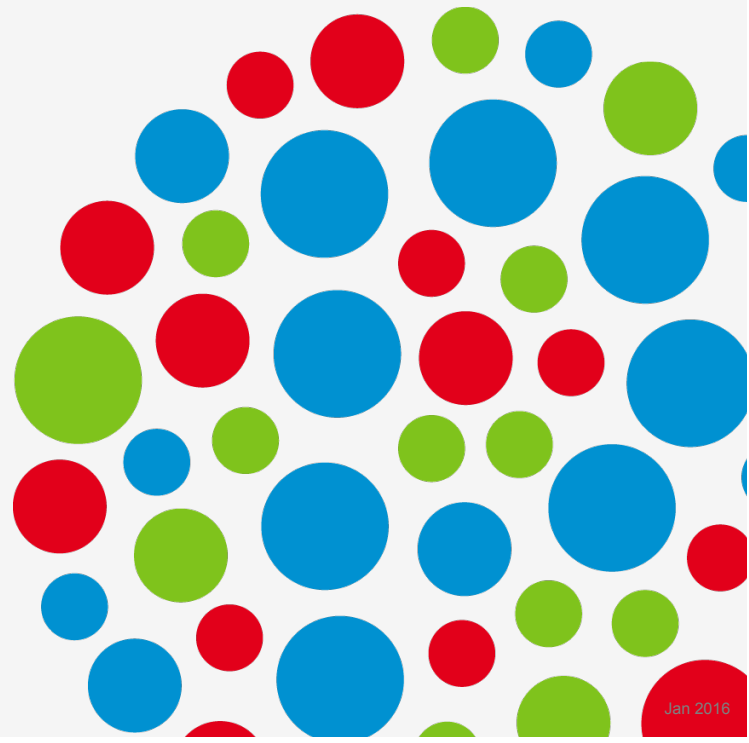


# INVESTINPORTUGAL

RIGHT CHOICE.  
RIGHT TIME.



aicep Portugal Global



# INVEST IN PORTUGAL

Portugal is an attractive destination for investment,  
offering unique competitive advantages.

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CORRECTION  
OF STRUCTURAL  
IMBALANCES AND  
IMPLEMENTATION  
OF STRUCTURAL  
REFORMS

2-8

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IMPROVED  
COMPETITIVENESS,  
BUSINESS  
ENVIRONMENT AND  
ECONOMIC OUTLOOK

9-13

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BETTER  
COMPETITIVE  
ADVANTAGES

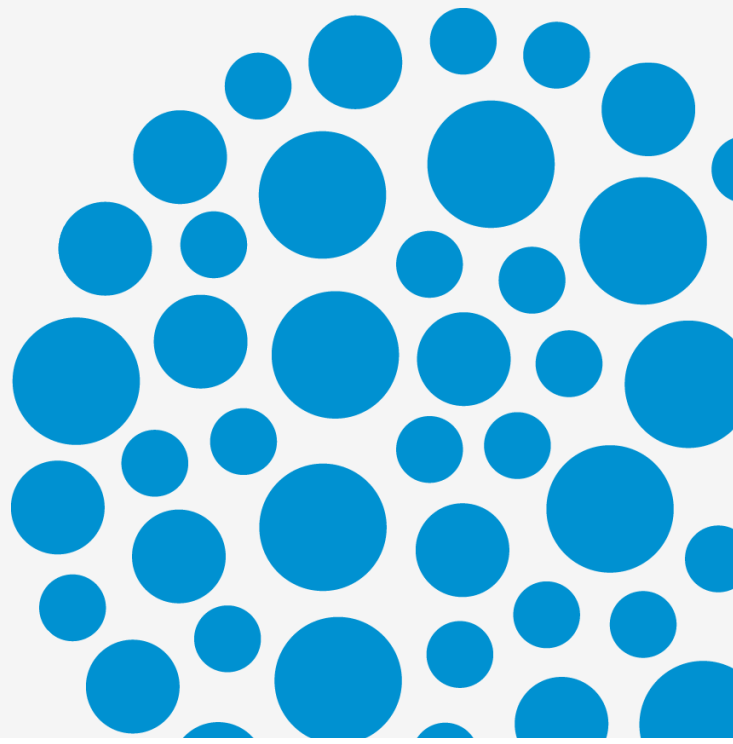
14-22

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BETTER  
SUPPORT

23-32

# CORRECTION OF STRUCTURAL IMBALANCES AND STRUCTURAL REFORMS



# EXTERNAL AND FISCAL BALANCES

Portugal already records an external balance surplus and has been reducing the fiscal deficit.



Improving from an external deficit (current and capital account) of 10.9% in 2008 to a **positive balance** of more than 2% of GDP.



The **budget deficit** is estimated to have reached around 3% of GDP in 2015<sup>1</sup>.

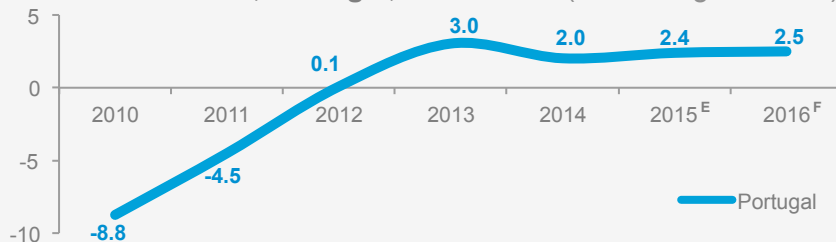
<sup>E</sup> Estimate.

