

# MIAMI TODAY

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## OUTLOOK 2008

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### Pros: Trade growth may slow, but international sectors won't weaken

BY ROSSY EGUIGURE

Miami's international trade will continue to grow in 2008, but probably will be constrained by a national economic slowdown, local experts say.

However, a majority of the experts queried said Miami will continue to leverage its main competitive advantages to keep its place as the "Door of the Americas".

A main reason to be positive about the slight growth with foreign businesses is that Florida is very attractive to international investors and the recent decline in the US dollar makes it even more attractive, they say.

The dollar slid nearly 11% against the euro in 2007. For doing business with foreigners, the weak dollar helps Miami to bring more tourists and shoppers from Europe and South America, said Tony Ojeda, executive director of county government's Jay Malina International Trade Consortium. "For what I can see, I imagine that at the same time our economy begins to drop because of the housing crisis, we'll see an increase of international commerce with Latin America because they are advancing economically at a fast level," he said.

"Also, the weakness of the dollar makes that the US products cheaper to buy. I see that since the downturn of the dollar it would be easier to export. At the same time, Central and South American economies are growing; that is why I am so positive, but we'll confirm next year," Mr. Ojeda said.

Mr. Ojeda is not alone in predicting that the weak dollar will help Miami businesses.

Manny Mencia, head of International Development for Enterprise Florida, sees Miami's international position continue to strengthen in 2008.

"The continued expansion of Latin American economies, coupled with a weak dollar, will benefit our exporters and service providers, as well as bring foreign direct investors to our region," said Mr. Mencia, whose agency is the state's economic development arm.

Miami's location and cultural diversity are strong draws, said Mario Sacasa of the Beacon Council, Miami-Dade County's economic development partnership. "Our commercial situation is steady in spite of the US economy... because there are other interests from Europe and Asia who want to do business with Latin American countries and their products go through Miami.

"... We believe that even with the bad national economy and even the state's economy, in South Florida we have such a cultural diversity plus the tourism, therefore, I am hoping that we'll feel a little less of these economic challenges."

Other business development experts agree on the advantages, but also are focusing on the challenges that 2008 brings. For example, Harold Patricoff, head of the International Dispute Resolution Group at Shutts & Bowen law firm, advises keeping a close eye on the real estate slump.

"This year is to be slow because of real estate, at least first or second quarters will continue to be down," he said. "People are looking for the bottom of markets and for good deals. However, the international market won't decrease; it will either be steady or increase slightly until the real estate market improves."

Ian McCluskey, publisher of World City international trade magazine, said Miami's varied cultural mix is not the main advantage. "It's has nothing to do with multicultural, it is because of location, location, location. ... And the second point is that all of South America, all of Latin America, is mostly almost booming, and they buy all their stuff from Miami. This year it's going to be another record year [for export/import]. Last year it hit \$70 billion and this year, meaning 2007, could be almost \$80 billion."

Brazil continues to be Miami's number-one international business partner.

It's also expected that a new free trade agreement with Peru will generate more business in the future between Miami and the South American nation, Mr. Sacasa said.

Also, China is doing more deals in South America, so Chinese companies are looking for services in Miami to help them make an easier connection to Latin America, he said.

International banking and finance will continue to show steady growth, Shutts and Bowen's Mr. Patricoff said.