

Foreign Direct Investment in Latin America and the Caribbean



UNITED NATIONS

ECLAC

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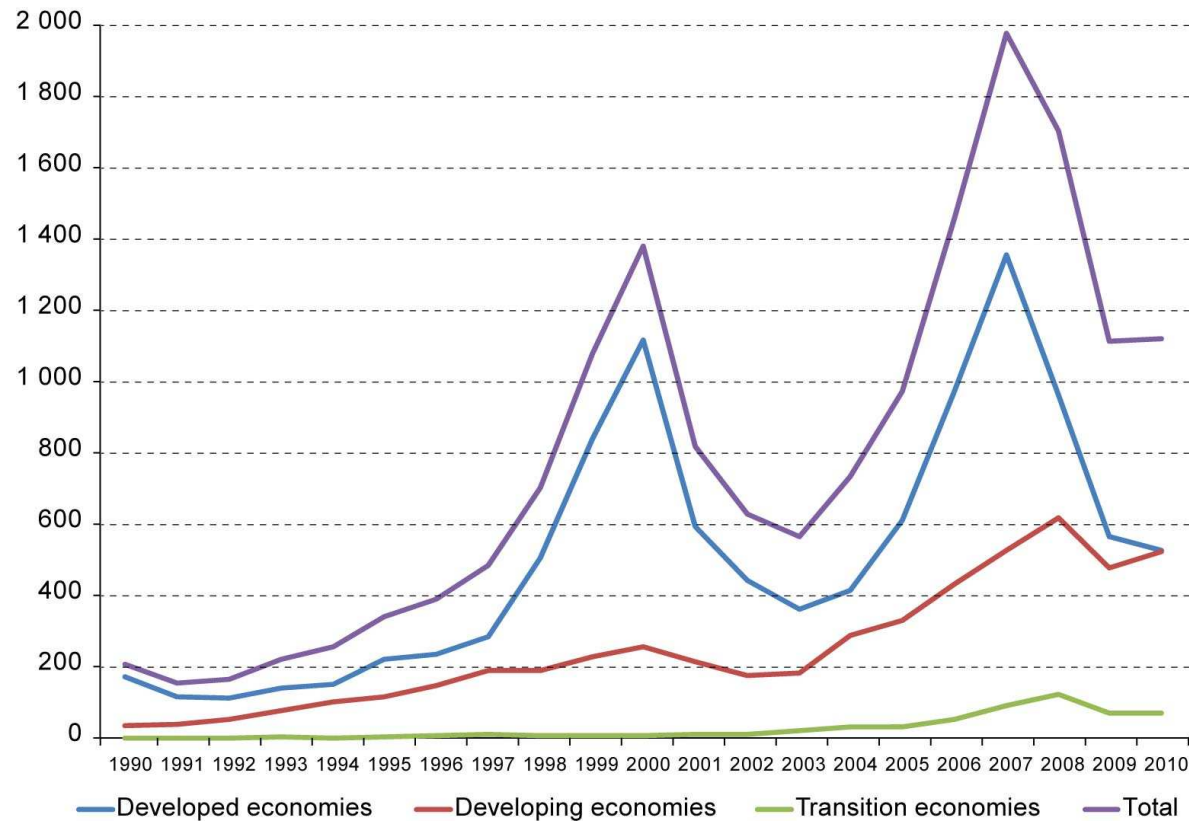
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1. Overview of FDI in 2010
 2. Trends and determinants of Chinese outward FDI
 3. Recent Chinese investments in Latin America
 4. Outlook for the future



Developments in FDI and transnational companies in Latin America and the Caribbean

Global FDI rose by a mere 1% in 2010, to total US\$ 1.12 trillion

FDI FLOWS WORLDWIDE AND BY GROUPS OF ECONOMIES, 1990-2010
(Billions of dollars)

