



ABA Section of
International Law

Your Gateway to International Practice

2017 MIAMI ABA SIL'S FALL MEETING
LATIN AMERICA – A NEW DAWN FOR INVESTORS?

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Currently, the only Latin American countries which are members of the OECD are Chile and Mexico, while accession of Colombia and Costa Rica is contemplated. This, however, does not mean that nothing is done in local regulatory frameworks towards structural reforms and to attract foreign investments.

What notable initiatives are taken in Latin America to improve the investment ecosystem? Are such initiatives efficient?

In this panel, lawyers from different Latin jurisdictions will discuss various aspects of local regulations and their impact on the market, including tax policies, labor environment, recognition and enforcement of arbitral awards resulting from arbitration clauses including in transactional documentation, protection of Intellectual Property, regulations to tackle tax evasion, financial fraud, and money laundering.

The local experts will also give their views regarding best practices to be considered in the contractual arrangements.



PANELISTS:

Vanesa Balda

Vitale, Manoff & Feilbogen, Buenos Aires, Argentina

Ronald Lachner

BLP, San José, Costa Rica

Marcos Ríos

Carey, Santiago, Chile

José V Zapata

Holland & Knight, Bogotá, Columbia

MODERATOR:

Raphaël Dalmas

Astura, Paris, France





OUTLINE

1. RECENT TRENDS OF FOREIGN DIRECT INVESTMENTS (FDI) IN LATIN AMERICA
2. EXAMPLES OF ATTRACTIVE FEATURES
3. EXAMPLES OF UNATTRACTIVE FEATURES
4. EFFECTIVENESS OF LOCAL LAW
5. IMPACT OF CORRUPTION ON FDI AND EFFECT OF ANTI-CORRUPTION LAWS
6. MEMBERSHIP TO THE OCDE: BENEFITS AND BURDENS

