

Ireland & Latin America

An economic strategy for the 21st Century



“Why didn’t anybody tell me about this?”

Margaret Thatcher in 1992, seeing the skyscrapers over São Paulo, Brazil, the largest city in the Southern Hemisphere:

March 2011

Preface

The purpose of this strategy paper is to advocate that Ireland must take advantage of its opportunity to develop a major trading relationship with the countries of Latin America and to suggest ways in which this can be done.

The papers focuses on ways to increase trade and on how to nurture deep long term economic, political and social ties with Latin America.

Understandably, throughout the 20th century Irish economic policy was focused on the UK, Europe and the United States. By the late 1990's attention had also turned towards Asia and in particular the two economic giants from that region, China and Japan. However, the world economy in the 21st century will be very different to the 20th century and it's important that Ireland prepares for those changes now.

The recent economic and financial crisis which hit the world in 2008 has permanently altered the economic make-up of the world. Ireland can no longer rely on economic policies designed for the 20th century, policies that in effect were designed for the post war world. We need to adapt to the changes that are happening today.

In 2009 83% of our exports were to the UK, EU and the USA. Ireland therefore needs to make a big adjustment in our export figures. We need to move away from a heavy reliance on older more developed markets and we need to increase our trade to developing economies. This will make our exports less reliant on one geographic sector and will also allow us to benefit from the growth and development taking place in developing markets.

As a small open economy we are at the mercy of movements in the global economy. However, we can position ourselves strategically so that we are well prepared when those wider shocks hit the world economy. Similarly, by planning for the future Ireland can be in a position to take advantage when ever economic opportunities open up.

For these reasons it is vital that Ireland now develops a serious long term economic strategy towards Latin America.

Lochlann Quinn
Panama
March 2011

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By 2050,

Brazil, Mexico, Colombia, Argentina and Venezuela will be in the top 30 of the world's largest economies. The combined population of these countries is currently 416 million. There is currently 1 Enterprise Ireland office representing these 5 countries.

Sweden, Belgium, Austria, Norway and Denmark will no longer be in the top 30 of the world's largest economies. The combined population of these countries is 37 million and they have a total of 2 full time Enterprise Ireland offices.

Source: HSBC, The World in 2050

Introduction

Returning from a trip to Latin America in 1982 Ronald Reagan said: *“Well, I learned a lot...I went down to Latin America to find out from them and learn their views. You’d be surprised. They’re all individual countries.”* For much of the 20th Century Latin America was ignored and disregarded by the rest of the world. The region was plagued by civil wars, violent dictatorships, military coups and a seemingly unending list of debt and inflation crisis.

Now as Latin America celebrates the bicentenary of its struggle for independence the current situation is one of economic growth, peace and political stability. Latin America has been transformed over the past 20 years. Democracy now flourishes throughout the region. Brazil, once famous for beaches and football has been transformed on the world stage and is fast becoming a world economic power along with the other economic giant of the region, Mexico.

Between 2003 – 2008 Latin America grew at an average of 5.5%, its highest growth since the 1960’s and inflation has finally been curbed. While Europe and America suffered a recession throughout the financial crisis over the last few years, growth in Latin America has barely paused. Along with Brazil and Mexico, Colombia, Chile, Peru and Panama all now have investment grade rating. In 1997 Mexico became the first Latin American member of the OECD and in 2010 they were joined by Chile, which became only the second member from the Southern Hemisphere after Australia.

Ireland and Latin America have strong links stretching back to the 16th century when Irish priests arrived to the continent with Jesuits and Franciscans. Over the next few hundred years thousands more Irish would emigrate to Latin America making their homes there and making their mark on society. By the 17th century Irish traders were emigrating to the region to set up trade colonies alongside other European counterparts such as the Dutch and the Germans. From the 18th century onwards the majority of the Irish in Latin America were there for military reasons and many had a major influence. Some famous examples are Ambrose O’Higgins (Viceroy to Peru), Bernardo O’Higgins (liberator of Chile), William Brown (Founder of the Argentine Navy), and Thomas Charles Wright (Founder of the Ecuadorian Navy).

