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DOING BUSINESS IN LATIN AMERICA: DOES BREXIT MATTER?

28TH September 2017

CANNING CONFERENCE 2017: MEETING REPORT

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Executive Summary

- Brexit is likely to have implications for UK-Latin American business relations. When the UK leaves the European Union (EU), it will have to negotiate its own trade agreements with countries up and down the region, on its own terms and conditions. In general, Latin American economies have performed well in recent years, with some countries, especially those in business-friendly trade-blocks such as the Pacific Alliance, presenting many opportunities for UK businesses. Brexit could even act as a catalyst to increase trade relations between the UK and Latin America. However, conclusions from the conference suggested that whether inside or outside the EU, plenty of opportunities for success currently exist in the region. Many of these opportunities are already being enjoyed by German, Indian, and Chinese companies, and by certain UK companies, which other UK companies could emulate with support from the government.

- The UK lags behind its European peers such as Germany, France and Spain, in terms of trade and investment in Latin America, and has for a long time been outperformed by US businesses. Chinese investment in the region has rapidly increased in recent years and is now a serious competitor for the US. However, China's accomplishment is proof that, given the right circumstances, it is possible to enter the Latin American market and successfully increase market share, in a relatively short period of time.

- Opportunities for doing business in Latin America exist across the entire continent. The bigger markets are obviously attractive to many businesses, but the smaller countries can be much easier to do business in. Oil and gas, renewables, mining, infrastructure development and construction, have long been sectors that have been attractive to UK companies operating in Latin America, and continue to be so. Owing to the growing middle classes, there are also plenty of opportunities in the luxury goods sector, as well as in the provision of education and vocational skills training.

- Brexit has created new challenges vis-à-vis trading in Latin America, such as whether existing trade deals can be rolled-over, and when discussions about future trade deals can begin. This is on top of existing problems such as sluggish world trade, protectionism, security, poor infrastructure and competition from other states. Nonetheless, exiting the EU means the UK has the potential to pursue trade deals with Latin American states that complement its strengths.

- In order to maximize the opportunities for trading and investing in Latin America, the UK government should maintain visits of ministers and combine trips with trade delegations of business leaders. It should prioritise appropriate trade agreements in countries where there are most opportunities, and needs to encourage more SMEs to trade with Latin America. Education was a key area that the government should focus on, encouraging more Latin Americans to study in the UK and vice versa, as well as persuading more UK-based universities to establish campuses or partnerships in the region. The government should listen to the feedback from the business community regarding their experiences, and should consider re-launching the Canning Agenda, focusing specifically on increasing trade. They should also become observers of Mercosur and the Inter American Investment Corporation.

- The business community needs to remain flexible and patient when trying to enter the Latin American market or expanding their operations there, as it can take a long time to start seeing rewards. However, opportunities are unlikely to present themselves unless businesses get out there and find them. They should seek the advice of the UK government's experts in the region, and also strongly consider working with local partners. Opening offices in the region can help, but only when operations are significant enough to merit doing so. Businesses should also consider grouping together to form consortia when responding to tenders.

- Latin American governments need to tackle the issue of protectionism, and follow the example set by the Pacific Alliance, and take steps towards harmonising their markets. They need to do more to tackle corruption, and increase the transparency of bidding processes. Labour and tax laws were two specific areas that were also highlighted as being particularly problematic for potential investors. If Latin American states do not want to fall behind their peers in Asia and elsewhere, they should also make efforts to increase efficiency and productivity in order to stay competitive.

Introduction: About the Canning Conference 2017

The Canning Conference explores current trends and transformations taking place within the UK's relationship with Latin America. It convenes specialist speakers from across business, government, academia and international organisations to discuss these issues, and debate with an invited audience of peers and experts. It is the premier business-focused conference on Latin America in the UK.

