Nº15 July / September 2021

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CHRIS GRAEME

Welcome to Issue 15 of Essential Business,

As the Covid-19 crisis drags on into a second summer season companies operating in the tourism sector, one of the most important for Portugal's economy, are again facing disaster and ruin. The government has provided some funds and will distribute others. Will they, however, be sufficient to prevent many small family-owned hotels, restaurants, bars and shops from closing down? Essential speaks to the Secretary of State for Tourism Rita Marques about the government's short-to-medium and long term plan for the sector.

Now that a long and very public parliamentary inquiry into imprudent lending at Banco Espírito Santo and mismanagement at its successor Novo Banco has ended, David Sampson looks back at the fall of Espírito Santo and the genesis of Novo Banco and suggests what went wrong and why the Portuguese public has largely picked up the bill.

Twenty-five years ago Portuguese cuisine was hardly cuisine at all. It was tasty and wholesome but lacked sophistication. How things have changed thanks to top Portuguese and overseas chefs who have made it glamorous and put it on the International map. Essential speaks to two chefs, Vasco Coelho Santos (Euskalduna Group) and London's Bar Douro founder Max Graham on the latest trends in Portuguese cuisine.

Beatriz Rubio the CEO of RE/MAX Portugal is undoubtedly one of the most dynamic business-women today in Portugal. The high-profile estate agent shares with Essential her 10 commandments for success.

Cryptocurrencies are gaining influence and threaten to make the traditional banking sector irrelevant. Despite talk of the European Central Bank developing its own digital currency, little has been done and the banks continue to sit on the fence. We talk to two people in the know - crypto assets expert Mário Valente and opinion leader Patrícia Akester on why they are here to stay.

Portugal's real estate investment and development market is one of the main drivers of Portugal's economy, yet both central and local government find it difficult to balance the need to generate tax revenue from this 'golden goose' without scaring away investors. We interview the new president of the Portuguese Association for Real Estate Developers and Investors, Hugo Santos Ferreira about what needs to be done to continue to make Portugal an attractive investment location in Europe and the world. This and many more articles await you in the latest issue of Essential Business.

Chris Graeme, Editor

Estatuto editorial
A revista Essential Business pretende dar a conhecer à comunidade empresarial e internacional em Portugal e a quem visita o país em trabalho, para eventos profissionais ou para investimento, a realidade e atualidade sobre negócios em Portugal.
Enquanto temas relacionados com a imobiliária e o turismo são uma presença constante, a revista e os seus suportes digitais cobrem todas as áreas de negócio, incluindo a saúde, o retalho e as mais diversas indústrias.
A revista Essential Business assume o compromisso de assegurar o respeito pelos princípios deontológicos e pela ética profissional dos jornalistas, assim como pela boa-fé dos leitores.

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Essential Features

Pledge to streamline planning processes

Carlos Moedas, the main opposition candidate standing against incumbent mayor Fernando Medina in the Lisbon Municipal Council elections on 26 September has pledged to streamline planning permission processes if he wins.

For decades both national and overseas developers in Portugal have complained about the years is often takes to get planning permission approved for a simple project, with a process passing through many hands before licenses are either approved or denied.
At the International Club of Portugal in July, Moedas, who until 2020 had been the European Commissioner for Science, Research and Innovation said that at both council and parish levels clearly defined rules and transparency was required. Moedas says that the entire planning procedure needed to be sped up and modernised. "We will have to change, and as quickly as possible, what is now one of the worst scourges of Lisbon - the problem of planning permission permits".
Carlos Moedas has also promised to use city council owned land and empty properties to create affordable housing for rent in a bid to attract young professionals and families back into the centre of the city where the cost of property is so high as to beyond the reach of the Portuguese middle classes.

Oeiras builds 1,200 middle class housing units

The Oeiras Municipal Council is to build 1,200 new homes at affordable prices aimed at the middle classes in the borough.

The project has been created by the Oeiras Municipal Housing Programme (Programa de Habitação de Oeiras) and launched in May by Oeiras Mayor Isaltino Morais. The aim of the project is too cater to the housing needs of professional Portuguese middle class young people and families.
Oeiras, which is on the outskirts of Lisbon and near Cascais and Sintra, has 1,800 people in need of housing. Therefore, in 2020 the council signed a contract with the Institute of Housing and Urban Rehabilitation (IHRU) to build 500 council homes on the back of the 1st Right - Accessible Housing Support Programme announced by Prime Minister António Costa. The project will involve €85 million and Oeiras Council will build a further 700 homes to bring the total to 1,200.

Angola at a Crossroads

UK Prime Minister Boris Johnson famously asserted that after Brexit Angolan families would be able to "tuck into delicious wholesome chicken from Northern Ireland." But the general public has been more used to hearing from BBC's Panorama that Isabel dos Santos, Africa's richest woman, 'ripped off Angola'.

Nonetheless, Angola is much more than a market for Irish chickens or a sunny place for alleged shady kleptocrats. It is one of the biggest economies in Sub-Saharan Africa, alongside with Nigeria, South Africa, Kenya, and Ethiopia, being the second major oil power, and a sizeable diamond producer. It developed a pivotal role during the Cold War, as well as claiming a central role in the independence of Namibia and in the creation of strategic conditions for the liberation of Nelson Mandela in South Africa. However, Angola is poised at a crossroads between a past marked by civil war and corruption and a future of potential economic development.
Angola at a Crossroads is a new book by Rui Santos Verde from publisher I. B. Tauris (Bloomsbury) which examines the post-Civil War period which began in 2002 and saw the rise of a corrupt ruling elite, as well as recent developments in the country, such as the efforts of the current President, João Lourenço, to reform the regime through political openness, economic growth and a crackdown on corruption.
Santos Verde analyses the country's recent history of corruption and the current attempts at reform in order to determine whether economic and political development is on the horizon for Angola, or whether these reforms are simply a move towards consolidating President Lourenço's personal power.
Rui Santos Verde is a Visiting Fellow at the African Studies Centre of the University of Oxford. He is Chief-Legal Adviser of MakaAngola, the main entity that promotes democracy, human rights and fights corruption in Angola. In addition, he is a non-resident scholar at the University of Johannesburg and is founder of the Angola Research Network.

Transatlantic trade relations take centre stage at Lisbon summit

Economic relations between the United States and Portugal took centre stage at a one-day summit held in Lisbon on June 23.

The Transatlantic Economic and Trade Summit organised by the US Chamber of Commerce in Portugal (AmCham) debated the prospects for the future of bilateral trade and the opportunities for developing even stronger economic relations between the two countries.

The event was held in the year which marks the 70th anniversary of AmCham in Portugal, and despite a few tense moments concerning data sharing security and protection and Chinese commercial influence in Portugal, the general tone was that bi-lateral relations between the two countries have never been better.

Trade between the two countries has increased exponentially between Portugal and the United States over the past five years, with the balance of trade very much in Portugal's favour. In fact, by 2018 the United States overtook the United Kingdom with a trade surplus of €1.8Bn which has continued since.

This trade surplus has been largely down an increase in Portuguese common metal exports including iron, steel, copper, zinc, lead and aluminium.

And even in the pandemic year, trade between Portugal and the US gained positive ground with an increase in exports to the US in Q1 of 2020, leading to the best balance of payments surplus compared to other leading trade partners, while Portugal cut imports from the UK by over 50% (-56.3%) while importing more from the United States. (+25%)

According to Portugal's National Statistics Institute (INE), the US continued to be the fifth most important export client for Portugal in terms of goods and services in 2020, with a 5% share of the total, occupying 10th position for imports (1.8%) while between 2016-2020 there was an average annual growth rate in exports of 2.5% and 10.4% in imports. The balance of trade was favourable to Portugal with a surplus of €1.4Bn in 2020.

Various business opportunities between the two countries have been identified in various sectors, particularly health (EPI and innovative products), services linked to the digitalisation of the economy and the development of ecologically sustainable products and an increase in E-commerce.

The Lisbon transatlantic trade event which was held at the city's Culturegest was the culminating debate in a series of five to mark Portugal's presidency of the European Council which ended at the end of June.

The event attracted some of the most important government, trade and business movers and shakers in Portugal today, as well as academic and arts leaders. The lineup included: Ana Ventura Miranda, founder of the Arte Institute, André Azevedo, Secretary of State for Digital Transition, António Martins da Costa, President of AmCham Portugal, António Redondo, CEO Navigator Company, Bernardo Correia, Country Manager, Google Portugal, Domingos Fezas Vital, Portugal's ambassador to the US, Eurico Brilhante Dias, Secretary of State for Internationalisation, Isabel Capeloa Gil, Dean of the Universidade Católica, João Galamba, Secretary of State for Energy, José Gonçalves, President of Accenture Portugal, Kristen M.Kane, Chargé d'Affaires at the US Embassy in Lisbon, Luís Castro Henriques, President of AICEP, Miguel Stilwell d'Andrade, CEO of EDP, Paulo Macedo, Presidente CGD, ex-deputy prime minister Paulo Portas, Peter H. Chase, senior fellow with the German Marshall Fund, Rita Faden, board president of FLAD, Roger Coelho, Senior Policy Director of AmCham EU and Tyson Barker, Head, Technology and Foreign Policy of the German Council on Foreign Relations.


Paulo Macedo, President of CGD


André Azevedo, Sec. State for Digitalisation


Bernardo Correia, Google Portugal


António Costa Martins, AmCham Portugal


Paulo Portas (politician and TV commentator)


João Galamba, Sec. State for Energy


Miguel Stilwell d'Andrade, CEO EDP


Luís Castro Henriques, President AICEP


Ana Ventura Miranda, Arte Institute


Peter Chase. German Marshall Fund

Portugal's tourism industry Picking up the pieces

Portugal's tourism sector has been decimated by Covid-19. Secretary of State for Tourism, Rita Marques says it's a temporary setback. Her department's plan to Reactivate Tourism|Build the Future aims to put Portugal back on top as Europe's leading tourism destination by 2027

TEXT **CHRIS GRAEME**

When, in October 2019, Rita Marques was offered the outwardly glamorous post of what is perhaps one of the Portuguese government's most sought-after top jobs, Secretary of State for Tourism, it must have been a dream come true.

Hard work, yes. Long hours, inevitable. But travel up and down the country and overseas, to the Portuguese island destinations, travel awards, boutique hotels and fine dining would all come with the job and be one of the perks of heading one of the most important positions in the government, laden with responsibility since tourism is a key pillar of Portugal's economy, worth a staggering €18.4billion in 2019, a record.

In terms of demand, the figures were impressive: over 70 million hotel night bookings (+4.6% on 2018) and a breathtaking 27 million guests (almost three times the entire population of Portugal) and +7.9% on the previous year.

There was also galloping growth (+8.1%) in national guests compared to overseas holidaymakers (+7.8%), although foreigners were responsible for 71.2% of take-up compared to 28.8% nationals.

That year, revenues from overseas visitors stood at €18.4 billion — in fact, revenues for that and the two preceding years of 2017 and 2018 almost amounted to the €76 billion bailout Portugal had received from the troika of international lenders back in 2011.

It was all going swimmingly. By January 2020, what could possibly go wrong? Granted, these numbers were tall orders to live up to, certainly following in the footsteps of her predecessor Ana Mendes Godinho who took much of the well-deserved glory.

But it was a dream job to crown a fast-track career for the engineer who, months before, had headed Portugal Ventures, the hybrid government-private investment venture capital outfit with an emphasis on tourism-leaning startups.

But sometimes a chalice is poisoned, and suddenly a dream job can turn into a nightmare, as Covid-19 all but wiped out one of the biggest drivers of Portugal's economy.

And you suddenly go from being everybody's friend to everybody's scapegoat. This was revealed in front of a roomful of business leaders at a luncheon organised by the prestigious International Club of Portugal (ICPT) this week, when the ex-president of the Portuguese travel agents association APAVT, Vítor Filipe, founder of Travel Quality (TQ), told the Minister just how annoyed he and his members were at the government's support – or lack it – throughout the pandemic, which he said would force many independent agencies to close.

And the problem for the Secretary of Sate for Tourism is that the sector is not just about hotels and flights. It is about an entire chain of segments and sub-segments within the sector, containing countless companies involved in goods and services linked to tourism, both directly and indirectly, who employ tens of thousands of people, many of them not highly qualified and who would find it hard to find jobs in other areas.

It's the car hire companies, the swimming pool cleaners, the bar and restaurant owners, the wedding organisers, the summer open-air concert promoters, the laundries that deal with hotel sheets and towels, and even down to the man who once cheerfully sold cream-filled doughnuts on the normally packed Algarve beaches.

Being blamed, taking the flack and facing backlashes cannot be easy, even for the thickest of skins. One can only imagine it would be an easier job being Josef Stalin's private secretary. A thankless task then.

ON THE SAME PAGE

But then, Rita Marques has an amazing calm and collected detachment and genuinely doesn't seem at all phased by the situation which, after all, is beyond her control.

"We have always been on the same page with our partners in tourism," she states matter-of-factly.

"As the Secretary of State for Tourism, no matter what the circumstances are, our department cares for the tourism sector and we want what is best for its businesses. We share the same ambitions that most associations within the sector have," she says.

Rita Marques admits the Covid-19 pandemic is a "never-ending story" but, despite the difficult situation, she does have a good team, massive support from the Minister of Economy, Pedro Siza

"EVERYBODY IS TALKING ABOUT THE SECTOR SURVIVING AFTER THE PANDEMIC, BUT I WANT TO SEE US THRIVING AND SETTING AN EXAMPLE OF HOW A COUNTRY CAN DEVELOP ALL OF ITS TOURISM ASSETS."

Vieira, from other secretaries of state within the government, and the Minister of Foreign Affairs, Augusto Santos Silva, and Minister of Internal Affairs, Eduardo Cabrita, sharing "a spirit of resilience and working together" to deal with issues as they have arisen.

The Secretary of State says she has felt the support and cooperation of the various sector associations, including public entities such as the tourism bureaux Turismo de Portugal, Turismo do Porto e Norte de Portugal and Turismo do Algarve, the Portuguese Hotel Association (AHP), the Portuguese Travel and Tourism Agencies Association (APAVT), the Portuguese Association of Restaurants, Hotels and Tourism (APHORT) and the Portuguese Association of Bars, Discos and Entertainment Establishments (APBDA) to name just a few of the many associations that make up an industry whose members have been seriously affected by the sanitary measures and restrictions set up to control the pandemic.

"We try and tackle the situations in a very precise way, calling companies and associations to get feedback in order to improve measures. Of course, we are well aware that the financial support and incentives that the government has provided were relevant, but we have to recognise that the sector has survived, companies have had to go to the bank to get stays on loans and even the staff working in the industry have made sacrifices to safeguard their jobs," says Rita Marques.

"After a year now of the pandemic, I feel the sector is united, cohesive and eager to start working on fully opening up our tourism sector," she said, after last year's disaster in which companies linked to the sector lost an estimated €1 billion in revenues.

A €3 BILLION LIFEBUOY

To help mitigate these losses, the government recently announced public funding of around €3 billion as the main component of its plan to Reactivate Tourism | Build the Future - Supporting Companies, and this includes facilities to capitalise sector companies, reschedule bank loans and repayments, extending the grace periods on the repayments on existing bank lending in a support package that will be transversal across the sector.

Of course, the issue this year after a second lockdown between January 13 and March 31, a back-track on the phased reopening of the wider food and beverage outlet segments in late June as Covid numbers rose in Lisbon and Albufeira, affecting both opening hours and numbers in shops, restaurants, cafés and bars, and the UK's decision to pull Portugal off its green list on June 6 after adding it on May 17, resulting in thousands of tourists having to either cancel their holidays in the Algarve or rush home to beat a quarantine deadline, makes one wonder just how "fully open" Portugal's tourism sector can be.

And the situation got more difficult when Germany too decided on June 25 to join the UK in pulling Portugal off its green list, But Air France, on the other hand, upped its flights to Portugal by 25%, and from June 16, US visitors were able to travel to Portugal.

And while the president of the AHP Raul Martins called the UK government's decision an "unpleasant surprise", hoteliers in the Algarve have been getting cancelled bookings from Portuguese tourists from Lisbon after restrictions on movement were put in place by the government, with João Soares of the same association) in the Algarve saying: "This news is a disaster since we've already got restrictions from the UK market and others."

Some in the sector feel that, with so many airline routes still closed, and the super-contagious Indian Delta variant spreading, Portugal may be facing a second lost summer season. Rita Marques disagrees.

