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Chinese foreign direct investment in Chile: between announcements, diversification and structural challenges

Investimento estrangeiro direto chinês no Chile: entre anúncios, diversificação e desafios estruturais

Juan Enrique Serrano-Moreno

Joaquín Sáez

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Chinese foreign direct investment in Chile: between announcements, diversification and structural challenges*

Investimento estrangeiro direto chinês no Chile: entre anúncios, diversificação e desafios estruturais

Juan Enrique Serrano-Moreno**

Joaquín Sáez***

Abstract

Despite strong diplomatic and commercial ties, Chinese foreign direct investment (FDI) in Chile remains relatively limited compared to other Latin American countries. This study examines the evolution and overall impact of Chinese FDI on employment, technology transfer, and domestic politics, focusing on three case studies: Sky Solar, BYD, and China Railway Construction Corporation (CRCC). While high-profile project announcements have been made, findings indicate that Chinese FDI has primarily created low-skilled jobs, technology transfer has faced significant obstacles, and its influence on Chile's political landscape remains marginal. Using government reports, legal frameworks, corporate documents, news sources, and macro-economic data, this study underscores the need to reassess the long-term implications of Chinese FDI for Chile's economic development and strategic sectors.

Keywords: Chile-China relations; foreign direct investment; infrastructure and energy investment; technology transfer.

Resumo

Apesar dos fortes laços diplomáticos e comerciais, o investimento estrangeiro direto (IED) chinês no Chile continua relativamente limitado em comparação com outros países latino-americanos. Este estudo examina a evolução e o impacto geral do IED chinês sobre o emprego, a transferência de tecnologia e a política interna, concentrando-se em três estudos de caso: Sky Solar, BYD e China Railway Construction Corporation (CRCC). Embora tenham sido feitos anúncios de projetos de alto nível, os resultados indicam que o IED chinês criou principalmente empregos de baixa qualificação, a transferência de tecnologia enfrentou obstáculos significativos e sua influência no cenário político do Chile continua marginal. Usando relatórios governamentais, estruturas legais, documentos corporativos, fontes de notícias e dados macroeconômicos, este estudo ressalta a necessidade de reavaliar as

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** Serrano-Moreno is an Assistant Professor at the Institute of International Studies of the University of Chile. He holds a PhD in Political Science from the University Paris I Panthéon-Sorbonne and has taught at various universities in France, Spain and Chile. His current research interests include China-Latin America relations and Environmental Governance. He is also an Attorney of the Madrid Bar Association, the President of the Association of Spanish Scientists and Researchers in Chile and the Coordinator of the Master's in International Strategy and Trade Policy at the University of Chile.
E-mail: juane.serrano@yahoo.fr

*** Social anthropologist, Master's student in International Studies at the University of Chile and member of the ICLAC Millennium Nucleus.
E-mail: jsacz1497@gmail.com

implicações de longo prazo do IED chinês para o desenvolvimento econômico e os setores estratégicos do Chile.

Palavras-chave: Relações Chile-China; investimento estrangeiro direto; investimento em infraestrutura e energia; transferência de tecnologia. Resumo em outro idioma

1 Introduction

Chinese foreign direct investment (FDI) in Chile has expanded significantly since the mid-2010s, albeit later than the rapid growth of bilateral trade. This increase is part of a broader diplomatic relationship spanning 54 years¹. Traditionally, the Chilean government has presented the country as the ideal hub for international companies in Latin America due to its reputation for legal certainty and economic stability, even though other countries in the region receive larger volumes of Chinese investment. Since 2018, Chinese FDI in Chile has surged, coinciding with its participation in the Belt and Road Initiative (BRI) and more than a decade after the enactment of the Chile-China Free Trade Agreement (FTA)². Historically, the economic relationship between China and Chile has been dominated by copper and agricultural exports. However, in recent years, Chinese investments have extended to infrastructure, mining, electricity distribution, renewable energy, and even sectors like agribusiness and salmon farming³.

This diversification has garnered increasing attention from policymakers, businesses, and the media, though the different views remain superficial as China's presence in the country is not a political cleavage in contrast to Brazil or Argentina⁴.

Academic research on China-Latin America economic relations has evolved, shifting from a focus on trade to an emphasis on Chinese FDI patterns and its environmental and political effects⁵. Institutions such as the Núcleo Milenio ICLAC and the Library of the National Congress of Chile (BCN) have played a key role in documenting the scope and impact of Chinese FDI through databases, policy briefs, and case studies⁶.

This article examines the evolution and impact of Chinese FDI in Chile, focusing on regulation, employment, technology transfer, and domestic political effects. It investigates how Chile's political and regulatory landscape shapes the characteristics and outcomes of Chinese investments, distinguishing them from those in other Latin American countries. The analysis centres on three case studies—Sky Solar, BYD, and China Railway Construction Corporation (CRCC)—which operate in solar energy, public infrastructure, and lithium processing. These sectors can potentially enhance Chile's productive capacity but also raise concerns about economic dependence and strategic sector control.

The core research question of this study is whether Chinese FDI fosters productive capacity in Chile or merely reinforces a core-periphery relationship, as

¹ BÓRQUEZ, Andrés; LÓPEZ, Dorotea; MUÑOZ, Felipe. *Relaciones entre Chile y China: un enfoque integral*. Santiago: Ril Editores, 2021. SERRANO-MORENO, Juan Enrique; PEREZ, Alejandra; ABREU, Maria Gabriela de. Beyond copper: China and Chile relations. *Asian Education and Development Studies*, [s. l.], v. 10, n. 3, p. 359-373, 2021. DOI: <https://doi.org/10.1108/AEDS-08-2019-0132>. Available at: <https://www.emerald.com/insight/content/doi/10.1108/aeds-08-2019-0132/full/html>. Accessed on: 6 Dec. 2024.

² SERRANO-MORENO, Juan Enrique. Latin America and the Caribbean: how the belt and Road Initiative Diminished the United States Influence. In: REGILME, S. S. (ed.). *The United States and China in the era of global transformations: geographies of rivalry*. Bristol: Bristol University Press, 2024. p. 138-159. SERRANO-MORENO, Juan Enrique; TELIAS, Diego; URDINEZ, Francisco. Deconstructing the belt and Road initiative in Latin America. *Asian Education and Development Studies*, [s. l.], v. 10, n. 3, p. 337-347, 2021. Available at: <https://doi.org/10.1108/AEDS-01-2020-0021>. Accessed on: 14 Nov. 2024.

³ FUNDACIÓN ANDRÉS BELLO. *China's presence in chilean business increases by 1,300%*. 2024. Available at: <https://fundacionandres-bello.org/en/news/chile-%F0%9F%87%A8%F0%9F%87%B1->

news/chinas-presence-in-chilean-business-increases-by-1300/. Accessed on: 12 June 2024.

⁴ BÓRQUEZ, Andrés; MUÑOZ, Felipe; LEIVA, Diego. The growing chinese economic presence in Chile: opinions among the chilean elite. *China Review*, [s. l.], v. 23, n. 3, p. 131-154, 2023; MONTI, María; SERRANO-MORENO, Juan Enrique; CHAN, Carol. Empresas e inversión de China en Chile: aportes para una discusión balanceada. *Policy Paper ICLAC*, [s. l.], n. 1, 2023. Available at: <https://iclac.cl/uncategorized/empresas-e-inversion-de-china-en-chile-aportes-para-una-discusion-balanceada/>. Accessed on: 23 July 2024.

⁵ JENKINS, Rhys. *How China is reshaping the global economy: development impacts in Africa and Latin America*. Oxford: Oxford University Press, 2018.; WISE, Carol. *Dragonomics: how Latin America is maximising (or missing out on) China's international development strategy*. New Haven: Yale University Press, 2020.; LÓPEZ, Dorotea; BÓRQUEZ, Andrés; SERRANO-MORENO, Juan Enrique. Impacts of chilean exports to China on the cherry global value chain. In: DUSSEL-PETERS, Enrique (ed.). *The impact of China in Latin America and the Caribbean exports: global value chains and territories*. Ciudad de México: Red ALC-China, 2025.

⁶ Consult at <https://iclac.cl/> and <https://www.bcn.cl/observatorio/asiapacifico/noticias>

suggested by specialised literature⁷. The cases analysed illustrate how Chinese firms have adapted to Chile's legal framework, particularly in public procurement processes traditionally dominated by Western companies. However, the expansion of Chinese investment has also sparked political and media debates regarding its long-term implications. This study employs a qualitative approach, relying on government documents, corporate reports, macroeconomic data, and local media sources to comprehensively assess the opportunities and challenges posed by Chinese FDI in Chile.

2 Chile's Political and Economic System

The state's role in Chile is to correct market deficiencies resulting from a neoliberal-leaning constitution inherited from the dictatorship. This has led to a presidential system that, despite changes in power, keeps its central macroeconomic definitions and foreign policy guidelines the same. The main issues that have shaped Chile's political and economic agenda have primarily focused on economic reforms, social development, economic institutions, political institutions, and the resulting business environment that the country has built. The state takes on a "subsidiary" role within this framework, addressing social and market failures only in specific situations when the private sector cannot correct them by itself⁸. With the country highly integrated into international trade through its 34 trade agreements – including USA, UE and China –, the total value of foreign investments in Chile is nearly equal to the total value of all goods and services the country produces annually⁹.

According to The Economist's Democracy Index, 2023, Chile ranked 25th with a total score of 7.98, classifying it as a "flawed democracy." However, it is the highest-ranking country in this classification, dropping from the "full democracy" category the prior year, falling short by only 0.02 points¹⁰. Nevertheless, it remains one of the highest-ranked countries in Latin America, after Costa Rica and Uruguay¹¹. The lowest score among the five categories was political participation, which dragged down the overall classification. This score is associated with political disaffection due to corruption scandals, historical inequality, and frustration with unmet public demands, which the political system has not adequately addressed.