Following the UK's decision to vote 'Brexit' and signal its intention to leave the European Union, this year's conference assessed the changing dynamic that might result in the UK's relationship with Latin America. Taking into consideration the UK government's 'Canning Agenda' and any possible necessity to ramp up its engagement with regions such as Latin America following the 'Brexit' vote, the conference also looked to other countries around the world, to see what the UK could learn from their success in trading and investing in the region.

This years' conference was kindly supported by Shell, the Foreign and Commonwealth Office, CAF Development Bank, and AngloAmerican.

Does Brexit Matter?

In a post-Brexit environment, the UK will need to look elsewhere for trade deals - as it has already started doing - to fill the possible gaps left by its departure from the EU. The UK is already party to some trade deals with Latin America that were negotiated by the EU. Exiting the EU means the UK will no longer be party to those deals, and will have to pursue its own trade agreements with Latin American states. On the other hand, this is where the UK could potentially deepen its trade links with Latin America once again, as it will be free to negotiate deals on its own terms and conditions, and not those directed by Brussels.

In recent years, despite the diverse nature of Latin American economies, with some performing significantly better than others, as a whole, the region has performed well. IMF statistics indicate that top performers in 2016 were Panama, +5%; Nicaragua, +4.7%; Costa Rica, +4.3%; Bolivia, +4.1%; Paraguay, +4.1%, Peru, +3.9%, and Mexico, +2.3%. Whilst some of the other major economies such as Brazil and Argentina didn't perform as well in 2016, they are expected to grow at +2.3% and +1.7% respectively in 2018, and the continent as a whole is predicted to grow by over +2% next year[1]. Therefore, Latin America presents itself as a region of real economic opportunity for UK companies.

Moreover, three Latin American states – Brazil, Mexico, and Argentina – are members of the G20, with Argentina assuming the Presidency in 2018. The Pacific Alliance trade block – Mexico, Colombia, Peru and Chile - is keen to attract trade and investment; and with the suspension of Venezuela and less protectionist Presidents in power in Brazil, Argentina, Paraguay, and Uruguay, Mercosur is keen to project itself onto the global stage. Latin American economies are also diversifying away from relying heavily on the export of commodities, and have a growing middle class increasingly interested in purchasing consumer goods and services.

Conversely, the UK is the world's fifth largest economy, and has a reputation as being an important global player. Although the presence of UK business is not as strong as it could be in certain countries in Latin America, UK companies do have operations in all countries up and down the continent. Moreover, the UK has a reputation as a good place to do business with. Its companies and brands are seen as reliable and good quality, and institutions such as the City of London are held in very high esteem.

In short, a timely combination of increasing opportunity in Latin America, combined with the UK's willingness to increase trade with new markets upon exiting the EU, could present a significant increase in opportunities for both the UK and Latin American countries. However, discussions at the conference indicated that opportunities for success already exist, whether inside or outside the EU, and that the UK's European peers such as Germany, as well as countries further afield such as India and China, are

[1] International Monetary Fund (2017). *Regional economic outlook. Western Hemisphere : tale of two adjustments*. World economic and financial surveys, 0258-7440. Electronic copy available here: http://www.imf.org/en/Publications/REO/WH/Issues/2017/05/10/wreo0517

already taking advantage of these existing opportunities. Certain UK companies, mainly large multinationals, have also traded successfully in Latin America for many years, and it was suggested that other UK companies – in particular SMEs - could emulate their success with support from the government.

How the UK compares to other countries

In the early part of the 19th Century, Great Britain became an increasingly influential partner across Latin America as many newly independent states started to emerge. Statesmen such as George Canning helped to strengthen bi-lateral relations and increase trade links with many countries across the region. Britain quickly became a major source of foreign investment in the region, helping to build railways and ports in order to increase access to the continent's wealth of resources, to help fuel the industrial revolution. But by the beginning of the 20th Century, Great Britain's interest and influence in the region had started to wane. Faced with increasing competition from other nations, predominantly Germany and the USA, UK engagement with Latin America entered a long period of decline. As a consequence, by the start of the 21st Century, British interest in and trade with Latin American nations was at the lowest it had been since the early days of independence.

