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Inward FDI in Portugal and its policy context, 2011

by

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Portugal's performance in attracting inward foreign direct investment (IFDI) during the economic and financial crisis in 2009 was poor, below the low figures that it had already recorded in the previous couple of years, although Portugal did not record negative FDI inflows like competing countries such as Ireland (in 2008) and Hungary (in 2009). The country's difficulties in attracting IFDI are, however, structural. The "golden" years of the early 1990s, when Portugal emerged as an attractive and fashionable location, are past. The country's IFDI performance throughout the first decade of the 21st century was, in general, weak. In 2009, Spain, France and Brazil were the main sources of IFDI in Portugal. In spite of the Government's commitment to attracting IFDI, policy design and implementation have fallen short in the increasingly fierce competition for international investment.

Trends and developments

Country-level developments

Portugal has traditionally been a net recipient of foreign direct investment. Since the early 1960s, following Portugal's involvement in the creation of the European Free Trade Area, IFDI has played a very important role in Portugal's economic development, including the development of exports. Portugal's entry into the European Economic Community in 1986 gave a further impetus to IFDI by encouraging investment aimed at serving Portugal's domestic market, which experienced strong demand growth. The main effect, however, was the expansion of efficiency-seeking investments mainly aimed at profiting from favorable location conditions, namely lower

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wages compared to many European economies. This stimulated exports to its European partners.[1] The early 1990s marked the zenith of this trend. The AutoEuropa automobile factory, a joint venture between Ford and Volkswagen, was the most emblematic project in this phase. However, the developments in Central and Eastern Europe, with the fall of communism, the gradual setting up of market economies and the later entry of most of those countries into the European Union, undermined Portugal's traditional advantages in attracting IFDI. Portugal was to some extent "caught in the middle", between the most innovative and dynamic European locations and other European countries and/or regions competing on the basis of low labor costs. The country's appeal faded. This relative decline was aggravated by globalization, in particular by the increasing attractiveness of emerging Asian economies. In 1995, for the first time in the post-war period, Portugal's outward foreign direct investment (OFDI) exceeded its IFDI. This may be seen as a manifestation of the investment development path,[2] since there was a marked increase in OFDI, but IFDI declined throughout the 1990s. Furthermore, the creation of the Euro area, while generating significant benefits, deprived Portugal of monetary and foreign exchange policy instruments to promote exports and enhance competitiveness as a location for export-oriented foreign investment.

Portugal's IFDI stock rose from US$ 29 billion to US$ 111 billion from 2000 to 2009 (annex table 1). However, if one takes into account the US dollar's depreciation against the Euro, the increase was more modest, with average annual growth slightly exceeding 10%. Average annual IFDI flows clearly did not increase between 2000-2002 and 2007-2009, and, during the decade as a whole, they showed signs of stagnation at a level below US$ 5 billion (annex table 2).

There is a dual perception of Portugal as a host for foreign investment: According to recent market research undertaken by Ernst & Young for AICEP, Portugal is more valued by those companies already in the country than by those not yet there.[3] Future prospects are bleak, however, due to three inter-related factors: the economic and financial crisis, the decline in Europe's attractiveness for international investors and the consequences of increased globalization.

The 2000s were characterized by a relatively volatile behavior of IFDI flows to Portugal, although the signs of stagnation are clear (annex table 2). The crisis played a role in this stagnation, but it is not the only reason for Portugal's relatively poor performance.

In comparative terms, Portugal's IFDI stock rose faster than that of competing countries like Ireland or Greece (annex table 1), while losing ground to Spain and Hungary. The latter comparison may be in part biased by the low starting level of Hungary, which only opened up to IFDI 20 years ago. However, with the exception of 2009, Hungary attracted more IFDI than Portugal in the second half of the past decade. More troubling is the decline in competitiveness as a host country relative to Spain. Spain performed better on two indicators: the 2009 IFDI to

[1] Vitor Corado Simões, *INNO-Policy TrendChart: Policy Trends and Appraisal Report Portugal 2009* (Brussels: European Commission, 2009).
[2] The concept of an investment development path was coined by John H. Dunning. See John H. Dunning, *International Production and the Multinational Enterprise* (London: Allen & Unwin, 1981) and John H. Dunning and Rajneesh Narula, eds., *Foreign Direct Investment and Governance: Catalysts for Economic Restructuring* (London: Routledge, 1996).
[3] Personal communication by a member of the Board of AICEP.