"Nothing is lost. The assets we have that have made Portugal internationally recognised as the best destination in the world, the best destination in Europe [World Travel Awards] are still here and we need to reactivate what we have," she says, notingthat the estimates for 2021 tourism figures are "higher than they had been in 2020", pointing to improvements for Q3 and Q4.

Figures from the National Statistics Institute (INE) and the Bank of Portugal (BoP) for March revealed 283,000 guests and 636,000 nights (down 59% and 66.5% respectively), 460,000 guests and 946,000 nights for April (down 80.3% and 84.2% on April 2019). The preliminary estimates suggest that May will be better in terms of bookings than April.

Still, despite the disappointing news that Covid-19 numbers had risen again in the capital of Lisbon and in Albufeira in the Algarve, the Portuguese government does not see temporary retroactive measures as a major stumbling block to opening up the country's tourism economy.

For starters, at the end of May, Portugal's Minister for Economy, Pedro Siza Vieira, unveiled an ambitious plan to support the development, growth and innovation of the wider sector to 2027.

The essential tenants of the plan to Reactivate Tourism | Build the Future were also emphasised by Rita Marques at a Lisbon business lunch organised by the International Club of Portugal in June, attended by overseas diplomats who use such events to get insights into government thinking and policy.

The plan foresees an investment of €6.1 billion for the Portuguese tourism sector, with the aim of exceeding revenues of €27 billion by 2027. Given that Portugal enjoyed record years in terms of tourist numbers and revenues in 2018 (12.5 million overseas tourists and 21 million national and international tourists combined), and in 2019 (27.1 million combined), despite the Covid-19 blip and the caprices of changes in travel destination fads and fashions, the government thinks this is doable.

A FOUR-PILLAR STRATEGY

The government's current strategy for tourism, which has been temporarily modified and adapted to meet the challenges of the pandemic, was actually laid down in 2017 as part of a 10-year plan to 2027.

The updated strategy rests on four pillars: supporting companies, promoting health and hygiene safety measures, generating business, and building the future.

The government made good headway in 2020 with the second tenet of the plan to Reactivate Tourism | Build the Future - Providing Hygiene Safety through sanitary measures it developed for the tourism industry regarding hotels and guesthouse accommodation through its Clean & Safe campaign in 2020. Nevertheless, despite the best efforts in the world, Covid-19 numbers soared out of control by January 2021, forcing a second lockdown with the resurgence of a new, more contagious variants, the Delta variant being the latest, taking hold in Lisbon and some parts of the Algarve by June.

One way of meeting the third tenet of the plan to Reactivate Tourism | Build the Future - Generating Business is diversifying into new markets, in addition to the tried-and-tested UK, Ireland, Spain, Germany and the Scandinavian countries.

"We have been extremely active in long-haul markets in 2019. The American market has been growing by 20%, but we have also seen growth in the Canadian and Chinese markets, too," explains Rita Marques.

"This diversification helped Portugal for several reasons. First, it helped counter a problem which had plagued Portugal's perception overseas as just being a 'sun, sea and beach' destination (with some golfing holidays thrown in at the upper end of the market), which meant that, when the summer season was over, the sector suffered."

The strategy worked. By 2019, Portugal had the lowest seasonality index rate out of all the Southern European countries. "July, August and September are important months, but we work the low

Essential Tourism

season not only because of golf, but also taking advantage of long-haul travel, from October to February, because countries like Brazil have holidays in these months," she says.

VALUING NATURAL ASSETS

A second strand to Generating Business is the strategy to diversify tourism within Portugal and in different regions and cities in the country, not just Lisbon, Porto, the Algarve and the archipelagos of Madeira and the Azores.

The government invested heavily in tourism attractions through a specific programme run by Turismo de Portugal (Portugal's tourism bureau) in order to meet demand. The programme 'Valorizar' – meaning to value the interior –, invested, for example, in extensive wooden walkways through natural beauty spots. One example is the 8km Paiva Walkways which wind their way along the west bank of the River Paiva in Arouca, Aveiro, and cut through one of the most lovely and dramatic landscapes in Portugal.

"We invested a lot on tourist attractions in the interior of Portugal to respond to the growing demand from both national and international visitors. Since the pandemic, these have proved popular attractions. Covid created new trends as people wanted to avoid heavily populated areas, and instead sought the wide open spaces of nature and the countryside. Portugal was able to capitalise on this, as we had already invested in these attractions prior to the pandemic," explains Rita Marques.

It has also meant investing in Portugal's historic medieval and Gothic cities like Viseu, Braga, Bragançaa, Évora and Beja by making them more dynamic, not just in harnessing their history, but also through regional gastronomy and cultural events. This proved a spectacular success when the birthplace of the Portuguese nation state, the city of Guimarães, was European Capital of Culture in 2012.

The programme Valorizar has around 800 projects that have been approved by Turismo de Portugal, with non-repayable cash grants originating from direct revenues from that entity, while more than €100 million has been invested since 2018 in such projects.

Another more recent example was the inauguration this summer of the Rio de Moinhos Bikestation – a cycling hub and cycle paths covering the picturesque Serra D'Ossa in the Alentejo region in a €100,000 investment. The president of Alentejo and Ribatejo Regional Tourism, Vítor Silva, said it was aimed at tourists who visit the area for a specific product – in this case, cycling – so that they have a network of cycling paths and related infrastructures.

HELPING COMPANIES TO ADAPT

The government is to launch the programme Adaptar 2.0, which is an updated version of the initiative Adaptar 1.0, to support sector companies during the last pandemic in 2020. Aimed at micro-companies and SMEs, the programme has around €50 million to help businesses adapt and modernise their commercial establishments in terms of staff, management, suppler organisation and their interior spaces to the new sanitary and social-distancing rules.

A way of combatting seasonality is by making Portugal a business destination for congresses, summits, conferences, company team-building incentive trips and, of course, in the realm of culture and sport by hosting international events. In fact, the government has set aside a specific fund to invest in events (€50 million for companies that put on events and €42 million in outright grants for cultural events) to attract the public to different cities.

"We do believe that the priorities are there; they have been refined, updated to take into account the current circumstances, but we now need to boost the programme so that the targets that we have defined until 2027 can be achieved," explains the minister.

Rita Marques reiterates: "Our goal is to reach the level we had set in 2017, by 2027. In 2017, we had projected a tourism revenue growth rate that would achieve €27 billion by 2027 and that has not changed. The crisis may have set us back on our goal, but our plan is to get to this level, and if possible, even exceed it."

THE DEVELOPMENT BANK

From the €6.1 billion investment total, the largest portion of €4 billion will be held by Portugal's new development bank, Banco Português de Fomento, which will direct €3 billion in aid to support companies with a view to fostering both productivity and jobs, and €1 billion for capitalisation, thereby meeting the first of the essential tenets of the plan to Reactivate Tourism | Build the Future - Supporting Companies.

Apart from recapitalising sector companies, this amount will also include a public guarantee to refinance and reschedule loans and extend loan repayment grace periods, as well as a credit line backed by government guarantees to meet cash-flow needs, all of which aim to kick-start Portugal's tourism sector and get struggling companies back on their feet.

The aid package will be distributed across the wider economy linked to tourism and those segments which have been most affected.

The Secretary of State says that, regarding employment figures and statistics on company closures, the numbers are fairly positive. "There are clear signs that, because of our joint efforts, most companies and the jobs that depend of them were saved."

The fourth pillar, Building the Future, is a long-term strategic one, which, whilst depending a lot on what is being done in Europe regarding establishing mobility and travel through the European Digital Covid Certificate, also has a much greater ambition to define a tourism strategy for 2030-2050 within a European context.

The Portuguese presidency of the European Council, which ended at the end of June, launched this challenge and it is hoped that it will be passed by the Council.

"I have high hopes that we will shortly be able to announce a European Agenda for Tourism 2030-2050, which will continue under the Slovenian presidency that begins in July," says Rita Marques.

"THE AIM IS TO KEEP PORTUGAL COMPETITIVE AND KEEP BUSINESS COMING IN AND THIS ALSO MEANS THAT PORTUGAL MUST MARKET ITSELF WELL IN ITS TARGET MARKETS AND DIVERSIFY."

THE BRITISH MARKET

The British market is the most important one in terms of tourism revenues for Portugal, in a long love affair among British tourists with the Algarve across all economic income brackets, and this has been a constant for Portugal's main holiday region since the mid-1970s.The market represented 2.5 million hotel nights in 2019.

The minister declined to be drawn into speculation that the UK, after seeing plane-loads of tourists heading for the Algarve (around 30,000 from May 17), buckled under pressure from local UK tourism lobbies to "holiday at home", with a UK-wide government-backed tourism campaign launched around the same time to inspire people, particularly the young, to holiday in the UK rather than abroad.

"This is a question for the British government, but I was more surprised rather than disappointed that Portugal was removed from the green list. Other EU member states were equally surprised. I was in Greece when I received the news and I was with the Greek, Spanish and Maltese tourism ministers and they were surprised since they have very low Covid numbers and were meeting all of the UK's own standards and regulations," says Rita Marques.

"This is not good, not only for the governments, but also the tour operators and companies. We understand that we have to look out for our citizens, but we work in a sector that relies on free mobility of people and goods, and that means the rules for opening up for all the markets need to be known, and we were surprised because at the time, we had met the standards that the British government defined," she adds.

Essential **Tourism**

WORKING OTHER MARKETS

Overall, in terms of positioning Portugal internationally, Rita Marques says that, while the UK market is very important, the country, the government and its partners have been working on many other overseas markets for many years.

"We've never stopped working with other markets that are very dear to us and have a very strong relationship with Portugal's Algarve and Madeira. We had been marketing them significantly even before this pandemic arose. Ten years ago, the British market was dominant in the Algarve and is still massive, but our dependence on British holidaymakers has been decreasing steadily year after year," stressed Rita Marques.

However, the Secretary of State stressed that this did not mean the number of nights spent in accommodation was decreasing. "The stays per night are still increasing, but the numbers of other nationalities – the French, Italian and Dutch holidaymakers – are increasing at a faster rate."

"Ten years ago, the pie chart was dominated by the UK market. Today, while the UK slice is smaller, the pie is now much bigger as we have been growing in terms of the number of nights stayed, particularly regarding other European nationalities," she explains.

Much of Portugal's success in attracting new overseas markets is partly down to marketing and being discovered over the past decade, and partly down to new routes being introduced by low-cost airlines such as easyJet, Ryanair and others.

"Apart from Germany, France and Italy, we have also been marketing our neighbour Spain from where these tourists come by car. All the markets, including the UK, were growing until 2020, and whilst it is true that the British really do love the Algarve holiday experience and it is a perfect fit with a lot of repeat custom, we do need to diversify," says Rita Marques.

In June, easyJet opened up a new hub at Faro airport with three dedicated aircraft based there, and despite the decision by the British government. "That day, even after Portugal had been removed from the green list, eight flights arrived from the UK, so people are still coming despite the perceived risk, particularly digital nomads, not on the same scale, but relevant nevertheless."

TEN YEARS AGO, THE BRITISH MARKET WAS DOMINANT IN THE ALGARVE AND IS STILL MASSIVE, BUT OUR DEPENDENCE ON BRITISH HOLIDAYMAKERS HAS BEEN DECREASING STEADILY YEAR-ON-YEAR."

"The aim is to keep Portugal competitive and keep business coming in, and this also means that Portugal must market itself well in its target markets," she says.

Still, she emphasises that even in the pandemic year, Portugal was recognised as the best tourism brand in Europe, so "obviously we are doing something right, we're looking forward and we will continue to spread the word and send out the correct message, showcasing the best we have to offer in terms of the competition, which will be stiff in this phase of reopening up the sector".

REFORMING THE SECTOR

The Secretary of State for Tourism does not believe that the sector needs structural reforms, which is why there was no mention of this in the government's Recovery and Resilience Plan (RRP), given that the sector already has the investments from the plan to Reactivate Tourism | Build the Future.

"There are those who have called for us to be part of the RPP, but I would stress that the tourism sector does not need structural reforms; our governance is adequate, our assets are extraordinary and our growth (discounting the pandemic) has been sustainable.

"Obviously we do require a specific plan to ensure the development of the sector in such a way that we can meet the targets we had set out in 2017 by 2027," she said at the ICPT and reiterated at the 7th Internal Tourism Forum - See Portugal.

NOT SURVIVING, BUT THRIVING

"Everybody is talking about the sector surviving after the pandemic, but I want to see us thriving and setting an example of how a country can develop all of its tourism assets, both town and country, beaches and mountains, lakes and rivers and in all areas: business, golf, events and congresses, sand and sea, highlands and national parks. After all, we have so many assets to show for a small nation and that's why we are the only country in Europe that has launched a specific plan and budget for tourism to harness those assets and provide reasons to visit Portugal and its contrasting regions all year round," concludes the Secretary of State for Tourism, Rita Marques. ■

Lisbon's new educational visionaries

Entrepreneurs Chitra and Roman Stern are not just developers. They are visionaries. Their latest project in Lisbon is much more than the United Lisbon International School. It's an entire educational hub that has every conceivable requirement covered

TEXT **CHRIS GRAEME**

When Lisbon's Mayor, Fernando Medina, admitted he didn't know how to express "how amazing" Lisbon's United Lisbon International School and Education Hub project is when attending its official opening in April, it truly was that rare case of a politician understating the scope and ambition of a project more typically seem in municipal urban planning.

This is not just another international school running on a well-tested franchise formula, churning out privileged high school students like some educational burger bar; this is a vast, all-encompassing, long-term city investment plan that promises not only to raise the bar in terms of private education in Portugal, but will regenerate a large and currently rundown piece of East Lisbon real estate.

Chitra Stern, architect Eduardo Capinha Lopes, Roman Stern.

The ambition is staggering and we're talking mega bucks, not just a few million euro investment from equity funds, but rather a wholly privately financed €78 million project, which is both a masterplan and a forward-looking vision for what education in Europe can look like.

But then, when you know the husband-and-wife team behind the project, Roman and Chitra Stern, who have always been nothing if not big concept thinkers, you then understand that they are more than capable of pulling off the project.

Who else in Portugal, in the middle of the worst health pandemic and economic downturn in living memory, would dare to take what on the face of it seems like such a bold and reckless risk?

A DREAM IS BORN

In fact, since the couple arrived in Portugal, they have achieved several big ticket dreams. The first was recognising there was a niche demand for family holidays in luxury surroundings. They took advantage of distressed assets at the right time and started work on building the exclusive family-friendly brand Martinhal in 2010, and its hotels in the Algarve, Cascais and Lisbon.

Recognising Portugal's potential as the California of Europe – and this was well before the millions of tourists swarmed in to make Portugal fashionable and trendy worldwide from 2017 onwards –, the Martinhal brand quickly expanded to a €130 million investment in a luxury family hotel and apartment development in Lisbon's Parque das Nações under a new brand the Elegant Group, and a turnkey office block to house the insurance company Ageas. Then their eyes settled on several large contiguous parcels of land on which stood a defunct university, several warehouses and '70s-style industrial premises and attendant offices. A dream was born.

Essential **Education**

"MY WISH FOR THE UNITED LISBON INTERNATIONAL SCHOOL IS THAT CHILDREN FIND A HAPPY AND SAFE PLACE WHERE THEIR CURIOSITY FOR KNOWLEDGE IS ENCOURAGED AND CONNECTS THE LEARNING TO THE REAL WORLD AND GIVES THE CHILDREN THE SKILLS THEY NEED FOR TOMORROW." (FOUNDER CHITRA STERN)

The first phase, the United Lisbon International School, was three years in the making, from buying up the land on which the failed Universidade Independente stands, and transforming it into a state-of-the-art school, which actually opened to take students on September 14, 2020, but was officially unveiled by the Mayor of Lisbon on April 14 .

TWENTY-TWO NATIONALITIES

Starting a school from scratch is one achievement, but it is quite another to do so in the middle of a pandemic.

As United Lisbon's general manager Teresa Monteiro points out, "the most important thing to realise is that many of these students came to the school where they didn't have any friends or know the teachers because of Covid-19. They were walking into a building with masks and in segregated sanitised classroom areas or 'bubbles', and that was a big challenge".

"We had to make it as humane and user-friendly as possible, and what we can really be proud of is that the kids really feel at home here. None of them had previous friends or groups; they all had to create their own at the school," she explains.

Since opening, the school has enrolled 151 pupils from 22 nationalities, of which 25% are Portuguese and 75% come from other countries.

