

Globalization Statistics

2010-2015

Foreign affiliates strengthened their weight in GVA and Employment

In 2015, there were 6 239 foreign affiliates in Portugal, corresponding to 1.7% of the total number of non-financial companies, a percentage that remained the same from 2014.

Considering the total of the non-financial business sector, in 2015, the foreign affiliates were responsible for 25.3% of turnover, 24.8% of total GVA and 15.1% of persons employed. In terms of annual rate changes, they registered a nominal growth of 5.6% in turnover, 11.9% in GVA and an increase of 4.1% in persons employed. The growths in GVA and employment clearly surpassed the figures observed for the set of all other non-financial companies which grew by 2.8% and 3.4% respectively.

This growth of the GVA in 2015 was mainly justified by the purchase of a large dimension Portuguese telecommunications company by a European multinational. When excluding the Information and Communication sector, the growth of GVA would have stayed at 4%, yet above the growth recorded in the set of the other non-financial companies.

More than 75% of foreign affiliates were controlled by companies headquartered in EU member-states, with the emphasis on Spain, France and Germany which still ranked as the top three countries in terms of number of affiliates, GVA and persons employed.

The foreign affiliates with exporting profile corresponded to 25.7% of the overall foreign control and were responsible for 36.2% of GVA in 2015.

Statistics Portugal disseminates the final data on foreign affiliates in Portugal statistics for the year 2014 and preliminary data for the year 2015.

It also disseminates a new data series beginning in 2010, which includes changes in the classification of the institutional sector of entities, namely the need to distinguish holdings from head-offices as a result of the implementation of the new European Accounts System - SEC2010.

FOREIGN AFFILIATES IN PORTUGAL 2014-2015

In 2015, the number of foreign affiliated companies in Portugal was 6.239, corresponding to a decrease of 1.6% from a year before. These affiliates employed almost 406 thousand persons (15.1% of persons employed in all non-financial companies), corresponding to an increase of 4.1%. On average, each foreign affiliate employed 65 persons, three persons more than in 2014.

GVA FROM FOREIGN AFFILIATED COMPANIES GREW BY 11.9%

The GVA of these companies increased by 11.9% (5.0% in 2014), in nominal terms, reaching EUR 18.3 billion. The relative weight of wages and salaries grew up 7.2% (3.3% in 2014), corresponding about EUR 7.5 billion. The weight of wages and salaries in GVA decreased from 43.0% in 2014 to 41.1% in 2015. It should be noted that for the set of the other non-financial companies, the GVA increased by 2.8% and by 3.9% in 2015 and 2014 respectively, the wages and salaries grew by 3% and by 2.7% in the same order, and the weight of wages and salaries in GVA was 50.1% in 2014 and 50.2% in 2015.

Of the total of GVA generated by the foreign affiliates operating in Portugal, 75.2% was originated in affiliates controlled by entities based in the EU.

The large affiliates (354 companies) were responsible for EUR 11.8 billion of GVA and employed more than 279 thousand persons, figures that stood for increases of 17.3% and 6.2% respectively compared with the preceding year.

The GVA generated by foreign affiliates with an exporting profile grew by 4.1%, quite below the change rate achieved by non exporting profile affiliates (+16.8%). In 2015, the GVA of the exporting profile affiliates represented 36.2% of the total GVA generated by foreign affiliates.

The annual average wage in foreign affiliates was EUR 18.5 thousand per employee, above the one paid in all non financial companies (EUR 13.2 thousand).

>> Figure 1 – Evolution of Main Variables (2010-2015)

