4 The expansion of Spanish-speaking multilatinas

América Economía points out that Brazil is the undisputed leader with the largest number of multilatinas in the region – but there are other multilatinas. The consultancy firm BCG predicted in a recent report on multilatinas that, of the top 100, thirty-four would come from Brazil, followed by Mexico (twenty-eight), Chile (twenty-one), Argentina (seven), Colombia (five), Peru (three), Venezuela and El Salvador (one each). This last ranking also points towards a trend that has been confirmed over the years: more countries in the region are producing multilatinas. Another way of looking at the BCG ranking is that sixty-six of the 100 top multilatinas – or two-thirds – will soon be non-Brazilian.

The majority of the multilatinas – Brazilian or otherwise – are dominated by private investors (97%) and most are controlled by families (77%).[1] This contrasts with Russian and Chinese multilatinas that are mostly controlled by the state and public investors: 33% in the case of Russia and 69% in the case of China. In terms of international expansion, the multilatinas are still concentrated on the continent: of the top 100 identified by BCG in 2009, 53% are active in Argentina, 49% in the United States and 42% in Peru. The Brazilian multilatinas, as we have seen, are generally more focused on South America, and the Mexican multilatinas are more focused on North America. However, as we will see, new trends have emerged between 2009 and 2011, and the most noteworthy is the multiplication of investor destinations beyond the Americas.

The development of the capital markets has been significant for multilatinas. The prosperity of the local capital markets has facilitated their expansion throughout the decade of the 2000s. During this period, the equity stock and debt of the emerging markets was growing at a rate

[1] Boston Consulting Group (BCG), *The 2009 BCG Multilatinas*, Boston, BCG, 2009. Available at www.bcg.com/documents/file27236.pdf.

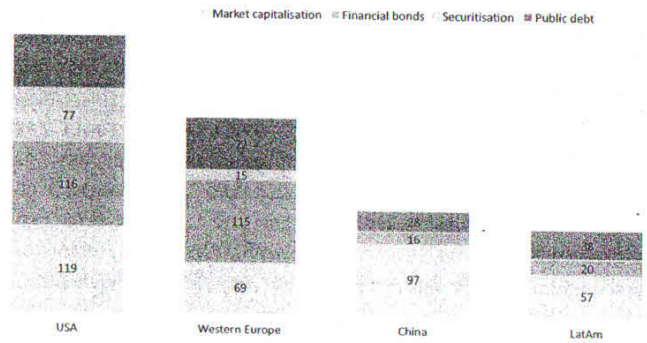

Figure 4.1 Depth of the financial markets in 2010 (as percentage of GDP).
Source: McKinsey Global Institute, 2011.

of more than 18% a year, compared to 5% for the OECD countries. The consequence is that the financial markets of the emerging countries, although still smaller than those of the developed countries, are rapidly transforming. The total value of financial stock in the emerging countries is still less than 200% of GDP in comparison with 430% of GDP in the OECD countries. The trend, however, is changing. Share values reached nearly 150% of the regional GDP in Latin America in 2010[2] (Figure 4.1).

These share values have grown in size, with increasingly larger institutional investments (in particular, the local pension funds, but also international investments earmarked for emerging markets). At the same time, the cost of capital, as both corporate debt as well as equity, has been falling for the multilatinas throughout the decade 2000–10.[3]

[2] See McKinsey, *Mapping Global Capital Markets 2011*, Boston and Washington, DC, McKinsey Global Institute, August 2011. Available at www.mckinsey.com/mgi/reports/freepass_pdfs/Mapping_global_capital_markets/Capital_markets_update_email.pdf.

[3] See Martín Grandes, Demian Panigo and Ricardo Pasquini, 'The Cost of Corporate Bond Financing in Latin America', Center for Financial Stability, Working Paper, 20 July 2007. Available at www.cefargentina.org/files_publicaciones/16-36wp20-cob-grandes-panigo-pasquini-julio-2007.pdf; and Martín Grandes, Demian Panigo and Ricardo Pasquini, 'The Cost of Equity beyond CAPM: Evidence from Latin American Stock Markets 1986–2004', Center for Financial Stability, Working Paper, 17 March 2007. Available at www.cefargentina.org/files_publicaciones/16-33wp17-coe2-jan-2007.pdf.

Seventy-seven percent of the multilatinas analysed by BCG took advantage of local financial markets to fund themselves in better conditions and at comparable or often lower costs than their OECD competitors. This alignment of financial conditions has enabled Latin American investors to compete with their OECD rivals. This has been particularly true for Brazilian and Chilean multilatinas, which have made intense use of local financial markets: 79% and 100%, respectively.

Multilatinas have often relied on mergers and acquisitions for expansion: between 1998 and 2008, more than 310 M&A operations were made by multilatinas outside of their country (153 by Mexican multilatinas and ninety-eight by Brazilian multilatinas). This investment activism has enabled the multilatinas broadly to expand their perimeter of investment. While they still concentrate most of their operations on the American continent (fifty-one of the 100 analysed are present in North America; eighty-six in South America), we are witnessing an increase in activity towards other geographical areas: thirty-three are already present in Europe, but above all we are seeing how they are beginning to operate in Asia (twenty-two), and even Africa (twelve).

Thus, two phenomena are combined: an increasing number of countries in the region are producing multilatinas, and more of these companies are searching for new investment frontiers beyond Latin America. We can be sure that these trends are not going to slow down. One of the consequences of the global shift is that more capital is available in and for the emerging markets. Goldman Sachs estimates that in 2030 these markets will represent 55% of the global stock market capitalisation, compared to the current 31%. By then, institutional managers in the OECD countries will have significantly raised their investments in these countries, from 6% exposure to emerging markets in their variable income portfolios to more than 18% in 2030. This means that they will spend more than $4 trillion in shares in emerging multinationals. By then, the stock market capitalisation of China will be the largest in the world (28% of the total), followed by the United States (23%). Brazil, with 3% of the world total, will exceed Spain with 1%, and will equal Japan and Britain; Mexico and Chile, on the other hand, will hold 1%, which is comparable to Spain.[4]

[4] Goldman Sachs, *Emerging Markets Equity in Two Decades: A Changing Landscape*, New York and London, Goldman Sachs Global Economics Papers 24, September 2010.

Table 4.1 *The 'Brookings Graduation Scorecard' ranking in 2011.*

RK 2011	Country	RK 2011	Country	RK 2011	Country
1	Singapore	12	South Africa	23	Estonia
2	Taiwan	13	Bulgaria	24	Argentina
3	Chile	14	Malaysia	25	Hungary
4	Israel	15	Indonesia	26	Turkey
5	China	16	Thailand	27	Russia
6	Korea	17	Peru	28	Romania
7	Brazil	18	Vietnam	29	Lithuania
8	Uruguay	19	Egypt	30	Latvia
9	Poland	20	Colombia	31	Venezuela
10	Czech Republic	21	Philippines	32	Ecuador
11	India	22	Mexico	33	Ukraine

Source: Brookings Institution, 2011.

Obviously, these forecasts – while questionable in some ways – point towards a more decentralised world that favours emerging markets and their multinationals. This new world can already be glimpsed: multilatinas are no longer just a Brazilian phenomenon. We will now see how Chilean, Colombian, Peruvian, Mexican and Argentinean companies are an ever larger presence around the world and are dethroning the traditional OECD multinationals.

This progress reflects the economic development of a whole region. Chile is no longer the only 'pretty girl' in the neighbourhood and is being joined by Brazil, Mexico, Colombia, Uruguay and Peru. All of these Latin American countries are now profiled as open economies that rival their Asian counterparts, as shown by the Brookings Graduation Scorecard (BGS). While this scorecard still shows Singapore and Taiwan as the leaders, Chile is just behind them and ahead of China, while Brazil and Uruguay are ahead of India and Indonesia[5] (Table 4.1).

[5] This index combines eleven variables around four central criteria: macroeconomic growth, quality of the policy, financial resistance and indicators of economic development. See Mauricio Cárdenas and Eduardo Levy-Yeyati (eds.), *Latin America Economic Perspectives: Shifting Gears in an Age of Heightened Expectations*, Washington, DC, Brookings Institution, 2011. Available at www.brookings.edu/~/media/Files/rc/reports/2011/0408_blep_cardenas/04_blep_cardenas_yeyati.pdf.

Mexico

Mexican multilatinas were the first to embark on international adventures, even before many of the Brazilian companies mentioned in the previous chapter. The most symbolic case is that of the cement company Cemex. In 2007, Cemex bought the Australian company Rinker for $14.6 billion, one of the largest investments ever made by a multilatina abroad.