The lingua franca is English, and having a basic knowledge of the language in order to follow the classes is part of the enrolment requirement, although up to the 5th grade (11 years), they don't have to have a formal English certificate and there is a programme to speed up their level of English.

So far, the school offers teaching up to 9th grade, but in 2022, when the International Baccalaureate programme starts, it will include 10th grade and 11th grade in 2023.

TECHNOLOGY FROM DAY 1

During the lockdown in the first quarter of this year, the school switched over to remote classes, using Microsoft School Teams for the older children and SeeSaw for the younger primary school children.

"We started as a school with online students and classes because of the pandemic. So the pupils got used to online learning, which in itself was good from a getting-to-grips-with-technology point of view," says Teresa Monteiro.

"We were already equipped for online learning, with many students still in their own countries attending the classes who were unable to come to Portugal because of travel restrictions and other reasons. Even children aged six were able to do online and independent learning by the time we had to close in January with the second lockdown," explains the general manager.

Teresa Monteiro point out that learning is very group activity based and hands on. "It's not like in the past when pupils had to look at a teacher in front of a board for 45 minutes; the attention span is larger because they are involved all the time."

José Azcue, Interim Head of School, explains the typical day with pupils arriving at 8am and immediately going to a Home Room, where they spend 15 minutes reviewing the previous day and how the rest of the week will run. They have four 45-minute classes in the morning, separated by a 20-minute break. At lunch, the pupils go to the refectory in their class 'bubbles' to avoid the possibility of Covid-19 transmission. Some subjects that require more time, such as art or in the science laboratory, are double periods.

"We had five bubbles with groups of four kids that don't mix with the other ones to avoid contagion, while the primary school-age kids were completely isolated from the older children in another adjoining building, as though they were in a separate school," explains José Azcue.

Everything runs in parallel. For example, when two 'bubbles' are on lunch, the other two are on a recreation break. "We are very proud that, through these precautions, we did not have to close down the school, which only happened when lockdown came," he says.

The school has a ratio of 6.5 students per teacher. This way, it can achieve very individualised learning. "We have a psychologist, and if a family has a child with some challenge such as Aspergers, she will see if she can provide what we need. This would be case by case," says Teresa Monteiro.

PARTNERING WITH SPORTS INSTITUTIONS

Although the Lisbon international school provides four PE classes a week in the curriculum and a recess when pupils can do playing-field sports, group sports have been out of the question because of the pandemic.

However, as things get back to normal, the school's pupils will benefit from a number of partnerships it has made with famous sports institutions. For example, those keen to learn tennis will be taken to play at the Lisbon Racket Club. It also partners with the Sporting Academy (Sporting Football Club) for football and swimming lessons, starting from the 2021-2022 academic year.

"We have one person in the school who is in charge of the sports curriculum, who was trained by Sporting according to the Sporting Academy model which is a franchise," says Teresa Monteiro.

"Plus, we have a coach from the Portuguese Olympic Fencing team teaching our pupils. We have the Academy of Dance giving lessons to pupils in our school. We also partner with the Técnico[university] for rugby and music, too. The reason why we decided to partner with these academies and clubs is because if the pupils are good and want to take the sports further, they can develop to a competitive level, so we pick and choose the best partners for each sport," adds the general manager.

ACTIVITY FOCUSED

A guided tour around the premises soon reveals how extensive the school is.

Two interconnected buildings – one with three floors and one with five – are linked by a corridor. The classrooms are soundproofed and have large windows to let in plenty of light. Glass windows also overlook the corridors so you can see which class, age group and teacher is within. All the rooms, which are divided up into zones, have large interactive Promethian screens. These zones can be adapted, for example, for music or art.

The grade 2 and 3 children are working on laptops. The teachers wear masks because they circulate from building to building and class to class, but not the children, because they are already in their 'bubbles'. The children's temperatures are checked every week while the staff do twice-weekly self-testing using kits.

A long corridor with an activity wall has United Nations and wildlife images with notes and thoughts in crayon scribbled beneath in Chinese, Russian and Portuguese.

This was a provocation activity called 'Think, See, Wonder'. Children looked at pictures of African fishermen, Indian farmers, refugees, sea birds affected by an oil spill and wrote whatever they saw and thought before trying to explain and put it into English.

"Some of these 3rd, 4th and 5th grade kids come from privileged lives and it was interesting to see their perceptions. The girls think that gender equality issues are important. For example, they could not understand why a woman doesn't earn as much as a man," explains US-national teacher Megan Kuemmerlin.

Kuemmerlin points out that environmental issues matter to them, especially when they see how it affects animals. "They get upset because it is closer to home for them. They see trash all around so that is something they can relate to." The 5th grade is doing a project on food waste and what happens when food goes bad. They put sugar on some, and salt on others, and then observe it everyday to see what happens to the food. Then they discuss moulds.

When it comes to the science labs, forget dark-panelled rooms with wooden benches, brown rubber gas tubes attached to Bunsen burners and glass bottles full of coloured crystals and powders. That was the '70s and '80s.

Today the labs are colourful, light and boast 3D printers, and using digital technology is the norm for designing simple items from school merchandise, key-rings, badges and logos to even fixing the broken temples of eye glasses.

"We combine some practical manual work with digital and use a lot of cardboard, string and recyclable materials, but not woodworking yet," says technology integration specialist, Kyriakos Koursaris, who originally hails from Cyprus.

"We get them using Adobe CAD design software and others so they can switch to different technologies and feel comfortable with it. It is one thing to craft something, it is another thing to explain why something broke and help them discover how to fix it, so the focus is away from consumerism. Their glasses break, so I suggest we design a new one and explain that although it won't be perfect, it will be functional," he says.

A BROADER PLAN

Chitra Stern is a relaxed, accessible and simply dressed woman. As she points to the master plans dotted around the walls of the project's operations centre overlooking the school buildings, she makes the sheer size of the project sound effortless.

"If someone had told me five years ago that I would be embarking on this project, I could never have imagined it," she admits.

The school is part of the Sterns' international vision for education and Edu Hub. They hired a consultancy firm to help them set up the programme. Although the school has a capacity for 1200 students, it will take three-four years to reach that capacity, and they are confident it will.

"We know there's a huge demand out there simply because of the sheer number of site visits and inquiries we have. The school, the Edu Hub and the accommodation have been thought out to meet a niche demand and take away the stress that parents, students and teachers have. The business plan has been thought out to cover every eventuality, and experience tells us that, if you do that and meet those needs and expectations, then the project will be a success," she says.

To make the school financially viable, they have to have at least 30-40% capacity. Fees are competitive but don't come cheap, starting at €10,000 per annum and rising to €22,000. That covers the years between early childhood and year 12.

It is surprising to learn that the younger students are very costly in terms of resources, but this is generally how fees are structured. The big costs are buildings and salaries and the school has 30 salaries to pay.

"As an educational project, it is a long-term project for sure, and one that is important for Lisbon as the mayor stated at the school's inauguration," she adds.

Chitra and Roman Stern put their own money into the project via bank loans and the help of one private silent investor and friend from South Africa who had made it big in the tech sector.

There are five building components to the Education Hub and United Lisbon International School project: the school, which has two interconnected buildings, student accommodation and a short-term landing pad for parents, teachers and even diplomats, and an indoor sports academy building with an entertainments auditorium.

"We're designing a residential building as multi-purpose accommodation for education. There will be some small apartments as landing pads for teachers, young embassy and other families whose children are enrolled," says Chitra Stern, who says that, having brought up four children, she knows the importance of finding a convenient temporary place to live close to the school while applying for tax, social security and health numbers and opening bank accounts.

"WE STARTED AS A SCHOOL WITH ONLINE STUDENTS AND CLASSES BECAUSE OF THE PANDEMIC. SO THE PUPILS GOT USED TO ONLINE LEARNING, WHICH IN ITSELF WAS GOOD FROM A GETTING-TO-GRIPS-WITH-TECHNOLOGY POINT OF VIEW." (GENERAL MANAGER, TERESA MONTEIRO)

"WE HAVE FIVE BUBBLES OF FOUR KIDS THAT DON'T MIX WITH THE OTHERS TO AVOID CONTAGION. THE PRIMARY SCHOOL AGE KIDS ARE COMPLETELY ISOLATED FROM THE OLDER CHILDREN IN ANOTHER ADJOINING BUILDING, AS THOUGH IN A SEPARATE SCHOOL." (INTERIM HEAD OF SCHOOL, JOSÉ AZCUE)

A part of the housing unit will certainly be for university student and summer camp accommodation. Some sections may be for boarding, although the entrepreneur stresses this is not a typical Swiss or English boarding school, but an urban education space with accommodation that would appeal to the 17 and 18-year-olds who are used to independent living.

The accommodation will have two-bedroom flats, micro-accommodation and student accommodation aimed at university students, 17/18-year-old pre-university school pupils and even teachers.

"We really looked at this project as a differentiator, from every angle. If you offer the right things, there's no doubt you get business. We just have to be good for a few people. It's a differentiated niche, which is what we did at Martinhal, which is great for families seeking that luxury experience," says Chitra Stern.

And on her hopes for the school? "My wish for the United Lisbon International School is that children find a happy and safe place where their curiosity for knowledge is encouraged and connects the learning to the real world and gives the children the skills they need for tomorrow.

"We want it to become the leading international school in Portugal and, together with the Education Hub, become an educational campus that will comprise many elements that will contribute towards the education of the students at the school," concludes Chitra Stern. ■

Essential **Education**

APPII
Ready to take the next step forward!

The Portuguese Association of Real Estate Developers and Investors (APPII) celebrates its 30th anniversary this year. New chairman Hugo Santos Ferreira explains how the association aims to become the lynchpin for the entire real estate sector

TEXT **CHRIS GRAEME**

This year is a milestone for the Portuguese Association of Real Estate Developers and Investors (APPII). Not only is the APPII celebrating its 30th anniversary since it was founded in 1991, but it also has a new chairman, Hugo Santos Ferreira, who has plans to put the organisation at the very centre of Portugal's property development and investment sector.

And it is not a bad time to be heading an organisation that represents one of the most dynamic and robust sectors of the economy, which has consistently brought in between €2.5 billion and €3 billion in overseas investment per annum since 2017.

But what does the new president of the APPII want for the association and where does he plan to take it?

"I have been managing the association since 2014, and between 2014-2019 we had a cycle of six years of growth, dynamism and market repositioning. In 2021, we have realised that this cycle has come to an end, so now we are ready to take a step forward," says Hugo Santos Ferreira.

"Today, we aim to be the big voice for the sector, a lynchpin association for the members, the sector players and the local and central government authorities that are our partners," says Santos Ferreira, who talks about a time to consolidate the association's position.

A MAIN DRIVER OF THE ECONOMY

The APPII represents all of the real estate investors in Portugal. That's around 200 companies. It has enjoyed an annual growth of around 20% in terms of members. These companies are the most important real estate investors and developers in the Portuguese market. Together they represent a total annual turnover worth 15% of national GDP or around €30 billion per year (in 2019m Portugal's GDP was €237 billion).

The association wants to position itself in the market as one that represents a sector that is one of the main pillars of the economy.

"If we compare the sector's worth with the €76 billion that the troika injected into Portugal between 2011-2014, we are referring to a lot more capital.

From 2014 to 2020, these investors have invested more than €120 billion," says the APPII president.

Since the APPII was founded 30 years ago, it has become one of the main gateways for overseas investment in Portugal. Some 50% of its investor members are foreign, many of them managing private equity investment vehicles and funds. such as Real Estate Investment Trusts (REITS).

"We continue to see a lot of interest from investors in Portugal, but they are always concerned about the same problems: bureaucracy, instability and unpredictability over legislation and tax. These are the two main issues that scare off investors," says Hugo Santos Ferreira.

"I hope that by removing some of these barriers in the near future, we will become a much more investor-friendly country for these international investors," he adds.

A GOOD INVESTMENT RETURN

The APPII points out that both the prices and yields on Portuguese real estate assets have generally been resilient even throughout the pandemic, with good expectations on returns and an increase in asset values.

As Hugo Santos Ferreira points out, "real estate has always been a refuge for investors and moreso now because there is an excess of international liquidity. The central banks are injecting money into the economy to avoid a world recession. So we have investors and capital".

"Liquidity is being invested in real estate because the interest rates are low; there is some credit in the financial system and we believe this will continue," says Hugo Santos Ferreira.

The government's Non-Habitual Residency (NHR) and Golden Visa schemes have also been hugely important for investment attraction.

"It's vital these schemes continue and they have already come under attack by legislators in parliament. These schemes are considered two of the fundamentals that investors in Portugal recognise to safeguard their investment, for both buyers who buy an apartment, or institutional investors such as funds who develop real estate projects such as residential development for instance," explains Hugo Santos Ferreira.

The Golden Visa in its present form will remain unaltered until 2022, after which it will continue in Lisbon and Porto through equity funds. Investments in other asset classes such as logistics, hotels, tourism, retail units and commercial real estate will also qualify. However, the APPII president warns that if Portugal ends the schemes or makes them less attractive, the investment will go to other countries that operate schemes, such as Cyprus, Malta, Spain and Greece.

SMART THINKING

The APPII has suggested the Golden Visa scheme should evolve into a SMART Social and Green Visa, which would align with the next-generation European Green Deal, European Technology Pact, the EU Recovery and Resilience Plan and the EU's drive for new energy efficient construction.

Hugo Santos Ferreira notes that the call now is to transition towards a Green economy. The Golden Visa could apply for Green Deal projects, including property conversion to energy-efficient buildings, of which there are a deficit in Portugal.

Another avenue would be raising the investment bar to €600,000-€700,000 to include a social obligation to invest in the affordable rents lease market for investors who want to invest in Lisbon or Porto.

And Hugo Santos Ferreira does not believe that Golden Visa investors will want to invest in secondary cities such as Viseu, Guimaraes or Leiria. "Around 97% of investors want to invest on the coast. Only 3% want to invest inland Even when they offered a 20% discount to invest in the interior, only 3% took it up."

"The idea would be to retain a programme that has brought in over €5 billion since 2012 and allow the investors to help develop the Golden Visa programme into a Social Green Smart Golden Visa. I think investors would be open to investing in that," he says.

The APPII head stresses that these revenues came just from individual investors, not funds, developers or groups. Hugo Santos Ferreira stresses that, even in 2020, the pandemic year in which the Golden Visa was criticised by left-wing parties in the parliament, it still brought in €647 million.

And the argument that the State loses €700 million in taxes is untrue. The Golden Visa brought Madonna, Eric Cantona, Monica Bellucci, Gérard Depardieu and Philippe Stark.

"Since 2014, these schemes have rehabilitated our city centres, boosted tourism, increased shop and restaurant trade and created jobs. Without them there would have been no revenues at all, because small investors would not have come to Portugal in the first place," argues the APPII president.

RISK OF A BUBBLE?

The APPII isn't worried about property bubbles. Hugo Santos Ferreira points out that this only happens when there is an over-dependence on the internal market. "Today we have an international dependence with a diversified risk from investors from Brazil, China, South Africa, France, Middle East and the Americas."

But does the market face problems from over-leveraged lending, as was the case when the financial crisis hit in 2007 onwards? Hugo Santos Ferreira thinks not.

"The banking system has learnt from the last financial crisis and today there are greater checks and balances on credit. You don't see the kind of big bank loans for developments that there were in the past.

"In some ways it has gone too far the other way, which can be bad for the Portuguese economy because it neuters it and limits activity. Today there are a lot more restrictions in terms of financing than existed at the time. This is good for economic stability, but should not restrict investment for housing for the middle classes, and there needs to be a joint effort between the State, the developers and the bankers in terms of credit for apartment buildings," says Hugo Santos Ferreira.

With all the contextual costs from the increase in construction costs and building materials, the lengthy planning

"TODAY THERE ARE MORE RESTRICTIONS IN TERMS OF FINANCING. THIS IS GOOD FOR ECONOMIC STABILITY, BUT SHOULD NOT RESTRICT INVESTMENT FOR HOUSING FOR THE MIDDLE CLASSES. THERE NEEDS TO BE A JOINT EFFORT BETWEEN THE STATE, THE DEVE- LOPERS AND THE BANKERS IN TERMS OF CREDIT FOR APARTMENT BUILDINGS."

process, the myriad of property taxes and limits and restrictions on bank credit for middle class housing projects all make it much harder, he says, to develop affordable housing projects.

