Developing new trade markets in Latin America

February 2013, Lochlann Quinn
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreward</td>
<td>2</td>
</tr>
<tr>
<td>1. Why Latin America</td>
<td>3</td>
</tr>
<tr>
<td>(i) Close historical relationship</td>
<td>3</td>
</tr>
<tr>
<td>(ii) Latin America: Consistent economic growth and political stability</td>
<td>3</td>
</tr>
<tr>
<td>(iii) Our economy needs more geographic diversification</td>
<td>3</td>
</tr>
<tr>
<td>(iv) New source of FDI</td>
<td>5</td>
</tr>
<tr>
<td>2. Latin America’s current economic climate</td>
<td>6</td>
</tr>
<tr>
<td>3. Proposals</td>
<td>6</td>
</tr>
<tr>
<td>(i) Open Enterprise Ireland office in Mexico DF</td>
<td>6</td>
</tr>
<tr>
<td>(ii) Open Enterprise Ireland office in Peru / Colombia</td>
<td>6</td>
</tr>
<tr>
<td>(iii) Establish Irish Business Network in Mexico</td>
<td>6</td>
</tr>
<tr>
<td>(iv) Establish Irish - Ecuadorian Chamber of Commerce</td>
<td>7</td>
</tr>
<tr>
<td>(v) Establish the Irish Chamber of Commerce in Bogota, Colombia</td>
<td>7</td>
</tr>
<tr>
<td>(vi) Establish Irish Business Network in Buenos Aires</td>
<td>7</td>
</tr>
<tr>
<td>(vii) Set up region wide online business network</td>
<td>7</td>
</tr>
<tr>
<td>(viii) Establish an Irish Economic Council for Latin America</td>
<td>8</td>
</tr>
<tr>
<td>(ix) Appoint Junior Minister responsible for Latin America</td>
<td>8</td>
</tr>
<tr>
<td>(x) Focus on Latin America not just Brazil</td>
<td>9</td>
</tr>
<tr>
<td>(xi) Appoint Special Trade Envoys</td>
<td>9</td>
</tr>
<tr>
<td>4. Change of Strategy</td>
<td>10</td>
</tr>
<tr>
<td>(i) Stop focusing on the BRIC’s</td>
<td>10</td>
</tr>
<tr>
<td>(ii) The Pacific Alliance</td>
<td>11</td>
</tr>
<tr>
<td>5. United States 2050</td>
<td>12</td>
</tr>
<tr>
<td>6. Summary</td>
<td>14</td>
</tr>
</tbody>
</table>
Foreword

By focusing all our attention on the BRIC’s we are making three mistakes. 1) The super growth of these economies is not sustainable as we have already seen in Brazil where growth has gone from 7.5% to 0%. When this happens we will be overly exposed again to a specific group of export markets the same way we were in 2008. 2) As this paper will show, on almost every economic indicator for trade the BRIC’s come last. These four countries have the least amount of interest in trading with other countries and are doing all they can to protect indigenous companies and restrict foreign companies from entering the local market. 3) We are spending money, time and resources on these four economies when we could achieve much better results in smaller, more advanced open economies who want to trade with Ireland.

This doesn’t mean that Irish companies shouldnt look at the BRIC’s but those markets are for our bigger companies, the Kerry Groups and CRH’s. They are not for mid size companies. However, for the last few years the financial media has been obsessed with the BRIC’s which has created tunnel vision for many of our exporting companies. At the same time we have been pushing those companies towards those markets without any economic rationale. Focusing on the BRIC’s is not a viable long term trade strategy. The BRIC’s represent the dramatic change in the world economy at the turn of the century from the end of US / Western European led growth to developing markets led growth. The represent the change but that does not mean they should be the centre point of our export strategy for the 21st century.

To specifically look at Brazil we are sending Irish companies there without showing them the other opportunities in Latin America. What will take an Irish company two years in Brazil to achieve can be done in 6 months in Chile, Colombia, Peru and Mexico. This doesn’t mean we should turn our attention away from Brazil. But by ignoring the rest of Latin America, as we have done in the past 10 years, we are missing out on enourmous opportunities.

