

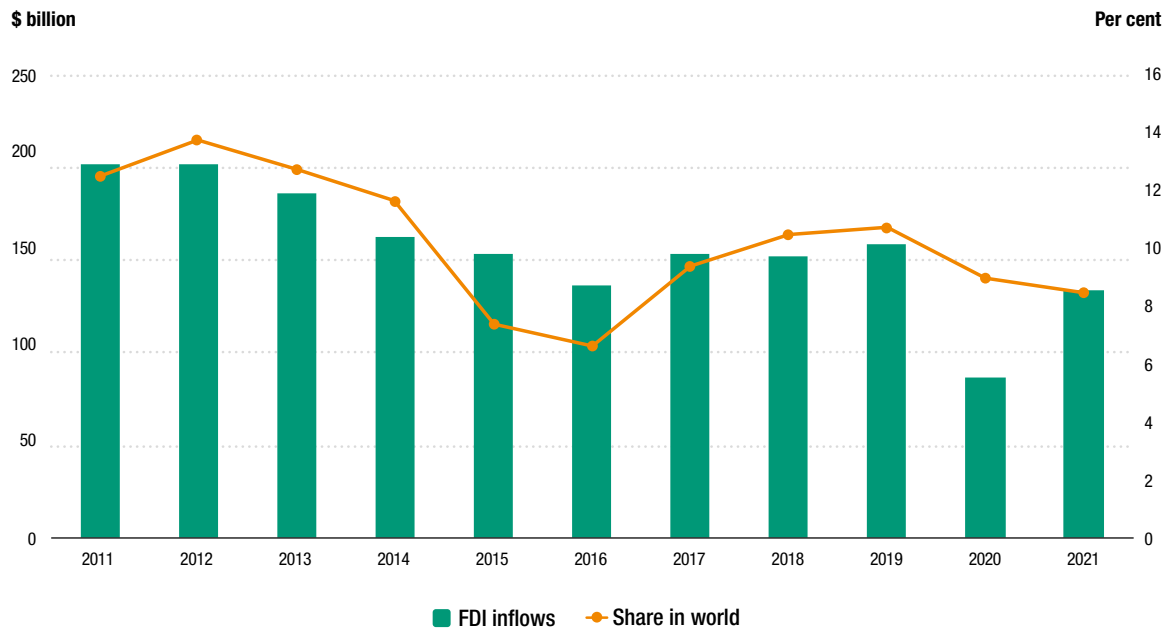
REGIONAL TRENDS

LATIN AMERICA AND THE CARIBBEAN

H I G H L I G H T S

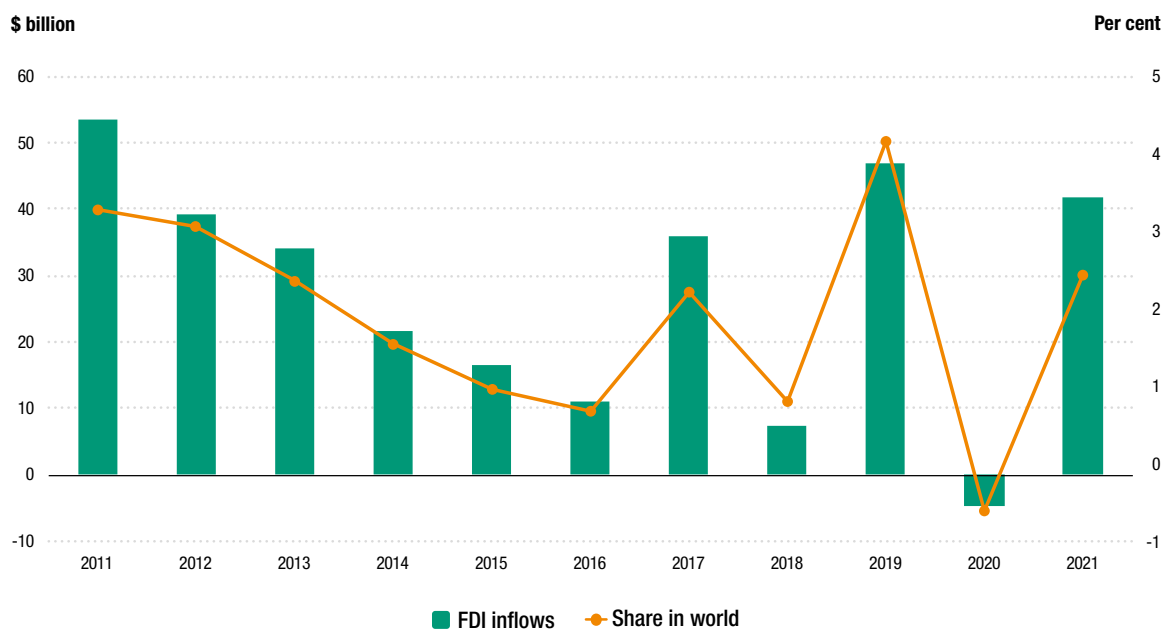
- In 2021, FDI in Latin America and the Caribbean rose by 56 per cent to \$134 billion, sustained by strong inflows in traditional target industries such as automotive manufacturing, financial and insurance services, and electricity provision, and pushed up by record-high investments in information and communication services across the region.
- Flows rose in all three subregions (excluding financial centres). Most economies saw inflows rebound, with only a few experiencing further declines caused by the pandemic-induced economic crisis, in some cases combined with political instability.
 - In South America, FDI grew by 74 per cent to \$88 billion, sustained by higher demand for commodities and green minerals. All major recipients, which include Brazil, Chile and Colombia, saw a rise, driven by the resumption of flows into mining and hydrocarbons. In Brazil investments in agribusiness, automotive and electronics manufacturing, information technology and financial services led to an increase of 78 per cent, to \$50 billion. Flows to Chile rose by 32 per cent to \$13 billion, sustained by several large acquisitions and renewed interest in mining projects. FDI to Colombia grew by 26 per cent to \$9 billion, led by inflows in the manufacturing sector and in transport, logistics and communication services. Flows to Argentina and Peru recovered to pre-pandemic levels.
 - In Central America, FDI reached \$42 billion. Flows to Mexico, the second largest recipient in the subregion, increased by only 13 per cent, to \$32 billion, with new equity investments in the mining and extractive industries as well as the automotive industry. Flows to Costa Rica returned to pre-pandemic levels, almost doubling to \$3.2 billion, with new investments in special economic zones. In Guatemala flows reached a record level of \$3.5 billion.
