

#InvestChileInsights



FOREIGN INVESTMENT PROMOTION AGENCY

Foreign Investment in Chile 2022

ENG

*Preliminary report based on data from a range of sources, updated to May 2023.



Executive Summary

The most recent information from the United Nations Conference on Trade and Development (UNCTAD) indicates that the global foreign direct investment (FDI) momentum weakened in 2022, with downward pressure on projects after the growth seen in the first quarter. This was confirmed by the most recent figures on global investment flows released by the Organization for Economic Co-operation and Development (OECD), for 2022.

Although OECD figures as of the third quarter showed global FDI growth of 16%, 2022 closed with global flows down 24% from 2021.

Based on the most current figures, the United States is the leading economy in terms of both outward and inward FDI in the world. Brazil also stands out as one of the most important FDI destinations worldwide.

In terms of greenfield projects, there was an increase in both the number of projects and the capex (capital expenditures) value. This document also takes a look at deals that do not necessarily involve FDI.

In Latin America, the outlook is more auspicious. The information gathered shows that the main countries in the region presented an increase in FDI reception, even when compared to pre-pandemic levels.

Chile, meanwhile, had a significant increase in FDI in 2022, mainly in reinvested profits and equity capital shares. This is especially relevant because these two components represent fresh resources for the economy and the 2022 numbers are among the most significant in the historical series of FDI received in the country.

An analysis of investment projects in Chile highlights InvestChile's project portfolio, which also shows the highest numbers since its origin.

Projects in the Mining, Energy and Global Services sectors are analyzed separately, and are noteworthy for the resilience of their industries. In the Energy sector, Chile once again ranked first among the most attractive emerging economies for the development of non-conventional renewable energy (NCRE) projects, according to BloombergNEF's Climatescope ranking.

Likewise, one of the highlights of 2022 is the country's capacity to consolidate as a digital hub in the region, motivated mainly by the existing connectivity and the support of non-conventional renewable energies.

Foreign Investment in Chile 2022

*Preliminary report based on data from a range of sources, updated to May 2023.

Global Vision

The most recent information from UNCTAD indicates that global FDI momentum weakened in 2022 with downward pressure on projects after first quarter growth.¹ These figures are in line with the OECD's forecast for global FDI flows in 2022, which dropped by 24% compared to 2021, according to the organization. Large investment and disinvestment operations involving investor companies located in OECD economies have contributed to the volatility of global FDI trends.²

This slowdown was mainly due to fourth quarter flows in 2022. Until the third quarter, a 6% growth was registered compared to the same period in 2021. According to the OECD, the cause of this sharp decline was a withdrawal of capital by a telecommunications multinational enterprise operating in Luxembourg. Excluding Luxembourg, global FDI flows only declined by 5% in 2022 compared to 2021.

According to the OECD report, major FDI recipients such as the United States and the People's Republic of China recorded less FDI inflows in 2022, partly reflecting a slowdown in new investment projects targeting these economies. Similarly, global M&A activity continued on a downward trend, possibly in response to stiffening financial conditions, geopolitical tensions and concerns about a looming recession. The OECD report highlights that prospects for 2023 remain uncertain, citing that M&A deal values fell further in the first quarter of 2023.³

The OECD calculates global flows considering the sum of inflows and outflows, so the percentage variations do not necessarily coincide with the separate variations of both measurements.

In terms of the source and destination of FDI flows, the main investor abroad in 2022, according to OECD data, was the United States with 31% of global flows. This is followed by Japan and China with 13% and 12%, respectively.

As for the destinations of FDI flows, the United States ranked first with 25% of the total, followed by China with 14% and Brazil with 7%.

These are the preliminary figures for 2022, so the data may change as countries finalize their figures.

According to preliminary information from UNCTAD, greenfield projects in 2022 showed a 6% growth, due to their momentum in the first part of the year. This is consistent with figures obtained directly from the FDI Markets

¹ UNCTAD Global Investment Trends Monitor No. 44 January 2023

² OECD FDI in Figures April 2023

³ idem

platform, which indicate a 10% increase in the number of these projects. The same source shows a 63% increase in the amount of capex and 24% increase in jobs created by greenfield projects, compared to 2021.⁴

The sectoral distribution of greenfield megaprojects announced in 2022 illustrates key trends in cross-border investment. Three of the 10 largest announcements concern chip factories, in response to global shortages and supply chain restructuring trends. Six of the top 10 project announcements were in renewable energy, with four announcements in Egypt, showing how COP27 (United Nations Climate Change Conference) motivated several investors to announce large projects.⁵

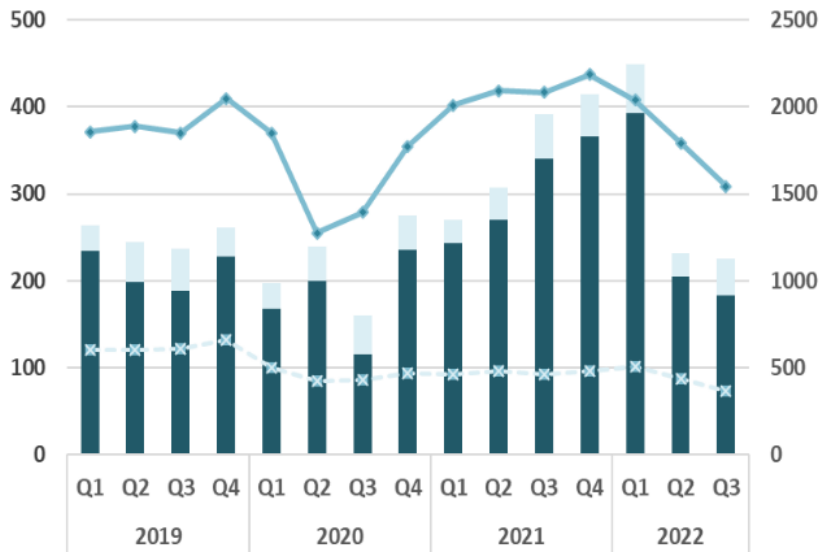
In its October 2022 report, the OECD notes that equity capital flows are closely linked to new investment activity, regardless of the mode of entry (i.e., through mergers and acquisitions or greenfield investments), and divestments by direct investors. In the first half of 2022, cross-border M&A activity in advanced economies declined by 16% in value and 9% in number of deals, compared to the second half of 2021, and continued to decline in the third quarter of 2022 in response to the effects of the global financial crisis, higher inflation and geopolitical uncertainty.

The following table, prepared by the OECD, shows Mergers and Acquisitions (M&A) completed through cross-border deals. The left axis shows the value of completed M&A (in billions of US\$) in bars, and the right axis shows the number of deals (in a line graph). There is a significant decline in both the value and number of deals with respect to 2021.

⁴ Greenfield fDi Markets as of December of each year

⁵ UNCTAD cited

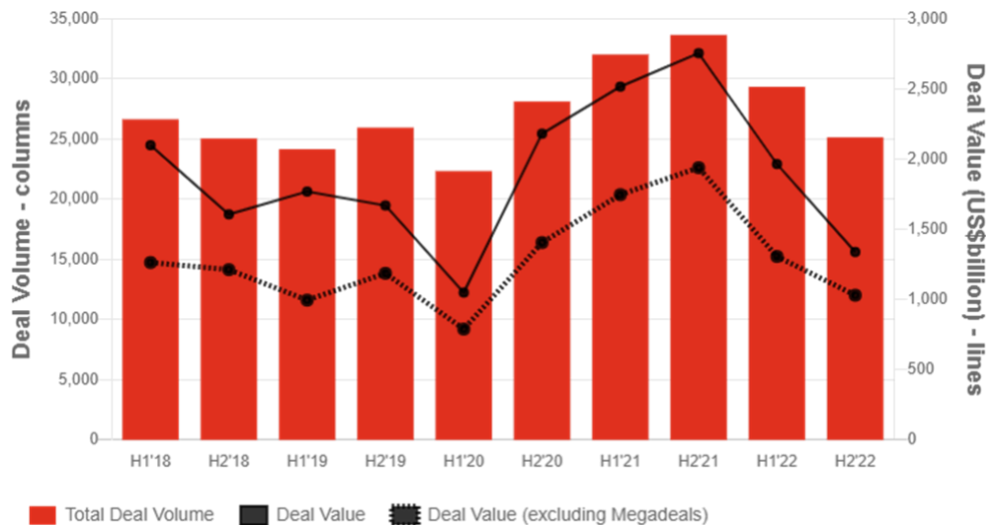
FOREIGN INVESTMENT PROMOTION AGENCY



This information is consistent with other sources. Reuters reports that global M&A activity fell well short of the high-water mark set in 2021, as debt financing markets collapsed and stock market volatility decimated valuations, with dealmakers predicting a slow path to recovery in 2023.⁶

The graph below prepared by Reuters shows M&A deals.

