

Study and Development Fellowships for Sessional Lecturers
(CUPE 3913 Unit-2)

Report of Scholarly Activity

Thomas McKaig

January 2018

Within thirty (30) days of completion of the Fellowship, the Sessional Lecturer will provide to the Associate Vice-President (Academic) a summary report of the activities undertaken and achievements during the Fellowship semester.

The following report meets the above requirement for Thomas McKaig.

The goals for my work were to update and provide on the ground economic and business information on the countries in Latin America currently, and then to bring the international business world into the Canadian classroom. This involved updating my own understanding of the different current business environments found in Latin America and conveying this information to my students.

In order to begin, I recognized that as my Statement of Goals and Plan of Scholarly Activity was titled "On the Ground Business Information in Latin America" I would need to spend time physically in Latin America. While this was a necessity, it had to be co-ordinated around my teaching time, and thus the tight time line needed advance preparation before I arrived. Having had over ten years of annual trips to Uruguay, I began by contacting my list of "must see people." These people, many of whom are thanked at the end of this paper, introduced me to others, as I realized that I would have to diversify my contact list and keep it current. In finalized my meetings (by phone, and email) and arranged introductions (where necessary) before I left Toronto. The result was that on-site I had a full schedule of several meetings a day.

For example, I met with Dr. Mario Bergara, President of the Central Bank of Uruguay, where we discussed emerging monetary and fiscal policy initiatives. This is typical of the trips that I have taken in the past, either for my own business, for the latest edition of the textbook I co-author Global Business Today, or on behalf of clients. In Toronto, Alejandro Kayser, Trade Advisor, Institute for Export and Investment Promotion, was a key point of Ecuadorian contact even though I have been to the country several times before. He introduced me to an entirely new series of contacts. A meeting with Jessica Nicolalde, Executive Director, Ecuadorian-Canadian Chamber of Commerce in Guayaquil lead to a meeting with Cmdte. Jaime Ramírez of MARGLOBAL (a wide-ranging firm in various businesses from construction to maritime shipping) and his grandsons, where we discussed both the business as well as the unique challenges of family run businesses (which are dominant in Latin America).

As a result of these visits, discussions and analysis, there are several germane points:

Latin American businesses are actively taking part in seeking new markets and becoming global enterprises. For example, Adama is active in the agricultural/chemical business as well as the related seed business. Its head offices for Latin America (covering the Andean Pact of Nations) is in Miami, while its South American factory is in the Baranquilla free trade zone in Columbia. The company sees its growth worldwide and by increasing its market share in Ecuador.

Government is taking a new forward looking and more pro-business approach. A Guyaquil based lawyer, consultant as well as a realtor described that Ecuador is implementing new streamlined procedures for doing business in Ecuador, for example, for foreign investors who wish to purchase land or construct buildings. Ecuador intends to be transparent and enable the fast-tracking of information and permits so that foreign companies can quickly adapt to regulatory realities within Ecuador. Ecuador is facing a new age of international investment. In the past 10 years, Ecuador has gained a lot of negotiations experience in the realm of international trade, as it has signed numerous international conventions and bilateral trade treaties with nations around the world. These conventions include International Labour Organization, UN Charter of Rights and other UN declarations.

In Uruguay, the President of Lanas Trinidad S.A. described his company which produces highly processed wool. This company indicated that it is highly active in global markets with 40% of their product going to Asia (mostly China) while the other 40% is exported to Europe which includes Germany Switzerland and the UK. It is, in all ways, a “modern company” operating in a century old industry. For example, in all phases of shearing the sheep, ethical guidelines are in place to ensure humane treatment of the animal.

In another industry learned that 25% of Uruguay beef goes to NAFTA countries, including Canada, while about 15 percent goes to Europe. Both of these trading blocks are self-sufficient in beef production, and what they purchase from countries such as Uruguay and Australia is used to “top up” the lesser quality meat that they produce. Since 2010, China has substantially increased imports of Uruguayan beef because of its changing consumer habits as its economy expands, along with the fact that it is not self-sufficient in beef production. Other suppliers of beef to China include the Latin American countries of Argentina and Brazil.

In Uruguay, the government has good service industry policies in place, even if they could be improved. The Uruguayan government has provided incentives for foreign offshoring companies to open offices within Zone America, which is located on the outskirts of Montevideo. Zone America accounts for over 25% of Uruguayan exports in the services industry according to Vivian Couto, Adviser at Latin American Association of Service Exporters.

The President of the Central Bank of Uruguay described a situation where the free movement of currency has been in place since 1974. The Central Bank is trying to strengthen the peso by decreasing its exposure to the US dollar. Uruguay has issued several inflation-indexed bonds in the peso and international investors have been purchasing them, as increasingly, international investors are seeing the UYP as a credible currency. Uruguay has a reputation of having a stable and credible banking system and is working on best practices international bank standards.

W. Edwards Deming, in his book Out of the Crisis, said it best: “New product and new types of service are generated, not by asking the consumer, but by knowledge, imagination, innovation, risk, trial and error on the part of the producer, backed by enough capital to develop the product or service and to stay in business during the lean months of introduction.” The “producers” I talked to and had meetings with in Latin America have shown me that quality and innovation are both just as important, and just as prevalent, in Latin America as elsewhere in the world.

