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DOING BUSINESS





Our history

ECOVIS International is a German-origin consulting firm with a global network of approximately 16,000 professionals. We provide advisory services in the areas of tax, audit, accounting, and legal services across more than 96 countries spanning five continents.

The extensive experience of our international network enables us to deliver a global perspective that supports our clients in achieving both their personal and business objectives. Our strength lies in combining in-depth local expertise with the international experience of a worldwide network of professionals. The high-quality services we provide inspire confidence among our clients through a personalized and client-focused approach.

BUSINESS OPPORTUNITIES

Iberoamerica has consolidated its position as a strategic region for global investment, driven by its abundance of natural resources, competitive human capital, and increasing trade openness. With a population exceeding 650 million people, an expanding middle class, and an increasingly sophisticated business ecosystem, the region offers unique opportunities across sectors such as renewable energy, technology, agribusiness, infrastructure, tourism, and manufacturing.

In addition, advancements in digitalization, multilateral trade agreements, and structural reforms implemented across several countries have strengthened the business environment, making the region an attractive destination for companies seeking sustainable expansion, market diversification, and proximity to high-income economies. ECOVIS maintains a strong presence in the region's most relevant markets, providing comprehensive advisory services with a local approach and a global perspective.





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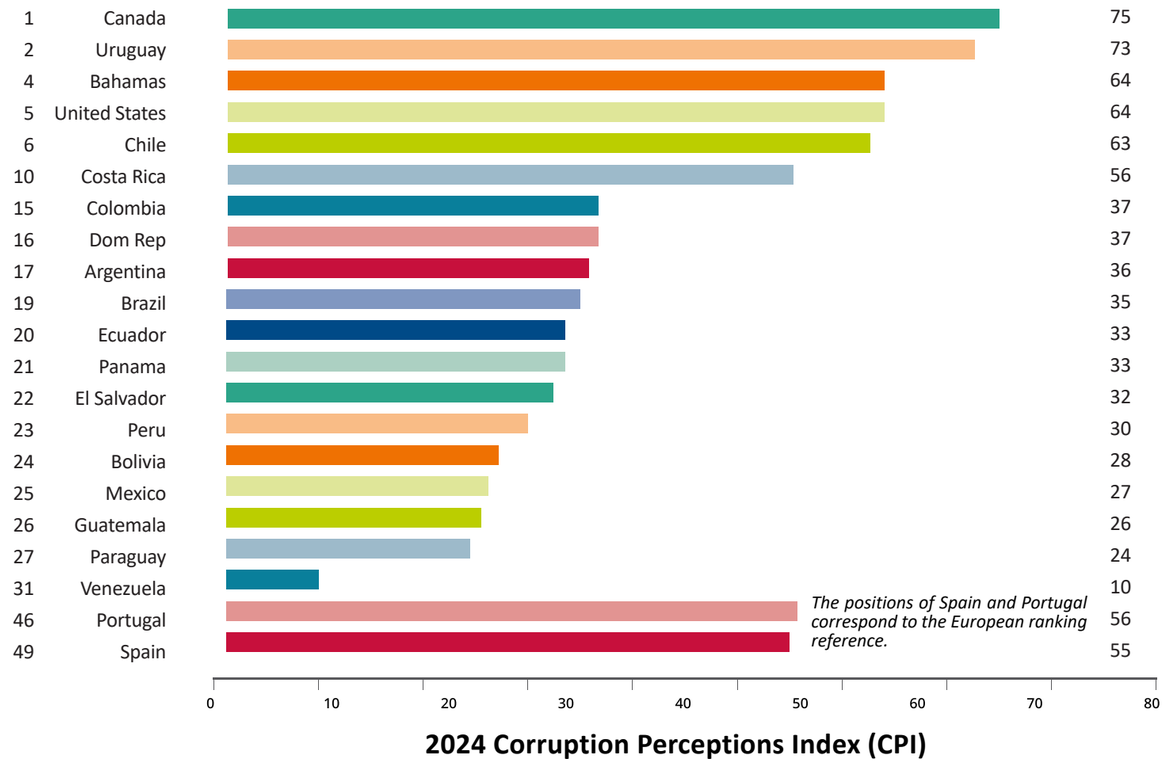


1 Political Stability and Rule of Law

1.1 Governance Best Practices

The Iberoamerica region continues to show encouraging signs that reflect the efforts undertaken by several countries to strengthen institutional frameworks and promote greater transparency. Uruguay, Chile, and Costa Rica have consolidated their positions as regional benchmarks in governance best practices. Likewise, the presence of North American countries with scores above the regional average demonstrates sustained progress and a growing commitment to improving oversight mechanisms, accountability standards, and citizen participation.

Collectively, these developments highlight that the region possesses positive examples capable of serving as both inspiration and guidance for the continued advancement of public policies aimed at strengthening institutional integrity, fostering investor confidence, and reinforcing long-term economic stability.



Comparative table based on the 2024 Corruption Perceptions Index (CPI) published by .



1.2 Institutional Strengthening and Respect for the Rule of Law

Across Iberoamerica, institutional strengthening and respect for the rule of law have become increasingly consolidated as fundamental drivers for attracting *Foreign Direct Investment (FDI)*, particularly within the economic sphere. Regulatory stability, legal certainty, and public governance have emerged as critical elements influencing capital allocation decisions.

Below is a brief analysis of the financial impact of institutional quality on *FDI* across the Americas, including Spain and Portugal. This assessment incorporates current trends as well as regional scenario projections for the 2026–2035 period.

1.3 Financial Conceptualization of Institutional Frameworks

From an economic perspective, institutional strengthening throughout the region has focused extensively on ensuring effective enforcement of legal frameworks, judicial independence, regulatory stability, administrative transparency, and the protection of property rights. These efforts have reinforced governance indicators associated with investment reliability, including corruption control, regulatory quality, and government effectiveness.

Within the current global environment, the Americas as a whole reflect a structurally stronger position than in previous decades, supported by more credible monetary policy frameworks, flexible exchange-rate regimes, and a greater accumulation of precautionary international reserves following episodes of global market volatility.

At the regional level, average international reserves across Latin America have demonstrated stability and moderate growth, averaging approximately USD 48–53 billion per country in recent years, highlighting a significant improvement compared to earlier decades.

In Europe, both Spain and Portugal present a distinctive characteristic: their international reserves are integrated within the framework of the European Central Bank. As a result, while their individual reserve levels may appear lower compared to emerging economies, their institutional backing is considerably stronger, supported by one of the world's leading reserve currencies.

Comparative Table: Public Debt, Credit Rating, and International Reserves (2024–2026)

Country	*Public Debt (% of GDP)*	*Sovereign Credit Rating (Approx. S&P)*	*International Reserves (USD)*
Argentina	~90%	CCC	~20–25 billion
Bahamas	~90%	BB-	~3 billion
Bolivia	~80%	CCC	~2 billion
Brazil	~85%	BB	~350+ billion
Canada	~105%	AAA	~120 billion
Chile	~40%	A	~45 billion
Colombia	~60%	BB+	~55–60 billion
Costa Rica	~60%	B+	~12 billion
Ecuador	~55%	B-	~4 billion
El Salvador	~85%	CCC+	~3 billion
Spain	~110%	A	~80 billion*
United States	~120%	AA+	~240 billion
Guatemala	~30%	BB	~20 billion
Mexico	~50%	BBB	~210 billion
Panama	~55%	BBB	~8 billion
Paraguay	~35%	BBB-	~10 billion
Peru	~35%	BBB	~70 billion
Portugal	~100%	A-	~35 billion*
Dom Rep	~60%	BB	~15 billion
Uruguay	~70%	BBB	~16 billion

** International reserves held within the framework of the Eurosystem and the European Central Bank.*

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1.4 Relationship Between Institutional Strength and Cost of Capital

In North America, the United States and Canada operate under highly consolidated institutional frameworks characterized by judicial independence, robust regulatory oversight, and deep financial markets. In Canada's case, its fiscal framework incorporates budget sustainability rules and transparent public expenditure allocation processes, which have contributed to long-term credit stability. In the United States, the cost of capital remains competitive due to the depth of its capital markets, the strength of financial regulatory institutions, and strong contractual certainty. Both countries demonstrate how institutional strength reduces the perception of systemic risk, facilitating access to financing under preferential conditions.

Mexico presents an intermediate scenario in which advances in tax digitalization, revenue administration modernization, and strengthened financial supervision coexist alongside challenges related to regulatory certainty and legal security. Improvements in tax collection efficiency and enforcement have increased public revenue capacity, contributing positively to fiscal sustainability and perceptions of creditworthiness. Nevertheless, the cost of capital continues to be influenced by institutional factors such as confidence in the rule of law and sector-specific regulatory stability.

In Central America and the Caribbean, Costa Rica and Panama stand out for adopting regulatory frameworks aligned with international standards, financial modernization initiatives, and investment attraction strategies grounded in legal certainty. The Bahamas has implemented reforms aimed at enhancing fiscal transparency and compliance with international regulatory standards, strengthening its global financial reputation and reducing reputational risks that directly affect financing costs.

In South America, Uruguay represents one of the region's strongest institutional benchmarks. The country has consolidated stable regulatory frameworks, autonomous supervisory institutions, and consistent fiscal policies that reinforce macroeconomic credibility. Chile also maintains a solid position thanks to its longstanding tradition of structural fiscal discipline, countercyclical budgetary rules, and regulatory mechanisms that provide stability for investors. These practices are reflected in lower sovereign yield spreads relative to other emerging markets.

Peru and Colombia have implemented significant advances in fiscal responsibility and regulatory modernization. Regional evidence shows that effective compliance with fiscal rules is associated with lower debt risk and greater credit stability, thereby encouraging both public and private investment. According to studies by the Inter-American Development Bank, the Latin American countries with the strongest fiscal rule compliance have achieved higher levels of infrastructure investment and productive development, strengthening their capacity for sustainable economic growth.

Brazil and Argentina illustrate the direct relationship between institutional volatility and the cost of capital. Brazil has implemented fiscal rules, pension reforms, and banking sector strengthening measures, which have improved perceptions of credit solvency during periods of political stability. Argentina, by contrast, continues to face elevated risk premiums associated with recurring cycles of macroeconomic instability, weak regulatory credibility, and fiscal governance challenges—factors that substantially increase the cost of both sovereign and corporate financing.

Spain and Portugal represent paradigmatic cases within the Ibero-American context. Both countries have strengthened their institutional frameworks through European regulatory integration, fiscally disciplined policies supervised by supranational mechanisms, and independent judicial systems. Portugal, in particular, has reinforced its financial credibility through structural reforms implemented after the European sovereign debt crisis, enabling the country to reduce sovereign spreads and improve access to international markets. Spain has developed robust financial regulatory frameworks, European-coordinated banking supervision, and budget transparency mechanisms that reinforce the confidence of international investors.

Canada, Uruguay, Chile, and Costa Rica exhibit high levels of legal stability, which has supported the sustained attraction of foreign investment in the technology, energy, and financial sectors. Meanwhile, Mexico, Brazil, Colombia, and Peru continue to demonstrate significant economic potential, while projecting further progress in areas related to legal certainty, political stability, and the consistent enforcement of legal frameworks.

1.5 Sectoral Impact of Legal Certainty on FDI

La diversidad de sectores que caracteriza a la región The diversity of sectors that characterizes the Ibero-American region can broadly be divided into two main categories: capital-intensive industries and technology-driven sectors and global services. On one hand, industries such as energy, mining, infrastructure, and advanced manufacturing depend heavily on stable regulatory frameworks due to their long investment recovery horizons. On the other hand, technology and global service sectors require strong legal frameworks for intellectual property protection, digital regulation, and the efficient resolution of commercial disputes.

Economies with stronger institutional stability, such as Canada, Uruguay, Chile, Spain, and Portugal, have achieved favorable positioning within these industries.

1.6 Global Reconfiguration of Supply Chains

Nearshoring has become a key strategy for reducing logistical and geopolitical risks. Latin America offers competitive advantages due to its proximity to strategic markets and its abundance of natural resources. Mexico, Costa Rica, Colombia, and Brazil stand out as some of the principal potential beneficiaries of this trend.

