

## Investment Survey

October 2020

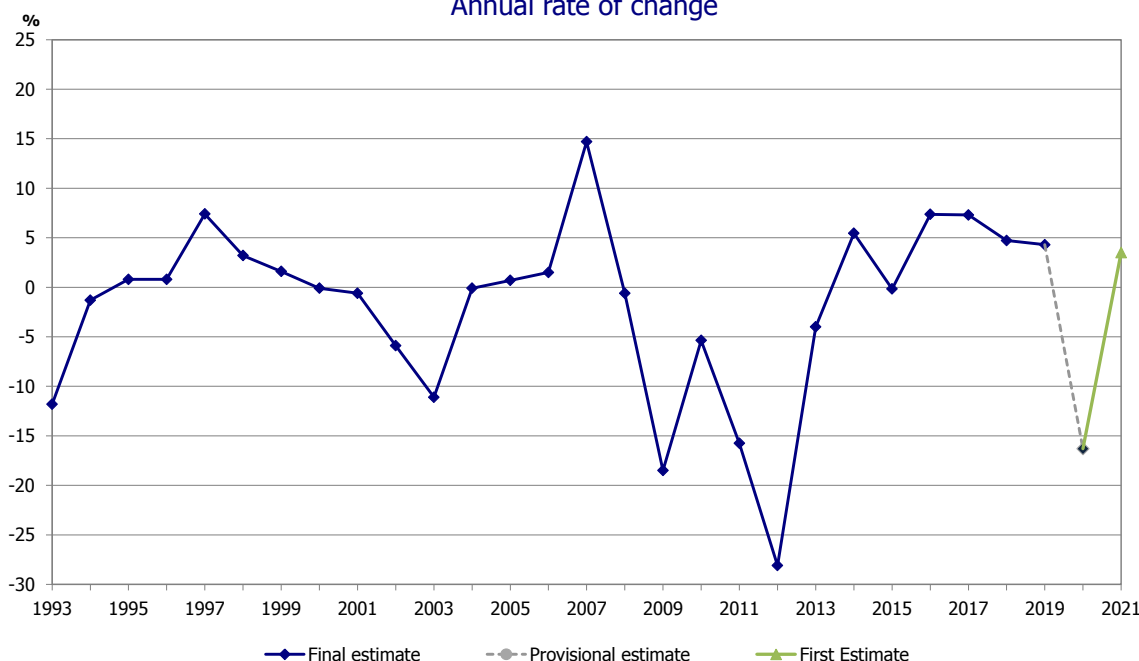
### **Business investment will have decreased by 16.3% in 2020 and perspectives for 2021 point to an increase of 3.5%**

According to the results from the October 2020 Investment Survey (with a surveying period between the 1<sup>st</sup> October 2020 and the 14<sup>th</sup> January 2021), business investment in nominal terms decreased by 16.3% in 2020, resulting in a significant downward reduction comparing with the perspectives revealed in the previous survey (rate of change of -8.9%). The downward revision reached greater expression among major firms (from the fourth group – more than 500 workers and the third group – between 250 and 499 workers), that might have cancelled or postponed investment decisions.

For 2021, the results of this survey point to a partial recovery of business investment, expecting an increase of 3.5%. This increase focuses on firms from the fourth group, that forecast a GFCF growth rate of 10.5% (contribution of 4.6 percentage points (p.p.)) and those from the third group, with an increase of 19.0% in 2021 (contribution of 3.0%). The prospects of firms from the remaining groups (small and medium-sized firms) point to a further significant decrease of investment in 2021, although less intense than that registered in 2020.

Despite the circumstances determined by the pandemic COVID-19, Statistics Portugal calls for the best collaboration by companies, families and public entities in responding to Statistics Portugal’s data requests. The quality of official statistics, particularly its ability to identify the impacts of the pandemic COVID-19, crucially depends on this collaboration, which Statistics Portugal thanks in advance.

**Graph 1<sup>1</sup>**  
**Evolution of business GFCF in value**  
Annual rate of change



<sup>1</sup> The percentages correspond to the last estimate available for each year. For 2021, the rate of change corresponds to the perspectives of entrepreneurs.