In 2010, in order to address the UK government's perceived lack of interest in the region, the then Foreign Secretary, William Hague, announced a reversal to Britain's retreat from the region as part of the government's 'Canning Agenda,' pledging to open more embassies and increase trade with many nations once again. Nonetheless, after a short-lived spike in goods and services exports, after 5 years' effort, UK exports to Latin America had fallen back in absolute terms and, as a percentage, were back where they had started, indicating there is still a long way to go to achieve the UK government's goals.

EU trade with Latin America and the Caribbean in 2016 accounted for +5.7% of the EU's total trade[2]. Compared with data from the Office of National Statistics (ONS)[3], which indicates that in 2015 UK exports of goods and services to Latin America as a total percentage of exports was a minuscule 1.8%, and was on a downward trajectory, it is easy to conclude that our European peers are outperforming the UK in terms of trade with Latin America.

Anecdotal evidence from the conference suggested that Germany and France in particular, are very good at sending well-coordinated delegations of ministers and business leaders representing both large and small companies, as well as entrepreneurs, to the region, whereas there was a perception amongst some speakers that the trips to Latin America planned by their UK counterparts were hastily planned, and less coordinated with the business community. It was suggested that Germany performs well in Latin America as it has a strong industrial base, and has long-established manufacturing facilities – especially in the automotive sector – in countries up and down the region. This could explain why Germany is the third largest exporter to the region, behind the US and China[4].

[2] European Commission. *European Union, Trade in goods with Latin American Countries*. Directorate-General for Trade. Electronic copy available here: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_111527.pdf

[3] Calculated using data collected from the Office of National Statistics (ONS) for 2015. Information available here: https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments

[4] Wold Bank Group. World Integrated Trade Solution. Electronic copy available here: https://wits.worldbank.org/CountrySnapshot/en/LCN/textview

However, there have been certain countries in Latin America where the UK has performed well in recent years. In terms of foreign direct investment (FDI), the UK was the second largest investor in Peru in 2016, second only to Spain. In Colombia, the UK was the second largest European investor in 2016, again second only to Spain, which has many historical and cultural connections to the region that may underpin its performance in Latin America.

The USA has a long history of engagement in Latin America, and has without doubt been the most significant and influential trading partner in the region since the end of World War II. However, US hegemony in the region has started to be challenged by China, which has entered the Latin American market with force over the past 20 years, primarily in pursuit of raw materials. Chinese development banks have also funded huge infrastructure projects, and in many countries now rival more established funding institutions such as the World Bank, and Inter-American Development Bank. For some, it could be perceived that UK businesses are not able to compete with the might of China's state owned enterprises. But many of the conference panelists believed that China's increasing power and influence in Latin America is more of a concern for the US than it is the UK, as the US has a much larger market share in Latin America than the UK does. Moreover, it was suggested that China's rapid rise in Latin America is proof that culture, language and distance are not barriers to increasing trade with Latin America. It also suggests that if the right niche is found, it is possible to trade very successfully in Latin America. I.e. if China can successfully insert itself into the continent there is no reason why the UK cannot either.

Where are the opportunities?

Throughout the course of the conference, many sectors of opportunity across the region were discussed. For obvious reasons, the countries of the pro-free trade Pacific Alliance were highlighted as a good place to do business with. Mercosur was also touted as another trade block that could be hugely significant for UK companies wishing to trade in Latin America, especially now that Argentina is trying to reinsert itself into the international community once more under the leadership of President Macri, and owing to the suspension of Venezuela from the block, which has for a long time pursued a different ideological path with regard to trade compared to the other members of Mercosur.

However, many panelists were keen to mention that it's not all about the large markets, as plenty of opportunities exist in smaller countries in Latin America as well. The returns from smaller countries might not be as high as they could be from larger countries elsewhere in the region. However, often there were greater barriers restricting market entry to large countries compared to smaller countries.