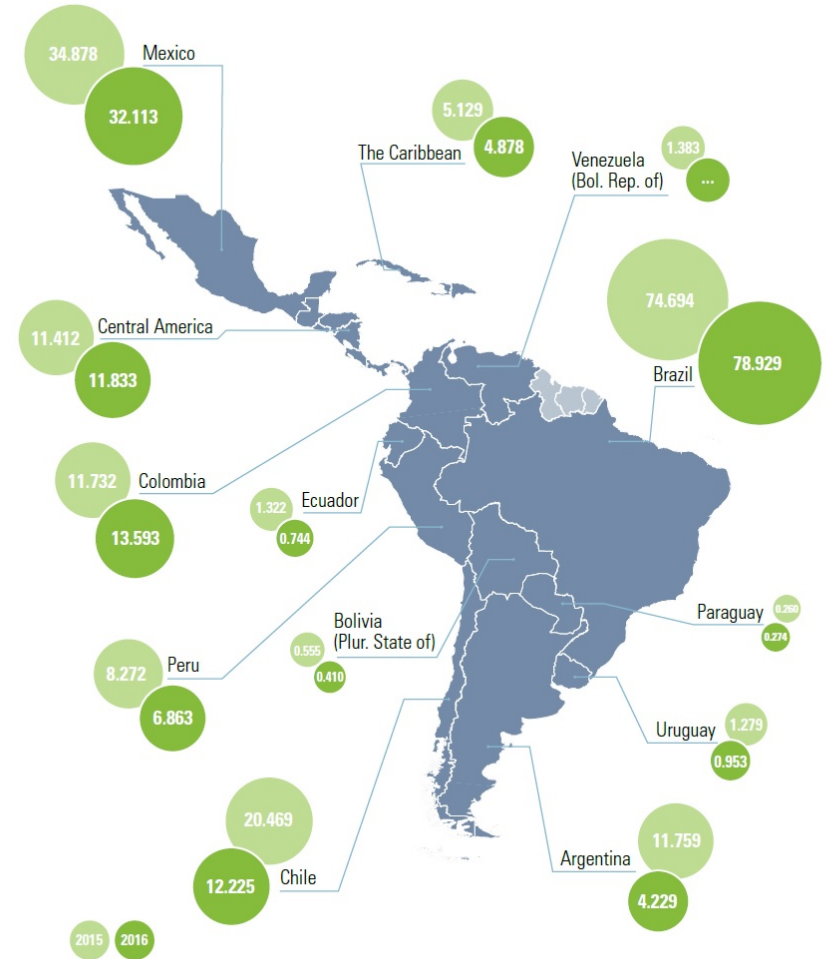


1. RECENT TRENDS OF FOREIGN DIRECT INVESTMENTS IN LATIN AMERICA

1. Recent trends of FDI in Latin America (2015/2016)

- In 2016, global FDI inflows amounted to USD 1.7 trillion, higher than any of the annual figures between 2008 and 2014, but 2% lower than in 2015.
- Except for Colombia, Brazil and Paraguay, FDI inflows in South America fell by 9.3% from 2015 to 2016
- Part of a global trend:
 - Asia and Africa's FDI decreasing respectively of 15% and 3%
 - Increasing pressure in developed countries to relocate production to developed countries
 - End of the price boom in natural resources
 - Rapid technological transition redirecting businesses towards more technology-intensive markets
- In this context, FDI flows in Latin America remains solid and, in 2016, stood at 3.6% of gross domestic product (GDP) versus 2.5% on a worldwide average

Latin America and the Caribbean (selected subregions and countries): foreign direct investment inflows, 2015 and 2016 (Billions of dollars)

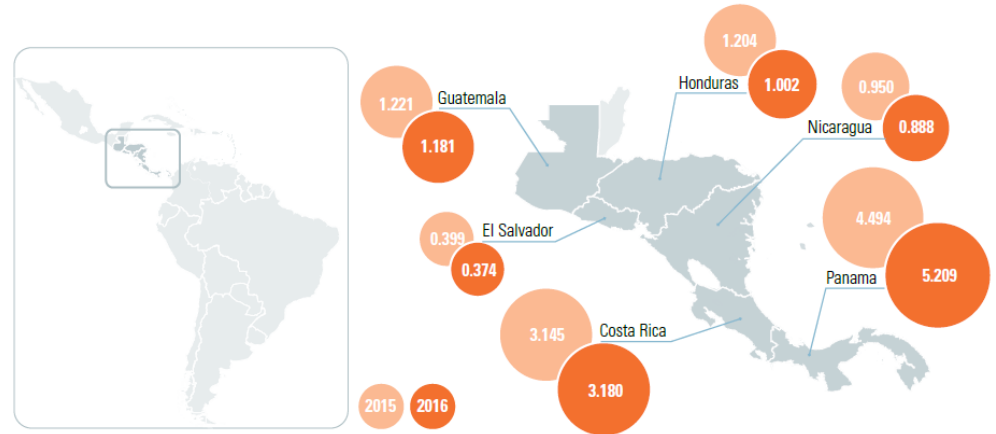


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of preliminary figures and official estimates at 15 June 2017.
 Note: The subregional total for the Caribbean excludes Trinidad and Tobago in 2016, since the respective information was not available. The data for Bolivarian Republic of Venezuela refer to the first three quarters of 2015.

1. Recent trends of FDI in Central America (2015/2015)

- FDI in Central America grew 3.7% with Panama and Costa Rica receiving respectively 44% and 27% of the Central American FDIs
- Main recipient sectors of these FDIs in Central America: services, manufactures and real estate
- The United States remain the largest investor of Central America