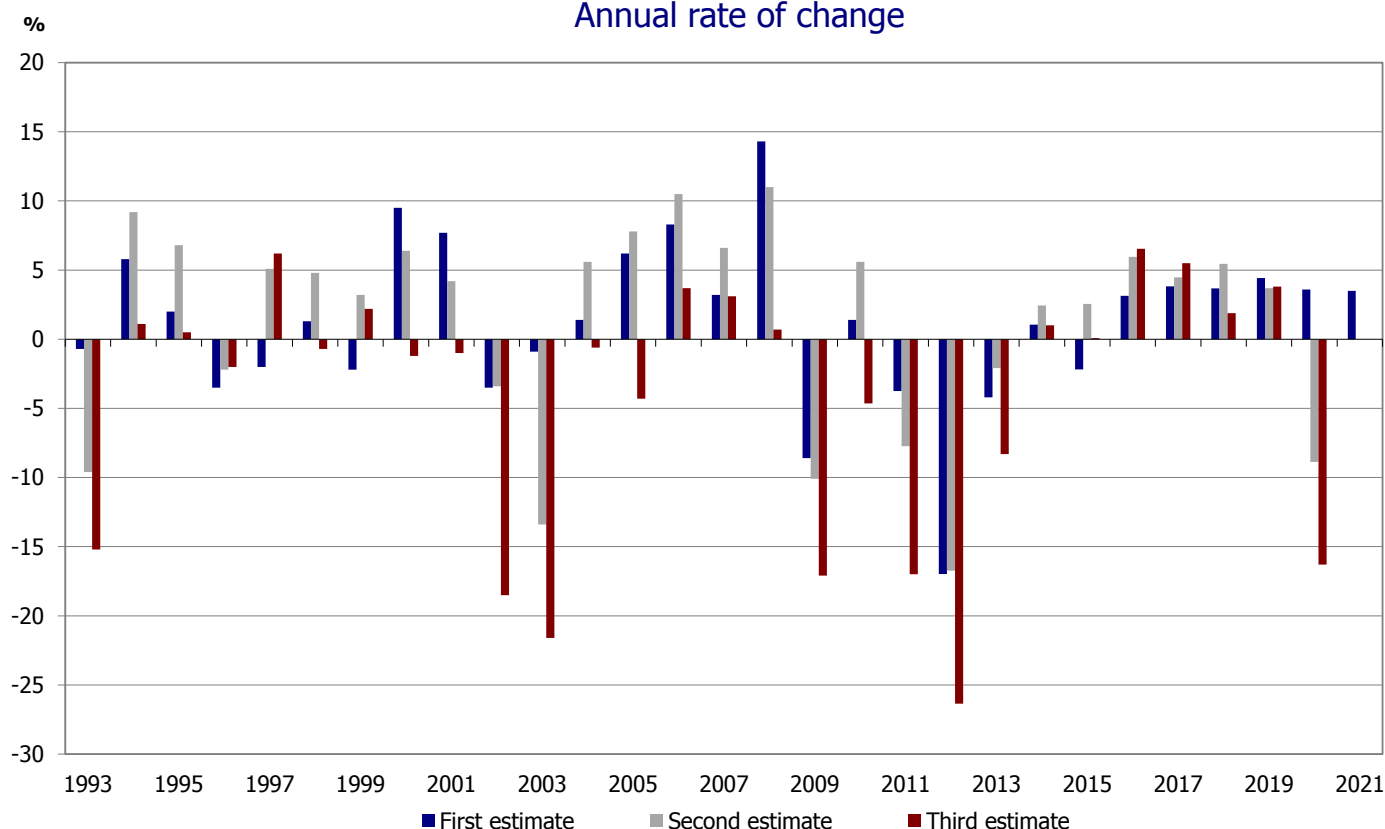
## 1. Main results

The results from the October 2020 Investment Survey (with a surveying period between the 1<sup>st</sup> October 2020 and the 14<sup>th</sup> January 2021) point to a 16.3% nominal decrease of the business Gross Fixed Capital Formation (GFCF) in 2020 (table 1). This result represents a marked downward revision comparing with the investment expectations obtained in the April 2020 survey (occurred between 1<sup>st</sup> April and 28<sup>th</sup> June 2020), which indicated a GFCF decrease of 8.9% and contrasts with the perspective of growth obtained in the October 2019 survey (3.6%). This evolution in investment expectations in 2020 between the different surveys largely reflects the effects of the Covid-19 pandemic on the economic activity, which led to the cancellation or postponement of investment decisions.

Considering the firms size by number of workers, all groups presented negative contributions to the investment rate of change in 2020. However, firms of the first (less than 50 workers) and the second group (between 50 and 249 workers) stand out for recording the most intense negative contributions (-6.9 p.p. and -4.5 p.p., respectively), reflecting rates of change of -28.2% and -21.4%, in the same order.

For 2021, the results of the present survey point to a partial recovery of business' investment, expecting an increase of 3.5%. This growth is due to the positive contribution (4.6 p.p.) of the firms from the fourth group (more than 500 workers), which presented an GFCF increase of 10.5% and, to a lesser extent, to the firms from the third group (between 250 and 499 workers), with a rate of change of 19.0% in 2021 and a contribution of 3.0 p.p.. The firms of the other groups expect that investment continues to decline significantly in 2021, but at a slower pace (rates of change of -14.1% for the first group and -5.6% for the second).

**Graph 2**  
**Evolution of business GFCF in value**  
Annual rate of change



The results obtained for a set of firms from the section of *Manufacturing* industries qualified as exporters (see technical note), designated in this analysis by "exporting firms", indicate a -18.2% rate of change of investment in 2020. This reduction is slightly less intense than that observed for the section C (-18.7%), but more pronounced than the total business GFCF decrease (-16.3%). For 2021, the exporting firms' investment is expected to present a decrease of 3.0%, which compares with the more significant decrease for the *Manufacturing* section (-6.9%) and contrasts with the increase for the total of firms (3.5%).

In this survey, the diffusion indicator of investment (percentage of firms with investments or intending to invest) presented a downward evolution in the three years analysed. This indicator stood at 88.4%, 78.1% and 74.9%, for 2019, 2020 and 2021, respectively.

