



## Update March 2007

### Business Opportunities

#### **Brazil**

**Industry:** Cosmetics

According to the Brazilian Cosmetic, Personal Hygiene Industry Association-ABIHPEC, the cosmetic sector generated US\$8.07 billion in 2006, an increase of 12.3% compared to 2005. In 2006, the total volume of cosmetic sales was 1.4 million tons, an increase of 7.6%.

According to ABIHPEC, changes in consumer habits, participation of women in the work place, the launch of cosmetic products for men, and the increase in the population are contributing factors to this growth.

The cosmetics industry, however, views things differently. According to industry experts, the largest part of the increase was associated with the amount of investment in publicity. In 2006, the industry invested US\$250 million in publicity, an increase of 36% over 2005 expenditures. It was the biggest increase in publicity resulting in the largest annual growth among the groups of products listed in the AC Nielsen indices.

**For more information, please click [here](#)**

#### **Canada**

**Industry:** Labor

Canada's work permit procedures facilitate the temporary entry of skilled foreign workers as well as professionals, traders, investors and intra-company transferees within the North American Free Trade Agreement (NAFTA).

These re-codified procedures offer opportunities to U.S. companies interested in expanding into Canada, performing contracts in Canada or establishing strategic partnerships with Canadian companies to

employ their key workers in Canada on a temporary basis.

U.S. companies contemplating bidding on Canadian procurement contracts or discussing strategic partnerships with Canadian companies should be aware of the opportunities that the work permit procedures offer to facilitate entry of their employees into Canada. This six page report contains the latest available information (as of Dec. 31, 2006) and is complete with the best web links to assist the reader in navigating Canada's policies and application procedures.

**For more information, please click [here](#)**

#### **Canada**

**Industry:** Tourism

Canadians account for a significant portion of the United States tourism industry, with more Canadians visiting the United States annually than Europeans and South Americans combined. Despite recent U.S. legislation (the Western Hemisphere Travel Initiative) requiring Canadians to have a passport to enter the United States, Canadian tourism appears poised to continue steady growth.

**For more information, please click [here](#)**

#### **Dominican Republic**

**Industry:** Food packaging and labeling

Positive macro-economic indicators such as the stable exchange rate (RD\$34=US\$1), lower interest rates and lower inflation have created confidence in the business community, which is reflected in increases in the commercial activity. This in turn, reactivates projects in the food processing and packaging sectors. Also, companies in the sector are making the necessary investments in technology and equipment to face the competition and the opportunities that will derive from the implementation of the CAFTA-DR

agreement and other trade agreements that the Dominican Republic is a part of.

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

## **Mexico**

**Industry:** Franchising

The franchise sector keeps growing and it continues to exceed annual growth expectations. In 2006 franchises generated sales over 7 billion USD of revenue. The sector has been proving that the franchise business is an important source of job creation, self-employment and wealth. The sector has strengthened considerably in the past few years, positioning Mexico as the 8th leading nation worldwide in franchise development.

U.S. Franchise concepts have a good opportunity in the Mexican market due to the commercial ties between both countries and the acceptance of foreign concepts by the Mexican population.

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

## **Peru**

**Industry:** Pollution Control

This report describes the current market for pollution control equipment in Peru, with a specific focus on solid waste management and fluids' disposal solutions. The total market for pollution control (POL) equipment in Peru was US\$ 69.2 million in 2004. In 2005, it increased to US\$ 85.6 million. Imports of POL equipment totaled US\$ 68.6 million in 2004 and US\$ 85.3 million in 2005. The growth in imports has been driven primarily by Peru's strong mining activity. During the past five years (2001-2005) the key factors driving the increase in demand have been corporate social responsibility projects and the need to comply with pre-set environmental standards. Hitech equipment and spare parts are imported, while local production and exports are centered in basic metalworking products. The U.S. was the main supplier of POL equipment and services, holding 34% share of the import market during 2005. Overall imports cumulative growth for 2004-2005 was 24.3%.

