DOCUMENT ON

Host Government Policies

on the Acquisition of

land / resources

in major countries in

Latin America and the Caribbean

INDEX

FOREWORD

Latin America has an area of approximately 21,069,501 km², almost 3.9% of the Earth's surface or 14.1% of its land surface area. Its population is estimated at more than 580 million. Spanish and Portuguese are the predominant languages of Latin America. Latin America is rich in natural resources like *gold, silver, copper, iron ore, tin, crude oil , natural gas etc.* in the world. The Latin American and Caribbean (LAC) region comprises 43 countries.

Latin America is a region with extremely diverse resources, many of which have, as yet, been untapped. As a result, the Mineral exploration industry has tremendous potential. Approx. 50% of the region is under forest cover and its seas contain rich marine life. However, the fishing and forestry industries are still relatively small and are mainly oriented towards domestic markets. Some hardwoods and tropical woods are exported from the Amazon Basin where large areas are being deforested, as well as pine from Southern Brazil and Chile. As a conscious policy, vast areas of commercial forests have been planted in Brazil and Chile for lumber. Hence, it is expected that the forest industry will witness considerable growth in the coming years.

Availability of rich natural resources provide significant opportunities for investment and economic growth in a wide range of industries. The growth of the manufacturing sector has been inhibited to some extent due to the problem of small sized domestic markets and inadequate technological advancement in this region. Moreover, transportation and distribution networks are relatively weak. While some countries have developed heavy industries such as steel and iron plants and motor vehicle assembly plants for export, there is potential to develop these industries still further.

Many governments including Brazil, Chile, Argentina and Venezuela have begun privatizing nationalized industries such as the transportation and communications industries for financial benefit. However, the immediate impact has led to significantly higher unemployment rates and increased costs of goods and services. Nevertheless, there is a state led surge in growth in the region. In 2010, LAC región grew at a rate of 6% which was much higher tan the growth posted by the developed world at approximately 2%. Even in 2011, the LAC región is expected to grow at 4.2% with an approximate incrase of 3% in the per capita GDP. *(Source: ECLAC)*

In 2009, Latin America and Caribbean attracted Foreign Direct Investment (FDI) of USD 76.68 billion. Brazil was the highest FDI recipient with USD 25.95 billion. Chile emerged as the second highest preferred FDI destination with USD 12.7 billion, while Mexico was at third position which attracted USD 12.52 billion. Colombia and Argentina attracted FDI of USD 7.20 billion and USD 4.9 billion figuring at fourth and fifth position respectively in LAC. Services and manufacturing were top two favourite sector for FDI in the LAC (*source:ECLAC*).

This booklet is an endeavour to provide preliminary information to its users about host government policy on acquisition of land, availability of agriculture land, major mineral resources and ideal location for setting up industry / business centres in major countries of Latin America. The concerned Indian Missions have extended valuable cooperation and material for compilation of this information.

Brazil

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
- Agriculture & Farming
  - Land use indicators
  - Market for farmland
  - Modes of Ownership/Procedures for transactions

Brazil, at a glance *(As on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	201
2.	GDP (PPP)	US Billion	2010
3.	GDP (Per Capita)	US$	10100
4.	GDP Composition		
	Agriculture		6.1%
	Services		68.5%
	Industry		25.4%
5.	Inflation		4.9%
6.	Total exports	US Billion	201.9
7.	Total imports	US Billion	181.65
8.	Currency	Real	
9.	Major Cities	Sao Paulo, Rio de Janeiro, Salvador, Brasilia and Fortaleza.	

Brazil is officially known as the Federative Republic of Brazil or Republica Federativa do Brasil in Portuguese which is also the official language of the country. Brazil is the fifth largest country in the world and the largest in the South American continent. Till the early nineteenth century, it was a colony of Portugal. Even today the mixed ethnicity of Brazil, with about 50% of the population being Caucasian and the rest a mix of African and multi racial, is a symbol of its inter-cultural origins. The Brazilian geography mirrors the multi-ethnicity of its people. The country is the 5th largest in the world, spread over more than 8 million square kilometers, and boasts as its natural treasures the Atlantic Ocean, numerous archipelagos, the largest bio-diverse habitat – the Amazon rain forest and the Rio Parana and the Amazon river systems. The vast geographical expanse of Brazil and its long coast line ensures that the country enjoys wide climatic variation. While most of the country falls in the equatorial region, it also enjoys sub-tropical and semi-arid climate. This imparts tremendous variety to its agriculture and lumber sectors.

Aided by these natural advantages and fuelled by economic reforms, the Brazilian economy, is one of the fastest growing economies of the world today. In the last decade, Brazil's meteoric growth has attracted the international spotlight and today Brazil is one of the leading members of various multilateral organizations such as BRIC, MERCOSUL, G-20 and others.

However, like most developing nations, Brazil is also grappling with the problems of poverty, unemployment and social inequality. Despite these, Brazil is emerging as an agri-powerhouse today. Its ground breaking work in bio-fuel technology, high agricultural yield

and abundance availability of natural fuels is pushing the growth trajectory. It also makes Brazil one of the top five destinations for FDI in the world.

1A. BRAZILIAN MINERAL RESOURCES

South America as a whole is one of the richest regions in the world for metals and minerals. The Brazilian highlands, Mato Grosso, Minas Gerais, Rio Grande do Sul and Santa Catarina are rich repositories of precious stones, metals and coal, among other minerals. The main natural resources in Brazil include: bauxite, gold, iron ore, manganese, nickel, phosphates, platinum, tin, rare earth elements, uranium, petroleum, hydropower and timber. The availability of these precious resources is shown in the map below.

LEGEND

Mn	Magneze
NG	Natural Gas
Sn	Tin
P	Phosphate
Pb	Lead
C	Coal
Q+2	Quartz
▪	Gold
☒	Gypsum
Δ	Alunite

a) **Manganese**: Manganese ore is mostly found in the North and Central region of Brazil, particularly in the states of **Amapá and Mato Grosso do Sul.**

b) **Iron**: The biggest deposits of iron are located in the central and southern regions of Brazil, particularly in the states of **Pará, Mato Grosso do Sul** and **Minas Gerais.**

c) **Bauxite, Manganese, Nickel, Silver, Galena, Gold**: State of **Pará** in North Brazil has deposits.

d) **Petroleum**: Following the recent oil findings in the pre-salt region in the ocean along the Brazilian coast, the country is set to play a larger role in global oil market in future. The pre-salt region is located approximately 170 miles off the coast of Brazil in the Atlantic Ocean. The region extends from **Espírito Santo** to **Santa Catarina** State, measuring 497 miles in length and 124 miles in width. The region is named "pre-salt" because the oil is held beneath deep and ultra-deep waters, beneath around 3,000 meters of sand and rock, and an additional layer of salt that, in places, reaches thicknesses of over 2,000 meters, making extraction challenging. According to estimates Brazil has more than 14 billion barrels of reserves. The Brazilian state oil company, **Petrobras**, has been entrusted by the government for exploration and development of the reserves.

e) **Salt**: Salt production is mostly in the **Recôncavo Baiano** region, in the state of Bahia – North-East Brazil.

f) **Gold**: Traditionally gold exploration was largely concentrated in the state of **Minas Gerais,** which still continues to be the main area for the exploration of gold, despite reduction in the availability.

g) **Coal**: It is found in the states of **Rio Grande do Sul** and **Santa Catarina**, both in the Southern region of Brazil.

h) **Natural gas**: Brazil has estimated its reserve of natural gas in 10.28 billion cubic feet. The principal states producing natural gas are: **Bahia Santos** (North East region) and **Espírito Santo** (Southern Region). In 2009, Brazil was producing 10.28 billion cubic metre of natural gas. However, its reserves are estimated at 364.2 billion cubic metre.

The different parts of Brazil can be classified into different regions such as the Northern region, Northeast region, Midwest region, the Southeast region and the Southern region. The region-wise and province-wise availability of the most significant mineral resources in Brazil are indicated in the table below:

Region	Name of province	Major minerals / ore available
(1)	**(2)**	**(3)**
Northern Region	Amapá State (Serra do Navio)	Manganese
-do-	Pará State (Serra dos Carajás)	Iron, Bauxite, Manganese, Nickel, Silver, Galena, Gold
-do-	Pará State (Oriximiná)	Bauxite
North-East Region	Bahia State (Recôncavo Baiano)	Oil
-do-	Rio Grande do Norte State (Rio Grande do Norte)	Oil and Salt
Mid-West Region	Mato Grosso do Sul State (Maciço do Urucum)	Manganese and Iron
South-East Region	Minas Gerais State (Quadrilátero Ferrífero)	Iron and Gold
Southern Region	Rio Grande do Sul State and Santa Catarina State	Coal

1B. CURRENT POLICIES & PROCEEDURES FOR ACQUIRING LAND (REAL ESTATE AND MINES)

Ownership of land by an Individual or Company:

Brazilian law provides for ownership of land by an individual as well as a company. Since 1995, when the Brazilian Constitutional Amendment (EC) nº 06,1995 revoked article 171 of the Federal Constitution, foreign nationals and legal entities formed with foreign capital, are allowed to purchase real estate in Brazil. This **non-discrimination** between a Brazilian or non-Brazilian company is evident from the definition of a Legal Entity, as laid down in Brazilian law. The legal Opinion nº AGU/LA-04/94, of the General Consultancy of the Union states: *Brazilian Legal Entity, whose societal capital, even with the participation of a foreign national, with any percentage, being a person or a company, does not need authorisation to acquire rural real-estate in Brazilian national territory.*

This allows the restricted ownership of land by Brazilian companies, even though

owned by foreigners.

However, this Legal Opinion is being currently reviewed, by the AGU (Union´s General Advocacy).

Pre-requisites for land ownership:

Till recently, ownership of real estate or mining area by a foreigner was fairly liberal. There were certain restrictions on the quantity of land that could be purchased and limitations where the location of the land was sensitive due to reasons of security. Details of these are available in the Brazilian Constitution- Ar. 3º L.5709/71, Art. 7º § 2º Dec. 74965/74 and FC/88 Article 49, XVII.

The pre-requisites are as follows:

- The person must reside in the country. If the purchaser is a foreign national, he must have an identity card for foreigners; if it is a legal entity, it must possess the authorization to work in the country.
- The property may not exceed 50 modules of undefined exploration (continuous area or not).
  - *Brazil has a unique system of quantifying land into modules. The unit of measurement is hectares but it is defined for each unexplored rural area or for region. Thus, there is considerable variation depending upon the location of the real-estate in the Typical Zone or the Municipality and, it may vary from 05 to 100 Hectares.*
  - Definition of Zones of Modules: These are regions classified by INCRA (*Instituto Nacional do Colonizacao e Reforma Agraria* or the National Institute of Colonization & Agrarian Reform), similar in their ecological and economical characteristics. It is also based upon the micro-regional divisions made by the IBGE (Brazilian Institute of Geography and Statistics), considering the

economical and demographic influences of urban centres.

In certain cases, **authorization or license is required** from the Government organisation, INCRA (National Institute for Colonization and Agrarian Reform). This is applicable to:

- Property having an area of more than 3 modules of undefined exploration.
- Property having an area less than 3 modules of undefined exploration does not require authorization or license, except if it is the second acquisition or if it is an area of national security.
- Permission is required from the National Council of Defence if the area is of concern to national security or 150km from the border line.

There are, at the same time, **certain restrictions on acquisition** of property by foreigners. These are:

- The area acquired by a foreign national, or a foreign company may not exceed ¼ of the area of the municipality where the real-estate is located.
- People of the same nationality may not be owners, in each municipality of more than 40% of the above ceiling, i.e., ¼ of the total area of the municipality.

New restrictions on purchase of land by foreigners:

As mentioned earlier, Brazilian laws were fairly liberal in allowing ownership of land by foreigners. However, in August 2010 the Brazilian government amended its law regarding the acquisition of properties in Brazil by Brazilian companies controlled by foreigners.

- As per the amendment, a foreign company, even if acting through a subsidiary in Brazil, cannot buy more than 50 modules of land, which can vary from 250 hectares

(620 acres) to 5,000 hectares (12,350 acres) depending on the region.

- Further, the total land area can not be more than 25% of the total area of the municipality where the firm is located.
- The Notary Properties Record will maintain special registration for lands bought by Brazilian companies controlled by foreigners.
- The regulation also states that Brazilian rural properties can only be bought by foreigners for agriculture, cattle rearing and industrial operations.
- All records of acquisitions undertaken by Brazilian companies controlled by foreigners will be submitted quarterly to the Justice of the States and the Ministry of Agrarian Development.

Proceedure For Purchasing Land:

In case the land purchase does not require any authorisation, or once the required authorisations have been received, the following procedure is adopted:

- The buyer (foreign national) obtains a number known as the CPF or *Cadastro de Pessoa Fisica* . It implies registering in the Natural Persons' Register and is the same as the Social Security number in other countries. One can obtain this number by registering in any of the units of the RECEITA FEDERAL (Revenue Service). This CPF number is a document that in Brazil is obligatory for both foreign nationals and local people who may possess goods and rights that are subject to public registry, including, real-estate, vehicles, operate bank accounts, participate in the financial market, etc. This is used by the Ministry of Finance for taxation purpose.
- While registering at the Receita Federal to obtain this CPF, the foreign national will require the following documents:
    - Valid Passport and or RNE *(Registro Nacional de Estrangeiros* or National

Registry for Foreigners). The latter is issued by the Ministry of Justice.

- Certificate of birth translated to Portuguese by a certified translator and authenticated by the Brazilian Consulate in the country of origin.
- A Form of Registry of Physical Person which is available at the Receita Federal unit.
- When the person is married, the presentation of the CPF of the spouse (husband/wife) would also be necessary.

- After obtaining the CPF, the interested buyer can proceed to negotiate a deal with the land owner.
- The property in question must be registered at the Notary´s Office and at the National Rural Registry (SNCR).
- The agreement between the buyer and the seller would have to be registered at the Notary's office. During that time, the buyer will again need his/her passport, CPF number (both that of the buyer and his spouse) and proof of residence in the country.
- There is a strong system of recording information relating to land transactions, especially when foreign nationals are involved. The Notary´s Office for the Registry of real-estate keeps a separate record of the acquisition of rural real-estate for foreigners (both persons and legal entities) and they send this information on a quarterly basis to INCRA. Hence, even though the nature of the registry is declaratory, at times, additional information/data is sought for. There are a series of laws in this regard that may be referred to (Law 5.709/71, Decree 74.695/74, Law 6.6634/79, Decree 85.064/80, Federal Constitution/88 Article 170, I,II and II, Articles 172 and 190, Law 10.267, Decree 4.449/02 and Decree 5.570/05)

2A. AGRICULTURE AND FARMING

With wide climatic and topographical variation, Brazil is in many ways a continent, rather than a country. Availability of abundant water through numerous river systems, lakes and rainfall provides the much needed support for agricultural activities. As per estimates of the year 2000, the total renewable water resources in Brazil are 8,233 cu km.

WORLD BANK INDICATORS – BRAZIL- LAND USE

Agricultural land (% of land area)	31.1
Agricultural land (sq. km)	2635000
Arable land (hectares per person)	0.3
Arable land (hectares)	59,500,000
Arable land (% of land area)	4.3

The natural advantages of the country were capitalised upon by a conscious decision on the part of the Government to go for cultivation of new land, especially along the areas bordering the Brazillian rain forests. Road construction was taken up aggressively and vast tracts of forest land cleared and used for agricultural purposes. However, by the late 1960s, pressure from environmentalists halted this policy of horizontal expansion. There was a realization that productivity would have to be increased. The focus shifted to large agriculture operations with mechanization and farm inputs. **Agribusiness complexes** were established by the Government, providing strong incentives for the creation and expansion of processing industries. Simultaneously, the industries providing inputs for agriculture were developed. Agribusiness complexes received subsidized credit, tax exemptions and in some cases, even subsidies and guaranteed prices. On the other hand, unprocessed products began to be taxed. Gradually, a clear distinction emerged between the modern crops receiving government patronage in agri-business complexes and the traditional crops. In the former category were **cocoa, cotton, rice, sugar cane, orange, corn, soybeans and wheat** while traditional crops included beans, manioc (Cassava), banana, peanuts, coffee.

Agricultural production started primarily in the southern region, but high levels of technology has allowed the expansion of the production to other areas of Brazil, mainly the

central region. Today the Brazillian savanna, in the Mato Grosso state, which is also referred to as the Cerrado has become the leading producer of soya, cotton and cattle and the second largest producer of corn in Brazil. With the constant efforts of the EMBRAPA, the government agency that is engaged in research for agricultural technologies, yield per hectare has increased to 2.8 tons in 2007 from about 1.8 tons in 1987. Though only about 6% of the country's GDP comprises of the agricultural sector, yet the productivity levels are some of the highest in the world. As a result, the country has emerged as one of the leading global suppliers of agri-business products, exporting to more than 180 markets. The main destinations of Brazilian agro-exports are: EU (30%), China (13.8%), USA (7%), Russia (4.3%) and India (2.8%) of the products exported. The main agricultural exports of Brazil are: **coffee, soybeans, wheat, rice, corn, sugarcane, cocoa and citrus fruits**. Together with Argentina, Brazil accounts for 50% of the **Soya** produced in the world. Brazil is the world's largest producer of **sugarcane**, harvesting approximately 500 million tonnes of sugarcane annually. It has also done ground-breaking work in the sector of bio-fuel, especially the use of ethanol. It is estimated that more than 90% of the new automobiles produced in Brazil.

Rapid growth in these sectors has attracted **foreign investment**. Brazilian companies have taken a lead in setting up companies or acquiring farmland in the neighbouring countries of MERCOSUR. At the same time, foreign companies are displaying greater interest in Brazil. In 2009-10, an Indian firm, **Shree Renuka Sugars Ltd** invested over 500 million dollars in the sugar sector of Brazil. They acquired 51 percent stake in Brazil's Equipav SA Acucare Alcool and acquired another company Vale Do Ivai S.A. Acucar E Alcool. 4 Sugar mills with a total cane crushing capacity of 14 million tonnes, ethanol plants and 115,000 hectares of cane growing land as part of the two deals have placed Shree Renuka Sugars Ltd among the top five sugar producers in Brazil. **El Tejar,** originally an Argentine company, is cultivating about 400,000 hectares in the Mato Grosso region of Brazil. It follows the model of outsourcing, wherein it engages contractors who bring in their machines and equipments for agricultural operations. All farming activities such as planting, weeding, addition of inputs and harvesting are outsourced to specialists. This has created a support system wherein locally skilled persons are available for farming activity. The **Los Grobo** company, which has its origins in Argentina, is today present in the North, North-east and Western parts of Brazil. It has 36,000 hectares under cultivation in Brazil alone and exports 500,000 tonnes of grains (**soy, corn and sorghum**).