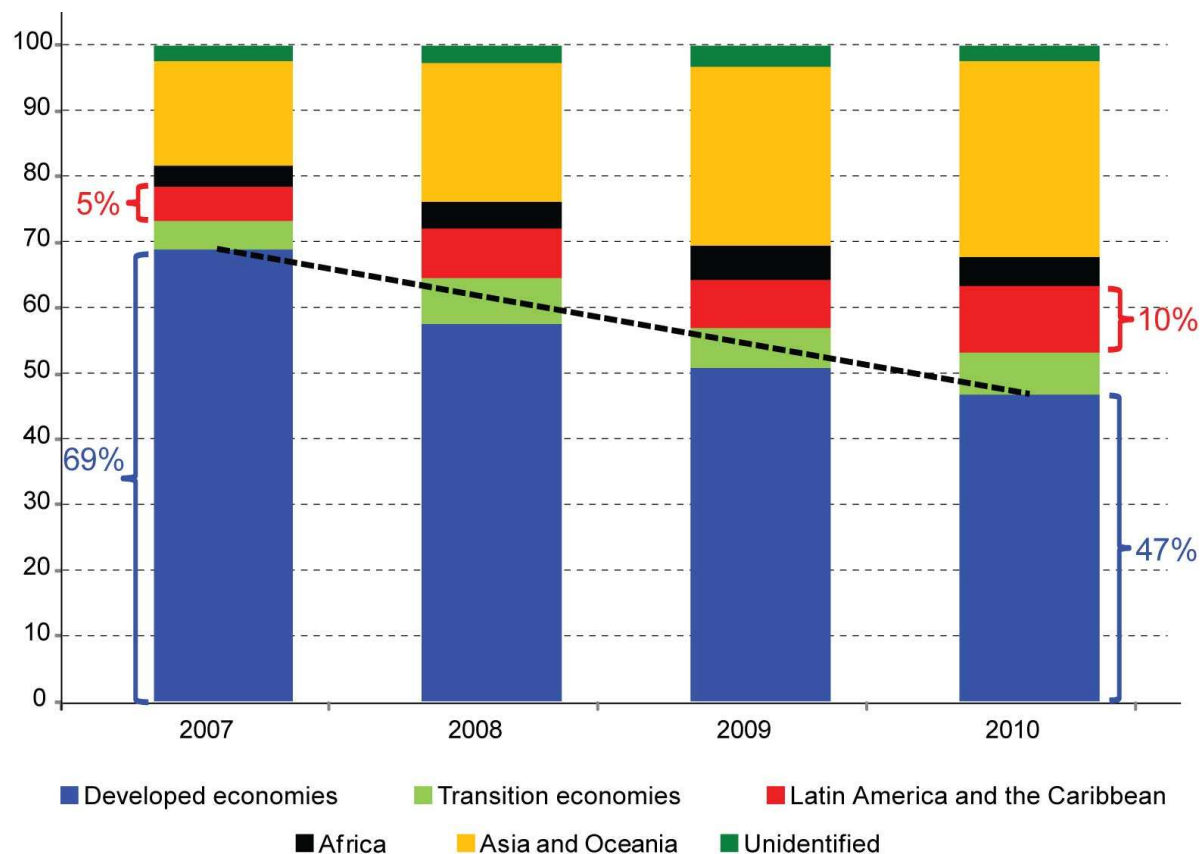


The volumes of FDI flowing into developing economies increased by 10%, while the amount going to developed countries fell by 7%



For the first time ever, developing countries were the largest recipients of FDI with 53% of the global total

WORLD: SHARES AND RATES OF VARIATION OF NET FDI INFLOWS BY REGION, 2007-2010
(Percentages)

