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Internationalization modes

The case of Portuguese firms in the United States of America

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by

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Resumo

Numa ótica de expansão das suas operações para o mercado internacional, o modo de entrada escolhido é uma das decisões mais importantes que uma empresa pode tomar.

Com este trabalho pretende-se, em primeiro lugar, fazer uma revisão de literatura em que se expõem os principais modos de entrada adotados pelas empresas assim como as principais teorias que os sustentam. São estas, a Teoria dos Custos de Transação, a da Aprendizagem da Organização, a da Economia da Informação, a Perspetiva da Organização baseada em Recursos, a teoria da Organização Industrial, a Teoria Institucional e a das Opções Reais.

Seguidamente, e, tendo por base a localização do estágio nos Estados Unidos da América, são analisadas as relações comerciais e de investimento entre este país e Portugal, assim como a importância das agências de promoção do investimento e comércio tais como a AICEP.

Finalmente, estas relações são ilustradas com a internacionalização da Mota-Engil, SA para os Estados Unidos da América. A alteração quase súbita das circunstâncias socioeconómicas provocadas pela crise financeira em 2007, tornou insustentável a presença da empresa no país, que se adivinhava positiva no ano da sua entrada.

Palavras-chave: Internacionalização, modo de entrada, IDE, Comércio, Portugal, EUA.

Abstract

In terms of internationalization, one of the most important steps firms must take is their entry mode choice. Firstly, in the literature review, the main entry modes are described as well as the theories that may explain the choice of one over another. The theories are: Transaction Cost Theory, the Organizational Learning Perspective, Information Economics, the Resource-Based View of the Firm, the Industrial Organization Perspective, Institutional Theory and Real Options Theory.

Next, and given the location of the internship in the United States of America (U.S.A.), the trade and investment relations between this country and Portugal are analyzed as well as the role of investment and trade promotion agencies such as AICEP.

Finally, these relations are illustrated with the internationalization of Mota-Engil, SA to the U.S.A. The almost sudden change of the social and economic context because of the financial crisis in 2007 proved a once taught to be positive entry to become unsustainable in the country.

Key words: Internationalization, entry mode choice, FDI, trade, Portugal, U.S.A.

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Abbreviations Index

AICEP – Agência para o Investimento e Comércio Externo de Portugal

E.U. – European Union

FDA – Food and Drug Administration

FDI – Foreign Direct Investment

ICT – Information and Communications Technology

NAFTA – North American Free Trade Agreement

R&D – Research and Development

RBV – Resource-based view

SMEs – Small and medium-sized enterprises

TCT – Transaction Cost Theory

TTIP – Transatlantic Trade and Investment Partnership

U.K. – United Kingdom

U.S.A. – United States of America

Introduction

This report is part of the Master's degree in Finance which included an internship in the Consulate General of Portugal in Boston. The main motivation for choosing the internship was to gain work experience in a foreign country while helping the hosting entity in its daily activities.

Currently, firms want to expand their operations abroad. Reducing risks by market diversification, obtaining knowledge on foreign competitors, exploring competitive advantages and increasing sales are some of the reasons behind this decision.

Throughout the years, the U.S.A. has asserted its status as a world superpower and has consistently captured most of Foreign Direct Investment (FDI) thus creating investment opportunities for many countries (UNCTAD, 2016).

Similarly, it has also proven to be a reliable trade partner for Portugal (AICEP, 2015) and the success of this relation can be partially attributed to the work undergone by investment promotion agencies such as Agência para o Investimento e Comércio Externo de Portugal (AICEP). The role of these agencies is increasingly important not only for the purpose of strengthening commercial bonds between the two countries but also by improving and promoting the country's image through roadshows and international fairs. Max Bouchet, Conway's[1] chief analyst referred the importance of these agencies in (…) "harnessing global capital flows" and (…) "increasing information transparency" (*Site Selection*, 2016).

When confronted with the decision to expand its operations abroad, an important step in this process is the entry mode the firm will choose. Thus, this

[1] Conway, Inc. is based Norcross, Georgia and provides domestic and crossborder corporate investment services.

study begins by exploring the main theories that explain the choice between different entry modes in the literature review.

Secondly, given the location of the internship in the U.S.A., the reasons for its considerable attractiveness of global FDI and trade as well as the importance of this country as a destination for Portuguese investment and trade are analyzed.

As such, the importance of the role of AICEP and similar agencies in reinforcing trade and investment flows between both countries are also highlighted.

The trade and FDI relations between both countries are characterized and illustrated with the Portuguese firm Mota-Engil's internationalization to the U.S.A. The main motivating factors that influence a firm's decision to enter the U.S.A. market are also described.

To fulfill the goals of this report, a qualitative research was followed on the main theories about different entry modes and their application to the trade and investment relations between the U.S.A. and Portugal. To characterize these relations, statistical data was gathered from several online resources and from contacts with AICEP's delegation in New York. To complement the information related to Mota-Engil's internationalization to the U.S.A., an interview was conducted with Engº Arnaldo Figueiredo, Vice-President of the holding company's board of directors.

Finally, a series of suggestions are made that can be useful to AICEP in helping Portuguese firms in their internationalization process.

Chapter 1
Literature review

1.1. Entry mode types

When faced with the decision to expand its operations abroad, a firm can choose to enter a market, either by exporting, Foreign Direct Investment (FDI) or through non-equity modes which are summarized in figure 1.

While FDI modes require a minimum equity stake of 10 %, the level of control in non-equity modes is established by means of a contract (UNCTAD, 2011).

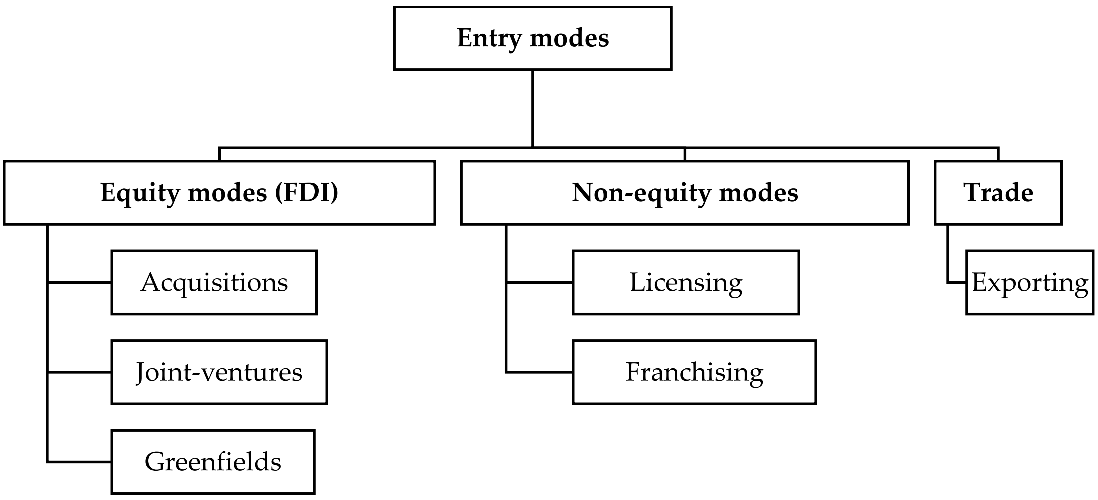

Figure 1: Entry mode types.

FDI modes into other markets take the form of acquisitions, joint-ventures or greenfields.

The greenfield form (…) "relates to investment projects that entail the establishment of new entities and the setting up of offices, buildings, plants and factories from scratch" (UNCTAD, 2009, p.97).

Acquisitions, followed or not by mergers, are another way for firms to enter a target market in which they intend to secure strategic positions. According to data from UNCTAD (2016), the considerable increase in the value of cross border mergers and acquisitions from approximately USD 432 billion in 2014 to 721 billion in 2015 was the main driver of global recovery from the financial crisis.

When there are conditions that make resorting to the market or internal production unfeasible, two firms can create another entity in which both have a stake in, thereby starting a joint-venture. This agreement is mutually beneficial when entering a foreign country. The firm that intends to enter, benefits from the use of the incumbent firm's knowledge of the market while the latter also benefits from the commercial practices or technological skills of the entrant (Mata, 2010).

There are also non-equity modes such as licensing and franchising that allow a firm to externalize its operations to a target business while exercising a control level that is specified by means of a contract. Contrary to FDI, non-equity modes do not require considerable ownership over the target firm but the establishment of a contract in which the level of control is defined (UNCTAD, 2011).

In a licensing agreement, a firm concedes another the right to explore its intellectual property in exchange for the payment of royalties. Under a franchising contract, the franchisor allows the franchisee to use its business model upon the payment of a fee (UNCTAD, 2011).

Exports, which can be done, either through intermediaries or by resorting to the firm's own channels (Erramilli, 1991), is considered to be the simplest form of entry. Using this strategy, an exporting firm benefits from low implementation costs and is able to evaluate and make any necessary adjustments to its products in an early stage of its internationalization process[2]. According to Helpman et al. (2004), exports are more advantageous than FDI when trade barriers are lower and economies of scale are higher. Although FDI may entail lower transportation costs, it also requires higher fixed costs to sustain new production facilities.

Helpman et al. (2004) established an important point concerning entry mode selection. The authors state that firms exhibiting low productivity levels operate

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[2] Retrieved from http://www.bidc.org. Last accessed on 14.02.2017.

in the domestic market whereas the most productive firms serve both the domestic and foreign markets. Of the firms that serve both markets, the least productive ones enter a foreign market through exports and the most productive firms would engage in FDI.

1.2. Main entry mode theories

Entry mode choice and its effects on performance have considerable importance for firms who want to expand their activity to foreign countries. This concern has originated significant research on the topic of internationalization theory.

Hence, one of the key objectives among scholars has been to find a consensus on what are the factors that influence firms' entry mode choices. Transaction Cost Theory (TCT) has been one of the most widely used theories in this matter (Slangen & Hennart, 2007) but a considerable range of studies has also accounted for other factors that may help improve general understanding of the issue.

The main theories that can explain foreign entry mode choice are TCT, the organizational-learning perspective, information economics, the resource-based view, the industrial organization perspective, institutional theory (Slangen & Hennart, 2007) and, more recently, real options theory (Brouthers et al., 2008).

1.2.1. Transaction Cost Theory

"Transaction Cost Theory maintains that the costs of finding, negotiating and monitoring the actions of potential partners, influence entry mode choice" (Brouthers, 2002, p. 205).

Authors that apply this theory such as Hennart & Park (1993) claim that the choice between an acquisition and a greenfield mode is based on the current capabilities and resources that the parent firm has and the ones that it seeks.

Furthermore, if the firm possesses little knowledge on the target country, it is likely that it will opt for an acquisition to obtain it.

Of all perspectives, Transaction Cost Theory (TCT) is the only one that identifies a country level determinant called cultural distance[3] that can be used to prove its influence over mode choice (Slangen & Hennart, 2007).

If the costs of integration are low, a firm that has low asset specificity will favor an entry mode that brings more control over its operations. When these costs are higher and the ability to integrate is lower, the firm is more likely to choose a shared venture mode (Erramilli & Rao, 1993).

1.2.1.1. Evidence

Of a sample 755 empirical studies between 1970 and 2013 that focused on entry mode decisions, 327 of them were based on TCT. Surdu & Mellahi (2016) argue that this has been and remains the most drawn on theory to study entry mode strategy.

But despite the popularity of TCT, recent studies exploring this theory have not added significant contributions to old ideas. Due to this fact, recent research tends to be multi-theoretical thus making use of insights from TCT and other emergent theories (Surdu & Mellahi, 2016).

A firm that is oriented towards technological knowledge will choose the greenfield option since it is the most appropriate way to transfer such skills whereas diversified firms that make considerable use of management control skills would make running and making acquisitions less costly (Hennart & Park, 1993).

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[3] Kogut & Sigh (1988) developed the cultural distance measure which indicates the cultural differences between the home country and the target country. It is defined as the extent to which the shared values differ between two countries.

The Transaction Cost variables used by these authors were behavioral uncertainty, economic uncertainty[4] and asset specificity, the two last ones being found significant (Brouthers et al., 2003).

Brouthers et al. (2008) add that as asset specificity increases, proprietary knowledge needs to be protected from competition. It was found to be statistically significant when choosing wholly owned entry modes over joint ventures.

1.2.2. The Organizational Learning Perspective

Organizational learning theory is based on the idea that firms that are subject to various environments from the presence in many different countries will broaden their knowledge and technological skills (Slangen & Hennart, 2007).

Having obtained this experience, firms are able to pursue greenfield investments since acquisitions are unlikely to provide them with more technological resources. Experience will therefore lead to preference for greenfield investments (Slangen & Hennart, 2007).

Additionally, Padmanabhan & Cho (1999) noted that previous experience with greenfields and acquisitions would lead firms to use these same modes in the future. However, the fact that they do so, does not necessarily mean that they are learning from the past but are copying a model that they are familiar with instead (Slangen & Hennart, 2007).

Past research also made use of international experience an institutional variable although with mixed results.

Erramilli (1991) noticed that scholars used different stages in time of the internationalization process to support their grounds which may help to explain divergent arguments on the influence of experience.

[4] Economic uncertainty is defined as the combination of political, economic factors and volatility surrounding a firm's environment (Brouthers et al., 2003).

Furthermore, the author suggested that if experience was low, control needs would be high and that at a later stage, when experience increased, firms would opt for more integrated entry modes. Such a relationship could, then, be represented through a "U-shaped" curve (Erramilli, 1991) as shown in figure 2.

At an early stage, a firm that has low international experience will likely want to maintain control over its operations to overcome uncertainty and will therefore prefer to enter a country that is culturally, economically and politically similar to its own through exports (Erramilli, 1991). As its experience increases, a firm has less uncertainty and operates under a shared control mode such as a joint venture to the point when it starts having the confidence to run foreign operations by itself. At this later stage, the desire for control increases and thus, greater integration is preferable (Erramilli, 1991).

The tacit nature of local market knowledge and differences in organizational structures also proved to be significant factors influencing the learning process and knowledge transfer (Lord & Ranft, 2000). Tacit knowledge distances itself from objective information such as statistical data because it arises from know-how and skills that are developed to overcome "(…) the complexities of language, culture, politics, and society" (Lord & Ranft, 2000, p. 576) in target countries.

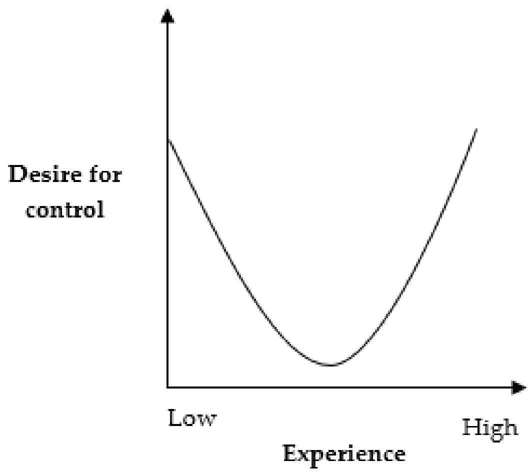

Figure 2: The effect of experience on a firm's desire for control (Erramilli, 1991).

1.2.2.1. Evidence

K. D. Brouthers & L. E. Brouthers (2000) revealed a positive relationship between a firm's multinational experience with the use of greenfield modes and that the use of acquisitions would be preferable for highly diversified firms.

Hennart & Park (1993) on the other hand, did not find statistical significance for the influence of experience on entry mode choice.

Whereas Kogut & Singh (1988) found no support for the impact of international experience on the choice between joint-ventures and acquisitions, Erramilli (1991) concluded that: "less experienced service firms prefer entering foreign markets that are similar to their home country. However, as their experience increases and becomes more diversified, these firms will increasingly seek out markets that are geographically and culturally distant" (p. 496).