⁶ <https://www.reuters.com/markets/deals/dealmakers-brace-slow-2023-recovery-after-global-ma-sinks-2022-12-21/>



The graph above shows the global M&A total, both those involving a cross-border deal and those carried out in domestic markets, hence the difference with OECD statistics. In any case, the downward trend of M&A in 2022 is evident in both data sets.

2022 FDI in Latin America

As of the date of publication of this document, the most relevant Latin American countries in terms of FDI have already reported their annual flows for 2022. The numbers show a significant recovery during the year, with an estimated average increase of 32%. The countries with the largest flows are Brazil, Mexico and Chile. Brazil is also one of the most significant recipients of FDI globally. In fact, according to the chapter on the global view of FDI, as of the first half of the year it ranks third worldwide. By the end of 2022, Brazil’s FDI flows experienced a 95% growth compared to 2021 and 31% compared to pre-pandemic figures (2019).

The set of countries representing the most significant FDI recipients shows an average increase of 31% with respect to 2021 and 44% with respect to pre-pandemic figures (2019). By the end of 2022, FDI flows totaled US\$202.3 billion, with Brazil receiving 45% of this. **(Chart 1)**

In terms of greenfield projects, the region presented a 23% increase in capex and an 8% increase in the number of projects, similar to the global scenario. However, despite the significant recovery in relation to previous years, it

has still not reached pre-pandemic levels. With respect to greenfield projects considered in 2019, 2022 reflects a 23% and 24% drop in capex and number of projects, respectively. **(Chart 2)**

In 2022, Mexico was the Latin American leader in greenfield projects, both in terms of capex and number of projects, accounting for 45% of total capex and 38% of total projects considered in a sample of selected countries. Brazil ranks second in both concepts. Based on the capex criterion, Argentina follows Brazil and Chile comes in fourth place, although Chile has a larger number of projects.

M&A and other transactions (which may include FDI) also registered a 42% drop in value and an 11% drop in the number of transactions. In fact, according to the annual Transactional Track Record (TTR) report, sponsored by AON and Datasite, 3,452 transactions were registered in the region **(Graph 1)**, considering both ongoing and completed transactions, at a value of US\$97.9 billion **(Graph 2)**. These figures include M&A, private equity, venture capital and asset acquisitions.⁷

A breakdown by country of total M&A and other financial transactions shows Brazil in the lead with 2,387 operations and a value of US\$57.1 billion. Mexico follows with 422 operations and US\$16 billion. In third place is Chile, with 314 operations and a US\$14.7 billion value. This statistic counts both deals by foreign companies (cross-border) and domestic operations, so when making a comparison, it is important to note that Brazil registers a total of 1,681 local operations of the four types mentioned in the previous paragraph.⁸

Specifically in terms of M&A, the most prominent countries in the region in 2022 were Brazil, with a total of 1,215 deals and a US\$38.4 billion value; Mexico with 167 deals and a US\$10.3 billion value; and Chile with 145 deals and a US\$9.1 billion value **(Graph 3)**.

The TTR report highlights the interest of investors in venture capital, registering 1,167 venture capital deals for US\$8.1 billion. Of these, 856 were in Brazil with a US\$4.6 billion value, while 156 were in Mexico with a US\$2.6 billion value.

Chile and Foreign Investment in 2022

According to the revised numbers, in 2022 Chile had a 31% increase over 2021 in investment flows, with an accumulated net FDI flow of US\$20.9 billion. This recovery also implies a substantial increase over pre-pandemic levels, 54% higher than 2019 **(Graph 4)**.

⁷ TTR Annual Report Latin America 2022

⁸ TTR report cited (Brazil-Mexico-Chile portion)

The most important component in the 2022 annual FDI flow was reinvested profits, with US\$10.8 billion (52% of the total), followed by equity capital shares, with US\$8.9 billion. Finally, debt instruments were recorded at US\$1.2 billion. All components presented positive numbers (**Graph 5**).

Equity capital shares in 2022 not only stands out in the last five-year period, but it is also the fourth highest figure in the 2003-2022 historical series. Given the international uncertainty, this is a sign of the absorption of fresh capital in the economy, with all the positive effects that FDI implies (**Graph 6**). Also notable is the high level of reinvested profits, which is the third highest in the historical series. This component reflects the importance of foreign capital to the development of new investments in Chile financed with the country's own resources (**Graph 7**).

When analyzing net FDI flows by economic sector through 2021 (last year published) (**Chart 3**), the increase in investment in the Electricity, Gas and Water sector is worthy of mention. In terms of the importance of the FDI source countries, Canada is the main investor, followed by the United States and then the Netherlands. The measurement considers FDI stock as of December 2021 (**Chart 4**).

As mentioned in the previous section, M&A and other financial transactions decreased by 42% in value and 11% in number of operations in Latin America. This situation was also reflected in Chile, where it ranked third -very close to Mexico- both in the number of operations and in the value involved. The value of these operations in Chile dropped 17% and the number of operations dropped 12% over 2021. There were a total of 314 transactions at a total value of US\$14.7 billion.⁹

A detailed look at these transactions show 145 M&A operations for a total value of US\$9.1 billion. In 2021, there were 177 operations for a total value of US\$12.9 billion. As mentioned above, it is important to note that not all of these transactions are cross-border transactions; part of these are domestic.

In this context, the foreign investment promotion and attraction process undertaken by our country is very important. Diverse studies show how an increase in FDI relates directly to growth. Also, in a post-pandemic scenario, the way that countries and their investment attraction agencies are seen to react is essential in situating themselves as attractive destinations and above all, taking advantage of new development opportunities in a highly competitive and demanding scenario.

FDI in Investment Projects

InvestChile places an emphasis on attracting new investment projects that positively impact the domestic economy, both through job creation and the equity capital involved, directly corresponding to high-impact sectors. In 2022,

⁹ TTR Annual Report Latin America 2022

the agency closed the year with a record value in its project portfolio, reaching US\$28.3 billion. This figure is the highest in the six years the agency has been operating and represents a 2% increase compared to 2021.

The projects managed by the agency, presently in different stages of development, registered 18,866 potential jobs in associated employment, 8.8% less than in 2021.

In terms of specific sectors, Energy once again led the portfolio, with 62 projects valued at US\$11.5 billion; followed by the Global Services and Technology sectors, with US\$7.1 billion but with 218 projects; and Mining and Suppliers, with US\$5.2 billion (**Chart 5**).

In terms of the main countries present in the project portfolio, the list is headed by the United States with US\$8.2 billion and 118 projects, displacing China, which ranked second with 31 initiatives for US\$4.7 billion. This is followed by Canada, with US\$2.8 billion. Another noteworthy development is the increase in Brazilian investment projects, which reached US\$2.1 billion last year, ranking it among the main investing source countries, making Brazil the leading Latin American country in the InvestChile portfolio (**Chart 6**).

Another indicator of the new projects that are currently being undertaken is the estimate made by fDi Markets regarding greenfield initiatives. According to this estimate, US\$5.3 billion in capital was invested, with a total of 71 projects. These numbers rank Chile fourth in Latin America, according to the projects' capex (**Chart 2**). This capex figure has remained relatively constant over the last three years, with a slight increase in the last year.

