resource especially the affluent areas and lowered in areas where this resource is scarce making it expensive to acquire. (Grossman, 1991)The cost and the expenses of production are reduced when the foreign direct investments in the free trade associations where there have been an enhanced by the democratic political institutionalization of the free markets were thereby encouraging globalization and investments in various regions as firms compete for markets around the globe.

Free trade has been enhanced by free direct investments as capital inflows have occurred whereby the markets allow free trade. Enhancements of the democratic institutionalization and the free market where globalization and investments have been encouraging in a great way. Countries such as United States has been the largest especially in term of FDI this due to its population as while as integration that it has achieved from movements in foreign countries has significantly been reached. (thomas, 2002).)These have brought about acquisition or merger with the existing local firms. Free direct investment has increased the prospects for the countries in determining the future growth rates of the countries in the new free-trade association such as NAFTA whereby improved technology has significantly helped in reducing the small capital intensive. Lowering transportation cost and increased in global commerce on reducing tariff cost