

Lost in translation: Global markets

A review of loss-making foreign owned businesses

June 2023

The report



What?

A report that analyses the number and losses incurred by subsidiaries which are overseas owned.



Where?

Our analysis covers loss-making businesses in the following:

Subsidiary countries: Australia, Austria, Belgium, Brazil, China, Czech Republic, France, Germany, Greece, Hungary, Ireland, Italy, Japan, the Netherlands, New Zealand, the Nordics, Poland, Portugal, Romania, Russia, Spain, Thailand, Turkey, UK and USA.

Global Ultimate Owner countries: Australia, China, France, Germany, Japan, Netherlands, Switzerland, UK and USA.



Who?

Loss-making businesses which have overseas owners.

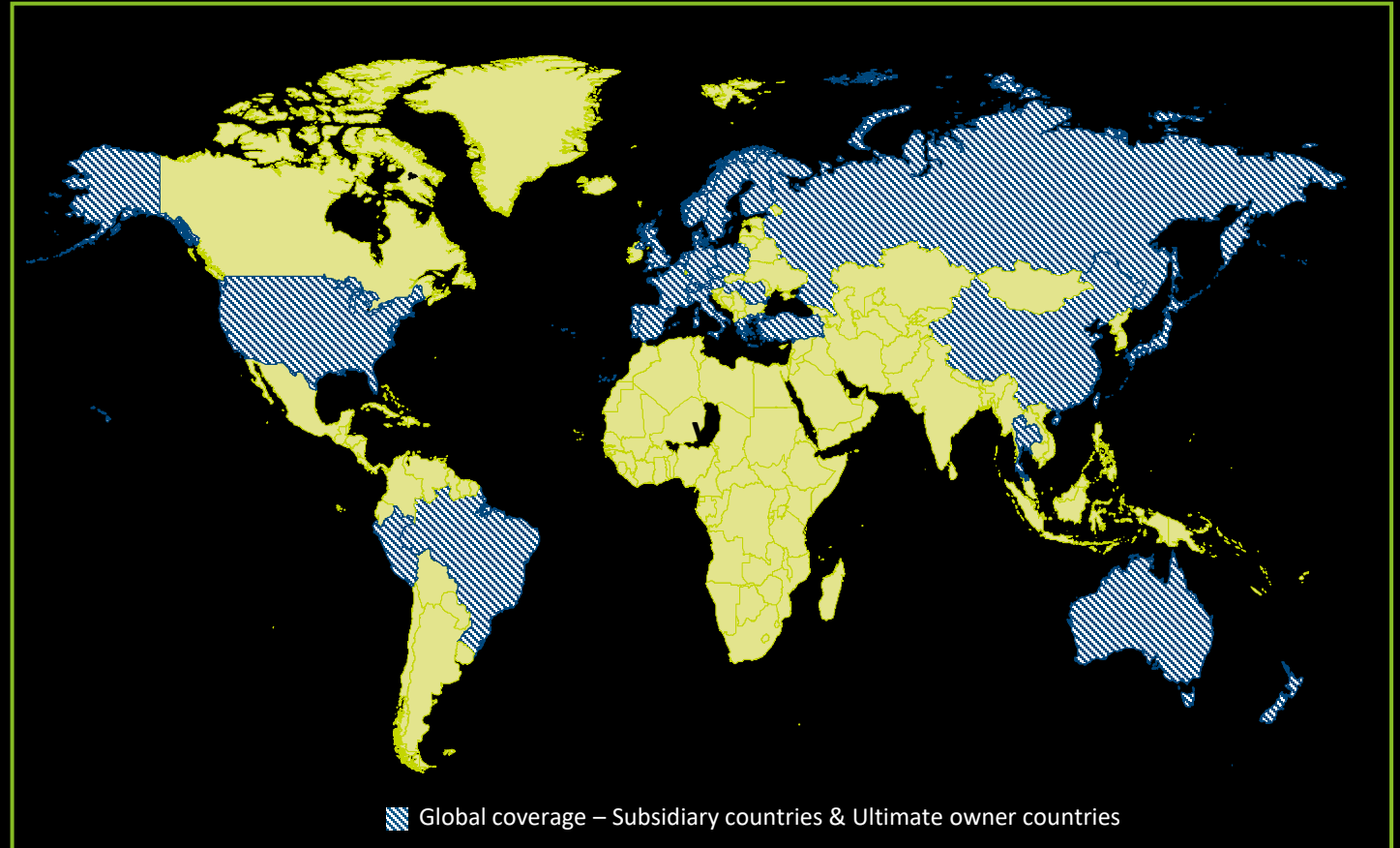
Search criteria:

- Turnover > €1m
- Excludes holding companies
- Operating loss > €0 and < €1bn



When?

The report analyses the Current Landscape and comparative landscape three years ago based on filed company accounts.



The GUO company type has been filtered for Corporates, Banks and Financial institutions and Insurance companies in Bureau van Dijk, Orbis for effective targeting purposes. As well, a brief commentary on business environment and foreign investment has been provided, which has been referenced from Economist Intelligence Unit database.

Executive summary

Expanding business operations overseas has long been the norm for many corporates looking to enhance market presence and increase market share. However, making sure these ventures are successful can become increasingly challenging when considering the variations in market dynamics and the increasingly volatile economic market of recent years.

Our report seeks to highlight that there are in fact a growing number of underperforming subsidiaries around the globe across a number of industries, which may need to be tackled if the overall group performance is to improve. Our last report was published in 2018 and the report reflected a pre-pandemic world. So to some extent it is not surprising to see that the overall number of loss-making overseas subsidiaries have increased. At the end of 2022, the combined losses were €158bn, which is almost double that of five years ago. Readers must also bear in mind that the results are not yet reflective of the impact of both the Russia-Ukraine conflict and the recent global economic environment (increased inflation, interest rates, commodity prices, labour shortages and increased costs-of-living) due to the timing of the accounting reporting periods. We therefore anticipate that losses will deepen further.

As companies navigate these volatile, complex and uncertain times, they need to be agile, cautious and responsive when it comes to managing non-core or loss-making international operations.

At a glance: key findings by value and volume

When we look into the individual countries, the investments made by the USA, Germany and UK headquartered corporates into overseas markets account for more than 33% of the overall losses by volume. At a subsidiary level by country, UK, Germany and Ireland account for 45% of the overall losses by value for globally owned investments.

Historically, USA based owners have taken advantage of lower barriers to entry into foreign markets, and consequently have the largest share of foreign loss-making subsidiaries both by value and volume. Accordingly, we anticipated seeing USA based owners to be dominant with more lower performing overseas investment of €47.2bn operating losses. An additional contributing factor could also be the on-going USA-China frictions, which continues to fuel trade uncertainty and therefore can be disruptive to global operations and put further pressure on global supply chains.

“Combined losses were €158bn globally, which is almost double that of five years ago. To some extent it is not surprising to see, given that post-pandemic results have since been reported, but this still suggests a growing need to assess opportunities for making operational improvements, given other economic challenges ”

Lucy Julian

UK, Deloitte Managed Exit Partner

Executive summary continued...

Overseas investments located in Germany have reported losses of €11.3bn. While Germany historically welcomed direct foreign investment, we have seen a tightening of EU-wide screening rules for non-EU capital. This, together with disruption in export markets, is starting to reflect in the numbers when we look at the volume of loss-making investments.

Our analysis shows that the UK has the highest number of foreign owned losses of €40.3bn (USA based owners share the largest value of losses, representing 34% of the UK aggregated losses). Companies that have a complex supply chain structure between the UK and EU may have felt the increase in costs due to Brexit along with rising supply-side price pressures. The UK now has the third highest losses in overseas investments totalling €11.2bn compared to €6.3bn three years ago. After leaving the EU, UK is seeking to rebalance trading relations towards markets outside of the EU, but it is too early for our data to reflect any potential upside.

Lower performing sectors

The top three sectors that contributed to the overall loss-making operations were (i) transportation, hospitality and services; (ii) banking and capital markets; and (iii) telecom, media and entertainment. Together, these three industries account for nearly 45% of the total loss by value.

- Transportation, hospitality and services generated combined global losses of €36.2bn. Prior to the COVID-19 lockdown, this sector was rapidly growing, but the pace of the growth was halted by mandated lock downs in 2020 and 2021. While it is expected that this market will recover from the shock, it is too early to see any improved performance reflected in the figures.
- Banking and capital markets generated combined losses of €18.5bn. Since our last report, we have seen even greater numbers of new entrants to fintech; however, the increase in investment has contributed to the value of the operating losses as businesses perhaps focus on expansion rather than bottom line financial performance.
- Telecom, media and entertainment generated combined losses of €16.0bn. Although the demand for online shopping and services was accelerated by the global COVID-19 lock down, this fast-paced sector saw an increase in operating losses, as companies perhaps focussed on new ventures and capturing market share rather than ensuring their operations continued to be profitable.

To find out more about your local jurisdiction or sector interest, check out the following pages for further analysis.

Note: the research is based on the latest publicly available information as of December 2022 for the period January 1, 2019 to September 30, 2022 (the “Current Landscape”).

“We know that in some cases there will be a solid rationale for generating losses and even tax benefits to holding on to losses, therefore opportunities for improvement may need to be considered strategically at a group wide level as well as tackling more localised challenges.”

Key global findings

20% of overseas owned subsidiaries are loss-making



On average, operating losses account for **11%** of turnover



40% of the loss-making subsidiaries in the population were loss-making three years ago



USA owns the highest share of foreign loss-making subsidiaries both by value (**25%**) and volume (**18%**)



Overall, UK subsidiaries account for **19%** of the loss-making population by volume



Subsidiaries in France and Spain account for **12%** and **10%** respectively of the loss-making population by volume



The top three owner countries (USA, Germany and UK) account for **33%** of the loss-making population by volume



The top three countries with loss-making subsidiaries (UK, Germany and Ireland) account for **45%** of the total loss by value



Amongst the top 10 owner countries, Switzerland owned foreign loss-making subsidiaries witnessed the largest increase in total aggregate loss, from **€2.6bn** to **€6.2bn** over the last three years



Transportation, Hospitality and Services is the top loss-making sector having the highest share of foreign loss-making subsidiaries in terms of both value (**23%**) and volume (**23%**)



Retail, Wholesale and Distribution business account for **14%** of the loss-making population by volume



Transportation, Hospitality and Services; Banking and Capital Markets; and Telcom, Media and Entertainment businesses account for nearly **45%** of the total loss by value

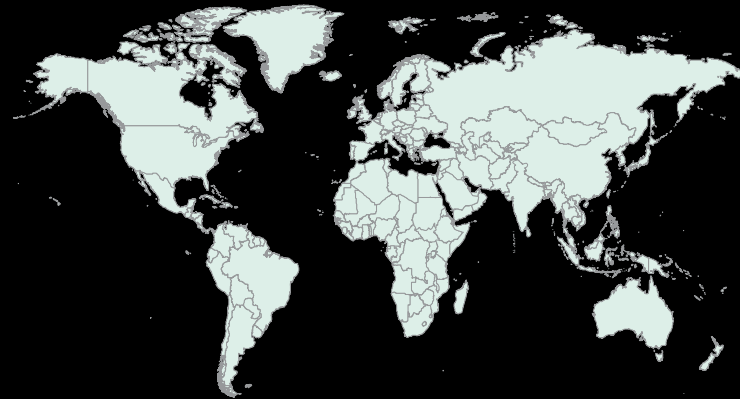


Global landscape

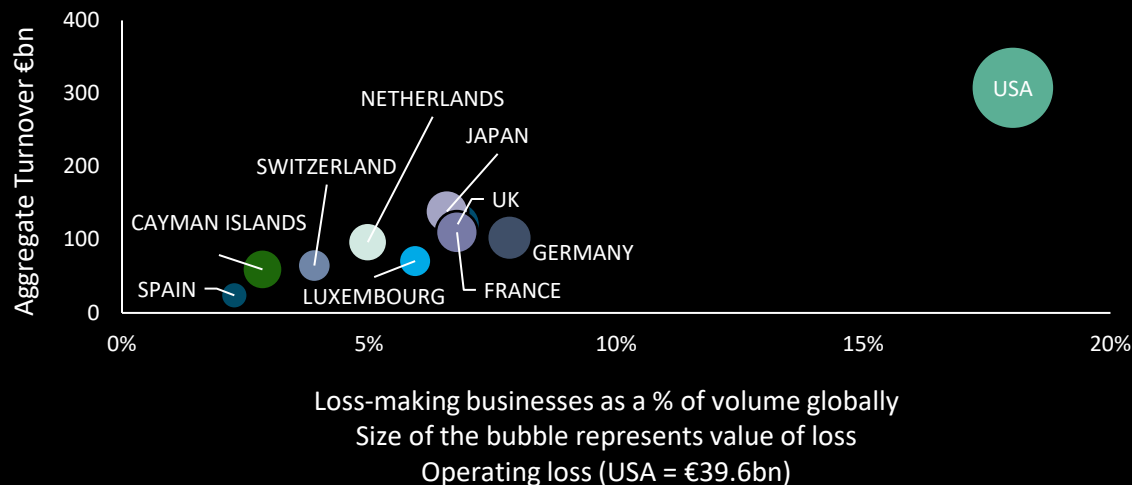
There are around **181,000** businesses which are foreign owned, of which **63%** have reported their financials. Almost **20%** of these are generating an operating loss.

Combined losses amount to over

€158 bn

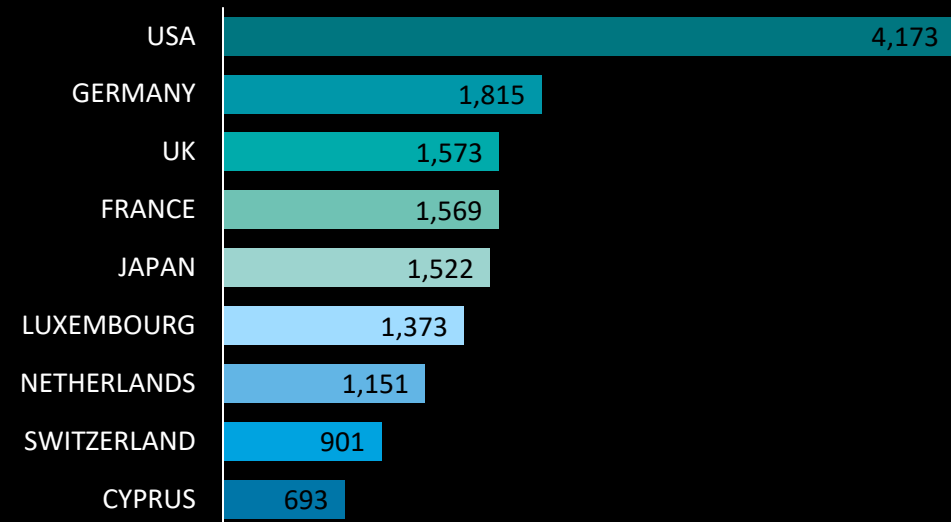


Scale of losses (top 10 owner countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

The top 5 owner countries account for **46%** of the loss-making population by volume, USA is the top owner country with **18%**.



USA accounts for **25%** of the combined losses in terms of value – **7 percentage points** more than their proportion by volume.

The top **5** owner countries (USA, Germany, UK, Japan and France) account for more than **52%** of the overall loss by value.

The top **5** loss-making subsidiary countries (UK, Germany, Ireland, Australia and Spain) account for more than **60%** of the overall loss by value.

Source: Bureau van Dijk, Orbis, Dec-22

Global landscape

TOP LOSS-MAKING SECTORS



TRANSPORTATION,
HOSPITALITY AND
SERVICES

These **5,407** loss-making businesses generated a combined loss of **€36.2 billion** in the last financial year.



BANKING AND
CAPITAL MARKETS

These **1,386** loss-making businesses generated a combined loss of **€18.5 billion** in the last financial year.



TELECOM, MEDIA
AND
ENTERTAINMENT

These **1,548** loss-making businesses generated a combined loss of **€16.0 billion** in the last financial year.



INDUSTRIAL
PRODUCTS AND
CONSTRUCTION

These **2,242** loss-making businesses generated a combined loss of **€13.4 billion** in the last financial year.



RETAIL, WHOLESALE
AND DISTRIBUTION

These **3,199** loss-making businesses generated a combined loss of **€13.0 billion** in the last financial year.



OIL, GAS AND
CHEMICALS

These **1,294** loss-making businesses generated a combined loss of **€9.9 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	29.5	4,026	393.9
CAYMAN ISLANDS	9.2	907	58.2
NETHERLANDS	8.0	1,051	102.5
GERMANY	7.5	2,001	105.2
JAPAN	7.4	1,846	108.7
FRANCE	6.4	1,425	87.3
UK	6.3	1,451	91.2
LUXEMBOURG	4.5	1,230	51.9
SWITZERLAND	2.6	868	45.1
BERMUDA	2.4	359	24.7
OTHER	33.3	9,351	462.6
	117.2	24,515	1,531.4

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	39.6	4,173	307.7
GERMANY	11.3	1,815	102.7
UK	11.2	1,573	121.0
JAPAN	10.4	1,522	138.8
FRANCE	10.0	1,569	110.2
CAYMAN ISLANDS	9.3	658	59.3
NETHERLANDS	8.7	1,151	96.5
SWITZERLAND	6.2	901	64.8
LUXEMBOURG	5.9	1,373	70.7
SPAIN	4.0	526	23.8
OTHER	41.6	7,889	313.0
	158.2	23,150	1,408.6

Over the past three years, the number of loss-making subsidiaries has shown a decrease of **6%**. However, the combined losses generated by loss making subsidiaries has increased by **35%** over the last three years.

USA continues to be the dominant owner country in terms of both value and volume across the globe.

Additionally, USA, Germany and Japan have been amongst the top five owner countries with the highest value of losses over the last three years across the globe.

UK is now the third highest owner country generating **€11.2bn** of aggregate losses in the current year, compared to **€6.3bn** three years ago.

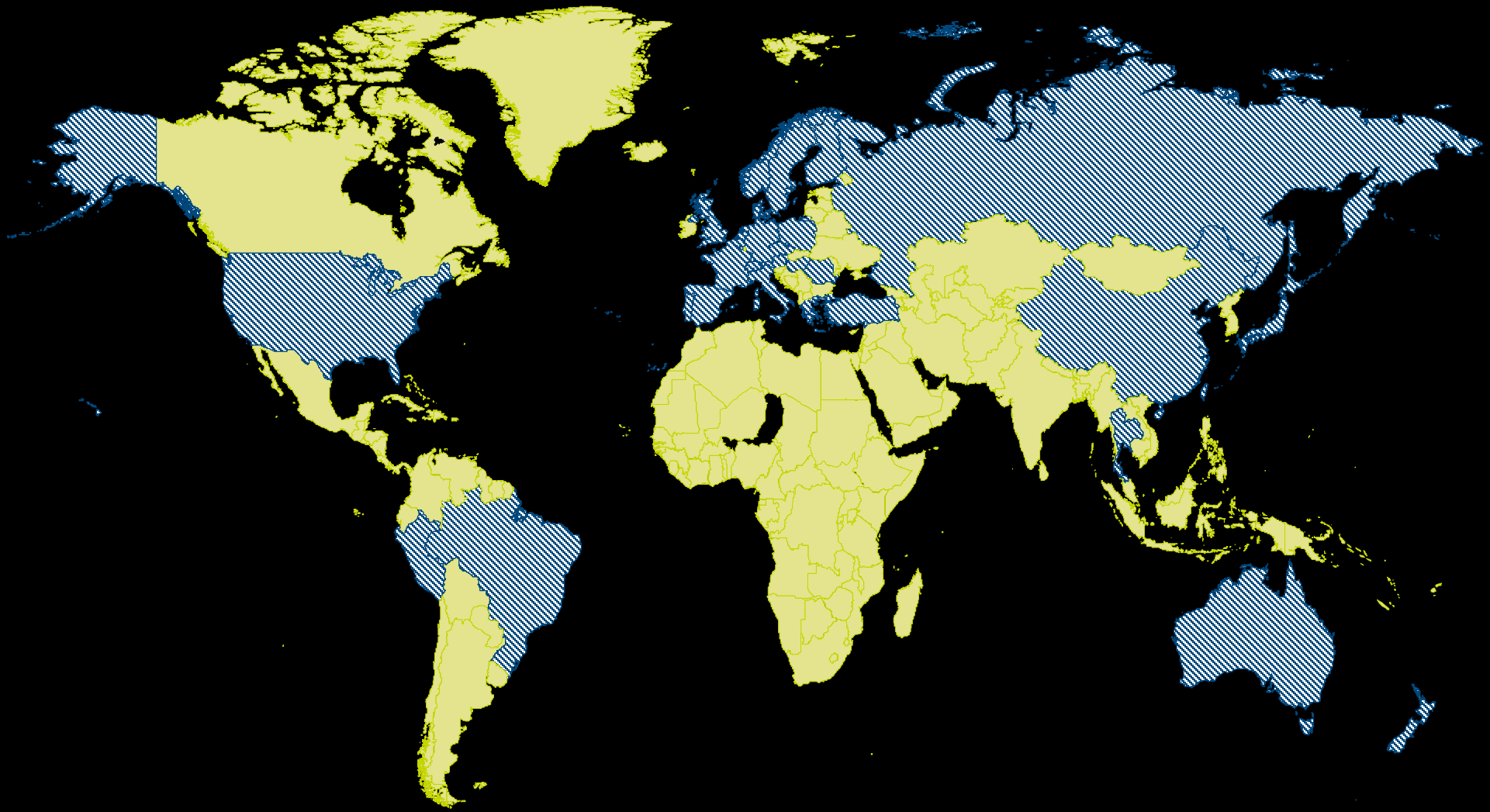
Spain has been the new entrant at number 10 in the top 10 countries having **€4bn** in value of losses.


Source: Bureau van Dijk, Orbis, Dec-22

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Lost in translation: Global markets A review of loss-making foreign owned businesses

Our findings in detail - Subsidiary country review

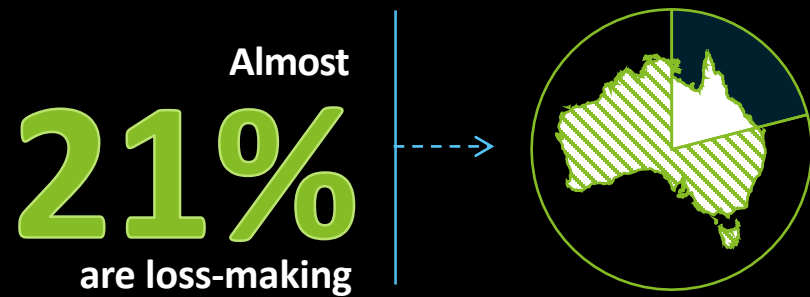


 Global coverage – Subsidiary countries & Ultimate owner countries

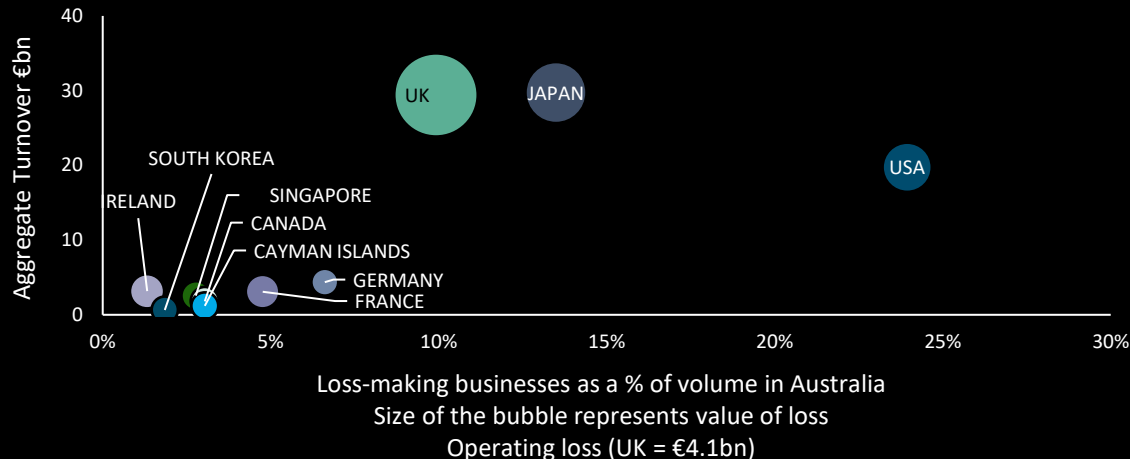
Australia



There are over **6,200** Australian businesses which are foreign owned, of which **59%** have reported their financials. Almost **21%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

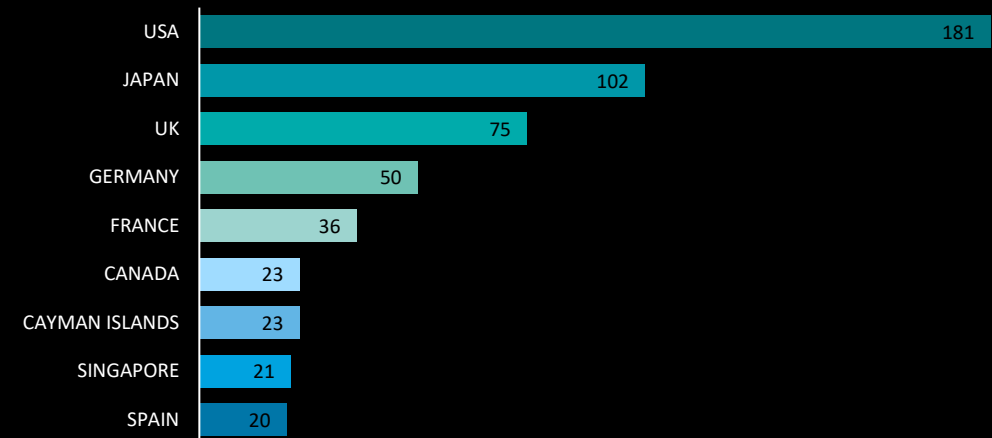


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **756** businesses in the loss-making population that are based in Australia. Combined, USA, Japan and UK own **47%** of these by volume.



The **756** businesses in Australia have reported losses of **€12.9bn**.

€7.7bn of this loss relates to UK, Japan and USA based owners, representing **60%** of the total aggregated loss.

Some of the long-standing issues for enterprises operating in Australia have been very high wages and expensive accommodation.

Australia accounts for the fourth largest loss-making region in terms of value. This is most likely due Australia's desire to keep China away from national strategic interests led to a decline in foreign investment.

Australia



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **203** loss-making businesses generated a combined loss of **€2.9 billion** in the last financial year.



MINING AND METALS

These **40** loss-making businesses generated a combined loss of **€2.1 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **32** loss-making businesses generated a combined loss of **€1.9 billion** in the last financial year.



RETAIL, WHOLESALE AND DISTRIBUTION

These **115** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.



CONSUMER PRODUCTS

These **66** loss-making businesses generated a combined loss of **€0.9 billion** in the last financial year.



LIFE SCIENCES

These **24** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	2.7	244	46.4
JAPAN	1.1	93	14.2
UK	1.1	70	14.2
SOUTH KOREA	0.7	9	0.6
SPAIN	0.5	18	5.6
GERMANY	0.5	46	5.3
CAYMAN ISLANDS	0.3	17	1.6
DENMARK	0.3	15	0.5
FRANCE	0.3	46	3.9
CANADA	0.3	19	0.8
OTHER	1.4	230	16.3
TOTAL	9.1	807	109.5

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	4.1	75	29.4
JAPAN	2.2	102	29.7
USA	1.4	181	19.7
IRELAND	0.7	10	3.1
FRANCE	0.6	36	3.1
SINGAPORE	0.5	21	2.5
CANADA	0.5	23	1.8
GERMANY	0.4	50	4.4
CAYMAN ISLANDS	0.4	23	1.2
SOUTH KOREA	0.4	14	0.6
OTHER	1.7	221	17.3
TOTAL	12.9	756	113.0

Over the past three years, the total aggregated loss has shown a **41%** increase, despite the **6%** decrease in the number of loss-making subsidiaries.

USA, Japan and UK have been among the top three owner countries with the highest value of losses over the last three years in Australia.

