



# Portugal

Overview

**EIB INVESTMENT SURVEY**

**2022**



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# Portugal

Overview

## **EIB Investment Survey Country Overview 2022: Portugal**

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### **About the EIB Investment Survey (EIBIS)**

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

### **About this publication**

These reports provide an overview of data collected for the 27 EU Member States and the United States. They are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: [eibis@eib.org](mailto:eibis@eib.org).

**Download the findings of the EIB Investment Survey for each EU country or explore the data portal at [www.eib.org/eibis](http://www.eib.org/eibis).**

### **About the Economics Department of the EIB**

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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# EIBIS 2022 –Portugal Overview

## KEY RESULTS

### Investment Dynamics and Focus

EIBIS 2022 shows that on average, at the time of interviews (April-July 2022), Portuguese firms were exiting from COVID-19 in a relatively good shape and, on balance, had a positive outlook. The proportion of Portuguese firms that invested (81%) is similar to EIBIS 2021 (77%) while the balance of firms expecting to increase investment (19%) is the highest for four years. The share of firms investing and planning to invest is almost identical to the EU average.

### Investment Needs and Priorities

The proportion of Portuguese firms believing they invested the right amount over the past three years is above EIBIS 2021 (86% versus 80%) and the EU average (80%). Replacement (41%) and capacity expansion (31%) will be the biggest investment priorities for Portuguese firms over the next three years

### Covid-19 Impact

More than a half (58%) of Portuguese firms were negatively impacted by COVID-19. Nevertheless, two in five either expected to recover (42%) – with 2022 sales coming back to, at least their 2019 levels. Matching the EU as a whole, the majority of Portuguese firms (56%) expected their 2022 sales to be above those achieved prior to 2019. Just under a fifth (18%) expected them to be lower.

Policy support for Portugal's firms was sizable with 68% receiving some form of financial support. This is coming to an end with fewer than one in ten (8%) still receiving financial support.

### Firms' Transformation, Innovation and Digitalisation

Possibly helped by the support received, six in ten Portuguese firms (59%) have taken at least one action in response to COVID-19. The figure is similar to EIBIS 2021 (54%) and reflects the overall EU picture (63%). The biggest response, as reported by 47% of Portuguese firms, is to become more digital. Although it is below the EU average (69%), 62% of Portuguese firms are now using at least one advanced digital technology

The period of repeated shocks has not stopped Portuguese firms' innovation. A third (34%) have developed or introduced new products, processes or services as part of their investment activities. This is similar to EIBIS 2021 (32%) and the current EU average (34%).

### International Trade

In line with the EU average, 82% of Portuguese firms are facing disruptions associated with international trade. This is higher among Portugal's exporters and importers (88%). About 75% of Portuguese firms have been effected by COVID-19, the Russia/Ukraine conflict or both. Almost three-quarters of Portuguese firms are taking action to mitigate the impact of international trade disruptions (72%). This is above the EU average (57%).

### Drivers and Constraints

Following the upward trend in outlook last year, Portugal's firms are now more pessimistic about the investment conditions for the year ahead. Economic climate expectations have turned negative in net terms (declining from +9% to -52%). The availability of external finance has also reversed its trend (declining from +10% to -6%) as well as the availability of internal finance (declining from +14% to +4%).

Looking ahead, the biggest long-term barriers to investment in Portugal are uncertainty about the future (92%) and energy costs (89%). The cost of energy has become a bigger barrier since EIBIS 2021 and is now a major obstacle for 71% of Portuguese firms.

# EIBIS 2022 –Portugal Overview

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## **Investment Finance**

The share of financially constrained firms in Portugal (4.9%) is lower than in EIBIS 2021 (6.0%) and the EU average (6.2%). Other data point to external finance becoming harder to access with the proportion of Portuguese firms financing at least some of their investment through external finance falling from 60% to 47% since EIBIS 2021. The proportion of investment financed from external sources has also dropped (from 37% to 30%).

## **Climate Change and Energy Efficiency**

Two-thirds (64%) of Portugal's firms say weather events are having an impact on their business. Four in ten Portuguese firms (40%) have already developed or invested in measures to build resilience to the losses caused by climate change. This is higher than the EU average (33%).

A similar share of firms regards the transition to stricter climate standards and regulations as a risk (30%) as consider it an opportunity (26%). The 'opportunity group' has fallen from 37% to 26% since EIBIS 2021. Current figures are generally aligned with the EU average. Over nine in ten Portuguese firms (92%) are taking actions to reduce Greenhouse Gas (GHG) emissions but less than half (42%), set and monitor targets for their own emissions.

Almost half (46%) of Portugal's firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. Many more are planning to invest in the next three years (67%) with future intentions far higher than the EU average (51%).

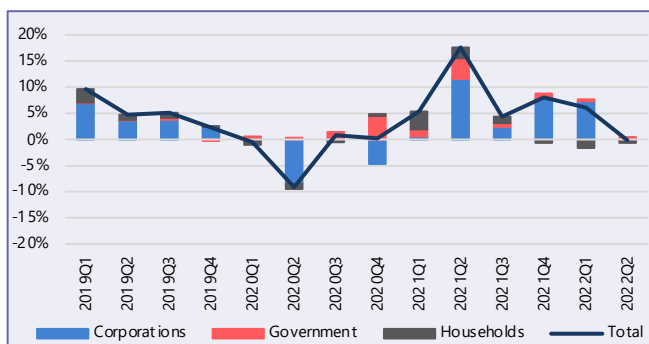
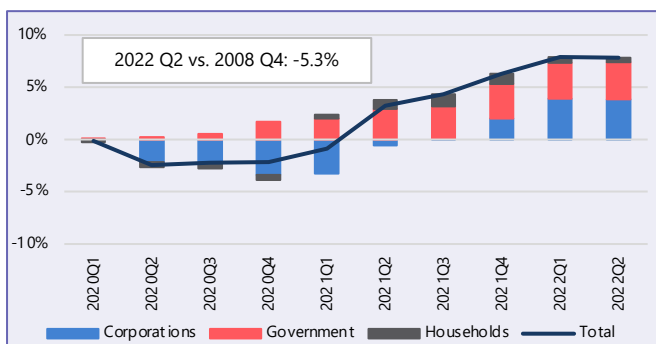
## **Firm Management, Gender Balance and Employment**

Portugal's firms (73%) are more likely than are those across the EU (58%) or the US (62%) to be striving for gender balance within their business. They are also more likely (64%) to use a strategic monitoring systems (64% versus 51% in EU and 44% in US).

# Investment dynamics and focus

## INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

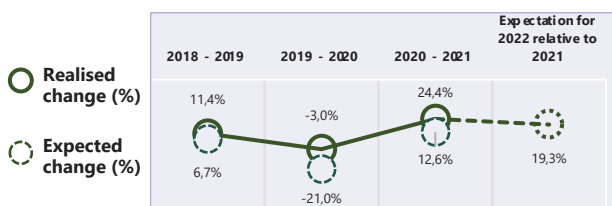
- During the first year of the pandemic, aggregate investment levels in Portugal fell by more than 2% relative to the pre-pandemic level due to a contraction in corporate sector investment and, albeit to a lower extent, in households investment.
- The recovery in aggregate investment, although having already begun in Q3 2020, became particularly pronounced as of Q1 2021 with the gap versus the pre pandemic period closing in the following quarter.
- This recovery happened on the back of an improvement in corporate and household investments, as well as an increase in government investment.
- This upward trajectory, although maintained until Q1 2022, came to a halt in Q2 2022, with the aggregate investment level having remained roughly stable (7.8% higher than the pre-pandemic level).



The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0. The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data. Source: Eurostat, authors' own calculations.

## INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- The proportion of Portuguese firms that invested (81%) is similar to EIBIS 2021 (77%) but the situation could change as the balance of firms expecting to increase rather than decrease investment (19%) is the highest for four years and compares to -21% in EIBIS 2020. The share of firms currently investing and the net balance of firms with positive investment plans is almost identical to the EU average.
- Large firms are more likely to invest and are also more likely to increase rather than decrease investment compared to SMEs. Infrastructure has the largest proportion of investing firms, while the net balance of future expectations is among manufacturers and service sector firms.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base for expected and realised change: All firms



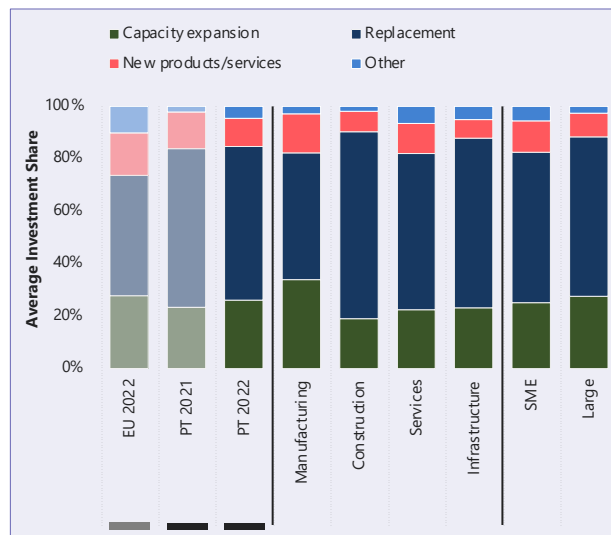
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

Base for share of firms investing: All firms (excluding don't know/refused responses)

# Investment dynamics and focus

## PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

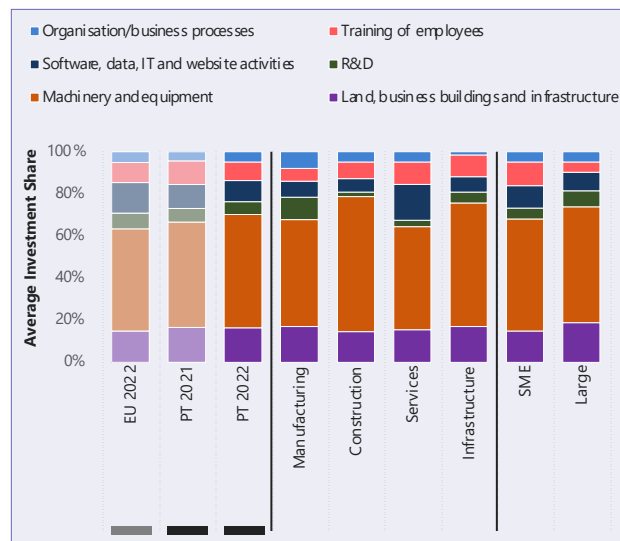
- Currently, almost three-fifths of Portuguese firms' investment is directed towards replacement (59%). This is higher than the EU average (46%).
- Capacity expansion accounted for 26% of all investment which closely matches EIBIS 2021 (23%) and the EU average (28%).
- A relatively small proportion of Portuguese firms' investment is currently directed towards new products/services (11%), below the EU average (16%).
- Compared to other firms, capacity expansion is a greater focus for manufacturers (34%). It is almost double the proportion seen among construction firms (19%) where replacement is the overriding focus (71%). Manufacturers also direct more investment than constructions firms towards new products/services (15% versus 8%).
- The investment focus of SMEs and large firms is very similar.