2000 IFDI ratio (4.2 for Spain against 3.8 for Portugal), and the IFDI/GDP ratio in the period 2007-2009 (an average of 4.8% for Spain versus 2.2% for Portugal).

The sectoral breakdown of Portugal's IFDI flows for 2000-2009 (annex table 3) suggests a declining importance of manufacturing. The share of investment in manufacturing in total IFDI was only 3% during this period, declining further in the second half of the past decade, when IFDI in manufacturing was negative. Although this may be partly due to an under-reporting of FDI in manufacturing in the form of investments undertaken by holding companies and financial vehicles, there is a clear trend away from manufacturing. Portugal is losing its appeal as a manufacturing location, as confirmed by a look at the target industries in mergers and acquisitions (M&As) and greenfield projects (annex tables 6 and 7). Services accounted for the largest share of IFDI, comprising almost 80% of total IFDI flows in 2000-2009. In 2009, the services share leaped to almost 98%. The largest target for FDI in the services sector was real estate, accounting for 70% of IFDI in 2000-2009, followed by financial services with 22%.

Information available from the Bank of Portugal on the geographical distribution of IFDI flows is restricted to the main sources of investment and to Portuguese-speaking countries. Tax havens are not mentioned, and the figures for the European Union as a whole are not available from 2005 onward. The main finding is the leading position held by Spain, with a share that amounts to 38% of the total for the period 2000-2009 (annex table 4). This is not surprising, since Spain is Portugal's only geographically contiguous neighboring country and a bigger economy. The weight of investments from Spain is also partly due to the fact that Spanish affiliates of multinational enterprises (MNEs) from third countries often play an intermediary role, undertaking investments in Portugal on behalf of their headquarters or European regional divisions. Such an approach is particularly common for US and Japanese MNEs, and it helps explain the low share of Japan and the United States as investment sources. Nevertheless, it explains only in part the surprisingly low share of US FDI in Portugal (2% of total IFDI for 2000-2009). France ranks second[4] to Spain, but with only an 8% share. The United Kingdom, with 6%, ranks in the third place.[5] Two interesting findings are the increasing importance of Brazil and the declining share of Germany. FDI flows from Germany to Portugal were negative during all but one of the years 2003-2009, and especially in the last three years of the period (annex table 4), German firms seem to be divesting from Portugal. This is troubling because German firms have traditionally been strongly committed to developing their presence in Portugal.

The corporate players

Because of Portugal's long history of IFDI, many foreign investors operate in Portugal. Some of them, particularly in manufacturing, are geared toward exports. The majority, especially in services, are focused on the domestic market.

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[4] The data and analysis only refer to the countries whose investments are disclosed in Bank of Portugal statistics. It may be the case that other countries, for which amounts are not disclosed, have higher shares.

[5] The same reasoning as in the previous footnote applies here.

The biggest non-financial firms with foreign equity in Portugal (annex table 5) are in four main industries:

(1) Oil and gas, with three firms in the top 10 foreign affiliates; two of them are Spanish (Repsol and Cepsa), and are newcomers in historical terms, since they were established in Portugal less than 30 years ago; the other one is British (BP), which has long been in Portugal.

(2) The automotive industry, with four firms, three of which have plants in Portugal: AutoEuropa, now fully owned by Volkswagen; PSA; and the component manufacturer Delphi (the last has recently reduced its presence in Portugal). AutoEuropa has consistently been among Portugal's top three exporters.

(3) Retailing, where French firms have taken the lead; however, the French retailer Auchan has divested from Portugal, selling its network to a Portuguese retail group.