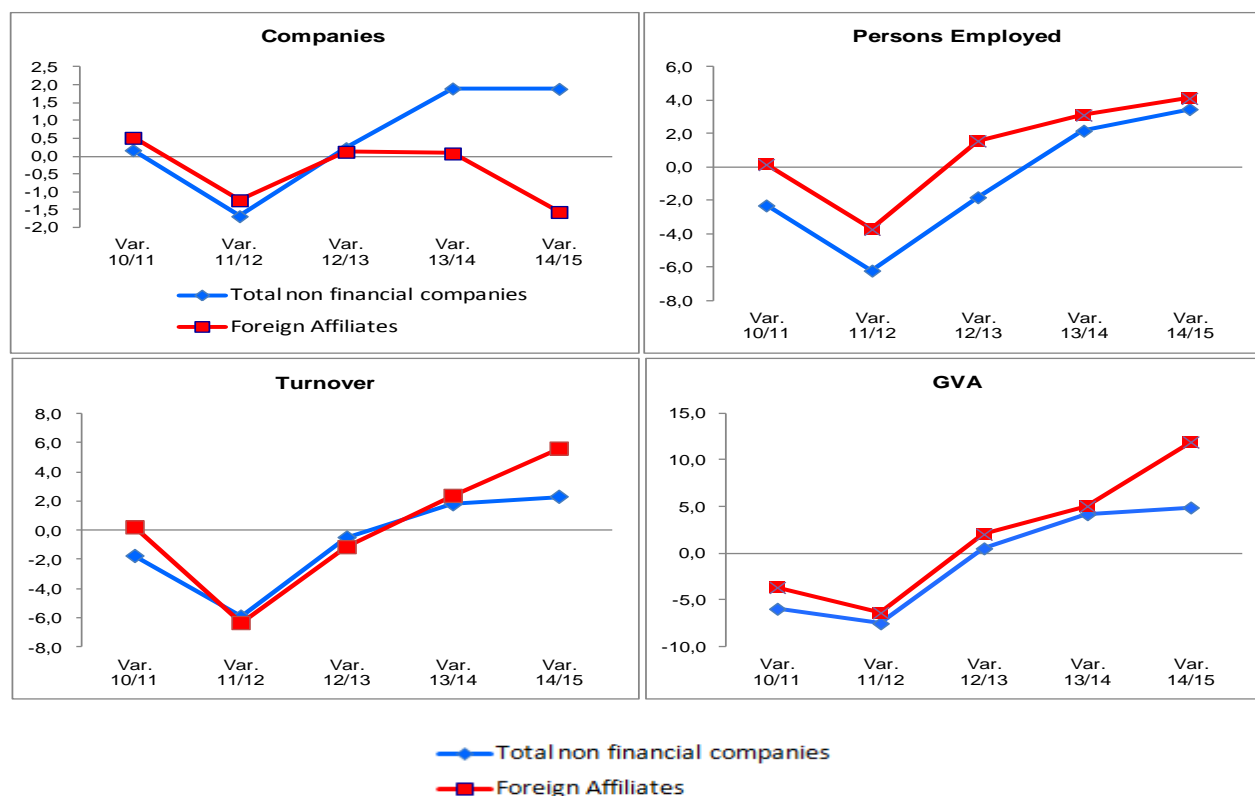
	Companies						Persons Employed					
	Nº	Nº	Nº	Nº	Nº	Nº	Nº	Nº	Nº	Nº	Nº	Nº
	2015 (Pe)	2014	2013	2012	2011	2010	2015 (Pe)	2014	2013	2012	2011	2010
Total non financial companies	370 225	363 356	356 577	355 769	361 851	361 235	2 688 923	2 598 434	2 542 739	2 589 309	2 760 265	2 824 929
Domestic Companies	363 986	357 018	350 244	349 444	355 447	354 864	2 283 011	2 208 611	2 164 747	2 217 197	2 373 784	2 439 083
Foreign Affiliates	6 239	6 338	6 333	6 325	6 404	6 371	405 912	389 823	377 992	372 112	386 481	385 846
	Turnover						GVA					
	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros	10 ⁶ euros
	2015 (Pe)	2014	2013	2012	2011	2010	2015 (Pe)	2014	2013	2012	2011	2010
Total non financial companies	315 875	308 806	303 408	304 938	324 116	329 941	73 739	70 309	67 504	67 165	72 627	77 230
Domestic Companies	236 114	233 265	229 602	230 267	244 377	250 359	55 480	53 990	51 966	51 935	56 359	60 341
Foreign Affiliates	79 761	75 541	73 805	74 671	79 739	79 582	18 259	16 319	15 538	15 230	16 268	16 889

(Pr) Preliminary Data

Source: Statistics Portugal, IBAS

The analysis on the growth rates of some indicators between 2010 and 2015 has shown that the values from foreign affiliates are higher in persons employed and GVA. As regards the turnover, the values are closer, except last year, an outcome for which there was the contribution of a change in the headquarters address of the previously mentioned large sized company operating in the telecommunication sector.

>> Figure 2 – Rate changes of the main variables (2010-2015)



Source: Statistics Portugal, IBAS

>> Figure 3 – Main economic indicators from companies (2013-2015)