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

## INVESTMENT AREAS



- Almost 30% of Portuguese firms' investment was in intangible assets (R&D, software, training and business processes). This is similar to EIBIS 2021 (33%) but lower than the EU average (37%).
- As in EIBIS 2021, most (54%) of the investment made by Portuguese firms was directed towards machinery and equipment.
- Service firms (36%) and manufacturers (32%) are directing a larger proportion of their investment towards intangibles. Almost 17% of service sector firms' investment was in IT, at least double that of any other sector.
- SMEs (32%) invested more than large firms (26%) in their intangible assets.

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

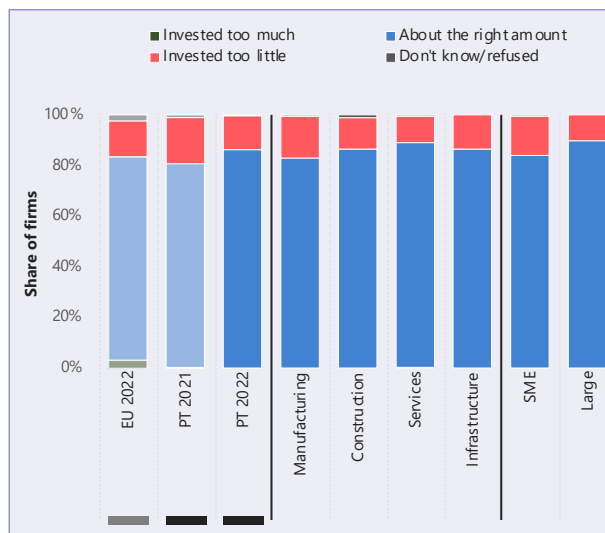
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)



# Investment needs and priorities

## PERCEIVED INVESTMENT GAP

- Portuguese firms do not perceive major investment gaps and the proportion believing they invested the right amount over the past three years (86%) is above EIBIS 2021 (80%) and the EU average (80%).
- Fewer than 1% of firms think they 'over-reached' and invested too much.
- Perceptions of the suitability of firms' investment are very consistent across firms' sectors and size.

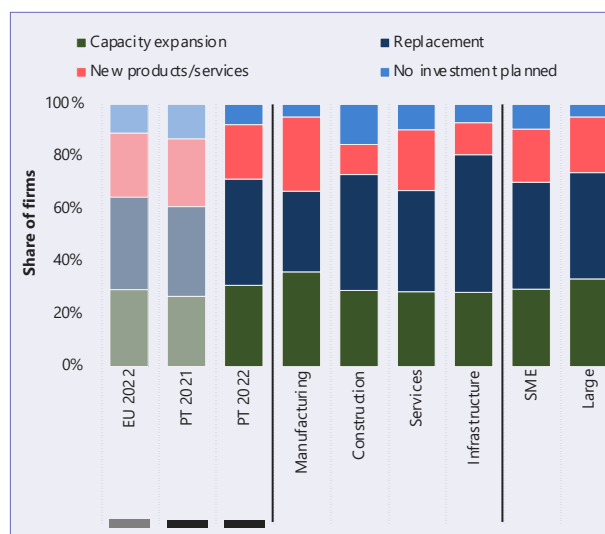


Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

## FUTURE INVESTMENT PRIORITIES

- Replacement (41%) and capacity expansion (31%) will be the biggest investment priorities for Portuguese firms over the next three years. Fewer than one in ten (8%) have no investment planned which represents a large drop when compared to EIBIS 2021 (13%).
- More firms assign a priority for capacity replacement than in the EU as a whole (41% versus 35%).
- New product or services investment is a relatively greater priority for manufacturers (28%). Only 5% of manufacturers plan to make no investment, a figure that rises to 15% among construction firms.
- The investment intentions of SMEs and large firms are very similar.

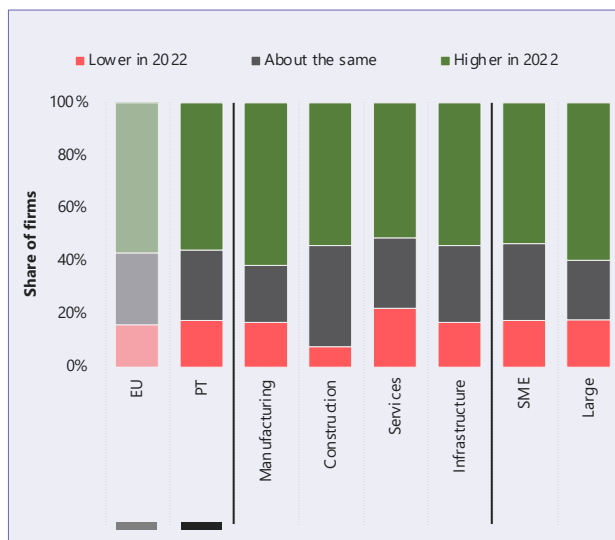


Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

# Impact of COVID-19

## IMPACT OF COVID-19 ON SALES OR TURNOVER BY END OF 2022 COMPARED TO 2019



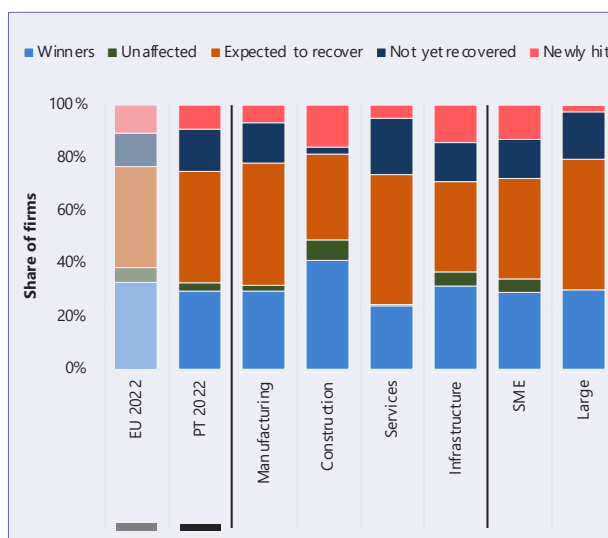
- As in the EU as a whole, the majority of Portuguese firms (56%) expected their 2022 sales to be above those achieved prior to 2019. Just under a fifth (18%) expected them to be lower.
- A majority of firms in all sectors said at the time of the interview that sales in 2022 will be higher than those achieved in 2019.
- Services firms were less optimistic than those in other sectors, with 22% expecting their sales to be lower in 2022 than in 2019. This is nearly three times higher than in the construction sector (8%).
- Large firms had greater expectations than SMEs that sales in 2022 will be higher than pre-COVID-19 levels. (60% versus 53%).

Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

## IMPACT ON FIRMS' SALES OR TURNOVER AND EXPECTED RECOVERY

- More than a half (58%) of Portuguese firms were negatively impacted by COVID-19. Nevertheless, two in five either expected to recover (42%) – with 2022 sales coming back to, at least their 2019 levels.
- About 30% of Portuguese firms were COVID-19 'winners' – i.e. they did not experience a sales drop in 2020-21 but expected an increase in sales in 2022 compared with the pre-pandemic period.
- Over a fifth of services firms (21%) said that their sales are yet to recover from the impact of COVID-19. This is much higher than within construction (3%).
- The impact of COVID-19 on the sales of SMEs and large firms has been broadly the same. However, far more SMEs than large firms can be categorized as being 'newly hit' (13% versus 2%).



Q. Compared to 2019, before the pandemic started, did your company's sales and turnover in 2020 decline, increase or stay the same?

