A BDO Legal Guide to

Foreign Investment in Latin America

Introduction

Foreign investment plays a fundamental role in the economic development of Latin America, driving job creation, technology transfer and the integration of countries into global value chains. However, unlike the European Union, where there is a common regulatory framework for the control of foreign investment, in Latin America each country defines its own rules and supervisory mechanisms, resulting in a fragmented and diverse regulatory landscape.

The region is characterized by the coexistence of heterogeneous regulatory approaches. Some countries have established formal mechanisms for the control and supervision of foreign investment to protect strategic sectors and national security, while others have opted for a more liberal approach, seeking to attract investment through tax incentives and fewer restrictions. **This regulatory mosaic means that foreign investors must navigate multiple regulatory frameworks, each with its own specific requirements and evaluation criteria.**

The region is characterized by the coexistence of heterogeneous regulatory approaches.

Regulations

In general terms, foreign investment regulations in Latin America may address aspects such as:

- **Mandatory registration** of foreign investors before supervisory authorities.
- **Controls on the acquisition of national companies** by foreign investors.
- **Controls on the flow of foreign currency** to and from the country.
- **Local-content requirements** for investing in strategic sectors subject to regulatory restrictions.

Countries such as Colombia, Mexico, Argentina and Chile have developed more structured regulatory frameworks, in some cases with specialized bodies responsible for supervising foreign investment and ensuring its alignment with national interests. In contrast, other economies in the region have more flexible regulations that do not impose significant restrictions or controls on foreign investment.

In recent years, the landscape of foreign investment in Latin America has been influenced by several factors, including evolving government policies in strategic partner countries such as the United States and Europe, regional macroeconomic stability, and the growing importance of environmental, social and governance (ESG) criteria in investment decision-making. Digitalization and the energy transition have also created new opportunities and challenges for investors, who must consider these elements when evaluating their expansion strategies in the region.

Given this context, understanding the specific regulations of each country is essential for any investor seeking to operate in Latin America. At BDO Legal, thanks to our regional presence, we have the experience and knowledge necessary to analyze the foreign investment regulatory frameworks of each country, providing strategic advice to investors seeking opportunities in the region. Our legal team assists clients in identifying risks, ensuring regulatory compliance and optimizing investment structures, guaranteeing an effective and sustainable entry into Latin American markets.

This foreign investment guide aims to **provide our clients with an overview of the main regulatory frameworks governing foreign investment in Latin America**, highlighting the key differences and challenges faced by foreign investors when assessing investment opportunities in Latin American markets.

Digitalization and the energy transition have also created new opportunities and challenges for investors.

Argentina

1 What is the current situation of foreign investment in Argentina?

After years of Argentina being considered one of the riskiest destinations for investment, with the arrival of the new government and its openness policies, the country is **slowly beginning to position itself once again as an attractive destination for investors.**

Over the past 25 years, Argentina has shifted from being a country with a stable economy and a high degree of openness to one marked by political and economic instability and a protectionist model for national industry. Previous governments, through sudden and unpredictable measures, created a climate of uncertainty that led many multinational companies to move their production to more stable countries such as Brazil.

Following the political shift in 2023, the government of Javier Milei set out to encourage the return of foreign investment through various initiatives such as the Regime of Incentives for Large Investments (RIGI). Additional incentive programmes still remain to be debated, **which would further position Argentina as fertile ground for investment.**

In addition, in 2025 a programme called "Citizenship by Investment" was launched, similar to the one in place in the United States, which shortens the timeframe for obtaining Argentine citizenship from two years to thirty days, provided that a viable investment plan is submitted in the country.

Lastly, on 5 February 2026, Argentina signed a Bilateral Free Trade and Investment Agreement with the United States. Although some of its main guidelines are known, the finer details remain undisclosed.

2 What is the definition of foreign investment in Argentina?

In Argentina, Law No. 21.382, the "Foreign Investment Act" of 1978, **establishes that foreign capital investment includes any contribution of capital belonging to foreign investors applied to economic activities carried out in the country**, as well as the acquisition of equity interests in an existing local company by foreign investors.

These investors are defined as any natural or legal person domiciled outside the national territory who holds a foreign capital investment, as well as local companies with foreign capital defined in the following subsection of this article when they invest in other local companies (Art. 2).

This means that the scope of the law covers not only companies incorporated in the country whose capital is wholly or partially owned by natural or legal persons residing outside Argentina.

Additional incentive programmes still remain to be debated, which would further position Argentina as fertile ground for investment.

3 Is authorisation required to make a foreign investment in Argentina?

As a general principle, foreign investment is permitted and does not require prior general authorisation in Argentina.

However, there are exceptions in certain strategic sectors, such as activities related to:

- **National defence.**
- **Public security.**
- **Energy.**
- **Public services.**
- **Telecommunications.**

In these cases, investment requires authorisation from the authorities regulating each of these activities.

Furthermore, the provinces have jurisdiction over natural resources within their territory, such as mining, meaning they have the authority to grant investment approvals.

4 What obligations must foreign investors comply with once the direct investment has been made in Argentina?

Investors must:

1. Register the investment with the Argentine Investment Agency (AAI).
2. Comply with local regulations, including civil, commercial, labour and tax laws.
3. Comply with regulatory standards within the specific sector.
4. Comply with environmental regulations.
5. Comply with regulations aimed at preventing money laundering.
6. Submit annual reports (not in all cases).

The provinces have jurisdiction over natural resources within their territory, such as mining, meaning they have the authority to grant investment approvals.

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1 What is the current situation of foreign investment in Chile?

Chile has consistently been an important recipient of foreign direct investment (FDI) in Latin America, with flows that, in general, align with long-term historical patterns. The country's **institutional framework and its generally open approach to foreign capital have supported a sustained presence of international investors across multiple areas of the economy**.

Mining continues to be a central destination for FDI, reflecting Chile's resource base and the scale of long-term projects developed with foreign participation. At the same time, other sectors have also attracted investment as part of a gradual diversification of flows. **The pipeline of projects with foreign backing remains significant, consisting of a large number of private initiatives with medium- and long-term investment horizons**, indicating sustained commitment from international investors beyond short-term fluctuations.

