

Portugal: Green and digital investment highlighted as key to COVID-19 recovery by Banco de Portugal and EIB



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- The European Investment Bank and Banco de Portugal hosted today a virtual conference entitled *“Investment, digitalization and green financing: The Portuguese case.”*
- The EIB presented the results of its latest annual EIB Investment Report and [Survey \(EIBIS\) for Europe and Portugal](#), providing insights on investment dynamics and investment needs in Portugal.
- Nearly half of firms in Portugal expect to invest less due to COVID-19.
- Almost two-thirds of firms are investing or planning to invest in climate related projects and 50% of companies innovated new products, processes or services.

As part of a series of events organised to debate on current trends in investment in different EU Member States, the European Investment Bank (EIB) and Banco de Portugal hosted a conference entitled *“Investment, digitalization and green financing: The Portuguese case.”*

During the virtual event, attended by more than 400 business leaders, economists and public sector partners, Governor of Banco de Portugal, Mario Centeno, European Investment Bank Vice President, Ricardo Mourinho Félix presented the main results of the 2020 EIB Investment Survey for Portugal. The EIB Chief Economist, Debora Revoltella, moderated the debate.

In the opening remarks, **Mário Centeno, Governor of the Banco de Portugal**, stated: *“Understanding the dynamics of digital transition and climate change is very important in itself, but also to envision the economic recovery. The*

pandemic hit activity and has accelerated structural changes that will transform our economies and our way of living. So, the challenge will not only be to recover from the crisis, but also to adapt to the changes set in motion, using the drive of the recovery to implement the necessary changes."

"In our efforts to drastically cut greenhouse gases, more investment, public and private, will be essential to build a new cleaner, more competitive and digital economy that can support our European way of life. We all have work to do: at the European Commission, at the European Investment Bank, but also at Banco de Portugal and the European System of Central Banks. We have been the guarantors of financial stability in the EU. Now we also need to be the enablers of a successful transition. All hands on deck! must become our motto", Commissioner Elisa Ferreira said.

During his closing remarks, **Ricardo Mourinho Félix, European Investment Bank Vice President responsible for the Bank's operations in Portugal**, said: *"Notwithstanding the devastating economic crisis caused by COVID-19, Portuguese companies will need to continue to invest in their future and where it matters the most: innovation, digitalisation and climate action. As the EU Climate Bank, the EIB Group is one of the main financiers of climate action. We are also one of Europe's largest investors in innovation. We are supporting, more than ever, Portuguese companies of all sizes to overcome current and future challenges. We stand side by side with Portuguese businesses and their workers."*

COVID-19 impact and outlook of green and digital transition

Leading economic stakeholders outlined how investment needs and priorities for Portugal evolved because of Covid-19 and emphasised the needs to strengthen financing and best-practice advisory cooperation to accelerate the transition towards a digital and green economy.

The discussion focused on business's readiness and adaptability to the new constraints caused by the outbreak of the pandemic and the need to implement key digital technologies to support resilience and competitiveness.

Impact of COVID-19 on business investment in Portugal

The EIB Investment Survey for Portugal reveals that the COVID-19 pandemic is expected to add pressure on private investments.

The new investment survey highlights how businesses have been affected by the economic crisis caused by the pandemic. Nearly half (47%) of firms in Portugal expect to invest less due to COVID-19. Moreover, about one-third of these abandoned or delayed investment plans because of the pandemic, fewer than the EU average (35%), while nearly a quarter (24%) of firms expect to continue at least with some of their investment plans, but with a reduced scale or scope, higher than the EU average (18%).

For firms impacted by COVID-19, developing new products or services is the most cited investment priority (38%), higher than the EU average (30%). In the last financial year, the main purpose of investment was to replace

existing buildings, machinery, equipment and IT (52%), and the highest share of investment was in machinery and equipment (53%).

The EIB investment survey showed that, over the last financial year, more firms increased than reduced investment. However, the investment outlook is still negative. Firms in Portugal became, on balance, more pessimistic about the short-term outlook, very similar to EU peers and uncertainty about the future remains the most cited long-term barrier to investment (92%).

Portuguese firms innovated more than the EU average

Around half of all firms innovated and developed or introduced new products, processes or services as part of their investment activities, higher than the EU average (43%). This includes 18% of firms reporting innovations new to the country, also higher than the EU average (15%).

Despite the economic disruptions caused by COVID-19, Portuguese businesses place innovation at the top of their agenda. Firms affected by the economic crisis caused by COVID-19, realised that innovation and digitalisation might be the best available tools to keep up with the current crisis. As matter of fact, Portuguese businesses have, on average, implemented more digital technologies than their EU counterparts have and are more likely to develop or introduce new products, processes or services as part of their investment activities. Portugal still lags behind the EU average in investment in Research and Development but the results from the EIBIS show that Portuguese firms are taking steps in the right direction ” said **EIB Chief economist Debora Revoltella**.

Portuguese businesses reflecting climate change challenges and opportunities

Three-quarters of firms (76%) say that climate change currently has an impact on their business, well above the EU average (58%). Almost two-thirds of firms (64%) are already investing or planning to invest in climate related projects, in line with the EU average (67%). Moreover, almost half of firms (48%) invested in measures aimed to improve energy efficiency, in line with EU average.

[This country overview](#) presents selected findings based on interviews with 481 firms in Portugal in May-August 2020. The survey is part of the annual EIB Group Survey on Investment and Investment Finance (EIBIS), an EU-wide survey of 13 500 firms that gathers quantitative information on the investment activities of both SMEs and larger corporates, their financing requirements and the difficulties they face.