We need to get serious about taking action. Latin America is a region of 600 million people and its pillar economies of Brazil, Mexico, Chile, Colombia and Peru are more stable economically and politically than any other cluster of developing nations in the world. Yet we still have no presence in the region. Enterprise Ireland has one office in Latin America in Sao Paulo with two employees. We currently have one Chamber of Commerce, located in Lima, and two Irish Business Networks, located in Sao Paulo and Rio de Janeiro. In Mexico, our largest trading partner in Latin America, we have no economic presence. In Argentina, where we have the largest Irish community in Latin America, we have no Irish Chamber of Commerce or Business Network.

There are a number of proposals outlined below which have zero cost to the government and very quickly could transform our economic links with Latin America. There are also a number of proposals which will have a cost such as opening up new Enterprise Ireland offices. Given the current economic conditions of Ireland it is understandable that now might not be the best time to open up new Enterprise Ireland offices. But we must also look at the allocation of resources. For example, is it wise to have 9 EI staff in Saudi Arabia and the UAE whilst we have no EI staff in Mexico? It doesn’t make any sense.
1. Why Latin America?

(i) Close historical relationship

The Irish and Latin American people have a great affinity with each other. We have a rich history in Latin America with many Irish people having played major roles in key social and political events in the continent’s history over the past few hundred years. This is a key advantage we have over all other countries seeking to do business there. One of the main reasons Ireland has enjoyed so much economic success in the last 25 years was because of our close relationship with the United States. We have an opportunity to emulate that success with Latin America. That close relationship with the United States is a result of nurturing a deep bond with our counterparts in business and politics. It is this relationship which was one of the key springboards for our economy in the early 90’s. Developing a similar relationship is the key to increasing our trade with Latin America. It will also be important for our trade with the United States – our largest export market. By 2050 1/3 of the population in the US will be Hispanic. In Texas and California, the two largest US states by GDP, the majority of the population will be Hispanic.

(ii) Latin America: Consistent economic growth and political stability

Latin America is one of the few regions in the world that is still growing consistently year on year since the beginning of the economic crisis a few in 2008. GDP over the last decade has averaged c. 8% - 10% in the region. While that has now reverted to a more stable 4-5% the region is stable economically and politically. Unlike Asia or the Middle East there are no geopolitical conflicts of any significance. Unlike the Western World it is about to hit a demographic sweet spot. It is a region which is seeing millions and millions of people entering the middle class and it is important that Irish companies are aware of the opportunities and are in a position to take advantage of those opportunities.

(iii) Our economy needs more geographic diversification

Ireland needs to diversify its export economy. Presently c. 82% of our exports go to the EU, UK and North America (see Figure 1). Of course it is natural for Ireland to have such close economic ties to these regions given the connections we have such as currency, geography, language and history. It has also benefitted Ireland enormously as the United States and Western Europe have been the drivers of the world economy for the last 60 years (see Figure 2 & 3). But one of the reasons we have suffered in the last few years is because we have been so closely connected to those regions. Our exports have increased by just 4% in the last five years which shows that we have not made any real progress in developing trade links outside of the UK, EU and US. This paper does not advocate a major change of direction or focus from those regions. But we must be aware of how the world economy is changing. By 2050 Western Europe’s share of world GDP will be 7% - less than Latin America, Asia and Africa. It would be prudent for Ireland to plan for the future and start to build long lasting political and business relationships outside of our core markets. It is becoming clear now that the shape of the world economy by 2050 will be very different to what it is now. While the United States and Western Europe will remain the richest regions in the world based on GDP per capita they will no longer be the dominant forces in the world economy as they were in the 20th century (see Figure 4).
Figure 1: Total Irish Exports 2011
Source: CSO

Figure 2: World GDP by region 1950
Figure 3: World GDP by region 2010
Source: IMF World Economic Outlook, Citi Investment Research & Analysis 2011

Figure 4: World GDP by region 2050
Source: IMF World Economic Outlook, Citi Investment Research & Analysis 2011

(iv) New source of FDI

“Multi-Latinas” are now expanding and growing outside of their home markets. Mexican companies in particular are beginning to expand and dominate in the US. Given the EU is the largest economic market in the world they will be looking at setting up there. We need to attract those investments and make Ireland the go to headquarters location for Latin companies the same way it is for US companies. No other state body is as good as the IDA in attracting FDI. If they can focus some attention on Latin America we will be able to attract enormous investment.
2. Latin Americas current economic climate

Latin America has a population of 600 million people and a GDP of over $5 trillion. At present we have one active Chamber of Commerce in Latin America (Lima, Peru) and two Irish Business Networks (Sao Paulo & Rio de Janeiro). We also have one EI office in Sao Paulo. Outside of this we have no other economic presence in Latin America.

