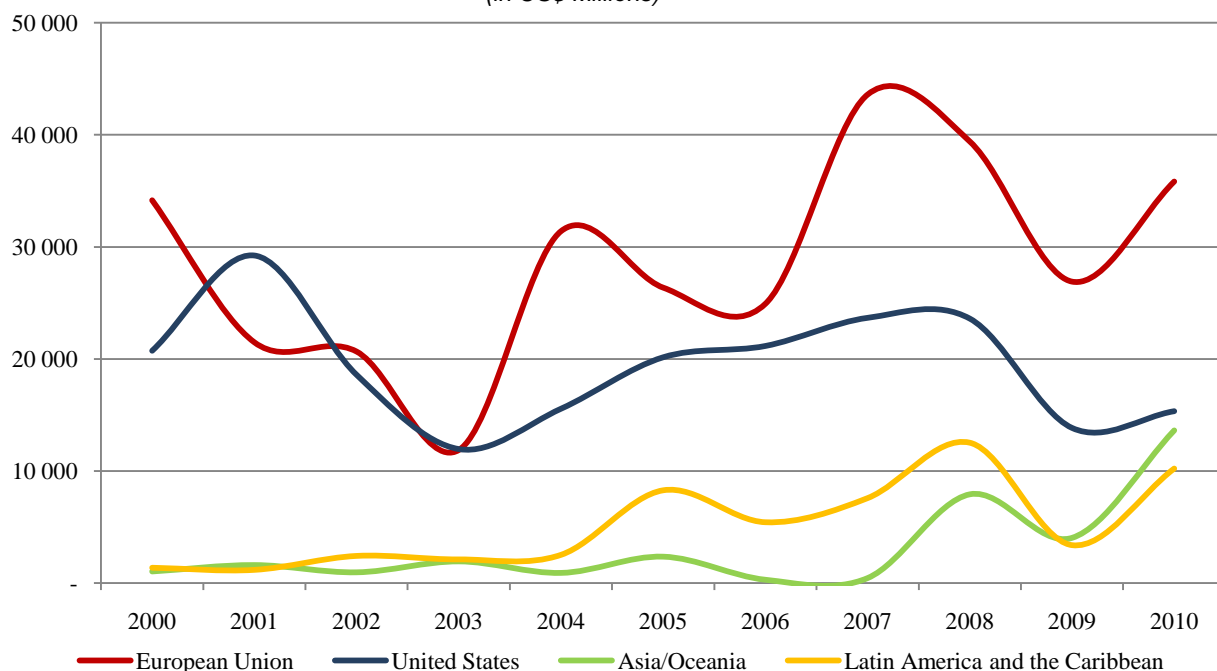


## Fact Sheet

### FOREIGN DIRECT INVESTMENT BY THE EUROPEAN UNION IN LATIN AMERICA AND THE CARIBBEAN

- The European Union (EU) is the main investor in Latin America and the Caribbean. In the last decade, the EU earmarked an average of US\$ 30 billion per year for foreign direct investment (FDI) in the region, which accounts for nearly 40% of the total FDI received.
- In the second half of the decade of 2000, European FDI in the region increased significantly in absolute terms; however, this soar showed differences among subregions, being mainly directed to South America, where Brazil was the main recipient, followed by Argentina, Colombia and Chile. On the other hand, European FDI in Mexico, Central America and the Caribbean remained relatively stable.
- In spite of these facts, the Latin American and Caribbean region has increasingly lost relevance as a location for European transnational companies when compared to Asia and Eastern Europe.
- The presence of European transnational corporations in the region is highly relevant to strategic industries such as banking and the energy sector.
- In the last decade, Spain consolidated its position as the main European investor in Latin America and the Caribbean. Between 2000 and 2010, 86% of Spanish FDI in the region was directed to the services sector, whereas the manufacturing sector – mainly in Brazil – and the primary sector accounted for 12% and 2% respectively.
- EU transnational corporations are strongly relevant to Greenfield investments in the manufacturing sector, the main mechanism for developing new productive capacity.
- In the region, Brazil is the only country that has become a relevant target for R&D activities guided by European transnational corporations, which are intensifying their innovation and technology transfer activities in sectors such as the automotive industry and electronics.
- Considering the current crisis in the EU, European transnational corporations' activities in Latin America and the Caribbean constitute a critical contribution to stabilize balance sheets in parent companies and better tackle the adverse situation in their countries of origin.
- According to ECLAC, Latin America and the Caribbean and the European Union should promote cooperation in order to foster investments as a sustainable source of growth and development. Moreover, the region must complement its FDI promotion policies with enhanced efforts on industrial policy for promoting permanent and dynamic benefits resulting from these capital flows.

**LATIN AMERICA AND THE CARIBBEAN: FOREIGN DIRECT INVESTMENT INFLOWS BY COUNTRY OF ORIGIN, 2000-2010**  
(in US\$ Millions)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) on the official figures database of the central banks of Latin American and Caribbean countries.