In terms of sectors, the Latin American energy sector was regarded by many as an area that presents UK companies with many opportunities. In particular, the Mexican oil and gas sector was seen as a very promising market opening up to foreign investment after years of being state-owned and operated by Mexican oil giant Pemex. Renewable energy was also another key area presenting UK companies with many opportunities, from infrastructure development to project finance.

Mining is a sector that has traditionally been very strong for UK companies, and this continues to be the case, with potential opportunities emerging in new sectors such as lithium mining and extraction. Mining giants Glencore, BHP Billiton, Rio Tinto, Anglo-American – all UK-based or dual-jurisdiction companies – have extensive operations across the entire region, most noticeably in Mexico, Colombia, Brazil, Chile and Peru.

Infrastructure and construction are two closely related areas that present opportunities for UK companies. Specific projects that UK companies are perfectly positioned to lend their expertise to include the planning, construction and service provision for the forthcoming Pan-American Games, as well as airport upgrades across the continent. Following the example set by Foster + Partners who won the contract to design the new airport in Mexico City, there are an increasing number of opportunities for British companies in this sector, as Latin American nations seek to upgrade and modernise their ageing airport infrastructure. Moreover, the recent Odebrecht scandal could potentially result in increased opportunities for UK construction companies, as Odebrecht was unlikely to be competing for as many bids whilst it undergoes reorganisation.

There are a lot of opportunities for UK companies in the fashion, design and luxury good sectors, as the growing middle classes with increased disposable income seek to purchase well-known brands, particularly from France, Italy, and the UK. This is where the UK government can use its influence to encourage SMEs to export their products to new markets in Latin America that value British-made goods highly.

The UK is a world leader in education, not just academia, but also vocational training. It was suggested that there is a niche in the market for UK education providers to establish or work with schools and colleges in Latin America that can provide professional-standard vocational training, with qualifications that are recognised internationally. There are many British schools across the continent, but they tend to be for either ex-pats or children of wealthy local families that want to give their children a western-standard education. However, UK education providers should not be thinking solely about teaching Shakespeare and Dickens to the upper middle-classes, but also about vocational skills that will last a lifetime, helping to aid sustainable development whilst creating opportunities for UK and Latin American businesses.

There are also potential opportunities for UK based start-ups and innovators, looking for a market in which they can test out new technology. Latin American countries are often early adopters of technology, and embrace innovation. For example, Mexico and some other Central American states adopted polymer bank note technology long before the UK did, and it was mentioned that Brazil was an early proponent of internet banking, realising its potential long before the US and Europe. Latin American countries are willing to take more controlled risks and give new technologies a try. This presents many opportunities for UK start-ups that might be looking for a market that is willing to embrace their innovative ideas.

The difficulties and challenges that lie ahead

Aside from the negative perceptions associated with leaving a political and economic union that it has been a part of for over 40 years, Brexit has created many challenges that could have an impact on UK-Latin American business relations.

One major challenge that was discussed at the conference is that the UK government cannot officially negotiate the terms and conditions of future trade deals, until it has resolved outstanding issues surrounding its departure from the EU – notably the outstanding money the UK owes the EU, the future rights of citizens, and the Northern Ireland border issue. Until this is done, the UK will be unable to officially negotiate trading relationships with and beyond Europe. All of this creates uncertainties in the business community, both for British businesses thinking about doing more business with Latin America, and for Latin American companies thinking about doing more with the UK.

Furthermore, there is also a large amount of uncertainty as to whether the UK can just 'cut and paste' future FTAs based on what it already has in place via membership of the EU. Would it be legal? Would it be possible or relevant to just roll over existing agreements, which were implemented when the UK was part of a much larger trading block made up of 28 different member states? Moreover, there was also concern as to the appropriateness of FTAs. It is unlikely that signing a FTA alone will be a magic bullet. Just signing a FTA was no guarantee that the UK was necessarily going to do any more business with another country, nor that other countries will want to do any more business with the UK. As members of the EU, the UK is already party to existing FTAs in the region, yet it is still widely recognised to be underperforming in Latin America.

