



# Trade Americas Update

February 2006

## Business Opportunities

### **Argentina**

**Industry:** Chemical and Petrochemical Industry

The chemical and petrochemical industry in Argentina showed slight growth as it is operating close to full capacity. Exports are expected to increase, but a significant portion of that growth depends on new investment. Imports are also expected to increase, as higher local demand is traditionally correlated with higher GDP. This represents potential export opportunities for U.S. companies interested in doing business in Argentina.

For more information, click [here](#).

### **Brazil**

**Industry:** Subway and Commuter Train Projects

With a gross domestic product of approximately US\$600 billion, Brazil has the 12<sup>th</sup> largest economy in the world and represents about half of the Southern American territory and economy. With its estimated 182 million inhabitants, Brazil has the largest population in Latin America and ranks fifth in the world. The majority of people live in the central and southeast regions, which include the industrial cities of Sao Paulo, Rio de Janeiro, and Belo Horizonte. Urban growth has been rapid; in 2005, about 81% of the total population was living in urban areas.

The mass transit system is still small when compared to the cities in Europe, Asia, and the United States. Public transportation is provided mostly by buses. The rail system transports about 1.3 billion passengers per year, covering only 3 percent of the demand, and it is available only in larger metropolitan regions.

The need to expand the commuter train and subway systems in large urban centers is a subject of discussion among public administrators. Serious traffic congestion, pollution caused by poorly maintained city buses, and the enormous amount of time lost in

transporting people to and from work, all require immediate attention and raises the question of how to improve and expand the urban mass transportation network. Until recently, public administrators used traditional financial methods such as the BNDES (Brazilian Economic and Social Development Bank) and the IDB (International Development Bank.). However, alternative options such as the Public-Private-Partnership (PPP) are now being considered, which should bring new resources for the expansion of existing networks and construction of new lines. In December 2005, Sao Paulo Governor Geraldo Alckmin announced Brazil's first PPP project for the construction and operation of the Yellow Line. It is expected that other states will also follow the same model in the near future.

For more information, click [here](#).

### **Canada**

**Industry:** IT Security

Canada's Public sector is among those sectors that show some of the highest percentage growth in IT security spending in 2005 and 2006. Driving growth of this market segment are new regulatory requirements, growing IT security threats and evolving government initiatives. For the 4<sup>th</sup> consecutive year, Canada's e-governance program was ranked 1<sup>st</sup> in the world in a recent survey by Accenture. Canada's take-up of on-line government services is among the highest of the world, with 79% of regular Internet users having visited an e-government web site. Because consumer confidence in the integrity of on-line transactions is essential to growing and maintaining the take-up of e-government services, Canada, as the world leader in e-governance service delivery, has a keen interest in developing a strong and comprehensive IT security apparatus. In fact, a study by International Data Corporation (IDC) titled "Predictions on the Canadian Government Sector in 2005" identified IT security as a top concern by 46% of government respondents.

U.S. companies may obtain a free copy of this 3-page report by contacting Viktoria Palfi, Commercial

Specialist at the U.S. Commercial Service in Toronto Canada via e-mail at [viktorija.palfi@mail.doc.gov](mailto:viktorija.palfi@mail.doc.gov)

## Central America

**Industry:** Franchising

Central America has been an excellent market for U.S. franchises since their introduction to the region in the early 1970's. The franchising sector has been growing steadily in Central America at an estimated rate of 10-15% rate annually.

Nevertheless, US franchises have not always received a positive response in Central America. Blockbuster Video pulled out of Costa Rica due to poor copyright protection but has done well in Guatemala and El Salvador. US franchisers must, therefore, analyze the business case of transporting their systems to Central America by engaging in thorough market research study before attempting to export in these markets. Most importantly, franchisers must make the right contacts and identify these businesspeople with the experience and funds to sustain the business. Successful franchises mainly include members of wealthy well-known families with substantial disposable incomes, either directly or through their companies.

There are no official figures from the Ministries of Commerce in Central America about the number of franchises in each country, and there are no known franchising associations in Central America. All in all, U.S. franchises make up an estimated 90% of the total franchise market.