 - In the Caribbean, FDI increased by 39 per cent to \$3.8 billion, mainly driven by growth in inflows to the Dominican Republic, to \$3.1 billion. Flows increased in mining, financial services and special economic zones.
- Among regional economic groupings in Latin America and the Caribbean, over the past five years, flows rose to the member States of the Central American Integration System (SICA) (+7 per cent, to \$14 billion) and the Mercado Común del Sur (MERCOSUR) (up 5 per cent, to \$59 billion); remained relatively stable for member States in the Asociación Latinoamericana de Integración (ALADI) (down 4 per cent, to \$122 billion); and fell in member States in the Caribbean Community (CARICOM) (down 22 per cent, to \$3 billion).
- In 2021, intraregional greenfield project announcements remained relatively small, at 15 per cent of all projects in the region (10 per cent in terms of value), but they increased compared with 2016 when they were 8 per cent of the total (7 per cent in value). However, looking at projects invested in by Latin America and the Caribbean MNEs, two thirds of their value was in the region.
- Overall, cross-border M&A activity increased, with a higher number of deals, although the total value of net sales remained virtually unchanged from 2020 at \$8 billion. The services sector recorded the highest increase in net sales, particularly in the financial and energy supply industries.
- Announced greenfield investment increased by 16 per cent, with most commitments going to the automotive, information and communication, and extractive industries.
- The value of announced international project finance deals doubled, exceeding pre-pandemic levels, pushed by large projects in transportation infrastructure (especially in Brazil), mining (across the region) and renewable energy.
- The Netherlands, the United States and Spain were the largest investors in the region, followed by Canada, Germany and Chile.

