

# Export promotion vs import substitution

Economics



**ASSIGN  
BUSTER**

In the present day world, every country is trying hard to develop its economy at a faster pace so as to improve the standard of living of the people and along with that earn respect from the rest of the world. For that reason political stability, economic stability, positive balance of trade and many other things are required. Like the rule of nature, the survival of the fittest, here also the survival of the countries depend on their economic conditions.

If a country is wealthy enough to pay its all inner expenditure and along with that able enough to give financial aids to other country than only that country earns enough respect to get a chance to participate in global strategy making. The decisions and suggestion given by such country is considered valuable and applied there of. But if we consider the case of such a country whose economy is totally battered due to unstable political conditions, indulgence in wars either internal or external, the balance of trade is negative and moving towards worst conditions than such a country needs aid from the rest of the world.

Writer. 2. Such a help taking country hardly gets a chance to keep its views in global level meetings or even their views are not valued. A number of methods are adopted by the countries today to improve their economic conditions and bring a balance of trade to positive levels. Export promotion and Import substitution are the two methods widely used by the countries to achieve their goal of economic self dependence. India, China, Mexico, Brazil and other developing nations are using these two methods for improving their balance of trade.

**Explaining terminology:****1. Export promotion:**

Export promotion implies to the number of steps that a country takes to enhance trade at global level. Those steps may include reforming government policies, simplifying methods of indulging in foreign trade, allowing free trade and reducing paper work at maximum level. Thus such steps are taken to increase exports from the country and help its citizens earn foreign currency which will help the country to improve its balance of trade.

Writer. 3. 1. Import substitution: Import substitution implies to the number of steps taken to bring down imports in the country so as to improve balance of trade.

These steps include giving subsidies to the people for producing the similar product in the country, curbing the use of that product and imposing taxes on imported goods. Thus a method of decreasing expenditure will automatically help the country to improve its balance of trade. The concept is like saved money is like an earned money.

**Comparison between Export promotion and Import substitution:**

Export promotion and Import substitution are both working as a handsome tool to improve the balance of trade and achieving economic self dependence. Following is the comparison made between the benefits of Export promotion and Import substitution.