Taken together, these elements reflect an investment environment characterised more by continuity than volatility, where foreign investment plays an established role in productive activity within a legal and regulatory framework that has remained generally stable over time.

2 What is the definition of foreign investment in Chile?

In Chile, foreign direct investment refers to the transfer into the country of capital or assets owned or controlled by a foreign investor, for the purpose of participating in an economic activity within the country.

According to Law No. 20.848, foreign direct investment is defined as any transfer of foreign capital or assets in an amount of at least USD 5 million (or its equivalent), and, in particular, where such investment is carried out through the acquisition of an interest in a company incorporated in Chile which grants the investor, directly or indirectly, at least 10% of the voting rights or an equivalent participation in its capital or equity.

3 Is authorisation required to make a foreign investment in Chile?

No. **In Chile, no general prior authorisation is required to carry out foreign investments, as an open access system applies**. Notwithstanding the above, the investor must comply with the applicable exchange control, tax and sector-specific regulations depending on the type of investment.

Additionally, the foreign investor may request a certificate pursuant to Law No. 20.848, which certifies its status as such and allows access to the formal foreign exchange market, providing institutional backing without constituting an authorisation to invest.

4 What obligations must foreign investors comply with once the direct investment has been made in Chile?

Once the investment has been made, investors must ensure proper tax compliance by filing their tax returns with the Internal Revenue Service (Servicio de Impuestos Internos, SII) and, where applicable, applying for VAT exemptions for imported capital goods.

Likewise, the investor must maintain proper corporate standing if operating through a company and may obtain certificates such as the Foreign Investor Certificate issued by InvestChile, where the investment has been registered in accordance with Law No. 20.848.

In addition, investors must comply with specific sectoral regulations, including environmental permits, labour legislation and social security contributions, as well as regulations applicable to restricted sectors such as mining or telecommunications. Where operating in financial markets, they must comply with the reporting requirements established by the Financial Market Commission (CMF).

Other obligations include compliance with anti-money laundering regulations, competition law, consumer protection, data protection, respect for intellectual property and immigration regulations. Taken together, these requirements ensure legal certainty and alignment with the applicable investment framework in Chile.

Colombia

1 What is the current situation of foreign investment in Colombia?

Foreign investment in Colombia has shown variations in recent years due to political and economic factors, both domestic and external. Nevertheless, **the country continues to consolidate itself as a strategic destination for investment, both into its own market and towards other countries in the region.**

From a regulatory perspective, the foreign investment regime in Colombia has evolved significantly since the enactment of the 1991 Constitution, with the Colombian Central Bank (Banco de la República) acting as the highest authority in this area. Currently, External Resolution 1 of 2018 of the Central Bank, External Regulatory Circular DCIP-83 and Decree 1068 of 2015 regulate the treatment of foreign investment and the procedures associated with its registration, substitution and cancellation.

A key aspect that has strengthened Colombia's appeal for foreign investment is the elimination of prior authorization requirements which, together with a flexible corporate regime for all types of investment, has boosted the country's growth and strengthened the confidence of global investors. Likewise, under the foreign exchange and international investment regime, **foreign investors benefit from a series of protections or foreign-exchange rights derived from the proper registration of the investment before the Central Bank**, which supports and incentivises these operations in the country.

A key aspect that has strengthened Colombia's appeal for foreign investment is the elimination of prior authorization requirements.

2 What is the definition of foreign investment in Colombia?

According to the applicable regulations, direct foreign investment in Colombia includes investments made by non-residents in the following assets in the country, either through the channeling of foreign currency through the foreign exchange market, or those that are made by virtue of a lawful act, contract or operation:

- **Holdings of any proportion in the capital of companies resident in Colombia,** including shares, quotas, contributions or other securities not listed in the National Register of Securities and Issuers.
- **Portfolio investments,** provided the investor declares an intention to maintain the investment.
- **Interests or rights in trust arrangements.**
- **Acquisition of real estate in Colombia.**
- **Economic rights arising from acts or contracts.**
- **Interests in private equity funds.**
- **Acquisition of intangible assets** for the purpose of generating economic benefit in the country.

This regulatory framework allows for a wide range of investment structures, offering flexibility and opportunities for foreign investors looking to position themselves in the Colombian or Latin American markets.

3 Is authorisation required to make a foreign investment in Colombia?

No. In Colombia, as a general rule, foreign investment does not require prior authorization from the Colombian Central Bank or any other authority. Thus, with some exceptions, such as the defense and national security sector, foreign investors can participate in any sector of the economy, provided that they make lawful investments and comply with the specific regulations applicable to each industry for the purposes of carrying out the corresponding commercial activity.

4 What obligations must foreign investors comply with once the direct investment has been made in Colombia?

Foreign investors must comply with a series of obligations to ensure the validity and operability of their investment in Colombia.

It is essential to comply with the process of registering the investment before the Central Bank. Foreign direct investment made through the channelling of foreign currency via the foreign exchange market, including through Foreign Exchange Market Intermediaries such as commercial banks or through compensation accounts, is considered automatically registered upon submission of the foreign exchange declaration for international investments (a document required to channel foreign currency). Alternatively, international investments made through a lawful act, contract or legal transaction without channelling foreign currency may be registered at any time through the submission of the Declaration of Registration for International Investments, which is transmitted via the Central Bank's Foreign Exchange Information System.

This registration not only ensures regulatory compliance but also **allows investors to access the rights and guarantees associated with their investment in Colombia, such as the right to repatriate profits.**

The investor must keep information about their investment up to date with the Central Bank, reflecting any modifications in, for example, ownership or the purpose of the investment, and must carry out substitution and/or cancellation procedures for international investments within the required timeframes.

Finally, if the investor decides to terminate their investment, they must complete a process to cancel the registration of their investment in Colombia. This may occur in situations such as the liquidation of the investee company or the sale of the investor's interests to another party.

All processes related to foreign investment in Colombia are carried out virtually through the Central Bank's Foreign Exchange Information System.