2 (B). MARKET FOR FARMLAND

Though Brazil is sensitive to environmental concerns and further expansion of agricultural land by destruction of forests is not allowed, there is abundant land available. Western Bahia region and Tocantins, Maranhao and Piaui states are exploring the possibility of bringing fallow land under cultivation. The region-wise availability of land and productivity of different provinces is listed below.

North Region

Province	Agricultural Area (ha)	% of The total agricultural area	Production (tons)	% of total Production	Productivity Kg/ha
Rondonia	405 894	0.9	929 920	0.6	2260
Acre	53 366	0.1	85 269	0.1	1590
Amazonas	20 613	0.0	44 928	0.0	2180
Roraima	25 000	0.1	99 585	0.1	3861
Para	479 225	1.0	1 092 162	0.7	2234
Amapá	9 350	0.0	9 280	0.0	1000
Tocantins	601 284	1.3	1 757 628	1.2	2936
Total	1 594 732	3.4	4 018 772	2.7	2511

Northeast region

Province	Agricultural Area (ha)	% of The total agricultural area	Production (tons)	% of total Production	Productivity Kg/ha
Maranhão	1 432 308	3.1	2 466 736	1.7	1697
Piauí	966 878	2.1	1 384 371	0.9	1370
Ceará	1 076 477	2.3	336 312	0.2	318
Rio Grande	48 408	0.1	24 902	0.0	363

Do Norte					
Paraíba	213 690	0.5	31 545	0.0	74
Pernambuco	453 593	1.0	257 631	0.2	436
Alagoas	117 556	0.3	85 157	0.1	750
Sergipe	234 834	0.5	831 899	0.6	3484
Bahia	2 768 069	5.9	6 350 227	4.3	2273
Total	7 311 813	15.7	11 768 783	7.9	1578

Southeast region

Province	**Agricultural Area (ha)**	**% of The total agricultural area**	**Production (tons)**	**% of total Production**	**Productivity Kg/ha**
Minas Gerais	2 794 008	6.0	10 116 253	6.8	3580
Espírito Santo	54 132	0.1	92 790	0.1	1794
Rio de Janeiro	13 834	0.0	29 823	0.0	2163
São Paulo	1 827 100	3.9	7 015 268	4.7	3817
Total	4 689 074	10.0	17 254 134	11.6	3646

South Region

Province	**Agricultural Area (ha)**	**% of The total agricultural area**	**Production (tons)**	**% of total Production**	**Productivity Kg/ha**
Paraná	8 587 979	18.4	32 176 353	21.6	3588
Santa Catarina	1 389 390	3.0	6 550 971	4.4	4711
Rio Grande do Sul	7 215 963	15.5	24 859 878	16.7	3401
Total	17 193 332	36.8	36 587 202	42.7	3600

Middle west region

Province	Agricultural Area (ha)	% of The total agricultural area	Production (tons)	% of total Production	Productivity Kg/ha
Mato Grosso do Sul	2 815 724	6.0	9 595 438	6.4	3410
Mato Grosso	9 124 868	19.5	28 855 683	19.4	3164
Goiás	3 861 647	8.3	13 269 593	8.9	3453
Distrito Federal	111 798	0.2	502 385	0.3	4606
Total	15 914 037	34.1	52 223 101	35.1	3288

Source: Acompanhamento da Safra Brasileira de grãos 201/2011 – Segundo Levantamento – Novembro/2010

Área e Produção de Cereais, Leguminosas e Oleaginosas, Brasil, Grandes Regiões e Unidades da Federação, safra 2010.

2C. MODES OF OWNERSHIP/PROCEDURES FOR TRANSACTION:

In Brazil, as in the rest of South America, outright purchase of land is permissible, subject to the restrictions listed out in Section 1B. The procedure for purchase of land is the same in case of agricultural land.

In addition, one can lease land, as the El Tejar group does. There are two kinds of leases:

(a) **Variable lease**- This is akin to the system of share cropping that was prevalent in India in earlier times. Under this, the landowner and the lessee share the crop, generally in a ratio of 1:2. The sharing may be done of the actual crop or the landowner may demand cash payment.

(b) **Fixed lease** – The lessee and the landowner have an agreement on the amount that will be paid to the landowner, irrespective of the actual production. This system has a higher risk factor for the lessee and the returns are also higher.

Gateway to south America- www.gatewaytosouthamerica.com , is a company that provides information on availability of land and real estate to English speaking investors interested in Brazil.

****

Argentina

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
- Agriculture & Farming

- Land use indicators
- Market for farmland
- Modes of Ownership/Procedures for transactions

Argentina At a Glance *(Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	41.34
2.	GDP (PPP)	US Billion	568.2
3.	GDP (Per Capita)	US$	13900
4.	GDP Composition		
	Agriculture		6%
	Services		62%
	Industry		32%
5.	Inflation		7.7%
6.	Total exports	US Billion	55.67
7.	Total imports	US Billion	38.78
8.	Major Cities	Buenos Aires, Cordoba, La Plata, Mar del Plata and Mendoza.	

Located at the southern extremity of the world, Argentina enjoys variety in its geography, climate and people. Its natural resources are a boon of this diverse geography- the fertile Pampas plains watered by numerous rivers such as the Parana, Uruguay, Paraguay and Colorado rivers are its most important cultivable lands generating much of its agri-exports; the Patagonian plateau is rich in oil , gas and rare metal reserves; the foothills of the Andes provide near-perfect grazing grounds for its cattle and livestock while the mountains themselves are rich in lumber; and finally, the Gran Chaco lowlands are considered vastly suitable for cultivation of bio-fuels and a source of its lumber. Armed with these resources, today, Argentina has emerged as the leading exporter of soyabeans and petroleum, both precious commodities for food and energy security. Yet, due to inadequate skilled manpower and technology, the Argentine economy is poised at the threshold, an attractive investment destination both in the minerals and agricultural sector.

1 A. **ARGENTINE MINERAL RESOURCES**:

South America and especially the Andes mountains are treasure troves of minerals. In Argentina, the main minerals being mined at present include copper, tin, lead, zinc, gold,

silver and uranium. Mining products, gas and oil, together constitute approximately 15% of the total exports from Argentina.

While it has always been rich in resources, Argentine mining has picked up from the mid-1990's, due to a combination of factors, namely better policies and a proper legislation. Due to the size of the country, there is considerable variety that needs to be examined region by region.

LEGEND

Ag	Silver
Lig	Lignite
Pet	Petroleum
	Refinery Product
NG	Natural Gas
Sn	Tin
Mn	Manganese
Zn	Zinc
Mo	Molybdeum
U	Uranium
▩	Gold
☒	Gypsum
⊕	Cement

The map above shows the geographical availability of different mineral resources. In brief, Argentina's principal mining regions are:

- SANTA CRUZ Province:

A number of industrial mineral and application rock deposits are found hosted across the Andean region, which have not been intensely exploited. The following mineral deposits can

be obtained: **gold, silver, copper, lead, zinc, sodium, sulfate, quartz, clays**. Application rock deposits include: **fluorite, dolomite, magnetite, marble and granite**.

- CHUBUT Province:

Chubut province has a high mineral potential, but the Government has decided against any mining activity in a broad area of the Andean mountain range. There are **no mines** in Production at present, but intensive exploration activity is taking place in areas where provincial actions have not banned them.

- NEUQUEN Province:

The most outstanding characteristic of Neuquen mining is that it has been focused on the production of **non-metalliferous minerals such as barite-celestite, limestone, gypsum, bentonite and clays**. This activity has been promoted by the Provincial Government to provide sustained continuity through small and medium sized mining support. The province also has deposits of **copper and gold**.

- SALTA Province:

This Province stands out for the existence of non- metalliferous resources, for industrial minerals and rocks, like **borates, sodium chloride, sodium sulfate** and application rocks such as **pearlite and marble**.

- SAN JUAN Province

In San Juan, 80% of the territory is covered by mountains. Since 2003, mining has been a State Policy and it is considered the main driver for the province´s recovery and growth. With the boost of mining of **gold and silver**, that began with the Veladero mine and the growth of non metal mining – including **lime, quartz and mica** – San Juan has been positioned as the leading mining province in Argentina.

- MENDOZA Province
- Provincial authorities have banned the use of chemical reagents in mining operations. In the South of Mendoza on the Colorado River, world mining giant Rio Tinto is developing the Potasio Rio Colorado Project. This undertaking, which is now under construction, will have an investment of about U$S 1.5 billion. Potasio Rio Colorado Project is expected to yield an annual production of 2.4 MT of **potassium**. This would position Argentina as the main Latin American potassium exporter, and the fifth in the world.

Argentina has made available other details in a study titled "Ten Reasons to Invest in Argentine Mining" that is available at the address: http://www.argentina.org.au/economy.htm containing a section on Mining.

1 (B) **CURRENT POLICIES ON ACQUIRING LAND (REAL ESTATE & MINES):**

There are no restrictions for foreigners to buy land or property in Argentina, except for some special security frontier land or land pertaining to national parks or reserves. However, this is a very small percentage of the total land available. The acquisition process is as follows:

A) Offer: The buyer leaves in deposit a certain amount of money to the real estate agent, stating price, closing date, name of the public notary selected and special conditions describing how the closing of the deal is going to take place.

B) There are 2 methods to purchase a property:

i) signing a "**Boleto**" followed by an official transfer of deed, or

ii) Directly by signing the **Official transfer deed**.

i) Boleto: It is an intermediary step, usually taking place within the first fifteen days following acceptance of an offer, allowing owners to receive between 30% and 50% of the purchase price.

ii) Official Transfer of Deed: The actual closing date where all parties get together to sign the official transfer of deed. Prior to this occasion, the acting public notary must be in possession of the old title deed, must have received a surveyor's report on the property and verified debts, liens, encumbrances, etc. When the buyer and seller go straight to the Official Transfer or Deed, 100% of the proceeds are paid at the time. Alternatively, at the first meeting, a bank account is set up which is verified at a second meeting. Funds are then transferred in to this account by the buyer. It is important to note that the payment required for the Official Transfer of Deed is not required to be made in Argentine pesos. In fact, nowadays most of the owners only accept US dollars or transfers to their dollar accounts. It is also not required that the buyer is personally present to sign the transfer deed. One may give a power of attorney to a third party to sign on one's behalf. In this case it is advisable that the deposit payment should be done first in order to assure the purchase.

<u>The following documentation is required for a transfer:</u>

- Passport,
- Copy of the last Bank statement that shows where the money comes from,
- Copy of the last 1040 form or equivalent that shows taxes you paid from your income,
- Brief description of your professional and/or working activities,
- Any other documentation showing the origin of the funds.

2 (A) AGRICULTURE & FARMING :

Though agriculture constitutes a very small percentage of 's GDP, the country is one of the main exporters of agri-products. Argentine beef, supported with more than 54 million heads of cattle, is world famous. Annual production of cereals and oilseeds exceeds 70 million tones. Mendoza, on the western border, is the centre of wine production and is the 5th largest producer of wine.

WORLD BANK INDICATORS – ARGENTINA - LAND USE

Agricultural land (% of land area)	48.7
Agricultural land (sq. km)	1333500
Arable land (hectares per person)	0.8
Arable land (hectares)	32500000
Arable land (% of land area)	11.9

Today, Argentina seems to have everything in its favour- fertile land, availability of water, excellent facilities for storage and transportation of agri-products and business models that are setting examples for others to emulate. The most famous names are the **El Tejar Company** that is cultivating close to 400,000 hectares in Argentina alone. It also has operations in Brazil, Paraguay, Uruguay and Bolivia and is branded as the largest farm company in the world. Close on its heels is the **Los Grobo** group that has spawned a new model for farming. Los Grobo Company has operations over 270,000 hectares in Argentina, Brazil and Uruguay. However, it is entirely leased land. In addition, the farm machinery that is used is also outsourced. A new term has been coined for such operations: **Agricultural Process Outsourcing** or APO, on the lines of the BPO or KPO model. As a result of these efforts, Argentine agricultural production has displayed a steady increase.

Indicator	2000-2001	2008-2009
Land under soya cultivation in (in million hectares)	10.4	18.8
Soya production (in million tons)	27.8	55

In the 1980s, USA dominated the world soya production. Today, Brazil and Argentina, together produce 50% of the total soya produced globally. As per estimates of USDA, in another 7 years, MERCOSUR will be producing 80% of the total soya in the world.

Argentina enjoys several geographical advantages. The Pampas region is considered the most fertile in the world. It has the highest agricultural productivity in the world. Due to the extensive river network, cost of transportation is low. Land costs are not very high either. Nonetheless, there is a deterrent. Argentina imposes an export tax of 15% to 30% on agri-products and their farmers receive no subsidies. Even then, Argentina's products are competitive internationally and are expected to become more so in the future if EU and USA have to cut their farm subsidies. Given lower production costs and high commodity prices in US dollar terms, farmland offers excellent investments opportunities. Returns are equally encouraging in production or simply renting out farms to larger producers. These properties are one of the most interesting markets, in which foreign investors choose to invest when purchasing land in Argentina. A beginning has already been made and a company named **Olam**, owned by an NRI presently cultivates 30,000 hectares of land (leased) in Argentina.

All these factors make Argentina an attractive destination for investment in the farmland sector.

2 (B). MARKET FOR FARMLAND

The farmland sector experienced a 30% drop in values immediately following the 2001-2002 economic crisis. However, favorable legislation for debtors, allowing the "pacification" of US dollar debts, accompanied by bumper crops and high international commodity prices, allowed owners to settle their financial liabilities and withdraw their properties from the market. The lowered supply caused land values to increase back to December 2001 figures and often higher. Despite this increase, cost of agricultural land in South America is half of the cost in Punjab. The most productive farmland is in the range of 10,000 – 15000 US dollars per hectare. Another option is to purchase fallow land and then develop it. Costs of fallow land are still lower, approx. US$200 per hectare. These can be developed for farming or even as real estate projects. A large chunk of Argentina in the Gran Chaco region has abundant farmland available. There is no restriction on acquisition of land by foreigners. Foreign companies and individuals own millions of hectares in the region. There is no political or social sensitivity to large farm holdings by foreigners, unlike in Africa. The land can be bought on commercial basis from the private sector.

There are two kinds of leases:

(a) **Variable lease**- This is akin to the system of share cropping that was prevalent in India in earlier times. Under this, the landowner and the lessee share the crop, generally in a ratio of 1:2. The sharing may be done of the actual crop or the landowner may demand cash payment.

(b) **Fixed lease** – The lessee and the landowner have an agreement on the amount that will be paid to the landowner, irrespective of the actual production. This system has a higher risk factor for the lessee and the returns are also higher.

Based on five year averages, it has been estimated that the rate of return on investment (purchase) in farmland is around 5%. The annual appreciation of land value is over 10%. In the case of leasing, the return is over 15% and could be as high as 30%.

2C. MODES OF OWNERSHIP:

1. Indian companies can buy land outright in the private sector. Minimum investment should be 50 million dollars to buy 10,000 hectares of high yielding land.
2. The second option is leasing of land as **Olam** does. It may be noted here that over 60 percent of the farmland in Argentina is leased out for cultivation.
3. Indian companies can also combine buying and leasing as the Argentine companies like **El Tejar** do.
4. Another option is to buy stakes in the agribusiness companies of South America such as **El Tejar and Los Grobo**. Funds from Europe, USA and Brazil already have bought stakes in these companies. Even if it is not a controlling stake, the share in the local company will give access to agricultural production and establish a strategic partnership. The farming companies of South America are keen to develop partnership with Indian edible oil companies and importers so that they can have direct access to the markets rather than through foreign commodity multinationals such as Cargill and Bunge. Indian companies can start at a small scale with about 10,000 hectares and then scale it up based on experience.

Local agencies for land transactions

There are a number of South American agencies which provide farm real estate services including evaluation and operation and management. They charge 3% commission for the transactions.

In Argentina, there are ten large agencies which have a common website : www.mercampos.com giving offers of land for sale and leasing. Below are two of the largest agencies:

1. Compania Argentina de tierras – www.cadetierras.com.ar
2. Nordheimer - www.nordheimer.com

Venezuela

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
  - Ideal location for business/ industry
- Agriculture & Farming
  - Land use indicators
  - Ownership of Land

Venezuela, at a Glance *(As on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	27.22
2.	GDP (PPP)	US Billion	348.8
3.	GDP (Per Capita)	US$	13000
4.	GDP Composition		
	Agriculture		4%
	Services		59.2%
	Industry		36.8%
5.	Inflation		27.2
6.	Total exports	US Billion	56.58
7.	Total imports	US Billion	36.87
8.	Major cities	Caracas, Maracaibo, Valencia, Barquisimeto, Maracay	

The country is officially known as the Bolivarian Republic of Venezuela or the República Bolivariana de Venezuela. It was in many ways, the gateway to South America for the Spanish colonizers. In the early 16th century, Spain set up its first colony here in South America, called the Nuevo Toledo. But Venezuela was also the first to overthrow colonial rule when in the early 19th century, under the leadership of Simon Bolivar, the independent Republic of Gran Colombia was established. For a few years, Venezuela remained a part of this Republic along with Colombia, Panama, and Ecuador after which, it became a sovereign nation.

The country displays a clear distinction between the developed north and the rural south, separated by the Orinoco River. Geographically it is divided into the Maracaibo lowlands in the northwest, followed by the northern mountains extending in a broad east-west arc from the Colombian border along the northern Caribbean coast, the wide plains in central Venezuela, and the Guiana highlands in the southeast. The luxuriant forests have some of the most scenic spots in the world including the world's tallest waterfall- Angel falls. The country's central region has vast plains, known as the Llanos that are watered by the Orinoco river system. This makes it an ideal location for agricultural as well as mining activity.

1A. VENEZUELAN MINERAL RESOURCES

The economy of Venezuela is driven largely by petroleum. In 2009, out of its total exports of US$57.6 billion, petroleum contributed US$54.2 billion. It is one of the leading members of OPEC. The Government has played a crucial role in the development of the metal and mineral sector and most of it is controlled by Government companies. In the petroleum sector, the state oil company, PDVSA, is the key player. Government companies control the electricity sector and important parts of the telecommunications and media sectors. In 2008, the government nationalized cement and steel producers, as well as select companies in the milk and meat distribution sectors. In 2009 it nationalized assets in the oil, chemicals, tourism, agribusiness, retail, and banking industries. The availability of important minerals is indicated in the map below:

Mineral map of Venezuela

LEGEND

⬟	Diamond
Pet	Petroleum
⊕	Cement
▣	Gold
C	Wal
◎	Fertilizer

a) Crude Oil: According to estimates, Venezuela has proven oil reserve of 211.17 billion barrels. The U.S. Geological Survey has also estimated a mean volume of 513 billion barrels of technically recoverable heavy oil in the **Orinoco Oil Belt**, one of the world's largest recoverable oil accumulations. Some of the largest proven petroleum reserves in the world exist in the Orinoco delta and offshore, as well as in the **eastern Llanos, in Guarico, Anzoategui, and Monagas states, in the Lake Maracaibo Lowlands (mainly Zulia state), and in the western Llanos**. Venezuela also has 185.24 trillion cubic feet of proven natural gas, second highest in the western hemisphere.

