UNIVERSIDAD DEL AZUAY

Faculty of Legal Sciences

International Studies

COMPARATIVE ANALYSIS OF FOREIGN INVESTMENT ATTRACTED BY PACIFIC ALLIANCE MEMBER COUNTRIES AND ECUADOR AS A FUTURE MEMBER FOR THE PERIOD 2012-2022

Degree dissertation prior to obtaining the degree of Bachelor's in International Studies.

Author:
Jorge Santiago Urgilez Vazquez

Director:
Adrián Ramiro Alvarado Guzmán.

Cuenca – Ecuador

Year 2023

INDEX OF CONTENTS

ABSTRACT

The Pacific Alliance is a regional integration initiative formed by four Latin American countries: Mexico, Colombia, Peru and Chile, whose main objective is to foster cooperation and economic growth in the area by promoting trade integration, the free circulation of goods and services, as well as the mobility of people and capital.This research is based on analyzing the individual foreign direct investment attracted by each of the countries that are part of this bloc, before and after becoming official members, and contrasting it with the foreign investment attracted by Ecuador in the same period, using a method known as exploratory note and bibliographic research. The results showed that on average, the members of the Pacific Alliance achieved an increase of 21% in the period 2012-2022 compared to the period in which they were not part of the bloc, 2005-2011.

Keywords: Pacific Alliance, Ecuador, Regional Integration, Foreign Direct Investment, South America.

Dpto. Idiomas

COMPARATIVE ANALYSIS OF FOREIGN INVESTMENT ATTRACTED BY PACIFIC ALLIANCE MEMBER COUNTRIES AND ECUADOR AS A FUTURE MEMBER FOR THE PERIOD 2012-2022

1. Introduction

Globalization has been a major factor in foreign investment, creating a more favorable environment for companies seeking to expand their operations abroad. This is due to several factors, such as the elimination of trade barriers, the standardization of trade regulations, and the increasing ease of communication and transportation around the world.

In terms of trade barriers, many countries have adopted more liberal policies on foreign investment, allowing companies from other countries to invest in those countries without excessive restrictions. This has created a more competitive environment, with companies seeking investment opportunities around the world. In addition, globalization has led to greater standardization of trade regulations, which means that foreign investors have a clearer idea of what to expect in terms of taxes, labor regulations, environmental factors, and other factors that may affect their investment, making it easier for foreign companies to plan and execute their investments abroad (Estrada & Méndez, 2009).

Foreign investment in Latin America has been a source of financing and development for the countries of the region in recent decades. Foreign direct investment (FDI) flows in Latin America have been significant, although there have been ups and downs as a function of changes in the global economic and political climate. Among the main sources of foreign investment in Latin America are the United States, Europe, and Asia. The main FDI recipient areas are Brazil, Mexico, Chile, Peru, Colombia, and Argentina. These countries have a wealth of natural resources and moderate political and economic stability, making them attractive for foreign investment.

The Pacific Alliance is an organization that was born on April 28, 2011 as a regional integration initiative formed by the main member countries, Chile, Colombia, Mexico, and Peru, within the framework of the Pacific Arc Forum. The four member countries of the Pacific Alliance account for approximately 38% of the GDP of Latin America and the Caribbean (Alianza del Pacifico, 2022), indicating a significant contribution to the region's economy. In general, the Pacific Alliance countries have attracted foreign investment from a variety of sources, including multinational companies and investment funds from different countries. Some of the largest foreign investors in the region could include companies from countries such as the United States, Canada, Japan, China, and Spain, among others. In addition to that, the Pacific Alliance attracts 25% of foreign direct investment to the region (Research and Projects Department, 2019). These investors could have interests in various economic sectors, such as energy, mining, infrastructure, technology, financial services, agriculture, and manufacturing, among others (Méndez, 2014).

Innovation in the context of attracting foreign investment can draw on the innovative strategies, policies, and approaches used by countries and organizations to promote and facilitate the attraction of foreign capital (Ministry of Economy, 2012). According to the International Center for Research and Information on the Public, Social, and Cooperative Economy (CIRIEC), societies and their economies need to be innovative since innovation is a determining factor in the design of public and business policies. Thus, the trend is towards an approach to innovation not only in its technological dimension but also in its organizational, social, institutional, cultural, and political dimensions (CIRIEC., 2018). Then innovation is one of the fundamental pillars for the development of competitive advantages within countries. This is one of the main reasons why the Pacific Alliance has chosen to implement an action regarding innovation in its regional bloc. Because of this open-minded action, the member countries of the Pacific Alliance have been cataloged as one of the strongest organizations in global economies as they seek regional innovation in order to attract more foreign investment funds.

Among the main characteristics of the member countries of the Pacific Alliance, Chile is considered the most competitive economy in the Latin American region, since most of its advantages are reflected in its low level of corruption and efficient government, in addition to a strong institutional structure. However, Chile must make great efforts to improve some weaknesses that could affect its development, such as its reduced investment in innovation, low industrial diversity, a workforce with notable deficits when developing new innovative projects, and finally its educational quality (WEF, 2014). In 2022, Chile's GDP figure reached 286,176 million USD, and the foreign investment received reached 17 billion dollars (Central Bank, 2022). The main investors that the country had were the United States, Spain, Canada, the Netherlands, and the United Kingdom, which represent more than half of the stock in FDI. Investments are mainly oriented to mining, financial services, energy, trade, and manufacturing (Santander, 2022). With respect to innovation, Chile focuses on focusing its innovative strengths in areas such as university-industry research, government support, and the willingness of its scientists in the field of advanced technologies to increase its patent production, which is one of the highest in the region. Chile needs to boost its innovation capacity, the quality of scientific research institutions, and private investment in research and development (Amorós et al., 2016). In this way, it will be able to boost its innovative capacity, not only in Latin America but also in the global environment (WEF, 2014).

Colombia is considered one of the countries that has had steady economic growth, although most of its resources come from oil production, which limits its industries' diversification. The report mentions the need to improve in different areas, such as the educational system, since they cannot respond to the needs and productive requirements of innovative companies. This educational deficit that the country has has been affected by low private investment in research and development and limited scientific research in innovation with little significant growth (WEF, 2014). In the year 2022, the GDP figure released by the Colombian government was 326,628 million USD, and foreign investment in the same period of time was 17,048 million USD (Banco de la República de Colombia, 2022). As the main investor countries found in Colombia are the United States, Spain, and Panama, which have had the largest participation in the financial and business services sector and the mining-energy industry. These were the two sectors with the highest foreign investment last year, as well as transportation and communications, manufacturing, commerce, hotels, and electricity, among others. Transportation and communications, manufacturing, commerce, hotels, and electricity, among others, also stood out (Forbes Staff, 2023). On the other hand, the region stands out for its government support for the development of advanced technology products as part of its innovative potential.

Similarly, Mexico is an industrialized country and attracting international investment is complicated because of Mexico's public and economic policies. Since this country has a high index on issues such as corruption and insecurity (WEF, 2014), Mexico should boost its capacity for innovation through economic activities and likewise encourage its population to use information technologies; otherwise, this would reduce the ability to develop the country's competitive advantages. In 2022, Mexico had a GDP of 1,343.382 million USD and attracted a total investment of 32,147.4 million USD, with large investors, such as Argentina, Japan, the United Kingdom, Spain, Korea, Hong Kong, France, China, and USA, in the economic sectors, four of which were in the United States. In the economic sectors, four of these received 75.96% of the total FDI: manufacturing, transportation, mass media information, and financial and insurance services (Gob.Mx, 2022). In terms of innovation, Mexico has excelled in promoting private investment in research and development, university-industry collaboration and a properly employed innovation capacity. The WEF (2014) recommends that Mexico should look for ways to develop different areas of opportunity that the country has: increase the generation of patents as well as the quality of scientific research institutions in order to boost innovation as a pillar of competitiveness in Latin America, and finally, government support for advanced technology products (Arredondo et al., 2016).

Peru, on the other hand, poses significant challenges. This country has a deficient index at the educational level, which has generated serious complications between the requirements of companies and the labor force it offers, which limits its research system. In addition to this, it has an almost null capacity for diversification in its economy, which results in a reduced innovation rate (Arredondo et al., 2016). The World Economic Forum, likewise, recommends boosting innovation in the sense of the quality of its scientific research institutions, university-industry collaboration in research and development, private investment in research and development, government support for advanced technology products, as well as the availability of scientists and engineers to be able to boost innovation as a competitive advantage in the region (WEF, 2014). For this reason, Peru obtained a value of 190,902 million USD in GDP with a foreign investment rate of 5138 million USD, where the main drivers of investment were Spain, the United States, and France in the mining, communications, economic, and financial sectors, among others (Central Bank of Peru, 2022).

Ecuador has had different complications at the time of receiving foreign collaborators who fully trust in the country due to a great lack of legal uncertainty as well as a very low social, political, and economic security index. However, these indices have not prevented Ecuador from standing out in the areas of oil, mining, infrastructure, agriculture, and tourism, among others. On average, FDI received by Ecuador in the last 10 years has been around US$ 888 million; the highest amount recorded was in the period 2018 with US$ 1,389 million. This figure was due to a year where millions of profits were reinvested, and net capital loans were made to affiliated companies (AméricaEconoma, 2019). The crisis of 2019 caused a drop to US$ 975 million, which was recovered in 2020 by receiving US$ 1,104 million, but reduced again in 2021 to US$ 621 million. In relation to GDP, only in 2015, 2018 and 2020 there is a percentage higher than 1.0% (Ibarra, 2022). In terms of the origin of investors, the main countries that have invested in Ecuador are the United States, Spain, Canada, China, and Brazil. Despite the efforts of the Ecuadorian government to attract foreign investment, such as the signing of trade agreements and the promotion of infrastructure projects, Ecuador still faces challenges in this area, such as the lack of legal security (Tobar, 2020) Nowadays, information technologies (ICT) have improved the organizational processes of economic blocks, companies, etc. In this sense, international trade negotiations can be optimized with all these tools. In terms of the development of countries and regions, ICTs drive technological progress and reduce economic gaps between industrialized countries. In this sense, ICTs have become gateways to economic and social vectors, have improved access to services, connectivity, and productivity, and are considered a source of job creation (Cano & Baena, 2018).