(4) The food industry, with the Portuguese affiliates of the two largest European MNEs (Unilever and Nestlé) coming just after the top 10; both MNEs are long-standing investors in Portugal, the joint venture between Unilever and the Portuguese group Jerónimo Martins being an outstanding example of a long-lasting cooperative venture.

Major greenfield projects[6] (annex table 7) were in oil and natural gas (by the Italian company Enel in 2007) and renewable/alternative energy (nine projects, the biggest being undertaken by the Spanish company Iberdrola). Also relevant were the projects in real estate and in the automotive sector (mainly by Volkswagen). Among investments through M&As (annex table 6), services dominated the scene. The largest M&A deals, measured by announced transaction value, were in the following activities: electrical services and renewable energy, mostly undertaken by Spanish and Italian investment groups, the latter gaining an equity hold of 15% in REN, the company managing the Portuguese electricity network infrastructure; highway construction and management, with Babcock & Brown (Australia) and Abertis (Spain) acquiring equity shares in Brisa, the Portuguese leader in the field; media, the Spanish Vertix group acquiring almost 74% of Media Capital;[7] and hotels (acquisition of Méridien Penina, in Algarve, by the British company JJW Hotels & Resorts).[8] The main investment in manufacturing was undertaken in pharmaceuticals, with Magnum Capital, an investor group based in Spain and the United Kingdom but with Portuguese partners, acquiring a majority share in Generis Farmacêutica, to profit from the government policy of promoting generic drugs.

Effects of the global crisis

[6] The concept of greenfield investment used here is somewhat different from the one traditionally used in the international business literature, which considers greenfield projects as the creation of new companies. All subsequent increases of the company's equity are no longer classified as greenfield. In annex table 7, a greenfield project includes not just investment undertaken in connection with the creation of a new company but also subsequent increases in company equity.

[7] The Spanish group has since disposed of its stake, due to financial problems in their Spanish and international operations.

[8] The operation by the Brazilian banking group Itaú was not included in our identification of the main investments, since it corresponded more to a redesign of Itaú's European holdings than to a "real" acquisition.

Portugal was severely hurt by the financial and economic crisis that has affected the global economy since 2008. The country's persistent trade deficit and the growth of its public deficit increased the need for foreign capital. Financial market pressures hit the country and lending conditions deteriorated, in spite of the support provided by the European Central Bank. This led in 2010 to successive revisions of the European Stability and Growth Pact and to a heavy austerity program embodied in the Government budget proposal for 2011.[9]

One of the consequences of the crisis was the tightening of credit to firms. Although burdened with relatively low shares of toxic assets, Portuguese banks became very risk-averse in lending to companies. The Government launched five successive packages to enhance the conditions for granting credit to small and medium-sized enterprises (SMEs), but this was not enough for credit conditions to revert to the *status quo ante*. Meanwhile, with the difficulties in getting acceptable interest-rate conditions in the international inter-bank market, Portuguese banks further tightened the conditions on company finance, particularly for SMEs.

The crisis had significant consequences for IFDI in Portugal, explainable by four factors. First, the credit crunch and the difficult conditions felt all over Europe (and in the United States) reduced companies' appetites for investing in Europe. Second, Portugal faced increased competition as a host for FDI, particularly from emerging markets not hit by the crisis, which are perceived by international investors as more appealing locations. Third, in this context Portugal was not attractive as a location for FDI, either as a production platform for exports (as neighboring countries were suffering similar problems) or as a growing domestic market. Finally, the decline in demand and the credit crunch together led established foreign affiliates in the country to postpone projects, reducing the level of reinvested earnings. It should be recognized, however, that IFDI in Portugal declined less during the crisis than in several other countries, e.g. Ireland (annex tables 1 and 2).