<sup>F</sup> Forecast.

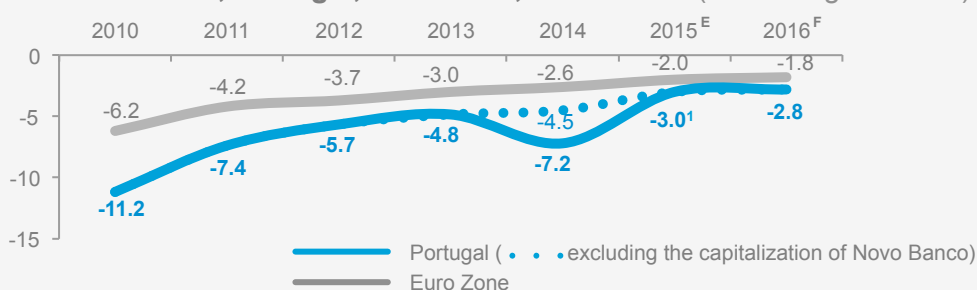
<sup>1</sup> Excluding the resolution of Banif (the impact on 2015 budget deficit will have been equivalent to over 1 percentage point of GDP).

**Sources:** Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

External balance, Portugal, 2010-2016<sup>F</sup> (Percentage of GDP)



Fiscal balance, Portugal, Euro Zone, 2010-2016<sup>F</sup> (Percentage of GDP)

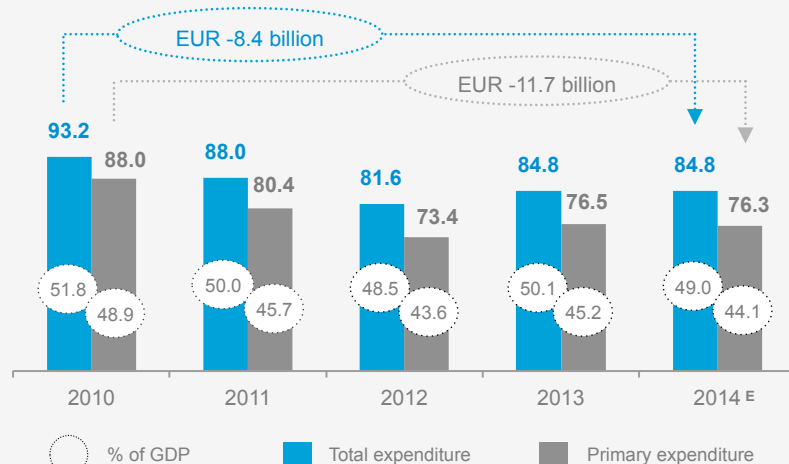


## CORRECTION OF STRUCTURAL IMBALANCES

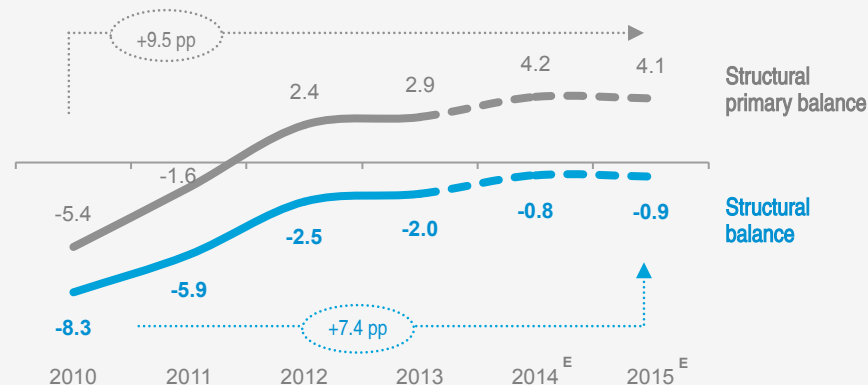
# FISCAL CONSOLIDATION

Public expenditure has been declining and the structural fiscal balance<sup>1</sup> improving.

**Public expenditure, 2010-2014**  
(EUR billion, Percentage of GDP)



**Structural fiscal balance, 2010-2015<sup>E</sup>**  
(Percentage of GDP)



<sup>E</sup> Estimate.

1. Fiscal balance adjusted for cyclical and other short-term effects, a key concept of the European Fiscal Treaty, in force since the beginning of 2014.

**Sources:** Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

# TO IMPROVE COMPETITIVENESS

500 Measures

Around **500 measures**  
**implemented** since 2011.

Fiscal structure and Public  
Administration

Regulation and supervision  
of the financial sector

Health

Education

Labour Market

Goods and services market

Rental Market

Tax Policy

Justice

Competition

...

...

# LABOUR MARKET



Portugal converged to the OECD average, regarding flexibility of the labour market.

## STRONG MEASURES TO ENHANCE LABOUR FLEXIBILITY

- More working days.
- “Hours bank” system during production peaks can be negotiated directly with the workers.
- Compensation for dismissal has decreased.
- Reduction of overtime work costs.



## LEICA

“(...) With their outstanding expertise in precision engineering, our Portuguese colleagues have made a considerable contribution to Leica Camera’s success story.”

Andreas Kaufmann, Chairman of the Supervisory Board, Leica AG.

