

close to 200 billion litres by 2025. Brazil is also the world's top producer of orange juice and coffee, and ranks second in world production of soya and meat (beef and poultry) and third for fruits and corn. Altogether, agro-business accounts for over a quarter of total GDP.

In Argentina, farmers benefit from a favourable climate, fertile soils and the large investments they have made in new technologies and techniques. Argentina's agricultural exports have been growing by several billion dollars per year, thanks mainly to higher prices. In 2008, however, farmers found themselves locked in a heated dispute with the government over Buenos Aires' plans to impose heavy export taxes on key products. As a result, output has fallen. Other important producers and exporters of specific commodities include Colombia (coffee) and Mexico (citrus, cotton and other crops) but farming is only of moderate significance in relation to other economic sectors.

Brazil, Argentina and Mexico have the largest manufacturing sectors in the region. Brazil's industrial base is one of the largest and most diversified of any emerging economy. The country's big manufacturers include producers of automobiles, consumer electronics, computers and software, and heavy industries. The infrastructure is obsolete but the government intends to invest US\$236 billion by 2011. The Argentinean automotive sector is a key player but is heavily dependent on the Brazilian market for exports.

The Mexican manufacturing sector has been restructured but is suffering from the slowdown in the USA. Growth of manufacturing output fell in 2007 and the decline has continued into 2008. Many firms are also encountering intense competition from China. Wages in Mexican manufacturing are only 10% of those in the US but threefold greater than in China. The textile industry virtually disappeared following the abolition of the Multi-Fibre Agreement (MFA) but has been replaced by industries that depend on their proximity to the US market because they depend on guaranteed arrival times or a quick turnaround between order and receipt.

Colombia's manufacturing sector is dominated by large private conglomerates producing textiles, apparel and footwear, food processing, tobacco, iron and steel. Output grew strongly in 2007. Chile's manufacturers are either small or of medium size but nevertheless have rapidly won new foreign markets, with processed fruits and vegetables and fine wines becoming important foreign-exchange earners. Manufacturing is either stagnating or growing very slowly in many of the smaller economies in Latin America.

Several countries in the region have significant natural resources other than energy. Brazil has an abundance of mineral deposits (for example, bauxite, iron ore, manganese, chrome, lead, zinc, tungsten and nickel). In Colombia, mining – mainly coal and oil – is one of the country's most important sources of exports. Chile's economy depends heavily on its mining sector which accounts for 40% of the country's export income.

Overview of the Regional Economy

For much of this decade the region has been growing at its fastest rate since the 1970s. Rapid growth has been due to higher commodity prices which, in turn, have boosted regional incomes and domestic demand.

Much of the recovery was the result of favourable external forces. The Chinese economy pulled in huge amounts of raw materials which helped to sustain high commodity prices. The US economy was growing again while Latin American debtors benefited from low international interest rates. At the same time, many governments began to pursue more cautious fiscal and monetary policies which ensured that inflation remained under control.

Most countries in the region have taken advantage of low interest rates to restructure debt and reduce their exposure to interest-rate risk. There has been a marked expansion in credit to the private sector (particularly the household sector). In contrast, credit to the public sector has fallen as fiscal positions have improved. Because the banks are better capitalised, regulated, and supervised, an eventual interest rate hike and capital flows reversal is less likely to lead to financial crises than in the past.

In the Caribbean and Central America, current account and fiscal balances have been placed under serious strain by the rise in oil prices; however, there has been a tendency for increased remittances to offset some of these costs in some countries.

Economic Outlook

Economic Prospects

Latin America's regional GDP rose by 5% in 2007, but the pace will slow in 2008 with growth of around 4.5%. In recent years, the Caribbean economies have outperformed the region as a whole but the sub-region's growth will fall to about 4.1% in 2008.

Business Environment

The state is steadily increasing its influence and control over the economy. In 2008, a new wave of takeovers occurred along with the creation of several government-controlled ventures involving Cuba, Iran and China. Chávez has banned privatisation of social security, healthcare and the state oil company, and previously-planned privatisations, have been halted. Other laws have made it harder for private firms to invest. Business start-ups are seriously hindered by the cumbersome regulatory environment.

