Columbia FDI Profiles

Country profiles of inward and outward foreign direct investment
issued by the Vale Columbia Center on Sustainable International Investment
July 17, 2012
Editor-in-Chief: Karl P. Sauvant
Editor: Padma Mallampally
Managing Editor: Ana-María Poveda-Garcés

Outward FDI from Portugal and its policy context, 2012

by
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In 2010, Portugal's outward foreign direct investment (OFDI) was severely affected by the global economic and financial crisis, with flows recording a negative figure of -US$ 8.4 billion, the lowest in an ever-steeper declining trend exhibited since 2005. Nevertheless, Portugal's OFDI stock increased almost three-fold between 2000 and 2010. During this period, Portugal's OFDI annual growth rates were lower than those of comparator economies, such as Spain or Ireland, and only slightly above those of Italy. OFDI flows in the 2001-2010 period were concentrated in the services sector, particularly in real estate, followed by retail and manufacturing. In contrast, there has been a clear decline of investment in financial services (largely explaining the negative figures recorded in 2010) and in the construction industry. Excluding 2010, the Netherlands has attracted a significant share of Portugal's OFDI. Investment in non-traditional destinations has gained importance in recent years, both in Europe (Romania, Bulgaria) and outside Europe (the United States, India), but their weight remains limited. The crisis affected OFDI policy, leading to growing concern regarding the localization of value-added activities in Portugal. There has been a shift in government policy in the past three years, prioritizing exports over direct investment as a mode of entry into foreign markets.

Trends and developments

Country-level developments

The growth of Portugal's OFDI is a relatively new phenomenon. Portugal's rising OFDI in the early 1970s stopped during the political change and the democratization of Portugal in 1974. The

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The authors wish to thank Celeste Amorim Varum and Joaquim Ramos Silva for their helpful comments. The views expressed by the authors of this *Profile* do not necessarily reflect opinions of Columbia University, its partners and supporters. *Columbia FDI Profiles* (ISSN: 2159-2268) is a peer-reviewed series.

nationalization of the former Portuguese economic conglomerates (which involved a significant part of the economy) and the independence of the former colonies in 1975 led to a significant decline of outward investment.[1]

Although there were some investment abroad in the 1980s, especially after Portugal's entry into the European Economic Community, it was only in the early 1990s, with the launching of the first PAIEP (Support Program for the Internationalization of Portuguese Companies), that Portugal's OFDI gained importance. During the 1990s, the balance between OFDI and inward foreign direct investment (IFDI) flows switched in favor of the former.[2] The OFDI/IFDI ratio increased sharply, from 0.15 in 1988-1992 to 1.34, in 1999-2001.[3] It then declined to 0.34 in 2005-2010.

Portugal's OFDI stock more than tripled between 2000 and 2011, from US$ 20 to US$ 68 billion (annex table 1). However, its growth lagged behind that of other European periphery economies, like Greece, Hungary, Ireland, and Spain. In 2011, the OFDI stock to GDP ratio was 0.29, higher than in Greece (0.14) and Italy (0.23), but lower than in Ireland (1.49) and Spain (0.43).[4]

After being roughly constant during 2000-2004, Portugal's annual average of OFDI flows dropped for the 2005-2009 period, exhibiting a declining trend on a yearly basis after 2006 (annex table 2). In 2010, flows declined even further, recording a negative figure (i.e. disinvestments) of -US$ 7.5 billion. The annual average during the 2008-2009 period was slightly below US$ 2 billion, compared to almost US$ 5 billion during the decade as a whole. This decline probably resulted from the global financial and economic crisis that began in 2008. It seems that Portuguese firms adopted a more cautious and risk-avoiding behavior, opting to reduce the risks associated with venturing abroad. This behavior was reinforced by the credit crunch that reduced access to financing for new investment projects; this is probably behind the negative outflow recorded for 2010. Investors appear to have sold assets abroad to withstand the consequences of the international crisis, the decline of the domestic market and especially the national financial crisis. In 2011, when outflows rose to reach US$ 12.6 billion, an opposite move appears to have taken place. There are indicators that, after the signing of the Memorandum of Agreement with the International Monetary Fund, the European Central Bank and the European Commission, which enabled the granting of a rescue package to Portugal, several Portuguese companies undertook moves to strengthen their positions abroad to improve access to international funding. This is probably the main explanation for the significant increase in outward FDI in that year.

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[1] See Vitor Corado Simões, "Portugal", in J. H. Dunning, ed., *Multinational Enterprises, Economic Structure and International Competitiveness* (Chichester: John Wiley and Sons, 1985), pp. 337-78.

