

WORLD CITY

FOR SOUTH FLORIDA'S GLOBAL BUSINESS LEADERS

BUSINESS

Sept. 2, 2003

WORLDCITYWEB.COM

VOL. 6 NO. 9 \$3.50



**WALTER
MOLANO**

*Guest
Columnist*

One certainty about free trade: It's not really free

Free trade is the rage in Latin America.

Chile recently signed a free trade agreement with the United States. Central America is preparing a free trade agreement that should provide greater economic integration with the United States. Colombian President Alvaro Uribe recently jumped on the bandwagon. Each announcement brings a chorus of accolades from analysts, Washington bureaucrats and the media.

Yet, is free trade such a great thing?

Of course, trade is one of the tenets of classical economics. It is the opportunity for countries to exploit their comparative advantages, and obtain the most

Continued, Page 19

At long last, things looking up

We're hiring in '04, multinationals say

By **FORREST JONES**
Managing Editor

About 53 percent of multinational firms in South Florida expect to increase their local work force in 2004, according to research conducted by *WorldCity*.

Of 145 companies who responded to a survey, 77 said they expected to increase their work force, and 62, or 43 percent, said it would remain the same. Only three said the size of their work force would decrease. Three also said they would either increase or stay the same.

Continued, Page 14

Semi Annual Trade Report

Total '03 \$24.9 billion
Total '02 \$24.2 billion
Surplus '03 \$4.8 million
Surplus '02 \$2.5 billion

WorldCity Survey

Hiring:	53%
Status Quo:	43%
Cutting:	2%
Hiring/Same:	2%

Miami trade climbs, surplus takes a dive

Staff Report

One of humankind's oldest and most treasured commodities, gold, and one of its newest, computer chips, were surging into Miami the first six months of the year, keeping South Florida on track to reverse its unprecedented two-year slide in total trade.

Gold bars from Colombia and Intel's computer chips from Costa Rica, combined with a large increase in computers and computer parts from China, helped propel South Florida's trade to an increase of \$784 million, or 3.3 percent,

Continued, Page 8

A new term emerging — 'FTAA Light'

By **FORREST JONES**
Managing Editor

Trade representatives from the 34 nations seeking to establish a Free Trade Area of the Americas (FTAA) should

muster the political will to tackle difficult issues head-on so that the agreement does not become an "FTAA Lite," or a largely toothless pact unable to enforce free trade,

public and private sector leaders concluded at a seminar last week.

If the concept of free trade becomes too watered down

Continued, Page 6

THE GLOBAL **Q&I** Doug Parker,
President & CEO,
The Parker Co.

Local company supplies hotels worldwide as well as baseball stadiums

see page 22

other voices

“Our business has been growing this year - July was a little soft, but recruiting is usually like that in the summer. We see encouraging growth in job postings even if it's in fits and starts ... Particularly encouraging is that we also see some recovery in job postings for Mexico from U.S. companies and a few Mexican clients now and again.”



Eric Shannon
LATPRO

“Things in our line of business are going quite well because we tend to be busy on either end of an economic cycle ... but



Frank Holder
KROLL

there are still some persistent weak spots, and some new concerns. Mexico is lethargic or even recessive, and the viability of Brazil's economic plan is very much a question mark. Our hope is that they both recover somewhat over the next six months to a year.”

“Overall, our business is doing well this year, particularly in the Caribbean and in Central America. Of course Venezuela has been a challenge, but excluding that market our same-store-sales are positive and our franchisees continue to build new restaurants in a number of markets ...

“We're encouraged by the growing intra-regional trade some of our suppliers are developing within Central America and by the progress being made in negotiations to add Central America to the FTAA initiative.”



Jim Hartenstein
WENDY'S INTL.

“The banking industry, especially the international side, has been hit hard in Miami. We are losing about one bank every couple of months and 20 to 25 jobs ... The focus has changed and most banks are not prepared to take any, zero, cross-border risk and there is only a handful of banks still lending south of Key West ... New York and, to some extent, London financial services job markets are under a similar siege. Financial professionals from those regions are bombarding Miami with resumes, putting further pressure on the market. Professionals from Latin America are doing the same thing.”



Dennis Nason
NASON & NASON

Multinationals plan to hire in '04

Continued from page 1

The research was part of *WorldCity's* effort to update *Who's Here: The Guide to South Florida's Global Companies*.

Economists said the response reflects an overall outlook of improving economic activity in both the United States and Latin America. They said many firms are restocking inventories, boosting marketing expenditures and taking other steps to prepare for increased business.

“If we look at the structure of Florida trade, the bulk of our exports are with Latin America. What this reflects is an expectation that Latin America is going to turn around in the short run,” said Manuel Lasaga, president of the Strategic Information Analysis.

Others agreed, pointing out that South Florida finds itself in the unique position of posting trade surpluses thanks in part to demand for U.S. products and services in Latin America.

“Exports are big here - they drive the economy. Only a handful of Customs districts posted positive trade balances. We are positive here and that helps,” said Kenneth Thomas, a Miami financial consultant.

A growing work force at South Florida's international companies fuels the economy as a whole, as firms such as restaurants and clothing stores would benefit from the increased economic activity.

“That's the multiplier effect. That's why it's so critical that our local leaders try to improve conditions for businesses,” Thomas said.

Brazil is expected to post healthy gross domestic product growth rates in 2004, as will Mexico and Argentina. The weighted Latin American GDP should rise 2.4 percent in 2003 after contracting one percent in 2002, according to Lasaga.

“I think that pretty much fits what we are seeing from our perspective,” said Tony Villamil, chairman of the Washington Economics Group. “Some of the key markets for South Florida are starting to pick up. First, U.S.-Chile free trade is impacting favorably upon Florida and Chile, and the Chile economy is showing a pickup. We are likely to see more business next year.”

Lower interest rates in Brazil will boost exports there, while a growing U.S. economy will boost demand for Mexican goods and services and help fuel growth in the region, he said.

U.S. indicators seem to predict more sustained growth. But the gaping U.S. trade deficit accompanied with growth may lead to a wider current account deficit and subsequently, a weaker dollar. While such a scenario may not bode well for the outlook of the greenback's strength against the euro and other currencies, trade with Latin America should not suffer, as many currencies in the region are traded heavily against the dollar.

Exporters in the region will enjoy the strong euro, and ship more products to Europe.

“The weak dollar will boost the ability for European companies to expand here and buy assets here and expand more cheaply,” Villamil said. “Any kind of export activity to Europe will pick up also.”

More jobs should mean a greater demand for credit and for consumer and durable goods, even if those jobs stem from relocations and not fresh local hires.

“Even as people relocate here, there will be greater demand for mortgage financing,” Lasaga said.

Contact: fjones@worldcityweb.com