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EVENTS

“**Expocolombia**” will take place in Miami on February 27, 2004. The event will highlight successes of Colombian businesses in the US market and anticipates a possible Free Trade Agreement between the two countries. Represented sectors will include artistic crafts, information systems, natural resources, telecommunications and health, among others.

EXPO COMM Mexico 2004 will be held on December 10 to 13, 2003 in Mexico City. It will include representatives of the sectors of Computer Software, Electronics, Telecommunications Equipment and Services.



DOING BUSINESS IN LATIN AMERICA AND THE CARIBBEAN

TEXTILE INDUSTRY NEWS

As talks continue over **CAFTA** (Central American Free Trade Agreement), textile manufacturers take particular interest in the prospect of free trade with the United States, having already realized gains from the **Caribbean Basin Initiative** and **ATPDEA** (Andean Trade Promotion and Drug Elimination Act).

The Colombian textile industry has already seen considerable success in North America through free trade initiatives such as ATPDEA. With the assistance of ProExport, the Colombian textile industry



continues to supply fabric to the United States, recently completing deals of US\$ 6 million at a Material World trade fair in Miami.

ATPDEA plays a prominent role in the industry's success. Among the Andean countries, Colombia is a principle exporter to

the United States with US\$ 3, 996 millions between January and July of 2003 and growth of 24% in the same period. 41% of exports to the United States during the same period were made under ATPDEA.

In garments, Colombia exported US\$ 291million in the first 7 months of the year. Of those, US\$ 135 million were exported through ATPDEA.

UP DATE IN TELECOMMUNICATIONS

Costa Rica and United States will negotiate an opening of Costa Rica's state-controlled telecommunications sector as part of the discussions for an FTA between the two countries. The United States hopes to create a commercial agreement with five central American countries and has asked for

the opening of the Costa Rican telecommunications industry as one of the conditions to close the agreement.

As of September 2003, the Costa Rican telephony system registered a capacity of 1.16 million lines and a total of 337 commutation centers

throughout the country that claims 27 lines for every 100 of its 4.2 million inhabitants.

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GENERAL OVERVIEW OF THE INVESTMENT CLIMATE IN LATIN AMERICA AND THE CARIBBEAN

Brazil has raised its appeal to international investors and may be destined for even greater improvement, according to recent surveys.

Data from Unctad, the leading official source of information about Foreign Direct Investment (FDI), placed Brazil second worldwide among emerging economies in 2002, a two-step improvement in its global rankings. Brazil also rose from 13th to ninth place among all countries in a poll taken by ATKearney on preferences of senior executives from the thousand largest global

While the commercial agreement between the US and **Central America** has been under negotiation for roughly one year, the potential trade agreement between the US and Central America follows the failure of the WTO talks Cancun, Mexico, in September. Since the failure of the talks, analysts have predicted that the US will approach other nations through bilateral means to secure further trade agreements

TECHNOLOGY

After two decades in Brazil, **Sony** intends to increase local production, pushing for no less than 24% growth in dollar terms for 2003. If realized, the target would elevate Sony's Brazilian billings to about US\$850 million.

It would still leave Brazil second to Mexico in Latin America, but indicate great potential for growth through Brazil's increasing consumption of consumer products.

Widely recognized for its success in attracting Foreign Direct Investment (FDI), **Chile** claims materialized foreign investment totaling US\$ 58.2 billion between 1974 and 2002. Of this amount, almost 90% has entered the country since 1990 and, in this period, Chile has consistently achieved some of the world's highest FDI/GDP ratios.

Aware of the many opportunities Chile offers, international companies have been making their way into different sectors of the economy, either by developing new projects or through mergers & acquisitions. Today, more than four thousand companies from 64 countries have investments in Chile. And, because of Chile's growing network of free trade agreements, they not only target the domestic market, but also enjoy privileged access to almost one billion consumers around the world.

The Dell Computer Corporation, one of the world's foremost PC makers and vendors, is seeing the payoffs of its six-year investment program in Brazil.

As one of the leading PC markets, Brazil is known for its sales potential and skilled labor.

In 1999 Dell introduced its trademark "pick and choose" sales system and, in the first half of 2002, claimed a local market share of no less than 27%.



On November 22, the U.S. and Colombian governments will publicize the beginnings of a **free trade agreement** between the two countries.

UP DATE IN TELECOMMUNICATIONS Cont.

With 38.5 million inhabitants, **Central America** claims around 8.5 million telephones; more than half are mobile. Under both public and private companies, the telecommunications sector now sees increased competition and falling costs.

In **El Salvador**, a country with 6.5 million inhabitants, the telephone industry is generally privatized, with 969,396 mobile phone users and 659,000 with fixed phones, divided between four companies.

In **Honduras**, with 6.9 million inhabitants, the mobile telephone industry appeared seven years ago with the company CELTEL. 300,000 phones are now in use under the state-owned Empresa Hondureña de Telecomunicaciones (HONDUTEL).



A new local company, MEGATEL, will begin operations in November and predicts 150,000 new users.

In **Nicaragua**, mobile telephony emerged in 1992. Companies now providing service are BellSouth, Empresa Nicaragüense de Telecomunicaciones (ENITEL), and PCS Digital. As of February 2003, 276,379 units were claimed by Nicaraguan users and 271,650 were fixed out of a population of 5.5 million.

PHARMACEUTICALS

St. Kitts may soon host a \$20 million pharmaceutical plant - under NaturalSweet Corporation - that will manufacture IV solutions.

The government of St. Kitts

and Nevis announced in September that American and Canadian investors are considering setting up plant in Basseterre to cultivate and process Stevia, a natural sweetening product that is diabetic safe. In all, the

investment should exceed US\$100 million.

All plants will be built according to United States Federal Drug Administration or European Union regulations as well as ISO9002 status.

FOOD INDUSTRY

Nestlé hopes to boost middle market sales in Brazil fourfold. By appealing to a broader market through popular, TV variety shows, Nestlé hopes to reach the 50 million potential middle class consumers, extending its market from largely the upper classes.

Nestlé, which produces roughly 1 million tonnes per year in Brazil, hopes its new strategy can propel annual billings from US\$2.5 billion in 2001 to US\$10 billion in 2006.



With a growing presence in Latin America, **Kraft** looks to continue its strong growth in Brazil and challenge Nestlé's supremacy. It plans to introduce 30 new products into the market, including cookies, cheeses, and juice,

among a list of 100 items, by the end of the year.

Kraft has seen its most promising results in Brazil, where it has grown at an annual average of 10% (in Brazilian reals) over the previous three-year period, a performance that it hopes to repeat this year.

By focusing on emerging markets— such as those in Latin America — Kraft has improved its operations, exporting products from one country to another, particu-



The Colombian government provides incentive for investment in petroleum and electricity

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BG Consulting is a multidisciplinary consulting firm specialized in assisting business and governments of developing countries through a combination of political, economic and legal analysis.

For business, we offer mechanisms to develop the global strategies of business organizations in their investments and international transactions.

For governments, we identify strategies for development and help them to achieve an appealing investment climate, efficient institutions, transparency, appropriate incentives to the public and private organizations as well as knowledge of the opportunities that the new international context offers.

We also provide services to settle investment disputes for both investors and host States.