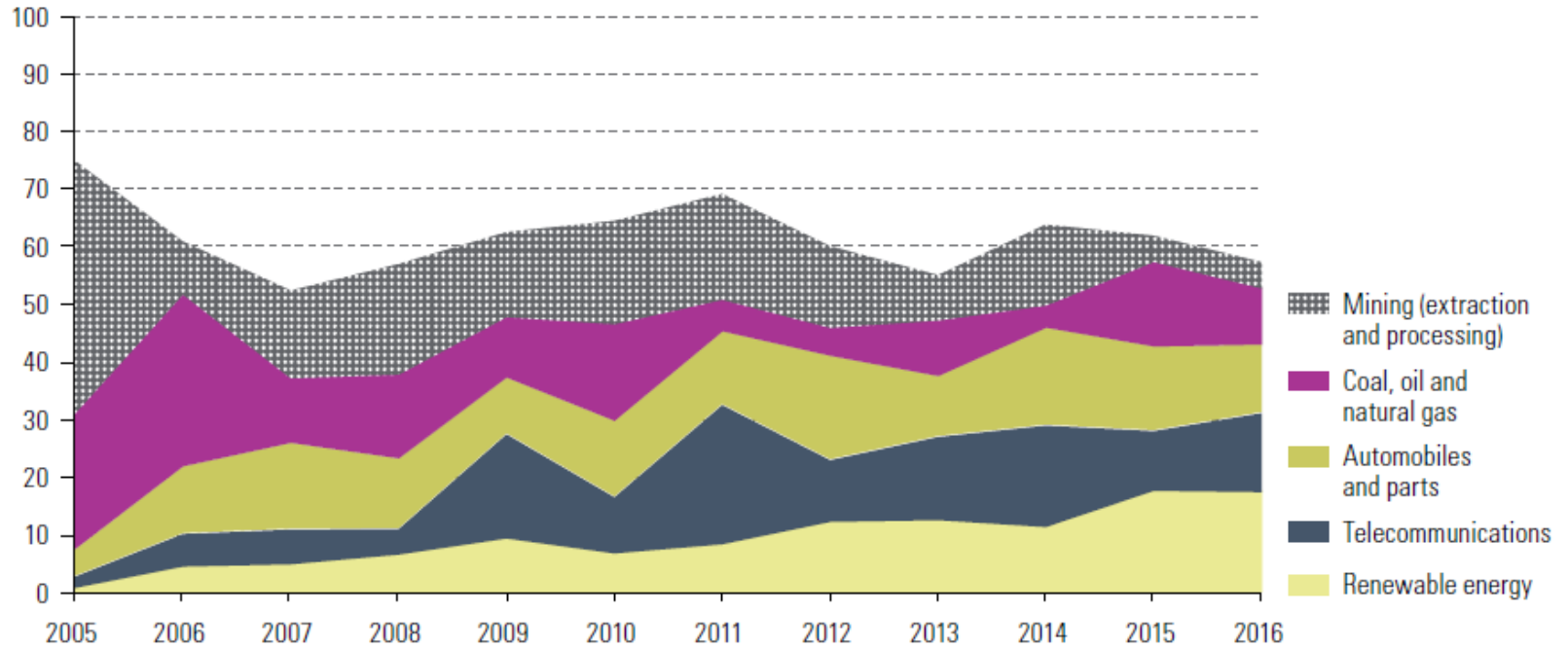
Central America (selected countries): foreign direct investment inflows, 2015 and 2016
(Billions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of preliminary figures and official estimates at 15 June 2017.

1. Recent trends of FDI in Latin America by sectors

Latin America and the Caribbean: distribution of announced FDI projects by sector, 2005-2016 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Financial Times, *fDi Markets*.

Note: This analysis excludes the 2013 announcement of the Nicaragua Canal, for a value of US\$ 40 billion.

1. Membership to the OCDE: a path towards FDI attractiveness ?

The OECD provides tools to increase attractiveness to FDI:

- OECD's membership boosts international confidence in the member's economic prospects and therefore increases attractiveness of FDI
- The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems
- The OECD works with governments to understand what drives economic, social and environmental change
- The OECD analyses and compares data to predict future trends measures productivity and global flows of trade and investment
- The OECD imposes liberal principles on cross border capital movements and foreign investments to its members

Only two countries of Latin America are members of the OECD:

- **Mexico** since 1994
- **Chile** since 2010

Accession discussions were opened for **Colombia** in 2013, **Costa Rica** in 2015, and **Argentina** in 2016.



**2. WHAT IS THE MOST ATTRACTIVE FEATURE FOR FDI IN
YOUR COUNTRY ?**

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3. WHAT IS THE LEAST ATTRACTIVE FEATURE FOR FDI IN YOUR COUNTRY ?



4. EFFECTIVENESS OF LOCAL LAW TO ATTRACT FDI



5. IMPACT OF CORRUPTION ON FDI AND EFFECT OF ANTI-CORRUPTION LAWS



6. MEMBERSHIP TO THE OCDE: BENEFITS AND BURDENS