Countries with higher levels of transparency and governance, such as Uruguay, Chile, Costa Rica, and Canada, have increased their participation in sustainable financing markets. Spain and Portugal have also strengthened their positioning in this area through European regulatory frameworks such as the OMNIBUS framework.

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The expansion of digital trade and the knowledge economy has heightened the importance of regulations related to data protection, artificial intelligence, and cybersecurity. Countries with clear and reliable regulatory frameworks are attracting higher levels of technology investment. Colombia, in particular, has positioned itself as one of the most dynamic technology ecosystems in Latin America, alongside Brazil, Uruguay, Chile, and Mexico. Meanwhile, countries such as Argentina, Costa Rica, Ecuador, Peru, and Paraguay are developing promising emerging ecosystems in artificial intelligence, fintech, and digital financial regulation, supported by human capital development, technological education, and expanding infrastructure. Brazil, for example, has implemented the General Data Protection Law (LGPD), widely regarded as one of the most robust data protection frameworks in the region.

Central America and the Caribbean are advancing digitalization through international cooperation and are adopting regulatory frameworks inspired by European standards such as those implemented in Spain and Portugal, particularly in areas related to artificial intelligence, cybersecurity, and 5G network deployment, illustrating the so-called “Brussels Effect.”

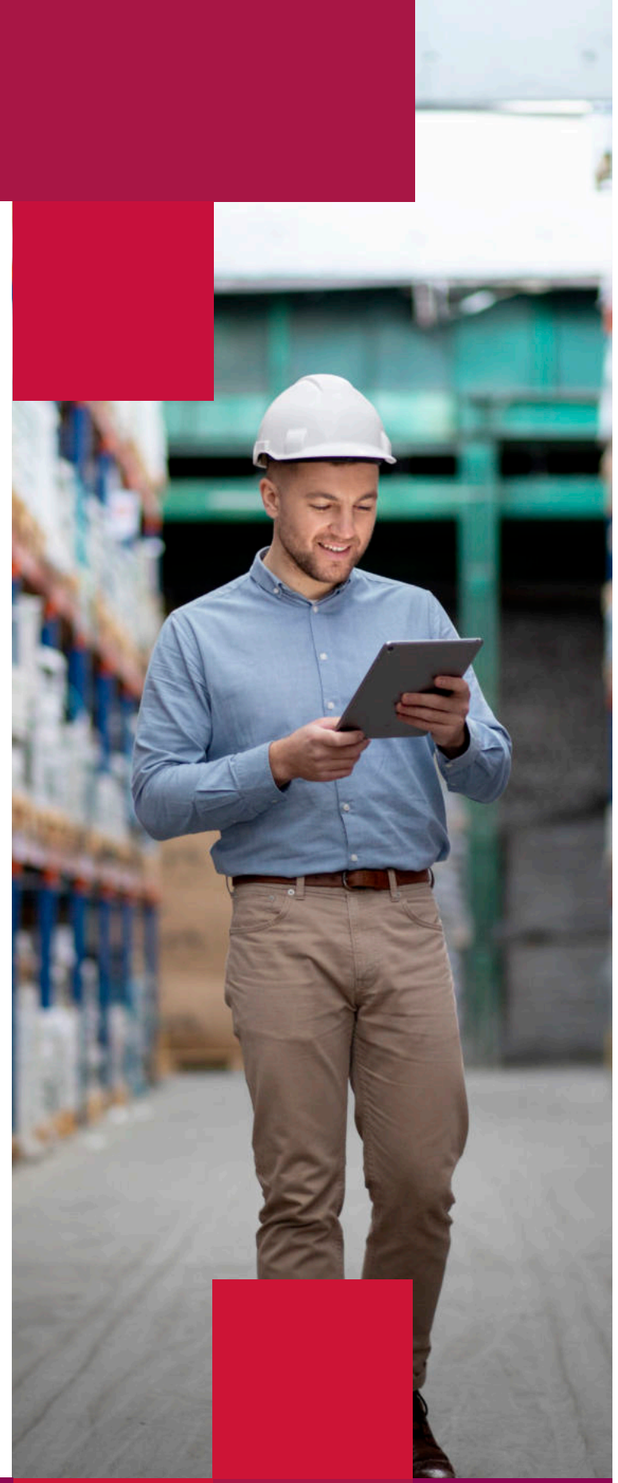
Leading the region, Canada and the United States represent the most sophisticated models in the Americas in terms of technological governance, supported by robust innovation ecosystems, complex and sector-specific regulatory frameworks, and a high degree of interoperability between the public and private sectors.

1.7 Base Scenario: Growth Conditioned by Institutional Strength

Several Latin American economies have shown clear progress in governance indicators, particularly in terms of government effectiveness, regulatory quality, and corruption control. The Dominican Republic, for example, has achieved sustained improvements in the World Bank’s Worldwide Governance Indicators, reflecting stronger institutional capacity to design and implement effective public policies that directly enhance market confidence and attract foreign investment.

Across Latin America and the Caribbean, although institutional quality indicators remain more modest compared to advanced economies, the region has demonstrated a growing capacity to stabilize macroeconomic frameworks and strengthen regulatory structures that contribute to a more predictable environment for businesses and entrepreneurs. The promotion of entrepreneurship as a driver of employment, productivity, and innovation—supported by multilateral organizations—is increasingly being incorporated into both public and private sector strategies. These efforts may accelerate the creation of new productive enterprises, diversify economic structures, and improve competitive integration into global value chains.

In Spain’s case, recent consultations by the International Monetary Fund indicate that the country’s robust economic growth has been accompanied by a political and fiscal environment that, despite challenges such as perceptions of corruption and regulatory complexity, continues to offer strength in areas such as trade openness, monetary stability, and resilient domestic demand. These factors may further reinforce investor confidence and macroeconomic stability over the medium term.



Portugal, meanwhile, has received multiple credit rating upgrades due to its fiscal strength, debt reduction efforts, and enhanced economic resilience. This demonstrates how solid institutional frameworks—supported by prudent macroeconomic policies and stable regulatory environments—can translate into lower financing costs, greater attractiveness for foreign investment, and a more secure foundation for future economic growth.

Although institutional quality gaps persist in comparison with high-income economies, the outlook across the Americas, Spain, and Portugal reveals meaningful strengths in public governance, predictable regulatory frameworks, and ongoing efforts to improve transparency and state effectiveness, all of which contribute to a favorable environment for economic growth. Institutional stability strengthens business confidence, reduces regulatory risks, and creates conditions conducive to productive innovation, investment, and sustainable development, thereby serving as a key pillar for economic dynamism and fostering more inclusive and resilient expansion.

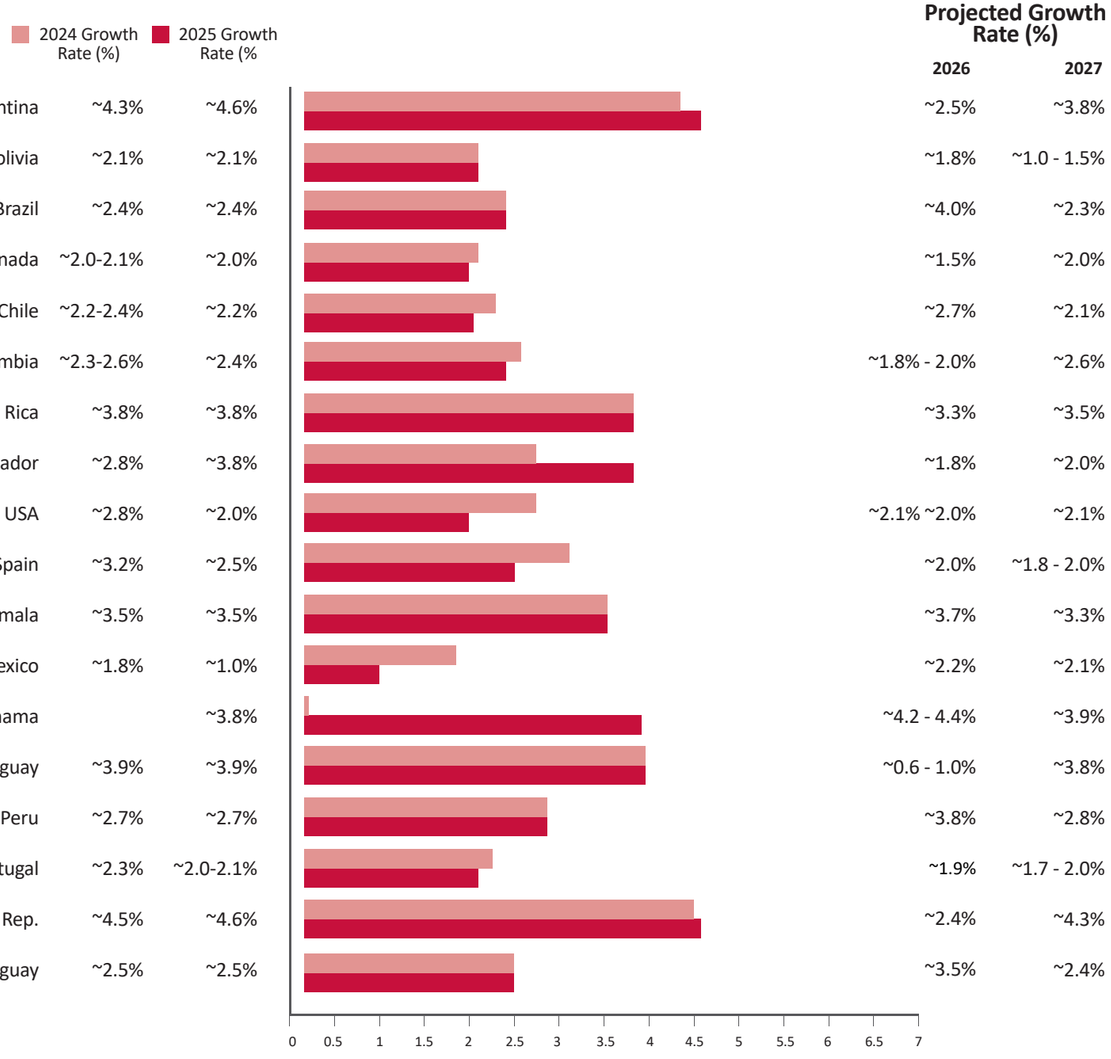
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2 Economic Growth

Regional Economic Growth and Projection

2024–2025 Growth Rate and 2026–2027 Projections



Projected Growth Rate (%)	
2026	2027
~2.5%	~3.8%
~1.8%	~1.0 - 1.5%
~4.0%	~2.3%
~1.5%	~2.0%
~2.7%	~2.1%
~1.8% - 2.0%	~2.6%
~3.3%	~3.5%
~1.8%	~2.0%
~2.1% ~2.0%	~2.1%
~2.0%	~1.8 - 2.0%
~3.7%	~3.3%
~2.2%	~2.1%
~4.2 - 4.4%	~3.9%
~0.6 - 1.0%	~3.8%
~3.8%	~2.8%
~1.9%	~1.7 - 2.0%
~2.4%	~4.3%
~3.5%	~2.4%

Comparative GDP Table

(Recent Estimates 2025–2026)

Country	*Nominal GDP (USD)*	*Estimated Growth Rate (%)*
Argentina	~688 mm	~3.5%
Bahamas	~15 mm (approx.)	~3–4%
Bolivia	~46 mm (approx.)	~2–3%
Brazil	~2.6 b	~1.9%
Canada	~2.5 b	~1.5%
Chile	~408 mm	~2.4%
Colombia	~539 mm	~2.3%
Costa Rica	~110 mm	~3.5%
Ecuador	~138 mm	~2.5%
El Salvador	~35 mm (approx.)	~2–3%
United States	~32.3 b	~2.3%
Guatemala	~129 mm	~3.9%
Mexico	~2.1 b	~1.6%
Paraguay	~45 mm (approx.)	~4%
Peru	~270 mm (approx.)	~2.8%
Dominican Rep.	~136 mm	~3.7%
Uruguay	~96 mm	~1.8%
Spain	~1.72 b	~2.8–3.1%
Portugal	~300 mm (approx.)	~1.9%

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2.2 Short- and Medium-Term Economic outlook

The economic outlook for the American continent reflects a trajectory of moderate yet sustained growth. Stable projections through 2027 indicate an environment of macroeconomic stability, with gradual improvements in investment and international trade. Although growth is not expected to accelerate significantly, it does demonstrate stronger fundamentals and greater predictability, creating a favorable framework for strategic planning and investment attraction in the short and medium term.