Having focused all resources and energy on Brazil for the last decade we have missed out completely on the rest of Latin America. A good example is Colombia. Our exports to Colombia are only $32 million. The Colombian economy is now $328 bn, it has a free trade agreement with the US and the EU and is number 45 on the World Bank Ease of Doing Business 2012 yet we have only $32 million worth of exports compared to Malaysia where we export $481 million worth of goods. Malaysia’s economy is $288 bn and it has no free trade agreement with the EU.

3. Proposals

(i) Open Enterprise Ireland office in Mexico DF

Implementation: Find suitable candidate and office (co-working). Office space can be found with no cost so the only cost would be the salary of the office manager.

Cost: Salary and expenses. No office cost as Irish / Mexican companies can provide free office space.

Resources: One employee.

Timeline: 30 days

(ii) Open Enterprise Ireland office in Peru / Colombia

Implementation: Take a decision on Peru or Colombia as the office location and then hire suitable candidate.

Cost: Salary and expenses. No office cost as Irish / local companies can provide free office space.

Resources: One employee.

Timeline: 30 days

(iii) Establish Irish Business Network in Mexico DF

We have no active Irish Business Network or Chamber of Commerce in Mexico which is strange given that we export more to Mexico than any other country in Latin America. It is a member of the OECD and of NAFTA and it has a free trade agreement with the EU. It has the strongest and most developed economy in Latin America.
Implementation: Irish Embassy / Irish Business community establish Irish Business Network through LinkedIn.
Cost: None
Resources: No government resources needed.
Timeline: 30 days

(iv) Approve the establishment of the Irish - Ecuadorian Chamber of Commerce

The Ecuadorian government has approved this new Chamber. Now the DFA has to approve it. This should be done as soon as possible. It would make the Chamber in Ecuador our second active Chamber in Latin America (the other being Lima).

Implementation: Awaiting formal approval from DFA.
Cost: None
Resources: No extra resources needed.
Timeline: Immediate

(v) Establish the Irish Chamber of Commerce in Bogota, Colombia

The British Chamber of Commerce in Bogota Colombia are willing to extend the Chamber to make it the British and Irish Chamber of Commerce. But we need more support and people to push this. We need diplomatic support and EI to push companies doing business there to get involved.

Implementation: More involvement from Irish embassy / EI.
Cost: None
Resources: No extra resources needed.
Timeline: Immediate

(vi) Establish Irish Business Network in Buenos Aires

Although Buenos Aires is home to the largest Irish community in Latin America we have no active Irish Chamber of Commerce there or Business Network.

Implementation: Irish Embassy / Irish business community to make this happen. Like in Sao Paulo and Rio de Janeiro it can be done very easily and very quickly by establishing a LinkedIn group.
Cost: None
Resources: No government resources needed.
Timeline: 30 days

(vii) Set up region wide online business network

An online business community / database administrated by Enterprise Ireland should be set up. It will be able to add benefits in ways the chambers and networks cant. It will cover the whole region as it is made up of Irish people anywhere working there. A simple message on embassy and chamber websites can simply say “Are you Irish and working in Latin America – join our LinkedIn business group of Irish professionals in Latin America”. It will provide an active network for people travelling throughout the region on work, for people outside of the chambers and networks and will also be invaluable to people arriving in the region for the first time. Chambers of Commerce are only open to corporate members and the Irish Business Networks only focus on the city in which they operate so it is important to establish a wider community and network which will support any Irish professional working or doing business in Latin America. It will also be very helpful for Irish business people who travel out to Latin America for business trips as they will have a readymade list of Irish people who can provide advice, support and local contacts.
Implementation: Straightforward. Just set up the group and contact the Irish business community through the networks, chambers and embassies / consuls. An email would go to them through LinkedIn. From day 1 the group could have a few hundred members.

Cost: None. The LinkedIn group will merely be a database so that Irish people working in the region can build contacts and network.

Resources: EI will need to manage the LinkedIn network. But this will not require new resources.

