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CURRENCY, CAPITAL, AND COMMERCE: MACROECONOMIC DRIVERS OF EXPORT PERFORMANCE

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ABSTRACT
This study investigates the effects of four macroeconomic determinants which are exchange rate, foreign direct investment, trade openness, and inflation rate on total country exports for a set of economies by using model validation techniques and empirical evidence. We first performed regression analysis to determine the significance of the estimated model and diagnostic tests, including a Durbin–Watson statistic, to assess the robustness and efficiency of the estimated model. The results show that exchange rate, FDI and trade openness have a positive significant effect on total exports while the inflation exerts negative significant effect. The value of the coefficient of determination also confirms that these variables jointly explain a large proportion of variation in export performance, reinforcing confidence in the model. These findings suggest that exchange rate stability, increased trade integration and an expansion in inflows of export-oriented foreign direct investment favor exports' performance, while inflation erodes the ability to compete abroad. The paper implies that a cohesive policy on trade liberalization, foreign direct investment (attracting), exchange rate stability and inflation control should embedded at the national level in order to guarantee export-led sustainable growth.

Keywords: *Exchange Rate, Foreign Direct Investment, Trade Openness, Inflation Rate, and Total Country Exports.*

1. Introduction

One of the most recognized ways of growth and survival in the global economy is through international trade. Exports have risen to a greater position from only being a source of foreign reserves while enhancing industrial productivity and job opportunities to supporting overall economic growth in both developed and developing countries. Growing exports enables us to unlock knowledge, expand the scale of production and reach wider global markets. Ghana and most of other developing countries exports have been the main driver of growth since their domestic markets cannot absorb the whole production. However, an export performance cannot be a one man's show, other macroeconomic aid shall render the economies competitive and sustainable not only in the short run but the medium and long run. The determinants usually included in these equations are exchange rates, FDI, openness of trade, and inflation. Markowitz 2000 examined a similar approach to the issue Exchange rates determine how much a dollar shall be sold in exchange, pricing of FDI plays a role in determining our price regime of the goods they produce, trade openness enable us to cooperate with our international partners and experience a cost-effective cost structure and inflation will affect prices and consumers' elasticity on having our expenditure and demand in control. These factors validate the need of

a combined supportive role in explaining the economics of how a country maintains and grows its export in a competitive and dynamic world.

But despite geopolitical tensions, disruptions to supply lines and inflationary shocks that rocked world trade in strength was one of the few areas of support for an ailing world economy. Of this, around forty-three from developing international locations illustrating their heightened profile in world commerce. Taken South Asia, India and Bangladesh have been able to diversify their exports into new products and markets successfully. But Pakistan continues to fall short of regional rivals in competitiveness and export diversification. For example, it's exports in FY 2023 of textiles and garments, rice and leather products totaled $30.6 billion. Meanwhile, FDI inflows remained at 1.46 billion (or less than 0.5 % of GDP), a figure which was significantly less in comparison with other regional counterparts such as India where during the same year it amounted to more than USD 49 billion (Rehman et al., 2020). Moreover, the country's degree of openness continues to be lower than that of the region as a whole – a signal which draws attention to impediments in integrating with the global economy. Inflation jumped to 25.5% in FY 2023, with a critical loss of purchasing power of the local production and competitiveness versus exports into world markets. Parametrically Sensitive Trends These budget deficits assume current tax rates and constant revenue. These statistics imply that other things being constant, macroeconomic stability is a pre-condition to export expansion in the short-run and there should be systematic sampling such that feedback effects on these variables are taken into account simultaneously (Thaddeus, Ngong, Nebong, Akume, Eleazar & Onwumere, 2024).

While exports have the potential to transform economies, it has not been easy for poor countries such as Pakistan to realize stable and sustainable growth of their merchandise exports. Because of fiscal imbalances both internal and external shock induce volatile exchange rates that lead to uncertainty in pricing and payment settlement for exporters. The low level of foreign direct investment (FDI) inflows has been unable to afford the growth of high value-added industries, resulting in exports being concentrated in a small number of traditional exports with substantial sensitivity to global demand shocks (Shikur, 2024). Third and protectionist trade regime and red tape constraint the prospects for exporting to new market, high levels of inflation are adding to the costs of production as well as choking profit margins in international market. The two taken together are the structural idiosyncratic bottlenecks that prevent the country from cashing its export potential (Nasir, 2022). Pakistani economy could, accordingly, get into a rut of low export returns, large trade deficits and industry stagnation if it does not address these challenges. This issue highlights the importance of macroeconomics to be focused, as it is believed; impact the overall performance of exports and how these variables have been involved in creating efficiency channel of international l trades and policies that can unlock supply capacity on domestic industry (Anwar et al., 2023).

