



POLICY PAPER

WHY FREE TRADE STILL MATTERS IN A FRACTURED WORLD

*Countries Embracing Economic Openness
Today Will Determine Tomorrow's Centers
of Global Power*

October 2025

Table of Contents

3	Executive Summary
4	Introduction to the Benefits of Free Trade
5	EVFTA and DCFTA Analysis of the Present Benefits of Free Trade
6	The Importance of the Middle Corridor Project
7	Present Facts of CETA (Canada-Europe Trade Agreement)
8	The EU-MERCOSUR Agreement: Strategic Trade or Political Gamble?
9	Correlation of the Principle of Deterritorialization and US Benefits of Cut-Off Tariff Policy
10	The Democratic Trade Leadership Imperative
11	Conclusion

Executive Summary

Free trade stands as a milestone of global economic prosperity, yet its implementation remains unfinished, threatened by rising protectionism, bureaucratic stagnation, and missed leadership opportunities. From the successes of the EU–Vietnam Free Trade Agreement (EVFTA) and Deep and Comprehensive Free Trade Areas (DCFTAs) to the stalled EU–Canada and EU–MERCOSUR agreements, the global trading system reflects, towards a global economic prosperity, tension and political inertia.

- 1. Free Trade Lifts Nations Out of Poverty and Stimulates Global Wealth:** Free Trade agreements and current data confirm that free trade significantly reduces poverty and increases per capita income. Vietnam’s transformation under the EVFTA is a clear example, with nearly 20 percent export growth to the EU and millions lifted into better jobs and incomes. The Vietnamese economy’s structural reforms, driven by trade liberalization, show how free trade compels sustainable growth and global integration.
- 2. DCFTAs Have Empowered Eastern Partners:** Georgia, Moldova, and Ukraine have witnessed significant increases in exports to the EU, often exceeding 60–90 percent increases. Yet non-tariff barriers, legal asymmetries, and EU-imposed regulatory burdens hinder the full realization of benefits. These agreements showcase the potential of free trade for geopolitical alignment and economic development if accompanied by mutual accountability and less bureaucracy.
- 3. The EU’s Inconsistent Leadership in Free Trade Agreements Weakens Global Influence and Trade:** While the EU prides itself on multilateralism and trade, internal fragmentation has delayed or paralyzed trade agreements. The EU–Canada Comprehensive Economic and Trade Agreement (CETA), though provisionally in force, remains unratified by main member states. This hesitation has damaged credibility, diminished economic opportunity, and undermined transatlantic economic integration.
- 4. The MERCOSUR Agreement Reflects Europe’s Indecision Amid China’s Rise:** The EU–MERCOSUR trade deal could be a €15–20 billion boost in EU GDP and a strategic counterbalance to China’s growing role in Latin America. The longer the EU hesitates, the more strategic economic ground it loses.
- 5. Infrastructure and Trade Liberalization Go Beyond Borders - the Middle Corridor Shows What’s Possible:** A project of being borderless. No economic borders, no economic burden. The Middle Corridor is a vital transit route from China to Europe via Central Asia and the Caucasus that demonstrates how free trade and physical infrastructure can reshape geopolitics and boost wealth. With over €10 billion invested by the EU and World Bank, the corridor showcases how connectivity and open markets create new wealth and resilience, especially for landlocked countries and emerging economies. It is a great example of how developing countries will develop their economy by participating in free trade and strategic infrastructure building, such as railways.
- 6. The U.S. Must Return to the Global Trade Stage, Embracing Deterritorialization:** A shift away from tariffs and toward free trade would benefit U.S. consumers, industries, and diplomatic standing. Reducing artificial trade barriers, particularly with emerging markets, supports innovation, lowers prices, and reinforces the U.S. role as a leader of liberal democracies and promoter of economies and democracy.