## STRUCTURAL REFORMS

# REGULATION

10th

Portugal has been improving its OECD overall Product Market Regulation (PMR) score, and is currently the **10<sup>th</sup> least restrictive country in the EU-28.**










## STRUCTURAL REFORMS

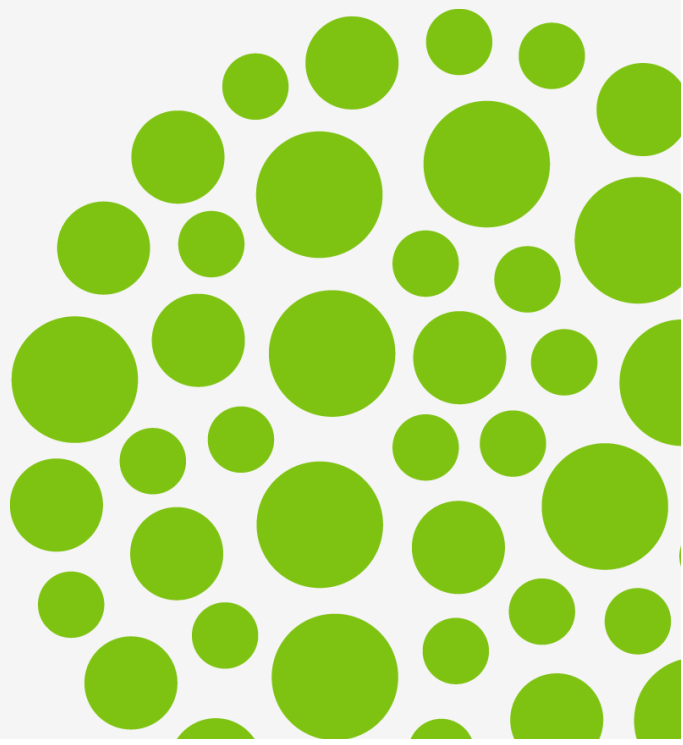
# PRIVATIZATIONS

The programme has been successfully implemented.

MAIN INVESTORS		STAKES SOLD	AMOUNT IN EUROS
		21.35%, at a premium of 53.6% per share	EUR 2 693 million
		40%, at a premium of 33.6% per share	EUR 593 million
		11%, at a discount of 6.3% per share	EUR 157 million
		100%	EUR 1 127 million for the shares + EUR 1 200 million for the concession fee + EUR 753 million of pre-existing debt
		100%	EUR 910 million
		80% of Fidelidade, Caixa Poupança, Multicare and Cares	EUR 1 000 million
		1% for GALP	EUR 101 million
		HPP (CGD Health)	EUR 85.6 million
		100%	EUR 149.9 million
		100%	EUR 53 million
			

Revenues of around  
EUR 9 billion, above  
initial expectations  
of EUR 5 billion.

# IMPROVED COMPETITIVENESS, BUSINESS ENVIRONMENT AND ECONOMIC OUTLOOK

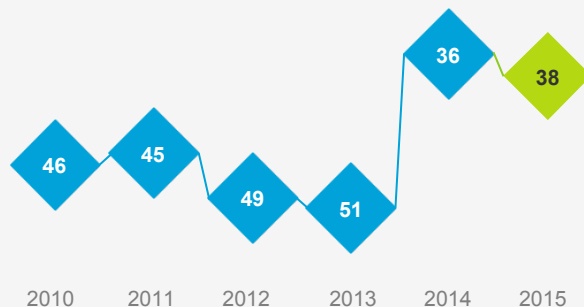


## COMPETITIVENESS

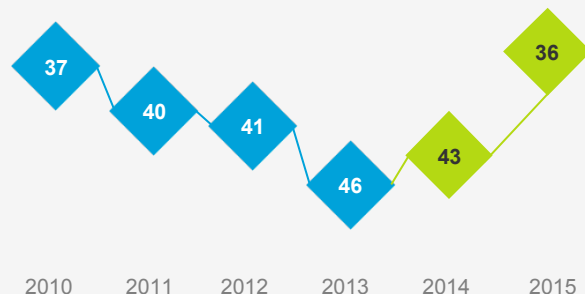
# PORTUGAL HAS BEEN IMPROVING ITS COMPETITIVENESS

**Portugal has been improving its competitiveness.** According to the World Economic Forum's competitiveness ranking<sup>2</sup>, Portugal is the 38<sup>th</sup> most competitive country worldwide<sup>1</sup>. According to the IMD's ranking<sup>3</sup>, Portugal improved its competitiveness for the 2<sup>nd</sup> year in a row, becoming the 36<sup>th</sup> most competitive economy.

Evolution of Portugal's position in the competitive ranking of the World Economic Forum (WEF), 2010-2015<sup>2</sup>



Evolution of Portugal's position in the competitive ranking of the Institute for Management Development (IMD), 2010-2015<sup>3</sup>



1. Portugal is more competitive than countries such as Italy or Poland.

2. In 2015, out of 140 countries.

3. In 2015, out of 61 countries.

Source: World Economic Forum, Institute for Management Development.

# BETTER BUSINESS ENVIRONMENT

Easy to do business in Portugal.

23rd

According to *Doing Business* 2016 published by *The World Bank*, **Portugal is the 23<sup>rd</sup> easiest country in the world<sup>1</sup> when it comes to doing business.**

2nd

Our country ranks highly in some indicators: Portugal is, for example, the **2<sup>nd</sup> country within the EU-28** (13<sup>th</sup> among 189 countries analyzed) where it is **simpler to create a new company.**

In Portugal, starting a new business takes 2.5 days and 3 procedures. To register a property takes just 1 day and 1 process.