In terms of investment projects, the 2022 Fourth Quarter Survey Report prepared by the Corporación de Bienes de Capital highlights the significant percentage of FDI in these projects. In fact, for the 2022-2026 period, 1,086 initiatives were included with an amount estimated at US\$57.7 billion between public and private initiatives. Of this total, 292 initiatives correspond to companies related to FDI (27%), with an amount estimated at US\$25.7 billion (45%). The sectors with the greatest impact are Mining and Public Works, with a significant contribution also coming from Energy and Technology (**Chart 7**).

Mining

Given the importance of the mining sector, the performance of investment in this sector in recent years is worthy of mention. According to Chilean Central Bank figures, in 2018 and 2020 (most recent years available with investment disaggregated by sector), there was a strong reversal in the recovery of investment in the sector in 2020, especially due to effects of the pandemic (**Chart 8**). This drop in GFCF (Gross Fixed Capital Formation) investment was general for the economy as a whole, with GFCF falling by 10.8% in 2020. Mining was the most affected sector, with a 21% drop in 2020.

However, information gathered by the Corporación de Bienes de Capital (CBC) suggests a better outlook for the sector in 2021 and 2022. Indeed, together with the 15.7% (2021) and 2.8% (2022) increase in overall GFCF for the economy, a recovery in mining investment is projected for those years. This can be verified in the next reports from National Accounts.

Graph 8 shows the actual expenditure estimated by CBC for each year from 1998 to 2022. It shows the slowdown in spending in the sector after the copper price boom and also in 2020, which was the year most affected by the pandemic. However, a recovery is forecast for 2021 and 2022.¹⁰

According to information from the Mining Council, there is a total of US\$24.6 billion in projects being implemented in the sector with startup dates between 2022 and 2026. Of these, 43% correspond to companies with foreign capital (**Chart 9**).

The interest of foreign investors in developing the lithium industry is especially relevant, which will imply an enormous challenge in the future development of this industry.

Energy

Information from a range of sources, such as the project portfolio managed by InvestChile and the Corporación de Bienes de Capital (CBC), suggests that Energy has stood out in recent years, primarily due to investments in non-conventional renewable energy (NCRE).

In fact, BloombergNEF's latest Climatescope report ranked Chile as the most attractive country for investment in renewable energies among emerging economies, bumping India to second place.¹¹

Of all the investments in Energy indicated by the CBC, the participation of companies with foreign capital is noteworthy. According to information complemented by InvestChile, 71% of the investment amount projected for the 2022-2026 period is carried out by foreign companies, with an estimated investment value of US\$5.1 billion out of a total projected value of US\$7.2 billion throughout Chile.

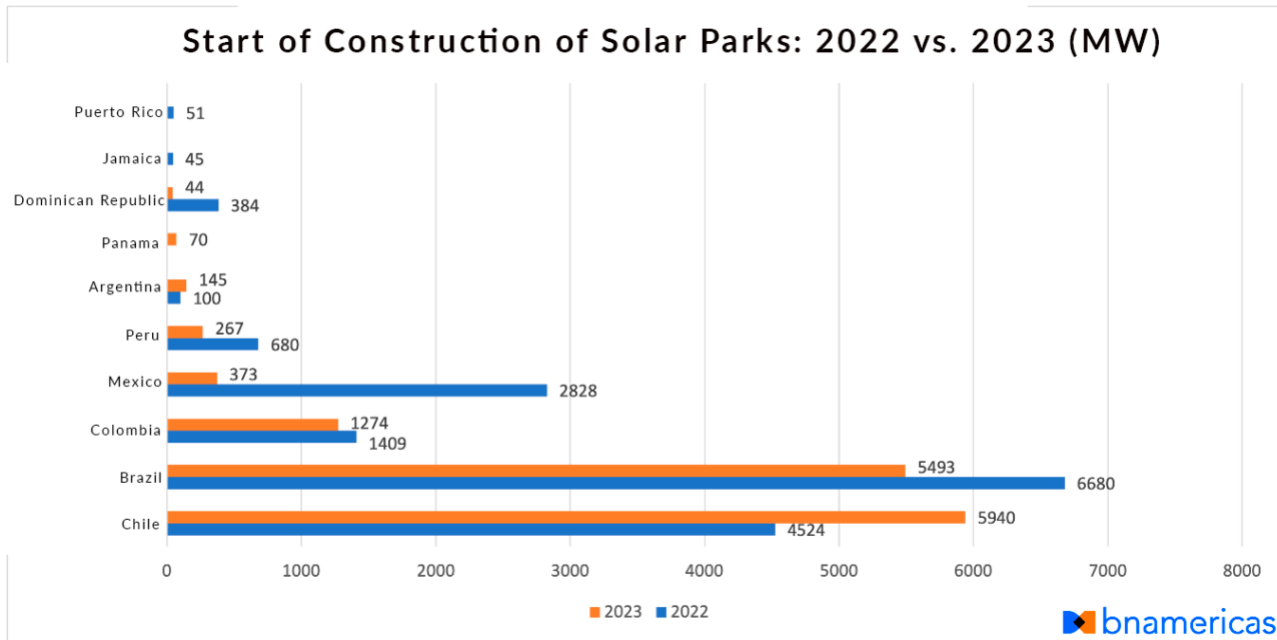
A February 2023 BNAmericas document indicates that Chile is the Latin American country that will "step on the accelerator" the most during 2023 in terms of renewable energy project activities, while continuing its boom in solar and wind sources. Based on the information, construction work will begin in Chile on renewable energy initiatives (excluding hydroelectric energy) totaling 9,240MW, up from 6,105MW in 2022.¹²

¹⁰ IPOM December 2022 estimated the growth trend for the mining sector at 1.5% (Box II.1)

¹¹ Climatescope November 2022 Power Transition Factbook Bloomberg NEF

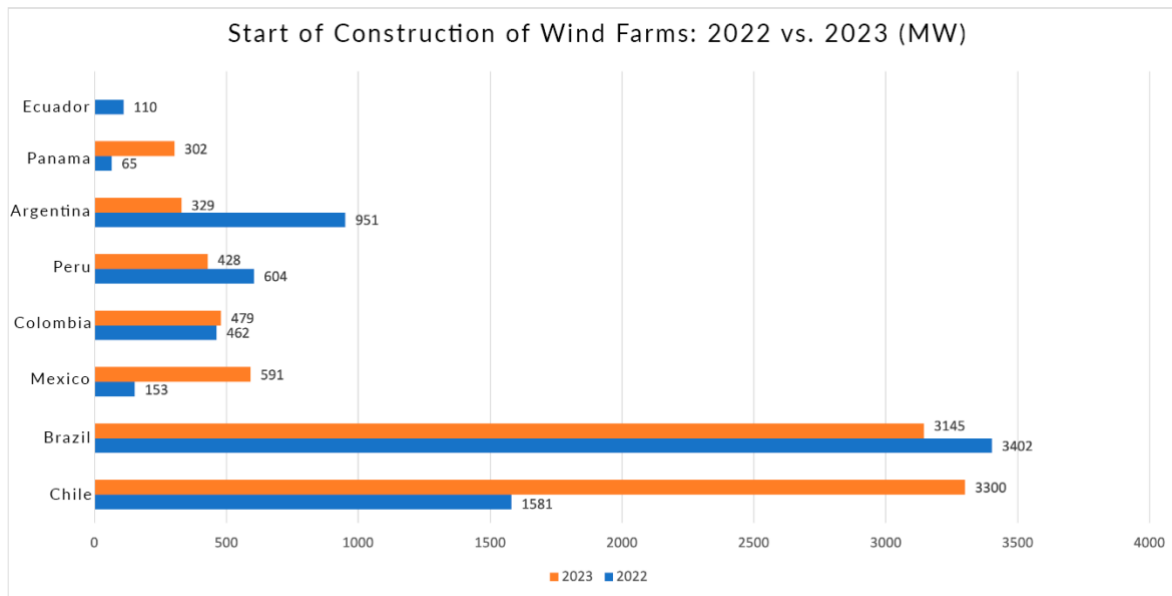
¹² Michael Place <https://app.bnamericas.com/article/section/all/content/xzntousq-the-countries-driving-latam-renewable-investments-in-2023>

The accompanying graphs, prepared by BNamericas, show the magnitude of electricity investments in Chile.