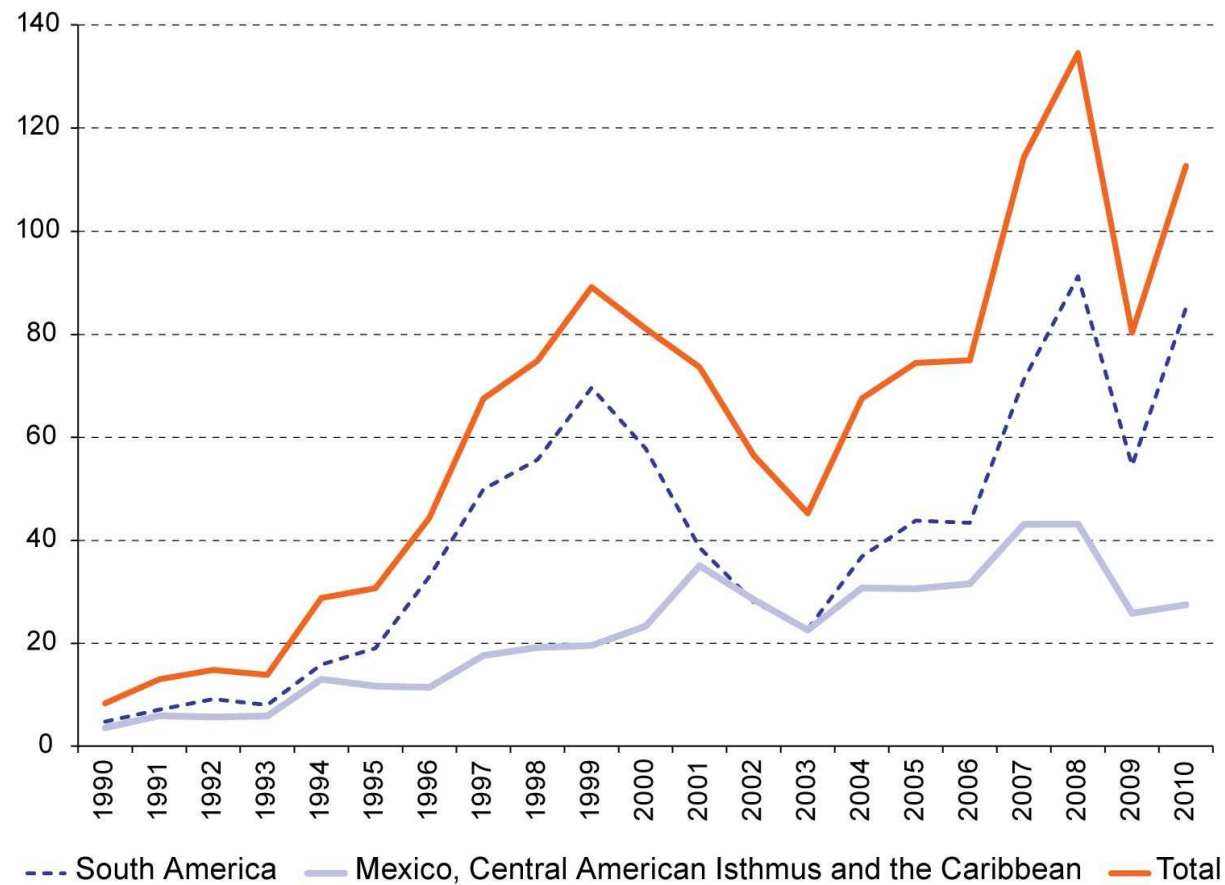


...and within this group, Latin America and the Caribbean gained importance as a host region for FDI: its share of the global total rose from 5% to 10% in 4 years



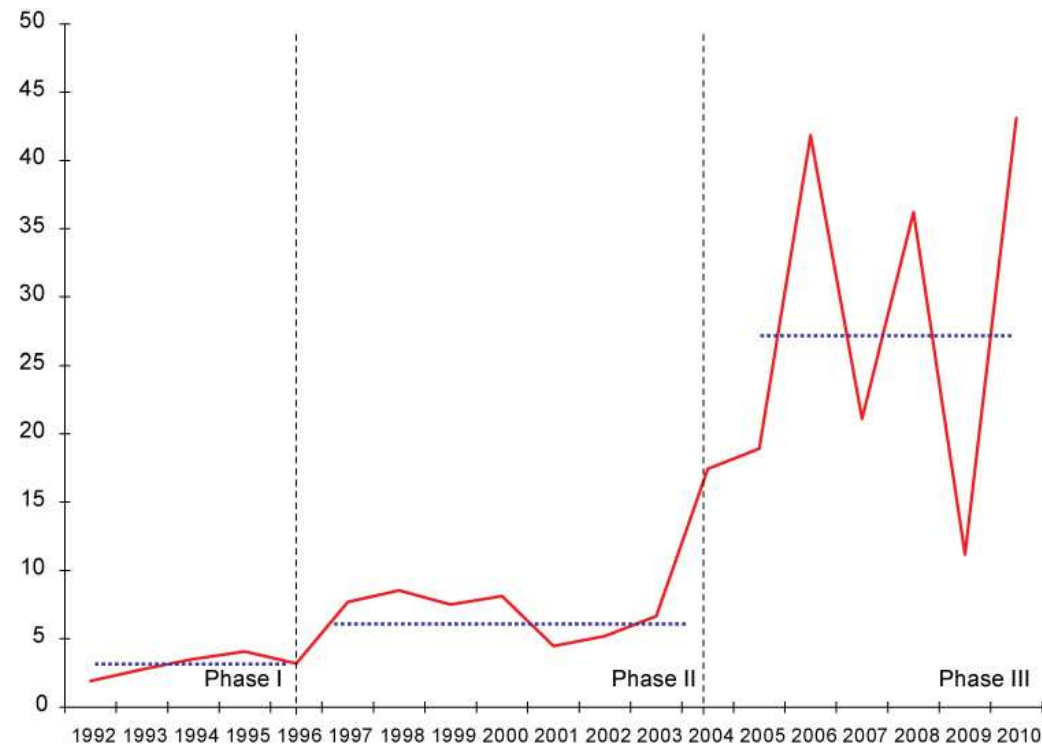
FDI flows into Latin America and the Caribbean surged by 40% in 2010 to reach US\$ 113 billion