Timeline: 30 days

(viii) Establish an Irish Economic Council for Latin America

Ireland is a small country and in the current climate we have few resources at our disposal to develop trade abroad. Latin America is a vast region with over 600 million people. Mexico to Santiago is the same distance as London to Tehran. Our EI office in Sao Paulo has its work cut out to manage investment into that city let alone Brazil and the rest of the region. So we need to take advantage of the private sector. The establishment of an Irish economic council for Latin America will help Ireland build business and political links well into the future. It will also help sell Ireland as an attractive FDI location.

The Council will have two main aims

- Develop and nurture political and economic ties with Latin America.
- Actively sell Ireland as an attractive place to do business and as a base for European HQ’s.

The networks and chambers act as the central point for the development of trade and political links in each individual city or country and the LinkedIn group is there to provide support and contacts for the individual Irish person in the region. The Economic Council will provide high level support to the government on a region wide level. This 20 – 30 person council will be able to build up long term political and economic links between Ireland and Latin America. Furthermore the Economic Council will be able to act as one group throughout the region delivering one single message promoting Ireland as an attractive FDI location. At the moment most Latin American multinationals and senior executives are unaware of Ireland as a Eurozone HQ, our technology centre, the IFSC or the low corporate tax. Spain is still the first country on the map for them in terms of Europe and business. We need to change this. On an economic scorecard for attracting FDI we will beat Spain in every single measure. Let’s take advantage of this. Let’s get the message out there to business leaders across Latin America that Ireland, not Spain, is where they should be investing and setting up regional headquarters.

Implementation: This can be implemented quickly with the immediate selection of appropriate candidates

Cost: There will most likely be a need for administration / secretarial work to manage the council and its meetings etc. This can be undertaken by a Council member’s office and will carry no cost.

Resources: Any administration work in relation to the council will be covered by council members. Also, any costs incurred by council members will be paid for by themselves. In other words there will be no cost to the government or any state agency.

Timeline: 30 days

(ix) Appoint Junior Minister to oversee Ireland’s relationship with Latin America

As many other people have mentioned in the last couple of years we need to have a government minister that specifically deals with Asia. The first question Irish business people involved in the chambers of commerce, networks etc ask is who can we tell about this, who can we speak to? There is no go to politician.

Implementation: This can be implemented quickly with the immediate selection of an appropriate candidate

Cost: None

Resources: Can be managed through existing resources i.e. any work on this area will be managed by the existing office of whoever is given responsibility for this new role.

Timeline: 30 days
(x) Focus on Latin America not just Brazil

Over the last 10 years the acronym BRICS, coined by Jim O’Neill, has become famous as the world economy has boomed. However it makes no sense at all to focus on these countries. Economically the only plus they have for Irish exporters is the size of their markets. They have no trade agreements with the EU. They are amongst the worst performers on the World Bank Ease of doing business rank. Alongside Argentina and Indonesia they are the four countries which have brought in the largest number of new measures to create trade barriers. Out of all the large economies in Latin America Brazil is without doubt the hardest country to do business in, it has the most complicated tax system in the hemisphere, and for smaller companies it can often be a minimum of 2 years to gain a foothold in the market. That is why it is important that we don’t lose focus on the rest of Latin America. Jim O’Neill was merely using those countries as an example. His point was that countries with large populations and low workforce participation that wanted to engage in the global economy would experience a prolonged period of GDP growth. This principal applies not only to Brazil but to all of Latin America.

(xii) Appoint Trade Envoy’s to key export markets in Asia, MENA & Latin America

The UK runs a very successful system whereby existing or retired politicians act as special trade envoys to specific countries and regions. This is something Ireland could implement very quickly which would deliver closer trade links with key markets.

Implementation: This can be implemented quickly with the immediate selection of appropriate candidates.
Cost: None – Trade Envoy’s would not receive salaries for their work. But there might be costs associated.
Resources: No extra resources needed.
Timeline: 30 days
4. Change of Strategy

(i) Stop Focusing on the BRIC’s

As mentioned above there is too much focus on Brazil and the BRIC’s without any basic rationale. The only reason we are focusing on them is because Jim O’Neill and the media obsession of the last 10 years. We need to stop focusing narrowly on the BRIC’s. By focusing all our attention on Brazil we are missing out on Mexico, Chile, Peru, and Colombia.