After the military dictatorship (1973-1990), the country transitioned to democracy under a subsidiary, non-corporate state, led by the centre-left coalition "Concertación de Partidos por la Democracia", which governed from 1990 to 2010 and reformed the neoliberal political-economic model inherited from the dictatorship¹². Furthermore, this subsidiary state model has led to Chile ranking 21st in the 2024 Index of Economic Freedom globally and second in the Americas, only behind Canada. The country has a population of 19.2 million, an average per capita growth of 2.6% over the past five years, and 34 trade agreements, covering 88% of the world's GDP¹³. These factors make Chile one of the most competitive countries for FDI, supported by reliable and autonomous institutions such as the Central Bank, whose mission is to control inflation, encourage investment, and uphold fiscal responsibility¹⁴.

en.html. Accessed on: 20 Oct. 2024.

¹⁰ MARCA CHILE. *Chile: democracia plena aún en tiempos difíciles*. 2024. Available at: <https://www.marcachile.cl/chile-democracia-plena-aun-en-tiempos-dificiles/>. Accessed on: 3 Sept. 2024.

¹¹ ECONOMIST INTELLIGENCE UNIT. *Democracy index 2023: age of conflict*. 2023. Available at: <https://pages.eiu.com/rs/753-RIQ-438/images/Democracy-Index-2023-Final-report.pdf?version=0>. Accessed on: 23 June 2024.

¹² SAAVEDRA, Ernesto. El modelo económico-político de Chile: desarrollo institucional en la encrucijada. *Economía y Política*, [s. l.], v. 1, n. 1, p. 117–148, 2014. Available at: <https://www.economiaypolitica.cl/index.php/eyp/article/view/7>. Accessed on: 1 Dec. 2024.

¹³ CHILE. Ministerio de Relaciones Exteriores. *Economía*. Santiago, 2024. Available at: <https://www.chile.gob.cl/chile/economia#:~:text=Chile%20posee%20la%20red%20de,65%25%20de%20la%20poblaci%C3%B3n%20mundial>. Accessed on: 17 Aug. 2024.

¹⁴ KIM, Anthony B. 2024 *Index of economic freedom*. Washington: The Heritage Foundation, 2024. Available at: https://static.heritage.org/index/pdf/2024/2024_indexofeconomicfreedom.pdf. Ac-

⁷ AHUMADA, José Miguel. *The political economy of peripheral growth: Chile in the global economy*. Switzerland: Palgrave Macmillan Cham, 2019. Available at: <https://link.springer.com/book/10.1007/978-3-030-10743-7>. Accessed on: 28 Aug. 2024.; GALLAGHER, Kevin P. *The China triangle*. Oxford: Oxford University Press, 2016.; HUNG, Ho-Fung. *The China boom: why China will not rule the world*. New York: Columbia University Press, 2015.

⁸ SAAVEDRA, Ernesto. El modelo económico-político de Chile: desarrollo institucional en la encrucijada. *Economía y Política*, [s. l.], v. 1, n. 1, p. 117–148, 2014. Available at: <https://www.economiaypolitica.cl/index.php/eyp/article/view/7>. Accessed on: 1 Dec. 2024.

⁹ OECD. *FDI Qualities review of Chile: boosting sustainable development and diversification*. Paris: OECD Publishing, 2023. DOI: <https://doi.org/10.1787/98bf1829-en>. Available at: https://www.oecd.org/en/publications/fdi-qualities-review-of-chile_98bf1829-en.html.

Chile favours business activities, with open market policies attracting investments. Despite the rise in crime, stagnation in some productive areas, and attempts to reform the Constitution in 2022 and 2023, the country's ranking in the democracy index was only slightly affected, with the current neoliberal-focused Constitution remaining in place¹⁵.

3 China-Chile Relations

As Chile and China celebrate 54 years of diplomatic relations, it is relevant to highlight how political transformations have shaped their commercial relations with the world, particularly with China. These clearly defined periods allow for the division of phases that characterise the current state of relations, the growing presence of Chinese companies in Chile, and the comprehensive strategic partnership that positions Chile as a vital partner for China¹⁶.

The “friendship” between Chile and China is frequently mentioned in government documents, official speeches, and academic analyses. According to Claudia Labarca, the “discourse of the firsts” emphasises Chile as a leading and pioneering nation in its relationship with China, at least discursively, in Latin America. This perception projects leadership and reliability, which are crucial for Chile's export-based economy. The “four firsts” are:

i) Chile was the first South American country to establish diplomatic relations with the People's Republic of China in 1970; ii) Chile was the first country to recognise China as a market economy in 2004; iii) Chile was the first country to support China's entry into the WTO in 2001; iv) Chile was the first individual country to sign a free trade agreement with China in 2006¹⁷.

This discourse aligns with a “common narrative of economic cooperation [...] which serves as the foundation upon which the bilateral relationship can be built [...] and official documents routinely reference it in their introductions.”¹⁸

Following this, the recent history of relations between Chile and China began with the formal establishment of diplomatic relations during the government of Salvador Allende between 1970 and 1973¹⁹. From 1973 to 1990, the relationship was described as pragmatic, as diplomatic ties were maintained despite the anti-communist stance of the Pinochet dictatorship in Chile while continuing commercial relations with China. Between 1990 and 2004, commercial relations were strengthened through platforms such as APEC, and the future economic relationship with China began to take shape through the Free Trade Agreement (FTA) established at the beginning of the 21st century. Finally, from 2004 to the present, the performance of the FTA has been evaluated in terms of linking the two countries, more reflective analyses have been incorporated, and the economic presence of Chinese companies in Chile has been characterised. These phases can be defined as i) an initial cultural link, ii) a moderately pragmatic approach, iii) an expansion towards global openness, and iv) the establishment of comprehensive relations²⁰. The FTA began negotiations in 2002 to reach a trade agreement. Four rounds of negotiations were held at the APEC Leaders' Summit in 2004. Finally, the Free Trade Agreement on Goods came into effect in 2006. It was later expanded with a trade-in services agreement in 2008, which has been in force since 2010, and a supplementary investment agreement signed in 2012, which has been in effect since 2014.

In 2016, Chile achieved the status of Comprehensive Strategic Partnership with China, which implies a collaboration strategy developed by China that, although not

cessed on: 13 Dec. 2024.

¹⁵ ECONOMIST INTELLIGENCE UNIT. *Democracy index 2023: age of conflict. 2023*. Available at: <https://pages.eiu.com/rs/753-RIQ-438/images/Democracy-Index-2023-Final-report.pdf?version=0>. Accessed on: 23 June 2024.

¹⁶ QINGBAO, Niu. Sin ninguna duda ¡la amistad entre China y Chile continuará floreciendo y prosperando! *La Tercera*, 2024. Available at: <https://www.latercera.com/ediciones-especiales/noticia/sin-ninguna-duda-la-amistad-entre-china-y-chile-continuara-floreciendo-y-prosperando/B3RXCZELTVH3XGNSJIWPQQL65E/>. Accessed on: 25 Nov. 2024.

¹⁷ LABARCA, Claudia. DF conexión a China: el discurso de los primeros. *Diario Financiero*, jul. 2020. Available at: <https://www.df.cl/opinion/columnistas/df-conexion-a-china-el-discurso-de-los-primeros>. Accessed on: 16 Nov. 2024.

¹⁸ LABARCA, Claudia. *Ni Hao Mr. Pérez, Buenos Días Mr. Li. Chile y China: cultura, negocios y confianza en la era global*. Santiago: Ediciones UC, 2015.

¹⁹ AHUMADA, Mónica. Chile y China: una mirada retrospectiva a 50 años de relaciones diplomáticas y de amistad. *Sino-Iberoamerican Interaction*, [s. l.], v. 1, n. 1, p. 19-41, 2021. Available at: <https://www.degruyter.com/document/doi/10.1515/sai-2021-2007/html>. Accessed on: 19 Apr. 2024.

²⁰ BÓRQUEZ, Andrés; LÓPEZ, Dorotea; MUÑOZ, Felipe. *Relaciones entre Chile y China: un enfoque integral*. Santiago: Ril Editores, 2021.

necessarily responding to the commercial terms of the FTA regulated by organisations such as the WTO, aims to expand cooperation platforms in regional initiatives for Non-Traditional Strategic Initiatives (NSIs), such as the Regional Center of Confucius Institutes for Latin America, the South American Astronomy Center, and the regional platform for the Chinese currency²¹. The following year, in 2017, the 2006 FTA was renegotiated for modernisation²², incorporating two new chapters on Environment and Electronic Commerce, in addition to updating chapters on Trade in Goods, Rules of Origin, Customs Procedures and Trade Facilitation, Competition Policy, Economic and Technical Cooperation, and Trade in Services, with these modifications coming into force in 2019²³. Finally, given the deepening and diversification of economic relations, the South American country joined the Belt and Road Initiative (BRI) in 2018, seeking to provide a new extended cooperation framework with its leading trading partner, China²⁴.

At that time, media and official discourse presented Chile frequently as a gateway and “hub” for Chinese investment projects in South America due to the trust and friendship between Chile and China, which refer not only to formal agreements but also to diversified relationships²⁵. For example, through a parliamentary ex-

change between 2002 and 2006, during the years of the FTA negotiations, the Chile-China Political Dialogue Committee was created and has been active since 2005, with at least 14 parliamentary sessions held to discuss topics of provincial, scientific, and cultural cooperation, university collaboration, and the development of all the agreements mentioned earlier, as well as the Chile-China Friendship Group, which invites parliamentarians to visit the Asian country and explore areas of cooperation²⁶. Agreements between Chilean and Chinese universities, the creation of the South American Astronomy Center (CASSACA), and projects like BYD electric buses reflect advances in the bilateral relationship regarding knowledge creation. Additionally, initiatives such as the Confucius Institutes, academic programs on China, the Chile-China Demonstrative Agricultural Farm, and agreements on Antarctic matters strengthen technology, education, trade, and agriculture cooperation²⁷.