According to this entity, the investment appetite in renewable energy in Chile responds to a stable regulatory scenario and the government’s efforts to expand transmission and storage infrastructure.

In terms of wind farm construction, Chile’s leadership is even clearer.



The importance of the energy sector can be further highlighted when analyzing the list of higher-power NCRE generation projects under construction, with major participation from companies with foreign capital, with estimated connection dates during 2023. This sampling of generation projects totals US\$4.3 billion (**Chart 10**).

According to the Ministry of Energy in its December 2022 report on projects under construction, there are 84 energy projects in the construction phase nationwide, including generation plants, transmission works and green hydrogen. Together they represent an investment of US\$5.7 billion. The breakdown of projects under construction is as follows:

- 68 generation plants, at a US\$5.2 billion value and 3,611 MW of capacity
- 15 transmission works, at a US\$487 million value and 547 km in length
- 1 green hydrogen project, at a US\$38 million value

A large part of the investment initiatives with foreign capital corresponds to green hydrogen. Through a review of press publications, 42 projects related to this sector in different stages of development have been identified, as indicated in the appendix section at the end of this document.

Global Services and Technology

InvestChile's project portfolio reveals that Global Services and Technology is among the most attractive sectors for investment.

Over the past few years, Chile has become a digital hub in Latin America. Prominent multinational companies such as Microsoft, Google, Huawei, AWS and Oracle have opted for Chile when installing their data centers or regional clouds. Data centers are registering an explosive increase in demand, following the advance of digital networks and tax incentives. The projects approved or under review, total US\$1.2 billion in investments. Currently, the data centers built in the country total 104 thousand square meters, 142% more than a decade ago.¹³

The reason Chile has consolidated its position as the main hub in Latin America is due to comparative advantages that make it more attractive for companies to set up in the country. According to Colliers, "Chile has excellent connectivity with the world through its 5G network and fiber optic network, in addition to the direct connection with the United States and soon with Asia through the Humboldt cable. Chile also offers a rich renewable energy ecosystem, a fundamental aspect for the operation of Data Centers."¹⁴

The president of Huawei Cloud for Latin America, Fernando Liu, announced that the company will inaugurate two areas for the installation of data centers in 2023: one in Chile and the other in Mexico. This would be the company's third data center in Chile.¹⁵

In addition, Microsoft received the recommendation from the Environmental Assessment Service (Servicio de Evaluación Ambiental, SEA) to approve the project to build a data center in the Quilicura district of the Metropolitan Region. The international company, with its CEO in Chile, Sergio Rademacher, seeks to invest US\$317 million in this project.¹⁶

Amazon also announced the construction of a second Data Center. The company will invest US\$205 million and has already filed an Environmental Impact Statement (Declaración de Impacto Ambiental, DIA) in September 2022.

The country's capacity to develop as a Latin American hub is mostly due to the existing connectivity. In December 2021, the first 5G technology network in Latin America was rolled out, and it will soon begin to operate. The country's telecommunications companies, Entel, Movistar and WOM are responsible for providing 5G coverage to at least 90% of the population. This goal will be achieved in three stages, the first of which will be the most ambitious and involves the commitment of each company to install antennas by October of this year. Entel will install 1,105 antennas, Movistar 1,351 and Wom 4,145. As of December 2022, stage 1 was 83% complete.¹⁷

¹³ Diario Financiero September 2022 based on figures from Colliers

¹⁴ Juan Hornauer, Colliers Research Manager December 2022

¹⁵ Agencia EFE September 2022

¹⁶ Megavisión March 2023

¹⁷ Interview with the Communications Undersecretary December 2022.

In addition, Chile has consistently ranked the highest in Latin America in the Digital Competitiveness rankings. The latest measurement from the International Institute for Management Development (IMD) in Lausanne, Switzerland, ranked Chile in 41st place¹⁸ surpassing countries such as Brazil and Mexico.

This ranking aims to evaluate:

- How prepared the economies are to productively use the transformative technologies of our times.
- Whether countries have a feasible framework to facilitate the adoption of these technologies and
- The level of use of digitalization and readiness of countries to accept the implications of digital disruption.

In addition, the installation of two submarine cables was completed in 2021. One of these is the “Mistral” cable or “South Pacific Submarine Cable”, which connects from the coasts of Guatemala to Arica and Valparaíso. The other is “Prat”, which links from Arica to Puerto Montt and will offer a “high capacity for resilience and highly available connectivity, which, because it is buried under the marine floor, minimizes the risks of disconnection provoked by earthquakes, tsunamis, fires and floods, among others.”

These two submarine cables connect to the one installed by Google in 2019, “Curie”, which is close to 10,000 kilometers long and is one of the most relevant digital data highways in the country, connecting Latin America and California by means of Valparaíso.

The Humboldt submarine cable project, which will be the first of its kind to connect South America with Oceania and Asia, will be joining the above-mentioned submarine cables. In August 2022, the Telecommunications Undersecretary (SUBTEL) designated a space on its website where interested parties can find all the information related to the project. The initiative spans approximately 14,810 kilometers and is the first digital bridge to span the South Pacific Ocean. This will foster the exchange of digital content, enable new technologies and help create research-focused partnerships.¹⁹

Global Services include all services produced in a country to be used abroad. They include the following categories:

BPO: business process outsourcing;
ITO: information technology outsourcing;
KPO: knowledge process outsourcing; and
IPO: intellectual property outsourcing.

¹⁸ IMD World Digital Competitiveness Ranking 2022

¹⁹ <https://www.subtel.gob.cl/subtel-pone-a-disposicion-los-resultados-de-los-estudios-relacionados-al-proyecto-de-cable-submarino-humboldt/>

In recent years, new technologies and business models have made it possible for a growing number of services to be traded internationally through digital media, kicking off the emergence in Chile of a base of information technology and communication (ITC) service providers, which are supporting the ongoing digitalization process of our economy. These companies are contributing to both the digital transformation of traditional Chilean exports and the expansion of ITC service exports.²⁰

Appendix: Graphs and Charts

²⁰ Service Export Manual and use of free trade agreements 2021

Chart 1: Changes in FDI Flows in Latin American Economies 2022-2019 (in millions of US\$)

Country	2022	2021	2020	2019	Variation 2022-2021	Variation 2022-2019	Period
Brazil	90,572	46,439	37,786	69,174	95%	31%	annual
Mexico	38,588	33,468	31,508	29,896	15%	29%	annual
Chile	20,865	15,933	11,447	13,579	31%	54%	annual
Colombia	17,048	9,381	7,459	13,989	82%	22%	annual
Argentina	15,087	6,782	4,723	6,649	122%	127%	annual
Peru	10,602	7,455	732	4,760	42%	123%	annual
Costa Rica *	2,549	2,871	1,370	1,713	-11%	49%	Jan-Sep
Uruguay *	6,961	3,203	1,089	971	117%	617%	Jan-Sep
Total	202,272	125,532	96,114	140,731	31%	44%	