Lord & Ranft (2000) noticed different outcomes from the learning process of 133 U.S.A.-based firms in China, India and Russia. While some firms benefit from the tacit knowledge gained in foreign markets, others experience more difficulties in using it after its acquisition. This is due to the differences in learning capabilities across firms. The higher the degree of knowledge tacitness, the more difficult its transfer from firms already operating in foreign markets (Lord & Ranft, 2000).

1.2.3. Information Economics

Akerlof (1970) claimed the existence of asymmetric information because of the varying quality of the goods and resorted to the used cars market to illustrate his point. Whereas a used car seller knows exactly the quality of the car that is being sold, the buyer cannot clearly distinguish a good quality car from a lower quality one, called a "lemon" in the U.S.A. This information asymmetry would therefore lead buyers to ask a lower price for the car and owners of good quality cars to be driven out of the market. The outcome of this situation is that the "lemons" tended to remain in the market while driving out the good quality cars.

An analogy can be established between the "lemon" problem and a firm's decision to enter a foreign market, particularly one in which it has little experience. "(…) The local firm likely knows how it intends to behave toward a foreign entrant, but the foreign entrant does not have knowledge of those intentions" (Stevens & Makarius, 2015, p.258). Asymmetric information can occur for instance, when a firm intends to perform an acquisition in a target country in which it has low experience. In this case, a greenfield option would be preferable. Firms are also likely to face lack of information if they want to expand their business to different industries (Slangen & Hennart, 2007).

1.2.3.1. Evidence

Stevens & Makarius (2015) refer two approaches to entry mode decisions based on information asymmetries that produce contradictory results as shown in table 1. Approach 1 portrays local firms as untrustworthy and opportunistic driving entrants to use costlier entry modes than may be necessary. In this case, firms can either choose a lower control mode because they do not have enough information on the local market or have more control over its operations because they are suspicious of the local firms' intentions. Conversely, approach 2 tends to rely on the propensity of entrants to trust local firms by giving up control and possibly increasing the threat of opportunism (Stevens & Makarius, 2015).

	Approach	**Desired control level of the entrant**	**Likely entry mode**
1.	All transaction partners are opportunistic.	Lower	Joint-venture
		Higher	Exporting
2.	All transaction partners can be trusted.	Lower	Licensing or Franchising

Table 1: Entry mode outcomes considering firm homogeneity. Adapted from Stevens & Makarius (2015).

Both approaches assume firm homogeneity which means that either no partner firm can be trusted or all firms should be trusted. From a practical point of view this leads to poor results in terms of strategy choice as firms may be choosing an inadequate entry mode (Stevens & Makarius, 2015).

The proposed solution to this assumption would be to consider the reputation for trustworthiness[5] of the local firm as a valuable intangible asset that mitigates information asymmetry. When a local firm's reputation is high it serves as an indicative signal that the entrant will incur in lower transaction costs such as negotiation and monitoring (Stevens & Makarius, 2015).

1.2.4. Resource-based view of the firm

The resource-based view (RBV) of the firm has its roots in the theory of the growth of the firm and states that the firms grow because of their internal processes (Slangen & Hennart, 2007).

Firms should explore their own tangible and intangible resources to achieve competitive advantage instead of examining those of their competitors (Mazzei, 2016).

[5] Reputation is defined as "(…) a collective representation of perceptions based on a firm's past actions and perceived capacity to meet expectations" (as cited in Stevens & Makarius, 2015, pp. 259-260).

According to Stevens & Makarius (2015) the RBV focuses on the differences of the firms generated by their heterogeneous characteristics, one of which being the reputation for trustworthiness resource suggested by information economics.

Given that the theoretical ground assumes that firm growth is a function of the resources they possess (Meyer et al., 2009), the RBV has also been used to explain entry strategy. Entry modes such as acquisitions or joint-ventures provide the entrant firm with important resources such as complementary knowledge and experience (Meyer et al., 2009).

Schilling & Steensma (2002) add that resources that are unique and hard to replicate are a source of sustainable competitive advantage. Entering though an acquisition grants the entrant firm full access to local resources which would, otherwise, be difficult to obtain (Meyer et al., 2009).

Greenfields run by both expatriate and local workers and joint-ventures are modes that provide medium access to local resources given that control is shared. On the other hand, exports, licensing, franchising and other contractual forms allow the entrant limited resource augmentation (Meyer et al., 2009).

The RBV suggests that firms should enter fast growing markets through greenfields given that the additional capacity is supported. Slow growing markets, on the other hand, offer less opportunities for greenfield expansion but may provide the possibility to acquire struggling competitors (K. D. Brouthers & L. E. Brouthers, 2000).

1.2.4.1. Evidence

Hollender et al. (2016) drew on the RBV to assess the performance implications of non-equity entry mode choices of 133 German small and medium-sized enterprises (SMEs).

They found that international experience and product adaptation help SMEs overcome the limitations inherent to their size such as the lack of financial and managerial resources and knowledge about the local market (Hollender et al., 2016).

The relation between joint-venture performance and resource attributes was explored by Ainuddin et al. (2007). For each of the four proposed firm resources - product reputation, technical expertise, local business network and marketing skills – four attributes had significant influence on performance. These were the value of the resource, its rarity, imperfect imitability and non-substitutability (Ainuddin et al., 2007).

The significance of resource value and rarity is consistent with the idea supported by RBV that these attributes are required for a firm to hold competitive advantage. Imperfect imitability[6] significantly affects performance in the case of organizational capabilities such as technical know-how while the non-substantiality nature is significant when the resource in question is an asset (Ainnuddin et al., 2007).

1.2.5. The Industrial Organization Perspective

The industrial organizational perspective raised the question of why foreign entry occurred. One of its assumptions is that monopolistic firms tend to take advantage of local resources such as technology and management skills to keep competitors out of the market. Secondly, it also assumes that advantages over other entrant firms are unachievable because competitors follow each other into other markets (Surdu & Mellahi, 2016).

Hennart & Park (1993) argued that entry mode choice was influenced by industry conditions. Because entering through greenfields would increase supply and, therefore, lead to decreases in prices and profits from competitors, acquisitions are preferable in highly concentrated industries. However,

[6] A resource that is imperfectly imitable is hard for competitors to replicate. A product's strong reputation that is developed through high firm commitment contributes to such resource quality (Ainuddin et al., 2007).

governments may hold restrictions to acquisitions as to avoid monopolies in an industry with little competition (Slangen & Hennart, 2007).

In the case of slow growing industries, firms that enter through greenfields may stimulate response from the already established firms fearful of losing market share. Furthermore, if an industry is growing rapidly, greenfield subsidiaries will not benefit from some profits because they take time to become operational. This means that firms will choose acquisitions over greenfields in slow growth and high growing industries (Slangen & Hennart, 2007).

Hennart & Redy (1997) also add that if home firms lacked experience in the target country and if the industry is not showing signs of either fast or slow growth, joint ventures would also be chosen.

Industry levels that make up industrial organization theory provide a good complement to the other theories that focus mainly on the firm level (Slangen & Hennart, 2007).

1.2.5.1. Evidence

Industrial organization theory sees the seeking of market share and efficiency gains as drivers of acquisitions (Reddy, 2014).

Stiebale (2013) revealed support for the relation between the likelihood of an acquisition and the desire of the acquiring firm to engage in innovation activities. Knowledge intensive manufacturing industries like chemicals and machinery were more intensive in R&D than other industries.

Most acquisitions take place in developed countries with high levels of technological development which is consistent with the idea that countries that share the same characteristics are more likely to use mergers and acquisitions (Stiebale, 2013).

Empirical support is also generally found for the argument that growing industries entail larger profits and thus are more attractive to entry than others (Mata & Portugal, 2000). High market concentration was also proven to negatively influence the survival of new entrants. Firms in highly concentrated markets tend to support one another in restricting foreign entries (Mata & Portugal, 2000).

Previous literature generally assumed that firms were homogenous within an industry. Arguing that firm-level characteristics were also relevant in terms of entry mode strategy, Raff et al. (2012) sought to explain FDI entry of Japanese firms in foreign markets in the light of their productivity[7] levels. Their analysis shows that firms would prefer FDI to exports and greenfields to acquisitions when their total factor productivity was high, therefore addressing the limitation of the homogeneity assumption (Raff et al., 2012).

1.2.6. Institutional Theory

Institutional Theory states that firms survive by conforming to the rules and norms in their environment (Slangen & Hennart, 2007).

Rosenzweig & Singh (1991) argue that subsidiaries have internal pressures from the parent firm and external pressures from the environment of the target country. The Global Integration and Local Responsiveness matrix in figure 3, as suggested by Rosenzweig & Singh (1991), can be used to allow firms to assess these pressures according to the strategy they choose.

Regarding institutional theory, Harzing (2002) found that firms following a global strategy prefer greenfields while firms that pursue a multidomestic strategy opt for acquisitions[8].

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[7] Total factor productivity was the measure of productivity and is calculated using the following formula: $ln\frac{Q}{L} - s\ lnK/L$ in which Q is output, L is employment, K is capital and s=1/3 (Raff et al., 2007).

[8] Although all four strategies have been covered in previous studies, Harzing (2002) considers that the global and multidomestic strategies are more suitable for comparison because their conceptual definition is clearer.

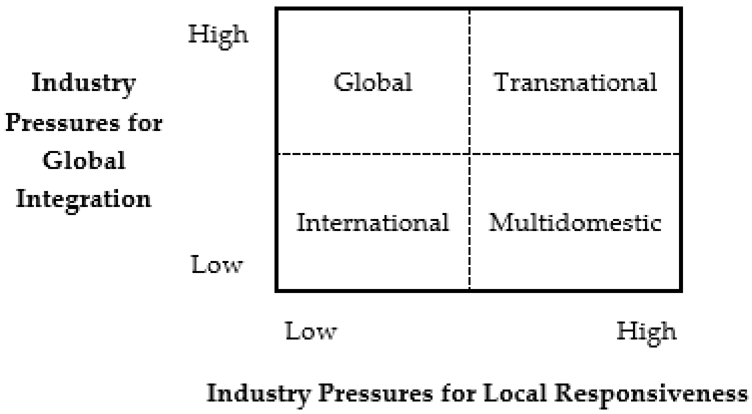

Figure 3: Global Integration/Local Responsiveness matrix and strategy types. Adapted from Rosenzweig and Singh (1991).

Harzing (2002) defines a multidomestic strategy as entailing competition at a domestic level and lower global competition granting local subsidiaries autonomy to customize products and adapt processes to meet local market demand.

Firms that pursue a global strategy are less focused on local market needs and require efficiency and integration to standardize products to compete at a global level (Harzing, 2002).

In a transnational strategy, firms seek to explore location advantages and also account for local demands. It is considered a "hybrid" strategy by Harzing (2002) because it tries to combine the global integration requirements of a global strategy while addressing the needs for local demand of a multidomestic strategy.

Finally, firms that follow an international strategy, transfer their key skills to foreign subsidiaries but its headquarters maintain control and the decision-making power. The main focus of these firms however, rests in the home market (Global Strategy, 2016).

1.2.6.1. Evidence

Xu & Shenkar (2002) used the concept of institutional distance to see how dissimilar were the institutions of host and home countries and that it should be aligned with a firm's entry strategy. The larger the institutional distance, the harder it would be for the local subsidiaries to adopt the organizational practices of the parent firm (as cited in Xu & Shenkar, 2002).

Kostova & Roth (2002) found two significant factors that determined the adoption of these practices. One of them was the institutional profile which includes the regulatory, cognitive and normative[9] institutions of the host country. The pressures within the parent firm that subsidiaries have to face was the other significant factor.

The cognitive institutional profile for instance was found to be positively correlated with practice implementation. This means that an environment with strong quality practices is more suitable for practice implementation than one whose workers lack social knowledge (Kostova & Roth, 2002).

Additionally, subsidiaries that were more dependent of the parent firm had lower implementation levels. A possible explanation for this was that firms that are less dependent on the parent are more flexible in terms of adapting to a practice. Firms that trusted the parent and identified themselves with it exhibited higher levels of implementation (Kostova & Roth, 2002).

Support was also found for the relation between institutional pressures and the level of internalization[10]. A regulatory profile that enforces the workers to adopt a practice may be counter-productive therefore, it is negatively related with the level of internalization.

[9] The cognitive institutions include social knowledge such as thoughts or stereotypes that influence how a phenomenon is interpreted and the "(…) normative component reflects the values, beliefs, norms and assumptions" (Kostova, 2002, p.217) about human nature and behavior.

[10] Kostova & Roth (2002) distinguish the concepts of implementation and internalization. Whereas, implementation results from the behaviors or actions implied by a practice, internalization requires the workers of a subsidiary to perceive the practice as useful for the firm and thus be committed to it.

1.2.7. Real Options Theory

According to TCT, firms choose the entry mode that minimizes costs. An alternative to this basic assumption is to use a framework developed by Dunning (1979) that makes use of ownership, and location specific variables as well as Transaction Cost variables (Brouthers et al., 1999).

A firm that has high ownership, location and internalization (OLI)[11] advantages is more likely to engage in FDI than one that does not possess them (Dunning, 1979).

Brouthers et al. (2008) attempted to improve decision making models by combining real options and transaction cost theories. Once again, the premise behind the use of this method came as a solution for some of TCT's limitations.

TCT does not account for opportunity costs at the time of entry, future growth opportunities and strategic flexibility. Real options however, provide firms with flexibility when it comes to minimizing risks from uncertainties surrounding investments (Brouthers et al., 2008).

Therefore, through real options theory, uncertainty shapes the entry mode decision (Schilling & Steensma, 2002).

Considering that faster growing markets are mostly found in third world countries, the opportunity costs of not entering are high. Firms acquiring targets in these markets are thus able to increase their market share capitalize on existing opportunities. Therefore, entry mode selection based on market potential suggests entering through acquisitions is preferable under a high growth scenario (K. D. Brouthers & L. E. Brouthers, 2000).

Equity mode entries give firms the option of internal growth and the possibility of future expansion to other foreign markets. Managers risk profiles

[11] Ownership advantages relate to (…)" intangible assets, which are, at least for a period of time, exclusive or specific to the firm possessing them" (Dunning, 1979, p.275). Assuming a firm has ownership advantages, it should be better for a firm to internalize them instead of selling them to other firms. Finally, provided the firm benefits from ownership and internalization advantages, it should be able to profit from them out of its home country (Dunning, 1979).

should also be taken into account since they may vary under different uncertainty scenarios (Surdu & Mellahi, 2016).

1.2.7.1. Evidence

Using a sample of 147 European firms, Brouthers et al. (1999) tried to determine if Dunning's framework would be a good predictor of mode choice. If ownership, location and internalization (OLI) advantages were high, firms would favor the use of wholly-owned modes of entry. On the other hand, firms would prefer less integrated modes like exporting and licensing when these advantages were lower.

Future research could be done to assess if Dunning's work could be extended to other target markets and find out if certain firms or countries are more susceptible to OLI variables than others. Since the model developed by Brouthers et al. (1999) explained only 15-17%[12] of the total variance of firm satisfaction with performance, including additional variables could further improve the model's explaining power.

Schilling & Steensma (2002) distinguished two dimensions of technological uncertainty[13] but found support for only one of them, namely, the hypothesis that linked the increase in commercial uncertainty[14] with less probable acquisition entries. Contrarily, licensing agreements would be more likely in the event of reduced commercial uncertainty.

With an increase in the other uncertainty dimension, technological dynamism[15], it would be expected that its increase would produce the same result

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[12] R^2 = 15-17% with p<.01

[13] Technological uncertainty is defined by Schilling & Steensma (2002) as the uncertainty surrounding the technology that will be sourced.

[14] Commercial uncertainty is "(…) associated with product design and the market's acceptance of those products and processes" (Schilling & Steensma, 2002, p. 394).

[15] Technological dynamism reflects the possibility or not for a technology to hold its value in a changing environment (Schilling & Steensma, 2002).

as the commercial uncertainty dimension but it did not receive empirical support (Schilling & Steensma, 2002).

1.3. Determinants to entry mode

1.3.1. Cultural context

The definition of the cultural context extends beyond the country's national culture to include conditions that make a market more attractive to investors such as investment risk or market potential (Brouthers, 2002).

