

MIAMI: CONNECTING LATIN AMERICA'S BUSINESS FLOWS - HUNTON & WILLIAMS

Posted on 24/08/2011



Category: [Uncategorized](#)



The ability of Miami to service the needs of investors targeting both North and South America means that it remains a vital business connecting point

Time Magazine once branded Miami "the capital of Latin America". This may have a hint of hyperbole, not least due to the emergence of Brazil as the regional economic powerhouse, but the international flow of business through the city remains constant.

"For many years, Miami has been a major focus for outbound work to Latin America, with US companies increasingly using the city as a base for their regional headquarters and looking to bilingual professionals to advise on transactions across the region," explains Fernando Alonso, the

Miami-based Chair of Hunton & Williams' Latin American practice.

The list of major US businesses utilising Miami as a conduit for their Latin American operations is long. Household names such as Disney, Microsoft, Wal-Mart, MasterCard, Kraft and Sony all operate from the city, with a number of European businesses also locating here in recent years. Outbound investment to Latin America remains the major slice of the market, but the economic upturn across the region has begun to impact on the relative flows of business, says Alonso.

"Today, we see a greater balance between inbound and outbound work, with now very significant flows into the US from Latin America. Many regional businesses see Miami as a very easy place through which to access the US market."

In recent years, Brazilian foreign investment has begun to dominate as a result of its tremendous economic growth, he notes, with outbound investments, including those to the US, outpacing foreign inbound investment to Brazil. Among the most notable recent examples, include investments made by Brazilian steelmaker Gerdau, Mexican cement producer CEMEX and Mexican bakery chain Grupo Bimbo.

"Latin American companies are primarily investing in the goods, services and commodities sectors," Alonso observes. "A good example is Odebrecht Construction, a Brazilian contractor that has been involved in many recent Florida projects. But we have also seen financial institutions looking to expand their activities into the US."

Alongside Brazil, Mexico is now the second largest regional economy, and also a major source of investment flows, while there has also been increased activity regarding Chile and Colombia, he says.

Meeting point

Miami has therefore established itself as the focal point for companies wishing to do business that involves both Latin America and the US, says Alonso. The city is considered a regional gateway for north-south as well as east-west transactions and investment flows – Spanish banks are among those to have emerged as prominent local players, including Banco Sabadell and Banco Popular, while Portugal's Banco Espirito Santo also has a high profile Miami presence.

He also notes increased investment in infrastructure projects, with European companies using Miami as a springboard for operations throughout the US and Latin America. "Several have established operations in Florida that look both to North and South America. For lawyers on the ground, this has meant M&A and finance mandates, specifically structured and project finance, as well as reacting to litigation and arbitration needs."

But Miami has also seen an increase in international law firm activity. The rationale being that, rather than open an office in a single Latin American market, a local presence enables them to services their clients throughout the region.

"Although the principal focus of many of these firms is cross-border business, one should not lose sight of the fact that Florida is the fourth largest US state by population and an important economic power in its own right," adds Alonso.

Perhaps the single most important asset in Miami is however the large professional class that is bilingual, if not trilingual, he says. "Lawyers who can work in Spanish and Portuguese give Miami a decided advantage over other service centres for cross-border work."

The city's geography, combined with its linguistic and cultural diversity, means therefore that while it may now not dominate regional business flows, in the face of the varying fortunes of Latin America's economies it will however continue to be a significant regional centre, says Alonso. "Miami serves many purposes for many people, it is a vital connecting point."