



Monitor of Chinese OFDI in Latin America and the Caribbean 2023

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The year 2022 has been full of socio-economic uncertainties, not only because of the recovery process from the COVID-19 pandemic in 2021 and its much slower process in 2022, but also because of the Russian invasion of Ukraine in February 2022 and rapid swings in international trade transportation costs. However, the issue of greater relevance is the deep confrontation between the United States and China since 2017 under the slogan of “great power competition” (great power competition). Capital and foreign direct investment (FDI) flows have not been exempt from these global events.

The analysis focuses exclusively on outward FDI (or OFDI) flows from China to Latin America and the Caribbean (LAC) up to 2022.² To this end, the first section examines a number of methodological issues and, in particular, recent developments towards understanding Chinese OFDI flows up to 2022. The second chapter analyzes in detail the main trends of Chinese OFDI during 2000-2022 with the databank offered by the LAC-China Network. In order to allow a quick reading and to invite the use of the database at the transaction level, the *Monitor* only highlights main trends and aspects in the short, medium and long term.

All those interested in details on Chinese OFDI in LAC may download past issues from the *Monitor* since 2017, in which particular aspects of the methodological, conceptual, bibliographical and policy discussion that cannot be repeated in every annual issue are highlighted.

1. International context of Chinese OFDI in LAC up to 2022

At least four international aspects are significant for understanding OFDI flows from China to LAC.

On the one hand, the deepening of the generalized confrontation between the United States and China at least since 2017 under the slogan of “great power competition” originally

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² The document in Chinese, Spanish, and English, as well as the dataset can be downloaded, including the detailed information for each of the 600 Chinese transactions in LAC at: https://www.redalc-china.org/monitor/index.php?option=com_content&view=article&id=437.



announced by the Trump administration and deepened under Biden since 2021. The Biden administration has not cancelled major anti-China measures, on the contrary, it achieved significant progress in anti-China policies through three instruments and respective laws: 1. Infrastructure and Jobs (November 2021), 2. Inflation Reduction (August 2022) and, 3. Semiconductor and Science Act (August 2022); the respective budgets represent between 8.7% and 10.63% of US GDP.³ The substantial resources of these competitiveness, industrial, trade and infrastructure policies, in addition to the tariffs imposed during 2019-2020, deepen the conflict with China and reflect one of the few commonalities between the Democratic and Republican parties. Discussions around the “relocation” of trade and investment—near-shoring, friend-shoring, ally-shoring and other future strategies—reflect the new political priorities of the US establishment against China and in search of international allies⁴; further Chinese involvement with Russia in 2023 could even increase direct tensions between the world’s two largest economies.⁵

Second. After almost three years of strict measures against COVID-19 in China, since December 2022 the authorities decided to relax restrictions in view of expectations of lower mortality in its population and also considering the generalized uncertainty and specific problems, such as in real estate (Yao 2022).⁶ In view of the change of policies in the medium term and in the context of the 20th National Congress (Xi 2022) in 2023, GDP growth is estimated to exceed 5% (IMF 2023).⁷

Third. UNCTAD’s (2023) analysis of FDI up to 2021 is significant from several perspectives. On the one hand, since 2017 Asia became the first FDI receiving region, with 33.41% globally, mainly the East Asia region (with 17.19% globally); in 2017-2021 both regions received 40.68% and 20.93% of global FDI, as opposed to North America and the European Union, with 20.39% and 22.74%. By country, the FDI recipient performance is equally significant: China received 10.50% of global FDI during the last five-year period (2017-2021), while the share of the United States was 17.67% for the period and 23.22% in 2021. In other words, FDI to China has been on the rise over the last lustrum and has reached a double-digit share (of 15.51% of the total in 2020) for the first time during 2020 and 2021. LAC has seen a significant reduction in its share as a recipient of FDI, from levels above

³ The differences are mostly due to the fact that inflation-reducing measures, which include incentives for the environment and the consumption of U.S.-made electric cars, could be significantly higher than originally estimated (WSJ 2023).

⁴ 74% of U.S. companies in China (China Briefing 2023) indicated that they are not considering relocating their manufacturing activities outside of that country, although, from 2022 to 2023, 24% did plan to do so (10% more than in 2022).

⁵ For a discussion of current and possible future measures by the US, and particularly in cutting-edge technologies, see Wang (2023).

⁶ GDP growth in 2022 was 3%, the lowest in recent decades.

⁷ There are no detailed analyses of the profound effects of the measures taken to counter COVID-19 during 2000-2022; in the case of US companies in China, for example, tensions between the US and China and policies against COVID-19 were pointed out as the main ones: in 2022, 56% of their companies did not generate profits (China Briefing 2023).



13% in 1997 to 9.64% during 2017-2021: Brazil (with 3.18% of global FDI during 2017-2021) and Mexico (2.28%) are LAC's main recipients for the period.

Fourth. For the analysis of OFDI, the information provided by UNCTAD (2023) up to 2021 indicates that recently outward FDI (or OFDI) has registered significant differences. In the last five years, OFDI originating in Asia accounted for 46.98% of global OFDI, from levels below 20% before the first decade of the 21st century. Since 2006, Asia has become the main source of OFDI globally, ahead of North America (including the United States) and the European Union; in the last five years Asia has consolidated its relevance as a source of global OFDI. The East Asia region has been particularly significant as a source of global OFDI, from levels below 10% until 2007 to 26.47% in 2021 (Table 1). China has played a particularly significant role in this global OFDI process and its share increased from levels below 1% of global OFDI in 1991 to 19.69% in 2020; during 2017-2021 it was 11.96% and has consolidated its position among the top three sources of global OFDI, with the United States and Japan.