Most of the Mexican multilatina investments were concentrated in North and South America. With respect to Brazil, the main difference is probably the volume of investments in the USA. FDI data, as well as trading data, reflect the strong dependence of Mexico on the United States. Mexican economic cycles show a perfect correlation with the USA – especially industrial cycles.[6]

Mexico (as well as Central America) is strongly linked to the United States. In 2009, the 'Mexican cluster' exported just 9% to the emerging markets, while the 'Brazilian cluster' exported 56% of its total to emerging markets. As a result the Brazilian cluster was less exposed to the crisis in the OECD countries, especially the one that unfolded in the United States in 2008. Mexico is one of the major regional economies most exposed to the United States and the advanced OECD economies: exports to these countries represent more than 28% of Mexican GDP, compared to less than 5.5% for Brazil (the country least exposed to advanced economies in commercial terms)[7] (Figures 4.2 and 4.3).

This asymmetry between Mexico and Brazil also largely explains the differing performances of both economies when the 2008 crisis struck. Whereas Mexican GDP plummeted, the Brazilian economy grew. The Mexican multilatinas, which were the most prosperous in the region, became trapped in an adverse cycle, with their main international market collapsing (the United States). As their domestic markets

[6] For more about this interrelationship of the economic cycles of both countries, see Diego Comin, Norman Loayza, Farooq Pasha and Luis Servén, 'Medium Term Business Cycles in Developing Countries', Harvard Business School, Working Paper 10–029, September 2010. Available at www.hbs.edu/research/pdf/10-029.pdf.

[7] See Alejandro Izquierdo and Ernesto Talvi, *One Region, Two Speeds? Challenges of the New Global Economic Order for Latin America and the Caribbean*, Washington, DC, IADB, 2011. Report available at http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35816781.

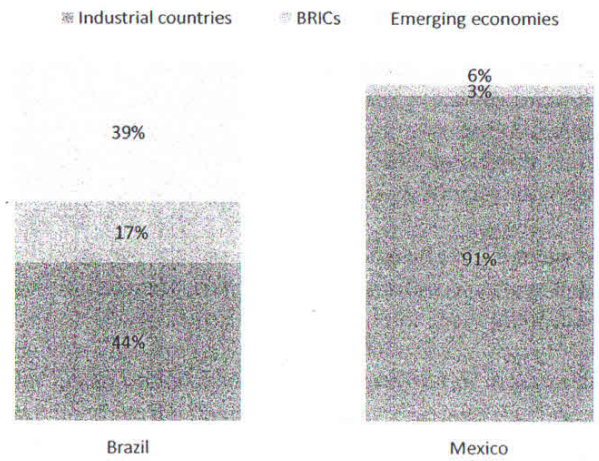

Figure 4.2 Exports by destination in 2011 (as percentage of total exports).
Source: BID, 2011.

suffered, the financial costs of these often heavily indebted companies skyrocketed.

Mexican multilatinas saw their income drop 45% in 2008 and they then had to face unsustainable debts. Cemex, the most global of the Mexicans, was very exposed to the United States and Mexico and had to make major divestments to lighten its debt load. It was the third largest cement company in the world and had been leading the process of globalisation by Mexican multinationals by making leveraged purchases over the previous fifteen years. In 2009, it sold operations in Australia and assets bought for $1.9 billion from Swiss competitor Holcim. Company debt, which amounted to $14.5 billion in 2010, was renegotiated. Its last major acquisition was the purchase of the Australian company Rinker (strongly anchored in the United States) for $14.2 billion in 2007 – which was a milestone at the time. In 2010, after restoring its balances, Cemex embarked on another international expansion, investing $100 million to build a cement plant in Peru through a venture capital investment fund.

In the case of FDI, the pattern is similar: for the 'Mexican cluster' 93% of FDI in 2009 came from the advanced economies (above all the United States in the case of Mexico); whereas for the 'Brazilian cluster',

Figure 4.3 Export of goods and services to advanced economies, 2009 (as percentage of GDP).
Source: BID, 2011. *Note:* the 'Brazilian cluster' is shown in dark grey, and the 'Mexican cluster' in light grey.

88% came from advanced economies (with a greater presence of European FDI). The origin of the FDI in both cases is not a discriminating factor, unlike the final destination of the products made by the investor companies, especially in the manufacturing and industrial sectors. In the case of Mexico, much of the FDI points towards the domestic and US markets, in contrast to Brazil. As a result, investment and capital flows were redirected more generally towards Mexico, particularly in 2008 and 2009.

To a certain extent, there was 'decoupling' of the emerging markets and the OECD countries; however, the Mexican trajectory shows that this phenomenon was incomplete and did not affect all of the emerging economies. Moreover, if there was decoupling of the *real* economy for some emerging economies (such as Brazil), this was not the case from the *financial* standpoint.[8] For many emerging markets such as Brazil, the increasing South–South relations with other emerging markets softened the recessive impacts. Nevertheless, all the multilatinas were affected by the financial changes and the restructuring of investor portfolios, as becomes obvious in the crisis that lashed Europe in 2011 (Figure 4.4).

The crisis of 2008 nearly stopped Mexican FDI abroad, interrupting the investment cycle of the Mexican multilatinas (that year Mexican FDI outside of the country hardly reached $1.1 billion). However, this was only temporary. By the year 2010 another milestone in the history of the Mexican multilatinas had been achieved. Mexican businesses invested $14.3 billion in productive assets abroad, according to official data from Mexican authorities ($12.7 billion according to the *CEPAL Review*). This record amount reflected a clear geographical and sector diversification. By 2010 Mexican multilatinas had exceeded the peak reached in 2007 (when they doubled the figures for 2006)[9] before the global crisis struck them in 2008 and caused a drastic reduction in the investment activity that year. In 2010, Mexican multilatinas achieved

[8] For more on this point, see the analysis by Eduardo Levy-Yeyati, 'Emerging Economies in the 2000s: Real Decoupling and Financial Decoupling', Universidad Torcuato di Tella, Working Paper (not published), June 2010. Available at www.bde.es/webbde/GAP/Secciones/SalaPrensa/Agenda/Eventos/10/Jul/04.Levy-Yeyati.pdf.

[9] For details of FDI inside and outside of Mexico, see www.economia.gob.mx/swb/es/economia/p_Direccion_General_Inversion_Extranjera.

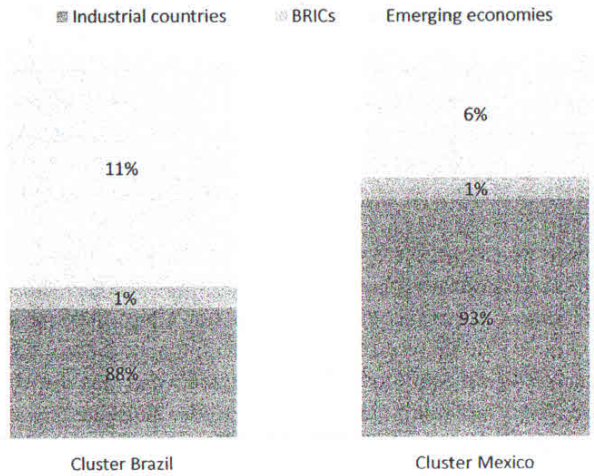

Figure 4.4 FDI towards the Brazilian and Mexican clusters, 2009 (as percentage of the total).
Source: BID, 2011. *Note:* Brazil cluster (Argentina, Brazil, Chile, Colombia, Peru); Mexico cluster (Costa Rica, Dominican Republic, El Salvador, Honduras, Mexico); Emerging economies and industrial countries as defined in the World Economic Outlook (IMF).

an 80% recovery with respect to 2009, as Mexican FDI outside of the country rebounded to $7 billion (Figure 4.5).

The most outstanding investment was achieved by Casa Saba, which acquired the Chilean company Fasa, a pharmacy chain operator, for $637 million. In another noteworthy transaction, Mexichem bought the fluoride division of the British company Ineos Group, which includes assets in the United States, Canada, Britain, Taiwan and Japan, for $354 million. Mexichem plans to expand to Brazil (with investments of more than $100 million), a country where Cinepólis also had ambitious plans (intending to build 290 cinemas for $276 million between 2010 and 2012).

