

Resource allocation: tradable and non-tradable sectors

Focus on Investment

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Summary

The structure of the Portuguese economy is now “healthier” than in the early 2000’s

Investment in both tradable and non tradable sectors remains well below the EU average and 30% below the pre-crisis level

EIB Investment Survey 2017* confirms that Investment activity is picking up:

- Portuguese firms are more optimistic in the short run than the EU firms
- Firms are investing more in replacement and less in capacity expansion
- Access financing remains a bigger drag for Portuguese firms....
- ... but it is no longer the main impediment for investment

*** EIB investment survey (2nd round, data from April-June 2017):**

12,500 firms surveyed across EU28 (of which **535 in Portugal**), weighted by value-added.

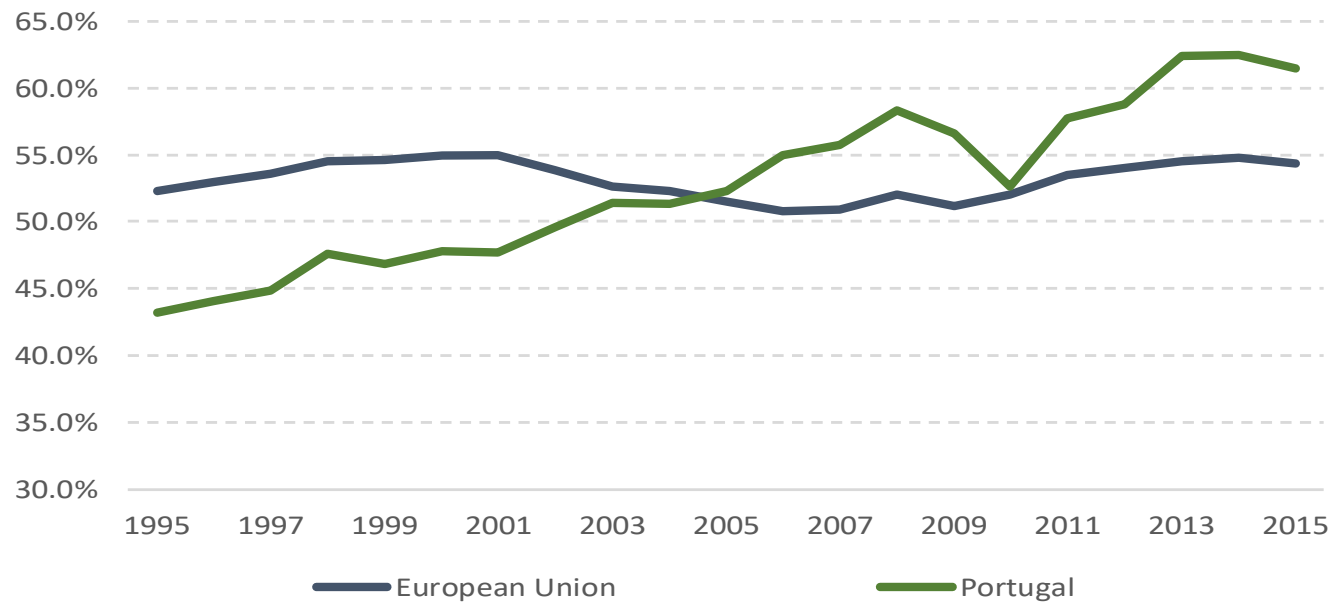
NFCs 5+ employees in manufacturing, services, construction & infrastructure sector.

Information on firm characteristics and performance, Investment needs and constraints, Past investment activities and future focus, Investment finance

The structure of the Portuguese economy is “healthier”: Share of investment in tradable sectors is above the EU...