Table 1
International OFDI by Main Regions and Countries (1990-2021)
(percentage over total)

	1990	2000	2010	2021	2017-2021
Total	100.00	100.00	100.00	100.00	100.00
Latin America and Caribbean	0.56	0.71	3.94	2.45	2.06
Asia	25.47	9.80	26.16	35.81	46.98
Eastern Asia	24.78	8.44	18.01	26.47	35.75
China	0.34	0.08	4.94	8.50	11.96
China, Hong Kong and Macao	1.34	4.73	11.11	13.71	18.70
Japan	20.82	2.71	4.04	8.60	12.73
United States	12.70	12.27	19.95	23.61	13.58
Europe	57.80	72.95	45.23	32.30	26.22

Source: own elaboration based on (2023).

As a result of the above trends, UNCTAD (2022/a/b) estimates a global drop in FDI of around 7% in 2022, based on flows up to the first half of the year. The reduction in FDI flows would be particularly in developed countries (-23% in Europe and -22% in North America), while FDI in China and LAC would increase significantly, mostly in Brazil (UNCTAD 2022/a). Less developed countries would be more affected by global uncertainty and the decline in FDI flows (UNCTAD 2022/c).



2. Main trends of Chinese OFDI in LAC during 2000-2022

Previous annual issues of the *Monitor* have highlighted methodological issues between different sources—international and LAC—when recording OFDI, the differentiation between announced vs. completed transactions, as well as the distinction between OFDI transactions vs. infrastructure projects.⁸ The statistical differences are very significant and for some countries and years they may even be significant. The *Monitor* is based on Chinese OFDI transactions in LAC during 2000-2022 and a complex process of verification through multiple sources.⁹ The statistical differences are very significant and for some countries and years they may even be considerable. The *Monitor* starts from Chinese OFDI transactions made in LAC during 2000-2022 and a complex verification process through multiple sources that also involves the review of historical transactions and not only new transactions for 2022. Like no other OFDI databank—there are no similar efforts for total Chinese OFDI and/or for OFDI that LAC receives from other countries to allow for explicit comparison—the 2023 *Monitor* integrates a growing number of variables in order to expand and broaden the understanding of Chinese OFDI in LAC.

2.1. Chinese OFDI in LAC: General trends

China's total OFDI in 2022 was \$146.5 billion and increased by 0.9% compared to 2021; 55% was concentrated in technology, media and entertainment, as well as telecommunications; Chinese official statistics also reported that Chinese OFDI was particularly concentrated in Asia (Chow 2023). As a result, Chinese OFDI accounted for 77.46% of its FDI in 2022, resulting primarily from the high dynamism of FDI, notwithstanding the confrontation with the US since 2017 (see Chapter 1). Chinese OFDI, from this perspective, has maintained its ratio to FDI close to 80% during 2021-2022 and far from the 146.70% reached in 2016. The ratio is not expected to change significantly in the medium term.

The 37 Chinese OFDI transactions in 2022 in LAC reached \$12,024 million dollars and fell by -6.7% with respect to 2021. If in 2000-2004 it represented 1.44% of LAC FDI, it increased to 8.81% by 2020-2022; the *Monitor's* information reflects that Chinese OFDI peaked in 2010 (with 13.61% of regional FDI), ranked second in 2019 (with 11.70%) and fell when the pandemic hit only to recover with 7.63% of regional FDI in 2022 (Table 2).

At least three aspects are relevant. On the one hand, to recognize that although Chinese OFDI in LAC shows a clear upward trend in the 21st century, it is significant not to overestimate it: during 2000-2022 its share in total FDI was 6.05%, that is, 93.95% of FDI in LAC was

⁸ For a discussion on the relevance of the methodological approach on global value chains for the analysis of FDI and OFDI, see: Dussel Peters (2018) and Pietrobelli, Rabelloti and Van Assche (2022).

⁹ The verification process is based on the efforts of the members of the LAC-China Network who specialize in investment and technical sources such as Bloomberg, China Global Investment Tracker (CGIT), ECLAC, FDI Markets and UNCTAD, and the subsequent examination—transaction by transaction—in public media (respective embassies and specialized public institutions) and media to obtain the information by transaction.