4 Overview of FDI in Chile

The FDI regulations in Chile are mainly market-oriented, and only the topical restrictions of competition law are recognised. For instance, Law 20.848, enacted in 2015, only establishes a framework to attract FDI in Chile through the government agency “Invest Chile” and does not refer to specific or strategic sectors or international initiatives. In 2019, Decree 40 adopted several strategies to encourage and promote foreign investment, including China, which has a macro-region classification differentiating it from North America, Asia, and Europe. It also emphasises the role of Invest Chile as a proactive agent for the installation of foreign companies in the country, including the concept of “quality investment” that generates product linkages and technology transfer and creates quality employ-

²¹ BÓRQUEZ, Andrés; BRAVO, Carlos. Who are China’s strategic economic partners in South America? *Asian Education and Development Studies*, [s. l.], v. 10, n. 3, p. 445-456, 2021. DOI: <https://doi.org/10.1108/AEDS-09-2019-0153>. Available at: <https://www.emerald.com/insight/content/doi/10.1108/aeds-09-2019-0153/full/pdf?title=who-are-chinas-strategic-economic-partners-in-south-america>. Accessed on: 10 Aug. 2024. BÓRQUEZ, Andrés. Iniciativas estratégicas no-tradicionales en las relaciones chino-chilenas: ¿un caso de poder blando de China en América del Sur? *Estudios Internacionales*, [s. l.], v. 51, n. 194, p. 95-110, 2019. Available at: <https://doi.org/10.5354/0719-3769.2019.55677>. Accessed on: 10 Aug. 2024.

²² CHILE y China modernizan tratado de libre comercio. *MINREL Chile*, marzo 2019. Available in: <https://www.minrel.gob.cl/minrel/noticias-antiores/chile-y-china-modernizan-tratado-de-libre-comercio>. Accessed on: 7 Sept. 2024.

²³ SERVICIO NACIONAL DE ADUANAS. *Tratado de libre comercio Chile - China*. 2024. Available at: <https://www.aduana.cl/tratado-de-libre-comercio-chile-china/aduana/2007-02-28/100917.html>. Accessed on: 12 Dec. 24.

²⁴ XINHUA EN ESPAÑOL. *Comentario: Chile se postula como pionero de la Franja y la Ruta en América Latina y el Caribe*. 2019. Available at: https://spanish.xinhuanet.com/2019-04/22/c_137998031.htm. Accessed on: 14 Oct. 2024.; RODRIGUES, Flávio Bruno; RIBEIRO, Marilda Rosado de Sá. One Belt, one road: novas interfaces entre o comércio e os investimentos internacionais. *Revista de Direito Internacional*, Brasília, v. 14, n. 2, p. 192-213, 2017.

²⁵ CHILE: la plataforma que busca China para insertarse en América Latina. *El mostrador*, agosto, 2021. Available at: [https://www.elmostrador.cl/destacado/2021/08/16/chile-la-plataforma-que-](https://www.elmostrador.cl/destacado/2021/08/16/chile-la-plataforma-que-busca-china-para-insertarse-en-america-latina/)

[busca-china-para-insertarse-en-america-latina/](https://www.elmostrador.cl/destacado/2021/08/16/chile-la-plataforma-que-busca-china-para-insertarse-en-america-latina/). Accessed on: 14 Dec. 2024.

²⁶ MORALES, Pablo. Cooperación Chile-China: ciencia, tecnología, investigación y cultura. *BCN*, jun. 2023. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/34455/1/Cooperacion_Chile_China_CyT_investigacion_y_cultura.pdf. Accessed on: 1 July 2024.

²⁷ MORALES, Pablo. Cooperación Chile-China: ciencia, tecnología, investigación y cultura. *BCN*, jun. 2023. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/34455/1/Cooperacion_Chile_China_CyT_investigacion_y_cultura.pdf. Accessed on: 1 July 2024.

ment²⁸. In addition to this, in Chile, long-term political strategies can direct FDI, with a focus on sustainable development and energy transition, as is the case of the National Lithium Strategy with its selection of specialised lithium producers and the Green Hydrogen Action Plan 2023-2030 with its axis of investments, incentives and institutional framework to invite foreign companies.²⁹

Junior and Heringer point out that China has used its access to the WTO to expand its FDI, which has also allowed it to access foreign markets with less stringent anti-dumping measures.³⁰ Also, Wei and Hongling argue that China is an advocate of investment facilitation at the global level and agreements that expedite the insertion of Chinese companies abroad³¹. The evolution of Chinese FDI in Chile aligns with these theses.

According to the 2024 World Investment Report by UNCTAD, Chile is the third Latin American country that received more FDI in 2022, behind Brazil and Mexico. This trend is due to a post-pandemic recovery that has attracted significant greenfield and merge and acquisitions (M&A) investments to the region, even though flows are lower than pre-pandemic levels³². Unlike the top 20 economies that receive the most FDI, in Chile,

the trend went from \$17 billion in 2022 to \$21 billion in 2023, representing a 19.2% increase³³.

Investments in sectors linked to the Sustainable Development Goals (SDGs) fell by 10% globally in 2023, reducing flows in this sector. Nevertheless, many projects in Latin America are related to infrastructure and renewable energy, particularly relevant in Chile, with critical mineral extraction and solar and wind energy projects. Additionally, Chile is one of the three most attractive places to invest in energy, along with China and India³⁴. Furthermore, Chile accounts for 80% of the region's installed capacity in renewable energy, along with Brazil, Mexico, Argentina, and Venezuela, according to BloombergNEF's Climatoscope³⁵. An example is the National Lithium Strategy, which seeks a significant role for the state in the lithium industry's exploration, exploitation, and development, inviting international investors to participate, provided they promote environmental and social development criteria in the country³⁶.

Canada (\$36.216 billion), the United States (\$25.189 billion), the Netherlands (\$21.221 billion), the United Kingdom (\$20.005 billion), and Spain (\$18.921 billion) are the primary FDI sources in Chile by stock until 2022, according to the Central Bank of Chile³⁷. FDI in Chile has decreased dramatically since the repeal of Decree Law 600 in 2015, which allowed foreign investors to bring in capital and goods, obtaining a contract with the state that established rights and obligations without the possibility of unilateral modification³⁸. The repeal was

²⁸ RAMÍREZ, Pedro. Huawei, 5G y el cable transpacífico: las claves de la visita de Piñera a China. *Interferencia*, 2019. Available at: <https://interferencia.cl/articulos/huawei-5g-y-el-cable-transpacifico-las-claves-de-la-visita-de-pinera-china>. Accessed on: 28 May 2024.; MONTT, María; SERRANO-MORENO, Juan Enrique; CHAN, Carol. Empresas e inversión de China en Chile: aportes para una discusión balanceada. *Policy Paper ICLAC*, [s. l.], n. 1, 2023. Available at: <https://iclac.cl/uncategorized/empresas-e-inversion-de-china-en-chile-aportes-para-una-discusion-balanceada/>. Accessed on: 23 July 2024.; OECD. *FDI Qualities review of Chile: boosting sustainable development and diversification*. Paris: OECD Publishing, 2023. DOI: <https://doi.org/10.1787/98bf1829-en>. Available at: https://www.oecd.org/en/publications/fdi-qualities-review-of-chile_98bf1829-en.html. Accessed on: 20 Oct. 2024.

²⁹ CHILE. Gobierno de Chile. *Medidas de impulso al plan de acción de Hidrógeno Verde 2023-2030*. Santiago, 2023. Available at: <https://energia.gob.cl/sites/default/files/documentos/documento-medidas-de-impulso-h2v.pdf>. Accessed on: 8 July 2024.

³⁰ AMARAL JÚNIOR, Alberto; HERINGER, Aline Pereira de Carvalho. A hermeneutical analysis on the recognition of China as a market economy after 2016. *Revista de Direito Internacional*, Brasília, v.15, n. 1, p. 221-237, 2018.

³¹ WEI, Dan; HONGLING, Ning. Is investment facilitation a substitute or supplement? a comparative analysis of China and Brazil practices. *Revista de Direito Internacional*, Brasília, v. 19, n. 2, p. 325-342, 2022.

³² FOREIGN INVESTMENT PROMOTION AGENCY. *Foreign investment in Chile 2022*. Santiago, 2023. Available at: <https://www.investchile.gob.cl/wp-content/uploads/2023/05/informe-preliminar-ied-eng-pdf-2023.pdf>. Accessed on: 26 Jan. 2024.

³³ UNCTAD. *World investment report 2024: investment facilitation and digital government*. 2024. Available at: https://unctad.org/system/files/official-document/wir2024_en.pdf. Accessed on: 14 Dec. 2024.

³⁴ CHILE es el país más atractivo para la inversión en energías renovables. In: *Blog InvestChile*. Santiago, nov. 2022. Available at: <https://blog.investchile.gob.cl/blogs/chile-el-pais-mas-atractivo-para-invertir-en-energias-renovables>. Accessed on: 14 Dec. 2024.

³⁵ MITRI, Marcelo; MAIA, Sílvia; FONSECA, Ana Paula; FORONI, Luiza. *Climatoscope 2023: power transition factbook*. 2023. Available at: <https://www.global-climatescope.org/downloads/climatescope-2023-report-en.pdf>. Accessed on: 16 Dec. 2024.

³⁶ LAS OCHO claves de la nueva estrategia nacional del litio. In: *Blog InvestChile*. Santiago, 23 enero 2023. Available at: <https://blog.investchile.gob.cl/blogs/las-ocho-claves-de-la-nueva-estrategia-nacional-del-litio>. Accessed on: 20 Dec. 2024.

³⁷ IED 2022: Canadá se ratifica como principal inversionista en Chile. *Blog InvestChile*, Santiago, oct. 2023. Available at: <https://www.investchile.gob.cl/es/canada-principal-inversionista-chile-2022/>. Accessed on: 29 July 2024.

