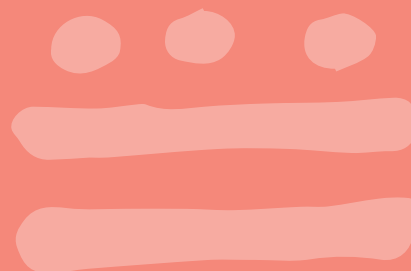


Foreign Direct Investment in Latin America and the Caribbean **2026**

Navigating the new
global context



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Executive summary

Foreign Direct Investment in Latin America and the Caribbean **2026**

Navigating the new
global context



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Three dots indicate that data are not available or are not separately reported.

A dash indicates that the amount is nil or negligible.

A full stop is used to indicate decimals.

The word "dollars" refers to United States dollars, unless otherwise specified.

A slash between years (e.g. 2025/2026) indicates a 12-month period falling between the two years.

Individual figures and percentages in tables may not always add up to the corresponding total because of rounding.

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Executive summary

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A. Overview of foreign direct investment in Latin America and the Caribbean

The 2026 edition of *Foreign Direct Investment in Latin America and the Caribbean* is being published at a time of great uncertainty and heightened tensions in the world. The global context of weaponized interdependence is having a profound impact on trade and foreign direct investment (FDI), but it is still too soon to clearly make out the direction, scope and duration of these effects. Furthermore, no single response can be sought for the region as a whole, since the great heterogeneity of its economies, their production structures and their position in the global economy preclude this.

However, it is possible to provide data on the main FDI trends in the region during 2025 and on the global context the region has to contend with, together with a number of recommendations that can potentially enable its countries to continue attracting and benefiting from the presence of foreign companies with a view to achieving their productive transformation goals.

In 2025, global FDI inflows rose by 14% on the previous year to a total of US\$ 1.6 trillion, driven by increased investment in developed economies, with particularly large movements in some European countries.

This global landscape, characterized by increased capital inflows into central countries, a sustained decline in investment inflows into China and a mixed performance across developing economies, is part of a new configuration of cross-border investment that has been taking shape over the last five years.

Against this background, the general picture in 2025 was one of declining investment project announcements around the world.¹ FDI project announcements totalled US\$ 1.35 trillion, a 1.9% decrease from 2024, while the number of announcements was down by 15.7%. The existence of megaprojects² in the communications sector (the construction of data centres) and in semiconductor manufacturing explains the high total value. If communications and semiconductors are excluded, the value of announced projects actually declined by 19% in 2025.

Thus, the communications sector emerged as the leading sector for project announcements worldwide, overtaking the renewable energy sector, which had led in terms of the value of projects announced between 2019 and 2024, and the coal, oil and gas sector, which had led in the 2010s. This increase in megaprojects in capital-intensive sectors has led to a gradual decline in the promised impact of the projects announced on job creation.

In recent years, and particularly since the coronavirus disease (COVID-19) pandemic and the escalation of geopolitical tensions, there has been a growing emphasis on considerations of national security, economic security, supply chain resilience and technological sovereignty in the regulation of international investment. One of the main manifestations of this trend has been the rapid expansion of mechanisms for screening inward FDI on national security grounds, particularly in developed economies. A key feature of the more recent regimes is the broadening of the concept of national security, which is no longer limited to defence in the strict sense, but incorporates notions of technological sovereignty, the protection of critical infrastructure, control over sensitive data, supply chain resilience and intangible assets linked to artificial intelligence and other advanced technologies (UNCTAD, 2026). Latin America and the Caribbean is still largely untouched by this global trend towards the adoption and expansion of formal investment screening regimes on national security grounds.

¹ Project announcements provide insight into the most important sectoral trends and the main destinations and sources of planned investment. They also indicate how investment is likely to behave in the future. However, the information presented is not comparable with balance-of-payments statistics. For one thing, there is no guarantee that these investments will actually materialize. If they do, it is unclear when, or what the actual investment amounts will be. Furthermore, the data sources sometimes provide estimated investment amounts, meaning that the actual amount the company making the announcement plans to invest is unknown. This caveat applies to all analyses of investment announcements presented throughout this report.

² This term is used for projects worth more than US\$ 1 billion.