Kogut & Singh (1988) investigated the influence of culture on entry mode selection to the U.S.A.. They argued that the cultural distance[16] and a culture's tendency to risk aversion would have an impact over an entry choice between a joint venture or wholly owned greenfield over an acquisition.

The bigger the cultural distance between two countries the less likely the choice of an acquisition because of the difficulty of integrating existing management in this mode. If it chooses a joint-venture on the other hand, a firm will benefit from the local partner's knowledge of the market, making management tasks easier to be transferred. Entering through a wholly owned greenfield will result in establishing the firm's management style from the start, thus avoiding the costs incurred by an acquisition (Kogut & Singh, 1988).

If a firm is in a country whose organizational practices are oriented towards risk avoidance, acquisitions will not be chosen because of the uncertainty that arises from new management (Kogut & Singh, 1988).

[16] Kogut & Singh (1988) defined the measure of cultural distance to explain how the cultural differences between countries influenced management's entry mode choices.

Davidson (1980), among other patterns, found evidence that a country that shared a similar culture with the home country, would be a suitable target for investment.

Another component of the cultural context is the market or profit potential. Wholly owned modes of entry are preferable in the presence of high growth markets and joint-venture modes are more reliable for target countries showing little or sluggish growth. Firms will be more inclined towards accepting a target market that supports additional productive capacity, leading to increases in efficiency. However, transaction costs in this market can be higher because of the premium imposed on growth opportunities (Brouthers, 2002).

1.3.1.1. Evidence

A study by Dubin (1980) referred that if cultural and physical barriers between two countries were lower and previous experience in the target country was higher, an acquisition entry would be preferable. Caves & Mehra (1986) and Wilson (1980) on the other hand, found no significant proof that experience would determine the choice of a greenfield entry over an acquisition.

Investment risk[17] was one of the measures of cultural context used by Brouthers (2002). It was found that, if investment risk was high in the target country, firms would prefer to enter it through joint-ventures taking advantage of local knowledge (Brouthers, 2002).

If, on the other hand, a firm's target country offers similar economic, social and political conditions and a cultural context that rests on less investment risk, the firm will want to benefit on higher returns by using a wholly owned entry mode (Brouthers, 2002).

[17] Investment risk was measured as the result of four survey questions that examined "(…) the risk of converting and repatriating profits, nationalization risks, culture similarity and the stability of the political, social and economic conditions in the target market" (Brouthers, 2002, p.211).

Kogut & Singh (1988) also argued that, as the cultural distance from the home to the target country increased, the higher the probability of entering through a joint-venture. However, their research was limited in a number of ways. First of all, the findings were largely influenced by the significant cultural differences between U.S.A. and Japanese firms. Although the results for culture were weaker when removing the Japanese entries, the coefficients remained significant. Furthermore, it is possible that the results were only effective for the time period in analysis, so it is possible that the same outcome may not be observable in the long run (Kogut & Singh, 1988).

On the other hand, K.D. Brouthers & L.E. Brouthers (2000) and Hennart & Park (1993) found no evidence that linked cultural distance[18] to entry mode choice.

1.3.2. Industry conditions

Shaver (1998) argued that the difference between choosing acquisitions or greenfields would have to be based on industry conditions. Industry concentration, Research and Development (R&D) intensity and industry growth rate are some of the most common industry determinants (Slangen & Hennart, 2007; Mata & Portugal, 2000; Hennart & Park, 1993).

Mata & Portugal (2000) state that firms operating in a concentrated industry[19] have a higher likelihood of collusion and thus, tend to react more aggressively towards entrants.

Firms that had previously established operations in the U.S.A. favored entry through acquisitions. According to Shaver (1998), in the case of large sized firms[20] or when industry concentration is high, greenfields are chosen.

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[18] Cultural distance was calculated "(…) using the four dimensions (power distance, uncertainty avoidance, masculinity/femininity and individuality of Hofstede (1980)" (K.D. Brouthers & L. E. Brouthers, 2000, p.93).

[19] Industry concentration can be calculated using the Herfindahl index which is the sum of the squares of market shares of all firms in a certain industry (Mata, 2010).

[20] Shaver (1998) measured the number of subsidiaries that a firm holds in the U.S.A. as an indicator of firm size.

1.3.2.1. Evidence

Industry conditions were identified by Brouthers (2002) as positively impacting the entry mode choice.

Firm size, advertising intensity, research intensity, industry growth and industry concentration were among some of the factors that Caves & Mehra (1986) found as having influence over entry choice. Brouthers et al. (2008), however, found no support for the impact of firm size on entry mode choice.

One of the results from Kogut & Singh (1988) showed that U.S.A. asset size, one of the studies' control variables, was statistically significant. This meant that the tendency to choose a joint venture over an acquisition increased with the size of the assets of the targeted North American firm.

Industry growth rate and R&D intensity were two variables that received consistent empirical support. Greenfield entries would be preferred when firms face growing industries and when they are more intensive in R&D (Slangen & Hennart, 2007).

Industry factors should also be used along with firm level determinants when analyzing entry mode choice given that there is heterogeneity within an industry (Raff et al., 2012). Only the most efficient firms within an industry will engage in FDI, the least productive firms will serve only the domestic market and the firms in a "middle ground" production will engage in exporting (Helpman et al., 2004).

Additionally, Stiebale (2013) argues that industry heterogeneity is more likely to exist across than within countries.

A firm that is in the same industry as its target is more likely to benefit from a joint-venture than an acquisition (Hennart & Reddy, 1997).

Relative investment size and technological intensity were also significant according to K. D. Brouthers & L. E. Brouthers (2000) and Reddy (2014). Firms making relatively small investments and that had high levels of technology and diversity favored greenfield entries.

If a firm intends to make a large greenfield operation relatively to its size, it is likely that this investment will be accompanied by a decrease in its tangible assets, therefore making an acquisition less burdensome (K. D. Brouthers & L. E. Brouthers, 2000).

1.3.3. Institutional context

Theory suggests that institutional context variables should also be taken into consideration. Regulative, normative and cognitive forces make the institutional context in which transactions occur. While regulative forces such as rules and laws derive from economics, the normative and cognitive dimensions are based in sociology and refer to values and to the meaning of phenomena (as cited in Brouthers, 2002). The institutional context also refers to pressures for global integration and local responsiveness that influence the firm's environment (Slangen & Hennart, 2007). K. D. Brouthers & L. E. Brouthers (2000) add that tangible assets such as managerial resources and intangible assets like skills are also included in this context.

Regulatory restrictions on foreign acquisitions are some of the most common institutional variables. If governments want to avoid monopolies, they may limit acquisition entries making joint-ventures the favored option (Brouthers, 2002; Slangen & Hennart, 2007).

Acquisitions are less attractive in the case of firms which are technologically intensive[21] because there is a chance of disseminating firm specific advantages and more difficulty in transferring organizational technologies to existing workers (K. D. Brouthers & L. E. Brouthers, 2000).

Recent institutional theory has gone beyond looking at the characteristics of a target country's risks to define the regulatory, cognitive and normative dimensions of the institutional environment (Brouthers & Hennart, 2007).

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[21] K. D. Brouthers & L. E. Brouthers (2000) defined technological intensity as the percentage of sales dedicated to R&D.

There were also studies that looked at how firms that had multidomestic or global strategies would also have to consider the institutional environment (Brouthers & Hennart, 2007). Because multidomestic firms focus on meeting the demands of the local market through the target's firm-specific advantages, it becomes easier for them to acquire a firm that possesses this insight instead of creating a new one (Harzing, 2002). On the other hand, global firms shift their attention to product standardization which is achievable through efficiency gains from their own specific advantages. In this case, setting up a new operation is more adequate to better integrate these advantages (Harzing, 2002).

Given that the institutional environment changes over time, Brouthers (2013) suggests adding measures to analyze time-sensitive effects on a firm's future actions. He also argues that future research could enhance the definition of the institutional context by including differences in management styles and the attitudes of a target country towards foreign entrants as well as the latter's perception of the target market (Brouthers, 2013).

1.3.3.1. Evidence

Resorting to enquiry responses from managers and non-managerial employees, Kostova & Roth (2002) demonstrated that the institutional context, which is mostly specific to a country, had impact over the adoption and internalization of organizational practices that varied across subsidiaries.

A sample of European firms performed better when choosing an entry mode that could be predicted by a model that not only included transaction costs but also took institutional context variables into account (Brouthers, 2002).

Legal restrictions to foreign entrants may be imposed by countries that wish to extend domestic ownership over its businesses. Consequently, joint-ventures are the entry modes that firms tend to use under such restraints. Firms that do not conform to a target country's regulatory environment do not perform as well, and may even be obliged to exit the market (Brouthers, 2002).

In the case of the retail industry, Swoboda et al. (2015) found that the higher the differences in the political institutions of the home and target countries will likely cause a retailer to deviate from its initially proposed entry choice.

Hernandéz & Nieto (2015) used a sample of European SMEs firms to acknowledge the fact that the effects of institutional distance would be different depending if firms entered countries with a stronger or lesser regulated environment.

The fact that two countries are separated by a large regulative distance may not necessarily mean that the entrant firm must avoid a high resource commitment mode. In fact, Hernandéz & Nieto (2015) say that managers should look into the direction of the institutional distance which, if positive, may actually make it easier to adapt to the better conditions offered by the target country.

Negative distance relates to the decision of a firm from a well-regulated environment to enter a country with less regulations. Because of this, the firm will opt for an entry mode with less associated resource commitment such as exports. Conversely, a positive institutional distance will motivate the firm to choose an entry mode that requires high resource commitment because it perceives that there are less incurred risks and costs. In this case, the entrant can enter through a collaborative agreement like licensing, for instance, or use FDI (Hernandéz & Nieto, 2015).

The main entry mode determinants, theories that explain them and the probable entry choices can thus be summarized in table 2 presented below.

Entry mode determinants		Matching theories	Most likely entry mode	References
Cultural Context	Cultural distance	TCT	If cultural distance is higher, acquisition is less likely.	Kogut & Singh (1988)
	Market growth	TCT	In the case of high growth, greenfieds are preferable. If growth is slower, joint-ventures and acquisitions are preferable.	Brouthers (2002)
		Real Options	In the case of high growth, acquisitions are preferred.	Brouthers et al. (2008); Schilling & Steensma (2002)
	Previous experience in target country	Organizational learning	Exporting when low experienced and greenfield when experience increases.	Lord & Ranft (2000); Erramilli (1991)
		Information Economics	If not experienced, greenfields are chosen, otherwise acquisitions are preferred.	Stevens & Makarius (2015); Akerlof (1970)
	Investment risk	TCT	If high, joint-venture. If low, wholly owned greenfield.	Brouthers (2002)
Industry Conditions	R&D intensity	Industrial Organization	If R&D intensity is high, greenfield.	Stiebale (2013); Slangen & Hennart (2007)
	Industry growth	Industrial Organization	If industry growth rate is high, greenfield.	Slangen & Hennart (2007); Caves & Mehra (1986)
	Industry concentration	Industrial Organization	If industry is highly concentrated, greenfield.	Mata & Portugal (2000); Shaver (1998); Caves & Mehra (1986)
Institutional context	Regulatory restrictions	TCT	If high, greenfield is preferable.	Brouthers (2002)
	Technological intensity	TCT	If high, greenfield is preferable.	K.D. Brouthers & L.E. Brouthers (2000)
	Type of strategy used	Institutional theory	Acquisition if a multidomestic strategy is followed.	Harzing (2002)
	Asset specificity	TCT and RBV	If asset specificity is low and costs of integration are low, wholly owned modes. When costs increase, joint-ventures are preferable.	Brouthers et al. (2003); Erramilli & Rao (1993)

Table 2: Entry mode determinants and matching theories. Adapted from Surdu & Mellahi (2016), Slangen & Hennart (2007) and Harzing (2002).

1.4. Inconsistency and other research limitations

According to Slangen & Hennart (2007), literature has been unable to produce consistent results regarding experience influence in entry mode selection (Slangen & Hennart, 2007).

One of the methodological limitations was related with the timing of data gathering. Because many of the enquiries were answered at least one year after the entry decision had taken place, the results may have suffered from memory bias (Brouthers, 2002).

Shaver (1998) concluded that, because firms "(…) choose strategies based on their attributes and industry conditions, entry choice is endogenous and self-selected" (Shaver, 1998, p.571).

However, as in Kogut & Singh (1988), the results of Shaver (1998) may only be effective for a particular time period and thus, not be valid for the present time. Furthermore, due to comparing issues, 509 joint-venture entries were excluded from the original sample of 1219 entries.

Some studies cover only the internationalization of Japanese firms which are known for their limited disclosure practices and give particular importance to organizational culture. This latter effect is bound to have influence over entry mode choice (Woodcock et al., 1994).

Slangen & Hennart (2007) found inconsistencies among 15 entry mode establishment studies. Only 6 of the 22 variables that have been included in more than one study have proved to be statistically significant and only five of the 22 have consistent effects across at least six studies.

According to Slangen & Hennart (2007), different theories produced contradictory predictions on the effects of a firm's international experience or the level of similarity of the subsidiaries' products to those of the parent. They argue that the level of subsidiary integration would have a moderate effect between these two effects and entry mode choice. Research-design issues were also suggested causes of this inconsistency (Slangen & Hennart, 2007).

1.4.1. Unrecognized moderating effects

TCT and information economics for instance, opposed each other when it came to address the extent to which a firm would choose an acquisition over a greenfield entry when it had experience in the target country. This contradiction was driven by TCT’s reliance on the skills to manage foreign operations and Information Economics’ focus on the lack of capabilities to evaluate and integrate acquisitions (Slangen & Hennart, 2007).

According to TCT, if a firm has little target-country experience, the lack of knowledge to run foreign operations would make greenfields costlier than acquisitions, whereas Information Economics predicted that, in this case, firms would have less knowledge to evaluate and integrate local firms thus making greenfields preferable (Slangen & Hennart, 2007).

The conclusion is that the experience variable has a moderate effect. If the parent firm intends the local subsidiary to be more integrated, it is more likely the parent will opt for a greenfield entry because it lacks the experience needed to integrate acquisitions in the target country (Slangen & Hennart, 2007).

Different predictions from both theories also arose when the entry mode choice was influenced by how similar the parent’s products were to those of the target subsidiary.

If the purpose of the firm’s internationalization is to plan on making products that differ significantly from those of the ones produced at home, the firm will try to procure the knowledge to do so by an acquisition (Hennart & Park, 1993).

Information economics on the other hand, predicts that in that case, greenfields are preferable because the parent firm does not have enough information on the new industry it has entered (Hennart & Park, 1993).

The relationship between cultural distance and entry mode choice also produced different findings, which can also be attributed to the moderate effect of subsidiary integration (Slangen & Hennart, 2007).

While some studies such as Harzing (2002) found that as cultural distance increased, so did the probability of a greenfield entry, K. D. Brouthers & L. E. Brouthers (2000) did not support these findings (Slangen & Hennart, 2007).

The moderate effect of subsidiary integration can be summarized according to table 3.

	Subsidiary integration/Experience		**Likely outcome**	**References**
If the Target country is culturally distant	And a more integrated subsidiary is required	The parent firm will want to transfer prices	Greenfield entry is less costly, therefore more likely	Harzing (2002); K. D. Brouthers & L. E. Brouthers (2000)
	And the subsidiary is more autonomous	Less price transfer	Greenfield entry loses attractiveness	
	And the parent has little international experience		Greenfield entry is more likely	

Table 3: Different outcomes of cultural distance. Adapted from Slangen & Hennart (2007).

Slangen & Hennart (2007) add that a firm that does not have a large product range and has international experience will choose a greenfield because it may already have knowledge obtained from previous international operations.

However, if it has product diversity and is internationally experienced, the firm has a structure and management skills that allow it to make acquisitions more viable (Caves & Mehra, 1986).