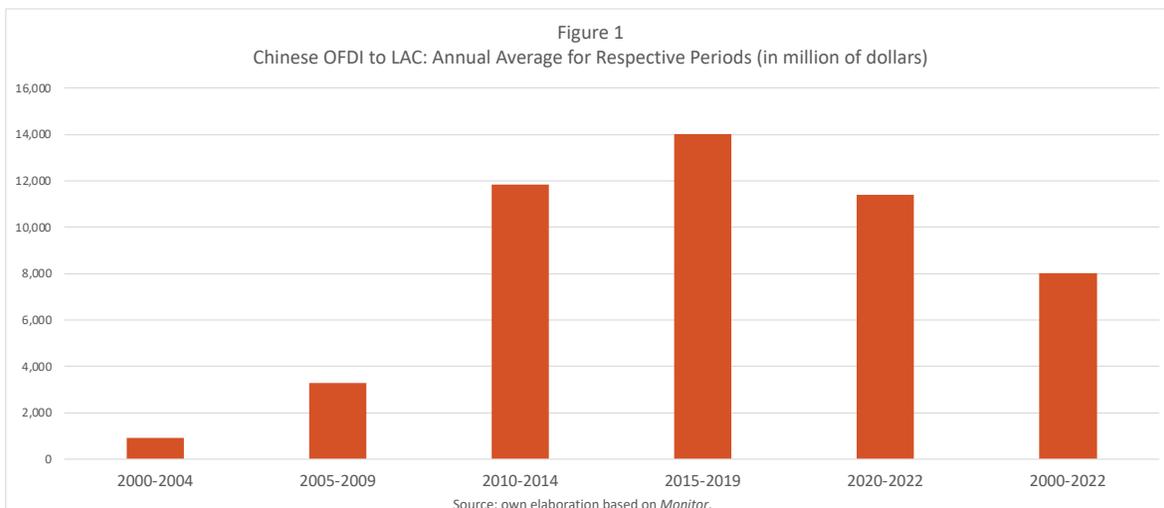


not sourced from China. Second, Chinese OFDI came to represent 0.96% of gross fixed capital formation and 0.22% of GDP during 2015-2019, although it fell for the most recent period 2020-2022. That is, the trends noted in Chapter 1 affected Chinese OFDI in LAC, although it recovered in 2021 and 2022 after the steep drop in 2020 (Table 2). Third, Figure 1 reflects the trend of increasing average annual Chinese OFDI to LAC from US\$928 million per year during 2000-2004 to US\$14,016 million during 2015-2019 and its fall in 2020-2022.

Table 2
LAC: Chinese OFDI Flows and Share Over Macroeconomic Indicators (2000-2022)

	Chinese OFDI	Regional FDI	FDI / Gross Formation of Fixed Capital (GFFC)	Regional GFFC (resulting of the percentage of UNCTAD)	Regional FDI / GDP (UNCTAD)	Regional GDP	Chinese OFDI (percentage, over respective total)		
							IED regional	Gross Formation of Fixed Capital	GDP
			(\$ millions of dollars)						
2000	260	79,788	19.27	414,054	3.64	2,191,981	0.33	0.06	0.01
2001	450	72,776	18.38	395,951	3.41	2,134,989	0.62	0.11	0.02
2002	0	56,345	16.10	349,968	2.98	1,893,340	0.00	0.00	0.00
2003	282	45,572	13.07	348,678	2.37	1,922,877	0.62	0.08	0.01
2004	3,646	67,972	16.29	417,261	3.07	2,214,068	5.36	0.87	0.16
2005	103	77,127	14.85	519,373	2.85	2,703,114	0.13	0.02	0.00
2006	5,090	73,868	11.83	624,409	2.33	3,170,281	6.89	0.82	0.16
2007	2,404	116,943	15.19	769,866	3.11	3,763,542	2.06	0.31	0.06
2008	4,204	138,829	14.84	935,504	3.16	4,396,298	3.03	0.45	0.10
2009	4,703	86,491	10.19	848,781	2.09	4,138,317	5.44	0.55	0.11
2010	23,345	171,527	15.14	1,132,939	3.12	5,497,660	13.61	2.06	0.42
2011	10,708	209,953	16.40	1,280,201	3.42	6,139,401	5.10	0.84	0.17
2012	1,747	214,290	15.97	1,341,828	3.38	6,339,941	0.82	0.13	0.03
2013	10,757	205,475	14.35	1,431,882	3.03	6,781,353	5.23	0.75	0.16
2014	12,653	192,015	12.89	1,489,643	2.66	7,218,609	6.59	0.85	0.18
2015	11,493	176,890	14.28	1,238,725	2.89	6,120,761	6.50	0.93	0.19
2016	12,949	168,346	14.54	1,157,813	2.70	6,235,037	7.69	1.12	0.21
2017	13,348	174,781	15.24	1,146,857	2.76	6,332,645	7.64	1.16	0.21
2018	13,507	174,781	15.39	1,135,679	2.82	6,197,908	7.73	1.19	0.22
2019	18,781	160,474	16.47	974,341	3.02	6,259,887	11.70	1.93	0.30
2020	9,277	87,574	11.03	793,962	1.98	5,777,876	10.59	1.17	0.16
2021	12,888	142,794	17.21	829,715	2.69	6,141,882	9.03	1.55	0.21
2022/p	12,024	157,583	--	--	2.51	6,270,861	7.63	--	0.19
2000-2004	4,639	322,453	16.74	1,925,912	3.11	10,357,256	1.44	0.24	0.04
2005-2009	16,504	493,257	13.34	3,697,934	2.71	18,171,553	3.35	0.45	0.09
2010-2014	59,209	993,260	14.88	6,676,494	3.11	31,976,964	5.96	0.89	0.19
2015-2019	70,078	1,085,640	14.92	7,277,093	3.49	31,146,238	6.46	0.96	0.22
2020-2022	34,189	387,951	--	--	2.13	18,190,619	8.81	--	0.19
2000-2022	184,619	3,052,193	14.79	19,577,432	3.13	97,429,886	6.05	0.94	0.19

Source: own elaboration based on *Monitor* and UNCTAD (2023).



