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SPAIN

**Immigration problem**

The EU has promised to support Spain facing problems with the growing number of illegal African immigrants. The EU top will assist the Spanish government in, on the one hand improving protection of its borders and fighting criminality in passenger traffic, and on the other hand in intergrating the immigrants in the Spanish culture.

Shares in Endemol for sale

Telefonica is about to sell the shares of former Dutch company Endemol. The Spanish telecom giant bought Endemol in 2000 and already sold 25% of shares last year. Now the remaining 75% are also for sale. Telefonica never gained as much from Endemol Productions as initially expected and therefore wishes to dispose of the shares. They will be sold for approximately € 1.750 mln. Telefonica is negotiating with John de Mol (the former owner) and the Italian Mediaset.

Cataluña says YES

In the referendum for Cataluña´s new territorial pact (estatuto) with the central government, 73,9% of the Catalan voters approved the new pact. The pact replaces the original version of 1978 and pleads for more independence, recognition of the catalan language and private sovereignty. Maragall, Cataluña´s president, calls this a mayor change in history. Only 49,4% of the population cast its vote.

€ 1.013 mln for fishing industry

Spain will receive 27% of the European fund for fishing industries to support its national sector. The total amount of money for Europe is € 3.849 mln. This support has been determined by the European ministers of fishing and agriculture for the term from 2007 until 2013. The money shall be used for modernising boats, renewing or replacing engines and improving industries.

First phonebooth on solar energy

In Oleiros the first public telephone booth on solar power is in running order. The phonebooth was installed by Telemo Comunicaciones in cooperation with Solas PST. The phonebooth is particularly convenient in isolated spots, since cables are not needed. Above this, it does not require difficult installation and therefore does not disturb the natural environment.

Kirchner in Spain

The Argentine president Kirchner visited Spain accompanied by part of his cabinet in June. His visit had mainly economic objectives. Topics included the stimulation of Spanish investments and the repayments of Argentina´s \$ 1 bln debt to Spain. Both presidents announced they agreed on all issues except on the outcome of the final of the World Cup. Spanish president Zapatero received the famous national Argentinean football shirt as a gift.

Spain enters millionaire 's club

With 148.600 individuals possessing more than US\$ 1 mln, Spain for the first time now is part of the 10 countries with the highest number of millionaires, according to Merrill Lynch and Capgemini. The peak in real estate, the increase of stocks and positive industrial results caused an increase of 5,7% in the number of rich persons.

Doctor shortage

According to the Dutch embassy in Madrid, Spain has a shortage of qualified doctors. The shortage mainly results from the fact that 4.200 Spanish doctors work abroad. For medical practitioners it is easier to specialize in other countries of the EU. Besides working conditions are mostly better abroad. Also the deficiency of study places for Spanish students contributes to the shortage. Since part of this generation will retire soon, the shortage is expected to increase during the next years.

Taxes reformed

The Spanish government will gradually lower the partnership taxes from 35% to 30% in the period from 2007-2011. The government has also fixed taxes for savings at 18%. Changes will mainly be carried out through income taxes and partnership taxes, but also through retirement pensions. The tax reforms will cost the Spanish government € 4 bln.

PORTUGAL



Portugal: World 's biggest plant of solar energy

The Portuguese company Catavento together with the American companies GE Energy and PowerLight Corporation have just began the construction of a powerplant of solar energy which will be the largest plant on earth.

The project should be finished in January 2007, when it will generate 11 megawatts in order to provide 8.000 households with energy and avoid 30.000 tons of greenhouse gases. Construction of the powerplant will cost € 61 mln and covers 60 hectares of the southside of a hill in Serpa, 200 kilometers south of Lisbon.

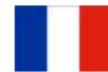
Portugal: GM likely to close

General Motors is about to shut its plant in Azambuja Portugal to cut costs. The company argues production per vehicle in Portugal costs US\$ 500 more than in other Eastern European countries. GM wants to move its European production plant to Russia, dismissing more than 1.000 portuguese employees.

IKEA chooses Portugal for new plant

On 17 January a Memorandum of Understanding was signed with IKEA, setting the conditions for the next investment projects to be held by the Swedish company in Portugal. The Memorandum regards, among other investments, the construction of a new industrial facility in the north of the country. It involves an investment of € 32 mln, which will create 220 new jobs. Cooperation with local companies and the new investment projects are also stated in this Memorandum. The IKEA Group is the world leading company in home furniture and accessories, being present in 44 countries with 90.000 workers, and an annual turnover of € 14.8 bln (2004).