Also in 2010, Grupo Televisa signed an agreement for $1.2 billion to acquire a share in Univision. That same year, we also witnessed the agreement of Grupo Bimbo with Sara Lee Corporation to buy its bread business in the United States for a billion dollars. Also in the United States, Sigma Alimentos (Grupo Alfa) took over the US company Bar-S

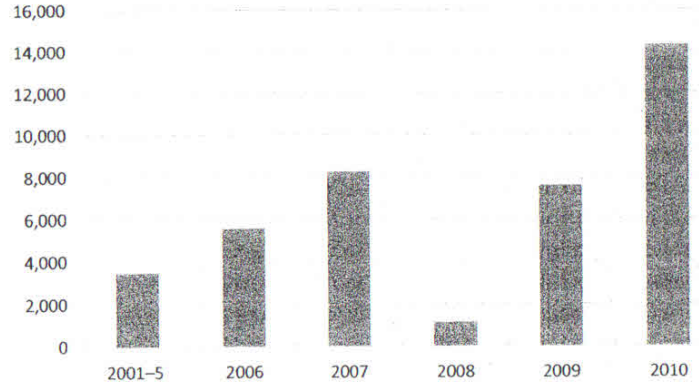

Figure 4.5 Foreign investment of Mexican multilatinas, 2001–10 (in $ billion).
Source: ESADEgeo, 2012; based on the CEPAL Review and the Central Bank of Mexico, 2011.

Foods for $575 million. Grupo México, which has the third largest copper reserves in the world and operates the largest railway network in the country, has mines in Mexico and Peru through its unit Southern Copper. In the United States, the recently reincorporated Asarco (for which it paid more than $2.9 billion in 2009) served as another counter-cyclical example of Mexican multilatina business activity.

These operations highlight the tendency of Mexican multilatinas to concentrate acquisitions in the American continent – where the USA is a particularly important destination. In 2010, the USA accounted for 56% of the total, followed by South America (27%) and Europe (15%). This picture confirms a previous trend where the major operations were carried out in North American or related markets. Among these investments were those of Vitro (glass packaging and related industries) and Cementos Mexicanos (Cemex), two groups that have spearheaded Mexican expansion abroad.

However, new destinations are appearing, particularly in Latin America and Europe. In Latin America, in addition to the operations mentioned in Chile, there are also notable investments in the Andean countries. For instance, Mexican investments in Ecuador reached about $2 billion in 2010, with the announcement of the purchase of 75% of the shares of the Ecuadoran Coca-Cola bottler by the

Mexican company Arco. Asia also appears on the investor radar. In 2011, for example, Mexichem announced investments of $150 million in Japan and Korea to install refrigerant and hydrofluoric acid plants. In Europe, Bimbo announced its interest in bidding for the assets of Sara Lee in Spain (Bimbo España). The year before, FEMSA announced that its board of directors had reached an agreement to exchange its beer operations for a 20% share in Heineken, in a transaction valued at $7.4 billion. FEMSA therefore focused its business as a Coca-Cola bottler with a presence in Mexico, Guatemala, Nicaragua, Costa Rica, Panama, Colombia and Argentina.

In 2010, along with the United States, Brazil was one of the main destinations of Mexican FDI, with a total of $3.6 billion invested. According to the Mexican secretary for foreign relations, Brazil is now the main destination for Mexican investments worldwide, and Mexico has a combined investment of $17 billion in Brazil. The main Mexican companies that have invested in Brazil are América Móvil, Telmex, Coca-Cola FEMSA, Dako Electrodomésticos Mabe, Nemak, Grupo Posadas, Bimbo, Softtek and Mexichem. Bimbo, for example, entered Brazil in 2001 with the Pullman, Nutrella and Ana María brands, and has seven plants in the country – its third market worldwide after Mexico and the USA. Other Mexican companies that expanded in Brazil in 2010 were the white goods manufacturer Mabe, the bottling company Coca-Cola FEMSA and the Carso Group, owned by the magnate Carlos Slim, in the telecommunications sector. Coca-Cola FEMSA, the Mexican bottling company and the largest in Latin America, spent $150 million in 2011 on a new plant in the Minas Gerais region of Brazil.

Among the most internationalised groups are Gruma, a multilatina founded in 1949 in the city of Monterrey. Today Gruma is one of the largest producers of corn flour and tortillas in the world, operating mainly in the United States, Mexico, Venezuela, Central America, Europe, Asia and Australia, and exporting to 105 countries worldwide. The firm has approximately 20,000 employees and ninety-five industrial plants. As proof of its appetite, in 2011 it carried out acquisitions, particularly in the United States, for $9 million, and set roots in Russia with another purchase for $7 million. In 2011, it demonstrated its recovery from the crisis in the USA by posting earnings of nearly $360 million, 50% more than in 2010. A sale of shares in the bank Banorte enabled it to unload 50% of its debt.

Another Mexican investment paradigm is that of América Móvil and Teléfonos de México – both owned by Carlos Slim – which have built an empire across the continent. With a presence in nineteen countries and more than 200 million users, they are among the world's largest telecommunications companies. In 2011, it was announced that the companies would invest $8.3 billion internationally, some $3.7 billion of which would be in Mexico and $2.5 billion in Brazil (nearly 75% of the total).

In 2012, América Móvil committed to two major operations in Europe, buying a controlling equity stake in Dutch telecom operator KNP and another controlling stake in Telekom Austria, both giving complete access to continental Europe, from the Netherlands to Austria and Eastern Europe.

Argentina

For many years Argentina boasted some of the most important multilatinas. Groups such as Techint, Arcor and Bagó were pioneer multilatinas, and among the first Latin conglomerates to internationalise. These multilatinas continue to be major references today, despite the relative decline of Argentinean multilatinas. While Chile, Colombia and even Peru have watched their multinationals grow in importance and number, Argentina has gone down the opposite path.

Argentinean companies currently have a stock of FDI outside of the country of just $30 billion, less than half of Chile's investments abroad. Colombia, which had a late start in the race of the multilatinas, is already close to matching the figures for Argentina. At the end of the decade of the 2000s, the top nineteen Argentinean multilatinas totalled $20 billion in assets abroad, and had 42,000 employees outside of the country, and about 315 subsidiaries spread across forty-two countries worldwide.[10] These firms are spread in a wide array of sectors, including pharmaceuticals, electronics and computation, civil engineering, chemicals, hydrocarbons and services, and oil.

It is also worth noting that Argentina has been creating technology-based multilatinas over the decade 2000–10 – such as Globant, and

[10] See ProsperAr Invest in Argentina, *Primer Ranking de las Multinacionales Argentinas*, Buenos Aires and New York, ProsperAr and Vale Centre, Columbia University, 2009. Available at www.prosperar.gov.ar/es/descargas/Publicaciones/Primer-Ranking-de-empresas-multinacionales-argentinas/.

Mercadolibre which has been listed on NASDAQ since 2007. We will examine these in the chapter on Multilatinas 2.0. These companies point to the potential of Argentina (and the regional potential) in the Internet. Globant has a total turnover of $90 million, mainly in the United States and Britain (93% of the total) and is searching to gain ground in Brazil and expand worldwide.

Another company that stands out in the sector of technology is Assa, an Argentinean multilatina in the sector of consulting and outsourcing. The company was founded in 1992 and has operations in Brazil, Chile, the United States and Mexico. In 2010, the private investment fund HSBC Latin American Partners and the investment arm of the World Bank, the International Finance Corporation (IFC), invested $20 million in the company. With this capital injection, Assa plans to accelerate its international expansion, including to Europe. In 2010, it was announced as one of the 100 best IT service companies in the world, sharing the podium with another ten companies from the continent.

The Latin American IT companies considered among the best in the world are (in alphabetical order): CPM Braxis based in San Pablo, Brazil; DBA Engenharia de Sistemas Limited in Río de Janeiro, Brazil; Globant, Grupo ASSA, Grupo Prominente and Hexacta in Buenos Aires, Argentina; Hildebrando in Mexico City, Mexico; the Mexican company Neoris, based in Florida, United States; Stefanini IT Solutions in San Pablo, Brazil; Synapsis in Santiago, Chile; and Transactel in Guatemala. The regional IT industry is growing and went from just 5% of the total of the top 100 in 2009 to 11% in 2010.

