



BG Consulting
Linking two worlds

NEWSLETTER

14

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COVER STORY

Investment Opportunities in Colombia Part I*



Colombia is booming with trade and foreign investments. It has seen growth unheard of for the past thirty years. In 2007, Colombia's economy grew by 7%. Of the past seventy years, Colombia has only experienced one year of recession. The United Nations Economic Commission for Latin America and the Caribbean states that foreign direct investment in Colombia has averaged \$6.0 billion the last four years (this is almost three times the average of four years prior to that).

In addition, whereas Colombia was known in the past for guerrillas, violence and drug trade, all those factors are under control and in real decline as recent publicly portrayed events have shown. Moreover, "[T]he Government of the Republic of Colombia is committed to fighting the production and trafficking of illicit drugs. In 2007, it continued its aggressive interdiction and eradication programs, seizing over 126 metric tons (MT) of cocaine and cocaine base, and maintained its strong record of extraditing persons charged with crimes in the U.S. Almost 220,000 hectares of illicit coca crops were eradicated, over 153,000 hectares by the Colombian National Police." courtesy of the U.S. State Department, <http://www.state.gov/p/inl/rls/nrcrpt/2008/vol1/html/100776.htm>

Bogota is especially hot for real estate investment not only because it has been receiving new business and investors from all over the world, but also because of the following circumstances:

1. Incentives to Tourism. Since 2006 tourism is increasing at an annual rate of 4.5%. This, in addition to the fact that most hotels in Bogota are small boutique hotels, makes evident the shortage of hotel rooms in Colombia, specially in Bogota. At national level, the government has offered a thirty year tax break for any investment in hotels built, expanded or renewed before the year 2018. This incentive is expected not only to increase the number of small boutique hotels that have been predominant, but also to bring in the big hotel chains such as Marriott and Hilton.

2. New local legislation will prevent circulation of big trucks within the city center. Also, new urban planning regulations will force many industrial parks to move outside of Bogota. Besides the obvious improving of traffic and the overall aesthetics of the city, these measures will (a) increase the demand for industrial parks in the surrounding areas of Bogota as well as all related services, such as hotels, hospitals and many other facilities in areas that have been predominantly rural; and (b) alleviate the scarcity of land in Bogota by making available the former industrial areas to built more office, commercial and residential buildings, as well as more parks and recreation areas.



Additionally, improvement and expansion of roads have started already, such as the ones that lead to the El Dorado International Airport and to other Colombian cities. The competition for being as close as possible to the roads to the airport, the ports to the Caribbean Sea and the Pacific Ocean, as well as the main cities of Colombia, is defining a rapid expansion of the new industrial areas that will operate as hubs for these cities.

NEWS

INDUSTRY

Latin America Boosts US Companies

As the U.S. economy slows down, Latin America is providing an increasingly vital sales boost for U.S. and European multinationals.

Latin America is becoming increasingly important for U.S. and European multinationals as they look for markets to offset weak or declining sales in the United States and Europe.

A *Latin Business Chronicle* analysis of the 2007 financial results of 25 major U.S. and European companies shows that Latin America grew faster than the companies' overall expansion. In the case of 14 companies, Latin America accounted for the strongest growth worldwide, while it posted the second-highest growth among seven companies analyzed. The 25 companies range from U.S. giants like Coca-Cola and General Motors to European giants like InBev and Volkswagen.

"We saw record performance in our international businesses led by Latin America and Asia," Jeff Fetig, the Chairman and CEO of U.S.-based Whirlpool, said in the 2007 annual report.

Whirlpool, the world's largest appliance maker, was one of the companies that posted Latin America growth higher than any other region. Last year, Latin America sales reached \$3.4 billion, an increase of 27.7 percent from 2006. That compares with 21.9 percent growth in Asia, 12.1 percent in Europe, 0.8 percent in North America and 7.3 percent worldwide.

Latin Business Chronicle March 31, 2008

MINING



Codelco, Freeport-McMoRan plan El Abra expansion

Codelco, the world's largest copper producer, and global miner Freeport-McMoRan Copper & Gold plan to extend the life of their joint-venture El Abra copper mine in Chile by some 10 years, they said.

The companies said they would invest some US\$450 million in the so-called Sulfotax project to mine sulfides at El Abra after oxides run out in 2010.

"This project means exploiting copper sulfides through a leaching process and still use a large part of the plants and installations used today to treat oxides," the El Abra board said in a statement. Furthermore, this means extending the life of the mine for at least a decade."

The El Abra mine, 49%-owned by Codelco and 51%-owned by Freeport, produced 166,000 tonnes of copper in 2007.

The mine, in Chile's rich northern mining district, has some 600 million tonnes of copper-rich mineral in reserves.