A hydrocarbons law requires that the government should hold a controlling stake in all future deals. Most foreign investors have been scared off by Chávez's "Bolivarian Revolution". The judiciary system is controlled by the executive system. Corruption is also widespread. In general, the business environment has worsened.

Table 1.6

Venezuela: Indicators of Business Environment: 2007

	2007
Business start-up	
Procedures (no.)	16
Cost (% of GNI per capita)	29
Dealing with licences	
Procedures (no.)	11
Time (days)	395
Cost (% of GNI per capita)	326
Employing workers	
Non-wage labour costs (% of salary)	16
Firing workers (weeks of wages)	(not possible)
Taxation	
Total tax rate (% of profit)	53
Corporate tax rate (%)	34
Exporting	
Documents for export (no.)	8
Time to export (days)	45
Cost to export (US\$ per container)	2,400
Importing	
Documents for import (no.)	9
Time for import (days)	65
Cost to import (US\$ per container)	2,400
Registering Property	
Procedures (no.)	8
Cost (% of property value)	2.2

Source: Euromonitor International based on the World Bank

Note: The cost of exporting and importing is recorded as the fees levied on a 20-foot container in United States dollars. All the fees associated with completing the procedures to export or import the goods are included; the total tax rate measures the amount of taxes payable by the business in the second year of operation, expressed as a share of commercial profits. The taxes included are profit or corporate income tax, social security contributions and other labour taxes paid by the employer, property taxes, turnover taxes and other small taxes (such as municipal fees and vehicle and fuel taxes); the firing cost indicator measures the cost of advance notice requirements, severance payments and penalties due when terminating a redundant worker, expressed in weekly wages.

Overview of the Economy

Venezuela's annual returns from oil have risen more than fourfold since 1998. The gains have allowed Chávez to launch a series of social missions that provide everything from free healthcare to literacy classes. The initiatives are funded with more than US\$1.7 billion of state oil money. Although fiscally irresponsible, the programmes buy a great deal of support for the government through the perception that the government is working to improve living conditions and the quality of life of some of the poorest Venezuelans. However, many analysts believe that it is questionable whether the government's spending has in fact done much to improve standards of living. UN figures suggest that the proportion of households living in extreme poverty has risen substantially. Yet, significant progress has been made in some areas including, infant mortality, access to water and school enrolment.

Inflows of foreign direct investment have been relatively large in the past, but are increasingly volatile, as many investors are worried about state control over the economy. Attempts to

• Retail Sales

Table 2.53

Latin America: Total retail sales 2002-2007

US\$ million/US\$ per capita/% real growth

	2002	2003	2004	2005	2006	2007	US\$ per capita 2007	% real growth 2002-2007
Argentina	25,912.2	28,489.4	28,710.6	33,842.5	38,652.9	47,039.2	1,538.4	56.4
Brazil	67,888.4	58,746.3	66,179.7	89,539.9	108,459.3	127,085.5	833.0	24.0
Chile	15,492.9	13,251.1	14,482.3	17,342.8	19,667.4	21,644.9	1,650.2	25.5
Colombia	41,577.1	33,964.8	36,138.9	43,168.4	45,644.0	50,046.1	1,349.5	18.1
Mexico	185,711.9	143,334.7	132,196.0	145,884.8	155,998.3	158,540.7	1,836.5	8.0
Venezuela	24,449.7	15,743.4	13,298.4	15,508.4	19,156.7	23,907.1	1,099.3	2.4

Source: Euromonitor International from national statistics

Table 2.54

Latin America: Total retail sales by grocery/non-grocery split 2007

US\$ million

	Grocery Retailers	Non-Grocery Retailers	Total
Argentina	26,453.5	20,585.6	47,039.2
Brazil	47,182.5	79,902.9	127,085.5
Chile	11,851.5	9,793.4	21,644.9
Colombia	24,877.9	25,168.2	50,046.1
Mexico	75,736.7	82,804.0	158,540.7
Venezuela	12,426.8	11,480.3	23,907.1

Source: Euromonitor International from national statistics

Table 2.55

Latin America: Total retail sales by grocery/non-grocery split 2007 (% analysis)