LATIN AMERICA AND THE CARIBBEAN: FDI INFLOWS BY SUBREGION, 1990-2010
(Billions of dollars)



Investments by trans-Latins have grown rapidly in the last five years

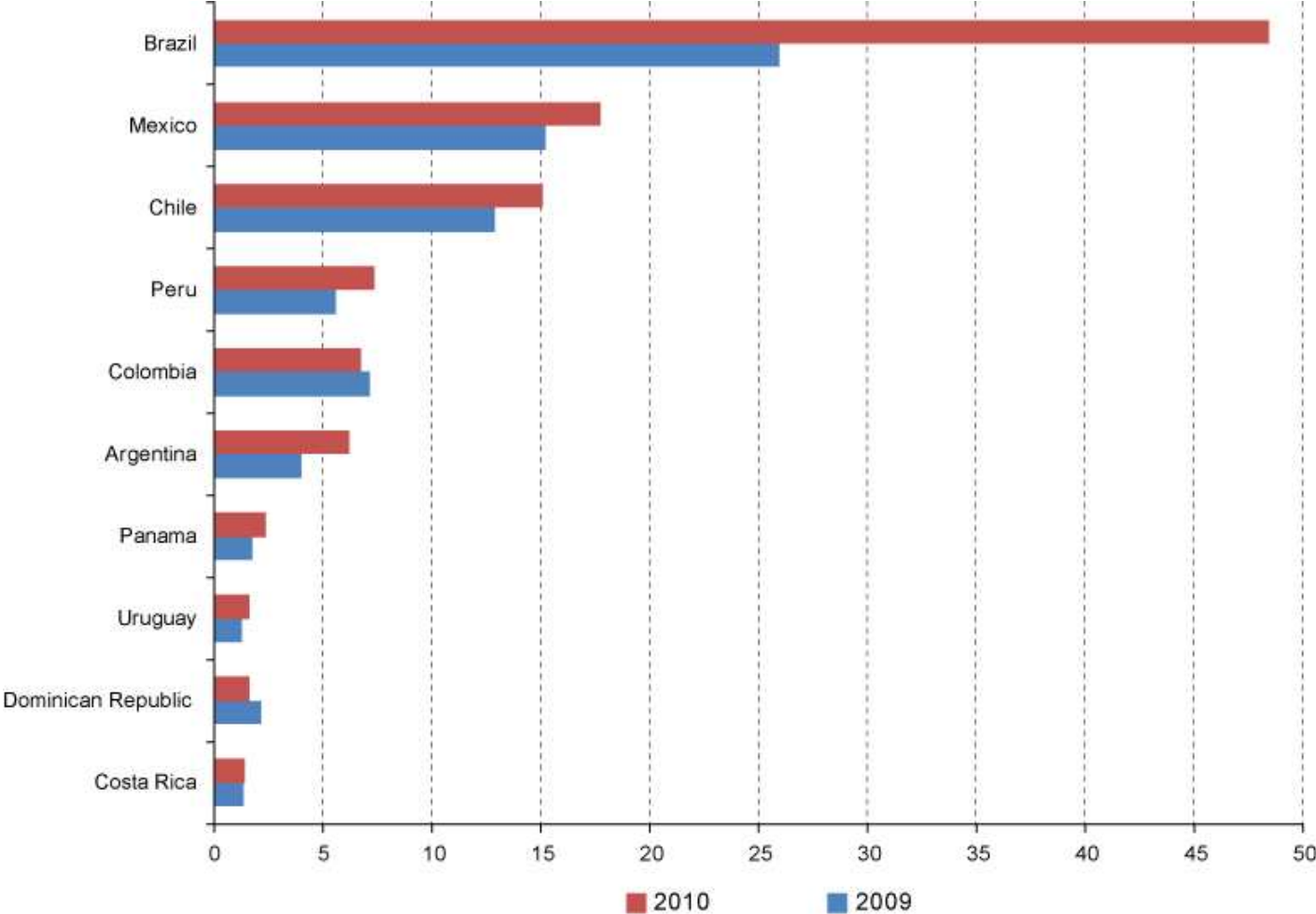
LATIN AMERICA AND THE CARIBBEAN: NET OUTWARD FDI, 1992-2010
(Billions of dollars)



- Trans-Latins account for 17% of investments originating in developing countries
- Investment by trans-Latins reached a new high in 2010, at US\$ 43 billion
- Trans-Latins are showing growing sectoral and geographical diversification