The costs on housing can be a much as 30% in terms of taxes in Portugal compared to 10% in Spain.

CUTTING BUREAUCRACY AND SIMPLIFYING PLANNING PROCESSES

Hugo Santos Ferreira says there are two big challenges ahead: housing for all and a reduction in bureaucracy, both of which continue to be the biggest obstacles to development and productivity in Portugal.

"Bureaucracy and taxes are the two negative points for Portugal in the World Economic Forum's competitiveness rankings. The lack of transparency, complexity and time taken for planning processes is, he says, a national problem.

"Corruption in the licensing processes scare away investors. The result is a dearth of affordable housing in the market for the Portuguese. Every year of delay in planning permission has a cost impact of €500 per square metre on the final sale price," says the APPII president.

On a sale price based on €2,500sqm, a two-year delay costs €500-€1000, so the final price is €3,000sqm-€3,500sqm, which is already beyond the reach for the Portuguese middle classes.

"This is why we have to lower the planning permission timings. There has to be more certainty from local and central government on regulations, rules and timings," he says.

CITIES FOR THE FUTURE

The APPII believes that Lisbon and Porto must be 'cities of the future' to compete with other cities of a similar size, on an international level.

It says you can't create SMART cities without investors and developers and that cities, their housing stock and municipal council planning processes must be digital. Digital online planning processes and shorter licensing times foster transparency, avoid corruption and generally is faster and more efficient.

Hugo Santos Ferreira says municipal councils need to appoint process managers who act as single points of contract for the developer.

"What we have now is the ridiculous situation that, from the moment a process enters the council to when it leaves, there are scores of people involved and we never seem to know who we are dealing with," he says.

Hugo Santos Ferreira believes the entire camera planning process needs to be digital. There are some larger cameras that have almost 700-800 people working in their urban planning departments. What is needed, he says, is one coordinating department and an interlocutor who has decision-making powers and liaises with the others.

Hugo Santos Ferreira says that the entire development and planning permission process in councils has to be simplified and streamlined. Instead, developers currently having to deal with up to 30 different public entities, scores of bureaucrats and countless bureaucratic paper trails in which documents often get lost.

"We've called on council mayors to help us solve this problem. We've come up with proposals and suggestions and have called for a conference on the subject. We think and hope its plausible, and all that is required to make it happen is willingness," adds.

HOUSING FOR ALL

The APPII recognises that there is a chronic lack of affordable housing for the middle classes in Portugal, and is working closely with the Minister of Infrastructure and Housing, Pedro Nuno Santos, and the Secretary of State for Housing, Marina Gonçalves.

"We have in recent months seen a greater willingness to be open to solutions that deal with this problem. We aim to be part of the answer to the problem and not the problem itself," says Hugo Santos Ferreira.

"In Portugal, there is one issue regarding affordable housing — high prices, and you lower prices by creating more offer," explains Santos Ferreira.

The APPII has defined four strategic areas: 1) Providing more raw materials, more buildings to refurbish and modernise, and more parcels of building land; 2) Simplifying licensing procedures; 3) Creating a more investment-friendly environment, legally and tax-wise; 4) Improving the way the justice and legal system works in Portugal.

THE RENTAL MARKET

In a recent Portuguese Investment Property Survey, the build-to-rent segment was considered a viable and attractive investment avenue by 73% of developers.

"At a time when there is a serious lack of affordable housing to rent, the cost of renting apartments is ridiculously high because, again, there is more demand than supply to meet it," explains the APPII president.

"We have a housing policy that was created some years ago, but ended up having zero positive impact, since we continue to face the same problems. We want to invert former experimental policies of artificially controlling the market because they don't work in the long term. It didn't address the problem on the supply side — meaning lack of affordable new build or refurbished housing – then, and it won't now."

The APPII president gives the example of Berlin, where the housing market exploded and the municipal council froze rents for 1.5 million apartments in 2020 for the next five years. It was a controversial move to control the sky-high costs of housing that had forced tens of thousands of people to move outside Germany's capital. The federal legislature passed the rental freeze law on older properties, which was hailed by some as fairer, but severely criticised by its socialist methods of artificially manipulating the market by restricting demand. Prices went up even more and made a market that was already inaccessible even more so.

In Portugal, government measures aimed at reducing demand rather than encouraging supply by limiting rental prices will ultimately fail. Hugo Santos Ferreira says the policy is wrong, since prices would never rise in the first place if offer was strong.

"We have a rental market that is increasingly unbalanced between tenants and landlords, making it unviable for the latter. When property owners or potential investors in property for rent see this kind of imbalance, with fixed and manipulated rents, then they won't invest in the market," he says adamantly.

Hugo Santos Ferreira points out that State direct interference in the market, elbowing out private development initiatives with unviable business models and unfair competition, is not the answer to make Portugal an attractive destination for overseas developers that are so vital for the Portuguese economy.

"All of these measures are artificial and damaging to a healthy and productive rental market, scaring away investors, and it will only create serious financial problems for both the State and municipal councils in the long run," concludes the president of the APPII, Hugo Santos Ferreira. ■

The woman with the 'wow!' factor

Beatriz Rubio is one of Portugal's most successful entrepreneurs. A leading light in the real estate business, the CEO of RE/MAX Portugal has just launched her perfume BR 'Uma Attitude Única', while in 2014 she led RE/MAX Portugal to receive the award of 'Best Country in the World' from out of all the RE/MAX international estate agent franchises. The entrepreneur revealed the key rules by which she lives her life to the American Club of Lisbon, rules which have guided her on the road to success

TEXT **CHRIS GRAEME**

A natural-born leader, Beatriz Rubio says leadership is not about having a professional title, but rather an attitude that should extend to all areas of one's life.

Yes, in 2014 she led RE/MAX Portugal to win the award 'Best Country in the World' from among the global group, but as she says, life is not always about titles, diplomas and awards. It is about stories and people, experiences and embracing life.

But aside from real estate, Beatriz has led a life in many different areas. She has written books — in 2014, she launched her first book 'Conquistando a Vitória' ('Winning Through') – in addition to coaching and public speaking at congresses, workshops and events around the world. Beatriz and her husband Manuel Alvarez have also announced taking over the management of RE/MAX in France and Germany.

The entrepreneur has had a varied career. In 1998, she worked for the Jerónimo Martins Group, where she was Head of Purchasing for the Recheio brand.

Beatriz joined the echelons of management at RE/MAX Portugal in 2002, where she was in charge of marketing and finance, and by 2009 has worked her way up through sheer grit, determination and passion to become its CEO.

Not only that, in 2011 and 2013, she was the finalist for the Best People Manager in Portugal Award.

Beatrix Rubio has also just launched an eponymous perfume, she does frequent podcasts and, during the pandemic, she even launched a charitable campaign 'Motiva-te Portugal' (Get Motivated Portugal), which has helped many people in tough times.

INNER BEAUTY AND ATTITUDE

The RE/MAX Portugal CEO says she has learnt a lot from her children, who have taught her to seek her inner beauty, which in turn has taught her to see the beauty in others.

Beatriz Rubio lives by three central maxims. The first, 'Problems are problems and happiness is happiness'. You can have both, she says, since they are not mutually exclusive. "You can be happy even though you might feel terrible about something bad that just happened." The second is having the 'Wow!' attitude to life, which means living your life to the fullest and expressing it. Third, 'Success belongs to those who dare'. Those who fight longer, who dare more, are much more likely to win.

During the first lockdown in 2020, Beatriz and her husband Manuel Alvarez decided to go to a small house they own across on the south side of the River Tejo in Lisbon, which the family (Beatriz has two daughters, Marta and Patrícia, and a son Manuel) use as a weekend getaway.

Several lightbulbs had blown, so Beatriz, always one for trying the quickest solution, threw all the bulbs into the rubbish and went to a store to buy new ones.

She needed some 14 lightbulbs, some for chandeliers and others for lamps. The sales assistant asked what kind of lightbulbs she wanted: the wattage, the size, the colour temperature, and she admitted that she didn't know.

"A lightbulb went on in my head. I had a sudden insight. People are like lightbulbs; some shine at 200 watts, others at 100, others still at 80 or even 60. And there are people that don't shine that much. There are people who are just like a lightbulb that went off," she thought.

"So what makes us stand out and shine at different levels? It's our attitude. An attitude which the Spanish call 'Olé, Olé, Olé!'." Beatriz has a small formula for everything she does in life and calls it her recipe for success: Knowledge + Skills x Attitude = Success.

A MULTICULTURAL UPBRINGING

Born in Zaragoza, Spain, Beatriz is the daughter of a Spanish father and a Bolivian mother. She grew up jumping between the two cultures. Beatriz would study in the school year in Spain and then spend her vacations in Bolivia.

This made her open-minded, and she gained a wider perspective from these experiences and made her adventurous. That sense of adventure included learning to fly.

"I almost crashed once because the plane had virtually run out of fuel! I owe my creativity to having learnt to adapt

Essential **Personalities**

to living in both environments and cultures," she says.

10 COMMANDMENTS

Beatriz also lives by several commandments, which she says have helped her to focus on having the right attitude to life. The first is Patience, the second is Dreams.

Patience as well as dreams are important and inter-linked. "A person may have dreams but must have the patience to draw up a plan on how to achieve those dreams. You cannot spend all your life waiting for the perfect plan, just like you cannot sit around and wait for the perfect man or woman, or expect the perfect son or daughter. That won't work. You have to have a plan and put it into action because life can quickly pass you by," says Beatriz.

Another is Awareness. Beatriz says that everything comes from you. You are the one that controls your life. If you want something, you are the one who determines if you are going to get it or not. And you cannot blame others for not being happy or successful. All is down to you.

INNOVATION - REMAX SALES

Innovation is another commandment. Beatriz says you must try and think out of the box. Look for things beyond what you have seen, heard and experienced. Try to spot something different. Finding that difference might be the key to achieving that success that you want in life.

"Just because something has not been done, doesn't mean that it can't be done. When my husband went to work for RE/MAX, I got an offer at the same time and accepted the job to pay the bills. The only snag was that the job was in Braga in the north of Portugal. The road was not that good back then, and my children were small [two years and a two-month old baby]," Beatrix recalls.

"I had to think about a solution for eating, because a small child and a baby can't make a five-hour trip without stopping to be fed. My husband had the idea of installing a microwave in the car. I sought advice from a mechanic and it worked!" Beatriz would do the trip, stop half way, heat up the meals and did that for two years.

And as for Creativity, another of her commandments, the property entrepreneur has a story to tell, too.

When she went to the shop sales, she noticed women were fighting over a pair of black slacks, even though they must have already had several in that colour. But, since it's on sale, it must be a great purchase.

Says Beatriz Rubio, "I thought, why not bring sales to RE/MAX? That would be a great deal". And that is exactly what she did, and on that first day of the sales she had organised in 2008, the estate agencies closed at 3am because there were so many people there insisting they would not leave until they had seen every single one of our houses on sale because they wanted one!"

And sales are still something that RE/MAX Portugal does every year from December 21 to February 20, with price reductions ranging from €5,000 to €50,000.

For example, in 2020, RE/MAX had 2000 properties for sale until the end of February that year, including 753 houses, 330 apartments and 690 plots of building land, as well as 37 warehouses, three garages, 150 shop units and eight offices with discounts of up to 46.2%.

And in some places like Albufeira in the Algarve, Viseu in the north and Setúbal, where the lion's share of the properties were located, there were massive discounts on 77, 57 and 50 properties, respectively.

In the RE/MAX sales campaign for 2018-2019, the property retail chain saw a sales price turnover of a staggering €543 million.

CHARM AND SEDUCTION

But being business savvy and intellectually and technologically competent isn't quite enough. You have to have Charm and Seduction.

"Seduction is important, but that does not mean manipulation. Rather it means creating a fan club for ideas. For those people who will follow you to achieve anything because they believe in you and what you are doing. That is power," says Rubio.

And when it comes to problems, small or large, they are your problems and you may feel like it's the biggest problem in the world because it affects you. And here, the RE/MAX CEO dons a big black bin liner to illustrate how a myriad small problems can compact to become what seems like one big problem that we can't escape from. You need Flexibility.

"THOSE WHO SUCCEED ARE THOSE WHO TRY MORE. YOU MIGHT NOT REACH YOUR GOALS THE FIRST TIME, BUT YOU MUST KEEP GOING AND GOING AND GOING, AND YOU WILL GET THERE EVENTUALLY."

"Sometimes you have to have a flexible attitude and break down your problems and not see them as problems, otherwise your problems with overwhelm you." Beatriz illustrates this by poking a small hole in the bag in front of her nose to be able to breathe, before tearing herself out of the bin bag.

One important attribute is Determination and not giving up at the first hurdle. "To outsiders who look at successful people, they only see the success and think they are lucky. They don't see the hard work and determination and the road littered with failures and disappointments along the way," she explains.

"Those who succeed are those who try more. You might not reach your goals the first time, but you must keep going and going and going, and you will get there eventually," she says.

And with all these keys to a successful life, it would be nothing without Passion. Sometimes we feel tired and think that we can't go on. But something drives us on and that something is passion, meaning we love what we do.

"You have to have passion for what you do, because it is your driver that gives you that extra bit of motivation and energy to take you forward. If you don't have passion, once you are tired and don't see a solution, you give up, but passion is what makes the difference in staying the course," she adds.

But above all, no matter your challenges, difficulties and problems, Beatriz Rubio says you should always have Gratitude for life.

"You should really live life to the full and treat every day like the gift that it is. So if you are 55, like I am and have, taking out sleep, 25 years left to live according to the European average, you have to get the most out of life now, be happy and remember it's never too late to try something new and achieve goals.

"Life is not just about the successes you have achieved and the failures you have suffered. It's about enjoying every moment to the full, being happy and living in the present surrounded by family and friends," concludes Beatriz Rubio, the CEO of RE/MAX. ■

Cooperation between members

The British-Portuguese Chamber of Commerce (BPCC) celebrates its 110th anniversary this year and, despite the pandemic, membership has increased

TEXT **JONATHAN CHARLES**

You would think that it in the midst of a pandemic year, when economic indicators were down across the board and the realities of Brexit kicked in, the British-Portuguese Chamber of Commerce (BPCC) would be struggling.

But nothing could have been further from the truth in 2020. The BPCC did surprisingly well in terms of revenue stream and corporate membership which actually increased, coming as "rather a surprise to us", according to CEO Chris Barton and new chair Rui Pedro Almeida, CEO and managing partner of the Moneris Group.

And membership churn rate (5.5%) was less than in previous years. This year, however, will be more challenging, both believe, as traditional income streams from sponsorships and trade fairs (20%) dried up since the pandemic ruled out live events and trade shows.

"We were able to reinvent ourselves, keep our business community together and grow our membership since there was a need during the pandemic for businesses to feel more united and connected," says Rui Pedro Almeida, adding that the BPCC currently has more than 370 members, recording a net increase of 15 new members in 2020.

Chris Barton says that "the ability to adapt to changing circumstances was fundamental in these trying times".

A COMPREHENSIVE DIGITAL AGENDA

In 2020, the BPCC had a comprehensive agenda, with different speakers on subjects as wide as the legal aspects of lay-offs, talks about marketing, presentations on oil price volatility and even webinars on managing stress and burnout in the workplace.

Rui Pedro Almeida points out that fully transitioning to digital was another major change in the way the chamber operates, catalysed by the pandemic.

"I think we acted very swiftly regarding changes in the digital sphere. By March and April 2020, we were already running conferences, training workshops and seminars online, so I think we had a first-move advantage and acted very flexibly, and our members really appreciated that," he says.

In fact, not only did the BPCC attract new members, some existing members upgraded to premium membership category, while the attendance rate in terms of events "went through the roof".

Of course, there's always the argument that, during lockdown, it was simply convenient and sufficiently distracting to log onto a webinar, and that may well have been the case in the first quarter of 2020. But as Chris Barton points out, "what is true today will not necessarily be true tomorrow".

"Zoom was a novelty and then became a nuisance, fashions change quickly and what people liked in the early days was out of fashion later on," he notes.

HYBRID FORMAT EVENTS

"The biggest challenge now is to become hybrid for those that can attend in person and those who, for time and logistical reasons, can only attend remotely," says Rui Pedro Almeida, adding that this is particularly valuable when members or interested parties are spread throughout Portugal, or indeed the world.

"Last year we started to prepare the trade missions that this year were supposed to be attended in-person, but have now become remote," he says, pointing out that the BPCC had just completed a virtual trade mission on digital, media and IT which had been "a huge success".