ICTs as a lever for change in the management of any organization have become powerful, accessible, and widespread tools. Among the Pacific Alliance countries, the dominance of ICT for negotiations is similar; however, the perception of the performance of this process is higher in Mexico than in Peru, Chile, and Colombia. Peru, Chile, and Colombia could obtain benefits through training in these technologies due to the benefits they offer in terms of the use of resources and the achievement of commercial objectives for the attraction of foreign capital. Therefore, for companies in the Pacific Alliance, this research recommends improving skills in the use of ICTs for the international negotiation process and taking advantage of the characteristics of the available technologies. All this will represent an opportunity to improve the performance of international negotiations and consolidate the Pacific Alliance as a block that facilitates and supports the exchange of goods and services for greater attraction to foreign investors (TOCTO CANO et al., 2019).

For this reason, the main objective of this research is to analyze the main reasons why the member countries of the Pacific Alliance receive up to 20 percent more foreign investment annually compared to Ecuador. In this sense, research and writing on a topic was carried out covering the foreign investment that has attracted the last 10 years from the official members of the Pacific Alliance and comparing them with the official data on foreign investment that Ecuador has obtained in the same period of time through the analysis of key variables for the subject under study.

1.1 Objectives

General Objective.

Analyze the main reasons why the member countries of the Pacific Alliance receive on average up to 20 percent more foreign investment compared to Ecuador.

Specific objectives

- ❖ Find out the most important points of belonging to the Pacific Alliance and the advantages and disadvantages of being a member.
- ❖ Conduct a comparative analysis of the type of investment received by the member countries of the Pacific Alliance in comparison with the foreign investment currently received by Ecuador.
- ❖ Propose guidelines to help Ecuador attract more foreign investment opportunities.

1.2. Theoretical framework

According to Morales (2020), Regional integration is the process by which the countries of a given region join together to form an economic and political bloc with the aim of improving their competitiveness and strengthening their position in the global market. This may involve the elimination of tariff and non-tariff barriers between member countries, the creation of a common market, and the adoption of coordinated economic and trade policies.

Regional integration is also known as a process whereby countries that are geographically, politically, and culturally close to each other decide to cooperate and coordinate their economic and social policies to achieve their objectives. This may include harmonization of regulations and standards, free movement of people and goods, and cooperation in areas such as infrastructure, education, and security. (Morales, 2020).

Within regional integration, we can find different fields of union, such as economic and political integration. Economic integration refers to the union of several countries or regions with the objective of creating a common market and increasing the flow of goods, services, investment, and people between them. This involves the elimination of trade barriers, the harmonization of economic policies, and the coordination of commercial activities. On the other hand, political integration is a process by which countries or regions seek to coordinate and harmonize their policies and institutions to achieve common objectives. This involves the creation of a common legal framework, the adoption of joint policies and decisions, the creation of supranational institutions, and cooperation in areas such as security, justice, and defense. In short, political integration seeks to strengthen the power and influence of the countries or regions involved through collaboration and coordination (Morales, 2020).

A free trade area is a geographic area where countries agree to eliminate tariffs and other trade barriers to encourage trade between them. This means that member countries can trade with each other without restrictions and without having to pay tariffs on the products they exchange. Free trade zones are usually strengthened between countries that are geographically or culturally close to each other, as they are often created to encourage trade and economic integration between them. Free trade zones can trade both goods and services and can be beneficial to member countries by allowing them to access new markets and reduce production costs, which can improve competitiveness and stimulate economic growth (Papajorgji, 2020).

One of the strongest free trade zones in Latin America is the Pacific Alliance, which was created as a regional integration initiative between four Latin American countries, Chile, Colombia, Mexico, and Peru, with the aim of boosting trade and investment between member countries, promoting the free movement of people, goods, and services, and facilitating cooperation in areas such as education, culture, science, and technology (Pacific Alliance, 2022).

On the other hand, Investment is defined as an activity controlled by third parties whose main objective is the injection of capital into different companies, packages, or shares that will generate long-term economic benefits. In other words, investing means depriving ourselves of money we currently have (which is called opportunity cost) to use it for a given time in an asset that will eventually generate more money, or what is commonly called profitability. (Pictet Asset Management, n.d.) Foreign Direct Investment (FDI) is known as an operation involving a long-term relationship in which a natural or legal person resident in one economy (a direct investor) aims to obtain a lasting participation in a company or entity resident in another economy (Cepal, 2021).

Foreign direct investment (FDI) is a form of investment that is made by a company or individual from one country in an enterprise or project in another country with the objective of establishing a long-term presence in the host country and obtaining economic benefits, companies, governments, or individuals and can be an investment in any economic sector, such as manufacturing, the financial sector, agriculture, mining, and tourism, among others.

Foreign direct investment can have a positive impact on the host country's economy, as it can generate employment, transfer technology and knowledge, improve efficiency and productivity, and increase competitiveness. However, it can also have negative effects, such as the exploitation of natural resources and labor. (Jara, 2021).

The main contributions of foreign investment include:

- **Job creation:** foreign investment can help create new jobs, which can increase disposable income and improve overall economic conditions in the host country.
- **Technology transfer**: foreign investment can also help transfer knowledge and advanced technology from more developed countries to developing countries, which can improve the competitiveness and productivity of the economy.
- **Increased trade:** foreign investment can help promote international trade and increase the host country's exports, which can improve the trade balance and balance of payments.
- **Increased capital:** foreign investment can provide the capital needed to finance major investment projects, such as infrastructure construction, which can contribute to long-term economic development.

In general, FDI involves the acquisition of assets or participation in the management and operation of a foreign company, either through the creation of a new joint venture or the acquisition of a majority or minority stake in an existing company. FDI can come from innovation, that is, the process of introducing new ideas, products, services, or processes into the market or society. It is a broad term that ranges from small improvements to existing products to the creation of something completely new. Innovation can be driven by a variety of reasons, such as the search for a competitive advantage, the need to solve a problem or improve a process, or simply the curiosity to explore new ideas and concepts.

Innovation can also take different forms, such as technological innovation, social innovation, product innovation, and process innovation, among others. In general, innovation is a key element for economic growth and the improvement of the quality of life, as it allows companies to adapt to the new markets that society generates (Mulet, 2019).

The implementation of ICT (information and communication technologies) for the attraction of foreign investment has become essential because they are a set of tools, processes, and technologies that allow the management, processing, and transmission of information through various media and devices. ICTs encompass a wide range of technologies, such as the Internet, communications networks, mobile telephony, e-mail, social networks, cloud computing, and artificial intelligence, among others.

These technologies have revolutionized the way people and companies communicate, interact, and carry out their daily activities. ICTs have enabled access to information and knowledge quickly and efficiently, as well as automating processes and improving productivity. Improved business environment: foreign investment can help improve the host country's business environment, which can increase investor confidence and encourage future domestic and foreign investment (Etchegaray & Arias Urones, n.d.). In short, ICTs are a set of technologies that enable the management, processing and transmission of information and have transformed the way we live and work (TOCTO CANO et al., 2019).

There are different variables that are key when determining the level of attraction and retention of foreign direct investment, such as:

PIB: represents the market value of final goods and services produced in a given period of time (quarterly or annually), focusing on measuring final production, not intermediate goods (Santander, 2022).

PIB per capita: measures the relationship between a country's income level and its population, i.e., the GDP generated by a country is divided by the number of inhabitants (Panorama Educativo de México, 2009).

Human development: The human development index allows us to measure the level of development of each country, taking into account different variables such as life expectancy, per capita income, education, and finally the environmental management of each country (Dubois, 2020).

Country risk: By country risk," we mean the probability that a country, being a debt issuer, will not be able to meet its responsibilities or commitments with respect to debt repayment, both in principal and interest, according to the agreed terms. It is a fundamental variable for attracting foreign investment (Morales, 2019).

Economic freedom index: It refers to the freedom that the citizens of a state have to generate their own wealth; the higher the index, the greater the economic freedom present (FUNDESA, 2023).

Level of taxation: The taxation level indicator is an important point to consider when seeking to measure the level of internationalization of a state or company, a process by which national or foreign currency leaves the country through commercial transactions or financial transactions abroad, since this will depend on the taxes that the organization will have to incur in order to move to another country (Jimenez, 2015).

Minimum wage: It is the lowest amount of remuneration that a worker is legally obliged to pay its employees for the amount of work performed during a given period. It is established by a country's legislation and is usually set on an hourly, daily, or monthly basis. The main purpose of the minimum wage is to guarantee a minimum level of income for workers, protect them against labor exploitation, and help maintain a basic standard of living (Martinez, 2023).

Global peace is a measure used to assess and compare the level of peace and tranquility in different countries and regions of the world (UNHCR, 2018).

Foreign Direct Investment: It is the annual amount of foreign capital placed on a long-term basis in a country (Central Bank, 2022).

3. Literature review

According to Cabello & Calderón (2021), the use of information technologies is key to the global and regional evolution of foreign direct investment (FDI) and makes recommendations for these flows to contribute to the productive development processes of the region, such as the fact that the digital economy changes the dynamics of companies in terms of foreign direct investment.

According to Etchegaray & Arias Urones (n.d.), developing countries must provide the necessary climate to establish businesses and grant legal certainty to foreign investors. They conclude that investors take into consideration three key conditions when investing: the political framework, the economy, and investment facilitation.

Galán (2015), on the other hand, published a study where he details that the Pacific Alliance is a new integration process in the Latin American area, regarding the bilateral agreements between the states that make up the Alliance and the creation of the Pacific Arc Forum since its inception. It highlights the interest of the Pacific Alliance in economic issues, particularly trade and investment, which reflects the policies implemented by this regional bloc to increase foreign direct investment and position itself globally.

Similarly, TOCTO CANO et al. (2019) detailed in a concrete and precise way the current need for the use of ICT in the Pacific Alliance, where they express that the process of using these innovation tools has been mostly occupied in Mexico compared to other members of the bloc, giving likewise a recommendation about the benefits and needs of using ICT to improve economic, political, social productivity, etc. in the Pacific Alliance to thus attract external capital.

On the other hand, the WEF (2014) has revealed a complete analysis of the advantages and disadvantages of the member countries of the Pacific Alliance, where it details the strengths and weaknesses of each one of them, recommends the use of innovation, and proposes improvements in different economic and social areas of the ied countries.

Tobar (2020) detailed the background, benefits, and disadvantages of foreign direct investment that Ecuador has received in recent years and provides recommendations that Ecuador should follow in order to attract more capital and greater support from foreign countries.