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

## **Venezuela**

**Industry:** Auto Parts

Venezuela has a great market for replaceable automotive parts. Venezuela has over two million cars, trucks and buses and is the fourth largest assembler of automobiles in Latin America. The estimated average age of motor vehicles in circulation is above 10 years,

which makes Venezuela an excellent market for spare parts for older cars. In addition, new vehicle sales increased by over 40% the first seven months of 2006. The outlook for the auto sector here is excellent, with industry observers' projecting a steady growth in demand over the next five years.

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

## **Uruguay**

**Industry:** Consumer goods

A poll conducted by Nielsen A.C. published recently in Uruguay's main dailies indicates that consumer goods consumption among Uruguayans increased 15% in 2006. The increase was led by the toiletries and perfumes sector. Retail store invoicing increased by 20%. It is unclear if the trend will continue through 2007 as the increase slowed down during the last bimester in 2006 (November-December) after showing a continuous increase throughout the year. Consumption slowed down in 2005 and began growing in 2006 but has not yet reached the 2004 growth levels of 30%.

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

## **Spotlight Chile**

**Building a WinWin Relationship  
With Chilean Businesses**

**By Americo Tadeu and Wanda Barquin**

As the United States and Chile Free Trade Agreement (FTA) concludes its third year, commercial trade, both in products and services, has been a resounding success. As of January 1, 2004, 90 percent of U.S. exports to Chile entered duty free, with all remaining tariffs to be phased out by 2015. Chile was Latin America's fastest growing economy in the 1990s, and thanks to its conservative fiscal and monetary policies, it has enjoyed unprecedented economic stability while much of the rest of Latin America experienced its share of ups and downs.

As several Latin American countries held presidential elections this year, many U.S. companies were left wondering what possible implications these new leaders might have on trade and investment. Whereas some newly elected presidents are still defining their economic and trade policies, Chile's president - who took office in March - remains steadfast in her commitment to market-oriented policies.

Most significant is that it was President Michelle Bachelet's administration (the first woman president in Chile and a socialist party leader) which continued to pursue market-oriented strategies. Chile's private sector leaders eagerly pursue improving and expanding global commercial ties, while boasting the region's largest number of bilateral free-trade agreements; partners range from traditional markets such as the United States and the European Union to new Asian counterparts including China, India, South Korea, and Japan. This offers a unique opportunity for U.S. exporters interested in expanding their business in arguably the most open, stable and attractive market in Latin America. Many U.S. companies consider Chile an excellent platform for doing business in the region.

### **Chile's Favorable Investment Climate**

Given the favorable investment climate and continued economic growth, business opportunities in this country abound. Its economy grew 4.2 percent in 2006 and is projected to expand by approximately 5.0 percent in 2007. This growing economy offers very attractive opportunities for U.S. suppliers and investors in areas ranging from construction and electric power equipment to mining and franchising sectors. For example, road construction concessions in the southern part of Chile present opportunities for construction companies and associated businesses that specialize in earth moving equipment, security surveillance systems, etc. In the energy sector, investment possibilities abound in both traditional and non-traditional electric energy generation systems, such as wind farms, bio-fuels, large diesel-operated electric back-up systems, and hydroelectric plants.

Two-way trade is also expected to continue to reap the benefits of a sound economic and political environment. Chile has also benefited tremendously from the FTA. Imports from Chile grew from US\$3.71 billion in 2003 to US\$4.73 billion in 2004, 6.7 billion in 2005 and to \$9.56 billion in 2006, an increase of 158 % in 3 years.

U.S. exports to Chile grew 102 % from US\$2.72 billion in 2003 to US\$5.5 billion in 2006, gaining back market share. Chile ended 2006 ranked as the 28th largest export market for the U.S., climbing from 29th place in 2004 and 35th place in 2003.

The U.S. was the top source of Chile's imports for 2006 and remained the top destination for Chile's exports in 2006.

### **Opportunities and Challenges in the Chile Market**

Perhaps the greatest challenge to a U.S. firm seeking to do business in Chile is the high degree of competition and finding the right partner. A commitment to long-term relationships and sensitivity to cultural and language barriers can go a long way in Chile. The government has already taken care of ensuring a stable economy, while addressing challenges such as poverty, inequality and incorporating those previously marginalized into the mainstream political and economic life.

