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Trade meeting will be crucial

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Latin America is one of the most liberalized regions in the world, but to expand the benefits of trade to millions of families, progress at the Doha development round of trade talks is essential.

We approach a decisive phase in the negotiations with the World Trade Organization ministerial meeting taking place in Hong Kong next month. Now there's the possibility to enable people from developing countries to sell more of their goods overseas, creating more jobs and lifting their incomes.

In Latin America, where about 128 million (24.5 percent) of the region's population live on less than $2 a day, the outcome of the Doha development round will be critical. Why? Because it is trade, not aid, that holds the key to creating jobs and raising incomes and to generating growth and reducing poverty. Expanded trade is essential to improving living standards by increasing exports, investment and jobs -- especially if countries complement their trade agreements with a comprehensive development agenda.

Among developing regions, Latin America is a leader in trade liberalization, often embarking on reforms autonomously. Latin American countries are also among the most active in multilateral trade negotiations. Since the 1990s, more than 20 free-trade agreements have been signed or revitalized among Latin American countries, and between them and industrialized nations. These include Mercosur (among Argentina, Brazil, Paraguay and Uruguay); the North American Free Trade Agreement (among Canada, the United States and Mexico); the Central American Common Market; the Andean Community; CARICOM; and CAFTA-DR (between Central America and the Dominican Republic and the United States).

Yet there are many inequities in the international-trade system, which drag down export growth. One example is the $280 billion that industrialized nations spend per year in support of their agricultural producers, limiting the access of agricultural products from developing countries. In fact, both the subsidies and tariffs applied by industrialized nations depress farm income in Latin America by at least 12 percent and as much as 20 percent in Argentina and 40 percent in Brazil.

Protection on agriculture must be reduced, and everyone has work to do. The United States needs to do more to cut its subsidies substantially. The European Union needs to do more on market access to provide significant new trade opportunities for developing countries. In turn, developing countries need to open their markets in services and manufacturing and lower their own agricultural protection.

Latin America, for instance, faces tariffs imposed by industrial countries on agricultural products of about 18 percent, but also tariffs of some 7 percent in other Latin American countries. Likewise, Latin American exporters of manufactures face tariffs in neighboring markets that are six times higher than in industrial countries.

Just as it became evident during the Americas Summit in Mar de la Plata, Argentina, the Doha development round must succeed. And success means that developing countries gain greater access to global markets.

But free trade is not a panacea. To maximize the benefits of trade for increasing growth and reducing poverty, Latin American countries need to make progress in their own development agenda. They need to complement their trade agreements with investments and reforms in education, trade infrastructure -- better ports, roads and customs -- as well as governance and to ensure that the poor have the means to take full advantage of greater and better trade. Likewise, the poorest countries of the world need ''aid for trade'' from rich countries to help build their infrastructure and improve their capacity to compete on international markets.

In Latin America, one of the most unequal regions in the world, failure is not an option. The region's 128 million poor people cannot wait any longer.

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