

Executive Summary

Title of Study: Foreign Investment in Chile 2021

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Preliminary information published by international entities indicates a significant recovery in Foreign Direct Investment (FDI) numbers for 2021. Global information is already available for the first half of the year, showing that flows exceeded pre-pandemic levels for the period.

The data indicates that the main increases were seen in developed economies, with an estimated 199% growth, whereas developing economies only project 30% growth.

The UNCTAD report from January 2022 estimates that in 2021 global flows of foreign direct investment income – inward FDI- reached US\$1.65 trillion, which is 77% higher than the equivalent number for 2020 and higher than the pre-pandemic number of US\$1.47 trillion.

In contrast to this growth, new -greenfield- projects announced showed practically no movement (-1% in the number of projects and 7% growth in values).

A look at Latin American countries indicates that almost all of them experienced significant increases, leading to average growth of 34%, in line with the United Nations Conference on Trade and Development (UNCTAD) projections for developing economies. However, we are not yet seeing the pre-pandemic recovery projected by UNCTAD in its January 2022 report. The situation is the same for greenfield projects in the region, which is in contrast to the rise in mergers and acquisitions –brownfield- produced in the Latin American region.

In terms of Chile, FDI data indicate a 66% increase over 2020 and 12% over 2019. The most noteworthy is the level of income from equity capital shares, as this represents the highest number in the historical series.

Another important point in Chile is the amount of projects managed by the **Foreign Investment Promotion Agency, InvestChile**, which increased its portfolio by 25% in comparison to 2020. The 2021 portfolio was spearheaded by Energy, followed by Global Services and Technology. In terms of countries, China heads the list, followed by United States. This coincides with the Capex, which reflects the greenfield projects carried out by countries with overseas capital and the growth of these, surveyed by the Corporación de Bienes de Capital (Capital Goods Corporation) in its latest report for the fourth quarter of 2021, where Mining and Energy were the predominant sectors.

Finally, information is provided on Global Services and Technology, as it is one of InvestChile's focal points in attracting FDI due to Chile's potential as a digital hub.