Recommendations:

- 1. Reaffirm and Expand Free Trade Agreements:** The EU should re-engage actively in finalizing and ratifying pending deals like CETA and EU–MERCOSUR. These agreements are critical for sustaining economic competitiveness, diversifying supply chains, and countering authoritarian influence in global trade.
- 2. Cut Bureaucratic Red Tape for Partner Countries:** DCFTA and other partner countries face significant hurdles in aligning with EU standards. Streamlining procedures, accelerating approvals, and providing clear, consistent regulatory guidance would empower local industries and build trust in EU leadership.
- 3. Invest in Infrastructure to Unlock Trade Potential; be Borderless:** Projects like the Middle Corridor require continued EU financial commitment. Strategic investment must go hand-in-hand with trade liberalization to maximize impact.
- 4. Promote Deterritorialized Trade Policy in the U.S.:** The U.S. must phase out harmful tariffs and restore its global trade leadership by embracing a deterritorialized approach. This means promoting seamless flows of goods, services, data, and capital across borders, which supports innovation, diplomacy, and long-term prosperity.
- 5. Restore Credibility Through Political Leadership:** Free trade cannot be held hostage by internal EU political divisions or right-wing populist uprisings. Political leaders must clearly communicate the benefits of open markets. Countries like Italy, Belgium, and other opposers of free trade, should address real, legitimate concerns and act properly.

Introduction to the Benefits of Free Trade

Free trade, defined as the exchange of goods and services across borders with minimal tariffs, quotas, or subsidies, is not just a theoretical economic ideal. It is one of the strongest drivers of global growth and economic integration. Over the past centuries, free trade has contributed more to global prosperity than nearly any other policy tool. It has played a main role in helping individual entrepreneurs and diminishing poverty by providing new economic opportunities. Its impact is both quantifiable and visible in the rise of global living standards, the expansion of consumer choice, and the acceleration of innovation. It has brought wealth, innovation, and fortune to people and governments. As well as having supported the stability of the economies.

According to [World Bank data](#), global GDP per capita has more than tripled since the 1960s, largely driven by the expansion of trade. Between 1990 and 2020 alone, the volume of world merchandise trade increased more than fourfold, coinciding with a dramatic reduction in extreme poverty, from 36 percent of the world's population in 1990 to less than 10 percent in 2019. [The World Trade Organization \(WTO\)](#) has consistently reported that open economies grow on average 1.5 times faster than their closed counterparts; thus, we have foreseen how important trade is, especially the free exchange of goods.

Take the example of Vietnam, a nation transformed by trade. Since joining the WTO in 2007 and signing the EU-Vietnam Free Trade Agreement (EVFTA) in 2020, Vietnam has witnessed exponential export growth. After the [EVFTA implementation](#), Vietnam's export value to the EU has skyrocketed by nearly 50 percent, driven by tariff eliminations on over 70 percent of goods. More importantly, Vietnam increased the employment rate in the textile, agricultural, and electronics sectors; gained access to better jobs and quality life standards; and improved incomes. The trade agreement also compelled domestic reforms, encouraging Vietnam to strengthen its environmental and labor standards to align with international expectations. Thus, Vietnam has developed its infrastructure in textiles and manufacturing, which has shaped and boosted the economy and well-being of Vietnam and the Vietnamese people. The country has increased exports to Europe. On the other hand, Europe has benefited from this cooperation and has given its citizens lower prices for quality goods.

On a broader scale, free trade [lifts nations out of poverty](#). A supply chain is interconnected in a globalized world, meaning that a single smartphone, for example, may include raw materials from Africa, be assembled in China, designed in California, and sold in Europe. The existence of such a chain requires complex procedures and legislation. As well as the heavy burden of tariffs and taxes. Thus, the free trade agreements become the main benefactor of this complex process. A product at an affordable price is only possible through open trade networks and the elimination of tariffs that would otherwise make international production prohibitively expensive.

Even with rising protectionist sentiments in some parts of the world, evidence continues to favor trade openness. [The International Monetary Fund \(IMF\)](#) estimates that a 10 percent increase in trade openness is associated with a 4 percent increase in income per capita. Thus, [free trade drives new sources of income and innovation across nations](#). Furthermore, free trade can act as leverage against economic shocks. In this context, trade is not a zero-sum game. Rather, it is a shared strategy for global wealth creation. For developing economies, it brings investment, jobs, and development. For industrialized nations, it delivers raw materials, access to dynamic consumer markets, and a foundation for geopolitical partnerships.

As future challenges such as climate change, energy transition, and digital transformation demand collective action, free trade stands not only as an economic tool but as a political necessity.