³⁸ CHILE. Cámara de Diputados de Chile. *Reforma tributaria permitió modificar sistema de incentivos para la inversión para extranjeros*. 2015.

justified by the Free Trade Agreements (FTAs) mechanisms that ensure a reliable institutional framework for promoting FDI in Chile. Despite this, FDI has increased in the region and the country since 2018. Between 2014 and 2017, 40% of FDI was related to M&A, marking a future trend³⁹.

5 China-Chile Trade

China has been a significant player in Chile's trade for at least two decades, mainly through the purchase of Chilean copper, which accounts for 14.6% of the national GDP⁴⁰ and comprises more than 40% of Chile's export basket. Of Chile's \$95 billion in annual goods exports in 2023 and \$9.9 billion in services, 39.4% went to China, making it the top export destination. China is also the primary source of Chile's manufactured imports; of the \$85 billion in goods imported by Chile, 23.2% came from China. Chile mainly exports copper products, commodities, and agricultural goods to China⁴¹.

The total trade between Chile and China (Free on Board or FOB) in 2023 amounted to \$56.84 billion, with an average annual growth of 6.0% from 2018 to 2023. Breaking this figure down, Chile's FOB exports to China totalled \$37.017 billion, while FOB imports from China were \$18.549 billion, leaving a trade balance of \$18.468 billion in favour of Chile. Although services exports remain low, they grew exponentially in 2023, from \$7 million in 2018 to \$33 million in 2023, representing a 36.3% increase⁴².

Available at: https://www.camara.cl/prensa/sala_de_prensa_detalle.aspx?prmId=125175#:~:text=El%20DL%20600%20es%20un,ambas%20partes%20y%20que%20no. Accessed on: 17 Oct. 2024.

³⁹ UGARTE, Gonzalo. Inversión en Chile: cómo volver a encender el motor de la economía. *CEP Chile*, [s. l.], jun. 2024. Available at: <https://www.cepchile.cl/investigacion/voces-del-cep-06-junio-2024/>. Accessed on: 17 Oct. 2024.

⁴⁰ CARDEMIL, Matías. Impactos socioeconómicos de la minería en Chile. *BCN*, 2023. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/34140/1/Informe_N_04_23_Impactos_socioeconomicos_de_la_mineria_en_Chile.pdf. Accessed on: 17 Dec. 2024.

⁴¹ THE OBSERVATORY OF ECONOMIC COMPLEXITY. *Chile (CHL): exports, imports and trade partners*. 2024. Available at: <https://oec.world/en/profile/country/chl>. Accessed on: 12 Dec. 24.

⁴² SUBREI. *Ficha país: Chile-China*. 2023. Available at: https://www.subrei.gob.cl/docs/default-source/estudios-y-documentos/fichas/china-anual10c2b0cc88be48bca8b90595a01e5f11.pdf?sfvrsn=69595d55_5. Accessed on: 7 Feb. 2024.

6 Chinese Foreign Direct Investment

The OECD reports that Chinese investments in Chile have grown spectacularly over the last five years, aligning with the presented data⁴³. According to the China Cross Border Monitor, 86.48% of Chile's most extensive Chinese FDI operations were acquisitions, while 13.52% were greenfield investments⁴⁴. This reflects the high value of acquisitions within the Chinese FDI landscape in Chile but also indicates that Chinese investments often involve the purchase of already existing companies.

Chinese FDI in Chile is a relatively recent phenomenon, as it has yet to represent a significant share of the FDI Chile has historically received despite China being its largest trading partner. In 2023 China ranks 22nd among the countries investing in Chile with an investment stock of US\$ 701 million. according to the Central Bank of Chile ranking of FDI, while Chile's investments in China totalled \$1.371 billion according to SUBREI⁴⁵. Nevertheless, the economic relationship between China and Chile has been dynamic, linked to their solid diplomatic ties, leading to key investments in mining, energy, and infrastructure⁴⁶.

According to the 2024 Monitor of Chinese Outward Foreign Direct Investment in Latin America and the Caribbean, published by the Latin American and Caribbean Academic Network on China based in Mexico, employment coefficients per transaction show an upward trend in greenfield investments compared to M&A, suggesting that new investments would create more jobs. Between 2020 and 2023, Chinese FDI in

[tos/fichas/china-anual10c2b0cc88be48bca8b90595a01e5f11.pdf?sfvrsn=69595d55_5](https://www.subrei.gob.cl/docs/default-source/estudios-y-documentos/fichas/china-anual10c2b0cc88be48bca8b90595a01e5f11.pdf?sfvrsn=69595d55_5). Accessed on: 7 Feb. 2024.

⁴³ OECD. *Foreign Direct Investment (FDI) quality Review in Chile*. 2024. Available at: https://www.oecd.org/es/publications/examen-de-la-calidad-de-la-inversion-extranjera-directa-ied-en-chile_86336809-es.html. Accessed on: 4 July 2024.

⁴⁴ CHINA CROSS-BORDER MONITOR. *Chile*. 2024. Available at: <https://cbm.rhg.com/data/latin-america/chile>. Accessed on: 11 Dec. 2024.

⁴⁵ SUBREI. *Ficha país: Chile-China*. 2023. Available at: https://www.subrei.gob.cl/docs/default-source/estudios-y-documentos/fichas/china-anual10c2b0cc88be48bca8b90595a01e5f11.pdf?sfvrsn=69595d55_5. Accessed on: 7 Feb. 2024.

⁴⁶ TRONCOSO, Jorge. Banco Central: Canadá es el principal inversionista en Chile y Brasil el que recibe mayor cantidad de capitales nacionales. *Ex Ante*, 2023. Available at: <https://www.ex-ante.cl/banco-central-canada-es-el-principal-inversionista-en-chile-y-brasil-el-que-recibe-mayor-cantidad-de-capitales-nacionales/>. Accessed on: 25 Sept. 2024.

the region generated 283,343 jobs. The total number of transactions during this period was 149, marking a decline compared to the previous period, which saw 254 projects between 2015 and 2019⁴⁷.

Table 1 - LAC: Chinese OFDI by Major Countries (2000-2023)

(Millions of dollars)						
Country	2000-2004	2005-2009	2010-2014	2015-2019	2020-2023	2000-2023 Total
Argentina						
Number of transactions	0	1	12	23	29	65
OFDI amount (millions)	0	4	10,422	2,998	10,411	23,834
Employment (number of employees)	0	200	6,075	13,748	16,94	36,963
Brazil						
Number of transactions	5	9	45	76	53	188
OFDI amount (millions)	1,665	25,815	21,938	15,623	65,608	131,648
Employment (number of employees)	3,303	6,657	49,024	74,191	27,891	161,074
Chile						
Number of transactions	0	4	10	22	16	53
OFDI amount (millions)	0	2,789	13,111	18,432	4,034	20,599
Employment (number of employees)	0	628	1,114	3,433	5,226	25,4
Colombia						
Number of transactions	2	4	9	8	5	28
OFDI amount (millions)	298	2,316	1,146	1,567	6,406	11,733

⁴⁷ PETERS, Enrique Dussel. *Monitor de la infraestructura china en América Latina y el Caribe 2024*. Ciudad de México: Red ALC-China, 2024. Available at: <https://www.dusselpeters.com/398.pdf>. Accessed on: 25 Sept. 2024.

Country	2000-2004	2005-2009	2010-2014	2015-2019	2020-2023	2000-2023 Total
Em- ployment (number of emplo- yees)	382	899	2,214	2,028	103,875	109,048
Mexico						
Number of tran- sactions	3	11	25	54	66	159
OFDI amount (millions)	500	601	1,554	12,854	6,961	24,47
Em- ployment (number of emplo- yees)	5,721	7,113	9,835	87,332	112,657	222,68
Peru						
Number of tran- sactions	0	11	19	19	16	65
OFDI amount (millions)	0	4,835	11,093	10,651	5,242	31,82
Em- ployment (number of emplo- yees)	0	9,605	8,982	12,629	11,55	42,766
Venezuela						
Number of tran- sactions	1	4	9	10	5	29
OFDI amount (millions)	138	382	1,152	867	5,176	7,715
Em- ployment (number of emplo- yees)	350	1,251	3,898	6,214	11,673	23,386
Caribbean						
Number of tran- sactions	0	0	11	14	31	56
OFDI amount (millions)	0	0	4,439	1,146	2,789	8,374
Em- ployment (number of emplo- yees)	0	0	6,533	14,35	23,891	44,774
Central America						
Number of tran- sactions	0	3	3	4	7	17

Country	2000-2004	2005-2009	2010-2014	2015-2019	2020-2023	2000-2023 Total
OFDI amount (millions)	0	135	272	1,195	1,195	2,798
Em- ployment (number of emp- lo- yees)	0	275	778	6,895	7,945	15,893
TOTAL LAC						
Number of trans- actions	14	64	99	258	242	663
OFDI amount (millions)	2,639	16,447	59,885	68,645	46,209	193,235
Em- ployment (number of emp- lo- yees)	10,104	34,769	93,983	241,277	283,343	663,476

Source: PETERS, Enrique DUSSEL. *Monitor de la infraestructura china en América Latina y el Caribe 2024*. Ciudad de México: Red ALC-China, 2024. Available at: <https://www.dusselpeters.com/398.pdf>.

For the case of Chile, as shown in Table 1, between 2020 and 2023, there were 16 transactions totalling \$4.034 billion, a much smaller amount compared to the previous period of 2015-2019, one of the most prosperous periods for Chinese FDI in Chile, where significant investments such as Tianqi Lithium individually accounted for \$4.070 billion. However, it also reveals that greenfield investments have become more predominant in this new cycle. Regarding total FDI, it is noted that from 2005 to 2023, Chinese FDI flows in Chile amounted to \$20.599 billion, positioning it as the fifth-largest destination for investment in the region⁴⁸.