[2] See Peter J Buckley and Francisco Castro, "The investment development path: the case of Portugal," *Transnational Corporations*, vol. 7(1), 1998, pp. 1-15**.**

[3] See Vitor Corado Simões, "Outward foreign direct investment by Portuguese companies: relevance and lessons for transition," *in* M. Svetlicic and M. Rojec, eds., *Facilitating Transition by Internationalization: Outward Direct Investment from Central European Economies in Transition* (Ashgate: Aldershot, 2003), pp.29-48**.**

[4] Based on OFDI stock data from UNCTAD, *World Investment Report 2011: Towards a New Generation of Investment Policies* (New York and Geneva: United Nations, 2012), annex table I.2, available at: http://www.unctad-docs.org/files/UNCTAD-WIR2012-Annexes-Tables-en.pdf; and GDP data from The World Bank, available at: http://data.worldbank.org/indicator/NY.GDP.MKTP.CD

Annex table 3provides data on the sectoral distribution of Portugal's OFDI flows during 2000-2010, which were dominated by investment in the services sector (annex table 3).[5] Services accounted for more than 90% of total OFDI flows in 2001-2010. A significant share of the OFDI disinvestment in 2010 was due to the sale of the 50% equity stake of Portugal Telecom in the Vivo joint venture in Brazil. However, since a holding in the Netherlands held the stake, it was recorded in the financial services sector. As the year 2010 so far is an outlier in the time series of Portugal's OFDI stock and flows, and there has been a change in classification criteria,[6] a detailed sectoral analysis is carried out below mainly on the basis of data for the 2001-2009 period. Investments in real estate and business services have driven Portugal's OFDI, accounting for more than three-quarters of the total in 2001-2010. The weight of this item has, however, been declining since 2008.

Financial services constitute the second most important industry in Portugal's OFDI, having accounted, on average, for 18% of OFDI flows in 2000-2009, with an upward trend in both absolute and relative terms. Average annual OFDI in financial services rose from US$ 782 million in 2000-2006, to US$ 1,048 million in 2007-2009; their share in total OFDI jumped from 14% in 2000-2006 to 35% in 2007-2009. However, as pointed out above, financial services were mainly responsible for the disinvestment recorded in 2010. Around 7% of the OFDI in 2001-2009 was oriented toward the retail industry. In the secondary sector, which represented slightly less than 4% of total OFDI in 2001-2009, manufacturing is the main activity (6%). In spite of an increasing trend observed between 2005 and 2009, this share is relatively low. There are two complementary explanations for this. The first is related to the general weakness of Portuguese manufacturing firms, especially in terms of innovative capabilities.[7] The second is that most of these firms have not developed the managerial capabilities that they would need if they were to internationalize.[8] Together, these factors constrain the development of ownership advantages to support venturing abroad. Nevertheless, OFDI in manufacturing has risen, particularly between 2005 and 2009. In contrast, OFDI in construction has recently been contracting, with negative OFDI figures (i.e. disinvestment) in 2007-2010. This is the industry in which the crisis had its severest effect.

Information on the geographical distribution of Portugal's OFDI is limited (annex table 4). It does not differentiate clearly between OFDI in various European Union (EU) economies (in particular, data on the Netherlands are only available from 2007), or between that in various Portuguese-speaking economies in Africa, which are lumped together. The item entitled

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[5] It is important to underline that the source for annex tables 3 and 4 is not the same as that for annex tables 1 and 2. While the former are based on data from the Bank of Portugal, the latter contain data taken form UNCTAD's FDI/TNC database and *World Investment Report 2012*. Therefore, information from tables 1 and 2 is not fully comparable with that in f tables 3 and 4.

[6] The item "Real estate and services to firms" includes investments not just in real estate but also in holding companies abroad. Since October 2010, there is a new series, where investments in real estate are separated from other financial activities, which include investments in holding companies.

[7] Manuel Godinho and Vítor Corado Simões, *ERAWATCH Country Report 2009: Analysis of Policy Mixes to Foster R&D Investment and to Contribute to the ERA Portugal* (Luxembourg: Office for Official Publications of the European Communities, 2009), available at: http://cordis.europa.eu/erawatch/index.cfm?fuseaction=home.downloadFile&fileID=1072

[8] Pedro Oliveira, "Segmentation of SME clients of AICEP Portugal global: a proposal based on real data" (Porto: University of Porto, 2011), Master's dissertation, mimeo.

"unspecified destination" most probably includes tax havens; it accounts for about 28% of Portuguese OFDI flows during 2001-2010. The lack of data is a serious limitation to the analysis of the geographical breakdown of Portuguese OFDI. The increasing recourse to financial holding companies abroad, particularly in the Netherlands and in tax havens, also undermines the understanding of OFDI trends by destination country, since these have been used as platforms for channeling investments to other countries.