### **Sun Pacific Shippers Sales Los Angeles, CA**

With the FTA, Sun Pacific Shippers Sales of Los Angeles, California, and leading Chilean fruit exporter *Subsole Exportadora de Frutas*, found it attractive to export California-grown citrus to meet market demand during Chile's off-season, as the FTA immediately reduced Chilean duties on products such as clementine from six percent to zero. After discussions with Sun Pacific, Subsole agreed to import clementine as a test case for the Chilean market. The idea was a success; with the assistance of the U.S. Foreign Commercial Service in Santiago, \$42,000 of Sun Pacific's "California Cuties" reached Chilean supermarkets and the companies have since met to discuss future opportunities. The fact that California and Chile have opposite growing seasons, combined with new market access afforded by the FTA, holds promise for continued U.S. fresh fruit exports to the Chilean market.

### **Project Development International (POI) Clearwater, FL**

Started in 1984, Project Development International (POI) is a small company of eighteen professional employees dedicated to innovative and effective management services for the construction industry. With the assistance of the U.S. Commercial Service staff in Santiago, POI recently signed a representation agreement with *Integra Proyectos*, a Chilean consultancy firm based in Santiago. The company believes the FTA facilitated this partnership and will make it easier for POI to export its services. Working with PDI, Integra is currently bidding on various construction projects in Chile, including a military hospital.

### **U.S. Commercial Service, Your Partner in Trade**

The Commercial Service at the U.S. Embassy in Santiago facilitates trade by helping Chilean importers identify the best products and state-of-the-art technology to ensure their global competitiveness. In the United States, with a presence of 109 offices, Commercial Service staff helps U.S. exporters capitalize on growth opportunities overseas, understand global markets and facilitate

communication between parties. For example, increased knowledge of standards and product-specifics in Chile would open the door for more small and medium-size manufacturers to this market.

Companies in the United States are encouraged to contact their local U.S. Export Assistance Center at [www.export.gov](http://www.export.gov) U.S. and Chilean companies are encouraged to visit the U.S. Commercial Service in Chile at [www.buyusa.gov](http://www.buyusa.gov) for the latest trade leads and other information.

Americo Tadeu is the Commercial Counselor and Wanda Barquin is the Commercial Attachè at the U.S. Embassy in Santiago, Chile.

## **Center Helps Companies Facing Trade Barriers in the Americas**

### **Venturing into the Americas? The U.S. Department of Commerce's Trade Compliance Center Can Help You Through Any Stormy Seas**

*The contract has been signed and you're ready to ship your product to a new international customer. Then your customs broker tells you the duty on the merchandise is double what you understood it to be because of "some new problem at the border."*

*You're notified by your distributor that costs will triple and time to market will be delayed for months due to the new testing and labeling requirements that "appeared out of nowhere" from the foreign government.*

*The foreign government tender you've eagerly awaited specifies a mandatory domestic content requirement.*

What do you do?

Contacting the U.S. Department of Commerce's Trade Compliance Center (TCC) should be high on your list of first steps--- the TCC is your one-stop shop for getting U.S. government assistance in addressing the trade barriers or unfair situations you encounter in foreign markets. In FY2006 alone, TCC teams investigated and assisted in more than 80 trade complaints in the Americas, (more than 550 cases worldwide). To date, we have assisted in resolving trade complaints in about 25 countries in the region and involving obligations in some 35 trade agreements.

TCC teams work to ensure you receive fair access to the market and the full benefits of all trade agreements

signed by the United States and its trading partners by getting you access to the entire trade expertise of the U.S. Government. Our teams can assist, for example, in helping to remove or reduce barriers related to customs and tariffs, rules of origin, government procurements, excessive testing, licensing, or certification requirements, and intellectual property protection if you are encountering problems in any of these areas and the U.S. government and the country you are exporting to have a trade agreement covering the issue.