As for the amount by type of investment and its value, the Regional Repository of Chinese Investments in Latin America from the Millennium Nucleus on the Impacts of China in Latin America ICLAC (2023) provides information on Chinese investments in Chile from 2006, with the joint venture between Codelco and Minmetals Group, to the renewal of trains for the Santiago-Curicó line by CSR Sifang. This repository provides results such as investment amounts by sector and the number of projects China has invested in Chile⁴⁹.

⁴⁸ PETERS, Enrique Dussel. *Monitor de la infraestructura china en América Latina y el Caribe 2024*. Ciudad de México: Red ALC-China, 2024. Available at: <https://www.dusselpeters.com/398.pdf>. Accessed on: 25 Sept. 2024.

⁴⁹ URDINEZ, Francisco; MYERS, Margaret. *Regional repository of*

Table 2 -Chinese Investments in Chile by Sector

Sector	Total Amount	Number of Projects
Energy	US\$ 8.379 billion	15
Mining	US\$ 6.955 billion	5
Infrastructure	US\$ 4.294 billion	9
ICT (Information and Communications Technology)	US\$ 1.744 billion	2
Agribusiness	US\$ 1.096 billion	7
Real Estate	US\$ 649 million	11
Manufacturing	US\$ 5 million	1
Total Investments	US\$ 23.122 billion	50

Source: URDINEZ, Francisco. MYERS, Margaret. Repositorio Regional de Inversiones Chinas en América Latina. ICLAC and Inter-American Dialogue, 2024. Available at: <https://china-latam.iclac.cl/InvestmentCountry>.

Table 1 aligns with regional investment trends in “New Infrastructure,” which includes 5G, data centres, artificial intelligence, industrial internet, ultra-high voltage electricity transmission, electric vehicles, renewable energy, and urban rail transport⁵⁰. The infrastructure deficit affecting the region hampers social development and allows for a complementary relationship based on the connectivity rhetoric outlined in the Belt and Road Initiative (BRI)⁵¹.

As shown in Table 2, the Regional Repository of Chinese Investments in Latin America by ICLAC reports that since 2008, 15 acquisitions have been made in Chile with varying degrees of participation (minority, majority, and full ownership) in private companies, mainly in the agribusiness, energy sectors, and two significant investments in mining. The mining investments by Shunde Rixin Development and Chengdu Tianqi total US\$ 6.17 billion, making them the highest-value in-

chinese investments in Latin America. 2024. Available at: <https://china-latam.iclac.cl/InvestmentCountry>. Accessed on: 25 Sept. 2024.

⁵⁰ MYERS, Margaret; MELGUIZO, Angel; WANG, Yifang. Nueva infraestructura emerging trends of chinese foreign direct investment in Latin America and the Caribbean. *The Dialogue*, 2024. Available at: <https://www.thedialogue.org/wp-content/uploads/2024/02/Tendencias-emergentes-de-la-inversion-extranjera-directa-de-China-en-América-Latina-y-el-Caribe.pdf>. Accessed on: 25 Sept. 2024.

⁵¹ SERRANO-MORENO, Juan Enrique. La retórica de la conectividad de la iniciativa de la Franja y la Ruta en América Latina. In: SAHD, Jorge (ed.). *China y América Latina: claves para el futuro*. Santiago: Centro de Estudios Internacionales Universidad Católica (CEIUC); Konrad Adenauer Stiftung, 2021. p.151-173.

dividual operations. Furthermore, these six operations exceeding US\$ 1 billion are consistent with BRI-type energy, mining, and infrastructure investments⁵².

Table 3 - Highest-Value Chinese Investments in Chile (Expressed in USD)

Project Name	Investor	Year	Sector	Amount
<i>Second acquisition of minority interest in lithium concession from SQM</i>	Chengdu Tianqi	2018	Mining	US\$ 4.07 billion
<i>Acquisition of a majority interest in Naturgy's electricity supply company</i>	State Grid	2020	Energy	US\$ 3.03 billion
<i>Construction of the first section of Line 7 of the Santiago subway system</i>	China Railway 16th Bureau Group	2021	Infrastructure	US\$ 2.50 billion
<i>Acquisition of a majority interest in the electricity transmission company Chilquinta Energía from Semptra</i>	State Grid	2019	Energy	US\$ 2.23 billion
<i>Acquisition of majority interest in Codelco's iron ore mine</i>	Shunde Rixin Development	2009	Mining	US\$ 2.10 billion

⁵² MORALES, Pablo. Inversiones chinas en Chile: principales ámbitos y desafíos. BCN, 2024. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/35904/1/Inversiones_chinas_en_Chile_principales_a_ambitos_y_desafios_2024.pdf. Accessed on: 9 Oct. 2024.

Project Name	Investor	Year	Sector	Amount
<i>Acquisition of a minority stake in the Trans-Andean power transmission company from Canadian Pension Plan Investment</i>	China Southern Power Grid	2018	Energy	US\$ 1.30 billion

Source: MORALES, Pablo. Inversiones chinas en Chile: Principales ámbitos y desafíos. BCN, 2024.

The previous tables show that the Chinese FDI boom in Chile began around 2015-2016, depending on the source. Chile did not receive the initial wave of Chinese capital into the Southern Cone from 2005 to 2016, which was focused on investing in natural resources such as minerals, forestry, and oil. In the case of Chile, there was already participation through the CODELCO-MINMETALS joint venture⁵³. China was not among the top FDI sources in Chile between 2012 and 2020, unlike Canada, the United States, Spain, Italy, the Netherlands, and the United Kingdom. By 2020, the accumulated investment from China was US\$1.652 billion, compared to the United States US\$35.464 billion⁵⁴. This created a paradox with Chile's theoretical position as a privileged "hub" for China in the region and the deep diplomatic ties shared for 50 years.

Chile is an interesting case study in FDI, as it has become a key destination for Chinese investments, particularly in energy transition and lithium mining, following the 2006 Free Trade Agreement. A study on Chinese FDI in Chile highlights factors such as differences in business models, lack of understanding of bureaucracy, limited knowledge of Chile among Chinese investors, and administrative barriers in China initially slowed investments. However, these intensified during a second wave in Latin America beginning in 2017⁵⁵. Chi-

⁵³ BÓRQUEZ, Andrés; MUÑOZ, Felipe; LEIVA, Diego. The growing chinese economic presence in Chile: opinions among the chilean elite. *China Review*, [s. l.], v. 23, n. 3, p. 131-154, 2023.

⁵⁴ CALVO, Sofia. *Inversión de China en Chile: análisis de IED de China en la última década*. BCN, 2022. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/32890/1/Inversion_de_China_en_Chile.pdf. Access on: 16 Jan. 2024.

⁵⁵ CABRERA, Fabiola. La inversión China en Chile y América Latina: la inversión extranjera directa como herramienta de política

nese FDI projects must receive approval from the central government and submit annual reports on overseas operations. This framework may align with the central government's short—and long-term economic development agenda and foreign policy projects such as the 2007 Ecological Civilization initiative.

Between 2003 and 2022, China's regional investments totalled US\$187.5 billion, lower than those of the U.S. or Europe but diversified across infrastructure, energy, and mining sectors. These investments address China's economic challenges by exporting its industrial overcapacity and taking advantage of complementarities with countries like Chile. The China-LAC Report by The Dialogue notes a shift in focus from raw material acquisition to industries involved in metal extraction, ICT, sustainable development, and securing resources. Investment has decreased, averaging US\$14.2 billion annually between 2010-2019, US\$7.7 billion in 2020-2021, and US\$6.4 billion in 2022. In Argentina, Peru, and Chile, extractive industries and energy generation have been vital. Argentina concentrates the most energy activity, primarily on hydroelectric and solar projects. In Peru and Chile, mining, especially copper and lithium, remains China's main focus, as critical metals and minerals are a global priority for Chinese companies. The prominent Chinese investors in these countries are significant energy, mining, and construction companies and dozens of smaller companies, including some from Chinese provinces⁵⁶.

7 Companies Case Studies

This section focuses on Sky Solar, BYD, and China Railway Construction Corporation (CRCC), which operate in solar energy, public infrastructure, and lithium. These projects could enhance Chile's productive capacity in terms of employment and technology transfer. We excluded M&A and portfolio operations because they

industrial. *BCN*, 2022. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/33499/2/Inversion_China_en_Chile_y_AL_como_politica_industrial_FINAL.pdf. Accessed on: 18 Feb. 2024.

⁵⁶ MYERS, Margaret; MELGUIZO, Angel; WANG, Yifang. Nueva infraestructura emerging trends of chinese foreign direct investment in Latin America and the Caribbean. *The Dialogue*, 2024. Available at: <https://www.thedialogue.org/wp-content/uploads/2024/02/Tendencias-emergentes-de-la-inversion-extranjera-directa-de-China-en-America-Latina-y-el-Caribe.pdf>. Accessed on: 25 Sept. 2024.

do not directly impact domestic productive capacities, as seen in the cases of Tsingshan (2023), Joyvio (2012), and Jiangsu Distillery Valley (2012). Tsingshan stands out for its investment in the National Lithium Plan, Joyvio for new technologies in salmon processing, and Jiangsu for attempting to introduce the baijiu industry in Chile⁵⁷.