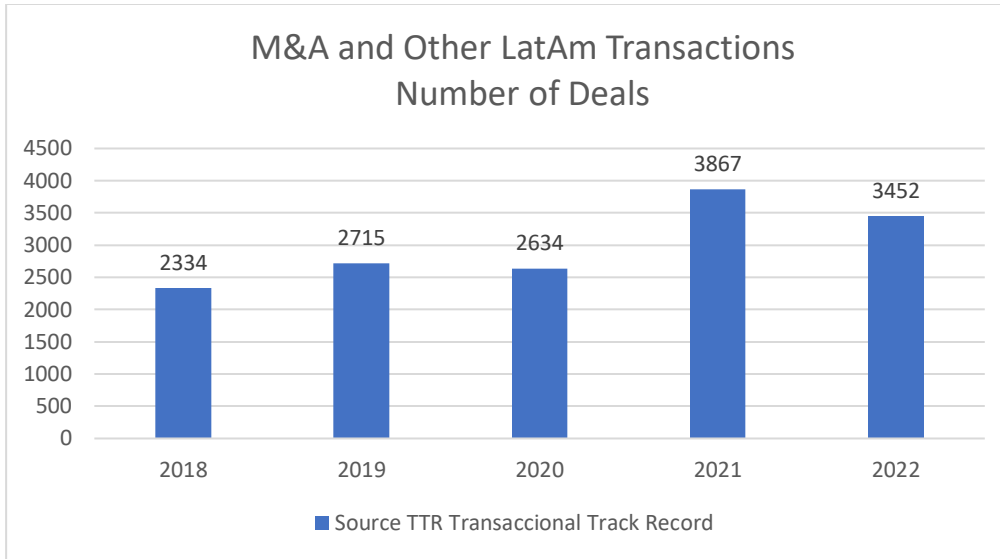
*Costa Rica and Uruguay with third quarter figures.

Chart 2: Greenfield Projects 2022-2019 Latin American Countries

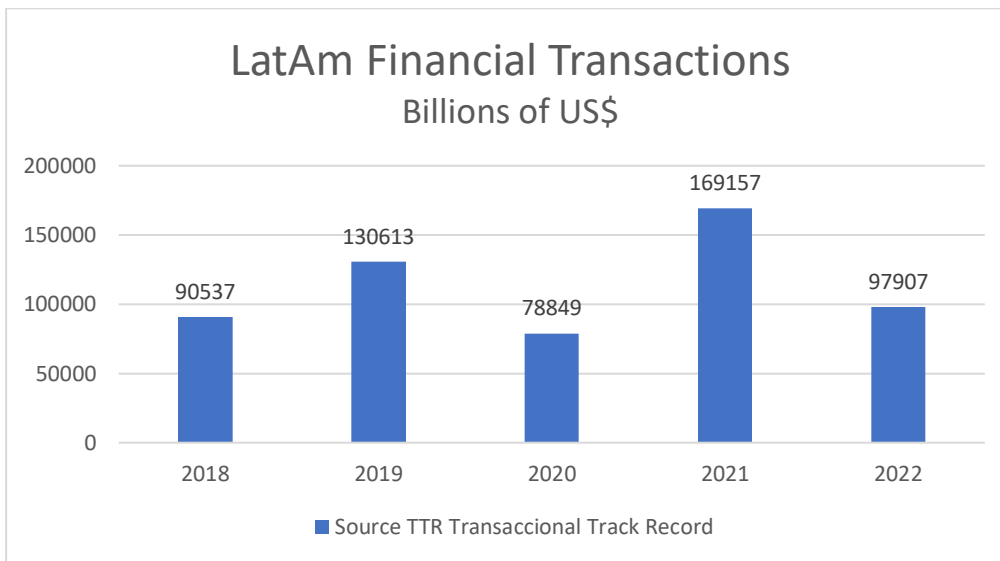
Year	2022		2021		2020		2019		2019 - 2022 Total	
Country	Capex	Projects	Capex	Projects	Capex	Projects	Capex	Projects	Capex	Projects
Brazil	17,762	226	22,960	175	16,667	218	32,936	355	90,324	974
Mexico	33,566	422	15,897	340	13,584	278	25,803	494	88,850	1534
Chile	5,309	71	5,198	73	5,361	76	7,687	123	23,554	343
Argentina	6,676	63	6,337	96	3,869	59	5,153	85	22,035	303
Colombia	1,56	119	4,106	126	2,285	98	5,113	182	13,064	525
Peru	1,146	32	2,110	43	1,643	35	12,226	70	17,124	180
Panama	4,283	14	148	11	1,283	22	1,651	27	7,365	74
Uruguay	904	22	1,100	18	129,9	15	3,862	16	5,995	71
Costa Rica	2,362	136	1,547	140	1,73	99	1,173	105	6,811	480
Ecuador	241	12	646	10	603,1	14	513	11	2,002	47
Total	73,806	1,117	60,047	1,032	47,155	914	96,116	1468	277,125	4531

Source: fDi Markets

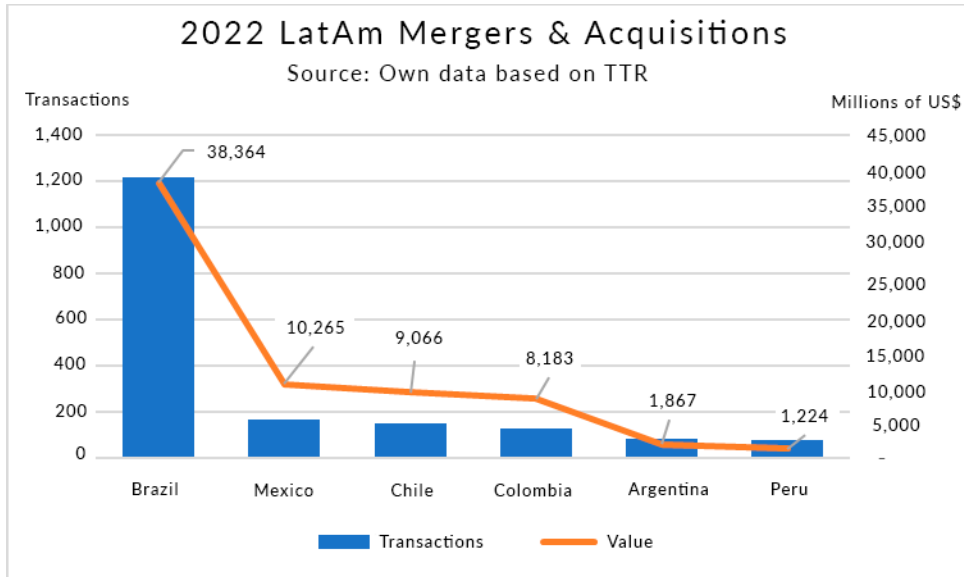
Graph 1: M&A and Other Transactions in Latin America 2018-2022 (number)