As Portugal's OFDI in the newer EU member economies is low (with the exception of Poland, and recent investments in financial services in Romania), it appears, although precise data are lacking, that much of Portugal's OFDI in the EU in 2001-2006 was directed toward the Netherlands, where conditions for the establishment of holding companies are particularly attractive. This interpretation is strongly supported for the period for which specific data on the Netherlands are available: in 2007-2009, for instance, the Netherlands' share in Portugal's OFDI in the EU amounted to 74%. This fact, together with the above-mentioned relevance of "unspecified destinations'", suggests that a very high share of OFDI is channeled through locations providing special tax and financial advantages. However, there has been significant disinvestment in 2010, especially from the Netherlands. This is to a large extent due to the above-mentioned disinvestment by Portugal Telecom from the Brazilian Vivo joint-venture: as the 50% equity stake in *Vivo* was held by the holding company in the Netherlands, the operation was reported in statistics as a disinvestment from the Netherlands.

Since 2010 appears to be an outlier, as mentioned above, the country-specific analysis here will focus on 2001-2009 only. During 2001-2009,Spain was the most important FDI destination (after the Netherlands) (annex table 4), accounting for roughly 18% of OFDI flows during the period as a whole, and reflecting Spain's attractiveness for Portuguese companies. A higher share might be expected, since Spain is Portugal's only geographically contiguous neighbor and its main trading partner. There are two reasons that might explain the fact that it is not higher. First, the data limitations and biases pointed out above may be part of the explanation. Second, Portugal's investments in Spain are not capital-intensive, and Portugal is still being used as a manufacturing platform to supply the Spanish market. While Portuguese OFDI in Spain has declined in recent years, investments in the biggest EU economies (France, Germany, the United Kingdom) have shown an increasing trend, reaching 23% of total OFDI for 2007-2009. However, for the 2001-2009 period, their share is much lower (around 8%). Brazil's attractiveness for such investment seems to be increasing. In fact, in 2001-2006 Portugal's OFDI to Brazil was negative, but it reached almost 16% in 2007-2009. In spite of a negative outflow in 2010, the positive trend seems to be partly due to the strong growth of the Brazilian economy.

Surprisingly, OFDI flows to the Portuguese-speaking economies in Africa (PALOP) as a group were negative (annex table 4) in each of the four years 2007-2010. This may be related, in part, to the withdrawal by construction companies mentioned above. However, the figures do not correspond to the perception one has from the business press and from Portuguese businesspersons. A possible explanation is that investment in Portuguese-speaking countries, mainly in Angola, is mostly channeled via offshore financial centers. Portuguese OFDI in the United States only accounted for 5% of total OFDI flows in 2000-2010, but there are signs of recently increasing interest of large Portuguese firms in the US market, as in the case of investment in wind power (by EDP Renováveis) and electrical machinery (by EFACEC).

The corporate players

As no information is available on employment, assets or turnover of Portuguese multinational enterprises (MNEs) abroad, we have ranked Portuguese firms that control at least one foreign affiliate by their 2010 sales in Portugal (annex table 5). The top 10 MNEs operate in a wide range of industries. There are five construction companies in the top 20. The largest company is in oil and gas. Other large MNEs in which the Government still had "golden shares",[9] are in utilities (telecommunications, electricity, gas). The level of internationalization of these firms varies, although there is a clear trend toward an increased international commitment.

Some companies, like Cimpor, have most of their turnover outside Portugal. Recent investments by Energias de Portugal (EDP), a Portuguese electricity and power company, in Brazil and in the United States, and by Petrogal in Brazil, are making them less dependent on domestic activities. Conversely, Portugal Telecom, which generated most of its earnings in Brazil, has divested out of its joint venture with the Spanish company Telefónica.

In 2007-2009, three of the top five cross-border mergers and acquisitions (M&As) by Portuguese companies were in the United States (annex table 6) (in 2010 none of the top 10 M&A deals were in that country). Strategic considerations and the appreciation of the Euro against the US dollar might explain these investments. The biggest M&A transaction was the entry of EDP into wind energy generation in the US, through the purchase of Horizon Wind Energy in 2007. This was a strategic move to develop the company into a major global player. Many acquisitions have been undertaken in cogeneration and alternative energy sources in several countries, including Germany, Romania and Brazil. The acquisition of a Turkish cement company, earlier owned by Lafarge, by Cimpor, the biggest and most internationalized Portuguese cement company in 2007 was another important deal. Also worth mentioning is an expansion of the geographical spread: although most M&As are concentrated in EU countries, growing investment was made through M&As in China (pharmaceutical products), New Zealand (wine) and Australia (coal products, electrical services). Interestingly, the size of cross-border M&As by Portuguese MNEs in 2010 is relatively low: the biggest transaction (an acquisition in Spain in the insurance industry) ranked only eighth in the four-year period 2007-2010.