Since World War II the number of Irish emigrating to Latin America has fallen away and our historical connections and unique relationship with the region has become a thing of the past. Many Irish people and indeed Irish companies are now unaware of that special history. Throughout the 20th century we have seen how successful and influential the Irish community has been in America. This has had an enormously positive influence on the Irish economy and it was also crucial in bringing peace to Ireland. We also have a deep relationship and history with the people of Latin America - it remains to be re-awoken and nurtured. Now at the beginning of the 21st century it’s time we re connect and make the most of that relationship. If we do so Ireland and Latin America will be able to make great strides together this century.

Over the next forty years, nearly 60 percent of G20 economic growth will come from Brazil, China, India, Russia, and Mexico alone.

Source: Carnegie Endowment, The G2 in 2050

2. Why Latin America?

2.1 Strong stable economies

Throughout the 20th century Latin America was in disarray politically, socially and economically. The region was beset by civil wars and violent dictatorships. Its economies were stagnant and suffered from severe inflation and debt crisis. However, over the last 20 years Latin America has turned a new corner. This is due to a number of reasons, economic and political.

One important factor was the fall of the Soviet Union. This effectively ended America's political involvement in Latin America and created the opportunity for democracy to flourish in the region. With America stepping back from the region the environment that created and encouraged Dictators evaporated. This in turn reduced the need for the military to get involved in politics, whether it was propping up a dictator or removing and replacing one. As a consequence democracy flourished and institutional reform was able to take place.

The other important factor was the growth in the world economy in the last 20 years. Latin America's political stability in the 1990's coincided with the growth of the world economy. In the early 1990's the Mexican and Brazilian economies began to make changes which would benefit from the growth in the world economy later on in that decade. Under President Cardoso the Brazilian government was able to curb inflation once and for all and build the bedrock of a new strong economy. In Mexico they recovered from the 1980's debt crisis and an historic NAFTA agreement was signed in 1994. Political reform has also been key to the region and this was helped along by some exceptional political leaders throughout this time.

Politically the region is no longer beset by civil wars and dictators. In Central America with the collapse of the Soviet Union and end of the Regan administration the conditions for civil wars died away. With the help of truth commissions democratic elections were set up and the region is now full of democracies.

The question really is why not? 50 years ago Latin America would have seemed like a world away. But not now, within 14 hours you can be in Sao Paulo from Dublin. Graduates coming out of Irish universities are now bi-lingual and familiar with the region and we have a dedicated Enterprise Ireland office operating there.

According to the UN 1996 medium projections (UN 1996), the population of the world will continue to grow at least until 2050, when the total is expected to reach 9.4 billion. This represents an increase of 3.7 billion over the 1995 population of 5.7 billion. Nearly all of this future growth will occur in the "South"--i.e., Africa, Asia (excluding Japan, Australia, and New Zealand), and Latin America-- where population size is projected to increase from 4.5 to 8.2 billion between 1995 and 2050.

In contrast, in the "North" (Europe, Northern America, Japan, and Australia/New Zealand), population size is forecast to remain virtually stable, growing very slowly from 1.17 to 1.22 billion between 1995 and 2025, followed by a modest decline to 1.16 in 2050.

Source: United Nations

2.2 Slowdown in traditional export markets

Ireland’s current trade is heavily reliant on three regions - UK, Europe and USA. In 2009 83% of our exports went to the UK, EU and the USA – see Table 1. Throughout the second half of the 20th century as the western world grew after WW2 due to middle class growth this breakdown of exports helped enormously as these were the regions that grew the most. These markets were traditionally the easiest to export to given their proximity, language and relationship with Ireland.

However, it is no longer possible for these regions to keep growing at those rates due to the fact that the return they can generate on technology and capital per worker is diminishing as they become more developed. They have stagnant population growth and an ageing population. Therefore it is important that Ireland sources out new markets for its products given that the export sector is of vital importance to the country.