Likewise, Santander (2022), talked about the foreign investment received by Chile and how it has potentiated all the capital obtained in the different sectors of the country in order to invest it in the economic, political, educational, and technological areas and bring the country even greater common development.

On the other hand, Alvaro Calderon (2013), wrote about the importance of foreign investment in Latin America and the Caribbean. The study has shown that transnational companies tend to promote better-paid jobs in Latin American and Caribbean countries and how the transfer of capital from one country to another can open gaps in different economic sectors of the sector.

According to Alberto Montoya (2015), who wrote about foreign investment as an essential determinant in the development of Latin America, it is necessary to study the causes and consequences that this brings with it, such as the entry of foreign currency into the country and the restriction of external financing.

Ramirez (2022) talks about foreign investment in Mexico, which is one of the triggers for which this country receives so much support from foreign investors, since, together with Chile, it is one of the countries that has received the most foreign investment in recent periods.

The author Espinosa Goded (2018) wrote an article of great interest for this research. He has stated that the opportunity for Ecuador to join the Pacific Alliance is a decision that can neither be underestimated nor missed, because if there is a union as such, Ecuadorian borders can be opened to free trade and international markets.

The authors Merchán & Denisse (2014), talked about the competitiveness of attracting foreign direct investment to the receiving countries, which is constantly on the rise due to the potential benefits it would bring, such as access to capital for financing, access to knowledge and training for human resources training, operation, product or machinery innovation, access to advanced technologies, and finally, economic development and growth.

For their part Castillo& Zurira (2020) have talked about the essential determinants that countries must have to attract FDI in Latin America. They made an econometric model where they compare different necessary indexes that investing countries consider when making this type of capital injection, such as gross domestic product, inflation, unemployment, and gross net income (GNI) per capita, among others.

4. Methods

This research is established with a mixed approach, covering a research model of the analysis of foreign direct investment, attracted by the members of the Pacific Alliance before becoming part of it in the period 2005- 2011, and compare it with the levels of foreign direct investment attracted by the members of the Pacific Alliance after being accepted as members of the bloc in the period 2012-2022, by means of a method known as an exploratory note of descriptive order, by means of a bibliographic inquiry and an analysis of macroeconomic variables such as FDI, which show which of the selected countries have obtained a greater foreign investment as a country before and after joining this bloc.

Within the analysis, individual tables are constructed in the established periods of the members of the Pacific Alliance where it is possible to appreciate specific differences and similarities between Colombia, Mexico, Peru and Chile and contrast them with the reality of Ecuador with respect to the attraction of foreign direct investment in the same periods of time (Llisterri, 2021). The variables that have been selected for the qualitative research of this document are GDP, GDP per capita, Human Development, Country Risk, Economic Freedom Index, Taxation Level, Minimum Wage and Global Peace: GDP, GDP per capita, Human Development, Country Risk, Index of Economic Freedom, Level of Taxation, Minimum Wage and Global Peace. The data have been obtained from official sources such as central banks of the countries considered for this study, the world bank, among others.

On the other hand, the quantitative approach was used to determine each of the proposed variables. It was necessary to use a method known as multivariate regression, which is a statistical technique used to analyze the relationship between several independent variables and a dependent variable. Unlike simple regression, which only involves one independent variable and one dependent variable, multivariate regression is used when it is desired to examine the relationship between a dependent variable and two or more independent variables (Montero, 2016). By means of multivariate regression, the process was individualized by country, based on a general formula entered into the SPSS software, where the dependent variable would be FDI and the other variables were positioned as independent variables of FDI, giving us a generic formula: In(Formula= log(Y=FDI)+ log(GDP)+log(GDP Per Capita)+log(Human Development)+log(Country Risk))+log(GDP Per Capita)+log(Economic Freedom)+log(Taxation)+log(Minimum Wage)+log(Global Peace). =(Country).

Using the guide of the base formula, the fewer dependent variables are discarded, until the dependent variables of FDI are obtained, and in this way it is possible to locate what exactly attracts foreign investment to each of the member countries of the Pacific Alliance and which variables are dependent for the attraction of FDI in Ecuador.

5. Results

Table 1. ***Foreign Direct Investment attracted by Chile in the period 2005-2011.***

COUNTRY	FDI 2005	FDI 2006	FDI 2007	FDI2008	FDI 2009	FDI 2010	FDI 2011
Chile	7.46mill	7.59mill	13.47mill	18.47mill	13.86mill	16.02mill	25.56 mill

Note: amounts shown in billions of dollars.
Source:World Bank, (2023)

Analysis of the 2005-2011 period
Table 1 shows that during the period 2005-2011 Chile experienced significant growth in terms of FDI. During this period, the Chilean economy stood out as one of the main sectors in attracting Foreign Direct Investment for Latin America, attracting important flows of foreign capital, due to the implementation of favorable policies for foreign investors, its political stability and solid institutions, a low rate of corruption, and an attractive business environment.

Some of the key sectors that attracted foreign investment include financial services, mining —specifically copper extraction and energy, etc. These companies have invested in the exploration and exploitation of the country’s natural resources, in addition to manufacturing and infrastructure projects.

A continuous increase in foreign direct investment can be evidenced over the years, with a total of 7.46 billion dollars attracted in 2005, and an increase to 25.56 billion dollars of FDI in 2011, when Chile officially joined the Pacific Alliance and obtained a notable increase in the mining, manufacturing and financial services sectors (Central Bank of Chile, 2022).

Table 2. ***Foreign direct investment attracted by Chile in the period 2012-2022 in billions of dollars.***

COUNTRY	FDI 2012	FDI 2013	FDI 2014	FDI 2015	FDI 2016	FDI 2017	FDI 2018	FDI 2019	FDI 2020	FDI 2021	FDI 2022
CHILE	31,80 mill	21.12 mill	25.53 mill	17.77 mill	11.36 mill	5.24 mill	7.94 mill	13.58 mill	9.21 mill	15.25 mill	17.10 mill

Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

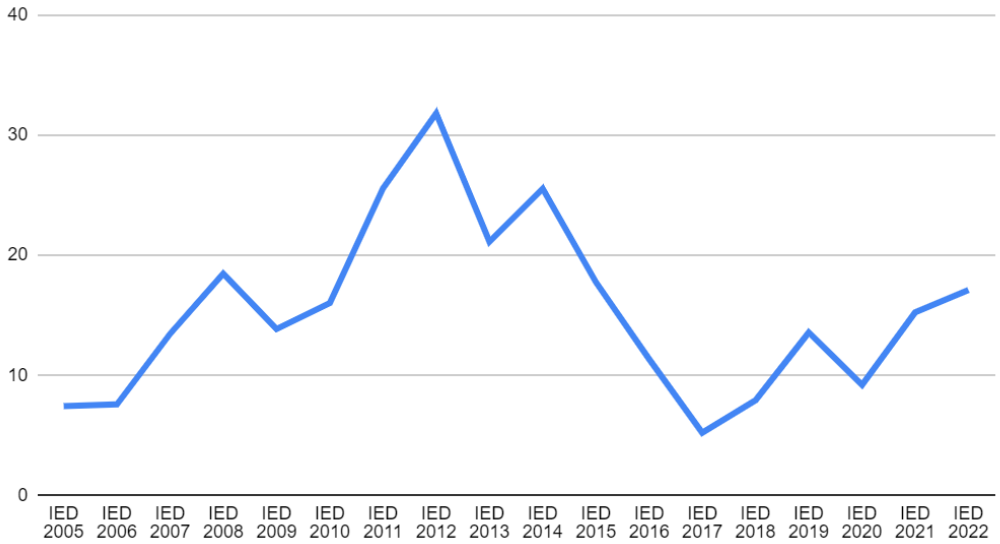
Analysis of the 2012-2022 period
Since joining the Pacific Alliance, the index has warned over time. It is possible to highlight the period of 2012, when the index reached $31.8 billion. However, in the period of 2017, it is possible to observe a remarkable decrease of 50%, with a total of foreign direct investment attracted by 5. 240 billion dollars. This was due to a decrease in the country's domestic demand, which affected the country's economy.

The analysis of the previous years shows us that Chile has a higher percentage of foreign investment, where the main investors that the country had are: United States, Spain, Canada, the Netherlands and the United Kingdom, which represent more than half of the stock in FDI. Investments are mainly oriented to mining, financial services, energy, trade and manufacturing (Central Bank of Chile, 2022).

Table 2 shows that once Chile became a member of the Pacific Alliance, there was a notorious increase in foreign direct investment, where 2012 can be highlighted as a record year with a total of 31.80 billion dollars. However, in 2017, it can be observed a remarkable decrease of 50%, which has been attributed to the decrease in domestic demand that affected the country’s economy, as well as to external factors. Nevertheless, there was a prompt recovery during 2018 and 2019, and in 2022 the amount of FDI accounted for 17.10 billion dollars.

The analysis of FDI performance during the period before entering the Pacific Alliance, that is, from 2005 to 2011, showed that Chile had a higher percentage of foreign investment. According to (Central Bank of Chile, 2022), The United States, Spain, Canada, The Netherlands, and The United Kingdom are Chile’s main investors, and hold more than half of the stock in FDI, with investments directed to mining, financial services, energy, trade, and manufacturing.

Figure 1. Foreign Investment in Chile.



Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Figure 1 shows an average of US$14.63 billion FDI acquired by Chile in the period 2005-2011. However, an increase of US$16 billion is evidenced during the period 2012-2022, which is equivalent to a total percentage of 9.36% growth for Chile between the two periods analyzed.

Figure 1. Multivariate regression for Chile.

```
Coefficients:
                      Estimate Std. Error t value Pr(>|t|)
log(`Salario Minimo`)  -4.2990     0.7208  -5.964 0.000212 ***
log(`Paz Global`)       5.5885     0.5661   9.872 3.98e-06 ***
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 0.2509 on 9 degrees of freedom
Multiple R-squared:  0.9998,    Adjusted R-squared:  0.9998
F-statistic: 2.371e+04 on 2 and 9 DF,  p-value: < 2.2e-16
```

Source: (SPSS, 2023)

In the multivariate regression the variables that are co-dependent of the FDI are shown with an asterisk on the right side of the log. The more asterisks the variable has the greater its relationship with the dependent variable. However, the explanation of the positive and negative signs that can be seen in image 1 refers to the fact that a negative sign indicates that there is a negative relationship between the two variables. While the values of one variable increase, those of the second variable decrease. On the other hand, a positive sign indicates that there is a positive relationship between the two variables; that is, when the magnitude of one increases, the other also increases. Giving us as a result the dependent variables of FDI in Chile would be the Minimum Wage and the Global Peace Index (Alquira, 2017).