The investor must keep information about their investment up to date with the Central Bank.

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1 What is the current situation of foreign investment in Costa Rica?

Foreign investment in Costa Rica has maintained sustained growth for many years, positioning the country as an attractive destination for foreign direct investment (FDI).

The main pillar for attracting foreign investment has been the Free Trade Zone Regime, which by law grants significant incentives to companies that invest in the country. Foreign investors also gain preferential access to regional and global markets thanks to Costa Rica's network of 19 free trade agreements. According to the Greenfield FDI Performance Index 2025, the country ranks third worldwide, with a score of 6.2, indicating that it has attracted more than six times the number of investment projects that its Gross Domestic Product (GDP) would suggest.

This performance has been driven by a combination of factors, such as a qualified, young and bilingual workforce, a strategic location, solid telecommunications infrastructure, and the institutional support of entities such as the Foreign Trade Promotion Agency (PROCOMER). The country currently hosts more than 600 high-technology multinational companies, consolidating its position as a regional hub for innovation and services. Our office in Costa Rica is one of the companies that forms part of PROCOMER's network of strategic partners.

In recognition of its good practices, Costa Rica became the first country in Latin America to receive the Transparent and Secure Free Trade Zones Certification, granted by the OECD. This distinction reaffirms the credibility, transparency and strength of the Costa Rican regime and positions the country as a reliable environment aligned with the highest global standards in governance and foreign investment attraction.

2 What is the definition of foreign investment in Costa Rica?

Foreign direct investment (FDI) in Costa Rica may be carried out in any lawful activity and is supported by the principle of equality before the law, as the Political Constitution establishes that both nationals and foreigners have the same rights and duties, except for limited exceptions set out in legislation.

Foreign investors may establish themselves in Costa Rica through various legal structures, depending on their business model and strategic needs. The most common forms of investment in the country include:

- **Incorporation of subsidiaries or opening of branches.**
- **Permanent establishment.**
- **Acquisition of local companies.**
- **Investment in real estate.**
- **Participation in trusts and investment funds.**
- **Investment in the financial and securities sector.**

In recognition of its good practices, Costa Rica became the first country in Latin America to receive the Transparent and Secure Free Trade Zones Certification.

3 Is authorisation required to make a foreign investment in Costa Rica?

In general terms, foreign investment in Costa Rica does not require prior authorisation from the authorities to be established or operate in the different economic sectors.

However, there are specific exceptions, such as operations that could affect free competition, which must be evaluated by the Commission for the Promotion of Competition (COPROCOM).

In addition, investors who wish to apply for and benefit from the special Free Trade Zone Regime must submit their application to PROCOMER and the Ministry of Foreign Trade (COMEX). **This regime offers highly attractive incentives, such as tax exemptions on income, profits, imports and sales, customs facilitation, and simplified procedures that encourage productive investment.**

4 What obligations must foreign investors comply with once the direct investment has been made in Costa Rica?

In Costa Rica, there is no formal or centralised registry documenting the investment, as local legislation does not provide specific regulation in this regard. **Once the investment is executed, the recurring obligations will depend on the type of activity to be carried out in the country**; therefore, it is advisable to assess each case individually to ensure compliance from the outset.

In general terms, foreign investment in Costa Rica does not require prior authorisation from the authorities to be established or operate in the different economic sectors.

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1 What is the current situation of foreign investment in the Dominican Republic?

Multiple factors have increased the competitiveness of the Dominican Republic, making it a comprehensive destination for business, among them:

- **Located at the heart of the Caribbean**, the Dominican Republic is an important commercial hub linking North America, Latin America and Europe, offering access to trade with more than 1.2 billion consumers through free trade agreements with the United States and Central America, via DR-CAFTA, and with the European Union, via the Economic Partnership Agreement (EPA).
- **It has a government that favours foreign direct investment (FDI),** through a sound legal framework that offers legal certainty, incentives and tax exemptions which guarantee greater returns on investments, while generating jobs and promoting the country's development.
- **The country has extensive and well-developed physical infrastructure,** adapted to the requirements of a society focused on the production and marketing of goods and services. Its road network connects all destinations across the country. It also has a system of modern, extensive and efficient airports and seaports. In turn, its advanced and reliable telecommunications infrastructure is one of its main competitive advantages.
- **The Dominican Republic has attractive natural resources,** that make it an ideal place to explore and invest.
- **The Dominican Republic is committed to a future built on competitive human talent,** environmental sustainability and technological innovation as the pathway to development.

Foreign direct investment (FDI) is one of the main sources of foreign exchange earnings, job creation and revitalisation of the economy of the Dominican Republic.