Due to the geographical proximity to North America, people/companies usually travel to such trade shows as the International Franchise Expo in Washington D.C., or the *Feria Internacional de Franquicias* in Mexico City.

The Central America Free Trade Agreement will provide full market access to franchising with improved trademark protection, lower cost to export equipment and elimination of "dealer acts."

For more information, click [here](#).

## Dominican Republic

**Industry:** Automotive Spare Parts

The Dominican market for automotive spare parts suffered a significant reduction over the last two years, but is showing signs of recuperation. The demand for automotive spare parts is linked to the aging car

population, the growth in the total vehicle population, and the deterioration of the Dominican streets and roads. There are no restrictions for importation of these products into the Dominican Republic; the market is largely supplied by imports and it is dominated by Asian products. U.S. exports of automotive spare parts are expected to increase as a consequence of the elimination of import duties as a result of the Central America Free Trade Agreement – Dominican Republic.

For more information, click [here](#).

## Mexico

**Industry:** Gambling and Raffle Sector

The Regulations have been created to regulate the issuance of permits for the opening of gambling establishments such as horseracing tracks, dog racing tracks, and jai-alai courts as well as remote betting centers, fairs, cock fights, and various kinds of raffles, except for those conducted by the National Lottery.

The Mexican Federal Gambling Law was enacted in 1947. At the time it was comprised of only 17 articles regulating the prohibition of gambling and betting, the authorization of sport competitions, ball games and skill games and the issuance of temporary permits. The Law also granted the Ministry of the Interior jurisdiction over the matter.

On September 17, 2004, the Mexican Federal Government issued the Regulations to the Federal Gambling Law (the Regulations). The Regulations main purpose is to facilitate the understanding and enforcement of the Law and encourage investment and growth in the gambling and raffle sector, as well as set forth guidelines to regulate sector's activities, promoting order, transparency, and avoiding conflicts of interest.

For more information, click [here](#).

## Panama

**Industry:** Mega-Port Project

The Government of Panama announced plans to bid a major container port on the Pacific side. The project site is Farfan-Palo Seco, 15 minutes from downtown Panama City. The preliminary studies were prepared by the U.S. firm Moffat & Nichol, under the sponsorship of the Panama Canal Authority.

The preliminary design for the new port (container terminal) calls for an area of 113 hectares, a 1600-

meter berth, with capacity to handle 2.4 million TEUs per year, 700 meters from the mainland. There are unofficial estimates of \$600 million for the initial stage of this project.

The project is being handled by the Office of the President of Panama in conjunction with the Panama Maritime Authority (AMP).

For more information, click [here](#).

## Uruguay

**Industry:** Smoking Alternative and Health-Care Manufacturers

Strict new anti-smoking regulations in Uruguay may provide good business opportunities for U.S. manufacturers of health-care and smoking alternatives.

It certainly helps the anti-tobacco campaign when the country's President, and main anti-tobacco promoter, is a renowned oncologist (and former smoker) who hasn't given up his medical practice in spite of this Presidential duties. How much influence he has will be tested come March 1 when Uruguay's strongest anti-tobacco laws ever decreed will go into effect.

When originally passed soon after taking office, the initial anti-tobacco law requested restaurants to have two clearly and physically separated areas for smokers and non-smokers alike. Two entrances and exists, two sets of bathrooms, independent ventilation systems, etc. Under fire from small restaurant owners who complained the costs involved in making the structural modification were too high, the President simply changed the law to read no-smoking across the board. As of March 1, smoking will only be allowed on the streets (or other open spaces), at home, or at specially designated hotel rooms.

For more information, click [here](#).

## Trade Agreements

### Colombia

**Headline:** United States and Colombia Conclude Free Trade Agreement

The United States and Colombia announced February 27 that they have concluded their work on a free trade agreement. This comprehensive trade agreement will eliminate tariffs and other barriers to goods and services, and expand trade between the United States and Colombia. The conclusion of the negotiations with

Colombia was announced by U.S. Trade Representative Rob Portman and Jorge Humberto Botero, Minister of Trade, Industry and Tourism.