Figure 1. Latin America and the Caribbean: FDI inflows and share in world inflows, 2011–2021
(Billions of dollars and per cent)



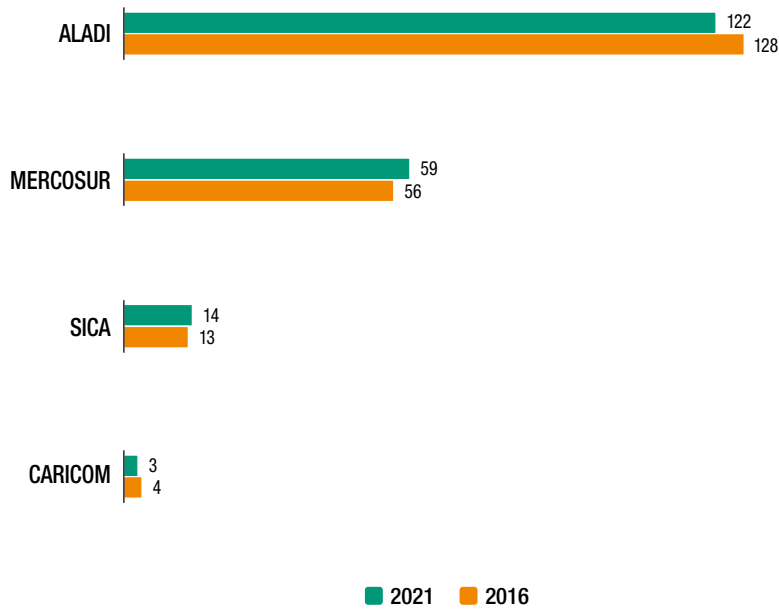
Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>).
 Note: World and Latin America and the Caribbean exclude Caribbean financial centres.

Figure 2. Latin America and the Caribbean: FDI outflows and share in world outflows, 2011–2021
(Billions of dollars and per cent)



Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>).
 Note: World and Latin America and the Caribbean exclude Caribbean financial centres.

Figure 3. Latin America and the Caribbean: FDI in regional groupings, 2016 and 2021 (Billions of dollars)



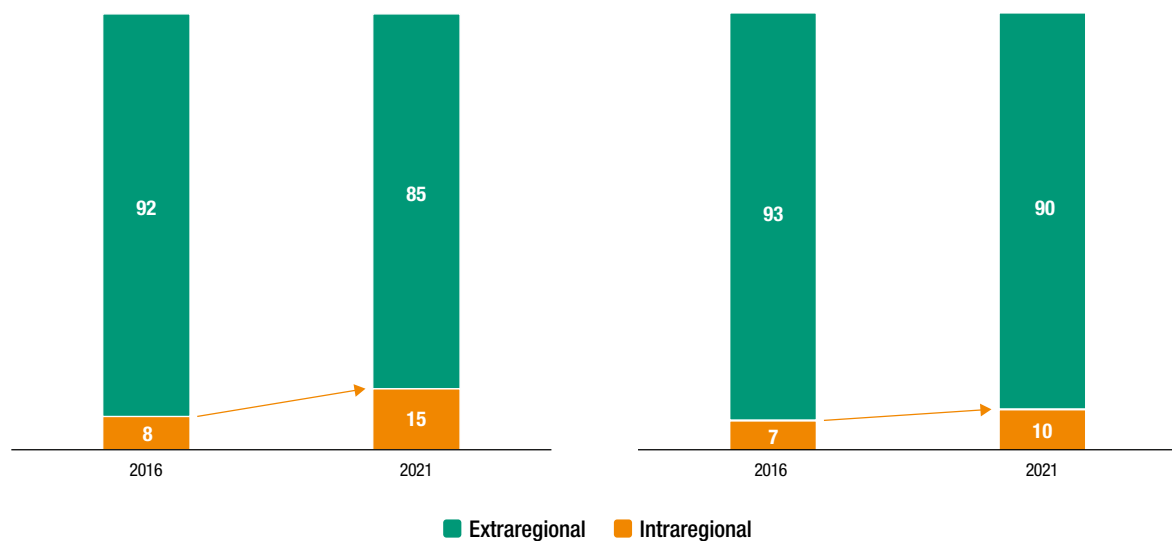
Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>).