As a result of the crisis, there were several divestments from the country. The closure of the semiconductor plant of the German group Quimonda, due to earlier weaknesses that were aggravated by the crisis, was one of the most problematic. This investment was a case of more highly-skilled activities, in line with the government policy of changing the skill content of manufacturing activities in Portugal.[10] There were also divestments in the automotive industry, especially by automotive components companies, as a result of the heavy contraction of the automotive market in Europe. However, in part due to the specific program launched to support this industry (see below), it was possible to keep the existing car-assembly plants, namely those of AutoEuropa, the affiliate of Volkswagen.

The policy scene

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9 European Commission, "Stability and Growth Pact", available at: http://ec.europa.eu/economy_finance/sgp/index_pt.htm.

10 Plano Tecnológico, *Plano Tecnológico: Uma estratégia baseada no conhecimento, na tecnologia e na inovação* (Lisboa, 2005). (Technological Plan, *Technological Plan: A Knowledge, Technology and Innovation-based Strategy* (Lisbon, 2005).

Since Portugal's entry into the European Economic Community in 1986, the legal framework for IFDI has been rather stable, and in line with European principles of non-discrimination between national and foreign investors.

Portugal actively seeks to attract IFDI. There is a broad consensus in public opinion and among the main political parties that IFDI has played, and should play, a very important role in the development of the Portuguese economy. Successive governments have expressed in their programs the commitment to attract IFDI. A specific organization is responsible for promoting international investment (both inward and outward) and foreign trade (AICEP), the Portuguese agency for investment and foreign trade. In 2005-2009, the Government created the National Interest Projects (PIN) concept, aimed at streamlining the decision process on important investment projects undertaken by Portuguese or foreign investors. Portugal is open to IFDI, and this is recognized as very important for the upgrading the economic structure, for increasing employment and exports, for promoting innovation, and for establishing linkages that might prepare Portuguese companies to perform better in international markets.

Portugal's performance in IFDI attraction has, however, left much to be desired. There have been positive developments in cutting red tape, in facilitating the creation of new companies and in promoting e-government. But there are still some bureaucratic practices that are perceived as negative by foreign investors, and the legal system is very inefficient.[11] In addition, a clear strategy and commitment to the international marketing of Portugal as an investment location is lacking. Together with the difficulties associated with the crisis and the declining importance of Europe, this contributes to the stagnation of IFDI.

In reaction to the recent crisis, an important policy measure was the launching of a support program specifically addressed to the automotive sector. This program provided training support and paid part of the wages of the workers as a means to keep jobs and fight divestments and plant closures. Significant shares of companies that have benefited from the program were foreign-owned. An important objective of the program was to provide mechanisms that might play a temporary countervailing role against the slump in the international demand for cars. It was also envisaged as an instrument to sustain existing innovative capabilities and inter-company linkages while investing in human skills upgrading. This is especially important for sustaining Portugal's "anchor" in the automotive industry, namely Volkswagen, as well as to support Portuguese component suppliers.[12]

The last two Socialist governments, in power between 2005 and June 2011, established electric mobility as a policy priority.[13] Some FDI projects have been announced in electric cars, such as that by Renault/Nissan. While the projects may contribute to the objective of promoting the mass use of electric vehicles, the employment effects of these projects, at least in the short-term in which jobs are a major concern, are not likely to be very big.

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[11] World Economic Forum, *Global Competitiveness Report 2010/2011* (Geneva: World Economic Forum, 2010).
[12] MEI/MESS- Ministério da Economia e da Inovação/ Ministério do Emprego e Segurança Social, *Resumo do Plano de Apoio ao Sector Automóvel* (Lisbon: MEI/MESS, December 2008).
[13] http://www.mobie.pt

Another field in which public policy has enticed IFDI is renewable energy. The support provided to new energy sources has led several foreign investors to announce investments designed to profit from the conditions offered by Portugal, namely in the fields of sun and wind energy. Investments were mainly greenfield, and were undertaken by companies from several countries (annex table 7).