The lion's share of greenfield investments abroad was made by EDP, projects that comprised more than one-third of the top ten announced in 2007-2010 (annex table 7). Most are related to investment in wind energy in the US, following the acquisition of Horizon Wind Energy. Projects in pulp and paper rank second, accounting for two of these top greenfield investments, both of them carried out by the Portucel Soporcel Group, Portugal's biggest player in this field, in Uruguay and in Mozambique. Real estate plays an important role in greenfield investments as well, with Sonae responsible for more than half of the top greenfield investments announced in real estate. Sonae is a large diversified group operating in a wide range of activities, from retail trade and telecommunications to wood products. Investments in real estate mainly refer to the international expansion of Sonae Sierra, Sonae's arm for the shopping centers building and management business. As annex table 7 indicates, such investments were undertaken in Brazil and in Europe (Germany, Italy, Romania).

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[9] As a result of the Memorandum of Understanding signed by the Portuguese Government and the European Commission, the European Central Bank and the International Monetary Fund, all "golden shares" were abolished.

Effects of the recent global crises

The global economic and financial crisis of 2008-2009 hit Portugal hard, leading to a tightening of credit conditions. Portuguese banks turned very risk-averse in lending to companies. Although the previous Government has launched five successive packages to enhance the conditions for granting credit to small and medium-sized enterprises (SMEs), especially to exporting firms, this was not enough to overcome the credit crunch. Meanwhile, with difficulties in getting acceptable interest conditions in the international inter-bank market, Portuguese banks further tightened financing conditions for corporate customers, particularly SMEs.

The crisis had significant consequences for Portugal's OFDI, leading to a decline in average annual OFDI flows in 2007-2009 to around US$ 3 billion from an average of US$ 5.7 billion in 2000-2006 and, in 2010, to a disinvestment from positions abroad. This may be explained by three main factors. First, the credit crunch and the difficulty in financing mentioned above. Second, the perception of "difficult times ahead" led companies to be more conservative and risk-averse, reducing the size of planned investments abroad, postponing projects and even undertaking disinvestments. This is particularly evident in the case of the construction industry; it recorded a negative OFDI balance between 2007 and 2010. Third, the decision taken by some financial services firms to fight the turmoil by selling assets abroad in order to meet the prudential requirements defined by the Bank of Portugal and the European Central Bank. The last factor is likely to be the main explanation for the negative OFDI figures recorded in that sector for 2010.

On the other hand, in some instances the crisis encouraged Portuguese firms to invest abroad, especially companies that were well endowed with cash or could easily get financing in international markets. The decision by EDP to acquire Horizon Wind Energy in the United States was partly fostered by the Euro-US dollar exchange rate at that time, as well as by the fact that the crisis hit the United States first. Other investments, particularly in Brazil, stemmed from the perception that business growth prospects were much brighter there than in a languishing Europe. The sovereign debt crisis in Europe also played a role in outbound investments toward other European countries, with a view to hedge against an uncertain future of Portugal in the Euro Zone as well as to improve the conditions for access to international financing.

The policy scene

Since Portugal's entry into the European Economic Community (EEC) in 1986, the legal framework for OFDI has been rather unchanged. In line with European principles of free capital movements, there are no restrictions on OFDI, either to other EU member economies or elsewhere. Since the late 1980s, the Portuguese Government has encouraged firms to venture abroad, assuming that the internationalization of the Portuguese corporate sector is essential to foster its international competitiveness.

As mentioned above, the first PAIEP (Support Program for the Internationalization of Portuguese Companies) was launched in the early 1990s, followed by a second PAIEP (Decree-Law 290/94). Their purpose was to encourage the internationalization of Portuguese companies by providing financial support to export initiatives, franchising networks and direct investment abroad. The pattern and extension of the support provided were, of course, subject to the overall EU competition rules. In the second half of the 1990s, a new impulse was given to internationalization, and Brazil was defined as one of the key targets. A new financial fund to support internationalization (FIEP, the Fund for the Internationalization of Portuguese Enterprises) was launched by the Council of Ministers Resolution 168/97. FIEP was, however, closed in 2003 when the new Government argued that the key thrust should be to attract investment into Portugal, and not so much to encourage Portuguese companies to go abroad. It may be argued, however, that this policy has focused too much on financial aspects, while providing scant attention to the development of in-house conditions and capabilities to venture abroad.