Rui Pedro Almeida explains that, because missions had been conducted remotely, it was possible to foster relations that otherwise would have been more difficult. For example, the BPCC promoted meetings between Portuguese tech companies and Level 39, the world's most connected tech community, with over 200 tech startups and scale-ups based on-site, and 1250 leaders in cybersecurity, fintech and retail tech based in the United Kingdom which, he says, would have been "logistically almost impossible" to bring so many interested parties together.

"The ability to shift the value proposition to digital was absolutely fundamental and highlights that we are very much focused on content rather than just social events and cocktails. If you are content-based and on-line, you remain relevant," he says.

Another important change resulting from the Covid-19 pandemic is that members based in the Algarve usually would meet with each other at events in the region. With the online events, the BPCC was able to reach a wider nationwide membership and distance was no longer an issue, because people were wasting over an hour driving to and from events. "Including travel time, a lunch event could typically take up four to five hours of a member's time. Now, with remote events, it's an hour," says Chris Barton.

BREXIT TEETHING PROBLEMS

On the issue of Brexit, the BPCC admits there have been some teething problems surrounding import and export paperwork. In some cases members in the logistics sector were able to resolve problems. "Even when the paperwork has been correct there have been delays because of the backlog, with a queue in both directions," admits Chris Barton.

Barton also gives the example of a UK company specialising in treating oil slicks that had applied for a contract through the EU's Maritime Safety Agency in Lisbon, which was excluded from bidding for the contract because they are British and not from EU member states.

And while not sensing any antagonism or the active creating of difficulties from the Portuguese authorities, dealings elsewhere within the EU have been "difficult with a certain attitude of 'you left Europe, you've made your bed so lie in it'".

Rui Pedro Almeida, who is also CEO and managing partner at the Moneris Group, specialists in accountancy and management consultancy, says the BPCC has provided an "interesting membership base where we can showcase our expertise and have 'airtime' with some of our most important business partners and get referrals. We've been involved in trade missions, training, webinars and seminars, and are very much involved in the chamber's activities".

"Every year, we ask ourselves the question on behalf of each member: what are we providing for their membership fee and what are they getting in terms of value as members? The feedback is positive through testimonials and regional reps who meet regularly with members at their companies," says Chris Barton.

"This regional outreach makes us unique, since we are the only chamber with delegations in both Porto and the Algarve," says Chris Barton, CEO of the BPCC.

He concludes that the BPCC has always been quite good at being flexible, keeping up with changes and reacting. The mantra for the foreseeable future is "collaboration between members". Rui Pedro Almeida stresses that "we want to improve collaboration and increase business opportunities for our members, encouraging connectivity and promoting regular exchange of knowledge and ideas within our membership base". ■

Why Covid-19 has destroyed the traditional office setup

Author, trainer, consultant, and leadership and customer service coach Manuel Alçada, managing director of Happy Work, a consultancy specialising in contact centre consultancy, argues office work will never be the same after Covid-19

TEXT **JONATHAN CHARLES**

The Covid-19 pandemic has undoubtedly changed the way people work. The development of online webinar platforms such as Zoom, Webinargeek, GoToWebinar, Microsoft Teams and Cisco Webex Meetings are just some of the many platforms that gained ascendancy in 2020, changing the way companies and chambers of commerce conduct events, interviews, workshops and seminars forever.

And at a non-virtual level, the pandemic also accelerated the way offices are configured, moving away from the traditional workstation, or booth format, in the case of contact centres, towards a more informal, open-plan option with specific areas for group brainstorming. Hybrid and flexible working will become the norm.

Manuel Alçada says that the workscape has changed dramatically since Covid-19, triggering Portugal's largest work-from-home experiment with a huge short-term impact on the way people work, but the long pandemic has sped up changes in the ways people work that had been developing for some time.

Essential **Offices**

Pointing to the rise of the digital nomads, the increase in co-working spaces and hub-and-spoke systems, the watchword is flexible working to meet flexible demand.

"From March last year, tens of thousands of staff were sent home and 90% of all employees at contact centres had to start working from home. It was strange this hadn't happened before, given the nature of this kind of work, telephone-based as it is," says Alçada.

Alçada points out that some sectors such as insurance and banking, where information security is more critical, remained in offices, but there were few companies, mostly multinationals, concerned about data security or simply more traditional and conservative.

Automatic screen-lock technology, whereby monitors switch off automatically if unrecognised people are detected, facilitated working from home, although Alçada points out that it was not widespread in Portugal.

"Our Latin culture meant that what has already been widely practiced in the United States, for example, was very residual in terms of take-up."

Above all, Alçada said the Covid-19 pandemic revealed that working from home was not as hard as it had been thought. "All of a sudden, companies had to send 2000 staff home over two days and get them working from home and, despite some challenges, it worked, thanks to technology."

Certainly in terms of contact centres, there was no deterioration in customer service levels, quality or productivity, and Alçada says that it demonstrated that it is perfectly acceptable in the sector to work from home.

"Even of bosses want their staff to work 100% from the office, I can't see that happening because there is not justifiable reason now to do so either in terms of monitoring staff performance or quality of attendance, which can all be done remotely," says the author of 'Eu Attendo! 610 Tips for Contact Centre Excellence'.

Manuel Alçada says that a hybrid format will increasingly be seen in this sector like in many others, and says it is not by chance that many multinationals in Portugal have adopted this flexible working method for staff in non-critical data and systems areas, whereas smaller Portuguese companies tended to avoid it, which "has to do with our Latin culture, in my opinion".

"MANY COMPANIES IN PORTUGAL HAVE ALREADY BEEN USING THE CONCEPT OF 'HOT-DESKS' FOR SEVERAL YEARS, WHICH NOT ONLY IS FLEXIBLE BUT ALSO ECONOMICAL AND ENCOURAGES STAFF TO MIX, BUT THE COST-CUTTING FACTOR IS THE MAIN ONE HERE, THE OTHERS ARE SECONDARY."

Like regular offices, serviced offices and co-working spaces were also fast to respond to the pandemic, introducing new social distancing and cleaning methods. However, according to Savills' 'Global Sentiment Survey', as lockdowns eased, 40% of staff returned to flexible offices, which in recent years have become more normal and accepted, especially given the amount of startups, digital nomads and micro-companies there are in Portugal now.

Manuel Alçada admits that office working practices in the US and UK are "another world", and far more flexible than Portugal which is catching up, but also points out that one German company insisted that its staff in Portugal remained at their office workstations throughout the pandemic.

"Many companies in Portugal have already been using the concept of 'hot-desks' for several years, which not only is flexible but also economical and encourages staff to mix, but the cost-cutting factor is the main one here, the others are secondary," says the Happy Work managing director.

But what he has noticed is that despite Covid-19, and speaking to several companies, many international, their overall plans to continue the pre-Covid office working model in contact centres remains the same, because it is not yet clear how the market will develop next year or the year after, when staff can return to their offices, if they want to at all, and if they are not allowed, may opt to leave the sector entirely.

"And if the final client demands that the staff all work in one place, obviously the contact centre company will comply. I thought that may companies would put their investment plans on ice, but that has not been the case and plans remain largely unaltered," says Alçada.

Instead, over time, there may be a situation where, to save space per sqm and therefore money on office leasing, some companies will downsize or change the way space is used. For example, by having larger rooms for meetings, so space will continue to be necessary but used in different ways.

Alçada says that Covid-19 has focused companies' minds on exactly what offices are for, and how central a role it should place in corporate strategies, their budgets, and the working lives of their staff.

On the one hand, there is the question of how staff will feel going back to the office and how they will feel and act when they get there. The other factor, of course, is how architects of office design can provide premises that are more resilient to future pandemics, as well as keeping up with changes in space needs, how much space costs to fit out and operate and, most importantly, how much occupiers will want and choose to pay.

It may be that now the genie of flexible and hybrid working is out of the lamp, it may be very difficult – or even desirable – to put it back, and the era of large traditional offices, albeit technologically modernised over time, of the 1980s-2010s is over. In any case, there are several high-tech companies and consultancies in Portugal that had abandoned traditional office working and use of space well before the pandemic, Nestlé being a prime example.

"Offices will be more multi-functional, staff will opt to go when it suits them and they won't have their own desks with the cliché family photos. It is difficult to see the traditional model surviving much longer," concludes the managing director of Happy Work, Manuel Alçada. ■

Bruce Dawson (Garland Chairman)

Garland and BPCC celebrate a 110-year partnership

The British-Portuguese Chamber of Commerce (BPCC) and Portuguese international shipping, transport and logistics group Garland are celebrating a 110-year partnership this year. Garland Chairman Bruce Dawson explains how, despite Brexit and Covid-19, the company is doing better than ever

TEXT **CHRIS GRAEME**

In the year that the British-Portuguese Chamber of Commerce (BPCC) and Garland celebrate 110 years as partners, the Portuguese logistics company is also celebrating its 245th anniversary. Founded in 1776, Garland is one of the oldest shipping companies in the world.

Trading relations between Portugal and the United Kingdom go back centuries, and the history of Garland is a part of that centuries-old relationship.

The company was founded by trader Thomas Garland in 1776 as a Portuguese company, but never lost its link with Great Britain, the country of its founder and successors.

The fact that both Portugal and Great Britain enjoyed the oldest alliance in the world (1386) meant that Britain and Garland had a very commercially advantageous trading relationship which, back then in the 18th and 19th centuries, was in Great Britain's favour, but today is very much in Portugal's favour, with a positive balance of €1.526 billion in 2019.

The BPCC has made a huge contribution towards this success, and in fact,

Garland is one of the few founding members of the Chamber of Commerce that is still in business today, having been involved in its creation 110 years ago.

According to the National Statistics Institute (INE), goods sold to the British include vehicles and other transport material (21.5%), machines and devices (17.5%), common metals (7.6%), clothing (6.9%) and food products (6.5%).

On the other hand, imports from the UK include machines and devices (23.4%), chemical products (21.1%), vehicles and other transport material (9.8%), common metals (8.9%) and combustible minerals (8.2%).

The BPCC has worked hard to deepen the commercial relationship between the two countries and today has around 400 members — companies from the two countries that operate or want to operate in or from the UK and Portugal – encouraging networking and conducting business between the two countries.

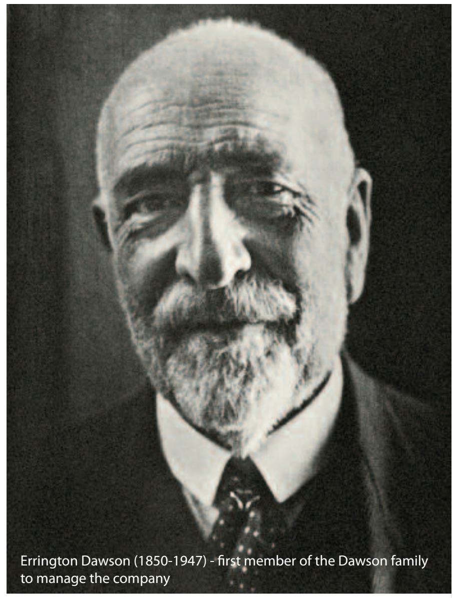
Despite being a Portuguese company, Garland has always maintained a deep institutional and trading relationship with the UK, the country of origin of successive generations of the Garland family, which ran the firm between 1776 and 1850, and the Dawson family since then, which is already in its fourth and fifth generations at the rudder of the firm.

Bruce Dawson, chairman of the Garland Group, tells Essential Business that although Garland is very proud of its

Logistics Centre at Abóboda - Lisbon

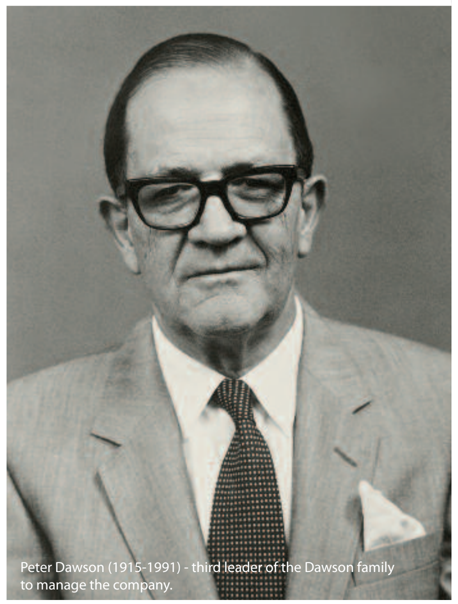
Logistics Centre at Maia - Porto

Ronald Garland Jayne (1876-1947) - last head of the Garland family to manage the company.



Errington Dawson (1850-1947) - first member of the Dawson family to manage the company

Alfred Dawson (1886-1956) - second leader of the Dawson family to manage the company.



Peter Dawson (1915-1991) - third leader of the Dawson family to manage the company.

commercial and historical links with the UK, which are very important, "we are a Portuguese company with an international operation" with five offices in Portugal, two in Spain and one in Morocco, as its logo 'All in one world' suggests, and ships all over the world.

Despite Brexit and Covid-19, the company, which employs 400 people, enjoyed a good year – except the first quarter – in 2020, and actually managed to attract new clients thanks to its competitive prices, excellent service, reliability and flexibility in the market.

And as to post-Brexit bureaucracy, "things are not that different now to when the UK was in the EU", says Bruce Dawson. "The paperwork is exactly the same. The difficulty was in the change in personnel who had no experience. In our case we were fairly well prepared, and in fact we picked up business from other competitors who dropped out," he adds, admitting that there were a few problems in January and February, 2021. "We gained a lot of clients by staying in what has now become a niche market."

In 2019, its turnover was €120 million (€100 million in 2020), with an EBITDA of €5 million, while the quantity of goods moved around different markets amounted to 239,400 TEUS or 4,839,000 tonnes of cargo via sea with German, Dutch and Japanese shipping lines.

While Garland has a shareholding in the Japanese carrier ONE shipping (which bought K-Line Portugal), it is only a part of its business that includes transporting shipped fruit from South America.

And even Covid didn't dent the company's fortunes. "Looking back, I can say that we came out with quite a few advantages; we reorganised internally to become more efficient, we created team bubbles so that if there was an infection it didn't spread beyond the bubble, and we've had very little Covid in our organisation," says Bruce Dawson.

A PROUD HISTORY

In 1855, Garland became the shipping agent in Portugal for various shipping companies based in Liverpool. The relationship with some of them continued on

"SINCE BREXIT, THINGS ARE NOT THAT DIFFERENT NOW TO WHEN THE UK WAS IN THE EU. THE PAPERWORK IS EXACTLY THE SAME. THE DIFFICULTY WAS IN THE CHANGE IN PERSONNEL WHO HAD NO EXPERIENCE. IN OUR CASE WE WERE FAIRLY WELL PREPARED, AND IN FACT WE PICKED UP BUSINESS FROM OTHER COMPETITORS WHO DROPPED OUT."

Photos of the steam ship price tariffs for passengers on the Liverpool-Manaus line (via Lisbon) operated by the Booth Line, a shipping company represented by Garland, Laidley & Co., 1910.

for more than 100 years and was based on a one-page manuscript with just five lines of writing signed by all of the operators of what was at that time the main shipping port for the whole of Europe.

Throughout its long history, Garland was also the Portuguese representative of various British companies and brands from insurance and security to alcoholic drinks. In the drawing up of all these contracts, the company had the support of the BPCC.

Today, Garland provides regular services between its logistics centres in Cascais and Maia from and to Maldon (Essex) for the London area, Hinckley (South-Centre of the UK), Cannock (Birmingham), Bradford and Manchester (North) for the transport of national exports and imports.

Three months after Brexit, Garland has seen the movement of goods between Portugal and the UK stabilise, although there are still some teething problems regarding the transportation of goods, which require more documentation such as food stuffs, alcoholic drinks and car parts.

In order to accompany the new realities of the international trading relationship with the UK and support its customers, Garland created a department of documentation and dispatches.

On British soil, the company has a broker specialised in electronic systems that are compatible with UK customs and dispatching goods to Portugal. All of the areas have warehouses approved by both the Portuguese and British customs authorities, without which it would be difficult to consolidate cargo destined for export and import.

Peter Dawson, president of the Garland Group said, "We are enormously proud to be part of this partnership with the BPCC and the combined 355 years of history in which the two entities have done so much to contribute to strengthening the bi-lateral trade links between Portugal and the United Kingdom.