The above has been implemented in the classroom as follows:

Leading up to and including the Fall semester (2017) of BADM 4180 Latin American Regional Business Studies **I have completed:**

1. During the Fall semester I conducted my trips, interviews, meetings, and made arrangements for future interactions, guest lectures, and updates on current political, economic and financial matters to incorporate in lectures and in-class discussions.
2. Arranged for an in person, in class guest speaker (via skype speaking live from Quito) from Ricardo Valdez CITP/FIBP Trade Commissioner Quito, Ecuador, Embassy of Canada. He created and facilitated a highly energetic and interactive seminar (which went over time limits due to extensive student involvement).
3. I also arranged for three other speaker who, because of their own schedules and the disruption to the University's fall schedule, were not able to speak on this occasion. They were Alejandro Kayser, Trade Advisor, Institute for Export and Investment Promotion, Ecuador; Vivian Couto, Centre on Globalization, Governance & Competitiveness, Duke University; and Jose Luis Peroni, Director, Trade Office of Peru, OCEX Toronto.
4. All four of these individuals have expressed a firm interest in participating in the class in the future.

For the Fall semester (2018) of BADM 4180 Latin American Regional Business Studies **I have completed:**

1. An updating of the list of supplementary texts and other optional readings. As noted in my original application, the existing sources, while good, were somewhat out-of-date. The new list includes three texts published during 2016-2017.
2. The suggested "Export Related Websites" list has been updated, with old links removed, and new sources added.
3. As part of the above, a link is now provided to "Useful International Trade Websites" which is a four-page pdf document with link sources with annotations newly prepared by me.
4. 20% of the optional learning links (case studies) have been removed and replaced by more appropriate and more current cases.
5. All of the above has been listed on the updated www.tm-int.com website.

My ongoing work for the future is to make further contact with some of the firms that I interviewed in the fall: Adama (Ecuador) (agricultural chemicals) and the National Institute of Meats (Uruguay) (exporting of beef). Information from these and other export-based companies (which would, in effect, mirror the export plan that my students develop for their team project) would potentially be highly useful to my students, and perhaps evolving into a more detailed case study of the firm or organization.

This work, both that which has been done as well as the ongoing work, has benefited both my students with up to date material and access to on the ground experts, and myself as I continue to build bridges with a wide range of people of varying backgrounds. It was time and work well spent for myself, for my students and for the University of Guelph which will benefit from my relationships in the business and academic world for future academic endeavors.

Conclusion

I would like to thank the Study and Development Fellowship committee for providing me the opportunity to undertake this series of work. I would also like to thank the four individuals who have had the interest and made commitments to speaking in the classroom: Alejandro Kayser, Jose Luis Peroni, Vivian Couto, and Ricardo Valdez.

I would especially like to thank Dr. Mario Bergara, President of the Central Bank of Uruguay, where we discussed emerging monetary and fiscal policy initiatives. He inscribed a copy of his book Las Nuevas Reglas De Juego En Uruguay. I am in the process of digesting this book, written in Spanish.

I would further like to thank the following individuals who shared their time, insights, and expert knowledge with me during my country visits in the Fall of 2017:

IN URUGUAY I would like to thank the following people and their organizations:

- Fernando Lopez-Fabregat, Ambassador of Uruguay to the United Kingdom, Iceland and Ireland.
- Lic. Javier Pena Capobianco, Jefe de Comercio Internacional, Camara Nacional de Comercio y Servicios del Uruguay.
- Vivian Couto, Centre on Globalization, Governance & Competitiveness, Duke University.
- José Luis Echevarría Petit, Managing Partner, Echevarría Leunda & Echevarría Petit Abogados.
- Joanne Frappier, Ambassador of Canada to Uruguay.
- Cristina Malcuori, Advisor and Trainer, Instituto Latinoamericano.

- Patricia Wilson, Trade Commissioner, Government of Canada, Uruguay.
- Ing. Agr. Federico Stanham, President of the National Institute for Meats (INAC).
- Pedro Otegui, Lanas Trinidad S.A.
- Dr. Mario Bergara, PhD, President of the Central Bank of Uruguay.

IN ECUADOR I would like to thank the following people and their organizations:

- Ing. Juan Carlos Peña, General Manager, ADAMA.
- Cmdte. Jaime Ramírez MARGLOBAL.
- Ing. César Mancheno, General Manager, Green Gold.
- Jessica Nicolalde B, Executive Director, Ecuadorian-Canadian Chamber of Commerce in Guayaquil.
- Tati Chavez, Gerente, Parque Empresarial Colon.
- Ab. Pavlo Llerena, Lawyer, Oficinas Cámara Edificio Blue Towers, Of. 604.
- Mr. Jaime Mendoza, GRUPRA.
- Mr. Adrian Ramirez Menendez, Coordinador de Desno Y construccion, Tulcán 809 y Hurtado Edificio San Luis Piso 2.
- Mr. Marcelo Ramirez Lascano, Gerente de Proyectos e Inversiones
- ABG Pavlo Llerena Martinetti, Consultor, Lawyer.
- Nicoleen Janneker, Director of Studies, International House Guayaquil.
- Ing. Carla Stopper, Projects, Ecuadorian Canadian Chamber of Commerce in Guayaquil.