We should be focusing our efforts on countries similar to us - open economies who want to trade with other economies. The BRIC’s don’t want to trade, they don’t want foreign companies entering their market and they will do anything to protect and give an unfair advantage to indigenous companies. The European Commission has stated in its recent report on Potentially Restrictive Trade Measures that the BRIC countries are the most aggressive in bringing in new measures which create trade barriers. In the last four years 37% of new trade restrictive measures have come from the BRICS (South Africa included).


Figure 6
Restrictive Trade Measures 2008 - 2012

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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>119</td>
<td>22%</td>
</tr>
<tr>
<td>Russia</td>
<td>86</td>
<td>16%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>59</td>
<td>11%</td>
</tr>
<tr>
<td>Brazil</td>
<td>38</td>
<td>7%</td>
</tr>
<tr>
<td>China</td>
<td>30</td>
<td>6%</td>
</tr>
<tr>
<td>India</td>
<td>24</td>
<td>4%</td>
</tr>
<tr>
<td>S. Africa</td>
<td>22</td>
<td>4%</td>
</tr>
</tbody>
</table>

<p>| | |</p>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>2</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
</tr>
<tr>
<td>Russia</td>
<td>0</td>
</tr>
<tr>
<td>Colombia</td>
<td>0</td>
</tr>
<tr>
<td>Peru</td>
<td>0</td>
</tr>
<tr>
<td>Chile</td>
<td>0</td>
</tr>
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</table>

There is more to an economy than the size of its GDP when it comes to trade. Key factors include - the ease of doing business in the country, how open is the country to foreign trade, what level of corruption is there, what historical and current relationships do we have with the country, how well do we know the country and its culture, what is the political climate, how reform minded is the country, how protectionist is the country, do we have any specific advantage over other countries trying to enter the market, what trade agreements has the country signed, how safe is the business environment, what is the tax system like, what cultural links do we have, is the economy heavily dependent on any specific area, what is the banking and credit system like, what is the level of production in the economy, what is our level of dependence on that country in relation to trade. All of these factors should be taken into consideration when we talk about a trade strategy and not just the size of an economy’s GDP.

- Ireland’s exports to Mexico have grown 107% in last decade vs 51% for Brazil even though the Brazilian economy has grown by 288% vs 72% for the Mexican.
- Mexico is a member of the OECD and NAFTA since 1994. (Chile is the only other Latam OECD member).
- Mexico is currently the United States second largest export market.
- Mexico currently has a higher GDP per capita than Brazil and is projected to do so for the next 40 years. (See figure 7)
- Mexico has a sound economy based on manufacturing and services whereas Brazil has a commodity led economy heavily dependent on China.
- 19% of US population will be Mexican by 2050
- Televisa, the Mexican broadcaster, is now the 5th largest in the United States and is about to become one of the top three.
• In 2000 the average Chinese worker was paid 35 cents an hour versus $1.72 in Mexico. Now the hourly rate in China is $1.63 versus $2.11. That’s a jump of 366% versus 23% and the trend is continuing. Soon labour costs in Mexico will be cheaper than China.
• “Brazil Cost” - the overall difficulty of doing business in Brazil.