% analysis

	Grocery Retailers	Non-Grocery Retailers	Total
Argentina	56.2	43.8	100.0
Brazil	37.1	62.9	100.0
Chile	54.8	45.2	100.0
Colombia	49.7	50.3	100.0
Mexico	47.8	52.2	100.0
Venezuela	52.0	48.0	100.0

Source: Euromonitor International from national statistics

• OTC healthcare » Wound treatments

Table 3.184**Latin America: Value sales of wound treatments 2002-2007**

US\$ million/US\$ per capita

	2002	2003	2004	2005	2006	2007	US\$ per capita 2007
Argentina	2.09	2.90	4.19	4.59	5.29	5.80	0.15
Brazil	30.77	29.86	34.32	45.13	55.21	64.34	0.34
Chile	2.84	2.82	3.24	3.60	3.89	4.05	0.25
Colombia	14.92	13.13	14.53	16.92	17.05	17.77	0.38
Mexico	18.07	16.42	17.29	19.13	19.76	20.30	0.19
Venezuela	1.17	1.12	1.20	1.39	1.59	1.76	0.06

Source: Euromonitor International from trade sources

• Packaged food

Table 3.185**Latin America: Value sales of packaged food 2002-2007**

US\$ million/US\$ per capita

	2002	2003	2004	2005	2006	2007	US\$ per capita 2007
Argentina	6,101	8,001	8,790	10,142	11,274	13,203	343.5
Brazil	33,229	34,868	39,331	49,921	58,670	65,889	354.7
Chile	4,445	4,537	5,352	6,218	6,941	7,491	454.3
Colombia	7,249	6,753	7,771	9,517	9,865	10,357	222.2
Mexico	40,149	38,759	39,774	44,277	47,143	48,713	448.9
Venezuela	5,543	5,182	5,050	5,957	7,682	8,861	324.1

Source: Euromonitor International from trade sources

• Packaged food » Confectionery

Table 3.186**Latin America: Sales of confectionery 2002-2007**

'000 tonnes/Kg per capita/US\$ million

	2002	2003	2004	2005	2006	2007	Kg per capita 2007	US\$ million 2007
Argentina	105.9	122.3	145.2	160.5	168.4	175.5	4.56	1,620.2
Brazil	506.7	495.9	529.5	513.4	518.7	529.7	2.85	6,282.6
Chile	59.3	62.5	65.0	71.0	76.9	80.8	4.90	652.3
Colombia	44.7	45.4	46.2	47.6	51.2	52.3	1.12	383.7
Mexico	376.0	389.8	441.9	463.0	477.1	483.1	4.45	4,622.9
Venezuela	22.9	21.0	22.8	25.8	27.7	29.3	1.07	411.4

Source: Euromonitor International from trade sources

• Pet food and pet care products » Other pet food

Table 3.286

Latin America: Sales of other pet food 2002-2007

tonnes/Grams per capita/US\$ million

	2002	2003	2004	2005	2006	2007	Grams per capita 2007	US\$ million 2007
Argentina	18,506.2	17,576.1	20,208.1	22,022.3	23,450.4	24,713.7	643.0	36.50
Brazil	20,227.9	20,442.1	23,417.8	24,281.3	24,790.5	26,086.9	136.0	300.22
Chile	241.5	268.0	282.0	297.2	310.4	324.5	19.7	1.36
Colombia	1,720.6	1,710.2	1,734.5	1,713.9	1,740.8	1,742.6	37.4	17.09
Mexico	4,886.1	5,110.9	5,323.1	5,563.3	5,607.0	5,666.0	52.2	29.94
Venezuela	1,846.9	1,667.8	1,804.7	1,857.4	1,923.7	2,004.2	73.3	36.95

Source: Euromonitor International from trade sources

• Pet food and pet care products » Pet care products

Table 3.287

Latin America: Value sales of pet care products 2002-2007

US\$ million/US\$ per capita

	2002	2003	2004	2005	2006	2007	US\$ per capita 2007
Argentina	9.71	11.09	12.22	13.47	14.95	17.73	0.46
Brazil	177.75	191.18	196.44	231.09	267.84	312.49	1.63
Chile	4.84	5.21	6.44	7.62	8.67	9.79	0.59
Colombia	3.02	2.71	3.03	3.42	3.62	3.61	0.08
Mexico	4.71	4.60	4.81	5.48	6.50	6.90	0.06
Venezuela	0.82	0.68	0.58	0.54	0.59	0.71	0.03