Despite all of the difficulties and challenges, it was discussed that the UK is now free to pursue trade agreements on its own terms and conditions that suit its economy, and won't be constrained by FTAs that some believe are designed to benefit other EU partners. Moreover, on its own, the UK could be easier to trade with than the EU as a whole, as it could be less bureaucratic. Therefore, Brexit might act as a catalyst, and result in more UK companies trading and investing in Latin America, and more Latin American companies doing business with the UK.

In addition to the difficulties in doing business in Latin America that might result as a direct consequence of Brexit, other challenges were also discussed by the panelists. One obvious challenge is that world trade is currently sluggish, and in many parts of the world political instability and protectionism are on the increase. This has the potential to make things difficult for the UK. However, in recent years there has been a resurgence in pro-business, pro-trade administrations in many of the major economies in Latin America, and for the moment at least, many countries in Latin America seem to be bucking the trend of protectionism that has been seen elsewhere in the world. Important elections in 2018 in Colombia, Mexico, and Brazil have the potential to de-rail the current enthusiasm for trade-liberalisation and greater integration across many countries in the continent. However, panelists remained confident that the pro-free trade momentum should continue.

Security is a concern for all companies, not just those wanting to operate in Latin America. However, security problems are more acute in Latin America than they are in Europe. Furthermore, it is not just security and well-being of company staff and employees that is an issue for potential investors, but the security of assets is also a major worry for companies operating or thinking of operating in Latin America. Making sure assets are protected by local and international law is crucial, so they don't get expropriated.

Underdeveloped infrastructure is still a major challenge facing companies wanting to do business in Latin America. Be it not having suitable roads, railways, ports, or airports allowing for the easy movement of people and goods, or whether it is not having decent internet connectivity in urban areas where offices are located, poor infrastructure in Latin America will stymie trade and investment.

Competition not only from European peers but also from the USA and China, also presents UK companies with a major challenge.

Corruption and a lack of transparency, also need to be addressed by Latin American governments if they want to attract more trade and investment to their countries, especially from countries like the UK, which has stringent anti-corruption laws in place, ensuring that all UK companies have to comply.

What is needed?

In order to take advantage of the potential opportunities available for increasing trade and investment following the UK's exit from the EU, the following recommendations were suggested by conference participants.

Recommendations for the UK government

An important recurring recommendation throughout the conference was that the UK government must maintain visits of UK ministers to Latin America, as it is a very visible way of indicating that the UK is interested in Latin America, and wants to be seen to be taking opportunities seriously. Anecdotal evidence would suggest that the UK's European peers such as France and Germany have been very good at this in recent years, although, the UK has sent numerous ministers to Latin America over the past 18 months, despite being restricted to travel overseas only when parliament is in recess. These have included visits to the region by Foreign Office Minister Sir Alan Duncan, Parliamentary Under-secretary of State Mark Garnier, Chancellor of the Exchequer Philip Hammond, International Trade Secretary Liam Fox, Trade Policy Minister Greg Hands, and Lord Mountevans - Lord Mayor of London. However, it was remarked that these trips could perhaps have been better publicised, and different branches of government could have been better informed, as it was mentioned that not all relevant government departments, nor interested stakeholders, were aware of some trips until the last minute or not at all. Additionally, it was suggested that the government should do its best to have ministers stay in their job for a significant period, in order to build familiarity and have continuity, so they can solidify long-term links with the continent.