Table 1

| Main Trading Partners - 2009 €m | | |
|------------------------------------|-----------------|-----------------|
| | Imports | Exports |
| Great Britain and Northern Ireland | 13,728.1 | 13,485.3 |
| Other EU Countries | 12,996.6 | 37,832.9 |
| USA | 7,841.8 | 18,271.9 |
| Rest of World | 10,494.6 | 14,648.9 |
| Total | 45,061.1 | 84,238.9 |

Source www.cso.ie

2.3 Trade diversity

As we recently saw in the 2008 financial crisis as a small open economy Ireland is very often at the mercy of outside events. There is little we can do about that. One example is how vulnerable and weak our banking sector has fared in comparison to the Spanish banking sector. Our banks had little or no business or investment outside of the UK or America. In comparison, the two main Spanish banks BBVA & Santander were well diversified in Asia, America, Latin America, UK and Europe. An objective for the future must be that Ireland’s trade becomes more diversified both in sector and geography. By being so economically linked to UK, Europe and America Ireland suffered particularly hard in the economic crisis. Latin America was one of the only regions that kept on growing throughout the economic crisis. In the future a more diversified trade policy will ensure that the next shock will not be so economically threatening. Increasing trade with Latin America will help this diversification.

The Brazilian economy will be of similar size to that of Japan by 2050 at market exchange rates and slightly larger in PPP terms,

Source *PriceWaterhouseCoopers: The World in 2050*

2.4 Irelands advantage

As mentioned in the introduction Ireland has a rich and unique history with Latin America not dissimilar to that of North America. This is an advantage over other small European countries who are also trying to sell their products in the region. Irish people and its culture are well known in each country throughout Latin America and Irish street names and plazas are to be found in every city. This makes it easier for Irish companies as we already have one foot in the door. The ice is already broken in business meetings as we have many things to talk about. At the moment we have a dedicated Enterprise Ireland office based in Sao Paulo which supports Irish companies entering the region. There are many Irish companies doing business throughout the region and we have 3 chambers of commerce operating in Mexico, Peru and Argentina. As well as this we have a new Irish Business Network operating in Brazil.

2.5 Doing business in Latin America

Latin America has made major strides over the last decade in reducing crime. The reduction in crime has been a consequence of the economic and political stability and the growth of the middle classes. Like any modern peaceful democracy, voters want safe streets and neighborhoods and the governments must deliver or they won't get elected. A recent example was the Brazilian government's decision to pacify the favelas (slums) in Rio de Janeiro.

However, there are still some major problems which need to be addressed. Corruption and bureaucracy are major stumbling blocks to fast and efficient business transactions. Any Irish company operating in the region will have a story about these problems. Brazil in particular is well known as a difficult place to do business and has one of the world's most complicated tax systems. On the World Bank's *Ease of Doing Business 2011* annual report Brazil was ranked number 127.

For the majority of the countries in Latin America, the rule of law is strong and the constitution is respected. A recent example is in Colombia whereby the Supreme Court ruled that it was illegal to hold a referendum on extending the presidential term beyond 8 years. Of course there are examples from Venezuela and other countries as well of foreign companies having their assets confiscated. But in the main Irish companies can feel safe doing business in the region.

Latin America has numerous trade agreements which have been very successful e.g., Nafta, Mercusor etc. Once an Irish company has set up in one country its relatively easy to set up in a neighboring country due to language, customs, history, ease of travel, no trade barriers etc. This is not the same in Asia, for example doing business in India and Pakistan is entirely different, different languages and customs etc. This makes Latin America a particularly attractive place to do business.

3 Current Situation in Latin America

3.1 Politically & Economically

Latin America is currently going through a very prosperous period. The recent economic crisis largely bypassed the region because of low levels of private debt, low government debt and a conservative and well regulated banking sector that had avoided sub-prime investment. While it is well known that Chile has been an economic star for the last 30 years the rest of the continent is now following suit. The key to the current economic success is one of fiscal stability, low government debt and a maturing of the political system. While there are major ideological differences between left and right in the region this does not create a stumbling block to the economic management of each country. One particularly interesting theme running throughout Latin American politics in the last 20 years is that many newly elected governments often leave their political ideology at the door and proceed to govern their countries finances with pragmatism and fiscal stability.