Source: Euromonitor International from trade sources

• Soft drinks

Table 3.288

Latin America: Sales of soft drinks (off-trade) 2002-2007

million litres/Litres per capita/US\$ million

	2002	2003	2004	2005	2006	2007	Litres per capita 2007	US\$ million 2007
Argentina	5,623	6,115	7,166	7,674	8,328	9,276	241.3	5,029
Brazil	13,405	13,515	13,736	14,342	15,145	16,196	87.2	10,624
Chile	1,604	1,701	1,793	1,899	2,041	2,177	132.1	1,893
Colombia	2,827	2,833	2,852	2,927	3,111	3,268	70.1	3,087
Mexico	24,683	27,118	29,370	31,719	35,388	38,945	358.9	17,207
Venezuela	1,924	1,675	2,026	2,287	2,539	2,700	98.8	3,804

Source: Euromonitor International from trade sources

• Pet Food and Pet Care

Table 4.37

Pet food and pet care products: retail distribution by retail format (% value) 2007

% share value

	Supermarkets hypermarkets	Discounters	Other grocery retailers	Pet superstores	Pet shops	Veterinary clinics	Other non- grocery retailers	Home shopping	Internet retailing	Direct selling	Total
Argentina	28.6		7.2	0.7	3.4	25.4	34.7				100.0
Brazil	17.9		0.5	4.9	70.6	4.5	1.8				100.0
Chile	36.9		50.0		5.6	5.7	1.8				100.0
Colombia	25.3		0.0	19.9	30.0	17.1	7.7				100.0
Mexico	38.7	17.7	2.7		15.2	14.8	11.0				100.0
Venezuela	42.8		1.6	6.5	38.2	5.8	5.1				100.0

Source: Euromonitor International from trade sources

• Pet Food and Pet Care » Dog and cat food

Table 4.38

Dog and cat food: retail distribution by retail format (% value) 2007

% share value

	Supermarkets hypermarkets	Discounters	Other grocery retailers	Pet superstores	Pet shops	Veterinary clinics	Other non- grocery retailers	Home shopping	Internet retailing	Direct selling	Total
Argentina	28.5		7.6	0.7	3.5	22.1	37.5				100.0
Brazil	20.5		0.5	4.1	71.0	1.9	2.1				100.0
Chile	35.2		52.0		5.3	5.6	1.9				100.0
Colombia	26.2		0.0	19.9	29.5	17.8	6.6				100.0
Mexico	39.2	18.0	2.7		14.2	14.8	11.2				100.0
Venezuela	43.5		1.7	7.0	37.0	5.6	5.3				100.0

Source: Euromonitor International from trade sources

• Pet Food and Pet Care » Pet care products

Table 4.39

Pet care products: retail distribution by retail format (% value) 2007

% share value

	Supermarkets hypermarkets	Discounters	Other grocery retailers	Pet superstores	Pet shops	Veterinary clinics	Other non- grocery retailers	Home shopping	Internet retailing	Direct selling	Total
Argentina	44.9		1.5	0.3	4.3	44.2	4.8				100.0
Brazil	5.2		0.9	9.3	52.2	32.3	0.2				100.0
Chile	79.1				13.9	7.0					100.0
Colombia	9.0			16.7	41.5	32.8					100.0
Mexico	29.0	0.5	1.0		57.0	12.0	0.5				100.0
Venezuela	14.0		1.0	5.0	42.0	35.0	3.0				100.0

Source: Euromonitor International from trade sources

• Health
Table 8.22**Colombia: Life and healthy life expectancy at birth: total population 2002-2007**

years

	2002	2003	2004	2005	2006	2007	% change 2002-2007
Males	69.2	69.4	69.6	69.9	70.1	70.3	1.7
Females	75.3	75.5	75.7	75.9	76.1	76.4	1.4

*Source: Euromonitor International from World Bank***Table 8.23****Colombia: Fertility, birth and infant mortality rates 2002-2007**

