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SOME GOOD NEWS FOR A CHANGE

It's axiomatic that bad news trumps the good when it comes to selling newspapers or for high TV ratings and Latin America is no exception to the rule.

Sensational headlines about decapitated drug dealers, corruption and violent slum clearances are staple media fare about Latin America all over the world and they obscure the real story of what's happening there.

Latin America is emerging largely unreported from centuries of colonial exploitation and dictatorship as a stable, democratic economic-powerhouse.

In the past two decades Brazil has lifted 20 million people out of poverty and this is indicative of a region-wide trend as Peru and Chile boom on the back of mining, Colombia is the new Mecca for foreign investment, Mexican GDP is poised to overtake Brazil's within two years, market reforms in Cuba have resuscitated the economy and in Argentina the proceeds of sky-high soy and wheat prices are funding billion dollar investments in infrastructure and social housing.

The IMF ranks Latin America as the fourth largest regional economy in the world (Brazil alone is the 6th largest) and the steady growth in Mexico's GDP is expected to make the region the third largest regional economy by 2014.

New Zealand trade policy wisely has a strong emphasis on Asia in general (NZ exports in 2011 were \$21 billion) and China in particular (\$5.8 billion) but New Zealand still needs to have a bob each way in the allocation of market development resources to fully maximise our export opportunities as Latin America grows wealthier and our traditional markets in Europe decline.

Up until 1980 New Zealand had very little trade with Latin America but by 2011 exports totalled \$1.36 billion and through IT, specialised manufacturing, education and tourism our exports to the region can rival those to Asia if New Zealand exporters step up to the plate and start focusing on our eastern neighbours.

Prime Minister John Key's first trip abroad as prime minister in 2008 was to APEC in Peru and since then he's been a strong advocate for increasing our engagement with Latin America as he's seen first-hand the region's startling promise.

The Latin American Trade and Investment Association (LATIA) in a 2011 report put Latin America's population at 590 million, 10% of the world's populace, contributing to a GDP of USD5.16 trillion; a GDP equivalent to China's yet with roughly half the inhabitants.

As LATIA quite rightly states; "The purchasing power of Latin America's population whose median age is 27 years, 8 years younger than China's, is an enticing proposition.

Compared to Europe and the USA Latin America is an enviable financial position due to impressive improvements in macroeconomic policy and frameworks over the past two decades, business-friendly policies, easy external financing conditions, low external debt, strong commodity prices, customs unions and free trade agreements.

Latin America's economic growth rate was 5.7% for 2010 and 4% in 2011, according to the IMF, 4% and 1.4% respectively above Europe's growth rates."

In 2010 the New Zealand Government revamped its Latin American Strategy with a plan to promote long-term economic links with the region as well as encouraged the expansion of the Trans Pacific Partnership Agreement to include Mexico and Peru all of which bodes well for the development of new markets for New Zealand in Latin America.

In the private sector the Latin American New Zealand Business Council (LANZBC) works with over 90 New Zealand export companies, New Zealand Trade & Enterprise and the Ministry of Foreign Affairs and Trade to promote and encourage trade, investment, technical & economic cooperation and tourism with Latin America.

Regular LANZBC seminars on doing business in Latin America provide insights into regulatory regimes and individual markets and the LANZBC website is a portal to pertinent market-by-market business information and networks.

At a LANZBC Gala Luncheon in March last Mr Key spoke in glowing terms about the New Zealand's economic links with Latin America and announced that he will visit the region during 2013.

At the coal-face have been Foreign Affairs Minister Murray McCully who visited Chile in 2010 and Trade Minister Tim Groser who travelled to Brazil, Mexico and Uruguay in 2011 and again to Mexico in April this year for G-20 meetings.

The Trans-Pacific Partnership (TPP) which particularly through Mr Groser's good offices now includes the two new Latin American members, Mexico and Peru, in addition to founding member Chile will ultimately be a significant benefit to New Zealand's trade and with Latin America in particular.

Note:

Thomas Manning has worked as a business development consultant in Latin America for over 25 years and is Vice President of the Latin America New Zealand Business Council.