Brazil, under the Presidency of Lula, emerged as the regional power over the last 10 years. However it is not throwing its weight around, and its approach is to remain on friendly terms with everyone including Venezuela and Cuba. It has been on the international stage that it has been more assertive. It has in effect been the captain of the team for Latin America on the world stage. Mexico is the other economic powerhouse in the region and it is slightly apart from South America in that it is more aligned to America. Its economy suffered more than most in the region due to this. It has a serious issue at the moment in dealing with the drugs war. The drugs problem is currently causing untold damage to Mexico. However it has largely been tackled in Columbia and is not a major issue elsewhere in the Continent.

After Mexico and Brazil there are a number of mid-size economies that are performing well – Colombia, Peru, Chile, and Uruguay to name a few. All have strong democracies and strong economies based on a number of diverse industries both domestic and export orientated. Central America economies led by Panama have and are performing well. Like South America there is a mix of right and left leaning governments. Panama is the regional champion given its large banking system, the canal and a modern sophisticated service industry.

On a social level Latin America unfortunately still has one of the most unequal societies in the world. The gap between rich and poor has been in evidence for the last 100 years and is a consequence of both Spanish colonial rule and the influence of U.S big business and the government in the 20th century (for example Guatemala and the United Fruit Company). In every country there are large parts of the economy controlled by a small number of wealthy families. However, that influence will become less and less so as technology improves, middle classes grow and the military recedes from active involvement in political affairs.

Mexico will grow relatively rapidly, being larger than either Germany or the UK by 2050 (even at market exchange rates).

Source PriceWaterhouseCoopers: The World in 2050

3.2 Irelands current exports to each country

Top 20 countries for Irish exports in Latin America

Export by Country Jan - Aug 2010 EUR 000

| | |
|--------------------|---------|
| Mexico | 311,245 |
| Brazil | 154,335 |
| Argentina | 45,355 |
| Costa Rica | 35,263 |
| Venezuela | 25,902 |
| Chile | 25,564 |
| Colombia | 18,643 |
| Peru | 10,519 |
| Trinidad & Tobago | 7,843 |
| Panama | 7,799 |
| Uruguay | 7,047 |
| Ecuador | 6,743 |
| Dominican Republic | 6,503 |
| El Salvador | 3,936 |
| Guatemala | 3,787 |
| Bahamas | 1,868 |
| Cuba | 1,818 |
| Bolivia | 1,561 |
| Jamaica | 1,521 |
| Haiti | 1,275 |

It's no surprise to see Mexico and Brazil at the top. However, there are some observations to be made. Costa Rica has EUR35M worth of exports but we don't have a permanent consul based there and embassy representation is from New York. There are also no consuls for Dominican Republic and Cuba even though exports were over EUR 8m for the period in question.

By 2035 Brazil's economy is expected to overtake France, Germany and the UK. In 2009 26% of our exports went to those 3 countries. Less than 1% went to Brazil.

Source: Goldman Sachs & Irish Exporters Association

3.3 Irelands diplomatic and commercial presence in Latin America

Embassies and Consuls

Ireland currently has 3 embassies in Latin America in Mexico, Brazil and Argentina. Each embassy is also responsible for regional consuls and diplomatic representation (DR). See table below.

| Mexico | | |
|-------------|----------------|---------|
| Mexico | Mexico City | Embassy |
| Mexico | Cancun | Consul |
| Colombia | Bogota | Consul |
| Venezuela | Caracas | Consul |
| El Salvador | San Salvador | Consul |
| Guatemala | Guatemala City | Consul |
| Panama | Panama City | Consul |
| Peru | Lima | Consul |
| Cuba | Havana | DR |
| Argentina | | |
| Argentina | Buenos Aires | Embassy |
| Chile | Santiago | Consul |
| Ecuador | Quito | Consul |
| Bolivia | La Paz | Consul |
| Paraguay | Asuncion | DR |
| Uruguay | Montivideo | DR |
| Brazil | | |
| Brazil | Brasilia | Embassy |
| Brazil | São Paulo | Consul |

Belize DR by Embassy in U.N, New York

Costa Rica DR by Embassy in U.N, New York

There needs to be a more structured approach to how consuls are accredited to our embassies. Another issue is the uneven distribution between the three embassies. Brazil has no outside consuls accredited to its embassy. A long term view needs to be taken on this in consideration of the fact that Brazil is the economic and political power in the region. Belize and Costa Rica are represented out of the Irish Embassy in the U.N, New York. Given Costa Rica's importance as a trade partner this needs to be reviewed.