Some researchers have attempted to investigate factors that affect exports, however, the majority of them have also adopted a narrow perspective and therefore could be less suited for policy makers. For example, Baharumshah (2001) has emphasized that variability of exchange rate matter much in case of export demand, especially in the developing country like some cases may be overvalued exchange rates. Rehman and Afzal (2020) have investigated: the upshot of trade openness in empire led growth in South Asia; they have argued that; open trade policies would provide as good spices due to market access although enough augmentation for being poor trading nets. Another study was carried out by Malik and Chaudhry (2021) results

of which to explain that FDI inflows have positive effects towards the export performance as they increase production activities and speedup flow of technology. But despite their contribution, the majority of these studies often take a single mac- rob economic variable at a time or concentrate on short-run influences and tend to overlook how the long run joint effects of several macroeconomic determinants work. It is also notable that, not many studies combine these four important variables: exchange rates, FDI and trade openness and inflation simultaneously under one framework, with the context of Pakistan. This leaves a notable gap in the literature for research of developing countries that investigate collectively impact of these determinants on export performance within thence contribute to scholar and policy maker wants (Parveen, Hanif, Rahman & Sheikh5. 2 Next What do you want to learn next? 2023).

This paper is significant as it contributes to filling the gap in literature by offering a comprehensive analysis on how macroeconomic fundamentals co-determine gross exports. It also contributes to literature as it is grounded on a simultaneous model that incorporates not only bilateral episodes but the joint effects of incoming-austerity, trade liberalization and real exchange rate changes. From an applying point of view the results are for policy makers, trade unionists and investors by no means meaningless at all exact. They can be a useful instrument of policy making to target exchange rate stability, enduring FDI inflows, resisting inflationary pressure and at the same time not placing threaten competitive liberal trade for countries if they discover the most influencing factors and their relationships. It is actually the case that these policies could help to a long extent in fixing structural problems in Pakistan's main exports keeping economic growth more shock resilient & sustainable over the longer-run (Eissa & Elgammal 2020).

This paper is organized as follows. The following section brings a literature review on the topic addressing both theoretical implications and some empirical results. Chapter three describes the research methodology, including data sources, econometric model and estimation procedures. The empirical results and the implications in relation to related literature are discussed in Chapter four. The final chapter (Chapter 5) provides an overview of main findings and implications for policy, as well as recommendations on further research.

2. LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT.

2.1. Exchange Rate (EXR) and Total Country Exports (TCE).

The exchange rate as one of the key elements that effect export performance has been existed for many years. It acts directly on the relative prices of home products in international markets and affects the responsibilities of exporters. A decrease in the value of the domestic currency usually reduces the price of export in terms of foreign currencies leading to an increase in demand for domestically produced goods abroad (Alshubiri, 2022). Conversely, an increase in the value of the domestic currency would make exports costlier for foreign buyers and therefore less attractive to them with a possible decline in export revenues especially in emerging economies that primarily rely on price competitive goods (Banik & Roy, 2021). The exchange rate volatility, and not only the level of it, has an important impact on export performance by imposing uncertainty for exporters about their revenues and costs (Zaman et alinesses as well as inflation (e.g. Zaman & Ullah, 2017; Cheikhrouhou, Raulta2016). In terms of developing countries, it is argued that long-term trade contracts which could encourage exporters' confidence to invest resources in international market are inhibited by continuous exchange rate volatility (Adegoriola Adewale & Comfort, 2022). For example, research on the Asian

economies suggests that stable exchange-rate regimes typically encourage export growth by offering predictability in trade flows and reducing the risk premium borne by exporters (Shafiq et al., 2021). Researches on Pakistan also support these findings, as they conclude that a high degree of exchange rate volatility impacts export performance negatively due to the concentration of exports in a narrow range products that are very sensitive to changes in price in international markets (Olasehinde- Williams & Oshodi, 2021). Further, evidence from Sub-Saharan Africa has indicated that real exchange rate misalignment (the currency is undervalued or overvalued relative to its fundamental value) could lead to distortions of trade competition and erode the export capacity of developing countries (Ngouhouo, Nchofoung & Njamen Kengdo, 2021). There is also some evidence in Latin America that the real exchange rate appreciation can assist to achieve exported growth as it makes competitive (undervalued); whereas the apply appreciates beyond reset earnings at least convergence disequilibria. (Le et al., 2023). The by Le et al. Generally, there is abundant evidence that exchange rate level and stability are important determinants of (aggregate) export performance and it is more robust in developing countries with fragile macroeconomic structures dominated by largely external trade dependent ones (Okereke et al., 2023).