Share of Tradable Sectors

(percentage of total investment)



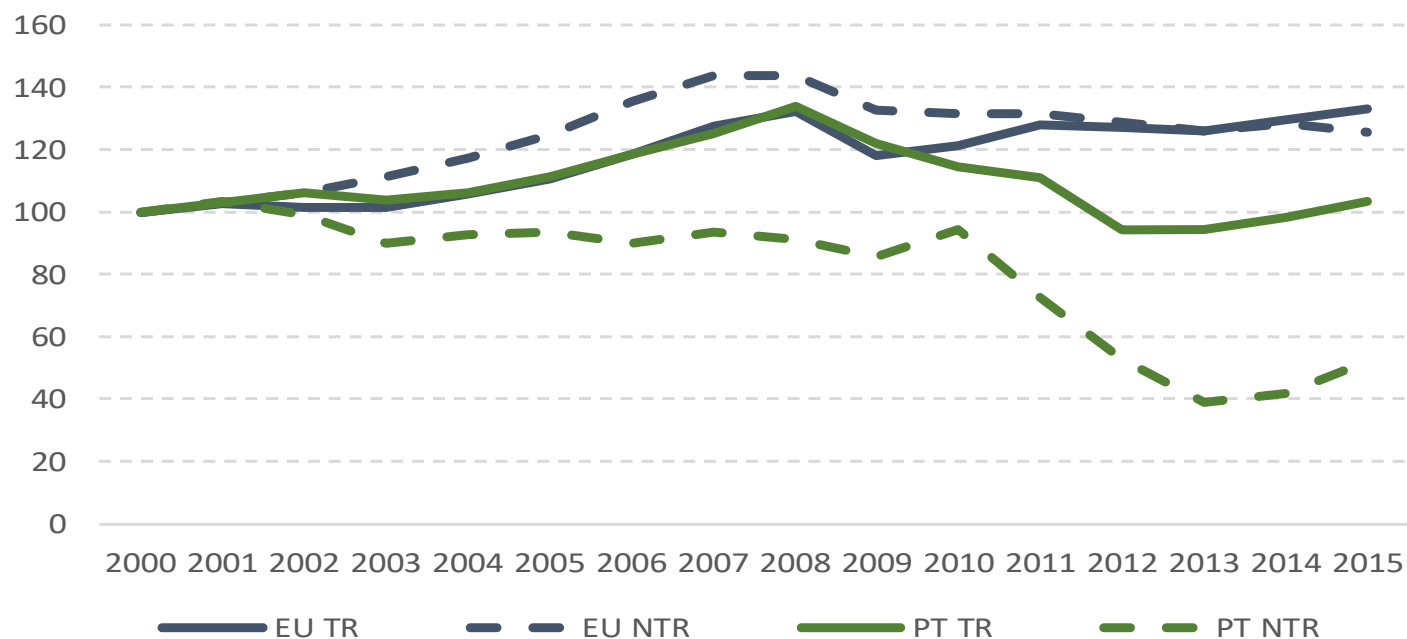
Note: Tradable and Non tradable sectors are defined in line with the FIPEI methodology (Canas and Gouveia, 2016)

Source: Econ calculations, Eurostat,

.....but the level of investment remains well below. Total investment remains has yet to recover after the crisis

Investment in Tradable and Non Tradable Sectors

(2000=100)



