

# 20 things you didn't know



Gabriela Castro-Fontoura, Director of Sunny Sky Solutions, a company that specialises in promoting trade

between Latin America and the UK, gives her business insight into the vast continent



**T**HERE is no doubt that Latin America offers plenty of opportunities accompanied by interesting challenges. With strong and sustained growth, and sensible macro-economic policies, countries such as Mexico, Peru, Colombia, Chile and Brazil, among others, are worth looking at. The facts below aim to challenge your perception of these countries as a region to do business in, and show you the opportunities as well as the barriers you might encounter.

#### *Did you actually know that...*

**1** Many Latin American countries, such as Mexico and Chile, have Free Trade Agreements with the European Union. Identifying and making the most of these agreements will be key to British exporters.

**2** UKTI estimates that there are 300 million middle class consumers in Latin America. Due to the economic growth mentioned above, more people can afford and aspire to higher consumption levels.

**3** Venezuela is now part of the trading block known as Mercosur, which also counts among its members Brazil, Argentina, Uruguay and Paraguay (currently suspended).

**4** Mercosur has an External Common Tariff (or Arancel Externo Común). In December 2011, Mercosur members passed a law allowing its members to select up to 200 capital goods, textile and chemical products that

could carry the maximum 35% tariff permitted by the World Trade Organisation.

**5** On the other hand, Alianza del Pacífico, or Pacific Alliance, brings together Chile, Colombia, Peru and Mexico in a rather unique trading bloc with 215 million consumers and much more market-friendly open policies than those of Mercosur countries.

**6** Chile scores highest in Latin America in the World Bank "Ease of Doing Business Ranking".

**7** Argentina is the world's largest producer/exporter of biodiesel, lemons, soy and polo ponies.

**8** Chile is the world's largest producer of copper.

**9** There are many free-trade zones worth looking at when trading with Latin America, such as Manaus in Brazil, the Zona Libre de Colón in Panama and Zonamérica in Uruguay.

**10** Nissan, Mazda and Honda have all announced they will be building plants in Mexico.

**11** Franchising is growing fast across Latin America, both for locally-owned franchises and foreign-owned ones. For example, Starbucks has announced the opening of 300 new stores across the continent in the next 10 years, and Dunkin' Donuts has announced over 100 new stores. Mothercare has opened stores and concessions in various countries including Colombia, Panama and Chile.

**12** The market for luxury goods is booming in Latin America. MG set up operations in Uruguay



# about Latin America



Everyone knows about the figure of Christ overlooking Río, but what about polo ponies, Honda and lemons in the economy of Latin America?

this year and Burberry is expanding across the continent. Aston Martin has dealers in Chile and Brazil, Louis Vuitton has stores in Colombia and Brazil. Recent analysis shows that there are over 15,000 "ultra rich" people in Latin America (over \$30m).

**13** E-commerce is also booming in the region. For example, the growth of e-commerce in Mexico was 31% in 2010 and it is expected to grow 209% by 2016. It is estimated that Chile's per capita e-commerce is actually higher than that of the USA. Brazilian e-commerce now accounts for 1% of its GDP.

**14** The UK's trade with Brazil is less than half its trade with Denmark. This was highlighted by William Hague at a speech at Canning House in London.

**15** Germany exports nearly four times more to Latin America than the UK? This was again highlighted in Mr Hague's speech.

**16** The whole of Europe, every single country, could fit into Brazil at the same time.

**17** China is the main trading partner of many Latin American countries including Brazil and Uruguay. The US had been Brazil's main trading partner since the 1930s but this was reversed in 2009.

**18** Brazil is a social media powerhouse, with 69% of its internet users engaged in social media.

**19** With respect to time zones, during some months every year, Brazil is only three hours

"behind" the UK. Mexico can be six hours behind. Many European businesses set up offices in Miami, for example, to address the needs of their Latin American countries, due to language, cultural, geographical and time proximity.

**20** Flights within Latin America can take a maximum of nine hours (with no stopovers). Travelling within Latin America can be tough, and businesses should have realistic expectations and plan any intra-regional travel carefully. Flights can be expensive and infrequent. Some cities are notoriously close, such as Buenos Aires and Montevideo, only half-hour flight between them.

**And did you know...** that Gabriela, who wrote this insightful article, will be relocating her business, Sunny Sky Solutions, to Uruguay? We look forward to her sharing with us her experiences, advice, tips and also those of other British companies in Latin America.

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