Q. Compared to 2020, did your company's sales and turnover in 2021 decline, increase or stay the same?

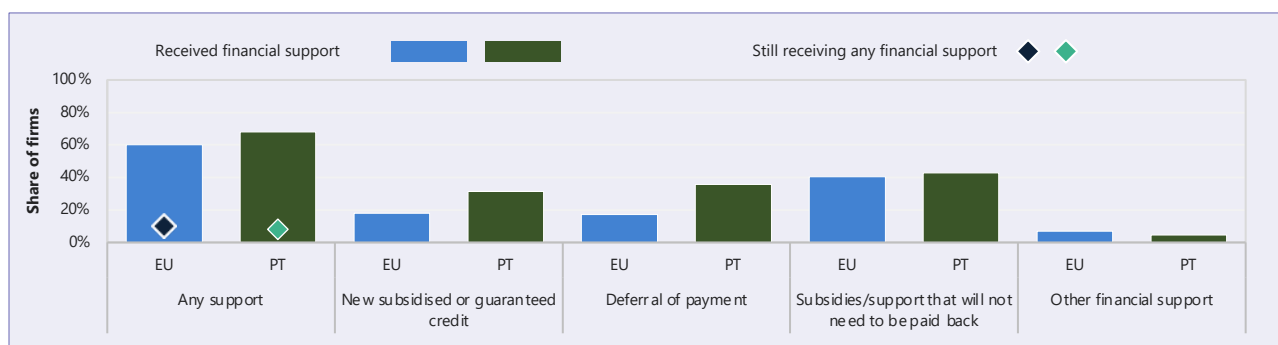
Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

# Impact of COVID-19

## FINANCIAL SUPPORT RECEIVED IN RESPONSE TO COVID-19

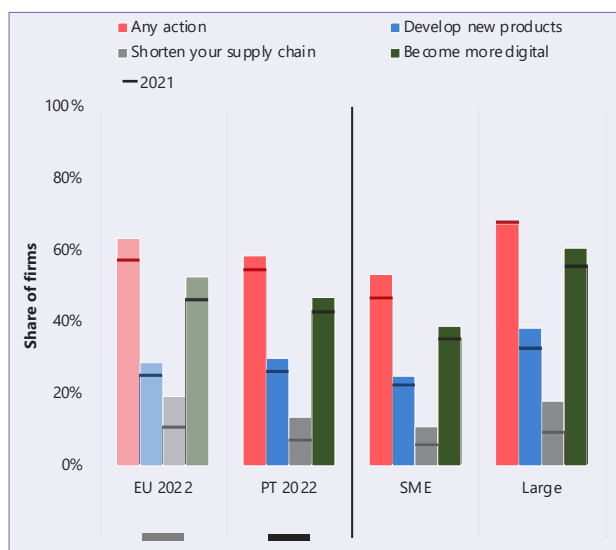
- Almost seven in ten (68%) Portuguese firm’s received some form of financial support as a response to COVID-19. This is above the EU average (60%).
- The type of financial support received most often by Portuguese firms is subsidies/support that will not need to be paid back (43%), followed by deferral of payment (36%).
- Firms in Portugal are far more likely than those across the EU to have been supported by deferrals of payments (36% versus 17%), or to have benefitted from new subsidised or guaranteed credit (31% versus 18%).
- Fewer than one in ten Portuguese firms (8%) are still receiving financial support, similar to the EU average (10%).



Q. Since the start of the pandemic, have you received any financial support?  
Q. Are you still receiving (any of) this financial support?

Base: All firms (excluding don't know/refused responses)

## ACTIONS AS A RESULT OF COVID-19



- Approximately six in ten Portuguese firms (59%) now say they have taken at least one action in response to COVID-19. This figure is almost unchanged from EIBIS 2021 (54%) and reflects the picture across the EU as a whole (63%).
- The most often cited area of action or investment is to become more digital, as reported by 47% of Portuguese firms. The proportion of firms that has transformed its supply chain has doubled since 2021, from 7% to 14%.
- Large firms are more likely than SMEs to have taken action of some kind (67% versus 53%). In particular they have responded by becoming more digital. While 61% of large firms have taken steps such as moving to online service provision, less than four in ten SMEs (39%) have done this.

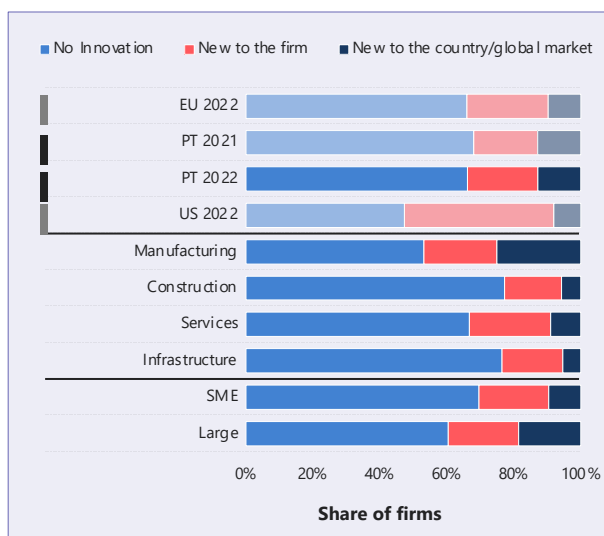
Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don't know/refused responses)

# Innovation activities

## INNOVATION ACTIVITY

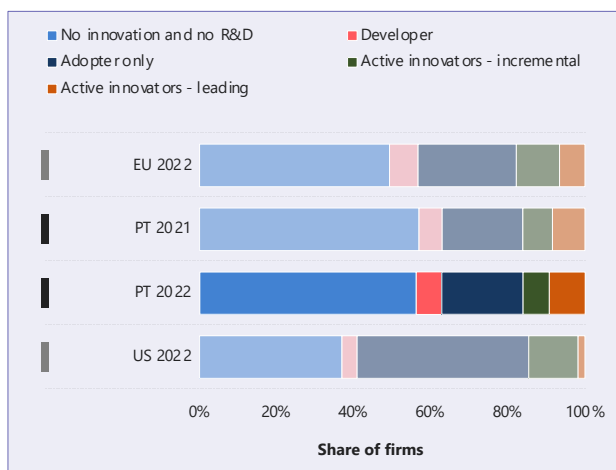
- A third (34%) of Portuguese firms developed or introduced new products, processes or services as part of their investment activities. This is unchanged from EIBIS 2021 (32%) and matches the current EU average (34%). Like many EU nations, the proportion of innovating firms is lower in Portugal than in the US (53%).
- As in EIBIS 2021, 13% of Portuguese firms report the development/ introduction of products, processes or services that were new to either the country or global market. The proportion among manufacturers (25%) is far higher than for any other sector.
- Innovation is a greater feature of Portugal's large firms (40%) than its SMEs (31%). Large firms are nearly twice as likely as SMEs to develop or introduce products, processes or services that are new to either the country or global market (19% versus 10%).



- Q. What proportion of total investment was for developing or introducing new products, processes, services?  
Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

## INNOVATION PROFILE



- Q. What proportion of total investment was for developing or introducing new products, processes, services?  
Q. Were the products, processes or services new to the company, new to the country, new to the global market?  
Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

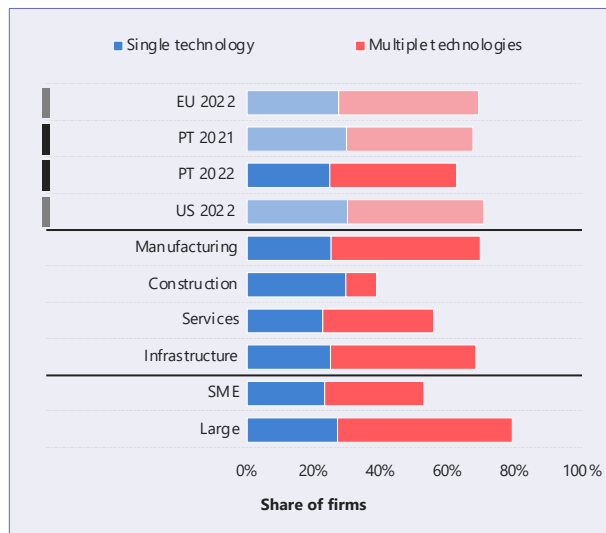
- 16% of Portuguese firms can be classified as active innovators — firms that invested significantly in research and development and introduced a new product, process or service. This is unchanged from EIBIS 2021 (16%) and reflects the EU average (18%).
- As in EIBIS 2021, Portugal's innovators are equally divided between those that are incremental innovators and leading innovators (7% and 9% respectively).
- The majority of Portuguese firms (56%) did not innovate or invest in R&D in 2021, the same as EIBIS 2021 (57%) but higher than the EU average (49%) or the US (37%).

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world'.

# Innovation activities

## USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 62% of Portuguese firms are using at least one advanced digital technology, below the EU average in 2022 (69%).
- Construction firms have the lowest share of firms using digital technologies (39%). A majority of firms in all other sectors are employing at least one digital technology, including 70% of manufacturers.
- Large firms are more likely than SMEs to implement digital technologies (79% versus 53%) with the majority of bigger firms utilising multiple technologies (52%).
- Generally, there is the same level of utilisation of all technologies but they are relatively less likely to be employing 3D printing.



EIBIS 2022

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

EIBIS 2021

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

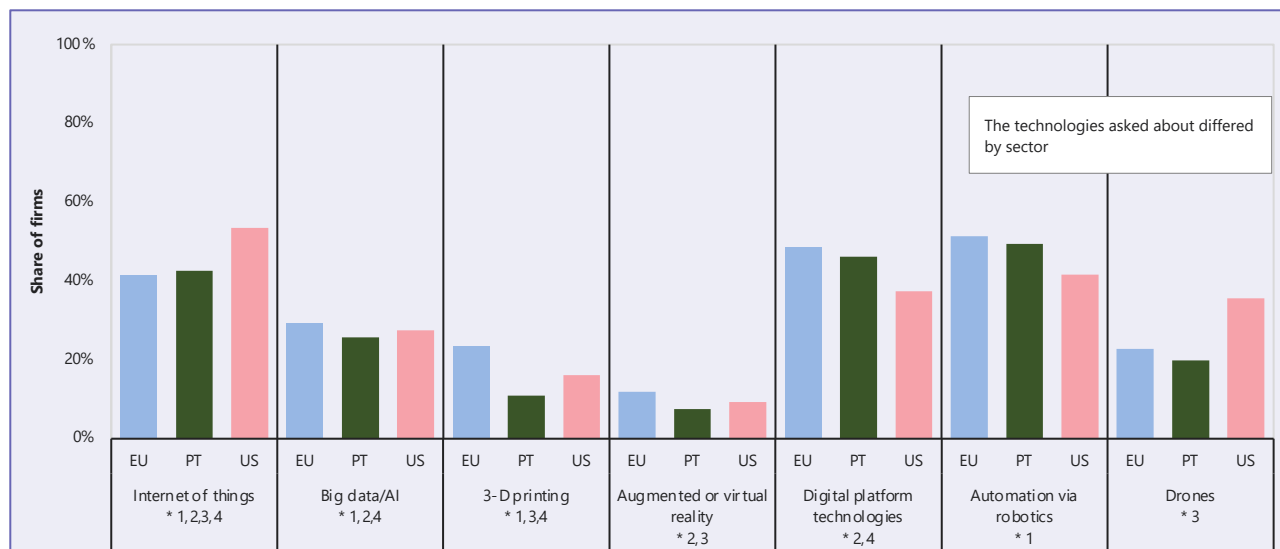
Please note: question wording and definition changed between 2021 and 2022, comparisons between the two waves should not be made.