The petroleum industry was dominated for a long time by the state government company PDVSA and its affiliate CVG Minerva**.** However, in recent years, the Government has adopted a more investor friendly policy, encouraging foreign investments and joint ventures.

ONGC Videsh Ltd. (OVL) is present in Venezuela since 2008 in the form of a Joint Venture (JV) with CVP for production and exploration of oil in the **San Cristobal oil field**. An international consortium comprising OVL, Indian Oil Corporation Ltd., Oil India Limited (OIL), Repsol of Spain and Petronas of Malaysia was, in February 2010, won a bid to acquire 40% stake to develop a US$21billion integrated onshore **Carabobo-1 Oil Project** in the oil-rich Oronico belt of Venezuela. The Government of India has approved an investment of US$2.181 billion for this project. The three Indian companies together hold 18% out of the 40% share held by the international consortium. Presently Venezuela is the eighth largest supplier of oil to India, supplying about 175,000 barrels of oil per day. **Chinese state owned** corporation have also invested in the country's eastern Orinoco Belt. Similarly private **Japanese companies** such as **Japan Oil, Gas & Metals National Corp. (JOGMEC)**, have provided funding to a subsidiary of Inpex Corp. and Mitsubishi Corp., which, along with

subsidiaries of Chevron and the Venezuelan Suelopetrol C.A., were participating in an extra-heavy crude oil development project on three blocks of the Venezuela's **Carabobo area**.

b) Natural Gas- It is the second most important mineral of Venezuela with the most important projects located in the **Barrancas and the Yucal Placer Blocks**. According to estimates, Venezuela has the second largest natural gas reserves (almost 5 trillion cubic meters) in the Western Hemisphere behind the United States (6.1 trillion cubic meters).
Future natural gas projects that the government proposes to work on include the development of the offshore natural gas resources in the **Plataforma Deltana area**, which is located south of Trinidad and Tobago in the Atlantic Ocean; the development of natural gas resources in the **Gulf of Venezuela and the State of Falcon**; the construction of the Center West Interconnection Project gas pipeline; and the construction of the Gran Mariscal de Ayacucho industrial complex and the Mariscal Sucre LNG plant.

c) Coal/Carbon: The most important carbon deposits are located in the rivers **Socuy-Guasare**, in the state of **Zulia**, with reserves above 100 million tons. Other deposits with large reserves are located in **Naricual**, in the state of **Anzoátegui** with more than 50 million tons and in the **Lobatera mines** in the state of **Táchira**, with 2 million tons. There is also carbon in the states of **Falcón, Aragua, Lara and Guárico**. Joint ventures are working in this sector with the **Paso Diablo coal mine**, in the State of Zulia, being operated by the joint venture of **Carbozulia, S.A**. (a 49% Government-owned company); **Peabody Energy Corp.** of the United States (25.5%); and **Anglo Coal** (25.5%).

d) Iron ore: The biggest deposits of iron ore are located in the ferriferous belt in the state of **Guayana** (this is a disputed area between Colombia and Venezuela with both

countries claiming ownership). It is estimated that national reserves exceed 2,400 million tons with a strain of more than 58% of pure iron. The most important deposits are located in the margins of the **Caroní river, in the Delta of the Orinoco river, in the state of Bolivar and Delta Amacuro**.

e) **Gold**: The deposits of gold are located in the state of **Guayana,** mainly in the **"El Callao"** mining district, with approximately 2 million tons of that mineral. Other deposits are also located in the rivers in the same state, but are not found in reefs like in "El Callao". Till 2008, **Canada's Crystallex International Corp. (CIC)** undertook operations at the Tomi and La Victoria gold mines located in El Callao. However, after expiry of the operating agreement, this stopped. Other potential areas include the **Las Cristinas gold mine**, which is located in the Kilometro 88 area of **Bolivar** State.

f) Bauxite: The deposits of bauxite are located in the states of **Bolívar, and Delta Amacuro**. In the **Upata region** there is an approximate of reserves of bauxite calculated at 4 million metric tons, and in **Nutria** the biggest deposits are calculated to be more than 100 million tons. Other important deposits are located in the hills of **Guaicas, near Canaima in the "Gran Sabana"** area with more than 60 million tons in reserve.

g) Copper: The main deposit is located in **Aroa**, in the state of **Yaracuy** made up of copper pyrites, and the reserves are estimated to be over 500,000 tons.

h) Diamond: The deposits of diamond are located in the **western Bolivar** State, one of the most promising mining areas in South America. The deposits of diamonds are located throughout the **Caroni river** delta, which belongs to the **Guayana** complex.

i) **Coltan** : According to the Venezuelan government, the country has US$100 billion worth of a highly strategic mineral 'Coltan', a super conductor used in the manufacturing of cutting edge electronics and long range missiles.

1B CURRENT POLICIES ON ACQUIRING LAND (REAL ESTATE & MINES)

In Venezuela, the Government dominates ownership of resources, including land. The Civil Code has made express provisions in regard to ownership of land and resources and there is a clear supremacy of Venezuelan law over foreign nationals. Nevertheless, foreigner nationals, who are residents in the country, are allowed to purchase land. **Article 26** of this Code provides that foreigners in Venezuela enjoy the same civil rights as that of Venezuelans, barring exceptions made by law. The authority of the Civil Code extends to all nationals or foreigners who are in the Republic of Venezuela. Further, it is clearly stated that if the property is located in Venezuela, it will be governed by the laws of Venezuela, even though foreigners have rights on it.

In order to acquire land, a company owned by a foreign national has to establish a firm in Venezuela and then register at the **Superintendence of Foreign Investments**. However, international investments are entitled to a fair and equitable treatment in accordance with the norms and standards of international law and without arbitrary or discriminatory measures that impede the maintenance, management, use, enjoyment, expansion, sale or liquidation. The Civil Code provides that investment and international investors have the same rights and obligations that are given to domestic investors in similar circumstances. In general, international investments do not require prior authorization, except in cases where the law expressly so states.

There are, however **exceptions** and limitations contained in the Decree-Law elaborated in **Article 13** of the Civil Code. It provides that foreign investment made in

national, joint venture or foreign companies must be registered with the Superintendence of Foreign Investments, within sixty (60) calendar days following the date on which it is registered in the applicable Trade Regime.

Another limitation on ownership relates to the hydro carbon resources (elaborated in **Article 549** of the Civil Code). In Venezuela, these can only be owned by the state, even if ownership of the said land rests with a private person. For operation or exploitation of hydrocarbons, a separate concession has to be obtained from Government.

The Government also vests with itself the power to nationalize any of the industries if there is a need to do so.

Since 2002, there has been an impetus towards creation of joint ventures where the State has a majority stake, rather than granting of concessions to private players. A new **Hydrocarbons Law** provided that all oil production and distribution activities would be the domain of the Venezuelan state, with the exception of the joint ventures targeting extra-heavy crude oil production. Private investors cannot own 50% or more of the capital stock in joint ventures involved in upstream activities. The new law also provided that private investors could own up to 100% of the capital stock in downstream ventures. A Gaseous Hydrocarbons law promulgated earlier by the Government also allowed substantial participation by private investors with respect to gas production ventures. In May 2009 the National Assembly passed an **oil services sector law** by which all the primary activity in the hydrocarbons sector would be done by the State companies.

1C IDEAL LOCATION FOR BUSINESS ESTABLISHMENTS

Northern and North-western parts of Venezuela, with good communication networks, access to ports and river transport facilities and infrastructure, has emerged as an important industrial region. An investor will find numerous facilities here. The location of some of the potential industries is as follows:

a) **Textile, Food, Shoe, Construction, Paper, Pharmaceutical Industries:** The ideal location to establish these industries is in the North-Central part of Venezuela, viz., Maracay city in Aragua State and Valencia city in Carabobo State.

b) **Fishing Industry:** Location of the fishing industry is ideal in the North-Eastern part of Venezuela such as La Guaira in Vargas State, and Puerto La Cruz in Anzoátegui State.

c) **Steel plants, aluminium plants, refineries:** This industry can be located in the South of Venezuela, namely in Bolivar State, in the city of Puerto Ordaz, and also in the Central region of Venezuela.

d) **Oil Industry:** Venezuela, with the largest reserves of conventional oil in the western hemisphere and the largest reserves of non-conventional oil in the world, is the fifth largest oil exporting country in the world. Venezuela has four major sedimentary basins: Maracaibo, Falcon, Apure, and Oriental. Most of the extra-heavy crude oil and bitumen deposits are situated in the Orinoco Belt in central Venezuela.

e) **Mining Industry (Extraction):** Ideally located in Guayana State, because nearly all the natural resources are found there.

f) **Agriculture:** The Andean region is the best place to locate this industry, because it is not a very populated region, and there is lots of land that can be used for agriculture. Due to the same reason, the Central-West part of Venezuela is suitable.

g) **Livestock Industry (cattle raising):** The best place to locate this industry is in the Central part on Venezuela, as well as the Central West part of the country, because there are vast areas of land that are not populated.

h) **Port Industry:** This industry is ideally located in the North-Central part of Venezuela, but also all along the coast of the country. There are port cities all along the Northern area of the country.

2.A AGRICULTURE & FARMING

Due to heavy concentration in the oil sector in Venezuela, there had been neglect of agriculture. Till the early part of the 20th century, about 20% of the GDP was contributed by agriculture. Today, it has come down to 4% of the GDP. The government has made various attempts to revitalize this sector including exemption of farmers from income tax, providing credit, price supports and subsidies. However, with a cutback of subsidies and supports, agriculture took a blow. Now government is making effort to be self sufficient and even export rather than importing almost 70% of requirement. The use of land in Venezuela assumes the following shape:

WORLD BANK INDICATORS – VENEZUELA – LAND USE

Agricultural land (sq. km) in Venezuela	213500.0
Agricultural land (% of land area) in Venezuela	24.2
Arable land (hectares) in Venezuela	2650000.0
Arable land (% of land area) in Venezuela	3.0
Arable land (hectares per person) in Venezuela	0.1

2B OWNERSHIP OF LAND

There is substantial dichotomy in the size of land holdings, ranging from the ***latifundios*** (ranches) to the ***minifundios*** (small farms). The government has taken several steps to introduce land reforms. President Chavez first articulated his land reform plan, the "Vuelta al Campo," (Return to the Countryside) under the Law on Land and Agricultural Development in November 2001. The goals of this legislation included:

- to set limits on the size of landholdings,

- tax unused property as an incentive to spur agricultural growth,
- redistribute unused, primarily government-owned land to peasant families and cooperatives and,
- lastly, expropriate uncultivated and fallow land from large, private estates for the purpose of redistribution.

  By the end of 2003, the Government claimed that some 60,000 rural families had new titles to 2.2 million hectares of largely fallow land, far surpassing the target set by its Plan Zamora earlier in the year.

The National Land Institute (INTI) was set up to facilitate achieving these goals by establishing criteria to determine what land could be redistributed and the eligibility of those applying for new land deeds. Under "Plan Zamora" of 2003, both the INTI and its sister organizations, the National Rural Development Institute and the Venezuelan Agricultural Organization, have been tasked to administer agricultural expertise to the new peasant landowners and to provide markets for their goods. After a slow start, the Chavez government has redistributed about 2.2 million hectares of state owned land to more than 130,000 peasant families and cooperatives (1 hectare = 2.47 acres). In Venezuela roughly 75 to 80% of the country's private land is owned by 5% of all landowners. Regarding agricultural holdings, that figure drops to a mere 2% of the population owning 60% of the country's farmland, much of which is fallow.

The Venezuelan government is continuing with its policy of **expropriation of surplus lands**. President Chavez declared that there was no such thing as "private land". In 2008 he enacted laws to promote agricultural development, including the law on food sovereignty and the law on integral agricultural health. According to the Venezuelan Ministry of Agriculture and Land, since the enactment of Law on Lands, Venezuelan

authorities have seized 3 million hectares, while it plans to seize about 450,000 hectares of land in 2011. The Ministry's budget includes US$4.16 billion to seize lands.

Major Crops

Venezuela produces both cash crops and food crops. The primary cash crops include coffee, cocoa, tobacco, sugarcane, cotton and oilseeds such as sesame, sunflower, coconut and peanut. The food crops, grown mostly for domestic consumption include corn, sorghum, rice, tubers, legumes, vegetables, fruit and spices.

*****

Chile

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
  - Ideal location for business/ industry
- Agriculture & Farming
  - Land use indicators
  - Market for farmland

Chile, at a Glance *(As on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	16.74
2.	GDP (PPP)	US Billion	243.2
3.	GDP (Per Capita)	US$	14700
4.	GDP Composition		
	Agriculture		5.6%
	Services		51.9%
	Industry		34.5%
5.	Inflation		1.5%
6.	Total exports	US Billion	49.97
7.	Total imports	US Billion	38.4
8.	Major cities	Santiago, Antofagasta, Vina Del Mar, Valparaiso and Talcahuano.	

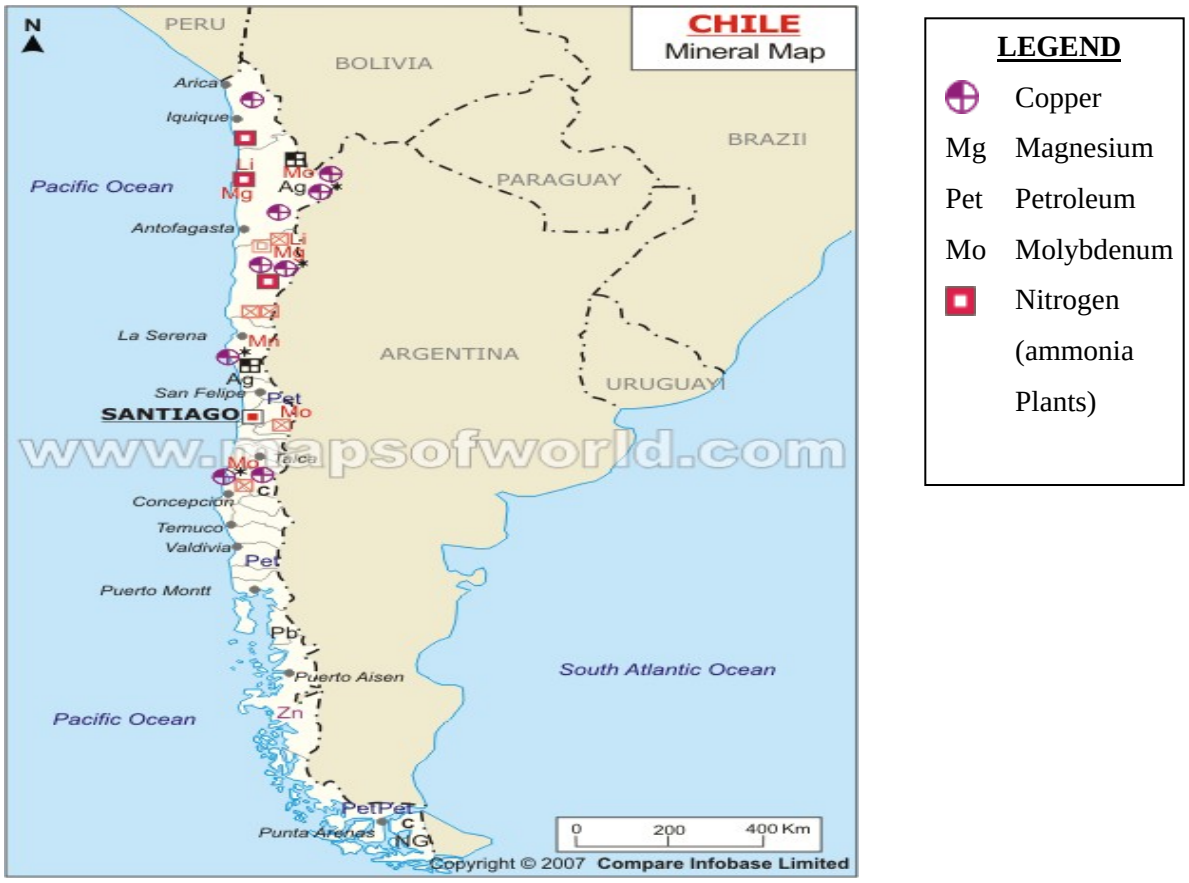
On a map, Chile looks like a narrow strip of land, hugging the western coast line of the South American continent. In ancient times, the Inca Empire extended up to Chile and later, it was a part of the Spanish colonies in Latin America. However, like the other Latin American countries, Chile declared its independence from colonial rule in the 19th century. Chile also fought for its northern territories with its neighbours, Peru and Bolivia in one of the bloodiest wars in the region.

Chile's geography has been its boon as well as bane. The narrow strip of land in the country is covered almost entirely by the Andes Mountains that run parallel to the coastline. Yet, these highlands have blessed Chile with its richest mineral and metal resources. Its varied climate, ranging from the dry desert climate of Atacama to the Mediterranean climate along the coast and the cooler climates in the south, has provided near-perfect conditions for the cultivation of fruit and vegetables. Its long coastline yields some of the best marine produce and sea food. All this has contributed to development and growth in Chile that has emerged as one of the leading economies in Latin America.

1A CHILEAN MINERAL RESOURCES

Chile is the world's leading producer and exporter of copper and its ores. It has some of the rarest minerals such as molybdenum, potassium nitrate, sodium nitrate, iodine and lithium. The mineral map of the country shows the geographical location of prominent minerals and metals.

Mineral map of Chile



LEGEND

	Copper
Mg	Magnesium
Pet	Petroleum
Mo	Molybdenum
	Nitrogen (ammonia Plants)

In Chile, natural resources are considered the property of the State and permission from the Government is required for their exploitation. This is given in the shape of concessions, both for exploration and production or exploitation. The State has been fairly liberal in granting such concessions, as is evident from the following information that depicts

the regions in which exploration and exploitation concessions have been given and the minerals which are produced.