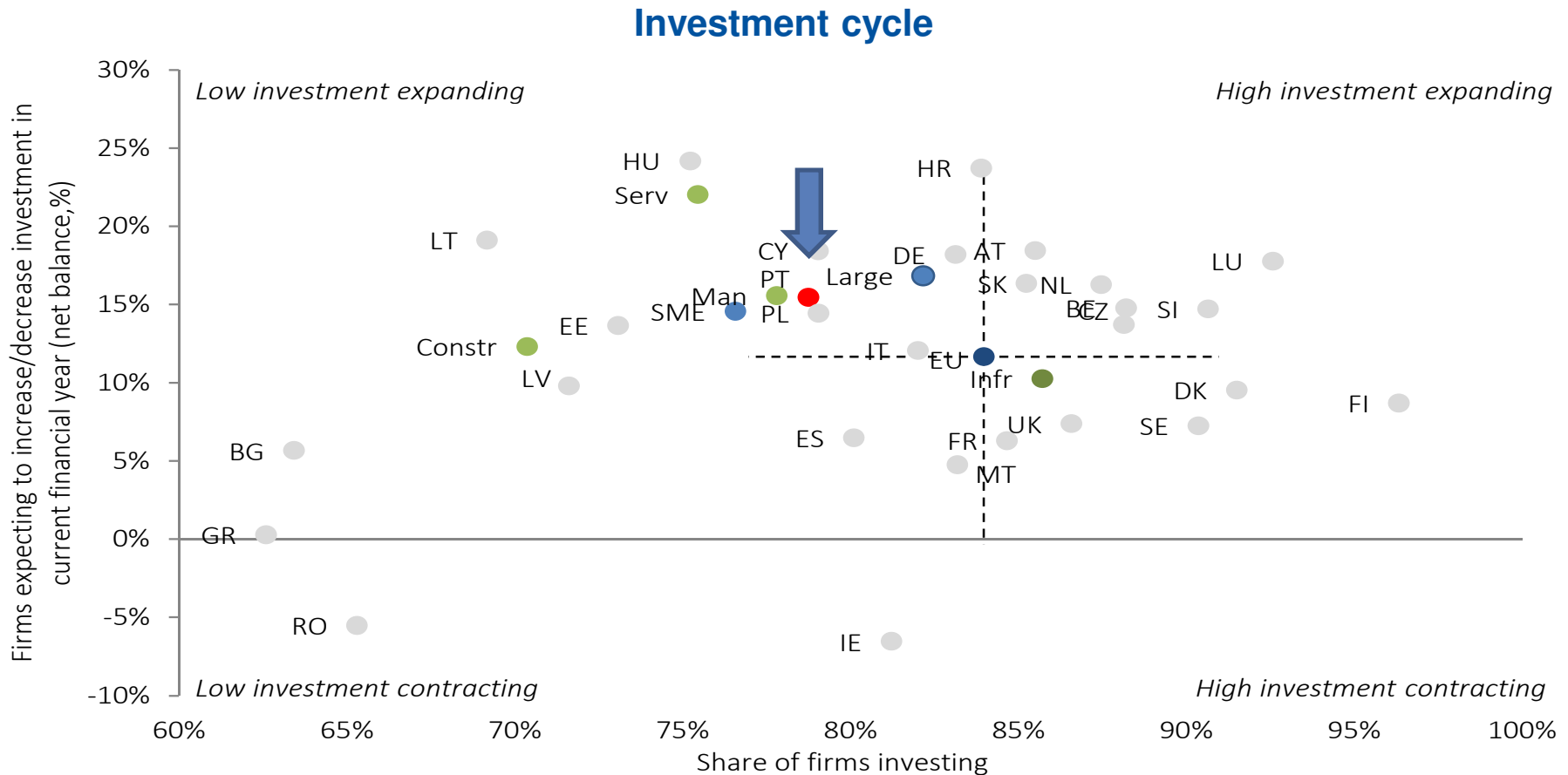
Note: Tradable and Non tradable sectors are defined in line with the FIPEI methodology (Canas and Gouveia, 2016)

Source: Econ calculations, Eurostat,

Investment Outlook

EIB Investment Survey 2017

1 - Investment activity is picking up...