	Product diversity	**Likely outcome**	**References**
If the firm has international experience	And produces few products	Greenfields are preferable	Caves & Mehra (1986)
	And has a high product range	Acquisitions are preferable	

Table 4: Different outcomes of internal experience. Adapted from Slangen & Hennart (2007).

1.4.2. Research design issues

The second inconsistency cause on some of past findings was that not every variable may have been correctly operationalized which may have led to biased results (Slangen & Hennart, 2007).

1.4.2.1. Multiple target countries

First of all, the fact that many studies include several target countries means that it is likely that the sample includes both countries that have imposed barriers to acquisitions and countries with less restrictive policies towards this entry mode. Such was the case of Padmanabhan & Cho (1999) and Barkema & Vermeulen (1998) who included a dummy variable in the event of a government imposing restrictions on acquisitions. Pointing out that these restrictions vary across time and country, Gomes-Casseres (1990) also found that relatively large firms and those with high intra-system sales are more likely to be affected by these restrictions.

There are also several other obstacles to acquisitions that are difficult to measure such as restrictions in statutes of incorporation whose existence may not have been accounted for in previous research (Slangen & Hennart, 2007).

Lack of industry data for multiple countries may have also contributed to biased results (Slangen & Hennart, 2007).

1.4.2.2. Different home countries

Data from many home countries may also be difficult to obtain or may not be comparable because of different accounting practices (Hennart & Park, 1993).

In addition to this, there were studies in the past that did not account for the influence of the country of origin on entry mode choice (Slangen & Hennart, 2007). Kogut & Singh (1988) introduced a measure of "(…) a firm's willingness to to accept managerial or organizational uncertainty" called uncertainty avoidance. A firm whose home country is characterized by an uncertainty avoidance culture will prefer to use greenfields instead of acquisitions because of the risk of integrating foreign management (Kogut & Singh, 1988).

Authors that did not include this effect, did not reach the same prediction by organizational learning and transaction cost perspectives that with higher international experience, firms would choose entry trough greenfields. In fact, only four out of 12 studies analyzed by Slangen & Hennart (2007) met this prediction.

1.4.3. Endogeneity

Given that firms choose an entry mode according to their attributes and industry conditions, strategy choice is endogenous and self-selected (Shaver, 1998). Shaver argued that incorrect assumptions may arise from interpreting models that do not include these decisions.

Woodcock et al. (1994) for instance, found that new ventures outperformed joint-ventures and the latter outperformed acquisitions. Studies such as these regarded a greenfield entry as most likely to survive than an acquisition, but the entry decision between the two modes no longer had statistical significance when accounting for self-selection.

Shaver found that a firm that chose to enter the U.S.A. through an acquisition would be more likely to survive than if it had chosen to enter by greenfield. However, he proved that the latter entry mode also had a higher probability of survival than an acquisition (Shaver, 1998).

This indicates that entry choice alone does not affect firm survival and presents evidence that the models that do not control for self-selection can lead to misleading conclusions. Acquisitions may be favored under certain industry conditions, while greenfield entries may have their own advantages under other conditions (Shaver, 1998).

Nevertheless, Martin (2013) did not consider an effect to be non-existent if it was no longer significant, stating that more measures would be required to guarantee the validity of such conclusions[22].

Table 5 below, summarizes some of the literature where these inconsistencies and limitations can be found.

[22] For this purpose, Martin (2013) suggests the use of an appropriate confidence level.

Inconsistency/Limitation	References
Unrecognized moderating effects	Harzing (2002); K.D. Brouthers & L. E. Brouthers (2000)
Multiple target countries	Harzing (2002); Padmannan & Cho (1999); Barkema & Vermeulen (1998); Hennart & Park (1993)
Different home countries	Hennart & Park (1993); Caves & Mehra (1986)
Endogeneity	Woodcock et al. (1994); Hennart & Park, (1993)

Table 5: Main inconsistencies/limitations in some papers on entry mode choice. Adapted from Slangen & Hennart (2007).

Chapter 2
Portugal and U.S.A. Trade and Investment Relations

When questioned about the relations between Portugal and the U.S.A., Nuno Brito, the former ambassador of Portugal in Washington[23], stated that the institutional relations and political and diplomatic contacts have been developing at a considerable pace (Portugal Global Magazine, 2015).

Nuno Brito also highlighted the importance of the direct aerial connections between Lisbon and the East Coast of the U.S.A. which reinforces Portuguese interest in the country and makes it easier for trade flows (Portugal Global Magazine, 2015).

Another important aspect that enhances the relations between both countries is the community of Portuguese-Americans in the U.S.A.

In the state of Massachusetts, particularly, Portuguese presence spans for more than eight decades.

Upon the Heritage Day of Portugal at the Boston State House in 2016, Teresa Ribeiro, secretary of State for Foreign Affairs and Cooperation of Portugal, said that (…) "one of the most remarking features of this community is that they were able (…) to fully integrate in the American society, participating actively in the political, social and economic life of this State and Country"[24].

A study by the Center for Political Analysis (2005) showed that in 2003, 19% of governmental positions in the Massachusetts local Power structure, were occupied by Portuguese-Americans, only surpassed by individuals of English

[23] Nuno Brito was the ambassador of Portugal in Washington from 2011 to 2015 prior to the current ambassador, Domingos Fezas Vital.

[24] Retrieved from http://ojornal.com/portuguese-brazilian-news/2016/06/18-honored-at-heritage-day-of-portugal-at-the-state-house-in-boston/#axzz4EwjYqQaB. Last accessed on 22.07.2016.

ethnicity. In addition to this, 19% of educational jobs were also held by Portuguese-Americans in the same year, which helps to consolidate Portuguese culture in the country.

Teresa Ribeiro also mentioned that the Portuguese community celebrates its heritage by remembering the culture and roots and culture passed from their ancestors and that "they are always ready to help Portugal, to support their Portuguese brethren, to invest and expand their business to the homeland of their fathers"[25].

2.1. Portugal and U.S.A. trade

Portugal has been registering a positive trade balance with the U.S.A. as seen by the superior value of exports over imports over the years in table 6 and accompanied by a steady increase of the number of firms exporting to the country (AICEP, 2017).

		2016	2015	2014	2013	2012
Exports		2465,5	2566,7	2110,7	1997,7	1865,5
Imports		878,2	966,2	930,3	842,7	961,7
Balance		1587,3	1600,5	1180,4	1155,1	903,8
Coverage Ratio		280,7	265,7	226,9	237,1	194
Number of exporting firms		3109	2853	2561	2385	2289
U.S.A. as client of Portugal	**% Exports**	4,9	5,2	4,4	4,2	4,1
U.S.A. as supplier of Portugal	**% Imports**	1,7	1,5	1,6	1,5	1,7

Table 6: Trade balance of Portugal with the U.S.A. and U.S.A. quota on the Portuguese Balance of traded goods. Source: AICEP (2017).

In 2016, the U.S.A. accounted for 4,9% of total Portuguese goods exports, making it Portugal's 5th biggest export destination, behind Spain, France, Germany and the United Kingdom (U.K) as seen in table 7. However, Portugal does not represent one of the U.S.A.'s top importing market destinations, occupying the 76th position in 2016 (table 8).

[25] Retrieved from http://ojornal.com/portuguese-brazilian-news/2016/06/18-honored-at-heritage-day-of-portugal-at-the-state-house-in-boston/#axzz4EwjYqQaB. Last accessed on 22.07.2016.

		2016		2015		2014		2013		2012	
		%	value	%	value	%	value	%	value	%	value
Spain		26,2	13163	25	12467	23,5	11284	23,6	11177	22,5	10151
	Pos.	1		1		1		1		1	
France		12,6	6333	12,1	6032	11,8	5659	11,6	5497	11,8	5351
	Pos.	2		2		2		3		3	
Germany		11,6	5852	11,8	5883	11,7	5618	11,6	5509	12,4	5596
	Pos.	3		3		3		2		2	
U.K.		7	3540	6,7	3356	6,1	2944	5,5	2613	5,3	2386
	Pos.	4		4		5		5		5	
U.S.A.		4,9	2466	5,2	2567	4,4	2111	4,2	1998	4,1	1866
	Pos.	5		5		6		6		7	

Table 7: Country positions, values and quotas on trade goods as clients of Portugal. Source: AICEP (2017); values in millions of EUR. Position is shown as "Pos."

		2016		2015		2014		2013		2012	
		%	value	%	value	%	value	%	value	%	value
Canada		18,3	240283	18,7	252778	19,3	234999	19,1	226376	18,9	227487
	Pos.	1		1		1		1		1	
Mexico		15,9	208686	15,7	212384	14,8	180739	14,3	170201	14	167854
	Pos.	2		2		2		2		2	
China		8	104610	7,7	104570	7,6	93042	7,7	91640	7,2	85933
	Pos.	3		3		3		3		3	
Japan		4,4	57161	4,2	56254	4,1	50274	4,1	49097	4,5	54407
	Pos.	4		4		4		4		4	
U.K.		3,8	50046	3,7	50544	3,3	40480	3	35640	3,6	42652
	Pos.	5		5		5		5		5	
Portugal		0,07	857	0,06	849	0,07	854	0,05	635,6	0,07	853
	Pos.	76		80		78		85		77	

Table 8: Country positions, values and quotas on trade goods as clients of the U.S.A. Source: ITC (2017); values in millions of EUR. Position is shown as "Pos."

The U.S.A has been contributing positively to Portuguese export growth, a trend that was maintained until 2016, when, it can also be noted that the U.S.A. also contributed 0,95 percentage points to Portuguese export growth in 2015.

	2016	2015	2014	2013	2012
U.S.A. contribution to growth of Portuguese global exports	(0,20)	0,95	0,24	0,29	0,86
U.S.A. contribution to growth of Portuguese global imports	(0,15)	0,06	0,15	(0,21)	(0,30)

Table 9: Contribution to Portuguese exports and imports. Source: AICEP (2017). Values in percentage points. Negative values are shown between parentheses.

In 2016, petroleum oils and oils from bituminous minerals reached the value of EUR 527,3 million, being the highest value of all Portuguese exports to the U.S.A. Table 10 shows that this was followed by pharmaceutical products and paper and uncoated paper. The considerable increase of medicament exports from 2013 to 2014 was likely fueled by pharmaceutical firm Bial's entry in the U.S.A. In 2013, Centers for Disease Control and Prevention[26] estimated that around 5,1 million people, including children and adults, in the U.S.A., had been diagnosed with epilepsy or a seizure disorder which showed the commercial potential of anti-epileptic drugs in the country[27].

In the same year, Bial gained the approval of the Food and Drug Administration (FDA) to sell its anti-epileptic drug APTIOM, which was already being sold in Europe since 2009 under its original name ZEBINIX[28].

From 2014 to 2015, rubber articles, more specifically tires, registered a variation of approximately 75,2%, the highest increase of all product categories.

Portugal holds about 55% of the world's cork production[29] and was also an important destination of its exports to the U.S.A. The footwear industry, considered a hallmark of Portuguese manufacture, had the second highest increase in exports (about 50%) from 2014 to 2015.

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[26] Centers for Disease Control and Prevention is a national health agency and is part of the Department of Health and Human Services of the U.S.A.(https://www.cdc.gov/about/organization/cio.htm)

[27] Retrieved from http://www.alert-online.com/pt/news/health-portal/antiepiletico-desenvolvido-pela-bial-aprovada-pela-fda. Last accessed on 06.08.2017.

[28] Retrieved from http://www.alert-online.com/pt/news/health-portal/antiepiletico-desenvolvido-pela-bial-aprovada-pela-fda. Last accessed on 06.08.2017.

[29] Retrieved from http://www.amorim.com/en/why-cork/cork-oak-forest-area/. Last accessed on 09.01.2016.

	%Total 2016[30]	2016	2015	2014	2013	2012
Petroleum oils and oils obtained from bituminous minerals (excluding crude) and preparations	21,4	527,3	669,7	535,7	651,8	689,3
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses	9,9	243,2	153,2	159,1	38,8	37,6
Uncoated paper and paperboard, for writing, printing and other graphic purposes	4,9	121,6	143,2	108,9	109,7	101,6
New pneumatic tires made out of rubber	4,5	111,1	107,4	61,3	65,9	37,1
Articles of natural cork (excluding cork in block shapes)	3,9	95,1	103,8	90,4	75,6	74
Bedlinen, table linen, toilet linen and kitchen linen of all textile materials	3	74,8	77,5	62,5	66,5	56,9
Agglomerated cork, with or without a binding substance, and articles of agglomerated cork	2,8	69,4	71,5	59,9	63,6	63,8
Wine of fresh grapes and grape must	3	74,8	68,9	59,3	55,8	51,2
Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather (excluding orthopedic footwear and skating boots)	2,9	71	64,5	43	24,3	19,3
Furniture and parts thereof (excluding seats and medical, surgical, dental or veterinary furniture)	2,6	64,5	58	45,2	34,3	15
SAMPLE TOTAL	58,9	1452,8	1517,6	1225,1	1186,3	1145,8

Table 10: Main Portuguese products exported to the U.S.A. Source: AICEP (2017) and International Trade Center (2017); values in millions of EUR.

Looking at table 11 below, the combined categories of powered aircraft, spacecraft and its parts represented the highest value of Portuguese imports from the U.S.A. in 2015 (about EUR 207,8 million[31]). Additionally, the segment of powered aircraft and spacecraft had the biggest increase from 2014 to 2015 (approximately 289,55%). Machinery and mechanical appliances as well as mineral fuels such as petroleum gas followed with high import values of 95,4 and 71,6 million EUR, respectively. From 2014 to 2015, the biggest decrease (-52,46

[30] $\% \text{ Total 2016} = \dfrac{\text{value of an exported goods category to the U.S.A. in 2016}}{\text{total value of Portuguese exports to the U.S.A. in 2016 (=EUR 2465,5 million)}}$

[31] 164 million + 43,8 million = EUR 207,8 million.

%) originated from soya bean imports, with mineral fuels following the same trend (-36%).

	% Total[32] 2016	2016	2015	2014	2013	2012
Powered aircraft, spacecraft and its launch vehicles	12,7	111,5	164	42,1	25,3	43,9
Turbojets, turbopropellers and other gas turbines	11,9	104,6	95,4	94,4	107,3	129,4
Petroleum gas and other gaseous hydrocarbons	7,8	68,6	71,6	112	99,6	10,7
Soya beans, broken or not	8,3	72,9	61,9	130,2	102,6	58,2
Parts of aircraft and spacecraft headings 8801 or 8802[33]	4,3	37,5	43,8	29,8	25,6	25,8
Unmanufactured tobacco and tobacco refuse	2,3	19,8	31,2	16,9	33,4	26,9
Maize or corn	2,4	21,1	26,2	27,5	1,1	7
Frozen fish excluding fish fillets and other fish meat of heading 0304[34]	1,6	13,9	21,4	8,9	11,4	38,2
Articles of natural cork (excluding cork in blocks, plates or sheets)	1,3	11,3	6,9	5,2	3,8	1,2
Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end jointed, of a thickness of > 6mm	1,7	15,1	15,8	15,8	16	13,3
SAMPLE TOTAL	54,3	476,3	538,2	482,8	426,1	354,6

Table 11: Main U.S.A. product exports to Portugal. Source: AICEP (2017) & International Trade Center (2017); values in millions of EUR.

Rui Boavista Marques, director of AICEP's Centre of Business in New York stated that Portugal has become both source and target of investment as well as a partner in scientific and technological research (Portugal Global Magazine, 2015).

Relations between the two countries were expected to benefit from the implementation of the Transatlantic Trade and Investment Partnership[35] (TTIP),

[32] $\% \text{ Total } 2016 = \frac{\text{value of an imported goods category from the U.S.A in 2016}}{\text{total value of Portuguese imports from the U.S.A. in 2016 (=EUR 878,2 million)}}$

[33] Heading 8801 refers to balloons and dirigibles, gliders, hand gliders and other non-powered aircraft. Heading 8802 refers to Powered aircraft, spacecraft and its launch vehicles (International Trade Center, 2016).