The role of free trade in today's interconnected, competitive, and complex world is important. In a complex geopolitical and economic context, free trade truly diminishes poverty. Leadership for taking responsibility to implement free trade must be upheld by the big political leaders. The present and past examples show us how important it is to uphold free trade policies. Thus, big players should continue to do so. Nevertheless, the US, Canada, and Europe are not using the benefits of upholding free trade. Moreover, there are rising protectionist tendencies in some countries, especially in the US, and it should be appropriately addressed.

EVFTA, DCFTA, and Analysis of the Benefits of Free Trade

The modern landscape of free trade is being reshaped by rapid geopolitical shifts, digital transformation, and emerging economic dependencies, which are factors of inequality. The EU's bilateral trade agreements, particularly the EU-Vietnam Free Trade Agreement (EVFTA) and the Deep and Comprehensive Free Trade Areas (DCFTAs) with Georgia, Moldova, and Ukraine, are emblematic of the evolving function and relevance of trade liberalization. These agreements are not just economic tools; they are goods and benefits of free trade, acting as both compasses for the wealth of countries and navigators through an increasingly fragmented international economic order.

The EU-Vietnam Free Trade Agreement, in force since August 2020, represents the EU's most ambitious agreement with a far-developing country. It [eliminates 99 percent of all tariffs](#) over a seven-year transition period and opens up public procurement, services, and investment markets. In the current global environment of protectionist tendencies and economic uncertainty, the EVFTA's results offer a [success story of free trade](#). Vietnam, for instance, has experienced an [approximate 20 percent increase in exports to the EU](#) since the agreement's implementation. Meanwhile, European companies, especially in pharmaceuticals, machinery, and green technology, have gained a stronger path in one of Asia's most dynamic economies. EVFTA was estimated to add 4.6 percent to Vietnam's GDP by 2030.

Crucially, the EVFTA has enabled Vietnam to diversify away from over-reliance on the Chinese market and brought it closer to the European regulatory and environmental standards. This geopolitical alignment, accelerated by post-COVID supply chain concerns and the EU's Indo-Pacific strategy, illustrates how trade agreements today are less about tariffs and more about influence. The agreement also includes sustainable development chapters, although critics argue that enforcement remains weak and largely symbolic. Despite these criticisms, in a time when global supply chains are realigning, the EVFTA stands out as a success where both sides have benefited. Vietnam has boosted its economy, while Europe has offered affordable prices to its citizens. It's truly an example of trade as both an economic opportunity and a strategic relationship.

By contrast, the DCFTAs with Ukraine, Moldova, and Georgia reflect a different type of free trade with [different kinds of benefits](#). This means that free trade policies do not have limitations in terms of gaining profit, but they may still have bureaucratic burdens, which slow down the economic gains. These agreements, launched in the mid-2010s, were intended as economic corridors for the countries to the European Single Market and for harmonizing the European economic market. Their effects are truly innovative, not only from the region's economic development but also from the turbulent geopolitical environment. Ukraine's agri-food exports to the EU, for example, increased by over 40 percent between 2021 and 2023, despite the Russian invasion. Moldova and Georgia have also seen trade volumes with the EU rise steadily. These outcomes reveal how free trade agreements, when used as strategic factors, can support countries economically and politically.

Yet, despite their strategic value, the DCFTAs are not without shortcomings. Implementation gaps, non-tariff barriers, and the inability of local industries to adapt to EU standards often hide the full realization of benefits. Moreover, the asymmetry of liberalization, where these countries are expected to meet the EU's regulatory framework while still facing restrictions and slow approval processes for sensitive products, can strain the domestic legitimacy of such deals. For example, the EU is setting up a bureaucratic mechanism for DCFTA-associated countries to meet the needs of their local law. Free trade agreements must be unteachable, but the EU requires DCFTA countries to align national laws with the EU Acquis Communautaire (body of EU law). For example, Georgia's law on product safety and free movement of goods was reformed to match EU regulations on market surveillance and consumer protection. Nevertheless, the Georgian economy and other DCFTA countries' boost in exports reached over 90 percent of goods and exports over 60 percent. [EU4Business](#) support has reached Georgian SMEs receiving loans, grants, training, and technical assistance.

The Importance of the Middle Corridor Project

Until recently, global trade between China and Europe followed two well-established routes: maritime shipping via the Suez Canal and rail transport across Russia via the so-called Northern Corridor. Both had long been considered efficient and cost-effective. But after Russia's full-scale invasion of Ukraine in 2022, the geopolitical ground beneath global trade shifted dramatically. The Northern Corridor, once responsible for over 80 percent of China-Europe rail freight, became politically toxic, operationally unreliable, and morally contested. In response, attention turned to a once-overlooked alternative: the Middle Corridor.