Mineral Exploitation Concessions, 2009:

Region Number/Name	*Number of Concessions granted*	*Hectares*	*Minerals available*
(15) Arica & Parinacota	11,464	111,060	Copper, Saltpeter, Sulfur
(1) Tarapaca	250,916	1,443,278	Copper, Saltpeter
(2) Antofagasta	670,567	4,414,192	Copper, Iron, Silver, Lithium
(3) Atacama	394,530	2,245,832	Iron, Silver
(4) Coquimbo	196,579	906,204	Gold, Iron, Manganese
(5) Valparaiso	80,993	433,123	Copper
(13) Santiago	85,119	443,205	Copper
(6) Lib. General B. O'Higgins	52,872	263,241	
(7) Maule	24,917	173,624	
(8) Bio Bio	22,210	140,384	Coal
(9) Araucania	8,844	67,563	
(14) Los Rios	11,658	72,277	Coal
(10) Los Lagos	10,921	78,363	
(11) Aysen	9,673	65,730	Lead, Zinc, Coal
(12) Magallanes & Antarctica	13,544	66,640	Petroleum
TOTAL	1,844,807	10,924,716	

Mineral Exploration Concessions, 2009:

Region	***Number of Concessions Granted***	***Hectares***
Arica & Parinacota	1,258	393,000
Tarapaca	4,495	1,439,800
Antofagasta	13,045	4,234,000
Atacama	11,036	2,982,000
Coquimbo	5,079	1,444,300
Valparaiso	1,194	373,100
Santiago	1,212	353,500
Region	***Number of Concessions Granted***	***Hectares***
Lib. General B. O'Higgins	1,493	396,900
Maule	2,113	574,500
Bio Bio	1,115	310,300
Araucania	554	135,900
Los Rios	875	240,700
Los Lagos	1,139	234,200
Aysen	1,640	388,000
Magallanes & Antarctica	529	150,400
TOTAL	46,777	13,650,600

1B CURRENT POLICIES ON ACQUIRING LAND (REAL ESTATE & MINES)

Chile is one of the most liberal economies in the region. The same openness is exhibited in its regulations for land ownership too. There is little or no differentiation between a Chilean national or company and a foreigner for purchase of land in the country.

Legal Proceedings for the purchase of property in Chile

- As per Chilean laws, foreign citizens have equal rights with residents of the country, in the purchase of real estate in Chile. In other words, one can purchase unlimited amount of land for any purpose be it for apartments, villas and other properties, without any restrictions.
- The only documentation required at the time of purchase of the real estate by a Private individual is that he should possess the unique number that each taxpayer in Chile has, called **Tax Chile**.
- When purchase is made by a Legal Entity, the firm will have to produce the registration documents of the company and the unique tax number. Under the current law, the Executive Director of the company buying property must be a resident or citizen of Chile.

The procedure for registration of real estate in Chile

- Before the transaction, the Notary provides an extract from the Register of "clean" facility. This statement reflects the presence / absence of a mortgage at the facility, the right to use the property, the objection of others to its sale, a ban on the sale by open trials and other similar data. It also confirms the intent of the seller to sell the property. In Chile, the notary is materially responsible for the transaction.

The transaction is executed in several stages

- Signing a **preliminary contract of intent** to buy, which is time-bound followed by the final signing of the treaty*.

- **Audit documentation**.
- The signing of a **definitive purchase agreement**.
- Audit documentation and **registration** of the intent to sell the property to the buyer in the Registry of Property.
- The **final payment** to the seller.

*At the request of the parties a preliminary contract can be foregone, by signing a notary final contract immediately. This is the Notarial deed of transfer of ownership and a right to dispose of the real estate.

Terms of payment

- Timing and payments from companies and, private owners are different. Usually, when it comes to a new construction, the payment is divided into several stages. However, when you pay 100% of the amount at the time of the initial construction (in the case of apartments), the seller is to provide for various discounts. In this case, the law requires the seller to issue insurance to the buyer for the paid amount. When buying a private property, the payment is made after completing the registry of property in the buyer's name.
- **Fees** are based on the selling price recorded in the Notaries Act and are, defined by the amount of duty on the transaction. Generally, they account for about 1.5% of the value specified in the contract.

General tips on the acquisition and registration of real estate in Chile

- When buying a pre-owned real estate, final payment to the salesperson should be made after the registration of the Property in the Registry of Property in the name of the buyer.
- When buying real estate in the construction phase, or in case of a new property, the seller is obliged to issue insurance for the amount paid.

- Foreign nationals without residence in the country must obtain a tax identification number in Chile for purchase and registration of real estate.
- Documentation audit of purchased property and a final purchase agreement is preferably done by a lawyer.
- To evaluate the Chilean real estate market and the choice of options available; it is very useful to visit Chilean sites of real estate: Portalinmobiliario.cl and propiedades.elmercurio.com.
- It should be borne in mind that when transactions are made through real estate agencies, they are paid a commission ranging from 1.5% to 2% of the amount of the transaction.
- If the price is lower than the average market price, it often means that there are serious shortcomings in the property.
- Ownership or Possession of real estate in Chile by the citizen of another country is not a sufficient basis by itself for obtaining a residence permit.

Taxes paid by real estate in Chile

- One of the issues of greatest concern to people when they invest in real estate is the taxation of real estate. Chilean law provides several benefits for real estate owners. The most important of these is the law DFL-2. Income proceeds from rent of apartments, houses belonging to the DFL-2 are exempt from tax. This law is applicable to all residential real estate whose living space is not more than 140 square meters and some commercial real estate also (Act DFL-2).
- **DFL2 tax subsidies in Chile**

➢ Under this law, real estate receives exemption from income tax. Upon receipt of the proceeds from the rental of such property, proceeds are not taxable.

- When buying pre-owned real estate, not older than 2 years, the tax is paid for the design part only.
- When buying a new real estate, tax on the seals and stamps is not paid entirely.
- On hereditary transfer of real estate, it will automatically be exempt from inheritance tax.
- Lodging under DFL-2 pays only half the property tax for up to 20 years from the date of acquisition of the facility.

- **Low levels of tax on Real Estate**

- Unlike most countries, Chile has low levels of property tax. Excluding tax benefits for new housing or housing under DFL-2, standard property tax in Chile is **0.35%** of the estimated annual cost of the property. For housing older than 20 years, tax is 0.75% per annum. Property tax is applicable to only a residential area.
- For Country land, up to one hectare, property tax is not attracted.
- Also in Chile, there are subsidies for the purchase of a new residential property of value, up to US$ 8,000, subsidies up to 60% of cost in purchase of historic real estate and several agricultural subsidies.

1C IDEAL LOCATION FOR SETTING UP BUSINESS INDUSTRY

Most of the commercial activity in Chile is near its coastline with some of the biggest urban centres of Latin America here. This is partially due to favourable geographical terrain and also due to well developed communication networks.

Region No. XIII - Santiago

- Santiago has the largest number of industries in Chile, contributing to 51% of the national GDP (Industrial Sector); 69% of the national GDP (commerce, hotels and

restaurants); and 78% of the national GDP (financial services). It also has good connecting highways and an international airport.

Region No. VIII: Bio Bio

- Industrial city in south-central Chile, 350 km/217 miles southwest of Santiago. It is Chile's third-largest city and capital of Concepción province and of Bio-Bio region. The city is a tourist resort and lies in a rich agricultural district. Industries include **coal** (from the pits on the Péninsula de Lebú), **steel, glass, cement, paper, and textiles.** Most of Chile's coal is mined in the vicinity. Its port, Talcahuano, 15 kms to the north, is Chile's most important naval base.

Region No. II: Antofagasta

- Antofagasta's economic development is mainly based on **copper** mining and nonmetallic minerals such as **nitrate, lithium and iodine**. It is also an important port city, though in recent years, its position as a lead port in the region has declined due to commissioning of the Mejillones mega port. Antofagasta has two major industrial areas, one is located 20 km outside the urban area known as **Ciudad Empresarial La Negra**, a complex of approximately 2,400 hectares. There are copper refineries and furnace industries in addition to **cement, lime** and other products. The second industrial area is located in the north of the city, where they have multiple operating centers of different companies, mainly along the **"Pedro Aguirre Cerda Avenue."**

Region II – Duty Free Zone of Iquique

Duty Free Zone of Iquique has a Walled Complex, an Industrial District and an Industrial Park. It has several unique features:

- It is the main business and distribution centre of domestic and foreign merchandise with international recognition.
- Privileged geographic location providing access to 300 million potential clients.
- Fast connecting routes to multiple buyer markets.
- Excellent business opportunity with over 1700 companies.
- US$ 4.7 Billion operating volume.
- 150 foreign trade service companies (Banks, Customs Agents, Insurance, Transportation, Steam Lines, Forwarders).
- 35 years of experience providing integral foreign trade services.
- Tax and customs exemptions.
- Unlimited merchandise storage time, duty, levy, or tax free.
- Quick customs and ZOFRI S.A. procedures for merchandise (sales) import and export documents. These operations can be done in minutes through an automated service that includes document control of the user's inventory.
- Showroom to penetrate the markets of neighboring countries such as Bolivia, Peru, Paraguay, Ecuador, Argentina, and Brazil.

2A AGRICULTURE & FARMING

Chile's agricultural activities are concentrated on the coastal plains and the foothills of the Andes Mountains. Some of its primary products include grapes, apples, pears, onions, wheat, corn, oats, peaches, garlic, asparagus, beans, beef, poultry, wool, fish and timber. Chile has one of the strictest customs policies with regard to import of fruit and vegetables. This along with to its relative geographical isolation has helped the country remain free from diseases such as Mad Cow, fruit fly and Phylloxera.

In addition, due t its location in the Southern hemisphere, it has a harvesting season that is opposite to the traditional agricultural zones of the world. Hence, Chile enjoys a substantial comparative advantage. However, the mountainous landscape of Chile limits the extent and

intensity of agriculture. On the whole, coupled with excellent infrastructure and cutting-edge technology, Chile has made efficient use of its scarce land resources to emerge as a leading agri-powerhouse in the world.

WORLD BANK INDICATORS – CHILE – LAND USE

Agricultural land (% of land area)	21.2
Agricultural land (sq. km)	157620
Arable land (hectares per person)	0.1
Arable land (hectares)	1,294,000
Arable land (% of land area)	1.7

Chile's principal growing region and agricultural heartland is the Central Valley hedged in by the Chilean Coast Range on the west, the Andes in the east, the Aconcagua River in the north and Bio-Bio River in the south. In the northern half of Chile cultivation is highly dependent on irrigation.

Despite its envious growth in this sector, the Chilean Government does not provide direct support to agricultural exports. However, indirect support exists through ProChile, which promotes Chilean exports, especially of non-traditional products, through support to companies that attempt to position themselves in foreign markets. In 1995, the Agricultural Export Fund was created by the Ministry of Agriculture. Its activities include assessments of (potential) export markets, contributions to seminars and support to companies in international trade fairs (such as BioFach in Germany), among others.

2B MARKET FOR FARMLAND

Chile provides an excellent opportunity for investment in farmland. The country has a comparative advantage in the agricultural sector due to its opposite growing season compared to the northern consumption markets, enabling supply of fresh and perishable products when production in the northern hemisphere is absent. In addition, the different climatic zones in its long north-south territory, combined with the availability of naturally fertile soil and clean

water from the Andes mountains, enables Chile to produce many different types of agricultural products. Moreover, organic agricultural production in Chile is generally faced with low pest pressure and few diseases, thanks to the geographical position of the country. Finally, the experience that Chile has as an agricultural exporter and its knowledge and infrastructure for exports, have created a brand image as an agricultural exporter. There is also a rapidly growing organic sector in Chile which is expanding exports to foreign markets. Sea transport costs are also minimised as agricultural exports benefit from volume.

With these advantages, looking at the Chilean farmland market makes eminent sense.

There are various methods of acquiring farmland:

- Outright **purchase** from the land owners- The same principles, as enunciated in Section 1B apply to farmland.
- Obtaining a **lease** from Government- In Chile, certain tracts of land have been designated as Administered lands. These are owned by the State and are either used by public utilities or leased out to the private sector. Some parts of these lands are given under concessions to private entities.
- Certain regions have been classified as **Protected areas**. These include the areas adjacent to international borders as well as the ecologically sensitive regions. No lease or purchase is allowed in these protected zones where ownership vests with the State.

The availability of different types of lands in the country are listed below:

(All figures are in Hectares)

Zone	**Total Area**	**Administered**	**National State Protected Areas**	**Not administered***
North Regions	30,128,783	3,158,519	1,430,324	3,528,230

IV to XV				
Central Regions V to XIII	11,463,490	3,07,394	203,371	2,264
South Regions IX to XII	34,069,790	965,318	12,986,942	2,285,931

Note:

1. (*) - This also includes land covered by desert, highlands and mountains.
2. "Not administered" means large expanses of land (mainly in the Southern and Northern parts of the country) which are fiscal property, but which are not being used.

*****

Peru

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
- Agriculture & Farming
  - Land use indicators
  - Government Incentives and Initiatives

Peru, at a glance *(As on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	29.9
2.	GDP (PPP)	US Billion	25.1
3.	GDP (Per Capita)	US$	8500
4.	GDP Composition		
	Agriculture		8.2%
	Services		59.7%
	Industry		32.1%
5.	Inflation		2.9
6.	Total exports	US Billion	30.13
7.	Total imports	US Billion	21.86
8.	Major cities	Lima, Arequipa, Trujillo, Huan cayo, Iquitos	

Peru lies along the west coast of South America, hugging the Pacific coastline. It was the seat of the ancient Inca civilization and fell to the Spanish conquistadores in the 16th century. After three centuries of colonial rule, in the 19th century, Peru became independent and since then the country has enjoyed stable growth. The country is one of the fastest growing economies of Latin America today and its growth rate is outstripping most of the developed world. It has the Andes Mountains and the world's highest navigable lake, Lago Titicaca. Rivers and streams abound. Its official language, Spanish, is a legacy of its colonial days. But Peru has retained its ancient roots and this is evident from the fact that Quechua is also recognized as the official language. Macchu Pichhu is held in high esteem by the Peruvians as a symbol of their cultural heritage. Yet, most of them are pragmatically looking to developing Peru through its rich mineral and metal resources.

1A. PERUVIAN MINERAL RESOURCES

The Peruvian Mining sector is noted for its geological potential and diversity of base and precious metals, which are extracted **throughout the territory**. Peru enjoys global fame as the largest silver producer and the second largest producer of copper and zinc. It also leads

in the production of gold, lead, tin and tellurium in Latin America. The country's export basket is heavily tilted in favour of metals and minerals. The map below shows the availability of minerals in Peru.

Mineral map of Peru

LEGEND

Pet	Petroleum
P	Phosphate
Ag	Silver
Pb	Lead
Se	Sandstone
Te	Tellurium
Zn	Zinc
⊕	Copper
▦	Gold

The Ministry of Energy and Mines, locally known as the *Ministerio de Energía y Minas (MEM)* supervises the metal and mineral operations in the country. Like most of its neighbours, Peru is rich in petroleum, natural gas, copper, zinc and precious metals like gold silver and molybdenum.

A. <u>Hydrocarbons</u>

These constitute the most important sector of the Peruvian economy. Most of the hydrocarbon reserves in Peru correspond to discoveries made in the seventies (oil) and eighties (natural gas) of the 20th century. In recent years there have been some discoveries that have contributed to the increase in reserves labeled as "proven" and "likely". Oil

production in Peru has had a curious evolution with oil and natural gas production being inversely proportional to each other. In the early part of the 21st century, gas production increased dynamically with the beginning of the **Camisea deposits** exploitation. At the same time, crude oil production declined significantly. The production from Camisea (2004) increased natural gas supply, offsetting the drop in crude oil production. Thus, consolidated production of hydrocarbons, which had been static until then, grew at a rate of 8% per year from 2004. Production spurted from less than 100 thousand barrels per day in five years 2000-2004 to 145 thousand barrels per day in 2009. In the first nine months of 2010 production of liquid hydrocarbons touched 162 thousand barrels per day.

The most prominent reserves are in the Cashiriari (part of the Camisea deposits), the San Martin gas fields in the Ucayali Basin and the jungle blocks in the Loreto and the Ucayali Regions.

(1) Oil

The proven reserves of crude oil have increased in recent years due to four new discoveries. However, proven reserves remain below the 800 million barrels recorded in the seventies (twice the current level of reserves).

(2) Light Oil

In 2005, the **Savia** company (formerly known as Petrotech) found light oil in block Z-2B (San Pedro 1X) near the Peruvian coast of **Piura (Mancora)**. In 2009, Canada's **Talisman Energy** found oil in block 64 (northern jungle). Situche 3X that is located in block 64 has also started production.

(3) Heavy Oil

Between the years 1998 and 2006, around 500 and 600 million barrels were found in blocks **39 (Repsol) and 67**. These blocks are partially explored and have an additional resource potential of over 500 million barrel. Oil Production in block 67 is likely to begin in 2013.

(4) Natural Gas

Peru has great potential for the production of natural gas. The last major natural gas discovery in Peru occurred in 1984 when Royal Dutch Shell found one of the largest gas deposits in Latin America in **Camisea** with reserves of 13 billion cubic feet and 600 million of liquid barrels.

Back-end Infrastructure

Since the 1980s discovery of gas, the Peruvian government has taken measure to create the necessary support infrastructure for this sector. These include a project on Natural gas transportation in **Trujillo region**. The project comprises of design, construction, operation and maintenance of the natural gas transportation system which will allow supply to the cities of Ayacucho, Huancayo, La Oroya, Trama, Chimbote and Trujillo. The project has an estimated Investment of US$1,400 Million with a concession term of 30 years plus the construction period (40 – 48 months). The Government has also established large oil refineries for value addition at La Pampilla and Talara (owned by Petroperu), Conchán, Iquitos, Pucallpa and El Milagro along with a petroleum depot at Bayovar for servicing the 800 km northern Peru crude oil pipeline.

Other projects of similar nature are being taken up by **Pro Inversion**, the Peruvian Government's investment promotion agency. These include:

Airports: Six regional airports located in the south of the country will be given in concession for 25 years.

Road System: The development of the Central Branch of the Amazonas Axis (Road IIRSA Centro) which will connect the city of Lima to the main cities and productive areas of the central highlands and Forest. In addition, development of the Pan-American highway that will enhance the connectivity with the borders of Ecuador and Chile.

Ports: The National Port Authority (APN) is promoting the development of five maritime terminals (North Terminal of Callao, Salaverry, Pisco, Ilo and Marcona) and three river ports (Iquitos, Yurimaguas and Pucallpa) for interconnection with Brazil.