1. Portugal, the 11<sup>th</sup> most competitive country within the EU-28, has a better classification than the Netherlands, France, Spain, Italy and Poland.

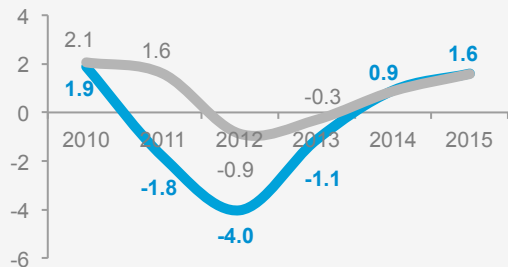
Source: World Bank.

## ECONOMIC OUTLOOK

# ECONOMIC RECOVERY

Portugal returned to economic growth and unemployment has been decreasing.

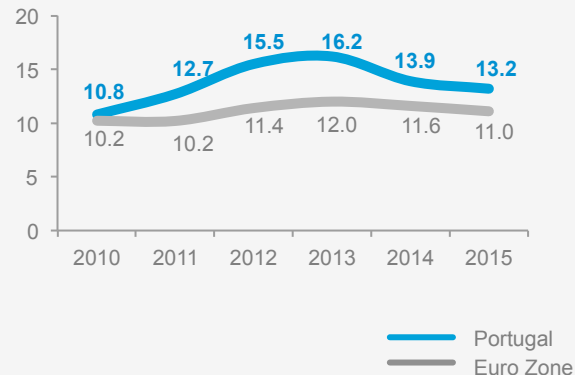
**GDP, Portugal, Euro Zone, 2010- 2015<sup>E</sup>**  
(Percentage)



**GDP Forecasts, 2016**  
(Percentage)



**Unemployment, Portugal, Euro Zone, 2010-2015<sup>E</sup>**  
(Percentage)



<sup>E</sup> Estimate.

Sources: Portuguese Government, INE, Bank of Portugal, European Commission, AICEP.

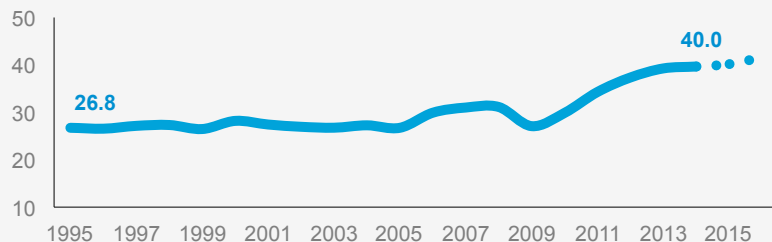
# GROWTH DRIVERS

Exports have been increasing at a sustainable rate and Investment has been recovering.

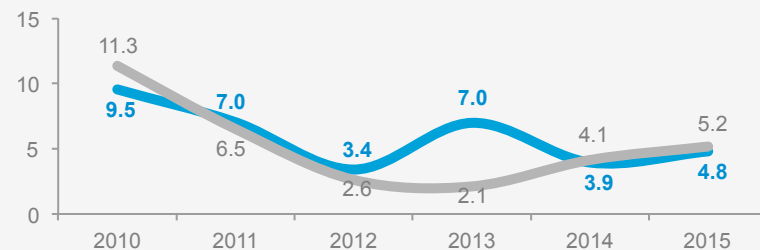
## ENCOURAGING SIGNS SUSTAIN THIS EXPORTS TREND

1. An increasing number of exporting companies;
2. Increasing diversification (more exports to extra-EU countries);
3. Improvement in the country's technological profile;
4. World market share gains.

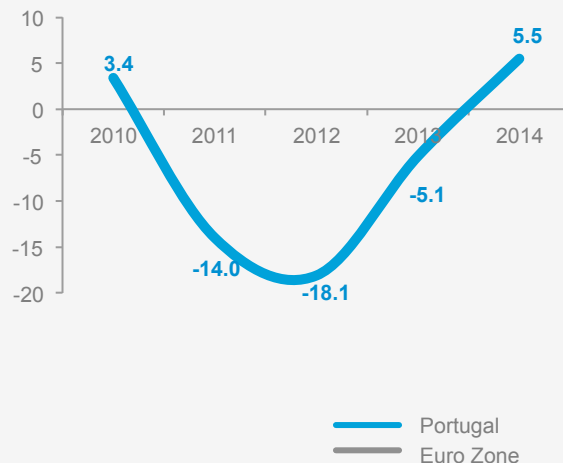
Evolution of Portuguese exports (services and goods), 1995-2015<sup>E</sup> (Percentage of GDP)



Exports, Portugal, Euro Zone, 2010-2015<sup>E</sup> (Percentage)