The government should not underestimate the importance and effectiveness of trade envoys, and should organise more trade delegations and trips with senior business leaders, to show that the UK is interested in capturing opportunities when they arise. Taking a consortia of businesses to the region combined with ministerial visits would certainly help to create the right impression that the UK is keen to engage more with the region. It was suggested that previous campaigns that have promoted the UK as being a place that is 'Open for Business' have missed the point, as the UK has always been open for business. Instead, the government needs to create a hunger amongst UK businesses to get them excited about trading with Latin America, and not just wait for opportunities to come knocking at the doors of UK industry, so combining trade delegations with business leaders and ministers could be an ideal way of doing this.

The issue of prioritizing trade agreements was another significant theme that was repeatedly mentioned throughout the conference. As part of the EU, the UK is party to Free Trade Agreements (FTAs), with Mexico and Chile, and FTAs with a further eight Latin American countries – Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru - have been provisionally applied. However, as has been exemplified by the EU-Mercosur FTA discussions, negotiating a FTA between two trade blocks, and satisfying the interests of many different nation states is no easy task. Gaining consensus and agreement over certain issues can be lengthy and time consuming. This is where the government will have a competitive advantage over the EU post-Brexit, as it will technically be less constrained than it currently is as a consequence of its membership of the EU, which requires mutual agreement from all 28 member states for any FTAs to be implemented. The UK should therefore be able to tailor its own FTAs to suit its interests and strengths, such as the promotion of its service industries, and not to the interests of the wider European Union, which, it was suggested, traditionally protects the German automotive industry and French agricultural production. In theory, this should allow the UK to be more targeted with the trade that it can do. In this regard, it was also suggested that perhaps the government should re-boot the Canning Agenda with a focus on trade, signaling its intention to move beyond just ‘good intentions’ and show that the UK is serious about deepening not just diplomatic ties – which is seen as more of a symbolic gesture – but also economic links too.

However, as many were keen to point out FTAs are not a magic bullet that will solve all problems. They take time to negotiate and implement, and even when they are in place, it still requires a concerted effort to get countries and businesses to do more trade with each other. Simply by having an FTA in place does not mean that trade and investment will automatically increase. It simply creates an environment that can help facilitate it. Some participants remarked that in many respects the UK has failed to take advantage of existing FTAs with Latin American countries that it is party to courtesy of its membership of the EU. It was also remarked that in some circumstances other types of agreements instead of FTAs might be more appropriate, such as double taxation agreements or intellectual property protection agreements. This is where the government needs to identify what its priorities should be for each country in Latin America, and implement a suitable agreement that fits, if it is to successfully increase trade with each country in the region.

The government could also be doing more to attract SMEs to export to Latin America. Focusing solely on large multinationals may be short-sighted, as multinationals may already have disregarded the Latin American market for various reasons, whereas SMEs might be keen on entering the market, but might not have done so yet, as their size may have prevented them from doing so. Moreover, the government should establish a ‘business pipeline’ of companies that might be interested in doing more business in Latin America. To the government’s credit, it was remarked that a lot of progress has been made in encouraging Ambassadors to focus more on trade with Latin America. However, helping SMEs to establish a foothold on the continent is essential, as the start-up or SME of today could be the multinational of tomorrow. One suggestion might be to imitate Germany, which has established an agency – Germany Trade and Invest (GATI) – specifically aimed at promoting German SMEs, and separate from the much larger Federal Office for Economic Affairs and Export Control (BAFA), which is responsible for overseeing all foreign trade and exports.

Furthermore, there is a large and growing middle class in Latin America that would be interested in purchasing British-made and luxury goods from UK based SMEs, as the UK has a strong reputation for being a trustworthy trade partner, and producer high-quality, reliable products.