Table 3. ***Foreign direct investment attracted by Colombia in the period 2005-2011 in billions of dollars.***

COUNTRY	FDI2005	FDI2006	FDI 2007	FDI 2008	FDI 2009	FDI 2010	FDI 2011
Colombia	10.24mill	6.75mill	8.89mill	10.56mill	8.03mill	6.43mill	14.65mill

Source:World Bank, (2023)

Analysis of the 2005-2011 period

Table 3 shows that during the period 2005-2011, according to data obtained from the bank of Colombia, had a significant increase in foreign direct investment (FDI) due to the fact that the country implemented several economic and political reforms that promoted a more favorable environment for foreign investment. As can be seen in the analysis, before becoming part of the Pacific Alliance, foreign investment in Colombia was close to or did not exceed 10 billion dollars. This little increase in foreign investment was mainly due to the Country Risk index that Colombia had with a value of 524 points in growth that was recorded in these periods. Despite the global economic challenges, Colombia has abundant natural resources, such as natural gas, coal mines and minerals, as well as the oil and mining sectors, which stood out during these years. However, by 2011, when Colombia became an official member of the block, there was an increase in the arrival of foreign capital, from 6 billion dollars to 14 billion dollars of FDI (2022).

Table 4. ***Foreign direct investment attracted by Colombia in the period 2012-2022 in billions of dollars.***

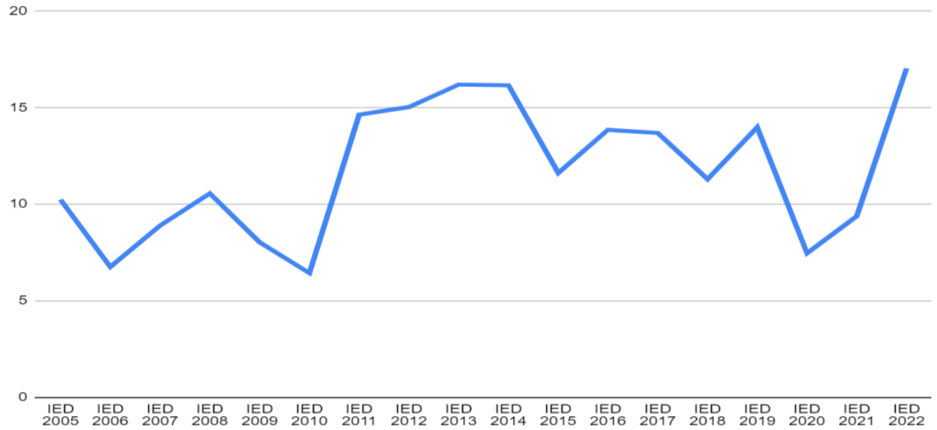
COUNTRY	FDI 2012	FDI 2013	FDI 2014	FDI 2015	FDI 2016	FDI 2017	FDI 2018	FDI 2019	FDI 2020	FDI 2021	FDI 2022
COLOMBIA	15.04 mill	16.21 mill	16.17 mill	11.62 mill	13.86 mill	13.7 mill	11.3 mill	13.99 mill	7.46 mill	9.38 mill	17.048 mill

Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Analysis of the period 2012-2022

On the other hand, the analysis of Table 4, that is, the years since Colombia joined the Pacific Alliance as an official member, shows an evident growth of FDI over the first years, which represents a significant increase compared to the previous years when the country did not belong to the alliance. In 2022, Colombia reached a foreign capital of 17 billion dollars with main participation in sectors such as communications, transportation, hydrocarbon exploitation, and financial services; the main investors in Colombia are: The United States, The United Kingdom, Spain, and Switzerland (Bank of the Republic of Colombia, 2022**).**

Figure 2. ***Foreign Investment in Colombia.***



Source:(World Bank, 2023)

Figure 2 shows an average of 9.36 billion dollars of FDI acquired in the 2005-2011 period, however an increase in the 2012-2022 period of 13.25 billion dollars is evidenced, which is equivalent to a total percentage of 41.5% growth for Colombia between the two periods analyzed.

Multivariate regression for Colombia.

```
Coefficients:
                  Estimate Std. Error t value Pr(>|t|)
log(`per capita`)  1.85914    0.00703   264.5   <2e-16 ***
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 0.2053 on 10 degrees of freedom
Multiple R-squared:  0.9999,    Adjusted R-squared:  0.9998
F-statistic: 6.994e+04 on 1 and 10 DF,  p-value: < 2.2e-16
```

Source: (SPSS, 2023)

In the multivariate regression the variables that are co-dependent of the FDI are shown with an asterisk on the right side of the log, the more asterisks the variable has the greater its relationship with the dependent variable. However, the explanation of the positive signs that can be seen in image 2 refers to the fact that a positive sign indicates a positive relationship between the two variables; that is, when the magnitude of one increases, so does the other. Giving us as a result that the dependent variables of FDI in Colombia would be the variable of GDP Per Capita (Alquira, 2017).

Table 5. ***Foreign direct investment attracted by Mexico in the period 2005-2011 in billions of dollars.***

COUNTRY	FDI 2005	FDI 2006	FDI2007	FDI 2008	FDI2009	FDI 2010	FDI 2011
México	25.16mill	22.12mill	31.02mill	29.75mill	19.65mill	30.52mill	23.89mill

Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Analysis of the 2005-2011 period

Mexico has been the only country that before being part of the Pacific Alliance had a significant FDI rate without the need to belong to a regional bloc, with a total FDI, in 2010, of 30 billion dollars, as can be seen in Table 5. Structural reforms and economic policies carried out in previous decades in Mexico boosted the economy and attracted foreign investment. Geographic location, skilled labor, and free trade agreements with several nations are some of the main attractions for foreign investors in Mexico.(Central Bank of Mexico, 2022)

FDI had a positive impact on several economic sectors in Mexico; manufacturing was one of the main beneficiaries of foreign direct investment in the country. Electronics, automobiles, household appliances, textiles and chemicals are some of the sectors in which foreign companies have invested. The skilled labor force and its proximity to U.S. markets, along with financial services, attracted foreign investors (Central Bank of Mexico, 2022).

Table 6. Foreign direct investment attracted by Mexico in the period 2012-2022 in billions of dollars.

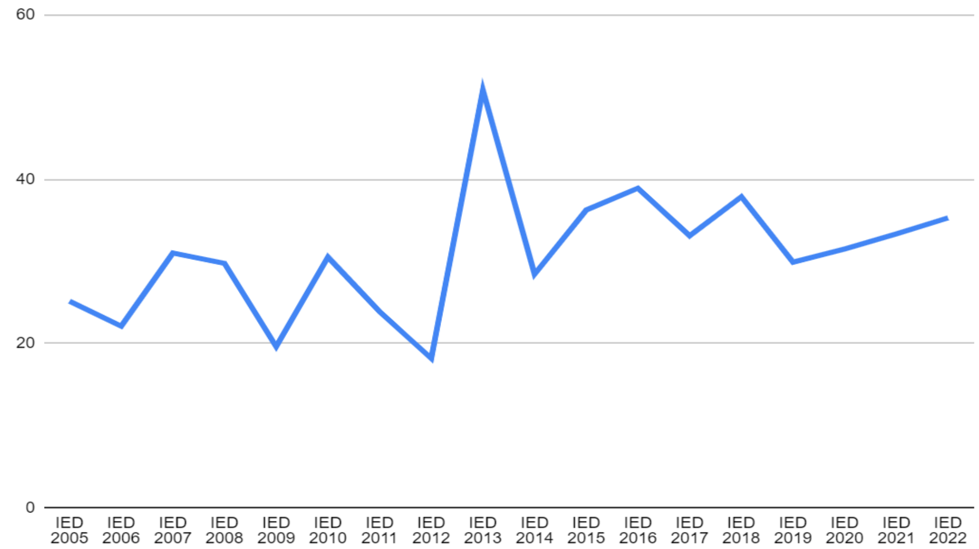
COUNTRY	FDI 2012	FDI 2013	FDI 2014	FDI 2015	FDI 2016	FDI 2017	FDI 2018	FDI 2019	FDI 2020	FDI 2021	FDI 2022
MÉXICO	18.2 mill	50.83 mill	28.44 mill	36.25 mill	38.89 mill	33.11 mill	37.85 mill	29.9 mill	31.51 mill	33.35 mill	35.29 mill

Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Analysis of the 2012-2022 period

Mexico can be considered as the main attractor of foreign direct investment in Latin America and the Pacific Alliance. As Table 6 shows, it generated over 35 billion dollars in the last year of analysis, thus becoming the country that alone has generated half of the index of foreign direct investment of the Pacific Alliance. According to the Central Bank of Mexico, the largest investors were Argentina, Japan, United Kingdom, Spain, Korea, Hong Kong, France, China, and the USA. In the economic sectors, four of these received 75.96% of the total FDI: manufacturing, transportation, mass media information, and financial and insurance services (Central Bank of Mexico, 2022).

Figure 3. ***Mexico Foreign Investment***



Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Figure 3 shows an average of US$26 billion in FDI acquired during the 2005-2011 period. However, an increase in the 2012-2022 period of US$33.96 billion is evidenced, which is equivalent to a total percentage of 30.55% growth for Mexico between the two periods analyzed.

Figure 3. Multivariate Regression for Mexico

```
Residuals:
     Min       1Q   Median       3Q      Max
-0.59328 -0.07358  0.02654  0.17124  0.32733

Coefficients:
                          Estimate Std. Error t value Pr(>|t|)
log(`Libertad economica`)  4.14220    0.01811   228.7   <2e-16 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1

Residual standard error: 0.2511 on 10 degrees of freedom
Multiple R-squared:  0.9998,    Adjusted R-squared:  0.9998
F-statistic: 5.229e+04 on 1 and 10 DF,  p-value: < 2.2e-16
```

Source: (SPSS, 2023)

In the multivariate regression the variables that are co-dependent of the FDI are shown with an asterisk on the right side of the log. The more asterisks the variable has the greater its relationship with the dependent variable. However, the explanation of the positive signs that can be seen in image 3 refers to the fact that a positive sign indicates a positive relationship between the two variables; that is, when the magnitude of one increases, so does the other. Giving us as a result that the dependent variables of FDI in Mexico would be the Economic Freedom variable (Alquira, 2017).

