

FDI IN FIGURES – LATIN AMERICA

May 2019

FDI to Latin America down by 6% in 2018

- In 2018, FDI flows to major Latin American (LAC) economies decreased by 6% to USD 137 billion, falling to their second-lowest level since 2009.
- Brazil confirmed its ranking as the first LAC destination, with inflows in excess of USD 61 billion (although down 9% from 2017). Second-ranked Mexico attracted roughly half as much (USD 31.6 billion, -2%), while Argentina and Chile managed to increase inflows by 6% and 5%, respectively.
- Against the background of the persistent fall in global FDI flows, however, the LAC region saw its share of the world total increase from 9% to 11%. In the G20, the share of the three LAC members (Argentina, Brazil and Mexico) remained stable at 11%.
- FDI outflows registered an 81% fall, driven by major divestment by Brazil. Investors from Mexico, Colombia, and Uruguay were responsible for the bulk of LAC outflows in 2018.

1 Regional developments

In 2018, global FDI flows¹ decreased by 27% compared to 2017, to USD 1 097 billion. This represents 1.3% of global GDP, the lowest level since 1999 (Figure 1) (see [FDI in Figures – April 2019](#)). The drop was largely due to the 2017 US tax reform, which prompted US parent companies to repatriate large amounts of earnings held with foreign affiliates (see [FDI in Figures – July 2018](#) and [FDI in Figures – October 2018](#)). The impact of these repatriations on the foreign operations of US MNEs is likely to be minimal in the short term because they involve the sale or disposal of financial, as opposed to real, assets. FDI flows into the OECD area decreased by 24% in 2018, to USD 625 billion while FDI outflows decreased by 40% to USD 585 billion.

In this context, FDI flows to major Latin American and Caribbean (LAC) countries² fell less than at the global and OECD levels in 2018, by 6% to USD 137 billion (Figure 2³). This was the second-lowest level recorded since 2009, at the height of the financial crisis. As a share of GDP, FDI inflows remained stable at 2.9%, being particularly high in smaller economies such as Costa Rica (4.5%) and Uruguay (4%) (Figure 3).

LAC participation in global FDI inflows rose from 6.7% in 2015 to 10.5% in 2018, but this was the result of a decrease in global FDI inflows since 2015, rather than an increase in inflows to LAC. In the G20, the combined share of the three LAC members (Argentina, Brazil, and Mexico) remained stable at 11%.

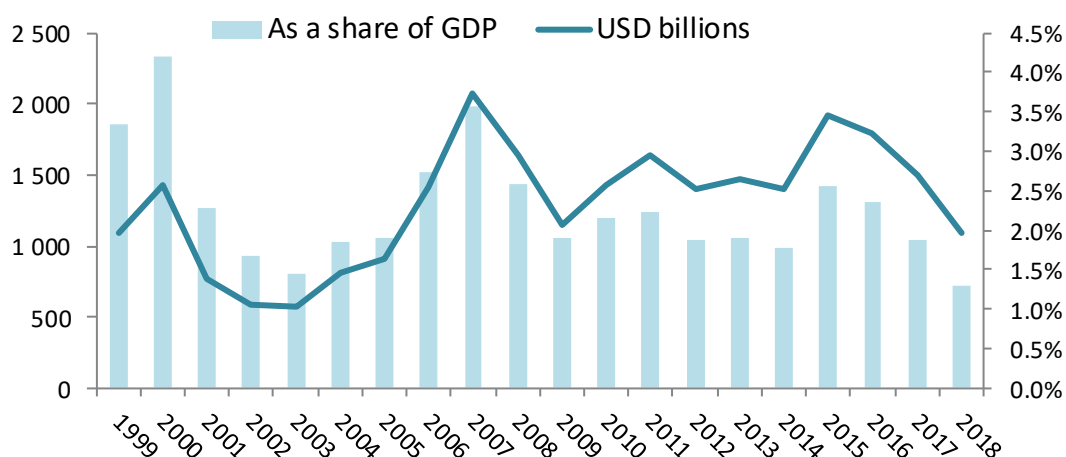
As far as outward FDI flows are concerned, 2018 was marked by the large drop in Brazil (USD -13 billion, compared with USD 16.7 billion in 2017) that drove the LAC total to a -81% contraction.