The United States and Canada continue to maintain solid expansion rates close to 2%, reflecting resilience in domestic consumption, labor markets, and investment activity. In Mexico, projected growth through 2027 points toward a gradual recovery supported by the relocation of supply chains and the strength of regional trade integration.

Across Latin America, the outlook remains encouraging, though heterogeneous. Brazil continues to consolidate stable growth supported by stronger macroeconomic fundamentals, while Argentina is showing a meaningful recovery following recent structural adjustments. Economies such as Colombia, Chile, and Peru present positive projections driven by investment, the mining and energy sectors, and domestic demand. Countries such as Panama and the Dominican Republic stand out with growth rates above the regional average, supported by services, infrastructure, and tourism, positioning themselves as dynamic drivers of regional growth. Likewise, Uruguay, Costa Rica, and Guatemala are projected to maintain stability and steady expansion, backed by productive diversification and fiscal discipline.

Meanwhile, Spain and Portugal continue along a favorable growth trajectory. Although growth rates are expected to moderate gradually toward 2027, they are projected to remain above the eurozone average under several scenarios, supported by tourism, investment flows, and recovery funds.

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3 Fiscal and Tax Framework

3.1 Corporate Tax Rates

In nominal terms, corporate income tax rates across the region generally range between 25% and 35%, with countries such as Argentina, Colombia, Cuba, and Venezuela positioned at the upper end of the spectrum, while jurisdictions such as Paraguay and several Caribbean economies maintain significantly more competitive tax regimes.

From the perspective of effective taxation—understood as the actual tax burden after deductions, incentives, and depreciation rules are applied—evidence from the Organisation for Economic Co-operation and Development (OECD) indicates that Latin American countries tend to rank in the upper range globally, with effective tax rates frequently approaching or exceeding 20%–28%. This reflects broader taxable bases and fewer tax erosion mechanisms compared to many developed economies.

In North America, the tax structure is more complex. The United States combines a 21% federal corporate tax rate with additional state-level taxation, resulting in effective rates exceeding 25%, while Canada maintains competitive levels around 26%. In contrast, Latin America shows lower dispersion in tax rates, although significant sector-specific incentives remain in industries such as mining, energy, and manufacturing.

In the Caribbean, the structural trend has historically been characterized by jurisdictions with low or even zero nominal tax rates. However, the implementation of the global minimum tax has increased effective tax rates toward the 15% threshold, reducing their historical attractiveness as aggressive tax planning hubs.

Finally, Spain and Portugal remain aligned with the European Union average, with nominal corporate tax rates close to 25%. Nevertheless, their deduction systems allow for moderately lower effective tax burdens, reinforcing their position as fiscally competitive economies within the European bloc.

Maximum Statutory Corporate Tax Rates
and Global Implementation of Pillar Two in 2025

Country	*Corporate Tax Rate*	*Global Minimum Tax Rate Framework Accounting*	*Adoption of the Pillar Two Framework*	*Income Inclusion Rule (IIR)*	*Undertaxed Profits Rule (UTPR)*
Argentina	35%	35%	Yes	No	No
Bahamas	0% (≈15% effective global minimum rate)	15%	Yes	No	No
Bolivia	25%	25%	No	No	No
Brazil	34%	34%	Yes	No	No
Canada	26%	26%	Yes	Yes	Yes
Chile	27%	27%	Yes	No	No
Colombia	35%	35%	Yes	No	No
Costa Rica	30%	30%	Yes	No	No
Ecuador	25%	25%	No	No	No
El Salvador	30%	30%	No	No	No
United States	25.6%	25.6%	Yes	No	No
Guatemala	25%	25%	No	No	No
Mexico	30%	30%	Yes	No	No
Paraguay	10%	10%	Yes	No	No
Peru	29.5%	29.5%	Yes	No	No
Dom. Rep.	27%	27%	Yes	No	No
Uruguay	25%	25%	Yes	No	No
Spain	25%	25%	Yes	Yes	Yes
Portugal	19%	19%	Yes	Yes	Yes



3.2 Double Taxation Treaties (DTTs)

The network of double taxation treaties among countries in the Americas and with European economies such as Spain and Portugal constitutes a strong foundation for international tax cooperation. These agreements support market expansion and optimize decisions regarding the allocation of human and financial capital, thereby strengthening the business environment and fostering both regional and global economic integration.

Double taxation treaties (DTTs) are an essential component in promoting a stable, attractive, and competitive environment for foreign investment, labor mobility, and international trade. These bilateral or multilateral agreements ensure that individuals and corporations operating or investing in more than one country are not taxed twice on the same income, by establishing clear rules regarding which tax jurisdiction has primary taxing rights and how taxes paid abroad may be credited.

Several countries have developed extensive DTT networks that strengthen external economic ties and reduce fiscal uncertainty. Mexico maintains one of the broadest treaty networks in the region, with agreements in force with Argentina, Chile, Colombia, Peru, Spain, Portugal, the United States, Canada, and numerous European and Asian countries, facilitating investment flows and fiscal cooperation between companies and residents engaged with global counterparts. Countries such as Brazil have negotiated treaties with multiple partners across the Americas and Europe—including Argentina, Chile, Colombia, Spain, and Portugal—thereby strengthening legal certainty for cross-border operations and enhancing cooperation in the exchange of tax information. In Central America and the Dominican Republic, countries such as Panama, Costa Rica, and the Dominican Republic have entered into several double taxation agreements with European and American nations, including Spain, Italy, and France, increasing economic integration and attracting international investment.

In the case of Spain, its geographic and economic position has enabled the development of an extensive DTT network with more than 90 countries, including a large majority of nations across the Americas such as Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Mexico, Panama, Paraguay, the Dominican Republic, Uruguay, and Venezuela, in addition to agreements with the United States and Canada. This reinforces investor and cross-border workforce confidence regarding fiscal certainty in bilateral operating environments. Portugal, although details of each agreement are not always consolidated into a single simplified public list, has signed more than 70 double taxation treaties worldwide, including agreements with economies such as Brazil, Canada, Chile, Colombia, Panama, Peru, and Uruguay, thereby reinforcing its position as a country open to international capital and talent mobility.

The existence of these DTT networks provides multiple advantages. They deliver fiscal certainty and efficiency for multinational corporations and internationally active individuals, minimize the risk of double taxation that could otherwise discourage investment, and facilitate the automatic exchange of tax information between tax authorities, thereby strengthening transparency and combating tax evasion. Furthermore, by harmonizing aspects such as withholding tax rates on dividends, interest, and royalties, these treaties enable the design of cross-border business structures that maximize competitiveness while reducing unnecessary tax burdens.

3.3 Tax Incentives for Foreign Investment

Within the current international tax environment, fiscal incentives for foreign investment have become a key policy instrument across the region, as well as in Spain and Portugal, strengthening the attraction of global capital and encouraging the establishment of productive, technological, and service-oriented projects that support sustainable economic competitiveness.

Across Latin America and the Caribbean, tax incentives for foreign direct investment have been widely adopted through regimes that combine tax exemptions, reductions in corporate income tax rates, tax credits, and benefits linked to employment generation and regional development. These measures have supported productive diversification and the modernization of productive capabilities in strategic sectors. Costa Rica stands out for its success in attracting foreign direct investment in manufacturing and services through free trade zones offering fiscal benefits that have generated employment and encouraged the establishment of global companies with export-oriented operations, consolidating the country as one of the most dynamic investment destinations relative to the size of its economy.



Likewise, several countries have incorporated incentives that accelerate investment cost recovery and reduce the tax burden for activities generating added value, including technology, innovation, and environmental sustainability initiatives. These incentives are often linked to performance conditions such as job creation and regional development, a trend particularly evident in economies such as Colombia, Brazil, Peru, and the Dominican Republic, which combine temporary or permanent reductions in corporate taxation with other fiscal advantages to attract productive capital. In many cases, these incentives are associated with special economic zones or preferential regimes that also integrate market access benefits and administrative facilitation measures, providing countries with a set of tools designed to reduce costs and mitigate risks for investors.

The tax environments of the United States and Canada offer a broad range of fiscal incentives which, although varying by jurisdiction, include tax credits for investment in fixed assets, research and development, and economic opportunity zones. These mechanisms have encouraged the expansion of both domestic and foreign multinational companies, strengthening the competitive capacity of these economies to attract technology-intensive and high value-added capital. More broadly, the use of tax incentives reflects a strategic commitment to attracting investments that not only generate financial flows, but also facilitate technology transfer, formal employment generation, and integration into global value chains within an increasingly competitive international environment for mobile capital.

In Spain, the government has deployed strategic incentives targeted at specific sectors and programs designed to encourage foreign capital inflows, including fiscal support mechanisms and co-investment funds focused on environmental transition, digitalization, and technological projects. These initiatives have already committed hundreds of millions of euros toward programs that enhance the global competitiveness of the Spanish economy. Likewise, mechanisms such as the Canary Islands Special Zone (ZEC) offer significantly reduced tax rates for companies operating in designated areas, promoting productive diversification and lowering fiscal barriers for foreign investors.

Portugal has implemented tax incentives structured within legal frameworks that facilitate deductions for strategic investments, tax credits for investment-related activities, and special regimes extending through the end of 2027. These mechanisms allow companies to benefit from significant reductions in their tax burden when investing in key sectors or designated regions, alongside exemptions for investment funds and instruments aimed at promoting employment creation and expanding the productive base. These instruments have contributed to positioning Portugal as a competitive destination for global capital, particularly for long-term projects that generate economic value and employment.

In summary, there is a growing orientation toward policies that reduce fiscal barriers, stimulate high-impact projects, and foster the integration of these economies into global value chains. When designed within frameworks of transparency, stability, and predictability, such measures not only attract capital, but also promote technology transfer, strengthen local productive capacities, and generate formal employment, thereby constituting a positive and strategic component of long-term economic policy.

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4 Inflation and Exchange Rates

Across several economies in the region, inflation is either approaching or remaining within the target ranges established by central banks, contributing to improved price predictability and more effective long-term planning for investment and consumption. For example, in economies with explicit inflation-targeting frameworks such as Brazil and Mexico, overall price growth has converged toward moderate levels—approximately 4–5% in 2025—as a result of prudent monetary policies and timely regulatory responses aimed at consolidating price stability without undermining economic dynamism. In Peru, the Central Reserve Bank projects inflation close to 2.8% for 2025, within its target range, reinforcing a low-volatility pricing environment that supports business confidence and financial inclusion.