Also known as the Trans-Caspian International Transport Route, the Middle Corridor stretches from two "black gold" countries, West China and Kazakhstan, crosses the Caspian Sea to Azerbaijan, then moves through Georgia and Türkiye through the Black Sea, finally linking to the East and Central European market. What once seemed a logistical detour has now become a strategic priority, not only for the countries involved but for the global supply chain as a whole. In 2022, transit volumes through the corridor increased by [more than 80 percent](#), with another 53 percent rise reported in 2023. European policymakers, transport ministries, and private sector stakeholders are [now investing political and financial capital](#) into ensuring that this route becomes not a temporary fix but a long-term solution. Europe has taken a fast and clear step forward to implement such a kind of free trade agreement because of the Russian invasion of Ukraine, and it must continue to build up free trade relationships within the South Caucasus, Central Asia, and Chinese markets.

What makes the Middle Corridor particularly significant is not just its growing usage and free trade implementation and exchange of goods between countries, but its geopolitical neutrality and the second most changeable way. Unlike routes that pass through Russia or Iran, this corridor benefits from cooperation between countries that have either formalized trade deals with the EU, like Georgia through the Deep and Comprehensive Free Trade Area (DCFTA), or others, such as Kazakhstan and Azerbaijan. This opportunity has opened the door to broader economic integration. For instance, Kazakhstan's trade with the EU reached [€41 billion in 2023](#), up from [€26 billion](#) just two years earlier. Georgia, once an isolated post-Soviet state, has become a logistics hub connecting the Caspian to the Black Sea. As mentioned, its exports to the [EU have grown by 140 percent](#) since the DCFTA came into force in 2014. Azerbaijan, too, has seen its exports to the [EU rise to €19 billion](#), much of it driven by energy and corridor-related trade. This is not happening in a vacuum. The European Union, through its [Global Gateway initiative](#), has invested €10 billion in infrastructure projects in Central Asia, many of which directly or indirectly support the Middle Corridor. The World Bank added a [further \\$500 million](#) in 2023, with an explicit focus on reducing bottlenecks and building customs efficiency across Kazakhstan and Azerbaijan. Towards Georgia, [the World Bank and the EU have invested 97.7 million](#) in road infrastructure. The underlying message is clear: infrastructure and free trade are not separate pillars; they are mutually connected. Without railways, ports, terminals, and digital customs systems, no trade agreement can unlock its full potential. Conversely, without trade liberalization and open markets, infrastructure becomes a stranded asset. A middle corridor is a real oasis and the future of free trade.

The economic rationale is also compelling. The Middle Corridor allows cargo to move from Kazakhstan to Europe in about 15 days, twice as fast as sea shipping and nearly as fast as pre-war rail routes through Russia. The cost of shipping one container via the corridor [fell by 20 percent in 2023](#) thanks to logistical improvements. For landlocked Central Asian countries like Uzbekistan, which previously relied almost exclusively on Russian routes, this corridor provides both access to new markets and geopolitical breathing room. Uzbekistan's exports to Europe [rose by 32 percent in 2023](#), largely thanks to new transit options via Kazakhstan and Georgia. The involved countries will significantly benefit from this opportunity, as they will receive direct and indirect benefits of free trade.

Yet, despite these gains, the corridor faces unresolved challenges. Harmonizing customs procedures, digitalizing border controls, and managing the Caspian Sea crossing remain technical and political challenges. The corridor's success depends on multilateral trust, not just investment. A single breakdown, political or logistical, can undermine

the entire chain. Thus, the EU must take leadership in this initiative and must commit itself towards its outcome and finish the successful implementation of this enormous project. Moreover, the countries involved must resist the temptation to politicize access or overregulate the transit trade. The corridor's value lies in its neutrality and predictability, qualities that are often tested in regions with historical rivalries. The EU must value the importance of not regulating the trade routes, as it has done with DCFTA.