[34] Heading 0304 refers to fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen International Trade Center, 2016).

[35] The TTIP is a trade and investment agreement under negotiation, whose purpose is to eliminate trade barriers between the European Union and the U.S.A. Retrieved from http://ec.europa.eu/trade/policy/in-focus/ttip/about-ttip/. Last accessed on 26.08.2017.

an agreement that could have added 0,5% to both countries' Gross National Product (GNP), and increase the value of their exports (Portugal Global Magazine, 2015).

Indeed, according to UNCTAD (2016) data, the proposed group of TTIP members would have been the world's second largest receiver of FDI in 2015, with an inward FDI stock of approximately USD 13,4 trillion, behind the G20 group[36] which held around USD 14,4 trillion.

The TTIP, which has undergone its 15th negotiation round in October 2016, had been facing considerable resistance from protesters. One of the main arguments against its implementation is that investors will have added powers to sue their governments if international arbitrators find they have been treated unfairly[37]. Another reason that adds to the uncertainty that the future of the TTIP faces is president Donald Trump's resistance to these deals. President Donald Trump's position ultimately resulted in the termination of another agreement called the Trans-Pacific Partnership[38] (TPP) and has also shown further desire to lead the U.S.A. out of NAFTA in exchange for fairer trade deals[39].

2.2. Portugal and U.S.A. investment

Data from UNCTAD (2017), represented in figures 4 and 5, show that in 2016, the U.S.A. was the country with the biggest value of FDI inflows in the world

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[36] The G20 group includes 19 countries and the European Union. The countries are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russian Federation, Saudi Arabia, South Africa, South Korea, Turkey, the U.K. and the U.S.A. Retrieved from http://g20.org.tr/about-g20/g20-members/. Last accessed on 25.08.2017.

[37] Retrieved from https://www.theguardian.com/business/2015/jul/03/what-is-ttip-controversial-trade-deal-explained. Last accessed on 02.01.2017.

[38] The TPP was signed and concluded on February, 2016 but has not yet entered into force as of December 2016 (UNCTAD, 2016). The TTP aims to eliminate tariffs and other trade barriers and to facilitate the establishment of production and supply chains in the following countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, U.S.A., Vietnam, Singapore and New Zealand. Retrieved from https://www.ustr.gov. Last accessed on 31.12.2016.

[39] Retrieved from http://www.aljazeera.com/news/2016/11/donald-trump-vows-quit-tpp-fair-trade-deals-161122132615324.html. Last accessed on 02.01.2017.

(about USD 391 billion) and also the one registering the highest value of FDI outflows (approximately, USD 299 billion).

In 2016, Portugal was highlighted in Site Selection Magazine (2016) as one of best countries to invest in Western Europe. The country ranked fourth in the Global Best to Invest per capita category which was led by Ireland and achieved fifth place in the Global Best to Invest by total projects which was led by the U.K.. To achieve these awards, qualifying projects had to meet the following criteria:

- A minimum investment amount of USD 1 million.
- Create a minimum of 20 new jobs.
- Involve at least 1,900 square meters of new space

Investing in Portugal provides advantages for several reasons. One of them, is its geographical position in the Iberian Peninsula as an important access point for transports and being the closest European country to the U.S.A. and Canada. Secondly, the country possesses significant quality in its infrastructures such as highways, harbors and airports and railways. A qualified and dedicated workforce in Information and Communication Technology (ICT) and business areas also boosts interest from firms looking to enter and recruit personnel in the country.[40]

Being part of the E.U., grants Portugal four important rights in the internal market, allowing for the free movement of goods, services, the freedom of establishment and to provide services across each member-state.

Furthermore, it was ranked 1st in the ease of doing international trade across borders in 2017, and 25rd in the global ease of doing business ranking, positions that can be attributable to its geographical location and the reduction of corporate income tax from 23% to 21% in 2015.[41]

[40] Retrieved from http://www.portugalglobal.pt/PT/InvestirPortugal/Paginas/investiremPortugal.aspx. Last accessed on 31.08.2017.

[41] Retrieved from http://www.doingbusiness.org/~/media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB17-Full-Report.pdf. Last accessed on 31.08.2017.

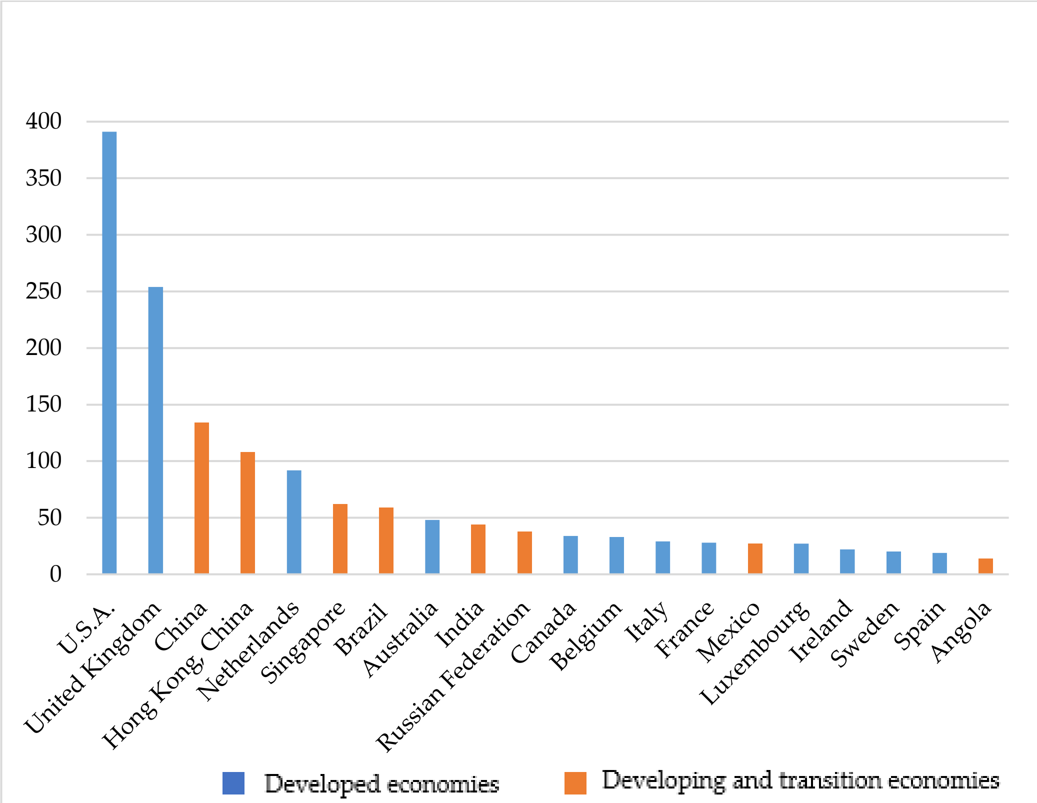

Figure 4: Top FDI inflows in 2016. Source: UNCTAD (2017); values in billions of USD.

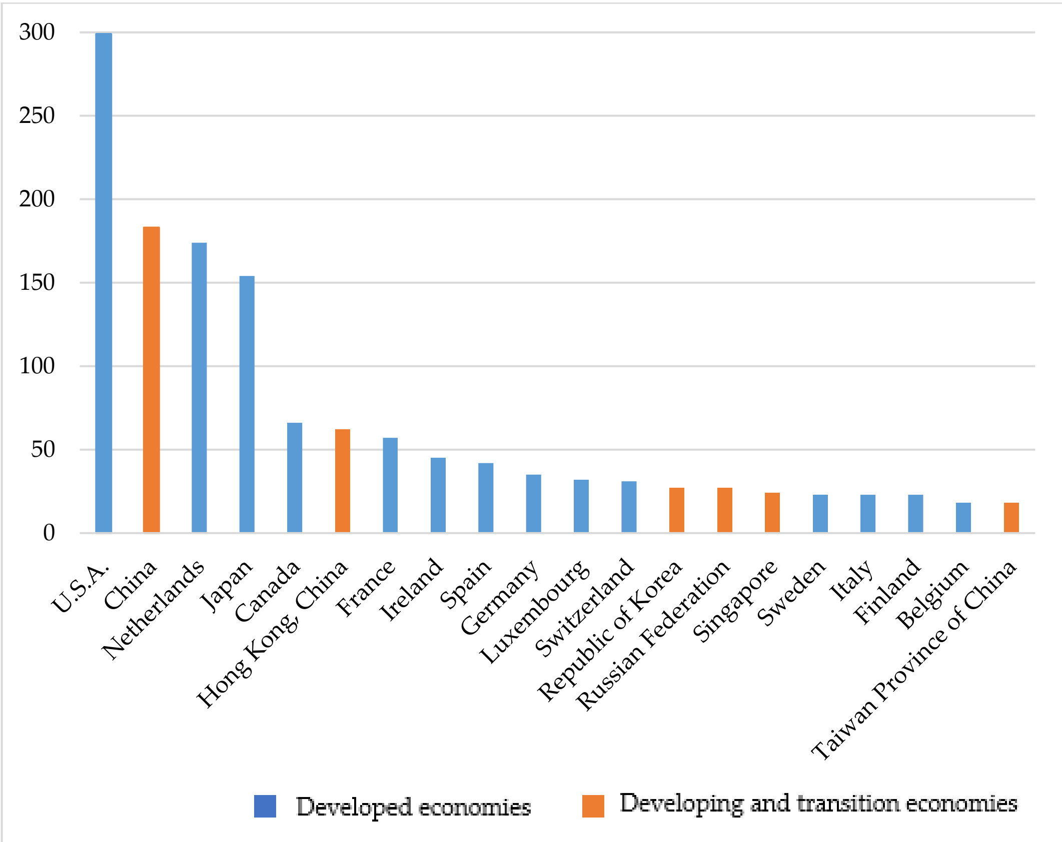

Figure 5: Top FDI outflows in 2016. Source: UNCTAD (2017); values in billions of USD.

Direct investment flows of FDI between Portugal from the U.S.A. registered unsteady variations in the past 5 years as seen in figure 6.

Portuguese investment in the U.S.A. remained positive throughout this time-period except for a decrease in 2015 due to disinvestment.

A possible reason for the increase in FDI from the U.S.A. from 2014 to 2015 can be given to the surge in real estate investment, namely from Lone Star, an investment fund which, in 2015, bought the Dolce Vita shopping centers in Porto, Coimbra and Vila Real and the Monumental shopping center in Lisbon. In the same year, Blackstone, another investment fund, acquired Almada Forum and Forum Montijo[42]. This increase in FDI from the U.S.A. was followed by a break in 2016 that can be attributed to investor's focus on more competitive markets in Latin America, Asia and China. Moreover, resorting to insourcing, the opposite of outsourcing, has also contributed to shift of operations back to the U.S.A. (AICEP, 2017).

The considerable decrease in inward[43] flows from the U.S.A. from 2015 to 2016 could also mean a rise in transactions that decrease the investment of U.S.A. investors in Portuguese firms such as sales of equity or borrowing from U.S.A. firms to Portuguese investors.

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[42] Retrieved from http://www.diarioimobiliario.pt/Actualidade/Norte-americanos-lideram-no-investimento-de-imobiliario-em-Portugal. Last accessed on 10.09.2017.

[43] Inward flows are transactions that increase the investment that foreign investors have in resident firms in the reporting country less the transactions that decrease the investment of foreign investors in resident firms. Outward flows increase the investment that resident investors have in foreign firms such as through purchases of equity, or reinvestment of earnings, less any transactions that decrease the investment that resident investors have in foreign firms such as sales of equity or borrowing by the resident investor from the foreign firm. Retrieved from https://data.oecd.org/fdi/fdi-flows.htm#indicator-chart. Last accessed on 30.08.2017.

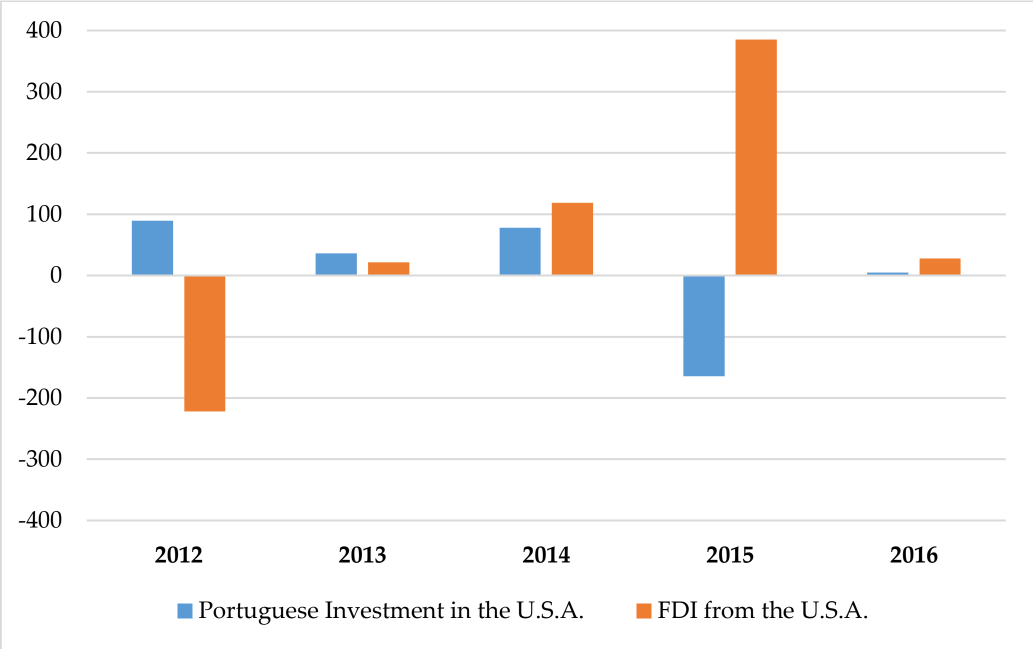

Figure 6: FDI financial net flows between Portugal and the U.S.A using the directional principle[44]; values in millions of EUR. Source: AICEP (2017).

In 2016, the U.K., Japan, Luxembourg, Canada and the Netherlands were the countries that most contributed to FDI in the U.S.A. according to data from Bureau of Economic Analysis (2017). In the same year, Portugal registered a value of USD 937 million in the country, occupying the 55th position of total FDI in the U.S.A.

Country	Position	%	Values in millions of USD
U.K.	1	14,9	555687
Japan	2	11,3	421103
Luxembourg	3	11,2	417386
Canada	4	10	371468
Netherlands	5	9,5	355242
Portugal	55	0,03	937
Other countries	-	20	748275
TOTAL	-	100	3725418

Table 12: Main sources of FDI in the U.S.A. by country in 2016 (% of total FDI in the U.S.A.). Source: Bureau of Economic Analysis (2017) and own calculations.

[44] In the directional principle, flows and investments positions are registered according to the direction of the influence of investment in the perspective of the reporting economy, being considered either inward or outward. The Assets/Liabilities principle takes into account whether an investment belongs to an asset or liability to the reporting country. Retrieved from http://www.oecd.org/daf/inv/FDI-statistics-asset-liability-vs-directional-presentation.pdf. Last accessed on 29.08.2017.

Industry	%	Values in millions of USD
Manufacturing	41,13	1532365
Finance (except for Depository institutions) and insurance	13,55	504780
Wholesale trade	9,87	367596
Professional, scientific, and technical services	5,31	197948
Depository institutions	5,12	190665
Information	4,99	185806
Real estate and rental and leasing	2,21	82261
Retail trade	1,94	72403
Other industries	15,88	591595

Table 13: FDI in the U.S.A. by industry in 2016 (% of total FDI in industry). Source: Bureau of Economic Analysis (2017) and own calculations.

In 2016, manufacturing was the industry which attracted the largest portion of inward FDI to U.S.A. (more than USD 1,5 trillion). The second largest portion of inward investment to the country in 2016, USD 505 billion, went to the Finance & Assurance industry while Banking attracted USD 219 billion. The U.S.A. has the largest and most liquid financial markets in the world (Organization for International Investment, 2017) which may explain its attractiveness to foreign investment in these industries.