2 What is the definition of foreign investment in the Dominican Republic?

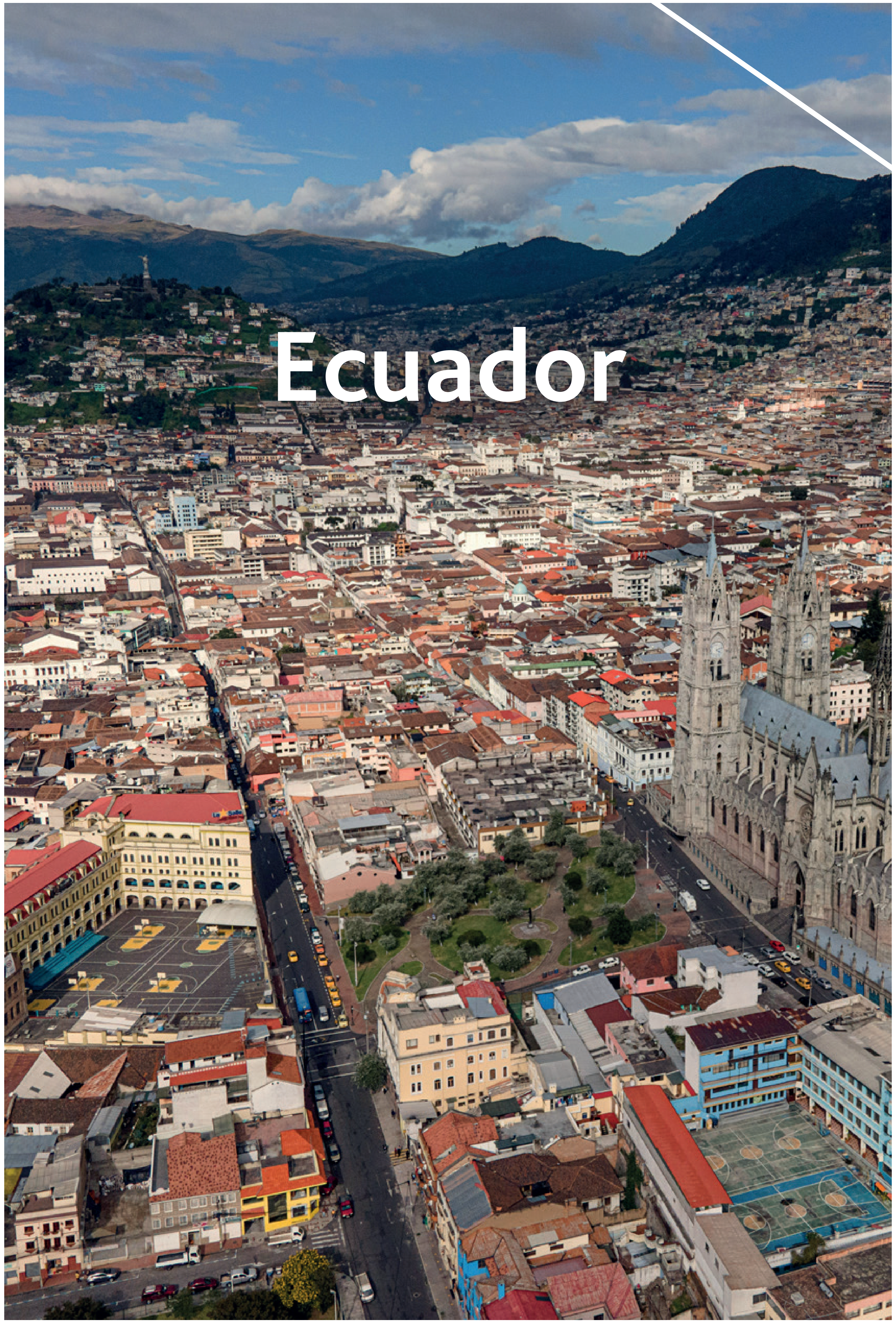
Foreign direct investment (FDI) is a long-term investment whereby a company or person from one country invests in a company or economic activity in the Dominican Republic with the aim of controlling or significantly influencing its management. This type of investment seeks a lasting relationship and the generation of long-term economic benefits.

3 Is authorisation required to make a foreign investment in the Dominican Republic?

There is no specific authorisation that must be requested in order to make a foreign investment, but certain requirements and procedures must be fulfilled, and the investment must be registered with the Dominican Republic Export and Investment Centre.

4 What obligations must foreign investors comply with once the direct investment has been made in the Dominican Republic?

- **Register their trade name and trademarks.**
- **Incorporate a commercial company or register as a foreign company** with the corresponding Chamber of Commerce and Production.
- **Register the entity** with the General Directorate of Internal Taxes (DGII).
- **Maintain organised accounting records.**
- **Comply with monthly and annual tax obligations.**



Ecuador

1 What is the current situation of foreign investment in Ecuador?

Foreign direct investment in Ecuador has shown dynamic behaviour, with **growing interest from international investors and an improved perception of the country's economic environment.**

In this context, the mining industry has established itself as one of the sectors attracting the most capital, followed by activities such as agriculture, trade, manufacturing, transport and communications. As for the origin of investment, China continues to play a central role, while Singapore, the United States and Spain have also stood out as important sources of funds.

In parallel, the Ecuadorian Government has promoted a range of initiatives aimed at strengthening the investment climate. Among them is the trade agreement signed with Canada in February 2025, intended to create new opportunities for investment and employment in sectors such as flowers, canned tuna, textiles, auto parts and chocolate. Another key development was the reopening of the Brazilian market for products such as bananas and shrimp, the strengthening of trade agreements with Uruguay and Argentina, the signing of new agreements with the United States and the United Arab Emirates, and the start of negotiations with Japan and South Korea.

2 What is the definition of foreign investment in Ecuador?

According to the Organic Code of Production, Trade and Investment, foreign investment is understood to be that which is owned or controlled by foreign natural or legal persons domiciled abroad, or which involves capital that was not generated in Ecuador.

For its part, the Central Bank of Ecuador defines foreign investment as capital invested by foreign companies in Ecuadorian entities, with the aim of establishing a lasting relationship and obtaining control or a significant participation in the management of the Ecuadorian company.

There are two types: direct investment (DI) and foreign direct investment (FDI). DI represents financial resources originating from foreign companies or entities with the intention of establishing a permanent presence in the country. **FDI is key to boosting the economy, generating employment and diversifying national production.**

The Ecuadorian Government has promoted a range of initiatives aimed at strengthening the investment climate.

3 Is authorisation required to make a foreign investment in Ecuador?

Investments in Ecuador may be direct, sub-regional or neutral, according to the terms used in Decision 291 of the Cartagena Agreement.

These investments may be made in all economic sectors without prior authorisation from the Ministry of Foreign Trade, Industrialisation and Fisheries or any other State agency, under the same conditions applicable to investments by Ecuadorian natural or legal persons.

However, there are exceptions for strategic sectors of the State, where specific permits may be required.