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about

Base: All firms (excluding don't know/refused responses)

## ADVANCED DIGITAL TECHNOLOGIES



\* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

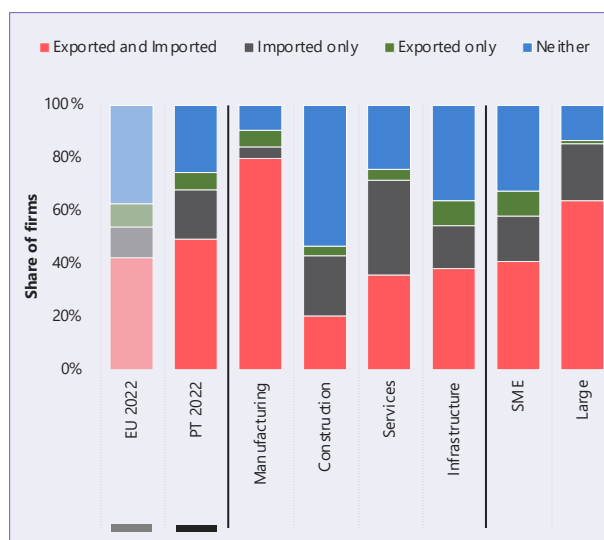
Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

Base: All firms (excluding don't know/refused responses);  
Sample size PT: Manufacturing (144); Construction (99); Services (120); Infrastructure (117).

# International trade

## ENGAGEMENT IN INTERNATIONAL TRADE

- Portuguese firms are more engaged with international trade than those across the EU as a whole (75% versus 63%). Most of these firms are both exporters and importers.
- While 91% of Portugal's manufacturers and 76% of its service sector firms are engaged in international trade, relatively few construction firms (47%) trade outside their home market.
- Manufacturing (86%) is the only sector where a majority of firms are exporters.
- In Portugal, a higher proportion of large firms than SMEs are trading internationally (87% versus 68%). They are also more likely to be exporters (65% versus 51%).

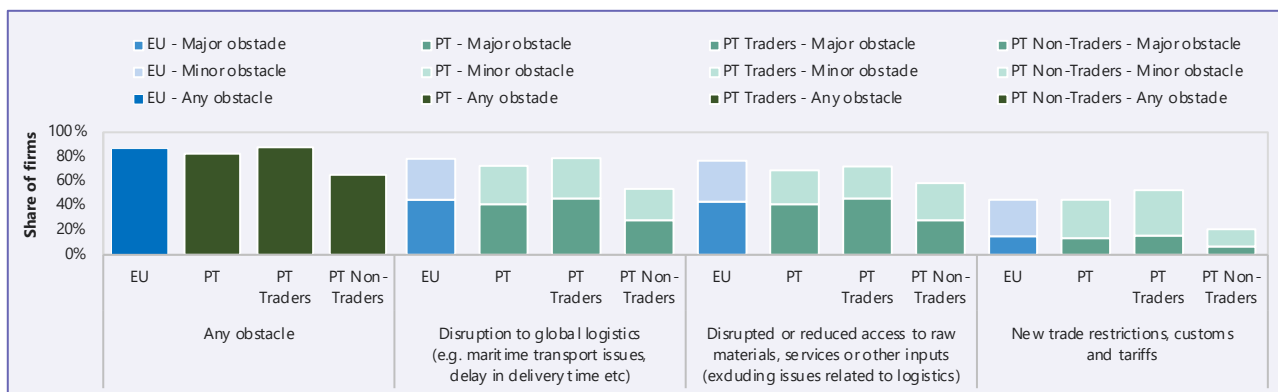


Q. In 2021, did your company export or import goods and/or services?

Base: All firms (excluding don't know/refused responses)

## DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- In line with the EU average, 82% of Portuguese firms are facing disruptions associated with international trade. This is higher among Portugal's exporters and importers (88%).
- Overall, disruptions to global logistics (73%) and reduced access to raw materials, services or other inputs (69%) are the main obstacle to firms in Portugal.
- Disrupted global logistics is the main obstacle for traders (79%), while for non-traders it is access to raw materials, services or other inputs (58%).
- A majority of traders (53%) report trade restrictions, customs and tariffs as an obstacle to their activities. But only 15% consider it a major obstacle. It is impacting relatively few of those with purely domestic interests (21%).



Q. Since 2021, did any of the following present an obstacle to your business's activities?

Any obstacle combines 'minor' and 'major' obstacles into one category

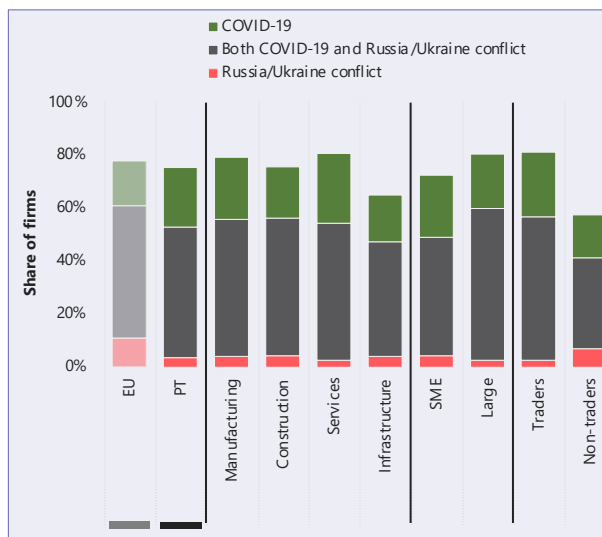
Base: "Any obstacle" - All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles)

Base: Individual obstacles - All firms (excluding those who said don't know/refused/not applicable)

# International trade

## EXTERNAL FACTORS IMPACTING INTERNATIONAL TRADE

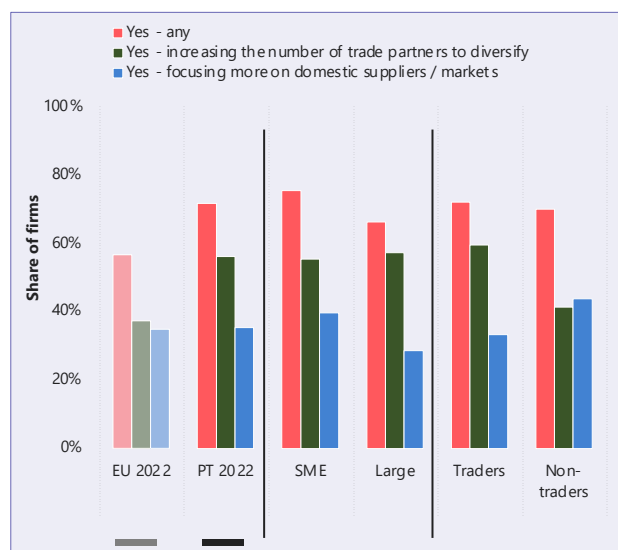
- Around 75% of Portuguese firms are impacted by at least one of the external factors disrupting international trade.
- While COVID-19 alone is more problematic for Portuguese firms (22%) than across the EU (17%), the opposite holds for the Russia-Ukraine conflict. As a standalone obstacle it impacts 11% of EU firms, but only 4% in Portugal.
- Around 50% of Portuguese firms are impacted by both the Russia-Ukraine conflict and COVID-19, broadly in line with the EU average.
- The infrastructure sector (65%) has the lowest share of firms impacted by the international obstacles mentioned. Services has the most (81%).
- More traders (81%) than non-traders (58%) are impacted by one or both of COVID-19 and the conflict.



Q. You have just said that you experienced (an obstacle/obstacles) to your business activities since 2021. Did Covid-19 and/or the Russia-Ukraine conflict, including the sanctions imposed by the International community, contribute to this in anyway?

Base: All firms (excluding don't know/refused / not applicable responses)

## ACTIONS TO MITIGATE INTERNATIONAL TRADE DISRUPTIONS



- Almost three-quarters of Portuguese firms are taking action to mitigate the impact of the international trade disruptions (72%), far more than in the EU (57%).
- Overall firms in Portugal are more inclined to focus on increasing or diversifying trading partners, than on domestic suppliers or markets (56% versus 35%).
- The overall level of action and the specific steps taken are very similar for SMEs, large firms, traders and non-traders.

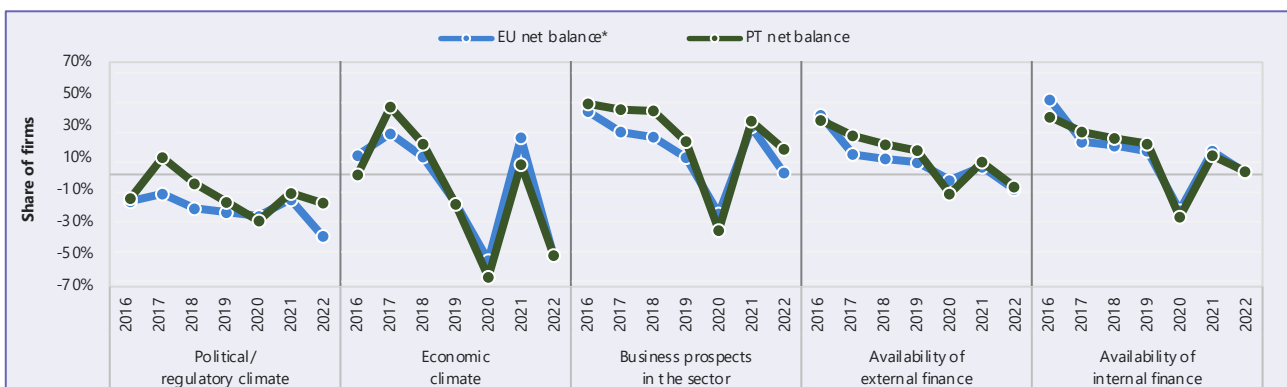
Q. Is your company taking any actions to mitigate the impact of these disruptions?