	Companies		Persons Employed		Personnel Costs		Wages and Salaries		Turnover		GVA	
	Nº	%	Nº	%	10 ⁶ Euros	%	10 ⁶ Euros	%	10 ⁶ Euros	%	10 ⁶ Euros	%
	2015 (Pr)	Var. 14/15	2015 (Pr)	Var. 14/15	2015 (Pr)	Var. 14/15	2015 (Pr)	Var. 14/15	2015 (Pr)	Var. 14/15	2015 (Pr)	Var. 14/15
Total non financial companies	370 225	1.9	2 688 923	3.5	45 500	4.3	35 374	3.8	315 875	2.3	73 739	4.9
Domestic Companies	363 986	2.0	2 283 011	3.4	35 534	3.5	27 861	3.0	236 114	1.2	55 480	2.8
Foreign Affiliates	6 239	-1.6	405 912	4.1	9 967	7.4	7 513	7.2	79 761	5.6	18 259	11.9
Filiais de empresas estrangeiras												
Country of capital ownership												
Intra-EU	4 701	-1.6	296 845	4.7	6 948	9.2	5 272	9.0	59 341	6.9	13 735	15.9
Extra-EU	1 538	-1.5	109 067	2.6	3 019	3.4	2 241	3.2	20 421	2.0	4 524	1.2
Size												
Large	354	1.1	279 322	6.2	6 275	11.3	4 727	11.0	51 335	8.2	11 825	17.3
SME	5 885	-1.7	126 590	-0.2	3 691	1.4	2 786	1.2	28 426	1.1	6 434	3.2
Profile												
Exporting	1 601	-2.8	145 678	3.3	4 138	2.4	4 409	1.8	29 337	2.3	6 610	4.1
Non Exporting	4 638	-1.1	260 234	4.6	5 829	11.3	3 104	11.3	50 424	7.6	11 649	16.8

(Pr) Preliminary Data

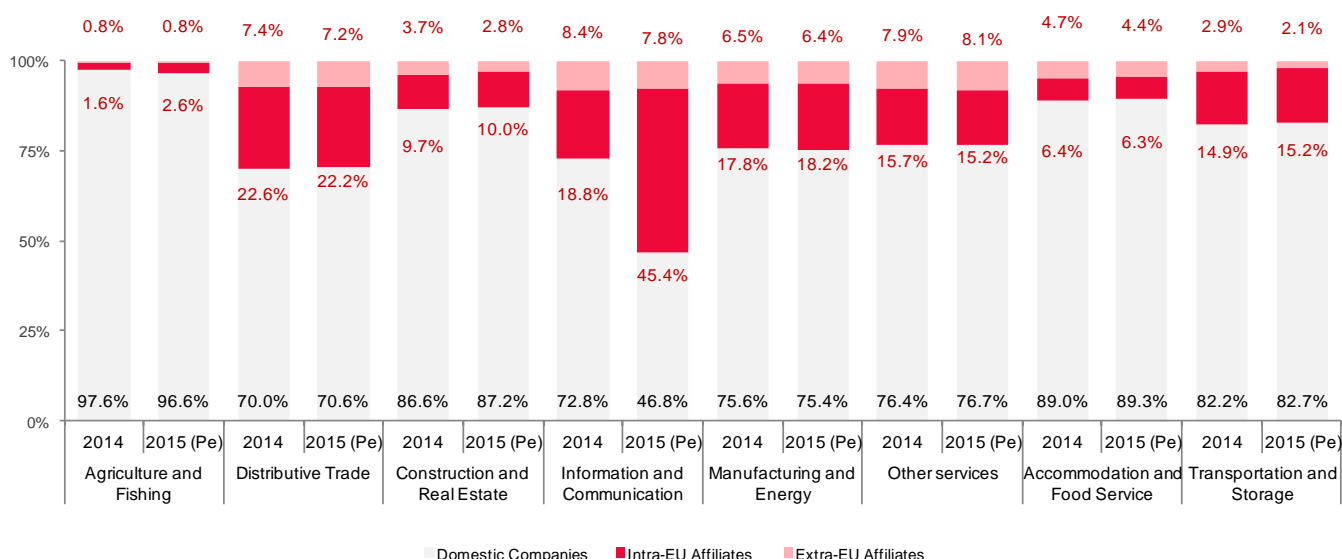
Source: Statistics Portugal, IBAS

With regard to the breakdown in sectors, the emphasis went to the weight of GVA generated in the Information and Communication sector which went up from 27.2% in 2014 (18.8% Intra-EU and 8.4% Extra-EU) to 53.2% (45.4% Intra-EU and 7.8% Extra-EU). Likewise in this sector, the weight of Intra-EU affiliates was higher corresponding to 45.4% of the GVA generated by all foreign affiliates. This was the only sector where more than half of GVA was generated in foreign affiliates, reflecting the purchase of a Portuguese large dimension telecommunications company by a European multinational.

53.2% OF THE GVA GENERATED IN THE INFORMATION AND COMMUNICATION SECTOR CAME FROM FOREIGN AFFILIATES

In 2015, the highest weight of Extra-EU affiliates (8.1%) was in the sector of Other Services.

>> **Figure 4 – Weight of Intra-EU and Extra-EU foreign affiliates in GVA by business sector (2014 e 2015)**



Source: Statistics Portugal, IBAS

Foreign affiliates performed better than domestic companies in terms of the main economic indicators. When excluding the apparent labour productivity, Intra-EU affiliates presented better economic indicators than Extra-EU affiliates.