The strategic sectors include:

- **Telecommunications.**
- **Non-renewable natural resources.**
- **Transportation and refining of hydrocarbons.**
- **Biodiversity and genetic heritage.**
- **Radio spectrum and water.**
- **Those determined by law.**

4 What obligations must foreign investors comply with once the direct investment has been made in Ecuador?

According to the Investment Regulations of the Organic Code of Production, Trade and Investment, investments must comply with the requirements for establishment and operation in force, and in particular:

- **Comply with the relevant registrations and formalities** established in the applicable laws and regulations, according to the corresponding investment modality (this may include registering the investment with the Central Bank of Ecuador, establishing a company in the country, complying with exchange regulations, among others).
- **Provide information related to the investments,** whether for statistical or oversight purposes, under the terms provided by law.
- **Comply with corporate governance standards** that ensure transparency.
- **Comply with specific sectoral regulations.**
- **Comply with regulations for the prevention of money laundering.**
- **Be subject to due administrative or judicial process,** as well as civil and criminal liability, for conduct that breaches these obligations or results in damages and losses directly related to their activities.
- **Comply, in general, with labour, environmental, tax and social security obligations,** inherent to their operations.

When investment contracts are executed, contractual obligations include:

- **Complying with the commitments set out in the investment contract.**
- **Obtaining and maintaining valid titles, permits and authorisations** necessary for the development of their activities.
- **Submitting to the monitoring process for compliance with contractual obligations** and providing the information required by the investment authority, without prejudice to the powers of other competent authorities regarding compliance with legal or regulatory obligations.

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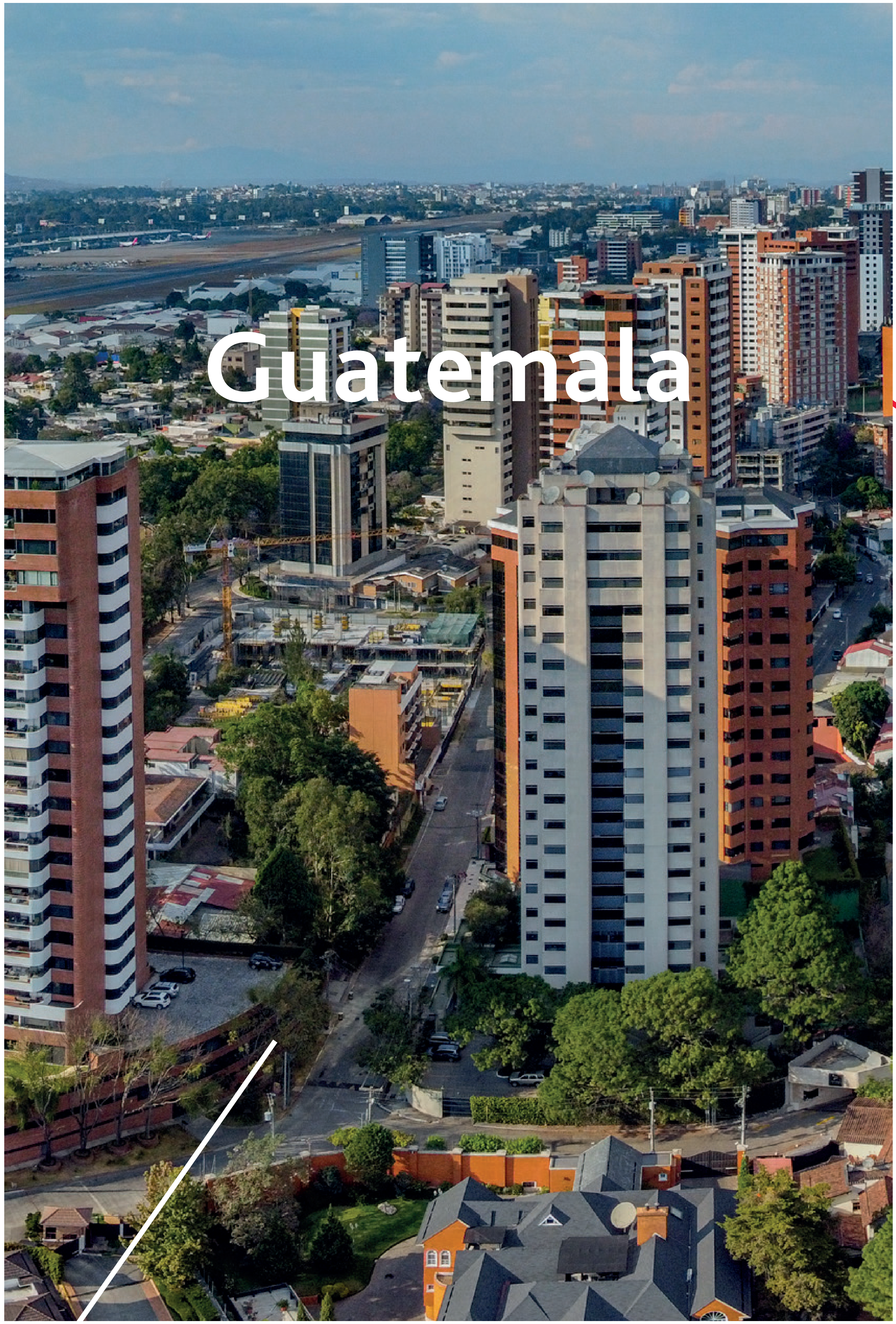


1 What is the current situation of foreign investment in Guatemala?

Guatemala offers an open environment for foreign investment, characterised by a de facto dollarised economy, a legal framework that favours free enterprise, and privileged access to international markets through trade agreements such as DR-CAFTA and the Association Agreement with the European Union. The country has maintained a steady flow of foreign direct investment (FDI), particularly in sectors such as manufacturing, agribusiness, energy (including renewables), infrastructure and financial services. Nevertheless, challenges remain in areas such as legal certainty, institutional efficiency and the need for structural reforms to enhance competitiveness and the attraction of international capital.

Guatemala provides a solid, transparent and relatively flexible legal framework for foreign investment, with significant opportunities for investors interested in key sectors of the real economy.

Macroeconomic stability, strategic location and access to global markets continue to position the country as an attractive destination for international capital.

2 What is the definition of foreign investment in Guatemala?

Foreign investment in Guatemala is regulated by the Foreign Investment Law, which defines it as any capital contribution made by foreign individuals or legal entities for the purpose of developing productive or commercial activities in the country.