Hypothesis (H1): *Total country exports (TCE) is significantly influenced by exchange rate (EXR).*

2.2. Foreign Direct Investment (FDI) and Total Country Exports (TCE).

It is generally acknowledged that foreign direct investment (FDI) is one of the important contributors to export performance, particularly the developing economies where it can add production facilities and technology. A number of studies contend that FDI has a favorable effect on export growth as it generates new industries, diversifies the exports base and enhances the capability of the domestic firms to cope with global competition (Rakshit, 2022). Indeed, work on Asian economies concluded that multinational corporation investment leads to capital inflows and transfer of management skills which, in turn enables host nations to produce products with higher value added for export (Alnafissa et al., 2022). Likewise, evidence from South Asia shows that FDI inflows have greatly enhanced export performance by originating the industrial development and integrating domestic enterprises into GVCs (Jaiswal & Kumar, 2024). Studies conducted in Pakistan have revealed that FDI inflows enhance export earnings through the transfer of knowledge and through extension of capacity particularly in manufacturing (manufactures) and service sectors (Yabu & Kimolo, 2020). Nevertheless, the connection between FDI and exports is not linear as some studies show that FDI substitutes for in place of complementing domestic investment which restricts its net addition to exports (Dalaseng, Xiongying & Srithilat, 2022). Foreign firms may prefer to serve the domestic market the foreign market in some circumstances (instead of exporting), which undermines FDI inflows into trade anticipated gains (Hamdi & Hakimi, 2022). In addition, Latin American studies show that, despite some positive contributions of FDI to export expansion in certain industries, unlike two other strategies in others, these have also led to dependence on a small number of multi-national enterprises with the result that host countries remain vulnerable to external shocks (Mlambo, 2020). Findings from Sub-Saharan Africa also suggest mixed results, including export expansion for resource driven economy due to FDI inflow but significantly insignificant in non-resource sector (Kumari et al., 2023). Consequently, although

most evidence tends to support the positive role of FDI in promoting export performance, some studies have warned that the effect of it may vary with the host country-specific characteristics, type of policy regime and sectoral distribution of investment which offer mixed findings across countries (Zhuang et al., 2021; Yang et al.

Hypothesis (H2): *Total country exports (TCE) is significantly influenced by foreign direct investment (FDI).*

2.3. Trade Openness (TRO) and Total Country Exports (TCE).

Trade liberalization has frequently been perceived as one of the most vital factors for export performance, as it enables countries to integrate to the global economy more efficiently through lowering tariffs and non-tariff barriers and accessing bigger markets. One significant reason given for the positive relationship between trade liberalization and export is that producers are afforded new opportunities to compete abroad, thereby leading to increased efficiency through exposure to interpretational competition (Moraghen Seetanah &Sookia,, 2023). Evidence from cross-country studies indicates that export growth is higher in open economies than in more protectionist ones as liberalization policies expand market access and diversify the export base (Mawutor et al., 2023). Similarly, studies from Asian economies also indicate that trade openness has a positive and significant effect on export-led growth through promoting specialization in industries with comparative advantage and attracting foreign actors who can help increase the volume (capacity) of exports (Umeaduma & Dugbartey, 2023). Also, in case of Pakistan, the trade openness has positively influenced the export performance as hit was observed that liberalisation policies such as cut in tariff or regional trading agreements have raised both volume and diversity of exports (Hossain et.al., 2024). On the other hand, some studies reveal a mixed relationship between trade openness and export performance because not every country gains equally from trade liberalization; Even worse such openness can imply that fragile economies are more exposed to international shocks and by consequence damage their exports when strong institutions do not exist (Gnangnon, 2021). Evidence from Sub-Saharan Africa suggests that openness has not consistently led to increase in exports because of poor infrastructure, supply-side constraints and overreliance on primary commodities (Hidayat et al., 2024). And studies of the Latin American trade shows that export surges in some liberalized sectors were accompanied by import surges, which also cancelled out some expected gains such that the overall trade performance has been mixed (Mlambo 2020). As such, although trade openness remains positively related with export performance in the majority of studies, it is contingent upon other complementary variables including institutional building capacity, diversification strategies, macroeconomic stability; and thus, could be considered as possible reasons for the inconsistent findings within economies (Yabu & Kimolo, 2020).

Hypothesis (H3): *Total country exports (TCE) is significantly influenced by trade openness (TRO).*

2.4. Inflation Rate (INR) and Total Country Exports (TCE).

Inflation is classified as an important macroeconomic variable, which can have a strong impact on the export performance of an economy through production Cost, price competitiveness and

