

Factors That Determine International Competitiveness of Agricultural Products in Latin America 1990-2020

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Abstract : Agriculture has played a crucial role in the economy and the development of many countries. Moreover, the basic needs for human survival are; food, shelter, and cloth are link on agricultural production. Most developed countries see that agriculture provides them with food and raw materials for different goods such as (shelter, medicine, fuel and clothing) which has led to an increase in incomes, livelihoods and standard of living. This study aimed at analysing the relationship between International competitiveness of agricultural products, with the area, fertilizer, labour force, economic growth, foreign direct investment, exchange rate and inflation rate in Latin America during the period of 1991-to 2019. In this study, panel data econometric methods were used, as well as cross-section dependence (Pesaran test), unit root (cross-section Augmented Dickey Fuller and Cross-sectional Im, Pesaran, and Shin tests), cointegration (Pedroni and Fisher-Johansen tests), and heterogeneous causality (Pedroni and Fisher-Johansen tests) (Hurlin and Dumitrescu test). The results reveal that the model has cross-sectional dependency and that they are integrated at one I. (1). The "fully modified OLS and dynamic OLS estimators" were used to examine the existence of a long-term relationship, and it was found that a long-term relationship existed between the selected variables. The study revealed a positive significant relationship between International Competitiveness of the agricultural raw material and area, fertilizer, labour force, economic growth, and foreign direct investment, while international competitiveness has a negative relationship with the advantages of the exchange rate and inflation. The economy policy recommendations deducted from this investigation is that Foreign Direct Investment and the labour force have a positive contribution to the increase of International Competitiveness of agricultural products.

Keywords : revealed comparative advantage, agricultural products, area, fertilizer, economic growth, granger causality, panel unit root

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