8 BYD

Build Your Dreams (BYD) is a manufacturing company that produces automobiles, parts, electronic assemblies, and batteries for electric vehicles. Founded in 1995, it has established more than 30 industrial parks worldwide and is one of the leading companies in electric vehicle manufacturing. It operates in three key business areas: automobiles, cellphone parts, and lithium and photovoltaic-powered batteries⁵⁸. BYD set up operations in Chile in 2014 as BYD Company Ltd. In addition to its automotive business, it gained prominence as one of the leading manufacturers of electric buses alongside Yutong, as highlighted in the China-CELAC Report No. 2. BYD is positioned as a critical player in the technological transformation of the public transportation system, promoting a more environmentally friendly model⁵⁹. In 2018, the Chilean Ministry of Transport noted that this would reduce operational and maintenance costs by up to 70% compared to conventional buses. BYD became the leading supplier of electric buses for

⁵⁷ Consult LIU, Ting. Una inversión millonaria de Tsingshan impulsa la revolución del vehículo eléctrico en Chile. *Seneca ESG*, 2023. Available at: <https://senecaesg.com/es/insights/tsingshans-multi-million-dollar-investment-powers-chiles-electric-vehicle-revolution/>. Accessed on: 23 July 2024.; CÁRDENAS, Leonardo. Joyvio, matriz de Australis, pide su reorganización en China: acreedor dice que firma no puede pagar sus deudas a tiempo. *La Tercera*, 2023. Available at: <https://www.latercera.com/pulso/noticia/joyvio-matriz-de-australis-pide-su-reorganizacion-en-china-acreedor-dice-que-firma-no-puede-pagar-sus-deudas-a-tiempo/H3AAI6HM25HP7IAK2DJNBHKD2E/>. Accessed on: 25 July 2024.; JIANGSU YANGHE DISTILLERY CO. *Jiangsu Yanghe Distillery Co., Ltd. 2022 annual report*. 2023. Available at: <https://www.chinayanghe.com/uploads/2023/08/161555097929.pdf>. Accessed on: 25 July 2024.

⁵⁸ WANG, Zheng. Analysis of business strategies for the development of new energy industry: a case study of BYD Auto Company. *Advances in Economics, Management and Political Sciences*, [s. l.], v. 62, p. 264-270, 2023.

⁵⁹ RIAL. *Informe China-CELAC: avances hacia el 2021*. Santiago: Consejo de Relaciones Internacionales de America Latina, 2021. Available at: <https://chinayamericalatina.com/wp-content/uploads/2019/10/InfCELAC2.pdf>. Accessed on: 6 Dec. 2024.

the RED public bus system in the Metropolitan Region of Santiago⁶⁰.

By 2021, the fleet of electric buses had grown to around 800, one of the most significant outside of China, with BYD, Yutong, Foton, and King Long being the leading manufacturers. The initial purchase of 100 buses from BYD occurred in 2018, and subsequently, through public-private financing models, it was established that BYD Chile would manage the electric buses of the RED transport system⁶¹.

By 2022, BYD's role as a significant player became more evident with the award of one of five lithium exploitation quotas tendered by Chile, for which BYD offered US\$61 million⁶².

BYD's involvement in electric buses is complemented by its entry into the lithium processing chain in Chile. In 2022, BYD Chile obtained one of five Special Lithium Operation Contracts, with exploration and exploitation rights for 80,000 tons through 2050 for US\$61 million. Additionally, the company announced plans for a Lithium Cathode Plant in Antofagasta with a US\$290 million investment after receiving the status of specialised lithium producer from CORFO, granting it preferential access to lithium carbonate quotas and supplies from SQM Salar at preferential prices⁶³. Moreover, in 2023, the company added 10 double-decker electric buses and 146 single-decker electric buses, aiming to

reach 2,044 in the country, with BYD accounting for 45% of the total and plans to reach 2,400 vehicles⁶⁴.

In May, BYD announced delays in its lithium cathode plant due to government uncertainties regarding the operationalisation of the National Lithium Plan. In response, CORFO indicated that five potential sites had been offered for the plant and that if production began in 2025, BYD would retain its preferential contract⁶⁵.

Additionally, during Chile Week in China, President Gabriel Boric announced the inclusion of a second specialised lithium producer, Yongqing Technology Co. Ltd., with a US\$233 million investment for a lithium iron phosphate plant in Antofagasta, expected to create 668 jobs, with 90% of the workforce being Chilean. Moreover, ten professionals will be sent to China for training. BYD has transitioned from car sales to extractive industries, aiming for vertical lithium battery supply chain integration⁶⁶.

Compared to Argentina, lithium projects in Chile have been more declarative than executed due to factors such as CORFO permits, strategic considerations for setting up operations, and meeting KPIs related to energy transition and sustainable development, which companies, including Chinese ones, have had to adapt to⁶⁷.

⁶⁰ MORALES, Pablo. Inversiones chinas en Chile: principales ámbitos y desafíos. *BCN*, 2024. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/35904/1/Inversiones_chinas_en_Chile_principales_a_mbitos_y_desafi_os_2024.pdf. Accessed on: 9 Oct. 2024.

⁶¹ RAMÍREZ, Daniel. Impacto y evolución de la flota de buses eléctricos en Chile. *Enerlink*, 2024. Available at: <https://blog.enerlink.com/impacto-y-evolucion-de-la-flota-de-buses-electricos-en-chile>. Accessed on: 19 Dec. 2024.

⁶² PEÑA, Karen. BYD una de las ganadoras en la licitación del litio: agregamos valor a los procesos de extracción y producción. *Diario Financiero*, 2022. Available at: <https://www.df.cl/empresas/mineria/byd-una-de-las-ganadoras-en-licitacion-del-litio-agregaremos-valor->. Accessed on: 23 Aug. 2024.

⁶³ CORFO. BYD Chile es el primer seleccionado por CORFO en el llamado para productores especializados en litio para impulsar iniciativas de valor agregado en Chile. 2023. Available at: https://www.corfo.cl/sites/Satellite?c=C_NoticiaNacional&cid=1476735036931&d=Touch&pagename=CorfoPortalPublico%2FC_NoticiaNacional%2FCorfoDetalleNoticiaNacionalWeb. Accessed on: 12 Aug. 2024.; BROWNE, Vicente. Las cifras detrás de Tsingshan Holding, el grupo chino que construirá baterías de litio en Mejillones. *Ex Ante*, 2023. Available at: <https://www.ex-ante.cl/las-cifras-detras-de-tsingshan-holding-el-grupo-chino-que-construira-baterias-de-litio-en-mejillones/>. Accessed on: 13 Aug. 2024.

⁶⁴ MONROY, Mauricio. Conoce el ranking que tiene a Chile liderando la electromovilidad en Latinoamérica. *La Tercera*, 2023. Available at: <https://www.latercera.com/mtonline/noticia/conoce-el-ranking-que-tiene-a-chile-liderando-la-electromovilidad-en-latinoamerica/7GVXYE6M2FAFNM3GHFNC6TC73Y/>. Accessed on: 24 Aug. 2024.

⁶⁵ Review in GUILLOU, Vicente. Polémica con BYD escala: Corfo afirma que si no empieza a producir en 2025, la firma china perderá cuota asignada de litio. *La Tercera*, mayo 2024. Available at: <https://www.latercera.com/pulso/noticia/polemica-con-byd-escala-corfo-afirma-que-si-no-empieza-a-producir-en-2025-la-firma-china-perdiera-cuota-asignada-de-litio/576SWMGZRJBYPFHLQS2F7X7HY-Y4>. Accessed on: 26 Aug. 2024.; BROWNE, Vicente. La molestia de la empresa china BYD detrás de su decisión de retrasar la producción de planta de litio en Chile. *Ex Ante*, 2024. Available at: <https://www.ex-ante.cl/la-molestia-de-la-empresa-china-byd-detras-de-su-decision-de-retrasar-la-produccion-de-una-planta-de-litio-en-chile/>. Accessed on: 27 Aug. 2024.

⁶⁶ AMPUERO, Pablo. Pablo Ampuero y sus interesantes hallazgos sobre electromovilidad en Shenzhen. *BCN*, 2024. Available at: <https://www.bcn.cl/observatorio/asiapacifico/noticias/pablo-ampuero-investigacion-eletrmovilidad-shenzhen>. Accessed on: 28 Aug. 2024.

⁶⁷ CABRERA, Fabiola. Explotación del litio en Argentina, Bolivia y Chile: antecedentes económicos, régimen de explotación y la generación de recursos públicos. *BCN*, 2023. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/34111/2/Explotacio_n_del_Litio_antecedentes_para_Bolivia_Argentina

9 China Railway Construction Corporation

China Railway Construction Corporation (CRCC) is a state-owned company specialising in infrastructure projects. Its main business areas include construction, surveying, design and consulting, manufacturing, and additional activities such as logistics and real estate services. CRCC opened its commercial offices in Chile in 2017. In 2020, the company submitted the best bid for the remodelling of Route 5 South on the Talca-Chillán section, with an investment of US\$804 million, marking the first time a Chinese company won a Public-Private Partnership (PPP)⁶⁸. This infrastructure project has been classified as key under the Belt and Road Initiative (BRI) framework because it applies the Belt and Road Reinsurance Pool in cases of political violence, providing stability to such projects despite national unrest⁶⁹. At the beginning of 2022, CRCC won the tender for the new Coquimbo Hospital, which involves an investment of approximately US\$274 million to build a facility on an area of 129,000 m². The new hospital will be more than four times larger than the current one and triple the available beds. Construction is expected to begin in mid-2023 and be completed by 2027⁷⁰. In addition to this project, CRCC was awarded the construction of the Neurosurgery Institute and the hospitals of Rengo and Pichilemu⁷¹.

10 SkySolar

Sky Solar was the first Chinese investment in Chile in the renewable energy sector. Sky Solar Chile is a

subsidiary of Sky Solar Group, a private Chinese solar energy company headquartered in Hong Kong. It develops renewable energy assets as an Independent Power Producer (IPP), with global coverage and local support in North America, Latin America, Europe, Asia, and Africa. It has had a presence in Chile for three years. In 2013, it signed a framework agreement with Sigdo Koppers and China Development Bank to construct several solar photovoltaic power plants with a capacity of 300 MW, which will be developed in multiple stages⁷².