Source: Bureau van Dijk, Orbis, Dec-22

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Austria



Location



Owner

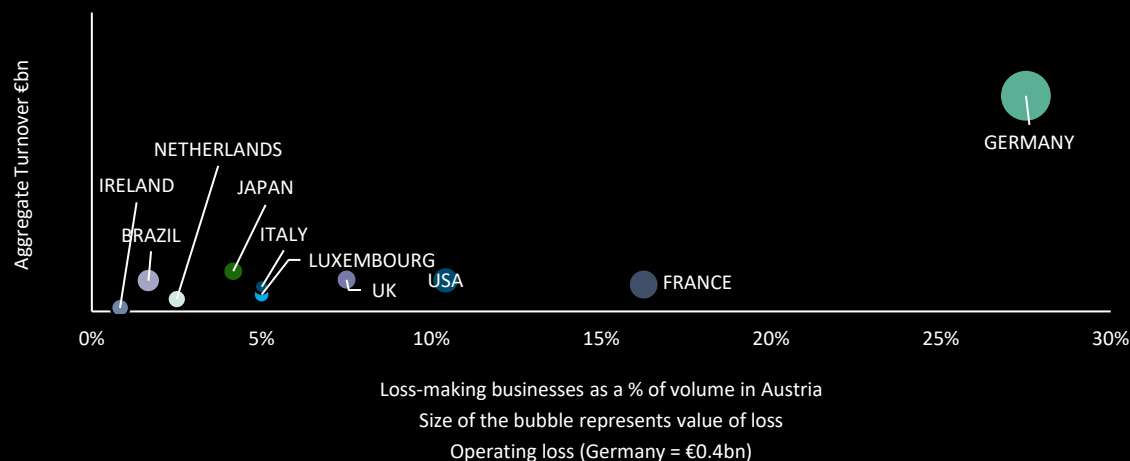


There are over **1,700** Austria based businesses which are foreign owned, of which **81%** have reported their financials. Almost **16%** of these are generating an operating loss.

Almost
16%
are loss-making

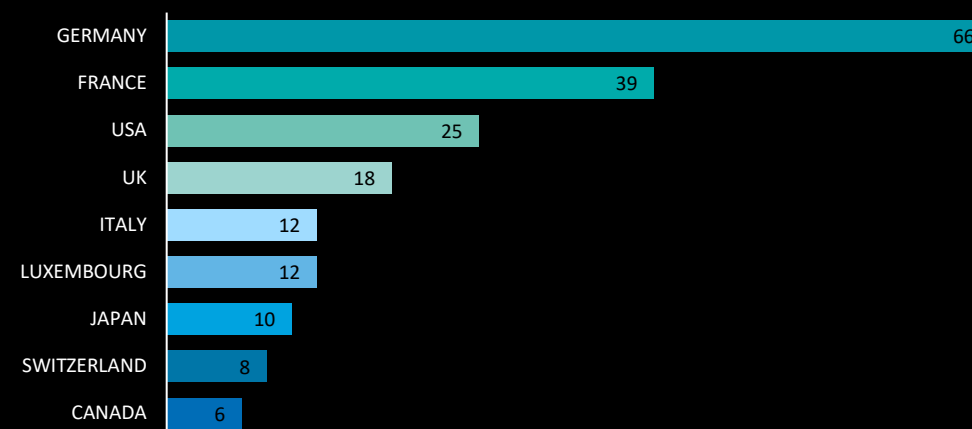


Scale of losses (top 10 owner countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **240** businesses in the loss-making population that are based in Austria. Combined, Germany and France account for **44%** of the loss-making population in Austria.



The **240** loss-making subsidiaries in Austria have reported losses of **€1.1bn**.

€0.5bn of this loss relates to Germany and France based owners representing **46%** of the total aggregated loss.

Austria's business environment was impacted by a comparatively high tax burden, limited market opportunities and restrictive regulations.

In 2020, Austria tightened its rules pertaining to FDI which may dampen foreign investment to a certain extent going forward. This comes amid the implementation of a new EU-wide screening framework, driven largely by increased concerns over the involvement of state-backed foreign firms (such as Chinese firms and Middle Eastern sovereign wealth funds) in strategic infrastructure assets and the transfer of technological knowledge and intellectual property.

Source: Bureau van Dijk, Orbis, Dec-22

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Austria



TOP LOSS-MAKING SECTORS



BANKING AND CAPITAL MARKETS

These **20** loss-making businesses generated a combined loss of **€0.4 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **59** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **16** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



TECHNOLOGY

These **13** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **17** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



MINING AND METALS

These **12** loss-making businesses generated a combined loss of **€0.04 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	0.2	54	3.9
IRELAND	0.2	2	0.2
USA	0.1	18	0.8
HONG KONG	0.1	1	0.6
JAPAN	0.1	10	1.1
SWEDEN	0.05	1	0.3
SWITZERLAND	0.05	7	1.2
UK	0.03	10	1.0
FRANCE	0.02	22	0.4
NETHERLANDS	0.01	9	2.2
OTHER	0.1	44	2.4
TOTAL	0.8	178	14.0

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	0.4	66	5.8
FRANCE	0.1	39	0.7
USA	0.1	25	0.8
BRAZIL	0.1	4	0.8
UK	0.1	18	0.8
JAPAN	0.1	10	1.1
NETHERLANDS	0.05	6	0.3
IRELAND	0.05	2	0.1
LUXEMBOURG	0.04	12	0.5
ITALY	0.03	12	0.7
OTHER	0.2	46	3.8
TOTAL	1.1	240	15.4

Over the past three years, the number of loss-making subsidiaries operating in Austria has increased by **35%** and the total aggregated loss increased by **39%**.

Germany continues to be the dominant owner country in terms of both value and volume in Austria.

The number of loss-making businesses with owners based in France rose by **77%** over the last three years.

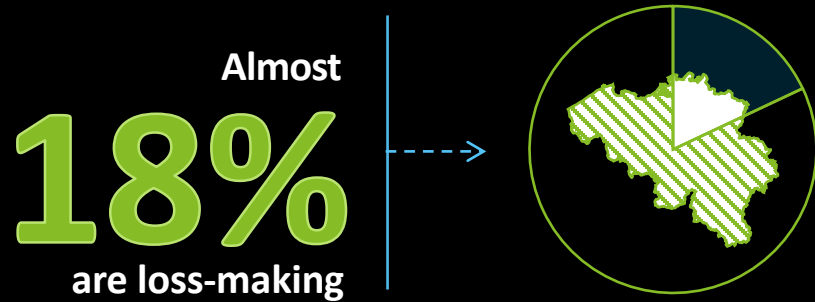
Source: Bureau van Dijk, Orbis, Dec-22

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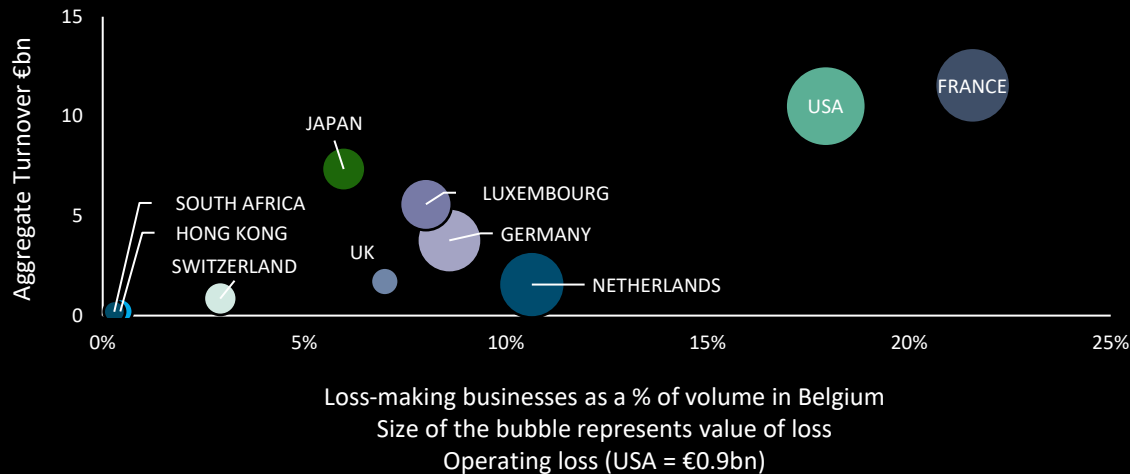
Belgium



There are over **3,800** Belgium based businesses which are foreign owned, of which **97%** have reported their financials. Almost **18%** of these are generating an operating loss.

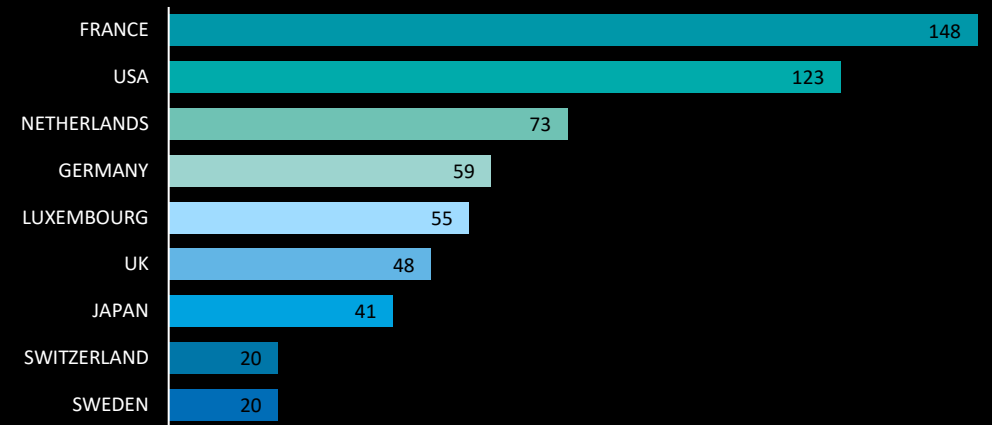


Scale of losses (top 10 owner countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **686** businesses in the loss-making population that are based in Belgium. USA, France and Netherlands own **50%** of these by volume.



The **686** loss-making subsidiaries in Belgium have reported losses of **€4.4bn**.

€3.0bn of these losses belong with USA, France, Netherlands, and Germany foreign owners, representing **67%** of the total aggregated loss.

Belgium being a mature consumer market with ageing population marked limited growth opportunities for foreign companies, coupled with high tax burden and complex tax regime. Also, any kind of progress on reforms was constrained by its relatively complex and increasingly fragmented political situation.

Sentiment towards greenfield foreign investment would remain favorable, but tighter screening rules and a regional shift towards protecting national sovereignty may impact its policy towards foreign investment.

Source: Bureau van Dijk, Orbis, Dec-22

Belgium



Location × Owner



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **145** loss-making businesses generated a combined loss of **€1.3 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **37** loss-making businesses generated a combined loss of **€1.2 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **107** loss-making businesses generated a combined loss of **€0.4 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **35** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **76** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



MINING AND METALS

These **37** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
FRANCE	0.7	118	11.5
LUXEMBOURG	0.5	54	7.1
USA	0.3	102	7.3
NETHERLANDS	0.2	68	2.0
JAPAN	0.2	46	7.7
MARSHALL ISLANDS	0.1	1	0.05
IRELAND	0.1	17	1.0
GERMANY	0.1	63	2.4
NORWAY	0.1	4	0.4
UK	0.04	32	1.5
OTHER	0.2	114	5.1
	2.4	619	46.1

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	0.9	123	10.5
FRANCE	0.8	148	11.5
NETHERLANDS	0.6	73	1.6
GERMANY	0.6	59	3.8
LUXEMBOURG	0.4	55	5.6
JAPAN	0.3	41	7.4
SWITZERLAND	0.2	20	0.8
UK	0.1	48	1.7
HONG KONG	0.1	3	0.2
SOUTH AFRICA	0.1	2	0.2
OTHER	0.4	114	5.2
	4.4	686	48.5

Over the past three years, the number of loss-making subsidiaries operating in Belgium has increased by **11%** and the total aggregated loss increased by **84%**.

USA and France have been amongst the top three owner countries in terms of both value and volume in Belgium over the last three years.

Germany owned subsidiaries in Belgium have reported **more than 9x** increase in total aggregated loss over the past three years.

Source: Bureau van Dijk, Orbis, Dec-22

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Brazil

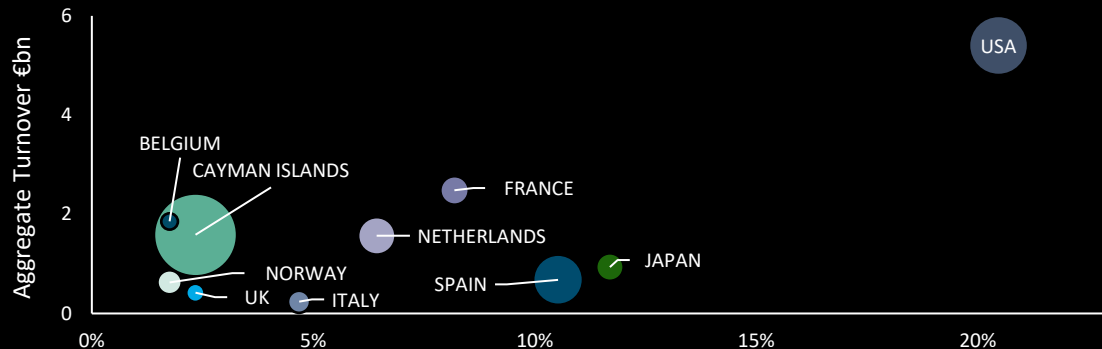


There are over **11,600** Brazil based businesses which are foreign owned, of which **8%** have reported their financials. Almost **18%** of these are generating an operating loss.

Almost
18%
are loss-making



Scale of losses (top 10 owner countries)



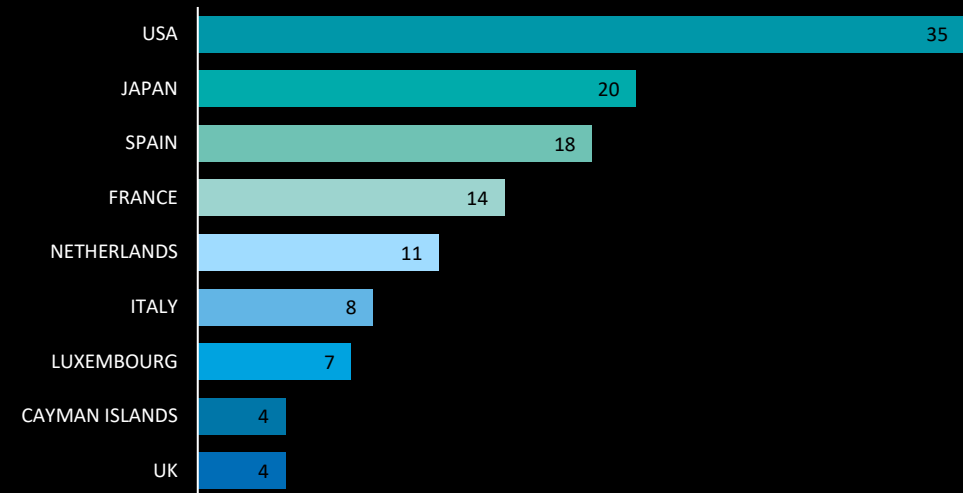
Loss-making businesses as a % of volume in Brazil
Size of the bubble represents value of loss
Operating loss (Cayman Islands = €1.2bn)

Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **171** businesses in the loss-making population that are based in Brazil. The top owner country, USA, represents **20%** of the loss-making population in Brazil.



The **171** loss-making subsidiaries in Brazil have reported losses of **€3.3bn**.

€2.2bn of this loss relates to Cayman Islands, USA and Spain based owners, representing **67%** of the total aggregated loss.

Brazil's large economy is attractive along with favorable policies towards foreign investment, such as opening certain sectors to private firms and income tax exemption on securities to foreign investors. However, poor government effectiveness, a burdensome tax system, archaic infrastructure, deficiencies in factor markets and skills shortages impaired its business environment.

Brazil



TOP LOSS-MAKING SECTORS



TELECOM, MEDIA AND ENTERTAINMENT

These **26** loss-making businesses generated a combined loss of **€1.5 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **14** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **7** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **22** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



AUTOMOTIVE

These **3** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



MINING AND METALS

These **9** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	1.3	56	22.4
SPAIN	0.3	28	0.7
FRANCE	0.3	22	1.4
UK	0.2	16	4.1
NETHERLANDS	0.2	12	2.1
CHILE	0.2	6	4.6
JAPAN	0.2	27	2.3
IRELAND	0.1	8	0.5
BERMUDA	0.1	5	0.3
CHINA	0.1	3	0.1
OTHER	0.5	89	8.7
TOTAL	3.3	272	47.0

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CAYMAN ISLANDS	1.2	4	1.6
USA	0.6	35	5.4
SPAIN	0.4	18	0.7
NETHERLANDS	0.2	11	1.6
FRANCE	0.1	14	2.5
JAPAN	0.1	20	0.9
NORWAY	0.1	3	0.6
ITALY	0.1	8	0.2
UK	0.1	4	0.4
BELGIUM	0.04	3	1.9
OTHER	0.3	51	4.2
TOTAL	3.3	171	20.0

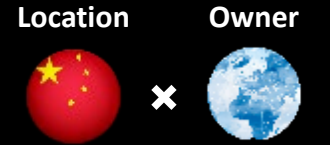
Over the past three years, the number of loss-making subsidiaries operating in Brazil declined by **37%** and the total aggregated loss rose marginally by **1%**.

USA and Spain have been amongst the top three owner countries in terms of both value and volume in Brazil over the last three years.

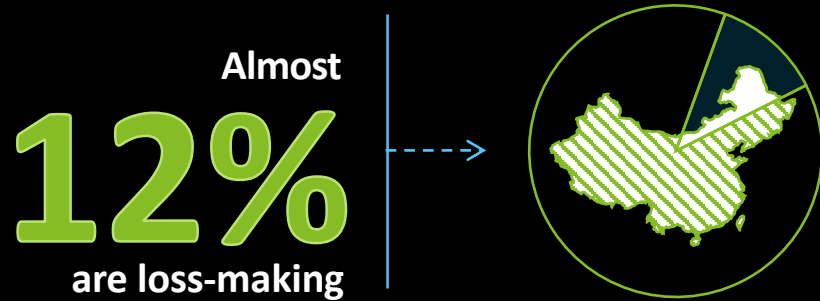
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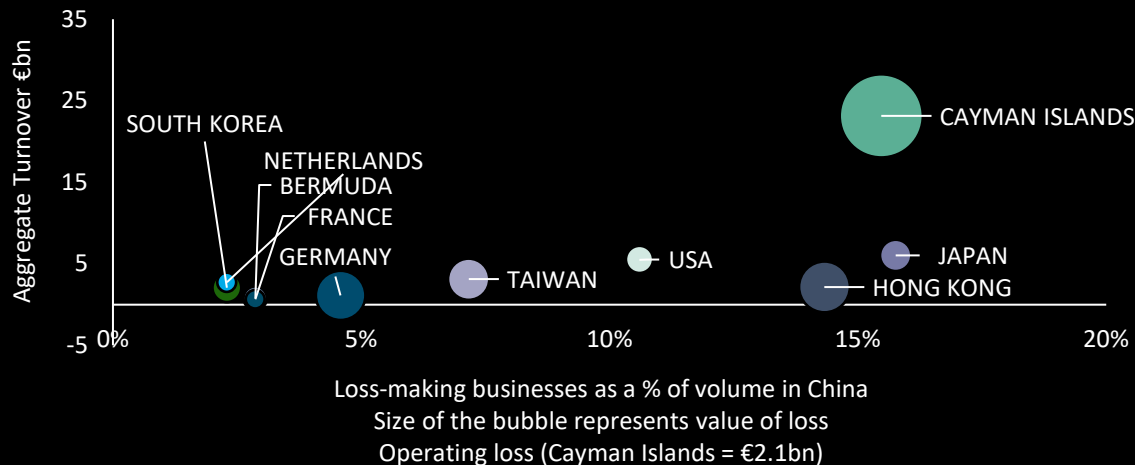
China



There are over **28,700** China based businesses which are foreign owned, of which **10%** have reported their financials. Almost **12%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

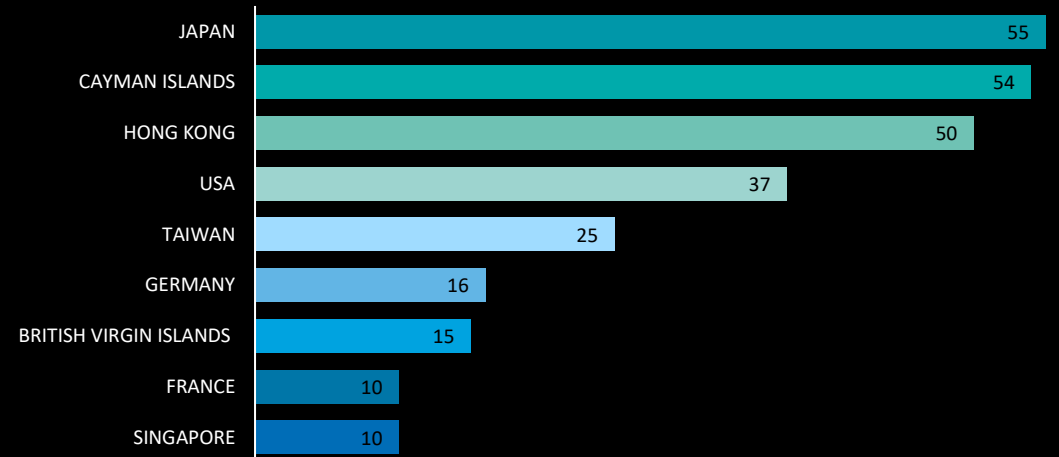


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **349** businesses in the loss-making population that are based in China. The top three owner countries represent **46%**, consisting of Japan, Cayman Islands and Hong Kong.



The **349** loss-making subsidiaries in China have reported losses of **€5.3bn**.

Cayman Islands, Hong Kong, Germany and Taiwan based owners account for **€4.0bn** of the total losses generated by Chinese subsidiaries, representing **75%** of the total aggregated loss.

Foreign companies remain attracted to the large size of the Chinese market; however, foreign investors begin to look to diversify investments outside of China. Foreign investors are reassessing their business prospects in China following the COVID-19 disrupting the supply-chain and thus foreign investors are broadening their supply chains to South-East Asia. As such, South-East Asia would be the prime beneficiary of these trends. Despite the outward trend, China remains to play an important role in the global value chain. China encourages foreign direct investment across various sectors.

China



Location × Owner



TOP LOSS-MAKING SECTORS



TECHNOLOGY

These **56** loss-making businesses generated a combined loss of **€1.6 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **11** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



AUTOMOTIVE

These **36** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **26** loss-making businesses generated a combined loss of **€0.9 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **67** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **41** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CAYMAN ISLANDS	5.3	462	29.9
HONG KONG	1.7	517	19.4
TAIWAN	1.5	318	33.5
USA	1.3	297	25.8
JAPAN	1.0	613	17.2
SOUTH KOREA	0.6	79	12.0
GERMANY	0.5	137	4.0
UK	0.4	85	6.4
BERMUDA	0.4	102	9.8
BRITISH VIRGIN ISLANDS	0.4	175	4.4
OTHER	1.4	622	24.9
	14.5	3,407	187.3

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CAYMAN ISLANDS	2.1	54	23.1
HONG KONG	0.8	50	2.2
GERMANY	0.7	16	1.1
TAIWAN	0.5	25	3.1
JAPAN	0.3	55	6.0
SOUTH KOREA	0.2	8	2.1
USA	0.2	37	5.5
BERMUDA	0.2	10	0.8
NETHERLANDS	0.1	8	2.7
FRANCE	0.1	10	0.7
OTHER	0.2	76	4.2
	5.3	349	51.5

Over the past three years, the number of loss-making subsidiaries operating in China decreased by **90%** and the total aggregated loss decreased by **63%**.

Cayman Islands and Hong Kong have been the top two owner countries with the highest value of losses over the last three years in China.

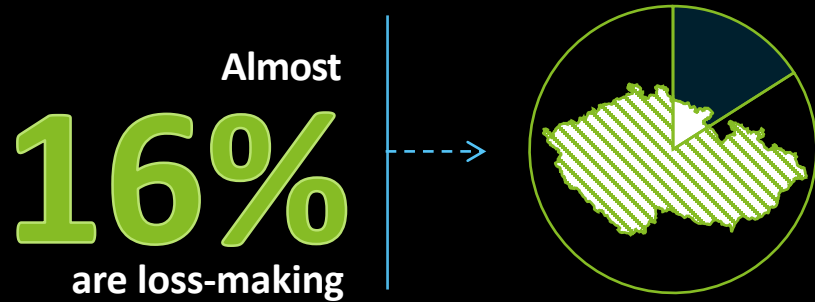
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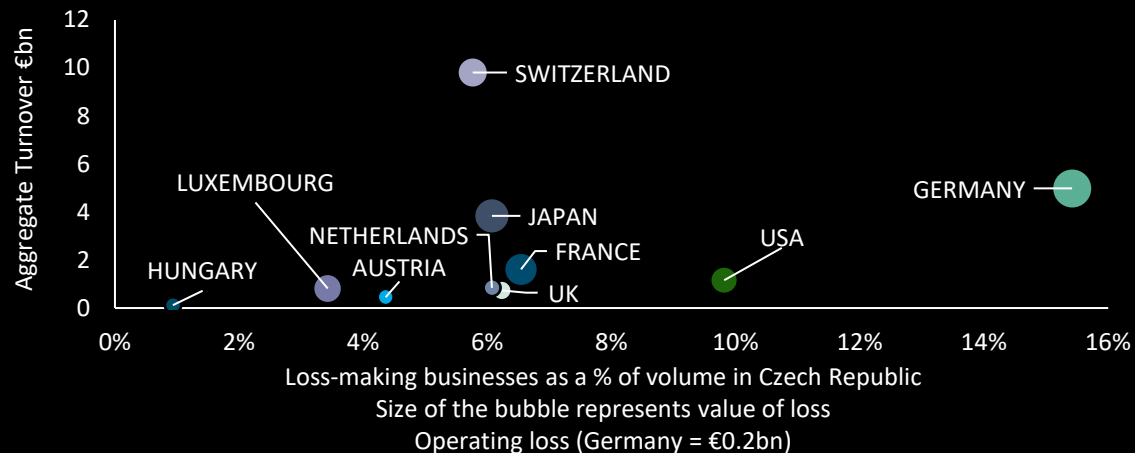
Czech Republic



There are over **4,300** Czech Republic based businesses which are foreign owned, of which **90%** have reported their financials. Almost **16%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

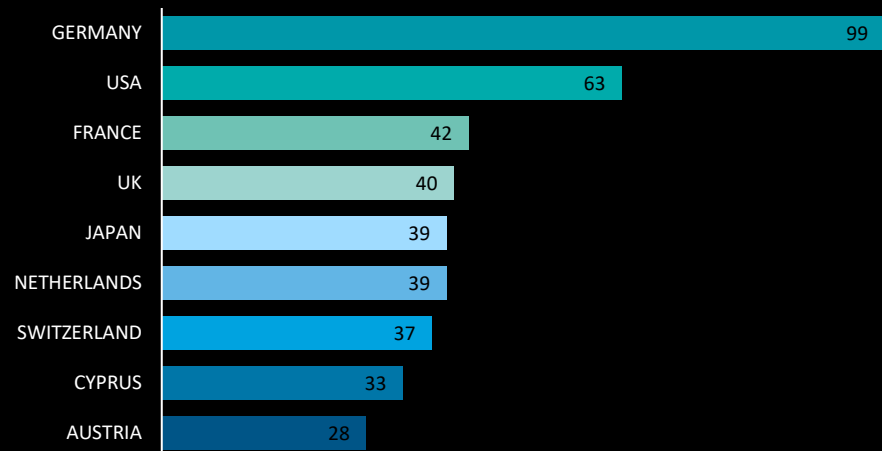


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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **642** businesses in the loss-making population that are based in Czech Republic. The top owner country, Germany, represents **15%** of the loss-making population in Czech Republic.



The **642** loss-making subsidiaries in Czech Republic have reported losses of **€1.3bn**.

€0.6bn of this loss relates to Germany, Japan and France based owners, representing **43%** of the total aggregated loss.

Czech Republic's relatively small and open economy and its profound dependence on the manufacturing and automotive sector mean high energy costs and imported inflation owing to the war in Ukraine, which would continue to jeopardise its economic recovery from the COVID-19 pandemic. Nevertheless, a growing trend of nearshoring presents opportunities for growth.

Czech Republic's policy towards FDI is one of its key strengths as foreign investors benefit from fair treatment and public incentives.

Czech Republic



TOP LOSS-MAKING SECTORS



MINING AND METALS

These **58** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **125** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



AUTOMOTIVE

These **52** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **72** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **41** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



POWER, UTILITIES AND RENEWABLES

These **6** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	0.2	65	1.3
NETHERLANDS	0.1	29	0.6
GERMANY	0.1	94	1.7
CYPRUS	0.1	40	0.4
JAPAN	0.1	35	1.6
SWITZERLAND	0.1	34	8.6
CHINA	0.1	11	0.4
AUSTRIA	0.05	32	0.7
FRANCE	0.04	21	0.6
POLAND	0.04	26	0.6
OTHER	0.2	218	8.0
TOTAL	1.1	605	24.6

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	0.2	99	5.0
JAPAN	0.2	39	3.8
FRANCE	0.2	42	1.6
SWITZERLAND	0.1	37	9.8
LUXEMBOURG	0.1	22	0.8
USA	0.1	63	1.2
UK	0.1	40	0.7
NETHERLANDS	0.04	39	0.9
AUSTRIA	0.04	28	0.5
HUNGARY	0.04	6	0.1
OTHER	0.2	227	5.4
TOTAL	1.3	642	29.8

Over the past three years, the number of loss-making subsidiaries operating in Czech Republic increased by **6%**, and the total aggregated loss rose by **27%**.

