Latin America business environment
2019 German investors survey

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Lateinamerika Verein & Americas Market Intelligence
About the respondents

Company size

<table>
<thead>
<tr>
<th>Company size</th>
<th>Number of responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9</td>
<td>4</td>
</tr>
<tr>
<td>10-49</td>
<td>10</td>
</tr>
<tr>
<td>50-499</td>
<td>8</td>
</tr>
<tr>
<td>500-1000</td>
<td>1</td>
</tr>
<tr>
<td>&gt;1000</td>
<td>18</td>
</tr>
</tbody>
</table>

Industries represented in the study

- Agriculture
- Chemical / Pharmaceutical
- Construction
- Education
- Health Care
- Energy
- Logistics
- Manufacturing – Machinery
- Mining
- Trading
- Professional Services
- Transport
Percentage of global sales originating in LATAM

- 0% of respondents have 0% of global sales originating in Latin America.
- 1-10% of respondents have 1-10% of global sales originating in Latin America.
- 11-20% of respondents have 11-20% of global sales originating in Latin America.
- 20-40% of respondents have 20-40% of global sales originating in Latin America.
- 40-60% of respondents have 40-60% of global sales originating in Latin America.
- 60-80% of respondents have 60-80% of global sales originating in Latin America.
- 80-100% of respondents have 80-100% of global sales originating in Latin America.

% of global sales originating in Latin America

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Countries where respondents currently operate in Latin America

- Colombia
- Brazil
- Mexico
- Argentina
- Peru
- Chile
- Ecuador
- Bolivia
- Paraguay
- Panama
- Guatemala
- Dominican Republic
- Uruguay
- Venezuela
- Costa Rica
- El Salvador
- Honduras
- Trinidad & Tobago
- Nicaragua
- Cuba
- Jamaica
- Barbados
- Bahamas
- Belize
- Haiti
A positive, but cautious, outlook for the region

In 2024, what do you believe Latin America will represent of your company’s global sales?

- A higher percentage than today
- A lower percentage than today
- The same percentage as today
### What explains the outlook?

<table>
<thead>
<tr>
<th>Number of answers</th>
<th>Result of increased activity of own company</th>
<th>Favorable market conditions</th>
<th>Better economic and political conditions</th>
<th>Stagnating economic or uncertain political conditions</th>
<th>Balance in regional contribution</th>
<th>Transitioning strategy for the region</th>
<th>Worsening economic and political conditions</th>
<th>Shifted focus to other regions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expects larger share of LatAm sales</td>
<td></td>
<td>Expects the same share of LatAm sales</td>
<td></td>
<td></td>
<td></td>
<td>Expects lower share of LatAm sales</td>
<td></td>
</tr>
</tbody>
</table>
Competitive obstacles in Latin America; Average score in a 1-5 scale (5 highest)

- Currency Volatility
- Immature market demand
- Corruption
- Costly Logistics
- Security Issues
- Financing costs are too high
- Inadequate market information for decision making
- Inadequate or uneven enforcement of local regulations
- Lack of talented managers
- Operational costs are too high
- Unreliable local business partners
- Intellectual Property Protection
- Inadequate investor support from local government
- Language or cultural barriers

2.56 average competitive obstacles score
Overcoming Obstacles
<table>
<thead>
<tr>
<th>Industry</th>
<th>Main Obstacle</th>
<th>Unreliable partners</th>
<th>Inadequate regulation</th>
<th>Corruption</th>
<th>Security</th>
<th>Lack of talent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistics</td>
<td>Security</td>
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<tr>
<td>Agriculture</td>
<td>Costly logistics</td>
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<tr>
<td>Manufacturing</td>
<td>Inmature market</td>
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<tr>
<td>Professional services</td>
<td>Costly logistics</td>
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<tr>
<td>Transport</td>
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<td></td>
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<tr>
<td>Chemical / Pharma</td>
<td>High operational costs</td>
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<tr>
<td>Healthcare</td>
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<td>Energy</td>
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<td>Construction</td>
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<tr>
<td>Mining</td>
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</tbody>
</table>
What do companies plan to do?

- Strengthen subsidiaries / Increase Presence
- Strengthen relationships to local partners
- Improve company’s resources and competitiveness
- Prepare for the long term and for market swings
- Invest more in marketing / business development
- Adapt pricing or product to local markets
- Add or optimize markets served
- Protect Intellectual Property
- Exit or downsizing strategy
- Strengthen relationships to local partners
- Other
- Improve finance/cost structure
- No plan
- Localize products and services
- Increase or optimize markets served
- Strengthen subsidiaries / Increase Presence
- Improve finance/cost structure
- Localize products and services
- Other
- Adapt pricing or product to local markets
- Improve company’s competitiveness

Number of answers
Most wished-for LatAm policy changes

- Improve regulatory framework
- Improve tax system
- Fight corruption
- Political stability
- Improve security
- Invest in new technologies
- Improve legal/justice framework
- Trade facilitation
- Transparency (tenders)
- Improve infrastructure
- Improve Competitiveness
- Develop Agriculture
- Digitalization drive
- Improve mobility
- Improve protection of Intellectual Property
- Economic measures/monetary stability
- Improve regulatory framework
- Improve tax system
- Fight corruption
- Political stability
- Improve security
- Invest in new technologies
- Improve legal/justice framework
- Trade facilitation
- Transparency (tenders)
- Improve infrastructure
- Improve Competitiveness
- Develop Agriculture
- Digitalization drive
- Improve mobility
- Improve protection of Intellectual Property
...which clearly spoken means

- Facilitate our business and investments
- We need clear rules
- Invest more and modernize
- Take care of the economy
- Get your act together against corruption
- Take care of politics
Where are business climates improving?
The markets respondents would recommend for market entry or expansion

Number of responses

Chile  Colombia  Brazil  Mexico  Panama  Peru  Costa Rica  Dominican Republic  Argentina  Paraguay  Guatemala  Bahamas  Ecuador  Barbados  Jamaica  El Salvador  Trinidad & Tobago  Uruguay  Belize  Cuba  Bolivia  Honduras  Nicaragua  Haiti  Venezuela
Highest expectations of growth over the next two years

- Brazil: 9
- Chile: 5
- Panama: 3
- Mexico: 3
- Colombia: 3
- Argentina: 3
- Venezuela: 1
- Peru: 1
- Ecuador: 1
- Dominican Republic: 1
AMI is the leading independent Market Intelligence provider in Latin America.

AMI is Latin America’s leading Market Intelligence and Advisory group.

AMI’s founding partners are pioneers in the field of Market Intelligence in Latin America, with over a quarter century of experience in the region.

AMI has experience in over 30 Latin American and Caribbean markets.

AMI is a member of SCIP Strategic and Competitive Intelligence Professionals.
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3. AMI consultants have conducted over 3,000 client engagements in Latin America since 1993.

4. Our holistic approach to market intelligence is unique. We combine market research, competitive intelligence, political analysis and economic forecasting in our studies.

Bernardo Romero
AMI DACH Market Director

bromero@americasmi.com
+49 162 2005 160