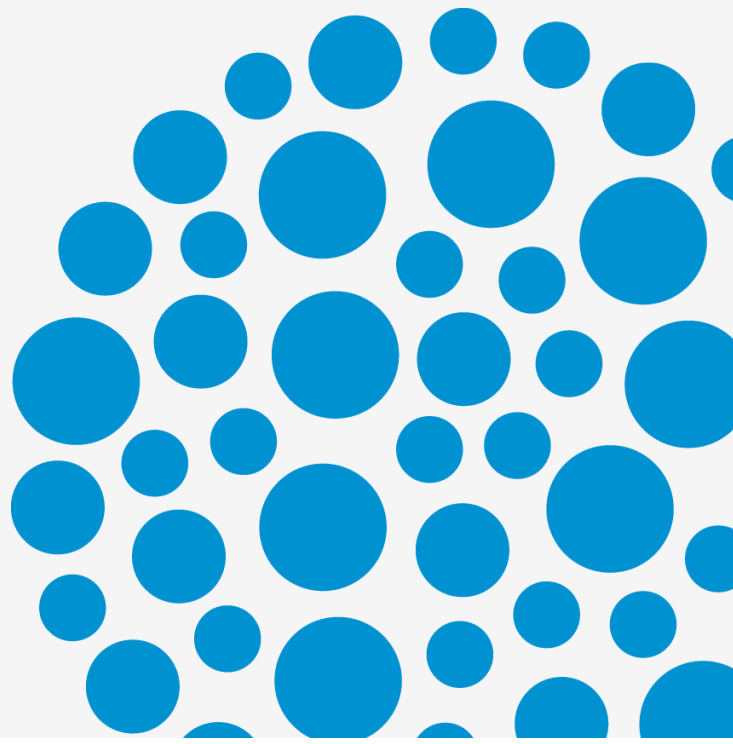


Investment, Portugal 2010-2014 (Percentage)



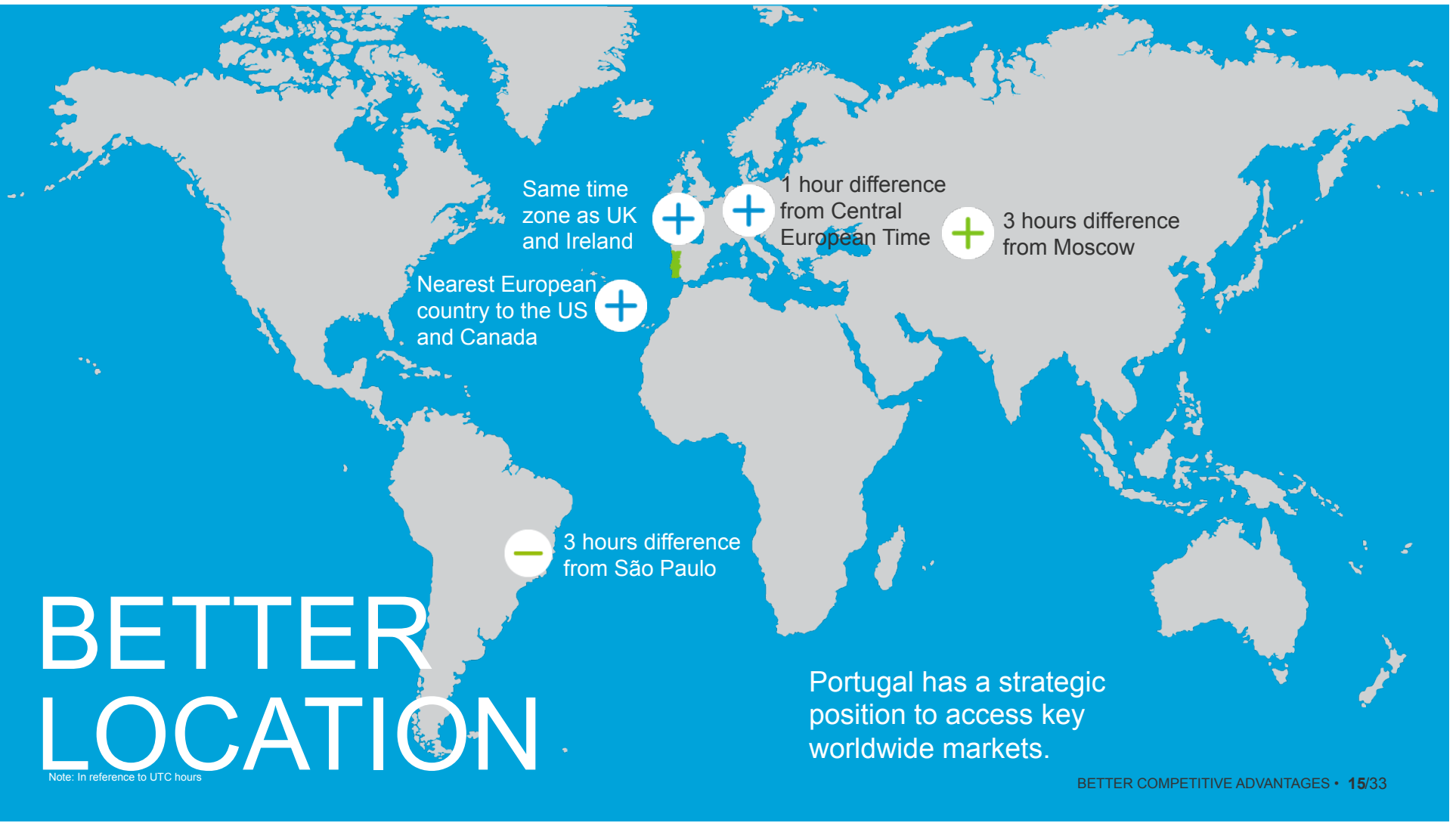
<sup>E</sup> Estimate.