Our teams draw on the resources and expertise not only of approximately 400 of the Commerce Department's country, industry, and trade agreement specialists, but also hundreds of relevant experts from the U.S. Commercial Service and all other U.S. Government agencies. Moreover, our teams include experts from an extensive network of our domestic and foreign field offices. Many of the members of our dedicated teams, for example, are located in Central and South America and the Caribbean and can be invaluable to reducing or eliminating barriers.

Two examples from Mexico and Canada illustrate how U.S. companies have benefited from trade agreements. In a recent trade complaint, our team, in cooperation with the U.S. Commercial Service in Mexico City, the Office of the United States Trade Representative, and the local American Chamber of Commerce, helped to defeat substantial new restrictions on investments in all sectors of the Mexican economy. The restrictions appeared to be inconsistent with Mexico's North American Free Trade Agreement (NAFTA) obligations. In another example, our team marshaled its expertise and leveraged its resources to eliminate a tariff on electronic decoder exports to Canada. The WTO Information Technology Agreement required Canada to provide duty-free treatment for this equipment.

By contacting the TCC, you don't have to figure out whom to call or which agency you should contact. The TCC will do that for you, and will follow up to ensure your problem doesn't get lost in Washington. Moreover, there are *no charges* for these services. We invite you to visit our website or call our center for additional information. Working together, we can help you to reach port.

### ***Making America's Trade Agreements Work for You!***

<http://tcc.export.gov/>  
Phone: 202.482.1191  
Fax: 202.482.6097  
E-mail: [tcc@mail.doc.gov](mailto:tcc@mail.doc.gov).



- On-line trade complaint hotline
- Full text of 270 international trade agreements
- Exporter Guides
- WTO standards notifications
- Weekly update service regarding U.S. and foreign government practices, trade agreements, and other trade developments.

## Trade Events

### **Americas Competitiveness Forum**

U.S. Secretary of Commerce Carlos Gutierrez will host the inaugural Americas Competitiveness Forum on June 11–12, 2007, in Atlanta.

The Americas Competitiveness Forum will provide a venue for government ministers from the Western Hemisphere to come together with leaders from the private sector, academia, and non-governmental organizations, to explore cutting edge ideas and best practices in several key areas of competitiveness.

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

### **Inter-American Development Bank (IDB) Business Seminar.**

This seminar will focus on "Financing Private and Public Sector Infrastructure Projects" and Break-out Sessions. The event will take place at the IDB's headquarters in Washington, D.C. on Thursday and Friday, April 19-20, 2007.

For detailed information on the Bank and its activities, please click [here](#)

### **Brazil**

**Industry:** Healthcare

Hospitalar is the most important fair of the healthcare sector in Latin America and the 2nd largest in the world. The event has been constantly growing in number of exhibitors as well as in visitors. Many companies use the show to launch new products and services for the healthcare area. Significant international participation is one of the key aspects of the event. Over 250 foreign companies representing 30 countries will exhibit at the 2007 show. For more information on how CS Brazil can assist you at the show contact Jefferson.olivares@mail.doc.gov

For more information on the show, please click [here](#)

### **Canada**

**Industry:** Petroleum

With over 1200 exhibiting companies and 18,000 visitors from 25 countries, the Go-Expo Petroleum Show is one of the most significant petroleum events in Canada.

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

### **Mexico**

**Industry:** Construction

Expo Construccion 2007 is the most important show for the construction industry in Northwest Mexico. It is certified by the U.S. Department of Commerce as one of the best venues for the promotion of U.S. exports in this part of Mexico. The 2005 edition of the trade show attracted over 5,000 visitors.

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

### **Mexico**

**Industry:** Aerospace

Aeroexpo is one of the most important aeronautical industry show in Latin America, held every two years. In 2007, Aeroexpo will take place from May 24 to 26, with an exhibition at the Bancomer Santa Fe Convention Center, and a static aircraft display at the Toluca airport. The U.S. Commercial Service Mexico City is organizing a U.S. Pavilion at this show.

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

## Useful Websites

### [Argentina Post](#)

Latest world news from Argentina in English

### [IT Markets](#)

Research on IT Markets in Latin America