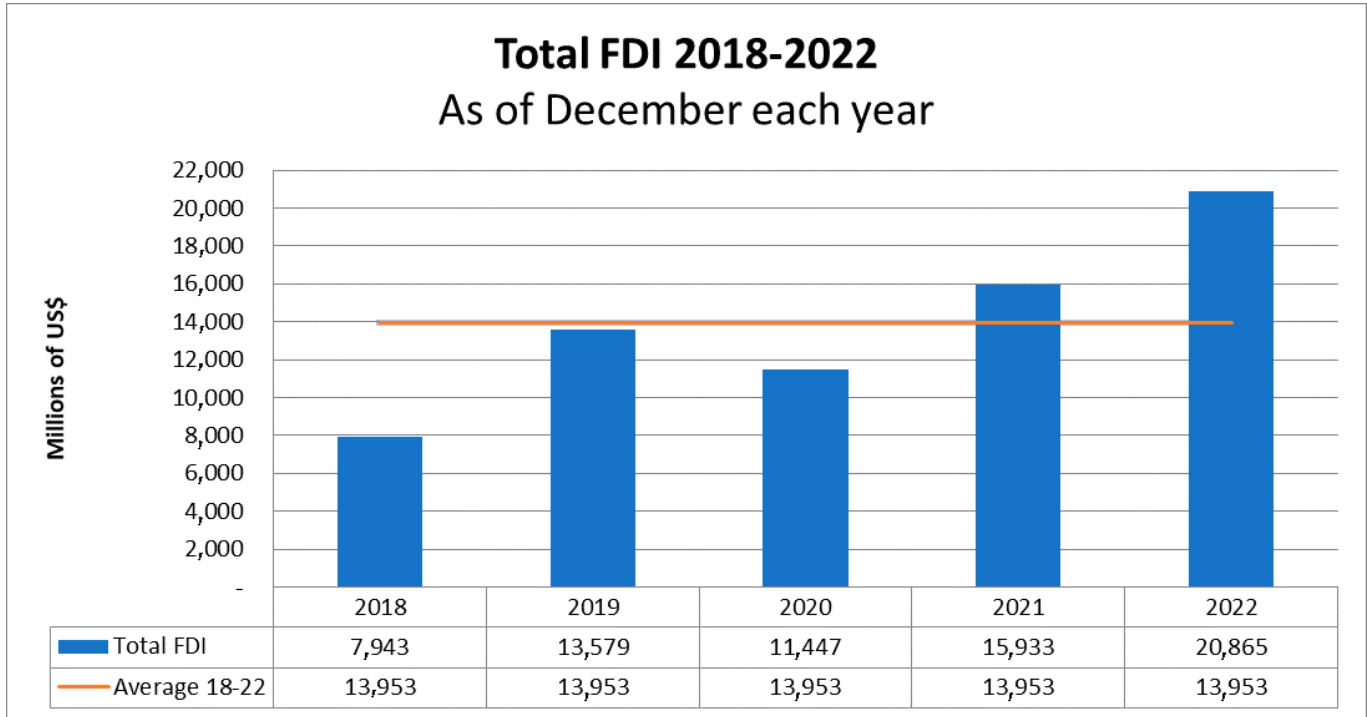
Graph 2: Value Involved in M&A and Other Transactions in Latin America 2018-2022



Graph 3: Latin America Mergers and Acquisitions by Country (including local operations).

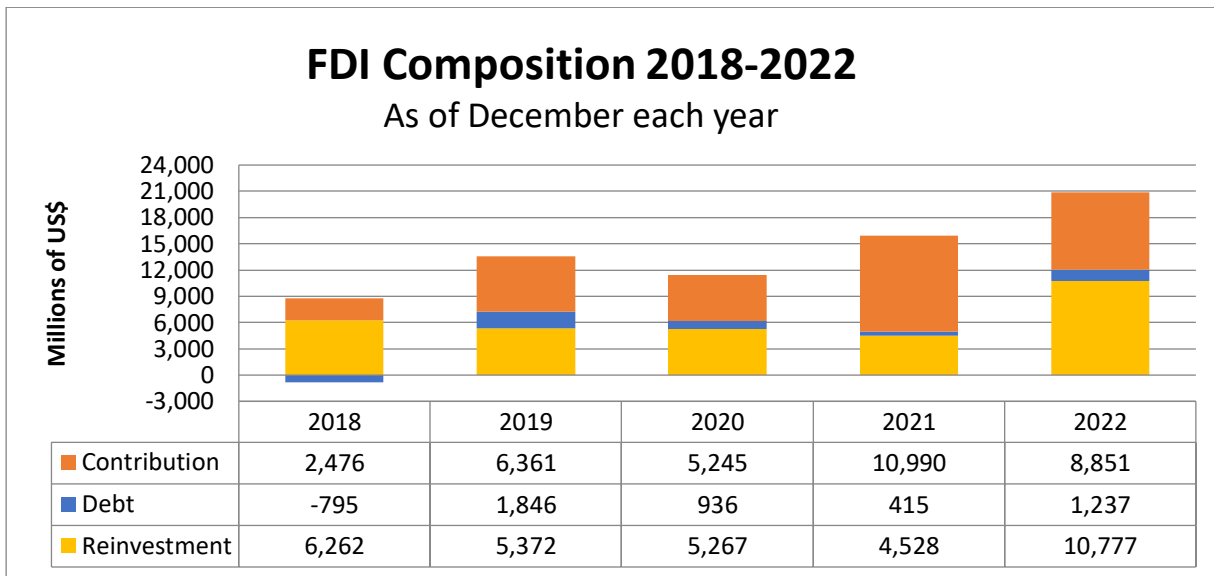


Graph 4: Annual FDI Flows in Chile 2018-2022



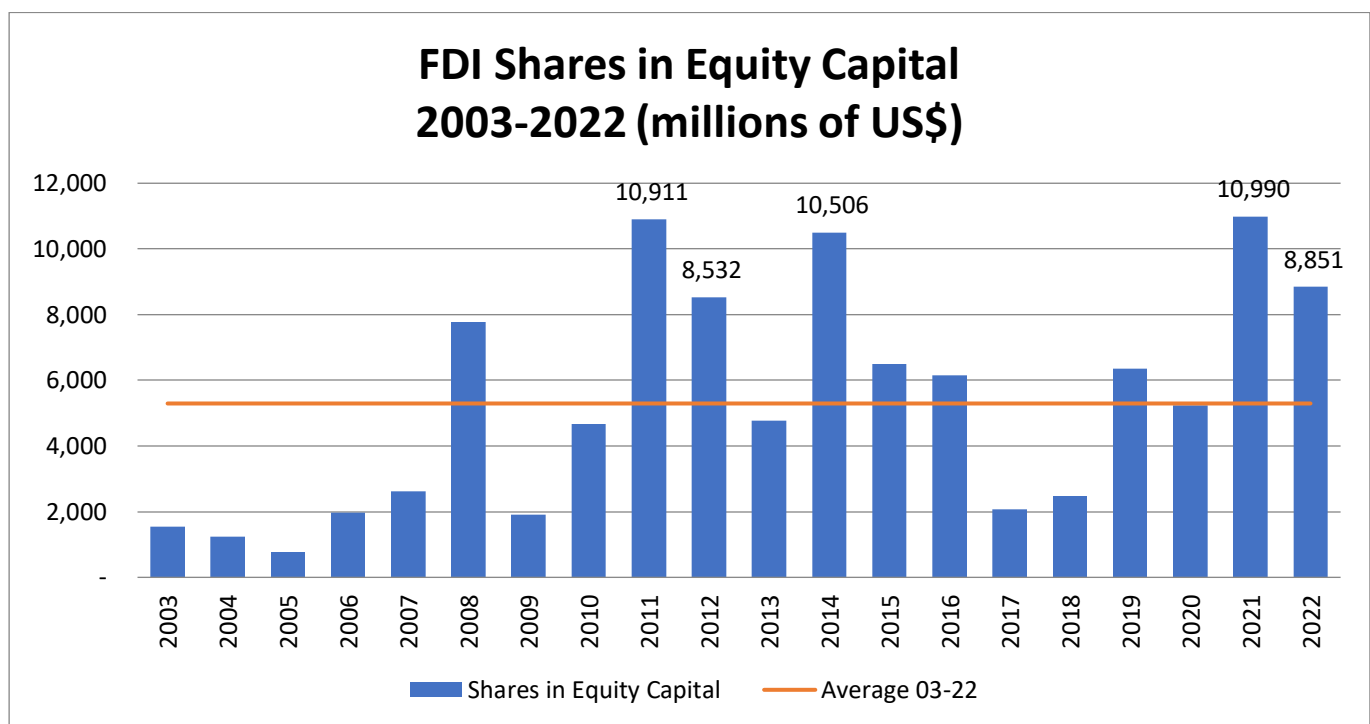
Source: Chilean Central Bank

Graph 5: Foreign Direct Investment per Component (in millions of US\$)



Source: Chilean Central Bank

Graph 6: FDI Equity Capital Shares (in millions of US\$)



Graph 7: FDI Profit Reinvestment (in millions of US\$)