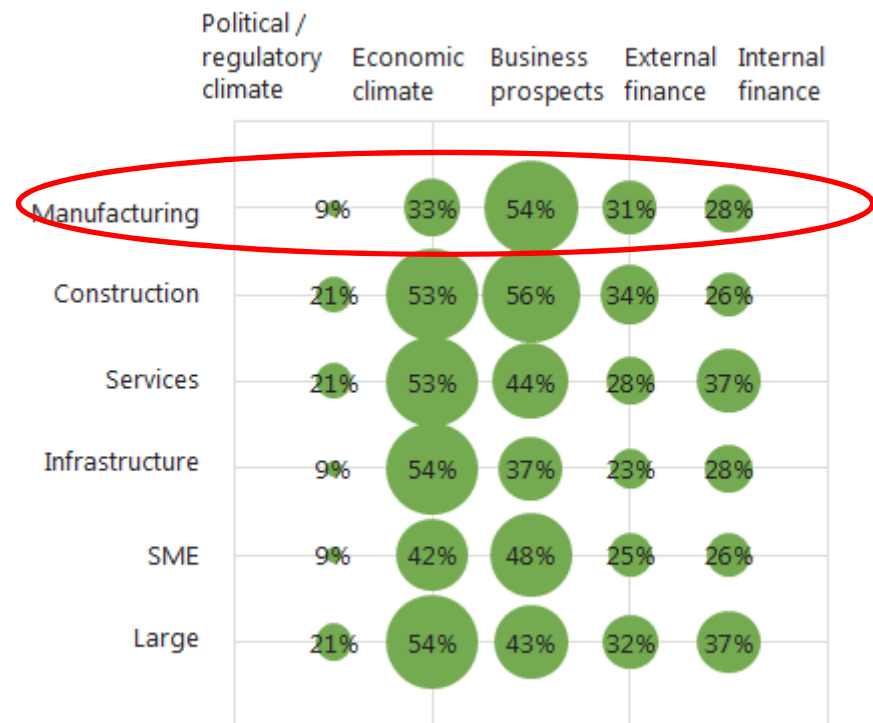
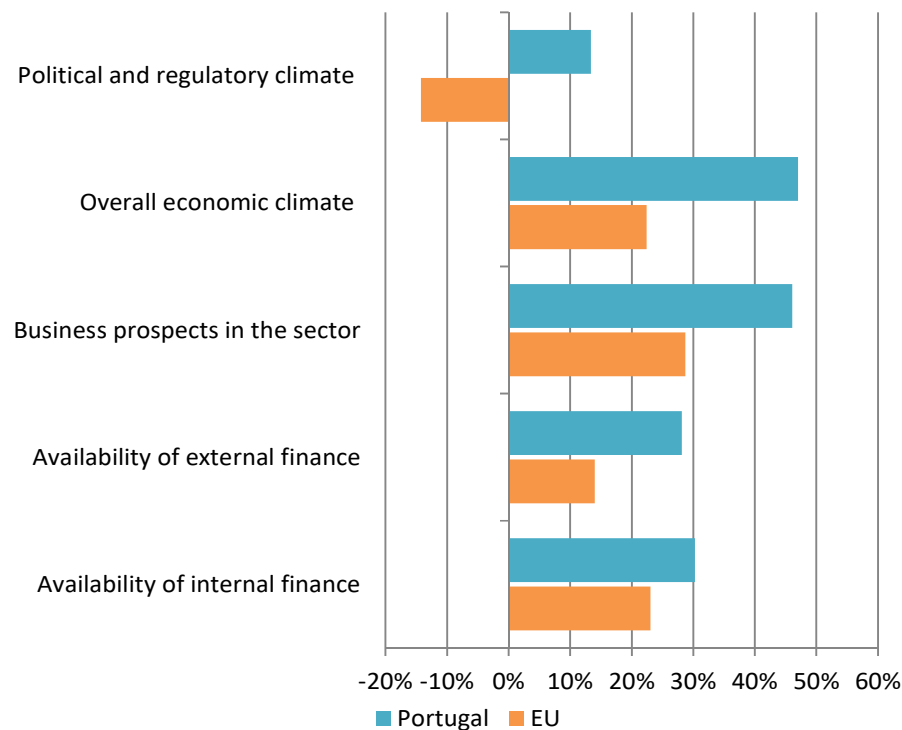
Note: Plots the share of firms with investment expanding/contracting relative to the share of firms investing, by sector or Member State; cross centred on EU average.

Source: Econ EIBIS

2. In the short-term, Portuguese firms are more optimistic than their EU peers

Short-term influences on investment

net balance in per cent of firms



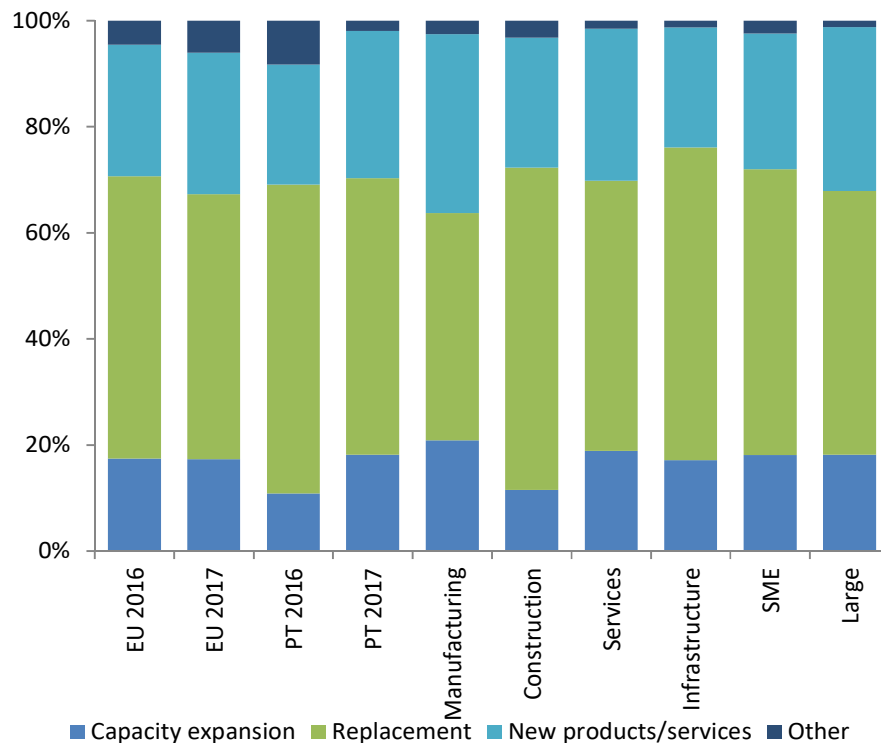
Note: Net balance is the share of firms expecting improvement minus the share of firms expecting a deterioration