"The BPCC and Garland have succeeded in adapting over the centuries to the needs of the market and economic conditions, creating a well of experience and anchor of stability that ensures the quality and competitiveness of the services that it offers," he concluded. ■

Example of a note of exchange dated 1848 and its respective copper printing plate. It gave Garland, Laidley & Co the privilege of issuing bank redeemable promissory notes in Reis.

Trip Hawkins
The computer systems pioneer wired to succeed

William Murray 'Trip' Hawkins III is a genius. He has been behind some of the most pioneering developments in computer games in history. A colleague and contemporary of Bill Gates and Steve Jobs, he explains why both nature and nurture are key factors to success

TEXT **SARAH BOLEYN**

The first thing you notice about Trip Hawkins is the firm handshake. The second is a penetrating stare from crystal sapphire blue eyes which in no way makes you feel uncomfortable, but instantly leads you to understand that this is an extraordinary person with an IQ that's off the scale.

And anyone that peddles this idea, that you can become anything you want in life, including the CEO of several companies and the owner of a Cessna jet, is lying. It takes a conjunction of rare attributes, including fearlessness, the desire to struggle against the odds, extreme self-belief and confidence, team leadership skills, incredible intelligence and, above all, vision. Hawkins has all of these in abundance and oozes it.

We meet for a short 20-minute interview at a dinner hosted by the American Club of Lisbon, at which he is the guest speaker at the city's chicest hotel, the Pestana Carlton.

Trip Hawkins says he has recently been spending time on reflecting on what makes a person highly successful, how it works and how he can help other people to do it. You have to ask the question:"Who am I? How did I get to do what I did?"

Here, the US entrepreneur points to destiny of birth. "I was very fortunate to be born where and when I was born". [He was born in 1953 in California, USA].

Hawkins says that his ancestors bestowed certain 'gifts' on him, and admits that the culture he grew up in, in California, was "incredibly supportive".

"People don't realise what an insanely special place California is. It started with the Gold Rush 97 years ago and that attracted a lot of people who were very courageous, risk-tolerant, pioneering innovators who were willing to up sticks and prospect for gold and had to be tough enough to make it," he reflects.

Trip says that some of his own ancestors came to California over 100 years ago and started their own small businesses, despite not having much infrastructure in the state a century ago.

"The people there were capable and self-reliant and had certain qualities that everybody has but may not activate if they are born into a comfortable background in which they didn't have to struggle," Hawkins explains.

Trip Hawkins illustrates pioneering success and not being afraid to fail and make mistakes through the explorer Christopher Columbus.

"Columbus, to the day he died, thought he was in India [he had been, in fact, in the West Indies]. Sometimes being too smart can work against you, but you have got to be courageous and brave enough to go out there in the first place," he observes.

With ancestors that were English, Irish, Scottish, Dutch and Sicilian, Hawkins points out that, in the 1960s, when he was growing up, there was a whole generation in American youth inspired by rock and roll and bands like the Beatles who thought they could do and be whatever they wanted. However, he admits to having "in-born traits" to think independently, be a good observer and a systems thinker.

"I've always loved strategy, and there are certain things I know I was born with and was already aware of them and using them at an early age. If you are five years old, haven't started school and are aware of certain abilities, you are born that way," he says.

"Most people don't have a specific skills set today if their parents and grandparents didn't have them. Today, we live in dense cities surrounded by strangers, and kids don't grow up by their parents' side because they are either at work or missing; they don't have "tribal elders" like our ancestors did, and so there are lots of things that come as second nature in highly socialised societies [they still exist in Brazilian tribes] that are missing today". It was this idea that inspired him to design the game 'If', which encourages social and emotional development.

REBELS AND HEROES

Trip Hawkins led teams that were among some of the first people who pioneered graphic design as an art form. He famously said, "Sometimes you have to reverse-engineer hardware in order to get around a licence agreement", referring to Nintendo, which he didn't want to support because Sega had a better machine.

"I realised there was an opening to reverse-engineer a machine, figure it out for ourselves, and then not need a licence. This means you have to go into a 'clean room' with a bunch of brave souls, cross that desert and figure out how it works — and perhaps fail — to write their own original document describing how the machine works, even while violating copyrighted information in order to do so."

That violation is allowed in a 'clean room', as long as that individual does not exploit that information. They can publish that document to others, but they can't use it for their own gain.

Those engineers, who had to build everything from scratch after figuring out how the mystery 'black box' worked down to the smallest detail, and then write it up so that others could develop games for it, were, Hawkins says, the "biggest heroes in electronic arts."

It was this spirit of rebellion which he activated that ultimately led to his success, and the success of others who worked with him, and that included both Bill Gates and Steve Jobs who he knew and worked with when he was younger

"They all dropped out and that accelerated their careers, because the one thing about innovation is that it is something that hasn't been done before, so because no one has experienced it, you are not necessarily wrong with how you are approaching an idea," he says.

"You have to have an instinctive ability to identify an opportunity of what the marketplace needs, and provide it," he says, and Trip Hawkins certainly has that ability. It is instinctive and inbred. You either have it or you don't, and that is what, in part, makes him exceptional.

TRIP HAWKINS FACT FILE

A fan of the Strat-O-Matic Football pen-and-paper games, American entrepreneur Hawkins started his first business as a teenager trying to create a knockoff version. He borrowed US$5,000 from his father to start up the venture, but, despite advertising his game in NFL Game Programs, the business failed.

Hawkins went on to become the Director of Strategy and Marketing at Apple Computer in 1982, when he left to found Electronics Art (EA), a video game publisher. EA was successful for many years under his leadership. He has been credited with spearheading the games industry's evolution, from simple one-person creations to complex team projects during his time. Hawkins signed John Madden as a spokesperson and consultant to his company's football game, which would lead to the popular Madden NFL video games.

Hawkins moved from EA in 1991 to form 3DO, a video game console company. Upon its release in 1993, the 3DO was the most powerful video game console at the time, costing US$599 on release. The project failed and was eclipsed in 1994 by Sony PlayStation and Sega Saturn, which were cheaper.

However, despite its failure, Next Generation listed Hawkins in their '75 Most Important People in the Games Industry of 1995', calling him one of the game market's 'visionaries'.

In 2012, Hawkins was on the board of Israeli technology company Extreme Reality, which works on motion control software in 3D. He has been on the boards of mobile and ad technology platform Native X mobile e-sports platform Skillz.

His startup, If You Can Company, aims to foster social and emotional development (SEL) in children, teaching compassion and anti-bullying lessons. Their game 'IF' uses a free-to-play model and is meant for teachers and students in an educational environment. Trip Hawkins was also the founder of Digital Chocolate, a video game development company. ■

The presidency of the ghost council

Portugal's presidency of the European Council got off to an uncertain start. The transition period for Brexit ended on January 1, and Portugal and Europe were plunged into a second lockdown, but despite being overshadowed by economic, political and sanitary problems, important work was achieved

TEXT **SARAH BOLEYN**

It seemed like the quietest EU Council in the entire history of the European Union. Portugal, as the presiding country of the six-month rotating EU Council, might as well have been captaining the Marie Celeste. The press centre, which normally would have thousands of journalists from around the world, was often largely deserted, the custard tarts 'left to the flies', as the Portuguese say.

Policy fights over Brexit and just how strictly the new agreement would be carried out to the letter regarding the Northern Ireland border became bitter, frustrating, inflexible and seemingly vengeful. Embarrassing for Portugal since the UK is one of its largest markets in Europe, while an estimated 400,000 Portuguese first-, second- and third-generation nationals work and live there.

The entire event was largely overshadowed by which country was on the UK's 'green' or 'amber' list, TV images of queues of British holidaymakers desperately yet grudgingly rushing to get home before the deadline when Portugal was removed for the 'green' list again. Then there were the images of maskless British soccer fans drunk and merry in Porto as the Covid-19 'R' number began to inexorably rise in the Algarve and Lisbon. As both the UK and Germany removed Portugal from their safe-to-holiday lists, the EU's online events in hallowed 'Zoom' halls echoed emptily or were drowned out by Portuguese tourist associations moaning about another lost summer… as well they might.

The whole Portuguese presidency got completely ignored by the general public. Ask any reasonably well-read person what this rotating presidency achieved and you'll have hands in the air and blank stares.

But behind the scenes and the cacophony of 'We're all doomed, Mr. Mainwaring', things did get done and progress was made. For starters, Portugal's presidency celebrated a mega-deal on the bloc's agricultural subsidies and the long-awaited coronavirus vaccine travel passport. which came into force on July 1.

Pedro Lourtie, Lisbon's ambassador heading agriculture, health, digital and other policy files, said "things started to improve in the last three months, allowing us to have more physical meetings, including in-presence ministerial meetings".

Negotiators were even able to find compromises to previously intractable problems on fiscal transparency and online tracking, which had been notoriously stubborn to solve for years.

On the Common Agricultural Policy, a deal was reached making subsidies greener and fairer, countries get more flexibility in handing out EU funds and there are new rules on protecting farm workers for the first time.

The bloc got its first Climate Law, which embodies the EU's 2030 and 2050 climate goals in legislation after months of wrangling and disagreements.

The EU also rushed to get a bloc-wide digital coronavirus passport that shows a traveller got tested, vaccinated or has immunity following a coronavirus infection, in time for the holiday season. Member states also agreed to non-binding guidance on how travellers should be treated with such a certificate.

More cooperation was achieved on the Joint Health Technology Assessment, with the Portuguese presidency able to tie up loose ends on a difficult file that will boost cooperation between EU countries on improving medicine access and simplifying the application process for drug companies.

The EU Parliament and Council made a deal that will allow tech companies to detect and report child sexual abuse material online while complying with EU privacy laws, but does not allow the scanning of audio communications.

A deal was made for new EU rules on road charging that would link tolls to vehicles' CO_2 emissions, and shift charges from a time-based model to one based on distance travelled, which means drivers foot the bill for climate change impacts from driving.

On tax transparency, the Portuguese Presidency seemingly achieved the impossible by getting an agreement on a tax transparency deal that will require big companies to declare where in the EU they pay tax and make profits. Portugal managed to reach a legislative deal with the European Parliament.

Then there was the cookie law which had nothing to do with Sesame Street and legislating against cookie monsters from raiding our biscuit tins, but did break a four-year deadlock on the EU's e-Privacy Regulation, by finding common ground and a position. The legislation, first introduced in 2017, aims to protect the privacy of online communications by regulating how telecom operates, tech companies and the online advertising industry use personal data. Victories include privacy settings for web browsers such as Google Chrome.

But there were areas of the Portuguese Presidency of the European Council that failed. For example, no progress was made on the next chair of the European Securities and Markets Authority, with a political stalemate between Germany and Italy.

> **"THE PRESIDENCY WAS LARGELY OVERSHADOWED BY TV IMAGES OF QUEUES OF BRITISH HOLIDAYMAKERS DESPERATELY YET GRUDGINGLY RUSHING TO GET HOME BEFORE THE DEADLINE WHEN PORTUGAL WAS REMOVED FOR THE GREEN LIST AGAIN."**

On balance, the Portuguese presidency of the Council of the EU did move forward on many legislative dossiers, even some that had been blocked for years.

Pedro Lourtie sums up by saying, "What the Portuguese presidency managed to do in these six months was to take the various dossiers in all ministerial areas and push forward, and even approve many of them which had been in deadlock on the Council's table for many years."

Sadly, all the achievements and headway were largely drowned out by more immediate and news-catching events in Portugal and around the world concerning Covid-19, travel corridors and football. It rather reminds me of those clips in historical films in which the old king, surrounded by courtiers, is dying, and as he draws his last breath, the courtiers all rush out of the room to greet the new king — far more newsworthy and exciting after all —, leaving the grieving widow abandoned and alone, sobbing by the bedside. ■

Casa Relvas
a family connection to the land

A Portuguese winery in the Alentejo region of the country has tried something it believes might be a first... in Portugal at least

TEXT **CHRIS GRAEME**

Casa Relvas, based at São Miguel de Machede, in Redondo, a family agricultural business that spans generations, has created a wine that contains the best of various harvests over the past 15 years to celebrate the anniversary of the first wine to be produced at its Herdade de São Miguel estate.

This special red wine contains wine blending from different 15 vintages from different grape harvests spanning from 2003 to 2017, so that each bottle is synthesis of the best from those harvests.

"We began our vineyard in the Alentejo in 1997, but last year we came up with the idea to blend 15 vintages together, bottle the wines and launch a special edition," explains Alexandre Relvas Jr who comes from a long line of farmers stretching back five generations to the former Portuguese colonies in Angola and Mozambique.

"We decided to do something different, and opened 100 bottles, sampled the wines according to aroma, and came up with 15 harvests," says Alexandre Relvas, adding that they had intended to launch the wine in 2019, but decided to postpone the launch until November 2020 to give the blend of wines an extra year to mature.

LAUGHTER AND TEARS

Alexandre Relvas says the sampling went well and "stirred a lot of emotions and memories" of those 15 harvests because, as he remarks, "every harvest represents a milestone in our professional lives."

"Every harvest is a moment of stress, happiness and sadness and a lot of pressure for us and our winemaker and production manager Nuno Franco. We had a great time mulling over and reminiscing about the trials and tribulations and the good times we had bringing the wines to fruition," he recalls.

The result is 1000 bottles under the label Herdade de São Miguel 'Resumo de 15 Vindimas' (Synthesis of 15 Harvests) with each bottle selling for €60.

"Thinking about what we wanted to do and how was the easy part. Sampling the bouquet of each of the bottles we opened was somewhat more tricky," recalls Alexandre Relvas who says that they discovered that some bottles had that characteristic corky aroma (a musty scent), but these were few. Others, namely from 2006 and 2010 were really great and resulted in what is termed in the trade as 'elegant wines'.

All in all, Alexandre Relvas and Nuno Franco selected wines — predominantly from 2005 and 2011 - which were intense, but when blended together worked extremely well.

"We had tasted all the wines since 2003, and documented our thoughts at the time on taste, aroma, the harvest and winemaking process as a whole, and the weather challenges we faced along the

way, all of which contribute to the overall success of the harvest and the quality and nature of the wines," he explains.

"It's satisfying to see some vintages, which weren't that good at the start, over time ended up being really great wines as they matured," he adds, pointing out that other bottles were in fact a confirmation of a "really good vintage" and others still, which "started off looking promising, ended up by not developing as well as had been expected."

Alexandre Relvas Jr as he is known within the family, already had winemaking in his blood since his grandmother's family produced wine in the north of Portugal on the Douro Valley estates that are today owned by Rui Roboredo Madeira.

His father was what is termed in Portugal as one of the 'retornados' meaning the mass of exiled white Angolans who after the end of the Colonial Wars were forced to abandon their livelihoods and estates and flee to Portugal (some had never even stepped foot there), often dressed only the clothes they stood up in and a small suitcase.

"My family was in Angola and Mozambique for several generations, right down to my great great grandparents (five generations) where they worked as farmers, so there has always been a big link to the land which I suppose is in our DNA," he recounts.

When he was young, Alexandre Relvas spent a lot of time in the Alentejo when his father and mother began the current project in the region from 1997 onwards, preparing the land and panting the first vineyards in 2000.

In 2001, the Herdade de São Miguel had 10 hectares of vineyard and the following year, Nuno Franco, then a viticulture and oenology consultant, joined the project and a further 25 hectares of vines were planted.

By 2003 the Herdade de São Miguel winery was built, with the capacity to vinify 500 tones of grapes and the following year the first 26,000 bottles of a selected red wine — 'Herdade de São Miguel Colheita Seleccionada Tinto' — were launched onto the market.

But it was only in 2006 that Alexandre Jr, (he now has a son of his own, also called Alexandre), joined the business after completing his training in Bordeaux, and the following year the first Herdade São Miguel' wine was launched which

has achieved 90 Robert Parker points (a TWA rated score by Robert Parker from The Wine Advocate).

In just four years, production doubled from 500,000 bottles to 1 million bottles. The following year, the family acquired 'Herdade da Pimenta' with 65 hectares of vineyard and a winery with the capacity to transform 25 tons of grapes.

But Alexandre always had big ambitions, and hasn't just restricted the family business to wine production. By 2016, armed with a degree in business management, Alexandre Relvas and his team (he currently employs 90 staff) developed an olive oil project.

The following year, 'Vinha dos Pisões and Monte do Poço' was acquired and the cultivation of the first olive groves began. The family also rear sheep on the estate which is sold to the national and North African market.