FRANCE



EADS under pressure

The French-German aviation and defence group EADS had to face many critics after its Airbus producer had announced delays in the delivery of the new Airbus A380 for the second time this year. The delays resulted in several discontented customers demanding compensation, and caused a fall of 26% in the company 's shares with a loss of € 5,5 bln. Above this, 5 directors, among which the leading figure of the EADS Noël Forgeard, have sold part of their shares in March, gaining millions of euros. Therefore, they are accused of insider trading. Mr Forgeard denies all accusations. Politicians and shareholders are about to start a profound investigation.

GDF (not) to merge with Suez

The merger of the energy companies Gaz de France with Suez, announced in March this year, is under pressure. Initially the French government wanted the companies to merge in order to protect the position of Suez and to create one strong company to compete with foreign companies. Now, the French unions demand cancellation, since a merger would undermine liberalisation of the energy market. In their opinion the merger will restrict the government's influence and hinders competition. On the other hand, GDF puts pressure on French president Villepin to complete the merger.

Axa buys Winterthur

French insurance company Axa has bought the Swiss company Winterthur for € 7.9 mln. Besides, Axa also refunded its € 1 mln debt at Crédit Suisse together with the transaction. The president of Axa, Henri Castries, is convinced this expansion of his company will reinforce Axa 's leading position in its current European market and improve its presence in fast growing markets such as Eastern Europe and Asia.

LATIN-AMERICA



Latin America: Road to the Pacific

Lately governments of Brazil, Ecuador, Colombia and Peru have agreed upon a major joint project. In order to improve the economic position and infrastructure, a road will be constructed to link the Pacific Coast to the Atlantic Coast. The road will be constructed through the middle of the Amazon forests. This transport system is divided into 7 different projects, involving 1.570 kilometers of asphalted roads and approx. 450 bridges. There are immense concerns the project will also result in widespread deforestation, pollution, extinction of species and other disastrous consequences for the environment.

Latin America: Real estate boom

Coastal countries with good air accessibility like Mexico, Panama and Argentina experience an enormous growth in real estate. Mainly US investors and Spanish buyers have started many projects at coastal locations with touristic as well as private purposes. For example in Mexico, total real estate activity by local and foreign investors jumped from US\$ 1 bln in 2004 to US\$ 3 bln last year and is expected to double to US\$ 6 bln this year. As a result of Latin America's growing economy and improving infrastructure, it is clear that investments by European real estate companies and private persons have great potential.

Argentina: Property Opportunity

Earlier in this newsletter we referred to the real estate boom in Latin America. Argentina is not an exception in this growth with an average export increase of 13,5% last year. With relatively low prices and a low exchange rate Argentina offers many possibilities to foreign investors. As a specific example we'd like to bring to your attention a property of 2.000 hectares in the province of Santiago del Estero at 40 kilometres of the capital and 30 kilometres of the famous "Termas de Río Hondo". This area offers many possibilities for companies with activities in tourism and agriculture and is currently for sale for a very attractive price. More info? Please contact Sergio Quarín: +34-678-751-572 sergioguarin@hotmail.com.



Argentina: Fruit Juice export



Argentina has increased its export in fruit juices in the first quarter of 2006 with 88% compared to the same period in 2005. Especially orange juice has seen a rise of 76% in comparison with last year. The most important markets for Argentina are Holland and France.

Argentina: Changes pharmaceutical market

After a crisis in 2002, the pharmaceutical market has seen many changes. Before 2002, most pharmaceutical industrials in Argentina were multinationals. However, as a result of the crisis, nowadays 90% of the industrials is national, with 10% left in foreign investments. In spite of the crisis, this market is still growing and profits have increased from US\$ 10 mln in 1995, to US\$ 100 mln in 2005.

Brazil: World leader ethanol

Last year the Brazilian ethanol sector totalled sales of US\$ 6,2 bln. In 2010 it is expected that the sector will grow to US\$ 15 bln, being larger than the cellular phone sector in this country. Contrary to the development of the sector in the seventies and the eighties, it now grows due to investments of the private sector. Not only Brazilian cars are responsible for the significant increase in demand, also international drivers contribute to this success. The expansion of the ethanol sector leads investors to the interior of São Paulo and Minas Gerais. In theory ethanol is able to alleviate the global warming and the shortage of petrol. In 2006 approximately US\$ 9,6 bln will be invested in the Brazil in this sector, mainly in new installations, expansion and acquisitions.

