IMPACT OF FREE TRADE

The Impact of Free Trade on the National Economy

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UNDERSTANDING FREE TRADE

In an economic system, free trade occurs when a country carries out transactions in goods and services without artificial barriers such as tariffs, quotas, or other measures. This system allows countries to exchange products more efficiently, so that each party can benefit from their comparative advantages

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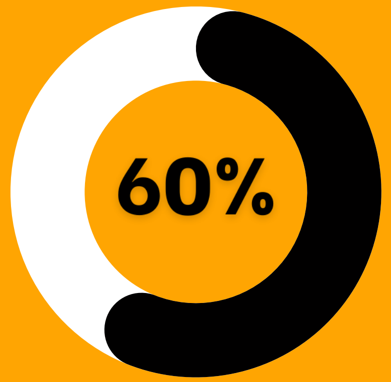
BENEFITS OF FREE TRADE FOR DEVELOPING COUNTRIES



The attraction of foreign direct investment to developing countries is often caused by free trade, which aids in improving infrastructure, creating jobs, and supporting economic growth

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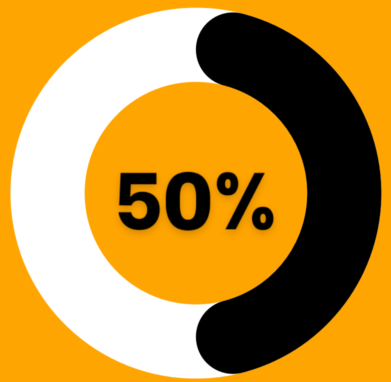

As export demand increases, developing countries experience increased production, leading to the creation of more jobs, particularly in the manufacturing and services sectors

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INCREASING NATIONAL COMPETITIVENESS

A country's ability to produce goods and services efficiently, with high quality, and at competitive prices in international markets causes an increase in national competitiveness. Competitiveness is very important in the context of free trade because countries have to compete with producers from all over the world

POSITIVE INFLUENCE ON ECONOMIC GROWTH

Free trade has a significant positive effect on a country's economic growth by opening access to wider international markets. With free trade

Free trade allows countries to import goods at lower costs, thereby increasing the availability of raw materials and technology

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PRODUCT QUALITY IMPROVEMENT

Global competition drives manufacturers to produce goods to higher standards, making free trade one of the main impacts on product quality. The international market presents consumers with so many choices that only the highest quality products can compete

Domestic companies can improve their product standards by opening up access to high-quality raw materials and technology from abroad. Local manufacturers can now compete in various markets and reach a wider customer segment thanks to these improvements

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DEPENDENCE ON GLOBAL MARKETS

A country that depends heavily on international trade to support its economy is called a dependency on global markets. Exports and imports are often relied upon by countries that engage in free trade to obtain goods, services, and resources that they are unable to produce efficiently at home

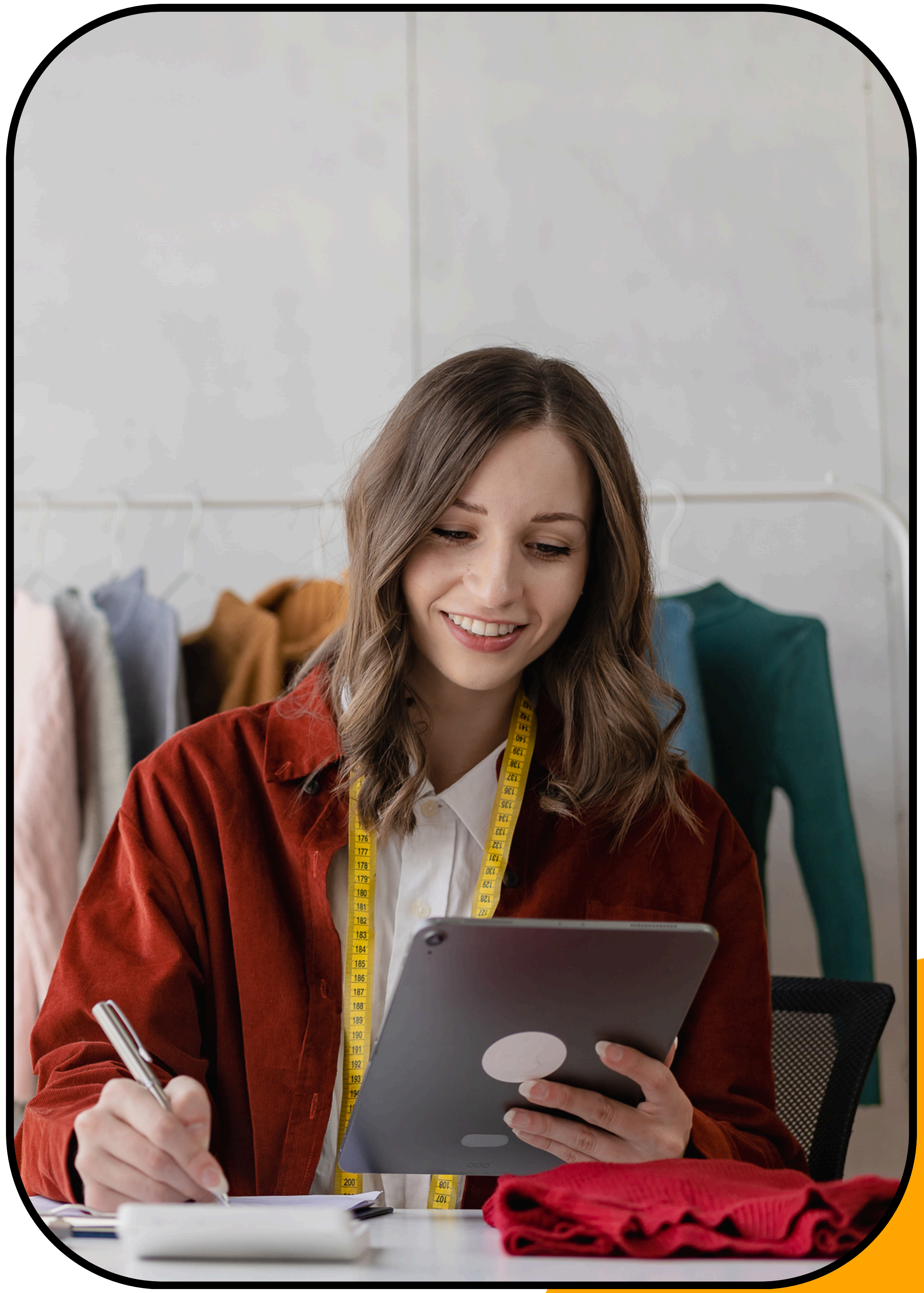
The country's vulnerability to price fluctuations in the international market is caused by the country's dependence on export commodities

Trade-dependent countries can experience declines when trading partner countries change policies, such as imposing tariffs or quotas

When countries depend on global markets, they are more vulnerable to economic shocks such as recessions in large countries, which can decline

INFLUENCE ON ECONOMIC INEQUALITY

Economic inequality can be tolerated through free trade, especially in developing countries, because the benefits are felt more by groups that have access to capital, technology and international markets. Although large companies and competitive industries thrive, less advanced sectors or individuals who do not have the necessary skills are often left behind



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PRESENTATION CONCLUSION

In summary, the national economy is greatly influenced by free trade, especially for developing countries. Although free trade has benefits such as increased market access, technological innovation, and economic growth, it also presents challenges such as dependence on global markets and economic inequality. Managing trade policy wisely is necessary so that a country can maximize benefits and minimize risks

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