This definition includes:

- **The incorporation or acquisition of companies.**
- **Participation in existing companies.**
- **The reinvestment of profits.**
- **The acquisition of movable or immovable property for productive purposes.**

The legal framework guarantees foreign investors the principles of free currency convertibility, free transfer of capital and national treatment, without discrimination in comparison to local investors.

Guatemala provides a solid, transparent and relatively flexible legal framework for foreign investment.

3 Is authorisation required to make a foreign investment in Guatemala?

Guatemala does not impose a prior-authorisation regime for the entry of foreign investment, except in sectors restricted for constitutional or national-interest reasons (such as the ownership of land in border areas or participation in media outlets). **In general, foreign investors enjoy full freedom to establish and operate in the country under the same legal conditions as nationals.**

4 What obligations must foreign investors comply with once the direct investment has been made in Guatemala?

Foreign investors must comply with a series of key obligations to ensure the validity and operability of their investment in Guatemala.

Although the registration of the investment with the Ministry of Economy is voluntary, it is recommended in order to access the benefits and guarantees established in the Foreign Investment Law, such as the free transfer of profits, dividends and capital.

In tax matters, investors must register with the Superintendency of Tax Administration (SAT), keep their tax information up to date and comply with all tax obligations, such as filing returns and paying taxes in accordance with applicable legislation.

Guatemala does not impose foreign-exchange controls, allowing free movement of capital. However, international transactions must be conducted through the formal financial system, using authorised banks supervised by the Superintendency of Banks, in order to ensure compliance with financial regulations and anti-money-laundering requirements.

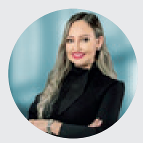
Likewise, investors must comply with labour and environmental regulations applicable to their sector of activity, including obligations before the Ministry of Labour and Social Welfare, the Guatemalan Social Security Institute (IGSS) and the Ministry of Environment and Natural Resources (MARN).

In the event of withdrawal or closure of operations in Guatemala, the investor must carry out a series of procedures to formally dissolve their legal presence in the country. This includes:

- **Dissolution and liquidation of the legal entity** incorporated in Guatemala.
- **Cancellation of the Tax Identification Number** (NIT) before the SAT.
- **Deactivation of the employer number before the IGSS.**
- **Cancellation of licences, permits and registrations** before the relevant local authorities (municipal, health, environmental, etc.).

Guatemala does not impose a prior-authorisation regime for the entry of foreign investment.

For more information:



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1 What is the current situation of foreign investment in Mexico?

Foreign investment in Mexico has shown sustained increases since the North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico entered into force in 1994. This, together with the other treaties and commercial agreements that Mexico has signed over recent decades, its strategic geographical position in the region, and its growing domestic market, has resulted in a steady flow of foreign direct investment (FDI) averaging USD 25 billion annually over the past 25 years.

More than 50% of FDI has been allocated to manufacturing projects, followed by 15% to financial services and 10% to mining, with the export-oriented maquiladora industry acting as the country's main driver of growth and foreign currency generation over the last three decades.

In Mexico, openness towards foreign investment is highly flexible and free from financial obstacles, both operational and regulatory. Investors are only required to inform the National Registry of Foreign Investments (RNIE) for statistical purposes, meaning that prior authorisation is not required, as it arises solely from an information-reporting obligation.

Only in specific cases is private investment (national or foreign) not permitted, such as activities reserved for the Mexican State, or in certain cases in which the Foreign Investment Law (LIE) establishes total or partial restrictions on foreign investment.

2 What is the definition of foreign investment in Mexico?

According to the Foreign Investment Law (LIE), foreign investment is understood as:

- **The participation of foreign investors**, in any proportion, in the share capital of Mexican companies.
- **Investment made by Mexican companies with majority foreign capital**.
- **The participation of foreign investors in the activities and acts provided for under this Law.**

Likewise, a foreign investor is considered to be any natural or legal person of a nationality other than Mexican, as well as foreign entities without legal personality.

Foreign investment may not participate in activities reserved to the State in accordance with Article 27 of the Constitution and the Foreign Investment Law, including:

- **Strategic activities exclusively reserved to the State;**
- **Activities reserved solely for Mexicans; and**
- **Activities with specific limits on foreign participation.**

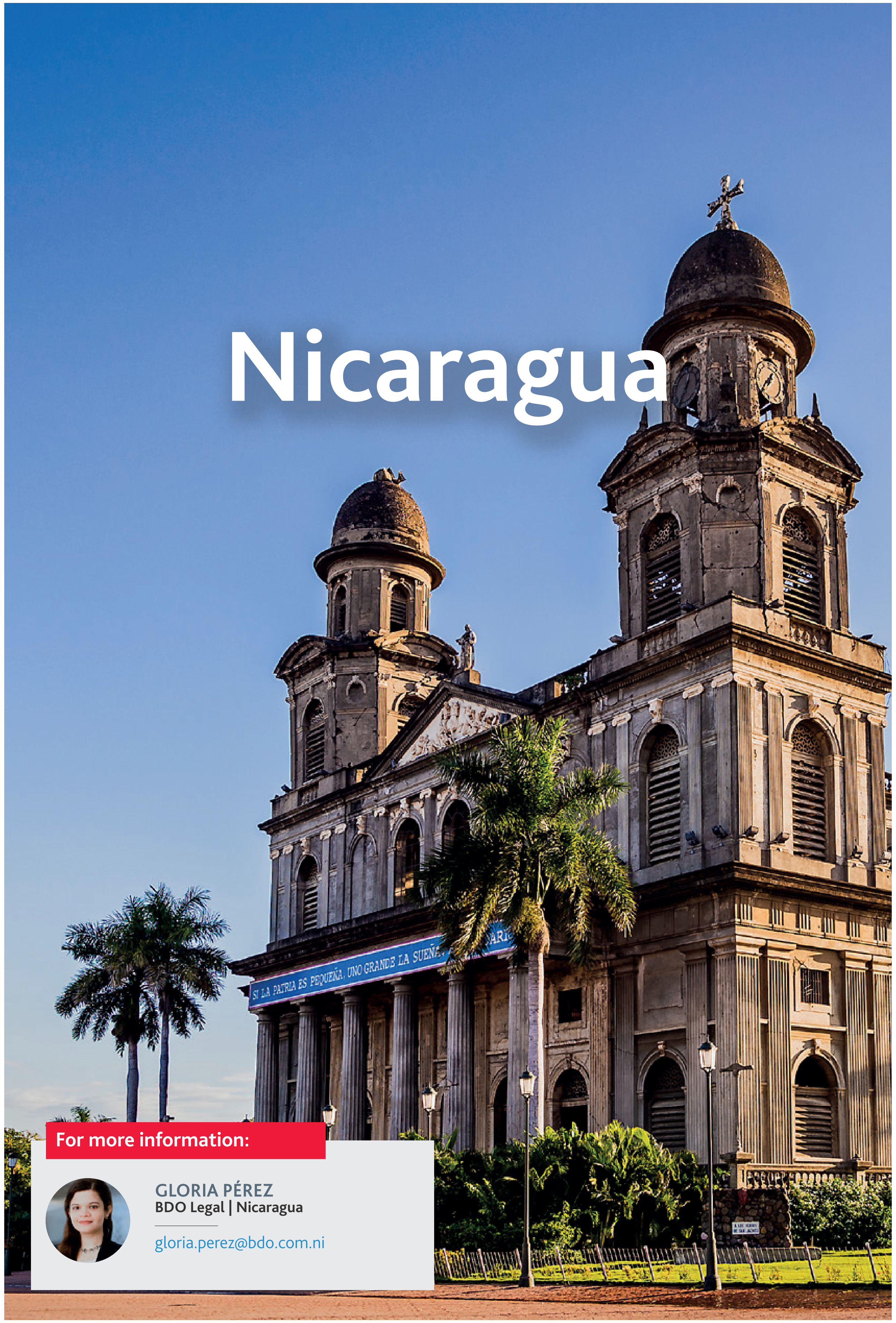
3 Is authorisation required to make a foreign investment in Mexico?