Note: ALADI = Asociación Latinoamericana de Integración; MERCOSUR = Mercado Común del Sur; SICA = Central American Integration System; CARICOM = Caribbean Community.

Figure 4. Latin America and the Caribbean: announced intraregional greenfield investment projects (Per cent)

a. By number

b. By value



Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Table 1. Latin America and the Caribbean: FDI inflows and cross-border M&A sales, 2019–2021 (Billions of dollars and number)

Subregion/selected economy	FDI				Net cross-border M&A sales							
	Value				Value				Number			
	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)
Latin America and the Caribbean	159	86	134	56	24	8	8	3	305	210	287	37
Central America	44	33	42	30	4	3	1	-81	48	47	62	32
Costa Rica	3	2	3	81	-	-	-	..	5	2	7	250
Guatemala	1	1	3	273	-	-	-	..	1	-	2	..
Mexico	34	28	32	13	4	3	1	-80	37	41	53	29
South America	111	51	88	74	20	6	5	-16	250	159	213	34
Argentina	7	4	7	63	0.4	-0.3	-	..	14	1	11	1 000
Brazil	65	28	50	78	14	5	3	-46	149	107	102	-5
Chile	15	10	13	32	4	0.3	1	92	19	14	32	129
Colombia	14	7	9	26	0.4	0.5	1	197	36	18	39	117
Peru	6	-1	6	..	2	0.2	-	-67	17	10	16	60
Uruguay	2	1	2	159	-0.2	0.1	-	-95	5	6	4	-33
Caribbean	4	3	4	39	-1	-1	3	..	7	4	12	200
Dominican Republic	3	3	3	21	-	-	-	..	2	-	1	..
<i>Memorandum</i>												
World	1 481	963	1 582	64	507	475	728	53	7 118	6 201	8 846	43
Developed economies	764	319	746	134	428	389	615	58	5 949	5 333	7 838	47
Developing economies	716	644	837	30	79	86	113	31	1 169	868	1 008	16

Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>) for FDI and cross-border M&A database (<https://unctad.org/fdistatistics>) for M&As.

Note: World, developing economies, Latin America and the Caribbean, and the Caribbean exclude Caribbean financial centres.

Table 2. Latin America and the Caribbean: announced greenfield projects and international project finance deals, 2019–2021
(Billions of dollars and number)

Subregion/selected economies	Announced greenfield investment projects								Announced international project finance deals							
	Value				Number				Value				Number			
	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)
Latin America and the Caribbean	112	56	66	16	1 832	1 049	1 222	16	86	54	105	95	236	197	318	61
Central America	33	18	23	27	832	455	567	25	16	7	9	20	47	24	31	29
Costa Rica	1	2	2	3	115	103	142	38	-	-	0.1	..	1	-	1	..
Guatemala	1	0.1	0.4	248	20	7	12	71	-	-	1	..	2	-	1	..
Mexico	28	14	20	43	641	304	376	24	14	4	5	20	32	18	20	11
South America	73	36	42	17	959	571	627	10	69	47	92	99	181	167	269	61
Argentina	4	4	4	-7	92	63	101	60	4	1	12	880	11	6	15	150
Brazil	31	17	23	35	355	222	184	-17	25	26	43	64	79	74	98	32
Chile	9	5	5	-3	140	80	82	2	18	11	24	122	45	49	88	80
Colombia	7	3	4	72	224	111	139	25	4	3	5	104	22	16	34	113
Peru	13	2	2	36	89	42	60	43	5	2	7	319	10	9	20	122
Uruguay	4	0.2	1	638	21	16	22	38	2	0.3	-	-73	2	3	1	-67
Caribbean	7	3	1	-57	41	23	28	22	1	0.5	4	828	8	6	18	200
Dominican Republic	1	3	1	-70	19	16	13	-19	0.2	-	2	..	2	-	5	..
<i>Memorandum</i>																
World	846	575	659	15	18 261	13 248	14 710	11	682	484	1 188	146	1 303	1 262	2 115	68
Developed economies	382	316	401	27	10 976	8 993	9 790	9	301	264	656	149	677	742	1 262	70
Developing economies	464	259	259	-	7 285	4 255	4 920	16	380	220	530	141	626	520	852	64