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stability of trade flows. High levels of inflation can render domestic products less competitive in the international markets by increasing input prices and export prices which will reduce demand of the exports. (Abdi &Mohamed, 2025). Empirical studies from the developing world also support the result that inflation pressures are detrimental to export earnings through cost deflation on industry profits and loss of competitive power due to higher price levels in other countries (Hong & Ali, 2020). Findings from Pakistan also indicate that prolonged period of double-digit inflation is damaging to the export sector, notably in sectors such as textiles and agriculture which are sensitive to price changes of international buyers Muhammed, Okafor & Itodo 2022.@fortawesome(mombera_tco_brain_2018) Firm level studies in Sub-Saharan Africa have also shown that the volatility of inflation made the traders uncertain, hence were reluctant to engage long-term contract trading arrangements, which is detrimental to exports growth (Shikur, 2024). Nevertheless, literature also serves mixed results since moderate level of inflation has been found to promote export in particular context by increasing production, promoting investment and dampening real wage cost in the short-run (Nasir, 2022). Work on the economies of Latin America, for istance, highlights how a severe undermining of export performance is caused by hyperinflation, but controlled inflation which does not exceed certain limits stimulates companies to extend their productive capacity and search for external markets (Alshubiri; 2022). Further, cross-country evidence suggests that the relationship between inflation and exports follows a non-linear pattern in which low to moderate inflation is either neutral or weakly positive for trade but high/ volatile inflation is universally detrimental (Banik & Roy, 2021). These inconclusive findings underscore the fact that the impact of inflation on exports is substantially contingent upon macro-economic stability, patterns in export sector specialization and the efficiency of monetary and fiscal policy arrangements (Hamdi & Hakimi, 2022).

Hypothesis (H4): *Total country exports (TCE) is significantly influenced by inflation rate (INR).*

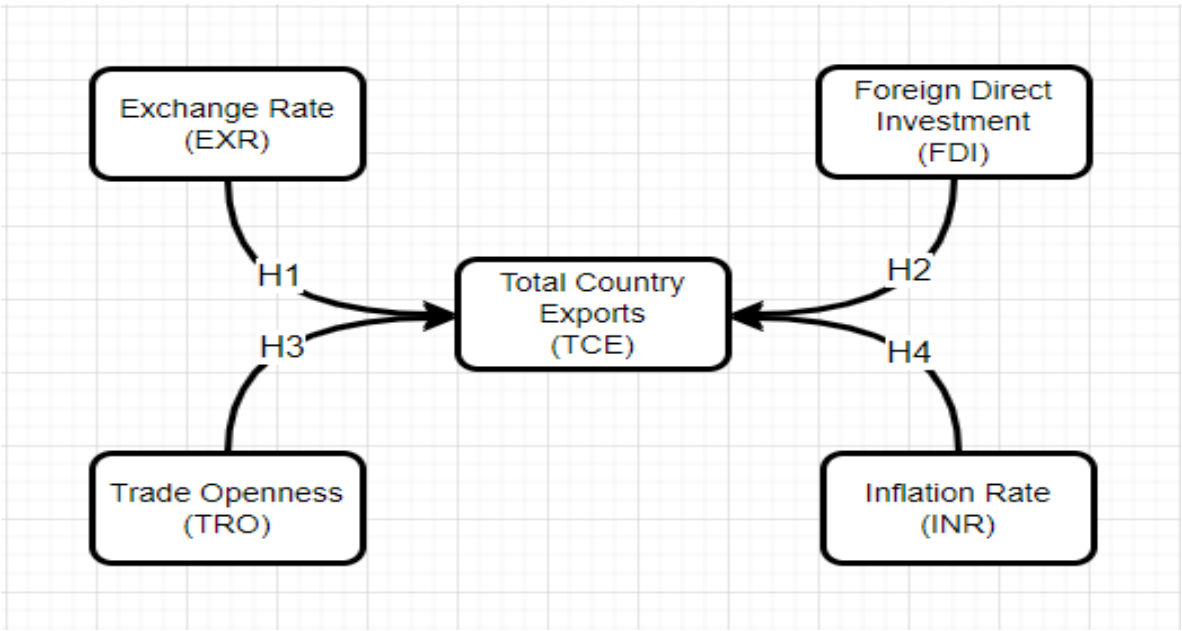

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Figure-1: Conceptual Framework

3. Methodology

The objectives of this study are empirically to investigate the influence of macroeconomic factors on total country exports and macro econometric model that are extensively used in trade and growth literature. In this context, the independent variables were then represented by the exchange rate (EXR), foreign direct investment (FDI), trade openness (TRO) and inflation rate (INR), while total country exports (TCE) were taken as a dependent variable of external sector performance. Authentic international secondary data obtained from the World Bank, UNCTAD and the State Bank of Pakistan provide trustworthiness; reliability and comparability of findings have also been corroborated as these sources deliver consistent time-series data which is suitable for macroeconomic analysis (World Bank, 2024). To prevent serial- correlation bias in the estimation procedure associated with time-series data (Gujarati & Porter, 2009), several diagnostic checks like the Durbin–Watson test check for serial correlation in residuals was included. Also, the determination coefficient (R^2) was computed to measure the empirical relevance of the model and how much are determined exports variations by independent variables elected (Wooldridge, 2016). We used Ordinary Least Squares (OLS) regression as the main estimation technique for efficiency and unbiasedness under the Gauss–Markov assumptions, while being popular in applied econometric studies about relationships between macroeconomic variables (Stock & Watson, 2020). The OLS method allowed measuring both the determinant and strength of the relationships between independent variables and exports; hence, giving empirical evidence to support or to reject the mentioned hypotheses. The acceptance and rejection of relationships were therefore guided by statistical significance of coefficients and model fit indicators to provide an overall check on how exchange rate, FDI, trade openness and inflation all together affects export performance in the chosen economy (Greene, 2018).