Recent data from AICEP (2017) notes about 90 Portuguese investment operations in the U.S.A. namely in the following sectors: ICT, equipment, components and infrastructures, depository institutions, textiles and wines.

Looking at figure 7, the E.U., which held a quota of 87,5%, was also the main source of incoming FDI to Portugal and the combined shares of the intra-community countries, Netherlands, Spain, Luxembourg, the U.K. and France provided 78,9 % of the total FDI in the end of 2016 (AICEP, 2017).

Reflected in figure 8, the European Union (E.U.) was the main target of Portuguese Direct Investment in 2016, representing 74,3% of total FDI at the end of the year, with the Netherlands, Spain and Luxembourg combined, contributing with the highest share of the intra-community countries (60,6%).

At the extra-community level, the U.S.A., with a percentage of 1,7%, stood behind Brazil (2,5%) as leading sources of FDI in Portugal and also behind Angola (7%) and Brazil (5,2%) as primary targets of Portuguese FDI (AICEP, 2017).

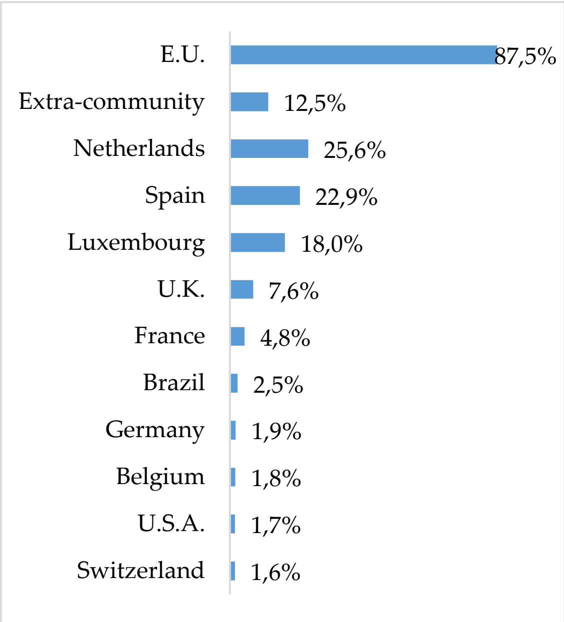

Figure 7: FDI in Portugal by country of origin in 2016. Position in the end of 2016 (% of total). Source: AICEP (2017).

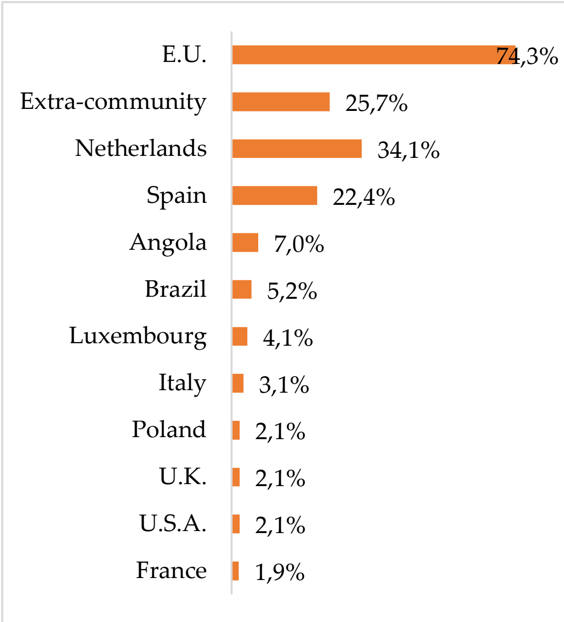

Figure 8: Portuguese outward investment by target country in 2016. Position in the end of 2016 (% of total). Source: AICEP (2017).

Regarding U.S.A. investment in Portugal there is considerable interest from the ICT cluster on which Cisco, Microsoft, HP and Xerox have already invested (AICEP, 2017).

Xerox recruited 200 people for its Global Delivery Center in Lisbon in 2014 and Microsoft invested EUR 2 million in a new skills center to train personnel and also opened 250 job vacancies in 2015 (Portugal Global Magazine, 2015).

Industry	%	Values in millions of EUR
Financial activities and insurance	39,06	43977
Consultancy, scientific and similar activities	11,08	12471
Manufacturing industry	7,46	8398
Retail and wholesale trade	6,31	7100
Real estate	5,72	6444
Utilities	4,18	4706
Construction	2,66	2998
Other industries	10,52	11838

Table 14: FDI in Portugal by industry in 2016 (% of total FDI in industry). Source: Banco de Portugal (2017) and own calculations.

In terms of Portuguese investment in the U.S.A., Rui Boavista Marques identified 4 main activity clusters in the U.S.A. which attracted most Portuguese investment and are shown in table 15 (Portugal Global Magazine, 2015) to which the Banking sector can also be added.

Clusters	Notable Companies and Investments
Banking	▪ BPI ▪ CGD ▪ Montepio
Energy	▪ EDP Renewables' acquisition of Horizon and subsequent commercial expansion ▪ EIP-Eletricidade Industrial Portuguesa, SA
Health	▪ Hovione ▪ Alert ▪ MaloClinic, SA ▪ CGC Genetics
Infrastructures and Logistics	▪ Indasa – Indústria de Abrasivos, SA ▪ Cifial ▪ Logoplaste ▪ Sovena
ICT	▪ Outsystems ▪ Critical Manufacturing ▪ Tekever ▪ Wit Software ▪ Gatewit ▪ WeDo Technologies

Table 15: Clusters and respective Portuguese companies and investments in the U.S.A. Source: Adapted from Portugal Global Magazine (2015).

According to a database kindly handed by AICEP, 67 Portuguese firms currently have FDI in the U.S.A.

Observing the graph below, it can be seen that the Services and Distribution sector includes most of the firms, followed by the Technology and Innovation and Home sectors.

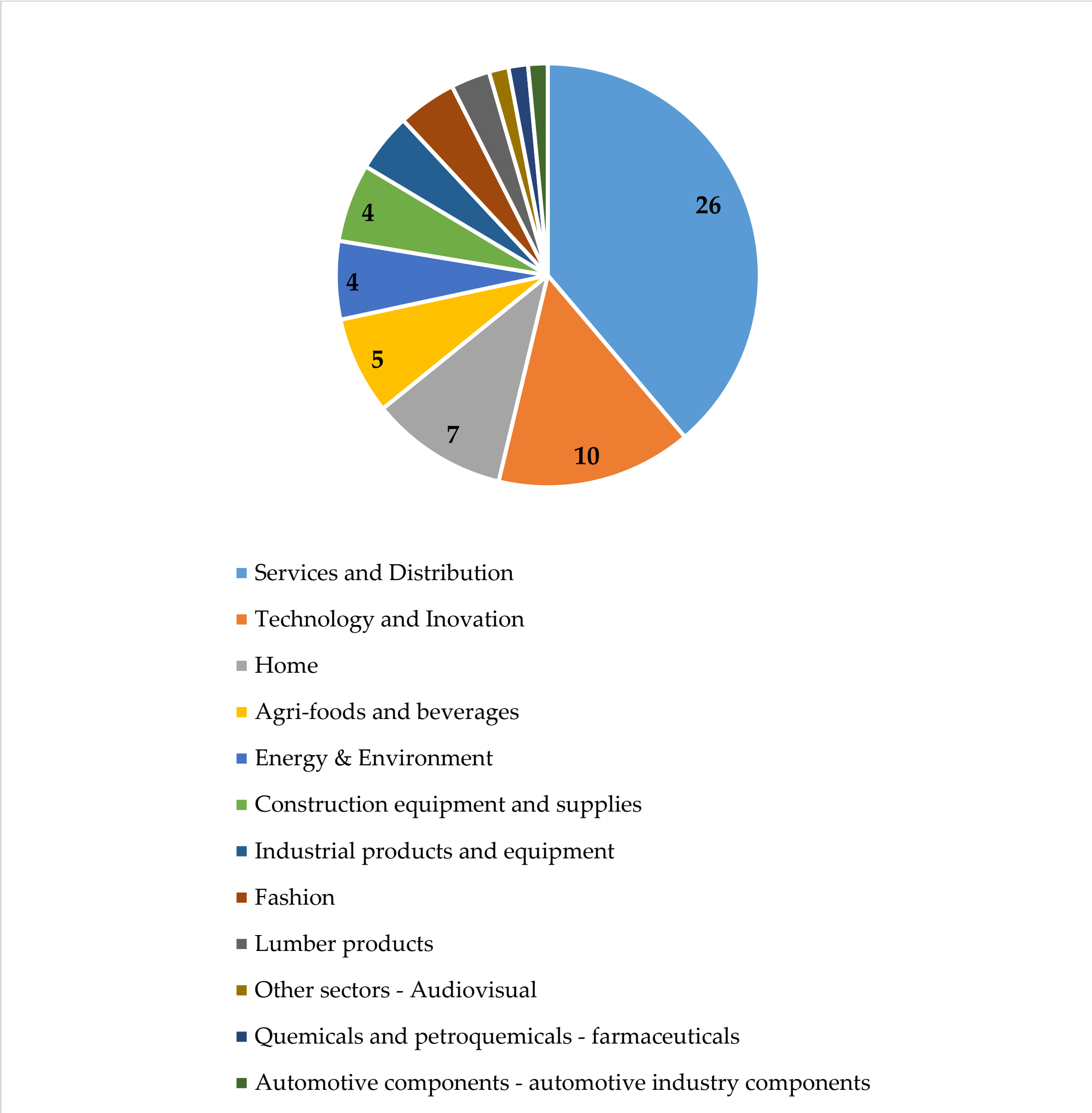

Figure 9: Number of Portuguese firms per sector in the U.S.A. in 2015. Source: AICEP data (2015).

Taking a closer look at the Services and Distribution sector in figure 10, which represents the majority of Portuguese firms operating in the U.S.A., we can see the subsectors in which the firms are present.

The number of firms in the financial services clearly outweighs the other types of services. Portuguese banks are included in this category but also the financial services offered inside other companies.

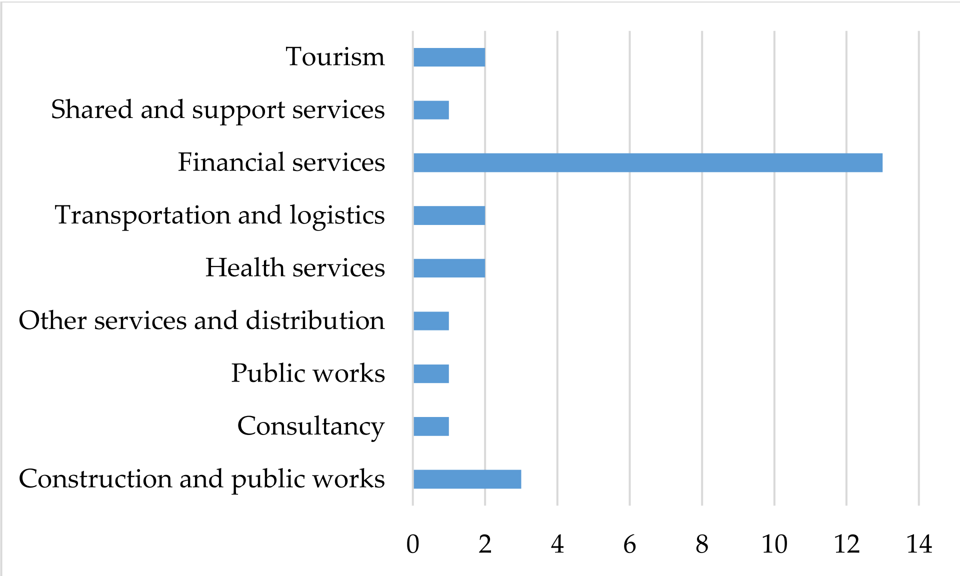

Figure 10: Services and distribution sector. Source: AICEP data (2015).

The location of the investment targets is also important. The distribution of the Portuguese firms in figure 11 suggests that most of them are concentrated in the East coast of the U.S.A. such as New York, New Jersey and Florida. California in the West coast has the biggest number of Portuguese firms investing in the Technology and Innovation sector, more than in any state, a fact that can be attributable to the high concentration of technological based companies in San Francisco's "Silicon Valley". Available data did not show significant presence of Portuguese firms in the Central States.

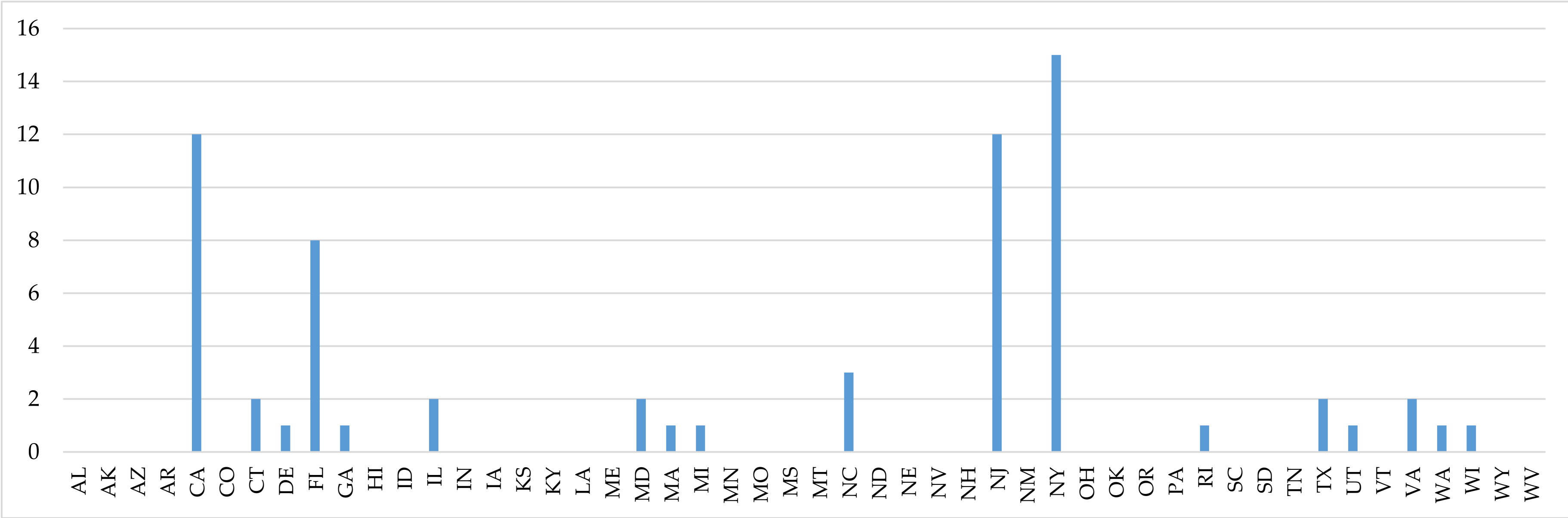

Figure 11: Portuguese firm concentration by state in the U.S.A. in 2015. Source: AICEP data (2015).

2.3. The U.S.A. market

The U.S.A. has a population of more than 320 million people and represents an important destination for world trade and investment. Being the world's largest importing economy in 2016 (around USD 2209 billion), and registering a GDP growth of 1,6% in the same year, with projected positive values until 2019 according to the World Bank, the U.S.A. offers potential opportunities (AICEP, 2017). Electrical equipment and devices held the largest share of total imported value (14,93%), followed by cars (12,67%), fuels (7,26%) and pharmaceuticals (4,11%) (AICEP, 2017).

Moreover, in 2016, the U.S.A. had a GDP per capita of USD 57466,8, the highest value in the world and 2,9 times higher than the Portuguese one. Unlike Portugal, its GNP per capita maintained positive growth levels from 2010 to 2016 which are shown in figure 9. Increases in employment and personal income are expected to further boost consumption levels and provide additional opportunities for exporting countries. Albeit, having one of the most open economies in the world, another reason for its attractiveness, there are important restrictions in certain sectors such as pharmaceuticals, agri-foods, tobacco, textiles and footwear. The most important authorities controlling the entry of goods are the FDA, the U.S.A.'s Department of Agriculture (USDA) and Customs and Border Protection (AICEP, 2017).

