, decreased costs and the effects of international trade on product design and quality.

On the other hand, the value of importation is realized from access to lower prices, greater variety, optimized quality and diversification of source countries for supply of goods and services. Therefore, France’s import and export partners are very important because they enable the county to avert risks associated with international trade through diversification of destination and source markets.

Germany is the leading export partner of France having accounted for 14. 9 % of France’s 2007 total exports with Spain, Italy, UK, Belgium, US and Netherlands, following closely with 9. 3 %, 8. 9 %, 8. 1 %, 7. 3 %, 6. 1 % and 4. 1 % respectively (World Fact Book, 2009). China Brazil, India and Russia are the other key export destinations for France’s industrial and construction equipments. France mainly imports crude oil, plastics, aircraft parts, vehicles, energy and chemicals, with the leading source countries being Germany with 18. 9 % of France’s 2007 total exports with Belgium, Italy, Spain, Netherlands, UK, US and China following closely with 11. 4 %, 8. 4 %, 7. 1 %, 7 %. 5. 6 %, 4. 4 %, and 4 % respectively (World Fact Book, 2009).

The diversified approach enables France to guard against exposure to the effects of trade restrictions, exchange rate movements, price fluctuations, supply, and price movements in international markets. According to the theory of comparative advantage, trade enhances the welfare of both countries, even though the distribution of gains among the different participants within each country and among the different countries is varied. As demonstrated by Table 1A (see appendices), France’s top 10 trade partners are highly industrialized countries which export and import hightechnology, highly automated but flexible products to and from France.

Moreover, the top ten trading partners of France are key destinations for the country’s exports of natural resources such as oil and gas as well as heavy machinery, agricultural productions. Nonetheless, the newly industrializing countries are important source and destination markets for export and import trade of France’s mass produced standardized products. Indeed, the French import and export trade has largely been influenced by emerging demand met by the innovations in product in the country and mirrored in other countries, deregulation and restructuring of export markets and favorable government programs and policies.

For example, the fluctuating energy prices have led to increased of demand for vehicles powered by natural gas in countries around the world, while deregulation of the telecommunications sector in France opened up markets for digital switching and fiber optics equipments. On the other hand, the restructuring of markets in countries like Japan, China and India in response to increased pace of industrialization and subsequent rise in incomes have opened up export opportunities and channels of distribution in export destination countries.

Therefore, it is evident that France relies heavily on its international trade for economic and factor movement stimulation in the chain of production. A country will always have a comparative advantage in some products or groups of products such that factors such as high wage levels do not make a country uncompetitive on export markets but rather makes a country uncompetitive on labor intensive products.