The international market for ethanol is expected to grow exceptionally in coming years; so far the international market is still very modest. Brazil and the USA occupy the leading positions in the international ethanol sector. In the near future it will become necessary for the international car fleet to mix petrol and ethanol, following Brazil's pioneering model. The Brazilian automotive sector already adopted in mass the flex-fuel vehicles as the technical hurdles have been overcome. At present 10% of Brazil's car fleet is flex-fuel, in May 2006 76% of all new cars sold in Brazil were flex-fuel. Volkswagen do Brasil was the first to launch a flex-fuel vehicle in 2003; it recently announced that it will only produce cars with a flex-fuel motor in the future. The American President George W. Bush is a recently declared fan of the flex-fuel concept, which will no doubt fuel more growth for Brazilian ethanol producers.

Brazil: H-BIO

The Brazilian Oil company Petrobras has just introduced a new green fuel, a mix between petrol and vegetable oils. Petrobras needed 18 months to complete the development, investigations and tests. The vegetable oil will be gained from seeds from soja and papayas. Petrobras does not want to release any information about the investments made or about the volume of yearly production, but does guarantee a yearly production decrease of 250 mln litres of normal petrol. Petrobras says this is not only a great advantage for the Brazilian development in alternative fuels, but also means an increase in the Brazilian agroindustrial activities.

Brazil: Santos most important container port



As a result of the increase of trade with China and the USA, Santos has become the most important port of Latin America. The amount of container shipments has seen an expansion of 20,4% up to 2,3 mln TEU's (Twenty Foot Equivalent Units) in comparison with 2004. As a consequence this port, one of the fastest growing ports of Latin America, is under high pressure to expand its facilities and services and above all improve infrastructure in Latin America. Roads, railways and transport across rivers should be optimised to be able to process all trade traffic.

Brazilian Multinationals

The Boston Consulting Group (BCG) recently concluded a research project on the second wave of globalization in which it distinguishes 100 "new" multinational companies, originating from emerging countries. BCG prognoses that until 2010 these companies will have doubled their sales. Until 2010 the international sales of these companies will be responsible for 40% of their total sales. A good part of the companies on the list are among the five major worldwide players of their sectors. All companies on the list report more than US\$ 1 bln turnover per year and grow substantially. After China and India, Brazil is the third country in number of "new" multinational companies listed.

The 12 Brazilian multinational companies mentioned in the BCG report are:

- Embraer (Aerospace);
- Embraco (Industrial Engineering);
- Vale do Rio Doce (Minerals);
- Gerdau (Metallurgical);
- Natura (Cosmetics);
- Braskem (Petrochemical);
- Votorantim (Cements);
- Sadia (Food);
- Coteminas (Textiles);
- Petrobras (Oil);
- Perdigão (Food);
- Weg (industrial motors)

Brazil: Highlights

- One of the major infrastructural projects of the world is the construction of the hydroelectric installation in the Madeira River in Rondônia. Approx. US\$ 8 bln will be invested and it is planned to be completed in 2011, adding 6.450 MW to Brazil's energy capacity.
- Although some countries continue boycotting Brazilian meat, the Brazilian Association for Meat Exporters, ABIEC, expects that the Brazilian export of meat will be US\$ 3,6 bln in 2006 (a growth of 15%, compared with 2005).
- Mid June 2006 was closed with a euro exchange rate of 2,85; for the rest of the year an exchange rate between 2,70 and 3,10 is expected.

- Due to the relatively low dollar exchange rate the imports of machines and equipment has increased during the first months of 2006. The Brazilian sales of national machines and equipment decreased by 10% in the same period. In the end of June the Brazilian Association of Machine Producers (ABIMAQ) will announce the opening of a branch office in China.

- As inflation is expected to continue low, an increase of purchasing power of the Brazilians is expected for 2006. The food & beverage, retail, medical, chemical, pharmaceutical, environmental, infrastructure and electronic appliance sector continue very promising.

Chile and Colombia most competitive

According to the World Competitiveness Yearbook, Swissbased business school IMD, and the World Economic Forum, Chile is the most competitive country of Latin America, whilst Colombia is the fastest growing. Looking at economic performance, government efficiency, business efficiency and infrastructure, Chile ranks ahead countries like Germany, France and Spain. Colombia improved 7 places from last year's rank and is therefore more competitive than countries like Greece, Portugal and South-Africa.

Chile: Rabobank buys CO2

Last May the Dutch Rabobank has signed a contract with the Chilean Agrosuper for 1.6 mln of CER's. Remarkable about this contract is that Rabobank has paid the whole amount at once in advance, so Agrosuper has immediate possibilities to reinvest the money. The gains will be invested in projects for sustainable energy. The world market in CO2 credits was originally set up as a tool to diminish the world's CO2 emissions (Kyoto pact) and already has many large projects worldwide.

