

[Box 1: Inflation Report March 2014](#)

Keep in mind

Los análisis y pronósticos incluidos en este informe son producidos por el equipo técnico del Banco. Es la base principal sobre la cual se realiza la [recomendación de política monetaria](#) a la Junta Directiva del Banco de la República (JDBR) y por estas razones no refleja necesariamente la opinión de sus [miembros](#).

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Foreign direct investment (FDI) becomes a major source of long-term financing in economies with technological and capital constraints. Countries with limited savings capacity or underdeveloped financial markets do not have enough resources to expand their production frontier (Chenery and Srinivasan, 1989). In this sense, FDI channels foreign savings into the productive projects the country needs to develop its economy (FEDESARROLLO, 2007). This has potentially positive effects on economic growth, employment, gross capital formation and tax revenue, among other aspects. FDI also can lead to improvements in the production process through technology transfer (Haddad and Harrison, 1993), since multinational companies use skills, knowledge and procedures aimed at optimizing production, which can be transmitted to domestic companies.