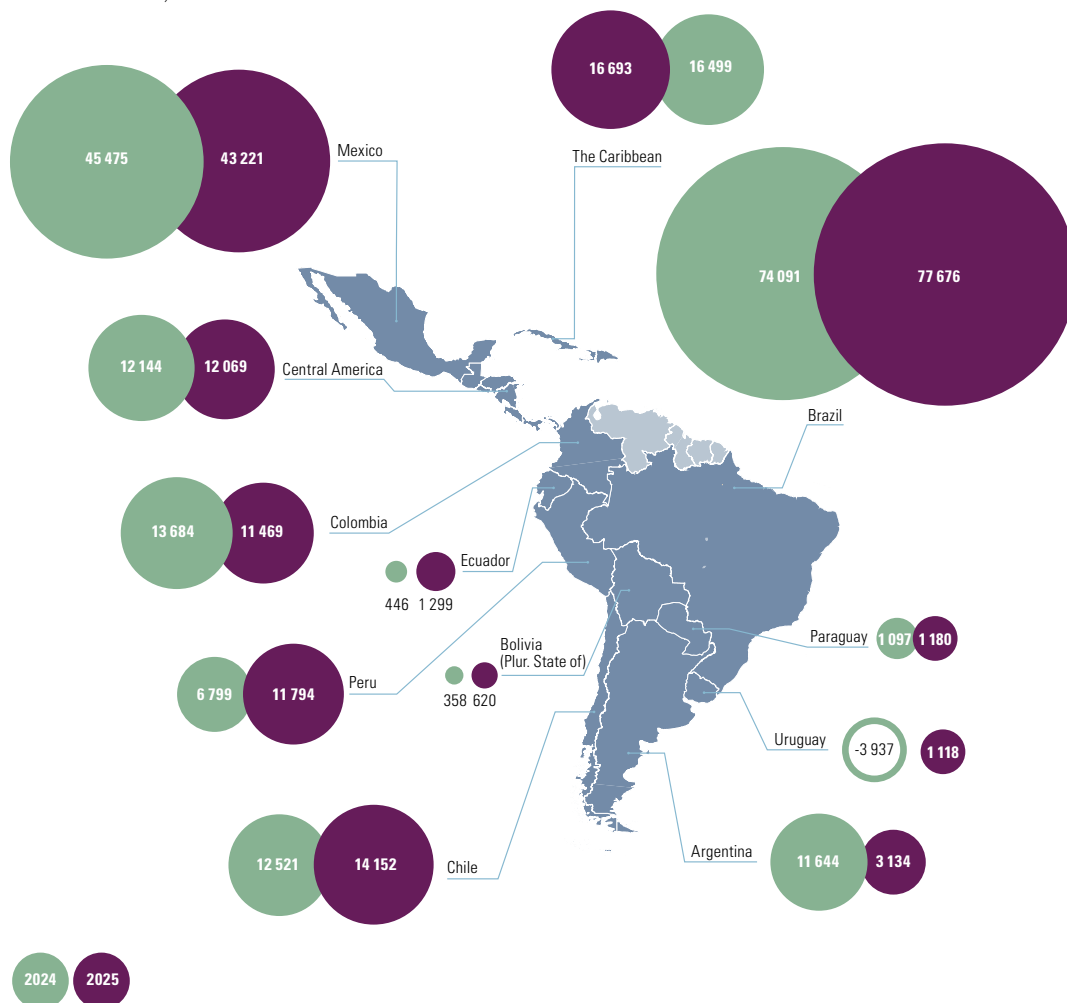
In 2025, Latin America and the Caribbean received US\$ 194.233 billion in FDI, a 1.7% increase from 2024, although inward FDI as a share of gross domestic product (GDP) (2.8%) and gross fixed capital formation (14.0%) held steady.³

Meanwhile, FDI outflows from the region have also recovered over the last three years, with the 2025 total of US\$ 62.286 billion representing a 19.3% increase on 2024 and the second-highest figure since 2010.

The structures and dynamics of FDI inflows within the region are highly varied. Brazil and Mexico accounted for 62% of total inflows in 2025 (see map 1). In the case of Brazil, total inflows increased in 2025 to close to the highs of the 2010s, while Mexico recorded the third-highest total inflow since 1990 despite a negative year-on-year change.⁴ After Brazil and Mexico, the countries receiving the most FDI in 2025 were Chile (7% of the total), Peru (6%), Colombia (6%), Guyana (5%), Costa Rica (3%) and the Dominican Republic (3%).

Map 1

Latin America and the Caribbean (selected subregions and countries): FDI inflows, 2024 and 2025
(Millions of dollars)



Source: Economic Commission for Latin America and the Caribbean, on the basis of official figures as at 17 April 2026.