Largest recipients of FDI in the region

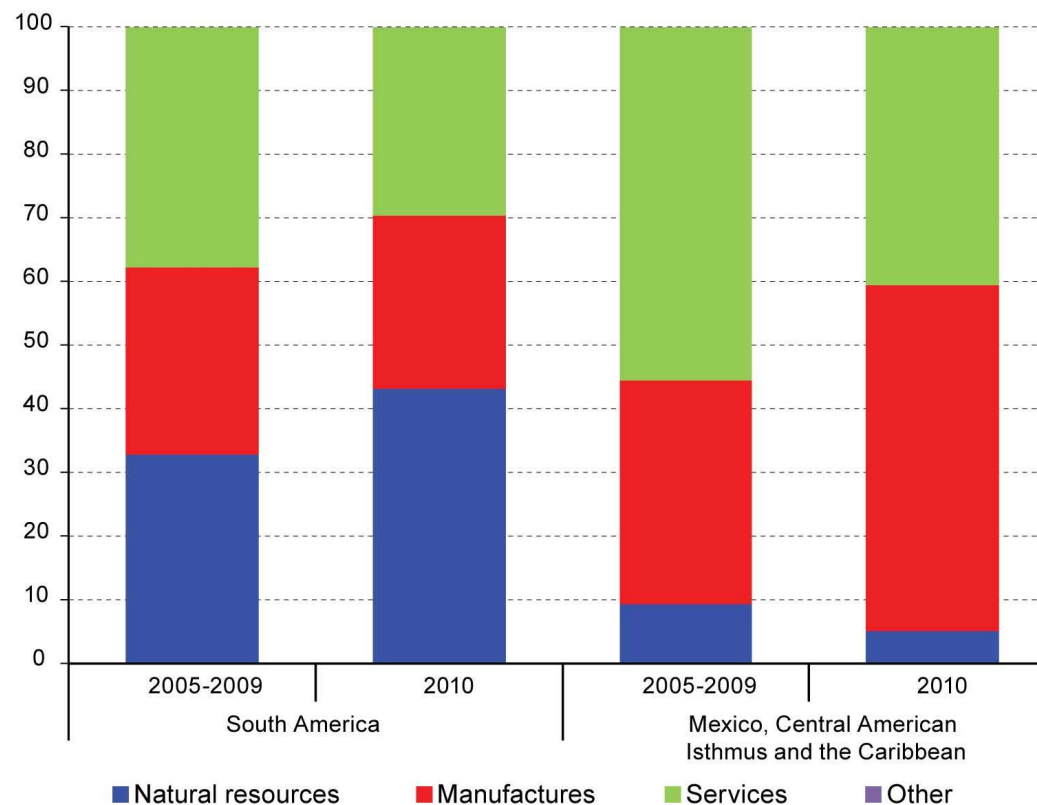
LATIN AMERICA AND THE CARIBBEAN: FDI INFLOWS OF THE REGION'S LARGEST RECIPIENTS,
2009-2010
(Billions of dollars)



FDI reinforces production specialization in Latin America and the Caribbean

LATIN AMERICA AND THE CARIBBEAN: DESTINATION SECTORS FOR FDI BY SUBREGION, 2005-2010

(Percentages)