Businesses with ownership in Germany have seen operating losses increase by **more than 2.5 times** over the last three years in Czech Republic.

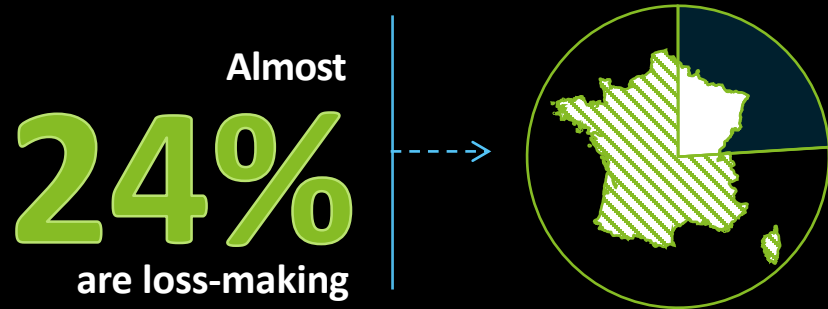
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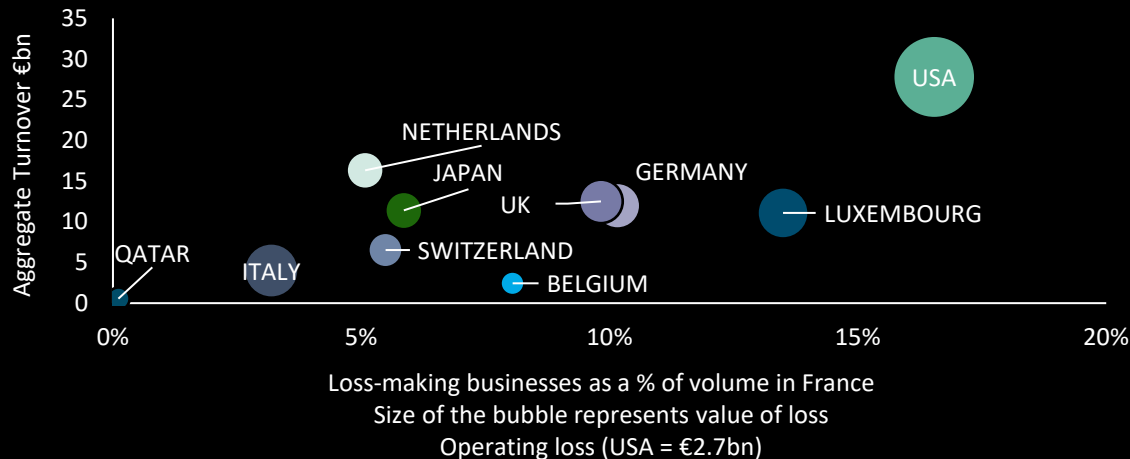
France



There are over **11,900** France based businesses which are foreign owned, of which **94%** have reported their financials. Almost **24%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

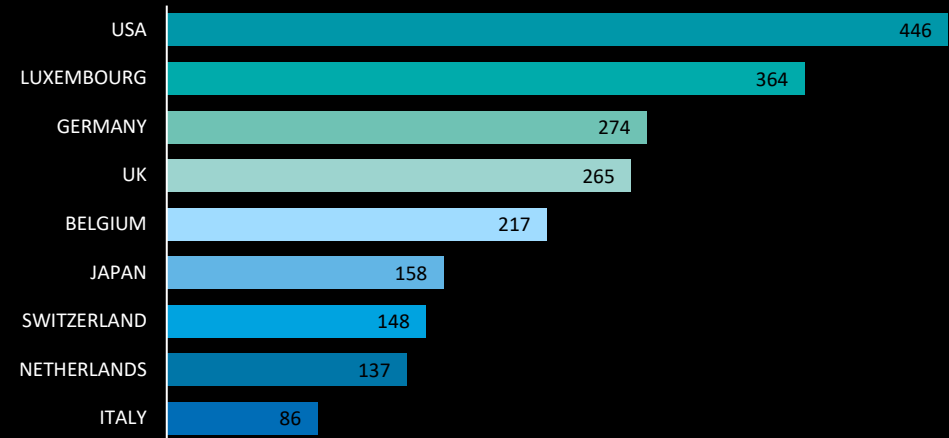


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **2,697** businesses in the loss-making population that are based in France. The top five owner countries account for **58%** of the loss-making population in France.



The **2,697** businesses in France have reported losses of **€9.9bn**.

€4.9bn of these losses are generated from subsidiaries with USA, Italy and Luxembourg based parents, representing **50%** of the total aggregated loss.

France accounts for the second largest loss-making region in terms of volume globally. The tax regime and the over-regulated labour market continued to impact its business environment.

The government's desire to reshore industries underlines its ambition to boost local manufacturing, with domestic firms at times prioritised over foreign ones, thereby clouding the prospects for foreign investment in some areas going forward. The government will also remain wary about FDI from certain countries and in strategic sectors (including defense, energy and technology).

France



Location × Owner



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **619** loss-making businesses generated a combined loss of **€2.2 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **300** loss-making businesses generated a combined loss of **€2.0 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **405** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **182** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **107** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **159** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	2.4	437	49.1
GERMANY	1.0	301	12.2
NETHERLANDS	0.7	132	26.7
LUXEMBOURG	0.7	321	9.4
UK	0.6	261	10.6
JAPAN	0.4	133	5.4
SWITZERLAND	0.2	146	5.0
BELGIUM	0.2	232	3.6
AUSTRIA	0.2	27	1.0
CHINA	0.1	32	1.1
OTHER	1.2	639	24.0
TOTAL	7.6	2,661	148.3

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	2.7	446	27.8
ITALY	1.2	86	4.0
LUXEMBOURG	1.0	364	11.1
GERMANY	0.8	274	12.0
UK	0.7	265	12.5
JAPAN	0.5	158	11.4
NETHERLANDS	0.5	137	16.3
SWITZERLAND	0.5	148	6.5
BELGIUM	0.2	217	2.4
QATAR	0.2	3	0.6
OTHER	1.4	599	18.5
TOTAL	9.9	2,697	123.2

Over the past three years, the number of loss-making subsidiaries operating in France rose marginally by **1%** and the total aggregated loss rose by **30%**.

USA continues to be the dominant owner country in terms of both value and volume in France.

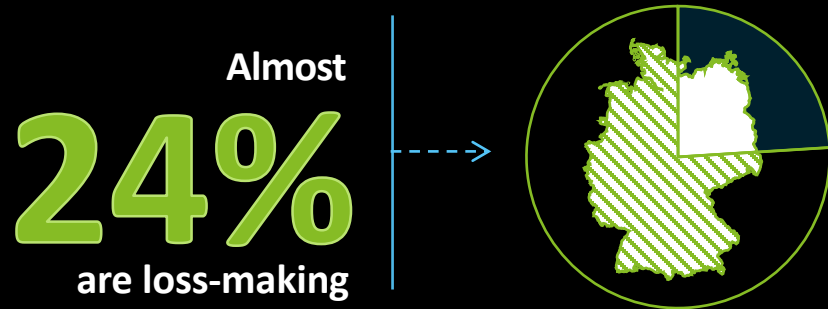
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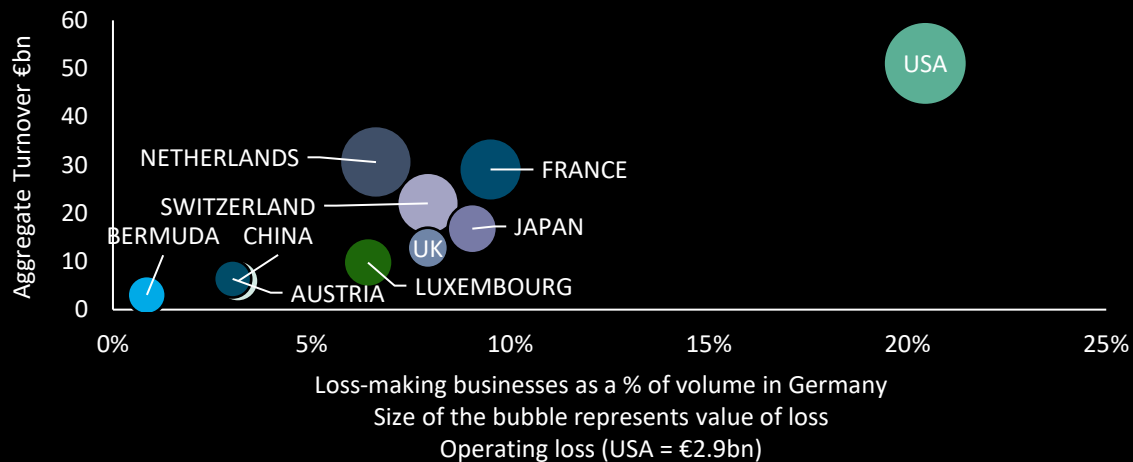
Germany



There are over **9,100** German businesses which are foreign owned. **68%** have reported their financials. Almost **24%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

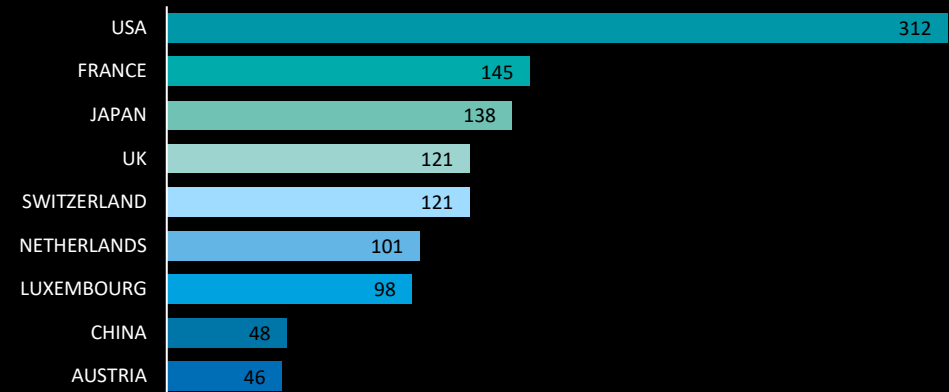


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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **1,526** businesses in the loss-making population that are based in Germany. The top owner country, USA, represents **20%** of the total German loss-making population.



The **1,526** businesses in Germany have reported losses of **€15.8bn**.

€8.3bn of these losses are generated from subsidiaries with USA, Netherlands, France and Switzerland based parents, representing **53%** of the total aggregated loss.

Germany stands second in terms of value of losses generated by foreign owned subsidiaries. Germany's business environment was impacted by global geopolitical tensions and supply chain disruptions to its large export sectors during the past few years. Germany generally welcomes FDI, but Germany has focussed on tightening EU-wide screening rules for non-EU capital.

The tax regime places a heavy burden on labour income, and the demographic outlook is poor going forward.

Sentiment towards greenfield foreign investment would remain positive, but tighter screening rules and a focus on protecting national sovereignty would affect the policy towards foreign investment.

Germany



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **303** loss-making businesses generated a combined loss of **€3.2 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **243** loss-making businesses generated a combined loss of **€2.9 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **141** loss-making businesses generated a combined loss of **€1.8 billion** in the last financial year.



RETAIL, WHOLESALE AND DISTRIBUTION

These **164** loss-making businesses generated a combined loss of **€1.6 billion** in the last financial year.



TECHNOLOGY

These **115** loss-making businesses generated a combined loss of **€1.5 billion** in the last financial year.



MINING AND METALS

These **135** loss-making businesses generated a combined loss of **€1.4 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
NETHERLANDS	2.8	74	27.6
USA	2.2	215	49.7
FRANCE	1.6	92	12.9
JAPAN	0.8	84	12.7
SWITZERLAND	0.7	92	8.0
UK	0.7	65	8.1
AUSTRIA	0.7	33	3.6
FINLAND	0.5	20	2.2
IRELAND	0.3	28	5.2
DENMARK	0.2	18	5.3
OTHER	1.8	304	40.2
	12.2	1,025	175.5

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	2.9	312	51.1
NETHERLANDS	2.2	101	30.6
FRANCE	1.6	145	29.1
SWITZERLAND	1.6	121	22.1
JAPAN	1.0	138	16.8
LUXEMBOURG	1.0	98	9.8
CHINA	0.7	48	5.9
UK	0.7	121	12.9
BERMUDA	0.6	13	3.1
AUSTRIA	0.6	46	6.4
OTHER	3.0	383	39.7
	15.8	1,526	227.5

Over the past three years, the number of loss-making subsidiaries operating in Germany has increased by **49%** and the total aggregated loss increased by **29%**.

Strikingly, USA, Netherlands, France, Switzerland and Japan have been among the top five owner countries in terms of both value and volume over the last three years in Germany.

USA owned businesses in Germany have seen operating losses increase by **36%** and volume increase by **45%** over the last three years.

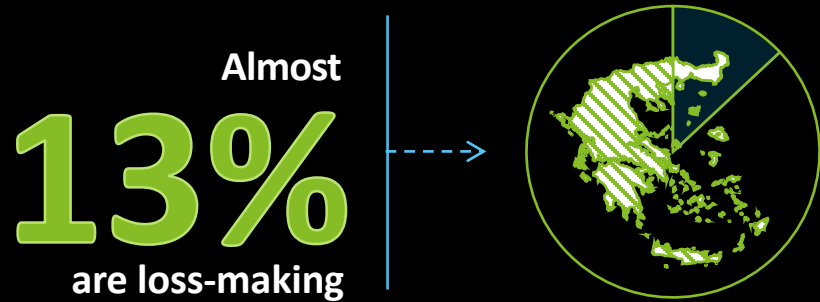
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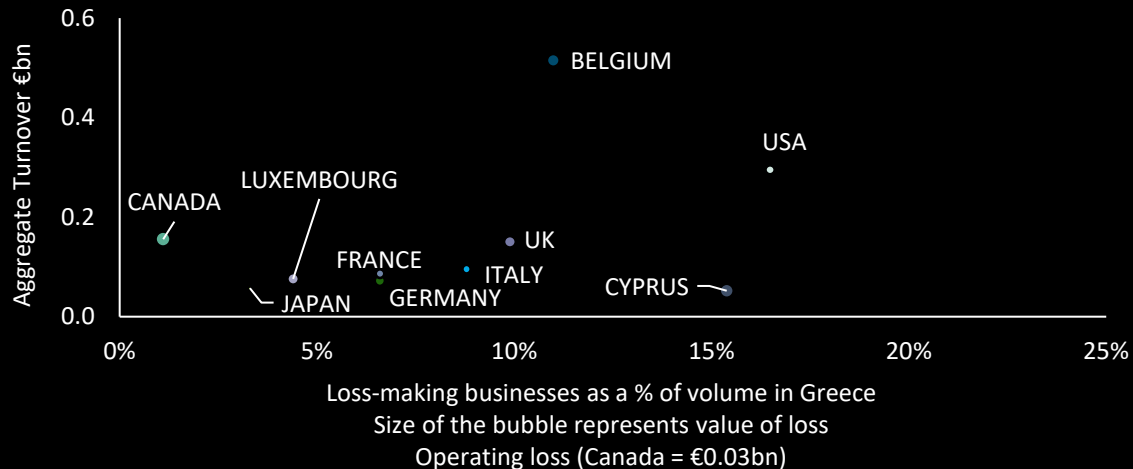
Greece



There are over **700** Greece based businesses which are foreign owned, of which **92%** have reported their financials. Almost 13% of these are generating an operating loss.



Scale of losses (top 10 owner countries)

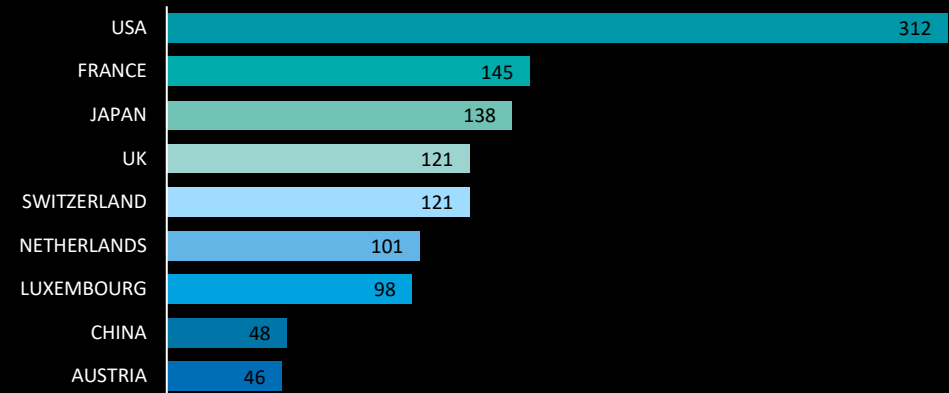


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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **91** businesses in the loss-making population that are based in Greece. Combined, USA, Cyprus and Belgium own **43%** of these by volume.



The **91** loss-making subsidiaries in Greece have reported losses of **€0.2bn**.

The top five owner countries account for more than **67%** of the overall aggregated loss.

Greece's economy was hit hard by the COVID-19 pandemic given its high reliance on tourism. The recovery underway proved to be quite resilient with the public administration reforms making a big difference to the business environment. Attracting FDI is high on the government's agenda.

Greece



Location × Owner



TOP LOSS-MAKING SECTORS



MINING AND METALS

These **8** loss-making businesses generated a combined loss of **€0.04 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **25** loss-making businesses generated a combined loss of **€0.04 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **9** loss-making businesses generated a combined loss of **€0.02 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **14** loss-making businesses generated a combined loss of **€0.01 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **6** loss-making businesses generated a combined loss of **€0.01 billion** in the last financial year.



CONSUMER PRODUCTS

These **4** loss-making businesses generated a combined loss of **€0.01 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	0.3	15	1.0
GERMANY	0.1	13	0.5
USA	0.03	17	0.4
CYPRUS	0.03	14	0.1
CANADA	0.02	1	0.1
BELGIUM	0.02	16	0.3
CAYMAN ISLANDS	0.02	1	0.002
NETHERLANDS	0.02	6	0.7
LUXEMBOURG	0.01	5	0.1
ITALY	0.01	13	0.1
OTHER	0.02	37	0.4
	0.5	138	3.7

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CANADA	0.03	1	0.2
CYPRUS	0.02	14	0.1
BELGIUM	0.02	10	0.5
LUXEMBOURG	0.02	4	0.1
UK	0.02	9	0.2
GERMANY	0.01	6	0.1
USA	0.01	15	0.3
FRANCE	0.01	6	0.1
ITALY	0.01	8	0.1
JAPAN	0.003	3	0.1
OTHER	0.01	15	0.2
	0.2	91	1.8

Over the past three years, the number of loss-making subsidiaries operating in Greece declined by **34%** and the total aggregated loss decreased by **66%**.

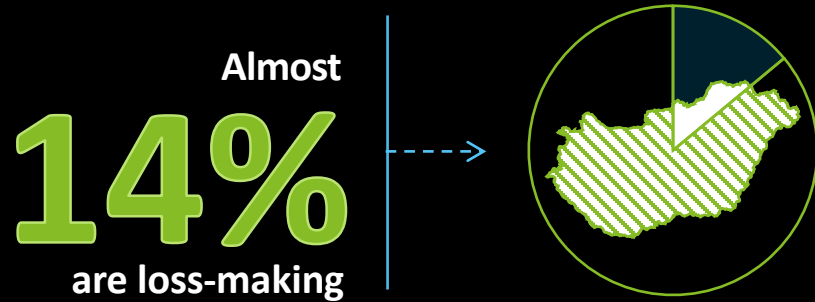
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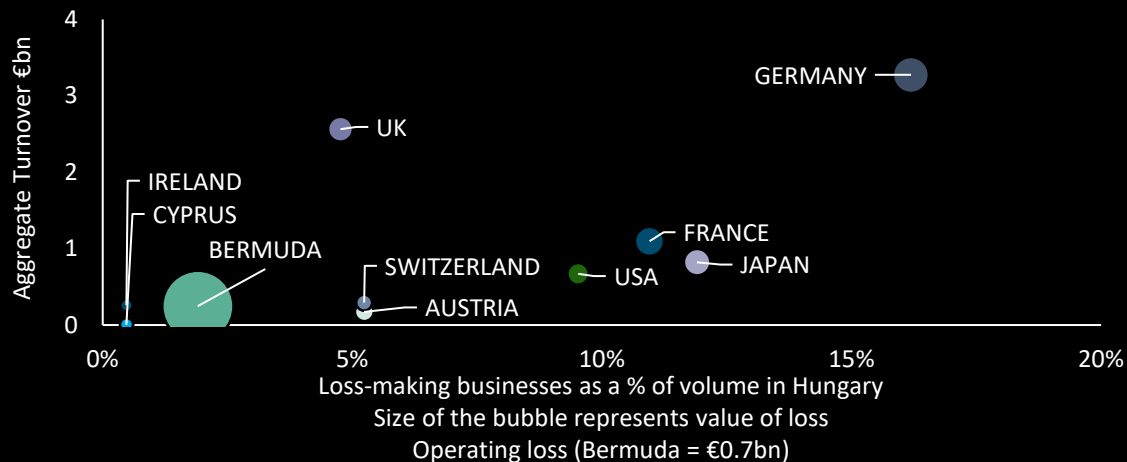
Hungary



There are over **1,500** Hungary based businesses which are foreign owned, of which **97%** have reported their financials. Almost **14%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

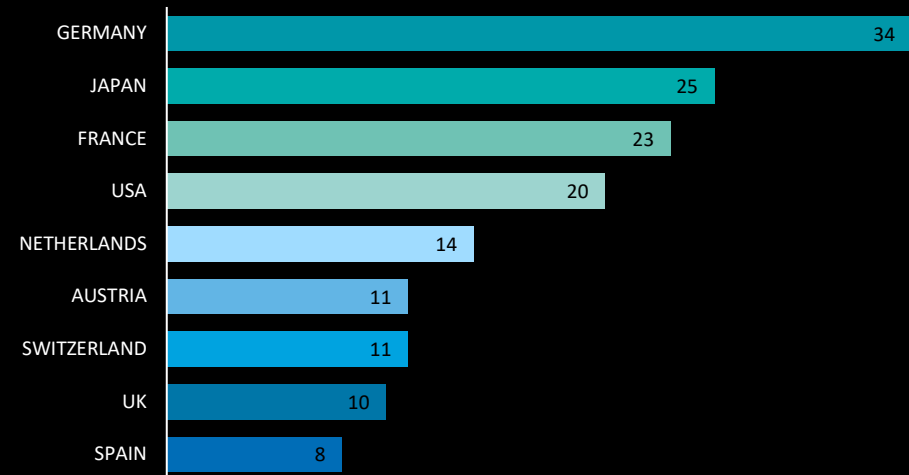


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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **210** businesses in the loss-making population that are based in Hungary. The top owner country, Germany, constitutes **16%** of the loss-making population in Hungary.



The **210** loss-making subsidiaries in Hungary have reported losses of **€1.4bn**.

€0.8bn of this loss relates to Bermuda and Germany based owners, representing **62%** of the total aggregated loss.

Hungary's complex tax regime, unpredictable policymaking, increased state control and government favoritism in some industries created challenges for companies operating in the country. The government deploys anti-foreign rhetoric by imposing special taxes or restrictions in sectors dominated by foreign companies and would maintain a protectionist attitude going forward. However, the government encourages foreign investment in manufacturing and high-technology sectors, especially the automotive industry.

Hungary



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **51** loss-making businesses generated a combined loss of **€0.8 billion** in the last financial year.



POWER, UTILITIES AND RENEWABLES

These **6** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



AUTOMOTIVE

These **21** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



TECHNOLOGY

These **13** loss-making businesses generated a combined loss of **€0.05 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **21** loss-making businesses generated a combined loss of **€0.05 billion** in the last financial year.



REAL ESTATE

These **13** loss-making businesses generated a combined loss of **€0.04 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	0.2	35	1.6
BERMUDA	0.1	4	0.4
IRELAND	0.1	2	0.3
JAPAN	0.1	13	0.5
INDIA	0.05	4	1.3
USA	0.02	19	1.1
UK	0.02	13	1.3
FRANCE	0.02	17	0.8
AUSTRIA	0.02	14	0.2
ITALY	0.02	14	0.5
OTHER	0.1	93	0.9
TOTAL	0.6	228	8.8

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
BERMUDA	0.7	4	0.2
GERMANY	0.2	34	3.3
FRANCE	0.1	23	1.1
JAPAN	0.1	25	0.8
UK	0.1	10	2.6
USA	0.1	20	0.7
AUSTRIA	0.04	11	0.2
SWITZERLAND	0.03	11	0.3
CYPRUS	0.02	1	0.01
IRELAND	0.02	1	0.3
OTHER	0.1	70	1.1
TOTAL	1.4	210	10.5

Over the past three years, the number of loss-making subsidiaries operating in Hungary declined by **8%**; however, the total aggregated loss rose sharply by **111%**.

Germany, Bermuda and Japan continue to be among the top four owner countries with the highest value of losses over the last three years in Hungary.

Source: Bureau van Dijk, Orbis, Dec-22

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Ireland



Location × Owner

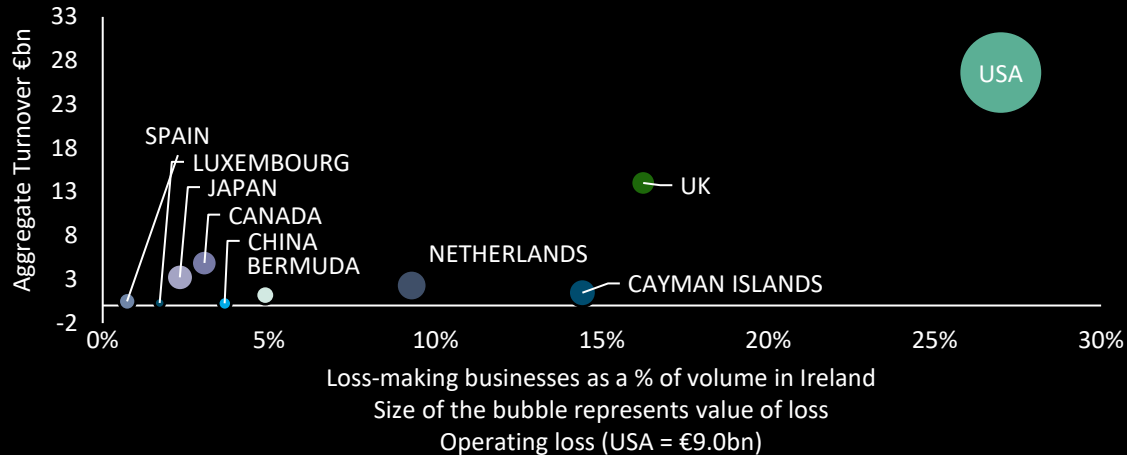


There are over **4,600** Irish businesses which are foreign owned. **89%** have reported their financials. Almost **20%** of these are generating an operating loss.

Almost
20%
are loss-making



Scale of losses (top 10 owner countries)

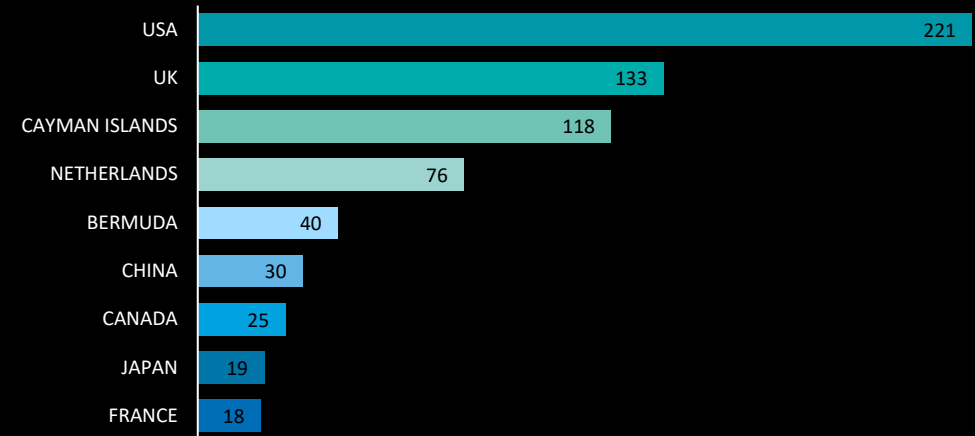


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **819** businesses in the loss-making population that are based in Ireland. USA and UK account for over **43%** of the loss-making population in Ireland.



The **819** businesses in Ireland have reported losses of **€15.2bn**.

Subsidiaries with USA based parents generated aggregated losses of **€9.0bn**, which accounts for **59%** of the total aggregated loss.

Ireland accounts for the third largest loss-making region in terms of value globally. Ireland's attractive corporate tax regime, favourable policy towards foreign trade and investment and flexible labour market makes it an attractive investment destination for foreign businesses. The low-tax environment and access to the wider EU market mean that many foreign multinationals, particularly from USA, have located their European headquarters in Ireland.

