



# KEY POINTS:

**“THE TRADE FRONT: Combating Terrorism with Open Markets”** by Brink Lindsey, Trade Policy Analysis no. 24, August 5, 2003  
(<http://www.free-trade.org/pubs/pas/tpa-024es.html>)

**The Muslim world is the land that globalization forgot.** Exports from the Western Muslim areas currently account for only 4% of the world’s exports – down from 13.5% in 1980. The entire Muslim world, with 1.3 billion people, receives only slightly more foreign direct investment than Sweden, and the GDP of all Arab countries, with a combined population in excess of 280 million, is less than that of Spain. Over a dozen Muslim countries have not yet qualified to join the World Trade Organization (which, with 148 members and counting, is hardly an exclusive club).

**Free-trade agreements take time, and time is short.** A U.S./Middle East free-trade area, however desirable, is a policy goal for the long-term. Relatively few countries in the region are currently ready to commit themselves to the sweeping policy changes that are entailed. Therefore, the Bush administration should supplement its pursuit of FTAs (free-trade agreements) with an initiative that is simultaneously broader in scope and capable of generating immediate results.

**Implement immediate trade liberalization.** The Bush administration should endorse and actively support legislation to grant temporary duty-free, quota-free access to the U.S. market for exports of selected Muslim countries - including Turkey, Afghanistan and Pakistan, all countries with obvious geopolitical significance and all countries absent from the administration’s current plans.

**Immediate opening of the U.S. market is just the first step.** A unilateral preference program would demonstrate the seriousness of the U.S. commitment to Muslim economic growth and development, thereby helping to lay the groundwork for future FTAs in the region. The ultimate aim of U.S. policy must be mutual liberalization in which Muslim countries commit to opening their own markets and overhaul their own policies and institutions.

**Quick action is needed to avert a textile debacle.** Speedy liberalization is important because 2005 marks the removal of U.S. textile quotas, and Muslim nations need to be on an equal competitive footing with the Caribbean, Andean, and African countries that already enjoy duty-free access to the U.S. market.

**The biggest prize is liberalization of trade in services.** Services are the dominant contributor to GDP throughout much of the Muslim world and are frequently the largest employer. Yet in those critical service industries that constitute the backbone of a modern economy - including transportation and telecommunications - competition, is typically nonexistent. The potential for liberalization is immense.

**Trade liberalization upholds national security.** By granting unilateral, unrestricted access to the American market, the U.S. provides immediate relief to Muslim economies, offering a potent demonstration of goodwill. Promoting economic and political reform throughout the Muslim world has become an urgent priority for US foreign policy. Trade liberalization, while no panacea, is an important part of the equation.