Power Transmission: In order to strengthen the National Interconnected Electric System, Proinversion has the mandate to develop four transmission lines, one hydroelectric plant and a cold power generation reserve system. Another upcoming project is in the energy sector in Cajamarca region, for the design, financing, building and maintenance of Trujillo - Chiclayo 550Kv transmission line. This project aims to increase the capacity of electric energy transmission towards the northern part of the country.

Details may be obtained from the web-site: www.proinversion.gob.pe, with e.mail at cherrera@proinversion.gob.pe.

B. COPPER

The largest producer of copper in Peru is the SPCC (Southern Peru Copper Corporation) which has mines at Toquepala and the Cuajone open pits. Others include the Compañía Minera Antamina S.A., that owns the copper-zinc Antamina megaproject (Huari, Ancash Department), Phelps Dodge Corp.'s Cerro Verde copper mine and Doe Run Perú S.R. Ltd.'s mines at Cobriza in the Department of Huancavelica.

C. GOLD

Peru's famous gold drew the Spanish colonizers and even today, gold is produced by private layers. There are large, medium and small sized mining operations and also the

individual miners known as ***garimperos***, for whom this is a source of livelihood. Traditionally, gold has been recovered from the southeastern Andes on the Inambari River and its tributaries. Gold production is concentrated in the Inca and the Mariategui Regions; gold is also recovered from placers in rivers and streams throughout the jungle. However, this method of production uses old fashioned techniques, that are uneconomical. The largest producer of gold in the country is Minera Yanacocha S.A. (MYSA), that owns the Yanacocha gold project in the Cajamarca Department. Other key players are Barrick, Retamas , Ares , Sipán , Orcopampa , Horizonte, Santa Rosa and Cía Minera Poderosa S.A.

D. IRON ORE

The most important iron ore producer in Peru is a Chinese company, the Shougang Hierro Perú S.A. (a subsidiary of Shougang Corp.)

E. COAL

Though its production has not expanded up to potential, Peru has large deposits in the Alto Chicama, 140 km north of Trujillo in La Libertad Region. Other coal deposits occur in the Cuenca del Santa in the Marañón Region and the coal basins of Goyllarisquizga and Hatun Huasi in the Cáceres Region of central Peru. In 2001, according to the U.S. Energy Information Administration (2002b§), Peru's recoverable coal reserves were estimated to be 1.06 billion metric tons.

F. LEAD, SILVER AND ZINC

These metals are found mostly in the Yauli mining district and the Cerro de Pasco. Some of the notable private companies in this sector are- Glencore International AG with its subsidiaries Iscaycruz and Empresa Minera Yauliyacu (for zinc), S.A Cía. Minera Santa

Luisa S.A. (a subsidiary of Mitsui Mining & Smelting Co. Ltd. of Japan) operating the Huanzalá Mine (for lead) and Buenaventura one of the largest private producers of silver.

G. TIN

Prominent reserves are found in the Mariátegui Region where Minsur S.A., the most important producer of tin operates the San Rafael Mine.

1B CURRENT POLICIES ON ACQUIRING LAND (REAL ESTATE MINE)

Peru has aggressively but carefully involved private investors in the utilization of its mineral and metal resuorces. Some of the largest production of minerals and metals is done by the private companies, including foreign companies and their subsidiaries.

One such example is the **Magistral Project** where Peru is promoting the transfer of mining rights to the private sector. The Project is located in the Northern zone of Peru, in Conchucos district, **Pallasca Province**, **Ancash** Department. The Magistral project mines **copper ore with molybdenum and silver** contents. It includes five mining concessions with a total area of 250 hectares. These 250 hectares of land (surface) is owned by the Conchucos Peasant Community. The details are given below

N°	Concession	Areas(Ha)	Mining Registration
1	Magistral N° 1	10	09000331Y01
2	Magistral N° 2	60	15001693X01
3	Magistral N° 3	60	15001694X01
4	Magistral N° 4	60	15001695X01
5	Magistral N°	60	15001696X01

There are no restrictions for foreigners to buy land or property in Peru, except for some special security frontier land.

The legal framework governing foreign investments in Peru is based on national treatment. Foreign investments are allowed, without restrictions, in most economic activities. No prior authorization is required for foreign investments; acquisition of national investors' shares is allowed through the stock exchange.

As to landownership, foreign individuals or corporate bodies are treated at par with Peruvians. **However, foreigners may not acquire mines, lands, woods, water, fuels or energy sources, within fifty kilometers from the borders, except in case of public necessity, expressly declared by Supreme Decree and approved by the Cabinet**.

WTO commitments are fully abided by. No selection mechanisms or performance requirements are applied or demanded of foreign investors. In cases where investments enjoy benefits derived from the subscription of legal stability agreements with the State, requirements are the same as those established for national investors.

Every enterprise has the right to organize and develop its activities under the form it deems appropriate. All legal provisions establishing production methods or production indexes have been repealed. No prohibition or requirement to use certain inputs or technological processes, and in general, no intervention in production processes of companies over the type of economic activity, installed capacity, or any other similar economic factor is allowed. **Exceptions are made for legal provisions over hygiene and industrial security, environment and health.**

Foreign investment may be made in any income-generating activity, under any of the following forms established by Law:

- Foreign Direct Investment, as contribution to stock equity.
- Contributions to the development of contractual joint ventures.

- Investment in goods and properties located within national land.
- Portfolio investments.
- In intangible technological contributions.
- Any other investment modality contributing to the development of the country.

The **Foreign Investment Promotion Law** approved by the Legislative Decree Nº 662 in August 1991, is the cornerstone of a sound legal framework that establishes clear rules and security for the development of foreign investments in the country.

The general legal framework for the treatment of foreign investments is complemented by the **Framework Law for Private Investment Growth**, approved by Legislative Decree Nº 757 and the **Regulations of the Private Investment Guarantee Systems**, approved by Supreme Decree Nº 162-92-EF.

2.A AGRICULTURE & FARMING

Peru is the world leader in export of fresh asparagus, organic coffee and organic bananas. It is the second largest exporter of dried paprika, the fourth largest exporter of fresh mango and the sixth in fresh avocado and canned artichokes. It also produces other crops such as grapes, sweet onion and olives that are gaining popularity in the international market. In Peru, the land area suitable for cultivation is estimated at 8 million ha. In order to promote its intensive use, the State Government is following a multi-pronged approach. On the one hand, irrigation facilities are being strengthened and infrastructure is being improved in agri-business clusters. On the other hand, fallow land is being identified and put to use through sale or government is undertaking agricultural development on it.

WORLD BANK INDICATORS – PERU - LAND USE

Agricultural land (% of land area)	16.8
Agricultural land (sq. km)	215600
Arable land (hectares per person)	0.1
Arable land (hectares)	3700000
Arable land (% of land area)	2.9

Some of the innovative measure introduced by the Government include:

- The Peruvian government has initiated a project to sell idle land through public tender without rights to water, of 150 hectares or less, owned by the Ministry of Agriculture or by the Special Projects. Currently there are 22 plots of idle land which have been identified for this purpose.
- The Government executes and promotes investment in irrigation infrastructure. Some of the recent examples are the Chavimochic and Olmos projects (on the north coast), which have allowed, in its early stages, the availability of regulated irrigation in 40,000 and 38,000 ha. of land, respectively. This has led to the development of agro-export clusters near these projects. In the South of Peru, the Majes-Siguas Special Project is a regional multi-purpose development project based upon regulating and diverting water coming from the Colca and Apurimac rivers upper basins to irrigate 65,000 hectares of new land in Las Pampas and Siguas. The project also includes a component for large-scale energy generation. M/s Activos Mineros SAC has obtained the concession for the project. Proinversion, an investment promotion agency in Peru, is working on the Second Stage of the Special Project Majes-Siguas in Arequipa region (South Coast) and Phase I –Third stage of Chavimochic, in La Libertad Region (North Coast). These Projects are expected to increase the use of 46.000 and 31,000 hectares of agricultural land, respectively.

Colombia

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
  - Ideal location for business/industry
- Agriculture & Farming
  - Land use indicators

- Government Policies
- Main crops

Colombia, at a glance *(as on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	44.2
2.	GDP (PPP)	US Billion	407.5
3.	GDP (Per Capita)	US$	9300
4.	GDP Composition		
	Agriculture		9.6%
	Services		53.5%
	Industry		36.9%
5.	Inflation		4.2%
6.	Total exports	US Billion	32.42
7.	Total imports	US Billion	32.51
8.	Major cities	Bogota, Barranquilla, Cali, Cartagena, Cucuta	

Known for its ancient civilizations, Chibcha (or Muisca) and Tayrona, Colombia was a Spanish colony in the mid 16th century. At that time, it was known as the New Granada. Its declaration of Independence in the early 19th century gave the world the famous heroes – Simon Bolivar, Antonia Narino, and Francisco de Paula Santander. Since then it has been a turbulent journey for the country, battling drugs, poverty and inflation and finally culminating in modern day Colombia characterize by economic growth and stability.

Colombia is strategically located with access to the Pacific Ocean as well as the Caribbean Sea. It provides a vital link to the Isthmus of Panama through which much of the trade of South America is transacted. Its diverse geography includes humid coastal plains, snow capped Andes Mountains and the rich forests in the South-East. There are numerous rivers and streams. This combination and the easy accessibility of the country make it an attractive tourist destination.

1A COLOMBIAN MINERAL RESOURCES

The Colombian economy, like most of the countries of South America, is driven by its precious natural resources of metals and minerals. The Spanish colonizers were attracted to Colombia by its famous gold reserves. Today, the country is one of the richest sources of oil and gas. Since much of the southern and eastern parts are covered by the tropical rain forests, most of the minerals are exploited in the northern and western parts. Ports like Cartagena (on the Caribbean Sea) and Buenaventura (on the Pacific coast) provide easy transportation facilities.

The Government agency overseeing development in this sector is the Ministerio de Minas y Energía. Other agencies working with the ministry of Minerals and Energy are the Agencia Nacional de Hidrocarburos (ANH), the Comisión de Regulación de Energía y Gas, the Dirección de Energía, the Dirección de Gas, the Dirección de Hidrocarburos, the Dirección de Minería, Empresa Colombiana de Gas, Ecopetrol S.A., Ingeominas, and the Unidad de Planeación Minero Energética.

Mineral map of Colombia

LEGEND

Ng	Natural Gas
Pet	Petroleum
▦	Gold
C	Coal
⊕	Cement
◓	Carbon black
⊠	Gypsum

a) Crude Oil / Natural Gas: Colombia is one of the six Latin American countries with potentially significant energy resources for the future. Regarding Oil & Gas reserves, the country is estimated to possess 1.668 trillion barrels of oil and 7.3 tera cubic feet (terapies) of natural gas reserves. Oil is one of the greatest foreign revenue generators for the country. The Colombian oil industry is highly sophisticated and diversified. Over the years, it has developed a well-oiled system of exploiting its oil and gas reserves. Besides the traditional extraction and production companies, Colombia has two refineries, a strong petrochemical industry, oil-related service companies, oil & gas companies, consulting companies and other key elements for the industry value addition chain. About a dozen academic institutions offer programs specializing in geosciences and oil engineering. Further, the country's long history

in oil & gas exploration and production has contributed to the development of a wide base of skilled and experienced professionals in the oil industry.

Colombia became a net crude exporter in the 1980´s, as a consequence of important discoveries in Caño Limón, Cusiana and Cupiagua oilfields. The country's production grew from 126,000 bpd (barrels per day) in 1980 to 816,000 bpd in 1999, and exports reached $4.5 billion dollars in 2000.

Since 2007, production has increased from 525,000 to 650,000 bpd (barrels per day) The National Oil & Gas Agency (ANH) has an ambitious investment plan to improve the knowledge and understanding basis of the country's geology and to boost exploration of the existing important Oil & Gas potential, especially in the least explored areas. To achieve this, ANH has been accruing more than 100 million dollars a year to purchase new seismic and geological data.

Opportunities offered by the Colombian Oil & Gas sector attract foreign investment from large companies operating independently or through joint venture contracts with companies already established in Colombia.

India has entered this sector through **Mansarovar Energy Colombia Ltd (MECL)**, a 50:50 joint venture between **OVL** (ONGC Videsh Limited), the overseas arm of Oil and Natural Gas Corp (ONGC) and China's Sinopec International Petroleum Exploration and Production Corp. MECL's assets constitute a 100% interest in Velasquez fee mineral property and a 50% interest in the Nare Association contracts where the Colombian national oil company, Ecopetrol S.A. holds the remaining 50%. MECL also owns 100% of the Velasquez-Galan pipeline, which runs 189 km from the Velasquez property to Ecopetrol's Barrancabermeja refinery. MECL had acquired Omimex de Colombia Ltd. ("Omimex") from Texas based **Omimex Resources, Inc**. in 2006. In addition, OVL has entered into a Joint

Operating Agreement with Canada's **Petrodorado Energy Limited** and has also taken exploration rights for various blocks in deepwater off-shore Colombia.

b) Coal: Colombia is estimated to possess approximately 7,000 million tons of confirmed reserves and 17,000 million tons of hypothetical reserves. Thermal coal is available in the states of **Guajira, Cesar, Antioquia, Cordoba and Valle del Cauca**, whereas Coking Coal is available in the states of **Cundinamarca, Boyacá, Santander and Norte de Santander**. The leading producers were Carbones del Cerrejón LLC in the Department of La Guajira and Drummond Ltd. which has mines in La Loma, Department of Cesar.

c) Gold: Colombia is Latin America's fifth largest producer, after Peru, Brazil, Chile and Argentina. Most of Colombia's gold production is sourced from alluvial operations, mostly by local small scale miners who take up this activity for subsistence. Predictably, gold recoveries from these operations are poor, with recoveries of less than 60% being reported. The country's largest alluvial operation occurs along the **Nechi and Tigui Rivers** – operated by **Mineros de Antioquia S.A.,** Colombia's largest official gold producer. **Greystar Resources and Kinross Gold** have a joint venture over the **Angostura gold – silver property** situated in the California – Angostura municipality in **Santander**, in northeast Colombia. The Angostura project contains an estimated resource of 96Mt at a grade of 1.6 g/t gold and 5.8 g/t silver. Other **gold** reserves are in the states of **Bolivar, Córdoba, Santander, Antioquia, Chocó, Caldas, Risaralda, Tolima, Valle del Cauca, Huila, Nariño, Cauca, Vaupés and Guainía**.

d) Nickel : Colombia is the 2nd largest producer of ferro-nickel in the world. In the state of **Cordoba**, 40.000 tonnes of nickel and 55.000 of ferronickel (ferroalloy of iron ore and nickel) is produced. The most famous is the Cerro Matoso mines. Since 1982, nickel production has been undertaken through a joint venture of the Colombian Government, BHP Billiton and Hanna Mining ownership. This operation combines a lateritic nickel ore deposit with a low-cost ferronickel smelter. It is the world's second-largest producer of ferronickel and boasts some of the lowest costs. BHP's 2008 annual report states proven ore reserves as under 25mt, with probable reserves between 25mt and 70mt.

e) Platinum—Colombia was the only producer of platinum in South America. The majority of the metal was produced in **Choco** with some production in **Antioquia, Bolivar, Cauca, and Risaralda**.

f) Cement—Colombia was Latin America's fourth ranked producer of cement after Brazil, Mexico, and Venezuela. The largest producer included Cementos Argos, S.A. and CEMEX Colombia (a subsidiary of CEMEX S.A. de C.V.

g) Emerald—Colombia was the world's leading producer of emerald and the only country in Latin America to have emerald reserves. The best quality emerald deposits are found in the central part of Colombia, in the sedimentary basin of the Cordillera Oriental. Production was concentrated in the Eastern Emerald Belt (Cinturón Esmeraldífero Oriental) and the Western Emerald Belt (Cinturón Esmeraldífero Occidental) in Boyacá and Cundinamarca.

Salt- Colombia has both underground mines, as well as evaporation operations for production of sea-salt. The sea salt operations are found in Maraure (Guajira), Galerazamba (Bolivar), while mining takes place in Zipaquira (Cundinamarca).

1B CURRENT POLICY ON ACQUIRING LAND (REAL ESTATE AND MINES)

Colombia does not have a special regulation for “purchase of lands by foreign nationals”. This is due to the fact that in Colombia foreigners do not face any restrictions for purchase of lands. Foreigners who are legally present in Colombia do not require any specific regulation for purchase of land and enjoy the same status as Colombians. They must meet the general regulation for purchase of properties established by the civil code and the norms that complement it.

When a person (foreign or national) intends to purchase real state in Colombia it is recommended that they do an exhaustive “legal research” in order to determine all potential risks and therefore protect the buyer from any economic damage.

Relevant information for property is available in the “Certificado de Tradición y Libertad” contained in the “Folio de Matrícula Inmobiliaria”. This is a technical record that contains: details and identifying features of the building, current and previous owners, all liabilities to the building (mortgages, domestic staff, family equities, effects on family housing etc.), restrictions for negotiations, current status and other related issues.

Further, it is recommended that a revision of all the public deeds related with the building, land, field or property is examined, in order to detect whether it is a prívate or public property protected by the state, for example, waste lands, special public order zones, areas with environmental restrictions or other types of special protection areas.

It is recommended that a case to case study should be done, focusing on the legal status of the land, terms of negotiation, the property documents, the objective of business, the origin of the funding in order to meet the regulations of the Exchange regime –in case of resources coming from abroad- and other issues that can affect the contract.

1C IDEAL LOCATION FOR BUSINESS/INDUSTRY

Colombia's industrial core has developed around four urban areas: Bogotá, Medellín, Cali, and Barranquilla. Over the years, additional peripheral industrial centres have emerged in Boyacá, Magdalena, Nariño, and Santander. These areas have flourished on export based production and are the sites of numerous small and medium sized firms.

Textile: Concentration of this industry, in geographical terms, is really large. For instance, in the textile area, 50% of the activity takes place in Medellín and 36% in Bogotá; Ibagué is the third textile center in the country due to the important activity the city has witnessed recently.

Chemical Industries: The industry is concentrated in the states of Antioquia, Bolívar and Atlantic. The manufacture of industrial chemicals, fertilizers and artificial materials (plastic resins) are located in Bogota and Valle.

Cement: Owing to availability of resources, the ideal location for cement business is in Cundinamarca, Boyaca, Santander, Antioquia, Caldas and the Atlantic coast.

2A. AGRICULTURE & FARMING

Colombia enjoys variety in its topography and climate, encouraging the cultivation of a wide variety of crops. However, more than half the total land in Colombia is covered with forests and mountains. Over the years, this sector has taken a beating and its contribution to the GDP has fallen from 21% in 1987 to roughly 10% in 2010.