Note: Information based on International Monetary Fund. (2009). *Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6)*.

³ 2025 figures are based on preliminary official data provided by the relevant authorities in the countries of the region. These figures will thus be revised by those same authorities over the course of 2026 and in subsequent years. Furthermore, flows are analysed on a nominal basis, so that there is always an inflationary component affecting the figures.

⁴ Data for Mexico were provided by the Bank of Mexico and compiled in accordance with the *Balance of Payments and International Investment Position Manual: Sixth Edition (BPM6)* (International Monetary Fund [IMF], 2009), using the assets and liabilities principle. This explains the difference from the figure published by Mexico's Ministry of Economic Affairs using the *Balance of Payments Manual, Fifth edition (BPM5)* (IMF, 1993) and the directional principle.

An analysis of the components of FDI inflows shows that the recovery over the last three years has been driven by a greater share for reinvested earnings by transnational corporations. In 2025, reinvested earnings remained the main component (51%) despite a slight reduction in the amount (-4.7%), while equity investment increased year-on-year (4.8%), coming to account for 34% of the total, as did inter-company loans, which rose by 26.2% and represented 15% of the total.

The sectoral structure of FDI inflows into Latin America and the Caribbean began to change significantly in 2020. In the 2010s, manufacturing and services accounted for similar shares of FDI inflows, but from 2019 services became the sector that consistently attracted the most investment. In 2025, inflows into services (19.5%) and natural resources (7.0%) increased, while inflows into manufacturing (17.2%) declined following three consecutive years of growth. Consequently, in 2025, services received 53% of FDI, manufacturing 31% and natural resources 16%.

In 2025, there was a moderate upturn in cross-border mergers and acquisitions in Latin America and the Caribbean, with 351 deals completed, representing a 7.7% increase on 2024. This performance suggests a partial recovery of the momentum observed prior to the previous year's slowdown, against a highly uncertain international backdrop.

Looking at the 15 largest transactions completed in 2025, those involving the largest sums were for assets in the mining, energy, information and communications, and transport and storage sectors, including a lithium mining megatransaction in Argentina.

In 2025, 67% of investment entering the region from identifiable sources came from the United States (35%) and Europe (32%). The leading position of these two investment sources has been maintained since the region opened up to foreign capital in the mid-1990s, although there have been some changes in their relative shares. In 2025, the share of inflows from the United States declined, as investment from that country fell (-11%), while Europe's share increased, with higher investment from the Kingdom of the Netherlands (56%) and the rest of the European Union (29%). Meanwhile, a distinctive feature that comes out in the analysis of mergers and acquisitions concluded in 2025 is the emergence of buyers from sources that are relatively new to the region, such as Saudi Arabia, and the resurgence of operations originating in China and Singapore.

As elsewhere in the world, the highly uncertain environment had a negative impact on investment announcements in the region in 2025, and this decline was seen in most sectors and countries. That year, 1,326 projects totalling US\$ 114.1 billion were announced in Latin America and the Caribbean, representing a year-on-year decrease of 10.2% in the number and 34.3% in the value of announced projects.

The sectoral breakdown of FDI project announcements in Latin America and the Caribbean in 2025 was different from what it had been in 2024 and previous years. The most significant change was the increase in announcements in the communications sector (172%), which accounted for 40% of the announced total. However, 83% of this was attributable to the announcement by the Chinese firm TikTok of a new data centre in the state of Ceará in Brazil, worth US\$ 37.7 billion. Announcements in the renewable energy sector in Latin America and the Caribbean were down (-45%) in 2025, and the sector accounted for 13% of projects by value. By contrast with previous years, there were no major announcements in the coal, oil and gas sector.

Previous editions of this report (ECLAC, 2024, 2025) set out recommendations and policy guidelines for the countries of the region and examined the main approaches taken by investment promotion agencies, the institutions most directly involved in the challenge of attracting and retaining the investment that the countries of the region need to move towards more inclusive and sustainable productive development. One point that has always been emphasized in these recommendations and guidelines is that efforts to attract FDI and maximize its impact need to be aligned with productive development policies (ECLAC, 2026).

Something worth emphasizing in this context is the need for human talent that meets the requirements of the productive sector in general and of priority sectors in particular. The shift in global FDI towards knowledge-intensive sectors poses an ever-increasing challenge for the region, which needs to devise strategies to improve the skills of its workforce, since the ability to attract investment in sophisticated activities largely depends on the availability of talent.