Public information is widely available and accessible due to high disclosure practices. Obtaining specific contacts for licensing, entry procedures and during any stage of a firm's commercial process is easy. Effective distribution channels also add to some of the country's advantages (AICEP, 2012).

In addition to this, investors are captivated by the access to innovation and technology and a highly qualified workforce that results from a well-established higher education system that includes many of the world's most prestigious universities (International Trade Administration & SelectUSA, 2013).

Foreign trade agreements such as the North American Free Trade Agreement[45] (NAFTA) have also helped increasing the stock of U.S.A. FDI by opening trade routes with foreign countries.

However, there are certain challenges that foreign firms must face. First of all, the regulatory environment differs throughout the states and there are strict legislation and procedures upon market entry, especially when applied to the pharmaceuticals and food industries (AICEP, 2012).

Investors should realize that it is a very competitive market and one that hosts high consumer sophistication. The American consumer's propensity to do its shopping online indicates that foreign firms should have an organized and easy to navigate website. Additionally, the participation of celebrities in marketing and publicity campaigns is encouraged and it is another peculiar characteristic of the market (AICEP, 2012).

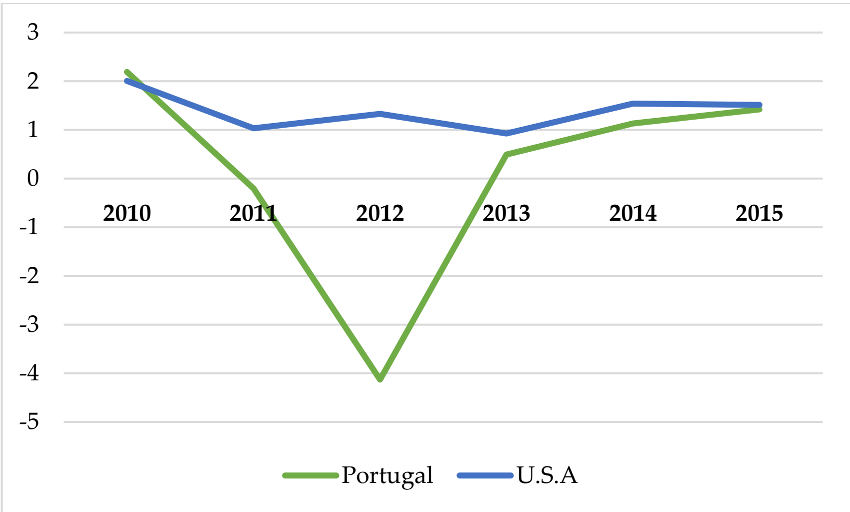

Figure 12: GNP growth per capita in the U.S.A. and in Portugal (%). Source: World Bank (2016).

[45] NAFTA is a free trade agreement between the U.S.A., Canada and Mexico that came into effect in January, 1994 which pursued eliminating trade barriers and easing the movement goods and services between the member countries. Retrieved from https://www.ustr.gov. Last accessed on 31.12.2016.

2.4. The entry mode options

According to AICEP's guidebook on firm establishment in the United States of America, creating a subsidiary, a new society or acquiring a stake in an already existing U.S.A. firm are the current available ways of investing in the U.S.A. (AICEP, 2015).

In 2015, foreign investors acquired 791 firms in the U.S.A. making acquisitions the leading entry mode in the country, a trend which was, according to Rui Boavista Marques, mirrored by Portugal (AICEP, 2017).

Cotesi, a synthetic fibre manufacturer, entered the U.S.A. through the acquisition of PolyExcel Inc. and PolyExcel, LLC.

Sovena acquired 80% of the capital of East Coast Olive Oil, the U.S.A.'s main importer of olive oil and also its main olive oil bottler[46].

EDP Renováveis, S.A., in the energy sector, acquired 100% of the share capital of Horizon Wind Energy LLC, a leading developer owner and operator of wind power generation in the U.S.A. from the Goldman Sachs Group[47].

Also in the energy sector, J. F. Edwards Construction Company which was founded in 1947, headquartered in Illinois and focusing its activity in the development of wind farm electrical collection systems, transmission lines and substations was merged in 2010 with E.I.P., S.A[48]. Another example in the sector was the acquisition of Sure Energy, LLC by DST, SGPS, a Portuguese electrical company.

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[46] Retrieved from http://www.sovenagroup.com/en/our-world/history/. Last accessed on 30.08.2017.
[47] Retrieved from http://www.edp.pt/en/investidores/informacaopriveligiada/2007/Pages/Com27032007. Last accessed on 11.08.2017.
[48] Retrieved from http://jfecc.net/?page_id=693. Last accessed on 30.08.2017.

Although acquisitions were the most common entry mode used by Portuguese firms in the U.SA., there were also considerable greenfield projects in 2014 and 2015 (Portugal Global Magazine, 2015).

Portucel, now called The Navigator Company, through the use of a wholly owned subsidiary named Colombo Energy, LLC, invested USD 110 million in the construction of a wood pellet production unit in South Carolina which was concluded in 2016.

The Pestana Group invested USD 50 million in New York in what is its second biggest operation in the U.S.A and Gepack, a premium Polyethylene Terephthalate (PET) bottle manufacturer and Frulact, a food processing firm, opened production facilities in Arizona and Idaho, respectively (Portugal Global Magazine, 2015).

Although the entry procedure is relatively easy, investors need to have in mind that each state has its own specific rules and requirements, so taking advice from a lawyer who is familiar with state and federal legislation is recommended (AICEP, 2015).

Examples of U.S.A. investment in Portugal in 2016 included several acquisitions in the ICT sector such as the acquisition of Inosat – Consultoria Informática, S.A. by the Fleetmatics Group, a global mobile solutions provider and Smith Micro Software's acquisition of iMobileMagic. TripAdvisor also acquired the Portuguese startup BestTables.

A recent example on a non-equity entry mode, was a licensing agreement between Bial and Neurocrine Biosciences, Inc. for the development and commercialization of opicapone, a drug used for patients Parkinson's disease[49].

In terms of greenfield operations, Amy's Kitchen, in the agri-foods sector, entered Portugal by building a production facility in Santa Maria da Feira with

[49]Retrieved from https://www.bial.com/en/pressroom.138/news.140/bialand_neurocrine_announce_exclusive_north_american_licensing_agreement_for_opicapone.a637.html. Last accessed on 31.08.2017.

an investment of EUR 60 million[50]. IBM also reinforced its presence in Portugal by establishing a new technological innovation center in Viseu which will be run by its subsidiary Softinsa (AICEP, 2017).

However, it was within the manufacturing industry, that most U.S.A. operations in Portugal were concentrated. One example was asset manager, Carlyle group's acquisition of 60% of Logoplaste, a plastic package producer with the goals of increasing the Portuguese firm's financial strength and investment capacity[51].

2.5. MK Contractors

The following information resulted from an interview that took place on June, the 6th, 2017 at Mota-Engil's Headquarters in Porto with the participation of Engº Arnaldo Figueiredo, Vice-President of the holding company's board of directors.

In 2000, Mota-Engil was contacted by Cuban individuals who proposed an entry to the United States market when, at the time, the real estate development market was booming in the country. Due to a high level of demand, property values soared and made it an attractive investment opportunity to enter the country.

The partnership resulted in the acquisition of an already existing company in 2002 called MK Contractors, LLC[52] in which the Cuban partners held stock majority. This company specialized in (…)" public and private works such as luxury high rises, commercial educational and municipal facilities"[53]. It also had an estimated USD 70 million per year in revenues and reached a maximum number of around 40 employees that ran the company's technical structure.

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[50] Retrieved from http://expresso.sapo.pt/economia/2016-07-21-Empresa-americana-investe-60-milhoes-em-Santa-Maria-da-Feira. Last accessed on 30.08.2017.

[51] Retrieved from https://www.carlyle.com/media-room/news-release-archive/carlyle-group-completes-partnership-logoplaste-global-rigid-plastic. Last accessed on 30.08.2017.

[52] LLC stands for "Limited Liability Company".

[53] Retrieved from http://www.mkcontractors.com/. Last accessed on 27.06.2017.

The city of Miami in the state of Florida, was the designated target of investment since the Cuban partners had previous knowledge of the market.

One important aspect was that Mota-Engil did not enter the U.S.A through its core business of public construction but rather through real estate development. However, its real purpose would be to achieve diversification and establish its operations in the public constructions sector of the U.S.A. Another reason behind Mota-Engil's interest was the prestige that that such an entry could bring to the company.

The year 2007 presented a severe difficulty for Mota-Engil's presence in the U.S.A. The previous expansion of mortgage credit to high risk borrowers and the increasing house prices contributed to a subprime mortgage crisis that lasted until 2010. Lenders started selling instruments called mortgage-backed securities (MBS) to investors which would fund most of subprime mortgages. With increasing house demand, house prices grew adding profits to holders of MBS. When unable to make loan payments, high-risk borrowers could pay off their mortgages by either selling their houses at a gain or by borrowing more against higher market prices. However, in 2007, at the peak of house prices, mortgage losses rose for investors and lenders because of the difficulty of mortgage debt settling through refinancing or home selling resulting in the downgrade of MBS[54]. The subprime mortgage market then began to fall, triggering lower demand for houses and lower house prices. This is turn, led to the Government's takeover of Fannie Mae and Freddie Mac[55] and, ultimately, to the collapse of Lehman Brothers, one of the most important investment banks in the U.S.A..[56]This event

[54] Retrieved from https://www.federalreservehistory.org/essays/subprime_mortgage_crisis. Last accessed on 31.08.2017.

[55] Fannie Mae and Freddie Mac are two Government sponsored entities that provide "(…) liquidity, stability and affordability to the mortgage market". Retrieved from https://www.fhfa.gov/SupervisionRegulation/FannieMaeandFreddieMac/Pages/About-Fannie-Mae---Freddie-Mac.aspx. Last accessed on 31.08.2017.

[56] Retrieved from https://www.forbes.com/sites/stevedenning/2011/11/22/5086/#55ea70f7f92f. Last accessed on 31.08.2017.

is illustrated in figure 13 which shows a significant decline of the House Price Index[57] around 2007.

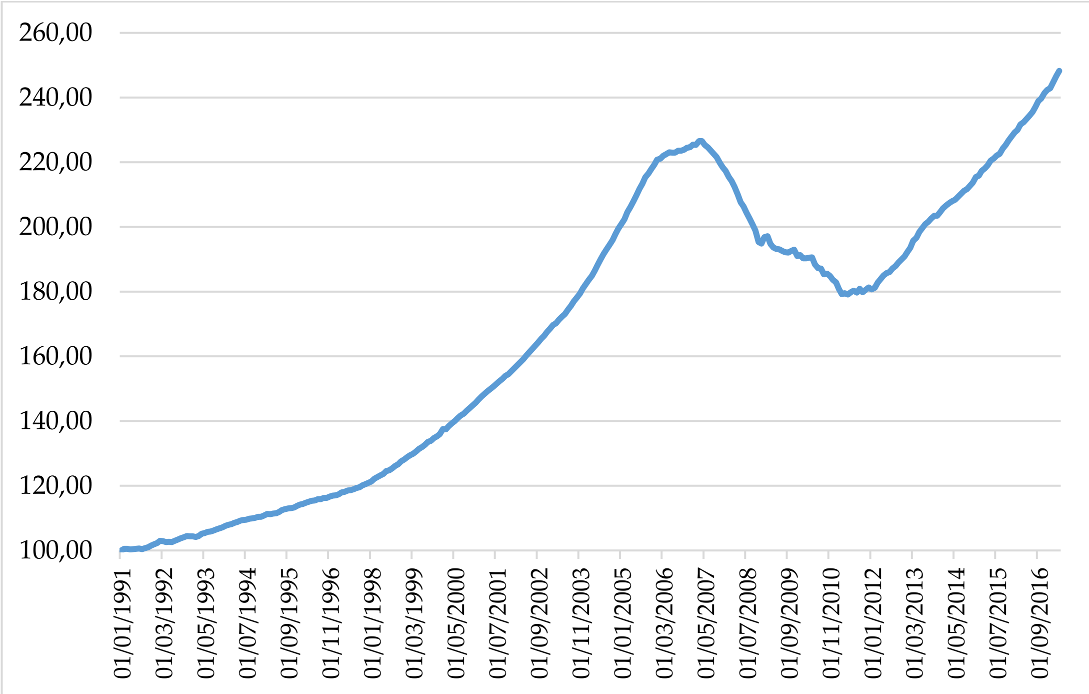

Figure 13: House Price Index in the U.S.A.; Seasonally adjusted; Index level (January, 1991=100). Source: Federal Housing Financing Agency (2017).

One of the particularities of the American market at the time and still taking effect to this day is the high level of market segmentation. Whereas a public construction company in Portugal would be able to cover the costs of the many activities of a project, these are too high in the United States forcing a company resort to subcontractors.

Engº Arnaldo Figueiredo also acknowledges the importance of investment promotion agencies in aiding internationalization. Although these did not play a role in Mota-Engil's internationalization to the U.S.A., AICEP did help in aiding its entry to the Czech Republic. It was a country in which it had no previous experience, so assistance included arranging initial establishment facilities and contacts to initiate its activities. Because the Cuban partners already had

[57] The Houce Price Index measures average price changes of single-family houses. Retrieved from https://www.fhfa.gov/DataTools/Downloads/Pages/House-Price-Index.aspx. Last accessed on 27.06.2017.

knowledge of the local market, further assistance from Investment promotion agencies was not needed in the U.S.A.

In 2000, Mota-Engil had a handicap in experience in developed markets. The attractive growth in the real estate market combined with the trust the company placed in its Cuban partners made sense in that context. However, nothing prepared the company for the outbreak of the subprime crisis in 2007 which leads Engº Arnaldo Figueiredo to state that "innovation in the sense of constantly adapting to new circumstances" is critical to the survival of the company.

The formal decision to close business was made in 2009 but as of this day, MK Contractors, LLC still exists to manage its exit procedure and comply with legal obligations from its previous activity in the country. Furthermore, Mota-Engil now possesses full ownership of the company's stock.

Mota-Engil's entry mode determinants to the U.S.A.

One of Mota-Engil's main goals following its entry was to achieve diversification to the public construction sector and broadening its activity into other states. Another relevant driver of the company's entry to the U.S.A was market growth that fueled the interest on the country. The internationalization process would also be supported on the local partners' knowledge of the market, especially of its legal regulations.

The institutional and cultural contexts therefore, presented the most important determinants of Mota-Engil's entry to the U.S.A.

Future entry mode research should also take into account the seeking of acknowledgment and prestige from competitors and outsiders, which was one of Mota-Engil's goals with its internationalization process to the U.S.A. The idea that internationalization decisions can be motivated by invitation from partners is another possible contribution to entry mode research.

Cultural Context

Cultural determinants are important in terms of entry mode choice and have been covered by a significant number of studies (Brouthers, 2002; K. D. Brouthers & L. E. Brouthers, 2000; Kogut & Singh, 1988). The extent to which the culture of a targeted country differs from that of the home country is one of these measures but the cultural context also includes conditions that make a market attractive to foreign investment (Brouthers, 2002).

Market growth was pointed out by Engº Arnaldo Figueiredo as one of the most important factors in entering the U.S.A. market. The fact that the acquisition was the selected entry mode is in line with Real Options Theory's prediction. However, this does not match TCT's prediction that higher market growth favors greenfield entries.

Information Economics studies suggest that a company that had experience in a certain country will likely enter through acquisitions. Although Mota-Engil did not have experience in the U.S.A. it chose to enter through an acquisition given that its Cuban partners possessed knowledge on the country and knew local clients.

Moreover, the investment risk at the time was low, considering Mota-Engil had its partners' assistance and that the target market was developed and offered stability in terms of political, social and economic conditions (Brouthers, 2002, p.211). Under these conditions, TCT suggests a wholly owned greenfield to enter the country which was indeed, the mode selected by Mota-Engil.

