

A Discussion With Bladex's Jaime Rivera

Boyden's Leadership Series presents discussions with business and thought leaders from organizations across the globe. The series focuses on topical issues that offer executives, political leaders and the media insight into current trends in business and talent management in the global marketplace.

This issue features Jaime Rivera, Director and Chief Executive Officer of Bladex, a supranational bank traded on the New York Stock Exchange, which supports trade finance in Latin America and the Caribbean. He discusses the "coming of age" for Latin America, a prospective super potent Americas trading bloc, his bullish view for the coming decade and how becoming a pilot has trained him to navigate risks on the ground.



Jaime Rivera

Jaime Rivera has served as a Director of Bladex since 2004, when he was appointed Chief Executive Officer. He joined the Bank in 2002 as Chief Operating Officer. Previously, Mr. Rivera served in various capacities for Bank of America Corporation, including positions in the U.S. as Managing Director of the Latin America Financial Institutions Group and the Latin America Corporate Finance team and on-site as General Manager in Brazil, Argentina, Uruguay and Guatemala, Marketing Manager in Chile, and as Manager of Latin America Information Systems in Venezuela. He has held Board positions with the Council of the Americas, the Florida International Bankers' Association and the Latin American Agribusiness Development Corporation. Mr. Rivera is a member of the International Advisory Committee (IAC) to the Board of Directors of the NYSE Euronext. He has an MBA degree from Cornell University, a Master of Science degree from Northwestern University, and a Bachelor of Science degree from Northrop University.

Boyden: Are we now seeing a "coming of age" for Latin America and will the future be even brighter?

Rivera: The answers are yes, and yes. Latin America has come of age both in terms of sound macroeconomic management

and also how Latin Americans view their future. The Information Revolution has had a profound effect on our people's expectations and enabled them to make much better choices regarding political, investment and consumption decisions. Large segments of our population have now had the opportunity to experience the very real and significant benefits of democracy, free speech and open markets. I don't think there's any going back at this point.

Boyden: What do you believe brings countries to reach this success?

Rivera: I am a firm believer in the power of information. Once the Internet allowed Latin Americans to see for themselves which political and economic frameworks tended to work best, they abandoned the ideologies of the left and the right and became pragmatists. A number of political leaders embraced this new approach and formulated centrist, credible visions for their countries. Not surprisingly, they were elected into office. In most cases, they executed along the lines they had promised, with the results that we have seen in the last decade in terms of significant economic and social progress.

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Boyden: Can you elaborate on that?

Rivera: Different countries reached different visions of their futures and executed on them. In Chile, for instance, a decision was made by society that, beyond their political differences, their country was going to become an extremely efficient export machine and that the wealth thus generated would provide the resources needed to improve their standard of living. In Panama, as another example, people agreed on the idea of a country that would be geared around exploiting the competitive advantages of its privileged geographic position to become one of the most important logistics and service centers on the planet. Similar social consensus is being reached in an increasing number of countries in the region. Where such consensus hasn't yet emerged – some countries in Central America and in the Andean region, for example – progress is taking place at a slower pace.

Boyden: What do you see in the future of Mexico as a key market?

Rivera: I believe that the Mexico's strategic fundamentals are so strong that it will not only remain a key player within Latin America's economic context, but it will also become increasingly important on the world stage. There are a number of reasons why I think this way. First, Mexico has a fairly large domestic market, which provides it with an effective buffer against the market volatility that is likely to be with us in the coming years. Secondly, Mexico has become the most industrialized economy in the region. And thirdly, Mexico is located right next door to the largest economy in the world. If you believe – as I do – that the US combines the greatest research and development capabilities in the world, a huge pool of natural resources,

a large population, and solid institutions, then you have to conclude that it's just a matter of time before the country recovers from its current problems. When that happens, Mexico will really take off.

Boyden: As a Guatemala native, should Central America be a bigger part of the conversation, at least outside the region?

Rivera: Although the Central American region did not suffer as much as did the rest of Latin America following the Lehman crisis, its recovery has not been as vigorous. That said, over the last nine months, our business in Central America has started to pick up rapidly again. Part of the reason, as we see it, is that companies from other countries in the region, such as Mexico, Colombia and Peru, are investing and expanding into Central America. But perhaps even more importantly, Central American companies themselves are becoming regional. Although on an individual country basis, Central America lacks scale, it is nonetheless an attractive regional market which will remain an important element of the integrated Latin American trade and investment flows.

Boyden: In five to ten years, what market in Latin America will surprise people?