Another recommendation is to examine incentive and promotion mechanisms in relation to the investment being sought and to institutional implementation capabilities. This can be achieved by designing incentives that are conditional upon the attainment of verifiable targets for some factor that is critical to the territory or country concerned in areas such as employment, technological content, local content, gender, training, technology transfer, innovation, exports and decarbonization. The choice of this development-critical factor is important. It should be linked to the broader productive development strategy of the country or territory, and mechanisms should be tailored to the country or territory's institutional and financial implementation capacities. Previous editions of this publication have called for countries to strengthen investor aftercare activities, facilitating the expansion of established companies into more complex activities with greater local impact, and this remains as valid as ever.

In short, the global context calls for more strategic, more selective and better-coordinated policies. A key recommendation for the countries of the region and their territories is the importance of strengthening the coordination between FDI policy and their strategies for productive development, capacity-building, regional integration and sustainability, with the aim of ensuring that the activities of transnational corporations, be they trans-Latins or companies from elsewhere in the world, make a larger contribution to a more inclusive and sustainable productive transformation.

B. Foreign direct investment in the region in the context of the new United States trade policy

The global economy is going through a period of profound uncertainty, marked by geopolitical tensions, armed conflicts, digital transformation, artificial intelligence and strains in the multilateral trading system. These dynamics have contributed to greater fragmentation, with businesses rethinking the organization of their production networks and governments giving greater priority to resilience, security and strategic autonomy.

In this context, 2025 marked a turning point for international trade. The increased use of tariffs and other restrictive measures by the United States has weakened the rules-based multilateral trading system and altered the conditions of access to the world's largest consumer market. Given that trade and FDI are central and closely linked mechanisms of international economic integration, these changes can directly affect investment decisions.

In an environment characterized by the expansion of global value chains, trade and FDI tend to be mutually reinforcing. The relationship between international trade and FDI varies depending on the motivations for the investment, which may be intended to serve foreign markets, access resources, improve efficiency by fragmenting the value chain or acquire strategic assets that strengthen the firm's competitiveness. FDI directed towards export platforms, whereby production is located in a given country to supply third-country markets, depends particularly heavily on international trade conditions.

At the global level, exports and FDI have tended to expand together in recent decades. The two variables have likewise evolved jointly in Latin America and the Caribbean, although with large differences between countries and subregions. In Mexico, which is the region's leading goods exporter and deeply integrated into North American production networks, FDI inflows and exports have largely moved in

tandem. The evolution of the two variables has also been similar in some Central American countries that have become recipients of FDI as export platforms. In Brazil, a significant proportion of foreign investment has been driven by strategies to supply the domestic market and gain access to natural resources. Again, the Brazilian export structure, like that of the other South American countries, is more dominated by raw materials and agro-industrial goods, so that price fluctuations have had a greater impact on exports and annual FDI inflows.

In the Caribbean a wide variety of situations coexist, although in general there is a high concentration of FDI in the service sector. In the Dominican Republic, for example, trade and FDI have been closely linked to the development of free trade zones geared towards exports to the United States, while in Guyana, the rapid growth of the oil industry has simultaneously boosted exports and FDI.

Economic relations with the United States have traditionally been a cornerstone of both trade and investment in Latin America and the Caribbean. For many countries, the United States remains the main export destination and the leading source of foreign investment. Geographical proximity, the negotiation of free trade agreements since the 1990s and long-standing productive ties have underpinned the development of investment strategies by transnational corporations of various origins, with investments in export platforms for the United States market, particularly in the manufacturing and service sectors. This is particularly the case for Mexico, Central America and some Caribbean countries, notably the Dominican Republic. In South America, the emphasis on exporting to the United States was always considerably less pronounced and has weakened further over the last two decades, amid increasing diversification towards other trading partners, particularly China. In high-technology manufacturing, however, the United States and intraregional trade continue to play an important role.

The events of 2025 marked a significant shift in the trading environment. The resurgence of tariffs and the increasing use of trade policy measures by the United States heightened international uncertainty. The stability and predictability of access to the United States market, a cornerstone of trade and inward investment strategies in certain segments of the regional economy, have begun to be affected by new strains.

Starting in January 2025, the United States administration introduced a series of rapidly evolving measures, citing various justifications. Sector-specific tariffs of up to 50% were imposed on steel, aluminium, copper, automobiles and auto parts. “Reciprocal” tariffs were also introduced, with a base rate of 10% on most imports. Tariffs were sometimes used to pursue political objectives, reinforcing the use of access to the United States market as a negotiating tool. All in all, access to the United States market became more contingent, reversible and subject to bilateral negotiations. In countries and sectors that are heavily oriented towards this market, these changes could pose challenges for efforts to attract investment.