Irish Companies doing business in Latin America

Over the last 30 years major Irish companies have been investing in Latin America. Led by the Smurfit Group back in the 1980's companies such as Kerry Group, Fyffe's and Pan Andean resources have since established a strong foothold in the region. In recent times these companies have been joined by younger companies such as Daon, Openet and Mainstream Renewable Power. There is now a large Irish presence in the region and this will expand in the future.

Enterprise Ireland and the Irish Business community

Enterprise Ireland currently has a full time office based in Sao Paulo which services the whole region. This office has additional support with local consultants in Brazil and in Mexico. There are currently three DFA approved Irish Chambers of Commerce in Mexico, Peru and Argentina. Last year a new Irish Business Network was established in Brazil with the support of Enterprise Ireland and the embassy in Brasilia. A new Irish Business Network in Central America is currently being established as well. The Irish business community in Latin America is growing at a fast pace. All of the Irish companies working in the region have very talented groups of young Irish executives who are mobile, bi-lingual and proactive. What is starting to develop is a continent-wide informal Irish business community. In the long term this business community will be able to provide much need support to Irish companies looking to expand to Latin America.

One attractive aspect of Ireland's trade with Latin America is that it is a market open to all types of Irish companies (unlike the Middle East where it is construction heavy for example) Below is an example of diverse Irish companies which are currently operating in Brazil. (*The * indicates companies that have set up a subsidiary in the last 6 months.*)

| | |
|--------------------|--|
| Taxback.com | – Financial services |
| Suretank | – Containers for the oil & gas sector * |
| Web reservations | – Travel & tourism – hostel website* |
| Compass Architects | – Architecture* |
| Daon | – Security* |
| EPS Global | – Electronics distribution and chip programming* |
| Combilift | – Forklift trucks |
| Brandtone | – Mobile marketing* |
| Instant Upright | – Access solutions for power & construction sector |

Source: Enterprise Ireland

4. Recommendations

4.1 Assign responsibility for our trading relationship with Latin America to a member of Government

This person in turn should then appoint someone who will have responsibility for implementing the strategy. He or she could be from the business community or an academic. It would be their job to plan Ireland's economic strategy towards Latin America and deliver these reports and recommendations to the Minister or Junior Minister. This should be a permanent role. It should not just be a report commissioned now and one five year plan implemented. This has to be done for the next 100 years.

4.2 Establish a Latin American Trade Council

- The LATC will recommend and advise the government;
- It will be able to provide reports, studies and opinion in conjunction with other groups such as academic, state and community bodies and organizations both in Ireland and Latin America;
- The council will give reports to the above mentioned person who has responsibility for Latin America;
- The council would be a permanent body which would meet 3 – 4 times a year. Those meetings could be split between Latin America and Ireland with the main meeting in Ireland every year being followed by a gala dinner to regenerate our relationship with Latin American countries.
- The council would be made up of Ambassadors, Consuls, Academics, State body representatives, business community, civil servants, etc. See Appendix 1.

4.3 Revamp our Embassies and Consuls

Latin America should be broken down into different regions from our perspective. This would make it easier to manage the different consuls and also the growing presence of Enterprise Ireland.

Mexico & Central America (including Cuba and the Dominican Republic)
Colombia & the Andean countries
Brazil, Venezuela and Paraguay
Argentina, Chile and Uruguay

The reason for these groupings is a mix of politics, geography and business.

A full review of our embassies and consuls in Latin America is needed. We currently have 3 embassies in Latin America - Brazil, Mexico and Argentina. They were first established in the 1970's.

- Review how day to day consular queries are received eg all non-urgent queries. They should be sent to a central email address which all junior staff in the embassy would have access to.
- We need to review how consuls are accredited to each embassy. Currently there are too many consuls accredited to Mexico and Argentina. Given Brazil's importance in the region it needs to be a more even spread between these two countries.
- We need to review the people representing us as honorary consuls. What is the process? Is there a limit of the amount of years they can be a consul etc.
- Costa Rica and Belize should be accredited to Mexico.
- Start a programme in-house in the three embassies that rotates the undersecretaries. For example instead of an undersecretary serving a 3 year stint in Brasilia alone, they would split their time 1 year Brasilia, 1 year Buenos Aires, and 1 year Mexico. Latin America is probably unique in allowing this type of opportunity for the Irish embassies in that it is such an interconnected continent and language isn't an issue. The big bonus of this programme would be that we would be creating world class diplomats from an early age in that they would have wide ranging experience of the whole continent and not just one area. They would also be fluent in two languages and not just one.

