

## Shrinking Global Markets Draw Businesses to Brazil and LatAm

Contributed by Newsroom  
Thursday, 27 November 2008

Brazil in particular as well as other Latin American countries continue to be attractive markets for businesses looking for opportunities to expand their sales, as their traditional markets are becoming increasingly crowded. This according to a 2008 survey, undertaken on behalf of Atradius, the leading global credit insurer, by the Economist Intelligence Unit.

Over half of those surveyed (53%) said that their decision to seek out opportunities in the region was influenced mainly by a slowdown in their traditional markets.

69% of those surveyed identified Brazil as a market that will be key to their expansion in the medium term, with Mexico running a creditable second at 48%.

50% of respondents identified competitive pressures in their home market as a deciding factor.

61% of respondents estimate that their annual revenue from trade with the region would increase by more than 6% over the next 3 years, and 59% expect their annual profit growth from the region over that same period to reach 6%.

The report 'A complex picture - investing and trading in Latin America' is the outcome of a survey of over 300 companies from around the world who currently trade in Latin America or plan to do so. This is the latest in a series of reports commissioned by Atradius, designed to inform businesses of the opportunities and risks of trade with emerging markets.

The picture that emerges from the report is not wholly optimistic - crime, corruption and political instability are all cited as obstacles to successful trade - but within the region several countries stood out as strong prospects for successful international trade.

Both Brazil and Mexico operate sound market-friendly economic policies, while others in the region - notably Venezuela and Argentina - have yet to come to grips with their soaring inflation and perceived political instability.

Peru and Chile both fared well in Atradius's survey when it came to the overall ease of operation for overseas companies, scoring well for economic and political stability, good corporate governance, legal system and customs, and lack of contract disputes.

While those surveyed recognized that in the short term Latin America isn't immune to the global downturn, the medium term outlook was still upbeat.

Commenting on the report's findings, Atradius CEO Isidoro Unda observed, "Latin America clearly has much to offer businesses who are looking for new markets for expansion. It has a young and growing population eager for imported consumer goods, and the reforms of recent years continue to improve the economic and political stability in much of the region."