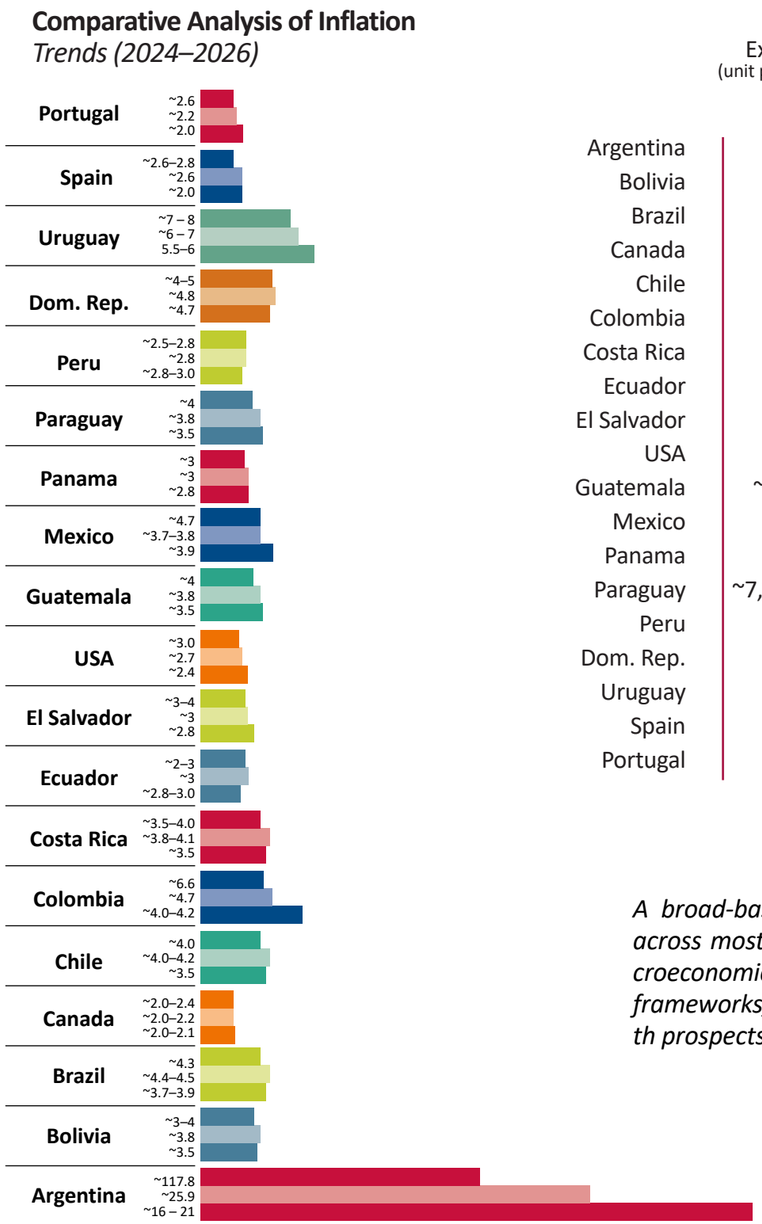
In Spain, the most recent inflation figures indicate significant moderation, with the Consumer Price Index (CPI) declining to 2.3% in January 2026, driven by lower energy and fuel prices alongside stable core inflation. This points toward a convergence process aligned with the European Central Bank's objectives and greater certainty regarding household purchasing power. Portugal has also maintained moderate inflation rates in 2025, with indicators near 2.2%, reflecting coherence in European macroeconomic and monetary policy that contributes to price stability and supports export competitiveness.

Exchange rates have generally exhibited trends consistent with price stability and external competitiveness. The Real Effective Exchange Rate Index (REER) for the Americas reflects moderate fluctuations, with currency depreciations and appreciations remaining relatively contained. This has allowed economies to adjust without generating excessive inflationary pressures or severe imbalances affecting imports and exports. In recent periods, several American currencies have experienced appreciations against the U.S. dollar, strengthening the competitiveness of goods and services in international markets without compromising overall macroeconomic stability.

This environment of moderate inflation and relatively stable exchange rates translates into clear benefits for both households and businesses. Reduced uncertainty regarding future prices allows for more efficient financial planning, supports medium- and long-term investment decisions, and enhances the ability of central banks to guide interest rates toward levels that support economic growth. In economies where inflation has moved closer to official targets, such as Mexico and Peru, conditions are particularly favorable for consolidating consumer confidence and stimulating responsible credit expansion. In Europe, the inflation levels observed in Spain and Portugal within moderate ranges remain consistent with the bloc's broader stability strategy, contributing to a predictable and competitive financial environment for capital flows and foreign investment.

Although variations and country-specific challenges remain, the current inflation and exchange rate outlook across the Americas, together with Spain and Portugal, is characterized by convergence toward manageable price levels, strengthened exchange rate stability, and a macroeconomic environment conducive to planning, investment, and international competitiveness, thereby constituting a positive and solid foundation for economic and financial strategies in the coming years.

4.1 Comparative Analysis of Inflation Trends (2024–2026)



	Exchange Rate (unit per U.S. dollar) 2025	Exchange Rate (unit per U.S. dollar) 2026
Argentina	~1480 ARS	~1720 ARS
Bolivia	~6.86 BOB	~6.86 BOB
Brazil	~5.35 BRL	~5.49 BRL
Canada	~1.37 CAD	~1.40 CAD
Chile	~924 CLP	~943 CLP
Colombia	~3 797 COP	~3 887 COP
Costa Rica	~500 CRC	~515 CRC
Ecuador	Fixed USD	Fixed USD
El Salvador	Fixed USD	Fixed USD
USA	1.00 USD	1.00 USD
Guatemala	~7.80 – 7.70 GTQ	~7.63 GTQ
Mexico	~18.4 MXN	~19.4 MXN
Panama	~1.00 USD	~1.00 USD
Paraguay	~7,200 – 7,400 PYG	~6,300 – 6,500 PYG
Peru	~3.40 PEN	~3.50 PEN
Dom. Rep.	~62.8 DOP	~64.7 DOP
Uruguay	~41.0 UYU	~42.5 UYU
Spain	~1.17 USD	1.20 USD
Portugal	~ 1.13 USD	~1.16 USD

A broad-based deceleration can be observed across most economies, reflecting greater macroeconomic stability, stronger monetary policy frameworks, and improved medium-term growth prospects.

4.2 Exchange Rate Volatility

Exchange rate dynamics have been primarily driven by three structural factors: United States monetary policy, interest rate differentials between developed and emerging economies, and domestic political risks across Latin America.

During 2025, several Latin American currencies experienced significant appreciation against the U.S. dollar, supported by capital inflows and carry trade strategies, with notable cases including Mexico (+23%), Brazil (+14%), and Colombia (+15–17%). However, this appreciation did not eliminate volatility; rather, it increased sensitivity to changes in interest rate expectations and external shocks.

From a technical perspective, exchange rate volatility remains significantly higher in Latin America than in advanced economies, with recurring episodes of elevated variability in countries such as Argentina and Venezuela due to macroeconomic imbalances and political risk.

By contrast, economies such as the United States, Canada, Spain, and Portugal exhibit lower structural volatility, supported by monetary credibility, financial market depth, and institutional stability. On one hand, economies facing macroeconomic imbalances tend to experience extreme volatility, where the exchange rate acts as an adjustment mechanism. On the other hand, dollarized economies or those operating under fixed exchange rate regimes generally display lower volatility, albeit at the cost of reduced monetary flexibility.

From an investment perspective, exchange rate volatility directly affects:

- Asset valuation
- Foreign currency cash flows
- Financing costs
- Hedging decisions

Additionally, recent evidence confirms that exchange rate volatility in Latin America remains highly correlated with external factors, particularly decisions by the Federal Reserve and shifts in global capital flows.

Exchange rate volatility across the Americas continues to represent a critical source of financial and fiscal risk. Although some economies have managed to stabilize their currencies through macroeconomic discipline or dollarization, the region as a whole remains exposed to external shocks and global financial cycles.

In the current environment, foreign exchange risk management has evolved from an operational function into a central component of corporate financial strategy.

Sources

- Bank of Mexico – Monetary Policy and Inflation Indicators in Emerging Economies.
- Central Reserve Bank of Peru – 2025 Inflation Projection; 2025 Inflation Indexes by Country.
- El País – January 2026 Inflation Revision in Spain
- Euronews – Inflation Forecasts for Europe in 2026
- Bank of Portugal – Economic and Inflation Data
- Bank of Canada – Financial Markets Analysis and Exchange Rate Stability (2026).
- Bloomberg / Reuters – Market Volatility Data for Emerging Market Currencies (2025–2026).
- Official central bank statistics and macroeconomic projections from the International Monetary Fund and the Organisation for Economic Co-operation and Development.
- International Monetary Fund – Exchange Rate Volatility Database.
- World Bank – Global Financial Development Database.

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Exchange Rate Volatility

Classification Based on 2026 Estimates (IMF, OECD, and Central Banks)

Country	FX Volatility (%)	Exchange Rate Regime	Inflation (%)	Interest Rate (%)	Volatility Level
Argentina	>40%	Managed	>100%	>60%	Very High
Bahamas	~2–3%	Fixed (USD)	~3%	~4%	Low
Bolivia	~5–8%	Managed Peg	~3%	~4–5%	Low
Brazil	~15–20%	Floating	4–5%	~10–12%	High
Canada	~6–9%	Floating	4–5%	~4–5%	Low-Medium
Chile	~10–14%	Floating	4–6%	~8–10%	Medium
Colombia	~15–18%	Floating	7–9%	~11–13%	High
Costa Rica	~6–10%	Floating	~4%	~6–7%	Medium
Ecuador	~3–5%	Dollarized	~2–3%	n.a.	Low
El Salvador	~2–4%	Dollarized	~3%	n.a.	Low
Spain	~5–7%	Floating (Euro)	~2–3%	~4%	Low
United States	~5–8%	Floating	~2–3%	~4–5%	Low
Guatemala	~5–8%	Managed Peg	~4%	~5–6%	Low-Medium
Mexico	~10–15%	Floating	4–5%	~10–11%	Medium-High
Paraguay	~6–10%	Floating	4–5%	~7–8%	Medium
Peru	~8–12%	Managed Peg	3–4%	~7–8%	Medium
Portugal	~5–7%	Floating (Euro)	~2–3%	~4%	Low
Dom. Rep.	~6–10%	Floating	~4%	~7–8%	Medium
Uruguay	~8–12%	Floating	5–6%	~9–10%	Medium



5 Ease of Doing Business

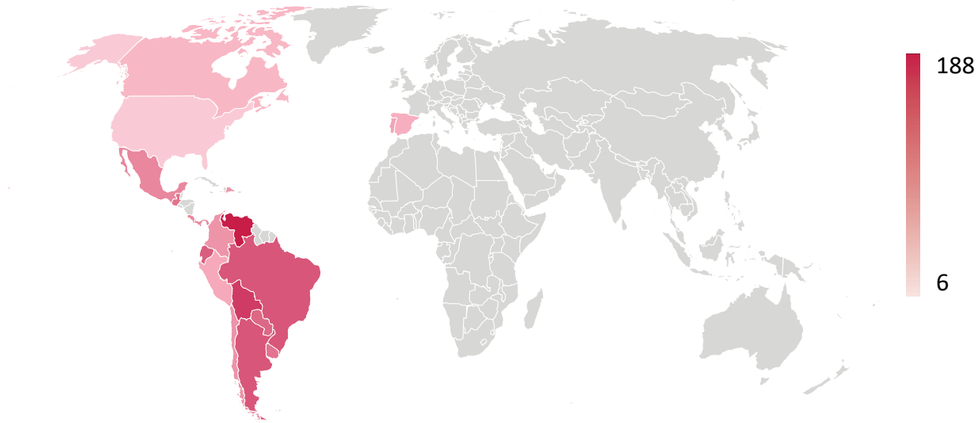
According to the World Bank's Ease of Doing Business framework, the most recent historical index data prior to its discontinuation in 2021—and subsequent replacement framework projections—continue to provide a useful benchmark for comparing regulatory quality and the relative business environment across countries. Although the traditional global report has no longer been published since 2021, historical rankings and scores remain relevant reference points for evaluating business conditions and institutional efficiency.

Several economies across the region have succeeded in establishing regulatory and administrative frameworks that, overall, facilitate the creation, operation, and sustainability of private enterprises. Countries such as Chile, Peru, Mexico, and Panama have maintained relatively strong positions in terms of ease of doing business, translating into fewer obstacles related to business registration, access to credit, tax compliance, and international trade. This has encouraged both domestic and foreign investment while generating positive effects on employment and economic growth.

Spain and Portugal, while not consistently ranked among the very top global performers, stand out for their solid and stable regulatory frameworks, which support legal certainty and long-term planning. Spain, in particular, remains highly attractive for Latin American investment entering the European market.

More challenging environments, such as those of countries positioned lower in the index, should not be viewed solely as obstacles, but also as opportunities for administrative and regulatory reform that, if effectively implemented, could attract additional investment and improve competitiveness. In many cases, targeted reforms focused on the digitalization of administrative procedures, protection of minority investors, and enhanced capabilities for external trade have generated significant improvements in perceptions regarding ease of doing business. This represents a positive indicator for policymakers and private sector stakeholders seeking to strengthen their respective economic and business frameworks.