Chinese OFDI in LAC accumulated 600 transactions until 2022 for \$184,619 million dollars and almost 630,000 jobs. Similarly to the OFDI amount, its generated employment has also



grown substantially: on average the years 2000-2004 generated 2,621 jobs per annum and continuously increased to 48,351 jobs (2015-2019) and 81,923 in 2020-2022 (Table 3). The trend of increasing employment is also verified in the employment generated per transaction during 2020-2022, with 2,255 jobs vs. 937 jobs during 2015-2019 and the drop in the OFDI amount/employment ratio. In Table 3 one can also see the significant presence of Chinese OFDI mergers and acquisitions (M&A) in LAC, which accounted for 69.39% of the total during 2000-2022, although it fell to 57.39% in the most recent period 2020-2022, during which the new investments (greenfield) stood out in terms of employment generation, with 3,294 jobs per transaction during 2020-2022 and only 720 jobs for M&A (Table 3).¹⁰ M&A, on the other hand, doubles the amount of OFDI per transaction (from \$446 million in 2020-2022) with respect to new OFDI (from \$224 million).

2.2. Chinese OFDI in LAC by country of destination

The growing diversification of Chinese OFDI in LAC by country examined in previous issues of the Monitor has increased through 2022. If during 2000-2004 Brazil participated with 76.86% of the amount of Chinese OFDI in LAC and 48.10% dropped to 40.93% and 8.41% of employment during 2020-2022, Argentina, Chile, Peru and particularly Mexico have significantly increased their share; in 2022, for example, the 16 Chinese OFDI transactions in Mexico accounted for \$2.52 billion and almost 20,000 jobs or 20.96% and 62.21% of the region (Table 4). Also noteworthy is the dynamism of Chinese OFDI in the Caribbean for 2020-2022, with seven transactions for \$3,221 million dollars and 4,594 jobs. In Cuba and Venezuela, Chinese OFDI only carried out one transaction during 2020-2022.

It is of great importance to understand that as part of the heterogeneity of Chinese OFDI in LAC, this is also reflected in its characteristics by country: while in Mexico employment per transaction during 2020-2022 was 2,507 jobs and up to 25,719 jobs in Colombia—in the face of a Didi transaction for more than 100,000 jobs in 2020—, the 21 transactions in Argentina generated only 410 jobs per transaction (Table 4). These results imply that Chinese OFDI is directed toward diverse sectors with a divergent capital intensity.

¹⁰ There is an important discussion around the “generation” of employment by OFDI in general and particularly from China in LAC; here it is assumed that, even under mergers and acquisitions (M&A) transactions, these represent and generate Chinese jobs in LAC (Dussel Peters and Pérez Santillán 2023). During 2000-2022 Chinese M&A jobs in LAC accounted for 285,543 jobs or 45.38% of Chinese OFDI in LAC.

Table 3
LAC: Chinese OFDI, Main Aggregated Characteristics (2000-2022)

	Transactions (number)	Amount of OFDI (million of dollars)	Employment (number of workers)	Amount of OFDI / transaction	Amount of OFDI / employment	Employment / transaction (number of workers)
2018	71	13,507	57,884	190	0.23	815
2019	44	18,781	68,925	427	0.27	1,566
2020	39	9,277	183,421	238	0.05	4,703
2021	33	12,888	30,992	391	0.42	939
2022	37	12,024	31,357	325	0.38	847
2000-2004	15	4,639	13,104	309	0.35	874
2005-2009	63	16,504	35,269	262	0.47	560
2010-2014	155	59,209	93,342	382	0.63	602
2015-2019	258	70,078	241,754	272	0.29	937
2020-2022	109	34,189	245,770	314	0.14	2,255
2000-2022	600	184,619	629,239	308	0.29	1,049
Mergers and Acquisitions (M&A)						
2018	36	11,377	33,856	316	0.34	940
2019	22	13,063	53,306	594	0.25	2,423
2020	20	7,133	15,811	357	0.45	791
2021	14	5,949	7,728	425	0.77	552
2022	10	6,539	8,150	654	0.80	815
2000-2004	2	550	5,950	275	0.09	2,975
2005-2009	29	9,456	22,322	326	0.42	770
2010-2014	55	44,603	57,798	811	0.77	1,051
2015-2019	117	53,882	167,784	461	0.32	1,434
2020-2022	44	19,622	31,689	446	0.62	720
2000-2022	247	128,113	285,543	519	0.45	1,156
New Acquisitions (<i>greenfield</i>)						
2018	35	2,130	24,028	61	0.09	687
2019	22	5,719	15,619	260	0.37	710
2020	19	2,144	167,610	113	0.01	8,822
2021	19	6,939	23,264	365	0.30	1,224
2022	27	5,485	23,207	203	0.24	860
2000-2004	13	4,089	7,154	315	0.57	550
2005-2009	34	7,048	12,947	207	0.54	381
2010-2014	100	14,606	35,544	146	0.41	355
2015-2019	141	16,196	73,970	115	0.22	525
2020-2022	65	14,567	214,081	224	0.07	3,294
2000-2022	353	56,506	343,696	160	0.16	974
M&A (percentage over total)						
2018	50.70	84.23	58.49	166.12	144.01	115.35
2019	50.00	69.55	77.34	139.10	89.93	154.68
2020	51.28	76.89	8.62	149.94	891.99	16.81
2021	42.42	46.16	24.94	108.81	185.12	58.78
2022	27.03	54.39	25.99	201.22	209.25	96.17
2000-2004	13.33	11.86	45.41	88.93	26.11	340.54
2005-2009	46.03	57.30	63.29	124.47	90.53	137.49
2010-2014	35.48	75.33	61.92	212.30	121.66	174.50
2015-2019	45.35	76.89	69.40	169.55	110.79	153.04
2020-2022	40.37	57.39	12.89	142.18	445.12	31.94
2000-2022	41.17	69.39	45.38	168.57	152.92	110.23