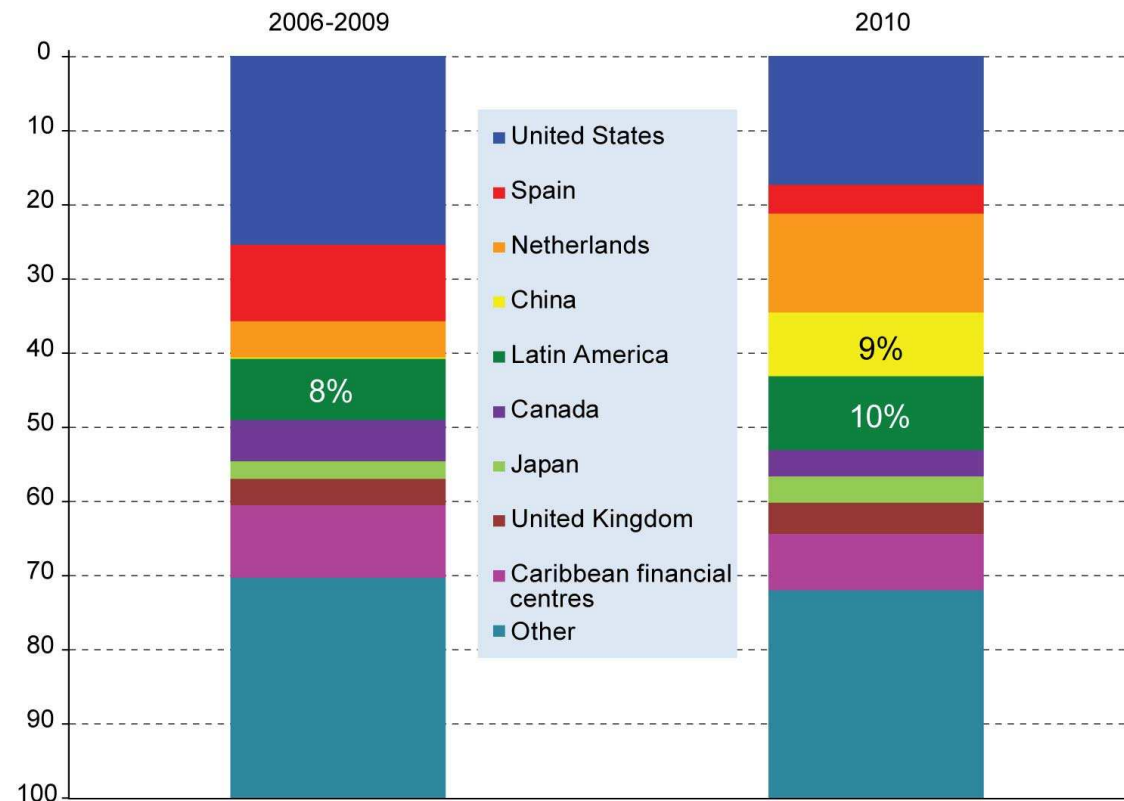


South America is deepening its specialization in primary activities, while in Mexico, Central America and the Caribbean, manufactures for export are benefiting from the upturn in the United States



South-south FDI flows become more important

LATIN AMERICA AND THE CARIBBEAN: ORIGIN OF FDI, 2006-2009 AND 2010
(Percentages)



Traditional investor countries have lost ground, while China and the Latin American and Caribbean region itself (trans-Latins) have become increasingly important as investors

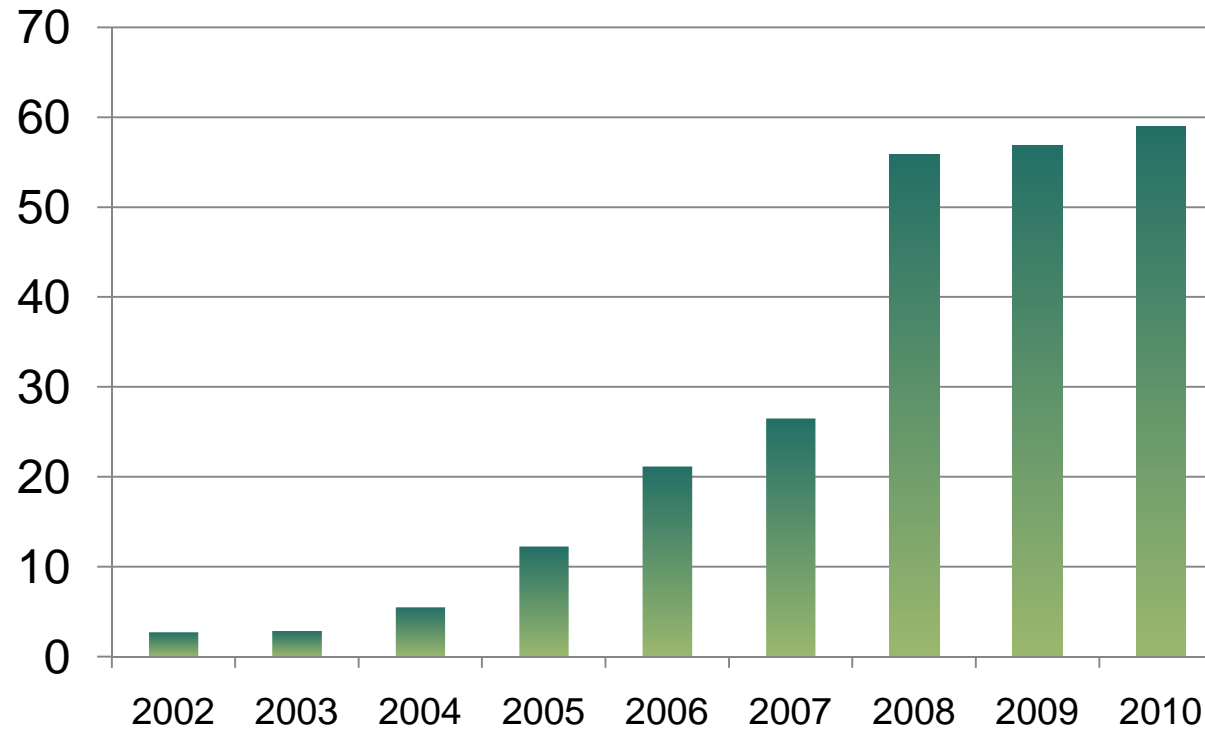




Chinese FDI in Latin America and the Caribbean

Chinese direct investments abroad expanded since 2008

FDI OUTFLOWS FROM CHINA, 2002-2010
(Billions of US\$)