Ease of Doing Business Ranking
(Latest Available – 2021)



Country	Ranking	Interpretation
Argentina	~126	Recent reforms have aimed to simplify processes, generating signs of incremental regulatory improvement.
Bahamas	~119	Country with a business environment that strongly supports the services and financial sectors.
Bolivia	~150	Regulatory advancements favoring gradual simplification of business procedures.
Brazil	~124	Large markets with opportunities for reforms that could further enhance global competitiveness.
Canada	~23	Highly competitive economy with a modern and efficient regulatory framework (exact ranking unavailable).
Chile	~59	One of the best-positioned countries in Latin America for doing business, supported by competitive administrative and regulatory processes.
Colombia	~60	Progressively favorable business environment, with improvements in access to credit and property registration.
Costa Rica	~74	Accessible regulatory framework with incentives for productive investment.
Ecuador	~118	Signs of reforms aimed at simplifying business formation procedures.
USA	~6	Robust business system supported by efficient regulatory frameworks and clear trade rules.
Guatemala	~96	Meaningful progress in simplifying commercial procedures.
Mexico	~72	One of the most competitive business environments in Latin America, with improved registration processes and access to credit.
Panama	~72	Efficient business environment with growing importance for investment attraction.
Paraguay	~106	Ongoing efforts in regulatory services focused on facilitating business creation.
Peru	~36	Highly competitive within the region, with efficient processes and a reliable legal framework.
Dom. Rep.	~60	Favorable legal framework with advances in public services and cross-border trade.
Uruguay	~94	Strong legal framework with policies focused on transparency and legal certainty.
Venezuela	~188	Despite significant challenges, specific sectors are showing gradual openness.
Spain	~30	One of the European countries with the greatest ease of doing business, supported by strong regulatory frameworks.
Portugal	~39	It has a significant economic impact driven by foreign investment and diversification across financial services, technology, and trade sectors.

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5.1 Time, Cost, and Procedures Required to Start a Business

Several reforms have been implemented to facilitate business formation by reducing timelines and simplifying administrative procedures. Economies such as Panama, Uruguay, and Brazil, for example, exhibit relatively short incorporation timelines compared to the regional average, with growing trends toward process digitalization that contribute to lower indirect costs and greater predictability for entrepreneurs.

Chile, which also stands out among the countries with the fewest procedures and shortest processing times, offers a competitive business environment with moderate costs relative to per capita income. This facilitates business formalization decisions and encourages a stronger presence of formal small and medium-sized enterprises.

In Mexico, although the relative cost indicator remains higher than in some neighboring countries, the number of procedures and the time required to establish a formal company have decreased due to the digitalization of administrative processes and the adoption of more flexible corporate structures, such as the Simplified Joint-Stock Company (Sociedad por Acciones Simplificada – SAS). This has expanded opportunities for both local and international entrepreneurs.

The diversification of regulatory frameworks in countries such as Colombia, the Dominican Republic, and Guatemala also reflects meaningful progress in process simplification and the implementation of technological platforms that reduce uncertainty for new businesses. Although variations persist across jurisdictions, relative improvements in efficiency compared to previous years are clearly observable.

Within the Iberian European context, Spain and Portugal provide industrial and service-oriented business environments supported by strong legal infrastructure and institutional support mechanisms for company formation. In Portugal, businesses can be incorporated within days through centralized procedures such as Empresa na Hora, with relatively low official costs in proportion to per capita income. Spain, while involving comparatively more procedures and longer timelines, has undergone continuous reforms aimed at process digitalization and the simplification of legal requirements, maintaining its attractiveness for both European and Latin American investment.

Overall, the region presents a positive trend toward improving business formation conditions, with emerging economies optimizing their administrative frameworks to compete globally. The interaction between public policies focused on procedural efficiency and the use of digital tools represents a common and favorable element that supports the formalization of new businesses and the expansion of the formal productive sector.

Sources:

- World Bank – Doing Business Database (Ease of Doing Business Index, latest positions available through 2020) and global country ranking compilation.
- Ranking of the Ease of Doing Business Index for Spain and Portugal according to Trading Economics using World Bank data.
- World Bank – Doing Business 2020 Latin America & Caribbean Sum mary: Starting a Business (procedures, time, cost).
- World Bank – Doing Business Country Profile: Spain — business incorporation indicators (procedures, time, cost).
- World Bank – Doing Business Country Profile: Mexico — business incorporation indicators (procedures, time, cost).
- Complementary study on business start-up costs and procedures in Latin America (comparative indicators).

Country	Approximate Number of Procedures	Time Required to Start a Business (Days)	Cost (% of Per Capita Income)
Argentina	~10–12	~12–20*	~5.0% (depending on the region)
Bahamas	~5–7	~10–15*	
Bolivia	~10–12	~40	~37.7% (relative)
Brazil	~8–11	~17	~4.2 %
Canada	~4–6	~3–7*	~0.3% estimated
Chile	~6–9	~6–9	~2.7 %
Colombia	~7–10	~10–15	~14.1 %
Costa Rica	~9–10	~23	~9.6 %
Ecuador	~11	~49	~33 %
El Salvador	~8–9	~17–20	~43.3 %
United States	~4–6	~5–8*	~1 % estimated
Guatemala	~6–8	~18–25*	17.3%
Mexico	~8	~18–25*	~16.3 %–31.4 %
Panama	~5	~6	~5.8 %
Paraguay	~7	~35	~52.2 %
Peru	~8	~26	~9.4 %
Dom. Rep.	~7	~17–20	~13.7 %
Uruguay	~5	~7	~24.1 %
Venezuela	~15	~116	211.8%
Spain	~7	~12–23*	~3.9 %*
Portugal	~5–6	~1–9*	~1.9 %–3.0 %*

Table of Legal Certainty and Investment Protection Indicators

**Approximate or estimated data based on the latest Doing Business cycle and complementary sources for specific countries, as the discontinued report did not publish uniform annual data for all jurisdictions.*

This table presents historical country-level estimates focused on the principal indicators considered by the World Bank in its Starting a Business analysis: number of official procedures, approximate processing time in days, and costs relative to per capita income.



6 Legal Certainty and Investment Protection

Across several Latin American economies, regulatory advancements have contributed to strengthening key elements of legal certainty, including the protection of private property rights, the existence of specialized commercial judicial systems, and reliable dispute resolution mechanisms. Chile, Panama, Peru, and Costa Rica are notable examples of countries that have developed relatively stable and transparent legal frameworks which not only protect foreign direct investment (FDI), but have also implemented arbitration and conciliation centers that expedite the resolution of commercial disputes. These mechanisms provide certainty and efficiency in contract enforcement processes and in the protection of investors' rights. As a result, these economies have strengthened their attractiveness for long-term capital flows and promoted consistent and reliable investment environments.

In Mexico and Colombia, the enactment and modernization of laws protecting foreign investors have been accompanied by the signing of bilateral investment treaties (BITs) and reciprocal protection agreements that establish standards related to fair and equitable treatment, compensation in cases of expropriation, free transfer of capital, and international arbitration mechanisms. These measures have supported increased investment in strategic sectors such as infrastructure, energy, and manufacturing. The existence of these multilateral instruments, combined with robust legal structures for protecting intellectual property and ensuring contract enforcement, positions these countries as attractive destinations for capital seeking long-term legal certainty.

In economies with traditionally stronger regulatory frameworks such as the United States and Canada, investment protection is supported by independent judicial institutions, well-established pro-

perty rights systems, and clear procedures for the registration and protection of assets. This creates an environment in which legal certainty and strict adherence to the rule of law constitute determining factors for attracting productive and high value-added investment. By contrast, some emerging economies may still face isolated challenges regarding perceptions of legal certainty; however, ongoing structural reforms aimed at modernizing legal frameworks, strengthening institutional independence, and expanding judicial protection mechanisms have translated into gradual improvements in these indicators. Consequently, in countries such as Brazil, Uruguay, and the Dominican Republic, regulatory progress in areas including transparency, legal fairness, and access to alternative dispute resolution mechanisms has strengthened their investment profile and increased foreign investor confidence in sectors such as technology, renewable energy, and services.

The incorporation of international instruments such as the International Centre for Settlement of Investment Disputes (ICSID), along with multilateral investment protection treaties adopted by several American countries, reflects an explicit commitment to global legal certainty standards. This has contributed to a more competitive and predictable business environment. These instruments allow disputes between states and foreign operators to be resolved outside local jurisdictions, providing an additional layer of protection for contractual commitments and the preservation of asset value.

In the case of Spain and Portugal, both countries maintain exceptionally well-established legal frameworks for investment protection within the European context, supported by European investment protection directives and the jurisdiction of the Court of Justice of the European Union. Respect for the rule of law, protection of private property, and the strength of judicial systems are factors that encourage productive capital inflows, particularly between Latin America and Europe in both directions. The institutional stability characterizing these countries provides investors with strong legal certainty, not only for the entry of capital, but also for the operation and eventual exit of investments without undue restrictions.



COUNTRY	PERCEIVED JUDICIAL INDEPENDENCE	INVESTMENT PROTECTION TREATIES	EFFECTIVE DISPUTE RESOLUTION MECHANISMS	PROTECTED PROPERTY RIGHTS LEGAL FRAMEWORK
Argentina	Developing	Active BITs	Arbitration Available	Recent Improvements
Bahamas	Medium	Yes	Arbitration	Stable
Bolivia	Evolving	Yes	Arbitration in Certain Sectors	Ongoing Improvements
Brazil	High	Yes	Arbitration and Specialized Chambers	Stable
Canada	Very High	Yes	Courts and Arbitration	Very stable
Chile	High	Yes	Institutional Arbitration	Very stable
Colombia	High	Yes	ICSID and Arbitration	Stable
Costa Rica	High	Yes	Arbitration	Stable
Ecuador	Medium	Yes	Arbitration	Under Reform
El Salvador	Medium	Yes	Arbitration	Stable
United States	Very High	Investment Framework under USMCA	Courts and Arbitration	Very stable
Guatemala	High	Yes	Arbitration	Stable
Mexico	High	Yes	ICSID and Arbitration	Stable
Panama	High	Yes	Arbitration	Stable
Paraguay	Medium	Yes	Arbitration	Improving
Peru	High	Yes	Institutional Arbitration	Stable
Dom. Rep.	High	Yes	Arbitration	Stable
Uruguay	High	Yes	Arbitration	Stable
Venezuela	Low	Yes	Irregular	Legal Challenges
Spain	Very High	Multilateral Treaties	Courts and Arbitration	Very stable
Portugal	Very High	Multilateral Treaties	Courts and Arbitration	Very stable

Table of Legal Certainty and Investment Protection Indicators.

6.1 Bilateral Investment Agreements (BITs)

The network of bilateral investment treaties across the region reflects a shared commitment to promoting stable, transparent and competitive investment environments, providing legal certainty and reducing the fiscal and legal risks associated with the deployment of international projects. Below is a list of agreements by country.