4.4 Country/Region Specific Proposals

(a) *Brazil*

Brazil is the dominant economic and political power in the region. Therefore we have to have an economic and diplomatic strategy to take advantage of this. While it would seem like a good idea to split the embassy between Brasilia and Sao Paulo Brazilian law doesn't allow countries to have an embassy outside of Brasilia. But Ireland could set up a fully paid consular office in Sao Paulo and expand the Enterprise Ireland office. This must be done if Ireland is planning for the next 50 years. Sao Paulo is fast becoming one of the most important cities in the world both financially and politically. It is well on its way to becoming one of the truly world cities such as London, New York, and Shanghai. It is crucial that we increase our current presence there.

- Increase staff numbers at the Enterprise Ireland office. Having 1 person looking after Sao Paulo city is too little let alone for the whole continent.
- Establish a fully paid consular office in Sao Paulo.
- Establish a central email and free telephone service in the Brasilia embassy which deals with all consular queries in Latin America. If people need to see an Irish representative in person they can still go to the consul (which should be made more commercially minded).

- Establish an honorary consul in Rio de Janeiro. Rio de Janeiro is the oil and gas capital of Latin America. It is also about to host the Olympics and the World Cup. And it is also the most popular tourist destination for Irish tourists so it is important to have a consular service there.

(b) Central America / Caribbean

- Central America should have a lead consul, based in Panama. Panama is the regional hub for finance and industry and is the most accessible with direct flights to all of Latin America, all key US cities and to Europe as well.
- Costa Rica is currently represented out of New York, which makes no sense. It should be accredited to Mexico and have an honorary consul appointed who is based there. Bi-lateral trade for the first 9 months of 2010 was over EUR 75m.
- An honorary consul should be appointed to Dominican Republic and Cuba. These two countries combined had bi-lateral trade with Ireland of almost EUR 14m for the first 9 months of 2010. Cuba is next door to Dominican Republic so one consul could easily look after the 2 countries.

(c) Colombian / Andean Countries

- Establish a lead base over the next few years in either Bogota or Lima with the idea of creating a fourth embassy which would service the Colombia and the Andean countries.

4.5 Resource Enterprise Ireland

Enterprise Ireland needs more resources in the region. EI currently has one office in Latin America (Based in Sao Paulo) representing over 20 countries. This is far too little. In comparison we currently have 8 offices in Asia representing 13 countries in total. The Middle East / Africa region has 3 offices representing 9 countries in total. (Source: <http://www.enterprise-ireland.com/en/About-Us/Our-Locations/Our-Locations-Worldwide/>).

- Establish two more Enterprise Ireland offices in the region. One full office in Mexico which would service Mexico and Central America and 1 office in the Colombian / Andean countries to service that region. This would give Ireland a more comprehensive reach and coverage in the region.
- The Sao Paulo office should be increased in numbers.

4.6 Develop an enhanced Chambers of Commerce + Irish Business Network

Currently Ireland has 3 Chambers of Commerce and 1 Irish Business Network with 1 more starting in Central America. The embassies, regional consuls and Enterprise Ireland have been instrumental in their support of these organizations. The key now is to keeping growing these chambers and networks and expanding them to other countries.

4.7 Revamp the DFA's web and electronic platforms

- There is a need to revamp the DFA website. It should be made more user friendly with regular updates. At the moment it looks and feels old and outdated. An example would be that instead of listing our embassies and consuls alphabetically they should be listed by region with an interactive map of the world (Similar to the Enterprise Ireland website). Another issue with the website is that some countries have incomplete information.
- Each consul should have a uniform @dfa.ie email address. This makes it easier to ensure that they receive all correspondence. And it also gives reassurance to the sender as they know that it is the correct email address.
- A section should be done up which lists all official Irish Chambers of Commerce around the world (only ones that have been approved by DFA). This would make it easier for Irish businesses to get in touch and make contacts in their target market.