Base: All firms facing trade disruptions (excluding don't know/refused responses)

# Drivers and constraints

## SHORT-TERM FIRM OUTLOOK

- In spite of the upward trend in the outlook last year, firms are again more pessimistic about the investment conditions for the next year.
- Economic climate expectations have turned negative again in net terms (declining from +9% to -52%). The availability of external finance has also reversed its trend (declining from +10% to -6%) as well as the availability of internal finance (declining from +14% to +4%).
- The sector specific business prospects have declined (from +38%) but still remain positive (+19%).
- The outlook for the political/regulatory climate is relatively stable but remains negative (-17%).
- Both the downward trend in sentiment and the absolute figures for each element of the wider trading environment reflect those across the EU.



Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

\*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

## SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Portugal	17%	52%	19%	6%	4%
Manufacturing	26%	52%	28%	11%	13%
Construction	19%	55%	2%	17%	6%
Services	10%	52%	14%	2%	7%
Infrastructure	15%	52%	18%	3%	6%
SME	24%	54%	11%	6%	7%
Large	6%	49%	31%	7%	1%

- Firms are consistently more negative than positive about the political and regulatory climate, economic climate and the availability of external finance across different sectors and firm sizes.
- In spite of a more negative picture in EIBIS 2022, companies still expect an overall improvement in business prospects.
- Sentiment is generally consistent across all sectors, but with some exceptions. Manufacturers are more optimistic about business prospects (+28%) and internal finance (+13%) than construction firms (+2% and -6% respectively). Construction firms (-17%) are more pessimistic about the availability of external finance than firms in the service (-2%) or infrastructure sectors (-3%).
- SMEs are generally more pessimistic than large firms.

Please note: green figures are positive, red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

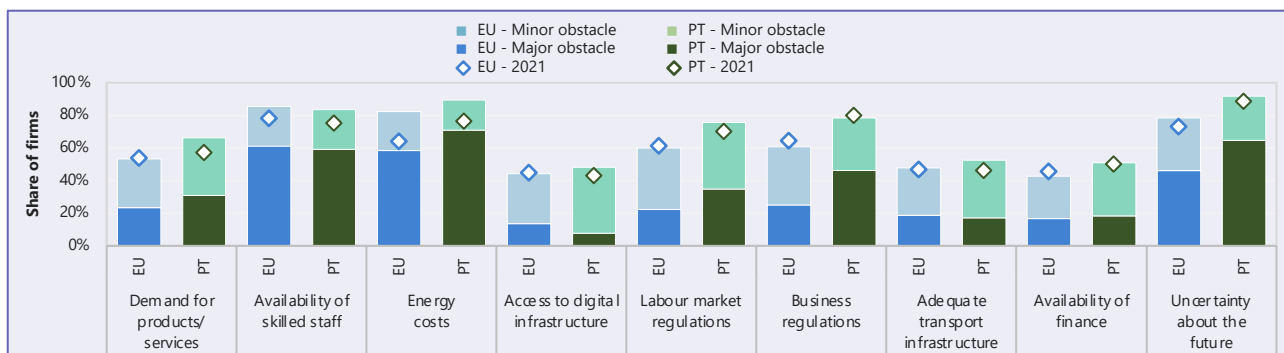
Base: All firms



# Drivers and constraints

## LONG-TERM BARRIERS TO INVESTMENT

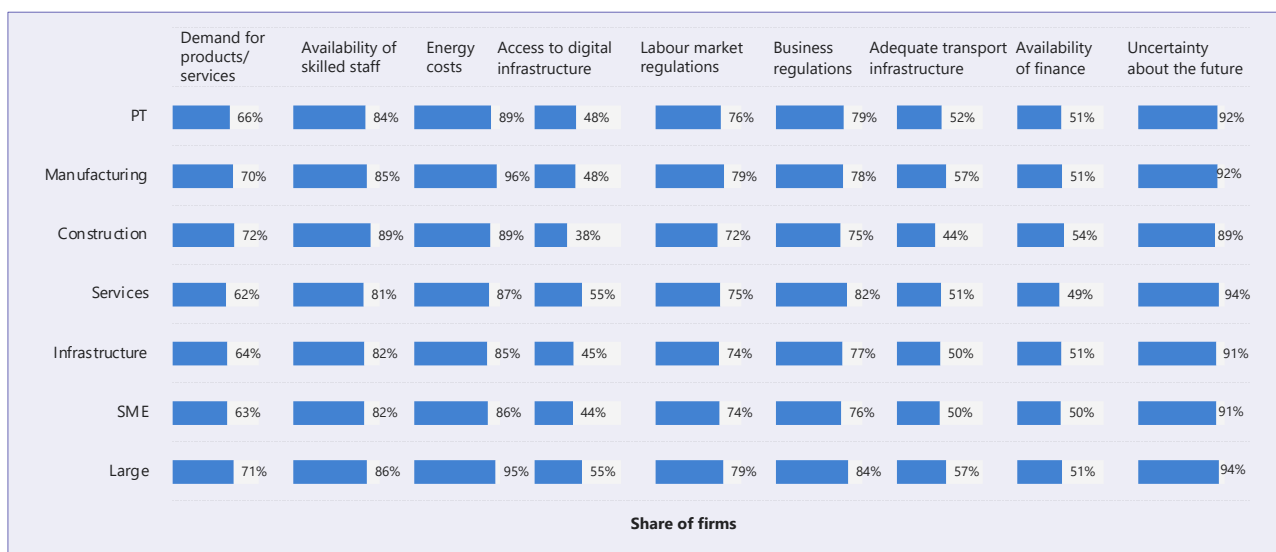
- The most frequently mentioned long-term barriers to investment in Portugal are uncertainty about the future (92%) and energy costs (89%). A clear majority also considers the availability of skilled staff (84%), business (79%) and labour market (76%) regulations as a barrier to their investment activities.
- The cost of energy has become a barrier for an increasing number of Portuguese firms over the past year (89% versus 76% EIBIS 2021) and it is now a major obstacle for 71% of firms. It is now an obstacle for more firms in Portugal than in the EU (89% versus 82%).
- The remaining factors remain relatively unchanged when compared to EIBIS 2021.
- Compared to the EU average, Portuguese firms are more inclined to say business regulations are a barrier to their investment (79% versus 61%). This also applies for labour market regulations (76% versus 60%) and demand for products/services (66% versus 53%).



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

## LONG-TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

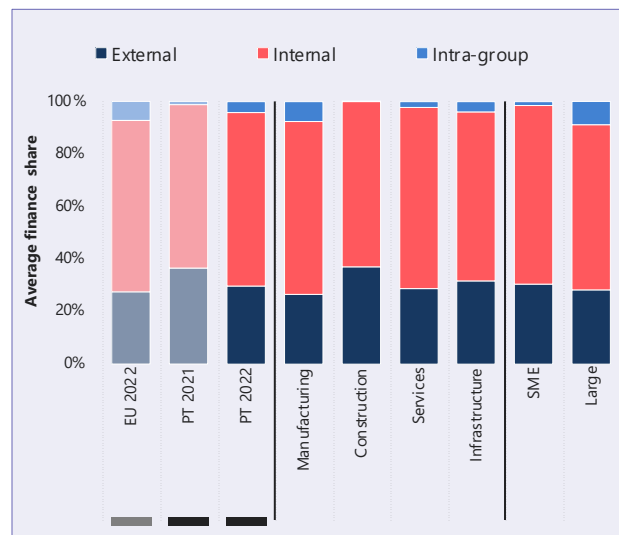
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

# Access to finance

## SOURCE OF INVESTMENT FINANCE

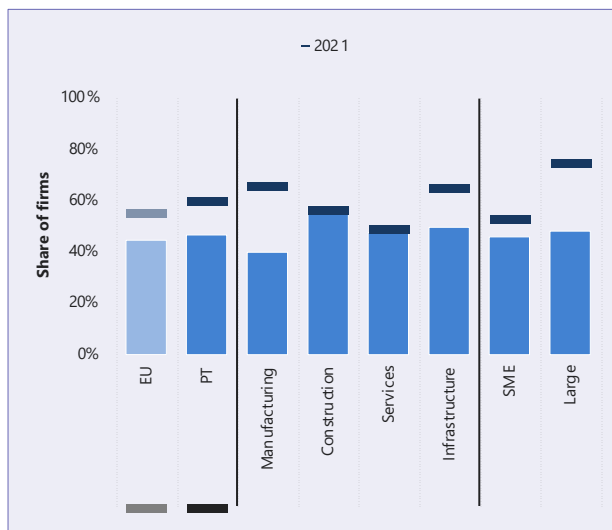
- As in EIBIS 2021 (62%), internal sources account for over three-fifths of investment finance for Portuguese firms (66%). While it is above the EU average (28%), the proportion of Portuguese firms' investment that is financed from external sources has dropped since last year (from 37% to 30%).
- In every sector at least 63% of investment is financed from internal sources. It rises to 69% among services firms.
- Although large firms have made more use of intra-group funding than SMEs (9% compared with 2%), there is little difference by size of firm in the sources of finance used.



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

## USE OF EXTERNAL FINANCE



- Just under half (47%) of Portuguese firms, who invested in the last financial year, financed at least some of their investment through external finance. This matches the EU average (45%) but is lower than in EIBIS 2021 (60%).
- Construction firms remain able to access external finance to same degree as in EIBIS 2021 (58% versus 56%). In contrast far fewer manufacturers are using external finance (40% versus 66% in EIBIS 2021).
- Just under half of SMEs and large firms (46% and 48%) accessed external finance in the last financial year. For large firms this represents a very large decrease from EIBIS 2021 (48% versus 75%).