Source: own elaboration based on *Monitor*.

Table 4

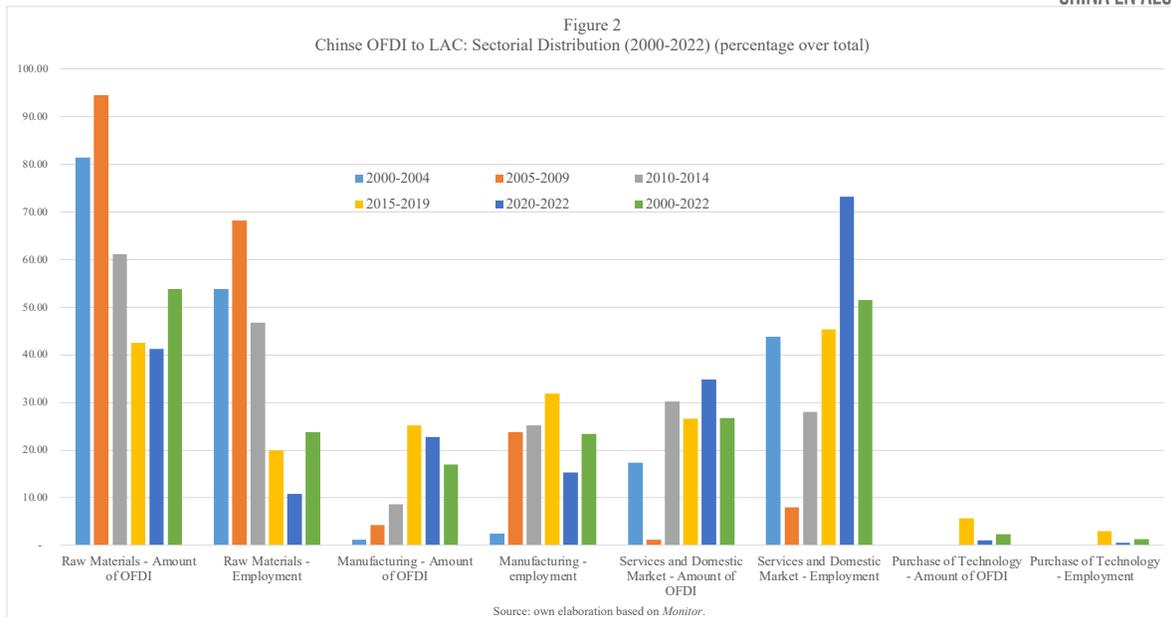
LAC: Chinese OFDI by Main Countries (2000-2022)

	2000-2004	2005-2009	2010-2014	2015-2019	2020-2022	2000-2022	2018	2019	2020	2021	2022
Argentina											
Number of Transactions	0	1	12	23	21	57	9	5	2	7	12
OFDI Amount (millions of dollars)	0	4	10,422	2,998	4,781	18,204	648	676	166	1,670	2,945
Employment (number of workers)	0	200	6,075	13,748	8,600	28,623	4,574	2,720	1,101	2,152	5,347
Brazil											
Number of Transactions	6	9	45	79	18	157	19	7	7	8	3
OFDI Amount (millions of dollars)	3,565	667	25,815	23,428	13,993	67,467	3,128	3,502	2,036	6,249	5,708
Employment (number of workers)	6,303	6,657	49,032	78,650	20,658	161,300	28,973	922	9,059	6,599	5,000
Chile											
Number of Transactions	0	5	11	23	15	54	8	4	11	2	2
OFDI Amount (millions of dollars)	0	2,789	637	13,175	3,744	20,345	6,413	3,314	3,040	600	104
Employment (number of workers)	0	628	1,171	18,449	4,726	24,974	7,651	1,344	3,976	650	100
Colombia											
Number of Transactions	2	4	9	8	4	27	4	1	3	0	1
OFDI Amount (millions of dollars)	298	2,316	1,446	1,567	732	6,359	531	1,000	652	0	80
Employment (number of workers)	32	899	2,214	2,028	102,875	108,048	1,333	350	102,821	0	54
Mexico											
Number of Transactions	3	12	24	72	41	152	16	14	12	13	16
OFDI Amount (millions of dollars)	500	658	1,550	12,404	5,727	20,839	970	1,591	1,508	1,700	2,520
Employment (number of workers)	5,721	7,635	9,685	87,032	102,767	212,840	6,534	50,090	63,490	19,771	19,506
Peru											
Number of Transactions	0	11	15	10	3	39	2	4	1	1	1
OFDI Amount (millions of dollars)	0	4,835	11,238	10,651	1,992	28,715	711	6,849	1,355	569	68
Employment (number of workers)	0	9,605	9,184	12,629	1,550	32,968	905	5,329	1,500	0	50
Venezuela											
Number of Transactions	1	4	9	2	0	16	0	0	0	0	0
OFDI Amount (millions of dollars)	13	382	1,998	827	0	3,219	0	0	0	0	0
Employment (number of workers)	350	1,251	3,858	6,214	0	11,673	0	0	0	0	0
Caribbean											
Number of Transactions	0	6	15	14	7	42	5	5	3	2	2
OFDI Amount (millions of dollars)	0	2,350	4,628	1,683	3,221	11,882	317	435	522	2,100	599
Employment (number of workers)	0	6,142	8,817	10,675	4,594	30,228	5,360	1,626	1,474	1,820	1,300
Central America											
Number of Transactions	0	3	4	10	0	17	4	2	0	0	0
OFDI Amount (millions of dollars)	0	38	272	1,195	0	1,505	414	4	0	0	0
Employment (number of workers)	0	275	778	6,895	0	7,948	950	5,050	0	0	0
TOTAL LAC											
Número de transacciones	15	63	155	258	109	600	71	44	39	33	37
Number of Transactions	4,639	16,504	59,209	70,078	34,189	184,619	13,507	18,781	9,277	12,888	12,024
OFDI Amount (millions of dollars)	13,104	35,269	93,342	241,754	245,770	629,239	57,884	68,925	183,421	30,992	31,357
Employment (number of workers)											