SOLD WORLDWIDE

Today Casa Relvas and its Herdade de São Miguel wines are exported worldwide to more than 30 countries, including Ireland and the UK and even sells a limited amount to China and admits its a market where "you have to be very present."

In 2019 Casa Relvas sold 6 million bottles, but Alexandre Relvas admits 2020 was a very difficult year in terms of people management because of Covid-19, Nevertheless, in terms of sales the company had a good year. "We had some increase in sales because some of our main markets like Russia, Belgium and Brazil grew in market share when the Portuguese market fell somewhat."

And with a €12.5 million turnover and a portfolio of different brands including reds, whites and rosés enjoying consistently high scores year-on-year in contests and international competitions, the future for Casa Relvas looks decidedly rosy, or rosé, perhaps we should say. ■

Essential Opinion

David Sampson
Inhouse Contributor

The saga of the death of the Banco Espirito Santo (BES) and its rebirth as Banco Novo

The Banco Espírito Santo led by Ricardo Salgado was an outstanding example of cronyism. It supported many clients for personal and political reasons, rather than because their projects were worthwhile.

The Banco Espirito Santo was nationalised in 1975 but on its privatisation some years later the Espírito Santo family was able to take back control. The family was then supported by foreign investors such as Credit Agricole but it was always short of capital to finance the projects of both the family and the bank's clients. In the middle of the post-2008 crisis the government offered financial support to all the Portuguese banks but BES preferred to raise additional capital from its shareholders because it did not want any government checks on its accounts.

The situation got sharply worse in 2013/4 when the Bank of Portugal insisted on a clear division between the bank and the family's property interests. Again the bank raised more capital but shortly afterwards it had to ask the right wing government for a bail out. The government refused and opted instead to set up a new bank called Novo Banco, to which the viable part of BES was transferred. The toxic assets and all the bond holders were left in the bankrupt old bank.

The cost to the public exchequer was covered up by using the so-called Resolution Fund as the sole shareholder of the new bank and making all the other banks contribute to the cost over 40 years. Meanwhile the government lent the fund the money it needed and Novo Banco received an initial injection of new capital amounting to €3,900 million.

ATTEMPTS TO SELL NOVO BANCO

The Government's intention was to sell Novo Banco as soon as possible, but as Mario Centeno, the former Finance Minister and now the head of the Bank of Portugal, said in a recent interview, "it was no surprise that the first attempt to sell the bank failed in 2015. Nobody wanted to buy an undercapitalised bank which was full of problematic assets at a price far above the amount which was injected at the moment of resolution......Novo Banco was new but it inherited old problems and it had many complex challenges to deal with. It needed to be made into a good bank."

In 2017 the government made a second attempt to sell and finally agreed to sell 75% to Lone Star, an American vulture fund, which agreed to put an additional €1,000 million of extra capital into Novo Banco on the basis that the Resolution Fund would continue to be responsible for contingent losses which have so far amounted to €2,976 million.

According to Centeno the sale resulted from "a legal requirement and was the way out which was found, though it was difficult and with risks for the Resolution Fund, in the context of how the question of contingent capital was handled". He recognised that the moment to intervene in the bank was when it declined to take up the public capital offered in 2012 . "The financial means were then available, there was the institutional framework in place and everyone in the sector agreed how important it was for us to come out of the financial crisis with an effective financial system. But that didn't happen and when it came to the resolution we had in fact a portfolio of lower quality assets".

After an open tender and a competitive bidding process Lone Star took control of Novo Banco in October 2017 and started clearing out all the dead wood. It put the bad debts into various packages and offered them for sale on the international market. They were sold to the highest bidder and it is not clear what checks were made on who was buying, nor on what information, privileged or otherwise, was given to prospective purchasers. The aim was to turn the bank into a saleable asset as soon as possible. After all, the clear aim of funds like Lone Star is to come in, sort out and get out.

> **"THE AIM WAS TO TURN THE BANK INTO A SALEABLE ASSET AS SOON AS POSSIBLE. AFTER ALL, THE CLEAR AIM OF FUNDS LIKE LONE STAR IS TO COME IN, SORT OUT AND GET OUT".**

TWO PARLIAMENTARY INQUIRIES

The first parliamentary inquiry into the collapse of BES during 2014 and 2015 was mostly concerned with investigating the family and financial structure of the Espirito Santos, what caused the collapse of BES and the actions taken or not taken by the Bank of Portugal, as supervisory authority. It examined the already known cases of improper conduct by Ricardo Salgado and others, and heard from those who had complained about his conduct.

The second inquiry followed after lurid reports started to appear in the press that portfolios of thousands of properties were being sold off at bargain prices. In one case it was reported that properties standing in the books of Novo Banco at €631 million were sold for €364 million, and that a large proportion of the price was then lent by the bank to the purchaser under what is known as Vendor Finance.

THE REAL ESTATE MARKET AND THE BANKS

For 20 years I was intimately involved in the world of commercial property in Portugal both as a lawyer and magazine editor. For most of that time up to 2007 I was a regular at the annual MIPIM conference in Cannes which was attended by most of the leading property companies in Portugal.

Fast forward 14 years to 2021 and apart from the Portuguese branches of the international real estate agencies, barely any of the companies which were developing property in Portugal prior to 2007 have survived. The savage measures imposed by the troika on the Portuguese economy in the years following the financial crisis of 2008 bankrupted almost all the local developers and forced the foreign ones to withdraw from the Portuguese market.

We are now living with the results. First, a new wave of French and other international developers have entered the market since 2014. They picked up properties at bargain prices and have come to dominate the market. The best example is Claude Berda's company Vanguard Properties which has partnered the Amorim group in buying the Comporta resort.

The second result of the 2008 crisis was that the Portuguese banks had an enormous overhang of bad debts, many of which were related to failed real estate projects. They were also affected by the chronic shortage of private capital in Portugal, which meant that all the local developers needed a large amount of bank support to finance any development.

Two other factors had a negative effect on the Portuguese real estate market. First, it has always been illiquid and there is no tradition of banks selling properties at a loss. Rather than selling a mortgaged property at a loss, a bank would arrange for its purchase by a fund which it controlled at a price sufficient to pay off the bank's loan. These properties overhung the market and slowed down its recovery. Second, bank directors would favour developers who were their friends or clients. Loans were often not made on the basis of the viability of a project but for political or other reasons, not to mention bribery and corruption.

The inquiry this time was into the losses of Novo Banco which were borne by the Resolution Fund. Between March and June 2021 the Commission heard 56 witnesses. One of the last witnesses was Fernando Ulrich who led the BPI Bank until it was acquired by La Caixa. He thought that any mismanagement by the directors of Novo Banco had led to only minor losses. "My impression," he said, "is that a very substantial proportion of the €16,4 thousand million that the combination of BES and Novo Banco needed to cover their losses was due to decisions taken before August 2014", the month of the resolution of BES and the creation of Novo Banco.

He went on to criticise the supervisory model at the European level because it "obliged both good and bad banks to sell assets in order to achieve lower bad debt ratios," which meant that outside funds and not the banks profited from any recovery in these assets. The BPI considered making an offer to buy Novo Banco in 2016 but Ulrich said "I consider that Novo Banco was well sold." It was another thing to know if it was sold at the right time and "it would probably have been better if it had not been necessary for the bank to sell assets." When challenged about the sale of assets António Ramalho, the current CEO of Novo Banco, replied that the sale was designed to reap the benefit of the recovery in the Portuguese real estate market.

Carlos Costa, the former president of the Bank of Portugal again defended his record against criticisms of the Bank's failure to act earlier and of the whole resolution process. In his opinion "the cost of taking action was incomparably less than the cost of doing nothing, even leaving out of account the systemic risks, ...The whole process was transparent and competitive.. it was like selling a basket of apples where some had gone bad to avoid a situation where the whole basket had gone bad."

PAYING THE BILL FOR THE FAILED ATTEMPT TO TAKE CONTROL OF THE BCP

The media were more interested to see how the main debtors reacted under questioning. A factor they all had in common was a total lack of any sense of responsibility for the debts they owed. The most notorious debtor in Portugal is Joe Berardo who openly laughed at the deputies on the first commission. Through various manipulations his companies control substantial assets such as the Quinta da Bacalhoa wine group, his foundation has a collection of modern art which currently hangs in the Belem Cultural Centre and he lives like a millionaire. Yet his only declared income is a small pension.

Like some of the other debtors he tried to play a major role in Portuguese banking before 2007 and, with the support of Ricardo Salgado among others, he led an attempt to take control of the BCP bank. He borrowed heavily from both the Caixa Geral and BES, giving as security the shares he acquired in the BCP. When the share price collapsed he failed to make any repayments on most of the loans. He was recently arrested and charged with a range of financial crimes linked to his diminishing the bank's share of assets charged to them by issuing new shares in the companies involved without the banks' knowledge.

Berardo was not the only major debtor to have incurred large debts to BES in buying shares in BCP. Bernardo Moniz da Maia's family company borrowed €368 million mainly for this purpose. He complained that the debt had been sold to a foreign group for 10% of its value and that Novo Banco failed to negotiate properly with him to settle the debt.

The left block deputy Mariana Mortagua accused him of swindling the bank, just like Joe Berardo, in that secretly he increased the capital of the debtor companies in order to reduce the bank's share of the underlying assets. He indignantly denied the comparison on the grounds that in his case the new shares were issued to outside investors who brought in new capital. In the words of Isabel Oneto, the vice president of the commission, " few things were made clear.... and there were quite a lot of lapses of memory in response to the questions he was asked." In the end the commission voted to send all the details to the public prosecutor.

NOT WORTH LISTENING TO

Another debtor had clearly been funded by Ricardo Salgado not only to help BES maintain its position in Portugal Telecom, but also to build a media group which would support BES. Ongoing was headed by Nuno Vasconcellos, whose family had many connections in Portuguese media and business. He appeared live from Brazil but the president of the commission Fernando Negrão soon terminated the hearing on the grounds that Vasconcellos "was systematically and without any plausible reasons denying he owed anything to the bank".

In a later session Rafael Mora, a former colleague of Vasconcellos, accused him of using an offshore company to dilute the bank's security for its loans. He had already reported him for this to the police in 2018. Asked if Vasconcellos had told any lies to the commission he said, "it would be better to ask if he said anything at all truthful."

THE FAMILY NEVER FORGETS THOSE WHO HELP IT

The most revealing statement to the commission came from João Gama Leão of Prebuild. "I remember a lunch I had with Ricardo Salgado, after I had invested in the Espirito Santo Group. He sat me at the head of the table and said to me that the family never forgets those who help it. I accept the title of a major debtor. I do not accept that you compare me with the crappy elite which has appeared here. They got into debt to buy shares, to manipulate the market and to serve the interests of Ricardo Salgado."

The final high profile debtor was Luis Filipe Vieira, the president of Benfica football club. He is a self made man who has thrived on the connections in Portugal between the worlds of business and football.

His company Promovalor which had property developments in the Algarve was billed as the second biggest debtor of Novo Banco. Questioned about a report to the bank that his only asset to support the personal guarantees he had given was a barn, he said "I have other assets, I have a good pension, I live well."

Soon after his hearing Vieira was arrested together with his son, his lawyer and his well known business associate José António dos Santos the founder of the Portugal's largest agricultural goup, who is known as the Chicken King. The cause of his arrest were dealings around a debt of €54.3 million owed to Novo Banco by his company Imosteps in relation to the purchase from a company linked to BES, of two cemeteries for development in Rio de Janeiro. The debt was sold by Novo Banco to a fund for €6.6 million and it was later bought by dos Santos for €9.1 million. Meanwhile Novo Banco received compensation of €45.6 million from the Resolution Fund for its loss on the sale.

"WE MUST BE CONCERNED ABOUT WHO WILL MANAGE AND BE RESPONSIBLE FOR THE NEW LARGE SWATHE OF MONEY COMING TO PORTUGAL FROM THE EU RESILIENCE AND RECOVERY FUND".

ADDING INSULT TO INJURY

It became clear at the hearings that once Novo Banco was sold to Lone Star there was little anyone could do to reduce the total cost to the Resolution Fund, and behind it the Portuguese taxpayer. One way or the other the result of the government's decision not to bail out BES nor nationalise it but to try to create a new bank on the ruins of the old was that the state had to pick up the full tab for the losses already incurred before Novo Banco came into existence.

During the course of the commission hearings the investigating judge into the accusations against Ricardo Salgado, former Prime Minister José Socrates and a host of leading business men ordered that most of the cases be dismissed. The reasons were all technical. Either the cases were statute barred through lapse of time or no link had been proved between the money received by the accused from the Espírito Santo slush fund and the actions they later took.

The underlying problems of Portugal have been painfully exposed. A business elite makes money by manoeuvering to get as much as it can from the government and the banks, and the legal system is beset by rules and technicalities that allow wrongdoers to get away without penalty. Parliament has tried for two decades to legislate to punish unjustified enrichment but there are always legal, practical and political objections. But it is not just bankers who support their friends. The practice of 'cunhas' and little favours for one's friends is common throughout life in Portugal. Without such favours projects can be delayed for years. Ministers are seen as out to get what they can personally from being in office and the motives of the government are always viewed with suspicion.

We must be concerned about who will manage and be responsible for the new large swathe of money coming to Portugal from the EU Resilience and Recovery Fund. There are honest politicians and business people in Portugal and I hope that the right ones are found to help the country recover from the pandemic. Meanwhile, Portugal is a peaceful and friendly country which justifiably continues to attract many young entrepreneurs and investors as well as property developers.

Cryptocurrencies are banks losing the battle?

Cryptocurrencies – some say they are dangerous pyramid schemes, others say they are the future of trading in the digital age. While the European Central Bank rushes to create its own, traditional banks are running scared. Should they be?

TEXT **CHRIS GRAEME**

In April, a sensational and cautionary report by Portuguese private TV channel SIC covered a harrowing tale about ordinary Portuguese citizens getting caught up in fraudulent promises of double-your-money scams in which they lost their savings.,

It sounds not dissimilar to the famous Banco Espírito Santo racket where humble, hardworking savers, many of them pensioners, bought into the bank's commercial paper issue shortly before the bank crashed and left them with nothing.

The Panorama-style programme 'Essencial' focused on scores of people who had literally lost hundreds of thousands of euros in savings by being persuaded to invest in cryptocurrencies by a sleek broker operating out of Dubai.

The promotional videos were slick and convincing, the interviews with the brokers in luxurious offices overlooking the city's space-age skyline were equally beguiling, with up to 500% returns and title risk, what could possibly go wrong?

First, the dream of massive returns had attracted naive members of the public who had never made investments in any kind of equity instruments, had never bought sovereign bonds, shares, stock, or invested in funds or commercial paper, let alone cryptocurrencies. It was a cautionary tale.

WHAT ARE THEY ANYWAY?

From humble beginnings in the US, where it was worth one or two dollars and used to buy takeaway pizzas in 2010, from 2013, the value of the virtual currencies was ever upwards, and this year, the digital 'coins' exceeded a value of €50,000.

So what exactly is a cryptocurrency? Essentially, it is a digital token that can be exchanged electronically. It does not exist in physical form. Bitcoin, perhaps the most famous, is created and kept track of by a network of computers using complex mathematical formulas, rather than by a single authority or organisation.

In other words, Bitcoin and the other cryptocurrencies are not issued by a central public authority. When you hold a €20 note, for example, the European Central Bank (ECB) guarantees your right to make payments with it anywhere in the euro area. No one guarantees your right to use Bitcoin or works to keep its value stable, so argues the ECB.

Most analysts fall somewhere in the middle of this argument, suggesting that investing in currencies like Bitcoin and Ethereum might be a high-risk investment because the price of crypto currencies is generally volatile; some deals could go wrong, others turn out to be scams, while others increase in value and make a handsome return for investors.

"It's one thing for you as an individual buying cryptocurrencies, it is quite another thing to give money to a broker to buy cryptocurrencies," says Lisbon-based Mário Valente, crypto-assets expert, blockchain miner, trader and consultant who has advised the Portuguese banks.

Valente is ready to admit that the SIC documentary was fair overall, and points out that when unknown middlemen get involved, fraud can happen. He says that people need to be aware and careful. On the other hand, he notes that cryptocurrencies are not something that are going to go away, like a fad. On the other, investors should be careful in whom they trust and what they are doing with the currency.

"Anyone that promises a 25% return on your investment every month, or says you are sure to double your money into three months, needs to be extremely wary as that's a scam," warns Valente.