To analyse the potential effects that changes in United States tariff policy might have on inward FDI in Latin America and the Caribbean, an empirical approach based on goods exports and investment project announcements was used. Announcements provide an insight into investment trends and prospects and into the sectors, destinations and scale of projects, thereby complementing information from the balance of payments, whose figures are not directly comparable.

The relationship between exports to the United States and investment announcements is particularly strong in certain goods-producing sectors. At the regional level, sectors that are strongly oriented towards exporting to the United States (i.e. sectors in which the United States accounts for more than 30% of total exports) account for 68% of exports to that country and 41% of total exports. These are mainly technology-intensive manufacturing sectors such as business machinery and equipment, consumer electronics, electronic components, automobiles and auto parts, and industrial equipment. In contrast, most of the sectors that are less oriented towards the United States market are commodity-based.

When FDI project announcements are categorized by the different sectors' shares of exports to the United States market, the bulk of the value announced is in sectors with a moderate share, although there are marked differences between countries and subregions (see table 1). A group of manufacturing sectors that are highly integrated with the United States market attract a considerable proportion of investment announcements, mainly in Mexico and, to a lesser extent, in Central America.

Table 1

Latin America and the Caribbean (selected subregions and countries): distribution by value of foreign direct investment project announcements, by sectoral share of exports to the United States, 2015–2024

(Percentages)

	Low	Moderate	High	Very high
Latin America and the Caribbean	0.0	61.6	1.9	36.4
Mexico	0.0	0.0	0.9	99.1
Brazil	70.3	23.2	5.6	0.9
South America (excluding Brazil)	47.6	51.3	0.6	0.5
Central America	24.0	21.4	29.0	25.6
The Caribbean	1.1	2.1	89.8	7.0

Source: Economic Commission for Latin America and the Caribbean, on the basis of Centre d'études prospectives et d'informations internationales. (2026). *The CEPII-BACI dataset*. www.cepii.fr/DATA_DOWNLOAD/baci/doc/baci_webpage.html; and *Financial Times*. fDi Markets. <https://www.fdimarkets.com>.

Note: Sectors are classified by the share of total exports going to the United States: low (less than 15% of exports), moderate (15% to 30%), high (30% to 45%) and very high (more than 45%).

Data on investment project announcements for Latin America and the Caribbean in 2025 provide preliminary indications of the effects of the instability caused by developments in United States trade policy on companies investing in the region. The value of announcements in goods-producing sectors fell particularly sharply (-66%). This decline was partly explained by a steep drop in announcements in the hydrocarbons sector following an exceptional year in 2024 (-93%), but also by a decrease in announcements in sectors that are geared towards the United States market and have a potentially high exposure to tariff measures, such as the automotive industry (-61%). This does not imply that companies will not invest again in the near future, as investments that materialize are usually the result of earlier decisions with long-term horizons, but it can be interpreted as an early sign of investor caution.

It is still too early to predict the effects of the current tensions on actual cross-border capital flows in the coming years. However, the region has significant installed capacity, both in the countries and in those sectors that are particularly exposed, providing a substantial basis for inward investment. Furthermore, the determinants of FDI encompass a broad range of factors that go beyond tariff policy and continue to operate in an environment of high uncertainty (ECLAC, 2024). Countries of the region have room for manoeuvre on certain key variables and have begun to implement proactive responses to the new situation, giving public policies a leading role in shaping future investment trends.

Countries' ability to respond to these challenges depends not only on their particular production structure or position in the international economy, but also on the policies, institutional arrangements and capacities in place for coordinating trade, investment and productive development.

While trade and investment policies extend beyond the remit of investment promotion agencies, in practice much of their implementation is largely coordinated through these bodies. To examine how these dynamics play out in practice, an online survey was conducted between March and May 2026 among national investment promotion agencies in the region, with responses received from 15 countries. Although the scope of the study was exploratory and not exhaustive, the results

provide some important clues about how the agencies conceptualize the link between trade and FDI, the instruments they use to try to influence this link, the extent to which their work is aligned with productive development policies and the main institutional gaps that constrain their activities.

Recent changes in trade policies and global dynamics are beginning to influence the way agencies interpret this link between trade and FDI. Although its impact is perceived as moderate and incipient, more than half the agencies report having updated the messages and narratives they use in their international promotion activities, and some state that they have made changes in their choice of sectors to prioritize and markets to target.

