

ECLAC: Investment to region totalled US\$188b last year

■ SANTIAGO

THE Economic Commission for Latin America and the Caribbean (ECLAC) yesterday said that inflows of Foreign Direct Investment (FDI) in Latin America and the Caribbean (LAC) totalled US\$188.962 billion last year.

ECLAC said that the figure represented a 7.1% increase over the previous figure last year.

It said that the 2024 figure represented, on average, 13.7% of the region's gross fixed capital formation, and 2.8% of gross domestic product (GDP), below the levels recorded in the 2010s, when it accounted for 16.8 and 3.3%, respectively.

'At ECLAC we believe that Latin America and the Caribbean must harness foreign direct investment to achieve more productive, inclusive and sustainable development. Using FDI as a strategic tool within productive development policies will be key to achieving this,' said ECLAC's executive secretary, José Manuel Salazar-Xirinachs, at the launch of the annual report: *Foreign Direct Investment in Latin America and the Caribbean 2025*.

'Fittingly, we include in this report a series of guidelines that can help improve the technical, operational, political and prospective (TOPP) capabilities of countries and their territories in relation to policies aimed at attracting investment and creating a positive impact on productive development,' Salazar-Xirinachs added.

ECLAC said an analysis of FDI by component indicates that growth in 2024 was driven by transnational firms that already operated in the region, mainly due to increased reinvestment of earnings, while the contributions of capital remain stagnant, which reflects new companies' limited interest in locating in the region.

The United Nations regional organisation said that project announcements, meanwhile, rose due to a big push from hydrocarbons investments, while renewable energy and more technology-intensive sectors lost ground in this area. According to the annual publication, FDI inflows grew in 2024 in the Caribbean, Central America and Mexico, while the results in South American countries were disparate.

In 2024, there was an increase in FDI inflows to manufacturing and a decline in the services sector, which led to these two sectors having similar weight as a share of FDI, with 43.6% and 40.4%, respectively. The natural resources sector had a smaller share, notably 16% of the regional total).

The United States consolidated its position as the biggest investor in Latin America and the Caribbean, accounting for 38% of the value invested in 2024. The share of the European Union, excluding Luxembourg and the Netherlands, fell to 15% of the regional total in 2024, the lowest figure since 2012.

The investments coming from within Latin America and the Caribbean represented 12% of FDI inflows, ranking as the third place of origin. Meanwhile, Chinese FDI represented just two per cent of total inflows in 2024.

ECLAC said it is worth considering that only a small proportion of FDI inflows coming from China are recorded in balance of payments statistics, since a significant number of Chinese investments pass through third countries and another large amount has been in the form of purchases of assets that already belonged to foreign companies or in modalities that do not comprise FDI, for example, as concessions or construction contracts.