## 2. Results by section of economic activity (NACE-Rev.2)

In 2020, the decrease of business GFCF (-16.3%) was due to the negative contribution of eight of the thirteen surveyed sections of economic activity. The *Manufacturing* section recorded the most significant negative contribution (-5.3 p.p.), presenting a rate of change of -18.7%. In turn, there were slight positive contributions in the remaining sections, with a contribution of 0.5 p.p. in the *Construction* section, reflecting an increase of 9.6%.

**Table 1**

STRUCTURE, CHANGE AND DIFFUSION OF INVESTMENT								
NACE-Rev.2	STRUCTURE (a)			CHANGE (b)		DIFFUSION (c)		
	2019	2020	2021	2020	2021	2019	2020	2021
Mining and quarrying (Section B)	2.6	1.7	1.8	-43.8	10.4	86.0	83.7	83.7
Manufacturing (Section C)	28.5	27.7	24.9	-18.7	-6.9	91.7	83.7	79.9
<i>Of which: exporting firms</i>	-	-	-	-18.2	-3.0	97.0	93.2	90.4
Electricity, gas, steam and air-conditioning supply (Section D)	6.1	7.1	7.2	-2.6	4.6	92.9	85.7	71.4
Water supply; sewerage, waste management and remediation activities (Section E)	2.6	3.3	3.8	7.2	18.0	86.0	84.0	78.0
Construction (Section F)	4.7	6.2	5.0	9.6	-15.8	85.8	79.3	78.4
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	18.9	17.4	15.2	-22.9	-9.5	87.6	78.9	74.5
Transportation and storage (Section H)	5.1	5.4	8.6	-10.7	63.1	87.6	76.0	73.6
Accommodation and food service activities (Section I)	3.2	1.9	1.7	-49.4	-5.8	92.7	82.4	76.4
Information and communication (Section J)	10.1	12.3	12.2	1.9	2.2	89.7	74.6	75.4
Financial and insurance activities (Section K)	5.2	6.5	6.3	4.9	-1.0	86.4	75.9	72.8
Real estate activities (Section L)	0.6	1.0	1.7	32.4	77.4	72.8	55.0	53.0
Professional, scientific and technical activities (Section M)	1.9	1.8	1.8	-22.1	1.9	89.6	77.8	76.0
Administrative and support service activities (Section N)	10.5	7.6	9.8	-39.6	34.5	84.0	63.4	59.2
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-16.3</b>	<b>3.5</b>	<b>88.4</b>	<b>78.1</b>	<b>74.9</b>

(a) Percentual investment distribution by NACE sections

(b) Year-on-year change rate, nominal (%)

(c) Percentage of firms with investments or expecting to invest

For 2021 (expected growth rate of 3.5%), the survey results point to positive change rates of the business GFCF in eight of the thirteen sections. The section with the most significant positive contribution is *Transportation and Storage* (3.4 p.p. with a rate of change of 63.1%). On the other hand, *Manufacturing* registered the most significant negative contribution (-1.9 p.p.) to the change rate of total investment in 2021, with a reduction of 6.9%.

The expected business GFCF recovery between 2020 (-16.3%) and 2021 (3.5%) is determined by the increase in the contributions of eleven sections, mainly *Administrative and Support Service Activities*, with its contribution shifting from -4.1 p.p. in 2020 to 2.6 p.p.; *Transportation and Storage*, registering a contribution of 3.4 p.p. in 2021 (-0.5 p.p. in the previous year) and *Manufacturing*, with a contribution of -1.9 p.p. (-5.3 p.p. in 2020).

### 3. Results by subsection of the Manufacturing section

For 2020, the results from the current survey point to a reduction of 18.7% of the investment in the *Manufacturing* section, with negative change rates in all of the fourteen subsections (table 2). The subsections *Manufacture of Food Products, Beverages and Tobacco Products* and *Manufacture of Basic Metals; Manufacture of Fabricated Metal Products* registered the most intense negative contributions to the investment rate of change for this section (-3.7 p.p. and -2.6 p.p., respectively), diminishing by 21.2% and 25.0% in 2020. In turn, the subsections which present the least significant negative contributions were *Manufacture of Other Non-mineral Products* (-0.3 p.p., with a change rate of -4.8%) and *Manufacture of Wood and of Products of Wood and Cork, except Furniture; Manufacture of Articles of Straw and Plaiting Materials* and *Manufacture of Coke and Refined Petroleum Products*, both with a contribution of -0.4 p.p., reflecting rates of change of -11.3% and -6.6%, respectively.

Comparing with the results from the previous survey, the business GFCF rate of change for the *Manufacturing* section was revised upwards (+2.8 p.p.), shifting from a rate of change of -21.5% obtained in the April Survey to the current estimate of -18.7%.