Grupo Assa, with central offices in Buenos Aires, has operations in the Americas and Europe. Today the company employs more than 1,000 consultants and plans to more than double this number over the next few years. Its international presence is concentrated in Latin America, although some firms, such as Tenaris, Arcor, IMPSA and Bagó are present in Asia, and, in the case of Arcor, present in the Middle East. Many are developing major activities in Europe. It is worth mentioning the cases of Tenaris and Ternium, from the Techint group, given that these multilatinas have decided to move their headquarters to Europe (Luxembourg). Arcor, Bagó, Molinos Río de la Plata, Tecna, Iecsa and Assa are also active in Europe. The majority of these are present in the United States, as shown in Table 4.2, which reveals the index of regionalisation (calculated as the

Table 4.2 *Index of regionalisation of Argentinean multilatinas.*

Company	South America	North America	Europe	Central America	Asia	Middle East and Africa	Southeast Asia and Oceania
Grupo Techint	29	45	14	10	1	–	–
Arcor SAIC	67	15	11	–	4	4	–
IMPSA	45	9	–	–	27	–	18
Grupo Bagó	50	8	4	31	8	–	–
Molinos Río de la Plata SA	60	13	27	–	–	–	–
Grupo Los Grobo	100	–	–	–	–	–	–
Cresud	80	20	–	–	–	–	–
Roemmers	100	–	–	–	–	–	–
TECNA	67	22	11	–	–	–	–
Lecsa SA	70	–	20	10	–	–	–
SA San Miguel AGICI	67	–	–	–	–	33	–
BGH	100	–	–	–	–	–	–
CLISA	100	–	–	–	–	–	–
Petroquímica Río Tercero SA	100	–	–	–	–	–	–
Grupo Assa	40	40	20	–	–	–	–
Grupo Plastar	–	100	–	–	–	–	–
Sancor Coop. Unidas Ltda	100	–	–	–	–	–	–
Havanna	94	–	1	5	–	–	–
Bio Sidus	–	100	–	–	–	–	–

Source: ProsperAr Survey, Vale Center Columbia University, 2011.

quotient of the number of subsidiaries in a specific region divided by the number of its subsidiaries, and multiplying the result by 100) (Table 4.2).

The top nineteen Argentinean multilatinas have 222 subsidiaries in South and Central America, and fifty-five in North America. They also have nine in Asia and the Middle East and twenty-five in Europe. The majority of their foreign assets are in North and South America. The Techint Group has the most assets abroad, representing 91% of the assets held abroad by the top nineteen Argentinean multilatinas. Arcor took second place, with 3% of the total assets abroad. The foreign assets of these nineteen companies represented 68% of the $28 billion of foreign assets held by all Argentinean companies at the end of the decade of the 2000s.

Many of the Argentinean multilatinas have become case studies in business schools. For instance, the veterans Arcor and Tenaris are studied at Stanford and Harvard.[11] These companies, along with others from the country, were pioneers in foreign investment, with examples that go back to the end of the nineteenth and beginning of the twentieth century. The early experience of companies such as Alpargatas, Bunge & Born, Siam Di Tella, Quilmes and Aguila-Saint opened the road for other Argentinean multinationals such as Techint, YPF (the government-owned oil company), Pérez Companc, Bagó and Arcor. The regional integration of Mercosur prompted many of these groups to respond with increases in productivity and technological intensity[12] (Figure 4.6).

However, many of the Argentinean groups such as Loma Negra (the cement company owned by Amalia Lacroze de Fortabat) went on to be controlled by Brazilian multilatinas (in this case Camargo Correa, for more than a billion dollars in 2005). Many Brazilian companies took advantage of the 2001 crisis in Argentina to buy assets: among others, Pérez Companc was bought by Petrobras, and the brewing company

[11] See for Arcor: https://gsbapps.stanford.edu/cases/detail1.asp?Document_ID=2876; and for Tenaris: https://gsbapps.stanford.edu/cases/detail1.asp?Document_ID=2603.

[12] See Paula Bustos, 'Trade Liberalization, Exports, and Technology Upgrading: Evidence on the Impact of MERCOSUR on Argentinian Firms', *American Economic Review*, 101(1), 2011, pp. 304–40. Available at www.crei.cat/people/bustos/Trade_Skill_PBustos.pdf.

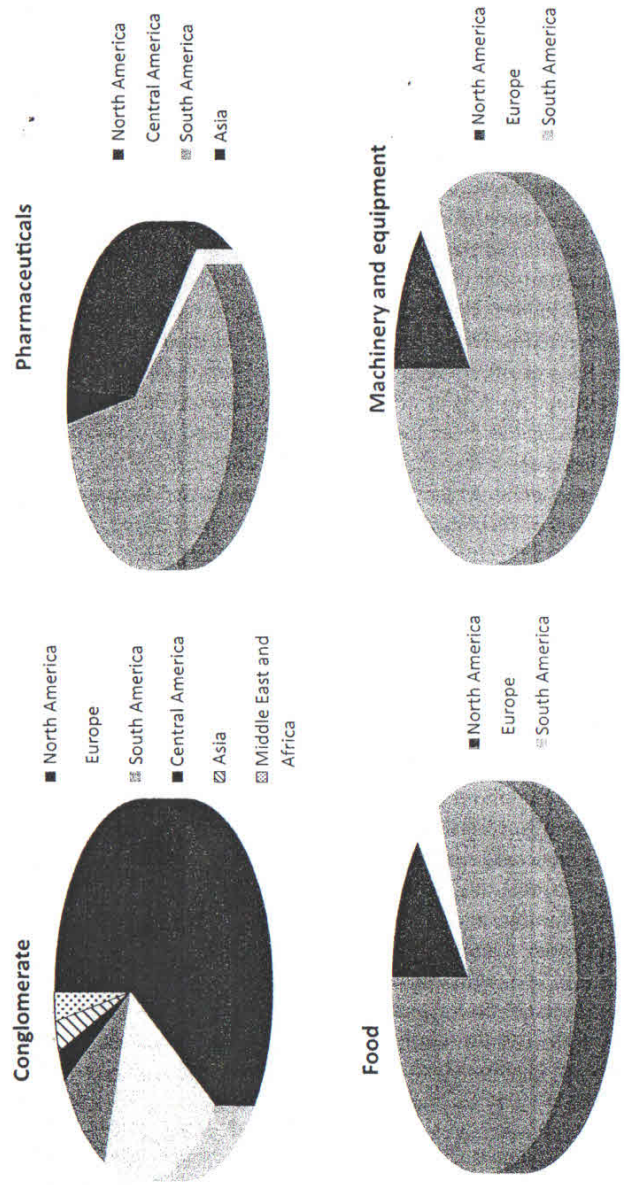

Figure 4.6 International assets of Argentinean multilatinas: geographic distribution (percentage of subsidiaries abroad).
Source: ProsperAr, 2010.

Quilmes and textile company Alpargatas were also bought by Brazilian rivals.[13]

Many of the other historic multilatinas, such as YPF and Pérez Companc, were also eventually sold to foreign groups. Aguila-Saint was sold to an Argentinean multilatina (Arcor) and Siam Di Tella closed its operations. Bunge & Born underwent a major process of restructuring during the 1990s, and no longer exists as such. It is now an international company located in the United States, with its headquarters in New York. Other Argentinean firms, with some exceptions, have remained lagging somewhat behind their counterparts in Latin America or other emerging countries. With the exception of the Techint Group, no Argentinean multinational exceeds $10 billion in foreign assets or has more than 20,000 employees. In contrast, many Brazilian firms are larger (Table 4.3).

One of the main Argentinean multilatinas is the Techint Group, which consists of six companies (Tenaris, Ternium, Tenova, Tecpetrol, Humanitas and Techint Engineering & Construction). Founded in 1945 by the Rocca family, it is a multinational based in Luxembourg, with operations mainly in Argentina, Bolivia, Brazil, Canada, Colombia, Ecuador, United States, Guatemala, Indonesia, Italy, Japan, Mexico, Peru, Romania and Venezuela. In 2010, the group posted a turnover of $20 billion and had more than 55,000 employees.

Tenaris is one of the spearheads of the group. It has been listed on the New York Stock Exchange, and in 2002 became a holding company in Luxembourg. In addition to Buenos Aires and New York, it is also listed in Milan and Mexico City. During the decade of the 2000s, this structure enabled it to have access to international capital and make acquisitions, particularly in Romania, the United States, Canada, Colombia and Mexico, and to open commercial offices in China and Saudi Arabia. Its industrial presence is distributed in fifteen countries and it has trading arrangements and direct operations in a total of twenty-five countries. In 2010, 43% of its sales were in North America, followed by South America (25%), the Middle East and Africa (16%), Europe (10%) and Asia (6%). Tenaris accounts for more

[13] To read more about this phenomenon, see Andrés Niembro, Daniela Ramos and Cecilia Simkievich, 'El papel del Mercosur en la llegada de la IED a Brasil y la internacionalización de empresas brasileñas', Fundación CENIT, Working Paper, May 2009. Available at www.fund-cenit.org.ar/investigaciones/dt33.pdf.

