

## ***Market Brief 2016: South America & the Middle East***

### ***Wisconsin Economic Development Corporation***

The world presents so many different opportunities for businesses today. Global market demographics strongly suggest a shift in population and middle class growth/consumption to emerging markets and regions of the world. For many Wisconsin companies, the argument for expanding into new global markets has already shifted from one of luxury/opportunity to one of necessity. Businesses will need to adjust their strategies to reflect the changing patterns of world trade that are developing and are poised to intensify over the coming decade.

WEDC's Global Network of Authorized Trade Representatives exists to assist you and your business with these issues by providing market intelligence, market access and trade promotion programs and services to Wisconsin companies. On June 6, MMAC's World Trade Association will be hosting one of WEDC's South American Trade Representatives who covers the markets of Argentina, Colombia, Chile, Ecuador, Peru and Uruguay. This event will provide participants with up-to-date information on doing business in South America, the opportunity to ask specific questions, the ability to meet individually with the Trade Representative and to find out more about the upcoming WEDC Trade Venture to Argentina and Chile from Sept. 25-30, 2016.

#### **Chile:**

One of South America's most stable and secure nations, Chile is a strong economic country that has emerged as a global leader in trade and investment. Chile continues to be a strong trading partner and export market for U.S. companies, largely due to its open market policies, zero tariffs, stable democratic government, solid business practices, and low corruption. Even though Chile is a market with a population of only 17 million, its open trade and investment policy has attracted the attention of many foreign firms and it is an important trade and investment market for U.S. and Wisconsin companies. At the same time, the small market size has led some companies to overlook Chile, leaving interesting niche markets and solid opportunities for Wisconsin exports. Many U.S. companies consider Chile an excellent platform for doing business in the Southern Cone of South America. Chile continues to pursue market-oriented strategies, expand global commercial ties, and actively participate in international issues and hemispheric free trade.

#### **Argentina:**

Argentina presents significant long-term growth potential owing to its large (43 million) and educated population, abundant natural resources, high per capita incomes and highly educated work force. The recent election of President Mauricio Macri, who is pursuing business-friendly policies, also strengthens the long-term outlook for Argentina. He is prioritizing opening up the market to international trade and foreign investment and securing access to international capital markets by securing a deal with international creditors over outstanding debt, a welcoming break from the policies of the previous administration. He has so far implemented a new import regime and signed a Trade and Investment Framework Agreement with the USA. Furthermore, foreign-exchange and capital controls have been eliminated. While the market liberalization policies may result in short-term economic instability for 2016, these policies are expected to result in strong growth in 2017 and onwards. As Argentina addresses its current economic challenges, opportunities will increase. This is an excellent time to begin exploring the market and establishing relationships. Rather than jetting off to multiple destinations, this will be your chance to meet face-to-face with experts from around the world in one setting.

### ***Market Brief – The Middle East***

The countries that make up the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates) are among some of the wealthiest in the world. Qatar has the highest per capita GDP (PPP) at \$140,649 and the United Arab Emirates ranks #6 at \$67,674. While much of the wealth in the region has been based on oil and gas exports, current world economics are causing these countries to spend heavily on diversifying their economies. Companies selling high quality products that fit within the regions priorities should do well. Dubai has long been recognized as the commercial and business hub of the Middle East and increasingly for the larger Indian Ocean basin so plenty of other products may be imported into Dubai and then trans-shipped to ultimate destinations further afield. It is home to the busiest man-made port and two of the fastest-growing airlines in the world.

**Source: Wisconsin Economic Development Corporation, 2016**