In the late 2000s a new policy impetus was given to company internationalization. This was expressed in the "2007-2013 QREN", the National Strategic Reference Program.[10] This program includes a measure specifically addressed to the modernization and internationalization of SMEs. Under this measure, SMEs are provided support to undertake international activities as regards improved market knowledge, market research and prospection, international trademark promotion, and international marketing. More recently, in order to stimulate company internationalization, particularly exports, the Government announced the intention to create a fund of one billion Euros (under Decree- Law 57/2010). By mid-2010, Portugal also had double taxation agreements in force with more than 60 countries and, according to ICSID, bilateral investment treaties with 45 countries.[11]

The recent crises led policy makers to put a stronger emphasis on the promotion of employment and exports. Unemployment growth together with the persistence of trade deficits made clear that the desired performance and growth of the Portuguese economy would not be sustainable without improving the conditions offered by Portugal as a business location. Particularly acute was the need to promote the production of internationally tradable goods and services. A policy shift toward promoting investment in Portugal and servicing foreign markets through exports is emerging. Although this does not entail a negative stance toward investment abroad (it is recognized that some investment abroad is key to foster companies' competitiveness), it is expected that emphasis will be put on the attraction of IFDI, and not on encouraging Portuguese firms to undertake direct investment abroad. The environmental policy implemented by the previous government, particularly the support to the development of non-renewable energy sources, had an indirect positive influence on OFDI in this field, since the experience obtained at home provided companies with the basic capabilities and the will to venture abroad in this field.

Conclusions

Portugal's OFDI surged in the 1990s, and exceeded IFDI in the second half of the 1990s as well as in the first years of the past decade. However, since the mid-2000s, OFDI flows declined. Therefore, in spite of the relatively poor performance in attracting IFDI, OFDI fell short of IFDI

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[10] See http://www.pofc.qren.pt/media/noticias/entity/apoios-a-internacionalizacao.

[11] Celeste A. Varum and Miguel M. Torres, "Inside the entrepreneur's mind: the perceived importance of public support on outward foreign direct investments" Paper presented to the Iberian International Business Conference, ISEG-Instituto Superior de Economia e Gestão, Lisboa, 2011, mimeo.

again. The decline in OFDI and IFDI flows during the crisis in recent years raises doubts about whether Portugal is able to strengthen its competitiveness in the global economy. Both types of flows are needed.[12] Rather than mutually conflicting, inward and outward FDI flows are complementary: internationalization is a systemic phenomenon.[13]

One of the consequences of the crisis and the difficulties faced by the Portuguese economy, particularly growing unemployment, is an increasing concern as to how Portugal could improve its attractiveness as an international business location for both Portuguese and foreign-owned MNEs. Therefore, though Portugal will keep a favorable stance with regard to international inward and outward capital movements, it is likely that the policy focus will turn more toward inward FDI. This means that, in the near future, the country's policy will not be so concerned with the support of outward FDI as it has been in the recent past. This approach risks, however, the possibility of being self-defeating, if it forgets the systemic nature of internationalization processes. OFDI is not necessarily at odds with investment at home. In the present circumstances, investing abroad may be the way for companies to thrive, and escape from a depressing climate at home, while keeping the most value-adding activities at home. This means that, taking into account the limited resources available for public policy in this regard, increased attention should be given to IFDI and OFDI policy evaluation and learning.

Additional readings

Banco de Portugal, *Annual Report 2009* (Lisbon: Banco de Portugal, 2010).

Banco de Portugal, Annual Report 2010 (Lisbon, Banco de Portugal, 2011).

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[12] See John H Dunning and Rajneesh Narula, "The investment development path revisited: some emerging issues," in J. H. Dunning and R. Narula, eds., *Foreign Direct Investment and Governments: Catalysts for Restructuring* (London and New York: Routledge, 1996).

[13] See Reijo Luostarinen and Lawrence Welch, *International Business Operations* (Helsinki: Helsinki School of Economics, 1990)]; and Vitor Corado Simões, Alberto de Castro and Vasco Rodrigues, *A Internacionalização das Empresas Portuguesas: Uma perspectiva genérica*, GEPE, Semanário Económico: Lisboa, 2000.

The Vale Columbia Center on Sustainable International Investment (VCC), led by Lisa Sachs, is a joint center of Columbia Law School and The Earth Institute at Columbia University. It is a leading forum on issues related to foreign direct investment (FDI), paying special attention to the impact of such investment on sustainable development. Its objectives are to analyze important topical policy-oriented issues related to FDI and to develop and disseminate practical approaches and solutions (www.vcc.columbia.edu).

Statistical annex

Annex table 1. Portugal: outward FDI stock, 2000, 2010 and 2011

(US$ billion)

Economy	2000	2010	2011
Portugal	20	64	68
Memorandum: comparator economies			
Spain	129	660	640
Italy	180	476	512
Ireland	28	349	324
Greece	6	38	43
Hungary	1	21	24

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi and UNCTAD, *World Investment Report 2012: Towards a New Generation of Investment Policies* (New York and Geneva: United Nations, 2012), annex table I.2, available at: http://www.unctad-docs.org/files/UNCTAD-WIR2012-Annexes-Tables-en.pdf