EQUITY AND CURRENT LIQUIDITY RATIOS FROM FOREIGN AFFILIATES DECLINED IN 2015

On an investment level, foreign affiliates recorded a 2.2 p.p. increase which stood for more than twice the value presented by the set of all other companies. As regards R&D Expenditure in percentage of GVA, the value was lower: 0.5% for foreign affiliates and 1% for the remaining.

On a financial level, both equity and current liquidity ratios decreased in 2015, contrary to the trend presented by the business sector as a whole.

>> **Figure 5 – Main Ratios (2014 e 2015)**

	Economic															
	Apparent labour productivity				GVA/Wages				Return on sales				Return on Equity			
	2014	2015(Pr)	Var. 13/14	Var. 14/15	2014	2015(Pr)	Var. 13/14	Var. 14/15	2014	2015(Pr)	Var. 13/14	Var. 14/15	2014	2015(Pr)	Var. 13/14	Var. 14/15
	10 ³ Euros		%		Value		%		%		p.p.		%		p.p.	
Total non financial companies	27.1	27.4	2.1	1.1	2.07	2.09	1.5	0.8	1.3	4.2	-0.7	3.0	2.2	7.1	-1.0	5.0
Domestic companies	24.6	24.4	2.0	-0.8	2.01	2.00	1.3	-0.4	0.9	4.1	-1.2	3.3	1.3	6.3	-1.5	5.0
Foreign affiliates	41.4	44.3	1.9	7.2	2.30	2.40	1.8	4.2	2.5	4.5	0.7	2.0	6.4	10.9	1.7	4.5
	<i>Foreign affiliates</i>															
<i>Contry of capital ownership</i>																
Intra-EU	41.3	45.7	2.0	10.6	2.42	2.57	1.4	6.2	2.7	4.9	0.9	2.2	7.2	12.9	2.4	5.7
Extra-EU	41.5	40.7	1.6	-1.9	2.03	1.98	3.1	-2.5	2.1	3.4	0.1	1.3	4.5	6.7	0.1	2.1

	Investment								Financial							
	Investment rate				R&D expenditure (% ov GVA)				Equity Ratio				Current Liquidity			
	2014	2015(Pr)	Var. 13/14	Var. 14/15	2014	2015(Pr)	Var. 13/14	Var. 14/15	2014	2015(Pr)	Var. 13/14	Var. 14/15	2014	2015(Pr)	Var. 13/14	Var. 14/15
	%		p.p.		%		p.p.		Value		%		Value		%	
Total non financial companies	17.7	18.9	1.1	1.2	0.7	0.9	0.2	0.1	0.32	0.33	-2.5	3.3	1.24	1.33	2.9	7.2
Domestic companies	18.1	19.0	0.5	0.9	0.7	1.0	0.0	0.2	0.32	0.35	-3.5	8.0	1.25	1.37	3.7	9.6
Foreign affiliates	16.4	18.6	3.3	2.2	0.8	0.5	0.2	-0.3	0.33	0.28	3.0	-15.3	1.19	1.16	-1.1	-2.3
	<i>Foreign affiliates</i>															
<i>Contry of capital ownership</i>																
Intra-EU	17.2	20.3	3.4	3.1	0.9	0.6	0.2	-0.4	0.31	0.24	3.2	-21.5	1.16	1.11	-0.1	-4.1
Extra-EU	14.2	13.2	3.2	-1.1	0.4	0.3	0.1	-0.1	0.41	0.45	1.3	8.6	1.30	1.35	-4.2	4.2

Source: Statistics Portugal, IBAS

In 2015, foreign affiliates with export profile had a greater weight in terms of number of companies, persons employed and GVA. It should be noted the particularly high weight of exporting companies amongst the affiliates controlled by Extra-EU residing companies (nearly 50% in the case of persons employed and GVA).

FOREIGN AFFILIATE COMPANIES EXPORTED MORE THAN DOMESTIC COMPANIES

>> **Figure 6 – Exporting companies (2015)**



Source: Statistics Portugal, IBAS

Between 2010 and 2015, the weight of foreign affiliated companies with exporting profile in GVA increased, except in Extra-EU affiliates. However, the growth was more consistent in export domestic companies where the weight in GVA increased from 22.4% in 2010 to 31.1% in 2015.