¹ By definition, inward and outward FDI worldwide should be equal, but in practice, there are statistical discrepancies. Unless otherwise specified, references to ‘global FDI flows’ refer to the average of these two figures.

² Including Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Paraguay, Peru, and Uruguay (LAC 11), which together account for 89% of the total LAC GDP in 2018 (IMF WEO estimates).

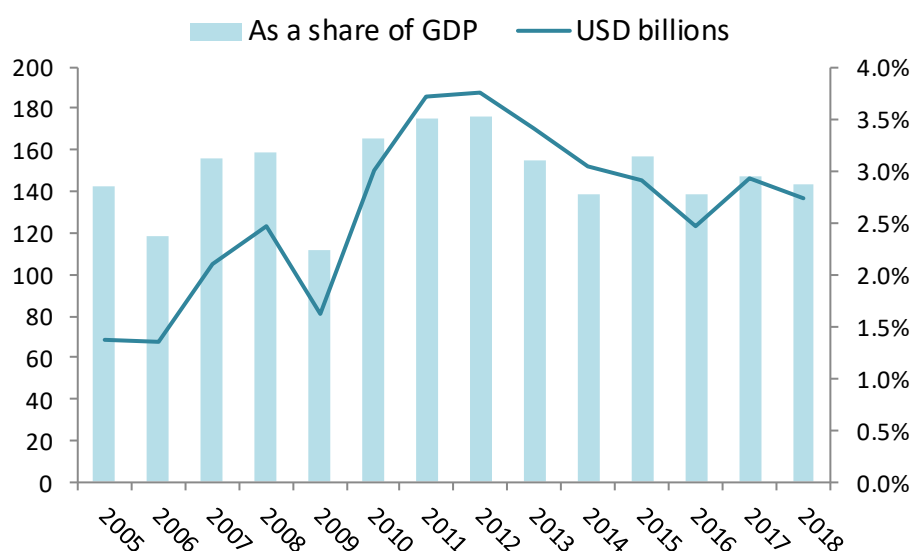
³ Full-year figures are not yet available for Bolivia and Paraguay; the average of the first three quarters was used for the fourth quarter.

Figure 1: Global FDI flows, 1999-2018



Source: OECD International Direct Investment Statistics database

Figure 2: LAC FDI inflows, 2005-2018



Source: OECD International Direct Investment Statistics database, IMF and national authorities

2 Country developments

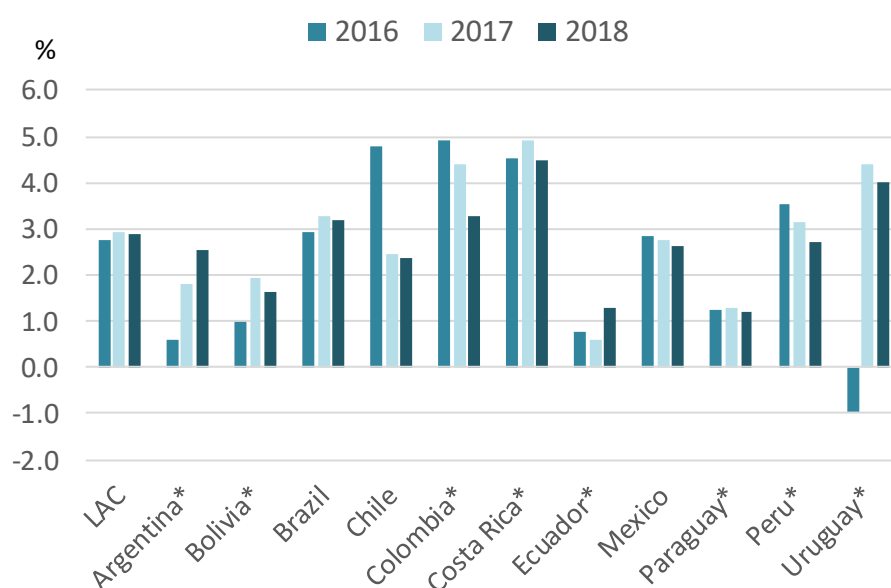
In 2018, Brazil confirmed its ranking as the first LAC destination, a position it has held since 2007. Inflows were in excess of USD 61 billion (although down 9% from 2017 and below the post-crisis average of USD 68 billion). Second-ranked Mexico attracted roughly half as much FDI inflows as Brazil (USD 31.6 billion, -2%, and exactly in line with the post-2010 average) and Argentina reclaimed its third place (never achieved since the 1990s) at the expenses of Colombia (-20%). Argentina and fifth-ranked Chile managed to increase inflows by 6% and 5%, respectively.