Conclusion and outlook

Portugal's record in attracting IFDI during the past decade was relatively poor. Although the global economic and financial crisis that emerged in 2008 played a role in reducing IFDI flows, the problems are deeper, related on the one hand to the erosion in Portugal's traditional advantages as a location for FDI due to competition from the Central and Eastern European economies after their opening up and the entry of several of them into the European Union, and on the other, to the declining economic significance of Europe and the move of the center of the world economy toward Asia. GDP growth prospects in Europe (and in Portugal) are not favorable. This will make it even more difficult to achieve significant growth in IFDI in Portugal in the future. The prospects are not bright.

However, IFDI is essential for Portugal. The main changes in Portugal's economic structure in the past 50 years were due, at least in part, to the positive influence of IFDI. Portugal could further explore the opportunities stemming from nearshore activities and outsourcing by MNEs based in other countries in Europe. The dual perception of Portugal, with Portugal's image being more favorably perceived by existing foreign investors than by those who have not yet invested there, has to be changed. While keeping and upgrading the activities of existing foreign affiliates, a strong effort needs to be made to court new investors, especially from emerging markets. Such an effort is essential to achieve the much-needed turnaround in attracting IFDI.

Additional readings

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Tavares, Ana Teresa, "Multinational subsidiary evolution and public policy: Two tales from the European periphery", *Journal of Industry, Competition and Trade*, vol. **2** (2007), pp. 195-213.

Useful websites

http://www.portugalglobal.pt/PT/InvestirPortugal/Paginas/investir%20em%20Portugal.aspx

http://www.portaldaempresa.pt/CVE/pt/LojaEmpresa/

http://www.bportugal.pt/EstatisticasWEB/(S(nr2yh53yiybhmlrxbsybj345))/Default.aspx

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Statistical annex

Annex table 1. Portugal: inward FDI stock, 2000-2009

(US$ billion)

Economy	**2000**	**2009**
Portugal	29	111
Memorandum: comparator economies		
Greece	14	45
Hungary	23	249
Ireland	127	193
Italy	121	394
Spain	156	671

Source: For Portugal, Boletim Estatístico, Banco de Portugal, available at: http://www.bportugal.pt/pt-PT/Estatisticas/PublicacoesEstatisticas/BolEstatistico/Paginas/BoletimEstatistico.aspx); and for comparator economies, UNCTAD's FDI/TNC database, available at: http://stats.unctad.org/fdi.

Annex table 2. Portugal: inward FDI flows, 2000-2009

(US$ million)

Economy	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Portugal	6,804	5,897	1, 776	8, 612	2,331	3, 931	10,926	3,067	4,684	2,883
Memorandum: comparator economies										
Greece	1,108	1,589	50	1,275	2,102	623	5,355	2,111	4,499	3,355
Hungary	2,764	3,936	2,994	2,137	4,506	7,709	19,802	71,485	61,993	-5,575
Ireland	25,779	9,651	29,324	22,781	-10,608	-31,689	-5,542	24,707	-20,030	24,971
Italy	13,375	14,871	14,545	16,415	16,815	19,975	39,239	40,202	17,031	30,538
Spain	39,575	28,408	39,223	25,819	24,761	25,020	30,802	62,264	73,293	15,030

Source: Boletim Estatístico, Banco de Portugal for Portugal, available at: http://www.bportugal.pt/pt-PT/Estatisticas/PublicacoesEstatisticas/BolEstatistico/Paginas/BoletimEstatistico.aspx and for comparator economies, UNCTAD's FDI/TNC database , available at: http://stats.unctad.org/fdi.

Annex table 3. Portugal: distribution of inward FDI flows, by economic sector and industry, 2000-2009

(US$ million)

