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IMPACT OF POLITICAL LEGISLATION ON AIR TRADE AND ON THE NATION'S ECONOMY

An observer who dedicates himself or herself to studying the formation of public policy is well aware of the many elements which are responsible for shaping the final outcome. Government decision making ideally includes many stages of interactions between the voters, interest groups and the various organs of the government which are involved in the specific department related to the policy in question. With regards to the trade policy which is our main focus here, we see that trade and monetary decisions are mainly decided by the presence of interest groups who are interested in securing favourable trading policies for themselves and the legislators reactions to them. The political legislators reactions are in turn influenced by the executive and administrative

branches of the government who work out the structure of the trade policy. Beyond this the trade politics is dependent on the reactionary behaviour of political parties, their political coalitions and the lobbying efforts of key industry interest groups (Hiscox 2002).

This brings us to the first question of this research paper on why should we study the trade policy of a nation and what effect does it have on the international trading system of a nation? In the field of International relations, trade or the economic relations between two countries is of importance to understand as Richard Giles (1970) states that, the economic relations which prevail between two nations are significant variables which determine the degree of political amity or enmity existing between nations. Thus it is with confidence we can say that when two nations engage in trade with each other their political relations always take into account the economic variable and the political and economic variable are correlated with each other. We may even observe some examples in the history of IR, such as the massive trade relations between France and Germany during the onset of World War I, however after the deterioration of relations during the course of the war trade relations collapsed (Cooper 1972). While advancing with that line of thought that the political legislation has an impact on the carried through entities such as in this case trade carried out by airlines it is important that we understand the structure of International trade. Firstly we define what comprises of International trade, it 'is the network or system which allows individuals and groups to concentrate on an aspect of production while using their output to exchange it for other products and needs, thus we can rightly assume that it critical to a nation's economic growth' (Dollar and Kraay 2004).

The structure of world trade was first specified in the 1947 document of the General Agreement on Tariffs and Trade (GATT), this was the first of its kind declaration which stated that national actions influencing international trade were matters of mutual *concern*. This demonstrated the interdependent nature of trade and the need on the part of the nations to maintain their compliance to the international institutions in order to ensure mutual benefits for engaging in trade. Later on after much deliberations the WTO organization was brought in to serve as the main intergovernmental organization which would monitor international trade relations between the trading partners and it also works to ensure that the member nations come to adhere to the WTO agreements.

With regards to the political economic relations existing in the world as we know today is characterized by the phenomenon called '*globalization*'. To understand the constantly changing dynamics of the present day which affect the field of IR, we must understand in today's

world nation states live in a world which is increasingly globalised and intricately interdependent on each other. The nations are in a state of '*Complex Interdependence*' in lieu of the globalisation phenomenon. Nation states now are bound by a set of legal conventions and institutions to maintain their diplomatic relations. The term of 'Complex Interdependence' was coined by theorist Robert Keohane and Joseph Nye who believed that interstate relations are dependent due to 'multiple channels of actions' due to the intricacies of the political economy prevalent in the global economy. The global political economy is interdependent on each other. This interdependence is carried forward by through the mediums of aviation, globalization, digitization and time based competition all converge to form a world of commerce and supply chain management in the present day. As our world constantly tries to change the aspect of distance and space in the earth's geography we see that air trade businesses are very important to produce a more speed driven, better integrated supply chains and therefore a more globally networked economy.

When we see at the empirical data which surrounds the trade carried out by air cargo carriers it is seen that almost 40% of the global trade is carried out in air. In order to carry out time efficient global supply chain linkages manufacturers and export driven industries situate their sites nearer to the major airports. In this aspect is where the role of national political legislators become extremely important in order to provide a economically friendly attitude for the export driven industries and the air transporters. In an economy the role of air cargo transporters is a well documented fact. As is seen from the reports of the International Air Cargo Association and additional statistical indices we have seen how trade carried out by air cargo vessels is an important element propelling the growth of economic development. As is expected the trade carried out by the air cargo transporters help in increasing the growth of trade, foreign direct investment and ultimately the GDP and all of this is correlated to the trade policies such as air liberalization, customs quality and the level of corruption existing in the air networks. This statement demonstrates to us that the depth of the domestic air trade structure can be regulated through the policies of the political legislators (Kasarda and Sullivan 2005).

Furthermore if we want to increase the competitive advantage of a nation over its contemporaries we see that air cargo transport facilitate productive advantage in the presence of an efficient air trade network management. To develop this air trade capability is the job of the political legislators which form the policies benefitting the nation. Major economic hubs like Hongkong and El Paso in Texas saw massive gains

in their economic growth trajectory after the government of these regions offered well integrated airport networks, a stable government with the prevailing rule of law for dispute resolution, minimum official interference and a low taxation structure. All of these cumulatively contributed to creating major trading hubs that exist today. Skilled labour and investable funds are made available as soon as financial traders see the financial viability of a region which offers comparative advantage over its competitors.

In the case of Ukraine which we are specially concerned with it is seen that although Ukraine's economy is not in the best of shape we can observe that since 2014 the Government has taken major financial planning steps such as moving to a flexible exchange rate, reforming energy tariffs, simplifying its business regulations, most importantly establishing anti corruption agencies with free from political interference and many others. These prudent economic planning strategies have set Ukraine on the route of integrated financial consolidation and better macro economic conditions (The World Bank Country context report, 2020). While the present President Zelenskyy has committed the country's economy into an ambitious reform based agenda, the political legislation must recognize that the air trade carried out by the aviation industry is an important driver of the nation's economy. The Ukrainian economy is dynamic and has the potential to greatly improve its macro economic conditions. It's a matter of pride that after several years of economic instability in 2016, the Ukrainian economy managed to stabilise the erratic swings in the economy's output and control the surges resulting from inflation or deflation. To develop the economy it is time the political legislation step up its efforts to transform the country's markets into large export driven markets which favour economic enterprise.

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