One area that was deemed critically important for the government to focus its attention on was education. It was strongly suggested that the government rethink its current strategy on education, in order to attract more Latin American students to the UK to study in its world-class universities, especially in business schools. Today’s students are tomorrow’s politicians and captains of industry. Prestigious Latin American alumni from UK universities include President Juan Manuel Santos of

Colombia, and former Ecuadorian Minister of Foreign Affairs Guillermo Long. Moreover, it was suggested that students should not be included in immigration statistics. The Chevening Scholarship scheme was highlighted as being an excellent initiative established by the government to encourage more of the world's brightest students to study in the UK. In 2016, a total of 480 Chevening scholars came to the UK from Latin America, more than ever before. It was also suggested that the government should encourage UK universities to establish campuses in Latin America, or at least establish partnerships with existing universities, following a lead set by the likes of the University of Nottingham and the University of Birmingham. Moreover, the government should be doing more to encourage students in the UK to study Spanish and Portuguese from an early age, not just at university, as well as encourage UK students to travel to and study in Latin America.

Although it makes sense for the UK to focus on the 'low hanging fruit' in bigger markets, it was remarked that the government should not however, forget about opportunities in smaller countries such as those in Central America. Therefore, the government should perhaps consider increasing resources in Central America, as relative to other regions, it is currently sparsely resourced by the Foreign and Commonwealth Office and the Department for International Trade, but represents an area with a lot of potential opportunity. However, it was strongly urged that the government should avoid the temptation of using shared missions. If the government is serious about doing more trade in the region, it will not accomplish these goals by locating government trade representatives in neighbouring states. For example, in order to help UK businesses do more trade with Honduras, the government needs to have a permanent team of trade experts located in country, and not in neighbouring Guatemala.

One extremely important recommendation for the government was that it needs to engage in dialogue with businesses – small, medium or large - that successfully operate in the region, to identify how best to help them to do more business in Latin America, or overcome barriers preventing them from doing more. Likewise it should speak to companies that have been put off from trading and investing in Latin America, to establish why this has been the case. This is where neutral and impartial fora like Canning House can be a useful tool, helping to convene members of the corporate establishment to give their feedback and input to the government.

Other recommendations that were put forward to the government were that it should follow the lead set by New Zealand, and become an observer member of Mercosur, before any kind of trade agreement is implemented. The UK already has observer status of the Pacific Alliance. Likewise, the UK should also become a member of the Inter-American Investment Corporation (IIC), like many of its European peers. The government should also give clarity on how it intends to transition through Brexit, which will help settle nerves and jitters amongst the business community, and make sure that the economy does not fall off a cliff when the UK officially exits the EU. It was also suggested that the government needs to remember that there has to be sustained political and economic engagement throughout the region, if the UK is to successfully increase trade and investment with Latin America. Patience is required, as success can take a long time and a sustained amount of effort. There can be no quick fix.

Recommendations for the business community

In light of Brexit, the general advice to the business community from both panel sessions at the conference was that UK businesses need to remain agile, nimble and flexible, so they can enter, adapt, and evolve to suit local markets in Latin America. Each country in Latin America is different from each other and from the UK. Therefore, the business practices in each are different as well. What might work well in Chile, might not necessarily work will in El Salvador.

Opportunities will not just land on the doorsteps of UK businesses. Therefore, it was strongly urged that companies interested in trading and investing more in Latin America should get out there and start knocking on doors. But before they do, businesses seriously considering increasing their trade and investment with Latin America should always seek the advice of the British Embassies and their trade representatives, such as the Department for International Trade, in Latin America, as they are ideally placed to advise them on the business environment they are thinking about entering, as well as the opportunities and challenges they may not have thought about.

Working with local partners was recommended for any business hoping to trade and invest more in Latin America. Knowing the market is key for any business intending to break into a new country, and local partners will have a much better understanding of what is going on. Education in Latin America has improved greatly over the past few decades, and there are many talented Latin Americans who are well qualified to run businesses for overseas enterprises. Some businesses trying to enter the market find employment laws in Latin America little confusing, especially when it comes to terminating employment contracts. Therefore, employing local lawyers is also essential as they will be able to advise you how to operate legally and avoid pitfalls regarding employment and bidding for contracts. There is nothing worse for a company than spending a long time completing the forms for a large tender, only to be disqualified on a small legal technicality.