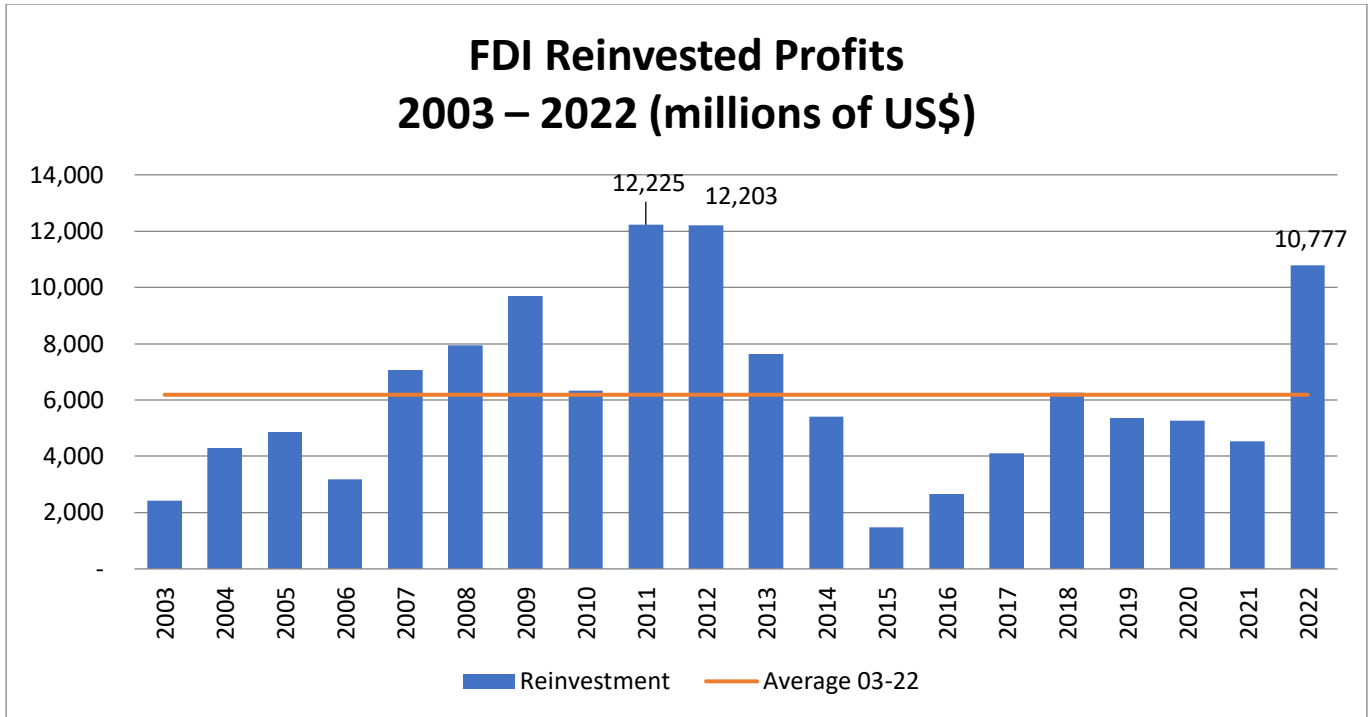


Chart 3: Foreign Direct Investment Flows per Economic Sector in Destination (in millions of US\$)

Industry	2017	2018	2019	2020	2021
Agriculture and fishing	156	95	184	399	128
Mining	837	-1,665	1,481	2,036	4,469
Manufacturing industry	-276	-224	328	-298	197
Electricity, gas and water supply	378	1,527	3,987	4,082	9,611
Construction	565	105	153	1,199	730
Trade	565	159	1,449	810	314
Hotels and restaurants	-5	12	7	1	7
Transportation and storage	-574	-309	-203	138	-1,578
Communications	-1,034	422	1,235	-1,603	-687
Financial services	717	6,736	2,107	1,083	1,101
Real estate and business services	93	-46	16	10	-13
Other services	-70	215	-316	171	150
Not assigned	3,884	915	3,146	1,175	821
TOTAL	5,237	7,942	13,579	9,205	15,251

Source: Chilean Central Bank

Chart 4: Foreign Direct Investment Stock by Source Country (millions of US\$)

Country	2020	2021
Canada	31,936	33,209
United States	29,838	27,415
Netherlands	20,992	22,688
United Kingdom	16,754	17,590
Spain	21,513	16,985
Italy	15,091	14,004
Belgium	2,492	5,470
Australia	4,909	3,768
Brazil	3,352	3,343
Colombia	3,774	3,318
Japan	2,004	3,282
Bermuda	3,509	3,091
Switzerland	1,959	1,876
Mexico	1,857	1,680
France	1,572	1,615
Norway	1,193	1,254
British Virgin Islands	1,094	1,206
Luxembourg	1,197	1,181
Germany	1,066	1,018
Sweden	941	897
Rest of the world	92,559	86,323
Total Stock MUS\$	260	251,224

Chart 5: Foreign Direct Investment Portfolio 2022 operated by InvestChile

InvestChile Project Portfolio		
Industry	N° Projects	Amount in US\$ (millions)
Energy	62	11,536
Global Services	218	7,070
Mining and Suppliers	18	5,191
Infrastructure	12	2,088
Miscellaneous	81	1,149
Food Industry	56	1,213
Finance	16	11
Tourism	13	87
Total	476	28,345

Source: InvestChile

Chart 6: Foreign Direct Investment Portfolio 2022 (by Country) Operated by InvestChile

InvestChile Project Portfolio		
Industry	N° of Projects	Amount in US\$ (millions)
United States	118	8,174
P.R China.	31	4,673
Canada	19	2,806
Ireland	13	2,342
Brazil	34	2,108
Norway	10	1,479
Australia	8	1,311
Japan	14	1,299
South Africa	3	955
Germany	19	582
France	15	382
Belgium	9	430
Rest of the world	183	1,804
Total	476	28,345

Chart 7: Project Survey Corporación de Bienes de Capital 2022-2026

Sector	Amount in MUS\$	Total Projects	FDI Amount in MUS\$	FDI Projects	% FDI Amount/Total	% FDI Proj./Total
Energy	7,206	215	5,117	144	71%	67%
Forestry	326,8	1			-	-
Industry	1,827	77	707	32	38676%	42%
Real State	6,919	238	185	6	2675%	3%
Mining	16,804	80	11,535	50	69%	63%
Public Works	19,373	445	6,330	44	33%	10%
Ports	875	11	324	4	37%	36%
Technology	4,332	19	1,518	12	35%	63%
Total	57,666	1,086	25,717	292	45%	27%

Chart 8: GFCF per Economic Sector (in billions of CLP)

Economic sector	2018	2019	2020	2021	2022
Mining	8,010	9,690	7,648		
Housing and real estate services	7,183	7,308	5,876		
Transportation, information and communications	6,205	6,030	5,160		
Electricity, gas & water supply and waste management	4,912	3,999	5,517		
Manufacturing industry	3,830	4,491	4,829		
Public administration	3,118	3,256	3,018		
Personal services	2,435	2,534	2,290		
Others	7,971	8,316	6,339		
Gross Fixed Capital Formation	43,664	45,623	40,680	47,072	48,395
GFCF Adjustment		4,5%	-10,8%	15,7%	2,8%

Source: Chilean Central Bank, GFCF, volume at prices tied to the previous year, per class of economic activity, reference 2018 (billions of Chilean pesos).