The best-performing LAC country in 2018 was Ecuador, with FDI inflows rising by 127% and reaching USD 1.4 billion, twice as large as the post-crisis average. Political uncertainty penalized Peru, where the 2018 data were the second lowest since 2008. Roughly in line with the average were Costa Rica, Uruguay, and Paraguay, while Bolivia remained below.

As a share of GDP, the LAC reading remained stable at 2.9%. In terms of this metrics, FDI plays an important role in small economies such as Costa Rica (4.5%) and Uruguay (4%) and a minor one in equally small economies such as Ecuador (1.3%) and Paraguay (1.2%). FDI inflows in 2018 equaled 3.2% of GDP in Brazil, 2.6% in Mexico and Argentina, 2.4% in Chile.

The repercussions of the *lava jato* corruption led many Brazilian *multilatinas* to retrench, with FDI outflows experiencing a dramatic USD 30 billion year-on-year switch. In this environment, Mexico was the largest investor (USD 6.9 billion), followed by Colombia (USD 5.1 billion) and Uruguay (USD 3.3 billion). Chilean companies invested overseas in 2018 less than a fourth of their average post-crisis outlays, while for their Argentine peers 2018 was the most active year since 2006.

Figure 3: FDI flows in LAC countries, as a share of GDP



Notes: See Table 1 for detailed figures. Full-year figures are not yet available for Bolivia and Paraguay; the average of the first three quarters was used for the fourth quarter * Data is on asset/liability basis as opposed to directional basis
Source: OECD International Direct Investment Statistics database and IMF

3 OECD and LAC

Figure 5 shows the share of LAC region in each OECD country's total outward FDI positions at-end 2007 and at-end 2017⁴. The LAC region represented 4% of OECD outward FDI positions at-end 2017. It represented respectively 45%, 13%, 30% of outward FDI positions of Chile, Mexico and Spain and more than 4% of outward FDI positions of six other OECD countries: Portugal (6.4%), the Netherlands (5.9%, excluding from resident Special Purpose Entities), Canada (5.8%), Italy (5.7%), Norway (4.2%), and the United States (4.1%).