Table 7. ***Foreign direct investment attracted by Peru in the period 2005-2011 in billions of dollars.***

COUNTRY	FDI 2005	FDI 2006	FDI 2007	FDI 2008	FDI 2009	FDI 2010	FDI 2011
Perú	2.58mill	3.47mill	5.49mill	6.92mill	6.43mill	8.45mill	7.68mill

Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Analysis of the 2005-2011 period
Between 2005 and 2011, foreign direct investment (FDI) in Peru increased significantly. According to data from the Central Bank of Peru, The country's economic and political stability and the implementation of policies favorable to foreign investment attracted foreign capital. During this period, Peru's economy experienced strong development, driven by the increase in the prices of natural resources, particularly minerals such as silver. In Peru, FDI was mainly driven by investment in the mining sector. Large-scale mining projects, such as the Las Bambas copper mine and the Yanacocha gold mine, received investment from foreign companies, with total FDI in 2005 rising from US$2 billion to US$8 billion in 5 years. During this time, the Peruvian government implemented economic policies that encouraged foreign investment. It was clearly regulated to protect property rights and promote a favorable business climate, reduced barriers to foreign investment, and implemented tax incentives. These actions increased the confidence of foreign investors and attracted capital to the country. The Peruvian economy benefited from this increase in foreign direct investment, which contributed to economic development, employment and fostered technology transfer and the development of national infrastructure (Central Bank of Peru, 2022).

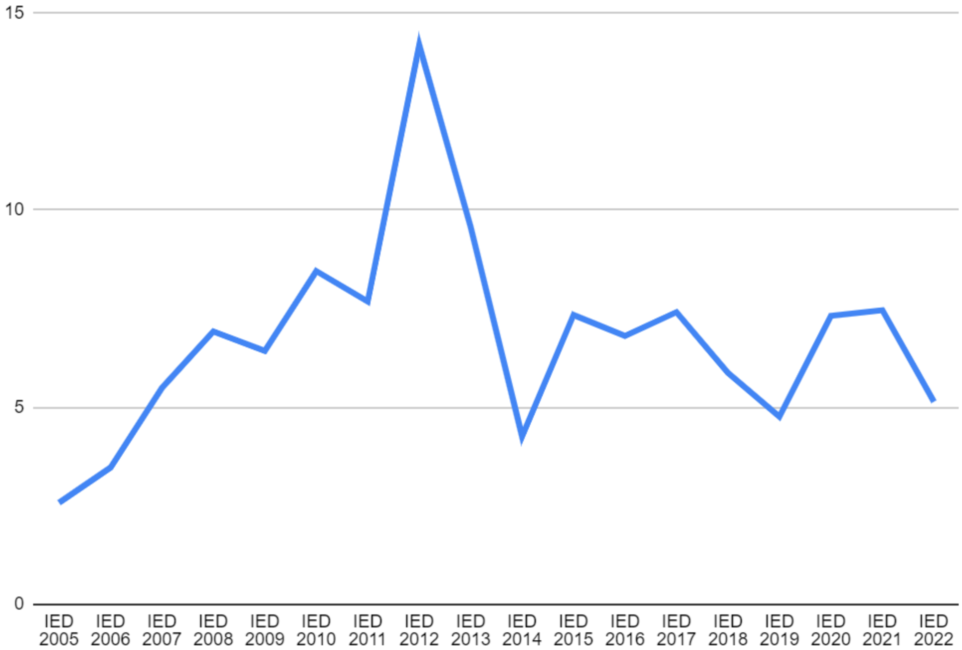
Table 8. ***Foreign direct investment attracted by Peru in the period 2012-2022 in billions of dollars.***

COUNTRY	FDI 2012	FDI 2013	FDI 2014	FDI 2015	FDI 2016	FDI 2017	FDI 2018	FDI 2019	FDI 2020	FDI 2021	FDI 2022
PERÚ	14.18 mill	9.57 mill	4.26 mill	7.34 mill	6.81 mill	7.41 mill	5.87 mill	4.76 mill	731,6 mil	7.46 mill	5.138 mill

Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Analysis of the period 2012-2022
Foreign direct investment (FDI) in Peru was expected to increase further following its entry into the Pacific Alliance in 2011. Peru gained greater presence and access to larger markets through its entry into the Pacific Alliance. This created a favorable environment for attracting more FDI to the country. Some factors that contributed to the increase in Peru's foreign direct investment once it joined the Pacific Alliance were expanded markets, greater economic and political stability, and joint investment promotion, among others. Peru registers a total of FDI over 5 billion dollars in the period 2022, with main participation in sectors such as mining, communications, financial services, and energy; the main investors in Peru are: Chile, Spain, United States and United Kingdom (Central Bank of Peru, 2022).

Figure 4. ***Foreign Investment in Peru.***



Note: amounts shown in billions of dollars.
Source:(World Bank, 2023)

Figure 4 shows an average acquired in the 2005-2011 period of US$5.86 billion. However, an increase in the 2012-2022 period of US$7.27 billion is evidenced, which is equivalent to a total percentage of 2.06% growth for Peru between the two periods analyzed.

Figure 4. Multivariate Regression of Peru

```
Coefficients:
                           Estimate Std. Error t value Pr(>|t|)
(Intercept)                474.9322   118.5062   4.008   0.0160 *
log(`per capita`)          -13.7440     4.1782  -3.289   0.0302 *
log(`Desarrollo humano`)   -86.5749    26.4045  -3.279   0.0305 *
log(`Salario Minimo`)       13.0898     2.9694   4.408   0.0116 *
log(`Riesgo pais`)          -2.3785     0.6896  -3.449   0.0261 *
log(`Libertad economica`)  -36.5391    12.3008  -2.970   0.0411 *
log(`Paz Global`)          -34.8263    12.9425  -2.691   0.0546 .
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 0.5247 on 4 degrees of freedom
Multiple R-squared:  0.9474,    Adjusted R-squared:  0.8686
F-statistic: 12.02 on 6 and 4 DF,  p-value: 0.01544
```

Source: (SPSS, 2023)

In the multivariate regression the variables that are co-dependent of the FDI are shown with an asterisk on the right side of the log. The more asterisks the variable has the greater its relationship with the dependent variable. However, the explanation of the positive and negative signs that can be seen in image 4 refers to the fact that a negative sign indicates that there is a negative relationship between the two variables. While the values of one variable increase, those of the second variable decrease. On the other hand, a positive sign indicates that there is a positive relationship between the two variables; that is, when the magnitude of one increases, the other also increases. Giving us as a result that the dependent variables of FDI in Peru would be the variables of GDP Per Capita, Human Development, Minimum Wage, Country Risk, Economic Freedom and Global Peace (Alquira, 2017).

Table 9. ***Foreign investment attracted by Ecuador in 2005-2022 in millions of dollars.***

COUNTRY	IED 2005	IED 2006	IED 2007	IED 2008	IED 2009	IED 2010	IED 2011
Ecuador	493,41 mill	271,42 mill	193,87 mill	1.06 mill	308,62 mill	165,89 mill	646,08 mill

COUNTRY	IED 2012	IED 2013	IED 2014	IED 2015	IED 2016	IED 2017	IED 2018	IED 2019	IED 2020	IED 2021	IED 2022
ECUADOR	567,41 mill	727,08 mill	772,38 mill	1.32 mill	764,22 mill	629,60 mill	1.39 mill	974,52 mill	1.09 mill	647,57 mill	788,0 mill

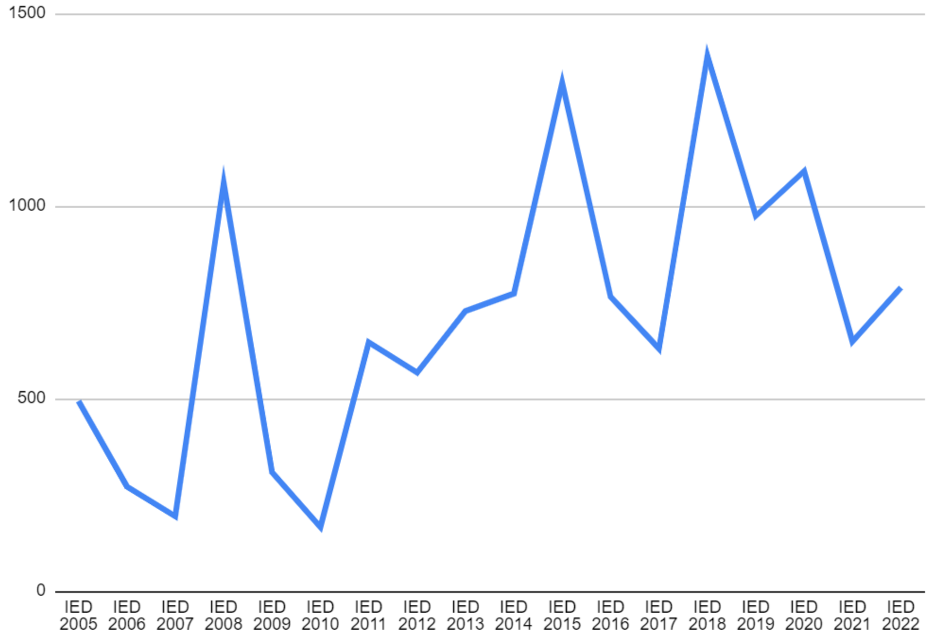
Note: amounts shown in millions of dollars.
Source:(World Bank, 2023)

Analysis of the 2005-2022 period

Ecuador has adopted measures to attract foreign investment and improve the environment for investors. The elimination of obstacles for the repatriation of profits and capital, the simplification of bureaucratic procedures for investment and the creation of economic zones, the elimination of restrictions on the repatriation of profits and capital have allowed years such as 2008, 2015, 2018 and 2020 to stand out, exceeding in these periods one billion dollars in FDI, Ecuador's economy has experienced economic growth, job creation, and diversification thanks to foreign investment. However, foreign direct investment in Ecuador has had difficulties such as political instability, lack of legal certainty, corruption, and bureaucracy, which are just some of the problems that have notably affected investment, especially during 2006 and 2007, when foreign investment received is almost insignificant. These elements can generate uncertainty for investors and hinder the entry and growth of foreign direct investment in the country (Central Bank of Ecuador, 2020).