Sky Solar has followed an investment strategy supported by lobbyists who accompany them in presentations to Congress. According to its Executive Director for Latin America, Hong Chen, the high energy demand and Chile's legal stability justify its presence in the country with projects that do not rely on subsidies⁷³.

In 2016, Sky Solar obtained a concession for developing non-conventional renewable energy (NCRE) projects in Atacama⁷⁴. In 2018, Sky Solar acquired the Silva Solar photovoltaic plant for US\$150,000. With Eactiva, it agreed to build a solar park in O'Higgins, with a total investment of US\$5 million. This project could include three photovoltaic plants acquired in 2017 from the Italian company Renenergetica, totalling 24 MW in Small Distributed Generation projects⁷⁵.

Sky Solar Holding received large loans from the China Development Bank for its renewable energy investments in 2012, with a credit of US\$1.6 billion divided among several solar project initiatives in Chile and another loan of US\$900 million for Sky Solar Chile's operations that same year. Then, in 2021, they received a US\$120 million loan for the Arica Solar project,

Peru_y_Chile_FINAL.pdf. Accessed on: 2 May 2024.

⁶⁸ WU, Lunting. *Belt and Road initiative in South America*: explaining the varying responses. Londres: Palgrave Macmillan, 2024.

⁶⁹ XINHUA NEWS. 中国“一带一路”再保险共同体为智利5号公路提供政治暴力险保障. 2021. Available at: <https://www.cnfn.com/news-xh08/a/20210429/1985030.shtml>. Accessed on: 10 Mar. 2024.

⁷⁰ INVESTCHILE. *Casos de éxito*: China railway. 2024. Available at: <https://www.investchile.gob.cl/es/casos-de-exito/crcc/>. Accessed on: 06 Nov. 2024.

⁷¹ CÁRDENAS, Leonardo. Desde la minería a la salud: el intenso lobby de empresas chinas en Chile durante marzo. *La Tercera*, 2024. Available at: <https://www.latercera.com/pulso-pm/noticia/desde-la-mineria-a-la-salud-el-intenso-lobby-de-empresas-chinas-en-chile-durante-marzo/5XFJ2ALV2ZHXFDCN4HLZ7BS2NY/>. Accessed on: 6 Nov. 2024.

⁷² FIRMA china Skysolar invertirá US\$900 millones en Chile para proyectos energéticos. *Diário Financeiro*, jun. 2013. Available at: <https://www.df.cl/empresas/energia/firma-china-sky-solar-invertira-us-900-millones-en-chile-para-proyectos>. Accessed on: 10 Nov. 2024.

⁷³ SKY solar y su experiencia invirtiendo en Chile. *Observatorio Parlamentario*, enero, 2013. Available at: <https://www.bcn.cl/observatorio/asiapacifico/noticias/sky-solar-experiencia-en-chile>. Accessed on: 11 Nov. 2024.

⁷⁴ CHILE. Ministerio de Bienes Nacionales de Chile. *Autoriza nuevo plazo para suscribir escritura pública de concesión onerosa de inmueble fiscal en la región de Atacama, a "Sky Solar Chile Limitada"*. Santiago, 2016. Available at: <https://www.bcn.cl/leychile/navegar?idNorma=1091147>. Accessed on: 2 Dec. 2024.

⁷⁵ SKY Solar Chile adquiere la planta fotovoltaica Silva-Sola. *DLA Piper*, oct. 2018. Available at: <https://www.dlapiper.cl/2018/10/10/sky-solar-chile-adquiere-la-planta-fotovoltaica-silva-solar/>. Accessed on: 3 Dec. 2024.

and the Chinese Fund contributed US\$13.9 million to the same project⁷⁶. However, upon reviewing China's Global Power Database, I found that this project was no longer under construction, unlike other solar energy projects currently in operation, planning, or construction by China Three Gorges Corporation and State Power Investment⁷⁷. The only recent follow-up document is the 2016 Environmental Supervision Report from the Environmental Superintendency, which noted that the project had not yet begun construction⁷⁸. For this reason, its impact on job creation or technology transfer has not been recorded. Still, it is representative of the projects funded by Chinese entities in Chile, for which little information is available. Moreover, the first large solar power plant in Arica is reported to be owned by the Spanish company Grenergy, meaning Sky Solar's project did not materialise⁷⁹.

11 Employment

Chinese OFDI in Chile generated 10,721 jobs between 2000 and 2017 and 5,226 jobs between 2020 and 2023, one of the lowest figures compared to countries like Mexico, Colombia, Brazil, Argentina, and Peru. According to a 2018 ILO report, trade with China created 93,280 net jobs in Chile between 1995 and 2011, mainly in mining, trade, and transportation. Due to Chinese imports, job losses were concentrated in textiles, footwear, trade, and computers. Regarding employment created by OFDI, this report is based on the same data from the Monitor of Chinese Investments, and the updated 2024 report indicates 25,400 jobs created by Chinese investments in Chile.

⁷⁶ SEEGER, Maia. *China en Chile: inversiones, transparencia y gobernanza socioambiental*. Santiago: Sustentarse ONG, 2024. Available at: https://sustentarse.cl/images/China_en_Chile_Inversiones_transparencia_y_gobernanza_socioambiental.pdf. Accessed on: 14 Nov. 2024.

⁷⁷ Consult CHINAL GLOBAL POWER DATABASE. Available at: <https://www.bu.edu/cgp/>.

⁷⁸ PASTORE, Claudia; ROJO, Cristián. *Informe de fiscalización ambiental: inspección ambiental Planta Fotovoltaica Arica II* María José DFZ-2016-885-XV-RCA-IA. Santiago: Superintendencia del Medio Ambiente, 2016. Available at: <https://snifa.sma.gob.cl/v2/General/Descargar/1104010575>. Accessed on: 12 Dec. 2024.

⁷⁹ MENA, Carolina. Un hito para Arica y Parinacota: primera planta solar ya es un realidad en la región. *El Morrocotudo*, mayo 2023. Available at: <https://www.elmorrocotudo.cl/noticia/economia/un-hito-para-arica-y-parinacota-primera-planta-solar-ya-es-un-realidad-en-la-region>. Accessed on: 18 Aug. 2024.

No official figure details the total number of jobs created by Chinese companies in Chile. Recent announcements are still in the implementation phase, meaning these jobs must be created. Announcements such as Tsingshan Holding Group's plan to generate 700 jobs in Antofagasta and BYD's goal of creating 668 jobs with 90% Chilean workers This has led to criticism from parliamentarians, who point to excessive bureaucracy in these large projects, which could discourage Chinese investment and lead it to relocate to other countries in the region⁸⁰.

As for Sky Solar, despite more than ten years of operations in Chile, there are no specific data on the employment generated, which raises an issue in recording the impact of COFDI in this regard. On the other hand, China Railway Construction created an average of 350 jobs per month during the remodelling of Route 5 South in the Talca-Chillán section and expects to generate 500 jobs per month by 2027. Its other projects, such as the construction of Line 7 of the Santiago Metro, also generate employment, although exact figures are not reported⁸¹.

The project aims to create 500 direct and indirect jobs and develop a technology training plan for local workers in northern Chile. This plan includes sending 50 people to China for two months of training, with the goal of promoting medium-term technology transfer through R&D initiatives⁸².

12 Technology Transfer

Since COFDI is a relatively recent phenomenon, technology transfer is reflected in public-private cooperation through memorandums of understanding (see

⁸⁰ REYES, Verónica. BYD tiene detenido su proyecto de litio en Chile: diputados critican al gobierno y apuntan a Grau. *Radio Cooperativa*, 2024. Available at: <https://www.biobiochile.cl/noticias/economia/negocios-y-empresas/2024/05/20/byd-tiene-detenido-su-proyecto-de-litio-en-chile-diputados-critican-al-gobierno-y-apuntan-a-grau.shtml>. Accessed on: 12 Dec. 2024.

⁸¹ INVESTCHILE. *Casos de éxito: China railway*. 2024. Available at: <https://www.investchile.gob.cl/es/casos-de-exito/crcc/>. Accessed on: 06 Nov. 2024.

⁸² CORFO. *BYD Chile es el primer seleccionado por CORFO en el llamado para productores especializados en litio para impulsar iniciativas de valor agregado en Chile*. 2023. Available at: https://www.corfo.cl/sites/Satellite?c=C_NoticiaNacional&cid=1476735036931&id=Touch&pagename=CorfoPortalPublico%2FC_NoticiaNacional%2FCorfoDetalleNoticiaNacionalWeb. Accessed on: 12 Aug. 2024.

Table 4) and joint projects, particularly with Huawei, the leading player in technology transfer in IT⁸³. This telecommunications company has led key digitalisation milestones such as launching Latin America's first public cloud, constructing the Southern Austral Submarine Fiber Optic Cable (FOA) to bring 5G to the southernmost regions of Chile, and inaugurating two data centres, one in 2019, the second in 2021, and announcing a third in 2022⁸⁴.

Table 4 - Main instruments signed by S&T cooperation areas between China and Chile (2010-2024)

Areas	Agreements
Astronomy	Establishment of the South American Astronomy Center of the Chinese Academy of Sciences - CASSACA (2013). Inauguration of astronomy data centre between CASSACA, Huawei Chile and Universidad Técnica Federico Santa María (2015). Agreement to build China's first astronomy centre in Latin America - Cerro Ventarrones (2016) Establishment of CAS-CONICYT Chile-China Fund in Astronomy (2015-2018)
Geology	Signing of Memorandum of Understanding for the exchange of knowledge and scientific and technical capabilities in geological matters between SERNAGEOMIN and the China Geological Survey (CGS) (2022)
Maritime	Agreement on the transport of fruit goods from Chile to China through third countries by sea (2017).

