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THE GAINS AND LOSSES OF INTERNATIONAL TRADE FOR DEVELOPING COUNTRIES

Abstract: this article provides exploration of the gains and losses associated with international trade for developing countries. The gains include economic growth, specialization, technological transfer, and job creation. On the flip side, challenges such as dependency on global markets, terms of trade issues, vulnerability to economic crises, and inequality are examined. Developing a nuanced understanding of these dynamics is crucial for informed economic analysis and policymaking.

Keywords: international trade, developing countries

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ВЫГОДЫ И ПОТЕРИ МЕЖДУНАРОДНОЙ ТОРГОВЛИ ДЛЯ РАЗВИВАЮЩИХСЯ СТРАН

Аннотация: в этой статье рассматриваются выгоды и потери, связанные с международной торговлей для развивающихся стран. Выгоды включают экономический рост, специализацию, передачу технологий и создание рабочих

мест. С другой стороны, рассматриваются такие проблемы, как зависимость от мировых рынков, условия торговли, уязвимость перед экономическими кризисами и неравенство. Глубокое понимание этих факторов имеет решающее значение для обоснованного экономического анализа и разработки политики.

Ключевые слова: международная торговля, развивающиеся страны

The primary benefits of international trade for developing countries is the potential for economic growth. By engaging in trade, countries can access larger markets for their goods and services, leading to increased production and sales. Integration into the world economy has proven a powerful means for countries to promote economic growth, development, and poverty reduction. Over the past 20 years, the growth of world trade has averaged 6 percent per year, twice as fast as world output [1].

“There is no question that the rise in trade over the past 30 years has helped to dramatically reduce global poverty, but the benefits were not shared equally [2]. International trade encourages countries to specialize in the production of goods and services in which they have a comparative advantage. This specialization leads to increased efficiency and productivity, contributing to economic development. Through trade, developing countries can gain access to new technologies and know-how from more advanced economies. This technological transfer can accelerate industrialization and foster innovation within the country. Increased trade often leads to the creation of new jobs in export-oriented industries. This can help in reducing unemployment rates and improve living standards for the population. International trade allows developing nations to diversify their economies. By participating in global markets, countries can reduce their dependence on specific industries or commodities.

Engaging in international trade often involves collaboration with technologically advanced nations. This collaboration facilitates the transfer of technology, knowledge, and skills, contributing to the modernization of industries in developing countries. This,

in turn, enhances productivity and competitiveness. Developing nations may lack certain resources or expertise required for industrial growth. International trade provides an avenue for these countries to access resources that are scarce domestically. Through trade partnerships, developing nations can secure vital inputs, fostering economic development [3].

Losses of international trade for Developing countries they may become overly dependent on global markets for their economic well-being [5]. Fluctuations in international demand or changes in market conditions can have significant impacts on the countries economy. Developing countries may face challenges related to terms of trade, where the prices of their exported goods decrease relative to the prices of imported goods. This can result in a deterioration of their trade balance. Integration into the global economy can expose developing countries to economic crises in other parts of the world. Financial contagion and global economic downturns can adversely affect these nations. International trade can exacerbate income inequality within developing countries. Benefits might not be evenly distributed, leading to social and economic disparities. While international trade offers opportunities, it also exposes developing countries to the volatility of global markets. Economic downturns or shifts in demand for specific products can adversely affect countries heavily reliant on exports, leading to economic instability. Often, the benefits of trade are not evenly distributed, may be certain sectors or regions benefiting more than others. This disparity can widen the wealth gap, leading to social and political challenges [2].

Developing nations engaged in international trade are susceptible to external shocks such as changes in exchange rates, global economic crises, or geopolitical events. These external factors can have severe consequences on a country's economy, creating uncertainties and challenges for policymakers. It also contribute to environmental degradation in developing countries. The pursuit of economic growth may lead to over-

exploitation of natural resources, deforestation, and increased pollution. Balancing economic development with environmental sustainability becomes a critical challenge.

The gains and losses of international trade for developing countries are intertwined and dynamic. While trade can be a powerful engine for economic growth, it requires careful management to mitigate potential drawbacks. Up to 1870, the sum of worldwide exports accounted for less than 10% of global output. Today, the value of exported goods around the world is close to 25%. This shows that over the last hundred years of economic growth, there has been more than proportional growth in global trade[3]. Policymakers must strike a balance that ensures inclusive growth, environmental sustainability, and resilience to global economic uncertainties. Developing nations, with strategic planning and effective policies, can harness the benefits of international trade for long-term and sustainable development.

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