However, given its close ties with UK, Ireland is also vulnerable to ongoing UK-EU post-Brexit tensions.

Ireland



Location × Owner



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **367** loss-making businesses generated a combined loss of **€5.0 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **70** loss-making businesses generated a combined loss of **€2.7 billion** in the last financial year.



LIFE SCIENCES

These **21** loss-making businesses generated a combined loss of **€2.3 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **169** loss-making businesses generated a combined loss of **€1.6 billion** in the last financial year.



RETAIL, WHOLESALE AND DISTRIBUTION

These **39** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



INFRASTRUCTURE, TRANSPORT, REGIONAL GOVT

These **2** loss-making businesses generated a combined loss of **€0.8 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	2.8	173	19.1
CAYMAN ISLANDS	0.7	49	2.2
NETHERLANDS	0.4	34	1.1
BERMUDA	0.3	18	0.7
GERMANY	0.2	17	0.7
UK	0.2	77	1.6
NORWAY	0.2	3	1.5
CANADA	0.1	20	1.9
JAPAN	0.1	12	0.7
SWITZERLAND	0.04	6	0.2
OTHER	0.2	85	2.0
	5.1	494	31.7

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	9.0	221	26.6
NETHERLANDS	1.2	76	2.3
CAYMAN ISLANDS	1.0	118	1.5
JAPAN	0.9	19	3.2
CANADA	0.8	25	4.8
UK	0.7	133	14.0
BERMUDA	0.4	40	1.2
SPAIN	0.4	6	0.5
CHINA	0.2	30	0.3
LUXEMBOURG	0.1	14	0.3
OTHER	0.5	137	3.1
	15.2	819	57.8

Over the past three years, the number of loss-making subsidiaries operating in Ireland has increased sharply by **66%** and the total aggregated loss rose massively by **3 times**.

USA continues to be the dominant owner country in terms of both value and volume in Ireland.

Source: Bureau van Dijk, Orbis, Dec-22

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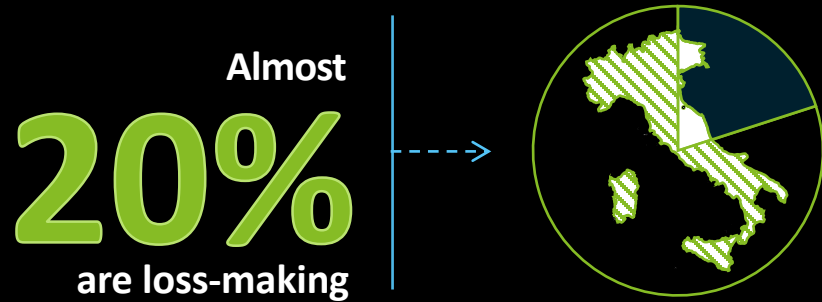
Italy



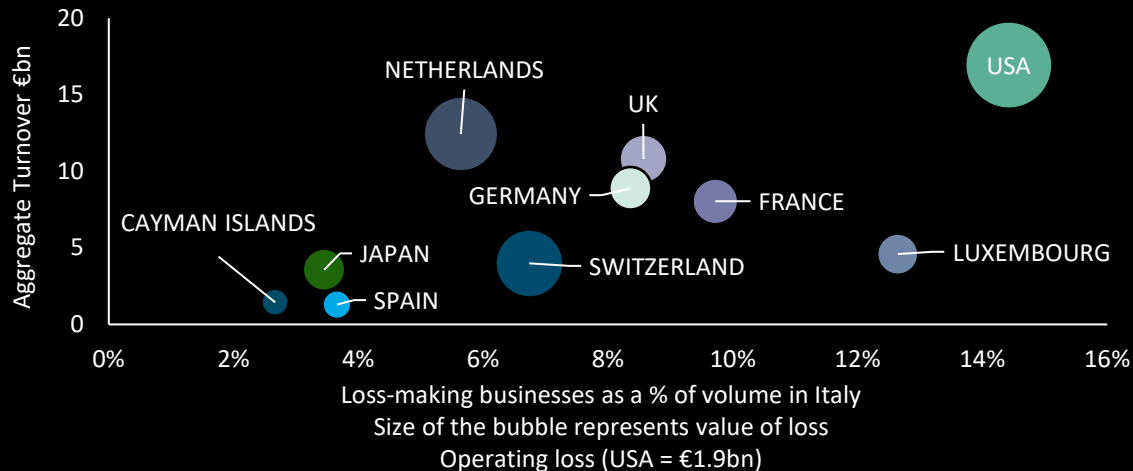
Location Owner



There are over **9,800** Italian businesses which are foreign owned. **97%** have reported their financials. Almost **20%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

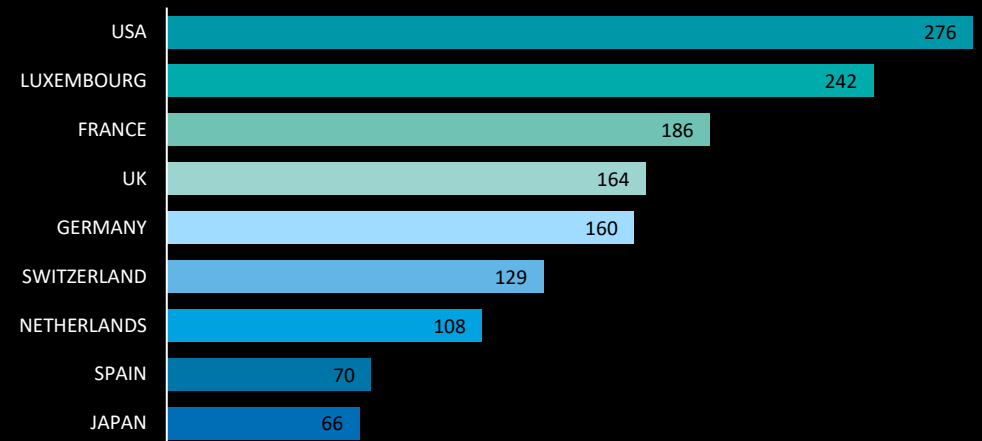


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **1,914** businesses in the loss-making population that are based in Italy. Combined, USA and Luxembourg own **27%** of these by volume.



The **1,914** businesses in Italy have reported losses of **€8.3bn**.

€4.4bn of these losses are generated from subsidiaries with owners based in USA, Netherlands and Switzerland, representing **53%** of the total aggregated loss.

The main challenges for foreign businesses operating in Italy are its bureaucratic and legal complexities, barriers to entry in areas of the services sector, inadequate infrastructure, high levels of taxation and energy costs, and labour market rigidities.

Action to encourage bank mergers and support banks' efforts to reduce the level of non-performing loans on their balance sheets has made some progress, but the sector remains vulnerable. The growth potential remains limited in Italy because of its mature consumer market along with weak income and population growth prospects.

Italy



Location



Owner



TOP LOSS-MAKING SECTORS



TELECOM, MEDIA AND ENTERTAINMENT

These **101** loss-making businesses generated a combined loss of **€1.6 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **364** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **50** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **245** loss-making businesses generated a combined loss of **€0.9 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **321** loss-making businesses generated a combined loss of **€0.8 billion** in the last financial year.



AUTOMOTIVE

These **47** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	1.0	264	26.5
GERMANY	0.6	180	7.7
LUXEMBOURG	0.5	211	5.1
NETHERLANDS	0.5	97	15.2
UK	0.3	148	4.8
FRANCE	0.3	195	9.4
SWITZERLAND	0.3	122	5.4
JAPAN	0.2	63	2.8
CHINA	0.2	43	0.4
CURACAO	0.1	8	1.3
OTHER	1.0	516	11.6
	4.9	1,847	90.2

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	1.9	276	16.9
NETHERLANDS	1.4	108	12.4
SWITZERLAND	1.1	129	4.0
UK	0.6	164	10.8
FRANCE	0.5	186	8.0
JAPAN	0.4	66	3.6
GERMANY	0.4	160	8.9
LUXEMBOURG	0.4	242	4.6
SPAIN	0.2	70	1.3
CAYMAN ISLANDS	0.2	51	1.4
OTHER	1.2	462	12.9
	8.3	1,914	84.8

Over the past three years, the number of loss-making subsidiaries operating in Italy increased by **4%** and the total aggregated loss rose sharply by **70%**.

USA continues to be the dominant owner country in terms of both value and volume for Italian loss-making subsidiaries.

There have also been significant increases in operating losses generated by subsidiaries with owners based in Netherlands, UK and USA.

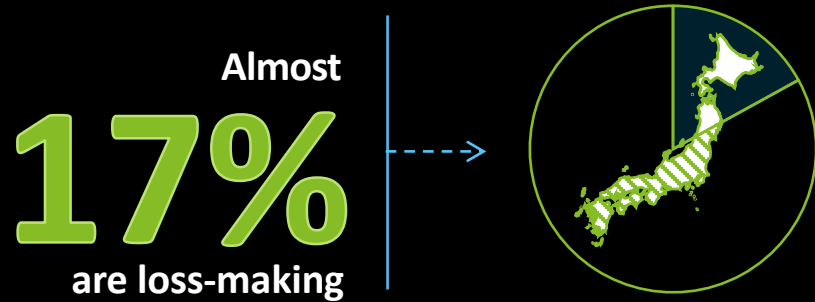
Source: Bureau van Dijk, Orbis, Dec-22

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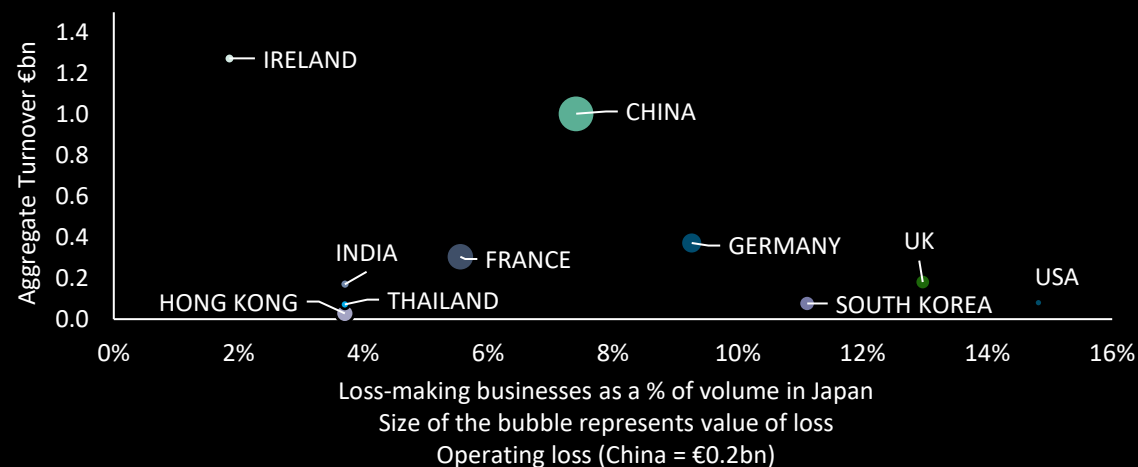
Japan



There are over **1,400** Japan based businesses which are foreign owned, of which **21%** have reported their financials. Almost **17%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

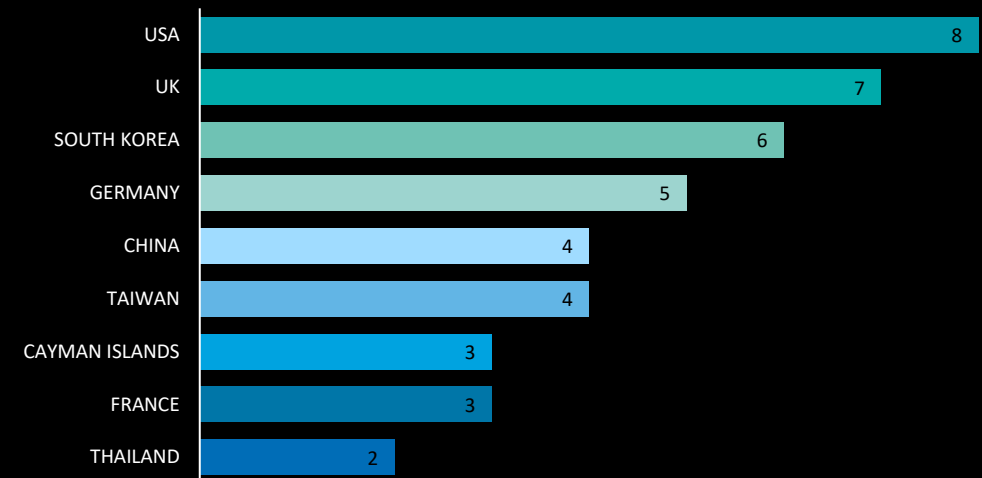


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **54** businesses in the loss-making population that are based in Japan. The top 5 owner countries represent **56%** of the loss-making population in Japan.



The **54** loss-making subsidiaries in Japan have reported losses of **€0.5bn**.

€0.4bn of these losses are generated by subsidiaries with China, France and Germany based owners, representing **69%** of the total aggregated loss.

The government will push consistently for the promotion of inward foreign investment at the central and local level. However, Japan's attractiveness to foreign investors will remain relatively low due to formal and informal barriers, including the country's insular and consensual business culture, exclusive supplier networks and business alliances, and a comparatively low level of regard for shareholder value. Direct investment in Japan by foreign companies would continue to be dwarfed by direct investment abroad by Japanese companies.

Japan



Location × Owner



TOP LOSS-MAKING SECTORS



AUTOMOTIVE

These **2** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



TECHNOLOGY

These **6** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **15** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **4** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **5** loss-making businesses generated a combined loss of **€0.02 billion** in the last financial year.



POWER, UTILITIES AND RENEWABLES

This **1** loss-making businesses generated a combined loss of **€0.01 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CHINA	0.1	10	1.1
TAIWAN	0.04	3	0.5
IRELAND	0.02	1	1.1
USA	0.02	6	0.1
HONG KONG	0.01	2	0.003
GERMANY	0.01	2	0.1
FRANCE	0.01	1	0.01
CAYMAN ISLANDS	0.01	3	0.1
UK	0.002	3	0.01
INDIA	0.002	1	0.3
OTHER	0.004	9	0.1
TOTAL	0.2	41	3.4

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CHINA	0.2	4	1.0
FRANCE	0.1	3	0.3
GERMANY	0.1	5	0.4
HONG KONG	0.04	2	0.03
SOUTH KOREA	0.04	6	0.1
UK	0.03	7	0.2
IRELAND	0.01	1	1.3
INDIA	0.01	2	0.2
THAILAND	0.01	2	0.1
USA	0.01	8	0.1
OTHER	0.01	14	0.5
TOTAL	0.5	54	4.1

Over the past three years, the number of loss-making subsidiaries operating in Japan increased by **32%** and the total aggregated loss rose by **141%**.

China continues to be the dominant owner country in terms of both value and volume for Japanese loss-making subsidiaries.

Source: Bureau van Dijk, Orbis, Dec-22

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Netherlands

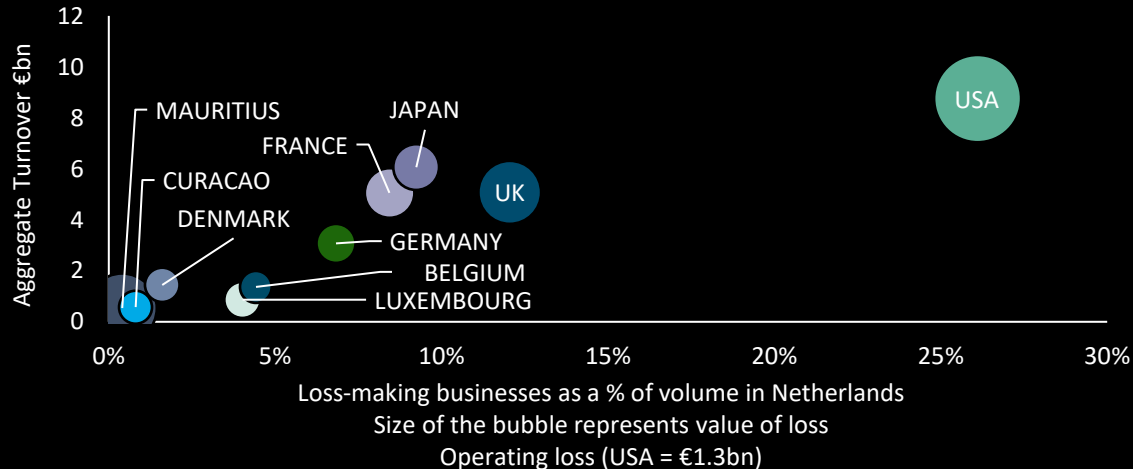


There are over **2,500** Dutch businesses which are foreign owned. **75%** of these businesses have reported their financials. Almost **13%** of these are generating an operating loss.

Almost
13%
are loss-making

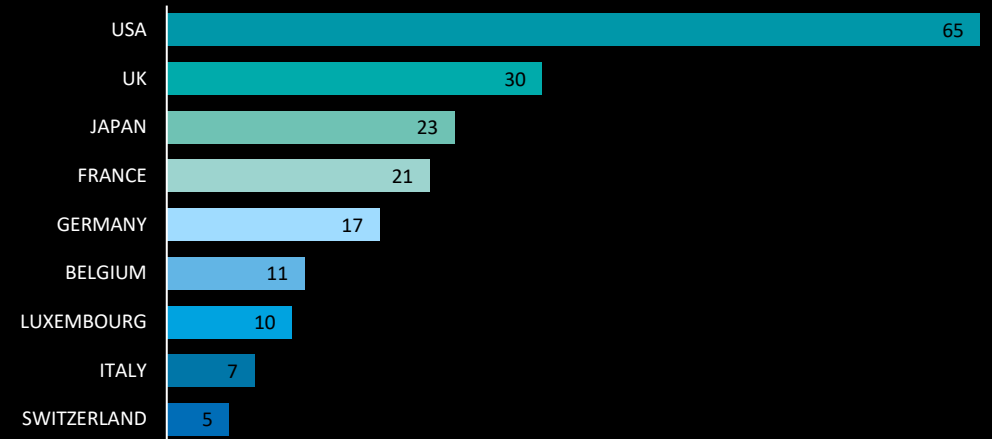


Scale of losses (top 10 owner countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **249** businesses in the loss-making population that are based in the Netherlands. The top owner country, USA, represents **26%** of the loss-making population in the Netherlands.



The **249** businesses in Netherlands have reported losses of **€5.5bn**.

€2.8bn of these losses are generated from subsidiaries with USA, Mauritius and UK based parents, representing over **50%** of the total aggregated loss.

Netherlands has long had a welcoming stance towards FDI, in both a regulatory and cultural sense. The country adopts a strong international mindset and consistently focusses on attracting multi-national companies (estimated to account for about two-thirds of private-sector turnover).

Despite the FDI oriented mindset, there are some challenges that foreign investors face while operating in Netherlands. This includes structural distortions in the housing market, a high labour tax burden, and a segmented labour market contributing to a relatively high share of insecure temporary employment.

Source: Bureau van Dijk, Orbis, Dec-22

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Netherlands



Location



Owner



TOP LOSS-MAKING SECTORS



BANKING AND CAPITAL MARKETS

These **40** loss-making businesses generated a combined loss of **€2.0 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **46** loss-making businesses generated a combined loss of **€0.9 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **32** loss-making businesses generated a combined loss of **€0.6 billion** in the last financial year.



LIFE SCIENCES

These **6** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **32** loss-making businesses generated a combined loss of **€0.4 billion** in the last financial year.



TECHNOLOGY

These **20** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	1.5	59	20.1
GERMANY	0.4	23	4.6
UK	0.3	22	18.7
DENMARK	0.3	3	0.6
INDIA	0.1	3	0.2
JAPAN	0.1	10	1.6
FRANCE	0.1	16	1.8
BELGIUM	0.1	10	0.8
SWITZERLAND	0.04	5	0.7
CAYMAN ISLANDS	0.03	6	0.3
OTHER	0.2	51	4.9
	3.2	208	54.5

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	1.3	65	8.8
MAURITIUS	0.8	1	0.5
UK	0.7	30	5.1
FRANCE	0.4	21	5.1
JAPAN	0.4	23	6.1
GERMANY	0.3	17	3.1
LUXEMBOURG	0.2	10	0.9
DENMARK	0.2	4	1.5
CURACAO	0.2	2	0.6
BELGIUM	0.2	11	1.4
OTHER	0.9	65	8.5
	5.5	249	41.4

Over the past three years, the number of loss-making subsidiaries operating in Netherlands has increased by **20%** and the total aggregated loss rose sharply by **75%**.

USA continues to be the dominant owner country in terms of both value and volume in Netherlands.

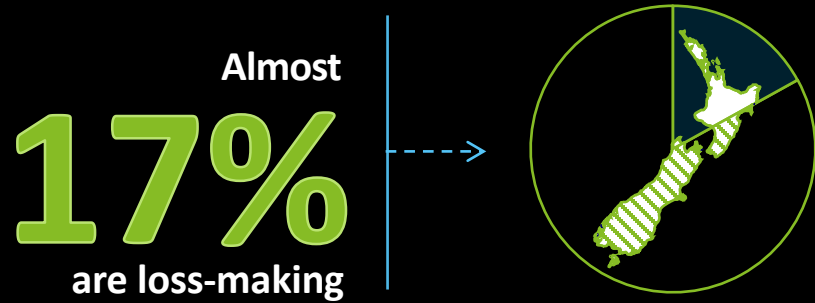
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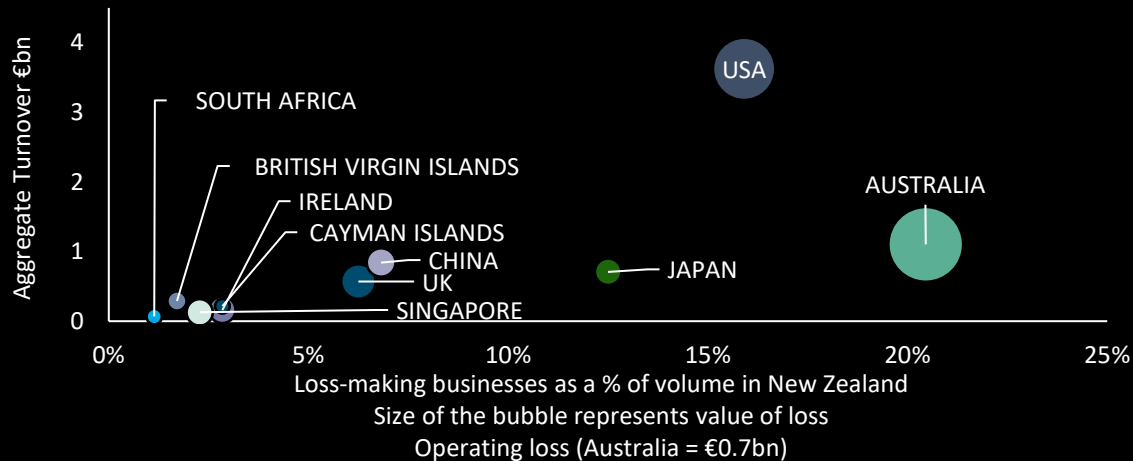
New Zealand



There are over **1,700** New Zealand based businesses which are foreign owned, of which **58%** have reported their financials. Almost **17%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

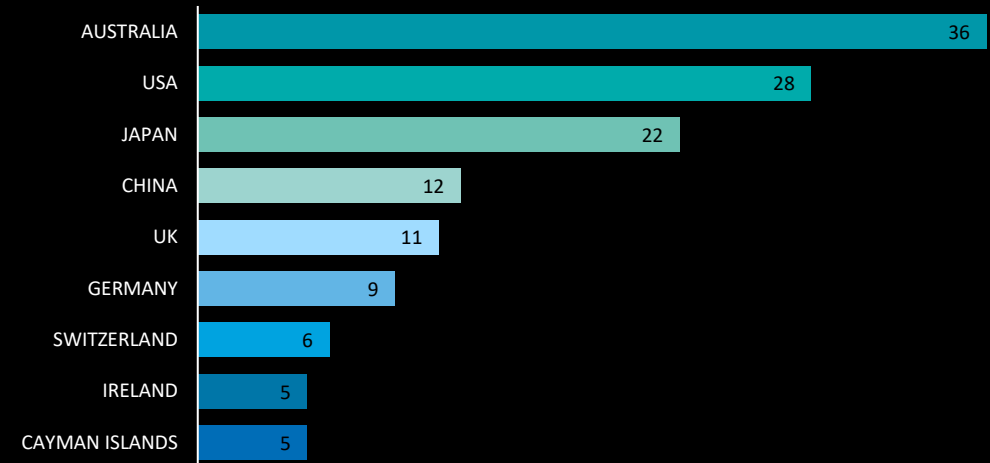


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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **176** businesses in the loss-making population that are based in New Zealand. Australia, USA and Japan combined own **49%** of these by volume.



The **176** loss-making subsidiaries in New Zealand have reported losses of **€1.9bn**.

€1.2bn of these losses belong with Australia and USA based owners, representing **63%** of the total aggregated loss by value.

Foreign businesses operating in New Zealand face the challenge of limited growth opportunities as a result of a small population and geographical isolation.

FDI is generally welcome, but international companies experience a lack of transparency and inconsistency in the application of foreign investment rules relating to some sensitive assets, such as farmland.

New Zealand



TOP LOSS-MAKING SECTORS



BANKING AND CAPITAL MARKETS

These **29** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **25** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



CONSUMER PRODUCTS

These **20** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **38** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



MINING AND METALS

This **1** loss-making business generated a combined loss of **€0.1 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **11** loss-making businesses generated a combined loss of **€0.03 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
AUSTRALIA	0.3	27	0.9
SINGAPORE	0.2	9	0.2
JAPAN	0.1	13	1.2
CHINA	0.04	10	0.8
GERMANY	0.04	7	0.1
SWITZERLAND	0.03	5	0.3
USA	0.02	33	0.6
PHILIPPINES	0.02	1	0.3
SOUTH AFRICA	0.02	3	0.2
FRANCE	0.02	4	0.2
OTHER	0.1	36	1.2
TOTAL	0.8	148	5.9

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
AUSTRALIA	0.7	36	1.1
USA	0.5	28	3.6
UK	0.1	11	0.6
CHINA	0.1	12	0.8
IRELAND	0.1	5	0.2
JAPAN	0.1	22	0.7
SINGAPORE	0.1	4	0.1
BRITISH VIRGIN ISLANDS	0.04	3	0.3
SOUTH AFRICA	0.03	2	0.1
CAYMAN ISLANDS	0.03	5	0.2
OTHER	0.1	48	0.9
TOTAL	1.9	176	8.6

Over the past three years, the number of loss-making subsidiaries operating in New Zealand increased by **19%** and the total aggregated loss increased by **129%**.

Australia continues to be the dominant owner country in terms of both value and volume in New Zealand.

Source: Bureau van Dijk, Orbis, Dec-22

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Nordics

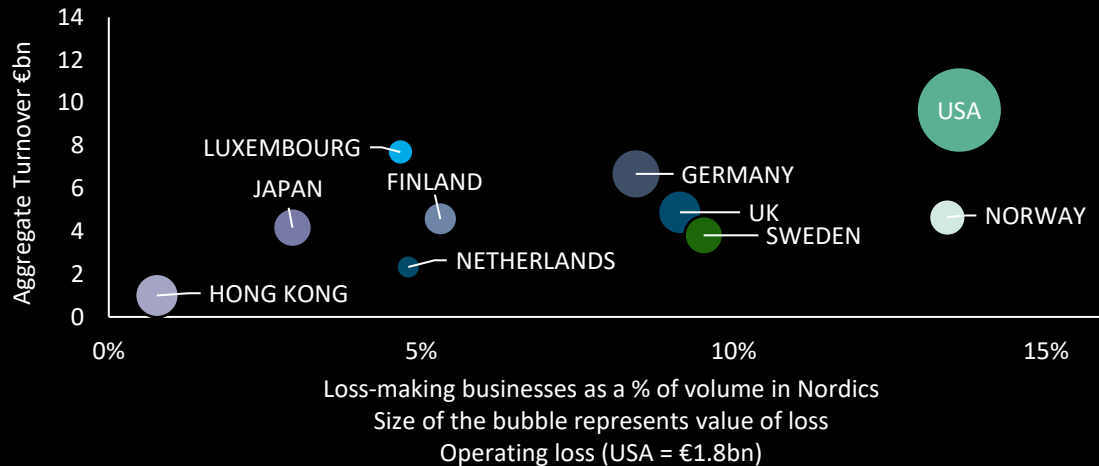


There are over **8,500** Nordic businesses which are foreign owned. **98%** have reported their financials. Almost **19%** of these are generating an operating loss.