Rivera: I think that Colombia will do even better than what people expect for a number of reasons: excellent government, lots of natural resources and a well educated and skilled business community, among others. I also believe that the country will succeed in its fight against terrorism – no terror organization can succeed for long without the support of the population. The other surprise that I would "bank" on is Uruguay. While the country has a relatively small domestic market, it's located smack in the middle of two

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regional giants: Brazil and Argentina. With its macroeconomic house increasingly in order, I have to believe that over the next decade Uruguay will find a way to integrate its economy with that of its large neighbors and thus do much better than currently expected.

Boyden: What are your thoughts on Argentina in the next five to ten years?

Rivera: Structurally, Argentina has tremendous advantages in the production of grains and energy, both of which are competitive and becoming increasingly important to the world. The country also enjoys the benefit of a large, educated population. Once Argentina normalizes its links with the international financial community, it can and will do very well.

Boyden: What are some of the key opportunities and challenges for long-term growth in Latin America?

Rivera: I believe firmly that this is going to be Latin America's decade. The region is ideally positioned to supply the world with a number of commodities that hold the key to supporting global growth. I am aware that historically, we have always had access to enormous amounts of natural resources but were never able to exploit their full potential. Today, however, we have the capital, the regulatory frameworks and the skills needed to become the most efficient commodity producers in the world. We can thus become the most fiercely competitive exporters of minerals, metals, grains, oil, gas and many other critically needed commodities. The jobs and fiscal revenues generated from these activities will buy us the time and provide the resources needed to finance the improvements in infrastructure, health, and education that we badly need.

This view, I realize, is controversial. There are many smart people who think that we should focus on starting to add value to our products right away. My opinion in this respect is that we still lack the education base needed to pull off the effort -- for example, as we speak, a single company in Korea generates more patents than all of Latin America put together. We are going to need a decade or two to produce the scientists and highly skilled workers that will be required to add value to our commodities in a major way. In the meantime, our status as the most efficient commodities producer in the world will bridge the gap between our present and the value-added future that we all want.

Boyden: What do you see as concerns and challenges?

Rivera: The illegal drug trade, and the violence and corruption that accompany it, continue to be a huge challenge. It's probably impractical to try to completely eliminate the drug traffic, but we must control it to the point where it no longer threatens our institutions. Yes, we still have significant gaps in education, health and in the fight against poverty, but the drug trade is our most clear and present danger.

Boyden: What does the immediate future hold for Latin America?

Rivera: I was recently in Washington at the IMF-World Bank Annual Meetings and was surprised to note the depth of the "gloom and doom" feeling that permeated the whole affair, particularly when compared with the general sense of optimism that you find in Latin America.

I realize of course that the economies of much of the industrialized world are facing difficult times, and that the impact will

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inevitably be felt in Latin America. The financial tsunami will cause some damage, no doubt, but we will absorb the impact and move on, mostly on the basis of our macroeconomics, which are generally robust.

Boyden: Where do you see the areas of growth in Latin American trade finance?

Rivera: As purchasing power in Latin America increases, our people will demand more imports, both from outside and within the region. This is the main reason why intraregional trade has been growing particularly fast, and why we believe it will grow even faster in the coming years. Exports will continue growing as well, driven by structural and demographic changes in China, India, Africa and the Middle East. Latin American goods are going to continue being sought after, allowing us to gain market share and increase efficiencies.

Boyden: Some critics think that close ties to China may not be entirely to Latin America's benefit and may even hamper the region's ability to become a leading exporter of manufactured products. Do you agree?

Rivera: I am afraid that my views on this issue are unconventional. I don't think that the China problem is all that people make it out to be. Exhibit "A" in my thought process is Mexico. Here is a country that has proven that you can compete against the Chinese by providing, in this case, a solution to the problems of long lead times in shipment, inventory and production. Secondly, Chinese competition has forced companies in Latin America to focus on products where they enjoy real, sustainable competitive advantages – generating important benefits in terms of efficient capital allocation. And finally, Chinese competition has forced our companies

to become more efficient, turning them into world class organizations. So, while I realize that Chinese imports have caused severe dislocations and hardships, I am convinced that, in the long term, the benefits of the process will outweigh the costs.

Boyden: Do you think that the intraregional trade will play a part in boosting the manufacturing sectors? Or is it more that they are exporting to a global stage?

Rivera: For a decade now, I have been convinced that the best and only way for Latin America to compete on the world stage is by increasing its commercial integration. More and more, the world is competing on the basis of trading blocs. Within this context, there is no single Latin American country, not even Brazil, with the scale need to compete effectively on its own.

Integrating regionally, however, will allow us to gain scale. With a population of more than 500 million, once Latin America can start acting like a single market, we will gain efficiencies and become much more relevant within the context of world trade and geopolitics.

