GLOBAL TRADE- KEY DATES

There are numerous examples of people trading over increasingly long distances since ancient times: from Roman trade routes with India to the Silk Road that connected Africa and Europe to the Far East of the Asian continent centuries ago.

1946 Spurred by the belief that high tariffs and trade barriers were associated with war, and that peace and prosperity were associated with open trade, 23 countries worked together for the first time in order to create an open world trading system and what became known as the General Agreement on Tariffs on Trade (GATT).

1950-51 In Torquay, 38 countries agreed to exchange some 8,700 tariff concessions, cutting tariff levels by 25 per cent.

1973-79 GATT's progressively lower tariffs had allowed world trade to grow rapidly. The Tokyo round resulted in 102 countries agreeing tariff reductions worth more than $300 billion.

1986-1994 The spread of economic growth meant democracy had become firmly established in a way that had failed dismally during the interwar period. 123 countries took part in the Uruguay round which led to major reductions in tariffs (up to 40%).

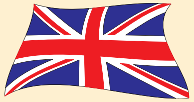
1995 The World Trade Organisation (WTO), based in Geneva, was founded in recognition of the fact that world trade rules would be extended to services, intellectual property and other new areas of trade, as well as handling trade dispute resolution.

2001-2008 The WTO continued to push through trade reform on a global level via the Doha round of negotiations which started in 2001, but progress has come to a standstill (mainly over agricultural issues).

2009 The EU started to look to negotiate its own preferential, bilateral trade agreements with global partners.

2012 An EU agreement was most recently concluded with South Korea.

SYED KAMALL MEP FOR LONDON



Syed Kamall is a Conservative Member of the European Parliament representing London.

He thinks the EU needs to approach the way it sets the terms of trade differently if we are to make more progress in opening markets and facilitating economic growth. Rather than trying to fuse together sets of rules and standards that are becoming ever more complex, we should be looking to mutual recognition of each others' rules and standards where possible.

In the 21st century, the case for open international trade is stronger than ever. A border used to impose additional costs such as tariffs, time costs due to border delays and costs associated with country differences such as language, legal systems or culture. But many of the traditional and additional costs associated with international trade are falling away. Through the internet and international legal frameworks enforced by institutions like the WTO, we are learning to connect and trust each other, transaction by transaction, wherever we happen to be based in the world.

This is the sixth Pocket Guide that Syed Kamall has published. The others are:

- Pocket Guide to the European Union
- Pocket Guide to EU Financial Regulation
- Pocket Guide to the EU Budget
- Pocket Guide to the Lisbon Treaty (European Constitution)
- Pocket Guide to the EU and Local Government

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SYED KAMALL'S POCKET GUIDE TO

INTERNATIONAL TRADE AND THE EUROPEAN UNION

WHY WE NEED INTERNATIONAL TRADE

Open trade creates prosperity. Trade is a voluntary exchange of goods and services and so would not take place unless it benefited both buyers and sellers.

Sometimes buyers pay more than they should have to, such as where there is little competition between producers or if a government imposes a tax (known as a tariff) on the import or export of a product or service.

The only parties that benefit from these barriers to trade are governments, and inefficient industries that are being protected. Import tariffs and subsidies tend to result in domestic industries remaining uncompetitive compared to those abroad.

Non-tariff barriers to trade, such as regulations setting incompatible standards or subsidies, can also enable domestic industries to avoid the competitive pressures which drive innovation and efficiencies.

When considering international trade treaties made between governments, it is useful to remember that countries do not trade with each other. People and businesses trade with people with businesses in other countries.

Government intervention in the terms of trade invariably means trade is less free and makes it more difficult to do business in other countries.

In a modern economy, the import of a product to the end consumer can be the result of numerous trades along a supply chain involving many countries and several continents. Free trade tends to promote interdependence and can act as a powerful force for peace and understanding between nations.

SOME FACTS ON UK TRADE

Businesses in the UK trade with other businesses in over 250 countries around the world.

The UK's exports to outside the EU are currently increasing and exports to countries inside the EU are decreasing.

The biggest category of "visible" exports from the UK by value is nuclear reactors, boilers, machinery and mechanical appliances and parts. The largest imported commodity group is oil and gas, representing 20 per cent of the total value of non-EU imports to the UK.

The UK is a major exporter of "invisibles" which are often services which do not need to leave a UK port, such as financial and consultancy services. The economy of the City of London, for example, derives huge benefit from the export of these "invisibles".

We do more trade with the USA than any other country. China is the UK's second biggest trading partner outside the EU.

