



Free trade is fair trade

SYED KAMALL MEP on 'the most successful method for setting people free known to man'

Take a minute to discover where the goods in your house came from. My mobile phone was made in Hungary, my children's toys in China, and the contents of my fruit bowl come from all over the world. When I phone a call centre, I may speak to someone in India, the Caribbean or Africa.

This year marks the sixtieth anniversary of the General Agreement on Trade and Tariffs (GATT) succeeded by the World Trade Organisation (WTO) which has helped to increase the volume of global trade more than seven-fold - three times faster than the growth in world output.

Free trade has created choice for consumers around the world and lifted millions of people out of poverty. This is a fact rarely acknowledged by the so-called anti-poverty movement which appears to believe that government holds the keys to poverty reduction, despite being responsible for tariffs, taxes and subsidies which have consistently inhibited trade and sustained poverty across the world in the past sixty years.

While the EU has created the world's largest single market by reducing its internal trade barriers, as a Member of the European Parliament, I see a daily deluge of unnecessary legislation layered onto European industry, in a vain attempt to shield it from global competition. Whether it be tariffs on imported clothes, shoes, or energy-saving lightbulbs or restrictions on television advertising, it is a policy driven by fear. Legislators do not have faith in the talent and creativity of their peoples to meet the challenges and opportunities of globalisation. The British experience of the 1960s and 70s shows that attempting to maintain the status quo through protectionism cannot last. Government control of industries never helps them flourish.

Free trade, on the other hand, is a proven engine of prosperity. To many of us it is self-evident that deals done freely which benefit both parties will add to the sum-total of economic well-being. Perhaps the most striking examples are the economic boom in Britain following repeal of

the Corn Laws in 1846, the economic renaissance of Japan after the Meiji restoration and the rates of growth of the Special Economic Zones in China in the past 20 years. Trade liberalisation did not cause these countries to slide into the ocean. Instead, it unleashed the entrepreneurial energies of the people.

So why is it that, despite the volume of trade that takes place around the world, billions of people are still subsumed into abject poverty? The reason is simple: those trapped in poverty are often denied the opportunity to engage in trade on the same terms as the rest of us. The EU washes its hands of its responsibility to bring down its trade barriers by offering aid

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instead. But a handout is no substitute for the freedom to earn a living. People want to stand on their own two feet, not rely on charity.

In the past we have seen the European Union fixing trade rules to favour former colonies in African, Caribbean and Pacific (ACP) countries. But after the Cotonou Agreement was found to be incompatible with WTO rules, the EU and ACP were forced to negotiate new agreements. Despite five years of negotiations, these deals are only now starting to materialise, partly because the EU has been more interested in promoting regional integration than free trade, and partly because politicians - supported by NGOs - are too worried about the effect of competition on domestic industries. Many businessmen in poorer countries believe their politicians have a vested interest in holding back the aspirations and entrepreneurial talent of their peoples because of the threat that it

poses to their state control.

Recently I visited local entrepreneurs in Uganda who did express concern about the prospect of European competition, but mostly in the context of the barriers they faced in entering EU markets. They would relish the opportunity to sell their goods and services in Europe and would welcome further liberalisation of African financial markets, since they are currently held back by an inability to access reasonably priced capital.

It is time we listened to entrepreneurs and ordinary citizens - who would stand to benefit immensely from free trade, and not the governments who will lose out on revenue and power from protectionism. Of course, there would be some businesses that may not fare so well in the short term and I do not pretend the transition will be easy for all, but taking a short-termist approach to this problem will never allow poorer economies to play their role in the global economy. As I headed out on a dusty road from Kampala littered with booths selling pre-paid phone cards, the driver turned to me and said "Look, these phone companies are lifting more people out of poverty than your white Western NGOs. Please help us to attract more businesses."

Free trade is the most successful method for setting people free known to man, while protectionism keeps people in gut-wrenching poverty and destroys aspiration. The GATT and the WTO have done so much to further the cause of free trade over the past sixty years yet we are now well into the 21st century and millions of people live a subsistence existence. If we are to end this wasteful blight on our planet, we must step up our efforts to spread, wealth, prosperity and freedom through free trade.

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