"The United States and Colombia agreed on terms for a comprehensive trade opening agreement that will enhance economic growth and prosperity between the U.S. and Colombia," said Ambassador Portman. "The free trade agreement with Colombia will generate export opportunities for U.S. agriculture, industry, and service providers, and help create jobs in the United States. The agreement will help foster economic development in Colombia, and contribute to efforts to counter narco-terrorism, which threatens democracy and regional stability."

"An agreement with Colombia is an essential component of our regional strategy to advance free trade within our hemisphere, combat narco-trafficking, build democratic institutions, and promote economic development. In addition to eliminating tariffs, Colombia will remove barriers to trade in services, provide a secure, predictable legal framework for U.S. investors operating in Colombia, provide for effective enforcement of labor and environmental laws, protect intellectual property, and provide an effective system to settle disputes. Also, since many products from Colombia already enter the U.S. market duty-free under the Andean Trade Preference Act (ATPA), the agreement will level the playing field and make duty-free treatment a two-way street," Portman said.

"I look forward to working on a bipartisan basis with Congress to implement this solid agreement that will benefit American workers, manufacturers, service providers, farmers and ranchers," Portman added.

In 2005, Colombia and the United States had \$14.3 billion in two-way trade, and Colombia is currently the second largest agricultural market for the United States in Latin America. U.S. goods exports to Colombia in 2005 were \$5.4 billion. Top export categories in 2005 were: machinery, organic chemicals, electrical machinery, and plastic. U.S. exports of agricultural products to Colombia totaled \$677 million in 2005. Leading categories include: coarse grains, wheat, cotton, and soybeans. U.S. foreign direct investment (FDI) in Colombia was \$3.0 billion in 2004, primarily concentrated in the manufacturing, mining and wholesale sectors.

For more information, click [here](#).

To read a summary of the agreement, click [here](#).

## El Salvador

**Headline:** Statement of USTR Rob Portman Regarding Entry Into Force of the U.S. - Central America - Dominican Republic Free Trade Agreement (CAFTA-DR) for El Salvador

"I am pleased to make a recommendation today (February 26) that the President issue a proclamation to implement the CAFTA-DR agreement for El Salvador as of March 1, 2006.

"El Salvador is the first country to receive this recommendation from USTR. We have worked closely with El Salvador over the past several months to ensure its legislative and regulatory regime reflects the obligations and responsibilities set forth in the CAFTA-DR agreement. We have engaged in this effort as true partners, and I appreciate all of the hard work the Government of El Salvador has undertaken to help us reach this historic milestone.

"We will continue our work with all of our CAFTA-DR partners to ensure timely and full implementation of the agreement. We hope and expect that we will be able to bring additional CAFTA-DR partners into the agreement soon."

The United States, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua signed the CAFTA-DR in August 2004. All but Costa Rica have ratified the Agreement. El Salvador was the first to ratify in December 2004. Nicaragua was the most recent, in September 2005.

## Trade Events

### Argentina

**Industry:** Healthcare Products, Equipment and Services

ExpoMedical, the 4<sup>th</sup> International Trade Show, is the leading international show for healthcare products, equipment, and services targeting Spanish-speaking South America. It will be held in Buenos Aires September 7-9, 2006.

This trade show is an excellent opportunity for U.S. suppliers to identify new businesses, exchange information, interact with buyers and renew business relationships.

ExpoMedical will feature over 170 exhibitors and attract over 14,000 professionals to the exhibition and the 40 conferences and seminars.

Major buyers, distributors, importers, manufacturers, purchasing managers, directors and CEO's of hospitals, clinics and laboratories from Argentina and South America will attend ExpoMedical.

For more information, click [here](#).

### Argentina, Brazil and Uruguay

**Industry:** Multiple

"Expo USA 2006 -- Region MERCOSUR," a Multi-State Catalog Exhibition, offers an affordable way for small and mid-sized U.S. firms to gain valuable exposure and business contacts in Argentina, Brazil, and Uruguay. These markets hold clear potential for U.S. products, services, and technology across a broad range of industry sectors, such as Building Products, Computer Services, Electrical Power Systems, Food Processing/Packaging Equipment, General Consumer Goods, General Industrial Equipment and Supplies, Medical Equipment, Pollution Control Equipment, Telecommunications Equipment, Water Resources Equipment and Services.