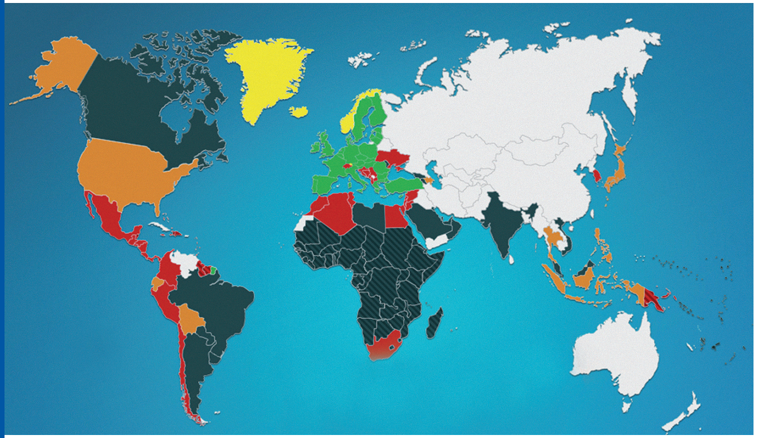
HOW THE EU MAKES TRADE POLICY

The regulation of the commercial relationships between UK citizens and firms has been the exclusive responsibility of the EU since the United Kingdom joined the EU in 1973.

Trade policy is co-ordinated by the European Commission on behalf of member states. Belgian liberal Karl De Gucht is the current Commissioner for trade. Previous British Commissioners include Christopher Soames, Leon Brittan, Peter Mandelson and Catherine Ashton.

Mr de Gucht is responsible for representing the EU's 27 member states in global negotiations. His job carries great responsibility as he defines the trade interests of the EU and negotiates bilateral, regional or multilateral agreements with third countries.

With the Doha round of talks at the WTO stalled, the EU is negotiating bilateral trade agreements with numerous countries across the world, as indicated on the map below.



EU and Customs union:
Andorra - Monaco - San Marino - Turkey - French Guiana.

European Economic Area:
Norway - Iceland - Liechtenstein - Greenland.

Countries with which the EU has concluded preferential trade agreements:
Mexico - Chile - Columbia - Peru - Panama - Costa Rica - El Salvador - Guatemala - Nicaragua - Honduras - Morocco - Algeria - Tunisia - Egypt - Jordan - Israel - Palestinian Territory - Lebanon - Syria - FYR Macedonia - Albania - Serbia - Montenegro - Bosnia-Herzegovina - Croatia - Ukraine - Switzerland - South Africa - South Korea - Antigua* - Barbuda* - Belize* - Bahamas* - Barbados* - Dominica* - Dominican Republic* - Grenada* - Guyana* - Haiti* - Jamaica* - Papua New Guinea* - St Kitts and Nevis* - St Lucia* - St Vincent and Grenadines* - Seychelles* - Suriname* - Trinidad and Tobago*.

Countries with which the EU is currently negotiating preferential trade agreements:
Canada - India - Singapore - Malaysia - Brazil - Argentina - Uraguay- Paraguay - Saudi Arabia - Botswana* - Cameroon* - Ivory Coast* - Kuwait - Qatar - United Arab Emirates - Fiji* - Oman - Bahrain - Libya - Cook Islands* - Kiribati* - Lesotho* - Swaziland* - Madagascar* - Mauritius* - Mozambique* - Marshall Islands* - Micronesia* - Nauru* - Samoa* - Solomon* - Timor Leste* - Tonga* - Tuvalu* - Vanuatu* - Angola* - Namibia* - Comoros* - Djibouti* - Eritrea* - Ethiopia* - Malawi* - Sudan* - Zambia* - Burundi* - Kenya* - Rwanda* - Uganda* - Tanzania* - Central African Republic* - Chad* - Congo* - Democratic Republic of Congo* - Equatorial Guinea* - Gabon* - Sao Tome and Principe* - Benin* - Burkino Faso* - Cape Verde* - Gambia* - Ghana* - Guinea* - Guinea-Bissau* - Liberia* - Mali* - Mauritania* - Niger* - Nigeria* - Senegal* - Sierra Leone* - Togo* - Zambia* - Zimbabwe* - Vietnam - Moldova - Armenia - Georgia.

Countries with which the EU is considering opening preferential trade agreements:
Japan - Azerbaijan - Brunei Darussalam - Indonesia - Philippines - Thailand - Ecuador - Bolivia - United States of America.

** Economic Partnership Agreements*