Source: own elaboration based on *Monitor*.

2.3. Chinese OFDI in LAC by activity

The *Monitor*'s databank reflects that China's OFDI has also deepened its diversification from a sectoral perspective. The share of raw materials in total Chinese OFDI has been steadily declining for the periods set during the 21st century: from 81.39% in 2000-2004 to 41.28% in 2020-2022; the drop has been even more drastic in its share of employment generated. Although raw materials continue to be the first item of Chinese OFDI in LAC at present, particularly services and activities oriented towards the respective domestic markets are emerging as the most dynamic sector that could very likely overtake raw materials in the medium term: its share in Chinese OFDI to LAC increased from 1.26% in 2005-2009 to 34.86% in 2020-2022; already from 2015-2019 this sector is the main generator of employment (Figure 2).



A sectoral approach to Chinese OFDI in LAC also yields relevant results. On the one hand, the aforementioned diversification is even more profound: the share of Metals, minerals and mining in regional Chinese OFDI decreases from 81.1% in 2005-2009 to 30.5% in 2020-2022, while Chinese OFDI is increasingly concentrated in Energy (whose share increases from 10.3% to 41.7% in both periods to become the main one at present) and in Automotive and auto parts (with 12.3% of OFDI in 2020-2022) (Table 5).

The information provided by the *Monitor* allows for a myriad of associations by country, sector, ownership type and geographic origin of Chinese business in China (as discussed below). Here are two preliminary results that will serve as examples. Regarding the “reprimarization” of LAC via Chinese OFDI, the information presented above updates this argument in the face of its increasing diversification into Services and respective domestic markets and sectors such as Energy and Automotive-Autoparts. Even in the energy sector, there is a growing specialization of Chinese OFDI towards non-fossil transactions. Additionally, a high sectoral association by country is striking: of the 83 transactions in auto parts-automotive, with a growing share of Chinese OFDI in LAC (Table 5), 45 were carried out in Mexico and represented 73.46% of OFDI during 2015-2019, although it fell to 38.92% during 2020-2022 in the face of two significant investments by Great Wall Motor Company in Brazil.

Table 5
LAC: Chinese OFDI by Sector (2000-2022) (share over total)

	2000-2004	2005-2009	2010-2014	2015-2019	2020-2022	2000-2022
Automotriz y autopartes						
Number of transactions	0.00	6.35	10.97	17.05	16.51	13.83
Amount of OFDI (million of dollars)	0.00	1.56	2.05	7.22	12.33	5.82
Employment (number of workers)	0.00	4.03	7.28	11.94	6.39	8.39
Electronics						
Number of transactions	0.00	7.94	8.39	12.79	4.59	9.33
Amount of OFDI (million of dollars)	0.00	1.17	3.92	10.09	0.77	5.34
Employment (number of workers)	0.00	14.26	4.05	10.75	1.08	5.95
Energy						
Number of transactions	0.00	3.17	10.32	13.57	28.44	14.00
Amount of OFDI (million of dollars)	0.00	10.30	32.57	40.17	41.70	34.34
Employment (number of workers)	0.00	1.61	19.52	7.45	5.22	7.89
Metals, minerals and mining						
Number of transactions	40.00	41.27	17.42	11.24	25.69	19.33
Amount of OFDI (million of dollars)	81.39	81.12	35.08	20.76	30.52	34.08
Employment (number of workers)	53.79	47.58	21.73	12.00	9.08	15.17
Telecommunications						
Number of transactions	33.33	4.76	14.19	7.36	4.59	9.00
Amount of OFDI (million of dollars)	7.55	0.30	2.91	3.43	1.47	2.72
Employment (number of workers)	2.31	0.92	9.52	5.54	3.85	5.14
Transportation						
Number of transactions	6.67	0.00	3.87	6.59	2.75	4.50
Amount of OFDI (million of dollars)	9.70	0.00	0.71	4.20	0.72	2.20
Employment (number of workers)	41.97	0.00	6.42	28.69	65.43	38.40
Rest						
Number of transactions	20.00	36.51	34.84	31.40	17.43	30.00
Amount of OFDI (million of dollars)	1.36	5.56	22.76	14.13	12.49	15.50
Employment (number of workers)	1.93	31.61	31.48	23.63	8.95	19.06
Total						
Number of transactions	100.00	100.00	100.00	100.00	100.00	100.00
Amount of OFDI (million of dollars)	100.00	100.00	100.00	100.00	100.00	100.00
Employment (number of workers)	100.00	100.00	100.00	100.00	100.00	100.00