**Table 2**

#### STRUCTURE AND CHANGE IN MANUFACTURING

NACE-Rev.2	STRUCTURE (a)			CHANGE (b)	
	2019	2020	2021	2020	2021
Manufacture of food products, beverages and tobacco products (10 11 12)	17.7	17.1	18.1	-21.2	-1.5
Manufactures of textiles, wearing apparel and leather and related products (13 14 15)	6.9	6.3	4.9	-26.0	-27.8
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (16)	3.5	3.9	4.2	-11.3	1.1
Manufacture of paper and paper products; Printing and reproduction of recorded media (17 18)	4.8	3.8	6.0	-36.0	47.5
Manufacture of coke and refined petroleum products (19)	5.6	6.4	7.9	-6.6	14.3
Manufacture of chemicals and chemical products; Manufacture of basic pharmaceutical products and pharmaceutical preparations (20 21)	8.9	10.2	10.5	-6.2	-4.2
Manufacture of rubber and plastic products (22)	5.2	5.0	4.9	-21.9	-8.8
Manufacture of other non-metallic mineral products (23)	6.8	8.0	8.2	-4.8	-3.7
Manufacture of basic metals; Manufacture of fabricated metal products, except machinery and equipment (24 25)	10.2	9.4	10.3	-25.0	1.0
Manufacture of computer, electronic and optical products (26)	3.5	2.2	3.0	-50.0	27.8
Manufacture of electrical equipment (27)	3.2	2.5	2.1	-35.4	-23.1
Manufacture of machinery and equipment n.e.c. (28)	5.7	6.0	5.3	-14.8	-18.4
Manufacture of motor vehicles, trailers and semi-trailers and other transport equipment (29 30)	13.3	14.5	9.9	-11.3	-36.5
Other manufacturing (31 32 33)	4.5	4.6	4.7	-17.4	-4.9
<b>MANUFACTURING (SECTION C)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-18.7</b>	<b>-6.9</b>
<i>Of which: exporting firms</i>				<i>-18.2</i>	<i>-3.0</i>

(a) Percentual investment distribution by subsections of Manufacturing

(b) Year-on-year change rate, nominal (%)

For 2021, the entrepreneurs' expectations of the *Manufacturing* section point to a further decline of GFCF (-6.9%), resulting in a less intense decrease than that estimated for 2020 (-18.7%). In nine of the fourteen subsections, investment is expected to continue to decline in 2021, with the most negative contribution registered by the subsection *Manufacture of Motor Vehicles, Trailers and Semi-Trailers and Other Transport Equipment* (-5.3 p.p.), reflecting a rate of change of -36.5%.

The less marked reduction in investment perspectives between 2020 and 2021 in the *Manufacturing* section was due to the increase of the contributions of eleven subsections, mainly in *Manufacture of Paper and Paper Products; Printing and Reproduction of Recorded Media*, as the GFCF rate of change shifted from -36.0% in 2020 to 47.5% (contributions of -1.7 p.p. and +1.8 p.p., respectively) and in *Manufacture of Food Products, Beverages and Tobacco Products*, expecting an investment decrease of 1.5% in 2021 (contribution of -0.3 p.p.), after the reduction of 21.2% in previous year (contribution of -3.7 p.p.).

The results obtained for the exporting firms of the *Manufacturing* section point to a GFCF rate of change of -18.2% in 2020, 0.5 p.p. above the rate estimated for total investment in this section (-18.7%), but 1.9 p.p. lower than the rate of change for the total of inquired firms (-16.3%). For 2021, the survey indicates a decrease of 3.0% of the business investment for the exporting firms, less intense than the reduction expected for the *Manufacturing* section (-6.9%), while for the total firms is expected an increase by 3.5%.

#### 4. Size of firms by number of workers

Considering all the surveyed sections and the firms' size by number of workers, the business investment decrease in 2020 was determined by the negative contributions of all the groups, mainly from the first group, with the more significant negative contribution (-6.9 p.p.), and from the second group, with a contribution of (-4.5 p.p.), due to GFCF rates of change of -28.2% and -21.4%, respectively.

**Table 3**

STRUCTURE AND CHANGE BY SIZE OF FIRMS					
SIZE OF FIRMS (number of workers)	STRUCTURE (a)			CHANGE (b)	
	2019	2020	2021	2020	2021
MANUFACTURING					
1 <sup>st</sup> (≤49)	19.2	17.9	15.5	-24.1	-19.3
2 <sup>nd</sup> (50-249)	26.8	26.0	26.7	-21.2	-4.3
3 <sup>rd</sup> (250-499)	22.8	22.6	23.5	-19.3	-3.2
4 <sup>th</sup> (≥500)	31.2	33.5	34.3	-12.7	-4.9
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-18.7</b>	<b>-6.9</b>
TOTAL ACTIVITIES					
1 <sup>st</sup> (≤49)	24.6	21.1	17.5	-28.2	-14.1
2 <sup>nd</sup> (50-249)	21.0	19.7	18.0	-21.4	-5.6
3 <sup>rd</sup> (250-499)	16.2	15.8	18.1	-18.6	19.0
4 <sup>th</sup> (≥500)	38.2	43.4	46.4	-4.9	10.5
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>-16.3</b>	<b>3.5</b>

(a) Percentual investment distribution by firms size

(b) Year-on-year change rate, nominal (%)

For 2021 the results suggest an increase in investment in the firms from the third and fourth groups, with rates of change of 19.0% and 15.0%, respectively (contributions to the rate of change of total investment of 3.0 p.p. and 4.6 p.p., in the same order). On the contrary, GFCF is expected to diminish 14.1% for the firms of the first group (contribution of -3.0 p.p.) and 5.6% for the second group (-1.1 p.p.).

Concerning the *Manufacturing* section, all groups also registered negative contributions to the rate of change of total investment in 2020 (-18.7%), which stood at -4.6 p.p., -5.7 p.p., -4.4 p.p. and -4.0 p.p. for the first, second, third and fourth group, respectively, reflecting, in the same order, the investment rate of change of -24.1%, -21.2%, -19.3% and -12.7%.