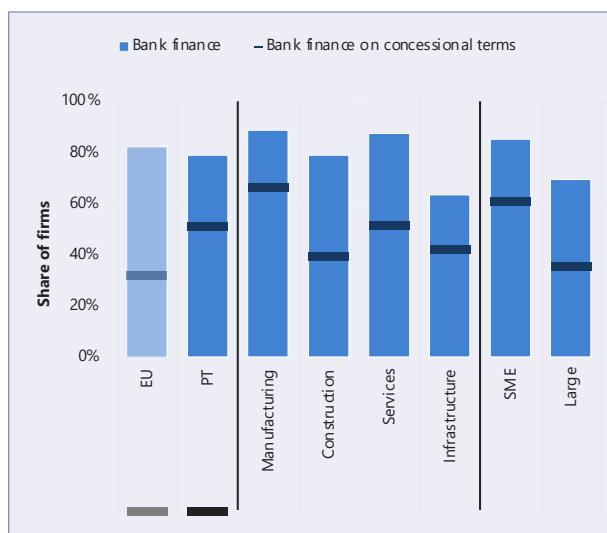
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

# Access to finance

## ACCESS TO BANK FINANCE AND CONDITIONS

- Almost 80% of Portuguese firms using external finance received bank finance, of which, 51% obtained bank finance on concessional terms. This proportion is far higher than the EU average (32%).
- Service (87%) and manufacturing firms (89%) that used external finance are more likely to have received bank finance, and most frequently obtained it on concessional terms (52% and 66% respectively).
- In Portugal, SMEs are more likely than large firms to have received bank finance (85% and 69% respectively), and also to have obtained it on concessional terms (61% versus 36%).

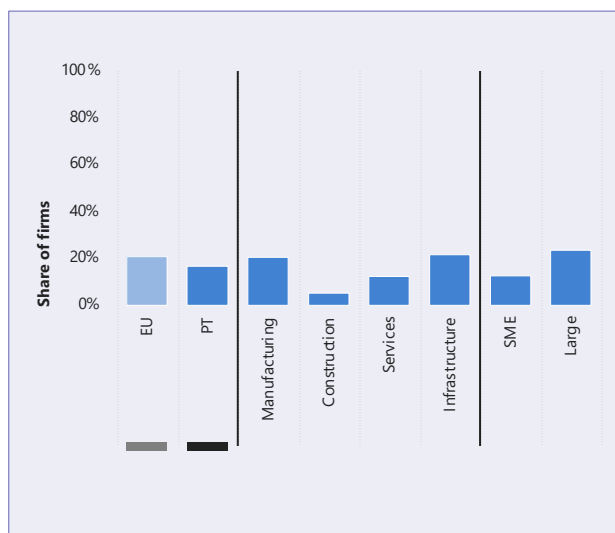


Q. Which of the following types of external finance did you use for your investment activities in the last financial year?

Q. Was any of the bank finance you received on concessional terms (e.g. subsidised interest rates, longer grace period to make debt payments)?

Base: All firms who used external finance (excluding don't know/refused responses)

## SHARE OF FIRMS WITH FINANCE FROM GRANTS



- Just under a fifth of Portuguese firms using external finance received grants and this matches the EU average (17% versus 21%).
- A fifth of manufacturing (20%) and infrastructure (22%) firms using external finance received grants. This is four times higher than in construction (5%).
- The proportion of large firms using external finance and receiving grants is almost double that of SMEs (23% versus 12%).

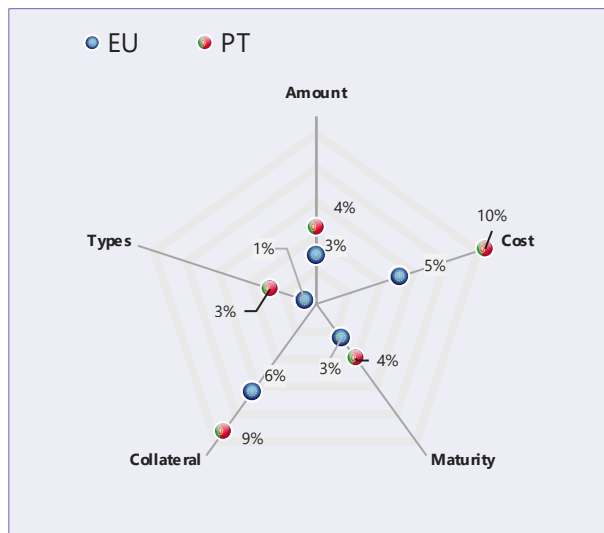
Q. What proportion of your total investment in your last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)

# Access to finance

## DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- Only a very small proportion of the Portuguese firms, who used external finance in the last financial year, are dissatisfied with the conditions received.
- Portuguese firms are most dissatisfied with the cost (10%) and the collateral required (9%). Both figures are higher than the EU average (5% and 6%, respectively).



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

## DISSATISFACTION BY SECTOR AND SIZE (% of firms)

	Amount	Cost	Maturity	Collateral	Type
PT	4%	10%	4%	9%	3%
Manufacturing	4%	8%	8%	9%	0%
Construction	2%	8%	4%	16%	4%
Services	2%	15%	1%	7%	1%
Infrastructure	8%	10%	3%	8%	6%
SME	7%	10%	5%	12%	3%
Large	0%	12%	2%	5%	3%

- The pattern is similar across all sectors, although services firms have a relatively higher level of dissatisfaction with cost (15%). Construction firms have the highest level of dissatisfaction with collateral requirements (16%).
- SMEs are more dissatisfied with collateral requirements than are large firms (12% versus 5%). While no large firms were unhappy with the amount of finance on offer, over one in ten (12%) are dissatisfied with the cost.

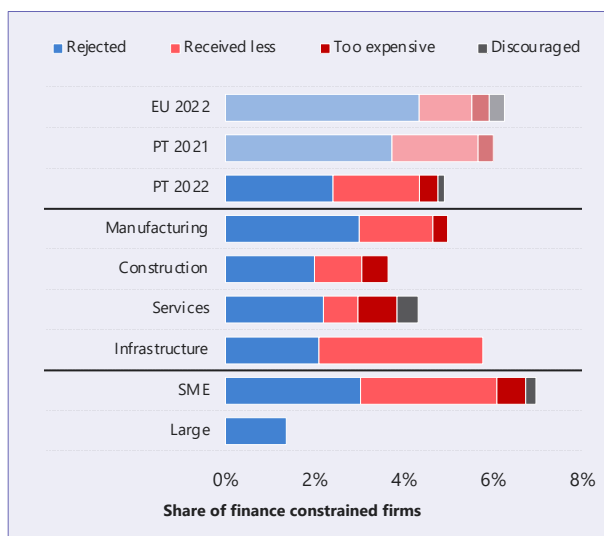
Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

# Access to finance

## SHARE OF FINANCE CONSTRAINED FIRMS

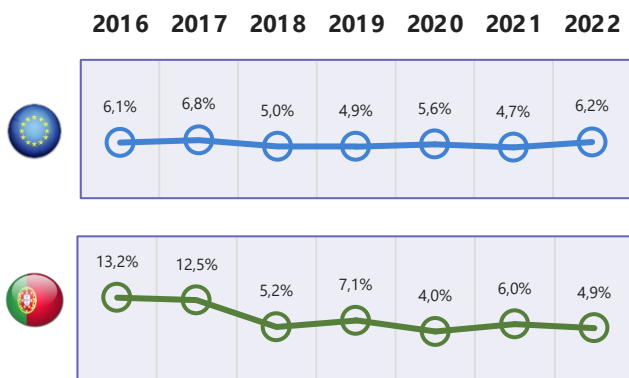
- The share of financially constrained firms in Portugal (4.9%) is lower than in EIBIS 2021 (6.0%) and the EU average (6.2%).
- Portuguese firms are equally as likely to report rejection (2.4%) as they are an insufficient amount of finance being received (1.9%).
- Firms in Portugal's infrastructure sector (5.8%) are the most finance constrained while this effects more SMEs than large firms (6.9%) versus 1.4% respectively).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

## SHARE OF FINANCE CONSTRAINED FIRMS OVER TIME



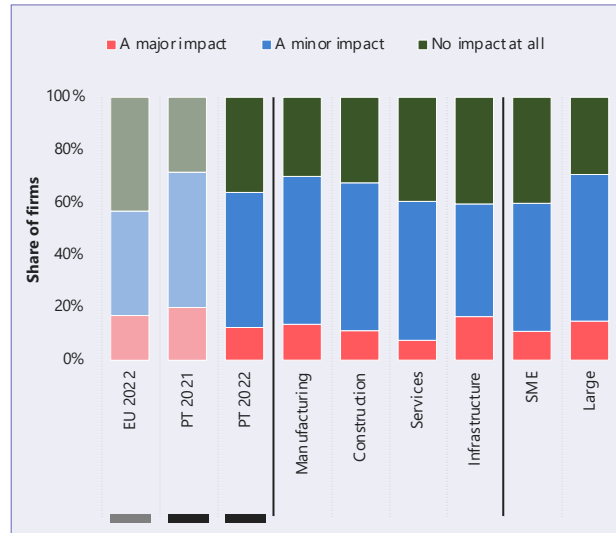
- The proportion of Portuguese firms who are finance constrained is lower than in EIBIS 2021 and is the second lowest recorded across all previous waves of the study.
- Unlike EIBIS 2021 when it was a little higher than the EU average, the level of finance constrained firms in Portugal is now lower than that seen across the EU.

Base: All firms (excluding don't know/refused responses)

# Climate change and energy efficiency

## IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

- Around two-thirds of firms in Portugal (64%) report that weather events are currently having an impact on their business, with 13% reporting it as having a major impact. Both figures represent a fall since EIBIS 2021 (72% and 20% respectively).
- Compared to those across the entire EU, more firms in Portugal say weather events are currently having an impact on the physical risk to their business (64% versus 57%).
- Firms in the manufacturing sector and large firms are most likely to report that weather events are impacting their business (70% and 71% respectively).

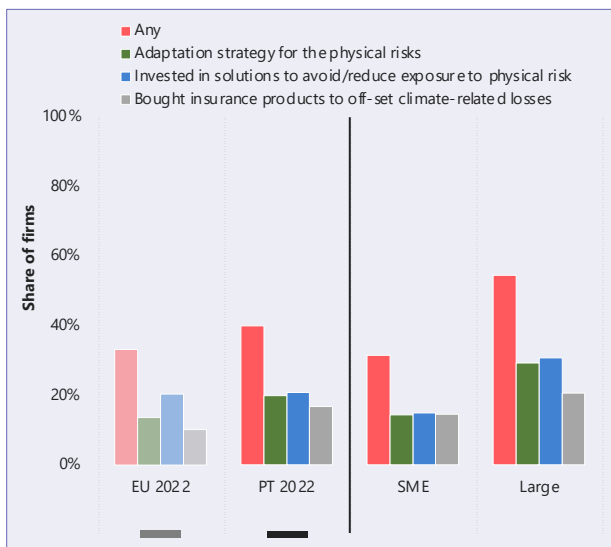


Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Please note: question wording changed between 2021 and 2022. Comparisons should be treated with caution.