Freeport operates mines in the US, Indonesia, Peru & Chile. www.mining-journal.com

BUSINESS OPPORTUNITIES



COLOMBIA

BG Consulting, through its Colombian representative has a portfolio of investing opportunities that include:

- Offices in Bogota: whole buildings or only floors already leased are available for investors.
- Hotels for sale in Bogota and major cities.
- Small warehouses in Bogota.
- Industrial Parks outside of Bogota.
- New residential and office buildings for investors interested in being involved from the beginning of construction.



ORLANDO, FLORIDA:

The Hispanic market in Orlando keeps growing in quantity and purchase power. This, plus the need for high quality food and places to have fun and entertainment has led developers to think about the need to build a new model of shopping center that welcomes locals and visitors to enjoy the goodness of Latin American products, restaurants and entertainment. The developer is already accepting investors and retailers.

For more information about this opportunities, please contact Maria Gabriela Sosa at mariasosa@bg-consulting.com

FINANCE



NEW CREDIT RATINGS IN SOUTH AMERICA

New credit ratings for South American countries points to economic success that will boost their attractiveness to foreign investors. Brazil, in particular, is in the middle of a booming property market that can only grow. It now has a credit rating of triple-B minus after being

upgraded by Standard and Poor's rating system, which should attract more investors to the Brazilian credit market and allow the country's government to raise finances on increasingly competitive terms.

This comes on top of similar changes in other South American countries, including Mexico, Peru and Chile, and constitutes 'the next stage in the dramatic recovery of South America's regional economic status,' according to Wilkes James, an analyst based in Los Angeles.

By stimulating the wider economy, the collective changes in credit ratings across the continent should open it up to investors. 'Credit rating hikes usually lead to lower borrowing costs. I predict lower building costs and greater demand in the property market, that is the Holy Grail as far as property investors are concerned,' he added.

Brazil, one of the world's largest emerging markets whose economy grew last year at the fastest pace since 2004, should be able to maintain annual growth of as much as 4.5%, S&P said. Brazilian exports have tripled since President Luiz Inacio Lula da Silva took office in January 2003 on rising world demand for soybeans, iron ore, beef and cars. 'This makes Brazil a more attractive place to invest,' said Howard Appleby of investment management firm Northern Cross in Boston.

Economic stability and a thriving tourism industry are making South America attractive to property investors at present. According to Emma Holifield of Property Frontiers Argentina is also benefiting. The country's recent economic expansion has created a growing middle class who are keen to buy second homes and this has created a market that offers overseas investors good value for money, she explained. 'The fact that there is already strong local demand for property, without real bank financing, coupled with the relative lack of mass foreign investment and growing tourism suggests that the future potential of market growth is high,' she said.

Argentina is the second most popular destination in South America, a fact which should attract those looking to buy holiday villas, she concluded.

propertywire.com May 2008

NEWS

TECHNOLOGY

IDC: Latin American packaged software set to grow 18%

The Latin American packaged software market is set to grow 18% this year from the US\$5.9bn recorded in 2007, with an annual compound growth rate of 13% for the next five years, [IDC](#) Latin America research and consultancy VP Ricardo Villate told press.

"Year 2008 represents one of great momentum for Latin America and is without precedent compared to the last two decades, that is why CEOs and CIOs are optimistic," Villate said during [Micro-soft's](#) (Nasdaq: MSFT) 2008 Worldwide Partner Conference (WPC) in Houston, Texas.

According to IDC reports, more than 52% of Latin American CIOs plan to increase their spending in IT this year compared to 2007, with the highest optimism rate in the past four years.

The priorities are to invest in solutions rather than independent software and hardware, one of the reasons why the concept of services is becoming more compelling for Latin American firms, Villate said. He added that companies are mainly looking for solutions in the field of security, ERP, BI, system and network management and CRM

Wednesday, July 9, 2008

By Cristina Molina, Business News Americas .

TELECOM



Spanish-speaking call center to open in Guatemala

Americatel, a U.S.-based telecommunications carrier, announced it would open a Spanish-speaking call center in Guatemala, the first of its kind.

The company's investment in the center is projected to be US\$4 million and will provide technical support, telemarketing and sales services to small and medium businesses in Central America. The call center will begin operations with 160 employees at the facility.

Latin Trade Magazine March 2008



PERU

Peru awarded investment grade by Standard & Poor's

Standard & Poor's, one of the world's leading credit rating agencies, announced on Monday that it had raised Peru's foreign currency debt rating to investment grade. It was reported that after the Andean country showed a visible and significant decline in its fiscal and external vulnerabilities, the credit rating agency raised Peru from a BB+ rating to a BBB- investment grade.

July 14 2008 Israel J. Ruiz livinginperu.com

MEXICO

Long thrashed by swings in the U.S. economy, Mexico now boasts a thriving housing sector whose record growth leads Latin America—a sign of increased economic stability and an outlet for investors looking to escape the U.S. downturn.