According with the results obtained in the current survey, the decrease in investment in 2021 should persist in all groups in the *Manufacturing* section, but less intensely (total investment of change rate -6.9%),. This evolution is mainly explained by the results obtained in the second group, with a GFCF rate of change of -4.3% (-21.2% in 2020) and a contribution of -1.1 p.p. for total investment rate of change in this section (-5.7 p.p. in 2020), as well as by the third group, as its contribution shifted from -4.4 p.p. in 2020 to -0.7 p.p. in 2021 (rates of change of -19.3% and -3.2%, respectively).

## 5. Investment by type of asset

The business GFCF negative rate of change (-16.3%) for 2020, resulted from the negative contributions of all investment destinations, with investment in equipment, transport material, others investments and in constructions, presenting, respectively, contributions of -8.6 p.p., -3.2 p.p., -2.5 p.p. and -2.0 p.p. (table 4).

For 2021, the total investment growth (3.5%) reflects the positive contributions of investment in construction, in equipment and in transport material (2.2 p.p., 1.5 p.p. and 0.2 p.p., respectively), while investment in others presents the only negative contribution (-0.3 p.p.).

**Table 4**

INVESTMENT BY TYPE OF ASSET								
YEAR	STRUCTURE (a)				CHANGE (b)			
	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS	CONSTRUCTIONS	EQUIPMENT	TRANSPORT MATERIAL	OTHERS
2019	20.3	56.8	8.8	14.2				
2020	21.8	57.5	6.7	14.0	-9.9	-15.2	-36.5	-17.4
2021	23.2	57.0	6.6	13.2	10.1	2.6	2.4	-2.4

(a) Percentual investment distribution by type of assets.

(b) Year-on-year change rate, nominal (%)

## 6. Investment objectives

In 2020 and 2021, for the total activities, the replacement investment stood out as the main objective of the investment (with a weight of 41.2% in the two-year average), followed by the extension of production capacity investment (35.2%) (see table 5). The objectives of other investments and of streamline production represented 14.3% e 9.4%, respectively, of total investment for the average of the two years.

The relative weight of the extension of production capacity investment is expected to diminish 1.7 p.p. between 2020 and 2021, while the relative importance of the replacement investment, other investment and the streamline production objectives is predicted to increase (1.0 p.p., 0.5 p.p. and 0.2 p.p., in the same order).

**Table 5**

INVESTMENT OBJECTIVES (a)					
NACE-Rev.2	YEAR	REPLACEMENT	EXTENSION OF PRODUCTION CAPACITY	TO STREAMLINE PRODUCTION	OTHER INVESTMENT OBJECTIVES
TOTAL	2020	40.7	36.0	9.3	14.0
	2021	41.7	34.3	9.5	14.5
Manufacturing	2020	30.2	45.2	16.5	8.2
	2021	31.3	39.6	19.2	9.9
<i>Of which: exporting firms</i>	2020	<i>29.0</i>	<i>46.3</i>	<i>17.0</i>	<i>7.7</i>
	2021	<i>31.3</i>	<i>39.9</i>	<i>19.9</i>	<i>8.8</i>

(a) Percentual investment distribution by investment objectives



Concerning the *Manufacturing* section, in the average of the two years, 42.4% of investment will be aimed to the objective of extension of production capacity and 30.8% to replacement. From 2020 to 2021, the importance of replacement, other investment and streamline production investment objectives might increase (1.1 p.p., 1.7 p.p. and 2.7 p.p., respectively), only the relative weight of the extension of production capacity objective is expected to diminish its relative weight (-5.6 p.p.).

Regarding the exporting firms, the extension of the production capacity is also the main objective of investment for 2020 and 2021 (weight of 43.1% in the average of the two years), followed by the replacement investment (30.1%). Comparing to the *Manufacturing* section, the extension of the production and the streamline production objectives present a higher weights among the exporting firms (0.7 p.p. in both), while the replacement investment and other investments register lower weights (-0.7 p.p. in both). Between 2020 and 2021, the weight of the extension of the streamline production is expected to increase 2.9 p.p. among the exporting firms (which compares with a 2.7 p.p. increase for the total of the *Manufacturing* section).

## 7. Investment funding

Self-funding continues as the main source of funding for the surveyed firms, representing 68.0% of the total, considering the average of the two years (table 6). This source of funding is particularly relevant in the *Financial and Insurance Activities* (97.7%), *Information and Communication* (97.6%) and *Real Estate Activities* (87.0%) sections. Self-funding is less important in the *Administrative and Support Service Activities* section (17.2%).

The use of bank loans is the second main source of financing (pointed by 17.6% of enterprises in the average of the two years), mainly in *Construction* (42.3%) and the *Manufacturing* (26.0%).

When analysing the evolution of the funding structure between 2020 and 2021, there is a slight increase in the relative weight of self-funding from 67.6% to 68.5%. The weight of this funding source increased in eight of the thirteen sections, with emphasis on *Water Supply; Sewerage, Waste Management and Remediation Activities* (+16.6 p.p.) and *Electricity, Gas, Steam and Air Conditioning Supply* (+15.5 p.p.). On the opposite direction, the section of *Mining and Quarrying*, presented a reduction of 8.5 p.p. in the weight of self-funding. The relative weight of bank loans also decrease, from 19.6% in 2020 to 15.5% in 2021, with more significant reductions in the sections *Electricity, Gas, Steam and Air Conditioning Supply* (-16.3 p.p.), *Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* (-8.5 p.p.) and *Transportation and Storage* (-8.3 p.p.).