Businesses need to remember that doing business in Latin America, like many places, requires establishing and building trust between partners. Good communication skills are therefore required, so learning Spanish and Portuguese is a good idea. Also, if UK representatives are going to Latin America, it is good practice for the same representatives go each time, in order to build familiarity and have continuity. Moreover, businesses need to have stamina. Breaking into the Latin American market may not easy, and companies need to understand that it can take a lot of time, effort and resources - both financial and non-financial - to become established in the region. Businesses have to understand they need to be in it for the long-haul if they want to generate results. But if they do, then the rewards can be great.

If operations in Latin America become large enough, businesses should open offices in country as having a permanent presence will help. Alternatively, many companies are using Miami as an HQ for their Latin American operations, which is ideally located owing to its geographical proximity to the region, and because it is relatively easy to establish offices there. It is also worth noting that businesses that manufacture products should also consider establishing production facilities in the region. Many governments offer tax incentives for foreign investment, especially if a certain percentage of goods are manufactured in country as opposed to being imported, which can often incur heavy penalties.

It was also strongly recommended that businesses consider forming consortia for potential bids, whereby a number of businesses group together for a proposal, each delivering on a separate aspect of the project. This could potentially help smaller companies win contracts that they might not necessarily have bid for previously. It is also attractive to those tendering the bid as well, as there are significant advantages to accepting one proposal over many separate ones.

Recommendations for Latin American governments

Whilst many recommendations throughout the conference were targeted towards the business community and the UK government, there were also many recommendations directed to Latin American governments regarding how to help facilitate increased trade and investment.

Protectionism was a key issue that many urged Latin American governments to address. There are widespread perceptions that it is difficult to trade and do business in Latin America, based on valid experiences. UK companies can find it difficult to establish themselves in certain countries, owing to the potentially large amounts of red tape and bureaucracy.

It was suggested that more Latin American states follow the example already set by those of the Pacific Alliance, and increase their efforts to integrate and harmonise their markets, as it is easier and more attractive for companies to head to one Latin American market as opposed to lots of individual ones. In addition to deepening ongoing integration within the Pacific Alliance, deepening ties between the Pacific Alliance and Mercosur (Brazil, Uruguay, Paraguay and Argentina; Venezuela currently suspended) trade blocks, was also touted as a positive step, to make things easier for businesses thinking of operating in Latin America. Mexico's transformation since joining NAFTA in the 1990s was highlighted as an excellent example of how a country can benefit from increased trade and investment from overseas, by undergoing significant free market reforms. More recently, Mexico has also greatly benefitted from opening up its energy sector to foreign investment.

Corruption and transparency - especially in bidding processes - were identified as major problems, which although not exclusive to Latin American states, need to be addressed by Latin American governments if they hope to attract more trade and investment, not just from the UK, but other countries too. A crackdown on corrupt UK companies operating overseas by the UK government has resulted in improved compliance measures. Something similar could be implemented by Latin American governments. However, one panelist suggested businesses should always abide by the golden rule when bidding for contracts, not just in Latin America, but elsewhere too: 'If something seems too good to be true, then it probably is'.

Labour law across Latin America was another area of concern that was raised during the conference, with many suggesting the need to reform or overhaul anachronistic labour policies. Whilst having local partners on the ground was seen as extremely useful when conducting business in Latin America, sometimes labour law can make it very difficult for companies to cancel contracts, even when it is apparent that a local partner is not delivering. Tax systems were singled out as another key area that were deemed so complicated by some businesses, that it put them off doing business in certain countries in Latin America all together.

More generally, it was suggested that more could be done on the part of Latin American governments to attract an increased number of UK delegations of business leaders and politicians to the region, in order to deepen political and economic ties and do more business. Furthermore, it was also remarked that Latin American states also need to increase productivity to stay competitive, and not fall behind peers elsewhere such as Asia. In this regard, it was suggested that UK service providers, who are experts in improving efficiency, can help Latin American states increase their global competitiveness.