Almost
19%
are loss-making



Scale of losses (top 10 owner countries)

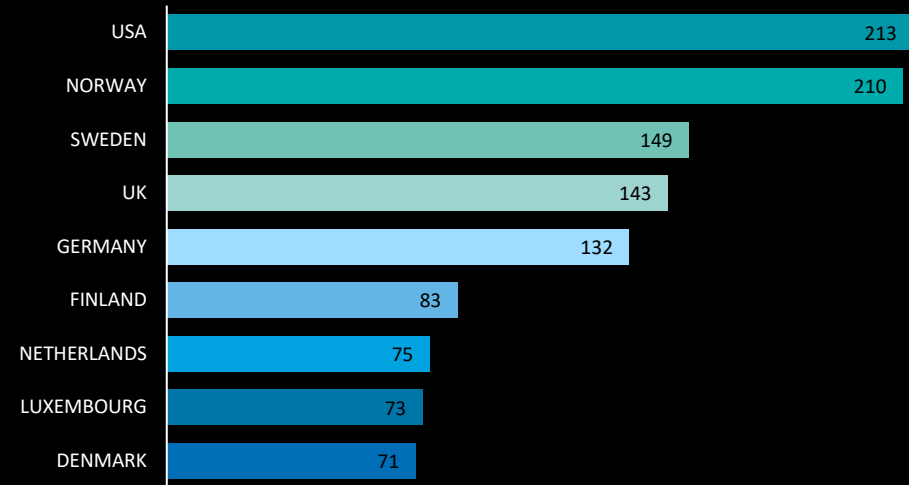


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **1,565** businesses in the loss-making population that are based in the Nordics. The top 5 owner countries own **54%** of the loss-making population in the Nordics.



The **1,565** businesses in the Nordics have reported losses of **€6.1bn**.

€1.8bn of these losses are generated from subsidiaries with USA based parents, representing over **29%** of the total aggregated loss.

The challenging aspects for businesses operating in the Nordics are elevated private-sector indebtedness, high personal tax burden and sluggish productivity growth.

There has been a tightening of FDI screening rules towards non-EU foreign inflows in strategic sectors – reinforced by the pandemic and Russia-Ukraine conflict.

Nordics



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **325** loss-making businesses generated a combined loss of **€1.6 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **192** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **123** loss-making businesses generated a combined loss of **€0.6 billion** in the last financial year.



CONSUMER PRODUCTS

These **59** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



TECHNOLOGY

These **165** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **74** loss-making businesses generated a combined loss of **€0.4 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	1.4	235	10.7
GERMANY	0.4	162	6.4
NORWAY	0.4	233	5.0
SWEDEN	0.3	143	5.3
UK	0.3	149	3.0
LUXEMBOURG	0.2	74	1.4
FRANCE	0.2	59	3.1
FINLAND	0.2	95	6.0
CAYMAN ISLANDS	0.2	33	1.4
NETHERLANDS	0.1	70	1.6
OTHER	0.8	483	13.6
TOTAL	4.5	1,736	57.5

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	1.8	213	9.7
GERMANY	0.6	132	6.7
UK	0.5	143	4.9
HONG KONG	0.5	12	1.0
JAPAN	0.4	46	4.2
SWEDEN	0.4	149	3.8
NORWAY	0.3	210	4.6
FINLAND	0.3	83	4.6
LUXEMBOURG	0.2	73	7.7
NETHERLANDS	0.1	75	2.3
OTHER	1.2	429	10.7
TOTAL	6.1	1,565	60.2

Over the past three years, the number of loss-making subsidiaries operating in the Nordics decreased by **10%**; however, the total aggregated loss increased by **36%**.

USA and Germany continues to be the top two owner countries with the highest values of losses over the last three years in the Nordics.

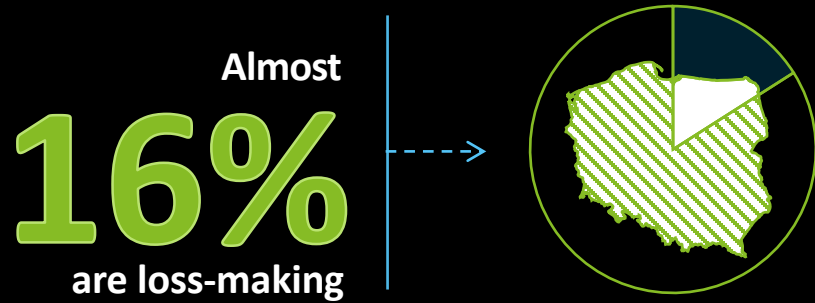
Source: Bureau van Dijk, Orbis, Dec-22

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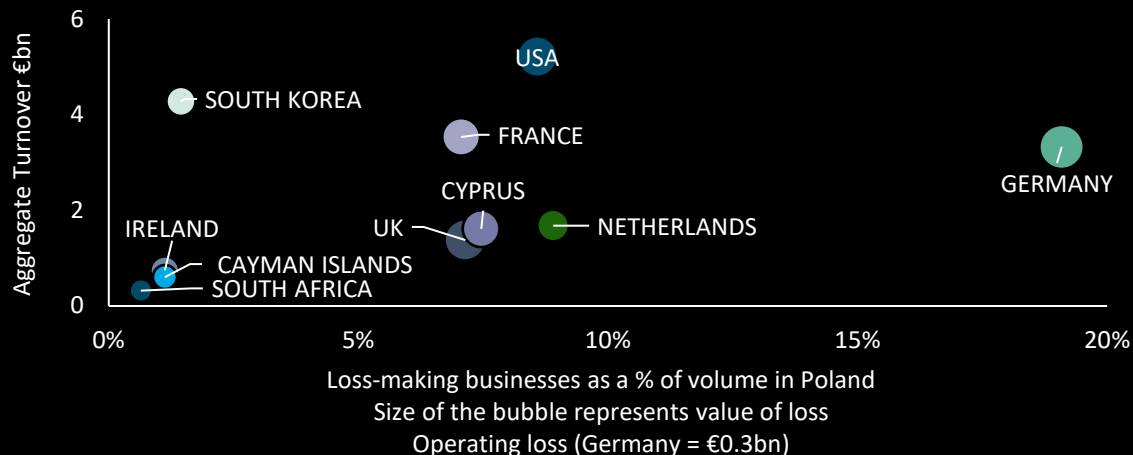
Poland



There are over **8,000** Poland based businesses which are foreign owned, of which **97%** have reported their financials. Almost **16%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

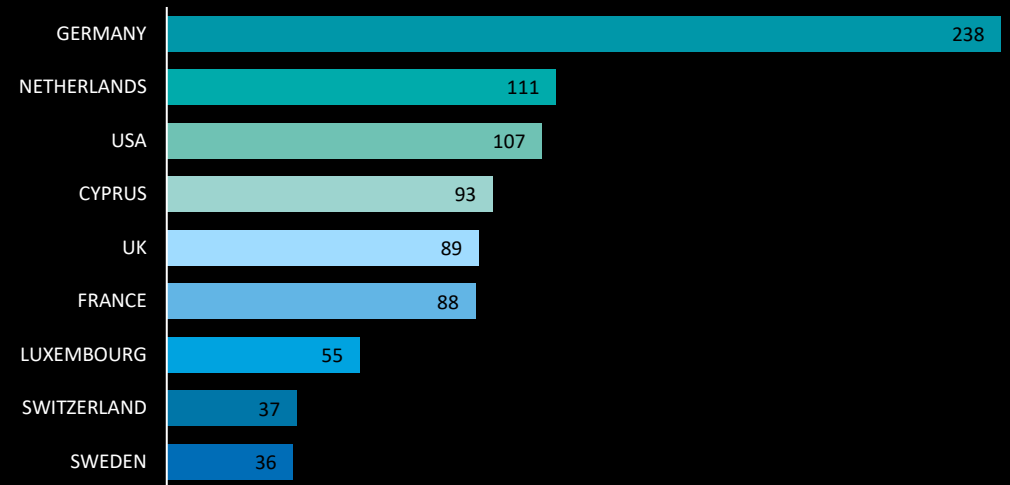


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **1,247** businesses in the loss-making population that are based in Poland. The top owner country, Germany, represents **19%** of the loss-making population in Poland.



The **1,247** loss-making subsidiaries in Poland have reported losses of **€2.3bn**.

€0.8bn of this loss relates to Germany, UK and USA based owners, representing **34%** of the total aggregated loss.

Poland remains an attractive location in the region for business, owing to its EU membership, highly educated workforce, market size, resilient financial sector and proximity to other major economies.

The government's statist policy approach in some sectors would have a negative effect on inward foreign investment, as would stricter screening at both the EU and local level. The government's focus on "self-reliance" would also limit the opportunities for foreign investors.

Poland



Location × Owner



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **234** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **245** loss-making businesses generated a combined loss of **€0.4 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **115** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



REAL ESTATE

These **146** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



AUTOMOTIVE

These **67** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



CONSUMER PRODUCTS

These **89** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	0.4	134	3.5
FRANCE	0.2	86	2.3
CYPRUS	0.2	104	1.6
LUXEMBOURG	0.2	70	0.6
GERMANY	0.2	219	2.2
SWEDEN	0.1	54	1.0
SPAIN	0.1	44	1.3
UK	0.1	100	1.1
NETHERLANDS	0.1	116	1.3
JAPAN	0.1	29	1.1
OTHER	0.4	521	8.7
TOTAL	2.1	1,477	24.7

CURRENT LANDSCAPE

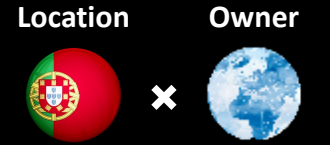
COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	0.3	238	3.3
UK	0.2	89	1.4
USA	0.2	107	5.2
FRANCE	0.2	88	3.5
CYPRUS	0.2	93	1.6
NETHERLANDS	0.1	111	1.7
SOUTH KOREA	0.1	18	4.3
IRELAND	0.1	14	0.7
CAYMAN ISLANDS	0.1	14	0.6
SOUTH AFRICA	0.1	8	0.3
OTHER	0.6	467	7.0
TOTAL	2.3	1,247	29.7

Over the past three years, the number of loss-making subsidiaries operating in Poland declined by **16%** and the total aggregated loss rose by **9%**.

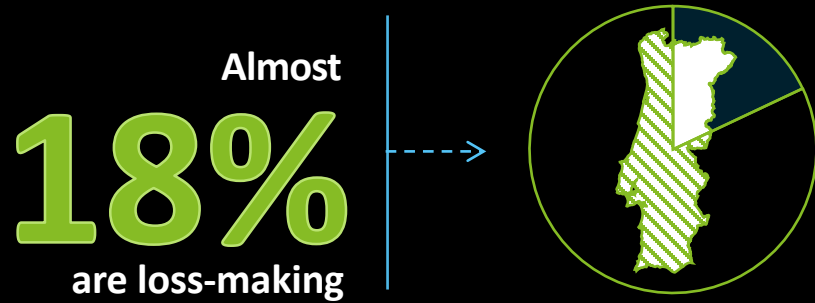
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Portugal

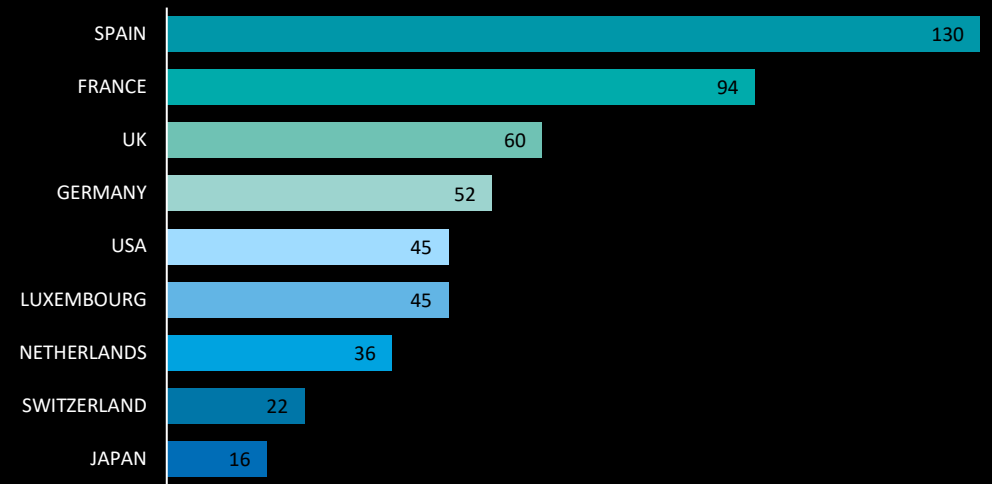


There are over **3,700** Portugal based businesses which are foreign owned, of which **96%** have reported their financials. Almost **18%** of these are generating an operating loss.

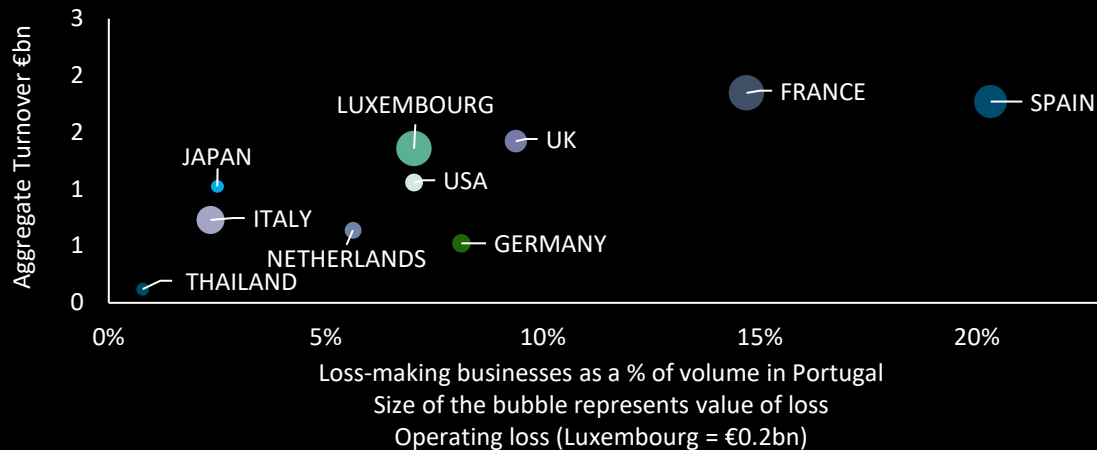


TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **640** businesses in the loss-making population that are based in Portugal. Combined, Spain and France represent **35%** of the total volume.



Scale of losses (top 10 owner countries)



The **640** loss-making subsidiaries in Portugal have reported losses of **€1.2bn**.

€0.7bn of this loss relates to Luxembourg, France, Spain and Italy based owners, representing **61%** of the total aggregated loss.

The main challenges for foreign businesses operating in Portugal are complex tax system, poor rail infrastructure, low technological readiness and subdued market opportunities.

Portugal's business environment continues to be held back by low levels of investment in research and development, insufficient number of graduates in science and information technology, moderate levels of corruption, and some rigidities in the labour market, especially related to employment protection laws.

Source: Bureau van Dijk, Orbis, Dec-22

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Portugal



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **162** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **45** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



TECHNOLOGY

These **35** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **102** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **9** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



CONSUMER PRODUCTS

These **57** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
LUXEMBOURG	0.4	45	1.0
SPAIN	0.3	123	2.2
GERMANY	0.1	54	0.8
USA	0.1	64	0.8
FRANCE	0.1	91	1.9
UK	0.1	56	0.6
BRAZIL	0.04	8	0.6
SWITZERLAND	0.04	24	0.2
NETHERLANDS	0.03	42	0.9
JAPAN	0.02	13	0.8
OTHER	0.1	134	1.1
TOTAL	1.3	654	10.9

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
LUXEMBOURG	0.2	45	1.4
FRANCE	0.2	94	1.8
SPAIN	0.2	130	1.8
ITALY	0.1	15	0.7
UK	0.1	60	1.4
GERMANY	0.1	52	0.5
USA	0.1	45	1.06
NETHERLANDS	0.1	36	0.6
JAPAN	0.03	16	1.0
THAILAND	0.03	5	0.1
OTHER	0.1	142	1.4
TOTAL	1.2	640	11.9

Over the past three years, the number of loss-making subsidiaries operating in Portugal declined marginally by **2%** and the total aggregated loss decreased by **5%**.

Luxembourg continues to be the dominant owner country in terms of both value and volume for Portuguese loss-making subsidiaries.

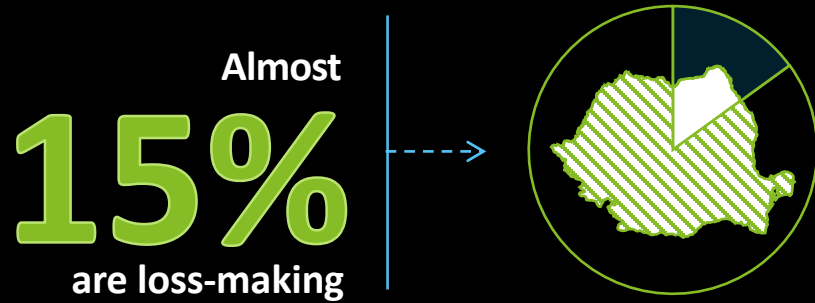
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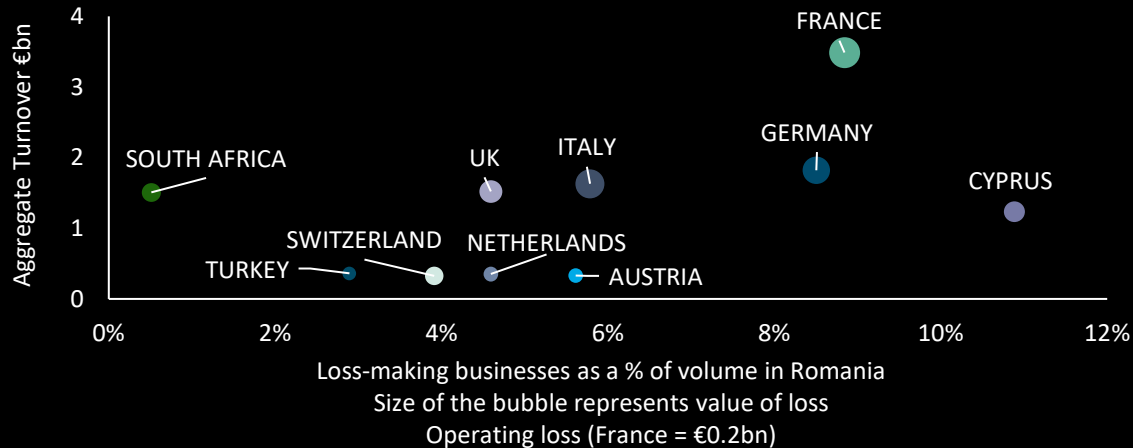
Romania



There are over **4,000** Romania based businesses which are foreign owned, of which **96%** have reported their financials. Almost **15%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

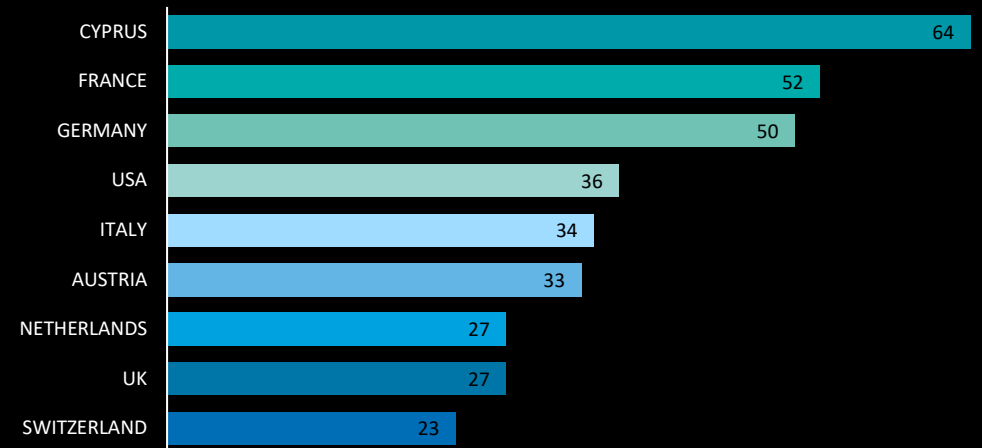


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **588** businesses in the loss-making population that are based in Romania. Cyprus, France and Germany account for **28%** of these by volume.



The **588** loss-making subsidiaries in Romania have reported losses of **€1.2bn**.

€0.4bn of this loss relates to France, Italy and Germany based owners, representing **37%** of the total aggregated loss.

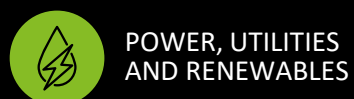
Romania's policy towards FDI has been characterized by its desire to modernize the economy and create jobs, matched by an equal desire to protect domestic industry, especially in sectors deemed strategically important, such as transport and energy.

As a result, foreign investors are generally welcomed and supported, but some have seen the investment climate as unattractive relative to Romania's peers and difficult to predict given policy uncertainty. Despite new efforts to reduce red tape, a tight screening regime for non-EU investments would have a bearing on inward foreign investment.

Romania



TOP LOSS-MAKING SECTORS



POWER, UTILITIES AND RENEWABLES

These **39** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **20** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **104** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **54** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



RETAIL, WHOLESALE AND DISTRIBUTION

These **79** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



CONSUMER PRODUCTS

These **60** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
FRANCE	0.2	55	1.9
ITALY	0.1	60	2.0
GREECE	0.1	13	0.6
GERMANY	0.1	89	1.0
USA	0.1	50	0.7
CYPRUS	0.1	77	0.8
LUXEMBOURG	0.04	27	0.4
UK	0.04	32	0.7
TURKEY	0.04	20	0.4
NETHERLANDS	0.03	36	0.2
OTHER	0.3	343	4.0
TOTAL	1.1	802	12.6

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
FRANCE	0.2	52	3.5
ITALY	0.1	34	1.6
GERMANY	0.1	50	1.8
UK	0.1	27	1.5
CYPRUS	0.1	64	1.2
SOUTH AFRICA	0.1	3	1.5
SWITZERLAND	0.1	23	0.3
NETHERLANDS	0.04	27	0.4
AUSTRIA	0.04	33	0.3
TURKEY	0.04	17	0.4
OTHER	0.3	258	5.5
TOTAL	1.2	588	18.1

Over the past three years, the number of loss-making subsidiaries operating in Romania declined by **27%**; however, the total aggregated loss rose by **8%**.

France and Italy continues to be the top two owner countries with the highest values of losses over the last three years in Romania.

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Russia



Location × Owner

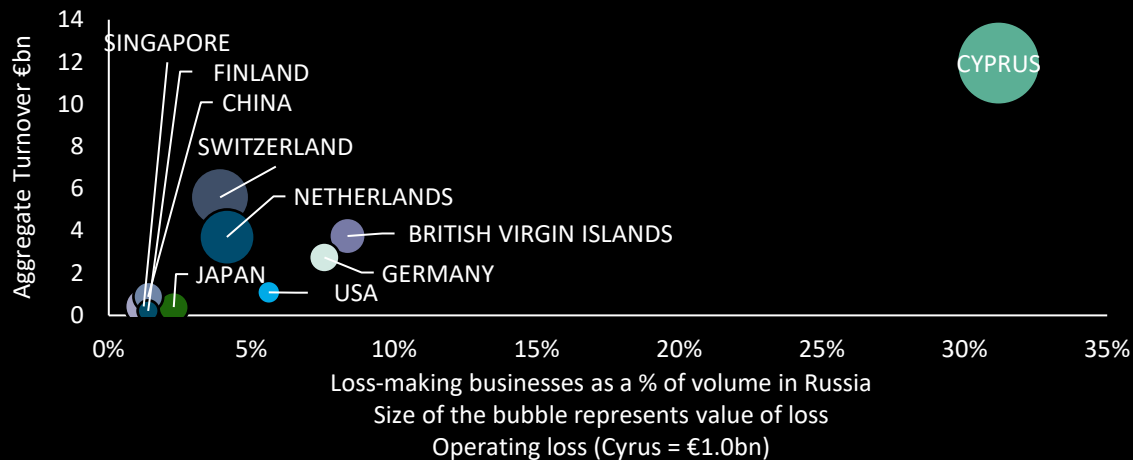


There are over **6,800** Russia based businesses which are foreign owned. Almost **18%** of these businesses are generating an operating loss.

Almost
18%
are loss-making



Scale of losses (top 10 owner countries)

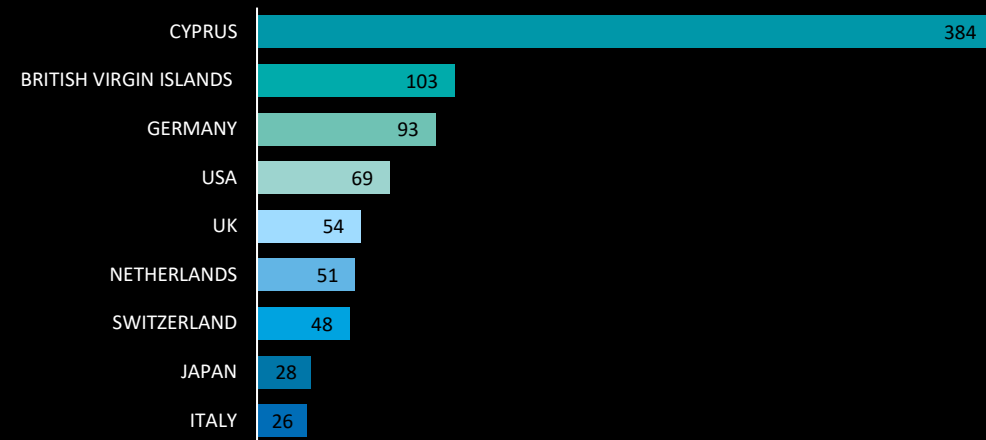


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **1,231** businesses in the loss-making population that are based in Russia. The top owner country, Cyprus, represents **31%** of the loss-making population in Russia.



The **1,231** loss-making subsidiaries in Russia have reported losses of **€3.2bn**.

€1.9bn of these losses are generated by subsidiaries with Cyprus, Switzerland and Netherlands based owners, representing **59%** of the total aggregated loss.

The business environment for foreign businesses witnessed a sharp deterioration as a result of the war in Ukraine and stringent financial and trade sanctions imposed by the west and its allies. This created major barriers to cross-border transactions, thereby significantly reducing the growth opportunities.

Policy towards foreign investment in Russia faces challenges due to political interference, inconsistent policy implementation and legal risks. Also, Russia's import substitution program would favor domestic producers to the disadvantage of foreign competitors.

Russia



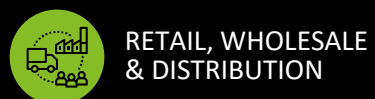
Location



Owner



TOP LOSS-MAKING SECTORS



RETAIL, WHOLESALE & DISTRIBUTION

These **245** loss-making businesses generated a combined loss of **€0.6 billion** in the last financial year.



AUTOMOTIVE

These **26** loss-making businesses generated a combined loss of **€0.6 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **248** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



TECHNOLOGY

These **66** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **51** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



REAL ESTATE

These **129** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CYPRUS	0.6	397	11.4
BRITISH VIRGIN ISLANDS	0.1	107	2.4
NETHERLANDS	0.1	61	2.4
LUXEMBOURG	0.1	34	2.9
USA	0.1	91	2.6
GERMANY	0.1	109	3.8
UK	0.1	53	1.8
JAPAN	0.1	45	2.3
SWITZERLAND	0.1	43	0.4
FINLAND	0.03	25	0.4
OTHER	0.4	435	5.3
	1.8	1,400	35.6

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CYPRUS	1.0	384	12.0
SWITZERLAND	0.5	48	5.6
NETHERLANDS	0.4	51	3.7
SINGAPORE	0.2	15	0.4
BRITISH VIRGIN ISLANDS	0.2	103	3.8
JAPAN	0.1	28	0.4
GERMANY	0.1	93	2.7
CHINA	0.1	17	0.9
USA	0.1	69	1.1
FINLAND	0.1	17	0.2
OTHER	0.4	406	7.9
	3.2	1,231	38.6

Over the past three years, the number of loss-making subsidiaries operating in Russia declined by **12%**; however, the total aggregated loss rose sharply by **72%**.

Cyprus continues to be the dominant owner country in terms of both value and volume in Russia.