In a global context increasingly characterized by economic fragmentation, weaponized trade, and supply chain insecurity, the Middle Corridor offers a glimpse into what a resilient and cooperative model might look like. It shows that free trade, when paired with strategic infrastructure and shared governance, can generate real dividends not only in GDP growth but also in regional stability, autonomy, and long-term development. As corridors are carved and freight begins to move, the bigger movement is one of political alignment. The Middle Corridor is not just a route; it is a statement that connectivity matters and that trade remains borderless, one of the last true engines of economic growth and stability. It is a real process of deterritorialization - a principle that directly explains the benefits of globalization and free trade.

Present Facts of CETA (Canada-Europe Trade Agreement)

When the European Union and Canada signed the [Comprehensive Economic and Trade Agreement \(CETA\)](#) in 2016, it was a milestone in 21st-century trade diplomacy. The deal aimed to eliminate 98 percent of tariffs, open new markets, protect geographically protected areas, and streamline regulatory cooperation across two advanced economies committed to democratic values and multilateralism. In a world increasingly shaped by the People's Republic of China and America's current tariff policy, CETA (Canada-Europe Trade Agreement) was supposed to signal that liberal democracies and free trade could still lead to global transatlantic trade and defend the real benefits of this trade agreement.

Nearly a decade later, that optimism has given way to frustration. CETA is still not fully ratified by all EU member states. Still, the EU is being late to take the leadership and protect the importance and benefits of free trade profits. While it has been provisionally in force since 2017, covering most trade-related provisions, the agreement remains stuck in political and legal limbo, vulnerable to reversals and undermining investor confidence. Thus, those two regions still suffer from not having a free trans-Atlantic trade contract between each other.

The key problem is not technical but political. [Both regions know and see the benefits of free trade](#) between each other. National parliaments across the EU have supported the idea, but member-States such as Belgium, France, Italy, and Austria have left the benefits of agreement on edge. The MEPs resulted in the stagnation of these strategically important agreements. Towards the implementation of this trade agreement, much of the opposition has come from left-leaning and green parties, who fear that CETA's dispute resolution mechanisms empower corporations at the expense of governments and that it could weaken environmental and labor protections. In Belgium, the Walloon Parliament famously threatened to block the entire agreement, nearly collapsing the EU's credibility as a trade actor. This fragmented and weak response exposes a broader crisis. Europe's internal incoherence is rapidly becoming a liability for its external trade power. While Brussels negotiates agreements, implementation is often hostage to domestic politics, delaying or derailing deals that are famously known as European bureaucracy machinery. Europe was once seen as a strategic victory in defending free trade, and it must continue to uphold it.

Meanwhile, Canada has grown increasingly skeptical. Although bilateral trade has risen moderately under provisional application, exports from Canada to the EU reached [€43.7 billion in 2023](#). Canadian policymakers are losing patience with Europe's reluctance to deliver on promises and losing hope in Europe's readiness. In 2022, Canadian Trade Minister Mary Ng warned that the lack of full ratification was "damaging trust" and limiting deeper cooperation. The cost is more than diplomatic; it is economical. CETA's limbo has directly undermined European exporters' long-term planning, weakened regulatory coordination in sectors like pharmaceuticals and technology, and created uncertainty

for businesses on both sides of the Atlantic. In an era of supply chain disruptions, US trade policy changes, industrial competition, and energy volatility, this kind of uncertainty is not a small matter; it's an economic liability.

The failure of CETA is not isolated but symptomatic of a broader retreat from rules-based trade. Around the world, protectionist impulses are rising. Since 2018, global trade has increasingly been weaponized through tariffs, sanctions, and industrial subsidies, especially as it has been blackmailed by recent US policies. Free trade agreements, once symbols of global stability, are now under suspicion. Within Europe, this trend threatens not only external deals but also internal cohesion and raises prices in the EU, as national vetoes hold multilateral progress hostage. And yet, the benefits of free trade remain profound, as shown by other EU agreements that did move forward. But, we know that free trade agreements for Eastern Partnership countries opened agricultural, pharmaceutical, and automotive markets. These additional examples are the lost potential of CETA. With full implementation, EU-Canada trade could expand by over [20 percent in a decade](#). Instead of seeing the transatlantic economic gains, it remains delayed, diluted, or abandoned.

In sum, the EU-Canada trade saga is not just about tariffs or investor tribunals. It is about implementing the benefits of free trade. A warning about what happens when political indecision overrides strategic clarity. At a time when global economic power is shifting, Europe can no longer afford to send mixed signals. If free trade policies are to remain relevant in the shaping of global trade rules, they must prove they can act decisively and deliver profits. Free trade, when pursued with foresight and accountability, offers the tools for economic resilience, global competitiveness, and diplomatic strength. CETA was supposed to be proof of that. Today, it remains a lesson in what happens when trade is held hostage by political leaders.