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

Note: World, developing economies, Latin America and the Caribbean and the Caribbean exclude Caribbean financial centres.

Table 3. Latin America and the Caribbean: announced greenfield projects, by sector and selected industries, 2019–2021

Sector/industry	Value (Billions of dollars)			2020–2021 growth rate (%)	Number			2020–2021 growth rate (%)
	2019	2020	2021		2019	2020	2021	
Total	112	56	66	16	1 832	1 049	1 222	16
Primary	8	1	2	141	24	19	16	-16
Manufacturing	41	20	24	19	935	410	508	24
Services	63	35	39	12	873	620	698	13
<i>Top 10 industries in value terms</i>								
Information and communication	9	6	16	148	270	197	317	61
Energy and gas supply	26	16	14	-13	126	104	59	-43
Automotives	10	4	11	141	152	55	96	75
Transportation and storage	8	3	3	7	70	48	55	15
Financial and insurance	4	2	3	37	51	42	45	7
Extractive industries	8	1	2	292	16	7	14	100
Food, beverages and tobacco	3	2	2	-4	60	36	51	42
Chemicals	4	0.3	2	360	83	22	36	64
Trade	3	2	1	-22	82	49	53	8
Electronics and electrical equipment	3	2	1	-17	107	68	72	6

Source: UNCTAD, based on information from the Financial Times Ltd, fDi Markets (www.fDimarkets.com).

Table 4. Latin America and the Caribbean: announced international project finance deals, selected industries, 2019–2021

Industry	Value (Billions of dollars)			2020–2021 growth rate (%)	Number			2020–2021 growth rate (%)
	2019	2020	2021		2019	2020	2021	
Total	86	54	105	95	236	197	318	61
<i>Top 10 industries by number</i>								
Renewable energy	24	22	37	67	141	131	164	25
Mining	17	7	14	90	29	28	54	93
Transportation infrastructure	17	2	9	420	21	5	24	380
Oil and gas	16	19	11	-43	17	17	22	29
Power	7	2	4	184	14	5	17	240
Industrial real estate	2	-	4	..	2	-	11	..
Petrochemicals	0.3	-	22	..	1	-	9	..
Telecommunication	2	1	1	25	4	6	7	17
Education	-	-	-	..	2	-	4	..
Residential/commercial real estate	0.2	0.3	2	737	2	1	3	200

Source: UNCTAD, based on data from Refinitiv SA.

Table 5. Latin America and the Caribbean: net cross-border M&A sales, by sector and selected industries, 2019–2021

Sector/industry	Value (Millions of dollars)			2020–2021 growth rate (%)	Number			2020–2021 growth rate (%)
	2019	2020	2021		2019	2020	2021	
Total	23 625	7 808	8 030	3	305	210	287	37
Primary	1 267	1 907	1 646	-14	14	17	14	-18
Manufacturing	2 925	203	31	-85	82	29	29	0
Services	19 434	5 697	6 353	12	209	164	244	49

Top 10 industries in value terms

Financial and insurance	1 725	1 198	2 853	138	34	14	31	121
Utilities	11 331	431	2 016	367	9	11	29	164
Extractive industries	1 596	1 468	1 609	10	12	11	7	-36
Transportation and storage	4 085	20	1 262	..	13	3	24	700
Information and communication	1 037	439	792	80	43	38	66	74
Pharmaceuticals	575	-187	265	..	16	1	2	100
Health services	2	-3	133	..	24	23	17	-26
Chemicals	-71	218	120	-45	13	6	3	-50
Administrative and support services	347	808	70	-91	16	7	11	57
Hospitality	-	-154	67	..	2	1	5	400

Source: UNCTAD, cross-border M&A database (<https://unctad.org/fdistatistics>).

