



The Decade of the Multilatinas

Latin American multinationals (multilatinas) have been central in the rise of emerging markets in the last few decades. Their development comprises part of the global shift of wealth and power between nations. The rise of firms in a broad range of sectors – including construction, oil, telecommunications and the aeronautical industry – as important regional and global players is spreading: companies in Brazil, Mexico, Colombia, Chile and many others are part of this increasing phenomenon. This book analyses the trends, the countries and the firms involved, and explores the implications for the USA, China, Spain and the rest of Europe. In particular, Javier Santiso examines how Spain might profit from positioning itself as a unique hub between Europe and Latin America. *The Decade of the Multilatinas* includes a wide range of statistical data which will be useful to scholars, policymakers and commentators on Latin America in particular, and international business and emerging markets more generally.

JAVIER SANTISO is Professor of Economics at ESADE Business School and Vice President of the ESADEgeo think tank. He is also a managing director in a major global telecom multinational and the founder of Amerigo, a VC network fund in Colombia, Chile, Brazil and Spain with \$300 million of capital mobilised. Previously he has held the position of Chief Economist and Director General of the OECD Development Centre, responsible for emerging markets. He has also been Chief Economist for Emerging Markets of BBVA and advisor on emerging markets for Pfizer in New York and Lazard in Paris.

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For Susana and Eliana, with infinite love

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Foreword

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Latin America has come of age. After decades of ups and downs, the region seems to have abandoned the ghosts of the recent past and embraced globalisation. Although not every country is equally on board, the most important economies, from Mexico to Chile and from Colombia to Brazil, are riding the wave of economic growth and transformation that is sweeping the emerging world.

This renewed economic bonanza is not just due to the commodities boom. It has to do, most fundamentally, with the rise of a middle class of consumers and with the strong showing of a large number of companies, both large and small, known as the *multilatinas*. In this book, Javier Santiso takes the reader on an exhilarating journey across the Americas and around the world, tracing the origins of these companies to the peculiar historical and institutional trajectories of the various Latin American republics, and following them to the foreign locations in which they have established operations in search of inputs and markets.

Javier Santiso is no neophyte to the topic. Over the course of two decades, he has observed and researched the economic and business evolution of Latin America at close range, first as a chief economist for a major international bank, then as the chief economist for the Organization for Economic Cooperation and Development's Development Centre, and presently as a scholar at ESADE Business School and a managing director in a major telecom multinational. His unique experiences in the worlds of business, multilateral organisations and academia place him in an excellent position to analyse the phenomenon of the new global competitors from Latin America.

Santiso offers a wide-ranging analysis rooted in an extensive use of the available statistics on trade, foreign direct investment and firm-level operations. One of the main strengths of the book is that he makes a connection between the rise of the multilatinas and the recent influence of Spain and China throughout the region. Spanish companies

have invested heavily in infrastructure and services since the 1990s, while Chinese firms have become major trading partners, especially in commodities. The arrival of these new investors and traders has transformed the region, laying the foundations for a new breed of Latin American firms to emerge.

Santiso offers a view into the future for Latin America. The region has changed rapidly, and become much more differentiated than in the past. Mexico, Central America and the Caribbean have become much more integrated with the United States, while South America has developed strong ties to China and the rest of Asia. After nearly two decades of macroeconomic stability, Brazil has emerged as the giant of the region. Brazilian firms are now in a position to expand around the world on the basis of proprietary technology and know-how and brands, in sectors as diverse as foodstuffs, cosmetics, aircraft, mining, oil and biofuels.

The rise of the multilatinas is just one more indication of Latin America's enhanced stature in the world, and yet another signal that the global economy has changed dramatically since the turn of the twenty-first century. Because of its population size, expanding middle class, vibrant consumer markets, natural riches and formidable companies, the region is poised to become a major player in global economic and financial affairs. This book offers the best analysis to date of this new phenomenon.