
Foreign Investment in Brazil and LatAm Might Drop Almost by Half

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The Economic Commission for Latin America and the Caribbean (Eclac) has informed that the volume of foreign investment into the region may drop by 35% or 45% this year as a consequence of global recession. The warning is part of a report on the matter launched by Eclac last Wednesday, at the organization's head offices in Santiago, Chile.

Last year, according to Eclac, the volume of foreign direct investment into Latin America and the Caribbean was US\$ 128.3 billion, a record high figure.

Upon releasing the report, the executive secretary of Eclac, Alicia Bárcena, said that the flow of foreign direct investment into developing countries has increased.

South America recorded growth of 24% last year. In Mexico, however, due to the crisis in the neighboring United States, investment decreased by approximately 20%.

Despite the crisis, many companies on the American continent are expanding their trade by means of a process known as trans-Latin investment, as explained by the director of Eclac in Brazil, Renato Baumann, to the UN Radio, in Brazilian capital Brasília.

"It is about strong investment within the region, but also outside of it. Let us not forget that Vale purchased the Canadian mining industry. The Brazilian Gerdau bought steel mills in the United States. These are the trans-Latin companies. And this, in the specific case of the Brazilian economy, has led to a strengthening of domestic groups," he stated.

According to the Eclac, the United States and Spain remain the leading investors in Latin America. Last year, Canada and Japan increased their presence in the region, mainly with natural resource projects.