Looking further into the future, I have always thought that a trade bloc comprising all of the Americas would be immensely powerful. A commercial combination between the US, Canada, and Latin America would become the strongest economic force in the world. The concept is so powerful that I am convinced that it will come to pass, however long it takes.

Boyden: In Bladex's own business, where are the best bright spots? What would you like to shift or change?

Rivera: Bladex is fortunate to operate in a region that is growing, driven by

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structural and unstoppable changes in the demographics and consumption patterns of the world. At the same time, we are specialists in trade finance, the business likely to be the prime beneficiary of this growth. This is why we are so enthusiastic about the future of our company.

Regarding where we would like to see change, looking back I wish we had started our strong regional and corporate expansion sooner. Looking forward, I am sure that there will always be a need for tactical adjustments, but the evidence supporting the soundness of our strategy is strong. We are on the right track.

Boyden: Since taking the CEO helm, how have you evolved the leadership team to shape Bladex for growth?

Rivera: There are probably four things that proved critical to our effectiveness as a leadership team. First, we agreed on a common vision for the bank's business as an integral part of Latin America's growth. Secondly, we agreed on a common set of values that would guide us as we executed that vision. Thirdly, we spent an enormous amount of time and energy perfecting our ability to work as a team. And lastly, we spent even more time and effort communicating the vision and values to the entire company. It was tough going, but the results have been phenomenal. In my experience, you are never done thinking, exchanging views and communicating. It's always a work in progress.

Boyden: How could you describe your leadership style?

Rivera: There are probably two aspects of my style that I consider especially important. On the one hand, I am obsessive, or maybe even a bit paranoid,

about keeping our business vision current in a world that keeps changing in unforeseen ways. I find that formulating this vision requires predicting the future in an objective way, something which I find terribly difficult but incredibly rewarding.

The other critical element of my style relates to making sure that the efforts of everybody in the bank proceed at the same, rapid pace demanded by our clients, and that it all comes together in a seamless fashion, regardless of the ups and downs and noise that are part of everyday life. In my experience, success along this front – execution – involves working with and for people, which I also find fascinating.

Boyden: What is most important to you in recruiting executives?

Rivera: The number one quality that we look for in anybody considering joining Bladex is integrity – integrity under all circumstances. Given the pace of change in the world, we also like people who are flexible, are natural team players, and have an ability to formulate their own vision. Finally, we demand a high level of skill. Our clients expect us to be the best in the business and we owe it to them to deliver.

Boyden: What types of intangibles do you look for in terms of personality and approach?

Rivera: We like to think that there is a Bladex personality or style, defined by professionalism, dependability, ability to keep cool under pressure, self confidence and humility. Humility is important to us, as we believe that without humility you become arrogant – and arrogance in banking is tantamount to poison. Arrogant bankers tend to go broke, at the expense of shareholders and, lately, taxpayers.

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Boyden: You've had a very successful career, though what's your important to you outside the office?

Rivera: I care more deeply and get more satisfaction out of the success of my family, the bank, and our team than out of anything that I might achieve on my own. On a more practical level, there are a couple of things that I love, which include making our shareholders rich and proving naysayers wrong – something that we at Bladex do quite frequently. Since I joined the bank nine years ago, I have also had the opportunity to share in its commitment to the education of underprivileged children in the region. Whether it is visiting a remote school to make a donation or congratulating graduates in a violence-prone neighborhood, helping children makes me feel invigorated, rejuvenated and generally at peace with myself. It's amazing, really, and quite wonderful.

Boyden: Has becoming a pilot affected you in positive ways even when on the ground?

Rivera: Pilot training taught me that you can safely take risks if you prepare well. If you think about it, flying is quite unnatural for human beings, but through training, discipline, the right choice of equipment, and careful planning, the activity has been rendered into something that is quite safe. I have found that some of the same principles apply to business – you can take risks if you prepare. So, pilot training probably made me more willing to try things that I otherwise would have avoided. I'm glad I did it.

Boyden: What's the career advice you'd give to an up and coming executive?

Rivera: I would encourage them to accept that the next two decades are going to bring wrenching change, and make the most of the huge opportunities this change will generate. As long as you remain flexible, well informed and are willing to put in the hours, this is probably the best environment any young person could ask for.

As a society, we are going through the equivalent of the Industrial Revolution, as the world adapts to the Internet, to China, asymmetric warfare, dark matter and many other changes. As I look at the great opportunities likely to come along within this process, I sometimes wish I were thirty again. What a ride it would be!

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The views and opinions expressed here do not necessarily represent the views of Boyden; only those of Mr. Rivera.