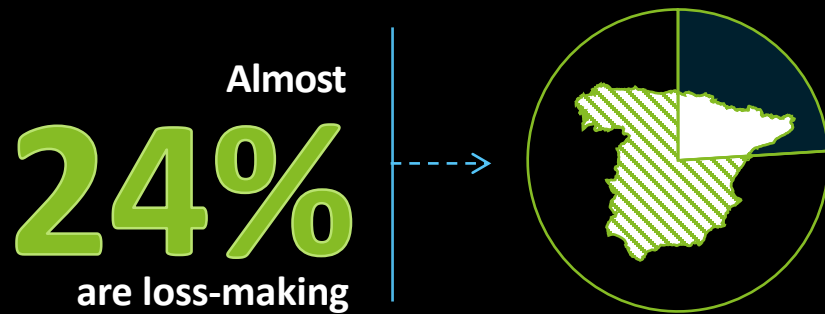
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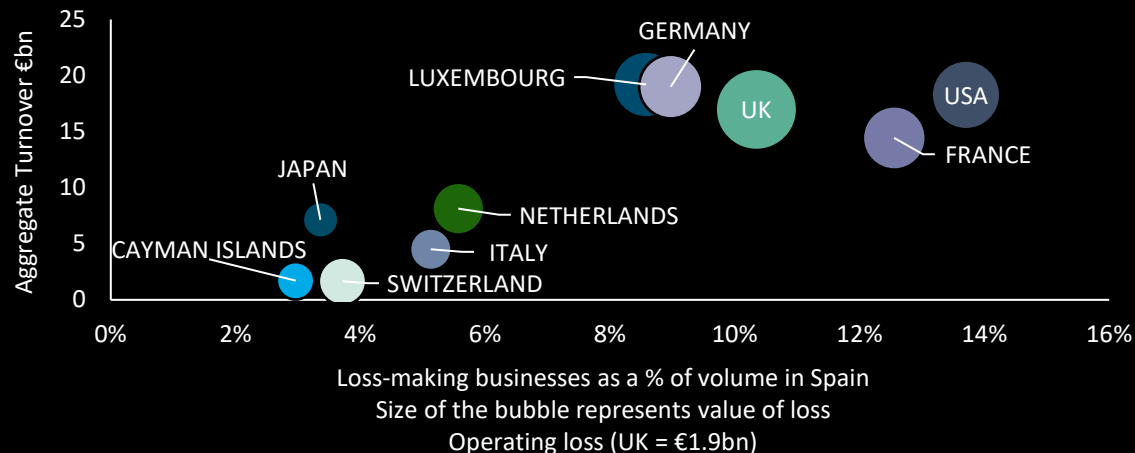
Spain



There are over **10,000** Spain based businesses which are foreign owned, of which **94%** have reported their financials. Almost **24%** of these are generating an operating loss.



Scale of losses (top 10 owner countries)

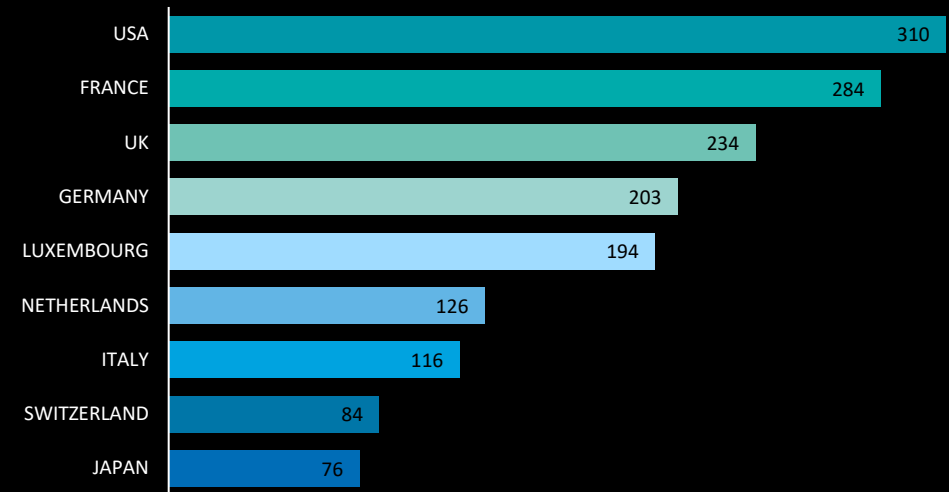


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **2,262** businesses in the loss-making population that are based in Spain. The top 5 owner countries represent **54%** of the loss-making population in Spain.



The **2,262** businesses in Spain have reported losses of **€11.1bn**.

€6.8bn of these losses are generated from subsidiaries with UK, USA, Luxembourg, Germany and France based parents, representing **61%** of the total aggregated loss.

Spain accounts for the third largest loss-making region in terms of volume. Spain's over-reliance on tourism, unfavorable tax regime and labour market inefficiencies continued to impact its business environment.

Spain's policy towards foreign investment is positive, but tighter screening of non-EU investments would affect its ability to attract foreign inflows.

Spain



Location Owner



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **535** loss-making businesses generated a combined loss of **€2.0 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **169** loss-making businesses generated a combined loss of **€1.8 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **354** loss-making businesses generated a combined loss of **€1.4 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **162** loss-making businesses generated a combined loss of **€1.3 billion** in the last financial year.



REAL ESTATE

These **191** loss-making businesses generated a combined loss of **€0.9 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **75** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
CAYMAN ISLANDS	0.9	49	1.1
LUXEMBOURG	0.7	154	12.0
USA	0.6	254	10.4
UK	0.6	169	7.5
MEXICO	0.6	21	11.2
FRANCE	0.4	232	17.5
GERMANY	0.3	157	4.6
ITALY	0.2	102	5.4
NETHERLANDS	0.2	100	6.4
SWITZERLAND	0.2	75	2.5
OTHER	0.9	462	9.7
	5.6	1,775	88.4

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	1.9	234	17.0
USA	1.4	310	18.3
LUXEMBOURG	1.2	194	19.2
GERMANY	1.1	203	19.0
FRANCE	1.1	284	14.4
NETHERLANDS	0.8	126	8.1
SWITZERLAND	0.6	84	1.6
ITALY	0.5	116	4.5
CAYMAN ISLANDS	0.4	67	1.7
JAPAN	0.4	76	7.1
OTHER	1.7	568	16.2
	11.1	2,262	127.2

Over the past three years, the number of loss-making subsidiaries operating in Spain has increased by **27%** and the total aggregated loss increased significantly by **99%**.

Strikingly, UK, USA and Luxembourg have been among the top four owner countries with the highest value of losses over the last three years in Spain.

UK owned businesses in Spain have seen operating losses increase by **3 times** and the volume rose by **38%** over the last three years.

There have also been substantial increases in operating losses generated by subsidiaries with owners based in USA and Luxembourg.

Source: Bureau van Dijk, Orbis, Dec-22

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Thailand



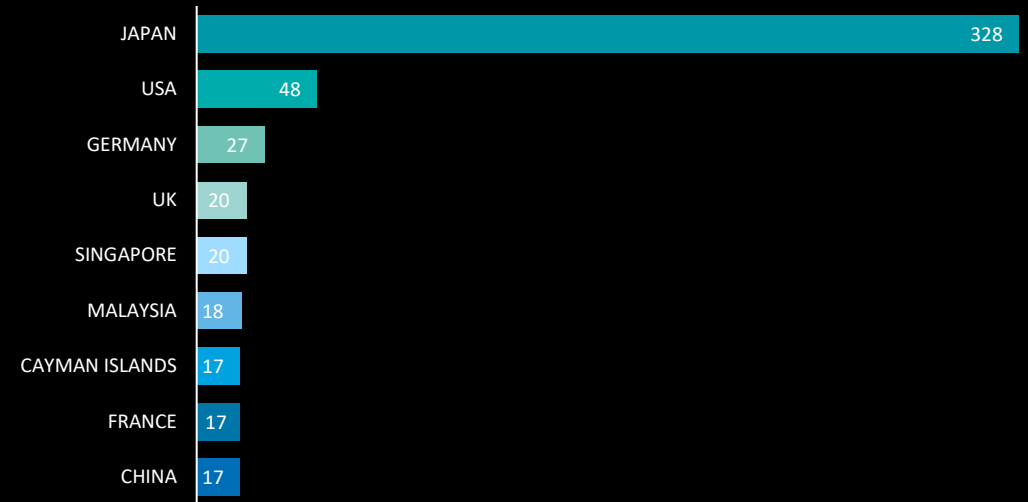
There are over **3,500** Thailand based businesses which are foreign owned, of which **95%** have reported their financials. Almost **18%** of these are generating an operating loss.

Almost
18%
are loss-making

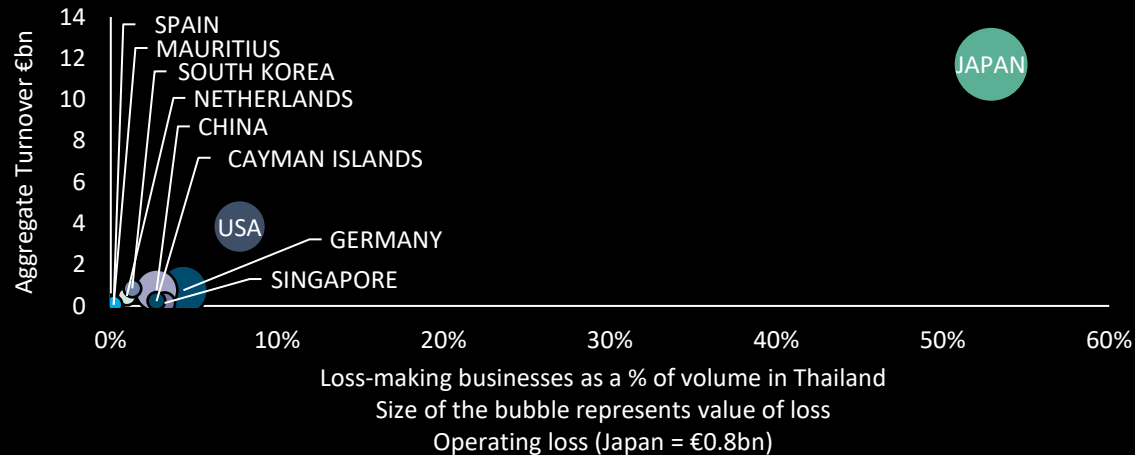


TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **620** businesses in the loss-making population that are based in Thailand. The top owner country, Japan, represents **53%** of the loss-making population in Thailand.



Scale of losses (top 10 owner countries)



The **620** loss-making subsidiaries in Thailand have reported losses of **€2.4bn**.

€1.8bn of these losses are generated by subsidiaries with Japan, USA, Germany and China based owners, representing **75%** of the total aggregated loss.

Thailand continues to encourage inward foreign investment, especially in higher-value-added industries, as part of the Thailand 4.0 industrial policy. The government is keenly aware of intense competition for foreign investment and would prioritize improving the country's attractiveness by fast-tracking foreign investment approvals.

Source: Bureau van Dijk, Orbis, Dec-22

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Thailand



Location × Owner



TOP LOSS-MAKING SECTORS



RETAIL,
WHOLESALE &
DISTRIBUTION

These **150** loss-making businesses generated a combined loss of **€0.4 billion** in the last financial year.



AUTOMOTIVE

These **71** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



INDUSTRIAL
PRODUCTS AND
CONSTRUCTION

These **71** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



OIL, GAS AND
CHEMICALS

These **64** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



TRANSPORTATION,
HOSPITALITY AND
SERVICES

These **68** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



TELECOM, MEDIA
AND
ENTERTAINMENT

These **21** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
JAPAN	1.1	315	10.5
NETHERLANDS	0.3	4	0.4
USA	0.1	41	2.9
BRITISH VIRGIN ISLANDS	0.1	7	0.4
TAIWAN	0.1	15	0.6
GERMANY	0.1	26	0.3
CAYMAN ISLANDS	0.05	15	0.2
UK	0.05	22	0.5
SINGAPORE	0.05	15	0.2
MALAYSIA	0.04	21	0.1
OTHER	0.2	103	2.7
	2.2	584	18.9

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
JAPAN	0.8	328	11.7
USA	0.4	48	3.8
GERMANY	0.3	27	0.8
CHINA	0.2	17	0.8
SINGAPORE	0.1	20	0.1
MAURITIUS	0.1	1	0.1
NETHERLANDS	0.04	6	0.5
SOUTH KOREA	0.04	8	0.9
SPAIN	0.04	1	0.1
CAYMAN ISLANDS	0.04	17	0.2
OTHER	0.3	147	4.4
	2.4	620	23.4

Over the past three years, the number of loss-making subsidiaries operating in Thailand increased by **6%** and the total aggregated loss increased by **10%**.

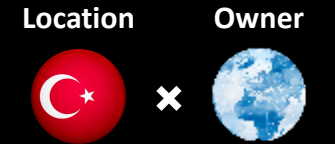
Japan continues to be the dominant owner country in terms of both value and volume in Thailand.

USA owned businesses in Thailand have seen operating losses increase by **3 times** and volume increase by **17%** over the last three years.

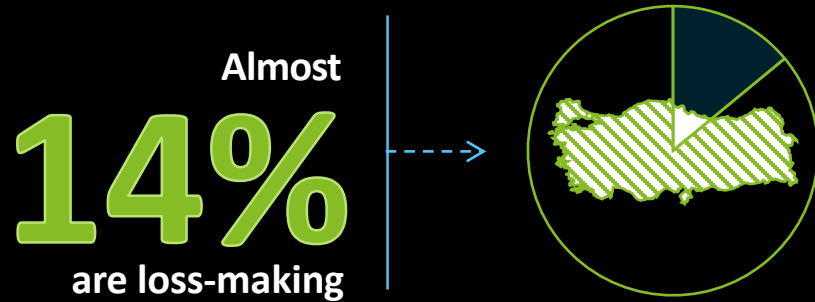
Source: Bureau van Dijk, Orbis, Dec-22

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Turkey

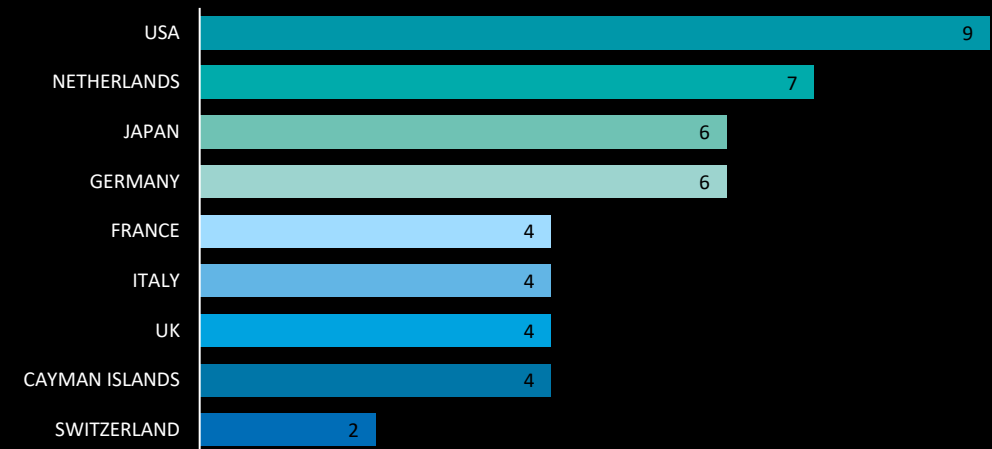


There are over **1,000** Turkey based businesses which are foreign owned, of which **49%** have reported their financials. Almost **14%** of these are generating an operating loss.

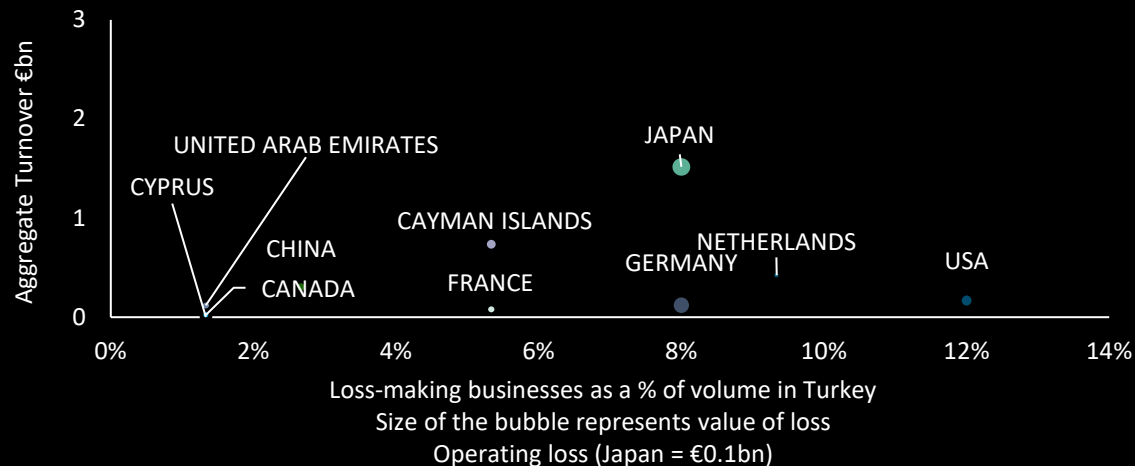


TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **75** businesses in the loss-making population that are based in Turkey. The top four owner countries represent **37%** of the loss-making population in Turkey.



Scale of losses (top 10 owner countries)



The **75** loss-making subsidiaries in Turkey have reported losses of **€0.2bn**.

€0.1bn of this loss relates to Japan and Germany based owners, representing **43%** of the total aggregated loss.

Foreign businesses operating in Turkey face challenges such as political tensions, increased powers concentrated under the president, a politicized central bank, unpredictable economic policymaking, sharp depreciation of the lira and lack of skilled labour.

Turkey's low savings rate and heavy dependency on foreign-capital inflows makes attracting FDI a priority. The government and most sections of Turkish society have generally accepted and respected foreign ownership. There have been no restrictions on repatriation of profits, even at times of financial market stress.

Source: Bureau van Dijk, Orbis, Dec-22

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Turkey



Location × Owner



TOP LOSS-MAKING SECTORS



RETAIL, WHOLESALE & DISTRIBUTION

These **14** loss-making businesses generated a combined loss of **€0.06 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **12** loss-making businesses generated a combined loss of **€0.05 billion** in the last financial year.



CONSUMER PRODUCTS

These **11** loss-making businesses generated a combined loss of **€0.03 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **4** loss-making businesses generated a combined loss of **€0.02 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **6** loss-making businesses generated a combined loss of **€0.02 billion** in the last financial year.



MINING AND METALS

These **8** loss-making businesses generated a combined loss of **€0.01 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
JAPAN	0.1	7	2.5
GERMANY	0.03	17	0.3
BERMUDA	0.03	1	0.3
USA	0.02	14	0.7
UK	0.01	7	0.2
SINGAPORE	0.01	1	0.2
ITALY	0.01	7	0.1
INDIA	0.01	2	0.1
SOUTH KOREA	0.005	3	0.03
SPAIN	0.004	3	0.02
OTHER	0.03	44	1.0
	0.2	106	5.5

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
JAPAN	0.1	6	1.5
GERMANY	0.04	6	0.1
USA	0.02	9	0.2
CAYMAN ISLANDS	0.02	4	0.7
CYPRUS	0.01	1	0.002
CHINA	0.01	2	0.3
FRANCE	0.01	4	0.1
UNITED ARAB EMIRATES	0.01	1	0.1
CANADA	0.01	1	0.02
NETHERLANDS	0.01	7	0.4
OTHER	0.04	34	0.5
	0.2	75	4.0

Over the past three years, the number of loss-making subsidiaries operating in Turkey declined by **29%**; however, the total aggregated loss increased by **4%**.

Japan and Germany continues to be the top two owner countries with the highest values of losses over the last three years in Turkey.

Source: Bureau van Dijk, Orbis, Dec-22

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United Kingdom

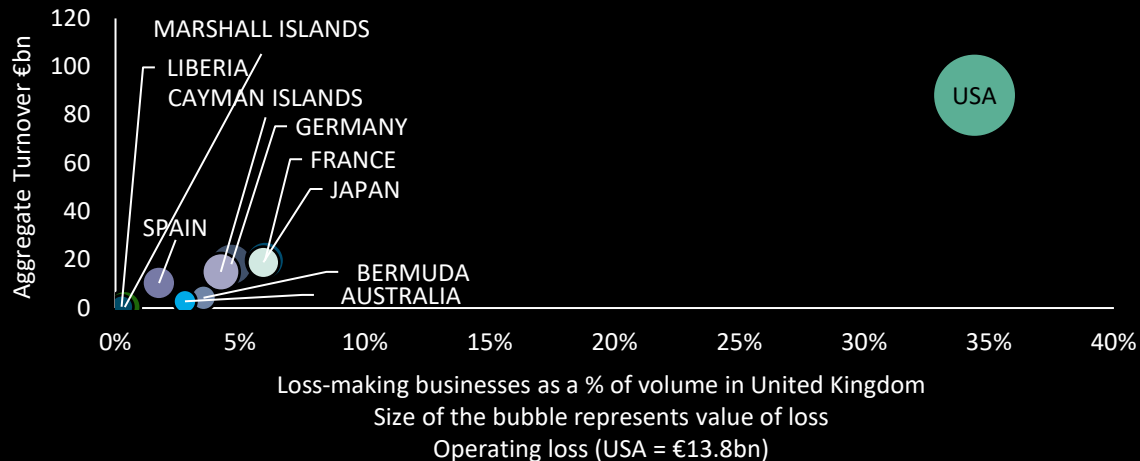


There are over **18,400** UK based businesses which are foreign owned, of which **95%** have reported their financials. Almost **25%** of these are generating an operating loss.

Almost
25%
are loss-making



Scale of losses (top 10 owner countries)

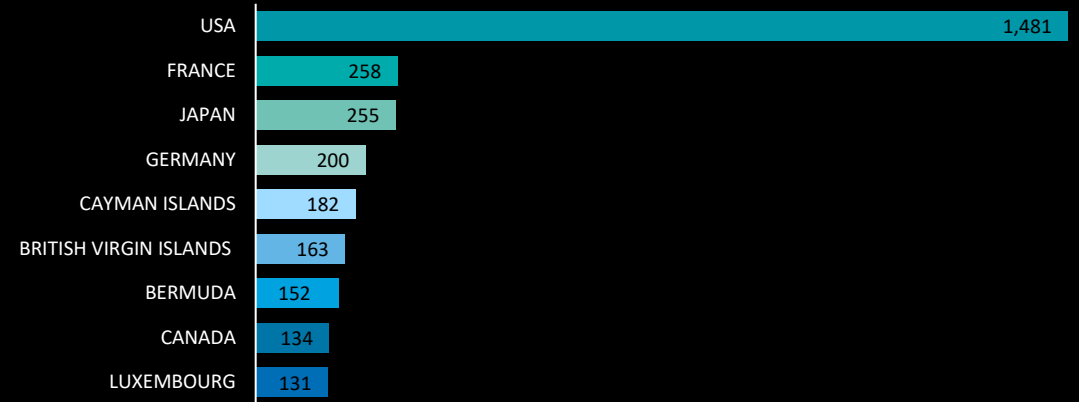


Source: Bureau van Dijk, Orbis, Dec-22

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TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **4,303** businesses in the loss-making population that are based in the UK. The USA dominates ownership, representing **34%** of the loss-making population in the UK, **28 percentage points** more than the second top owner, France.



The **4,303** businesses in the UK have reported losses of **€40.3bn**, which is the largest loss for a subsidiary country in our analysis.

€13.8bn of this loss relates to the USA based owners, representing **34%** of the total aggregated loss.

The combination of the departure of UK from the EU and rising supply-side price pressures had led to increased costs for foreign companies, especially those operating complex supply chains crossing between the UK and the EU. The UK-EU agreement reached in 2020 has caused dissatisfaction in Ireland and aggravated relations with the EU. After leaving the EU, UK is seeking to rebalance trading relations towards markets outside of the EU. However, despite heightened uncertainty, the large, rich and flexible UK economy would continue to provide opportunities for inward investors and global exporters.

FDI activity remains largely concentrated around London and south-east England, mainly in information technology, real estate, finance, and knowledge-based professional services. There is substantial existing foreign ownership in the manufacturing industries, including automotive, aerospace and pharmaceuticals.

United Kingdom



Location × Owner



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **1,303** loss-making businesses generated a combined loss of **€11.4 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **425** loss-making businesses generated a combined loss of **€5.8 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **520** loss-making businesses generated a combined loss of **€5.0 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **195** loss-making businesses generated a combined loss of **€2.6 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **332** loss-making businesses generated a combined loss of **€2.5 billion** in the last financial year.



RETAIL, WHOLESALE AND DISTRIBUTION

These **299** loss-making businesses generated a combined loss of **€2.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	10.9	1,138	90.9
NETHERLANDS	2.0	80	8.0
GERMANY	1.8	180	37.7
FRANCE	1.4	171	13.2
JAPAN	1.3	159	14.4
CAYMAN ISLANDS	1.2	142	10.2
BERMUDA	0.9	129	5.4
DENMARK	0.9	23	3.6
LUXEMBOURG	0.8	105	6.0
MONACO	0.7	20	6.0
OTHER	6.3	1,095	117.1
TOTAL	28.2	3,242	312.5

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
USA	13.8	1,481	88.2
GERMANY	3.4	200	18.1
FRANCE	2.8	258	19.7
CAYMAN ISLANDS	2.8	182	15.0
SPAIN	2.1	75	10.4
MARSHALL ISLANDS	2.0	16	0.5
JAPAN	2.0	255	18.9
BERMUDA	1.2	152	4.3
AUSTRALIA	1.0	120	2.8
LIBERIA	1.0	11	0.5
OTHER	8.2	1,553	63.4
TOTAL	40.3	4,303	241.8

Over the past three years, the number of loss-making subsidiaries operating in the UK has increased by **33%** and the total aggregated loss increased by **43%**.

Strikingly, USA, Germany and France have been among the top four owner countries with the highest value of losses over the last three years in UK.

There have also been significant increases in operating losses generated by subsidiaries with owners based in France, Germany and Japan.

Volume of loss-making businesses with ownership in Japan and France increased by **60%** and **51%** respectively over the last three years in UK.

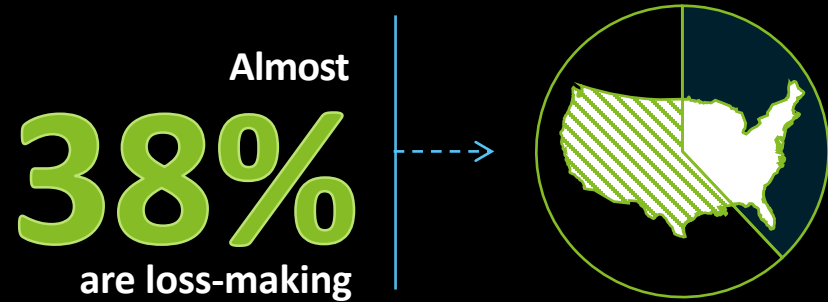
Source: Bureau van Dijk, Orbis, Dec-22

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United States

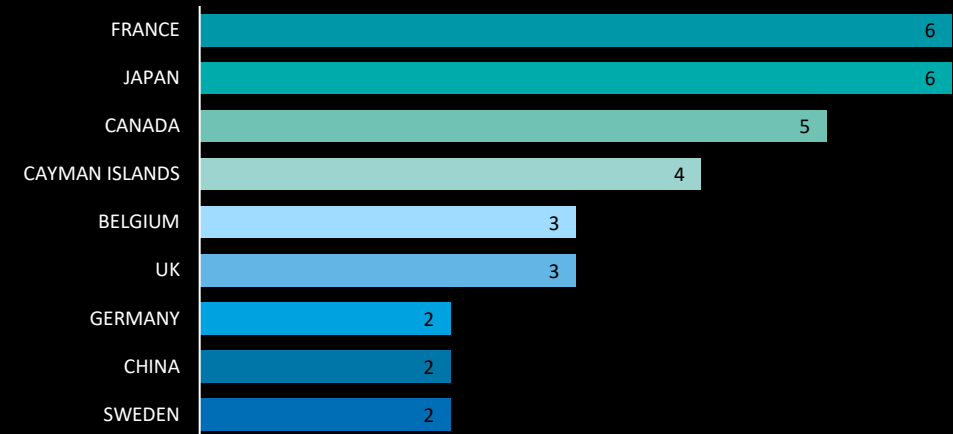


There are over **16,200** USA based businesses which are foreign owned, of which **1%** have reported their financials. Almost **38%** of these are generating an operating loss.

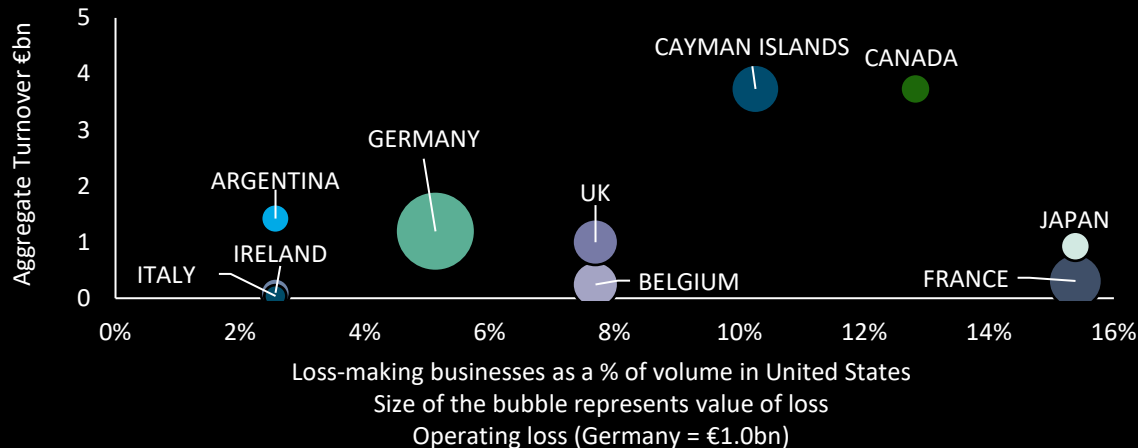


TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

There are **39** businesses in the loss-making population that are based in USA. The top four owner countries represent **54%** of the loss-making population in USA.