Another cultural obstacle was a high litigation culture in doing business. Whereas, according to TCT, a high cultural distance would mean a tendency to use greenfields, the presence of partners allowed the company to enter through an acquisition.

Institutional context

Knowing how to cope with legal restrictions was one of the most significant obstacles to entry. This did not, however, prove to be a challenge given the knowledge that the local partners had on Florida state's regulations.

Analysis of the institutional context also features in several studies such as Hernandéz & Nieto (2015); Rosenzweig & Singh (1991); Harzing (2002) and Kostova & Roth (2002).

TCT would suggest using greenfields because regulatory restrictions are high in the U.S.A. Nevertheless, an acquisition was chosen because the presence of local partners allowed the company to overcome this problem.

Given that each state has its own regulations, the knowledge gained from Mota-Engil's entry would have been particularly useful in its pursuit of diversification throughout the U.S.A.

Although asset specificity and behavioral uncertainty, both transaction cost variables did not have impact over entry choice, U.S.A entry seems to have been influenced namely by both institutional and cultural context determinants. This is partially aligned with the conclusion of Brouthers (2002) who claimed that a combination of Transaction Cost, institutional and cultural context variables would lead the firm to choose an optimal entry mode.

Chapter 3
The Role of Investment Promotion Agencies

3.1. AICEP

AICEP´s mission is to increase Portuguese competitiveness through investment and the internationalization of its firms with special regard for the

SMEs[58]. It has a worldwide scope of operations and is represented in the United States through offices in California and New York. Accomplishing the following measures is important to attract local investment and assuring its role in assisting Portuguese companies:

- Market prospecting and scanning of business opportunities for Portuguese companies.
- Advising Portuguese firms who want to invest in Portugal as well as guiding potential local investors who show interest in the country.
- Intermediation next to local entities and assisting in business setup and follow-up of Portuguese firms.
- Events that promote Portuguese goods/services in the local market.
- Providing information on Portuguese firms, goods and services to local importers.

In 2014, AICEP contributed to the internationalization effort by creating the "Novos Exportadores"[59] project which allowed 20 companies to benefit from customized consultancy support and also aiding for a successful entry in the market. The final phase consisted of a Road Show which gathered potential market partners and proving to be successful from the participant's reviews.[60]

Also in 2014, the Portuguese firm Bial entered the pharmaceutical sector in the U.S.A., a highly-regulated sector by the FDA, with the aid of AICEP for the commercialization of its anti-epileptic drug ZEBINIX. More recently, in 2017, AICEP celebrated an investment agreement worth EUR 37,4 million for scientific research in the central nervous and cardiovascular systems with Bial and in 2016, participated in financing Amy's Kitchen establishment in Santa Maria da Feira.

[58] Retrieved from http://www.portugalglobal.pt/PT/sobre-nos/Paginas/sobre-nos.aspx. Last accessed on 31.08.2017.

[59] "Novos exportadores" – New exporters.

[60] Retrieved from Portugal Global Magazine (2015).

AICEP has established protocols with Portuguese banks such as Millennium BCP and Caixa Geral de Depósitos which entail financial aid to Portuguese firms. This type of support can also assume an advisory role to the Portuguese internationalization effort such as Millennium BCP's "Plataforma Internacional de Negócios"[61].

In addition to naming Portugal as one of the best countries to invest, Site Selection magazine (2016) also positioned AICEP among the agencies that won most points in each of the following criteria:

- Staff with the best knowledge and language diversity.
- Allows access to user-friendly databases of sites and incentives.
- Allows access to recent investors in the region who can vouch for the area.
- Best reputation for protecting investor confidentiality.
- Reputation for after-care services.
- The agency's website is easy to navigate, with extensive data and shows a clean and efficient design.

In 2014, AICEP organized roadshows through the United States in cities that were considered potential investment destinations such as Austin, Texas; Kansas City, Missouri and Saint Paul, Minnesota. These trips counted with the presence of former ambassador Nuno Brito and were part of a pioneering and innovative initiative for AICEP's external network to increase networking and strengthen economic diplomacy. In 2015, additional visits to Los Angeles, Nevada; Phoenix, Arizona and Indianapolis, Indiana were also made (Portugal Global Magazine, 2015).

In Portugal, the Fundação Luso-Americana para o Desenvolvimento (FLAD) launched in 2016 the "Manual de Apoio à internacionalização para os Estados

[61] Retrieved from https://www.portugalglobal.pt. See attachment 1.

Unidos da América"[62] which advices Portuguese firms, particularly to SMEs that want to invest in the United States.

This agency defines 4 strategic guidelines which constitute the basis of its activity[63]:

- Economic cooperation between Portugal and the U.S.A.
- Scientific and technological cooperation with American entities.
- Development program for the Azores.
- Promotion of Portuguese language and culture in the U.S.A.

FLAD also established a protocol with the University of the Azores providing mobility funds to faculty staff and researchers who want to carry on their work in U.S.A. institutions. This agreement is important especially when taking into account that a great portion of the Portuguese community in the United States originated from the Azores islands (Center for Political Analysis, 2005).

3.2. Other European agencies

AICEP is one of many agencies promoting investment and trade. In the case of the Portuguese agency, the interest rests in aiding Portuguese firms in investing abroad as well as attracting foreign investment and trade to Portugal.

However, except for AICEP, all agencies mentioned in table 16, act mainly on capturing foreign interest to their own countries and not the reverse.

Investment promoting agencies can operate both on a regional and national level. Whereas AICEP intends to promote the image of the entire country, the focus of Copenhagen Capacity, for instance, lies in attracting foreign investment to a specific city or region of its home country.

[62] "Guidebook for internationalization to the United States".
[63] Retrieved from http://www.flad.pt/plano-estrategico/. Last accessed on 31.08.2017.

The agencies featured in table 16 complied with the criteria in section 3.1 and thus, also stood out with AICEP in the ranking provided by Site Selection (2016) in Western Europe.

Country/Region	Agency	Regional/National
Ireland	IDA Ireland	National
Portugal	AICEP	National
Saxony-Anhalt, Germany	Saxony-Anhalt Investment and Marketing Corporation	Regional
Copenhagen, Denmark	Copenhagen Capacity	Regional

Table 16: Highlighted investment promotion agencies. Source: Site Selection (2016).

3.3. SelectUSA

SelectUSA is a government program funded by the International Trade Administration agency which is part of the Department of Commerce of the U.S.A. The agency based program serves as a vehicle to assist foreign companies in establishing operations in the country as well as a means of attracting FDI.

As part of this effort, it organizes the SelectUSA Investment Summit, an event that takes place annually and gathers business leaders, government officials and university representatives who help find the people, resources and market for a business to achieve success[64].

Similarly to AICEP, SelectUSA offers information on how to invest in the United States as well as in foreign markets. When navigating through the agency's website, investors can find the contacts of SelectUSA's investment specialists in a particular state of the U.S.A. such as Massachusetts. Investors who seek guidance for markets around the world are also offered the possibility to interact with global managers specialized in international markets such as Canada or Western Europe for instance.

[64] Retrieved from http://selectusa.gov.

SelectUSA also organizes roadshows and investment meetings around the world offering details to investors on a particular industry or country.

In its website, a list of federal programs and incentives is available, giving U.S.A. firms access to information on particular markets or on compliance with regulatory obligations. The search tool can also be refined to fit a particular federal agency or industry as well as a database that indicates incentives programs for all states.[65]

[65] See attachment 2.

Chapter 4
Conclusion

The U.S.A. represents one of Portugal's most important destinations in terms of exported goods, holding a quota of 4,9% of total exported goods in 2016, the highest value of all countries outside the E.U., and contributing to a positive trade balance. However, the opposite does not hold. In 2016, Portugal ranked 76th as destination of U.S.A. exports, a position that the country has mostly maintained from past years. Nevertheless, there are clear advantages in maintaining and improving trade relations with the country, especially in the sectors such as petroleum oils and medicaments, the products which represented the highest share of Portuguese exports to the U.S.A.

The desirability of innovation, having one of most skilled labor forces in the world and market transparency are just some of the factors that attract foreign investors to the U.S.A. It is also the leading country in R&D investment and has the world's biggest consumer market[66].

The Eastern states of the U.S.A. such as New York and New Jersey include most of Portuguese business while California in the West Coast, maintains its status as technological hub that captures the interest in the field of research and Information technologies.

Mota-Engil, having no previous experience in the U.S.A., entered the country through an acquisition. It would be expected, according to Transaction Cost Theory, that a firm with no previous experience in a target country, which was Mota-Engil's case, to enter through an acquisition as opposed to a greenfield.

[66] Retrieved from http://www.esa.doc.gov/reports/winning-business-investment-united-states. Last accessed on 10.09.2017.

This is because it would be costlier to develop knowledge internally or obtain it separately from its source. (Slangen & Hennart, 2007).

EDP on the other hand, already experienced in the sector, acquired Horizon Wind Energy perceiving a rise in demand for cleaner energy sources because of increasing global warming concerns[67]. This is in line with Information Economics which considers an acquisition more likely with a more experienced firm (Stevens & Makarius, 2015) and also with Real Options Theory, that with high growth, acquisitions are preferred (Brouthers et al., 2008).

Portuguese entries through greenfields were aligned with the research prediction from Brouthers (2002) who stated that in a situation of high growth, greenfields would be preferable. Gepack, for instance, a Portuguese bottle manufacturer, opened a production facility in Arizona because it borders the state of California where the firm has many customers[68]. The expectation of market growth therefore, was one determinant to Gepack's investment in the U.S.A.

Notwithstanding these findings, acquisitions remained the most used entry mode for Portuguese firms to enter the U.S.A. in 2016, with investments in the ICT sector, equipment, components and infrastructures, depository institutions, textiles and wines (AICEP, 2017).

However, entering the U.S.A. has been a challenge for Portuguese firms, partly because the image of the country is almost inexistent in the country, insufficient own brands and frail innovation in terms of design (AICEP, 2017). Overcoming these hurdles could ease Portuguese entry in the U.S.A., leading to a more effective product exposure and, ultimately, to improved trade and investment relations.

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[67] Retrieved from http://www.reuters.com/article/us-edp-horizon/edp-to-buy-2-2-bln-u-s-horizon-wind-energy-idUSL2715639720070327. Last accessed on 11.09.2017.

[68] Retrieved from http://www.cmtpetconferences.com/2014/10/01/gepack-to-open-new-pet-packaging-setup-in-the-us-by-year-end/. Last accessed on 11.09.2017.

Furthermore, when it comes to incoming investment in Portugal, 42% out of 302 respondents to the EY attractiveness survey (2017) fund corporate taxation excessive and that the country was less attractive in the stability and transparency of its political, legal and regulatory environment. About 40% of respondents also identified room for improvement in terms of government incentives and labor legislation flexibility (EY Attractiveness Survey, 2017).

The work carried on by AICEP and other agencies contributes to easing FDI flows into the country and lobbying initiatives next to Portuguese descendants that hold political jobs is also relevant.

An important way of spreading Portugal's name is through trips to the U.S.A. by government officials as well as roadshows such as the one held in New York in 2015 that allow the promotion of Portuguese PSI-20 companies as suitable targets for American investment funds and hedge funds (Portugal Global Magazine, 2015).

In the interest of continuing the effort of facilitating business operations in the U.S.A., AICEP should continue to maintain its connections with Consular offices throughout the country.

Vouching for Portuguese researchers in North-America, specifically in the state of Massachusetts which harbors two of the world's most prestigious universities (Harvard and the Massachusetts Institute of Technology), is a useful step in strengthening the relations between both countries. It would also serve to attract foreign Portuguese investment in fields like medical technologies or enterprise information technologies.

The state of Massachusetts in particular, is home to a considerable Portuguese immigrant community. Addressing the needs of these people, would help their businesses thrive and solidify Portuguese culture in the State.

Similar to what Spanish Investment Promotion agency ICEX[69] does, AICEP offers guidance on how to establish operations in the U.S.A. through its website, although to a smaller extent as it does not cover each state individually. Although such in-depth information is especially relevant for Spanish investors given its large contribution to U.S.A. FDI, which was approximately USD 67,2 billion in 2016 according to the Organization for International Investment (2017) as opposed to Portugal's USD 937 million, a similar tool would be useful for AICEP and Portuguese investors.

[69] ICEX – "Instituto Español de Comercio Exterior".

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Attachments

Attachment 1

aicep Portugal Global

Ficha de Produto

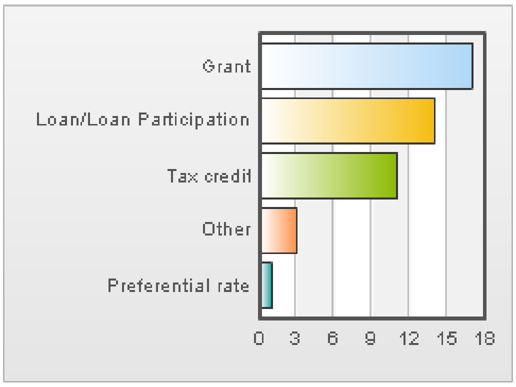
Tipo de Produto:	**Instrumentos Financeiros de Apoio à Internacionalização**
Produto:	**Protocolo de Colaboração AICEP / Millennium bcp**
Objectivo:	Definir as linhas gerais de colaboração entre a aicep Portugal Global e o Banco Millennium bcp para o desenvolvimento de iniciativas que dinamizem as exportações e o apoio às empresas exportadoras portuguesas em condições mais favoráveis.
Beneficiários:	Empresas Portuguesas Exportadoras.
Descrição:	O **Millennium bcp disponibiliza às empresas um Centro de Competências Especializado – o "Millennium Trade Solutions"** – que oferece soluções estruturadas, globais e "costumizadas", de acordo com o perfil específico das actividades de cada empresa e dos países-alvo. O Millennium bcp também **disponibiliza, através da sua "Plataforma Internacional de Negócios (PIN)", um serviço de apoio às empresas em processo de internacionalização em países onde o Banco está directamente presente** que inclui: aconselhamento sobre estratégias de expansão para novos mercados, com base no conhecimento das especificidades locais; identificação/divulgação de oportunidades de investimento e de comércio internacional; identificação/divulgação de quadros e mecanismos de apoio financeiro disponíveis junto de organizações internacionais vocacionadas para a promoção do investimento e apoio a projectos; apoio à realização de acções de prospecção de novos mercados e de selecção de novas parcerias. Com a PIN, garante ainda, o acesso a uma rede de entidades especializadas ("providers") nos diversos mercados cuja intervenção se revele necessária à concretização das iniciativas de internacionalização e a garantia de apoio em termos de produtos e serviços financeiros junto das Instituições do Grupo nos mercados onde opera. Candidaturas – **junto do Millennium bcp.**
Legislação Aplicável:	Protocolo de Colaboração entre o ICEP Portugal e o Banco BCP, S.A., a 12 de Setembro de 2006.
Contacto:	**Millennium bcp** 707 50 24 24 91 827 24 24 / 93 522 24 24 / 96 599 24 24 www.millenniumbcp.pt

Figure 14: Protocol between Millennium BCP bank and AICEP. Source: http://portugalglobal.pt. (2016).

Attachment 2

Number of Programs in New York: 43

Top 5 Program Types in New York
(by Number of Programs)



Recently updated programs:

- Micro Enterprise Loan Fund
- Minority and Women-owned Business Lending (MWBDL) Program
- Urban and Community Development Program (UCDP)
- Workers with Disabilities Tax Credit (WETC)
- Entrepreneurial Assistance Program (EAP)
- Innovate NY Fund
- Capital Access Program
- Employment Incentive Credit
- Qualified Emerging Technology Company (QETC) Tax Credits
- Solar Thermal Incentive Program
- ***plus 33 more***

View All State Programs

Figure 15: Incentive programs for the State of New York generated from the interactive map. Source: http://selectusa.stateincentives.org/. (2016).