THE WEIGHT OF FOREIGN AFFILIATES IN GVA INCREASED BETWEEN 2010 AND 2015

>> **Figure 7 – Evolution of GVA in exporting companies (2010-2015)**



Source: Statistics Portugal, IBAS

THE ORIGIN OF CAPITAL CONTROL IN FOREIGN AFFILIATES

In 2015, more than 80.5% of foreign affiliated companies and 79.0% of GVA generated in foreign affiliates were originated in the European continent, followed by the American continent with 14.2% of affiliates and 15.7% of GVA.

FRANCE BECAME THE MAIN COUNTRY OF ORIGIN OF CAPITAL CONTROL IN TERMS OF THE GENERATED GVA

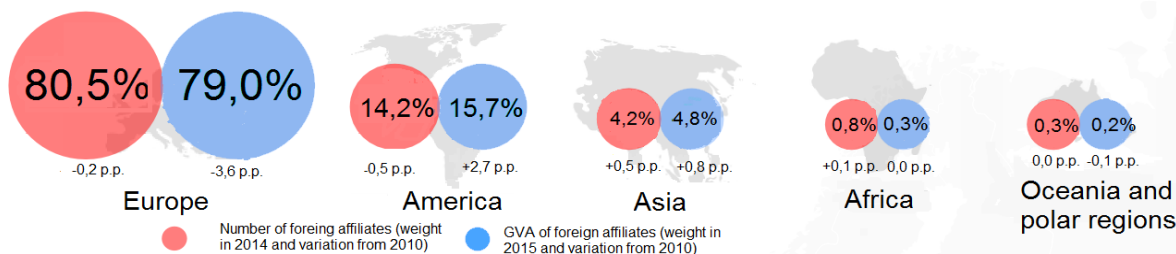
Amongst the five most important countries in terms of GVA, only the United States did not belong to the European continent. The country weighting more in terms of number of affiliates was Spain with 24.3% (a 1.2 p.p. decline from 2014). As regards GVA, the predominant country was France, with over EUR 4.5 billion (25.2%), surpassing Spain, which led in 2010.

Only as much as three countries (Germany, France and Spain) were responsible for 54.7% of the total GVA generated by foreign affiliates. Their importance grew in relation to 2010, with a total of 49.6% of GVA by then.

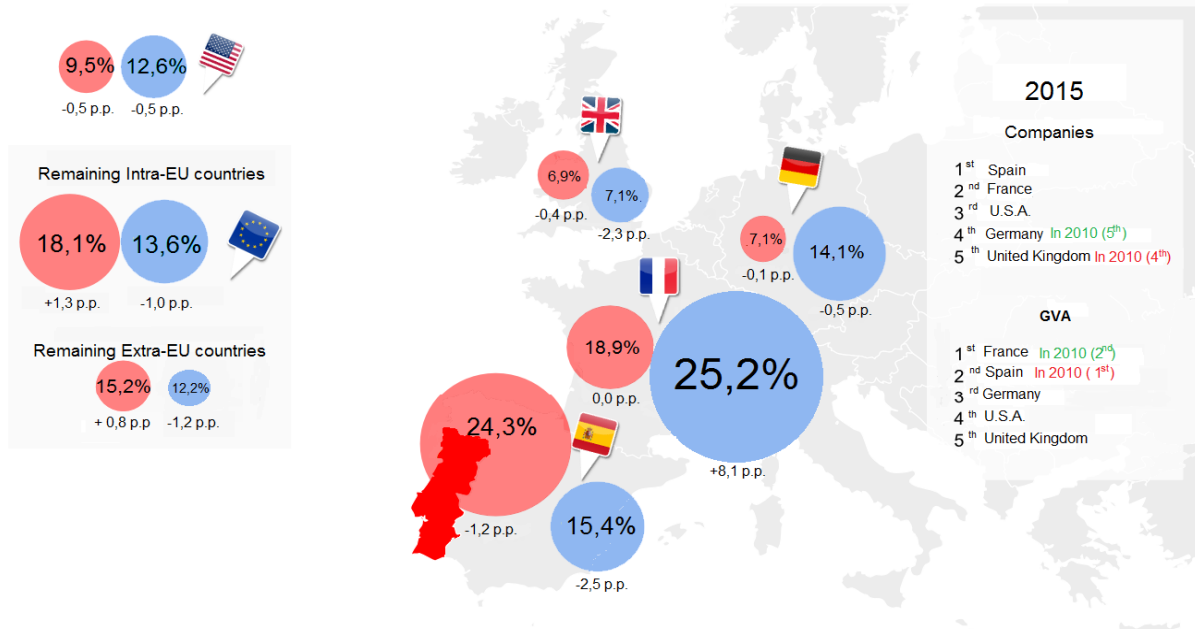
The average change rate from the period 2010-2015 as regards the number of foreign affiliates presented a downward trend as far as the five most important countries are concerned. On a GVA level, in one hand, the emphasis went to France with an average growth of 12.3% while on the other hand, the United Kingdom presented an average decrease of 4.9% in the referred period.