Annex table 2. Portugal: outward FDI flows, 2000-2011

(US$ billion)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Portugal	7.5	7.6	-0.2	8.0	7.9	2.1	7.1	5.5	2.7	0.8	-7.5	12.6
Memorandum: comparator economies												
Spain	58.2	33.1	32.7	28.7	60.5	41.8	104.2	137.1	74.8	13.1	38.3	37.3
Italy	12.3	21.5	17.1	9.1	19.3	41.8	43.8	96.2	67.0	21.3	32.7	47.2
Ireland	4.6	4.1	11.0	5.5	18.1	14.3	15.3	21.1	18.9	26.6	17,8	-2.1
Hungary	0.6	0.4	0.3	1.6	1.1	2.2	3.9	3.6	2.2	2.0	1.3	4.5
Greece	2.1	0.6	0.7	0.4	1.0	1.5	4.0	5.2	2.4	2.1	1.0	1.8

Source: UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi and *World Investment Report 2012: Towards a New Generation of Investment Policies* (New York and Geneva: United Nations), annex table I.1, available at: http://www.unctad-docs.org/files/UNCTAD-WIR2012-Annexes-Tables-en.pdf

Annex table 3. Portugal: distribution of outward FDI flows, by economic sector and industry, 2000-2010

(US$ million)

Sector/industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
All sectors/industries	**7,531**	**7,570**	**-150**	**8,046**	**7,859**	**2,112**	**7,151**	**5,500**	**2,753**	**820**	**-8,385**
Primary	**4**	**6**	**3**	**5**	**-2**	**4**	**-1**	**2**	**22**	**0**	**3**
Agriculture, forestry, hunting and fishing	4	6	3	4	-1	4	-1	1	n.a.	n.a.	n.a
Mining	0	0	0	1	-1	0	0	1	n.a.	n.a.	n.a.
Secondary	**439**	**135**	**-46**	**270**	**-101**	**740**	**226**	**14**	**-27**	**365**	**-361**
Manufacturing	374	110	33	259	-60	752	122	294	390	610	260
Electricity, gas and water	2	3	5	2	-66	-14	0	221	70	-75	-60
Construction	63	22	-84	8	26	2	105	-501	-487	-171	-561
Services	**7,057**	**7,393**	**-137**	**7,723**	**7,861**	**1,251**	**6,626**	**5,344**	**1,824**	**1,478**	**-8702**
Retail	85	2852	-2897	69	481	1063	290	253	385	454	584
Transport, storage and communications	-1,330	-29	68	-11	-24	-16	-4	-10	n.a.	n.a.	n.a.
Financial services	173	1,817	-83	42	386	992	2,144	802	1306	1,037	-9,310
Real estate and services to firms	8,129	2,754	2,776	7,624	7,018	-788	4,195	4,299	132	-12	25
Unspecified other sectors /industries	**31**	**37**	**29**	**48**	**101**	**117**	**299**	**140**	**934**	**-1023**	**675**

Source: Banco de Portugal, *Boletim Estatistico*, available at: http://www.bportugal.pt/pt-PT/Estatisticas/PublicacoesEstatisticas/BolEstatistico/Paginas/BoletimEstatistico.aspx

Annex table 4. Portugal: geographical distribution of outward FDI flows, 2000-2010

(US$ million)

Economy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
World	**7,531**	**7,570**	**- 150**	**8,046**	**7,859**	**2,112**	**7,151**	**5,500**	**2,753**	**820**	**-8,385**
Developed economies											
Europe											
European Union	3,325	6,208	2,896	3,472	6,574	1,754	4,680	3,400	2,392	2,835	-7,751
France	22	19	-3	-98	163	73	-67	43	403	-65	-10
Germany	40	9	-32	-149	-28	19	122	92	281	464	56
Spain	1,683	2,771	-1,090	1,050	2,611	218	912	749	-136	212	275
United Kingdom	296	242	-49	74	144	41	239	595	246	-85	88
Netherlands	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3,823	1,246	1,279	-10,039
Switzerland	8	8	19	11	25	17	26	50	-38	11	30
North America											
Canada	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
United States	169	55	43	14	235	117	199	413	13	358	227
Other developed countries											
Australia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Japan	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developing economies											
Africa	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Portuguese-speaking countries	192	-132	-109	41	38	219	271	-1096	-894	-467	-287
Asia and Oceania	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Latin America and Caribbean											
Brazil	2,706	868	-1,931	-25	363	-545	16	464	394	617	-125
Unspecified destination	3,805	911	-2,508	4,533	1,248	138	2,201	2,733	1,279	-307	-836

Source: Banco de Portugal, *Boletim Estatistico*, available at: http://www.bportugal.pt/pt-PT/Estatisticas/PublicacoesEstatisticas/BolEstatistico/Paginas/BoletimEstatistico.aspx.

Note: Statistics published by the Bank of Portugal do not provide data separately for all regions and countries and not all data are available for the whole period.