The EU-MERCOSUR Agreement: Strategic Trade or Political Gamble?

[The EU-MERCOSUR trade agreement](#) stands as both a potential economic milestone and a political gamble that aims to eliminate tariffs on over 90 percent of traded goods. First announced in 2019, the agreement linking the European Union with Argentina, Brazil, Paraguay, and Uruguay would create one of the world's largest free trade areas and roadmaps, covering a population of over 700 million people and nearly a quarter of global GDP. Yet, five years after its political conclusion, the agreement has not been ratified and remains one of the most contested trade deals in modern EU history. It is obvious that the given countries should not miss such a kind of opportunity. Firstly, it promises significant economic benefits on paper: an estimated €15 billion increase in annual EU exports and a new strategic bridge to Latin America. However, the deal has been met with fierce opposition from environmental and labor rights groups in Europe, particularly due to concerns over Brazil's environmental record in the Amazon and inadequate labor protections. The policymakers in Europe should reconsider the benefits of this strategic economic cooperation, as it not only increases the economies but also accumulates funds for sustainable development.

To understand the current situation, it is crucial to recall the strategic logic behind the deal. For Brussels, MERCOSUR offered more than just a new market. It represents a geoeconomic counterbalance to growing Chinese and American influence in Latin America. For South American countries, it promised greater access to the world's largest single market, particularly for agricultural exports. In return, the EU would benefit from dismantled tariffs on cars, pharmaceuticals, wines, and industrial machinery, opening opportunities for industries in Germany, Italy, and France. Europe should be the first to enter into a free trade agreement with MERCOSUR rather than other big players. According to internal EU assessments, the agreement could save EU exporters over [€4 billion annually in tariffs](#) and boost [EU GDP by €15-20 billion](#) over a decade. In return, MERCOSUR economies, especially agrarian powerhouses like Brazil and Argentina, would gain expanded access to beef, soy, ethanol, and sugar, solidifying their place in European supply chains.

The dilemma reveals the tension between economic liberalism and value-based diplomacy within [EU trade policy](#). Supporters of the deal argue that engagement, not isolation, is the only way to shape behavior in emerging economies and promote sustainable practices. They also point to [China's growing footprint](#) in Latin America, now the top trade partner for Brazil and Peru, as a warning: while the EU debates principles, Beijing signs contracts.

Meanwhile, delays in ratification have real costs. In the last two years, South American countries tired of European indecision have turned increasingly toward bilateral or regional alternatives, including deals with China, the United States, and even India. Uruguay has actively pursued a [bilateral agreement with Beijing](#), challenging MERCOSUR's unity and potentially undermining the bloc's very framework. Argentina's new libertarian president, Javier Milei, has also expressed frustration with EU bureaucracy and protectionism. This erosion of trust has strategic consequences. For the EU, it risks losing influence in a region historically aligned with European norms, values, and language. From a trade standpoint, it undermines the credibility of the EU's Common Commercial Policy and casts doubt on its capacity to deliver on global deals. The EU is losing more and more not only economically but also strategically.

Correlation of the Principle of Deterritorialization and US Benefits of Cut-Off Tariff Policy

The principle of deterritorialization, when applied to trade policies, refers to the reduction or elimination of territorial barriers that restrict the flow of goods, services, capital, and labor across borders. For the United States, this principle holds significant potential in the context of a policy shift aimed at erasing or reducing tariffs. Historically, tariffs have been a milestone of U.S. trade policy, serving as both a tool for protecting domestic industries and a source of government revenue. However, the growing importance of global supply chains, the increasing interdependence of economies, and the evolution of economic strategies suggest that a reduction or abolition of tariffs could bring substantial benefits to the U.S. economy by embracing the idea of deterritorialization.