In the case of Ecuador, the trend of moving away from its neighbors is once again repeated, with only US$788.0 million captured by 2022, with main participation in sectors such as: mining and quarrying, and trade and manufacturing industry, with its main investors being Mexico, Canada, China, Spain and Panama. This reality shows that Ecuador is far below its closest neighbors, ranking as the seventh recipient country of foreign direct investment in South America and being one of the countries that attracts the least investment in the region. However, a constant increase and decrease of FDI can be seen throughout the analyzed periods, which in comparison to the data found for the member countries of the Pacific Alliance are still very insignificant in attracting foreign capital (Central Bank of Ecuador, 2020).

Figure 5. Foreign Investment in Ecuador.



Note: amounts shown in millions of dollars.
Source:(World Bank, 2023)

Figure 5 shows that Ecuador has years of significant growth in the FDI index, but automatically decreases significantly in subsequent years, which means that Ecuador is a country that does not retain foreign investors for continuous periods. The average attraction of foreign investment in the period 2005-2022 reached 668.67 million dollars, with a growth percentage equivalent to 59.70% even though the country does not belong to the Pacific Alliance.

Multivariate regression of Ecuador

```
Coefficients:
                 Estimate Std. Error t value Pr(>|t|)
log(fiscalidad) 1.398867   0.009358   149.5   <2e-16 ***
---
Signif. codes:  0 ‘***’ 0.001 ‘**’ 0.01 ‘*’ 0.05 ‘.’ 0.1 ‘ ’ 1

Residual standard error: 0.3027 on 10 degrees of freedom
Multiple R-squared:  0.9996,    Adjusted R-squared:  0.9995
F-statistic: 2.234e+04 on 1 and 10 DF,  p-value: < 2.2e-16
```

Source: (SPSS, 2023)

In the multivariate regression the variables that are co-dependent of the FDI are shown with an asterisk on the right side of the log. The more asterisks the variable has the greater its relationship with the dependent variable. However, the explanation of the positive signs that can be seen in image 5 refers to the fact that a positive sign indicates a positive relationship between the two variables; that is, when the magnitude of one increases, so does the other. Giving us as a result that the dependent variables of FDI in Ecuador would be the Taxation variable (Alquira, 2017).

6. Discussion and Conclusion.

Becoming part of an economic bloc such as the Pacific Alliance is of great importance for the countries of the region, due to the fact that this agreement aims to improve the competitiveness of the economies of the countries involved, creating a favorable environment for economic development and job creation.

However, belonging to an economic bloc is not a guarantee of receiving the same advantages for all members. As Goded (2018) mentions, Ecuador should take advantage of the opportunity to join the Pacific Alliance and take advantage of the opening of international markets, free trade and attraction of FDI. However, it is necessary to point out the economic and political differences between this country and the members of the Pacific Alliance, so that in this way Ecuador can take advantage of these opportunities and reduce the risks.

On the other hand, Castillo & Zurita, (2020) state in their econometric analysis that internal and external indexes of each country manage to influence the attraction of foreign investment, positioning the GDP, GDP per capita, among other indicators. However, and based on this research, it was possible to prove that foreign direct investment is not attracted only by economic indicators of the countries and should be carried out in conjunction with political and social indicators.

In turn, Merchán & Denisse (2014) discuss the importance of attracting foreign investment and how potential benefits are obtained for recipient countries, such as access to capital for financing, access to knowledge and training either for human resources training, operation, product or machinery innovation, access to advanced technologies, and finally, economic development and growth, yet, to fully benefit from foreign direct investment governments must plan and implement public policies to improve their infrastructure and logistics, in addition to creating laws that provide certainty to the foreign investor.

In conclusion, and as could be seen in the qualitative and quantitative analysis, being part of the Pacific Alliance helped each of the official members to increase their levels of foreign direct investment. However, and thanks to the multivariate regression method it was possible to analyze that belonging to the Pacific Alliance does not guarantee a significant increase in the attraction of foreign investment. This is due to public policies and internal and external factors of the countries, as in the case of Chile, which significantly increased its FDI index due to its internal advantages, such as having a low level of corruption, together with an efficient logistic and technological infrastructure. Colombia on the other hand, must improve some internal aspects, such as the education system, to be more attractive to foreign investors as it cannot respond to the needs of innovative companies. Nonetheless, and due to the number of natural resources it has, this country is appealing for attracting foreign investors to its region. Mexico has been highlighted in this research as the main FDI attractor in Latin America even before belonging as an official member of the Pacific Alliance, due to its economic openness and its public policies. The advantage it has in comparison to the other members of the block is the proximity to North American markets that gives it a wider access as a FDI attractor. The last member of the Pacific Alliance is Peru, which has been the country with the most internal and external variants dependent on its foreign investment, since this country has a deficient educational level, which has generated serious complications between the requirements of the companies and the labor force it offers, which limits its capacity to attract foreign capital.

Ecuador has insignificant levels of FDI compared to the billions of dollars that the Pacific Alliance attracts to the region, mainly in sectors such as mining and quarrying, trade and manufacturing. The fact that Ecuador joins the Pacific Alliance does not guarantee that it will be able to equal or surpass the current member countries, but rather it is a work of political will in which the country must be given legal certainty, so that it can compete in a balanced way with the official members of the Pacific Alliance. In conclusion, it is necessary to emphasize that the specific reason why the member countries of the Pacific Alliance attract more foreign direct investment to their regions compared to Ecuador is that their internal public policies are more orderly, have greater legal certainty, stability, invest more in innovation and development and provide a better scenario for doing business to their foreign investors, complementing in turn their membership in the Pacific Alliance.

References

Montoya, A. (2015). [Foreign investment as a determinant of Latin America 's development]. Redalyc. Retrieved April 18, 2023, from

Pacific Alliance. (2022). SICE: Trade Policy Developments: Pacific Alliance. SICE - OAS. Retrieved March 24, 2023, from http://www.sice.oas.org/tpd/pacific_alliance/pacific_alliance_s.asp

Pacific Alliance. (2022). SICE: Trade Policy Developments: Pacific Alliance. SICE - OAS. Retrieved April 10, 2023, from http://www.sice.oas.org/tpd/pacific_alliance/pacific_alliance_s.asp

Álvaro Calderón. (2013).Foreign Direct Investment. Repository CEPAL. Retrieved April 18, 2023, from https://repositorio.cepal.org/bitstream/handle/11362/36805/1/S1420131_es.pdf

AmericaEconomy. (2019, April 1). Foreign direct investment grows 126.5% in Ecuador in 2018|. AméricaEconomía. Retrieved April 17, 2023, from https://www.americaeconomia.com/economia-mercados/finanzas/inversion-extranjera-directa-crece-1265-en-ecuador-en-2018

Amorós, J. E., Basco, R., & Romani, G. (2016).Determinants of the early internationalization of new firms: the case of Chile. Springer Link. Retrieved April 17, 2023, from https://link.springer.com/article/10.1007/s11365-014-0343-2

Amorós, J.E., Felzensztein, C, & Etchebarne, M. (2012).International Entrepreneurship in Latin America: Challenges for Development. Scopus. Retrieved April 17, 2023, from https://www.scopus.com/record/display.uri?eid=2-s2.0-85081675712&origin=inward

Arredondo, F., Vázquez, C., & de la Garza, J. (2016, Septiembre 1). Innovation factors for competitiveness in the Pacific Alliance. An approach from the World Economic Forum. University ICESI. Retrieved 04 17, 2023, from file:///C:/Users/USUARIO/Downloads/Alianza%20del%20Pac%C3%ADfico%20(1).pdf

Central Bank of Chile (2022). Foreign Direct Investment (FDI). Central Bank. Retrieved April 16, 2023, from https://www.bcentral.cl/web/banco-central/areas/estadisticas/inversion-extranjera-directa-ied

Central Bank of Ecuador (2020). FOREIGN DIRECT INVESTMENT. Central Bank of Ecuador. Retrieved April 10, 2023, from https://www.bce.fin.ec/index.php/component/k2/item/298-inversi%C3%B3n-extranjera-directa

Central Bank of Mexico (2022). Foreign Direct Investment | Ministry of Economy | Government | gob.mx. Government of Mexico. Retrieved April 16, 2023, from https://www.gob.mx/se/acciones-y-programas/competitividad-y-normatividad-inversion-extranjera-directa?state=published

Central Bank of Peru (2022). Net Foreign Direct Investment. BCRPData. Retrieved April 16, 2023, from https://estadisticas.bcrp.gob.pe/estadisticas/series/anuales/resultados/PM05660BA/html

Bank of the Republic of Colombia (2022). Direct Investment. Direct Investment. Retrieved April 16, 2023, from https://www.banrep.gov.co/es/estadisticas/inversion-directa

World Bank (2023, January 5). World Bank data. Retrieved May 30, 2023, from https://datos.bancomundial.org/indicador/BX.KLT.DINV.CD.WD?end=2021&locations=MX-EC-CO-PE-CL&start=2012

Cabello, L., & Calderón, Á. (2021, March 2). Foreign Direct Investment in Latin America and the Caribbean 2021. Repository CEPAL. Retrieved April 10, 2023, from https://repositorio.cepal.org/bitstream/handle/11362/47147/S2100319_es.pdf?sequence=3&isAllowed=y

Cámara de Comercio de Guayaquil. (2019, Julio). INGRESAR A LA ALIANZA DEL PACÍFICO ES FUNDAMENTAL PARA EL CRECIMIENTO Y LAS INVERSIONES. Departamento de Investigación y Proyectos. Retrieved April 16, 2023, from https://www.lacamara.org/website/wp-content/uploads/2017/03/IPE-313-Alianza-del-Pacifico.pdf

Cano, J. A., & Baena, J. (2018). Appropriating ICT for International Business Negotiations Performance: A Case Study of the Pacific Alliance. REVISTA LASALLISTA DE INVESTIGACIÓN. Retrieved 04 17, 2023, from https://docs.google.com/document/d/1g5eK90LJKh6em_iMG3WtDJQxluAViyGN/edit

Castillo, E., Zurita, E. (2020, December 30). Determinants of foreign direct investment in Latin America (2000 - 2017). Revista Espacios. Retrieved April 18, 2023, from https://www.revistaespacios.com/a20v41n50/a20v41n50p21.pdf

Cepal. (2021, November 23). Challenges in measuring foreign direct investment and main trends in Latin America and the Caribbean | Economic Commission for Latin America and the Caribbean | Economic Commission for Latin America and the Caribbean. Cepal. Retrieved March 24, 2023, from https://www.cepal.org/es/eventos/desafios-la-medicion-la-inversion-extranjera-directa-principales-tendencias-america-latina