World Bank Indicators - Colombia - Land use

Agricultural land (% of land area) in Colombia	38.3
Agricultural land (sq. km) in Colombia	424360.0
Arable land (hectares per person) in Colombia	0.1
Arable land (hectares) in Colombia	1998000.0
Arable land (% of land area) in Colombia	1.8

Colombian agriculturists produce both for domestic consumption and as a revenue earner through exports. Depending upon climatic and geographical conditions, production ranges from coffee on the Andean highlands to banana plantations along the Caribbean plains. Both short and long term crops are grown. It is estimated that about 1.6 million hectares of land is used for cultivation of short term crops while 2.9 million hectares is used for cultivation of long term crops. Cattle rearing and forestry are other employment generators. However, the Government is gradually switching most of the land from livestock to agriculture, due to the potential of agriculture and the damage that livestock grazing inflicts on soils. Moreover, the Colombian Government has disallowed use of tropical jungle land for agriculture purposes, and the potential areas for agriculture are mainly located on the Atlantic Coast and the slopes of the East Andes mountain chains (Piedemonte llanero).

Landholdings take the shape of both big ranches and small farms. Productivity in the latter tends to be low due to use of traditional techniques of cultivation. In 1961, the government created an agency to supervise land reforms, the INCORA. Over the years, private participation has increased and investment in research, training, credit, processing and marketing has gone up. There has been better organisation amongst the producers and the Fedecafe represents more than 300,000 coffee growers. Other organisations include the Federation of Rice Growers (Federación Nacional de Arroceros-- Fedearroz), the National Federation of Oil Palm Growers (Federación de Cultivadores de Palma Africana--Fedepalma), the Colombian Association of Flower Producers (Asociación Colombiana de Productores de Flores--Ascolflores), and the Colombian Association of Seed Producers (Asociación Colombiana de Productores de Semillas--Acosemilla).

The main crops of Colombia are:

1. **Coffee**- It is the main crop for the country, generating revenue as well as employment. Known for the mild arabica coffee grown in the temperate central highlands, the

Colombian coffee crop often commanded above-average prices in the market place. Colombia ranks second in the world for coffee production, behind Brazil. However, most of it was grown on small farms, on the hill slopes of the Andes and production remained labour intensive.

2. **Bananas**- This ranked after coffee in importance for Colombia. Bananas were grown on large plantations for exports, as well as on small farms or domestic plots for consumption. Most of the cultivation is done on the southern Caribbean coast around the Golfo de Urabá.
3. **Cut flowers**, including carnations, chrysanthemums, dahlias, and roses - The Colombian producers are next to Netherlands and their main destinations are the US and Western Europe. Most of the cultivation was done on larger farms through a labor-intensive process in the temperate mountain valley areas surrounding Bogotá and Medellín. Apart from the workers directly engaged in cultivation, this sector also gave a fillip to ancillary industries of transportation and packaging.
4. **Sugarcane**- This is grown primarily on the large estates in valleys and other lowerlying areas, in southwestern Colombia's department of Cauca. This region has a temperate climate and fairly regular rainfall that is conducive to the crop.
5. **Cotton-** It serves as the raw material for the Colombian textile industry. The crop is grown on both large and small cotton farms along the Caribbean coast.
6. **Food crops** such as rice, beans, cassava, potatoes, barley, corn, and wheat are grown on steep slopes as well as on level ground. These are mostly produced on small farms for domestic consumption.

*****

Costa Rica

- Country Profile, at a glance
  - Current policies on acquiring Land (Real Estate & Mines)
- Agriculture & Farming
  - Land use indicators
  - Market for farmland

Costa Rica, at a glance *(As on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	4.5
2.	GDP (PPP)	US Billion	48.83
3.	GDP (Per Capita)	US$	11000
4.	GDP Composition		
	Agriculture		6.4%
	Services		68.7%
	Industry		24.9%
5.	Inflation		7.8%
6.	Total exports	US Billion	8.8
7.	Total imports	US Billion	12.23
8.	Major cities	San Jose, Cartago, Alajuela, Puerto Limon, Puerto Jimenez	

Officially known as the Republic of Costa Rica, its name is a legacy of the Spanish occupation of the region. The Spanish referred to this area as the “rich coast” or Costa Rica. The Spanish colonizers had made it a part of the Viceroyalty of New Spain (i.e. Mexico) and control was exercised over Costa Rica from Guatemala. In the 19th century, it became an independent country though Spanish continues to be the official language. Despite the upheavals characteristic of South America, where periods of democratic rule have been marred by military regimes, today Costa Rica is one of the strongest democracies in the world.

Since colonial times, Costa Rica was known more for its agricultural wealth rather than mineral and metal resources. This trend continues in the present. Though experts believe that Costa Rica has rich oil deposits off its Atlantic Coast, the Government decided not to develop the deposits for environmental reasons. Subsequent governments have reaffirmed this policy. Rather, Costa Rica has emerged as one of the global pioneers for clean and green energy. The country gets about 99% of all its electrical energy from clean sources, and it is aiming to become carbon neutral by 2021. Costa Rica's mountainous terrain and abundant rainfall have permitted the construction of several hydroelectric power plants, making it largely self-sufficient in electricity, but it is completely reliant on imports for liquid fuels.

Despite these imports, its overall energy consumption is low as its mild climate and trade winds make neither heating nor cooling necessary, particularly in the highland cities and towns where 90% of the population lives.

1A CURRENT POLICIES ON ACQUIRING LAND

In Costa Rica, the normal stress of the purchasing process can be compounded with other risk factors, such as language barriers and unfamiliarity with local laws and procedures. That said, foreigners can and do, legally and successfully, purchase property in Costa Rica. In fact, Costa Rica offers potential buyers many types of real estate including houses, condominiums, time-shares, farms, finished lots and beachfront property.

I. Property Ownership And Other Common Forms of Possession

Just like in the US, Canada, and Europe, there are different types of property available to buyers. Understanding the various types that are available for purchase is critical in the evaluation process. This section highlights the property types that can be purchased in Costa Rica and the implications of each type of ownership for the buyer.

a. Fee Simple:

The most comprehensive form of property ownership in Costa Rica is fee simple ownership. **Fortunately for foreigners, the conditions for this type of ownership are the same for Costa Rican nationals as they are for foreigners**. The fee simple ownership gives the owner of the property the absolute right to materially own the property, use it, enjoy it (i.e. usufruct), sell it, lease it, improve it (i.e. transformation), etc., subject only to conditions outlined in the Costa Rican Laws.

b. Concessions in the Maritime Zone:

Concession property is more commonly known as beachfront property. In Costa Rica, 95% of beachfront property is considered concession property and is governed by the Maritime Zone Law and other specific regulations including but not limited to special dispositions stated by municipalities and the ICT (Costa Rican Institute of Tourism). These legal dispositions set forth the conditions under which **foreigners and local residents can own concession property**. A concession in Costa Rica is defined as the right to use and enjoy a specific property located on the maritime zone for a pre-determined period of time. The state, through its respective municipality, grants this right. The first 200 meters measured horizontally from the high tide line defines the boundary of the maritime zone. This zone also includes islands, pinnacles of rock, mangroves, estuaries, small islands and any small natural formation that overcome the level of the ocean. This 200 meter zone is divided into two areas:

(1) Public Area: The first 50 meters measured horizontally from the high tide line. This zone is ***not available for ownership*** of any kind. No kind of development is allowed except for constructions approved by governmental entities. Further, this area is deemed a public area and any individual wishing to utilize this area for enjoyment has the right to do so. In other words, **there are no truly private beaches in the Maritime Zone.**

(2) Restricted/Concession Area: The next 150 meters. This area is available for Concessions to be granted. A concession is in essence a "lease" on the property granted to the lessee for a specific period of time. Normally the concession period is granted for 20 years. An owner of a concession may build on that concession,

subdivide the concession and modify the property as per his requirements. However, appropriate permits from the local municipality must be obtained.

(3) Ownership Limitations: Unlike fee simple property, foreigners do not have the same rights as citizens when it comes to purchasing concession property. The law establishes that foreigners cannot be majority owners of a concession property. A foreigner can, however, enter into a partnership with a Costa Rican citizen where the ownership is divided 49% : 51% between the foreigner and Costa Rican respectively. An exception is that if a foreigner has resided in Costa Rica for at least five years, then they may be majority owners of a concession. Both foreigners and Costa Ricans alike are required to purchase all Maritime Zone property through concession.

c. Time Share:

This option allows an owner the right to use a property for certain weeks of the year. In most cases the time-share ownership grants similar rights as implied in the condominium regulation except that in the time-share it is limited to certain weeks during the year. In this manner one single unit is subdivided into parts and sold individually. Time-share resorts are not common in Costa Rica.

II. The Purchase Process

(1) Acquiring Properties through direct transfer: A purchase process whereby one or more physical individuals acquire a property in their personal name.

(2) Acquiring Properties through corporations: A common practice in Costa Rica is to acquire properties through a new corporation or through an existing corporation that currently owns the property of interest. The process of setting up a corporation is not complicated, but

does require a knowledgeable attorney who understands the exact protocols and procedures necessary to properly set up the corporation. The advantage of this system is that it allows a buyer to protect their asset anonymously.

a. The Purchase Process:

Once a buyer has seen a property of interest, the following basic steps have to be followed:

- **Step 1:** Sign an Option agreement for Purchase/Sale with the seller.
- **Step 2:** Deposit funds into escrow (if available).
- **Step 3:** Title research performed by the Notary Public / Lawyer (review if property is free and clear of defects)
- **Step 4:** Closing – Execution of Transfer Deed, Endorsement of Shares and/or Mortgage Deed and disburse funds
- **Step 5:** Register new owner with Public Registry

b. Fee Structure

1. Transfer taxes, stamps and other charges: In order to record the transfer of the property, the government charges **1.5%** of the purchase price and an additional 1% is charged for other stamps at the Public Registry.
2. Notary Fees: Notaries are required by law to charge **1.25%** as their legal fees.
3. Survey fees: If you require or demand a new survey for your property, there are qualified surveyors available to perform this function. Pricing depends on the location and size of the property.
4. Mortgage registration fees: The government charges **0.6%** of the mortgage value to register the mortgage deed on the property.

5. Escrow Fees: Fees are dependent on the escrow provider.
6. Incorporation: Fees for purchasing a corporation.

The real estate purchase process in Costa Rica need not be intimidating or confusing. By understanding the steps in the process and the pitfalls that are to be avoided, a buyer can confidently invest in property.

2A AGRICULTURE & FARMING

Traditionally, Costa Rica's agriculture and agro industrial activities have been sectors that have largely contributed to exports of which coffee, bananas, sugar and meat, are the most prominent. Currently, the Government is promoting export of non-traditional products to further strengthen the economic sector.

The program for the agricultural, non-traditional exports includes tropical fruit and vegetables whose production is supported by a strong transportation network, production incentives and tax breaks, refrigerated warehouses, advisory services from agricultural specialists as well as the local climatic conditions that allow good yields year round.

Land Use in Costa Rica:

Land Use	**%age**
Meadows & Pastures	45.00%
Forest & Woodland	34.00%
Other	8.00%
Permanent Crops	7.00%
Arable Land	6.00%
Total	**100**

Costa Rica is a world centre for the investigation and application of sustainable agricultural methods and practices in the Tropical region. EARTH, CATIE and ECAG are among local institutions that work in attaining, on a long term basis, higher productivity in reduced areas with less environmental impact.

In addition, government provides various incentives. A local law provides exemption from all duties and surcharges on imports of machinery, equipment and materials to be used for agriculture, or goods required for fishing activities (except for sport fishing).

Keeping in line with its commitment to sustainable development, the Government has created an incentive based structure to promote afforestation activities. The Environmental Services Program (ESP) was established by the Forestry Law of April 1996. It is promoted by FONAFIFO (National Fund for Forest Financing) and it consists of reimbursement to owners who maintain wooded areas or wish to establish such areas to supply environmental services to society. The government grants Certificates for Forest Conservation (CCB) to compensate proprietors or landowners for environmental services rendered to the country through the preservation of forests which are located on the respective property, provided that no lumbering activity has taken place during the two preceding years neither during the duration of the CCB which is for a minimum of 20 years.

2B MARKET FOR FARMLAND

Owing to its highly productive agricultural sector, Costa Rica offers a wide range of opportunities for investors. The rules for purchasing farmland are also fairly simple and liberal, as in the case of urban real estate. Some of the available options are:

1) Acquiring Land through direct transfer: A purchase process whereby one or more physical individuals acquire a Land in their personal name.

2) Acquiring Land through corporations: A common practice in Costa Rica is to acquire land through a new corporation or through an existing corporation that currently owns the property of interest. The process of setting up a corporation is not complicated, but does require a knowledgeable attorney who understands the exact protocols and procedures necessary to properly set up the corporation. The advantage of this system is that it allows a buyer to protect their asset anonymously.

The Purchase Process is on the same lines as that for buying real estate discussed in Section 1A.

******

Panama

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policy on acquiring Land (Real Estate & Mines)
- Agriculture & Farming
  - Land use indicators

Panama, at a glance *(as on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	3.41
2.	GDP (PPP)	US Billion	40.76
3.	GDP (Per Capita)	US$	12100
4.	GDP Composition		
	Agriculture		5.9%
	Services		76.9%
	Industry		17.2%
5.	Inflation		2.4%
6.	Total exports	US Billion	0.8
7.	Total imports	US Billion	7.66
8.	Major cities	San Miquelito, Tocumen, David, Arraijan, Colon	

The Isthmus of Panama bridges the gulf between North and South America in more ways than one. It provides commercial as well as cultural linkages between the two regions. Owing to its proximity to the developed world, Panama's fortunes have fluctuated with time. In the early 16th century, the Europeans arrived at the Isthmus of Panama in their quest for gold. Though they did not find gold here, they discovered the utility of the isthmus as a trading junction for South America. The gold and silver brought by ship from South America was taken across the Isthmus, and loaded aboard ships meant for Spain. The route became known as the Camino Real, or Royal Road, although it was more commonly known as Camino de Cruces (Road of the Crosses) because of the abundance of gravesites along the way. Along with Colombia, Panama formed a part of the New Granada, the most impressive of the Spanish colonies. In the early 19th century, these colonies declared independence under the leadership of the famous Simon Bolivar. However, Panama became a sovereign nation only in the early 20th century after which it had a taste of military rule as well as dictatorship. Today, the country is a stable democracy with a strong trading base.

Historically, Panama's fortunes have been irrevocably tied with the Panama Canal. During the last decade of the 19th century, a French company under Ferdinand de Lesseps

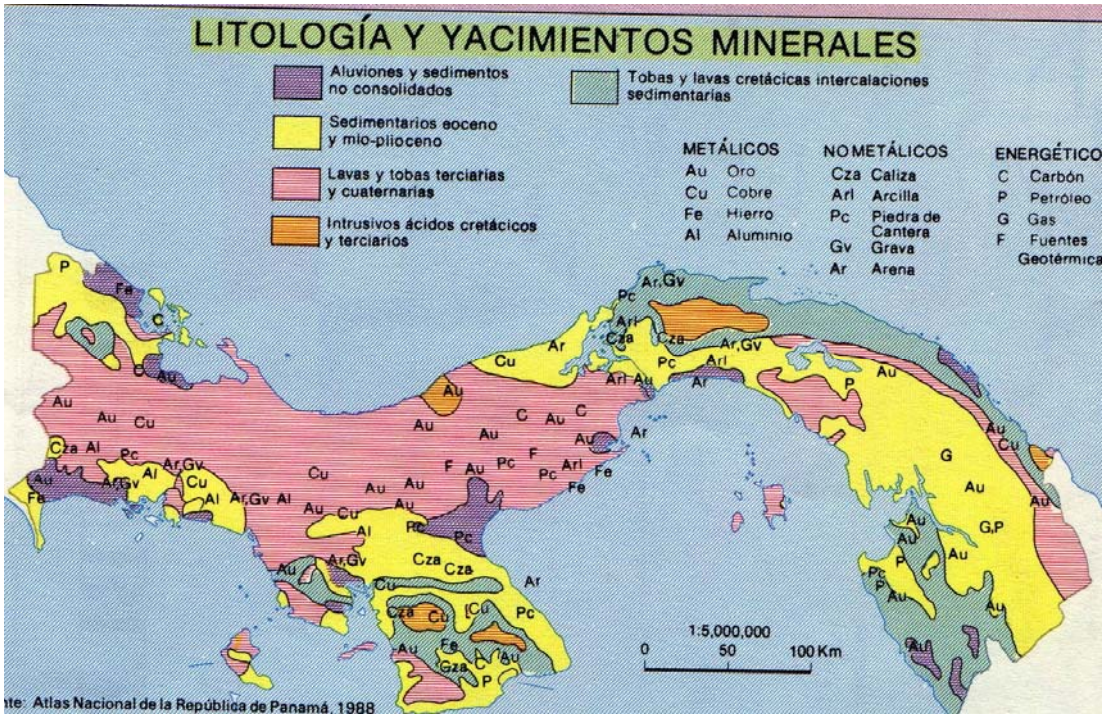
attempted unsuccessfully to construct a sea-level canal on the site of the present Panama Canal. They were only partially successful and it was in 1914 that the United States completed the existing 83-kilometer (52 mile) canal, which is one of the world's greatest feats of engineering. The Panama Canal has created an extremely strong service sector in the economy that contributes to about 77% of the GDP. These services include crossing at the Panama Canal, banking, the Colon Free Zone, insurance, container ports, flagship registry, tourism, and medical and healthcare. Over the years, Growth has been fueled by the construction, transportation, maritime, and tourism sectors and Panama Canal-related activities.

1A. MINERAL RESOURCES OF PANAMA

Though Panama lies between two of the world’s longest mountain ranges- the Rockies and the Andes, the country itself is bisected by mountains that are unrelated to either. This mountain range is called by different names in different places- the Cordillera de Talamanca near the Costa Rican border, further east the Serranía de Tabasará, and the portion closer to the isthmus and the canal, is often called the Sierra de Veraguas. As a whole, the range between Costa Rica and the canal is generally referred to by Panamanian geographers as the Cordillera Central. Hence, Panama does not share the mineral wealth that is abundant in most of South America but had reserves of copper, gold limestone and clay.

Nevertheless, in 2009, at least 20 precious and base-metal projects in Panama were at various stages of development. About half a dozen of them were earmarked for reserved development, feasibility study or had commenced production.