From an economic perspective, erasing tariffs opens up several advantages for the U.S., both in terms of its domestic economy and its global standing. One of the most immediate and direct benefits of removing tariffs is the reduction in the cost of imported goods. The U.S. has long relied on imports to meet the demands of its consumer market, ranging from electronics to clothing to raw materials. Tariffs increase the cost of these goods, ultimately raising prices for consumers and limiting their purchasing power. By removing tariffs, the U.S. can lower the cost of these goods, offering consumers a greater variety and diversity of affordable products and stimulating domestic consumption. Implementing these actions can boost the economy and individuals' actions towards being consumers. This increase in consumption, in turn, boosts overall economic activity.

Moreover, by eliminating tariffs, the U.S. would enhance the efficiency of global supply chains. Intersections of global markets mean that many U.S. industries rely on materials and intermediate goods sourced from abroad. In sectors like technology, the agro sector, and automotive, raw materials or components are often produced in different parts of the world and assembled into final products. The U.S. has a long economic history of being economically tightly connected with other countries. Thus, the U.S. has benefited from the free trade policies and globalization. Recent increases in tariffs placed on these intermediate goods can disrupt supply chains, increase production costs, and hinder innovation. Erasing tariffs allows American businesses to benefit from a more seamless flow of inputs, improving productivity, lowering costs, and increasing competitiveness in global markets.

A major benefit of this policy shift would be seen in the United States' relationship with emerging markets. Tariffs often disproportionately affect developing countries, many of which rely on exports to the U.S. for their economic growth. By removing tariffs, the U.S. could boost deeper trade ties with countries in Africa, Latin America, and Southeast Asia, promoting economic growth and development in these regions. This, in turn, creates new markets for U.S. exports and further strengthens the global supply chains that U.S. companies rely on. More importantly, such policies could help improve diplomatic relations, promoting the U.S. as a leader and defender of free trade and global economic cooperation, rather than a protectionist nation.

The principle of deterritorialization also touches upon the broader geopolitical advantages that the U.S. could reap from reducing tariffs. The U.S. has followed the principle of deterritorialization since its founding fathers. In a neoliberal world where economic influence increasingly correlates with political influence, the U.S. stands to benefit by integrating itself more fully into a globalized economy. A policy shift away from tariffs could strengthen U.S. relationships with key trading partners, such as the European Union, Japan, and China, all of which somehow advocate for free trade and open markets. The U.S., by implementing free trade, can boost its leadership and principles of democracy and free economy policy. This enhanced economic cooperation would likely lead to greater alignment on various geopolitical issues, from global security concerns to new economic initiatives, creating a more stable international environment and free economy in which the U.S. has a tariff-free, deterritorialized economy.

Another benefit of erasing tariffs from a U.S. perspective is the stimulation of innovation. In sectors like technology, the auto industry, and pharmaceuticals, access to global markets and international collaborations can drive innovation by exposing U.S. firms to new ideas. Most of the car-makers, and parts are produced outside the U.S.; thus, tariff policy will majestically triple the prices of cars or car parts in the U.S., which will damage the financial independence of U.S. nationals. Same case scenarios are predicted about technologies and markets. By removing tariffs, the U.S. would encourage a freer exchange of knowledge, money flow, goods, technologies, parts, and intellectual property, enabling American businesses to stay at the front of innovation. In industries such as clean energy, artificial intelligence, and biotechnology, where technological advancement is crucial, the free flow of ideas and materials can give U.S. firms the competitive edge they need to maintain global leadership.

In conclusion, the principle of deterritorialization, when applied to U.S. trade policy through the erasure of tariffs, offers potential and reliable benefits. From lowering costs for consumers to strengthening global competitiveness and supporting stronger free trade relationships, the reduction of tariffs could provide a strategic advantage for the U.S. An interconnected global economy presents significant opportunities for growth, innovation, and leadership on the world stage.

The Democratic Trade Leadership Imperative

Despite rising protectionist sentiments across the EU and the USA, the European Union has emerged as one of the consistent and strategic champions of free trade in the modern era, which should continue its previous successful examples from free trade agreements. The EU must uphold leadership in implementing the EU-MERCOSUR, EU-Canada, and Middle Corridor free trade projects. Through a web of comprehensive agreements with the countries of Vietnam, Canada, and Kazakhstan and the recently negotiated (though still pending ratification) deal with MERCOSUR, the EU has positioned itself as a global standard-setter in trade diplomacy, which must continue its successful course. Leadership not only from the EU but also from the U.S. is needed in order to craft detailed, rule-based, and values-driven trade agreements that illustrate its firm belief that free trade is not only an economic tool but also a strategic tool for resilience, development, and peace.