# BETTER COMPETITIVE ADVANTAGES



# BETTER LOCATION

Note: In reference to UTC hours



A world map with a light blue background and grey landmasses. Portugal is highlighted in dark blue. Five callout boxes with circular icons provide key information about Portugal's location:

- Same time zone as UK and Ireland** (Blue circle with a white plus sign)
- Nearest European country to the US and Canada** (Blue circle with a white plus sign)
- 1 hour difference from Central European Time** (Blue circle with a white plus sign)
- 3 hours difference from Moscow** (Green circle with a white plus sign)
- 3 hours difference from São Paulo** (Green circle with a white minus sign)

Portugal has a strategic position to access key worldwide markets.



# BETTER TECHNOLOGY

Portugal is a Top Country in providing technological services.

## TELECOM

Percentage of **fiber connections** in total broadband: 18.1% in Dec 2013 (above OECD average 16.7%). Ranks 7<sup>th</sup> among EU-28 countries.



Portugal ranks #8 among EU-28 countries in number of high-speed fixed-broadband subscriptions per inhabitant.

## E-GOVERNMENT

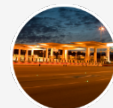


According to United Nations “**e-Government** survey 2014”, Portugal ranks #37 among 193 countries in e-Government Development Index.

## ELECTRONIC PAYMENTS



Portugal is a leading country in performing operations through ATM network.



Via Verde, Portuguese Electronic Toll System, is a world pioneer in road toll operations.

# BETTER INFRASTRUCTURES

Portugal is the 15<sup>th</sup> country in the world with better infrastructures<sup>1</sup>.



## QUALITY OF ROADS

4<sup>th</sup> among the best  
in the world<sup>1</sup>.

Portugal ranks 6<sup>th</sup>, in  
motorway network density,  
well above the OECD average.



## QUALITY OF PORT INFRASTRUCTURE

25<sup>th</sup> among the best  
in the world<sup>1</sup>.

Deep-sea port of Sines: Post-  
Panamax Vessels; The port of  
Sines was the world's fastest  
growing container port in 2013  
(+68%).



## QUALITY OF AIR TRANSPORT

The Porto Airport was  
distinguished as the 3<sup>rd</sup> Best  
European Airport in 2013.



## QUALITY OF RAILROAD INFRASTRUCTURE

25<sup>th</sup> among the best  
in the world<sup>1</sup>.

Recently launched, the Atlantic  
Corridor is a rail freight line  
between Portugal–Spain–France.  
Extension to Germany is  
expected to be operational by  
November 2016.

1. World Economic Forum's competitiveness ranking (140 countries).

Sources: OECD, Container Management, World Economic Forum, Airports Council International, Corridor 4.

# BETTER MARKET

Portugal is an open door to a market of 500 million people in Europe and more than 250 million-Portuguese speaking consumers.



Portugal is a member country of the EU sharing the common currency. Free trade, non-tariff barriers, free movement of labour and capital are among the main benefits.

20<sup>th</sup>

Portugal is ranked 20<sup>th</sup> in the Enforcing Contracts Rank 2016.

1<sup>st</sup>

Portugal is ranked 1<sup>st</sup> in the Trading Across Borders Rank 2016.

## Community of Portuguese Language Speaking Countries

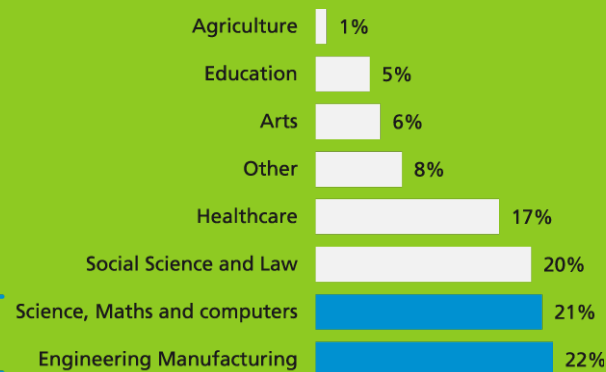


# BETTER TALENT

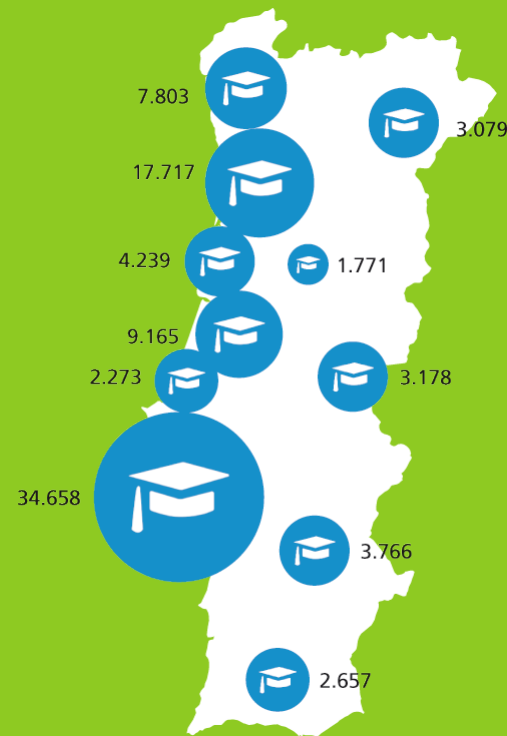
Portugal has a strong flexible, committed and productive workforce with a high level of education in business-oriented areas.