4.8. Miscellaneous

- We need to host a small cocktail party each year annually at the World Economic Forum Latin American regional event. This is held annually around April in a different city every year and similar to the main event in Davos it is attended by all leading politicians, business people, academics etc. To get people to buy our products we have to go out and sell them collectively as a country. By holding events like this Ireland is one step ahead of other countries looking to sell in Latin America. Then in 5 or 10 years the real benefits will be reaped as long term relationships will have been built up. This will generate a lot of business for Ireland over the long term. These parties could be hosted by the embassies and Enterprise Ireland.
- A trip should be planned for the Minister for Foreign Affairs to travel to Latin America on a high profile trade mission. Mexico City and Sao Paulo to be visited and also Rio de Janeiro to help Irish companies win contracts for the upcoming Olympics and World Cup.
- A gala dinner should be planned for next year in either Sao Paulo or Buenos Aires around St. Patrick's Day to be attended by the new Irish President. (Or it could coincide with the World Economic Forum annual meeting in Latin America which is usually April). This would be a statement on behalf of Ireland that it is keen to regenerate its unique relationship with Latin America. It would also be an immense boost to Irish companies operating in the region.

5. Summary

For the last 20 years the world has gone through a monumental transformation which began with the collapse of the Soviet Union and has just ended with the recent economic crisis. During that time it was hard to see clearly through the muddled waters of geopolitical change.

The bi-polar world of the 20th century is finished and it has been replaced by a multipolar world of varying regions and new economic super powers. One of those super powers is Brazil and it is at the forefront of an energetic and rejuvenated continent.

Ireland must formulate a long-term economic plan for increasing trade with Latin America. We have unique cultural and historical connections that need to be reawakened. We must start planning now or it will be too late and we will be left behind. This is a task that Ireland can achieve. We have an excellent export industry supported by world class state bodies such as the IDA and Enterprise Ireland. We have a unique history with Latin America which always gives us a warm welcome. We get on well with the people there and we have similar cultures. These are the advantages Ireland has over other countries investing there. The economic benefits to Ireland will be very significant. At the same time we will be rejuvenating a unique centuries old special relationship with the people of Latin America.

Ireland needs to rethink its economic future very seriously. We have the resources, the people and the skills to ensure Ireland has a bright and successful future with high living standards for all citizens. We must reach out and grasp the opportunities in front of us and be confident that we can succeed with bold, new and imaginative initiatives. Ireland's future can and should include a strong, fruitful and rewarding relationship with Latin America.

"I think I'm the first senior British politician to go to Mexico on a bilateral visit in over a decade. Frankly that tells you all you need to know – and what a mistake it has been for our country to ignore this relationship.

Nick Clegg, UK Deputy Prime Minister, 27/03/2011

APPENDIX 1 – Membership of Latin American Business Council

Below is an example of the make up for the Latin American Business Council. The Council would report to the Minister of Foreign Affairs. Its remit would be to help formulate an economic plan to increase Irish trade to Latin America. It would be a permanent body that would deliver annual reports, advice and suggestions.

Minister of State – Permanent Member and the President of the Council
Executive Chairman – One of the below, nominated by the Minister of Foreign Affairs and serves typically a 3 – 5 year term.

Ambassador to Brazil, México & Argentina (Permanent Members)
Enterprise Ireland representative Latin America (Permanent Member)
Enterprise Ireland executive responsible for trade in developing markets (Permanent Member)
A selection of the regional consuls which would rotate over time (Permanent Members)
A selection of the academic community eg Professor of Studies on Latin America (Temporary)
A selection of the business community (Temporary).

The permanent members would be in relation to the office and not the individual. For temporary members they could sit on the council for maybe 2-3 years at a time.

Source Reports

PriceWaterhouseCoopers: *The World in 2050, March 2006*

<http://www.pwc.com/gx/en/world-2050/pdf/world2050emergingeconomies.pdf>

Carnegie Endowment: *The G20 in 2050*

http://www.carnegieendowment.org/files/World_Order_in_2050.pdf

HSBC: *The World in 2050*

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