The notion of competitiveness of the economy, which can be defined in many ways, is often discussed in the public debate. This study focuses on economic competitiveness measured as the ability to export and in particular measured as the share of exports of a given economy in the value of global exports.

Due to the increasing trade openness of economies (understood as the value of their trade in relation to GDP) resulting from increasing globalization, competition in international markets is extremely high. As a result, the question what determines the competitiveness of the economy is becoming increasingly important. The answer to this question is crucial for the economic policy as it allows to increase its effectiveness.

AS a result, the purpose of the study is to determine what factors have a major impact on the competitiveness of the economy and whether the importance of those factors differs among the countries with respect to some of their characteristics, such as the level of economic development or geographic location. The analysis will take into account, among others, factors related to price competitiveness (e.g. changes in real effective exchange rate), institutions (e.g. rule of law, corruption persistence), economic policy (e.g. fiscal policy), development of financial markets in a given country, demography, economic development.

In addition, a separate analysis will examine the determinants of the real effective exchange rate, which is a measure of the price competitiveness of a given economy. This will allow to forecast exchange rates based on the results of previous analysis and comparing them with the forecasts obtained on the basis of other methods discussed in the literature.

The study will use a method known as Bayesian model averaging. The idea of this method is to estimate all possible combinations of models based on available data. For example, if we have k potential determinants (explanatory variables) of export values, then we can get as many as 2^k models. In the next step, for each model, a measure of the probability of selecting the model is calculated (given the available data). This makes it possible to "merge" all models into one consistent result - by calculating for each variable the average value of the coefficient weighted by the probability of the model from which the coefficient is obtained.From this study standpoint, the ability to calculate the probability of including a given variable in the model is even more meaningful, as it allows assessment of the importance of the explanatory variables. On this basis, it is possible to determine which factors are crucial for the exports value or exchange rate changes - their probability of inclusion in the model will be high.