>> Figure 8– Capital control origin of foreign affiliates (2010-2015)

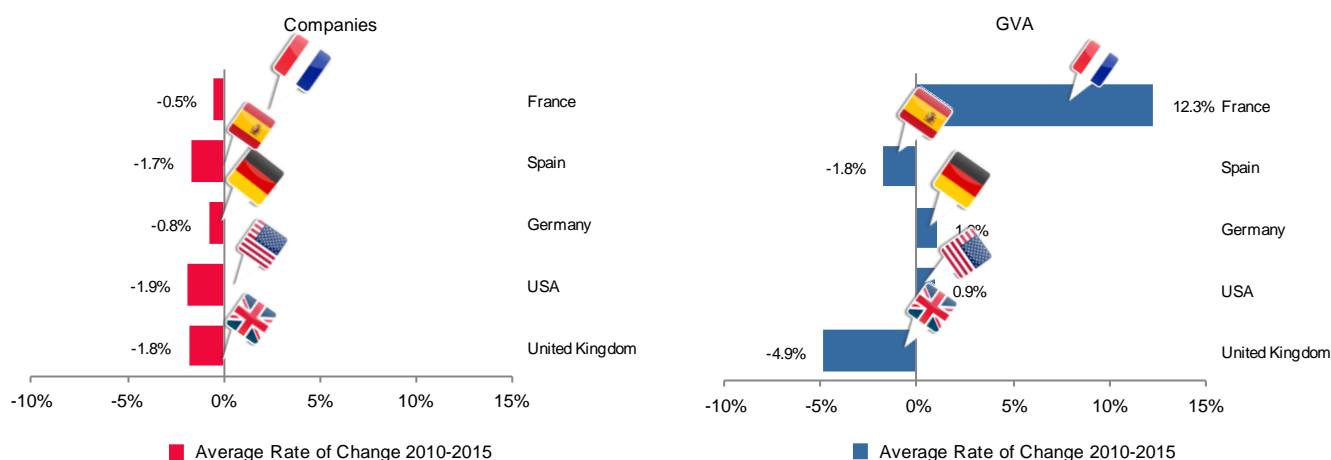
Continents of capital ownership of foreign affiliates



Countries of capital ownership of foreign affiliates



Source: Statistics Portugal, IBAS



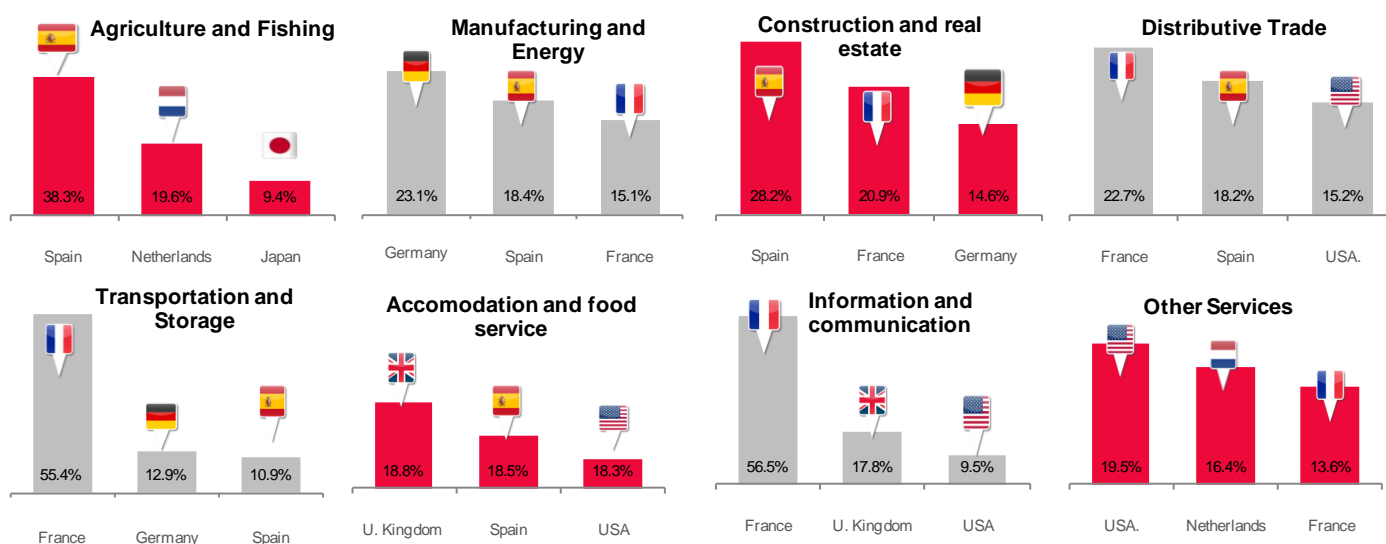
Source: Statistics Portugal, IBAS

By sectors of activity and considering the GVA, France ranked in one of the first three places in several sectors with the emphasis on the Information and Communication sector where it weighted in GVA surpassed 56.0%. Furthermore, it also led in Distributive Trade, Transportation and Storage. Germany led in Manufacturing and Energy (23.1%) while in Agriculture and Fishery the leadership went to Spain with 38.3%.