Base: All firms (excluding don't know/refused responses)

## BUILDING RESILIENCE TO PHYSICAL RISK



- Four in ten Portuguese firms (40%) have already developed or invested in measures to build resilience to the physical risks caused by climate change. This is higher than the EU average (33%).
- The number of Portuguese firms investing in or developing measures to build resilience to physical risk is similar for each measure.
- Large firms are far more likely than SMEs (55% versus 32% respectively) to have developed or invested in measures to build resilience to physical risks.

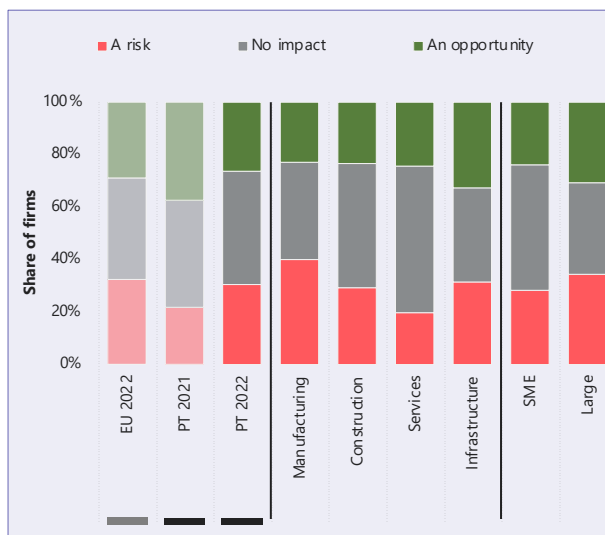
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

Base: All firms (excluding don't know/refused responses)

# Climate change and energy efficiency

## IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- Portuguese firms are almost equally divided between those seeing the transition to stricter climate standards and regulations as a risk (30%) rather than an opportunity (26%) over the next five years. This reflects opinions across the EU.
- Compared to EIBIS 2021 (37%), fewer Portuguese firms now regard the transition to stricter climate standards and regulations as an opportunity (26%).
- Infrastructure firms (33%) are the most inclined to say this represents an opportunity for their company to make gains. Manufacturers (40%) are the most inclined to consider it a risk.
- The feeling of opportunity is higher within large firms (31%) than among SMEs (24%).

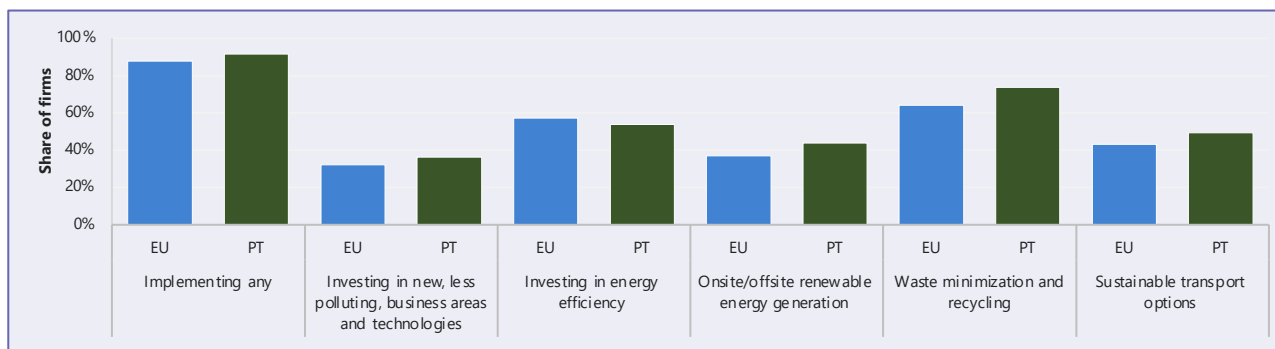


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

## ACTIONS TO REDUCE GHG EMISSIONS

- In line with the EU average, 92% of Portuguese firms are taking actions to reduce Greenhouse Gas (GHG) Emissions (88% EU).
- The main actions in Portugal are waste minimization and recycling (74%) and investments in energy efficiency (54%).
- Portuguese firms are more likely than others in the EU to be investing in waste minimization and recycling (74% versus 64%), sustainable transport solutions (49% versus 43%) and renewable energy generation (44% versus 37%).



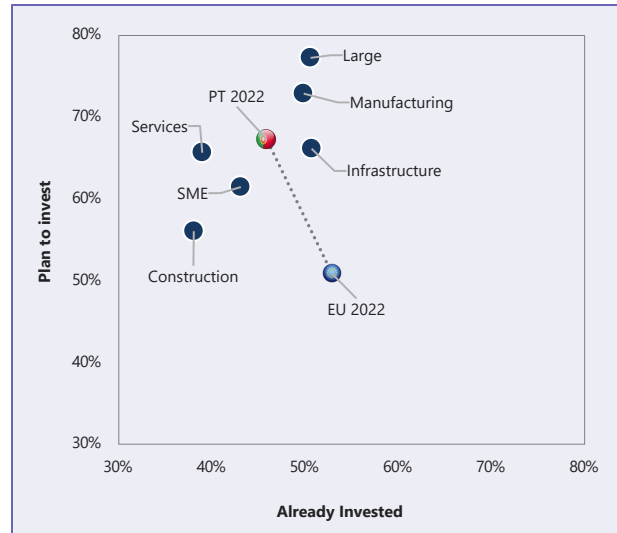
Q. Is your company investing or implementing any of the following, to reduce Greenhouse Gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

# Climate change and energy efficiency

## INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

- Almost half (46%) of Portuguese firms have already invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions, with many more planning to invest in the next three years (67%). The future intentions figure is far higher than the EU average (51%).
- Future investment is most likely to be seen within manufacturing firms (73%). Plans for investment that tackles the impact of weather events are less evident among construction firms, but the majority of these firms still say they intend to invest (56%).
- Large firms are the most likely to have already invested (51%), and to also have plans to invest over the next three years (77%). So far, only a minority of SMEs has invested to tackle the effects of climate change, but many more plan to do so (43% and 61% respectively).



EIBIS 2022

Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?

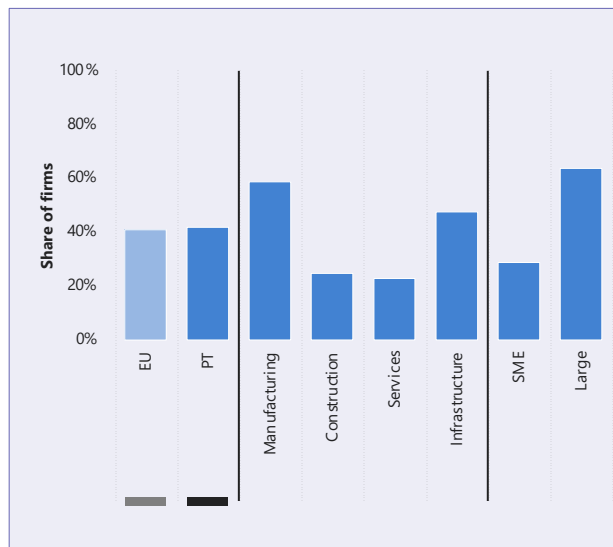
Base: All firms (excluding don't know/refused responses)

EIBIS 2021

Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to previous waves with caution.

## CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS (GHG) EMISSIONS



- A minority of Portuguese firms (42%) report that they set and monitor targets for their own Greenhouse Gas emissions. This matches the proportion of firms reporting this across the EU (41%).
- Apart from manufacturing firms (59%), only a minority in each sector sets and monitors these targets. It accounts for less than a quarter of service sector firms (23%).
- Large firms (64%) are over twice as likely as SMEs (29%) to be setting and monitoring targets for their own Greenhouse Gas emissions.

Q. Does your company... set and monitor targets for its own Greenhouse Gas (GHG) emissions

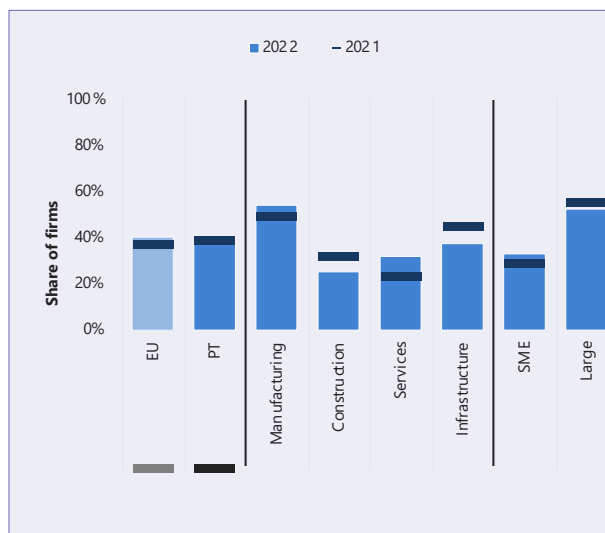
Base: All firms (excluding don't know/refused responses)



# Climate change and energy efficiency

## SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

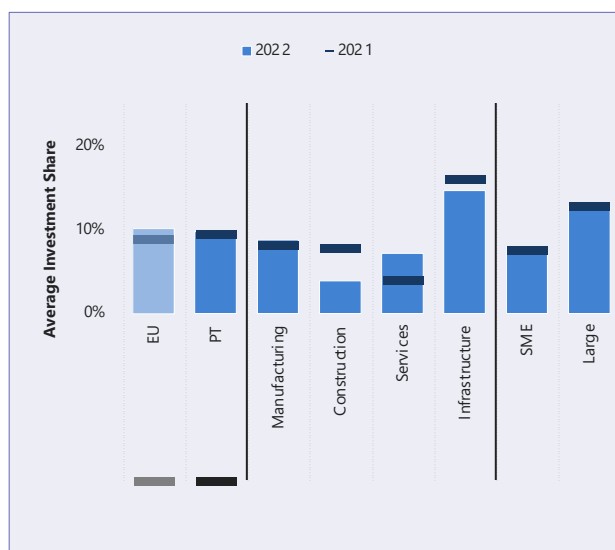
- The share of Portuguese firms investing in measures to improve energy efficiency in 2021 (40%) is almost the same as in EIBIS 2021 (39%). The current level matches the average for all EU countries.
- Firms in Portugal's manufacturing sector (54%) and large firms (53%) were the most likely to be investing in energy efficiency.
- While there has been an increase in the proportion of services firms investing in energy efficiency (up from 23% to 32%), it has fallen within the construction (32% to 25%) and infrastructure sectors (45% to 38%).



Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

## AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



- Among Portuguese firms, the average share of total investment directed towards measures to improve energy efficiency is 10%. This is in line with both EIBIS 2021 (9%) and the current EU average (10%).
- The share of investment directed towards energy efficiency is higher among infrastructure firms (15%) than those in construction (4%) or service activities (7%).

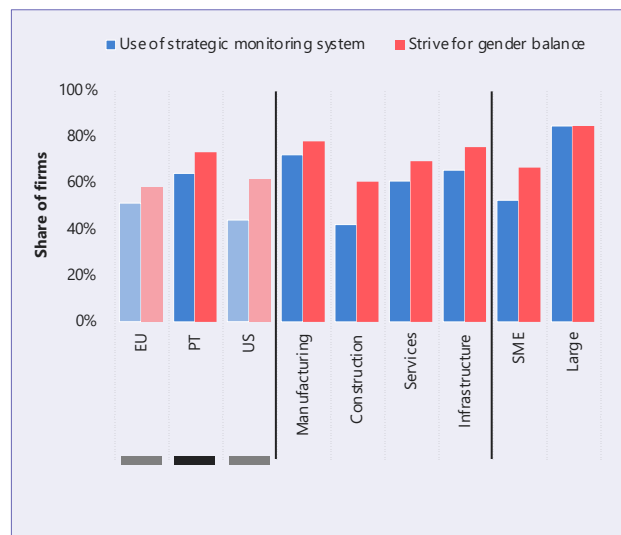
Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

# Firm management, gender balance and employment

## FIRM MANAGEMENT AND GENDER BALANCE

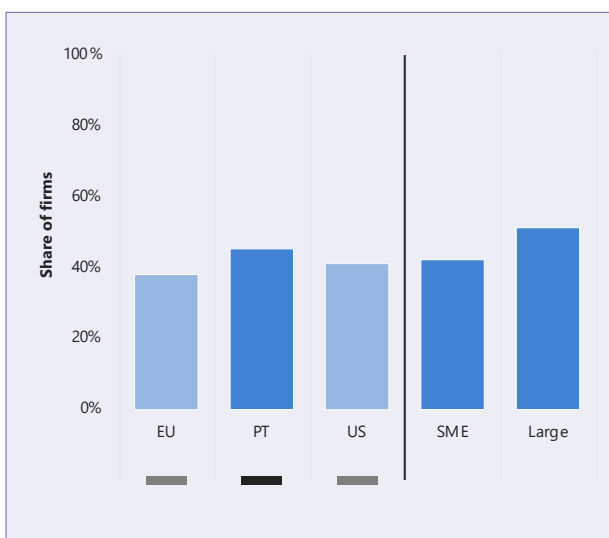
- Almost two-thirds (64%) of Portuguese firms use a strategic monitoring system. This is a higher proportion than the EU (51%) and US (44%) average.
- With respect to gender balance, more Portuguese firms (73%) are striving for this within their business than are those across the EU (58%) or in the United States (62%).
- Construction firms are the least likely to use strategic monitoring systems or strive to achieve gender balance within their business (42% and 61% respectively). In other sectors at least 61% use strategic monitoring systems and a minimum of 70% are working to achieve gender balance.
- Large firms are more inclined than SMEs to have both implemented strategic monitoring systems (85% versus 53%) and to be striving to achieve gender balance (85% versus 67%).



Q Does your company...?

Base: All firms (excluding don't know/refused responses)

## FIRMS WHO HAVE INCREASED EMPLOYEE NUMBERS SINCE 2019



- Over two-fifths (45%) of Portuguese firms have increased their employee numbers since 2019. This is above both the EU average (38%) and the US (41%).
- More large firms than SMEs have increased employee numbers since 2019 (51% versus 42%).

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2019, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused/did not exist in 2019 responses)

# EIBIS 2022 – Country technical details

## SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Portugal, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	PT	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs PT	Manuf vs Constr	SME vs Large
	(12021)	(800)	(481)	(144)	(99)	(120)	(117)	(391)	(90)	(12021 vs 481)	(144 vs 99)	(391 vs 90)
10% or 90%	1.1%	4.1%	2.6%	4.5%	5.3%	5.1%	5.0%	2.7%	5.3%	2.8%	6.9%	5.9%
30% or 70%	1.7%	6.2%	3.9%	6.8%	8.1%	7.7%	7.6%	4.1%	8.1%	4.3%	10.6%	9.0%
50%	1.8%	6.8%	4.3%	7.4%	8.9%	8.4%	8.3%	4.4%	8.9%	4.7%	11.5%	9.9%

## GLOSSARY

<b>Investment</b>	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
<b>Investment cycle</b>	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
<b>Manufacturing sector</b>	Based on the NACE classification of economic activities, firms in group C (Manufacturing).
<b>Construction sector</b>	Based on the NACE classification of economic activities, firms in group F (Construction).
<b>Services sector</b>	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
<b>Infrastructure sector</b>	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
<b>SME</b>	Firms with between 5 and 249 employees.
<b>Large firms</b>	Firms with at least 250 employees.

*Note: the EIBIS 2022 country overview refers interchangeably to 'the past/last financial year' or to '2021'. Both refer to results collected in EIBIS 2022, where the question is referring to the past financial year, with the majority of the financial year in 2021 in case the financial year is not overlapping with the calendar year 2021.*

# EIBIS 2022 – Country technical details

The country overview presents selected findings based on telephone interviews with 481 firms in Portugal (carried out between April and July 2022).

## BASE SIZES *(\*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2022/2021	US 2022	PT 2022/2021	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p.12, p.13, p. 21 (top)	12021/11920	800	481/481	144	99	120	117	391	90
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (top)	9704/9670	668	431/417	127	93	99	111	347	84
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (bottom)	9501/9523	668	403/398	117	91	93	101	328	75
All firms (excluding 'Company didn't exist three years ago' responses), p. 5 (top)	11735/11648	778	478/476	144	99	118	116	388	90
All firms (excluding don't know/refused responses), p. 5 (bottom)	11814/11765	780	478/480	143	99	119	116	389	89
All firms (excluding don't know/refused responses), p. 6 (top)	11810/NA	795	477/NA	144	97	119	116	387	90
All firms (excluding don't know/refused responses), p. 6 (bottom)	11725/NA	784	477/NA	144	97	119	116	387	90
All firms (excluding don't know/refused responses), p. 7 (top)	11945/11857	762	480/480	144	98	120	117	390	90
All firms (excluding don't know/refused responses), p. 7 (bottom)	11989/11891	796	481/481	144	99	120	117	391	90
All firms (excluding don't know/refused responses), p. 8 (top)	11735/11648	778	478/476	144	99	118	116	388	90
All firms (excluding not applicable/don't know/refused responses to all 3 questions), p. 8 (bottom)	8728/8780	615	397/384	116	89	91	100	323	74
All firms (excluding don't know/refused responses), p. 9	11980/NA	800	481/NA	144	99	120	117	391	90
All firms (excluding don't know/refused responses), p. 10 (top)	11975/NA	798	481/NA	144	99	120	117	391	90
All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles) p. 10 (bottom)	11382/NA	790	468/NA	144	95	118	110	380	88
All firms (excluding don't know/refused responses), p. 11 (top)	9339/NA	680	374/NA	119	75	100	79	295	79
All firms facing trade disruptions (excluding don't know/refused responses), p. 11 (bottom)	9265/NA	707	372/NA	117	75	100	79	294	78
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 14	10051/8675	665	433/375	127	95	99	111	348	85
All firms who used external finance (excluding don't know/ refused responses), p. 15 (top)	4107/4059	275	203/203	57	52	43	51	162	41
All firms who used external finance (excluding don't know and refused) p. 15 (bottom)	4155/4100	280	204/203	57	52	43	52	163	41
All firms who used external finance in the last financial year (excluding don't know/refused responses) , p. 16	3988/3964	270	199/202	57	49	42	50	159	39
All firms (excluding don't know/refused responses), p. 17	11504/11518	715	475/477	142	99	118	115	387	88
All firms (excluding don't know/refused responses), p. 18 (top)	11911/11849	790	480/480	144	98	120	117	391	89
All firms (excluding don't know/refused responses), p. 18 (bottom)	11909/NA	784	480/NA	144	98	120	117	391	89
All firms (excluding don't know/refused responses), p. 19 (top)	11172/11384	759	463/470	136	96	115	115	377	86
All firms (excluding don't know/refused responses), p. 19 (bottom)	11964/NA	794	481/NA	144	99	120	117	391	90
All firms (excluding don't know/refused responses), p. 20 (top)	11685/NA	763	481/NA	144	99	120	117	391	90
All firms (excluding don't know/refused responses), p. 20 (bottom)	11712/NA	783	474/NA	139	99	120	115	386	88
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)*	9752/9617	677	422/410	125	90	97	109	341	81
All firms (excluding don't know/refused responses) p. 22 (top)	11696/11616	785	473/477	140	98	118	116	387	86
All firms (excluding don't know/refused/did not exist in 2019 responses) p. 22 (bottom)	11662/11718	783	476/474	143	98	118	116	389	87








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# Portugal

## Overview

# EIB INVESTMENT SURVEY

# 2022