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Embracing trade does not make you a traitor

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On a recent trip to Iran, I couldn't help but notice the difference in the public narrative regarding the lifting of the sanctions against Iran.

While many people in the United States — at least according to mainstream media — seem to think that they got the short end of the stick, I heard many Iranians express that they felt exactly the same way about their own country.

Americans suspect that Iranians are not keeping to the limits set for their nuclear program and Iranians think that they are denied the right to purchase airplanes from the U.S.

Americans think that Iran was paid a ridiculous amount of ransom and Iranians think that the funds in question had been held ransom for too long. I empathize with both sides but I am wondering if that is even the right issue to debate.

Not too long ago, companies from around the world were in intense competition over first-mover advantages and market share in emerging markets, particularly the BRIC (Brazil, Russia, India, China) countries. After the financial crisis of 2008, however, the global trade engine started sputtering and growth in the BRIC economies slowed down. In search of new markets, companies that depend on global sales clung on to every straw — Japan? Hasn't grown in years. Africa? Hasn't lived up to its promises yet. Turkey? Well...

Enter Iran. With a population of close to 80 million, Iran is an emerging market of a size that many companies would choose not to ignore. Iran also has an abundance of natural resources, a growth rate projected by the World Bank to be just under 5 percent for the next two years, a young population that is thirsty for foreign products and a workforce that is highly skilled and resourceful. It is also one of the few stable countries in the Middle East.

Before the Islamic Revolution, Iran and the U.S. maintained significant trade relations. Then Europe primarily profited from the disappearance of U.S. companies in Iran.

And when international sanctions were imposed and the Europeans left, companies from China and Russia reaped the benefits.

We live in a time when protectionist arguments and policies have started to resurface, although we should know better. Empirical research clearly shows that free trade is beneficial to economies worldwide.

In 2014, the Congressional Research Service reported on a variety of studies that show free trade agreements create trade, increase efficiency of production and produce economies of scale. Studies have also confirmed that unilateral embargoes primarily hurt the economy of the country that imposes trade restrictions and not the country it is trying to punish.

For instance, the Cato Institute reports that the United States has imposed more than 40 trade sanctions against countries in the last 25 years. American exporting companies may have lost reputation, market share and \$15 billion to \$19 billion in annual overseas revenues.

So, should U.S. companies get ready to enter Iran? More legal and policy hurdles to be cleared before it is worth the effort, but generally I'd say: You betcha! And to those who have ideological concerns, I suggest you think of the positive effects that economic growth and rising standards of living have. Stable economies create stable countries.

Trade doesn't make us traitors, it creates friends.