STUDENTS ENROLLED  
IN HIGHER EDUCATION  
INSTITUTIONS BY FIELD  
OF STUDY, 2012/2013.

Math's, Science and Tech  
areas represent almost 43%.



Source: INE (2014).



TOTAL NUMBER OF  
GRADUATES BY REGIONS  
IN PORTUGAL, 2011/2012.

# BETTER SKILLS

61% of Portuguese people speak at least 1 foreign language.

## LANGUAGE

English learning is mandatory from elementary school.

Mathematics performance above OECD: 19.6%, PISA 2012 (OECD average of 14.8%).

78% of the students learn 2 or more foreign languages (65% in EU-28, 53% in France or 42% in Spain).

26<sup>th</sup>

Quality of Management Schools: Portugal ranks #26.

21<sup>st</sup>

Availability of scientists and engineers: Portugal ranks #21.

21<sup>st</sup>

Quality of Scientific Research Institutions: Portugal ranks #21.

# BETTER FDI TRACK RECORD

Satisfied customers.



## BOSCH

"Bosch has invested in the development and production of innovative solutions and technologies in Portugal for the global market of Car Multimedia products because it believes in the potential of the country. The Bosch facilities in Braga are highly competitive in terms of quality and productivity in Europe."

Dr.-Ing. Sven Ost, Technical Plant  
Manager of Bosch in Braga



## H. B. FULLER

"At HB Fuller, our expanding Portuguese team has quickly gained a reputation for professional expertise, high energy, quick learning and cross-functional teamwork. I am delighted by the quality of the people we can attract and how fast they have developed."

Malcolm Grey, Finance Director EIMEA,  
H.B. Fuller Europe.



# BETTER QUALITY OF LIFE

Portugal is not only a good country to invest in but also a great place to live and enjoy. Safe, sunny, with unique nature, rich leisure and cultural amenities, and with high quality healthcare facilities.



Portugal is 15<sup>th</sup>  
(out of 141) in Travel &  
Tourism Competitiveness  
Report 2015.

16 Million Tourists  
in 2014.

**Source:** INE.



Best European Country  
to visit.

**Source:** USA Today 2014.

Lisbon is the 2<sup>nd</sup> Best  
City to Invest.

**Source:** Financial Times, (2014).



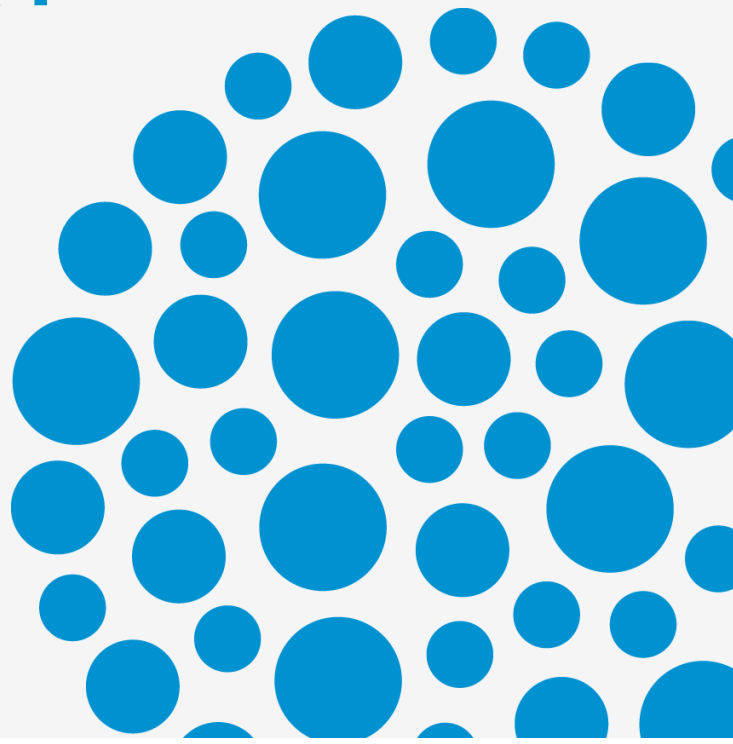
Average Temperature  
at 12:00 am: 25°C  
(summer) and 16°C  
(winter).

Algarve is the Best Place  
in the World to Retire.

**Source:** FORBES "Retire  
Overseas Index", (2014).



# BETTER SUPPORT INCENTIVES & GRANTS





BETTER SUPPORT

# INCENTIVES & GRANTS

Incentive instruments were revised, simplified and reinforced.

---

## NEW ADDED VALUE PROPOSAL

### PRODUCTIVE INVESTMENT

- Financial incentives (Portugal 2020)
- Tax incentives (Investment Tax Code)

### R&D INVESTMENT

- Financial incentives (Portugal 2020)
- Tax incentives (SIFIDE II)

---

## OTHER INCENTIVES

### INTERNSHIPS



### JOB CREATION INCENTIVES

### NON-HABITUAL RESIDENTS

Flat rate for qualified expatriates

# INCENTIVES & GRANTS

+ Productive Investment.