CIRIEC. (2018). Innovation and social economy. Journal of Public, Social and Cooperative Economics. Retrieved April 17, 2023, from https://www.redalyc.org/articulo.oa?id=17406001

COFACE. (2022). Credit Insurance, Coface Ecuador, expand your market. Retrieved May 23, 2023, from https://www.coface.com.ec/

Datos Macro. (2022). Fiscal Pressure 2022. Datosmacro.com. Retrieved May 23, 2023, from https://datosmacro.expansion.com/impuestos/presion-fiscal

Diez, V. (2014). The Pacific Alliance - A new era for Latin America. Regional Integration in Latin America. Retrieved April 17, 2023, from https://pacificallianceblog.com/wp-content/uploads/2018/01/2014-Pwc-La-Alianza-Pacifico-Una-Nueva-Era-para-Ame%CC%81rica-Latina.pdf

Dubois, A. (2020). Human Development Index (HDI). Dictionary of Humanitarian Action. Retrieved April 17, 2023, from https://www.dicc.hegoa.ehu.eus/listar/mostrar/125

Espín, E. M. (2019). JURISPRUDENCE SCHOOL Subject: "LEGAL SECURITY FOR THE INVESTMENT OF PRIVATE CAPITAL IN THE ECONOMY BUSINESS MY. PUCESA Repository. Retrieved April 17, 2023, from https://repositorio.pucesa.edu.ec/bitstream/123456789/2679/1/76877.pdf

Espinosa Goded, L. (2018). Ecuador in the Pacific Alliance: A Key Project - Quito. USFQ. Retrieved April 18, 2023, from https://www.usfq.edu.ec/sites/default/files/2020-09/koyuntura-2018-078.pdf

Estrada, L., & Méndez, M. (2009).The Impact of the Globalization Process on Foreign Direct Investment in Ecuador. Proposals, Perspectives and Projections: 1992-1997. DSpace at ESPOL. Retrieved April 10, 2023, from https://www.dspace.espol.edu.ec/bitstream/123456789/305/1/540.pdf

Etchegaray, u. P., & Arias Urones, A. (n.d.). THE BENEFITS OF FOREIGN DIRECT INVESTMENT: PROMOTING ECONOMIC DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN. Inter-American Development Bank. Retrieved April 10, 2023, from https://publications.iadb.org/publications/spanish/viewer/Los_beneficios_de_la_inversi%C3%B3n_extranjera_directa_Promoviendo_el_desarrollo_econ%C3%B3mico_en_Am%C3%A9rica_Latina_y_el_Caribe.pdf

Forbes Staff. (2023, March 1). Foreign investment in Colombia grew 81.7% in 2022. Forbes Colombia. Retrieved April 17, 2023, from https://forbes.co/2023/03/01/economia-y-finanzas/la-inversion-extranjera-en-colombia-crecio-817-en-2022

FUNDESA. (2022). FUNDESA - Global Peace. Fundesa. Retrieved June 12, 2023, from https://www.fundesa.org.gt/indices-y-evaluaciones-de-pais/indices-internacionales/paz-global

FUNDESA. (2023). FUNDESA - Economic Freedom. Retrieved April 17, 2023, from https://www.fundesa.org.gt/indices-y-evaluaciones-de-pais/indices-internacionales/libertad-economica

Gob.ec. (2022). Ecuador is closer to the Pacific Alliance, from https://www.produccion.gob.ec/ecuador-mas-cerca-de-la-alianza-del-pacifico/

Gob.EC. (2022). Foreign investment in Ecuador recorded an increase of 218% - Ministerio de Producción Comercio Exterior Inversiones y Pesca. Ministry of Production, Foreign Trade, Investment and Fishing. Retrieved March 24, 2023, from https://www.produccion.gob.ec/la-inversion-extranjera-en-ecuador-registra-un-incremento-del-218/

Heritage. (2022). Heritage. https://www.heritage.org/index/explore

Ibarra, M. (2022, June 30). Foreign Direct Investment in Ecuador. Industrias Magazine. Retrieved April 16, 2023, from https://revistaindustrias.com/la-inversion-extranjera-directa-en-ecuador/

Jara, G. (2021). Analysis of foreign direct investment in Latin America before and after the pandemic, with particular emphasis on its behavior. Institutional Repository of the Salesian Polytechnic University. Retrieved May 4, 2023, from https://dspace.ups.edu.ec/bitstream/123456789/20091/1/UPS-CT009025.pdf

Jiménez, J. P. (2015, Abril). Inequality, income concentration and high income taxation in Latin America. Cepal. Retrieved April 17, 2023, from https://www.cepal.org/sites/default/files/publication/files/37881/S1420855_es.pdf

J.P Morgan. (2022, Mayo). J.P. Morgan Investment Bank - 2020 Report. J.P. Morgan. Retrieved May 30, 2023, from https://www.jpmorgan.com/content/dam/jpm/global/disclosures/PE/memoria.pdf

León Manríquez y, J. L., & Ramírez Bonilla, J. J. (2014, June 19). The Pacific Alliance. Scope, competitiveness and implications for Latin America. Bibliothek der Friedrich-Ebert-Stiftung. Retrieved April 16, 2023, from https://library.fes.de/pdf-files/bueros/mexiko/11062.pdf

Llisterri, J. (2021). Data analysis. Autonomous University of Barcelona.Retrieved April 10, 2023, from https://joaquimllisterri.cat/phonetics/fon_met_exper/anal_datos.html

Martínez, Á. L. (2023, February 20). ¿What is unit labor cost and why is it important to the company? INEAF. Retrieved April 17, 2023, from https://www.ineaf.es/tribuna/que-es-el-costo-laboral-unitario/

Merchán, H., & Denisse, S. (2014). Analysis of foreign direct investment, strategic, comparative and competitive advantages for investing in Ecuador. Repositorio Digital UCSG. Retrieved April 18, 2023, from http://repositorio.ucsg.edu.ec/handle/3317/1956

Ministry of Foreign Affairs (2022). Pacific Alliance. Ministry of Foreign Affairs. Retrieved April 10, 2023, from https://www.cancilleria.gov.co/international/consensus/pacific-alliance

Montero Granados., R. (2016). Multiple linear regression models Abstract. University of Granada. Retrieved May 4, 2023, from https://www.ugr.es/~montero/matematicas/regresion_lineal.pdf

Morales, A. (2019). COUNTRY RISK - WHAT IS IT, HOW IS IT ASSIGNED, AND HOW IS IT INTERPRETED? Retrieved April 17, 2023, from http://fcasua.contad.unam.mx/2006/1237/docs/1.pdf

Morales, F. (2020, Abril). REGIONAL INTEGRATION. CLACSO. Retrieved May 4, 2023, from https://www.clacso.org/wp-content/uploads/2020/05/Boletin-N%C2%BA-8-GT-INTEGRACION-LA-2.pdf

Mulet, J. (2019). Innovation, concept and economic importance. navarra.es. Retrieved May 4, 2023, from https://www.navarra.es/NR/rdonlyres/D696EFD2-6AAA-4EF1-B414-E3A27109EA67/79806/02juanmulet.pdf

United Nations (2022, May 7). United Nations. Retrieved May 24, 2023, from https://www.un.org/es/site-search?query=desarrollo+humano+

Educational Panorama of Mexico (2009). Gross Domestic Product per capita. Educational Panorama of Mexico. Retrieved April 17, 2023, from https://www.inee.edu.mx/wp-content/uploads/2019/03/CS07-2009.pdf

Papajorgji, V. (2020, December 14). Free trade zones. IPKEY. Retrieved May 4, 2023, from https://ipkey.eu/sites/default/files/ipkey-docs/2021/IPKey-LA_CAN_Dec_2020_Papajorjgi_Zonas%20Libre%20Comercio_SPA.pdf

Pérez, E., Titelman, D., Aravena, C., & Cristóbal, L. (2018). Economic Survey of Latin America and the Caribbean. Repository CEPAL. Retrieved April 16, 2023, from https://repositorio.cepal.org/bitstream/handle/11362/43964/141/S1800837_es.pdf

Pictet Asset Management. (n.d.). What is an investment - Pictet For You. Pictet Asset Management. Retrieved March 24, 2023, from https://am.pictet/es/blog/articulos/guia-de-finanzas/que-es-una-inversion

Prado, A. (2012). Untitled. Repository CEPAL. Retrieved April 17, 2023, from https://repositorio.cepal.org/bitstream/handle/11362/13787/1/S2012863_es.pdf

Ramírez, A. (2022, Abril). Foreign Direct Investment in Mexico: Determinants and Patterns. FOREIGN INVESTMENT... Retrieved April 18, 2023, from https://www.tdx.cat/bitstream/handle/10803/3990/asrt1de3.pdf

Ramos, E. (2021, December 18). Unified base salary 2022.CorralRosales. Retrieved June 12, 2023, from https://corralrosales.com/salario-basico-unificado/

RUIZ, J. (2015). Taxation: efficiency and equity. Economists without Borders. Retrieved June 12, 2023, from http://ecosfron.org/wp-content/uploads/Dossieres-EsF-20-Fiscalidad.pdf

Santander. (2022). Foreign investment in Chile - Santandertrade.com. Santander Trade. Retrieved April 17, 2023, from https://santandertrade.com/es/portal/establecerse-extranjero/chile/inversion-extranjera

Santander. (2022, March 14).What is GDP? Banco Santander. Retrieved April 17, 2023, from https://www.santander.com/es/stories/que-es-el-pib-y-por-que-es-importante-en-la-economia

Ministry of Economy (2012). Technological innovation, a pillar for development: Ferrari. Mexican Ministry of Economy. Retrieved April 16, 2023, from http://www.2006-2012.economia.gob.mx/comunidad-negocios/notas-relevantes/7131-innovacion-tecnologica-pilar-desarrollo

Tobar, L. (2020). Foreign direct investment in Ecuador and its influence on the economy. AEI. Retrieved April 10, 2023, from https://www.aei.ec/inversion-extranjera-economia-ecuador/

Tocto Cano, E., Lopez-Gonzalez, J. L., Turpo Chaparro, J. E., Jackson E, y. P. C. (2019, October 14). ICT use and competitiveness of the Pacific Alliance countries, 2000- 2016: projected to 2021. Espacios Magazine. Retrieved April 17, 2023, from https://www.revistaespacios.com/a19v40n35/a19v40n35p29.pdf

WEF. (2014, August 21). Global Competitiveness Report 2014-2015 |World Economic Forum. The World Economic Forum. Retrieved April 17, 2023, from https://es.weforum.org/reports/global-competitiveness-report-2014-2015/

APPENDIX

Table 1. PIB determinants of the Pacific Alliance members and Ecuador.