Strategies for international expansion of Chinese companies

Natural Resources	Wuhan, Minmetals, CNPC
Strategic assets	IBM, Volvo
Diversification	Sinopec
Markets	<ul style="list-style-type: none">•Infrastructure: State Grid, Sinohydro, Huawei•Manufacturing: Chery, Gree
Efficiency	Lenovo



The largest Chinese corporations are state-owned

	Company	Sales, US\$M	Industry
1	Sinopec	187,518	Oil and Gas
2	State Grid	184,496	Electricity
3	China National Petroleum	165,496	Oil and Gas
4	China Mobile Communications	71,749	Telecom
5	Industrial & Commercial Bank of China	69,295	Finance
6	China Construction Bank	58,361	Finance
7	China Life Insurance	57,019	Finance
8	China Railway Construction	52,044	Infrastructure
9	China Railway Group	50,704	Infrastructure
10	Agricultural Bank of China	49,742	Finance
11	Bank of China	49,682	Finance
12	China Southern Power Grid	45,735	Electricity
13	Dongfeng Motor	39,402	Manufacturing
14	China State Construction Engineering	38,117	Infrastructure
15	Sinochem Group	35,577	Oil and Gas
16	China Telecommunications	35,557	Telecom
17	Shanghai Automotive	33,629	Manufacture
18	China Communications Construction	33,465	Infrastructure
19	China National Offshore Oil	30,680	Oil and Gas
20	Citic Group	30,605	Diversified

Source: Fortune Global Top 500



In 2010, Chinese firms invested almost US\$ 15 billion in Latin America

	1990-2009	2010	Announcements
Brazil	255	9,563	9,870
Argentina	143	5,550	3,530
Peru	2,262	84	8,640
Ecuador	1,619	41	
Venezuela	240	na	
Colombia	1,677	3	
Mexico	127	5	
Guyana	1,000	na	
Costa Rica	13	5	700
Total	7,336	15,251	22,740



90% of Chinese FDI is in extractive industries

1992	Shoughan's iron mining in Peru	Privatization
1994-2005	CNCP investments in Peru, Ecuador and Venezuela	Concessions and joint ventures with SOEs
2006-2008	Minmetals failed attempt at joint-venture in Chile	Joint ventures with SOE
2007-2009	Chinalco, Zijin, Minmetals and Nanjingzao mining projects in Peru	Acquisition of private junior company
2010	Sinopec, Sinochem and CNOOC joint ventures with Repsol-YPF, Statoil and Bidas; Wuhan with MMX	Joint ventures with private companies
Projected	CNCP's Refinery projects in Costa Rica and Cuba .	Joint ventures with SOEs



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Beyond Natural Resources

Infrastructure	State Grid	Brazil
	Sinohydro	Ecuador, Venezuela
	Huawei	All the region
Manufacturing for local market	Chery, Gree, etc	Brazil
Manufacturing for exports	Lenovo, Golden Dragon	Mexico