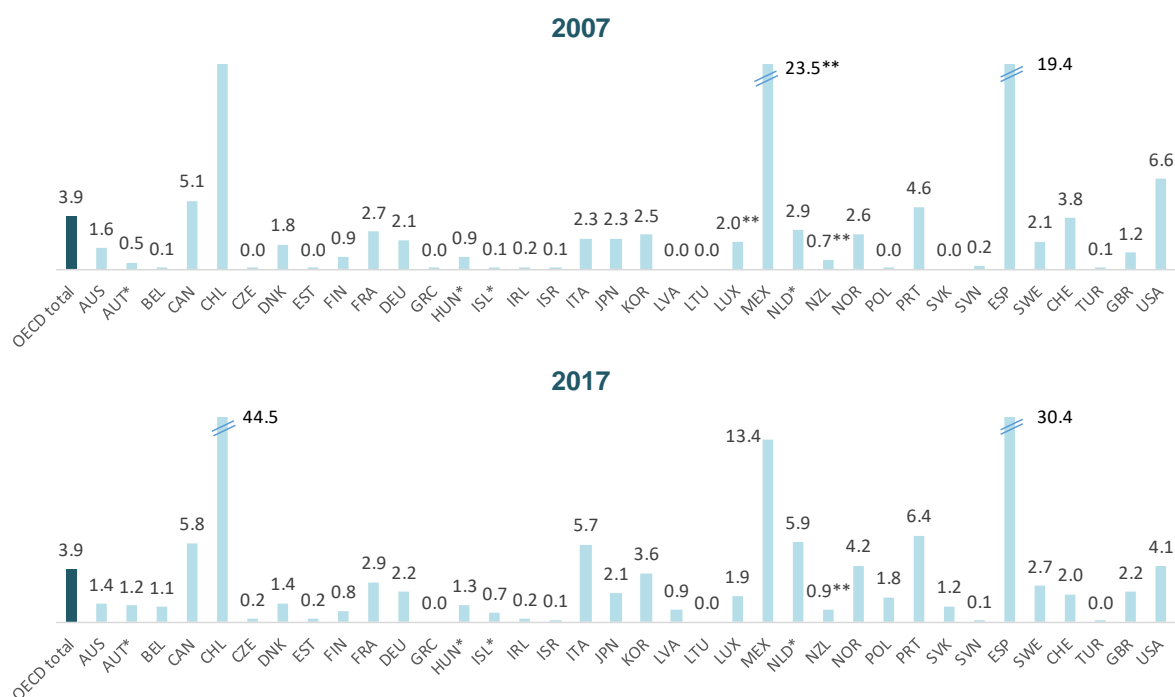
While the share of LAC in total OECD outward FDI positions remained stable between 2007 and 2017 (at around 4%), the situation varies across countries. It has decreased by more than 0.5 points for five OECD countries: Mexico (from 24%⁵ to 13%), Chile (from 50% to 45%), the United States (from 7% to 4%) and Switzerland (from 4% to 2%). In contrast, it has increased by more than 0.5 points for fifteen OECD countries, and by more than 1 point for ten countries: Spain (from 19% to 30%), Italy (from 2.3% to 5.7%), the Netherlands (from 2.9% to 5.9% excluding from resident SPEs), Poland (from 0.03% to

⁴ See notes to Figure 5 for more details.

⁵ Bilateral outward FDI positions for 2007 are not available for Mexico, hence 2009 was used instead.

1.8%), Portugal (from 4.6% to 6.4%), Norway (from 2.6% to 4.2%), the Slovak Republic (from 0% to 1.2%), Korea (from 2.5% to 3.6%), the United Kingdom (from 1.2% to 2.2%), and Belgium (from 0.1% to 1.1%).

Figure 5: OECD outward FDI positions in LAC, 2007 versus 2017



Notes: The LAC aggregate for each OECD country was approximated, using outward FDI positions vis-à-vis 'South America' plus Costa Rica and Mexico when available, as reported to the OECD. If the 'South America' aggregate was not reported or confidential, it was approximated using single South American countries when sufficient availability. 2007 corresponds to BMD3 methodology while 2017 corresponds to BMD4, except for Estonia, France and Latvia for which both years correspond to BMD4. * Resident SPEs are excluded. ** Bilateral outward FDI positions for 2007 are not available or not publishable for Luxembourg, Mexico and New Zealand so 2009, 2012 and 2008 were used instead respectively for each country. 2017 bilateral outward positions in LAC could not be approximated for New Zealand due to too many confidentiality restrictions so 2014 proxy was used instead.