Sector/industry	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
All sectors/industries	**6,804**	**5,897**	**1,776**	**8,612**	**2,331**	**3,931**	**10,926**	**3,067**	**4,684**	**2,883**
Primary	**29**	**27**	**5**	**13**	**120**	**106**	**196**	**-55**	**252**	**120**
Agriculture, forestry, hunting and fishing	14	16	5	11	13	41	31	71	-11	66
Mining	15	11	0	2	107	64	165	-126	263	54
Secondary	**153**	**700**	**-143**	**609**	**1,204**	**-393**	**1,266**	**356**	**473**	**316**
Manufacturing	168	606	-201	530	948	-492	355	-156	264	-569
Electricity, gas and water	-50	8	75	17	176	12	449	239	353	86
Construction	35	86	-18	62	80	87	462	273	-145	799
Services	**6,032**	**4,955**	**1,571**	**7,359**	**120**	**3,665**	**8,433**	**1,563**	**3,535**	**2,817**
Retail	593	2,778	13	367	-3,413	-603	-4	-2,169	-2,232	-1,466
Transport, storage and communications	435	275	492	668	-216	66	-711	143	775	-586
Financial services	1,210	303	798	-1,172	88	1,390	2,639	1,496	1,263	926
Real estate	3,794	1,598	267	7,496	3,660	2,811	6,509	2,094	3,729	3,942
Unspecified other sectors/industries	**590**	**215**	**344**	**631**	**888**	**553**	**1,031**	**1,202**	**425**	**-370**

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

Annex table 4. Portugal: geographical distribution of inward FDI flows, 2000-2009

(US$ million)

Country/region	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
World	6,804	5,897	1,776	8,612	2,331	3,931	10,926	3,067	4,684	2,883
Developed economies										
Europe										
Switzerland	32	-25	138	-276	164	-37	-159	-84	-42	183
European Union	6,543	5,606	1,487	1,861	5,068	n.a.	n.a.	n.a.	n.a.	n.a.
France	190	164	-54	270	-196	993	1,538	294	207	635
Germany	327	497	198	-108	-27	-277	328	-422	-176	-2,003
Spain	2,439	880	1,035	2,543	3,317	2,379	2,901	2,262	659	983
United Kingdom	475	2,751	295	821	-2,999	668	549	1042	906	-1,363
North America										
Canada	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
United States	-78	144	175	-209	154	-390	474	469	109	180
Other developed countries										
Australia	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.
Developing economies										
Africa	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5	62	140
Asia and Oceania										
Latin America and the Caribbean										
Brazil	127	211	184	-6	-7	81	101	46	46	256

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

[a] Statistics disclosed by the Bank of Portugal do not include separate data for all regions and countries, and not all data are available for the whole period.
[b] Blank spaces indicate that data are not disclosed separately.
[c] “n.a” indicates that data are not available.

Annex table 5. Portugal: principal foreign affiliates in the country, ranked by sales, 2008

(US$ million)

Rank	Name	Economy of origin	Industry	Sales
1	REPSOL	Spain	Oil and gas	3,842
2	BP Portugal	United Kingdom	Oil and gas	3,212
3	Autoeuropa (Volkswagen)	Germany	Automotive industry	2,272
4	Vodafone Portugal	United Kingdom	Telecommunications	2,166
5	PSA	France	Automotive industry	2,141
6	Companhia Portuguesa de Hipermercados (Auchan)	France	Retail	1,892
7	NA - netjets aviation, Lda	United States	Transport	1,626
8	Cepsa	Spain	Oil and gas	1,477
9	Dia Portugal - supermercados, sociedade unipessoal, lda	France	Retail	1,219
10	OCP-portugal - produtos farmaceuticos, s.a.	Germany	Pharmaceutical	826
11	Unilever Jerónimo Martins, Lda	United Kingdom	Food and beverages	824
12	Nestlé - Portugal, S.A.	Switzerland	Food and beverages	744
13	Makro cash & carry Portugal, s.a.	Germany	Retail	731
14	Continental Mabor - indústria de pneus, s.a.	Germany	Rubber	718
15	Mercedes-Benz Portugal, s.a.	Germany	Automotive trade	712
16	Delphi automotive systems - Portugal, s.a.	United States	Automotive components	701
17	Zagope - construções e engenharia, s.a.	Brazil	Construction	653
18	Siemens, s.a.	Germany	Electrical machinery, electronics	643
19	Turbogás - produtora energética, s.a.	United Kingdom	Electricity	622
20	Somague - engenharia, s.a.	Spain	Construction	581

Source: Based on "500 maiores e melhores empresas" *Exame,* November 2009, available at: http://aeiou.expresso.pt/gen.pl?p=stories&op=view&fokey=ex.stories/612847).