Source: own elaboration based on *Monitor*.

2.4. Chinese OFDI in LAC by type of ownership

The meaningful presence of the public sector in general (Dussel Peters 2015) and its omnipresence in Chinese OFDI is also relevant for its understanding in LAC: during 2000-2022 the share of the public sector was 73.76%, albeit with a significant downward trend. If until 2014 it was above 83%, since then the privately owned Chinese OFDI was much more dynamic, resulting in a drop to 70.76% during 2020-2022 (Table 6); however, private OFDI was the main employment generator from 2015-2019 with 88.81% during 2020-2022. Thus, one of the main characteristics of private Chinese OFDI is its higher employment generation, both by transaction and calculated by the amount of OFDI/employment (Table 6).

While private Chinese OFDI seemed to achieve a higher share than public OFDI—based on trends during 2015-2019—, by 2020-2022 public Chinese OFDI regained its presence in LAC.

Table 6

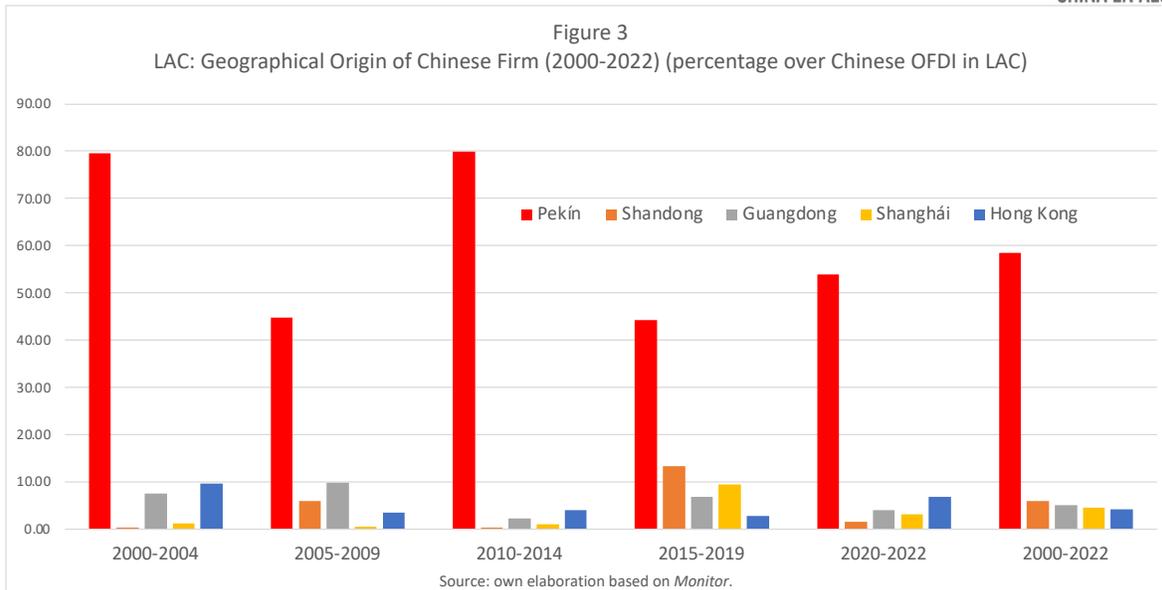
LAC: Chinese OFDI by Public Property (2000-2022) (percentage over respective total)

	Number of Transactions (1)	Amount of OFDI (millions of dollars) (2)	Number of Workers (3)	Amount of OFDI / Transaction (2) / (1)	Amount of OFDI / Employment(2) / (3)	Employment / Transaction (number of workers) (3) / (1)
2018	33.80	42.01	53.18	124.28	78.99	157.34
2019	40.91	83.16	17.36	203.28	478.93	42.44
2020	25.64	88.41	6.84	344.79	1291.57	26.70
2021	39.39	66.20	23.11	168.05	286.52	58.65
2022	35.14	62.08	24.82	176.70	250.13	70.64
2000-2004	60.00	83.34	55.61	138.89	149.86	92.68
2005-2009	60.32	89.03	59.82	147.60	148.82	99.18
2010-2014	48.39	85.94	57.02	177.62	150.72	117.85
2015-2019	34.11	60.70	39.34	177.96	154.30	115.34
2020-2022	33.03	70.78	11.19	214.30	632.58	33.88
2000-2022	41.00	73.76	32.45	179.91	227.28	79.16

Source: own elaboration based on *Monitor*.