"Expo USA - Region MERCOSUR" will promote U.S. product literature, video presentations, and other audiovisuals to hundreds of business visitors at each location:

Riberau Preto, Brazil: March 27 – 2, 2006  
Sao Paulo, Brazil: March 30 – 31, 2006  
Montevideo, Uruguay: April 3 – 4, 2006  
Rosario, Argentina: April 6 – 7, 2006

The event represents a cooperative initiative on the part of the U.S. and Foreign Commercial Service and partnering state economic development agencies.

For more information, click [here](#).

### Brazil

**Industry:** E-learning

Rio de Janeiro will host the 22<sup>nd</sup> Conference on E-learning in October 2006.

E-learning investment in Brazil has been growing at an average of 30% a year, and surpassed US\$60 million in 2003. In 2006, the investment forecast is for US\$23 billion worldwide. As there is much room for growth, experts expect investment to surpass US\$130

million in 2005, which represents a growth of 100% in the past three years.

The successive innovations in communication technologies that have been applied to education have enabled the growth of e-learning – one of the most significant trends over the last few years. More and more, flexible e-learning appears to be one of the alternatives to fill the education gap among different Brazilian regions and socio-economic levels.

The International Council for Open and Distance Education – ICDE - and the Brazilian Association for Distance Education - ABED - will host the ICDE World Conference, which is held biennially, and is already established as one of the leading educational events worldwide. The conference format combines presentations from keynote speakers with leading-edge technical presentations on every aspect of Information and Communication Technology - ICT-based education.

For more information, click [here](#).

## **Canada**

**Industry:** Pollution Control Equipment

Globe 2006 is Canada's largest environmental industry trade fair and conference, which attracts more than 10,000 attendees from around the world. Globe 2006 is an excellent venue for US firms interested in expanding or entering the Canadian environmental industry. Commercial Service Vancouver will host a US Environmental Products Pavilion and offer value added programs to US exhibitors at Globe 2006. Globe 2006 will be held March 29-31, 2006 at the Vancouver Expo Center in Vancouver, BC, Canada.

For more information, click [here](#).

## **Chile**

**Industry:** Airspace and Defense

The 14th International Air and Space Trade Fair (FIDAE 2006) will be held on March 27 to April 2, 2006, in Santiago, Chile. FIDAE is a biennial Latin American aerospace trade fair organized by the Chilean Air Force and sponsored by the Chilean Government. The main objective of this air show is to present the latest technological advances in the airspace and defense field to Latin America. In its new location, at the Arturo Merino Benitez International Airport, the FIDAE 2006 will display products in all areas of civil and commercial aviation and defense equipment; avionics; airport equipment and services; aircraft maintenance; air traffic control technology and

navigation; fixed-wing and rotorcraft; and, logistics and management software. FIDAE 2006 offers ample exhibition spaces, with pavilions, chalets and static aircraft displays.

For more information, click [here](#).

## **Useful Websites**

### **Andean Trade Promotion Agreement**

The Office of United States Trade Representatives sponsors this useful websites that provides Andean FTA news, Congressional notification, fact sheets, press releases and other pertinent information.

### **Canadian Trade Commissioner Service**

This website offers services for non-Canadian companies, including market reports, Trade Commissioner office information worldwide, information regarding Canadian trade negotiations and agreements, and tips for export success.

### **Handbook of Latin American Studies**

The *Handbook* is a bibliography on Latin America consisting of works selected and annotated by scholars. Edited by the Hispanic Division of the Library of Congress, the multidisciplinary *Handbook* alternates annually between the social sciences and the humanities. Each year, more than 130 academics from around the world choose over 5,000 works for inclusion in the *Handbook*. Continuously published since 1936, the *Handbook* offers Latin Americanists an essential guide to Latin American resources.

### **LANIC**

The Latin America Network Information Center – LANIC - is a website sponsored by the University of Texas, which provides information on Latin American culture, politics, economics, government and other programs.

### **USAID Latin American & Caribbean Index**

The United States Agency for International Development (USAID) offers a website with news and featured articles from the development perspective.