Source: OECD International Direct Investment Statistics database and IMF

Find latest FDI data online

Detailed FDI statistics by partner country and by industry are available from **OECD's online FDI database** (see pre-defined queries). Find detailed information on inward and outward FDI flows, income and positions by main destination or source country, and by industry sector, as well as detailed information for resident SPEs and information on inward FDI positions by ultimate investing country. New data for 2017 are available since December 2018

FDI outward flows

FDI inward flows

Table 1

In USD millions	FDI outward flows							FDI inward flows						
	2 012	2 013	2 014	2 015	2 016	2 017	2018 ^p	2 012	2 013	2 014	2 015	2 016	2 017	2018 ^p
LAC³	187 390	170 771	151 961	145 092	123 200	145 838	136 995	40 202	31 529	23 443	25 444	8 901	37 210	7 008
Argentina ¹	15 324	9 822	5 065	11 759	3 260	11 517	12 162	1 055	890	1 921	875	1 787	1 156	1 911
Bolivia ¹	1 060	1 750	657	555	335	725	-	0	0	- 33	- 2	89	80	-
Brazil	82 060	59 089	63 846	49 514	52 751	67 583	61 223	- 8 425	- 478	- 3 261	- 7 686	- 5 934	16 678	- 13 036
Chile	30 125	20 597	23 799	20 215	11 934	6 744	7 049	20 412	9 756	12 998	15 087	6 232	6 135	2 464
Colombia ¹	15 039	16 209	16 167	11 723	13 850	13 836	11 010	- 606	7 652	3 899	4 218	4 517	3 690	5 122
Costa Rica ¹	2 696	3 205	3 242	2 956	2 620	2 856	2 735	894	804	424	414	493	273	659
Ecuador ¹	567	727	772	1 322	767	618	1 401	0	0	0	0	0	0	0
Mexico	21 958	48 504	29 591	35 863	30 865	32 091	31 604	22 897	14 735	5 238	10 632	713	4 090	6 858
Paraguay ¹	727	313	550	480	452	507	-	30	67	138	172	81	51	-
Peru ¹	11 788	9 800	4 441	8 272	6 863	6 769	6 175	78	137	801	127	303	262	- 313
Uruguay ¹	6 044	755	3 830	2 433	- 498	2 592	2 443	3 869	- 2 034	1 319	1 605	619	4 797	3 342
Total World¹	1 247 020	1 344 232	1 321 283	1 682 404	1 587 890	1 434 366	893 820	1 544 762	1 585 374	1 469 900	2 151 843	1 986 624	1 554 497	1 300 742
European Union (EU)¹	294 086	345 662	211 803	653 084	492 850	420 612	357 299	331 154	342 680	248 021	635 610	572 547	350 095	281 055
OECD¹	915 636	986 317	839 680	1 275 038	1 158 565	1 008 492	598 842	724 936	784 100	666 002	1 327 968	1 267 943	814 705	625 219
G20 countries¹	815 954	855 785	803 742	816 480	920 440	1 126 933	585 227	889 536	1 013 740	848 155	1 122 292	1 231 407	971 337	955 426
G20-OECD countries¹	708 676	691 717	585 919	597 225	674 969	908 842	423 077	461 032	536 372	411 823	736 150	905 404	636 228	593 270
G20-non OECD countries¹	107 278	164 068	217 823	219 255	245 471	218 091	162 150	428 504	477 367	436 332	386 141	326 004	335 108	362 156