Table 4.3 *Ranking of Argentinean multilatinas (foreign assets in $ million).*

Position	Company	Sector	Foreign assets
1	Grupo Techint	Conglomerate	17,406
2	Arcor SAIC	Food	491
3	IMPSA	Machinery and equipment	300
4	Grupo Bagó	Pharmaceuticals	192
5	Molinos Río de la Plata SA	Food	190
6	Grupo Los Grobo	Agricultural production	175
7	Cresud	Agricultural production	68
8	Roemmers	Pharmaceuticals	58
9	TECNA	Construction	50
10	Iecsa SA	Civil engineering	50
11	SA San Miguel AGICI	Food/beverages	23
12	BGH	Electronics	15
13	CLISA	Waste	8
14	Petroquímica Río Tercero SA	Chemicals	8
15	Grupo Assa	IT services	7
16	Grupo Plastar	Plastic and rubber	5
17	Sancor Coop. Unidas Ltda	Food	3
18	Havanna	Related services food	2
19	Bio Sidus	Scientific research	1

Source: ProsperAr, 2010.

than one-third of the group's total sales and has more than 25,000 employees. Ternium is the second gem of the Techint empire, with 15,500 employees distributed between Argentina, Mexico, Colombia, the United States and Guatemala.

Another very successful Argentinean multilatina was Pérez Companc, which Petrobras bought in the 2000s. From this empire remains the food company Molinos Río de la Plata, of which the Pérez Companc family, the wealthiest in the country, owns 73%. Molinos Río de la Plata SA is an Argentinean multilatina operating in 190 countries and founded by Bunge & Born. It was acquired in 1999 by the Pérez Companc group, then leaders in the food industry in South America, active in more than fifty countries worldwide, and the largest company in Argentina in its sector. Its sales in 2010 exceeded $2.6 billion – of which 67% were exports.

Quilmes and textile company Alpargatas were also bought by Brazilian rivals.[13]

Many of the other historic multilatinas, such as YPF and Pérez Companc, were also eventually sold to foreign groups. Aguila-Saint was sold to an Argentinean multilatina (Arcor) and Siam Di Tella closed its operations. Bunge & Born underwent a major process of restructuring during the 1990s, and no longer exists as such. It is now an international company located in the United States, with its headquarters in New York. Other Argentinean firms, with some exceptions, have remained lagging somewhat behind their counterparts in Latin America or other emerging countries. With the exception of the Techint Group, no Argentinean multinational exceeds $10 billion in foreign assets or has more than 20,000 employees. In contrast, many Brazilian firms are larger (Table 4.3).

One of the main Argentinean multilatinas is the Techint Group, which consists of six companies (Tenaris, Ternium, Tenova, Tecpetrol, Humanitas and Techint Engineering & Construction). Founded in 1945 by the Rocca family, it is a multinational based in Luxembourg, with operations mainly in Argentina, Bolivia, Brazil, Canada, Colombia, Ecuador, United States, Guatemala, Indonesia, Italy, Japan, Mexico, Peru, Romania and Venezuela. In 2010, the group posted a turnover of $20 billion and had more than 55,000 employees.

Tenaris is one of the spearheads of the group. It has been listed on the New York Stock Exchange, and in 2002 became a holding company in Luxembourg. In addition to Buenos Aires and New York, it is also listed in Milan and Mexico City. During the decade of the 2000s, this structure enabled it to have access to international capital and make acquisitions, particularly in Romania, the United States, Canada, Colombia and Mexico, and to open commercial offices in China and Saudi Arabia. Its industrial presence is distributed in fifteen countries and it has trading arrangements and direct operations in a total of twenty-five countries. In 2010, 43% of its sales were in North America, followed by South America (25%), the Middle East and Africa (16%), Europe (10%) and Asia (6%). Tenaris accounts for more

[13] To read more about this phenomenon, see Andrés Niembro, Daniela Ramos and Cecilia Simkievich, 'El papel del Mercosur en la llegada de la IED a Brasil y la internacionalización de empresas brasileñas', Fundación CENIT, Working Paper, May 2009. Available at www.fund-cenit.org.ar/investigaciones/dt33.pdf.

Table 4.3 *Ranking of Argentinean multilatinas (foreign assets in $ million).*

Position	Company	Sector	Foreign assets
1	Grupo Techint	Conglomerate	17,406
2	Arcor SAIC	Food	491
3	IMPSA	Machinery and equipment	300
4	Grupo Bagó	Pharmaceuticals	192
5	Molinos Río de la Plata SA	Food	190
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10	Iecsa SA	Civil engineering	50
11	SA San Miguel AGICI	Food/beverages	23
12	BGH	Electronics	15
13	CLISA	Waste	8
14	Petroquímica Río Tercero SA	Chemicals	8
15	Grupo Assa	IT services	7
16	Grupo Plastar	Plastic and rubber	5
17	Sancor Coop. Unidas Ltda	Food	3
18	Havanna	Related services food	2
19	Bio Sidus	Scientific research	1

Source: ProsperAr, 2010.

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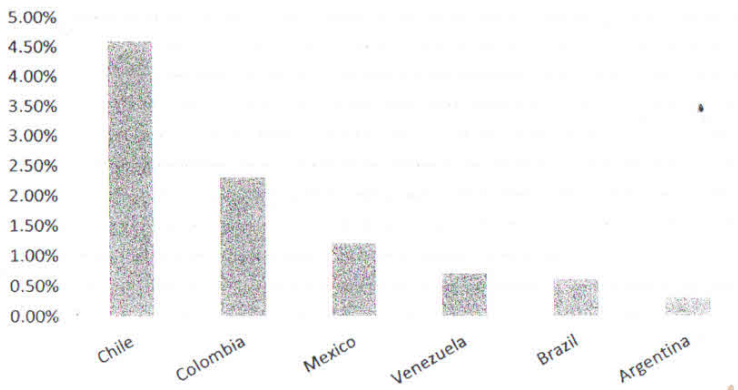

Figure 4.7 Latin America: foreign direct investment in 2010 (net outputs as percentage of GDP).
Source: ESADEgeo, 2012; with data from ECLAC.

Chile

Despite the global crisis, Chilean multilatinas surprised everyone in 2009 and 2010 by making a record number of investments abroad. These totalled $4.9 billion in 2009, and another $4.8 billion was added a year later. Chile led the regional ranking in 2010 in terms of investment relative to GDP with external investments reaching a record of 4.6% of GDP. This was followed by Colombia (2.3%) (Figure 4.7).

Chilean foreign direct investment totalled $57 billion between 1990 and 2010, and was made in more than twenty countries in the Americas, Europe, Asia, Oceania and Africa.[14] In the first half of 2011, Chilean FDI reached $3.5 billion, which means that the total amount invested abroad by Chile since 1990 exceeded $60 billion.

During the 1990–2010 period, Argentina continued to be the main receiver of Chilean FDI, despite a decreasing trend in more recent years (just $56 million in 2010). The combined Chilean FDI in Argentina totalled nearly $16 billion. Throughout this same period, Chilean direct investments showed a rising curve in Brazil. In 2009, Brazil

[14] See Ministerio de Relaciones Exteriores, *La inversión directa de capitales chilenos en el mundo, 1990–2010*, Santiago de Chile, Ministry of Foreign Affairs, Directorate-General of International Economic Relations, 2011. Available at www.direcon.gob.cl/bibliotecas/scategorias/list/1937.

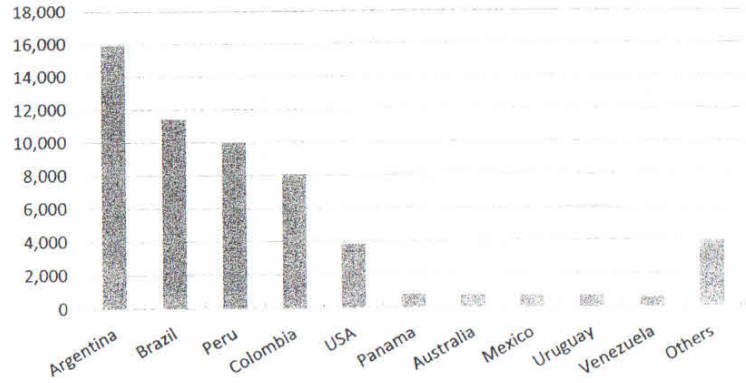

Figure 4.8 Foreign investment by Chilean multilatinas, 1990–2010 (in $ million).
Source: Chilean Ministry of Foreign Relations, 2011.

was the main receiver of Chilean capital, and in 2010, despite occupying third place behind Peru and Colombia, it received $1.2 billion in Chilean investments. In total, Chilean FDI in Brazil totalled more than $11 billion, which is one-fifth of the total Chilean FDI during the period 1990–2010 (Figure 4.8).