Giants including the California Public Employees Retirement System, the largest U.S. public pension fund, are already bankrolling projects in Mexico, where they see "more bang for the buck," said Clark McKinley, spokesman for CalPERS, which has invested more than \$300 million in Mexican real estate funds.

The trend could even slow emigration from Mexico, by generating millions in jobs & personal savings as a fresh supply of loans gives many their first chance to own a house. President Felipe Calderon has set a national goal of a million new mortgages a year by 2010. Behind the boom are six years of economic growth and stability, and a national shortage of 6 million dwellings. While interest rates are falling, just 6 percent of Mexico's 25.7 million homes are financed with mortgages — compared to about 67 percent in the U.S. Most Mexicans inherit their homes, buy them with cash, or build them by hand. That pent-up demand in a nation of 108 million means lenders can be choosy, enforcing strict standards that held delinquency rates below 4 percent in third quarter-2007, compared to 5.6 percent in the U.S.

"Mexico is in the early stages of expansion," said Juan P. De Mollein, managing director for Latin American structured finance at Standard & Poor's. "There are still plenty of points for evolution because there's still plenty of demand." In the U.S., lenders looking to expand their portfolios granted risky mortgages to borrowers with weak credit, but in Mexico, that "subprime" category doesn't exist, because lenders don't need it to grow. Also, few Mexicans flip homes or refinance mortgages, keeping the market stable. "Mexico doesn't have a credit issue. We can still choose our borrowers because demand is so great," said Mark Zaltzman, chief financial officer at Su Casita, one of Mexico's largest mortgage lenders.

A recession north of the border could choke U.S. investment in Mexico, curbing job creation, discouraging new homebuyers & stalling housing growth. But that won't likely lead to mass layoffs & defaults, said Rafael Amiel, managing director for Latin America at the financial consultancy Global Insight. Mexico simply has too much room for growth, & expanding local markets have insulated it somewhat from U.S. downturns. Housing demand could swell more as migrants are pushed home by the souring U.S. economy & crack-down on illegal immigration — generating four new jobs for every home raised, said Carlos Gutierrez, Mexico's housing policy director.



Theresa Bradley, January 2008 securitycornermexico.com

BG NEWS

CONFERENCES:

New Legal Developments of Doing Business with Mexico: a half day conference on telecom, energy and trade opportunities in Mexico (September 10, 2008 in Washington D.C.). This conference is sponsored by the DC Bar and the U.S. Mexico Bar Association. Our President will give the opening remark. More information at our web site.

PUBLICATIONS:

- [Paper on investment and State disputes in Latin America published by Law and Business Review of the Americas](#) 
- [Paper on freedom, equality and legal empowerment of the poor in Venezuela](#) (accessible at our website) 

WHATS NEW:

BG Consulting presented the Law on Corporate Restructuring of El Salvador.

Omar García-Bolívar presented a report on the judicial independence of Nicaragua.



*The insight and intelligence you require
Understand and manage the risks
Act upon a unique opportunity
You will never feel Foreign*

Management Consulting & Partner Selection: We achieve our client's goals through

Define a strategy

- ⇒ **General assessment:** This service quantifies and ranks those markets from which a firm will obtain the greatest return from its investment and it is specifically important for companies with a limited budget that wish to invest internationally with limited risks.
- ⇒ **MMI analysis:** Aims to provide companies with an unprecedented insight into specific countries, regions and industries. Research might also be directed towards regional trade acts and their influence in a particular industry or business.

Establish a strategy

- ⇒ **Partnerships (Manufacturing/suppliers/distribution):** Companies looking for distributors, suppliers, manufacturing facilities, representatives and partners will benefit from this comprehensive tailored service that provides the client with a ranking of potential partners in a specific region or market.
- ⇒ **Tradease™:** Companies engaged in international trade practices – either by importing or exporting products – will benefit from this tailored service, offering shipping options: finding the right combination of cost, quality and port of arrival and customs clearance: quick and successful introduction of the merchandise in the target country.
- ⇒ **Investment/business road map toolkit:** Companies who wish to attempt their internationalization on their own might consider obtaining a detailed report describing how to set up a business in a specific market of Latin America or the Caribbean. The tailored report will identify all of the activities together with their respective costs and timings and facilitate a short list of transparent, legal and effective, organizations and/or institutions and their contacts necessary to set up operations in a specific country.

Launch a strategy

- ⇒ **"Local" coaching:** Companies with an intermittent need to resolve issues pertaining to international business in Latin America, trade issues, investment solutions or negotiation support, may hire this service to obtain answers to their questions. BG Consulting commits to resolving a specific concern in a timely manner surpassing the client's expectations.
- ⇒ **Customized negotiation toolkit:** Prepare for an international negotiation in Latin America. Our proprietary methodology will provide you with our negotiation matrix allowing you to know where you may be flexible and where you have to stand firm. To provide a more hands on service and language support we can also be present during the negotiations or even carry these out on a company's behalf.

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