Source: Econ EIBIS

3 .Firms investing more in replacement and less in capacity expansion vs the average of the EU

Purpose of previous years' investment

per cent of total investment

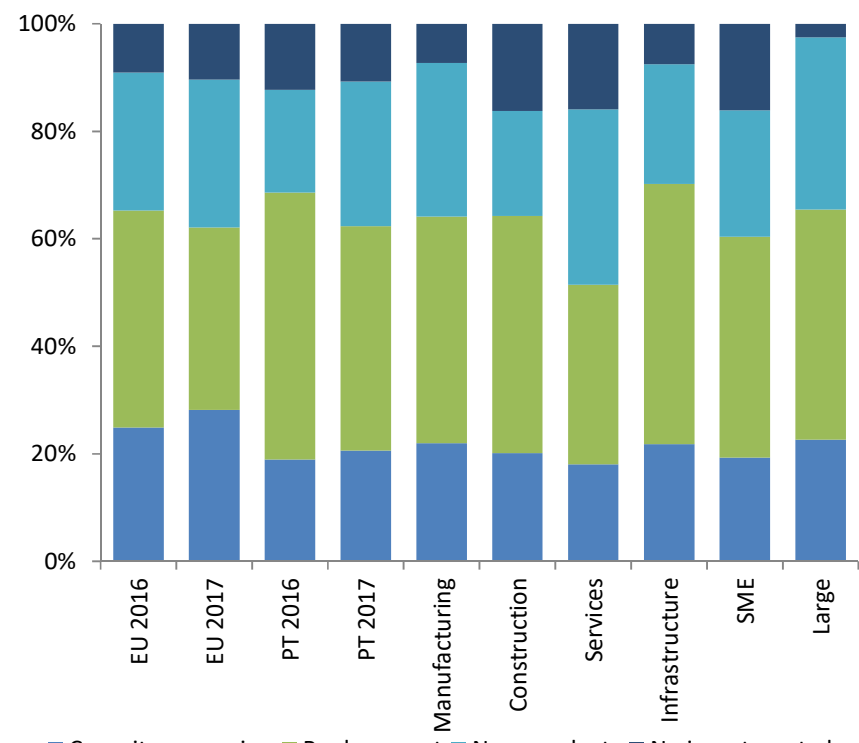


Note: Average response, in per cent. Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Source: Econ EIBIS