FRANCE WAS RESPONSIBLE FOR AT LEAST 50% OF GVA AND PERSONS EMPLOYED IN THE INFORMATION AND COMMUNICATION SECTOR

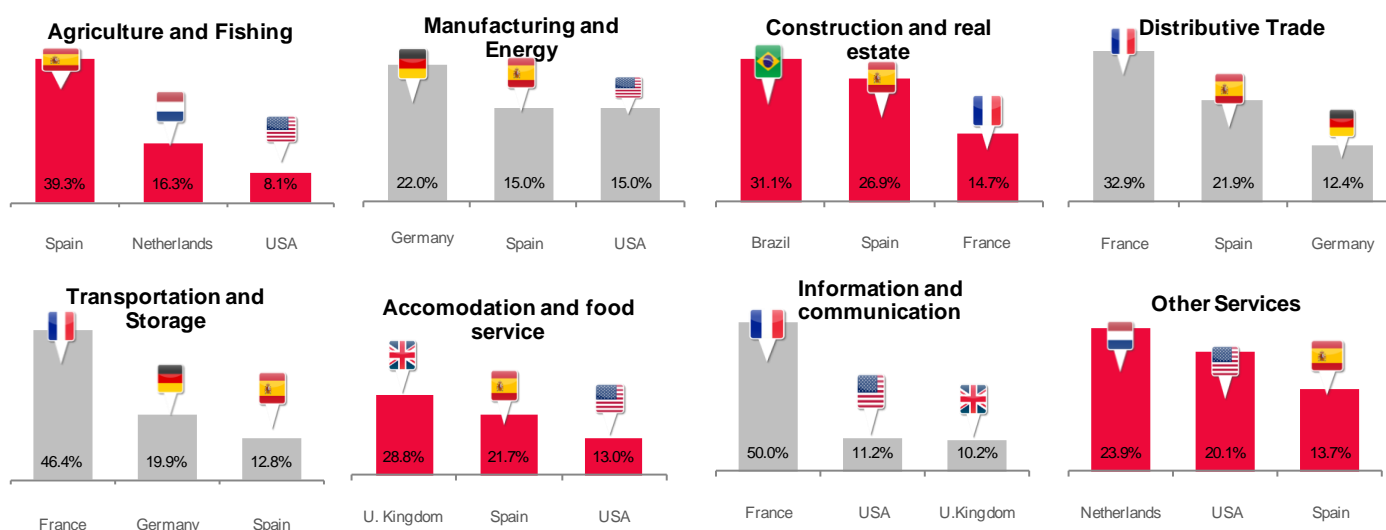
In 2015, as regards the number of persons employed by sector, Brazil ranked first in the Construction and Real Estate sector with 31.1%. In the sector of Other Services, the Netherlands had a weight of 23.9% in persons employed.

>> **Figure 9 – Breakdown in sectors of countries of origin of capital control by weight in GVA (2010-2015)**



Source: Statistics Portugal, IBAS

>> **Figure 10 – Capital control origin countries sector distribution by weight in number of persons employed (2010-2015)**



Source: Statistics Portugal, IBAS

>> FOR ADDITIONAL INFORMATION

WEBSITE INDICATORS

- [Enterprises with mostly foreign capital by economic activity](#)
- [Proportion of enterprises with mostly foreign capital by economic activity](#)
- [Proportion of gross value added of enterprises with mostly foreign capital by economic activity](#)

PRESS RELEASES

- [GVA from the non-financial enterprises grew 4.8%, in nominal terms – 2015](#)
September 28, 2016
- [Enterprise Statistics – Final results for 2013: More enterprises, less business and less employment](#)
March 17, 2016
- [Nearly half of the Gross Value Added \(GVA\) generated by Foreign affiliates in Portugal, corresponded to affiliates which had their decision centre in Spain, France and Germany](#)
December 29, 2015
- [GVA of non-financial enterprises increased 3.7%, in nominal terms, in 2014](#)
September 28, 2015
- [Enterprise Statistics - Final results for 2013: More enterprises, less business and less employment](#)
May 28, 2015
- [GVA of non-financial enterprises slightly increased and number of persons employed decreased](#)
September 26, 2014
- [Foreign affiliates in Portugal with positive returns in 2012. Germany became the main country of origin of capital control in terms of GVA](#)
September 19, 2014
- [Globalization indicators reveal international integration of the Portuguese economy - 2013](#)
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- [Globalization and the Portuguese enterprises - 2009-2011, 2012-2015](#)
November 25, 2013
- [Foreign Affiliates in Portugal - 2011](#)
September 27, 2013

