

GROWTH OPPORTUNITIES

Canadian businesses tapping into South America's economic powerhouses are finding rich rewards.

On a recent trip to Brazil, Vancouver software executive Tom Teixeira experienced first-hand the emerging global giant's appetite for Canadian products.

At a São Paulo business reception for his company, ACL Services Ltd., the turnout of high-powered officials invited from among Brazil's top firms and government agencies was an astonishing 100 percent.

"The interest from major organizations in working with us is profound," says Teixeira, whose company first entered the Brazilian market nine years ago. "It's something we've never seen before."

top customer and Chile quickly rising up the charts—ACL is now bracing for a further surge in sales.

"We are sitting on the tip of the iceberg," says Teixeira. "The opportunities we have uncovered over the past nine years have been considerable, but what we see now is that they are growing exponentially."

On a continent once marred by political and economic instability, his experiences hold true for other Canadian companies and investors now chalking up successes. That especially is the case in Brazil and Chile, which, after returning to democracy in the late 1980s, removed many barriers to foreign trade and investment. Today the two countries account for 60 percent of Canadian foreign direct investment in the region, particularly with tax agreements that simplify the treatment of foreign nationals.

Brazil—the largest market in South America, with 178 million people—ranks 13th among world economies and first among Canada's trading partners in the region. In 2004, two-way trade between Canada and Brazil was \$3.2 billion, climbing 24.7 percent from 1995, with Brazil enjoying a growing surplus, according to Statistics Canada.

One Canadian newcomer to the Brazil market over the past decade is The Woodbridge Group, a company based in Mississauga, Ontario, that makes foam seating products for the automotive sector in 18 countries. In 1996, working with a local partner, Woodbridge became the first large Canadian auto supplier to set up a manufacturing facility in Brazil—

servicing six car manufacturers from three plants. After buying out its partner in 1999, Woodbridge now supplies 21 vehicle-makers around the world from four plants in Brazil.

"The experience has been the best possible," says William Santos, operation manager for the company's Brazil plants, which consistently score high in international quality comparisons. "People here work hard and they are not satisfied with average results."

Like Brazil, Chile is a resource-rich country that is opening its doors to a diverse mix of entrepreneurs, beyond a historic focus on mining. Although the country is smaller, with a population of 16 million, the Economist Intelligence Unit recently ranked Chile 19th among the 60 best countries in which to conduct business over the next five years.

Since 1991, Vancouver's Methanex Corp. has made Chile a key base for its global production of methanol, a basic ingredient in industrial and household products. During that time, Methanex has invested \$1.3 billion in southern Chile, which is close to gas-rich petroleum fields and ocean transportation routes. Earlier this year, the company opened its fourth plant near Punta Arenas, raising production from all of its Chilean plants to four million tonnes of methanol a year—about 12 percent of the world market.

"Chile is an excellent country in which to do business," says Methanex president and CEO Bruce Aitken. "It is very welcoming of foreign investors and has developed a very open and successful economy."



Hot market: Traders yell orders on the floor of the Bovespa stock market in São Paulo, Brazil, Latin America's largest stock exchange.

ACL Services develops audit-specific software tools sold in 137 countries, in a field where governments and the private sector are racing to meet new global standards to protect against corruption and waste. After years of double-digit growth for the company in South America—with Brazil the