Graph 8: Estimated Spending on Mining (source: CBC)

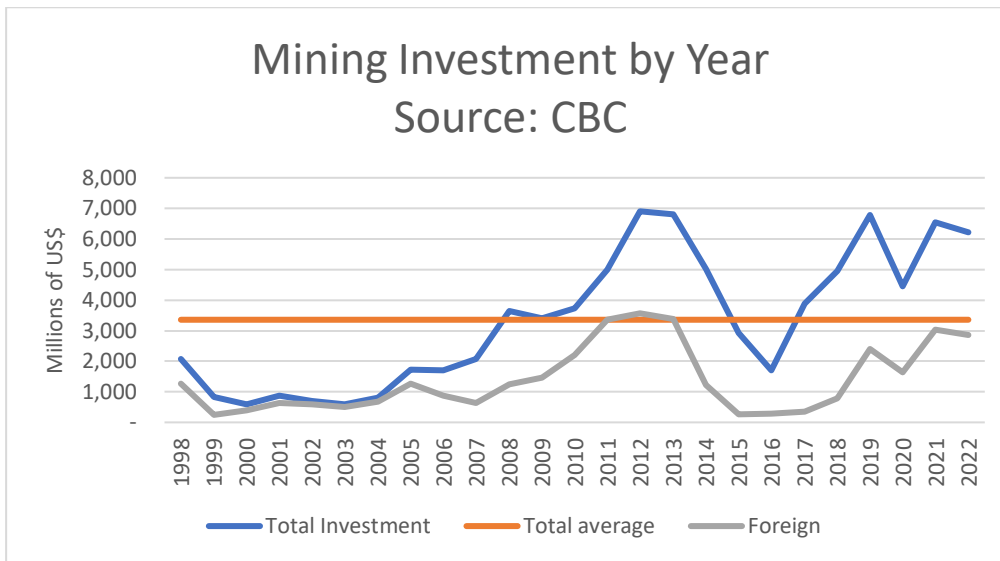


Chart 9: Annual Investment in Mining Projects

Startup	Company	Project	Product	Region	EIA	FDI	Investment in MUS\$
2022-2026	Codelco Chile	Several	Copper	Several	Passed	No	6,969
2022	Centinela	Esperanza Su	Copper	Antofagasta	Passed	Yes	175
2022	Kimross	La Coipa	Gold	Atacama	Passed	Yes	225
2022	Pelambres	Fase I	Copper	Coquimbo	Passed	Yes	2,200
2022	Codelco Chile	Rajo Inca	Cooper	Atacama	Passed	No	1,371
2023	Gold Fields	Salares Norte	Gold	Atacama	Passed	Yes	1,021
2023	Doña Inés de Col	Collahuasi	Cooper	Tarapacá	Passed	Yes	302
2023	Teck Quebrada B	QB Hipogénic	Cooper	Tarapacá	Passed	Yes	6,160
2023	Teck Carmen Anc	Continuidad	Cooper	Coquimbo	Passed	Yes	100
2024	Escondida	Botadero	Cooper	Antofagasta	Passed	Yes	470
2026	Codelco, División	Nuevo nivel	Cooper	O'Higgins	Passed	No	5,594
Total MUS\$							24,587

Source: Mining Council

Chart 10: NCRE Generation Projects, FDI with Estimated Connection Date in 2022

Project	Type of Technology	Net Power MW	Region	FDI Company	Capex MUS\$	In Operation
Parque Atacama	Wind	165	Atacama	Ibereólica	128	jan-23
Campo Lindo Etapa 1	Wind	71	Biobío	AES Andes	160	jan 23
PFV Las Salinas	Solar photovoltaic	375	Antofagasta	Enel Chile	253	jan 23
Renaico	Wind	86	Araucanía	Enel Chile	102	feb-23
Ckani	Wind	107	Antofagasta	Mainstream	176	april 23
Andes IV	Solar photovoltaic	130	Antofagasta	AES Andes	250	jun-23
Willka	Solar photovoltaic	98	Arica	Metka-SGA	196	jul-23
La Canaña Etapa 1	Wind	106	Araucanía	Enel Chile	83	aug 23
Camán	Wind	206	Los Ríos	Mainstream	316	sep-23
FV CEME 1	Solar photovoltaic	380	Antofagasta	Generadora M	213	oct-23
CH Los Cóndores	Run-of-the-river	150	Maule	Enel Chile	900	dec 23
CH Los Lagos	Run-of-the-river	49	Los Lagos	Statkraft	173	Jan 24
Central Ñuble	Run-of-the-river	136	Ñuble	Eléctrica La Pur	504	jun-24
Horizonte	Wind	812	Antofagasta	Colbun	850	dec 24
Total MMUS\$ (*)					4.304	

Source: Energy Ministry, Energy Sector Project Report December 2022

Appendix: GREEN HYDROGEN INITIATIVES

REGISTRY OF GREEN HYDROGEN PROJECTS IN CHILE				
NAME OF THE PROJECT	COMPANY	PRODUCT	REGION	PHASE
Hyex	Engie	Hydrogen	Antofagasta	Feasibility
Green ammonia AES ANDES	AES ANDES	Ammonia	Antofagasta	Feasibility
Bahía de Quintero	GNL	Gas blending	Valparaíso	Environmental impact study
Las Tórtolas	Angloamérica		Metropolitana	In testing
Grúas Horquilla FC	Engie	Hydrogen	Metropolitana	Under Construction
Haru Oni	HIF	E Gasoline	Magallanes	Production of the first liters of ecofuel starts this Tuesday
Hoasis	TCI Chile	Ammonia	Antofagasta	Pre-feasibility
Proyecto COPEC	COPEC			Pre-feasibility
H2 Sola Project	Air Liquid	Hydrogen	Antofagasta	Feasibility
AMER H2	Air Liquid	Hydrogen	Antofagasta	Feasibility
San Pedro de Atacama	Cummins		Antofagasta	Feasibility
Cerro Pabellón	Enel Green Power		Antofagasta	Feasibility
Pauna Greener Future	Statkraft	Hydrogen	Antofagasta	Pre-feasibility
Cerro Dominador	Grupo Cerro	Hydrogen	Antofagasta	Pre-feasibility
HYDRA	Engie	Hydrogen	Antofagasta	In testing
Proyecto H2GN	Gas Valpo	Gas blending	Coquimbo	In Production
San Antonio Port	Solek	Hydrogen	Hydrogen	Pre-feasibility
Hypro Aconcagua	Linde	Hydrogen	Hydrogen	Feasibility
Minera San Pedro / CNP	Centro Nacional de Pilotaje	Hydrogen	Metropolitana	Under Construction
Hvallesur	TCI Chile	Hydrogen	Bio Bio	Pre-feasibility
ARICHILE	TCI Chile	Hydrogen	Magallanes	Under Construction
HNH	Austria Energy	Ammonia	Magallanes	Feasibility
Llaquedona (Anterior Selknam)	ENAP		Magallanes	Pre-feasibility
Vientos Magallánico	RWE	Ammonia	Magallanes	Pre-feasibility
H2 Magallnes	Total EREN	Ammonia	Magallanes	Environmental impact study
Faro del Sur	Enel Green Power	Hydrogen	Magallanes	Withdrawn from the Environmental Impact Assessment System
H1 Magallanes	CWP Global	Ammonia	Magallanes	Pre-feasibility
Gente Grande	TEG	Ammonia	Magallanes	Feasibility
ACH MRP	Mainstrm RP	Ammonia	Magallanes	Pre-feasibility
H2V CAP	CAP S.A.	Hydrogen	Bio Bio	Feasibility
Tren a Hidrógeno	FCAP	Hydrogen	Antofagasta	Feasibility
METH2 Atacama	Sowitec	E-Methanol	Antofagasta	Pre-feasibility
MowiUACH	Mowi Chile	Hydrogen	Aysén	Pre-feasibility
Kalisaya	INDHO	Hydrogen	Bio Bio	Pre-feasibility
Zorsal	Genesis Ventures	Hydrogen	Bio Bio	Pre-feasibility
Genesis	Antuko		Antofagasta	Feasibility
Free Power H2V	Free Power	Hydrogen	Magallanes	Pre-feasibility
Paracelsus	Atacama Hydrogen Hub	Hydrogen	Antofagasta	Pre-feasibility
HDF Project	HDF		Aysén	
Green Steel Project	CAP S.A.	Hydrogen	Bio Bio	Feasibility
Atacama Hydrogen Hub	Humbolt Hidrógeno Verde	Hydrogen	Antofagasta	Feasibility
Adelaida	AES Andes	Hydrogen	Antofagasta	Passed

SOURCE: ASOCIACIÓN CHILENA DE HIDRÓGENO (H2 CHILE) A PARTIR DE INFORMACIÓN PÚBLICA.

#InvestChileInsights



FOREIGN INVESTMENT PROMOTION AGENCY