Future investment priorities

per cent of total investment

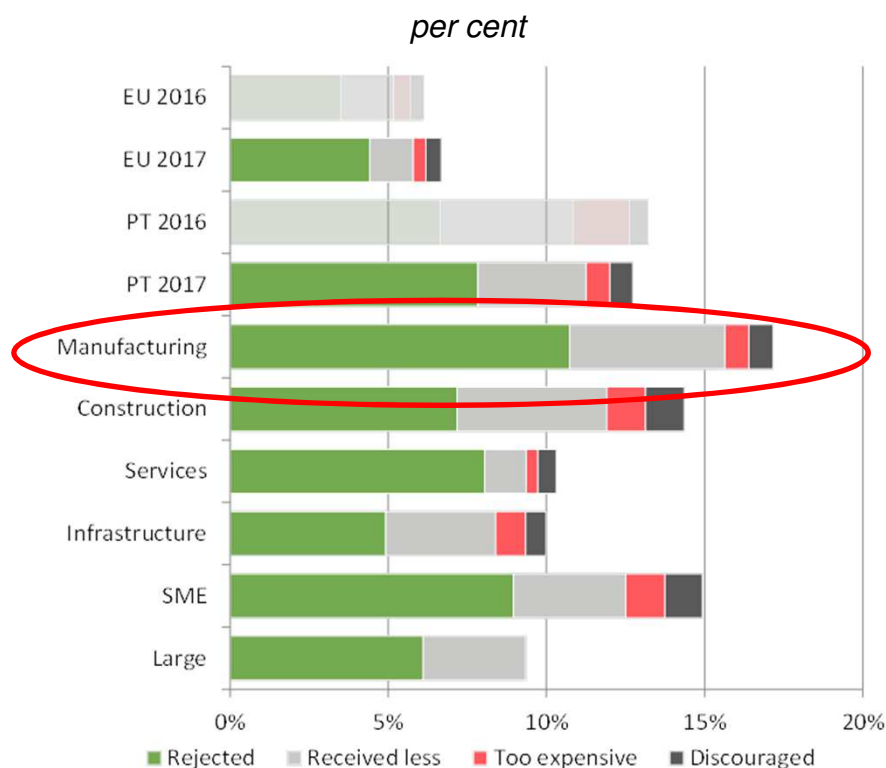


Note: Share of firms by main purpose of investment, in per cent. Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

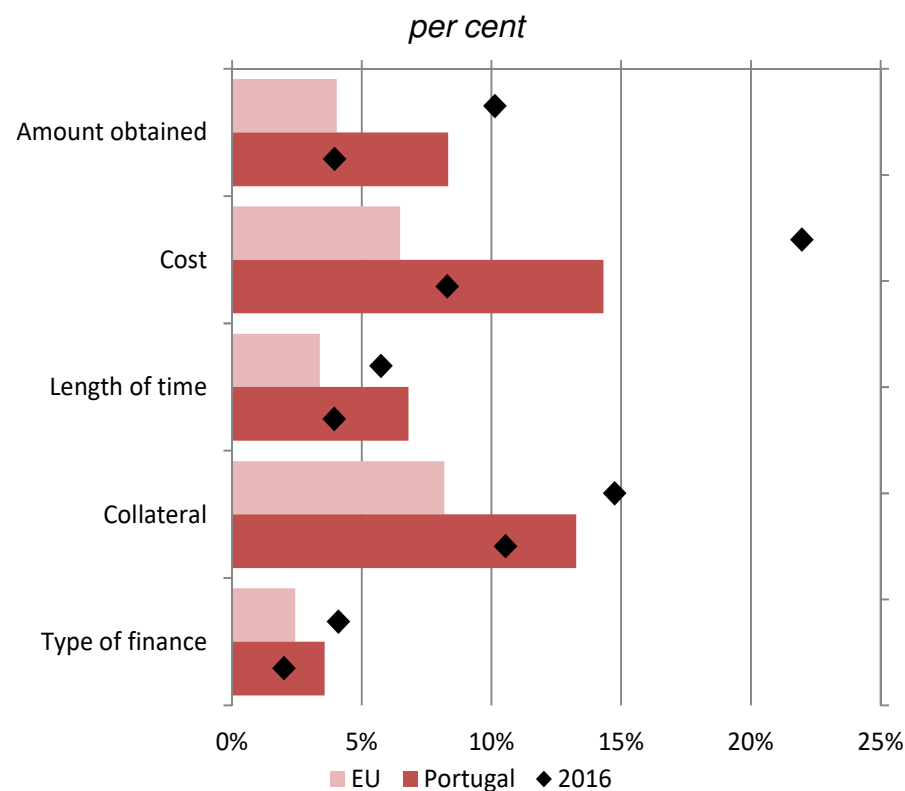
Source: Econ EIBIS

4. Access to external finance relatively tighter in Portugal overall and varying across sectors and size

Share of finance constrained firms



Dissatisfaction with external finance



Note: Proportion of firms considering themselves finance constrained: 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)