COUNTRIES	PIB 2012	PIB 2013	PIB 2014	PIB 2015	PIB 2016	PIB 2017	PIB 2018	PIB 2019	PIB 2020	PIB 2021	PIB 2022
CHILE	267.2 mill	277.2 mill	259.4 mill	242.5 mill	249.3 mill	276.4 mill	295.4 mill	278.6 mill	252.7 mill	317.1 mill	286.1 mill
COLOMBIA	370.9 mill	382.1 mill	381.1 mill	293.5 mill	282.8 mill	311.9 mill	334.2 mill	323.1 mill	270.3 mill	314.5 mill	326.6 mill
PERÚ	192.6 mill	201.2. mill	200.8 mill	189.8 mill	191.9 mill	211 mill	222.6 mll	228.3 mill	201.7 mill	223.2 mill	190.9 mll
MÉXICO	1.201 mill	1.274 mill	1.315 mill	1.172 mill	1.078 mill	1.159 mill	1.222 mill	1.269 mill	1.091 mill	1.273 mill	1.343 mill
ECUADOR	87.92 mill	95.13 mill	101.7 mill	99.29 mill	99.94 mill	104.3 mill	107.6 mill	108.1 mill	99.29 mill	106.2 mill	115.0 mill

Prepared by: The author.
Source: (World Bank, 2023)

Table 2. Determinant of the Pib per capita index of the members of the Pacific Alliance and Ecuador.

COUNTRIES	PIB CÁPITA 2012	PIB CÁPITA 2013	PIB CÁPITA 2014	PIB CÁPITA 2015	PIB CÁPITA 2016	PIB CÁPITA 2017	PIB CÁPITA 2018	PIB CÁPITA 2019	PIB CÁPITA 2020	PIB CÁPITA 2021	PIB CÁPITA 2022
CHILE	15,406 mil	15,833 mil	14,666 mil	13,569 mil	13,785 mil	15,045 mil	15,795 mil	14,631 mil	13,094 mil	16,265. mil	14.681 mil
COLOMBIA	8,101 mil	8,264 mil	8,164 mil	6,228 mil	5,938 mil	6,450 mil	6,782 mil	6,438 mil	5,307 mil	6,104 mil	6.329 mil
PERÚ	6,475 mil	6,697. mil	6,614 mil	6,180 mil	6,163 mil	6,676 mil	6,912 mil	6,955 mil	6,056 mil	6,621 mil	6,768 mil
MÉXICO	10,376 mil	10,865 mil	11,076 mil	9,753 mil	8,875 mil	9,434 mil	9,857 mil	10,145 mil	8,655 mil	10,045 mil	10.603 mil
ECUADOR	5,678 mil	6,050 mil	6,374 mil	6,130 mil	6,079 mil	6,246 mil	6,321 mil	6,233 mil	5,645 mil	5,965 mil	6.413 mil

Prepared by: The author.
Source: (World Bank, 2023)

Table 3. Determinant of the human development index of the members of the Pacific Alliance and Ecuador.

COUNTRIES	HD 2012	HD 2013	HD 2014	HD 2015	HD 2016	HD 2017	HD 2018	HD 2019	HD 2020	HD 2021	HD 2022
CHILE	0,819	0,836	0.841	0,846	0,850	0,853	0,856	0,861	0,852	0,855	0,819
COLOMBIA	0,734	0,746	0,750	0,754	0,759	0,761	0,763	0,768	0,768	0,752	0,759
PERÚ	0,742	0,750	0,755	0,759	0,765	0,77	0,776	0,780	0,762	0,762	0,770
MÉXICO	0,760	0,760	0,764	0,768	0,772	0,775	0,777	0,779	0,756	0,758	0,758
ECUADOR	0,751	0,755	0,760	0,765	0,762	0,762	0,762	0,759	0,731	0,740	0,718

Prepared by: The author.
Source: (World Bank, 2023)

Table 4. Determinants of the Country Risk Index of the Members of the Pacific Alliance and Ecuador

COUNTRIES	Country risk 2012	Country risk 2013	Country risk 2014	Country risk 2015	Country risk 2016	Country risk 2017	Country risk 2018	Country risk 2019	Country risk 2020	Country risk 2021	Country risk 2022
CHILE	132	126	145	136	113	148	110	142	146	141	167
COLOMBIA	524	473	485	662	757	692	883	659	607	536	832
PERÚ	147	144	133	157	276	151	169	123	109	206	246
MÉXICO	126	150	235	247	364	301	234	229	372	347	358
ECUADOR	826	1.010	529	860	856	607	450	938	1.041	847	1.859

Prepared by: The author.
Source: (World Bank, 2023)

Table 5. Determinant of the index of economic freedom of the members of the Pacific Alliance and Ecuador.

COUNTRIES	Economic freedom 2012	Economic freedom 2013	Economic freedom 2014	Economic freedom 2015	Economic freedom 2016	Economic freedom 2017	Economic freedom 2018	Economic freedom 2019	Economic freedom 2020	Economic freedom 2021	Economic freedom 2022
CHILE	78.3	79.0	78.7	78.5	77.7	76.5	75.2	75.4	76.8	75.2	74.4
COLOMBIA	68.0	69.6	70.7	71.7	70.8	69.7	68.9	67.3	69.2	68.1	65.1
PERÚ	68.7	68.2	67.4	67.7	67.4	68.9	68.7	67.8	67.9	67.7	64.5
MÉXICO	65.3	67.0	66.8	66.4	65.2	63.6	64.8	64.7	66.0	65.5	63.7
ECUADOR	48.3	46.9	48.0	49.2	48.6	49.3	48.5	46.9	51.3	52.4	54,3

Prepared by: The author.
Source: (World Bank, 2023)

Table 6. Determinant of the taxation level index of the members of the Pacific Alliance and Ecuador.

COUNTRIES	Taxation 2012	Taxation 2013	Taxation 2014	Taxation 2015	Taxation 2016	Taxation 2017	Taxation 2018	Taxation 2019	Taxation 2020	Taxation 2021	Taxation 2022
CHILE	44.305	41.642	38.491	44.808	45.555	49.508	53.344	52.172	43.002	59.497	68.100
COLOMBIA	56.871	57.586	56.231	52.643	48.829	52.371	54.576	56.942	44.532	51.862	51.862
PERÚ	28.480	28.714	29.231	30.112	28.463	29.045	31.398	34.269	27.632	28.798	30.542
MÉXICO	118.371	127.652	135.614	167.661	161.768	165.366	167.268	185.357	169.200	182.499	185.546
ECUADOR	13.470	13.995	14.755	19.459	17.975	18.375	18.873	19.352	16.554	13.976	25.669

Prepared by: The author.
Source: (World Bank, 2023)

Table 7. Determinant of the index of minimum monthly wages of the members of the Pacific Alliance and Ecuador.

Countries	Minimum wage 2012	Minimum wage 2013	Minimum wage 2014	Minimum wage 2015	Minimum wage 2016	Minimum wage 2017	Minimum wage 2018	Minimum wage 2019	Minimum wage 2020	Minimum wage 2021	Minimum wage 2022
CHILE	277,7	316,1	299,9	313,4	328,7	382,2	380,8	375,5	383,6	383,0	379,2
COLOMBIA	224,7	252,9	232,0	222,6	201,5	233,1	218,0	222,9	238,6	216,3	220,9
PERÚ	215,9	223,2	194,8	206,6	229,1	242,6	239,5	242,4	250,8	212,0	224,3
MÉXICO	101,9	111,7	110,4	117,9	117,5	111,8	113,6	138,9	176,6	176,5	227,2
ECUADOR	292,0	318,0	340,0	354,0	366,0	375,0	386,0	394,0	400	400	425

Prepared by: The author.
Source: (World Bank, 2023)

Table 8. Determinants of the Global Peace Index of the Members of the Pacific Alliance and Ecuador.

Countries	Global Peace 2012	Global Peace 2013	Global Peace 2014	Global Peace 2015	Global Peace 2016	Global Peace 2017	Global Peace 2018	Global Peace 2019	Global Peace l 2020	Global Peace 2021	Global Peace 2022
CHILE	1.706	1.676	1.656	1.649	1.638	1.626	1.669	1.666	1.831	1.831	1.840
COLOMBIA	2.675	2.627	2.677	2.713	2.685	2.720	2.692	2.641	2.632	2.694	2.729
PERÚ	2.151	2.179	2.128	2.102	2.104	2.044	2.029	2.051	2.057	2.034	2.091

MÉXICO	2.511	2.494	2.469	2.414	2.431	2.534	2.538	2.514	2.571	2.620	2.612
ECUADOR	2.128	2.104	2.072	2.016	1.985	1.924	1.935	1.948	2.067	2.044	1.988

Prepared by: The author.
Source: (World Bank, 2023)

Table 9. Determinant of the foreign direct investment index of the members of the Pacific Alliance and Ecuador.

Countries	IED 2012	IED 2013	IED 2014	IED 2015	IED 2016	IED 2017	IED 2018	IED 2019	IED 2020	IED 2021	IED 2022
CHILE	31,8 mill	21.12 mill	25.53mill	17.77 mill	11.36 mill	5.24 mill	7.94 mill	13.58 mill	9.21 mill	15.25 mill	17.105mill
COLOMBIA	15.04 mill	16.21mill	16.17mill	11.62 mill	13.86mill	13.7mill	11.3mill	13.99mill	7.46mill	9.38 mill	17.048mill
PERÚ	14.18mill	9.57 mill	4.26mill	7.34mill	6.81mill	7.41 mill	5.87mill	4.76mill	731.60mil	7.46mill	5.138mill
MÉXICO	18.2 mill	50.83mill	28.44 mill	36.25 mill	38.89 mill	33.11 mill	37.85mill	29.9mill	31.51mill	33.35mill	35.292mill
ECUADOR	567.41 mil	727.08mil	772.38mil	1.32mill	764.22mil	629.60mil	1.39mill	974.52mil	1.09 mill	647.57 mil	788.0 mil

Prepared by: The author.
Source: (World Bank, 2023)