



**Author:** North West International Ltd.

**Release Date:** August 1, 2008

### WD Relevance

---

As the world continues to become increasingly globalized the importance of international trade and developing relationships with emerging markets is at the forefront of Canada's Global Commerce Strategy. The Latin America and Caribbean (LAC) region offers exciting commercial opportunities. Economic trends are positive and the region is growing faster because of favourable international conditions and generally more effective macro-economic policies. The Government of Canada has made a commitment to better engage with the LAC region to further develop mutually beneficial relationships focusing on negotiations to increase bilateral trade and investment.

Western Economic Diversification Canada's (WD) planned Trade and Investment activities for 2008/2009 complement the priorities and activities set out in the Global Commerce Strategy. Latin America will be a priority market for WD in order to enhance the participation of small and medium enterprises (SME) in international business development and enhance the attraction and branding of Western Canada in Latin America.

### Overview

---

WD hired North West International Ltd. to research the current economic and commercial relationships between Western Canada and the LAC region, and identify economic and business opportunities in LAC that align with Western Canada capabilities, particularly with respect to science & technology. The objective of the research study was to inform WD of potential opportunities to increase Western Canada's engagement in the LAC region.

The research study relied on research and consultations with a sample of federal, provincial, and municipal government officials, supplemented by limited outreach to innovation clusters, universities, associations, and a small sample of companies and foreign representatives. The research study was conducted predominantly between January and August 2008 and includes data attained from a variety of Internet sources including export and investment data from Statistics Canada.

## Highlights

---

### ***Market Opportunities:***

- Brazil: Provides opportunities because of its sheer size, rapidly expanding and highly diversified and industrialized economy. It has extensive natural resources, is a world leader in agricultural industry and has an emerging innovative and entrepreneurial private sector.
- Chile: The Economist Intelligence unit places Chile as the best country in LAC to do business, measuring indicators such as political and institutional environment, macroeconomic stability, policy towards private enterprise, foreign investment policy, financing, infrastructure and strengths in the mining industry.
- Venezuela: Offers economic potential due to a wealth of energy reserves. However, the business environment is turbulent and uncertain, especially with respect to the role of private capital and foreign direct investment
- Columbia: The Government of Colombia has reduced public debt levels, improved security, and adopted an export-oriented growth strategy, resulting in a growing sense of confidence in the economy. Strengths are in the oil and gas, mining, power, as well as in information and communication technologies industry sectors
- Peru: Politically and economically stable, with much of its annual economic growth due to increased foreign investment and increased exports of minerals. Peru's mining industry is second only to Chile's, and has the potential to become the leader in LAC.
- Argentina: The privatization of the oil and gas industry has created many opportunities for foreign suppliers. Argentina's telecommunications market has been completely liberalized, creating one of the fastest-growing telecommunications markets in LAC.

### ***Sector Opportunities:***

Current economic conditions in the LAC region are becoming more favourable for international involvement as effective macroeconomic policies have resulted in increased economic growth and stability and improved social conditions. Although present trade activity is modest between Western Canada and LAC with the majority of exports consisting of agricultural commodities, there has been increasing demand for Canadian oil and gas equipment and services to the LAC region. Further negotiations of Free Trade Agreements with LAC markets will facilitate exporting opportunities for Western Canadian companies. Potential opportunities for Western Canada in Latin America exist in traditional energy and natural resource sectors but also in science and technology (S&T) sectors.

Western Canada's resource extraction development expertise and experience relates directly to the developmental challenges LAC is now facing. Increased environmental awareness throughout Latin America is being matched, in many cases, by additional resources to deal with environmental challenges, thus creating opportunities for foreign investment and environmental technologies expertise. Advancements in Latin America's mining and energy sectors are creating demand for advanced oil and gas recovery technologies, equipment and support services. Western Canada's S&T accomplishments also match up well to Latin America's interests and needs. The following industry sectors provide the greatest opportunities for Western Canada: aerospace, aquaculture, biofuels, enhanced oil recovery, environmental technologies, fuel cells, geomatics, ocean technologies, and vaccines.

Chile and Brazil appear to be the most promising markets for Western Canada's S&T sectors. Canada's Science Memorandum of Understanding (MOU) with Chile has strengthened the partnership between the two nations in the areas of sustainable development, S&T, and investment promotion while negotiation of the Science and Technology Cooperation Agreement with Brazil will further encourage technology commercialization ventures.

***Key Challenges:***

As in most developing countries there are numerous challenges to doing business in LAC. Barriers to enhanced economic and commercial relations with the region have been overcome and resulted in an increase in imports and exports, inward and outward investment, technical cooperation, joint ventures, and other economic linkages. Although many challenges are still present today, there is evidence of increased ease of business in many Latin American countries.

***Next Steps:***

WD will develop an action plan based on the findings and options for consideration presented in the research study.