

Doing business in Latin America



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“What a difference a decade can make. Ten years ago, Latin America and the Caribbean received the new century in the midst of tremendous uncertainty. ...Today, the picture looks very different. News of default jolts other regions - not Latin America.

In other words, the region has learned from its past and is on track toward a better future”

Pamela Cox

Vice President of the World Bank December, 2009

Why Latin America?



- Attractive opportunities for Norwegian business
 - Similarities and complimentary activities
 - Attractive markets
- USA - Financial crisis 2008/2009
- Europe – Deteriorating economic situation 2010
- Latin America
 - 2009 – Fall in GDP 1,9%
 - 2010 – Growth perspective for region 4,3%, higher growth expectations than most other countries except China and India

Country risk



DnB NOR evaluate country risk 1 (best) to 10 (worst)

- Chile 1
- Brazil 3
- Mexico 3
- Peru 3
- Colombia 5
- Venezuela 9
- Argentina 10

Latin America and Norway



- Today many Norwegian companies have over 40% of their turnover in Latin America, several shipping companies, fertilizer (largest sole market), Hydro (bauxite and alumina sourcing). Divestments - Yara sale in Brazil phosphate assets USD 785 million
- Norwegian Investments in Latin America
 - Approx. total USD 15 billion committed
- Areas:
 - Forestry, Seafood, Fertilizer, Mining and Shipping
 - Energy: Hydropower, Eolic, Oil & Gas, Equipment

Opportunities and challenges investing in Latin America



- Challenges:
 - Contract risk is important
 - Respect for contracts
 - Differences:
 - Language
 - Culture
 - Increasing nationalism
 - Taxes
- Opportunities:
 - Good macroeconomics: Brazil, Chile, Colombia, Peru, Uruguay
 - Improving Political risk: Brazil, Chile and Uruguay
 - Raw materials
 - Similarities: Culture (Different, but similar)

Doing Business in Brazil



- Country doing extremely well: Stable and low inflation, robust growth, strong reserves, WC 2014, Olympics, IMF creditor
- Political risk
- Western culture
- Language barrier
- Contracts are respected
- Good legal framework, complex laws

Business is people



- Business is relational: people driven

"No use know how, without know who"

- Local network
- Build up your network:
BNCC, NBCC, Embassies, Consulates, Innovation
Norway, INTSOK, Lawyers, Consultants
- Listen to recommendations

Joint venture or building your own organization?



- Good companies already in partnerships
- Partnership / Bi-lateral as to technology, innovation, research,
- Petrobras – Statoil
- Brazilian shipyards – Norwegian equipment – Norwegian shipping co's
- BNDES – GIEK – Eksportfinans – DnB NOR

Be aware!



- Work force
- Nationalism
- Local content requirements
- Corporate taxes
- Labor laws
- Bureaucracy
- Corruption: Avoid at all cost and situations



"Latin America has not escaped the global economic crisis, but it has stood up to it with a new resilience.

However, it is already apparent that Latin America is rebounding from the shock more rapidly than the majority of developed economies.

Most importantly, it is doing so without compromising its significant progress towards its long-term development goals."

The OECD Latin American Economic Outlook 2010