PAÍS	Principais Acordos Bilaterais de Investimento Atualmente em Vigor
Canada	Agreement for the Promotion and Protection of Investments Canada–Argentina; Canada–Barbados; Canada–Chile Free Trade Agreement (Investment Chapter); Canada–China Foreign Investment Promotion and Protection Agreement; Canada–Colombia Free Trade Agreement (Investment Chapter); Canada–Costa Rica Free Trade Agreement; Canada–Cuba; Canada–Ecuador Agreement; Canada–Panama Free Trade Agreement; Canada–Peru Free Trade Agreement; Canada–Uruguay Agreement; Canada–Venezuela Agreement.
United States	United States–Argentina Bilateral Investment Treaty; United States–Chile Free Trade Agreement (Investment Chapter); United States–Colombia Trade Promotion Agreement; Dominican Republic–Central America–United States Free Trade Agreement (CAFTA-DR); United States–Ecuador BIT; United States–Jamaica Agreement; United States–Panama Trade Promotion Agreement; United States–Paraguay BIT; United States–Peru Trade Promotion Agreement; United States–Uruguay BIT; United States–Trinidad and Tobago BIT.
Mexico	Agreement on the Promotion and Reciprocal Protection of Investments (APPRI) Mexico–Germany; Mexico–Argentina; Mexico–Australia; Mexico–China; Mexico–Korea; Mexico–Spain; Mexico–France; Mexico–Italy; Mexico–Netherlands; Mexico–United Kingdom; Agreement between the United States of Mexico, the United States of America, and Canada (USMCA, Chapter 14); Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); Mexico–Chile Free Trade Agreement; Mexico–Colombia Agreement; Mexico–Peru Agreement.
Guatemala	Guatemala–Chile Free Trade Agreement (Investment Chapter); CAFTA-DR; Guatemala–Taiwan Free Trade Agreement; Guatemala–Israel Free Trade Agreement.
El Salvador	CAFTA-DR; El Salvador–Spain APPRI; El Salvador–France; El Salvador–Germany; El Salvador–United Kingdom BIT. Salvador–France; El Salvador–Germany; El Salvador–United Kingdom BIT.
Costa Rica	CAFTA-DR; Costa Rica–Canada Free Trade Agreement; Costa Rica–China Free Trade Agreement; Costa Rica–Spain APPRI; Costa Rica–Netherlands Agreement.
Rep. Dom.	CAFTA-DR; APPRI El Salvador–Espanha; El Salvador–França; El Salvador–Alemanha; BIT El Salvador–Reino Unido.
Uruguay	Uruguay–United States BIT; Uruguay–Spain APPRI; Uruguay–Chile Agreement; Uruguay–China Agreement; Uruguay–United Kingdom Agreement.
Dom. Rep.	CAFTA-DR; Dominican Republic–Spain APPRI; Dominican Republic–France Agreement; Dominican Republic–Netherlands Agreement. Costa Rica–Países Baixos.
Bahamas	Bahamas–United Kingdom Investment Agreement.
Colombia	Colombia–Spain APPRI; Colombia–Switzerland BIT; Colombia–United Kingdom Agreement; Colombia–India Agreement; Colombia–China Agreement; Colombia–Peru Free Trade Agreement; Colombia–Chile Free Trade Agreement; Colombia–United States Trade Promotion Agreement; Colombia–Canada Free Trade Agreement.
Ecuador	Ecuador–China BIT; Ecuador–Canada Agreement; Ecuador–Chile Agreement; Ecuador–Spain APPRI (renegotiated); Ecuador–Netherlands Agreement.
Peru	Peru–Spain APPRI; Peru–China Free Trade Agreement; Peru–United States Trade Promotion Agreement; Peru–Canada Free Trade Agreement; Peru–Chile Agreement; Peru–Japan Economic Partnership Agreement.
Brazil	Brazil–Angola Cooperation and Investment Facilitation Agreement (CFIA); Brazil–Chile; Brazil–Colombia; Brazil–Mexico; Brazil–Peru; Brazil–United Arab Emirates.
Bolivia	Bolivia–Argentina BIT; Bolivia–Peru BIT; Bolivia–United Kingdom BIT.
Paraguay	Paraguay–Chile BIT; Paraguay–Taiwan BIT; Paraguay–Germany BIT; Paraguay–United Kingdom BIT; Paraguay–United States BIT.
Argentina	Argentina–Spain APPRI; Argentina–United States BIT; Argentina–Italy Agreement; Argentina–France Agreement; Argentina–Germany Agreement; Argentina–China Agreement.
Chile	Chile–Spain APPRI; Chile–United States Free Trade Agreement; Chile–China Free Trade Agreement; Chile–Japan Economic Partnership Agreement; Chile–Canada Free Trade Agreement; Chile–Peru Agreement; Chile–Australia Free Trade Agreement.
Spain	Spain–Argentina APPRI; Spain–Chile Agreement; Spain–Colombia Agreement; Spain–Cuba Agreement; Spain–Mexico Agreement; Spain–Peru Agreement; Spain–Uruguay Agreement; Spain–Venezuela Agreement; Energy Charter Treaty; European Union investment treaties.
Portugal	Portugal–Argentina BIT; Portugal–Chile Agreement; Portugal–Cuba Agreement; Portugal–Mexico Agreement; Portugal–Peru Agreement; Portugal–Venezuela Agreement; European Union investment treaties.



6.2 Dispute Resolution Mechanisms

These mechanisms have become an integral component of international agreements, bilateral investment treaties (BITs), investment chapters within free trade agreements, and other multilateral instruments, thereby contributing to a more predictable legal environment that is favorable to international investment.

The International Centre for Settlement of Investment Disputes (ICSID) of the World Bank has become the most widely used international arbitration forum for investors and states in resolving disputes arising from investment agreements. ICSID offers conciliation, mediation, arbitration, and, in certain cases, fact-finding procedures, enabling parties to resolve conflicts without resorting to domestic judicial systems, while ensuring neutrality and specialization in cross-border investment matters. Its administrative expertise and the enforceability of arbitral awards across multiple jurisdictions strengthen perceptions of legal certainty for foreign capital.

In addition to ICSID, complementary mechanisms based on mediation, conciliation, and early-stage negotiation seek to resolve disputes amicably before they escalate into formal arbitration proceedings. These mechanisms form part of ICSID's procedural framework, encouraging early information exchange and clarification of disputed matters, thereby facilitating early settlements that preserve long-term investment relationships.

Another relevant institution within the international framework is the Permanent Court of Arbitration (PCA) in The Hague, which administers arbitration proceedings involving international treaties, including those related to investment and commercial matters. Its longstanding institutional history and its capacity to administer proceedings under the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) make it a solid and reliable option for disputing parties.

Within the Americas, although there is no single regional tribunal dedicated exclusively to investment disputes, many states are signatories to the Pact of Bogotá (American Treaty on Pacific Settlement),

which obliges member countries to exhaust peaceful means such as mediation, inquiry, and arbitration before escalating disputes to higher-level proceedings. This contributes to the establishment of more structured and orderly conflict-resolution frameworks across the region.

Dispute resolution mechanisms have also evolved to incorporate international transparency instruments, such as the Mauritius Convention on Transparency in Treaty-based Investor-State Arbitration, promoted by UNCITRAL. This convention requires that many arbitral proceedings conducted under investment treaties disclose relevant documents and procedural explanations, providing greater clarity and public access regarding how disputes are resolved, thereby further reinforcing legal predictability.

It is important to emphasize that the use of these mechanisms is not exempt from criticism in certain sectors, particularly concerning sovereignty considerations or procedural costs. Nevertheless, from the perspective of states and financial markets, the existence of neutral, specialized, and internationally recognized avenues for dispute resolution provides a framework of legal and financial certainty that supports the attraction of productive, long-term investment.

A concrete example of the applicability of these mechanisms can be observed in well-known cases such as proceedings involving multinational corporations against the Oriental Republic of Uruguay before ICSID. These cases demonstrate how arbitral tribunals may resolve disputes between foreign investors and sovereign states, even in matters involving public policy, while simultaneously generating jurisprudence and greater certainty for future investments throughout the region.

Within broader institutional contexts, recent initiatives have sought to strengthen international arbitration in Spanish and Portuguese across the Ibero-American region, including collaborations between arbitration centers such as the alliance between the Madrid International Arbitration Center (CIAM-CIAR) and the



Santiago Arbitration and Mediation Center. These partnerships consolidate expertise and institutional resources, enhancing both access to and the quality of dispute resolution across Latin America and Europe.

Overall, it can be concluded that the region possesses several robust and complementary investment dispute resolution mechanisms that provide legal certainty, technical specialization, transparency, and enforceability of arbitral decisions at the international level. These mechanisms not only safeguard investors' rights, but also promote a competitive investment climate, adherence to international standards, and a framework of confidence for strategic investment decision-making and fiscal planning.

International Arbitration before ICSID	Specialized World Bank forum for arbitration and conciliation between investors and states. It provides neutrality, clear procedures, and international enforceability of arbitral awards.
Conciliation and Mediation (ICSID / Alternative ISDS)	Allows disputes to be resolved at an early stage through facilitated dialogue, reducing costs and improving long-term relationships.
Permanent Court of Arbitration (PCA)	Administrator of international arbitration proceedings in investment and commercial matters, operating under globally recognized rules.
Pact of Bogota	Regional mechanism requiring the use of peaceful dispute resolution methods (mediation, arbitration) before escalation to higher-level proceedings.
Mauritius Convention on Transparency	Strengthens transparency and public access in investment arbitration proceedings, reinforcing external confidence and legal predictability.

Sources:

- World Bank – World Development Indicators and analyses of investment legal frameworks.
- International Centre for Settlement of Investment Disputes (ICSID) – cases and multilateral treaties.
- United Nations Conference on Trade and Development (UNCTAD) – Investment Policy Monitor and regional investment policy reports.
- Organisation for Economic Co-operation and Development – Benchmarking of Investor Protection and comparative international data.
- Historical Doing Business archives from the World Bank on investor protection and legal certainty.
- United Nations Conference on Trade and Development – International Investment Agreements Navigator database (bilateral treaties and agreements with investment provisions).
- International Trade Administration – Bilateral Investment Treaties
- Organization of American States / SICE – Bilateral Investment Treaties by country (Inter-American system listings, including BITs across the Americas).
- Official registry of Reciprocal Investment Protection Treaties of Argentina (examples of BITs with multiple counterparties).
- International Centre for Settlement of Investment Disputes (ICSID – World Bank Group) – descriptions of functions and procedures.
- Academic studies and analyses on investor–state arbitration in Latin America.
- American Treaty on Pacific Settlement (Pact of Bogotá) – peaceful dispute resolution mechanisms prior to escalation to international tribunals.



7 Infrastructure and Market Access

Countries with large territorial extensions such as the United States, Canada, and Brazil exhibit highly developed transportation and logistics infrastructures, supported by multimodal corridors that facilitate the movement of goods and reduce operating costs. The integration of international airports with efficient railway systems enhances the flow of cargo and passengers, creating favorable conditions for investment in manufacturing, advanced technologies, and logistics services. In Central America and the Caribbean, although distances are shorter, there has been strategic utilization of ports and maritime connections to consolidate these economies as transit and distribution platforms linking North America, South America, and Europe, benefiting countries such as Panama, the Dominican Republic, and Costa Rica.

In South America, countries such as Chile, Peru, and Colombia have developed integrated logistics corridors connecting coastal ports with domestic markets, facilitating greater participation in global value chains, particularly in sectors such as mining, agribusiness, and manufacturing. Investments in road and railway infrastructure have strengthened interregional connectivity, reduced transit times, and created more competitive conditions for exports. At the same time, smaller economies such as Uruguay, Paraguay, and Bolivia have consolidated targeted infrastructure projects focused on export logistics and regional market access, promoting public-private partnerships to expand their commercial reach.

Regional integration is also reflected in multilateral agreements and free trade treaties that facilitate preferential access to external markets, including the United States–Mexico–Canada Agreement (USMCA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and other bilateral agreements that reduce tariff and regulatory barriers. These instruments complement physical infrastructure with legal frameworks that allow exporters and importers to operate with greater predictability and efficiency.

Spain and Portugal, although geographically located in Europe, remain deeply connected to the American markets through historical ties, investment networks, and modern logistics systems. Both countries possess world-class port and airport infrastructure that positions them as strategic gateways between Europe and Latin America, facilitating intercontinental trade and business mobility. Spain, with its extensive highway network, high-speed rail system, and Mediterranean and Atlantic ports, provides a highly competitive platform for global logistics operations. Portugal, with strategically located Atlantic ports and efficient connections to Africa and the Americas, has positioned itself as a key logistics hub for transoceanic trade flows.