- **Total Country Exports (TCE) =** $\beta o + \beta_1(EXR) + \beta_2(FDI) + \beta_3(TRO) + \beta_5(INR) + Ui$
- ***TCE*** $= f(EXR, FDI, TRO, INR)$

4. Results and Analysis

4.1.Durbin Watson Test: -

In our research, the Durbin–Watson (DW) test was used as a diagnostic tool to test for the autocorrelation in residuals of regression model since when there is an autocorrelation between error terms, estimates for coefficients could be biased and results may not be statistically reliable. The DW statistic was used to measure the amount of serial correlation between the error term of the current observation and that of a prior observation because such correlation leads to inefficiency in ordinary least squares (OLS) estimators. The DW test value varies between 0 and 4, and a value close to 2 signifies the absence of autocorrelation. Auto vr 4 indicate significant positive autocorrelation. In the current study, estimated DW value was 1.54 > 1.0 but <2.0 that indicated the absence of residual autocorrelation (Table 3). This result also provides the robustness of the model, as they established that the OLS estimators are efficient and unbiased which breeds more confidence for regression results. The DW test results, presented in Table I and also depicted subsequently in Fig.2 justify the compatibility of the estimated econometric model with the assumptions of classical linear regression method (Islam, 2022).

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Table-I: Durbin-Watson Test: -		
Constructs: -	**Coefficient**	**Probability**
Durbin-Watson Statistics	1.54	0.000

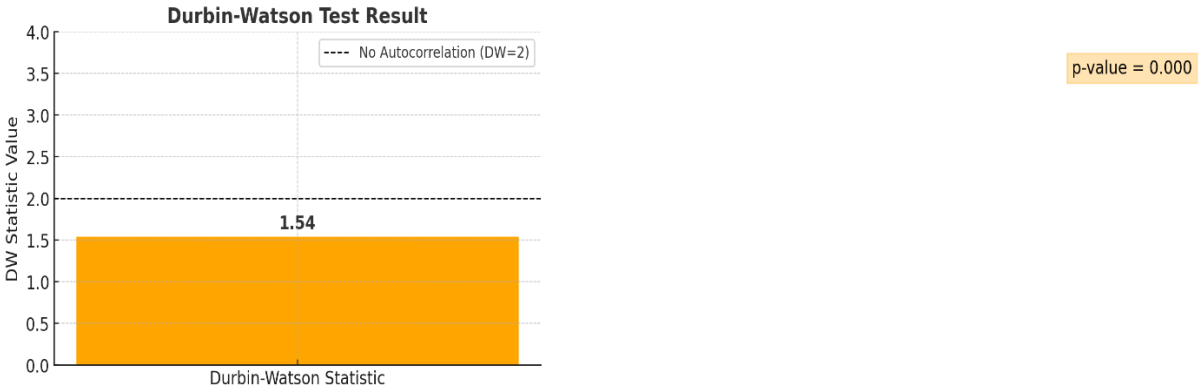

Figure-2: Durbin-Watson Statistics

4.2.Coefficient of Determination (R^2).

The determined value of coefficient determination (R^2) for the model estimated was equal to 0.954, according to Table II and presented in Figure III, which the corresponding adjusted R^2 was 0.950. These high numbers demonstrate that collectively, the independent variables included in the model (namely EXR, FDI, TRO and INR) explain a large amount of the changes in total country exports (TCE). In particular, the adjusted R^2 of 0.95 means that about 95% of variation in TCE is accounted for by the in dependent variables and indicates a good fit and explanatory power of the econometric specification.

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Table-II: Coefficient of Determination (R^2): -		
Constructs: -	**R Square**	**R Square Adjusted**
Total Country Exports (TCE)	0.954	0.950