Scale of losses (top 10 owner countries)



The **39** loss-making subsidiaries in USA have reported losses of **€3.1bn**.

€1.0bn of this loss relates to Germany based owners, representing **31%** of the total aggregated loss.

Policies in USA towards private enterprise are open and transparent. Foreign investment faces few restrictions other than in areas deemed sensitive to national security. The ongoing USA-China rivalry would continue to fuel trade uncertainty. Infrastructure is well developed but would require additional investments to overcome long-standing deficiencies.

USA is one of the main global sources of FDI. It is also a target for foreign capital flows, traditionally topping the list of global recipients, owing in part to its massive market, strong investor protection and minimal risk of expropriation.

Source: Bureau van Dijk, Orbis, Dec-22

United States



TOP LOSS-MAKING SECTORS



TECHNOLOGY

These **9** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



LIFE SCIENCES

These **7** loss-making businesses generated a combined loss of **€0.8 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **6** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



CONSUMER PRODUCTS

These **3** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **4** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **4** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	0.7	6	1.3
GERMANY	0.7	6	2.8
CANADA	0.4	7	0.6
FRANCE	0.3	7	0.3
BERMUDA	0.3	1	0.4
CAYMAN ISLANDS	0.2	4	3.6
SWITZERLAND	0.2	1	0.0
JAPAN	0.2	5	2.6
BELGIUM	0.1	2	0.0
CYPRUS	0.1	1	0.4
OTHER	0.5	21	2.6
TOTAL	3.8	61	14.7

CURRENT LANDSCAPE

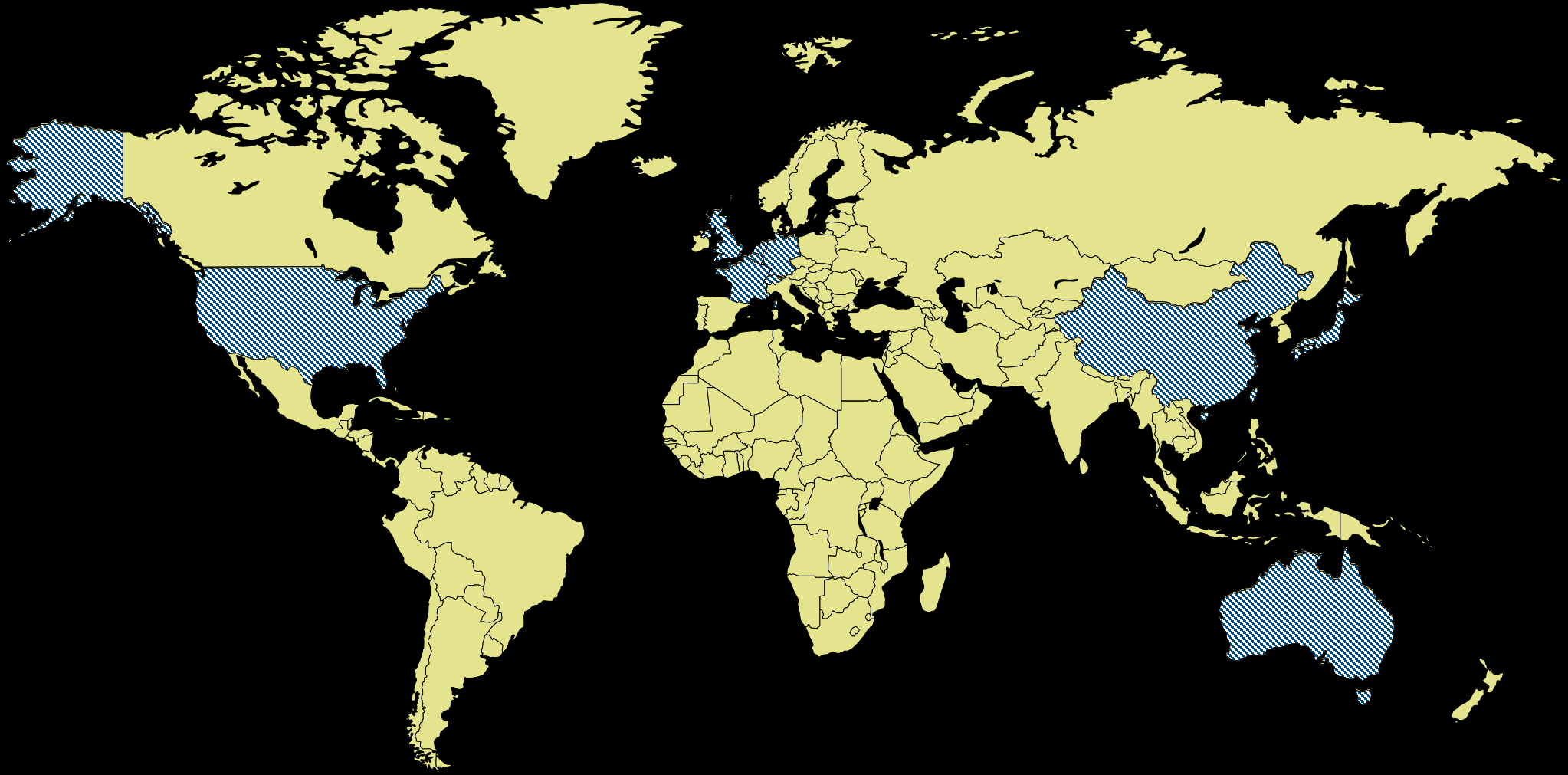
COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	1.0	2	1.2
FRANCE	0.4	6	0.3
CAYMAN ISLANDS	0.3	4	3.7
BELGIUM	0.3	3	0.2
UK	0.3	3	1.0
CANADA	0.1	5	3.7
JAPAN	0.1	6	0.9
IRELAND	0.1	1	0.1
ARGENTINA	0.1	1	1.4
ITALY	0.1	1	0.0
OTHER	0.1	7	3.2
TOTAL	3.1	39	15.9

Over the past three years, the number of loss-making subsidiaries operating in USA declined by **36%** and the total aggregated loss decreased by **19%**.

Source: Bureau van Dijk, Orbis, Dec-22

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Our findings in detail - Global Ultimate Owner review



Australia



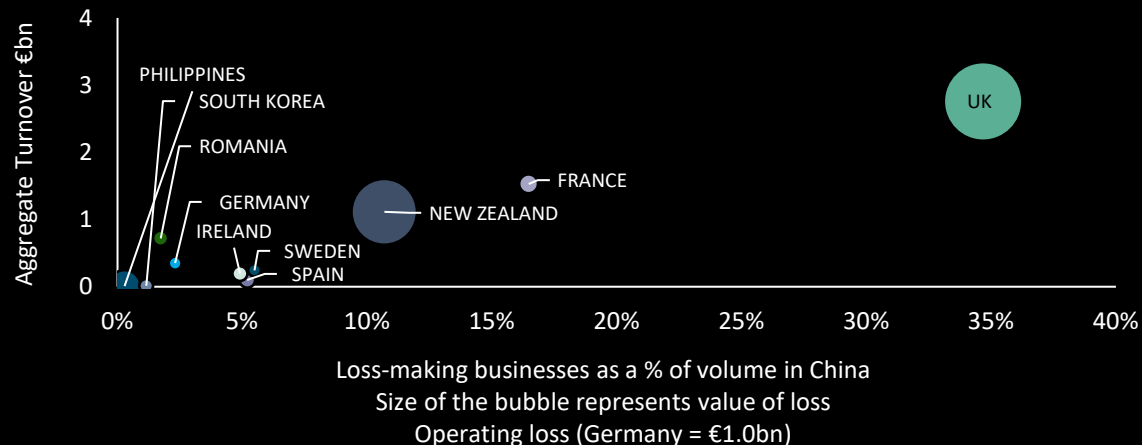
There are over **2,900** businesses in the population that have an Australia based Global Ultimate owner.

Subsidiaries with Australia based owners operating overseas have generated losses of nearly

€2.3bn

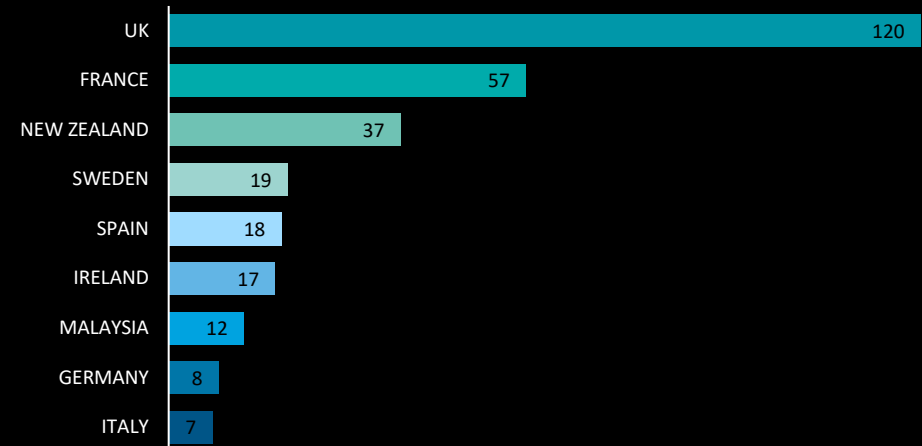


Scale of losses (top 10 subsidiary countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

Of the **346** loss-making subsidiaries, UK accounts for **35%** of the total Australian owned loss-making population.



Australian overseas investment is largest in UK, both in terms of volume and total aggregated losses. Whilst UK represents **35%** of the total number of Australian owned subsidiaries in the loss-making population, UK subsidiaries also account for **46%** of the total aggregated loss.

Despite of the fact that New Zealand based businesses account only for **11%** of the total loss-making Australia owned businesses across the globe, they generate almost **32%** of the total aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

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Australia



TOP LOSS-MAKING SECTORS



BANKING AND CAPITAL MARKETS

These **40** loss-making businesses generated a combined loss of **€0.6 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **80** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



HEALTH CARE

These **62** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



RETAIL, WHOLESALE AND DISTRIBUTION

These **23** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



MINING AND METALS

These **11** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.



REAL ESTATE

These **13** loss-making businesses generated a combined loss of **€0.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	0.6	85	2.6
NEW ZEALAND	0.4	28	1.0
FRANCE	0.1	60	1.7
MALAYSIA	0.1	10	0.1
ROMANIA	0.03	5	0.1
CHINA	0.03	15	0.4
COLOMBIA	0.03	1	0.1
CANADA	0.03	3	0.04
BRAZIL	0.02	1	0.0001
SWEDEN	0.02	20	0.1
OTHER	0.1	67	0.9
	1.4	295	7.1

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	1.0	120	2.8
NEW ZEALAND	0.7	37	1.1
PHILIPPINES	0.2	1	0.01
FRANCE	0.1	57	1.5
SPAIN	0.04	18	0.1
ROMANIA	0.04	6	0.7
IRELAND	0.03	17	0.2
SOUTH KOREA	0.03	4	0.01
GERMANY	0.03	8	0.3
SWEDEN	0.02	19	0.2
OTHER	0.1	59	1.0
	2.3	346	8.1

Over the past three years, the total aggregated loss generated by loss-making subsidiaries with Australia based owners increased sharply by **57%**. The number of loss-making subsidiaries rose by **17%**.

UK and New Zealand continues to be the top two subsidiary countries with the highest values of losses over the last three years.

Source: Bureau van Dijk, Orbis, Dec-22

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China



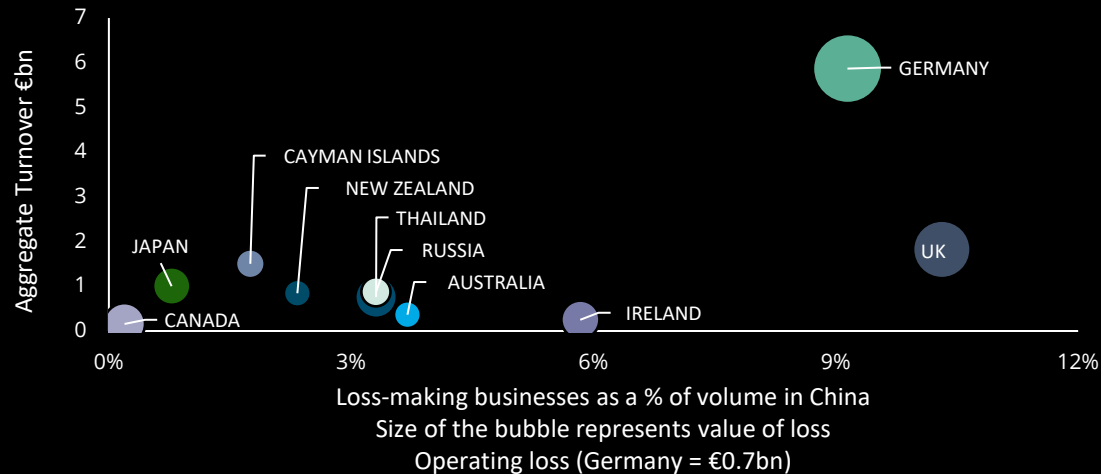
There are over **3,300** businesses in the population that have a China based Global Ultimate owner.

Subsidiaries with China based owners operating overseas have generated losses of nearly

€3.3bn

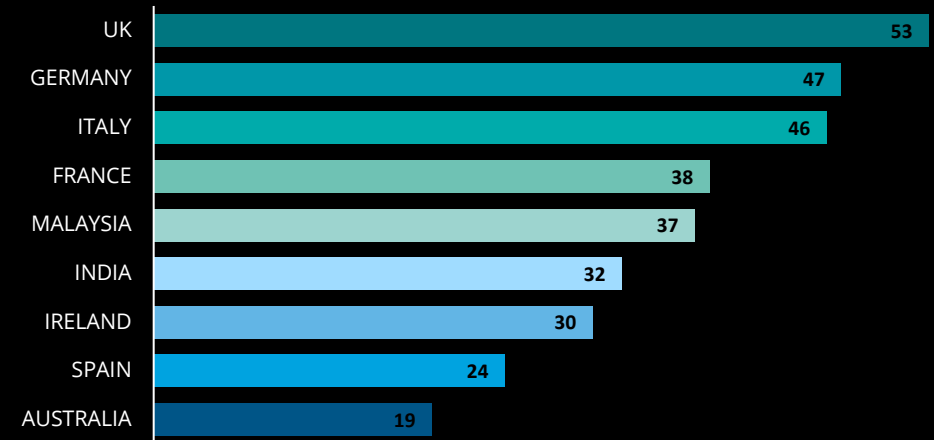


Scale of losses (top 10 subsidiary countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

UK, Germany and Italy account for **28%** of the **514** loss-making businesses owned by China based parents.



Whilst UK subsidiaries lead on volume, Germany foreign subsidiaries with China based parents generated the largest operating losses, representing **21%** of the total operating loss.

UK has an aggregated loss of **€0.5bn** which represent **15%** of the overall aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

China



Location × Owner



TOP LOSS-MAKING SECTORS



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **115** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.



AUTOMOTIVE

These **36** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



MINING AND METALS

These **36** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **78** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



CONSUMER PRODUCTS

These **32** loss-making businesses generated a combined loss of **€0.3 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **18** loss-making businesses generated a combined loss of **€0.2 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	0.2	32	0.8
GERMANY	0.2	33	3.5
ITALY	0.2	43	0.4
SLOVENIA	0.1	6	0.9
FRANCE	0.1	31	1.1
JAPAN	0.1	10	1.1
MALAYSIA	0.1	33	0.7
INDIA	0.1	29	1.0
AUSTRALIA	0.1	17	0.4
BRAZIL	0.1	3	0.1
OTHER	0.5	233	5.8
TOTAL	1.7	470	16.0

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	0.7	47	5.9
UK	0.5	53	1.8
THAILAND	0.2	17	0.8
CANADA	0.2	1	0.2
IRELAND	0.2	30	0.3
JAPAN	0.2	4	1.0
RUSSIA	0.1	17	0.9
CAYMAN ISLANDS	0.1	9	1.5
AUSTRALIA	0.1	19	0.4
NEW ZEALAND	0.1	12	0.8
OTHER	0.7	305	10.9
TOTAL	3.2	514	24.3

Over the past three years, the total aggregated loss generated by loss-making subsidiaries with China based owners increased by **89%**. The number of loss-making businesses increased by **9%**.

Germany and UK continues to be among the top two subsidiary countries with the highest values of losses over the last three years.

Source: Bureau van Dijk, Orbis, Dec-22

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France



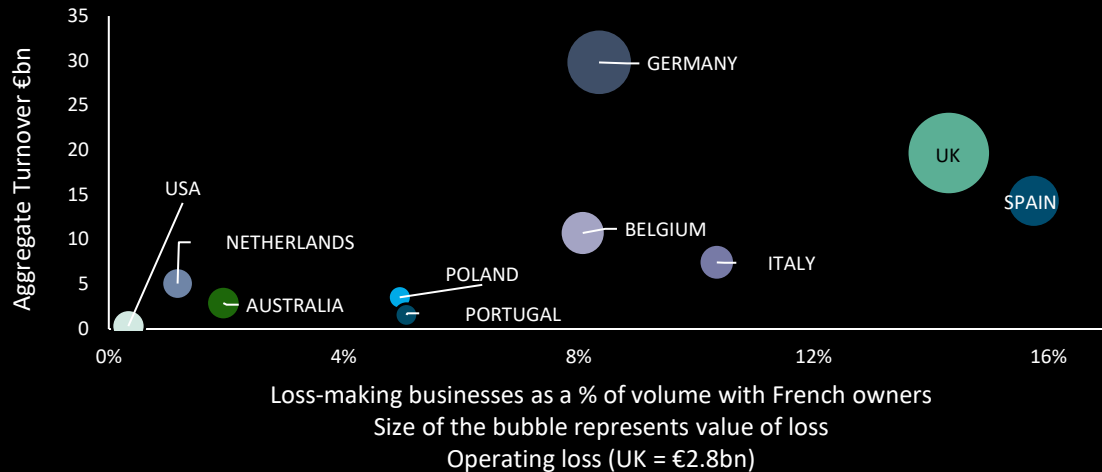
There are over **12,000** businesses in the population that have a France based Global Ultimate owner.

Subsidiaries with France based owners operating overseas have generated losses of nearly

€10.3bn

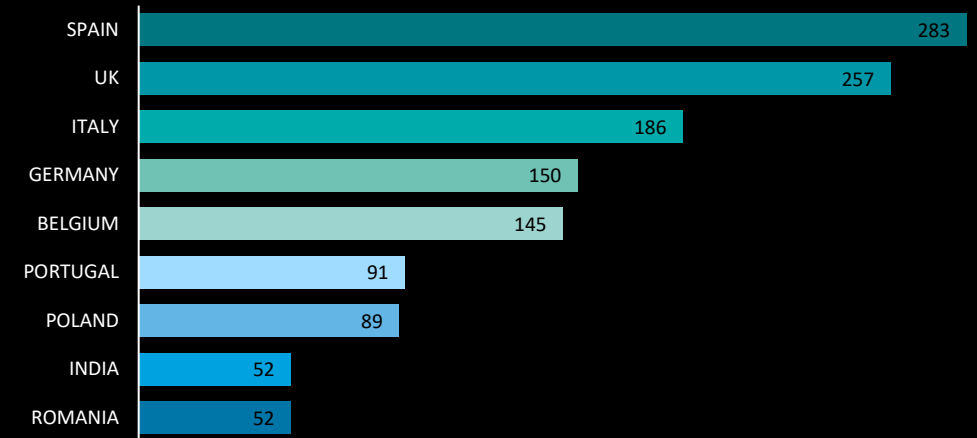


Scale of losses (top 10 owner countries)



TOP 9 LOSS-MAKING SUBSIDIARY COUNTRIES BY VOLUME

Of the **1,797** loss-making subsidiaries, Spain, UK and Italy accounts for **40%** of the total France owned loss-making population.



UK has the largest aggregated loss of **€2.8bn**, which represents **27%** of the overall aggregated loss, whilst Spain has the highest volume accounting for **16%** of France owned loss-making businesses.

UK, Germany and Spain collectively have an aggregated loss of **€5.7bn**, which represent **56%** of the overall aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

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France



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **356** loss-making businesses generated a combined loss of **€2.0 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **238** loss-making businesses generated a combined loss of **€1.8 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **134** loss-making businesses generated a combined loss of **€1.6 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **88** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **209** loss-making businesses generated a combined loss of **€0.8 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **81** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	1.5	94	13.0
UK	1.4	171	13.2
BELGIUM	0.7	116	10.7
ITALY	0.4	191	9.5
SPAIN	0.3	237	17.5
AUSTRALIA	0.3	45	4.0
USA	0.3	7	0.3
CANADA	0.3	1	0.2
BRAZIL	0.3	22	1.4
INDIA	0.3	59	2.6
OTHER	1.6	742	23.1
	7.4	1,685	95.5

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	2.8	257	19.7
GERMANY	1.8	150	29.8
SPAIN	1.1	283	14.3
BELGIUM	0.8	145	10.7
ITALY	0.5	186	7.4
AUSTRALIA	0.4	35	2.9
USA	0.4	6	0.3
NETHERLANDS	0.4	21	5.1
POLAND	0.2	89	3.5
PORTUGAL	0.2	91	1.6
OTHER	1.6	534	21.4
	10.3	1,797	116.8

Over the past three years, the number of loss-making subsidiaries with France based owners have shown a **7%** increase and the total aggregated loss rose by **40%**.

UK and Germany continues to be among the top two subsidiary countries with the highest values of losses over the last three years.

France owned businesses in Spain have seen operating losses increase by **more than 3x** and volume increase by **19%** over the last three years.

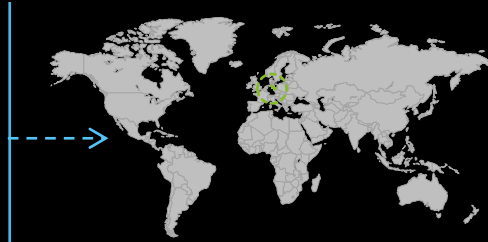
Germany



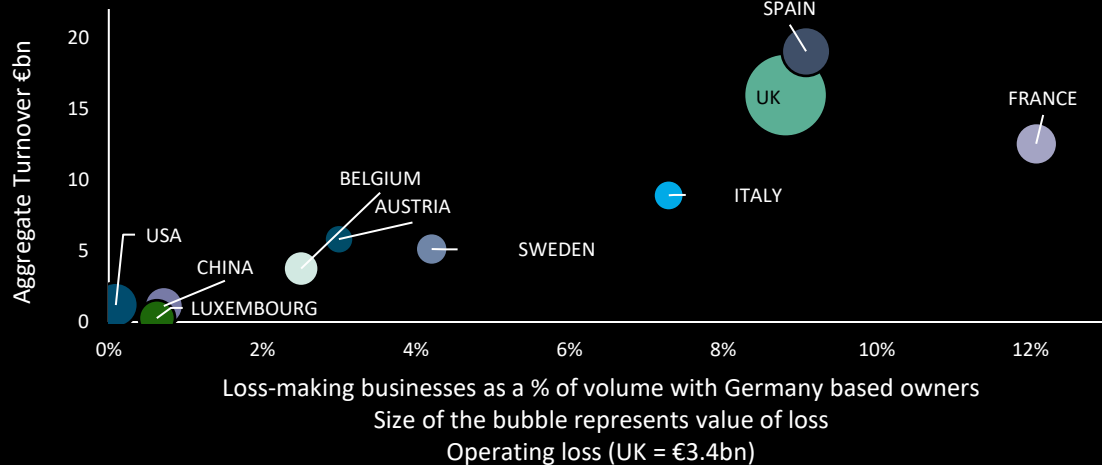
There are over **17,800** businesses in the population that have a Germany based Global Ultimate owner.

Subsidiaries with Germany based owners operating overseas have generated losses of nearly

€13.1bn

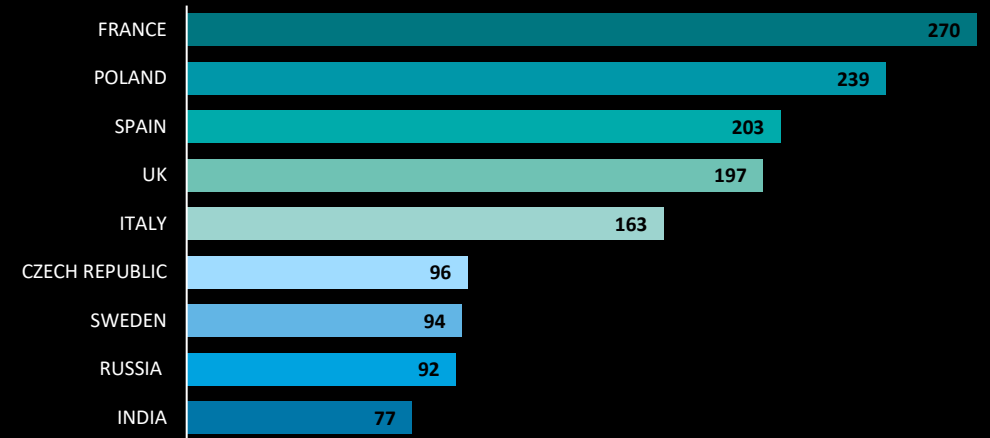


Scale of losses (top 10 owner countries)



TOP 9 LOSS-MAKING SUBSIDIARY COUNTRIES BY VOLUME

Of the **2,236** loss-making subsidiaries, France accounts for **12%** of the total Germany owned loss-making population.



UK has the largest aggregated loss of **€3.4bn**. It represents **26%** of the overall aggregated loss and accounts for **9%** of German owned loss-making businesses.

UK, Spain and USA collectively have an aggregated loss of **€5.5bn** which represent **42%** of the overall aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

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Germany



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **398** loss-making businesses generated a combined loss of **€3.7 billion** in the last financial year.



POWER, UTILITIES AND RENEWABLES

These **68** loss-making businesses generated a combined loss of **€1.4 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **283** loss-making businesses generated a combined loss of **€1.4 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **73** loss-making businesses generated a combined loss of **€1.2 billion** in the last financial year.



AUTOMOTIVE

These **113** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



TECHNOLOGY

These **88** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	1.8	181	37.8
FRANCE	1.0	296	12.1
USA	0.7	6	2.8
ITALY	0.6	177	7.7
AUSTRALIA	0.5	48	5.3
CHINA	0.5	139	4.1
SOUTH KOREA	0.4	23	2.9
NETHERLANDS	0.4	21	4.0
SPAIN	0.3	159	4.6
SWEDEN	0.3	110	4.5
OTHER	2.3	1,300	32.0
	8.7	2,460	117.8

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	3.4	197	15.9
SPAIN	1.1	203	19.0
USA	1.0	2	1.2
FRANCE	0.8	270	12.5
CHINA	0.7	16	1.1
LUXEMBOURG	0.6	14	0.3
BELGIUM	0.6	56	3.7
SWEDEN	0.5	94	5.1
ITALY	0.4	163	8.9
AUSTRIA	0.4	67	5.8
OTHER	3.6	1,154	37.5
	13.1	2,236	111.2

Over the past three years, the number of loss-making subsidiaries with Germany based owners have shown a **9%** decline in volume and a **51%** increase in total aggregate loss.

UK continues to remain the top subsidiary country with the highest value of losses over the past three years.

Spain has moved up in ranks to be the second highest subsidiary country generating **€1.1bn** of aggregate losses in the current year, compared to **€0.3bn** three years ago.

Source: Bureau van Dijk, Orbis, Dec-22

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Japan



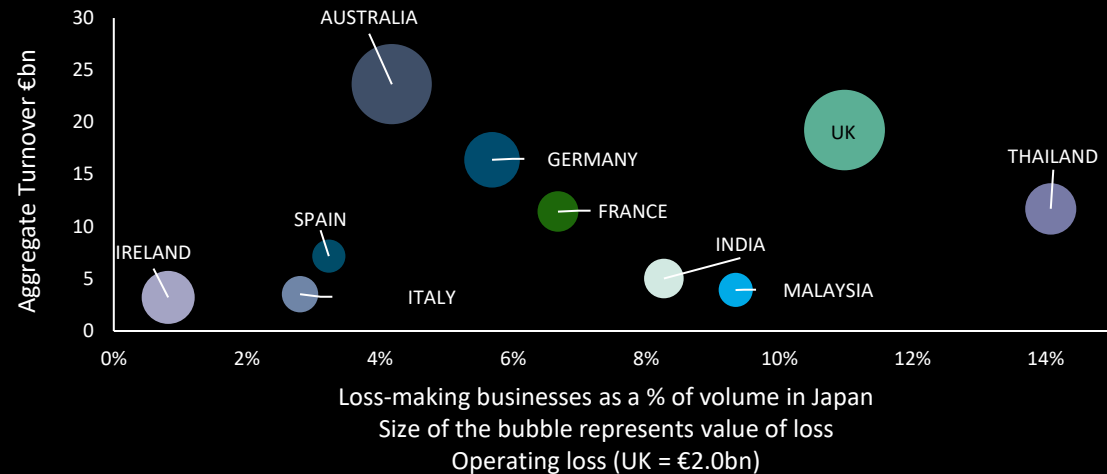
There are about **22,600** businesses in the population that have a Japan based Global Ultimate owner.