"n.a." indicates that the data are not available.

Annex table 5. Portugal: largest companies with affiliates abroad, ranked by sales in Portugal, 2010 [a]

(US$ million)

Rank	Name	Industry	Sales
1	EDP - Energias de Portugal	Water, electricity and gas	18,786
2	GALP Energia	Oil and gas	18,557
3	Jerónimo Martins - distribuição alimentar	Food retail	11,522
4	Sonae	Wood, food retail, and telecommunications	7,734
5	Portugal Telecom	Telecommunications	4,961
6	Transportes Aéreos Portugueses	Air transport	3,076
7	Cimpor - Indústria de cimentos	Cement	2,968
8	Mota-Engil, Engenharia e Construção	Construction	2,658
9	Portucel/Soporcel - Sociedade Portuguesa de Papel	Paper	1,836
10	Teixeira Duarte - Engenharia e Construções	Construction	1,829
11	EFACEC	Electrical and energy	1,371
12	Sociedade de construções Soares da Costa	Construction	1,185
13	Brisa - auto-estradas de Portugal	Services	894
14	Secil - Companhia geral de cal e cimento	Cement	711
15	Sovena Portugal - Consumer goods	Food	700
16	Unicer	Food and beverages	659
17	Amorim corticeira	n.a.	606
18	MSF - Moniz da Maia, Serra & Fortunato - Empreiteiros	Construction	551
19	Edifer - Construções	Construction	536
20	BA Vidro	Glass	467

Source: The authors, based on companies' annual reports online.

[a] Includes the largest Portuguese companies that control at least one affiliate abroad.

Annex table 6. Portugal: main M&A deals, by outward investing firm, 2007-2010

Year	Acquiring company	Target company	Target industry	Target economy	Shares acquired (%)	Estimated/ announced transaction value (US$ million)
2010	Cia de Seguros Tranquilidade	Pastor Vida SA de Seguros y	Life insurance	Spain	50.0	135.5
2010	Grupo Auto Sueco	ASC Turk Makina AS	Automotive parts, supplies	Turkey	100.0	62.9
2010	Grupo Auto Sueco	Vocal Comercio de Veiculos	Motor vehicle dealers (new and used)	Brazil	100.0	61.2
2010	Banco Espirito Santo SA	Al Aman Bk For Commerce & Inve	Banks	Libya	40.0	54.1
2010	GRUPO SUMA	Geo Vision Solucoes Ambientais	Refuse systems	Brazil	50.0	27.4
2010	Grupo Onyria	Begonvil Turizm Yatirim-Carpe	Hotels and motels	Turkey	57.0	25.0
2010	Investor Group	Idinsa	Non-residential building construction	Mexico	50.0	23.3
2010	EDP Renovaveis SA	Italian Wind Srl	Cogeneration, alternative energy sources	Italy	85.0	16.8
2010	Fomentinvest SGPS SA	Albaida Solar Plantas	Electric services	Spain	30.0	11.2
2010	CIN	Industrias de la Pintura SL	Paints, varnishes, lacquers, and allied products	Spain	100.0	9.4
2009	Investor Group	Cintra Aparcamientos SA	Automobile parking	Spain	99.9	634.0
2009	Investor Group	Northwest Parkway LLC	Highway and street construction	United States	100.0	603.0
2009	CSN Madeira LDA	Riversdale Mining Ltd	Bituminous coal and lignite surface mining	Australia	16.3	175.3
2009	Investor Group	Controlar SA	Facilities for motor vehicles	Brazil	55.0	95.4
2009	EU-Steel Holding	Inferaco	Cold-rolled steel sheet, strip and bars	Brazil	n.a.	5.9
2008	Oceanico Group	Little River Golf & Resort,NC	Hotels and motels	United States	100.0	500.00
2008	Novas Energias do Occidente	EOLE 76 Group-Wind Assets	Cogeneration, alternative energy sources	France	100.0	148.6
2008	RAR Sociedade De Controle SA	Vitacress Salads Ltd	Vegetables and melons	United Kingdom	100.0	99.7
2008	Investor Group	Saxo Bank A/S	Security brokers	Denmark	5.0	92.2
2008	ESSI Sociedade Gestora de	Evolution Group PLC	Security brokers	United Kingdom	10.5	52.2
2008	MDS SGPS SA	Cooper Gay & Co Ltd	Insurance agents, brokers, and service	United Kingdom	32.1	47.6
2008	Investor Group	Oceanlinx Ltd	Electric services	Australia	100.0	18.7
2008	Teixeira Duarte-Engenharia	Empa SA Servicios de	Engineering services	Brazil	100.0	13.0