Chile has concentrated investment over the decade of the 2000s and until recently in neighbouring Peru. In 2010, Peru captured more than 40% of the foreign investment made by Chile, which was a record of $1.8 billion. Colombia occupied second place with $1.7 billion. In these two Andean countries, Chile has invested $10 and $8 billion respectively. In total, ten countries, all on the American continent except for one, concentrate nearly 95% of the total FDI made by Chile over the period 2000–10.

Interestingly, we can also observe how Chilean FDI began to diversify geographically since 2010. While most FDI was poured into the American continent, there were one Asian country (China) and two European countries (Belgium and Italy) among the top ten destinations in 2010. The amounts are still modest, but indicate that Chile is widening its horizons in the same way as Brazil (but with a time lag). During the 2000s, Chilean companies have started to invest in the Middle East, with $130 million in the UAE and Egypt. In Europe, Chilean FDI at the end of 2010 reached $870 million, or 1.5% of the

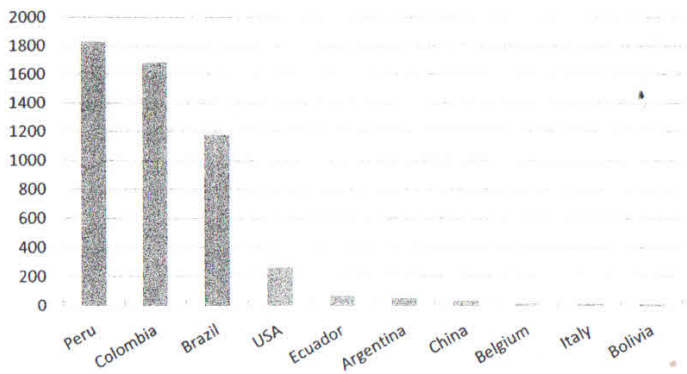

Figure 4.9 Foreign investment by Chilean multilatinas, 2010.
Source: Chilean Ministry of Foreign Relations, 2011.

total invested abroad. Half of these investments were made in Spain and another quarter in France. However, these amounts are small when compared to that invested in the United States ($3.8 billion for the period 1990–2010, which is slightly less than 7% of the total) (Figure 4.9).

In terms of sectors, Chilean capital over that period has been mainly directed towards services (40%), energy (28.8%) and industry (23.1%). In some sectors, Chile is beginning to position itself as a regional and international leader. The country is the leading world exporter of copper, and as such is backed by top-level groups in this sector, beginning with the government-owned Codelco or the privately owned Luksic group (which oddly has established the headquarters of its main mining company, Antofagasta, in London).

Chilean multilatinas are also gaining ground in other sectors: the country is already the third retail operator in Latin America; it is among the top ten producers of sawn timber in the world; its multilatinas are fourth worldwide in the production of cellulose and boric acid. Chilean multilatinas account for 30% of world production of lithium and derivatives, 33% of the world's sodium, 35% of the world's molybdenum and 47% of the world's specialty vegetable nutrition. With the merger of LAN and TAM, this Chilean-Brazilian multilatina will

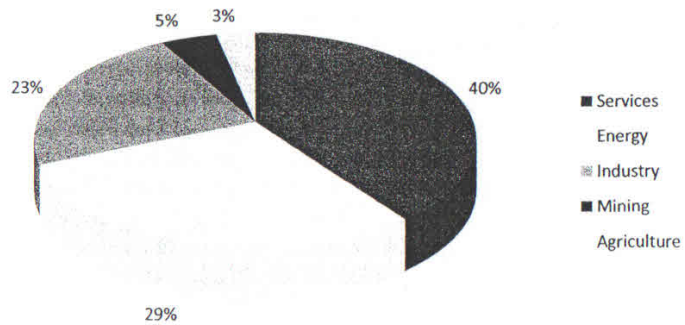

Figure 4.10 Foreign investment by Chilean multilatinas by sectors, 1990–2010.
Source: Chilean Ministry of Foreign Relations, 2011.

handle 37% of the Latin American airline load and 0.6% of world air traffic, and earn 10% of airline income worldwide (Figure 4.10).

Throughout the 2000s, many Chilean multinationals were expanding – especially retail companies. Cencosud, the third largest company in Chile after Codelco and Enersis, is in Argentina, Brazil, Colombia, Chile and Peru; Falabella is present in Argentina, Colombia and Peru; and Ripley and Parque Arauco are in Peru. The retailer Cencosud, owned by entrepreneur Horst Paulmann, bought the Bretas chain of supermarkets in Brazil in 2010. Today, Cencosud, active in Argentina, Brazil, Chile, Peru and Colombia, employs more than 100,000. In 2011, Copec, one of the largest conglomerates in the country, operating in the forestry and energy sectors, pursued international expansion with a $76 million purchase and investment in Colombia. Copec controls the cellulose production company Arauco, which is among the top five world exporters, with operations in Brazil (where it bought a local business for $230 million in 2009), Argentina and Uruguay.

Also worth mentioning is the recent operation carried out by Mall Plaza, a shopping centre construction and management firm. The company owns and operates eleven shopping centres in Chile and two in Peru, and aims to convert these centres into a single entity to serve as a reference point for the company's regional expansion. Mall Plaza

invested $75 million in 2011 to build the first shopping centre in Colombia – in Cartagena.

In regional terms, the Mercosur countries dominate (nearly 50% of the total FDI invested between 1990 and 2010), followed by the Andean region, and NAFTA (8%). Europe (1.5%) and Asia/Oceania (2%) are still marginal. But we are now seeing investments in other regions of the world. Cencosud opened an office in Shanghai in 2008 with the aim of improving the efficiency of its Asian and specifically Chinese supply. A remarkable case is the broadly internationalised multinational Soquimich which operates in eighteen countries worldwide – including the United States, Europe and Asia. From its European offices in Belgium, it leads operations in various African countries and the Middle East. It also has a direct presence in Turkey, South Africa, the United Arab Emirates, India, China, Japan and Thailand. In Europe, it is present in Belgium, Germany, Italy, Portugal and Spain. For its part, the shipping company Compañía Sudamericana de Vapores (CSAV), founded in Valparaíso at the end of the nineteenth century, is the oldest and largest in Latin America. In 2011, the group Luksic bought an almost 20% share in the shipping company for more than $240 million (through Quiñenco, the financial and industrial arm of Luksic) with the aim of re-energising the business.

The Luksic group controls 65% of the Antofagasta mining company, 50% of Banco de Chile, the second financial institution in the country, and 48% of Madeco. It has activities on every continent. In 2006, the Banco de Chile opened a branch in Beijing, making it the first Latin American banking representation in the Chinese capital. Madeco, a diversified group of companies that processes copper, aluminium, PVC and flexible container products, has twelve production plants in Chile, Peru and Argentina. It entered into the capital of the French company Nexans in 2008 in exchange for a cable business and took a 20% share of the French multinational three years later.

Chilean investments in Asia are still small, but indicate a growing mutual interest. In the first half of 2011, the Chilean foreign investment committee received applications for investments amounting to $417 million from Asian countries, well exceeding the $300 million requested during the whole of 2010.

China, in particular, has its eyes set on Chile, which produces 35% of the world's copper. Despite the robust trade between both countries, which in 2010 exceeded $25 billion, Chinese investment

represents only 0.11% of the foreign investment received between 1974 and 2010: totalling just $85 million. However, trends may soon change. The Chinese sovereign wealth fund CIC, which manages more than $300 billion, equivalent to 1.5 times the Chilean GDP, announced in 2011 its interest in investing in the country, particularly in mining and infrastructure projects.[15] Chilean investment in China only amounts to $212 million, which represents 0.4% of the total invested abroad by Chilean firms. In 2010, Chilean investment in China reached nearly $70 million. In addition to the Banco de Chile, Cencosud and Soquimich, the Chilean firms Falabella, D&S and Celulosa Arauco have also started operations in China. In 2011, Codelco and China Minmetals Corp signed a strategic investment alliance. The two government-owned banks Banco del Estado (Chile) and the China Development Bank have also signed similar agreements.