In terms of foreign investment:

- **RNIE registration:** Companies with foreign investment only need to register with the RNIE.
- **Prior authorisation:** Authorisation from the National Foreign Investment Commission is required for certain activities and for acquisitions involving foreign participation of up to or exceeding 49%, as established in the LIE.
- **SRE permit:** Required when financial institutions acquire real estate located in restricted zones.

4 What obligations must foreign investors comply with once the direct investment has been made in Mexico?

In addition to the registration with the RNIE mentioned above, quarterly notices and an annual economic report must be submitted when the parameters set out in the LIE for each type of reporting obligation are exceeded.



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1 What is the current situation of foreign investment in Nicaragua?

The inflow of foreign direct investment (FDI) into Nicaragua has continued in recent years, showing variations among the sectors that regularly attract these capital flows. The energy and mining sectors have stood out as some of the main recipients of FDI, followed by financial intermediation, manufacturing, trade and services, which continue to play an important role in attracting foreign investment.

With regard to the origin of capital, investments come from a range of countries and are generally directed towards activities such as energy, financial services, manufacturing and mining. **These flows reflect the interest of both regional and extraregional investors in projects linked to production, services and the exploitation of natural resources.**

This recent FDI activity takes place within a context of regulatory transition following the approval of Law No. 1240, which replaced the repealed Law No. 344 and established a new regulatory framework for foreign investment in the country. This legislation entered into force on 24 May 2025, together with the publication of its Regulation, Decree A.N. No. 8902, on 4 June 2025, which sets out the procedures for its practical implementation. Among its most notable provisions are the obligation to register all foreign investment with the MIFIC by obtaining the Foreign Investment Single Registration Certificate (RUIE), as well as new reporting and compliance requirements for foreign investors.

2 What is the definition of foreign investment in Nicaragua?

Law No. 1240 defines foreign investment as investment carried out through the transfer to Nicaragua of foreign capital, irrespective of the nationality or residence of the investor, which materialises through the incorporation, acquisition or participation in a commercial company or enterprise in Nicaragua. The capital may take various forms, including foreign currency, tangible assets, intellectual property rights and economically valuable technology.

The Law also introduces the concept of strategic investment, referring to foreign investments aligned with national development objectives and government plans, with a positive impact on job creation, increased production and export capacity, transformation or value-added activities, technology transfer, knowledge generation and the enhancement of productivity and competitiveness in the country.

3 Is authorisation required to make a foreign investment in Nicaragua?

Law No. 1240 establishes a new mandatory requirement for the registration of all foreign investment with the Directorate of Investments of the Ministry of Development, Industry and Trade (MIFIC), through the issuance of the Foreign Investment Single Registration Certificate (RUIE).

This registration is essential for investors to exercise the rights recognised under the law. Key elements of the procedure, including timeframes, documentary requirements and assessment criteria, are set out in the Regulation, Decree A.N. No. 8902.

4 What obligations must foreign investors comply with once the direct investment has been made in Nicaragua?

Law No. 1240 sets out a series of obligations for foreign investors, including compliance with the national legal framework, registration of the investment with the MIFIC through the Foreign Investment Single Registration Certificate (RUIE), and the submission of periodic reports on the progress and execution of the investment plan to the relevant sectoral authorities.

Investors are also required to provide relevant statistical information to the Central Bank of Nicaragua, assume responsibility for any environmental damage their activities may cause, and adhere to the principles of transparency, legality and good faith in their operations.

Panama

1 What is the current situation of foreign investment in Panama?

Foreign direct investment (FDI) in Panama has fluctuated in recent years, while remaining an important component of the country's economic growth. **Factors such as political stability, its strategic location and a favourable regulatory framework continue to attract foreign capital across various sectors.**

FDI has driven key activities such as:

- **Infrastructure:** Major infrastructure projects have been driven by foreign investors.
- **Real estate:** The development of residential and commercial projects has grown considerably.
- **Energy:** Investment in renewable energy is gaining relevance.
- **Special regimes:** Panama has several special regimes such as the Headquarters of Multinational Companies (SEM), Free Zones, the Panama Pacifico Regime, the Colon Free Zone, Multinational Companies for the Provision of Manufacturing-Related Services (EMMA), Special Petroleum Zones, Call Centres, among others.