See notes to tables on page 6

Source: OECD and IMF

OECD Directorate for Financial and Enterprise Affairs - Investment Division

FDI outward positions

FDI inward positions

Table 2

	In USD million			As a share of GDP (%)			In USD million			As a share of GDP (%)		
	2 016	2 017	2018 ^p	2 016	2 017	2018 ^p	2 016	2 017	2018 ^p	2 016	2 017	2018 ^p
LAC³	590 456	673 006	675 147	13.3	13.6	14.2	1 731 385	1 870 084	1 866 716	39.0	37.8	39.2
Argentina ¹	39 735	40 930	42 335	7.2	6.4	8.9	74 868	80 700	72 784	13.5	12.7	15.3
Bolivia ¹	630	736		1.8	1.9		11 604	12 231		33.9	32.4	
Brazil	203 186	242 102		11.3	11.8		563 539	622 990		31.4	30.3	
Chile	118 098	123 698	119 312	47.2	44.6	39.8	248 624	273 960	269 298	99.4	98.9	89.8
Colombia ¹	51 817	55 507	60 628	18.3	17.7	18.0	164 500	179 542	188 751	58.2	57.1	56.0
Costa Rica ¹	5 959	6 232		10.3	10.7		36 625	39 952		63.3	68.6	
Ecuador ¹				0.0	0.0		16 658	17 277		16.7	16.6	
Mexico	146 389	172 919		13.6	14.9		473 424	490 574		43.9	42.4	
Paraguay ¹	593	644		1.6	1.7		5 898	6 673		16.4	17.1	
Peru ¹	4 255	5 447		2.2	2.5		91 480	98 243		47.0	45.9	
Uruguay ¹	19 794	24 792		37.6	41.9		44 165	47 944		83.8	81.0	
Total World¹	27 095 607	31 744 413	30 047 468	35.8	39.7	35.4	29 021 812	33 097 608	32 930 813	38.4	41.4	38.9
European Union (EU)¹	10 228 327	11 768 338	11 251 021	61.8	67.9	60.1	8 604 633	10 190 259	10 234 830	52.0	58.8	54.6
OECD¹	21 325 764	24 839 826	23 146 882	44.5	49.8	44.0	18 689 202	21 851 920	21 358 474	39.0	43.8	40.6
G20 countries¹	16 851 180	20 284 639	18 743 250	28.4	32.2	28.3	17 171 755	19 608 012	19 092 555	29.0	31.1	28.8
G20-OECD countries¹	14 463 766	17 231 892	15 628 733	35.9	41.2	35.6	12 449 154	14 740 237	14 234 928	30.9	35.3	32.4
G20-non OECD countries¹	2 387 414	3 052 747	3 114 518	12.6	14.4	14.0	4 722 601	4 867 775	4 857 628	24.9	23.0	21.8

See notes to tables on page 6

Source: OECD and IMF

OECD Directorate for Financial and Enterprise Affairs - Investment Division

Notes for tables 1 a 2

Data are updated as of 29 April 2019.

p: preliminary data

Tables 1 and 2 show FDI statistics at the aggregate level on directional basis except for selected countries for which the asset/liability series is used (see note 2). For more information on the two presentations for FDI, see [Asset/liability versus directional presentation](#). FDI terms are defined in the [FDI Glossary](#).

1. OECD, European Union (EU28), World, G20 aggregates:

FDI outward and inward flows (Table 1) and positions (Table 2) were published on 29 April 2019 as part of FDI in Figures – April 2019. FDI flows and positions for OECD and G20 countries are available in FDI in Figures – April 2019.

The European Union aggregate corresponds to member country composition of the reporting period: EU15 for data up to and including 2003, EU25 for data between 2004 and 2006, EU27 for data between 2007 and 2012 and EU28 starting from 2013.

World, OECD, EU and G20 totals for FDI positions are based on available FDI data at the time of update as reported to OECD and IMF for the year ended or the latest available year.

By definition, inward and outward FDI worldwide should be equal. However, in practice, there are statistical discrepancies between inward and outward FDI.

2. Data series on asset/liability basis:

The data series is on asset/liability basis, as opposed to directional basis, for Argentina, Bolivia, Colombia, Costa Rica, Ecuador, Paraguay, Peru, and Uruguay.

3. LAC aggregate:

FDI flows are based on available data at the time of update as reported to the OECD and IMF. Missing data for 2018 were collected from national sources websites. Data for 2018 for Bolivia and Paraguay were estimated using the available data for the first three quarters and estimating the fourth quarter with the average of the first three quarters.

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