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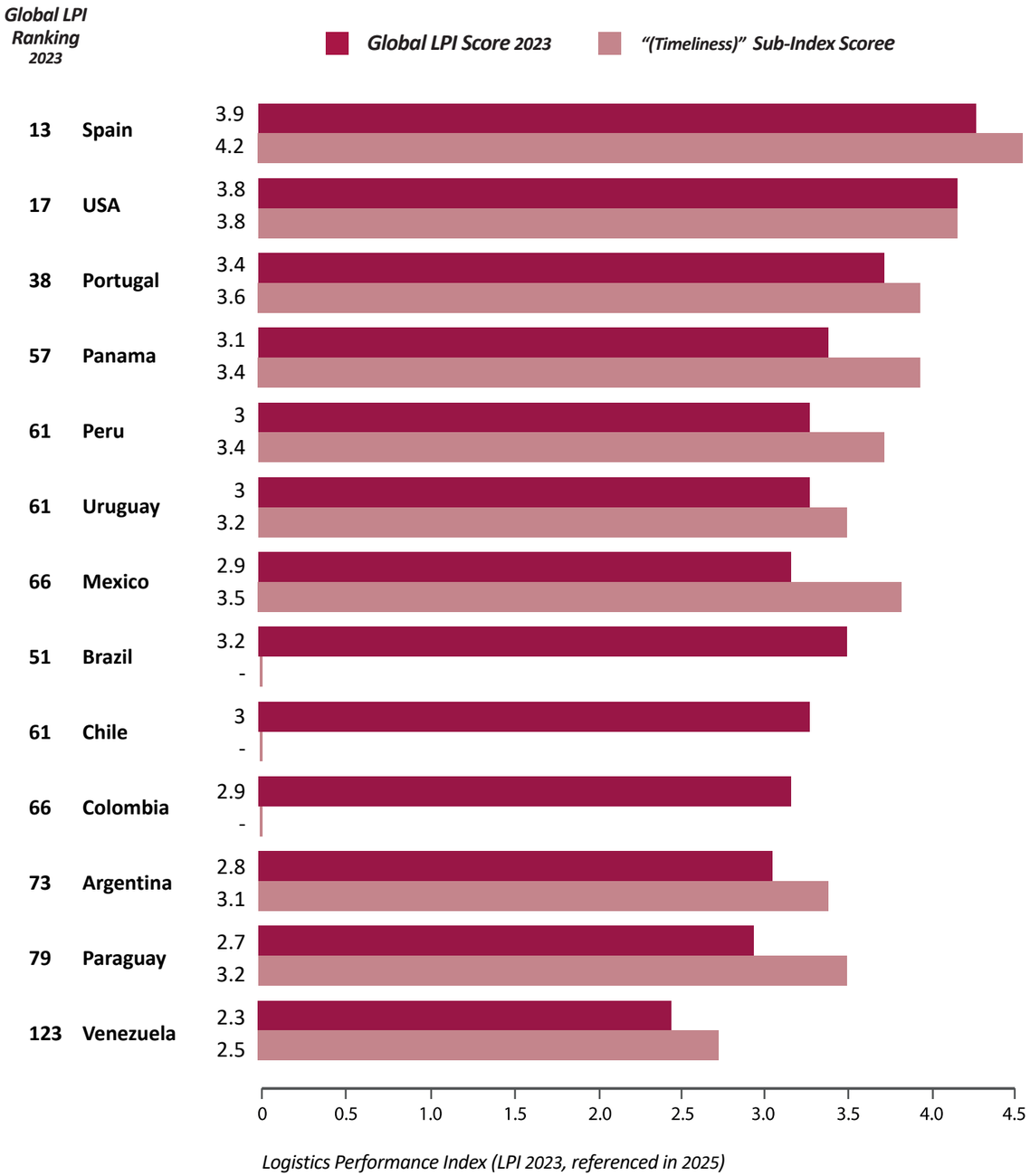
PAÍS	OUTSTANDING PHYSICAL INFRASTRUCTURE	MARKET ACCESS AND INTEGRATION
United States	Extensive road network, global ports, and international airports	Preferential access to North American and global markets
Canada	Efficient land and maritime corridors	Integration with North American and European markets
Mexico	Pacific and Atlantic ports, railway network	Access to the USMCA and CPTPP
Brazil	Multimodal logistics systems	Regional and international connectivity
Chile	Modern ports and highway infrastructure	Gateway to the Asia-Pacific region
Peru	Expanding port and road infrastructure	Trade agreements with Asia and the Americas
Colombia	Ports on two oceans	Access to Caribbean and Pacific markets
Panama	Panama Canal and port infrastructure	Strategic interoceanic hub
Costa Rica	Competitive ports and airports	Access to CAFTA-DR and global markets
Dom. Rep.	Modern port facilities	CARICOM integration and free trade agreements
Uruguay	Ports and road infrastructure	Stable export platform
Argentina	Atlantic ports	Regional integration
Spain	Atlantic and Mediterranean ports, high-speed rail systems	Strong ties with Europe and Latin America
Portugal	Efficient land and maritime corridors	Transoceanic connectivity

7.1 Quality of Logistics Infrastructure, Telecommunications, and Energy

According to the Logistics Performance Index (LPI) rankings, it is possible to analyze the region's global scores and relative positions, identifying how sustained investments in customs infrastructure, transportation systems, and logistics management translate into competitive clearance times and lower operating costs, thereby strengthening export competitiveness.

Countries such as Mexico, Chile, Peru, Panama, and Uruguay have achieved solid scores—generally around 3.0 or higher—reflecting improvements in infrastructure, customs modernization processes, and international connectivity. These advancements tend to reduce logistics costs and generate greater confidence within global supply chains.

Even economies with intermediate scores, such as Argentina and Paraguay, have demonstrated comparative improvements relative to previous editions of the index, indicating that infrastructure and logistics investment policies are producing positive results.



Logistics Performance Index (LPI 2023, referenced in 2025)

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7.2 Free Trade Zones

Across the Americas, the free trade zone ecosystem is broad, dynamic, and highly competitive. According to the Free Trade Zones Association of the Americas (AZFA), there are more than 700 free trade zones across Ibero-America, hosting over 10,700 companies and generating more than one million direct jobs, consolidating these zones as a structural pillar of international trade.

This expansion has intensified in recent years, with some industry estimates indicating the existence of more than 800 free trade zones and over 3.5 million total jobs throughout the region, reflecting their direct impact on economic and social development.

In North America, led by the United States, the Foreign-Trade Zone model has been instrumental in strengthening industrial competitiveness, particularly in advanced manufacturing and logistics. Canada complements this framework with special economic zones focused on trade and energy development.

Mexico stands out as one of the region's most relevant cases through programs such as IMMEX and strategic bonded facilities (recintos fiscalizados estratégicos), which have accelerated nearshoring trends and consolidated the country as a global manufacturing hub.

Central American countries such as Guatemala, El Salvador, and Costa Rica have developed highly efficient export-oriented models. Costa Rica and El Salvador, in particular, have achieved levels where free trade zones account for a significant share of national exports—reaching, in some cases, up to 60%—highlighting their role as major economic drivers. Meanwhile, the Dominican Republic represents one of the world's most successful free zone models, combining manufacturing, medical devices, and services within a consolidated export platform. Jamaica, Trinidad and Tobago, Barbados, the Bahamas, and Cuba have promoted free trade zones focused on tourism, financial services, and logistics. These economies have effectively utilized this instrument to diversify their productive structures and attract foreign direct investment.

In South America, Brazil operates one of the region's most emblematic models through the Manaus Free Trade Zone, which has played a key role in Amazonian industrial development. Colombia, Peru, and Ecuador have strengthened their regulatory frameworks to expand free trade zones as competitiveness tools.

Chile has developed highly efficient free zones such as Iquique, while Uruguay stands out for its legal stability and sophistication in global services, with examples such as Zonamerica attracting high-value technology investment. Paraguay and Bolivia have begun positioning themselves through attractive fiscal incentives, while Argentina has revitalized its approach to free trade zones as an instrument for economic reactivation. Venezuela, despite structural challenges, has recently promoted initiatives aimed at stimulating economic activity through these regimes.

Finally, Spain maintains well-established free trade zones such as Cádiz, Barcelona, and Vigo, which are currently evolving toward Industry 4.0, sustainability, and blue economy models, thereby strengthening their global competitiveness. Portugal, meanwhile, has leveraged zones such as Madeira to attract international investment—particularly in financial and technology services—through competitive fiscal frameworks aligned with European regulations.

Analysis of Economic Impact and Number of Free Trade Zones by Country

2025-2026

Country	*Estimated Number of Free Trade Zones*	*Economic Impact*	*Predominant Sectors*
Argentina	~10–15	Medium	Industry
Bahamas	2–5	Medium-highg	Tourism
Bolivia	2–3	Low-medium	Trade
Brazil	1 main FTZ + SEZs (~20)	Very high	Industry
Canada	~20–30	High	Energy and trade
Chile	2 main FTZs	High	Trade
Colombia	~120+	Very high	Industry
Costa Rica	~50+	Very high	Medical devices
Ecuador	~5–10	Medium-highg	Logistics
El Salvador	~17–20	High	Textiles and manufacturing
United States	~250	Very high	Manufacturing and logistics
Guatemala	~20–25	High	Textiles and manufacturing
Mexico	~100	Very high	Automotive and electronics
Paraguay	~10–15	Medium-highg	Maquiladora industry
Peru	~20	High	Industry
Dom. Rep.	~200–250	Very high	Textiles, pharmaceuticals, and services
Uruguay	~10–15	High	Servicios globales
Spain	~7	High	Logistics and industry
Portugal	1 (Madeira)	Medium-highg	Financial services

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7.3 Access to Regional and Global Markets

Across the Ibero-American region, the expansion of trade networks, the execution of preferential agreements, the reduction of tariff barriers, and integration into global value chains have generated tangible benefits in terms of export diversification, increased intra-regional and intercontinental trade volumes, and the strengthening of strategic productive sectors.

These instruments have expanded foreign trade opportunities by reducing tariffs, simplifying procedures, and creating pathways for goods and services to enter high purchasing-power markets. The combination of improved logistics infrastructure, predictable legal frameworks, and preferential access to external markets represents a favorable environment for exporting companies and investors seeking to scale operations globally.

COUNTRY	MAIN AGREEMENTS OR TRADE MECHANISMS
United States	USMCA/T-MEC, CPTPP (indirect participation), and multiple bilateral agreements
Canada	USMCA/T-MEC, CPTPP, and agreements with Europe and Asia
Mexico	USMCA/T-MEC, CPTPP, and the Free Trade Agreement with the European Union (through EU membership)
Central America and the Caribbean	CAFTA-DR, intra-regional integration, and bilateral trade agreements
Chile	Extensive network of FTAs, including agreements with the European Union, the United States, China, and Asia-Pacific economies
Peru	Free Trade Agreements with the United States, China, Canada, and the European Union; CPTPP membership
Colombia	Free Trade Agreements with the United States, the European Union, South Korea, and various bilateral agreements
Brazil	Open market access through bilateral agreements and participation in regional blocs
Argentina / Uruguay / Paraguay / Bolivia	MERCOSUR and bilateral agreements providing preferential market access
Spain	European Union agreements with Latin America and bilateral agreements with countries across the Americas
Portugal	Market access through the European Union framework and preferential agreements with Atlantic regions

Some of the principal mechanisms and agreements facilitating access to regional and global markets.

Sources:

- *World Bank – transport and logistics indicators.*
- *World Economic Forum – Logistics Connectivity Index.*
- *Infrastructure reports on ports and airports published by the Economic Commission for Latin America and the Caribbean and infrastructure agencies in Spain and Portugal.*
- *World Bank – Logistics Performance Index (LPI) and methodological definitions. Comparative 2023 LPI country data.*
- *Market reports and outlooks on telecommunications and energy technology.*
- *Regional electricity integration agencies and interconnection studies.*
- *United Nations Conference on Trade and Development – maritime connectivity analyses and Spanish logistics infrastructure studies.*
- *World Bank – Logistics Performance Index (LPI) 2023, country rankings and scores.*
- *Economic Commission for Latin America and the Caribbean – comparative analysis of the LPI (2010–2023).*
- *World Bank – foreign trade indicators and analyses; World Trade Organization – trade agreement databases; official data on agreements such as United States–Mexico–Canada Agreement (USMCA/T-MEC), Central America–Dominican Republic Free Trade AgreEment, and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP/TIPAT).*
- *Association of Free Zones of the Americas – regional statistical reports.*
- *Inter-American Development Bank – analyses of special economic zones.*
- *Regional integration commissions and European Union analyses regarding trade agreements currently in force with Latin America and the Caribbean.*

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8 Human Capital and Labor Costs

COUNTRY	INTERPRETATION OF PRODUCTIVE POTENTIAL
Canada	High human capital supported by strong education and healthcare systems.
United States	Solid human capital with high labor productivity.
Chile	One of the highest-performing economies in Latin America.
Costa Rica	Outstanding regional performance in healthcare and education.
Uruguay	Strong educational tradition and broad social coverage.
Argentina	Stable human capital supported by a historically strong educational base.
Mexico	Upper-intermediate level with progress in technical education.
Colombia	Sustained improvements in schooling and child healthcare.
Peru	Relevant progress in education and reduction of social gaps.
Brazil	Growing human capital driven by expanding educational access.
Panama	Intermediate performance with improvements in educational coverage.
Dom. Rep.	Advances in basic education and healthcare accessibility.
Paraguay	Gradual improvement in expected years of schooling.
Bolivia	Expansion of educational access over recent decades.
Ecuador	Sustained investment in primary education.
Guatemala	Significant improvement potential through targeted public policies.
El Salvador	Improvements in healthcare and average schooling levels.
Venezuela	Broad educational base with recovery potential.
Spain	High human capital aligned with advanced European economies.
Portugal	Strong educational progress achieved over recent decades.