Table 6. Latin America and the Caribbean: investment project announcements in SDG sectors, 2019–2021 (Millions of dollars and per cent)

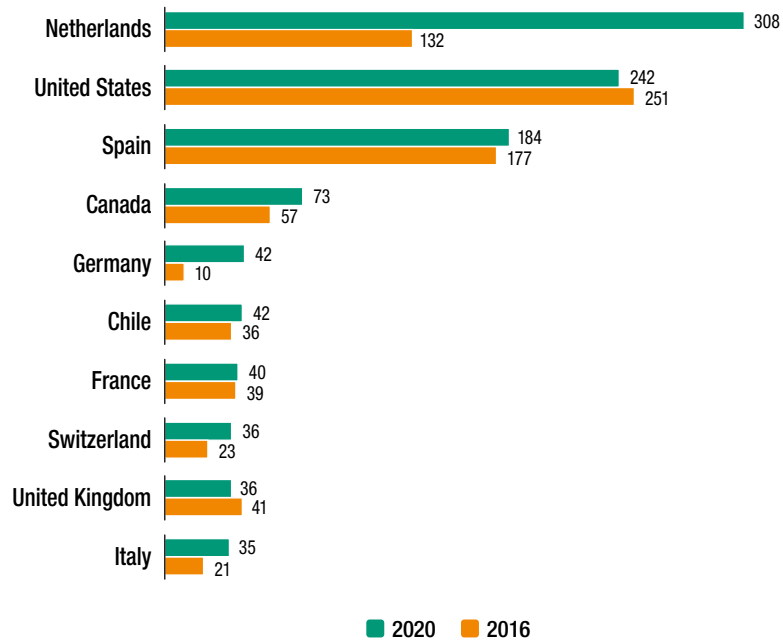
SDG-relevant sector	Greenfield projects				International project finance deals			
	2019	2020	2021	2020–2021 growth rate (%)	2019	2020	2021	2020–2021 growth rate (%)
Total								
Value	47 977	27 734	35 070	26	50 746	26 830	51 948	94
Number of projects	498	331	382	15	185	150	216	44
<i>Power^a</i>								
Value	4 888	1 717	914	-47	7 462	1 500	4 258	184
Number of projects	19	4	8	100	14	5	17	240
<i>Renewable energy</i>								
Value	20 966	14 402	13 236	-8	23 820	22 338	37 405	67
Number of projects	115	100	55	-45	141	131	164	25
<i>Transport services^b</i>								
Value	7 435	2 783	3 070	10	17 435	1 725	8 973	420
Number of projects	59	47	54	15	21	5	24	380
<i>Telecommunication</i>								
Value	7 548	5 064	13 133	159	1 750	1 029	1 289	25
Number of projects	94	60	91	52	4	6	7	17
<i>Water, sanitation and hygiene (WASH)</i>								
Value	14	-	174	..	170	54	-	..
Number of projects	1	-	5	..	2	2	-	..
<i>Food and agriculture</i>								
Value	5 572	2 934	3 186	9	-	184	-	..
Number of projects	118	64	83	30	-	1	-	..
<i>Health</i>								
Value	1 100	769	1 299	69	68	-	-	..
Number of projects	71	47	76	62	1	-	-	..
<i>Education</i>								
Value	455	65	58	-11	40	-	22	..
Number of projects	21	9	10	11	2	-	4	..

Source: UNCTAD, information from the Financial Times Ltd, fDi Markets (www.fdimarkets.com) for announced greenfield FDI projects and Refinitiv SA for international project finance deals.

^a Excluding renewable energy.

^b Transport services for greenfield projects and transport infrastructure for project finance.

Figure 5. Latin America and the Caribbean: top 10 investor economies by FDI stock, 2016 and 2020
(Billions of dollars)



Source: UNCTAD, FDI/MNE database (<https://unctad.org/fdistatistics>).