Free Trade Agreements with the United States

What's In It for Latin America?

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Except for Brazil and Mexico, most Latin American countries stand to gain less from free trade agreements (FTAs) with the United States than the United States stands to gain from FTAs with them. The main incentive for the Latin American countries to form FTAs with the United States may be to attract investment or to halt the spread of new trade restrictions. Latin American countries do probably stand to gain significant long-term export benefits from reduced trade barriers among themselves.
unless parallel action is taken to remove or reduce multilaterally negotiated reductions would have the U.S. these agreements worth. With world trade with countries in the rest of the countries, other Latin American countries (and almost halft) a negative impact on trade among Latin American would displace about $8 million in exports from other countries in the region would have a serious exports to increase about $1.6 billion annually and preferences to Mexico and the United States would cause Mexico's dent negotiation of with trade liberalization important trade negotiations as the Tokyo Round. In Brazil and Erzan and Yeats focus here on what exports. Erzan and Yeats (to make some detailed comparisons of the levels of barriers affecting their exports. But Erzan and Yeats estimate that overall, full preferential removal of U.S. trade barriers would not induce a dramatic short-term jump in trade, except in Brazil and Mexico. The projection model suggests that the consequences of the conclusion of the Uruguay Round could greatly affect how the United States is limited in its investment (an issue this study does not address) or to get from the development of an FTA notarized barriers would not induce a dramatic short-term jump in trade, except in Brazil and Mexico. The estimate of a long-term benefit to Latin American countries (Argentina, Bolivia, Brazil, FTA in such a case might be reduced by as much as a half with or without liberalization of non-tariff barriers. This ignores the probably large long-term benefits to the ability to extend significant preferences to Uruguay, and Venezuela, particularly for highly protected transport and machinery products below tariff's paid by the U.S. Protection among the Latin American countries. Estimates made with a partial equilibrium trade model suggest that overall, full liberalization of U.S. FTA preferences to Latin America will greatly affect how the United States' trade gains from Latin American FTAs. These gains are lower than their current estimate. But any such conclusions in these papers do not formally project the potential dangers associated with independent arrangements. (For lack of data, they do not address the number and country Finally, Erzan and Yeats note that a successful result in the Department to analyze and predict structural changes in trade and to identify parties to international trade agreements. This paper-- a product of the International Trade Division, International Economics Department-- is part of a larger effort in the Department to analyze and predict structural changes in trade and to identify parties to international trade agreements. Copies of the paper are available free from the World Bank, 1818 H Street NW, Washington DC 20433. Please contact Jean Jacobson, room S7-037.