Subsidiaries with Japan based owners operating overseas have generated losses of nearly

€12.0bn

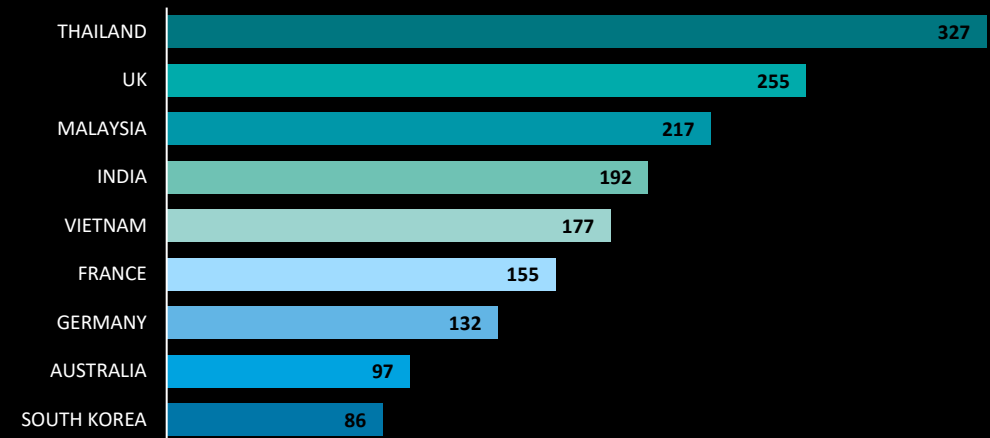


Scale of losses (top 10 owner countries)



TOP 9 LOSS-MAKING SUBSIDIARY COUNTRIES BY VOLUME

Thailand and UK represent **25%** of the overall **2,323** Japanese owned loss-making population.



Whilst Thailand subsidiaries lead on volume, UK subsidiaries with Japanese parents generated the largest operating losses, representing **16%** of the total operating loss.

UK and Australia based subsidiaries account for **33%** of the total aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

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Japan



TOP LOSS-MAKING SECTORS



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **318** loss-making businesses generated a combined loss of **€1.7 billion** in the last financial year.



AUTOMOTIVE

These **221** loss-making businesses generated a combined loss of **€1.3 billion** in the last financial year.



MINING AND METALS

These **179** loss-making businesses generated a combined loss of **€1.2 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **294** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **396** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **199** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	1.3	159	14.4
THAILAND	1.1	315	10.5
CHINA	1.1	615	17.3
AUSTRALIA	0.9	90	18.5
GERMANY	0.8	82	12.6
INDIA	0.4	191	4.9
FRANCE	0.4	132	5.5
SOUTH KOREA	0.2	90	3.4
MALAYSIA	0.2	178	2.8
BELGIUM	0.2	44	7.6
OTHER	1.9	663	31.9
TOTAL	8.5	2,559	129.4

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	2.0	255	19.3
AUSTRALIA	2.0	97	23.7
GERMANY	1.0	132	16.4
IRELAND	0.9	19	3.2
THAILAND	0.8	327	11.7
FRANCE	0.5	155	11.5
INDIA	0.5	192	5.0
ITALY	0.4	65	3.5
MALAYSIA	0.4	217	3.9
SPAIN	0.4	75	7.2
OTHER	3.2	789	47.3
TOTAL	12.0	2,323	152.6

Over the past three years, the number of loss-making subsidiaries with Japan based owners have shown a **9%** decrease and **40%** increase in total aggregate loss.

UK continues to remain the top subsidiary country with the highest value of losses over the past three years.

Source: Bureau van Dijk, Orbis, Dec-22

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Lost in translation: Global markets A review of loss-making foreign owned businesses

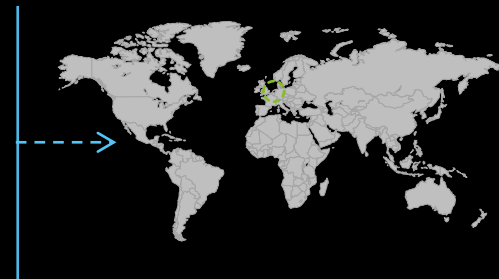
Netherlands



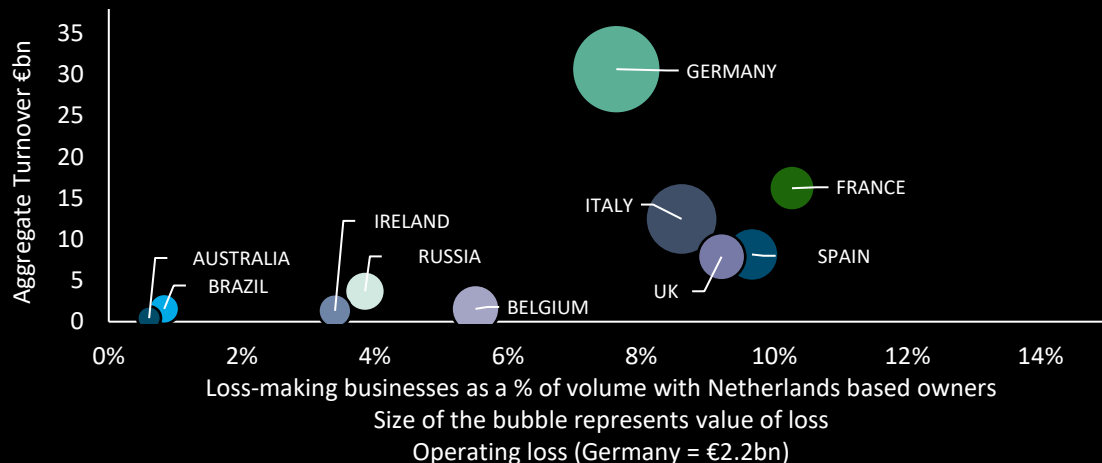
There are over **8,600** businesses in the population that have a Netherlands based Global Ultimate owner.

Subsidiaries with Netherlands based owners operating overseas have generated losses of nearly

€8.2bn

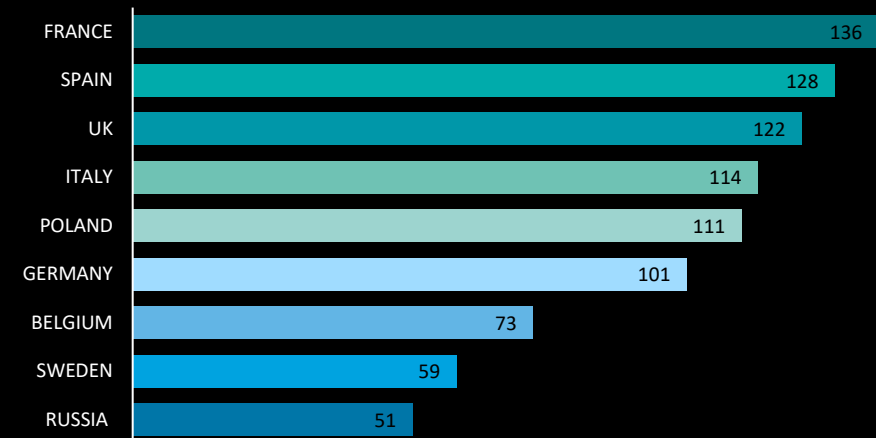


Scale of losses (top 10 owner countries)



TOP 9 LOSS-MAKING SUBSIDIARY COUNTRIES BY VOLUME

Of the **1,325** loss-making subsidiaries, France, Spain and UK account for **29%** of the Dutch owned loss-making population.



Germany and Italy based subsidiaries account for **€3.6bn**, which represents **43%** of the overall aggregated loss. However, both these countries account only for about **16%** of the Dutch owned loss-making population.

Source: Bureau van Dijk, Orbis, Dec-22

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Netherlands



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **371** loss-making businesses generated a combined loss of **€2.0 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **115** loss-making businesses generated a combined loss of **€1.3 billion** in the last financial year.



AUTOMOTIVE

These **59** loss-making businesses generated a combined loss of **€1.0 billion** in the last financial year.



TECHNOLOGY

These **82** loss-making businesses generated a combined loss of **€0.8 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **177** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **54** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	2.8	74	27.5
UK	2.0	80	8.4
FRANCE	0.7	135	26.8
ITALY	0.5	105	15.4
IRELAND	0.4	32	1.0
THAILAND	0.3	4	0.4
BELGIUM	0.2	67	2.0
BRAZIL	0.2	12	2.1
SPAIN	0.2	99	6.3
CHINA	0.2	40	2.2
OTHER	1.0	626	14.9
	8.4	1,274	107.0

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	2.2	101	30.7
ITALY	1.4	114	12.5
SPAIN	0.8	128	8.2
BELGIUM	0.6	73	1.6
UK	0.6	122	7.9
FRANCE	0.5	136	16.2
RUSSIA	0.4	51	3.7
IRELAND	0.3	45	1.3
BRAZIL	0.2	11	1.6
AUSTRALIA	0.1	8	0.5
OTHER	1.0	536	15.8
	8.2	1,325	99.8

Over the past three years, the number of loss-making subsidiaries with Netherlands based owners have shown a **4%** increase and a **2%** marginal decline in total aggregate loss.

Germany continues to remain the top subsidiary country with the highest value of losses over the past three years.

Spain has moved up in ranks to be the third highest subsidiary country generating **€0.8bn** of aggregate losses in the current year, compared to **€0.2bn** three years ago.

Netherlands owned businesses in Italy have seen operating losses increase by **more than 2.9x** and volume increase by **9%** over the last three years.

Source: Bureau van Dijk, Orbis, Dec-22

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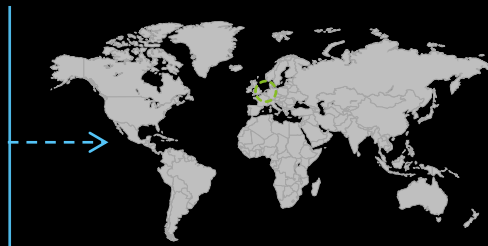
Switzerland



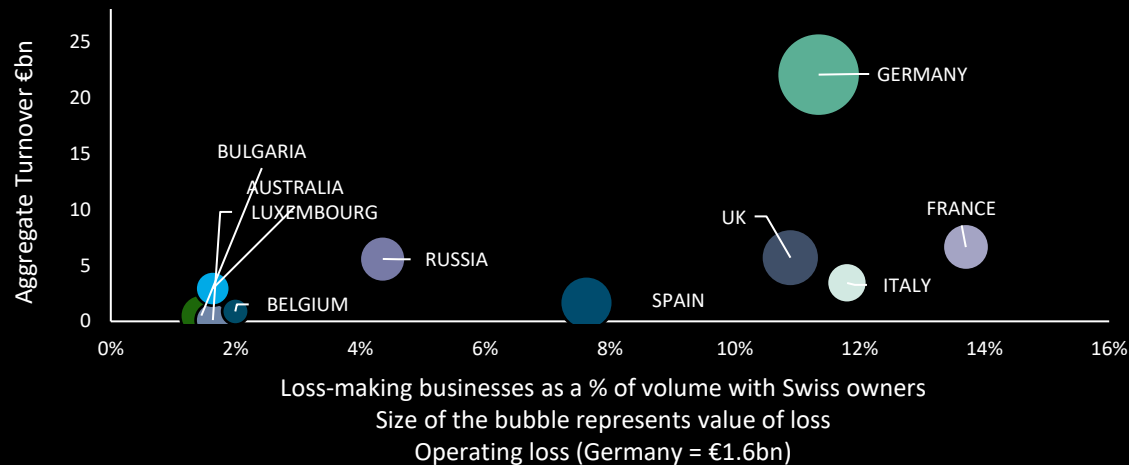
There are over **8,400** businesses in the population that have a Switzerland based Global Ultimate owner.

Subsidiaries with Switzerland based owners operating overseas have generated losses of nearly

€6.3bn

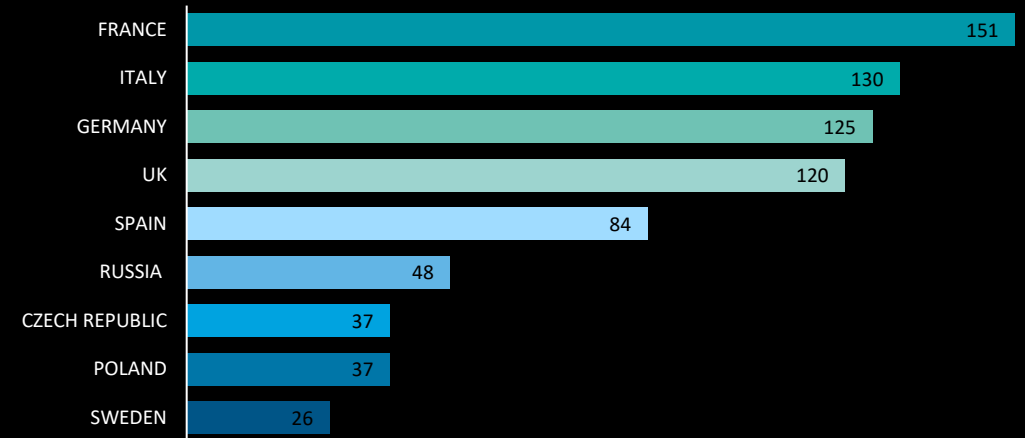


Scale of losses (top 10 owner countries)



TOP 9 LOSS-MAKING SUBSIDIARY COUNTRIES BY VOLUME

Of the **1,102** loss-making subsidiaries, France, Italy, Germany and UK account for **48%** of the total Swiss owned loss-making population.



Germany has the largest aggregated loss of **€1.6bn** representing **25%** of the overall aggregated loss.

Swiss owned loss-making subsidiaries in Germany, UK and Spain account for **47%** of the overall aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

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Switzerland



TOP LOSS-MAKING SECTORS



RETAIL, WHOLESALE & DISTRIBUTION

These **203** loss-making businesses generated a combined loss of **€1.9 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **63** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.



INSURANCE

These **20** loss-making businesses generated a combined loss of **€0.6 billion** in the last financial year.



TRANSPORTATION, HOSPITALITY AND SERVICES

These **202** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



AUTOMOTIVE

These **16** loss-making businesses generated a combined loss of **€0.5 billion** in the last financial year.



INDUSTRIAL PRODUCTS AND CONSTRUCTION

These **136** loss-making businesses generated a combined loss of **€0.4 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	0.7	93	8.0
CAYMAN ISLANDS	0.5	1	0.8
UK	0.4	86	5.3
FRANCE	0.2	149	5.1
NORWAY	0.2	51	3.8
ITALY	0.2	124	2.5
SPAIN	0.2	76	2.6
USA	0.2	1	0.01
LUXEMBOURG	0.1	3	0.04
CHINA	0.1	45	2.4
OTHER	0.7	482	19.6
	3.6	1,111	50.2

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
GERMANY	1.6	125	22.1
UK	0.8	120	5.7
SPAIN	0.6	84	1.7
FRANCE	0.5	151	6.7
RUSSIA	0.5	48	5.6
BULGARIA	0.4	16	0.5
ITALY	0.4	130	3.5
LUXEMBOURG	0.3	18	0.1
AUSTRALIA	0.3	18	3.0
BELGIUM	0.2	22	0.9
OTHER	0.9	370	18.6
	6.3	1,102	68.3

Over the past three years, the number of loss-making subsidiaries with Switzerland based owners have shown a **1%** decline and a **73%** increase in total aggregate loss.

Germany continues to remain the top subsidiary country with the highest value of losses over the past 3 years.

Switzerland owned subsidiaries in UK have seen operating losses increase by **92%** and volume increase by **40%** over the last three years.

There have also been significant increases in operating losses generated by Switzerland based owners in Spain and France.

Source: Bureau van Dijk, Orbis, Dec-22

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United Kingdom



There are over **16,100** businesses in the population that have an UK based Global Ultimate owner.

Subsidiaries with UK based owners operating overseas have generated losses of nearly

€13.5bn

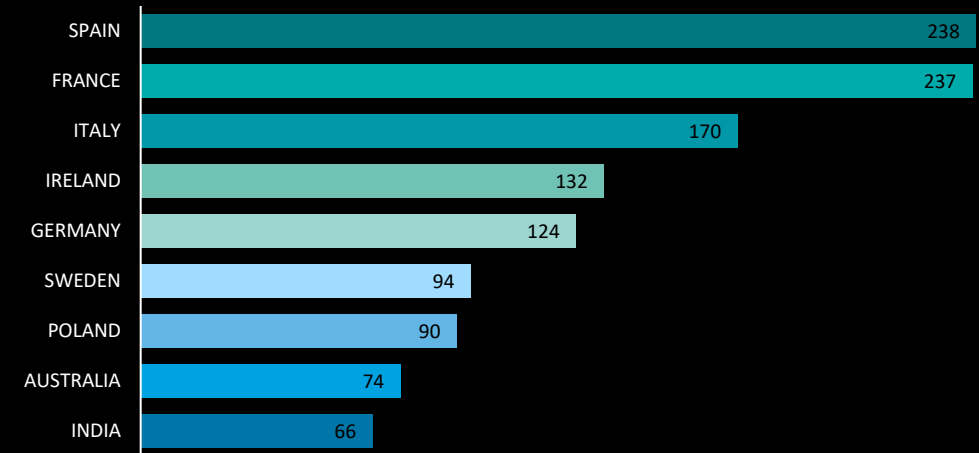


Scale of losses (top 10 subsidiary countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

Of the **1,965** loss-making subsidiaries, Spain and France account for **24%** of the total UK owned loss-making population.



Australia has the largest aggregated loss of **€3.8bn**, which represents **28%** of the overall aggregated loss; however, only accounts for **4%** of UK owned loss-making subsidiaries by volume.

UK owned loss-making subsidiaries in Australia, Spain and Germany account for **51%** of the overall aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

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United Kingdom



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **544** loss-making businesses generated a combined loss of **€2.9 billion** in the last financial year.



OIL, GAS AND CHEMICALS

These **112** loss-making businesses generated a combined loss of **€2.4 billion** in the last financial year.



MINING AND METALS

These **58** loss-making businesses generated a combined loss of **€2.1 billion** in the last financial year.



TELECOM, MEDIA AND ENTERTAINMENT

These **164** loss-making businesses generated a combined loss of **€1.6 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **228** loss-making businesses generated a combined loss of **€1.1 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **138** loss-making businesses generated a combined loss of **€0.7 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
AUSTRALIA	1.0	69	13.9
USA	0.7	6	1.3
SPAIN	0.6	175	7.5
FRANCE	0.6	233	10.0
CHINA	0.4	85	6.4
GERMANY	0.4	64	5.5
NETHERLANDS	0.3	23	19.9
ITALY	0.3	147	4.4
GREECE	0.3	15	1.0
BRAZIL	0.2	16	4.1
OTHER	2.5	1,052	25.7
	7.3	1,885	99.8

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
AUSTRALIA	3.8	74	26.8
SPAIN	1.9	238	17.1
GERMANY	1.2	124	32.9
FRANCE	0.7	237	11.8
NETHERLANDS	0.7	31	6.3
IRELAND	0.6	132	10.8
ITALY	0.6	170	10.6
CAYMAN ISLANDS	0.4	1	2.0
CANADA	0.3	2	1.2
USA	0.3	3	1.0
OTHER	3.0	953	34.1
	13.5	1,965	154.5

Over the past three years, the number of loss-making subsidiaries with UK based owners have shown a **4%** increase and the total aggregated loss rose sharply by **84%**.

Australia and Spain continues to be among the top three subsidiary countries with the highest values of losses over the last three years.

UK owned subsidiaries in Germany have seen operating losses increase by **2.9x** and volume increase by **94%** over the last three years.

Source: Bureau van Dijk, Orbis, Dec-22

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United States



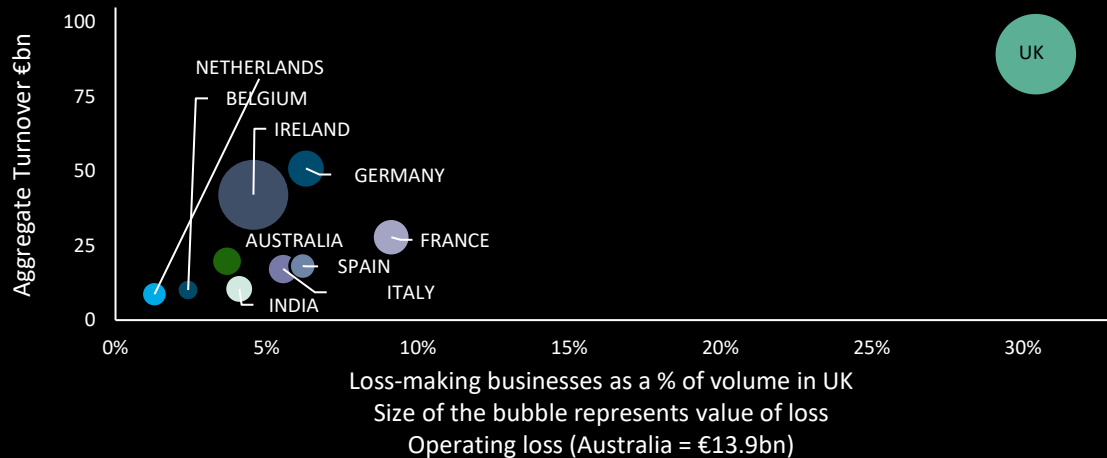
There are over **40,200** businesses in the population that have an USA based Global Ultimate owner.

Subsidiaries with USA based owners operating overseas have generated losses of nearly

€47.2bn

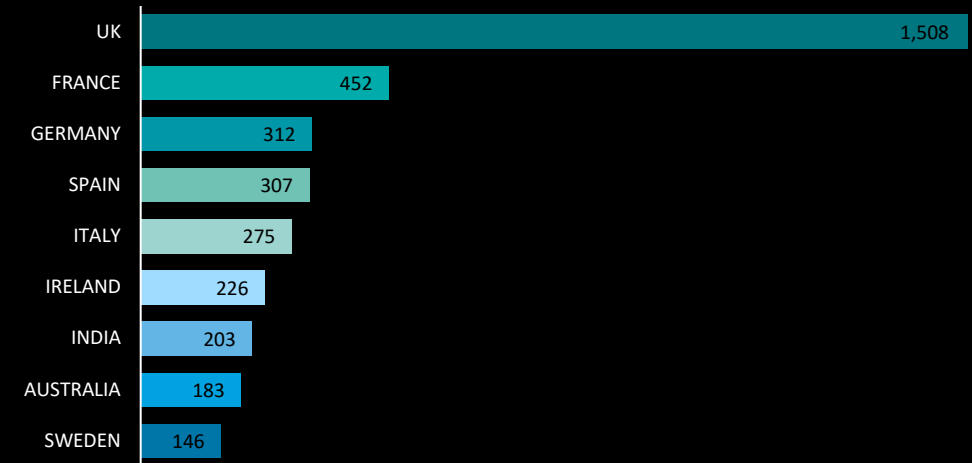


Scale of losses (top 10 subsidiary countries)



TOP 9 OWNER COUNTRIES OF LOSS-MAKING SUBSIDIARIES BY VOLUME

Of the **4,957** loss-making subsidiaries in USA, UK accounts for **30%** of the total USA owned loss-making population.



Subsidiaries based in UK that are USA owned account for **30%** of the overall aggregated loss.

Ireland based subsidiaries collectively account for only **5%** of the population but represent **23%** of the overall aggregated loss.

Source: Bureau van Dijk, Orbis, Dec-22

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United States



TOP LOSS-MAKING SECTORS



TRANSPORTATION, HOSPITALITY AND SERVICES

These **1,129** loss-making businesses generated a combined loss of **€13.3 billion** in the last financial year.



TELECOM, MEDIA & ENTERTAINMENT

These **599** loss-making businesses generated a combined loss of **€7.4 billion** in the last financial year.



BANKING AND CAPITAL MARKETS

These **410** loss-making businesses generated a combined loss of **€5.0 billion** in the last financial year.



RETAIL, WHOLESALE & DISTRIBUTION

These **523** loss-making businesses generated a combined loss of **€3.3 billion** in the last financial year.



LIFE SCIENCES

These **147** loss-making businesses generated a combined loss of **€3.2 billion** in the last financial year.



TECHNOLOGY

These **428** loss-making businesses generated a combined loss of **€3.2 billion** in the last financial year.

LANDSCAPE THREE YEARS AGO

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	10.9	1,155	91.7
IRELAND	2.7	182	18.4
AUSTRALIA	2.7	244	45.9
FRANCE	2.4	438	48.8
GERMANY	2.2	218	31.1
INDIA	1.5	182	7.8
BRAZIL	1.3	56	22.4
CHINA	1.3	297	25.9
NETHERLANDS	1.3	57	19.1
ITALY	1.0	270	26.9
OTHER	6.2	1,669	69.9
TOTAL	33.6	4,768	408.0

CURRENT LANDSCAPE

COUNTRY	VALUE OF LOSS (€BN)	NUMBER OF BUSINESSES	TURNOVER (€BN)
UK	13.9	1,508	89.3
IRELAND	10.6	226	42.1
GERMANY	2.9	312	50.9
FRANCE	2.7	452	27.9
ITALY	1.9	275	17.2
AUSTRALIA	1.8	183	19.8
INDIA	1.6	203	10.5
SPAIN	1.4	307	18.2
NETHERLANDS	1.2	64	8.7
BELGIUM	0.9	119	10.1
OTHER	8.1	1,308	74.6
TOTAL	47.2	4,957	369.3

Over the past three years, the number of loss-making subsidiaries with USA based owners have shown an **4%** increase and **40%** increase in total aggregate loss.

UK and Ireland continues to be the top two subsidiary countries with the highest values of losses over the last three years.

USA owned subsidiaries in Germany have seen operating losses increase by **34%** and volume increase by **43%** over the last three years.

Source: Bureau van Dijk, Orbis, Dec-22

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Study methodology and data sources

The primary data sources for this report are sourced from Bureau van Dijk, Orbis and other sources. The information is based on publicly available data. The data extraction methodology for the loss-making subsidiary countries vs loss-making foreign operations by ultimate owner countries are different and as such the data between the methodologies may be different.




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This study is not an accounting report. It is intended to provide a reflection of market dynamics over a period of time. As a result, information and data in this report may not correspond to other published results.

All amounts in this report are in Euros, unless otherwise indicated.

Glossary

Definitions	
Bn or bn	Billions
FDI	Foreign Direct Investment
Global Ultimate Owner	Ultimate controlling party of the subsidiary
Global Ultimate Owner country	Country of the ultimate controlling party of a loss-making subsidiary
Current Landscape	Turnover and operating losses for Companies in the latest population based on the latest account closing date (being since 1 Jan 2019 till Sep 2022)
Landscape three years ago	Turnover and operating losses for Companies in the latest population, three years prior (being between 2016 & 2019) to the latest account closing date
Loss-making	Negative operating profits according to the filed company accounts
Loss-making Population	Subsidiaries with turnover of greater than €1m (excluding Holding Companies) and with operating losses of greater than €0 and less than €1bn
M or m	millions
Nordics	Sweden, Finland and Denmark
Percentage points	Arithmetic difference of two percentages
Population	Subsidiaries with turnover of greater than €1m (excluding Holding Companies)
Subsidiary country	Country (according to the registered office) of loss-making subsidiary
Top loss-making sectors	Top loss-making industries (see industry definitions) by value, excluding “holding companies” and “other” industries
UK	United Kingdom of Great Britain and Northern Ireland
USA	United States of America

Sector	Industry classification
 Automotive	Consumer
 Consumer Products	Consumer
 Retail, Wholesale & Distribution	Consumer
 Transportation, Hospitality and Services	Consumer
 Industrial Products and Construction	Energy, Resources and Industrials
 Mining and Metals	Energy, Resources and Industrials
 Oil, Gas and Chemicals	Energy, Resources and Industrials
 Power, Utilities and Renewables	Energy, Resources and Industrials
 Banking and Capital Markets	Financial Services
 Infrastructure, Transport, Regional Govt	Government and Publish Services
 Insurance	Financial Services
 Investment Management	Financial Services
 Real Estate	Financial Services
 Health Care	Life Sciences and Health Care
 Life Sciences	Life Sciences and Health Care
 Technology	Technology, Media and Telecom
 Telecom, Media and Entertainment	Technology, Media and Telecom

Glossary

Sources

Bureau van Dijk, Orbis

EIU - Economist Intelligence Unit Limited

EMIS – Emerging Markets Group Company

The Business Research Company

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