Map of Panama showing availability of various minerals



METALICOS - Metals	**NOMETALICOS- Non Metallic Minerals**	**EENERGETICO- Energy Resources**
Au- Gold,	Cza - Limestone	C – Coal
Cu – Cooper	Ari – Clay	P – Petroleum
Fe- Iron	Pc – Quarry Stone	G – Gas
Ai- Aluminum	Gv – Gravel	F – Geothermal sources
	Ar - Sand	

Due to its burgeoning service sector, mining has not been a priority for Panama. From 2005 through 2009, the Panamanian GDP increased to $19.7 billion from $14.4 billion but the contribution of mining and quarrying to the GDP increased from a little less than 1% in 2005 to 1.4% in 2009. The value of mining and quarrying over the period of 2005-2009 was:

YEAR	VALUE OF MINING & QUARRYING
2005	$138.2 million
2006	$165.5 million
2007	$203.1 million
2008	$263.6 million
2009	$278.6 million

The table above clearly indicates that the country was not a significant trader of mineral products. Nevertheless, there was some activity in this sector and private investment took place as shown below.

Structure of the Mineral Industries in 2009

Commodity	**Major operating companies And major equity owners**	**Location of main facilities**	**Annual capacity** (in Thousand metric tons)
Cement	Cemento Panama S.A. (Cementos del Caribe S.A., 50% and Holcim Ltd., 50%)	Grinding plant in Quebrancha, Province of Panamá	800
-do	Cemento Bayano S.A. (CEMEX S.A. de C.V., 99.3% and other private partners, 0.7%)	Plant in Calzada Larga, Province of Panama	450
Gold kilograms	Petaquilla Minerals Ltd. (100%)	Molejon Mine, Province of Panama	1500

1B. CURRENT POLICY ON ACQUIRING LAND (REAL ESTATE & MINES)

The economy of Panama thrives upon trading and thus has some of the most liberal provisions regarding ownership of land. Foreigners are allowed to purchase property anywhere in Panama. Panama has many laws for foreign investors and businesses in which they participate having the same rights and duties as national or local investors and enterprises, including trade and industry, export and import. However, there is a Constitutional **restriction** that does not allow foreigners to buy property within 10 km of the country's borders.

Foreign or local investors in Panama are guaranteed the right to dispose of investment profits, the right to repatriate their capital, dividends, interest and profits produced by their investments and the right to commercialize their production. **Panama is a secure and safe place to buy real estate**.

In order to project Panama as an ideal location for settling down, Panama has an extremely attractive **retiree (*pensionado)* programme**. This was created via Law No. 6 and Law No. 9, both passed in 1987. Under the pensionado program, a retired person is entitled to a large range of discounts that enable him to lead a quality life with his post-retirement earnings. Some examples are:

- 50% off entertainment, such as movies, theater, concerts, and sporting event
- 30% off bus, boat, and train fares
- 25% off airline tickets
- 30 to 50% off hotel stays
- 15% off hospital bills
- 10% off prescription medicines*
- 20% off medical consultations*
- 15% off dental and eye exams*
- 20% off professional and technical services
- 50% off closing costs for home loans

Even for an individual or company looking to invest in Panama for commercial reasons, there are several advantages:

1. A substantial English-speaking population.

2. The legal tender is US Dollar.

3. Strong banking system offers online banking services and allows foreigners to open bank accounts.

4. Presence of Indian-origin professionals who understand Hindi, Sindhi, Gujarati, Punjabi, apart from Spanish and English.

Property ownership and other forms of possession

Panama recognizes ownership of individuals, as well as companies. There are three different modes of ownership of real estate:

a. Titled Property

Titled property is similar to “fee-simple” in the United States and is the most secure form or real property ownership in Panama. In this, the buyer receives a title that declares the property to be his.

b. Rights of Possession

This is similar to “squatter’s rights”, i.e. where government owned property is “occupied” by an individual or entity and over time, possession rights are granted to the squatter through a simple certification document issued by municipal mayors, sheriffs or other government agencies such as the Agricultural Reform Department (Reforma Agraria). There are no property taxes because the possessor does not own the property. Possession rights can be converted into a title by purchasing the property from government. However,

certain coastal areas, national parks or islands are “protected properties” where the possessor can apply for an administrative concession over the land guaranteeing use of it.

Contracts for the purchase of Rights of Possession cannot be registered at the Public Registry; therefore a public notary should authenticate them.

c. Concession Property

Concession Property is similar to a land lease arrangement. This is where the Government grants a Concession to an individual or an entity for a specific purpose, such as for real estate development, construction of a hotel or marina, etc. Most concessions in Panama are granted for a maximum of 20 years after which it is renewable.

The Purchase Process

In normal circumstances, the entire process can be completed between 2 or 6 weeks, depending on a variety of factors that are dependent initially on the buyer and the seller and subsequently dependent on the attorneys and the public registry.

Generally, property transactions have the following procedures:

1. The buyer and seller agree on the price and terms.

2. The seller provides the documents of the property to allow the buyer or his attorney to ascertain if the property is in the Public Register.

3. Title research is performed by the Notary Public or a Lawyer to review if the property is free and clear of defects.

4. The buyer and seller review the contract and agree to set a date to sign the same.

5. The buyer makes a down payment and legal fees for an escrow contract. A deposit of 10% is usually required by the seller upon signing the promise to buy / sell contract.

6. The buyer makes the final payment to escrow and the attorneys draft the final buy / sell contract. The same is signed by both parties.

8. The contract is registered at the Public Registry for title transfer procedure to begin in order to register the new owner in the Public Registry.

9. Attorneys receive deed from the Public Registry.

The transaction package for legal fees includes the title research, drafting of the sale contract, transaction closing and title transfer. For such a deal, the price is about US$1,200.00. The notary and public registry costs are additional, which add up to approximately US$ 250 to US$ 350 depending on the transaction. The seller normally pays title transfer taxes (2%) while escrow fees are usually paid by the buyer. It may be noted that the costs mentioned here are indicative and depend actually on the cost of property and transaction.

Panama offers a wide variety of real estate to potential buyers including houses, condominiums, time-shares, finished lots and beachfront properties.

2A. AGRICULTURE & FARMING

Panama's land area totals approximately 7.7 million hectares, of which forests account for 4.1 million hectares, followed by pasture land (1.2 million hectares), and permanently cultivated fields (582,000 hectares). About 2 percent of the land was used for roads and urban areas. Nearly all of the cultivated and pasture land was originally forested. A large amount of virgin land has been opened up for cultivation by the Pan-American Highway.

WORLD BANK INDICATORS – PANAMA - LAND USE

Agricultural land (% of land area)	30.0
Agricultural land (sq. km)	22300
Arable land (hectares per person)	0.2
Arable land (hectares)	54800
Arable land (% of land area)	7.4

Panama's agricultural sector has witnessed limited growth due to a variety of reasons. The country's climate and geography imposes major constraints on the development of agriculture. Heavy rainfall throughout the year prevents cultivation of most crops on the Atlantic side of the continental divide. The Pacific side has a dry season (December to April) and accounts for most of the cultivated land. The mountainous terrain also restricts cropping. In addition, the country does not have high quality soils. Most of the areas classified as cultivable are so considered on the assumption that farmers will practice conservation measures, but many do not. The topsoil is thin in most areas, and erosion is a serious problem. Most of the nearly level areas conducive to cultivation are in the provinces of **Los Santos, Coclé, Veraguas, and Chiriquí**.

A further constraint on production is the practice of slash-and-burn cultivation, in which trees, brush, and weeds are cut and then burned on the patch of ground selected for cultivation. In the 1980s, most farmers practiced a slash-and-burn type of shifting cultivation. The thin and poor-quality topsoil yielded an initially good harvest, followed by a smaller harvest the second year. Typically, the land was cultivated for only two years, and then the farmer repeated the process on another plot, allowing the first plot to rest ten years before re-farming.

Ecuador

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
- Agriculture & Farming
  - Land use indicators
  - Market for farmland
  - Current Policy on acquiring Farmland

Ecuador, at a glance *(as on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	14.79
2.	GDP (PPP)	US Billion	110.4
3.	GDP (Per Capita)	US$	7600
4.	GDP Composition		
	Agriculture		6.8%
	Services		58%
	Industry		35.2%
5.	Inflation		4.3%
6.	Total exports	US Billion	13.7
7.	Total imports	US Billion	15.14
8.	Major cities	Guayaquil, Quito, Cuenca, Machala, Santo Domingo	

Ecuador lies on both sides of the Equator and derives its name from it. For several centuries, Ecuador was subjected to foreign rule; first by the Incas and then the Spanish conquistadores who arrived in the 16th century. Foreign disease decimated most of the indigenous people and their culture. In the early 19th century, Ecuador joined forces with their neighbours under the inspired leadership of Simon Bolivar to become a part of the Gran Colombia Republic. However, in 1830, Ecuador became a separate Republic. Since then, it has seen military dictatorship and democracy in phases.

The country comprises of several archipelagoes, including the famous Galapagos Islands. In the mainland, one can find three distinct features- the Andes Mountains or La Sierra, the coastal plains along the South Pacific Ocean and the thick Amazon forests in the East. Ecuador, as a result, has a good mix of mineral and metal resources as well as availability of well drained plain areas for agricultural activity.

1A. ECUADORIAN MINERAL RESOURCES

Ecuador is extremely rich in mineral resources with 4.6 billion barrels of oil reserves and other mineral reserves, mainly gold, copper, nickel, ferro metals etc. worth US $ 220 billion. However, its mineral sector has been developing slowly and the country is

encouraging foreign capital in a bid to boost production. About 40 international companies with investment worth more than US $ 1.2 billion representing about 55% of the total foreign investment in Ecuador, operate in the country.

Mineral map of Ecuador

LEGEND

Pet	Petroleum
Ag	Silver
⊕	Cement
▦	Gold
Pb	Lead
Sn	Tin
Zn	Zinc

1. Petroleum

Petroleum constituted the bulwark of the Ecuadorian economy, typically accounting for 50%-60% of the country's export earnings, 25%-30% of GDP, and 30%-40% of government revenues. Petroleum was first discovered in the early 1900s both on and offshore from Salinas on the Santa Elena Peninsula west of Guayaquil. At that itme, the main petroleumberaing regios lay along the coast or the Costa. However, gradually, discoveries in the East, also referred to as The Oriente, made it the center of Ecuador's petroleum activity. In the late 1980s, the vast majority of Ecuador's 1.6 million barrels of proven reserves lay in the northern part of the Oriente, between the Napo River and the Colombian border. This area

formed part of a rich oil-bearing region extending from southern Colombia through Ecuador and north-eastern Peru. Indeed, analysts believed that this region represented one of the richest oil-bearing areas of the Western Hemisphere. In 1967, a consortium formed by the **Texaco Petroleum and Gulf Oil** companies discovered several rich fields near Lago Agrio (now Nueva Loja). The success of the Texaco-Gulf exploration attracted other companies.

Ecuador's weakness has been its inability to refine the petroleum that it extracts. Though refinery complexes were set up at Esmeraldas and at sites near the Santa Elena and Nueva Loja (Oriente) oil fields, Ecuador exported most of its crude oil from Colombian ports.

Most of the oil production is carried out by the government, as well as by small domestic and large foreign companies. The government company PETROECUADOR works independently or through joint ventures with private companies. Starting in 2006, the government has sought to change the terms for private sector oil production contracts, transitioning from production-sharing to service contracts. In August 2009, the government announced its intention to begin renegotiating oil contracts. The government is considering making revisions to the country's existing Hydrocarbons Law, rather with a greater componenet of service contracts. Lack of a clear legal framework for the sector has contributed to a drop in private sector investment over the last several years.

2. Natural Gas

It is estimated that Ecuador has some of the largest reserves of natural gas in Latin America, totaling 400 billion cubic meters. Natural gas reserves co-exist with petroleum reserves and petroleum producers were flaring most of the gaas found, rather than using it. Most of the natural gas reserves are estimated to be in the Oriente and offshore in the Gulf of Guayaquil. However, distance from markets has rendered exploitation of the gas uneconomical, although the Government has set up small plants to harness the gas as a fuel. Nevertheless, reserves in

the Gulf of Guayaquil remained unexploited because of an uncertain domestic market for natural gas and a legal dispute between the government and foreign companies over ownership.

3. Gold

It was one of the most sought after metals in Ecuador in the 16th century. Most of the deposits occur in the southern Sierra region and in the south-eastern province of Zamora-Chinchipe. However, its production has declined in the present.

4. Limestone

The mineral is available throughout the country and is used by many miners, running small, individual operations that supply limestone to local cement plants.

1B CURRENT POLICY ON ACQURING LAND (REAL ESTATE & MINES)

There has been a lack of continuity in Ecuador's policy of ownership of resources. In 1985, the Legislature passed a new law to encourage foreign exploration and investment in the mining industry. Designed to simplify regulation of the industry, this legislation also offered higher financial incentives for the investor and lower overall taxation and established the Ecuadorian Institute of Minerals (*Instituto Ecuatoriano de Minería--Inemin*) under the Ministry of Energy and Mines.

However, in April 2008 the Constituent Assembly cancelled 80% of the more than 5000 mining concessions in the country including those granted in protected areas. It also declared a moratorium on new concessions till the implementation of the new Constitution that was being drafted. The Constituent Assembly is presently drafting a new regulatory framework for the mining sector with emphasis on environmental protection, regulation of

royalties and prevention of speculation. Ecuador also plans to establish a state-owned mining company loosely based on Chile's Corporacion Nacional del Cobre, besides the state-owned oil company, Petroecuador. With this aim, Article 408 of the Constitution established that non renewable natural resources, including nonfuel mineral and hydrocarbon deposits, were the inalienable property of the state. The Constitution grants the state the right to regulate non-renewable resources in a sustainable and eco-friendly fashion.

In recent times, there has been a tendency to balance ownership of resources with the State with foreign investment, though at times, there are sudden reversions and changes in policy. The mining sector, in general, is open to foreign investment, and foreigners have the same access to mining concessions as domestic investors. However, foreign investors are prohibited from obtaining mining rights in zones adjacent to international boundaries without the permission of the President and the approval of the National Security Council of the Armed Forces (COSENA). Legislation and regulations were enacted (in 2000 and 2001) to encourage additional investment in the sector by eliminating government royalties, reducing the payment of surface rights per hectare, approving mining titles valid for all mining processes for 30 years, and streamlining the concession process.

Again, there was a reverse swing in policy and in 2003, the validity of mining concessions under the 2000 law was called into question. The Ministry of Energy and Mines unexpectedly cancelled some concessions.

As a result, investment in mining continues to be modest by Andean standards. Although rising commodity prices have led to an increase in mining investment in Ecuador in recent years, problems with local communities opposed to mining operations have caused periodic shutdowns. The Government of Ecuador has also temporarily suspended operating permissions for some concessions due to conflicts with communities.

There is no Indian company involved in mining activity in Ecuador.

2A. AGRICULTURE & FARMLAND

Ecuador is predominantly agricultural despite oil having become its main source of revenue and industry having expanded substantially. The per capita gross national product ranged between US$ 1,200 and US$ 1,600 in the last decade. Ecuador's human development index was 0.726 in 1999 (UNDP, 2001) and agriculture employs 32 percent of the workforce. Half of agricultural exports are bananas and plantains; shrimps, coffee, cocoa, cut flowers and fish make up the rest.

Over half of the cultivated land was in the Costa (coastal region), about a third in the Sierra (highlands) and the remainder dispersed throughout the Oriente (Eastern) region. The Costa, with the exception of the area near the Santa Elena Peninsula, had generally fertile land with a climate conducive to agriculture. Altitude, rainfall, and soil composition determined land use in the Sierra. The valley areas near Quito and farther south near Cuenca and Loja offered the most productive lands. Higher areas of the Sierra contained grasslands suitable only for grazing or cold-tolerant crops, such as potatoes.

WORLD BANK INDICATORS - ECUADOR - LAND USE

Agricultural irrigated land (% of total agricultural land)	10.8
Agricultural land (% of land area)	26.8
Agricultural land (sq. km)	74120.0
Arable land (hectares per person)	0.1
Arable land (hectares)	1195000.0
Arable land (% of land area)	4.3

2B MARKET FOR FARMLAND

The Spanish colonizers gave birth to the *encomienda* system whereby the Spanish King granted individual colonists rights to land and the native Indians who lived there. This

system gradually produced haciendas worked by a "captive" labour force composed of *huasipungueros* or indentured labourers. These *huasipungueros* worked without salary in return for the farming rights to *minifundios* (small plots) on the haciendas. In many cases, the *huasipungueros* were bought or sold with the hacienda.

Land reforms made the huasipungo system illegal and the Ecuadorian Institute of Agrarian Reform and Settlement (Instituto Ecuatoriano de Reforma Agraria y Colonización--IERAC) was set up to administer the law and to expropriate idle arable land for redistribution to farmers.

Current government laws declare absentee ownership illegal. There is also a ceiling on the size of holdings-

- 800 hectares of arable land in the Sierra,
- 2,500 hectares of arable land in the Costa, and
- 1,000 hectares of pastureland in either region.

Present laws allow ownership of land through **direct purchase as well as lease** of land from the Government. The 2008 Constitution establishes that the State would manage land use and access to lands, while recognizing and guaranteeing the right to private property, “which should fulfill social and environmental functions.” As of January 2010, implementing laws to clarify this provision have not been issued.

The Constitution provides for the redistribution of land if the land is not in productive use for more than two years. The definition of “productive use” is complicated, particularly for pastures and unexploited land. Access to land for the landless is a major theme of the government’s agricultural policy, but to date there has not been any public seizures of private assets under the current administration. In case of expropriation, the affected party has the right to petition a judge to establish an appropriate price for expropriated holdings. The

Agrarian Development Law restricts the grounds for expropriation of agricultural land and makes land cases subject to regular courts.

2B CURRENT POLICY ON ACQURING FARMLAND

The Ecuadorian Constitution guarantees for foreign nationals the **same rights** and duties as Ecuadorian nationals

Art. 13, 43 and Art 686 of the Ecuadorian Civil Code, which refer specifically to the acquisition of movable and immovable goods, confirm that to exercise such rights the intention of the seller to sell and the intention and capacity of the buyer to buy is required. Art. 1462 of the Code establishes that every person is legally capable of exercising such rights, except for those defined in Art 1463, while Art 1735, 1736, 1737 and 1738 refer to the prohibitions related to the legal transfer of property. But none of these provisions prevent a foreign national from acquiring property.

All that is required from individuals is to show their passport, to certify that their immigration papers are in order and to comply with the local formalities for property transfer.

In the case of foreign corporations the same conditions apply, it is necessary to certify that these corporations comply with corporate requirements according to Ecuadorian law, such as having a legal representative and a resident in Ecuador. The representative must be registered with the Superintendent of Corporations and must obtain a Tax Number (RUC).