The instruments used are heavily concentrated in the pre-investment phase. By contrast, instruments designed to capitalize on the potential benefits of FDI once it is established, such as local supplier development programmes and other aftercare activities, are used to a more limited extent (see table 2).

Table 2

Latin America and the Caribbean (15 countries):^a instruments used by national promotion agencies to coordinate trade and foreign direct investment (FDI)

Type of instrument	Main features	Observed frequency of use
External promotion and FDI prospecting through missions or joint international programmes with concurrent investment and export objectives	Organization of missions abroad or hosting of foreign delegations, with an agenda combining presentation of investment opportunities and the country's export portfolio. This optimizes resources and conveys a cohesive image of the country.	Very common
Systematic use of business intelligence to prospect for and attract FDI	Analysis of trade flows, importer profiles and the structure of global value chains to identify investors who may be interested in the country and to orient investment prospecting and attraction efforts.	Common
Export-oriented aftercare	Active monitoring of established foreign companies to identify opportunities and remove barriers to exporting. This includes linking them with trade promotion tools, facilitating contacts with buyers and providing support with foreign market access requirements.	Intermediate
Support for domestic exporters or potential exporters in attracting partners and capital	Assistance for local businesses in identifying and making contact with potential partners, investors or technology providers from abroad who can enhance their export capacity or participation in global value chains.	Intermediate
Combined sectoral programmes	Initiatives targeted at specific value chains or sectors that simultaneously combine export development and investment attraction. They usually involve inter-agency coordination and integrated service provision.	Intermediate
Development of local suppliers	Identification and strengthening of domestic companies with the potential to become suppliers to foreign subsidiaries. This may include technical assistance, quality certification and facilitation of links between local companies and companies with FDI.	Limited

Source: Economic Commission for Latin America and the Caribbean, on the basis of a survey conducted with national investment promotion agencies in Latin America and the Caribbean.

^a The agencies responding to the survey from which the data were taken were those of the following countries: Argentina, The Bahamas, Barbados, Brazil, Chile, Colombia, Costa Rica, Dominica, the Dominican Republic, Panama, Paraguay, Peru, Saint Kitts and Nevis, Suriname and Uruguay.

Overall, the survey results show that, while a substantial operational basis exists, there are still structural constraints in respect of forward planning, performance measurement and institutional coordination that limit the public sector's capacity to implement more integrated, consistent strategies geared towards long-term productive development. Rather than a lack of instruments, the main issue is the difficulty of consistently integrating trade, investment and productive development agendas within a shared strategic framework, which limits the transformative impact that FDI could have in the region.

Progress in this direction will largely depend on the quality of the countries' policies, the soundness and adaptability of their institutions and their ability to create regional coordination arrangements that expand opportunities beyond national borders.

Against this backdrop, the following policy recommendations are proposed:

- Diversify export markets and sources of FDI, particularly in economies in which a high share of total exports goes to the United States.
- Bring together trade, investment and productive development within a policy framework aimed at maximizing the impact of existing investment.
- Coordinate investment and trade promotion agencies with the bodies responsible for promoting other areas of productive development (human capital, technology transfer and innovation, among others).
- Strengthen the technical, operational, political and prospective capabilities of investment and trade promotion agencies, and incorporate mechanisms for monitoring and learning in response to changes in the environment.
- Create and strengthen regional coordination arrangements to expand opportunities for trade, investment and productive development among the countries of the region.

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Glyphs from the Mayan numbering system found in pre-Hispanic codices.

Bas-relief on the spiral tower of the ECLAC headquarters building in Santiago.

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The Economic Commission for Latin America and the Caribbean (ECLAC) presents the 2026 edition of *Foreign Direct Investment in Latin America and the Caribbean* against an international backdrop of rising uncertainty and geopolitical rivalry that is affecting trade and foreign direct investment (FDI). The scale and duration of these effects are yet unclear and add to existing structural challenges, increasing the need to align efforts to attract FDI with the region's productive development policies.

The first chapter presents an analysis of FDI patterns in 2025 in areas such as capital inflows and outflows, sectoral distribution, origin, mergers and acquisitions, and investment announcements. The second examines the links between trade and FDI, with a focus on the potential implications for the region in light of recent changes in United States tariff policy. The report sets out policy options to help the Latin America and the Caribbean adopt a strategic approach to FDI and productive development that will enable it to navigate the new global context.

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