The use of other sources of funding and of European Union (EU) funds are the third and fourth main source of funding mentioned by the inquired firms, with an average weight in the two years of 8.5% and 3.4%, respectively. The use of other sources of funding is especially mentioned in the section of *Administrative and Support Service Activities* (59.2%) and EU funds have a significant weight on the section *Water Supply; Sewerage, Waste Management and Remediation Activities* (39.1%). Similarly to the total of the inquired activities, the exporting firms also indicate self-funding as the main source of funding, weighting 66.6% and 65.8% of the total in 2020 and 2021, respectively. Bank loans are the second source of funding among the exporting firms, weighting 27.8% in the average of the two years, which compares with 17.6% for the total of the inquired activities.

**Table 6**

**INVESTMENT FUNDING**

NACE-Rev.2	YEAR	INVESTMENT FUNDING (a)					
		SELF-FUNDING	BANK LOANS	SHARE AND BOND ISSUING	GOVERNMENT LOANS AND GRANTS	EU FUNDS	OTHER
Mining and quarrying (Section B)	2020	55.4	13.0	0.0	0.0	0.0	31.6
	2021	46.9	12.4	0.0	0.0	0.2	40.5
Manufacturing (Section C)	2020	63.2	25.5	0.0	1.8	6.0	3.5
	2021	63.1	26.5	0.1	1.8	5.1	3.4
<i>Of which: exporting firms</i>	2020	66.6	27.5	0.1	0.6	3.9	1.3
	2021	65.8	28.1	0.1	0.6	4.1	1.3
Electricity, gas, steam and air conditioning supply (Section D)	2020	69.7	22.3	0.0	0.0	0.2	7.8
	2021	85.2	6.0	0.0	0.0	1.5	7.2
Water supply; sewerage, waste management and remediation activities (Section E)	2020	38.9	13.5	0.0	1.2	45.3	1.0
	2021	55.5	9.9	0.0	0.7	32.8	1.1
Construction (Section F)	2020	55.0	43.4	0.0	0.1	0.0	1.5
	2021	56.9	41.2	0.0	0.0	0.0	1.9
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2020	75.3	23.2	0.0	0.1	0.1	1.2
	2021	83.9	14.7	0.0	0.1	0.0	1.3
Transportation and storage (Section H)	2020	55.8	24.8	0.0	6.6	3.9	8.9
	2021	48.9	16.6	0.0	17.4	6.0	11.2
Accommodation and food service activities (Section I)	2020	67.5	23.2	0.0	1.5	1.4	6.4
	2021	73.9	19.2	0.0	1.1	2.8	3.0
Information and communication (Section J)	2020	97.3	1.9	0.0	0.0	0.5	0.3
	2021	97.8	1.3	0.0	0.0	0.5	0.4
Financial and insurance activities (Section K)	2020	96.4	3.6	0.0	0.0	0.0	0.0
	2021	99.0	1.0	0.0	0.0	0.0	0.0
Real estate activities (Section L)	2020	84.3	10.6	0.0	0.0	0.5	4.5
	2021	89.7	8.4	0.0	0.0	0.0	1.9
Professional, scientific and technical activities (Section M)	2020	82.6	12.9	0.0	0.1	2.0	2.4
	2021	80.3	17.6	0.0	0.2	1.3	0.6
Administrative and support service activities (Section N)	2020	19.3	13.4	9.3	0.1	0.0	57.9
	2021	15.1	11.1	13.0	0.2	0.0	60.5
<b>TOTAL</b>	<b>2020</b>	<b>67.6</b>	<b>19.6</b>	<b>0.7</b>	<b>1.0</b>	<b>3.5</b>	<b>7.5</b>
	<b>2021</b>	<b>68.5</b>	<b>15.5</b>	<b>1.3</b>	<b>2.0</b>	<b>3.3</b>	<b>9.5</b>

(a) Percentual investment distribution by investment funding

## 8. Investment limitations

Between 2020 and 2021, for the total of the inquired activities, the percentage of firms with investment limitations slightly diminished, from 45.8% to 45.7% in 2020 and 2021, respectively. This behaviour was registered in five of the thirteen inquired sections, while two sections stabilized and six increased. Considering the average of the two years, seven of the thirteen sections presented limitations of investment in more than 50% of the firms, especially in *Information and Communication* (65.5%) and *Accommodation and Food Service Activities* (63.1%) (see table 7). The *Electricity, Gas, Steam and Air Conditioning Supply* section presented the lowest percentage (22.9%).