With respect to the acquisition of other goods such as stock and financial values, foreigners are also allowed to purchase them. In the case of corporations they must identify their shareholders, domicile and good standing, and they must register their investment with the Central Bank of Ecuador and with the Ministry of Productivity and Competitiveness.

TRINIDAD & TOBAGO

- Country Profile, at a glance
- Mineral Resources
  - Geographical location of minerals
  - Current policies on acquiring Land (Real Estate & Mines)
  - Ideal location for Business/Industry
- Agriculture & Farming
  - Land use indicators
  - Modes of Ownership/Procedures for transactions

Trinidad & Tobago, at a Glance *(as on Dec. 2010)*:

S.No.	Indicator	Unit	
1.	Population	Million	1.22
2.	GDP (PPP)	US Billion	26.15
3.	GDP (Per Capita)	US$	21300
4.	GDP Composition		
	Agriculture		0.5%
	Services		40.3%
	Industry		59.2%
5.	Inflation		7%
6.	Total exports	US Billion	9.12
7.	Total imports	US Billion	6.9
8.	Major cities	Port-of-Spain, Chaquanas, Mon Repos, San Fernando, Arima	

Trinidad & Tobago is an archipelago, nestled off the coast of Venezuela. It comprises of two main islands, Trinidad and Tobago and several smaller ones such as Bocas islands, San Diego Islands, Five Islands and others. Till the mid 20th century, the country was a colony of first Spain and then Britain. The country's position as a colony finds reflection in its people, a large majority of whom have descended from Indians or African who were taken by the colonial masters to work as indentured labour. The spoken language is also a mix of English and Creole and displays other linguistic influences such as Spanish, Indian, African and European. Owing to its rich natural resources, the economy of Trinidad & Tobago is highly dependent on tourism, petroleum and natural gas.

1 A MINERAL RESOURCES OF TRINIDAD & TOBAGO

(The Mineral map of Trinidad & Tobago is being obtained)

Trinidad & Tobago have mostly minerals of sedimentary origin. Since it is located near the continental shelf of North and South America, Trinidad & Tobago also has petroleum and natural gas. The details of available mineral resources are as follows:

a) **Natural Gas**: Natural gas reserves (proven) of the country are estimated at 15.37 trillion cu. feet. Natural gas production during 2008 was 40.5 million cu. feet. In early 2008, new finds in two blocks have been estimated at two trillion cubic feet of gas. The United States imports two-thirds of its natural gas from Trinidad & Tobago. Trinidad is the 5th largest supplier of LNG in the world. Although Trinidad & Tobago was originally known as an "oil-driven economy" the severe decline in crude oil production and long period of no new oil finds have moved Trinidad & Tobago to be known as a "gas-driven economy".

b) **Crude Oil**: In January 2007, proven oil reserves were estimated at 605.8 million barrels. Due to non discovery of any fresh crude oil deposits on a commercial scale in recent times, crude oil production is in the decline mode. There has been a 51% decline in production from 1978 to 2009.

c) **Asphalt**: Trinidad & Tobago is known for its pitch; and has the largest deposit of natural asphalt in the world. The refined asphalt is exported to almost every country in the world for various uses.

d) **Sand & Gravel**: Trinidad & Tobago has natural deposits of sand and stone which are crushed to produce gravel. These are exported to some islands in the region, but are mostly for domestic consumption.

e) **Andesite** – found in Tobago. This rock type is part of the Bacolet Formation. The two largest quarries in Tobago are Green Hill Quarry and Studley Park.

f) **Argillite -** A siliceous siltstone which outcrops in Southern Trinidad.

g) **Chromium** – found in Tobago.

h) **Clay** – extracted from the central and south eastern areas of Trinidad and primarily used in the manufacture of blocks, tiles and pottery, is found in both the islands of Trinidad and Tobago. In Trinidad, it is found in Longdenville, Wallerfield (near Arima),

Valencia- Quare River area, Mayo, Carlsen Field, Guatapajaro Road 4 miles south of Cumuto, Arima-Blanchisseuse Road, San Rafael, Central Trinidad, Plaisance Industrial Estate - Pointe-a-Pierre, Winfield Scotts Quarry, in Tobago clay deposits can be found at Rocky Bay, Old Government Stock Farm and Bishops High School.

i) **Copper** – on the island of Tobago

j) **Fluorspar** – in Gaspar Grande Island

k) **Graphite** – in St Joseph

l) **Gypsum** – in Agostini Street and Champs Fleurs

m) **Iron** –in Maracas Valley

n) **Blue coloured limestone and sharp sand and gravel** of various grades are quarried in the Northern Range for use in the construction industry.

o) **Plastering sand**, or red sand, is quarried in central Trinidad and used as a low grade fill material and as a construction finishing material.

p) **Yellow- coloured limestone** is quarried in the south central portion of Trinidad.

q) **Oil sand** is quarried in south western Trinidad. They are used as road paving material.

r) **Porcellanite** is also extracted from the extreme southern areas of Trinidad and used as an alternative to Portland cement and as low grade road base material.

Trinidad

Petroleum Industry:

Petrochemicals: The 1000 hectares **Point Lisas Industrial Estate** was established by the Government. The infrastructure facilities available include a specially developed port and a large network of gas-pipelines to transport gas from the various fields. There are a number of petrochemical companies in the Pt. Lisas estate. **PCS Nitrogen** produces urea, while there are eleven ammonia plants. **Methanol Holdings Trinidad Limited**, one of the world's largest suppliers of methanol, is also located at Point Lisas.

Petroleum Refining: The **Pointe-a-Pierre Industrial Estate** is host to the **PETROTRIN** oil refinery. The refinery is located on the west coast of Trinidad on 2,000 acres of land, about 35 miles south of the capital, Port of Spain. PETROTRIN produces **aviation gasoline, Avjet, Kerosene, Diesel, Heating Oil, Fuel Oil, Motor Gasoline, Liquefied Petroleum Gas, and Sulphur**.

Liquefied Natural Gas: The **Point Fortin Industrial Estate** is the address of **Atlantic LNG**, one of the world's largest producers of Liquefied Natural Gas (**LNG**). There are four liquefaction units located on Atlantic LNG's 84 hectare complex and total production capacity is 15 million metric tons per annum (mmtpa). Atlantic's facilities include four tanks, and a port area with two jetties.

Iron & Steel Industry: **ArcelorMittal** has acquired the iron and steel producing facility in the Point Lisas Industrial Estate. The facility produces **hot-briquetted iron (HBI)** that is used to make steel and has the capability of producing 550,000 tons of HBI annually

Cement Industry: **Trinidad Cement Limited** is located in Claxton Bay, South Trinidad. It is close to the Point Lisas Industrial Estate and has access to the port for transport of raw materials and finished cement products.

Various industrial estates are available in South Trinidad for companies wishing to do business in the petrochemical, steel, or cement industries:

The Dow Village Park (close to Couva) is strategically located in the vicinity of Point Lisas. It is a high-capacity park, supporting traditional, commercial and knowledge based industries. **Dow Village Park is ideal** for establishment of a small industry given its size, location and ability to focus on providing downstream services to the surrounding industrial parks. **Industrial plots are available for investors**.

Point Fortin Park is a small-capacity park located in the south-west region of Trinidad. It is ideal for light industries, with the ability to support traditional, commercial and knowledge based industries. Point Fortin Park is supported by easy access to surrounding commercial hubs, via several main carriageways. Here also i**ndustrial plots are available for investors**.

Preysal Park is located east of Preysal overpass, Uriah-Butler Highway. It is a medium-capacity park which supports traditional, commercial and knowledge based industries. However, because of the park's close proximity to the high-demand area of Point Lisas, Preysal is ideal for light industrial manufacturers, focusing on downstream industries and services connected to the Point Lisas Estate. **Industrial plots are available for investors**..

Due to the expansion in the gas-based sector, more industrial estates and ports are being developed in South Trinidad including Point Lisas, Union, and Oropouche. Port projects are being developed in Pt. Lisas, Brighton and Galeota.

Manufacturing

There are several industrial parks in Trinidad & Tobago that facilitate the manufacture of a variety of products.

Beetham Industrial Park: Beetham is located very close to the capital, Port of Spain and also to the main port of Trinidad. The industrial activities ongoing here are: distillery operations, processing and bottling of drinking water, production of ice, coconut oil, and steel fabrication and coating.

Sea Lots Industrial Park: Sea Lots is located on the coast near Port of Spain. The key business activities include: construction, repair and servicing of marine craft and associated components, maintenance of marine equipment and repair of light tonnage ships, structural steel operations and fabricating. Other business activities include the manufacture of

galvanized steel products, paint, industrial, medical and other gases, poultry and livestock feeds, fish processing and packaging; collection, recycling and disposal of industrial waste.

East Dry River Industrial Park: East Dry River is located on the outskirts of Port of Spain. Due to its access to the port that allows for easy transport of raw materials, many companies prefer this location. Business activities include the manufacture of air conditioning parts, vinyl products, cleaning products, plastic products, appliances, electrical components, furniture, prefabricated buildings, irrigation systems and agricultural implements.

Morvant Industrial Park: Morvant is located close to the capital of Port of Spain, on the Lady Young Road which leads straight to the heart of the capital. The prominent business activites here include automotive assembly plants, fabrication of windows, doors and structural steel components, fabrication and erection of light poles, fences and fencing sections, manufacture of furniture, toothbrushes, stationery and paper products.

Trincity Industrial Estate: Trincity is located in north Trinidad, south of Tunapuna and north of Piarco. This estate houses a variety of manufacturers that make paper products, mattresses and other foam products, furniture, chemicals, fibre-filled roof tiles, coir, tools and components. The estate houses industries engaged in packaging and distribution of food products, fruit processing and electroplating.

Macoya Industrial Park: Macoya is not far from Trincity, and is located close to the Eastern Main Road and the Priority Bus Route, which connects both the West and the East of Northern Trinidad. The Trinidad & Tobago Bureau of Standards is located in Macoya. Business activities include the production of chemicals, household furnishings, food additives, wood products including coffins, steel products, paper products, and small electrical appliances. It also has companies engaged in seafood processing and packaging, offices, workshops, laboratories and other research facilities.

O'Meara Industrial Park: O'Meara Industrial Park is located on O'Meara Road and is next to Macoya. Business activities include manufacturing of stoves, electrical components, fabrication, packaging and processing of fruit and vegetable products, aerosol-filling, distribution of hardware and building materials, commercial printing and publishing.

Frederick Settlement Industrial Estate: Frederick Settlement is located in Central Trinidad, north of Cunupia. This fairly large estate is home to an aerosol filling and plastic blow moulding and injection plant, and is in the process of establishing a fish processing plant. There are a variety of manufacturers and distributors of construction and hardware products, tools and components, furniture, pre-fab concrete benches, industrial cleaning agents, fruit processing, packaging and distribution of food products, commercial printing and publishing.

Biljah Industrial Park: This Industrial park lies to the centre-west of Trinidad and is close to the main highway, the Uriah Butler Highway on Caroni. Business activities include fabrication, automotive and engineering equipment repairs, foam and polythene production.

Chase Village Industrial Park: This park is located in central Trinidad close to Carapichaima. Businesses here specialize in pottery and ceramic work, and other activities include manufacture of paper and foam products.

Plaisance Park Industrial Estate: This large estate is located in Pointe-a-Pierre, South Trinidad, and has a number of processing plants. There is a foundry, an aluminum product manufacturer, a chemical plant and an asphalt processing unit. There are scaffolding and insulation manufacturers, as well as a few mineral processors (sand, quartz, etc).

Tamana InTech Park: Tamana is located in the middle of Trinidad, close to Talparo and the Caroni Arena Reservoir. The Tamana InTech Park is an 1100 acre eco-industrial park and is currently being developed with four areas of specialisation: Information Technology and Communication, High Value Manufacturing, Agriculture and Mixed Use. The Tamana

InTech site is also ***welcoming foreign investment*** to promote international synergy and knowledge-sharing.

Tobago

Milford Industrial Park: Milford is located close to Patience on the southern side of Tobago. This relatively small industrial park is home to various service providers of this island namely telecommunications, food, electrical contractors, accounting and insurance.

The Cove Business & Industrial Park: The Cove estate is located on 140 acres of state-owned land in Lowlands Tobago (the Southern-most point of Tobago). It is envisaged that a Micro Entrepreneurial Complex would be established to facilitate Tobago's infant industries. Utilities, infrastructure and an export processing zone are currently being developed at the Cove for superior benefit.

1B CURRENT POLICIES ON ACQUIRING LAND

The Foreign Investment Act provides for the acquisition of land or shares in local private or public companies and for the formation of companies by foreign investors. In brief, the Foreign Investment Act, 1990 provides for the following:

- A foreign investor is permitted to own 100% of the share capital in a private company, but prior to the investment the Ministry of Finance must be notified.
- Foreign investors are permitted to own up to 30% of the total share capital of a local public company without a license.
- A license is required for foreign investors to own more than 30% of the total share capital of a public company.
- A foreign investor is permitted to own one acre of land for residential purposes and five acres of land for trade or business without having to obtain a license.

1C IDEAL LOCATION FOR BUSINESS/ INDUSTRY

The availability of raw-material for industries and the means of communication are the main factors affecting the establishment of industries. The Government of Trinidad & Tobago has taken the initiative and established several Industrial Parks and Industrial Estates to facilitate industrial growth. Some of the prominent industrial locations of Trinidad & Tobago where an interested company can acquire land for an industry are detailed below.

2A AGRICULTURE AND FARMING

The economy of Trinidad & Tobago is driven by Natural Gas and in the 1970s and 1980s by Petroleum. Cyclical variation in its agricultural output is seen in inverse relation to the performance of its Natural Gas and Oil Sector. Historically, during periods of increase in world oil prices, there has been a decline in agricultural production and exports. The availability of labour in rural areas declines during such periods as more workers are attracted to the urban areas to work in the oil and gas industry. This is evident from the fact that while agriculture's share of GDP was 6% in 1970, it fell to 2% in 1980 and is approximately 0.5% in 2011. The total land available in Trinidad & Tobago is approximately 513,000 hectares of which less than 5% is arable. The details of the different types of land and their usage is given below :-

World Bank Indicators - Trinidad & Tobago – Land Use

Agricultural Land (% of land area)	10.5
Agricultural Land (square kilometers)	540
Arable land (hectares per person)	0.0
Arable land (hectares)	25,000
Arable land (% of land area)	4.9

Trinidad & Tobago's geography is a mix of three corridors of mountain ranges with fertile plains in between. Though only 13% of the arable land has irrigation, there are numerous rivers and streams. Due to the low-lying land, flooding during the rainy season poses a problem. Another difficulty is the shortage of manpower in rural areas for agricultural activities. Disease in citrus and cocoa plantations has also adversely affected production. Some of these problems have been surmounted by use of agricultural inputs such as fertilizers and machinery. The ministry of Agriculture Lands and Food Production provides technical assistance for replacement of aging and diseased crops. Agricultural Research support is provided by the Caribbean Agricultural Research and development Institute. Credit for farmers is provided by the Government Bank, ADB. Central Marketing Agency undertakes support for marketing. While there is fairly equitable distribution of land in the Trinidad & Tobago society, Government has launched a specific programme called the **Accelerated Land Distribution Programme.** It is intended to optimize agricultural activities and remove the time constraints associated with bureaucratic distribution of land. At the same time, much of the agricultural land is owned by the state. These lands are managed in an efficient and cost effective manner, ensuring productive utilization. The government is supplementing these initiatives by providing the necessary infrastructure support and it has been pursuing a rural road building programme vigorously. Government incentives are targeted at bee-keeping, livestock, fisheries and tree crops. The Government of Trinidad & Tobago has aimed at increasing the GDP share of agriculture from 0.6% to 3%.

2B MODES OF OWNERSHIP

Land holdings are of two kinds –

- Small farms using traditional methods that focus on production for the domestic market. These include vegetables such as yams, corn, peas, beans, potatoes, sweet potatoes, dasheens, eddoes and rice. Most of these are owned by small farmers and work is done by their families or tenants.
- The others are the larger farms that are more capital and input intensive and produce cash crops for export. These are owned by specialists and hired labour is engaged for farm activities. The main cash crops of Trinidad & Tobago are sugar, cocoa, coffee, citrus fruits and coconuts.

The conditions for land holding are the same as for real estate described in Section 1C above.

Major crops

The region-wise cultivation of some of the main crops is given below :-

1. Sugar – It is the most important cash crop of Trinidad & Tobago. Most of the sugarcane is grown on the central plains by East-Indians. The majority of sugarcane is grown on large estates because fewer citizens today are entering this sector. Hence, there is substantial potential for investment in sugarcane cultivation.
2. Cocoa – It is derived from the cacao plant that is grown on the hilly portions of both the islands of Trinidad & Tobago. It is the main crop for Tobago. Though the number of small cacao farms is large, productivity in larger estates is higher. Since small farmers tend to intercrop cocoa with banana, coffee and other crops, their productivity is lesser than the larger farms. Past experience has shown this sector is vulnerable to disease. Almost all the cocoa produced is exported due to its high quality. The export of coco is facilitated/regulated by the Cocoa and Coffee Industry Board.

3. Coffee – In the early 20th century, Trinidad & Tobago's cocoa cultivation was hit by disease. In response, cultivation of coffee (robusta variety) picked up especially on the hill slopes of both Trinidad & Tobago islands. Coffee is also grown by both small farmers and larger estates and much of it is exported today.
4. Citrus Fruits such as oranges, grape fruits and limes are also cultivated on the Islands of Trinidad & Tobago.
5. Coconut – It is cultivated mainly to obtain copra that is used by the local industry for soaps and oils. It is the 2nd most important crop for Tobago after cocoa.
6. Rice – It is a staple food but domestic production is low. Lowland rice is grown almost entirely by Indian farmers.
7. Vegetables – Since the latter part of the 20th century, there has been a surge in the production of green vegetables and tubers. Most of these are grown on small farms and even small garden plots. These are mainly for the domestic market.

****

DOCUMENT ON
Host Government Policies on the Acquisition of land / resources in major countries in Latin America and the Caribbean

For further information/suggestions, please contact the following in
India-LAC Business Promotion Council

Ms. Manjeet Kaur
manjeet.kaur@assocham.com

Mr. Mohd. Areeb Imam
areeb.imam@assocham.com

THE ASSOCIATED CHAMBERS OF COMMERCE AND INDUSTRY OF INDIA
Corporate Office, 1 Community Centre, Zamrudpur
Kailash Colony, New Delhi – 110048
Tel – 46550555 (Hunting Line), Fax: 46536481 – 82, 46536497 - 98
Email: international@assocham.com