Annex table 6. Portugal: main M&A deals, by inward investing firm, 2007-2009

(US$ million)

Year	Acquiring company	Home economy	Target company	Target industry	Shares acquired (%)	Estimated/ announced transaction value
2009	Banco Itau Holding Financeira	Brazil	Banco Itau Europa SA	Security and commodity services	89.3	498
2009	Magnum Capital Industrial	Spain	Generis Farmaceutica SA	Pharmaceutical preparations	80.0	260
2009	Banco Bradesco SA	Brazil	Banco Espirito Santo SA	Banks	6.0	132
2009	Union Investment Real Estate	Germany	Torre Oriente Tower	Operators of non-residential buildings	100.0	100
2009	Suzano Holding SA	Brazil	MDS SGPS SA	Insurance agents, brokers, and service	49.9	71
2009	Barclays Bank PLC	United Kingdom	Citibank Portugal-Credit Card	Personal credit institutions	100.0	66
2009	Undisclosed Acquiror	Unknown	Lapa Palace Hotel	Hotels and motels	100.0	42
2009	Stericycle Inc	United States	Grupo AmbiMed	Refuse systems	100.0	23
2009	Investor Group	Spain	Sanchez SA	Investors,	100.0	18
2009	GED Iberian Private Equity SAU	Spain	Fase-Estudos e Projectos SA	Business consulting services,	70.0	17
2009	Shin-Etsu International Europe	Netherlands	Cires SA	Plastics materials and synthetic resins	96.3	15
2009	Domino Printing Sciences PLC	United Kingdom	Labeljet SA	Printing trades machinery	100.0	9
2009	Undisclosed Acquiror	Unknown	Branfarma SA	Drug stores and proprietary stores	100.0	6
2009	Europac	Spain	Manuel Rodrigues de Almeida &	Paper mills	100.0	2
2008	Investor Group	Spain	Babcock & Brown-Enersis Wind	Electric services	50.0	1824
2008	JJW Hotels & Resorts Ltd	United Kingdom	Le Meridien Penina Golf &	Hotels and motels	100.0	268
2008	Fertiberia SA	Spain	CUF Adubos de Portugal SA	Nitrogenous fertilizers	100.0	152
2008	Undisclosed Acquiror	Unknown	Sierra Portugal Fund	Management investment offices	18.0	86
2008	LogicaCMG PLC	United Kingdom	Edinfor-Sistemas Informaticos	Computer related services	100.0	84
2008	Arriva PLC	United Kingdom	Barraqueiro SGPS SA	Local passenger transportation	31.5	73

2008	Pillar Retail Europark Fund	United Kingdom	Santarem Retail Park	Operators of nonresidential buildings	100.0	52
2008	Undisclosed Acquiror	Unknown	Edificio Omni,Lisbon,Portugal	Operators of nonresidential buildings	100.0	26
2008	Cryo-Save Group NV	Netherlands	Valor Conexo	Offices of holding companies	100.0	25
2008	Undisclosed Acquiror	Unknown	Linha d'Agua - Engenharia e	Engineering services	72.4	1
2008	SDI PLC	United Kingdom	Perseu-Comercio de Equipamento	Photographic equipment and supplies	100.0	0.4
2007	Babcock & Brown Ltd	Australia	Brisa Auto Estradas	Highway and street construction	10.0	797
2007	Investor Group	Italy	Rede Electrica Nacional SA	Electricity services	15.0	488
2007	Abertis Infraestructuras SA	Spain	Brisa Auto Estradas	Highway and street construction	4.6	404
2007	Vertix SGPS SA	Spain	Grupo Media Capital SGPS SA	Radio broadcasting stations	73.7	323
2007	Win Reason SA	United States	Oni SGPS SA	Telephone communications	100.0	204
2007	Vertix SGPS SA	Spain	Grupo Media Capital SGPS SA	Radio broadcasting stations	94.4	196
2007	Babcock & Brown Wind Partners	Australia	Babcock & Brown Riva Holdings	Investors	50.0	184
2007	MIPS Technologies Inc	United States	Chipidea Microelectronica SA	Electronic parts and equipment	100.0	152
2007	Electrabel SA	Belgium	Gamesa-Wind Farms	Electric services	100.0	136
2007	Klepierre SA	France	Parque Nascente	Operators of nonresidential buildings	100.0	95
2007	Deka Immobilien Invest GmbH	Germany	LoureShopping	Operators of nonresidential buildings	50.0	93
2007	Electrabel SA	Belgium	Undisclosed Portuguese Wind	Alternative energy sources	100.0	74
2007	Welspun India Ltd	India	Sorema	Carpets and rugs	76.0	15
2007	Grupo Mayaguez SA	Colombia	Imysa Holdings	Offices of holding companies	100.0	15
2007	Gen de Alquiler de Maquinaria	Spain	Viasolo	Equipment rental and leasing	100.0	11
2007	Grupo Tompla Sobre-Expres SL	Spain	Copidata Lda	Envelopes	100.0	7