Mexico: Aegon with Seguros Argos

Dutch insurance company Aegon has bought 49% of the Mexican insurance company Seguros Argos. Aegon has been active on the Mexican market for some years, but sees Mexico as an interesting market for its growing wealth and improving economy.

Mexico: Presidential elections

In the period towards the elections, the people of Mexico have never been more divided. They can choose between candidates who have all more or less the same ideas on change and the same amount of scandals and flaws. According to the last surveys Felipe Calderón of the PAN (National Action Party) is the country's favourite with 35%-40% of the votes. He leaves the former leader López Obrador of the PRD (Party of Democratic Revolution) behind, after this candidate lost support by staying absent in the first public debate. He can count on 30%-35% of the votes. Roberto Madrazo of the PRI (Institutional Revolutionary Party) is prognosed to get approx. 25% of the votes. The first round of elections will be held on 2 July.

Selected weblinks

- www.americaeconomia.com
- www.economista.com.mx
- www.latinbusinesschronicle.com

Sources: o.a. The Economist, Business Monitor International, Business Week, EVD, Latin Trade, World Bank, InterAmerican Development Bank, Financial Times.

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TRANSFER News

Power Expo Zaragoza

One of Europe's most important energy fairs will take place on September 20-22 this year in Zaragoza. TRANSFER is organising a Dutch Pavillion at the fair in cooperation with the Dutch Consulate in Barcelona. 5 Dutch companies will participate in this year's theme Renewable Energies. Registration is no longer possible.

Medical Mission

From October 8 - 12 a medical technology trade mission will be organised to Spain and Portugal by the Dutch sector organisations FME-CWM, Fireva and Faron. In this mission participants will visit potential partners and related companies in Alicante, Barcelona and Lisbon. More info: www.evd.nl/cpa/spanjeportugal

Trade mission Environmental Technologies Brazil

In the worldwide growth of solutions for environmental problems, Brazil is not an exception and has calculated to spend billions of dollars in the next years. This creates many opportunities for Dutch organisations with products and services in this sector. The NCH in cooperation with TRANSFER organises a trade mission to Brazil from November 5-11 in combination with the most important environmental fair FIMAI in São Paulo. Info: cfortes@nchnl.nl, www.handelsbevordering.nl

Seminar business Latin America

Latin America has many trade opportunities for Dutch companies. Therefore the EVD organises a seminar for Argentina, Chile, Brazil and Mexico on 30 June in Eindhoven, where TRANSFER will be chairman. Info: jainandan@evd.nl

Information days Latin America

From June 27-30 it is possible to meet representatives of the Embassies of Buenos Aires, Brasília, Santiago and Mexico City, as well as representatives of the Consulates of Rio de Janeiro and São Paulo and the NBSO's of Monterrey, Porto Alegre and Recife. More info: couperus@evd.nl



Review Gourmet '06

From 8-11 of May the 20th version of the Salón Internacional del Club de Gourmets took place in Madrid. This fair with international producers of delicacies and special foods is

growing every year and is seen as the most important fair in this sector. The fair counted 63.749 visitors, which is 11,4% more than last year. The floor area also increased with 5,4% to 22.073 m². The Spanish market was impressed by the Holland Pavillion with Uniekaas cheeses, Jos den Otter pastry, Vincent Food's Dutch specialties, Prins & Dingemans fresh mussels, Seafarm fresh seafood, Mosterdmakerij de Wijndragers' delicious mustards and last but not least the beers of Bavaria. This participation was sponsored by the Dutch Ministry of Agriculture and its branch in Madrid.



Review National Day of International Business

On 12 locations Dutch International Business promotion have welcomed 4.000 interested visitors on 8 April this year. The International Business Day, organised by the Dutch Chambers of Commerce, was an enormous success. Dutch exporters showed most interest for trading with China and Turkey, followed by European countries such as Germany and Spain. TRANSFER was present at three big locations with stands and a workshop to inform visitors about trading with Spain, Portugal, France & Latin America.

TRANSFER Latin Business Consultancy

Since 1996 TRANSFER has been a leading company in offering assistance to European exporting companies looking to exploit market opportunities in the Spanish, Portuguese and French speaking countries of Europe and Latin America. We work from four offices in Rotterdam (headquarters), Barcelona, Paris and São Paulo.

As a partner of, among others, the EVD (the Dutch agency for International Business and Cooperation), Embassies, Chambers of Commerce, Trade and Sector organisations and of course exporting companies, we provide export support services, such as market research, partner selection, coordination of sales and/or distribution, and legal and accounting services in the strongly developing markets of Spain, Portugal, France, Argentina, Brazil, Chile and Mexico.

Interested in finding out more about business opportunities for your organisation? Please contact:

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