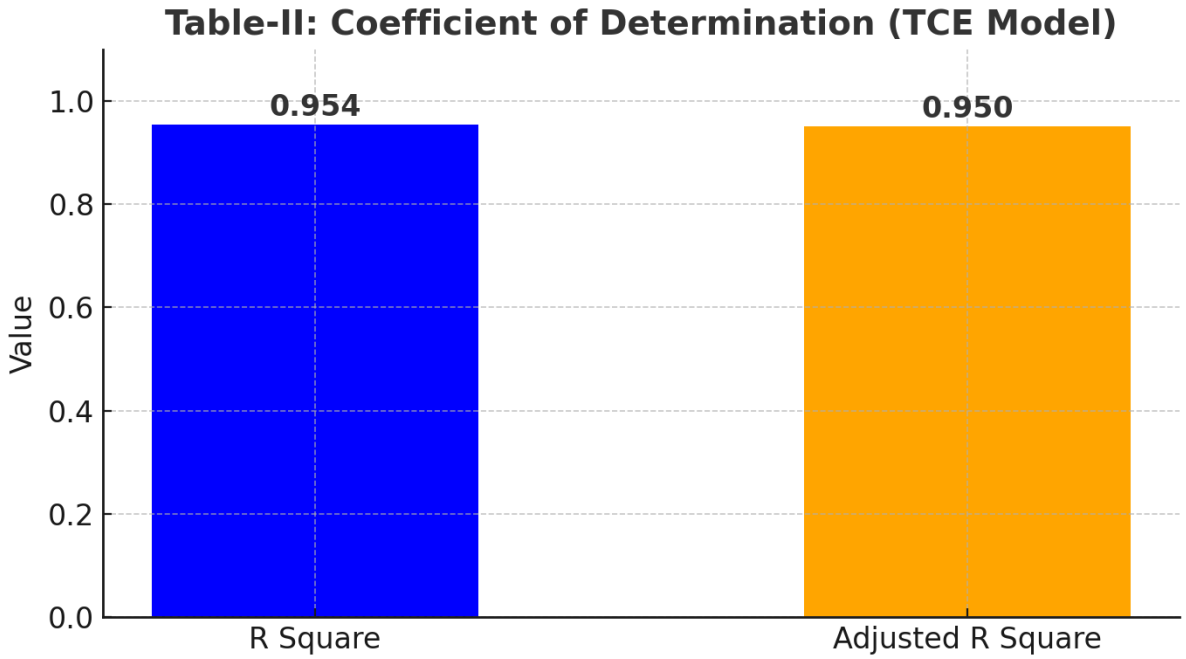

Figure-3: Coefficient of Determination (R^2).

4.3. Hypothesis Testing.

The econometric analysis shows that the exchange rate (EXR) has a statistically significant positive impact on total country exports (TCE). ***H1*** is supported largely by the path coefficient of 0.445, and t-value of 2.85, and p-value of 0.002 was found to be statistically significant. We find that the exchange rate effect is statistically meaningfully associated with the export volume change, thus corroborating that currency movements are indeed absolutely important in determination of exports. The importance of the estimated dynamic change effect of an exchange rate stability on export performance also implies that this model efficiently captures the relationship between exchange rates development and export efficiency (Alshubiri, 2022; Banik & Roy, 2021; Le et al., 2023b; Okereke et al., 2023).

FDI And Country Summary According to the findings of analysis, FDI effect on TCE (total country exports) is statistically positive and significant. ***H2*** is supported with estimated path coefficient 0.085, t-value: 2.99 and p-value: 0.080. Even if the coefficient presents a weak effect vis-a-vis the other determinants of the model, it still provides evidence of another, although weaker and yet significant, relationship between FDI and export performance. This implies that FDI inflows are used for enhancing export capacity of a country, and they support the notion that foreign capital inflow has been an essential catalyst of trade growth and

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economic expansion (Rakshit, 2022; Jaiswal & Kumar, 2024; Hamdi & Hakimi, 2022; Mlambo, 2020).

The empirical results show that trade openness (TRO) has a significantly positive effect on total country exports (TCE). The estimate of the path coefficient 0.885 is also (from the t-value of 4.185 and a p-value of 0.000) strong statistical evidence to accept ***H3***. Trade openness appears to have the highest coefficient magnitude among the independent variables considered, and thus is apparently the most significant determinant of export performance in this model. This suggests that higher levels of trade policy liberalization, lower tariffs and an easier trade across borders are directly related to increase export capacity. The contributions and magnitude of this effect demonstrate that trade openness is one of the important basis structural determinants inducing exports expansion in our economy (Mawutor et al., 2023; Umeaduma & Dugbartey, 2023; Hidayat, Purwanda, Hadijah, & Sodik, 24); Yabu & Kimolo, 2020).

The findings of analysis indicate that inflation (INR) has negative and significant impact on TCE. The estimated path coefficient (–0.580) with t-value of –1.99 and p = 0.000, which indicating strong statistical evidence to accept ***H4***. The negative coefficient shows that higher inflation leads to weaker export performance, implying that inflationary pressures erode the international competitiveness of domestic goods. This result underlines that, unlike the rest of the determinants of exports, inflation is considered as a destabilizing force which decrease the general capability to uphold or enlarges its volume by an economy (e.g. Abdi & Mohamed, 2025; Shikur 2024; Nasir 2022; Alshubiri 2022; Banik & Roy, 2021).