Figure 7

**Projected GDP Per Capita US$**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2025</th>
<th>2050</th>
<th>% Change</th>
<th>% Change Since 2010</th>
</tr>
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<tbody>
<tr>
<td>US</td>
<td>47,014</td>
<td>57,446</td>
<td>91,683</td>
<td></td>
<td>95%</td>
</tr>
<tr>
<td>S. Korea</td>
<td>21,602</td>
<td>38,813</td>
<td>90,294</td>
<td></td>
<td>318%</td>
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<tr>
<td>UK</td>
<td>41,543</td>
<td>52,220</td>
<td>80,234</td>
<td></td>
<td>93%</td>
</tr>
<tr>
<td>Russia</td>
<td>9,833</td>
<td>26,061</td>
<td>78,576</td>
<td></td>
<td>699%</td>
</tr>
<tr>
<td>Canada</td>
<td>40,541</td>
<td>48,621</td>
<td>76,002</td>
<td></td>
<td>87%</td>
</tr>
<tr>
<td>France</td>
<td>38,380</td>
<td>48,429</td>
<td>75,253</td>
<td></td>
<td>96%</td>
</tr>
<tr>
<td>Germany</td>
<td>37,474</td>
<td>45,033</td>
<td>68,253</td>
<td></td>
<td>82%</td>
</tr>
<tr>
<td>Mexico</td>
<td>8,972</td>
<td>17,685</td>
<td>63,149</td>
<td></td>
<td>604%</td>
</tr>
<tr>
<td>Italy</td>
<td>32,948</td>
<td>41,358</td>
<td>58,545</td>
<td></td>
<td>78%</td>
</tr>
<tr>
<td>Brazil</td>
<td>6,882</td>
<td>12,996</td>
<td>49,759</td>
<td></td>
<td>623%</td>
</tr>
<tr>
<td>China</td>
<td>3,463</td>
<td>12,688</td>
<td>49,650</td>
<td></td>
<td>1334%</td>
</tr>
<tr>
<td>Turkey</td>
<td>6,005</td>
<td>11,743</td>
<td>45,595</td>
<td></td>
<td>659%</td>
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<tr>
<td>Vietnam</td>
<td>1,001</td>
<td>4,583</td>
<td>33,472</td>
<td></td>
<td>3244%</td>
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<tr>
<td>Indonesia</td>
<td>1,724</td>
<td>3,711</td>
<td>22,395</td>
<td></td>
<td>1199%</td>
</tr>
<tr>
<td>India</td>
<td>1,061</td>
<td>2,979</td>
<td>20,836</td>
<td></td>
<td>1864%</td>
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<tr>
<td>Egypt</td>
<td>1,531</td>
<td>3,080</td>
<td>20,500</td>
<td></td>
<td>1239%</td>
</tr>
<tr>
<td>Philippines</td>
<td>1,688</td>
<td>3,372</td>
<td>20,388</td>
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<td>1108%</td>
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<tr>
<td>Nigeria</td>
<td>1,087</td>
<td>2,161</td>
<td>13,014</td>
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<td>1097%</td>
</tr>
</tbody>
</table>

(Source: Goldman Sachs Research 2007)

(ii) The Pacific Alliance

The Pacific Alliance is a Latin American economic and trade bloc of Chile, Colombia, Mexico and Peru. The four countries of the Pacific Alliance have GDP of $1,907 trillion, and if counted as a single country they would be the ninth largest economy in the world. They had exports of $445 bn in 2010, almost 60% more than Mercosur exported in the same year. Yet we have no EI staff for these countries and only 1 Chamber of Commerce – Lima, Peru.

• Free Trade Zone – no tariffs between these countries.
• Free Trade Agreements with the US and EU.
• Mexico and Chile are members of OECD.
• Total GDP - $1.9 trillion.
• They have the same culture, customs and history.
• In 2011 Colombia, Chile and Peru officially integrated their stock markets to form one integrated equity market - MILA.
• All four are in the top 50 of the World Bank Ease of doing Business report.
• There is a very strong Irish link with these countries.

The below table shows the top 50 economies in the world by 2017 excluding the EU, US and Switzerland.
There are many questions that this table brings up in relation to our export strategy and the countries we are targeting but it is clear that we need to develop a new export strategy that is coherent and sustainable in the long term. One example that jumps out from the above is that we have 9 EI staff based in the UAE & Saudi Arabia (GDP $1.2 trillion) and zero EI staff in Mexico (GDP of $1.1 trillion).

### 5. The United States in 2050

The United States is far and away our largest export market with $21.5bn worth of Irish goods exported to the US in 2011. The US is currently undergoing large demographic changes which will have been clear to anyone observing the recent US presidential election. By 2050 there will be 128 million Hispanics living in the United States (29% of the US population). 58 million (45%) will live in the following cities: (In brackets is the Hispanic % of total city population)
The five richest US states by GDP are:

1. California (Los Angeles, Riverside, San Francisco)
2. Texas (Houston, Dallas, San Antonio)
3. New York (New York)
4. Florida (Miami)
5. Illinois (Chicago)

- In 1960 87% of the working age population in the US was white and 2.9% was Hispanic. By 2050 40% will be white and 31% will be Hispanic.
- In 1960 81% of children in the US were white and 5.2% were Hispanic. By 2050 40% will be white and 35% will be Hispanic.
- In 2011 25% of children enrolled in school were Hispanic. Already in Texas and California, the two most populous and richest states in America, the majority of school kids are Hispanic.
- Between 1972 and 2011, the Latino share of 18 to 24 year-old college students steadily grew—rising from 2.9% to 16.5%.
- 83 million (65%) of the Hispanic population in 2050 will be of Mexican origin.

