Importance of Foreign Trade in Economic Development

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INTRODUCTION

- Many developing countries adopted liberalization, privation, globalization and currently digitalization to achieve international market in the world.
- International trade is an important key to enter into the foreign trade.
- Foreign trade provides foreign exchange and market availability to sell products in other countries.
- Foreign trade plays an important role to increase the production of any country.
- It gives ample opportunities for the various resources in the nations.
- The foreign trade expands the market and encourages the producers and entrepreneurs.
Importance of Foreign Trade in Economic Development

- Foreign trade known as engine of growth.
- Trade promotes economic growth increase work efficiency, technological advancement, increase variety of product range, increase competition, breakdown domestic monopolies, increases consumers surplus.
- Benefits to economic development and economies of scale of the country. Let us discuss the importance of foreign trade in economic development.
<table>
<thead>
<tr>
<th><strong>Direct Benefits</strong></th>
<th><strong>Indirect Benefits</strong></th>
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</thead>
<tbody>
<tr>
<td>Specialization of Production</td>
<td>Enlarging the size of the market</td>
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<td>poverty alleviation</td>
<td>Increase in productivity</td>
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<td>Increase in production</td>
<td>Encourages inventions, innovation</td>
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<td>Increase in export</td>
<td>Management of talent</td>
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<td>Expand the market</td>
<td>Importation of foreign capital</td>
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<td>Maximum location of resources</td>
<td>Creation of healthy competition</td>
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<td>Static economic growth of the nation</td>
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Increase in factor Productivity

It provides the advancement in technology know how which increase in factor productivity.
Foreign trade generates dynamic change for increase in the import and export.
Allocation of resources enhanced
Higher Economies of scale

- Change in production pattern
- Changing demand pattern of the market
- Adoption of new technological change
- Managerial benefits
- Good pricing for the export product
- Increase in profit level
- Maximum utilization of abilities of the human resources.
Increase in workers welfare

- Provides higher wage
- Increase in productivity of skilled labour
- Trade increases due to transferred Technology
- Reduction in Poverty
- New opportunities for generation of employment
Effect of Globalization...
- Spread of international network
- A better range of goods and services
- Growth of international and domestic trade
- Creation of multilateral exchange of goods and services.
Long term Aims and Aids

- Built on legacy of World Trade Organization (WTO)
- Develop commercial approach
- Adopting new strategies for increase the trade
- Create good relation with international institute
- Generate good employment opportunities.
THANK YOU...!