As stated

	2002	2003	2004	2005	2006	2007	% change 2002-2007
Fertility rates (children born per female)	2.1	2.0	2.0	2.0	2.0	2.0	-4.37
Birth rates (per '000 inhabitants)	15.6	15.2	15.1	15.0	14.9	14.7	-5.88
Infant mortality rates (per '000 live births)	19.0	18.9	18.3	18.0	17.8	17.5	-7.81

*Source: Euromonitor International from UN/national statistical offices/Eurostat***Table 8.24****Colombia: Smoking prevalence and obesity in population aged 15+ 2002-2007**

% of population aged 15+

	2002	2003	2004	2005	2006	2007
Smoking prevalence in population aged 15+	23.2	22.8	23.3	22.7	22.2	22.2
Obese population (BMI 30kg/sq m or more)	10.9	11.1	11.8	12.7	13.4	14.0

Source: OECD/International Obesity Taskforce/Euromonitor International

• Household Characteristics
Table 8.25**Colombia: Number of households and average number of occupants 2002-2007**

As stated

	2002	2003	2004	2005	2006	2007	% change 2002-2007
Occupants per household at January 1st (number)	4.01	3.92	3.84	3.77	3.71	3.67	-8.62
Households ('000)	10,760.79	11,194.11	11,604.42	11,989.61	12,368.84	12,716.03	18.17

*Source: National statistical offices/Euromonitor International***Table 8.26****Colombia: Household facilities: 2007**

% of total households

	%
Households with a flush toilet	93.2
Households with electric lighting	97.1
Households with water supply	82.9

Source: Euromonitor International from national statistics

Table 10.32

Venezuela: Consumer expenditure by category 2002-2007

Bs million

	2002	2003	2004	2005	2006	2007	National currency per capita 2007	% analysis 2007
Food and non- alcoholic beverages	15,611	21,437	30,621	41,762	55,624	77,181	2,823.1	29.5
Alcoholic beverages and tobacco	1,705	2,210	3,154	4,330	5,828	8,034	293.9	3.1
Clothing and footwear	2,949	3,551	4,783	6,045	7,907	10,810	395.4	4.1
Housing	7,280	8,339	12,090	16,658	22,297	31,235	1,142.5	11.9
Household goods and services	2,106	2,730	3,731	4,930	6,461	8,824	322.8	3.4
Health goods and medical services	2,604	3,301	4,799	6,629	8,930	12,447	455.3	4.8
Transport	5,935	6,851	9,745	13,188	17,542	24,383	891.9	9.3
Communications	2,187	2,825	4,066	5,660	7,635	10,959	400.8	4.2
Leisure and recreation	5,338	7,164	10,121	13,684	18,280	25,349	927.2	9.7
Education	3,519	4,379	6,385	8,682	11,634	16,152	590.8	6.2
Hotels and catering	5,152	6,789	9,598	12,913	17,324	23,871	873.1	9.1
Miscellaneous goods and services	2,660	3,293	4,711	6,443	8,653	12,428	454.6	4.7
Consumer expenditure	57,046	72,869	103,802	140,923	188,115	261,673	9,571.3	100.0

Source: National statistical offices/OECD/Eurostat/Euromonitor International

• Retail Sales

Table 10.33

Venezuela: Total retail sales by grocery/non-grocery split 2002-2007

Bs billion

	2002	2003	2004	2005	2006	2007	Per capita sales 2007 ('000 Bs per capita)	% analysis 2007
Store-based retailing	26,748.1	28,575.2	31,250.4	40,303.7	51,602.2	70,040.4	2,561.9	100.0
Grocery retailers	16,289.9	17,580.5	18,333.1	23,209.6	27,934.1	36,406.6	1,331.7	52.0
Non-grocery retailers	10,458.1	10,994.6	12,917.4	17,094.1	23,668.0	33,633.8	1,230.2	48.0

Source: Euromonitor International from trade sources

• Travel and Tourism

Table 10.34

Venezuela: Tourism expenditure and receipts and balance of payments 2002-2007

US\$ million

	2002	2003	2004	2005	2006	2007	% change 2002-2007
Tourism receipts	434	331	477	641	662	692	59.5
Tourism expenditure	1,709	1,588	1,578	1,878	1,947	2,017	18.0
Balance of tourism payments	-1,275	-1,257	-1,101	-1,237	-1,285	-1,325	

Source: Euromonitor International from trade sources