Colombia

Like Chile, Colombia has experienced remarkable changes over the last few years, both from a macro- and a microeconomic standpoint. Like Chile, which was one of the first countries in the region to obtain an investment grade rating, Colombia was awarded an investment grade rating in June 2011, thus recognising a decade of effort to stabilise the economy and put it onto a path to sustainable growth.

Macroeconomic progress has been accompanied by microeconomic progress, with the international expansion of the Colombian multilatinas. Like Chile (which became a member of the OECD at the beginning of 2010), Colombia also started a process of incorporation at the end of 2010 (which will be extended several years, in the same way as Chile) and its candidacy was well received with an initial economic report on the country.[16]

Not only has Colombia received a major boost in FDI (more than 3.5% and 4% of GDP in 2010 and in 2011, respectively), but it also became a direct investor. For the period 2001–10, Colombia achieved a combined investment (stock) of nearly $60 billion. In 2010, FDI in Colombia reached $6.8 billion, which was in line with the previous

[15] See www.inversionextranjera.cl/.
[16] See OECD, *Colombia Economic Assessment*, Paris, OECD, 2010. Available at www.oecd.org/dataoecd/38/14/46797800.pdf.

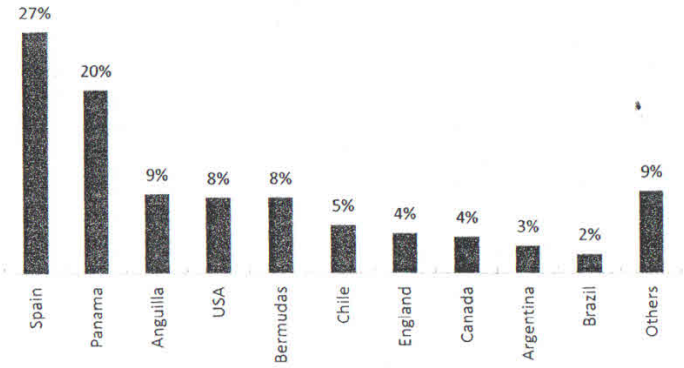

Figure 4.11 FDI by Colombia, 2010 (in $ million).
Source: Central Bank of Colombia, 2011.

year.[17] FDI in Colombia in 2010 grew by 113% and reached a record of $14.4 billion, according to UNCTAD, the United Nations Conference on Trade and Development. It grew again by more than 26% in the first six months of 2012 compared to the same period last year.[18]

Oil and mines account for nearly 70% of the total. In the first half of 2011, this figure was exceeded with $7.4 billion invested in the country. It is difficult to use official statistics to discover the origin of investment as nearly 50% of FDI enters Colombia through tax havens such as Panama, Anguilla, Bermuda and the Cayman Islands. However, it is striking that Brazil only represents 2% of the FDI.

We are seeing an unprecedented progress in Colombian FDI. During the year 2010, it reached $6.7 billion, a growth of more than 110% on the previous year. This represents nearly one-third of all FDI during the period 2001–10 (about $20.5 billion of combined FDI), which indicates a net acceleration in the foreign investment activity of Colombian multilatinas. More than twenty Colombian companies can be considered multilatinas; that is, they have substantial operations abroad (Figure 4.11).

[17] See the detailed report on FDI in Colombia by Proexport Colombia: www.inviertaencolombia.com.co/Adjuntos/246_Reporte%20de%20Inversion.pdf.

[18] See the economic report published by the Banco de Bogotá, one of the largest banks in the country: https://pbit.bancodebogota.com.co/Investigaciones/PresentacionPDF.aspx?PDF=42.

Avianca-Taca, Sudamericana, Aval and Cementos Argos are some of the most active in terms of foreign acquisitions. In 2010, the financial company the Aval Group drew attention with the purchase of BAC Credomatic in Central America, for more than $1.9 billion. In 2011, Sudamericana stood out when it bought assets from the pension funds in Latin America of the Dutch company ING for $3.7 billion. Taking advantage of the movements of integration in the Andean capital markets, the Colombian brokerage firms also went in search of business abroad. Many operate in the United States, and InterBolsa, for example, already has a major presence in Brazil and Panama. Also active in the Panamanian market are Corredores Asociados, Correval and Valores Bancolombia. This last firm is also setting up a brokerage in Peru.

The Colombian industrial multilatinas are also making waves. ISA has spread itself widely in the region in various lines of business. In energy, it operates in Brazil, Peru, Panama and Bolivia; in telecommunications in Peru, Chile, Ecuador, Venezuela, Argentina and Brazil; and in road infrastructures in Chile. Over the years, ISA has become one of the largest transporters of energy in Latin America, with more than 36,000 kilometres of high voltage lines. ISA has strengthened itself as a multilatina through half a dozen acquisitions, namely in Peru, Bolivia and Brazil. In 2010, it bought $300 million in assets from the Spanish railway company Ferrovial in Chile. ISA's strategy for growth projects $3.5 billion in income by 2016, 80% of which will be generated outside Colombia.

Also in the energy sector, Empresas Públicas de Medellín (a public services company) has found opportunities in Panama and El Salvador, and the Empresa de Energía de Bogotá (utilities company) has set up branches in Guatemala and Peru, where it supplies electricity. Another noteworthy company is Cementos Argos, which has operations in Panama, the Dominican Republic, Haiti and the United States. Founded in 1934, Argos is today the fifth largest producer of cement in Latin America. In 2009, its annual sales were near $2 billion, 44% of which was from Colombia, and with a notable 34% from the United States, 9% from other Latin American countries, and another 13% coming from businesses unrelated to cement. In May 2011, Argos, following its strategy of international expansion, bought more than $760 billion in assets from its French rival Lafarge in the United States.

In the agro-industrial sector, Alpina, a food supply company active in Ecuador and Venezuela, is building a plant to supply the US market. The Mundial Group, which supplies chemicals and paints, among other products, is present in almost all of South America and Mexico. A Colombian agro-industrial multilatina with a special talent for internationalisation is Nacional de Chocolates, which belongs to the Grupo Empresarial Antioqueño (Antioquia Business Group). Like many Colombian groups, this company began its expansion in the nearest regional markets. In the 1990s, it launched operations in Ecuador and Venezuela. However, in the decade of the 2000s it took a great leap overseas and graduated as a multilatina, making its way to twelve countries with its own operation, branches, and exports to seventy nations. Between 2000 and 2009, the group's international sales rose from just $45 million to more than $700 million. The number of employees outside the country also increased from 400 to more than 5,600 at the end of the 2000s – out of a total of 28,000. In 2011, it had eight production plants in six countries: Colombia, Costa Rica, Mexico, Panama, Peru and Venezuela (all in Latin America). The company grew through a dozen acquisitions. The last major acquisition was the purchase in 2009 of the Mexican company Nutresa, a chocolate sweets producer.

Colombia has several important conglomerates. The Carvajal Organization is one of the oldest, founded in 1904, and now formed of twelve companies with 23,000 employees. It has operations in more than sixteen countries, including Mexico, Peru, Ecuador, Argentina, Venezuela and Panama, and exports to more than fifty countries. In 2010, 45% of its income came from overseas. It is also present in Spain, and has interests in the United States and Asia. Recently, Carvajal agreed to purchase the Mexican group Convermex, the world's third largest producer of polystyrene glass, for about $180 million.

In the more traditional sectors of hydrocarbons, another important company is Terpel, which sells combustibles. The company has a 40% market share in Colombia, and also has assets in Chile, Panama and Ecuador. The oil company Ecopetrol also deserves special mention. It is not only benefiting from the boom in the oil market in Colombia, but is expanding internationally through an aggressive strategy of drilling and acquisition in Brazil, Peru and Mexico. In 2011, together with Talisman, it bought the Colombian operations of the British company BP for nearly $1.9 billion. It also made an acquisition in Peru with the Korea National Oil Corporation for nearly $900 million.

For now, the Colombian groups are graduating as multilatinas just like those of Chile, through internationalisation across the Americas. They are also following the path of the Brazilian multinationals, and it is expected that throughout the current decade we will see investments in other continents. But only time will tell; for now, the records of Colombian investment in China, for example, carried out by the Central Bank, show a very conservative flow of just $800,000 between 1994 and 2000.

Peru

The journey through the world of the multilatinas contains yet another surprise. As well as those in the countries already mentioned (Brazil, Mexico, Argentina, Chile and Colombia) there are multilatinas in other countries in the region that are also following this trend.