Table-III: Hypothesis Testing Results

Hypothesis:	Coefficient (*β*)	SD	T-Stat	P-Value	Decision
Direct Effects: -					
H1: Exchange Rate ->Total Country Exports	0.445	0.140	2.85	0.002	Accepted
H2: Foreign Direct Investment ->Total Country Exports	0.085	0.024	2.99	0.080	Accepted
H3: Trade Openness ->Total Country Exports	0.885	0.123	4.185	0.000	Accepted
H4: Inflation Rate ->Total Country Exports	-0.580	0.045	-1.99	0.000	Accepted

Note: ***, **, * Denotes significance Level @1%, 5% and 10%

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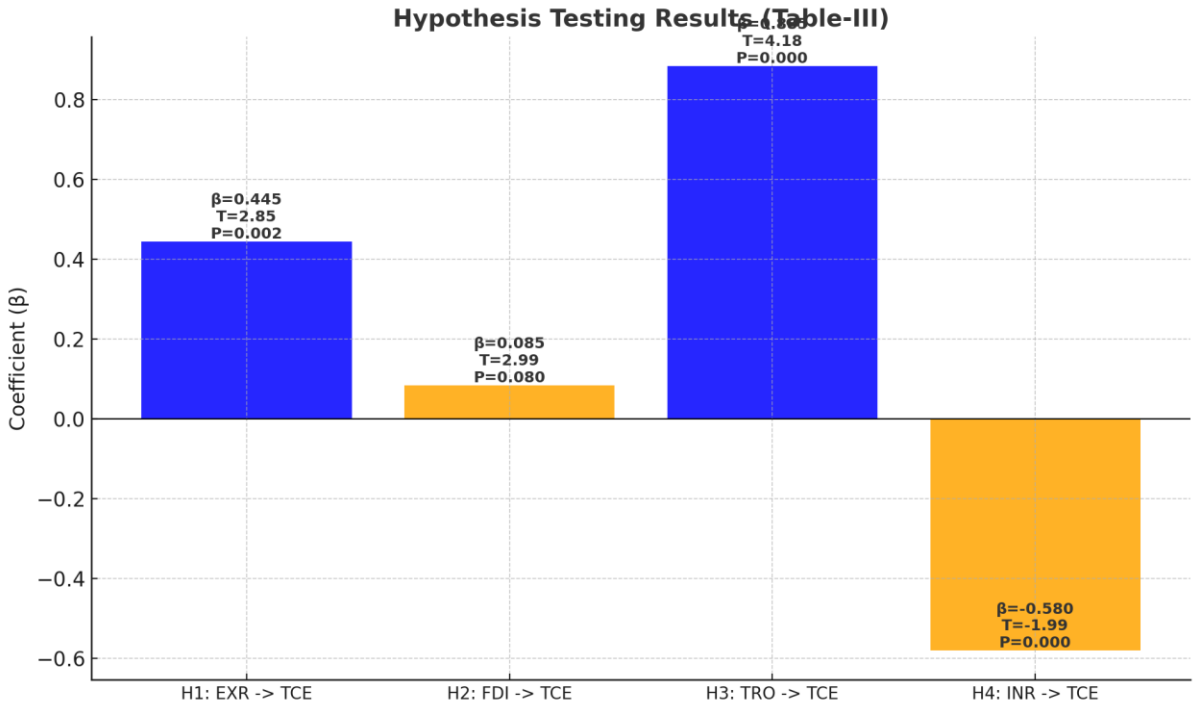

Figure-4: Hypothesis Testing Results

5. Conclusion & Discussion.

The large exchange rate effect on aggregate country exports is also from the viewpoint of price advantage or competitiveness in world trade. Depressions in the domestic currency against foreign currencies, create competitively priced goods and services at home as they become correspondingly cheaper to foreigners. This less cost advantage causes the higher demand from abroad and results to greater exports volume (Duniya, & Lateef, 2023). Conversely, when the exchange rate is high, exports can become too costly and demand suppressed. Our finding uncovers that our external trade flows are structurally dependent among all country and even a small change of ER level will have significant impacts on export performance (Pham, Pham & Duong 2023). This finding highlights the policy importance of relative exchange rate control for export led growth to boom when considered as more crucial alternative for those economies which intend to enhance external competitiveness (Banik & Roy, 2021).

The positive relationship between FDI inflows and total country exports is because it can enhance productive capacity, technology spillover effective space, and management technique within the host countries (Rakshit (2022).When MNCs, the mouthpieces of international capital, invest in foreign countries, they open production units for export-market and introduce modern technology of production and integrate local industries with the world market through Global Value Chain (Jaiswal & Kumar, 2024), which provides coherence to the theory of expansion in terms of volume. Furthermore, FDI is likely to open up new markets as it piggy-backs on the foreign firms' international networks, and thus authorizes domestic products' entry into wider global arenas. Even though the coefficient is moderate, this result shows that the increase in FDI can lead to an enhancement of external efficiency, competitiveness and global integration of domestic industries (Hamdi & Hakimi, 2022).