The United States population will rise to 438 million in 2050, from 296 million in 2005, and fully 82% of the growth during this period will be due to immigrants arriving from 2005 to 2050 and their descendants. Nearly one in five Americans (19%) will be foreign born in 2050, well above the 2005 level of 12%, and also surpassing the historic peaks for immigrants as a share of the U.S. population—14.8% in 1890 and 14.7% in 1910.

$21.5 bn worth of Irish exports go to the United States. It is far and away our largest export market. A third of this market will be Hispanic in 2050. Combined with Latin America we are looking at a “Latin” population in the Americas of c. 900 million people (Europe’s population will be 632 million in 2050). This creates a market from Los Angeles to Buenos Aires. From Los Angeles all the way down to Patagonia you can sell or market a product in a similar fashion. You don’t need regional managers who speak different languages or need to be aware of vastly different cultures. A country manager based in Buenos Aires can easily manage the office in Santiago, Lima, Bogota, Panama City, Mexico City, San Diego, Los Angeles or San Francisco. This is not the same in Asia where Vietnam, Indonesia, Philippines, Japan, Korea etc all have different cultures, different religions, different languages and different ways of doing business.

6. Summary

This paper is not advocating that we make a radical departure from our strong trade links with the US, UK and EU. They are our strongest trading partners and they always will be. But it is clear that these markets are no longer growing. Nothing is going to change that in the next 50 years. The financial crisis of the last few years has shown the importance of having a diversified export economy. No matter how well an economy manages itself there will always be the boom bust cycle that exists in modern day capitalism. By increasing our export diversification Ireland will be in a much better position to withstand those economic shocks which will inevitably happen. By having such a heavy focus on the BRIC’s we are again exposing ourselves to unnecessary risks.

We might not have the resources to open up new embassies or new EI offices. So we need to use other means. All of the above proposals can be implemented virtually cost free and they will have a major impact on increasing trade with Latin America in the future. This will help diversify Ireland’s exports and help soften the blow from the next economic crisis – which will happen sooner or later. If Russia, China and India slow down like Brazil we will have a situation where 85% of our exports are to markets with zero GDP growth.

We know what the world economy will look like in the 21st century. Growth will come from developing economies and not from developed economies. We need to adapt to that now. The first thing is that we need to educate ourselves on the future shape of the world economy. This means building a coherent strategy that lasts for the future. We need to stop basing our export strategy on the idea of the BRIC’s as a group as it has no relevance to Ireland. There is no logical argument for Ireland or Irish companies to focus on the BRICS.

Up until now Ireland has not shown any real economic interest in Latin America. We only have one EI office for the entire region and it was only opened in 2006. Before 2010 we did not have one single Irish Chamber of Commerce or Irish Business Network in any country. In the last two years an Irish Chamber of Commerce has been established in Peru, making it the only Irish Chamber of Commerce in the region. We have also established an Irish Business Network in Sao Paulo and Rio de Janeiro.

We need to make Irish exporters aware of the opportunities throughout the whole region. And Irish companies also have to be aware of the growth of the Hispanic community and the United States. In addition I have tried to show that beyond Latin America, in the context of the global economy in the years ahead, Ireland needs to have a more serious analysis of how it plans to increase exports and trade. The current strategy which is dictated by the BRIC’s simply doesn’t stack up when the economic data is analysed.

Latin America is a stable region economically and politically. Its current GDP is over $5 trillion. We must take advantage of or historical connections to Latin America. The Irish are well known in every country there. Most senior business people and politicians in Latin America have historical links to Ireland. No other country in the world has this unique cultural relationship that we have. Therefore we have an advantage over all other countries. We already have a foot in the door. But relationships can’t be made overnight. Even if we don’t have the resources to set up new EI offices or new embassies lets work on other areas where we can build up close economic, political and cultural links. This will have no cost to the government and the benefits will be far reaching. As we have seen in the United States building close personal links with business and political leaders can have a big impact in the long term. The opportunity is there to do the same in Latin America.