Even in Peru, we are seeing groups sprout up with major international ambitions, like AJE Group, founded by the Añaños family, with a presence in the Americas, Europe and Asia. One of these firms is Gloria, which, in 2010, took over an Argentinean company that it had merged with in 2006, after investing $19 million. This operation followed another acquisition for $40 million in Bolivia, with which it financed the first steps of its international expansion, focused initially on neighbouring countries. In addition to these countries, the Peruvian group owns milk product suppliers in Colombia, Ecuador and Puerto Rico.

Also in the sector of food and services, Alicorp, the crowning glory of the Romero group, bought its first company in Argentina in 2008, which was the third largest supplier of personal care products in that country, for $65 million. Shortly thereafter, it sealed the purchase of a Colombian company for nearly $7.5 million. After waiting out the crisis, Alicorp acquired 100% of an Argentinean company that produces cookies in 2010, followed by the purchase of a pasta producer in mid 2011. Founded in 1954, Alicorp was the largest agro-industrial group in the country in 2011, with operations in South America, Central America and North America. The beverage company rose two positions after being at 13 in the 2009 América Economía ranking, and announced sales of $1.1 billion in 2010.

In 2010, the brothers Pedro and Mario Brescia acquired the mining company Sierra de Madeira, in Brazil, for more than $470 million. With this purchase, they initiated an internationalisation that gained strength in 2009 with the purchase of the largest cement company in Chile (assets of the French company Lafarge).

For its part, in 2007, the group Interbank opened a branch office in China, and a year and a half later, conscious of the growing traffic between the two countries, the bank launched an import and export (trading) company. Interbank set up a commercial representative office in Shanghai, and has signed cooperation agreements with the Bank of China to establish a platform for services to Chinese investors in Peru. In 2011, it received a loan for $30 million from the China Development Bank (CDB) to fund projects and businesses that encourage commercial trade and investment between both countries. Today, the Interbank Group (IFH Perú), founded by Carlos Rodríguez-Pastor, is one of the most important groups in the country, with a reported turnover of a billion dollars and a presence in banking and insurance, restaurants and hotels, retail, real estate, administration and cinemas. At the beginning of 2011, it acquired the fast-food restaurant chain Bembos, which operates in Peru, Panama, Nicaragua and India.

The most symbolic case of the Peruvian business boom is undoubtedly Gastón Acurio, who founded an empire of thirty-four restaurants in fourteen countries, which he was running through his 'gastrogrupo' Inversiones La Macha (47% owned by Los Robles, the firm led by Andrés Belfus, former manager of the Chilean retail company Ripley). Its assets include the restaurant franchise Astrid y Gastón, which began in 1994, and currently has franchisees in Peru, Chile, Colombia, Ecuador, Venezuela, Panama, Spain, Mexico, Argentina, the United States and Britain. Acurio also developed other franchises and products including: a designer chain of pastry and delicatessen products; the 'La Mar Cebichería' seafood restaurants; and the restaurant-bistro-pastry shop Tanta, which now operates in Peru, Chile, Bolivia, Spain and the United States. Gastón Acurio plans to open a brand of hotels called 'Nativa' and continue expanding the restaurants towards Asia, once the United States and Europe are consolidated. In 2011, he opened a new restaurant in New York, investing $15 million. With an estimated turnover in the range of $100 million in 2010, Acurio invests in creating wealth and also in his school in Pachacutec, one of the poorest areas of Lima.

Above all, Gastón Acurio has led a movement that has put Peruvian cuisine on the international map, making it a tool for creating wealth, and forming a significant part of the nation's 'branding'. Behind Acurio, many other Peruvian chefs have emerged, such as Javier Wong, Christian Bravo, Iván Kisic and Rafael Osterling. Today, Peruvian cuisine produces 11.25% of the Peruvian GDP, is exported all over the world, and has boosted the self-esteem of the Peruvians. Gastón Acurio has landed in position 42 on the prestigious 'Restaurant' list of the world's best chefs. Making it on the list is testimony to a major transformation that is taking place in Latin America, and Peru in particular, with the emergence of a great cuisine that shows that innovation, business creativity and scalable economy are the keys to success.

The success of Gastón Acurio has ceased to be a local event. His restaurants can now be found on the streets of New York, San Francisco, London, Barcelona and Madrid – as well as Lima or Bogotá. Beyond the culinary success, there is also the economic and business success, with nearly 3,000 direct employees and many more indirect employees, and a national 'branding' that has changed profoundly. In addition, tourists to Peru now come to do more than just visit the ruins of Machu Picchu and the streets of Cuzco, and enjoy the many top gourmet restaurants in the capital that have followed in the steps of 'Astrid y Gastón'.

Exploring new areas

Beyond the specific characteristics of each of the countries mentioned, our attention is drawn to the fact that in this current decade of the 2010s the multilatinas are exploring new areas for investment. The previous case of Gastón Acurio and his restaurants shows that many of these multilatinas operate in the United States and Europe – as well as Latin America. Meanwhile, the new investment frontiers for these multinationals are profiled as Asia, Africa and the Middle East.

In Asia, we are seeing growing numbers of Latin American projects. The industrial chemical conglomerate Mexichem, one of the largest in Mexico, announced in 2011 that it plans to invest $150 million building plants for refrigerants in Japan and fluorhydric acid in Korea. The world's largest producer of potassium nitrate, the Chilean company SQM, set up an industrial plant in China in a 50–50 joint venture with local company Migao Corporation and endowed it with a $20 million investment.

Argentina has been particularly active in repositioning its relationship with China. The Argentinean company ProntoWash, an ecological car washing company, reached an agreement with the Chinese company Guangzhou Eco-EnvironTech in 2011 to develop this concept in the cities of Guangzhou, Beijing and Shanghai, among others, with an initial investment of $4 million. Another Argentinean company that is reaching out to China is the Chemo Group. This Argentinean pharmaceutical company signed an agreement in 2011 with the Chinese company FOSUM Pharma, in which both companies will make a combined investment of $73 million to research, develop, produce and distribute generic medicines to the Chinese markets, and build a plant in Shanghai. Banco de la Nación, owned by Argentinean capital, announced the opening of a commercial office in Peking, in addition to the offices that the organisation already has in the United States, Spain, Panama, Venezuela, Brazil, Bolivia, Paraguay, Chile and Uruguay. The main objective is to take advantage of the commercial trade between both countries, whose bilateral flows reached more than $13 billion in 2010, up 60% on the previous year, and turning China into Argentina's second largest business partner.

Interest in Asia is also stimulating Latin American countries to embark on joint ventures. The best example is the agreement made between Colombia and Chile in March 2011, with the aim of strengthening their presence in Asia and attracting investment in these countries. The agreement enables the Colombian promotion service Proexport to use the facilities of ProChile in China, Japan and South Korea. In addition, Peru will be included in a proposal to create a tourist package for Asians to visit Cartagena de Indias (Colombia), Machu Picchu (Peru) and Torres del Paine (Chile). These countries also aim to strengthen their relations with Asia by opening new embassies. To illustrate this, in 2011 Colombia opened an embassy in Indonesia (along with others in Turkey and the United Arab Emirates), thus confirming the intensified search for new investment frontiers.

This Asian connection sometimes has a Spanish side. In 2009, the Chilean multilatina Compañía Sudamericana de Vapores (CSAV), the largest shipping company in Latin America, connected the port of Barcelona with the Indian port of Nhava Sheva through a new weekly service running a thirteen-day route that will be covered by six ships. With this service, Barcelona will thus be linked to the geographic areas covered by CSAV, which are South America, the Pacific, the Caribbean

and the Mexican Gulf. In 2011, Singapore Airlines started operating a Singapore–Barcelona–São Paulo route, which flies non-stop between Barcelona and the Brazilian city three times a week. It is expected that there will be a high demand for seats due to events such as the 2014 World Cup and the Olympic Games in 2016.

As stressed in this chapter, the phenomenon of multilatinas goes well beyond Brazilian ones. Spanish-speaking multilatinas from Argentina and Mexico have in fact been the pioneers. Later Brazil entered into the game along with Andean country based multinationals from Chile, Colombia and Peru. Also interestingly, all these multinationals once focused on Latin America, and, from time to time trespassing towards the USA (mostly the Mexican ones) or Europe (mostly the Argentinean ones), are now exploring new geographies, looking towards Asia and the Middle East in particular. The boom of Andean multinationals (Chile, Colombia and Peru) is a new phenomenon. Another emerging trend, as we shall see in the next chapter, is the rise throughout the whole continent of another type of multinationals – Multilatinas 2.0 – more technologically orientated, IT providers and startups, some even listed in the NASDAQ.