In the context of increasing geopolitical fragmentation and rising global tensions, the EU's commitment to keeping trade channels open, especially through large-scale projects such as the ECFTA and DCFTA, has not just protected European economies but has also offered smaller economies a platform to thrive through access to one of the largest single markets in the world. Rather than treating free trade as an ad hoc instrument for short-term gain or national interest, the EU and the U.S. should frame it as a multilateral responsibility. The only one that underpins both economic growth and political cooperation. Amid global uncertainty, such leadership not only stabilizes markets but also reassures developing countries and emerging economies that liberal trade norms will not be abandoned.

The United States finds itself at a critical juncture. After years of trade wars, tariffs, and unilateralism, especially during the new administration, there is now growing pressure for Washington to reassert its role in defending and expanding free trade. The previous administration has so far been cautious, maintaining several tariffs while emphasizing domestic supply chains and economic resilience. However, as global inflation, fragmented supply chains, and strategic competition with China grow more intense, the U.S. has a powerful incentive to re-engage with the logic of open markets. The principle of deterritorialization - removing artificial barriers like tariffs and embracing the flow of goods, services, and capital - offers a roadmap for renewed U.S. leadership. Cutting tariffs would reduce consumer

prices, support American exporters, and create room for strategic partnerships with allies and developing regions. This is not just a matter of economics, but it is a question of strategic influence. U.S. re-engagement with tariff elimination and global trade expansion is not merely desirable but necessary. A renewed U.S. trade strategy, aligned with the EU's model of values-based, rules-driven agreements, would send a powerful message: that liberal democracies still believe in the future of free trade and that prosperity can be built through cooperation rather than confrontation.

In short, the EU has provided the blueprint. Now, it is up to the United States to return to the table, not as a reluctant participant, but as a decisive leader ready to prove that free trade remains one of the most powerful tools for peace, stability, economic growth, and a path towards diminishing poverty.

Conclusion

In conclusion, the collection of current developments, trade agreements, and strategic infrastructure projects showcases the undeniable relevance and multifaceted benefits of free trade in the contemporary global order. The EU should take leadership in defending the free trade agreements while the U.S. is changing its tariff policy.

Meanwhile, projects like the Middle Corridor reflect the infrastructural dimension of free trade, demonstrating how connectivity can directly unlock regional economic potential. Diversifying trade agreements and routes reduces dependency on politically sensitive corridors such as Russia's passage. Such initiatives show how physical trade integration complements regulatory efforts, fueling not just GDP growth but regional cohesion and innovation.

The failure of certain agreements, such as the Canada-EU CETA, and MERCOSUR stagnation, showcases how political resistance, misinformation, or institutional sluggishness can derail beneficial partnerships. These setbacks serve as a reminder that the defense of free trade requires not just negotiation, but public legitimacy, clear communication, and political readiness.

In contrast, the strategic silence or hesitation from other global actors, particularly the United States, highlights the cost of retreating from tariff liberalization. The essence of deterritorialization is crucial and essential. Artificial trade barriers offer a weak protectionist view and deterioration of the interconnected economy.

Altogether, the data and examples across Europe, North America, and Central Asia suggest a clear message. Implemented strategically and backed by infrastructure, innovation, and trust, free trade remains one of the most effective tools for achieving sustainable growth, political stability, and collective resilience.



ABOUT THE AUTHOR

Lasha Svanishvili is a former intern of We Are Innovation, a dynamic think tank, where he leveraged his expertise in policy advocacy, research, and strategic communications. Originally from Georgia and now based in Central Europe, Lasha holds a BA in Law and is pursuing an MA in International Relations with a focus on Europe from a Visegrad Perspective. A 2022 alumnus of the John Galt School and SFL, he brings experience from roles in international and local non-profit organizations, contributing high-quality articles, reports, and analytical documents.

WE ARE INNOVATION

We Are Innovation is a dynamic network of individuals and institutions who deeply believe in innovation's power to drive progress and solve the world's most pressing problems. With over 50 think tanks, foundations, and NGOs based worldwide, We Are Innovation represents the diverse voices of a global civil society committed to advancing human creativity, adopting new technologies, and promoting innovative solutions. Through our collaborative approach and cutting-edge expertise, we are driving global transformative change. To learn more about our work, visit us at <https://weareinnovation.global/>.