2.5. Chinese OFDI in LAC by the company's location in China

Chinese OFDI in LAC has been highly concentrated according to the geographic origin of the company in China: Beijing accounted for 79.60% of OFDI and 50.91% of employment generated since 2000-2004 but it has since declined steadily, albeit with counter-trends (in 2020-2022 the shares increased to 53.99% and 69.96%, respectively). For the most recent period, 2020-2022, the shares of Hong Kong (with 6.81%), Guangdong (3.97%), Shanghai (3.10%) and Shandong (1.57%) were relevant (figure 3). Nevertheless, Beijing continues to be by far the geographic center of Chinese companies that carry out OFDI in LAC, especially public ones.



2.6. Main Chinese companies with OFDI in LAC

According to two criteria—OFDI and employment generated—, during 2020-2022 Table 7 presents the top 5 Chinese companies.

According to the criterion of largest OFDI during 2020-2022, State Power Investment Corporation Limited (SPIC), State Grid Corporation of China (SGCC), Great Wall Montor Company (GWM), China National Offshore Oil Corporation (CNOOC) and Honbridge Holdings accounted for 49.09% of the OFDI generated during 2020-2022 and only the first two with their six transactions accounted for more than 29% of Chinese OFDI to LAC. All the companies under this criterion are public. It is relevant that for these five companies their share in employment is lower (4.40%), but with amounts of OFDI per transaction well above the total Chinese OFDI in LAC; CNOOC for example is characterized by \$2.1 billion dollars per transaction, while the average Chinese OFDI was \$314 million dollars during 2020-2022. Under the criterion of employment generation during 2020-2022, Didi Chuxing (Didi) stands out in particular with 63.96% of the employment generated during the period: through two transactions in Colombia and Mexico it generated almost 160,000 jobs in 2020 for only \$39.5 million dollars (or 0.12% of the total OFDI). With the other top four companies (Huawei, Man Wah Holdings, Gezhouba Group and Trina Solar Energy) accounted for more than three-quarters of the employment generated (75.60%). Unlike the top companies according to their OFDI during 2020-2022, based on the employment generation criterion, all of them are private companies, with the exception of Gezhouba Group.

Table 7
Chinese OFDI in LAC: Main Five Firms by OFDI and Employment During 2020-2022

	Number of Transactions (1)	Amount of OFDI (millions of dollars) (2)	Number of Workers (3)	Amount of OFDI / Transaction (2) / (1)	Amount of OFDI / Employment (2) / (3)	Employment / Transaction (number of workers) (3) / (1)
by OFDI during 2020-2022						
State Power Investment Corporation Limited (SPIC)	4	6,483	1,520	1,620.63	4.26	380.00
State Grid Corporation of China (SGCC)	2	3,525	1,606	1,762.50	2.19	803.00
Great Wall Motor Company Limited (GWM)	2	2,575	4,000	1,287.50	0.64	2,000.00
China National Offshore Oil Corporation (CNOOC)	1	2,100	2,500	2,100.00	0.84	2,500.00
Honbridge Holdings Ltd	1	2,100	1,200	2,100.00	1.75	1,200.00
Subtotal	10	16,783	10,826	1,678.25	1.55	1,082.60
Total	109	34,189	245,770	313.66	0.14	2,254.77
(percentage over total)						
State Power Investment Corporation Limited (SPIC)	3.67	18.96	0.62	516.68	3,065.77	16.85
State Grid Corporation of China (SGCC)	1.83	10.31	0.65	561.91	1,577.81	35.61
Great Wall Motor Company Limited (GWM)	1.83	7.53	1.63	410.47	462.76	88.70
China National Offshore Oil Corporation (CNOOC)	0.92	6.14	1.02	669.51	603.84	110.88
Honbridge Holdings Ltd	0.92	6.14	0.49	669.51	1,257.99	53.22
Subtotal	9.17	49.09	4.40	535.05	1,114.37	48.01
Total	100.00	100.00	100.00	100.00	100.00	100.00
by employment during 2020-2022						
Didi Chuxing Technology (Didi)	2.00	40	157,200	19.75	0.00	78,600.00
Huawei Technologies	4.00	408	8,350	101.95	0.05	2,087.50
Man Wah Holdings Ltd.	1.00	200	8,000	200.00	0.03	8,000.00
Gezhouba Group Corporation (CGGC)	1.00	104	6,500	104.00	0.02	6,500.00
Trina Solar Energy	14.00	294	5,748	20.96	0.05	410.57
Subtotal	22.00	1,045	185,798	47.49	0.01	8,445.36
Total	109.00	34,189	245,770	313.66	0.14	2,254.77
(percentage over total)						
Didi Chuxing Technology (Didi)	1.83	0.12	63.96	6.30	0.18	3,485.94
Huawei Technologies	3.67	1.19	3.40	32.50	35.11	92.58
Man Wah Holdings Ltd.	0.92	0.58	3.26	63.76	17.97	354.80
Gezhouba Group Corporation (CGGC)	0.92	0.30	2.64	33.16	11.50	288.28
Trina Solar Energy	12.84	0.86	2.34	6.68	36.71	18.21
Subtotal	20.18	3.06	75.60	15.14	4.04	374.56
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: own elaboration based on *Monitor*.

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