2 What is the definition of foreign investment in Panama?

Panama seeks to stimulate the economy by promoting foreign investment through tax incentive laws and others that offer customs, labour and migratory benefits, leveraging its geographical position, diversified economy and logistical development.

For Panama, foreign investment is understood as an investment made when a natural or legal person allocates capital in a country other than their own with the aim of obtaining a benefit. According to the National Institute of Statistics and Census (INEC) of Panama, **foreign investment is a fundamental variable as a source of external financing and has a significant influence on the balance of payments, long-term economic growth and the productivity of the country.**

As a catalyst for development, it provides the host economy with financial resources, technology transfer and specialised management knowledge; generates employment; increases savings and foreign currency inflows; and stimulates competition and boosts exports.

Panama seeks to stimulate the economy by promoting foreign investment through tax incentive laws and others that offer customs, labour and migratory benefits.

3 Is authorisation required to make a foreign investment in Panama?

In Panama, prior authorisation is not required to make a foreign direct investment. Panama maintains an open policy towards foreign investment and, **in most cases, any foreign investor may freely invest in the country's economic sectors.** Nevertheless, there are specific restrictions and exceptions depending on the type of activity or sector into which investment is sought.

Panama maintains an open policy towards foreign investment.

4 What obligations must foreign investors comply with once the direct investment has been made in Panama?

Once a foreign investor makes a direct investment in Panama, they must comply with several legal and tax obligations to ensure adherence to Panamanian law. Some of the main obligations include:

- **Registration of the company with the Public Registry** and compliance with the reporting of ultimate beneficial owners through its resident agent before the Superintendency of Non-Financial Entities.
- **Registration of the company with the General Directorate of Revenue**. In addition, the company must comply with its tax obligations, which include filing and paying taxes such as: (i) Income Tax, (ii) Tax on the Transfer of Movable Goods and Services (ITBMS), (iii) other local taxes. Depending on the company's activity, additional taxes may apply, such as property tax, among others.
- **All companies registered in Panama must maintain accounting records.**
- **Companies with foreign investment must comply with Panamanian labour law**, which requires companies to hire Panamanian workers. Only in specific cases, such as specialised technical positions, may foreign workers be hired. Additionally, companies must register their employees with the Social Security Fund, which includes health coverage, pensions and occupational risk insurance.
- **Obtaining permits and licences**, including registration with the Municipality of Panama, obtaining an operating notice, and, depending on the company's activity, obtaining the necessary permits and licences for its operation in Panama.
- **Legal Stability Regime.** This regime offers a set of highly attractive guarantees for investors who meet certain requirements. For up to 10 years, it guarantees legal stability, national tax stability, and customs and labour stability. Additionally, municipal stability is granted for 5 years.
- **Registration in special zones** such as the Panama Pacifico Regime, the Colon Free Zone, SEM, EMMA, among others.

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1 What is the current situation of foreign investment in Peru?

Peru has a stable and attractive legal framework for promoting private investment, both domestic and foreign, whose foundation lies in the principles established in the Political Constitution. **Among the most significant guarantees for foreign investors are equal treatment with respect to domestic investment, the free remittance of profits, the free holding and disposal of foreign currency, the right to use the most favourable exchange rate available in the market and the free re-exportation of invested capital.**

In recent years, foreign direct investment (FDI) has included contributions to the capital of Peruvian companies, the reinvestment of profits and loans between investors and their parent companies, with reinvestment standing out as a sign of long-term confidence in the country's economy. Likewise, portfolio investment and long-term financing flows have shown variations consistent with the conditions of the financial and economic environment, with a predominance of debt amortizations.

Peru has a stable and attractive legal framework for promoting private investment, both domestic and foreign.

2 What is the definition of foreign investment in Peru?

Foreign investments are considered to be investments originating from abroad that are made in income-generating economic activities, under any of the following modalities:

- **Contributions made by foreign individuals or legal entities**, channelled through the National Financing System, to the capital of a new or existent company, in any of the corporate alternatives provided for in our General Corporate Act.
- **Investments in domestic currency** originating from resources that are entitled to be remitted abroad.
- **Conversion of private foreign obligations** into shares
- **Reinvestment** carried out in accordance with current legislation.
- **Investments in goods** physically located within the territory of the Republic.
- **Intangible technological contributions.**
- Investments intended for the **acquisition of securities.**
- Resources allocated to **association-in-participation agreements or similar arrangements.**
- Any other modality of foreign investment that **contributes to the country's development.**

3 Is authorisation required to make a foreign investment in Peru?

Foreign investments are permitted without restrictions in the vast majority of economic activities and do not require prior authorisation. However, there are activities that present restrictions on foreign investment, such as air transport, maritime transport, private security and surveillance services, investment in protected natural areas, and the manufacture of weapons of war.

Foreign investment must be registered with PROINVERSION, the Peruvian investment promotion agency.

4 What obligations must foreign investors comply with once the direct investment has been made in Peru?

Foreign investment must be registered with PROINVERSION, the Peruvian investment promotion agency. Registration guarantees the investor the right to transfer abroad, in freely convertible currency, subject to payment of the applicable taxes and without prior authorisation, the following: (i) all capital derived from the investment, including proceeds from the sale of shares, capital reductions or liquidation of companies; and (ii) all dividends arising from the investment, as well as payments for the use or enjoyment of goods physically located in the country, and royalties or compensation for the use and transfer of technology.

Additional obligations may arise for the investor or for the local investee company if they enter into a Legal Stability Agreement with the Peruvian state.

Apart from this, **the legal vehicles receiving the investment must comply with tax, labour, social security, environmental and other obligations, and are subject to specific sectoral regulations** depending on the type of activity carried out in Peru. As a general rule, these regulations apply regardless of whether the investment is domestic or foreign.

It should be noted that foreign investors pay the Peruvian Income Tax applicable to them on Peruvian-source income, through withholding carried out by a local entity. In certain special cases, they must pay the tax directly to the Peruvian Treasury.

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