**Table 7**

INVESTMENT LIMITATIONS (a)		
NACE-Rev.2	2020	2021
Mining and quarrying (Section B)	44.0	51.7
Manufacturing (Section C)	51.6	51.6
<i>Of which: exporting firms</i>	<i>61.8</i>	<i>58.7</i>
Electricity, gas, steam and air conditioning supply (Section D)	24.1	21.7
Water supply; sewerage, waste management and remediation activities (Section E)	59.8	59.8
Construction (Section F)	44.3	44.8
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	36.9	35.8
Transportation and storage (Section H)	49.0	52.0
Accommodation and food service activities (Section I)	63.2	63.1
Information and communication (Section J)	65.2	65.8
Financial and insurance activities (Section K)	28.2	27.2
Real estate activities (Section L)	40.6	43.5
Professional, scientific and technical activities (Section M)	47.8	46.3
Administrative and support service activities (Section N)	49.5	51.4
<b>TOTAL</b>	<b>45.8</b>	<b>45.7</b>

(a) Percentage of enterprises with investment limitations

In the *Manufacturing* section, the percentage of firms with investment limitations stood at 51.6% in 2020 and 2021, with higher percentages in the case of the exporting firms (61.8% in 2020 and 58.7% in 2021).

For most of the firms, the main factor limiting investment continues to be the deterioration of the sales perspectives (36.8% and 38.5% in 2020 and 2021, respectively), followed by the uncertainty about the investments profitability (15.2% in 2020 and 16.8% in 2021) (see table 8).

**Table 8**

MAIN FACTOR LIMITING INVESTMENT IN 2020 (a)									
NACE-Rev.2	INSUFFICIENT PRODUCTION CAPACITY	DETERIORATION OF THE SALES PERSPECTIVES	SHORTAGE OF QUALIFIED LABOUR FORCE	INTEREST RATE LEVEL	UNCERTAINTY ABOUT THE INVESTMENT PROFITABILITY	SELF-FUNDING CAPACITY	DIFICULTY OBTAINING BANK LOANS	CAPITAL MARKETS	OTHER
Mining and quarrying (Section B)	8.3	46.1	1.2	0.4	1.2	9.9	0.0	0.0	33.0
Manufacturing (Section C)	3.2	41.8	2.6	0.1	11.9	16.1	3.9	1.1	19.3
<i>Of which: exporting firms</i>	<i>4.0</i>	<i>53.2</i>	<i>2.3</i>	<i>0.1</i>	<i>9.2</i>	<i>6.4</i>	<i>9.7</i>	<i>3.2</i>	<i>11.9</i>
Electricity, gas, steam and air conditioning supply (Section D)	0.0	0.0	0.0	0.0	2.5	2.5	0.0	9.9	85.2
Water supply; sewerage, waste management and remediation activities (Section E)	0.0	12.4	11.4	0.0	37.0	7.3	11.9	0.0	19.9
Construction (Section F)	3.1	28.5	16.4	0.1	16.1	11.8	4.2	0.0	19.8
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	3.9	34.1	1.1	0.1	21.2	7.9	3.5	1.6	26.6
Transportation and storage (Section H)	0.2	31.2	0.0	4.0	30.3	9.7	0.0	1.0	23.6
Accommodation and food service activities (Section I)	0.1	62.6	0.0	0.0	12.0	0.5	0.0	0.1	24.7
Information and communication (Section J)	12.5	29.1	16.8	0.0	6.2	7.2	1.0	0.0	27.3
Financial and insurance activities (Section K)	3.7	30.6	0.0	0.0	11.4	9.7	2.2	2.5	40.0
Real estate activities (Section L)	0.0	38.2	1.6	0.0	19.6	8.3	3.3	1.6	27.3
Professional, scientific and technical activities (Section M)	0.3	39.5	0.9	0.0	15.7	13.4	6.2	1.8	22.3
Administrative and support service activities (Section N)	0.2	59.5	1.0	0.5	6.4	5.1	1.6	0.8	25.0
<b>TOTAL</b>	<b>3.0</b>	<b>38.5</b>	<b>3.3</b>	<b>0.3</b>	<b>16.8</b>	<b>10.1</b>	<b>3.3</b>	<b>1.1</b>	<b>23.7</b>

(a) Percentage of enterprises that chooses each limiting factor, from all the enterprises with investment limitations

Considering the exporting firms, the main factor limiting investment mentioned by a larger percentage of these firms was the deterioration of the sales perspectives (54.0% and 53.2%, in 2020 and 2021, respectively), followed by other factors (12.3% and 11.9%). For the average of the two years and comparing to the *Manufacturing* section, the deterioration of the sales perspectives, the difficulty in obtaining bank loans and the access to capital markets are more relevant for the exporting firm.

## 9. Investment and job creation

Concerning the creation of jobs due to investment, seven of the thirteen inquired sections presented positive balances. In the average of the two analyzed years, the higher balances were observed in the sections of *Water Supply; Sewerage, Waste Management and Remediation Activities, Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles* and *Mining and Quarrying* (table 9). On the contrary, the sections of *Financial and Insurance Activities, Electricity, Gas, Steam and Air Conditioning Supply* and *Transportation and Storage* presented the lowest balances.

From 2020 to 2021, this balance increase for the total of the inquired activities, driven by nine of the thirteen sections. The *Administrative and Support Service* section registers the most significant increase, while the *Mining and Quarrying* section present the most significant decrease.

For the exporting firms, the average of this balance was also positive, but lower than that observed in the *Manufacturing* section, and higher when compared to the balance for the total firms, with an increase between 2020 and 2021 (as expected for the total section and for the total firms).

