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1. Export promotion helps in earning foreign currency for the country, whereas Import substitution helps in decreasing payments and debts to other countries.

2. Export promotion gives new channels and ways for the indigenous companies to grow and prosper at multinational levels, whereas Import substitution helps in achieving self dependence in the local markets.

3. Export promotion helps in selling those commodities and products in other countries which are in abundance in local market, whereas Import substitution helps in producing similar dear products in the country itself, which were bought from other countries.

4. Export promotion is enhanced by giving facilities and less paper work to the exporters, whereas Import substitution is achieved by subsidizing the production of the indigenous product.

5. Export promotion requires free trade strategies between the nations, while Import substitution may include ban or heavily taxation policy to bring down the demand of the foreign product and giving financial aid and assistance to bring down the cost of domestic product.

Bank loans is one of the most commonly used method which is offered at comfortable levels to the exporters to enhance export, whereas subsidies in the form of no taxes for some time period and technical assistance is offered to aid Import substitution.

Critical evaluation of Export promotion and Import substitution:

5. A. Export promotion: Export promotion is one of the widely used methods to improve balance of trade and bring foreign currency in the country.

But the criticism of this method is made on the following points.

1. This method results in bringing deficiencies of the exported product in the local market, thereby inflating the prices of such products.

2. Free trade results in dumping by some nations which in turn badly affects the local market and indigenous companies suffer.

3. Many a times world standards products are not brought in the country in wake of free trade, thereby affecting thehealthof the domestic people.

4. Many of the local companies take undue benefit of the government facilities so as to earn more profits and selling their products at lower prices thereby adversely affecting the product importing country.

B. Import substitution: Import substitution is another widely used method to achieve self dependence and improve economic condition. It is criticized on following points.

6. 1. This method results in bringing discontentment among the consumers, as the domestic product may not achieve levels and standards of the imported product.

2. A new and technically not so good product comes in to existence which may not be liked by the people.

3. The pricing of the local product may be higher than the imported product.

4. World level standards are not enjoyed by the consumers and people may have to compromise on quality issues.

Conclusion: In the end, Export promotion and Import substitution are both a wide used method bringing foreign currency in the country and achieving self dependence. Still both the methods have some deficiencies which may be overlooked by the countries to achieve theirgoalsof economic prosperity and reach the positive balance of trade. Read about comparison export promotion vs import substitution

References:

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