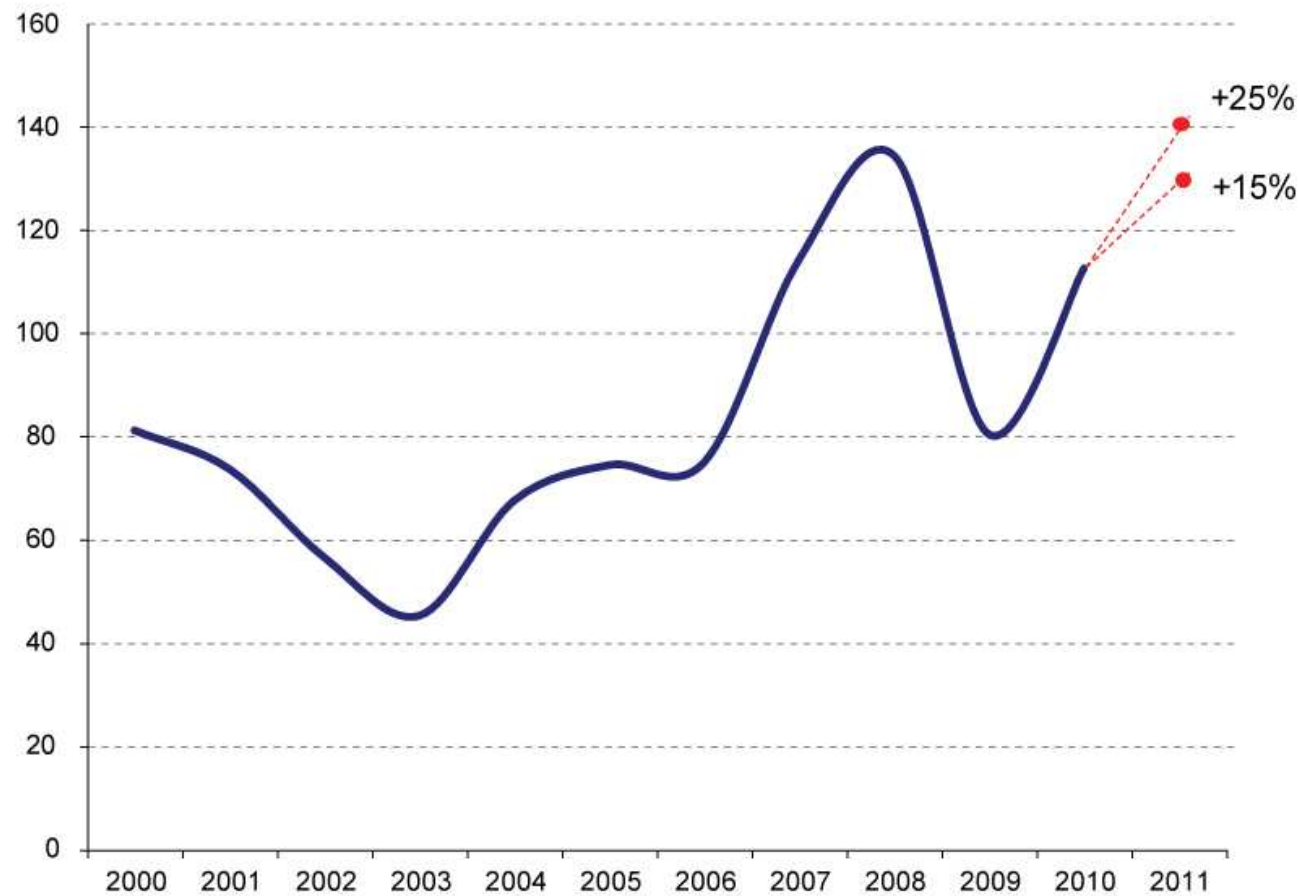




Looking ahead

Outlook for FDI inflows in Latin America and the Caribbean in 2011

(Billions of dollars)



Chinese FDI will continue to be important

- China will continue to be a large capital exporter
- Chinese companies will continue their technological and managerial improvements
- Natural resources: large investment commitments. In the long run, it will depend on the commodity prices.
- Infrastructure: Chinese construction companies have built enormous capacities that will want to exploit in foreign markets.
- Manufacturing: Manufacturing wages in China will continue to rise, making Chinese companies more willing to diversify their production base.

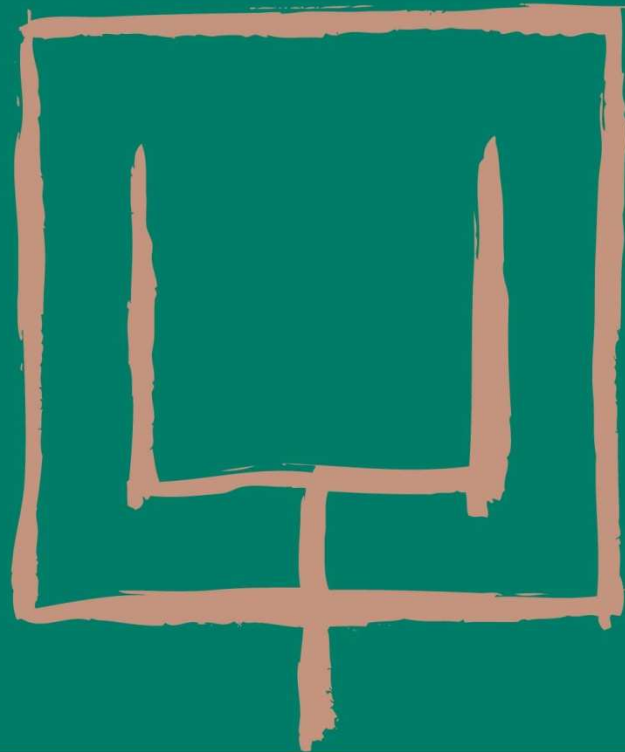


THANK YOU

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