**Table 9**

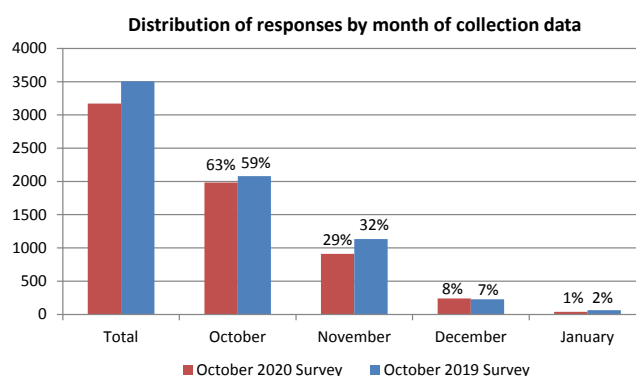
INVESTMENT AND JOB CREATION (a)					
NACE-Rev.2	YEAR	INCREASE	REMAIN UNCHANGED	DECREASE	BALANCES
Mining and quarrying (Section B)	2020	11.3	88.7	0.0	11.3
	2021	4.1	95.9	0.0	4.1
Manufacturing (Section C)	2020	10.1	80.6	9.2	0.9
	2021	13.9	78.0	8.1	5.8
<i>Of which: exporting firms</i>	2020	12.2	76.3	11.5	0.8
	2021	15.3	72.5	12.2	3.1
Electricity, gas, steam and air conditioning supply (Section D)	2020	0.0	85.7	14.3	-14.3
	2021	0.0	85.7	14.3	-14.3
Water supply; sewerage, waste management and remediation activities (Section E)	2020	24.0	74.1	2.0	22.0
	2021	30.7	67.8	1.5	29.2
Construction (Section F)	2020	8.7	82.4	8.8	-0.1
	2021	16.0	74.9	9.1	6.9
Wholesale and retail trade; repair of motor vehicles and motorcycles (Section G)	2020	15.8	81.4	2.8	13.0
	2021	16.2	78.1	5.7	10.5
Transportation and storage (Section H)	2020	4.1	76.5	19.5	-15.4
	2021	8.6	75.5	16.0	-7.4
Accommodation and food service activities (Section I)	2020	4.4	82.5	13.1	-8.8
	2021	5.4	84.9	9.7	-4.2
Information and communication (Section J)	2020	17.4	65.3	17.3	0.1
	2021	26.3	57.5	16.2	10.1
Financial and insurance activities (Section K)	2020	4.1	59.5	36.5	-32.4
	2021	2.3	59.6	38.0	-35.7
Real estate activities (Section L)	2020	3.2	88.4	8.4	-5.1
	2021	5.1	86.3	8.5	-3.4
Professional, scientific and technical activities (Section M)	2020	7.6	90.2	2.2	5.5
	2021	13.2	81.8	5.0	8.2
Administrative and support service activities (Section N)	2020	5.1	79.8	15.1	-10.0
	2021	13.7	79.1	7.1	6.6
<b>TOTAL</b>	<b>2020</b>	<b>9.8</b>	<b>79.7</b>	<b>10.5</b>	<b>-0.6</b>
	<b>2021</b>	<b>13.6</b>	<b>76.9</b>	<b>9.4</b>	<b>4.2</b>

(a) Opinions/expectations from the entrepreneurs of the impact of investment on the change on the number of employees (percentage of enterprises in each result)

### Technical note:

The Investment Survey was based on a sample of 3.599 firms with more than 4 workers, classified in divisions 05-82 of NACE-Rev.2 and with a turnover in the year of the sample selection of, at least, €125,000. The firms with 250 or more workers were exhaustively surveyed.

The survey was conducted between the 1<sup>st</sup> October 2020 and the 14<sup>th</sup> January 2021. The majority of responses were obtained in the first two months of the survey (63% of the total responses in October and 29% in November).



Overall response rate was 88.1%. Considering the number of workers as the stratification/extrapolation variable, these firms represent 92.4% of the sample.

Overall response rate				Stratification/extrapolation (Number of workers)			
April 2019	October 2019	April 2020	October 2020	April 2019	October 2019	April 2020	October 2020
91.3%	93.2%	83.4%	88.1%	97.8%	98.2%	93.3%	92.4%

For the selection of the exporting firms, the following criteria were applied to the frame and sample of the Investment Survey:

1. Based on the information provided by the Simplified Corporate Information, it was considered the firms that comply, from 2017 to 2019, the following conditions:

- a. At least 50% of the total volume of export from business, or;
- b. More than 10% of turnover from exports and with an amount of exports of more than €150,000.

(Note: firms with no information for 2019, it was considered information for 2018)

2. Firms that comply in 2018 and 2019 at least one of the above criteria and with a growing export profile.

3. Firms without information from the Simplified Corporate Information in at least two of the three years analysed and which have a turnover of exports of at least €150,000, considering statistical information from the International Trade Statistics.

Applying these criteria, the frame has 6.447 firms (in total 43.926 firms) and a sample of 865 companies (in a total of 3.599 firms). Taking into account the distribution of firms by the NACE divisions and for the sake of consistency of the results, it was decided to publish results for firms belonging to the section C (Manufacturing). This set represents 3.533 firms for the frame and 557 firms for the sample. The computation of the results is the same as described in the methodological document.

**Next press release will be disseminated on July 2021.**

The methodological document for this survey (code 54) is available at:

<http://smi.ine.pt/?LANG=EN>