2007	Body Shop International PLC	United Kingdom	Dibel-Sociedade Importadora	Drugs, drug proprietaries	100.0	6
2007	Kagome Co Ltd	Japan	Holding da Industria do Tomate	Canned fruits and vegetables	43.0	4
2007	JPMorgan Chase & Co	United States	Imopolis	Investment advice	100.0	2

Source: Thomson ONE Banker. Thomson Reuters.

Annex table 7. Portugal: main greenfield projects, by inward investing firm, 2007-2009

(US$ million)

Year	Investing company	Industry	Source economy	Estimated/ announced investment value
2009	Iberdrola	Alternative/renewable energy	Spain	1,700
2009	Principle Power	Alternative/renewable energy	United States	639
2009	Chamartin Inmobiliaria	Real estate	Spain	409
2009	Nissan	Automotive electronic components	Japan	236
2009	Multi Development (Multi Vastgoed)	Real estate	Netherlands	207
2009	Ryanair	Air transportation	Ireland	140
2009	Auchan Group (Mulliez Group)	Real estate	France	131
2009	Auchan Group (Mulliez Group)	Real estate	France	131
2009	Eiffage	Real estate	France	131
2009	Compagnie dAffretemant et de Transport	Transportation	France	88
2009	Imperial Tobacco	Transportation	United Kingdom	88
2009	Transportes Souto	Transportation	Spain	88
2008	Auchan Group (Mulliez Group)	Consumer products	France	951
2008	Siemens	Electrical and electronics	Germany	919
2008	Union Fenosa	Alternative/renewable energy	Spain	639
2008	Scottish & Southern Energy	Alternative/renewable energy	United Kingdom	639
2008	Scottish & Southern Energy	Alternative/renewable energy	United Kingdom	639
2008	Shanghai Union Technology	Electronic components	China	327
2008	Sacyr Vallehermoso	Real estate	Spain	312
2008	Intel	Semiconductors	United States	292
2008	IKEA	Real estate	Sweden	269
2008	Mitsubishi Corporation	Automotive OEM	Japan	257
2007	Enel	Coal, oil and natural gas	Italy	2,686

2007	National Toll Roads (NTR)	Alternative/renewable energy	Ireland	1,074
2007	Levicor	Automotive components	Belgium	721
2007	Volkswagen	Automotive OEM	Germany	659
2007	XL Telecom & Energy	Alternative/renewable energy	India	550
2007	La Seda de Barcelona	Chemicals	Spain	455
2007	Electricite de France (EDF)	Alternative/renewable energy	France	445
2007	Auchan Group (Mulliez Group)	Real estate	France	381
2007	Volkswagen	Automotive OEM	Germany	257
2007	Electricite de France (EDF)	Alternative/renewable energy	France	239

Source: fDi Intelligence, a service from the Financial Times Ltd.