2008	EDP Renovaveis SA	Renovatio Power SRL	Cogeneration, alternative energy sources	Romania	85.0	11.3
2008	Martifer Renewables	Ventania	Cogeneration, alternative energy sources	Brazil	55.0	10.2
2008	Corticeira Amorim SGPS SA	US Floors Inc	Home furnishings	United States	25.0	10.0
2008	Civipartes SGPS SA	Civipartes Espana SL	Auto and home supply stores	Spain	100.0	5.8
2008	Amorim Revestimentos SA	Cortex GmbH	Wood products	Germany	100.0	5.5
2008	Banif Banco de Investimentos	Banco Caboverdiano de Negocios	Banks	Cape Verde	46.0	4.5
2007	EDP	Horizon Wind Energy	Cogeneration, alternative energy sources	United States	100.0	2,930.0
2007	Cimpor Cimentos de Portugal	Lafarge-Yibitas Orta Anadolu	Cement, hydraulic	Turkey	100.0	703.8
2007	Eviva SGPS SA	Macquarie Bank Ltd-German Wind	Cogeneration, alternative energy sources	Germany	100.0	131.3
2007	Sonae Industria SGPS SA	Tafisa	Reconstituted wood products	Spain	100.0	81.8
2007	WeDo Consulting-Sistemas	CAPE Technologies Ltd	Pre-packaged software	Ireland	100.0	28.5
2007	Corticeira Amorim SGPS SA	Francisco Oller SA	Wood products, nec	Spain	n.a.	18.8
2007	Jaime Teixeira	Plysorol SAS	Hardwood veneer and plywood	France	40.0	13.5
2007	Inapa SA	Inapa Schweiz AG	Paper mills	Switzerland	100.0	7.2
2007	Chipidea Microelectronica SA	Nordic Semiconductor ASA-Data	Data processing services	Norway	100.0	6.0
2007	Brisa Auto Estradas	Kapsch Telematic Services	Radio and TV equipment	Austria	26.0	3.9
2007	Grupo Salvador Caetano SGPS SA	Motordos SA	Motor vehicle dealers (new and used)	Spain	100.0	2.6

Source: The authors, based on Thomson Reuters, Thomson ONE Banker.

Annex table 7. Portugal: main greenfield projects, by outward investing firm, 2007-2010

Year	Investing company	Host economy	Industry	Estimated/ announced investment value (US$ million)
2010	Portucel Soporcel Group	Mozambique	Paper, printing and packaging	2,300
2010	Energias de Portugal (EDP)	United States	Alternative/renewable energy	616
2010	Energias de Portugal (EDP)	United States	Alternative/renewable energy	267
2010	Cimpor	Brazil	Building and construction materials	212
2010	CTT Correios de Portugal	Spain	Transportation	129
2010	Sonae	Greece	Real estate	108
2010	Cimpor	Brazil	Building and construction materials	106
2010	JP Sa Couto	Georgia	Business machines and equipment	101
2010	Energias de Portugal (EDP)	Spain	Coal, oil and natural gas	98
2010	Jeronimo Martins (JM)	Poland	Food and tobacco	90
2009	Energias de Portugal (EDP)	United States	Alternative/renewable energy	4,000
2009	Sonae	Germany	Real estate	396
2009	Energias de Portugal (EDP)	United States	Alternative/renewable energy	372
2009	Jeronimo Martins	Poland	Food and tobacco	330
2009	Sonae	Germany	Real estate	247
2009	Rangel Group	Angola	Transportation	194
2009	Galp Energia	Mozambique	Alternative/renewable energy	171
2009	Imocom	Angola	Building and construction materials	164

2009	Jeronimo Martins (JM)	Poland	Food and tobacco	93
2008	Portucel Soporcel Group	Uruguay	Paper, printing and packaging	4,000
2008	Mota Engil Group	Angola	Real estate	603
2008	Martifer	India	Metals	528
2008	Energias de Portugal (EDP)	United States	Alternative/renewable energy	263
2008	Cimpor	Brazil	Building and construction materials	251
2008	Capitalinvest	Spain	Real estate	233
2008	Sonae	Italy	Real estate	227
2008	Banco Espirito Santo	Angola	Building and construction materials	200
2008	Sonae	Brazil	Real estate	192
2007	Energias de Portugal (EDP)	United States	Alternative/renewable energy	600
2007	Energias de Portugal (EDP)	Spain	Coal, oil and natural gas	400
2007	Cotinfor	Brazil	Business machines and equipment	330
2007	Energias de Portugal (EDP)	Spain	Alternative/renewable energy	317
2007	Energias de Portugal (EDP)	United States	Alternative/renewable energy	263
2007	Sonae	Romania	Real estate	222
2007	Jeronimo Martins (JM)	Poland	Food and tobacco	202
2007	Sonae	Romania	Real estate	201
2007	Cimpor	China	Building and construction materials	147

Source: The authors, based on fDi Intelligence, a service from the Financial Times Ltd.