Some of the mechanisms and agreements facilitating access to regional and global markets.



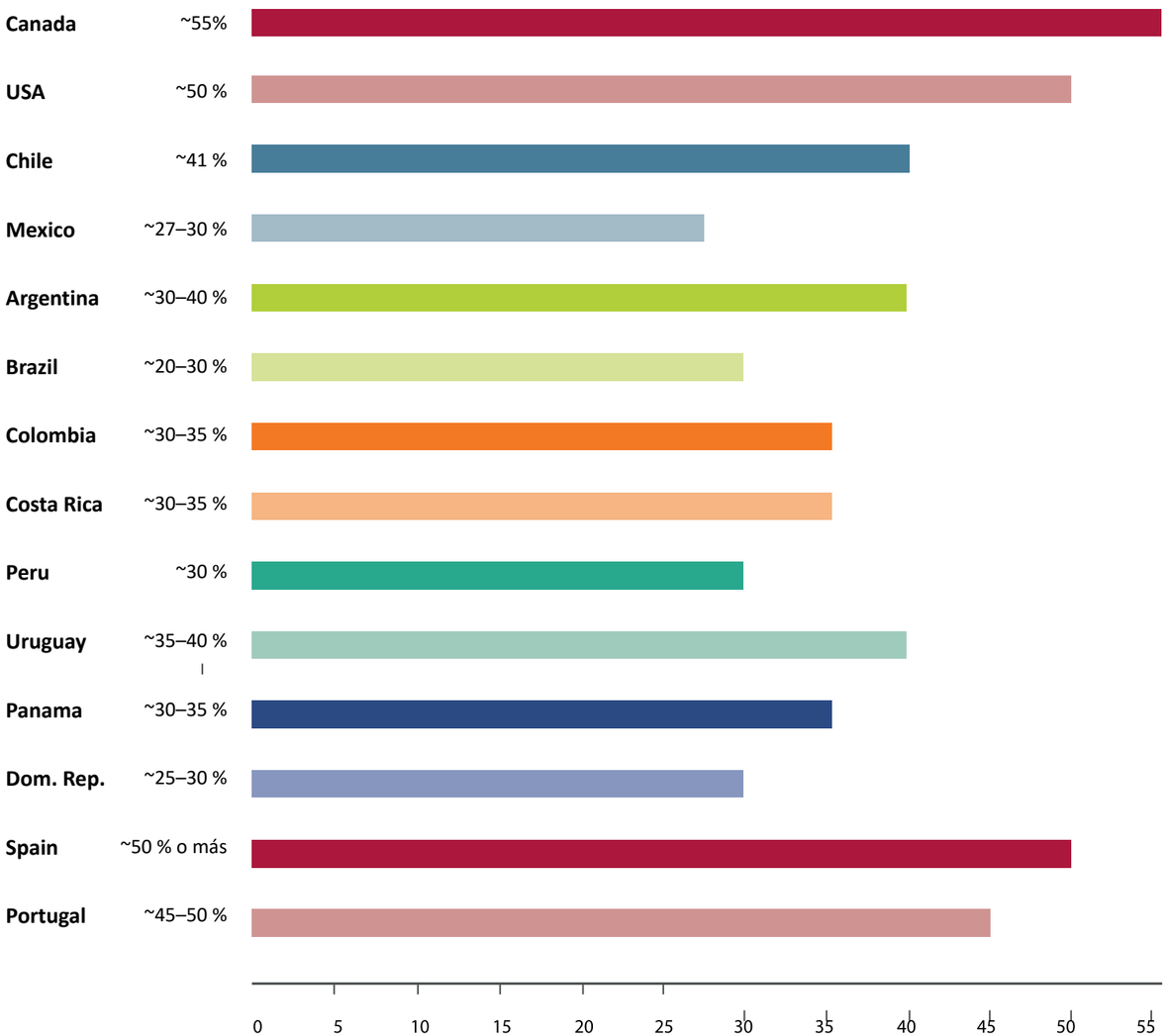
According to the World Bank's Human Capital Index (HCI), which summarizes health, education, and productive capabilities, it is possible to analyze the productive structure and level of development across economies. Countries such as Canada, the United States, Chile, and Costa Rica exhibit higher wages and labor costs, reflecting greater productivity levels and the higher value added generated by their workforce. Meanwhile, intermediate levels in countries such as Mexico, Colombia, Brazil, Peru, and Argentina reflect ongoing investment in education and healthcare as key drivers of labor productivity.

This capacity to develop skilled workers capable of integrating into modern production processes represents a significant strength across many countries in the Americas, reinforced by public policies focused on skills development in response to current technological challenges. At the same time, these economies maintain comparatively competitive labor costs, creating a comparative advantage for labor-intensive industries and for operations seeking to balance cost efficiency with access to an increasingly qualified workforce.

In Europe, Spain and Portugal have undertaken significant efforts to strengthen human capital through educational reforms and technical training programs aligned with the demands of the modern labor market. This has resulted in a labor force with progressively higher qualification levels, particularly in sectors requiring advanced skills and in professional mobility toward higher value-added occupations. Although labor costs in these Southern European countries tend to remain more moderate than those observed in Northern or Central Europe, this characteristic may support the attraction of service centers and manufacturing operations focused on exports and regional integration within the European Union.

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8.1 Educational Level and Workforce Training



Tertiary Education Attainment Rate among Young Adults (25-34 years old), according to ***Education at a Glance*** *2025.*

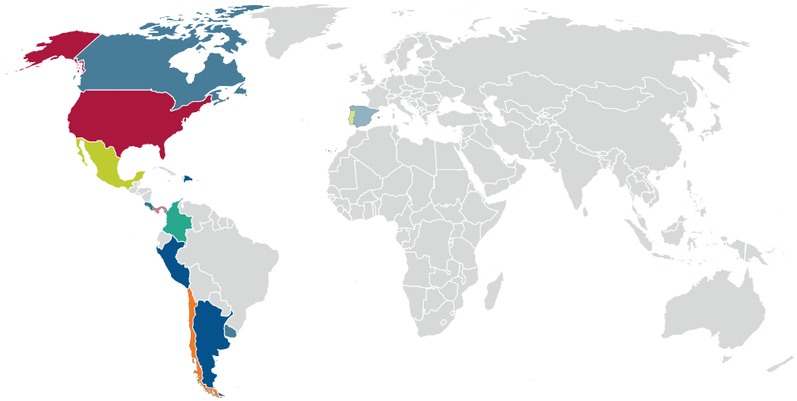


8.2 Labor Costs and Labor Market Flexibility

Labor markets across the Americas generally exhibit relatively low unemployment levels and increasing labor force participation, reflecting employment resilience even amid a global economic slowdown. Countries such as Mexico, the United States, and several Central American economies stand out for particularly low unemployment rates and broad active labor cohorts.

In economies where unemployment remains comparatively higher, such as Chile and Colombia, there are indications of declining informality and expansion within professional and service-oriented sectors, trends that may translate into sustained improvements in labor market integration.

Statistics from Spain and Portugal confirm that, despite structural challenges such as Spain's comparatively higher unemployment rates, both countries have achieved record employment and participation levels, positioning them competitively within Western Europe through the availability of a skilled and qualified workforce.



Unemployment Rate (2025)

4.10%	USA
7%	Canada / Uruguay / Costa Rica
2.80%	Mexico
8.70%	Chile
8.60%	Colombia
7-8%	Peru / Argentina / Dom. Rep.
6-7%	Panama
10.80%	Spain
6.00%	Portugal

COUNTRY	*Employment by Age / Gender*
Canada	Employment levels among individuals aged 60 and above remain close to the OECD average (~55%).
United States	Strong employment performance among the 45–54 age group; gender gaps within the 55–64 segment remain broadly aligned with OECD averages.
Mexico	Female labor force participation stands at approximately 51.2%; gender gaps remain relatively high but continue to narrow gradually.
Chile	Reduction in labor informality and growth in financial and professional services sectors.
Colombia	Job fairs with broad employment offerings reflect regional labor market dynamism.
Peru	Gradual progress in the activation of younger and older workforce segments.
Argentina	Structural improvements in formal employment.
Uruguay	Labor market characterized by stable employment conditions.
Panama	Employment growth, particularly within expanding service sectors.
Dom. Rep.	Strong dynamism in tourism and service-related industries.
Costa Rica	Significant employment generation in services and export-oriented sectors.
Spain	Improvements in stable and permanent employment contracts, although unemployment remains above the regional average.
Portugal	Continued labor market growth despite demographic challenges.

This comparative table includes key labor market indicators, including unemployment rates, labor force participation, and employment by age and gender. The data is based on employment reports published by the Organisation for Economic Co-operation and Development (OECD).



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According to the OECD, the average unemployment rate stood at approximately 4.9% in May 2025, representing a historically low level and reflecting generally positive labor absorption conditions across most advanced economies.

Employment and labor force participation have reached record levels throughout the OECD—approximately 72.1% employment and 76.6% participation—signaling labor markets that remain strongly integrated despite demographic and economic pressures.

In major economies such as the United States and Mexico, gender employment gaps have been gradually narrowing, while employment rates among older age groups (55–64) remain below the OECD average in some countries, albeit with positive trends toward greater inclusion and longer working lives.

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Sources:

- World Bank – Human Capital Index and Country Briefs (2025).
- International Labour Organization – comparative labor cost data.
- Eurostat / Trading Economics – labor cost index data for Spain and Europe.
- Organisation for Economic Co-operation and Development – Education at a Glance 2025 indicators and general summary.
- Organisation for Economic Co-operation and Development – Education at a Glance 2025, Chapter A1 analysis: adult educational at tainment levels (including educational coverage indicators).
- United States country note – Education at a Glance 2025 (young population tertiary education indicators).
- Organisation for Economic Co-operation and Development – OECD Employment Outlook 2025: general assessment of employment, unemployment, labor force participation, and OECD average indicators.
- Organisation for Economic Co-operation and Development – OECD Employment Outlook 2025: Mexico — unemployment and labor force participation rates, including gender gaps and workforce participation indicators.
- Organisation for Economic Co-operation and Development – OECD Employment Outlook 2025: Canada — unemployment and age-related employment trends.
- Organisation for Economic Co-operation and Development – OECD Employment Outlook 2025: United States — employment by age group and gender gaps.
- Organisation for Economic Co-operation and Development – OECD Employment Outlook 2025: Spain — record employment rates and unemployment trends.
- Comparable data for Portugal from Eurostat and regional estimates for Latin American countries based on official trend data.





Our Team

More than 20 countries make up the Ecovis Ibero-America region, supported by over 400 highly specialized professionals in the areas of audit, consulting, tax advisory, and legal services, with deep expertise in the regulatory and business environments of each country across the region.

Our strength lies in the combination of local expertise and international perspective, enabling us to support both domestic and international companies throughout their expansion, investment, and consolidation processes in strategic markets.

The Ibero-America team operates under global quality standards, ensuring comprehensive, timely, and internationally aligned solutions. Our commitment is to create sustainable value for our clients by providing strategic advisory services that facilitate decision-making and enhance growth within a dynamic and competitive business environment.

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