PUBLICATIONS

- [Enterprises in Portugal – 2014](#)
- [Enterprises in Portugal – 2013](#)
- [Enterprises in Portugal - 2012](#)

Methodological note:

Statistics Portugal disseminates the main statistical findings on Foreign Affiliates Statistics (FATS) in Portugal for the reference year 2014 as well as preliminary data on FATS for the reference year 2015.

The disseminated statistical data were obtained from the Integrated Business Accounts System (IBAS), which results from a business statistics integration process, based on administrative data, with a focus on the Simplified Business Information (IES). The resulting data are based in accounting information from enterprises and not subjected to statistical treatment inherent to the compilation of National Accounts. However, due to the implementation of 2010EAS in National Accounts which implied, amongst other, changes in the classification of the institutional sector of entities, there was needed to distinguish holdings from head-offices. Both have social participations in other entities, however only the head offices provide administrative services to group companies. This distinction implied that holdings should be classified as belonging to the set of financial companies, whereas head-offices were now part of the sector containing the majority of the group companies. This changes had implications in terms of the boundaries of the business sector so there was the need to revise the statistical series on FATS for the 2010-2015 period.

In order to simplify, the expression "foreign affiliates" is randomly used throughout this press release.

In this study, only enterprises assuming the legal form of **companies** were considered, justified by the fact that, in the reference year 2015, all foreign affiliates in Portugal assumed this legal form.

Under the scope of this study, all companies from sections A to S (except K and O) of NACE-Rev.3 were considered. The sectors were aggregated in 8 larger groups: Agriculture and fishing (section A of NACE-Rev.3), manufacturing and energy (sections B to E), construction and real estate (sections F to L), distributive trade (section G), transportation and storage (section H), accommodation and food services (section I), information and communication (section J) and other services (sections M to S).

A **foreign affiliate** in Portugal is defined as an enterprise, based in Portugal, controlled by a non-resident institutional unit. By **control** it's understood the power to determine the general policy of a company, choosing, when necessary, their board of administration.

In what concerns the origin of capital control, the **Intra-EU** aggregate includes all 28 member states of the European Union (except for Portugal): Germany, Austria, Belgium, Bulgaria, Cyprus, Croatia, Denmark, Slovenia, Spain, Estonia, Finland, France, Greece, Netherlands, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, United Kingdom, Czech Republic, Slovak Republic, Romania and Sweden. All the remaining countries are considered **Extra-EU countries**.

The classification of large companies was based on the recommendation of the Commission of May 6th, 2003. As a result, large companies were considered when observing one of the following criteria:

- 250 or more persons employed **or**;
- Turnover above EUR 50 million and total assets above EUR 43 million

The remaining companies were considered **SME**.

In this study, companies were considered to be **exporting companies** when observing the following criteria:

- Companies where at least 50% of the turnover originates from the export of goods or;
- Companies where at least 10% of the turnover originates from the export of goods and the total value of exports is above EUR 150.000.

Economic and financial ratios:

Apparent labour productivity = $GVA / \text{Persons employed}$

Average net profit = $\text{Net profit} / \text{Number of companies}$

Average personnel cost = $\text{Personnel cost} / \text{Number of companies}$

Current liquidity = $\text{Current assets} / \text{Current liabilities}$

Equity ratio = $\text{Total equity} / \text{Total assets}$

Investment rate = $\text{Gross fixed capital formation} / \text{GVA} * 100$

R&D expenditure (% of GVA) = $\text{Total investment in R\&D} / \text{GVA} * 100$

Return on equity = $\text{Net profit} / \text{Equity} * 100$

Return on sales = $\text{Net profit} / \text{Turnover} * 100$

Proportion of GVA in Wages and salaries = $\text{GVA} / \text{Wages and salaries}$

Acronyms:

EU: European Union

GVA: Gross value added

HGC: High growth companies

ICT: Information and communication technologies

IBAS: Integrated Business Accounts System

NACE Rev.2: European Classification of Economic Activities, Revision 2

NPE: Number of persons employed

p.p: Percentual points

R&D: Research and development

SME: Small medium enterprise

USA: United States of America

Var. Rate: Variation rate

Information to users:

Further data regarding this press release can be found on the portal of official statistics at: www.ine.pt