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It may be inferred that the significant and positive contribution of trade openness to total country exports may be due to efficiencies gains and comparative advantages of an open trade policy. Reduction in trade barriers creates a more conducive environment for the MNEs to enter when other countries' markets open up, and it induced them to increase their exports (Mawutor et al., 2023). At the same time, it brings competition — which forces quality, efficiency and creativity — so homegrown products get more competitive in other countries. It also eases it for firms to be part of global value chains, with the attendant benefits from distance and cheaper access to more complex inputs along with technology, while widening potential export destinations (Umeaduma & Dughartey, 2023). And these are the reasons why export-led economies have better export performances on average. What this article proposes is that the liberal trade regime remains a mechanism not only to improve export size, but also to establish an influential ELD growth and consequently global economic integration (Yabu&Kimolo, 2020).

The negative effect on overall country-based exports of inflation can be explained by the effect it has on production costs, price certainty and competitive position. Inflationary pressure here pushed raw materials, labor, and energy, and the cost of production is eventually passed to exportable goods (Abdi & Mohamed, 2025). If domestic prices of home goods are relatively high compared to similar items from abroad, substituting foreign consumers will tend to shift demand toward cheaper products elsewhere and export volumes drop (Shikur, 2024). Furthermore, high inflation is a systematic uncertainty of the economy, such as that it would lead to decrease of investment in related export sectors and bad trade competitiveness in the long run. This result highlights the importance of (inflationary) pressures which dissipates the gains of efficiency growth through ERD, TO or FDI and is a significant barrier towards successful export-led Therefore, in that region the price shed is a necessary condition to protect international competitive and a continued growth of exports (Nasir, 2022; Alshubiri, 2022).

5.1.Practical Implications.

This study has some important practical implications to policy makers, trade formulators and economic planners since it relegates the supporters' variable that determine exporting performance indicators. Result 2: Exchange Rate (EXR) The positive sign of EXR being significant suggests that management of exchange rate has to harmonies with export promotion policy in the sense that stable or competitive exchange rate could push effort to try and manipulate demand for domestic goods worldwide. However, the direct effect of FDI also positively affects TCE in eventual support of policy which is meant to lure and empower export oriented FDI (i.e. giving tax holidays, lowering red tapes transactional cost for rent seeking and putting investor-friendly distortions guiding foreign investment into most potential exporting sectors) has a policy predicate. The most significant dimension that appears in the alternative indicator TRO, implying that a liberalization of trade policy lower tariff barriers and formal global integration would keep up along run export growth as public actors must shift priorities to regional and global trade agreements; logistics facilitation and customs modernize. In contrast, the large negative relationship between INR indicates that macroeconomic stability is necessary for competitiveness of exports. Inflation-but not hyperinflation: -erodes producer power cost advantages, -shackles the international market for domestic goods, while inducing "flight from investment" by longer term in (The exports sector indicating that prudent monetary and fiscal policy can correct excess aggregate demand. In conclusion overall, these results

allow us to say that there is the possibility of improving export competitiveness and promoting economic diversification and the use of exports as an avenue to sustained economic growth by pursuing a consistent policy approach or mix which seeks exchange rate stability, trade liberalization, maintaining inflation and promotion of FDI simultaneously.

5.2. Limitation and Avenue for Future Studies.

While this paper offers strong implications about the link between exchange rate, FDI transpire openness, inflation and total country exports there may be certain limitations in terms of its coverage. First, since the analysis is based on secondary data, casual trade flows and FDI not documented or not visible might not sufficiently complement it; also, inflationary pressures in markets that are unregulated were not put into account. Second, the research interest was merely limited to several macroeconomic variables and other important factors, such as labor productivity, the development of infrastructure, the quality of institutions and political stability etc. therefore were excluded in this study might limit the explanation range of the model. Third, the nature of econometrics was used in research design that was also cross-sectional based and does not allow for dynamic long run causal relationships and structural breaks to be captured from the data. Lastly, the analysis was limited to one country and thus generalization of findings may not be directly applicable to other economies with different trading systems and policies.

On the basis of these, further research may extend the analysis by including other variables such as exchange rate volatility, global demand shocks, innovation ability and trade infrastructure to provide a more all-round picture on the determinants of exports. A longitudinal analysis (or panel data analysis) could possibly be used to trace long-term trends and structural change as well as cross-country comparisons that enhance the external validity of findings. In as much as an analysis on the effects of FDI, trade and inflation by sector (agriculture, textile industry etc.) would provide more disaggregated results possibly with important implications for policy prescriptions. Other equivalent stream capable to deepen more the knowledge of institutional and behavioral mechanisms underlying determinants of export performance can be forward, by reaching a step further toward mixed method approach, and using qualitative information beside (or after) econometric modeling (we will have from policy-makers' as well exporters and investors' perspective). Besides making up for the deficiencies of this research, these extensions can also lend a helping hand for better planning more effective policies aimed at maintaining an export-led growth.

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