Areas	Agreements
Antarctica	Memorandum of Understanding between the Chilean Antarctic Institute (INACH) and the China Polar Research Institute (2010) Memorandum of Understanding between INACH and the First Institute of Oceanography of China (FIO) for joint scientific research in Antarctica (2018) Memorandum of Understanding between the Republic of Chile and the Government of the People's Republic of China on Antarctic Cooperation (2018 - 2022)
Telecommunications	Memorandum of cooperation and technology transfer and consulting in information and communications technology (ICT) matters between the Undersecretariat of Telecommunications and Huawei (2016).

Source: MORALES, Pablo. Cooperación científica e intercambio experiencias: Chile-China. *BCN*, 2024.

Technology transfer in Chile has focused on developing Advanced Human Capital (AHC). Examples include the "Mineduc-Huawei Scholarships" program, which will allow ten students to travel to China for training in artificial intelligence. BYD will send 50 professionals to China for two months for training in lithium cathodes, and R&D. Tsingshan, in its investment announcement, also committed to sending 10 Chilean professionals annually to China to support the national lithium strategy⁸⁵. Tianqi Lithium was the first to send 20 young professionals to Chengdu to train in energy transition and electromobility to support the National Lithium Plan. However, the impact has been limited to the travel itself, though strategies are being considered to reinforce and follow up on such programs⁸⁶.

Recent technology transfer initiatives include projects by China Railway Construction Corporation (CRCC), where, for the first time in Chile's subway his-

⁸³ MORALES, Pablo. Cooperación científica e intercambio experiencias: Chile-China. *BCN*, 2023. Available at: https://obtienearchivo.bcn.cl/obtienearchivo?id=repositorio/10221/36180/1/Cooperacion_n_cienti_fica_e_intercambio_experiencias_Chile_China.pdf. Accessed on: 16 Dec. 2024.

⁸⁴ REYES REYES, Valentina. Gigante chino Huawei confirma instalación de tercer data center en Chile: estaría operativo en 2023. *Bio-Bio Chile*, 2022. Available at: <https://www.biobiochile.cl/noticias/economia/negocios-y-empresas/2022/09/21/el-gigante-chino-huawei-anuncia-que-nuevamente-eligio-a-chile-para-instalar-un-data-center.shtml>. Accessed on: 16 Dec. 2024.

⁸⁵ CHILE. Ministerio de Economía, Fomento y Turismo. *Gobierno anuncia en China segunda empresa seleccionada como productor especializado de litio*. Santiago, 2023. Available at: <https://www.economia.gob.cl/2023/10/16/gobierno-anuncia-en-china-segunda-empresa-seleccionada-como-productor-especializado-de-litio.htm>. Accessed on: 18 Dec. 2024.

⁸⁶ ARANEDA, Hernán. Movilidad de talento, clave para la innovación y transferencia de tecnología. *Radio Cooperativa*, 2024. Available at: <https://cooperativa.cl/noticias/corporativo/efecto-china/efecto-china-opinion/movilidad-de-talento-clave-para-la-innovacion-y-transferencia-de/2024-02-23/154029.html?efectochina?efectochina>. Access on: 19 Apr. 2024.

tory, a Tunnel Boring Machine (TBM) was used to excavate 6.6 kilometers of the future Line 7 of the subway. This project is being carried out by the China Railway 16th Bureau Group Co consortium, led by CRCC, along with the participation of China Railway Tunnel Group (CRTG), which won a new tender for the six sections of Metro's Line 7, with an investment of US\$2.528 billion⁸⁷.

These milestones mark the beginning of China's plans in Chile, especially in the Energy, Mining, and Infrastructure sectors. According to the report *Chile Creates Future: Asia and China* by CTCI, it is estimated that Latin America and the Caribbean will need US\$300 billion annually in infrastructure between 2019 and 2029. This positions China as a critical player in tenders and concessions for infrastructure projects such as bridges, railways, ports, and urban transport, aligned with the BRI's vision of connectivity as a development driver⁸⁸. This has been promoted through maritime, air, and digital connectivity⁸⁹.

Many projects, such as bi-oceanic corridors, ports, electric bus manufacturing (BYD), vaccine centers (Sinovac), road infrastructure, trains, electric distribution (State Grid), and digital connectivity, have been announced at the China-CELAC forum⁹⁰. Technological cooperation is evident in investment and researcher exchange, especially with Huawei. However, there is still potential to strengthen ties in technology transfer in areas such as agriculture, astronomy, and disaster prevention⁹¹.

⁸⁷ SEEGER, Maia. *China en Chile: inversiones, transparencia y gobernanza socioambiental*. Santiago: Sustentarse ONG, 2024. Available at: https://sustentarse.cl/images/China_en_Chile_Inversiones_transparencia_y_gobernanza_socioambiental.pdf. Accessed on: 9 Aug. 2024.

⁸⁸ ARAYA, Ignacio. *Chile crea futuro: Asia y China: consideraciones para los escenarios de futuro*. Santiago: CTCI, 2023. Available at: <https://docs.consejoctci.cl/wp-content/uploads/2023/03/FINAL-Informe-Asia-y-China.pdf>. Accessed on: 10 Aug. 2024.

⁸⁹ GRUPO DE MEDIOS DE CHINA. La franja y la ruta: el mega proyecto de infraestructura que impulsa China del cual Chile forma parte. *La Tercera*, enero 2020. Available at: <https://www.latercera.com/conexion-china/noticia/la-franja-la-ruta-mega-proyecto-infraestructura-impulsa-china-del-chile-forma-parte/956856/>. Accessed on: 7 Jan. 2024.

⁹⁰ RIAL. *Informe China-CELAC: avances hacia el 2021*. Santiago: Consejo de Relaciones Internacionales de America Latina, 2021. Available at: <https://chinayamericalatina.com/wp-content/uploads/2019/10/InfCELAC2.pdf>. Accessed on: 6 Dec. 2024.

⁹¹ ENTREVISTA: intercambio de investigadores e inversión entre China y Chile es una relación "consolidada", afirma ministra chilena. *Xinbua Español*, jun. 2024. Available at: <https://spanish.xinhuanet.com/20240606/7fde9dca9ac241d7bf79272b7f84a79d/c.html>. Accessed on: 6 Dec. 2024.

13 Domestic Political Effects

M&A operations led by Chinese companies have grown exponentially over the last five years, with investments from 2016 to 2021 being ten times larger than those made between 2010 and 2015. While other countries tend to focus on services, China is investing heavily in the energy sector, raising concerns about Chile's energy sovereignty. Although Chinese foreign direct investment (FDI) remains relatively small, its media influence is significant. It prompts academic analyses on whether Chile is prepared to meet China's demands and effectively regulate its companies' operations⁹².

The debate around M&A in Chile focuses on foreign control of strategic sectors, which is common in the country's subsidiary model. The National Economic Prosecutor's Office (FNE) has intervened in cases like the purchase of CGE by State Grid, which was noted for increasing China's energy dependence, and the purchase of 25% of SQM by Tianqi, where the FNE imposed limits to avoid monopolies in the lithium industry⁹³.

Chilean economic administrative law does not restrict competition to protect strategic sectors or national security, keeping the debate open. Unlike tenders, Chinese acquisitions are evaluated for their impact on communities, regional development, and the environment. This has caused delays and uncertainty in current projects, without significant changes in domestic policy but with attention to the impact on the economic ecosystem, such as in the case of copper.

14 Conclusion

The analysis of Chinese FDI in Chile reveals a landscape of moderate growth, with progress in strategic sectors such as energy, infrastructure, and mining, but

[xinhuanet.com/20240606/7fde9dca9ac241d7bf79272b7f84a79d/c.html](https://www.xinhuanet.com/20240606/7fde9dca9ac241d7bf79272b7f84a79d/c.html). Accessed on: 6 Dec. 2024.

⁹² OECD. *Examen de la calidad de la Inversión Extranjera Directa (IED) en Chile*. 2024. Available at: https://www.oecd.org/es/publications/examen-de-la-calidad-de-la-inversion-extranjera-directa-ied-en-chile_86336809-es.html. Accessed on: 6 Dec. 2024.

⁹³ FNE. *Acuerdo extrajudicial entre la Fiscalía Nacional Económica y Tianqi Lithium Corporation*. 2018. Available at: <https://www.fne.gob.cl/wp-content/uploads/2018/09/Acuerdo-Extrajudicial-FNE-Tianqi-con-firma-27.08.18.pdf>. Accessed on: 6 Dec. 2024.

with limited impacts on employment and technology transfer. Despite favourable diplomatic discourse and strengthened economic integration through agreements such as the FTA and the Belt and Road Initiative, Chinese investment remains marginal compared to other global actors and faces regulatory and legal and bureaucratic barriers in Chile.

While some projects have generated jobs and promoted the adoption of new technologies, most positions created are low-skilled, and learning processes between Chinese and Chilean companies remain incipient. Politically, Chinese investment has sparked debate, particularly in strategic sectors such as energy and lithium, without leading to significant changes in regulation or Chile's stance toward China.

The three case studies analysed—Sky Solar, BYD, and China Railway Construction Corporation (CRCC)—illustrate different trajectories of Chinese investment in Chile. Sky Solar was the first Chinese investment in the renewable energy sector, but its impact on job creation and technology transfer has been minimal, with some projects facing delays. BYD has played a key role in the electrification of public transportation in Santiago and has expanded into lithium processing, though uncertainty regarding the National Lithium Plan has hindered progress. CRCC has established itself in Chile's infrastructure sector, winning public contracts for major projects such as highway remodelling and hospital construction, introducing new construction technologies and generating employment, though its long-term impact remains to be fully assessed.

In a context of increasing geopolitical competition between the United States and China, Chile must decide whether to deepen its integration with China through active investment attraction policies or maintain a more cautious and regulated approach. The central question remains: Can Chile capture greater benefits from Chinese investment without compromising its economic and political autonomy? The future of this relationship will depend both on the strategies of Chinese investors and on the Chilean state's ability to formulate policies that maximise benefits while minimising the externalities of this growing but still incipient economic presence.

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