Source: Econ EIBIS

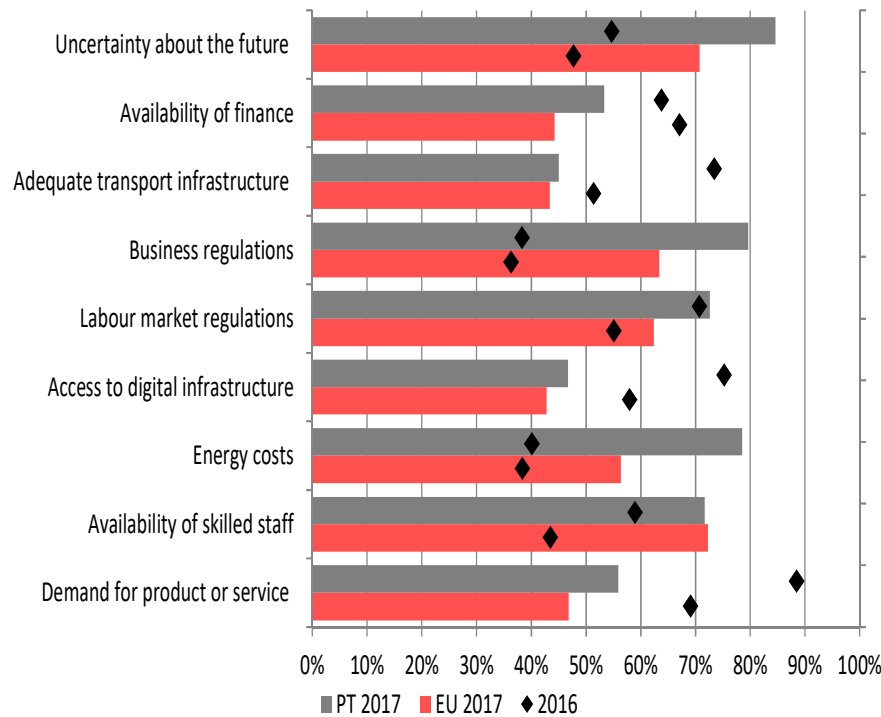
Note: Average share of responses, in per cent Q. How satisfied or dissatisfied are you with?

Source: Econ EIBIS

5. Uncertainty, regulation and energy costs are bigger impediments to investment in Portugal

Long-term barriers to investment

per cent

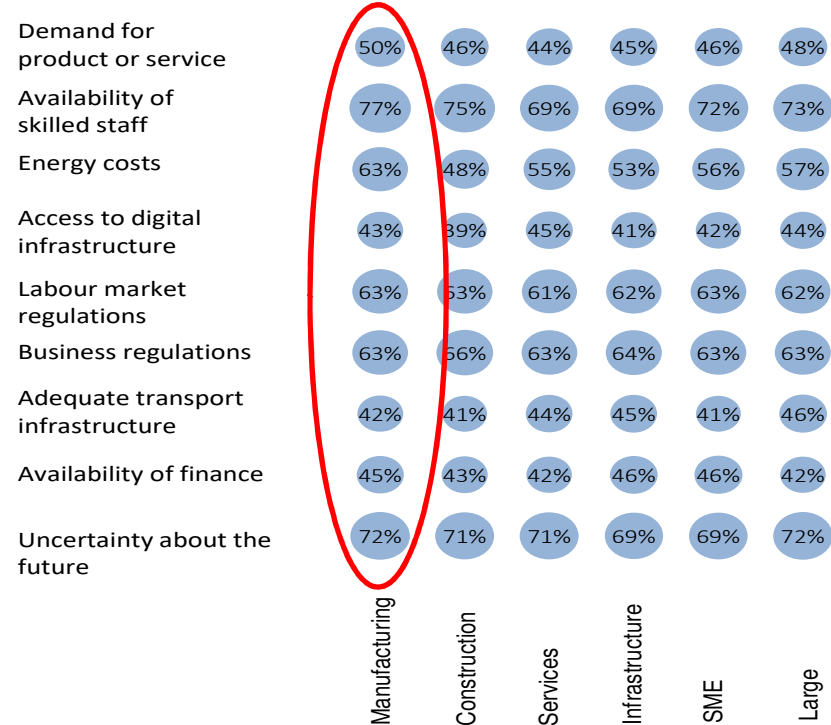


Note: Share of responses in per cent: Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Source: Econ EIBIS

Investment barriers by size/sector

per cent



Note: Share of responses in per cent: Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Source: Econ EIBIS

Obrigado