	FINANCIAL INCENTIVES	TAX INCENTIVES
SCOPE	New products or services; New production methods or processes; Innovation must be at least nationwide (non SME).	Investment projects with positive impact on innovation and jobs creation.
ELIGIBLE EXPENSES	<b>Tangible Fixed Assets:</b> machine, equipment and buildings; <b>Intangible Fixed Assets:</b> software, technology transfer; <b>Training expenses.</b>	<b>Tangible Fixed Assets:</b> machine, equipment and buildings; <b>Intangible Fixed Assets:</b> software, technology transfer.
NATURE OF SUPPORT	<b>Loan:</b> 35% of eligible expenses as an interest-free loan; 8-years reimbursement period; <b>Cash Grant:</b> Loan conversion of up to 50% of the incentive depending on the performance of the project.  Base rate	<b>Corporate Income Tax Credit</b> from 10% up to 25% of eligible investment; Tax benefits up to a 10-year period after the conclusion of the investment. Exemption from Municipal Property Tax, Municipal Tax and Stamp Tax Transactions. 
MAXIMUM SUPPORT	Financial grants combined with tax incentives, applied to the same expenses may not exceed <b>25%</b> of the eligible investment (tax credit + cash grant + loan interest saving).	

# INCENTIVES & GRANTS

+ R&D investment.

	FINANCIAL INCENTIVES	TAX INCENTIVES
SCOPE	Investment in R&D activities to develop new products/services or new production methods or processes.	
ELIGIBLE EXPENSES	Costs with technical staff dedicated to R&D activities; Acquisition of services from third parties, including technical and scientific assistance and consulting; Purchase of scientific and technical instruments and equipment; Costs associated with patents registration and acquisition.	Costs with technical staff dedicated to R&D activities; Acquisition of services from third parties, including technical and scientific assistance and consulting; Purchase of scientific and technical instruments and equipment; Costs associated with patents registration and acquisition.
NATURE OF SUPPORT	Base Rate: 25% of eligible expenses; Bonuses: up to +60 pp according to project scope and company size; Cash Grant: up to €1,000,000 of incentive; For incentive amount that exceeds €1,000,000, 25% as an interest-free loan and 75% as cash grant.	Corporate Income Tax Credit: Base rate: 32.5%; Incremental Rate: 50% of the increase in expenses incurred during that period compared to the average from the previous two fiscal years, up to €1,500,000.
MAXIMUM SUPPORT	Financial grants combined with tax incentives, applied to the same expenses may not exceed: 80% of Gross Grant Equivalent for Industrial Research Projects; 60% of Gross Grant Equivalent for Experimental Projects.	

BETTER SUPPORT

# INCENTIVES & GRANTS

Internships (up to 9 months\*).

## TARGET

Unemployed aged between 18 and 30 (inclusive)\*, with a qualification level >1.

## GRANT TO EMPLOYERS

Monthly support\*:

Primary education (Level 2)	438,16
Secondary education (Level 3)	505,23
Secondary vocational educational (Level 4)	538,77
Post-secondary non-tertiary (Level 5)	572,31
Tertiary education (Levels 6, 7 and 8)	656,15



## EMPLOYERS COST



Monthly  
Salary



Social Security  
Contributions

## ENTITY IN CHARGE

Public Employment Service (IEFP).

\* General rule.

Source: Portuguese Government.

# INCENTIVES & GRANTS

Exemption of social contributions.

---

## TARGET

Young people looking for first job, aged under 30 years;  
Long-term unemployed (registered at the employment centre for more than 12 months).

---

## GRANT TO EMPLOYERS

Exemption from payment of Social Security Contributions [23.75%] for a maximum period of 36 months (only applies to permanent contracts).



---

## ENTITY IN CHARGE

Social Security.

# INCENTIVES & GRANTS

“Estímulo Emprego” Programme.

---

## TARGET

Unemployed people (registered at the employment center).

---

## GRANT TO EMPLOYERS

Annual support up to:



Permanent contract	5.533,68
Fixed-term contract (general rule)	2.012,26
Fixed-term contract (exceptional circumstances)	2.515,32

---

## ENTITY IN CHARGE

Public Employment Service (IEFP).

BETTER SUPPORT

# INCENTIVES & GRANTS

+ World Class Talent in Portugal (Tax incentives to expats).

---

## TARGET

Qualified Expatriates in (i) high added-value activities, (ii) scientific, artistic or technical activities, and (iii) upper management positions.

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## INCENTIVES FOR EMPLOYEES

Flat rate for Income tax of 20%  
(plus 3.5%) for 10 years.



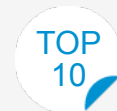
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## ENTITY IN CHARGE

Tax Authority.

# BETTER SUPPORT

**aicep Portugal Global** is your one-stop-shop.  
Close to you, to take you further.



AICEP is one of the Top 10  
Investment Promotion  
Agencies that best responds  
to requests from investors.

Source: World Bank.

1

## PRE-INVESTMENT

Promoting a direct negotiation with companies, through which a tailored approach to incentives may be applied in order to define a global package that fully satisfies the investor's needs.

2

## INCENTIVES NEGOTIATION

Single point of contact in all phases: pre-investment, incentives negotiation, settling in and after care.

3

## SETTLING IN

Government business entity, flexible, free of charges and streamlined services.

4

## AFTER CARE

Dynamic approach focused on the client or investor.





# OVERSEAS NETWORK & FDI SCOUTS



January 2016

### **Disclaimer**

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# INVESTINPORTUGAL

RIGHT CHOICE.  
RIGHT TIME.

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aicep Portugal Global