BANK OF PORTUGAL INVOLVEMENT

The specialist says that the Portuguese are very gullible and naive when it comes to complicated financial matters. In fact, the Bank of Portugal and the ECB have both issued warnings about the speculative nature of cryptocurrencies, particularly when news began circulating that parents were even getting

"IF THE BANKS REFUSE TO CHANGE AND CONTINUE WITH THEIR QUEST AGAINST CRYPTO ASSETS, THEY WILL FAIL AND BECOME LESS RELEVANT." MÁRIO VALENTE, CRYPTO CONSULTANT

their teenage kids to invest money in the new virtual currencies from their mobile phones.

Valente says that he has advocated for regulation of the market for a long time. The Bank of Portugal (BoP) was initially assigned a role in supervising companies providing assets in the cryptocurrency area, but since last September, the BoP banned this.

He says that, despite trading being illegal, it's like drugs. They are illegal but it doesn't stop people dealing in them or consuming. "That was one of the stupid things the Bank of Portugal did. If we need to regulate this, let's start working with the industry to create an intermediary process, which is what the other central banks in Europe have been working on, except Portugal which just forbade it," says Valente, critically.

In other words, whereas other central banks created a timeframe whereby regulatory requirements would be less harsh throughout the period while working with sector players on what the regulation should be, Portugal just banned it.

Since April this year, however, companies or entities wishing to exercise one or more activities with 'virtual assets' will now have to register first with the BoP according to a notice published that month. It covered all companies and persons (collective and singular) and was announced after a consultation period in which it had received the opinions of six entities.

However, for the time being, the BoP makes it clear, in line with the European Banking Authority and ECB, that virtual assets do not have a legal status in Portugal, meaning their acceptance at a nominal value is not mandatory; there is no legal protection that guarantees rights of repayment or compensation to a consumer who uses virtual assets to make payments, and in the case of a partial or total devaluation of the virtual assets, there is no fund that will cover eventual losses to users who will have to support all of the risk associated with operations using such instruments.

Moreover, says the bank, the user can lose all of their money on the business platform, and transactions of virtual assets run the risk of being used to finance criminal activities, including famous names like Bitcoin and Ethereum.

WILD VOLATILITY

Vítor Constâncio, a former governor of the BoP and ex-vice-president of the ECB, famously disparaged cryptocurrencies as just a "series of zeros and ones".

The man who did not exactly leave a good impression at Portugal's central bank, after it was discovered that there was dubious supervision at the bank concerning highly leveraged loans on mega tourism projects over a decade ago, which left several Portuguese banks badly burnt, now went on to issue a cascade of criticism about Bitcoin on Twitter earlier this year, calling it a "dangerous investment" and "regretting the complacency of the authorities" in not pressing forward with appropriate regulation for digital currencies, resulting in people continuing to be taken to the cleaners.

"Bitcoin has no fundamental useful value because it will never be a [genuine] currency. More institutions are investing in Bitcoin. It is just a series of zeros and ones on a computer network. At least gold, that 'barbarous relic' [Keynes] has some industrial and jewellery uses," he tweeted back in February this year.

And he went on: "With its wild volatility [it is 375% higher in relation to October 2020], Bitcoin cannot be used as a stable unit of account to take and plan price decisions or do financial planning based on a unit that can vary so much in just three months."

STABLECOINS - HAS THE HORSE ALREADY BOLTED?

Nevertheless, the ECB is sufficiently spooked by it to introduce its own 'digital euro' on the back of the correct argument that digitalisation has spread to "every corner of our lives and transformed how we pay".

"In this new era, a digital euro would guarantee that citizens in the euro area can maintain costless access to a simple, safe and trusted means of payment. The digital euro would still be a euro: like banknotes, but digital. It would be an electronic form of money issued by the Eurosystem [ECB and central banks] and accessible to all citizens and firms, but not replace gas but complement it."

So, a bit like a sanctioned and regulated cryptocurrency then? Not quite, says the ECB.

"Crypto-assets are fundamentally different from central bank money: their prices are volatile because they lack any stable value and there is no reliable institution backing them. People using a digital euro would have the same level of confidence as with cash, since they would both be backed by a central bank, which is something crypto-assets such as 'stablecoins' [Bitcoin, etc] cannot provide."

The ECB readily admits it is not yet ready to launch, but optimistically suggests that it could have a framework by the summer of 2021, with a rollout "at some time in the future". Meanwhile, there seems no shortage of people buying, selling and investing in its rather more up-and-dashing illegal crypto cousins. But is it too late? Has the ECB left the stable door open for the horse to bolt?

Valente says that for the past three to four years, before the Portuguese ban, the half-a-dozen companies that were providing crypto-related assets and services were bona fide, but now investors don't have any way to recognise which are scammers and which are not because the operations are now illegal.

One of the reasons why Portugal has made operations illegal is because of pressure from the country's vulnerable banking system which, frankly, does not want the competition. Put simply, they fear that by cutting out the middleman (the banks), they will be put out of business or severely compromised, much as the recording industry was in the late 1990s onwards with the advent of MP3 and online digital streaming music services like Spotify.

But does it really spell the end of the current banking system as we know it? Valente is equivocal – yes and no.

"Yes, if the banks refuse to change and continue with their quest against crypto assets, they will fail just like hotel chains are losing market share to Airbnb and taxi firms are losing out to Uber. No, if they can adopt the technology. If they don't change, adapt and embrace the new technology, they will become less relevant and lose," concludes Mário Valente. ■

"BITCOIN HAS NO FUNDAMENTAL USEFUL VALUE BECAUSE IT WILL NEVER BE A GENUINE CURRENCY. YOU CANNOT USE SUCH A VOLATILE INSTRUMENT AS A STABLE UNIT OF ACCOUNT TO PLAN PRICE DECISIONS OR DO FINANCIAL PLANNING WHEN IT CAN VARY SO WILDLY IN JUST THREE MONTHS." VÍTOR CONSTÂNCIO, FORMER VICE-PRESIDENT OF THE ECB

Essential **Opinion**

The king is dead, long live the king?

Fiat money and cryptocurrency

In retrospect it was inevitable" (Elon Musk, January 29, 2021)

Cryptocurrencies like Bitcoin, Etherium and Dogecoin are here to stay, argues Patrícia Akester, founder of Lisbon-based Intellectual Property Office, but invest with care

The importance of Fintech (as technology applied to financial services is called) has grown at a galloping rate since the global financial crisis of 2008, which weakened the traditional financial system and its entities (credit institutions and financial companies) and which paved the way for alternative solutions.

It was precisely against this backdrop of crisis that Satoshi Nakamoto published an article in 2008 called 'Bitcoin: A Peer-to-Peer Electronic Cash System', and in 2009, under the same nom de plume, launched the first cryptocurrency called Bitcoin.

But what is a cryptocurrency? This is a virtual currency that, unlike fiduciary or 'fiat' currency, which is issued by a central bank and whose value rests on the confidence that people place in the entity that issues it (i.e. the European Central Bank), does not require a central authority in the way it was designed by Satoshi Nakamoto. Instead, its value is assured by blockchain technology.

Blockchain technology is the cornerstone of this system, requiring the cryptographic validation of all and any transaction on the register without which the transaction cannot be approved. The register is updated once the transaction has been checked by consensus.

This means the majority of computers on the network must agree the transaction is valid. Therefore, a decentralised global list is managed, one that is shared, common to all, synchronised, identical and requires the transactions to be verified while the people who own the computers in the network are given rewards to check them.

Fans of cryptocurrencies strongly advocate the various promising characteristics that cryptocurrency has:

(I) Its value is not tied to the desires and strategies of the central banks and international operations are based on a value that has arisen in a decentralised way which is the same worldwide;

(ii) The security of the transactions made is controlled by blockchain technology and a respective cryptographic checking protocol;

(iii) The cost of storage and transfer is 0 or negligible;

(iv) The increasing institutional interest seen, according to Forbes, from important investment players like BlackRock Inc (a major international investments management company), Bank of New York MellonCorp, (one of the oldest and most prestigious banks in the world) and recently Tesla (which famously recently invested US$1.5Bn in Bitcoin) is viewed as an inevitable driver for its continued growth;

(v) It could soon become a single currency, one that is digital and international.

Recent signs, such as partnerships with and investments in cryptocurrencies, show that it has already acquired such a huge value (its international value on March 30, 2021 according to CoinMarketCap was US$1,860,202,397,460) that it can no longer be ignored by the large commercial and financial institutions which with some caution are already strategically jostling for position in the market.

However, the magical currency is a long way off from replacing the fiat currency for day-to-day transactions. Perhaps one day it will happen and there will be some overture in this direction. For example:

- Visa Inc., whose global network covers around 60 million traders, authorised the issue of a Bitcoin Visa Card by Wirex, thanks to an agreement with Wirex Ltd, an on-line financial platform which provides access to a virtual and physical debit/credit card and the possibility of sending, receiving and withdrawing money and its conversion from fiduciary money into digital and from digital into fiduciary; and

- PayPal Holdings, Inc. which permits the acquisition of cryptocurrency for its 325 million users via its digital payments platform (Forbes).

For the time being, there has not been either the complete victory of cryptocurrency over fiat foreseen by its ardent proponents or the complete disappearance of digital money, which was equally announced by its detractors. We are in a phase of coexistence. Cryptocurrency is for now being compared by some to gold, a digital gold, and is seen as a target of potential investments – although in Portugal cryptocurrencies do not have legal tender and therefore do not qualify as Fiat currency and are not treated as money (physical, scriptural or electronic), and are not backed by the government or the Bank of Portugal. However, investment is not illegal and there is a 'buyer beware' attitude.

"To the moon!", says Elon Musk, the famous entrepreneur and philanthropist, when he dreams and encourages collective dreaming. And cryptocurrencies are something that Elon is a great fan of, including Dogecoin, the meme-based cryptocurrency which Musk has been supporting of late. It was this ability to imagine and aspire to more, to go beyond the possible, which led him to invest early on in digital payments (PayPal), electric cars (Tesla), in aerospace technology and colonising Mars (SpaceX), in low-pressure tubes with transport pods that travel at 1,200km /hour (Hyperloop), among many other innovative projects.

"To the moon!", says Elon. And why not? But let's not forget that investments like the cryptocurrencies trumpeted by the visionary should be handled with prudence. It is a game-changer, so, cautiously, expect the unexpected. ■

"TO THE MOON!", SAYS ELON MUSK. AND WHY NOT? BUT LET'S NOT FORGET THAT INVESTMENTS LIKE THE CRYPTOCURRENCIES TRUMPETED BY THE VISIONARY SHOULD BE HANDLED WITH PRUDENCE. IT IS A GAME-CHANGER, SO, CAUTIOUSLY, EXPECT THE UNEXPECTED".

Together we are stronger!

In 2020 Portugal's hotel industry suffered one of its worst years since records began. Essential Business asked Thierry Henrot, General Manager, Sheraton Lisboa Hotel & Spa,how his team coped during the Covid-19 pandemic

TEXT **CHRIS GRAEME**

How far has the Covid-19 pandemic affected the Sheraton Hotel in Lisbon compared to the pre-pandemic period in 2019?

Tourism, and especially the hospitality industry, are suffering a lot from the pandemic crisis. The Sheraton Lisboa, being a city hotel depending mainly from business individuals & groups and with a low demand from leisure travellers, suffered a decrease of 75% occupancy in 2020 compared to 2019.

What was the estimated loss of revenue for 2020? Was there some recovery when you reopened after the lockdown? How long do you think it will take to get back to the guest numbers and revenues you had in 2019?

We were the first 5-star hotel to reopen in Lisbon and that gave us the opportunity to adapt and be prepared to welcome guests for the summer with all the health and safety measures in place. In terms of leisure, the recovery was slow with tourists preferring to stay away from cities in preference for countryside and beach destinations.

However, groups and events started to pick up when we hosted a football team from UEFA Champions League and some hybrid events. Based on market needs, we have created innovative meetings and events solutions so that guests can connect with confidence. The concepts are Commitment to Clean, Events Technology and Hybrid Meetings (including an in-house studio with our A/V technology partner RXF) and Redesigned Food & Beverage.

Another concept we have introduced is the Sheraton Office - converted rooms that can be used with all commodities and benefits from special conditions in the hotel's outlets and meeting spaces.

During the second half of 2020, our primary focus was to be in the centre of our community and offer unique experiences to locals. We then created other concepts such as 'Lock down week end' in partnership with the restaurant Nomada, 'Dining in the dark' experiences with Fever, and different takeaway and delivery options when we were not able to host our clients.

Nevertheless, our revenue in 2020 dropped 80% on 2019 and we believe that we will only be able to get back to 2019 levels by 2023.

Essential **Hotels**

How many staff did you put on furlough and did you have to make any staff redundant?

During this pandemic period we unfortunately had to take some very difficult decisions and we certainly could not have survived without Portuguese government aid. More than 90% of our team were in partial or full lay-off, and we reduced our workforce by not renewing contracts.

In just a matter of months COVID-19 completely altered the workplace dynamic and we had to rethink the HR role. Protecting and caring for our staff, as well as clients, has certainly been the top priority since the start of the crisis. We care about the health and well-being of our staff and clients. The first thing we did was to look at everything through their eyes. The health and well-being of all of our staff, clients and their families are of paramount importance.

Were hotel guests overall appreciative of the changes you made? Did they stick to the rules overall and was it easy working under the restrictions?

Overall guests adhered and understood that the rules were implemented for their own safety and felt confident staying with us. Working in an industry which is based on human relations, we surely had to invest in training our associates to adapt to this new reality in terms of health and safety, as well as to continue to make our guests feel welcomed, showing sympathy and smiling behind a mask.

What are the prospects for the 2021 tourism season and business visitor segment? Are you confident of salvaging the summer?

We are forecasting that leisure business will grow during the summer and the business segment is expected to slowly pick up in the last quarter, based on the progress of the vaccination programme.

Simultaneously, we want the local community to perceive the Sheraton Lisboa, as an "Open Hotel," the destination in the city to meet, eat, drink and relax.

What good things, if any came out of 2020?

There is a lot we can be proud of during this critical time: our capacity to adapt quickly, the resilience and solidarity of the hotel's team. In terms of conferences, congresses, meetings and events we strongly believe that people miss gathering but that the future of this segment will have different dynamics from in person events to hybrid ones. Above all, we are here to stay and together we are stronger! ■

"DURING THIS PANDEMIC PERIOD WE UNFORTUNATELY HAD TO TAKE SOME VERY DIFFICULT DECISIONS AND WE CERTAINLY COULD NOT HAVE SURVIVED WITHOUT PORTUGUESE GOVERNMENT AID. MORE THAN 90% OF OUR TEAM WERE IN PARTIAL OR FULL LAY-OFF, AND WE REDUCED OUR WORKFORCE BY NOT RENEWING CONTRACTS".

How well did you adapt to the Portuguese heath authority regulations and what changes did you introduce at the hotel in terms of rules and regulations for staff and guests?

We have successfully implemented all the Portuguese Health Authority regulations (Clean & Safe stamp) from the very beginning and appointed a designated team to guarantee all measures were in place.

As part of Marriott International, we introduced enhanced cleaning protocols (Commitment to Clean) throughout the hotel, including public spaces, guest rooms and meeting spaces; the mandatory use of mask by all guests and employees; reimagined spaces to enable two metres social distancing and a wide variety of adapted food & beverage options, including prepackaged, grab & go, plated service and stations served by staff.

How do you think Covid-19 will permanently change the way hotels act and do business in the future, and how will hotel developers and architects reflect this experience in their future hotel projects?

Today's travellers want to maximise their experiences while minimising risk. Providing local experiences with cleanliness will be top priorities. The flexible use of spaces, like guest rooms that can be used to rest, work or exercise will be important, while hotel interiors will be reconfigured to foster social distancing. Hotels should provide flexibility and agility, but the compartmentalisation of space is also as necessary. The focus will be on wellness areas to enhance mood, health and well-being. Seamless technology will come to the fore, and obviously a strong component of environmental and social responsibility will be important.

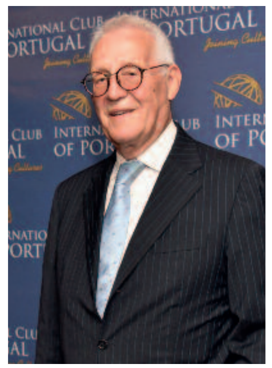
Kickstarting Portugal's tourism sector

PHOTOS **JOAQUIM MORGADO**

The recovery of Portugal's tourism sector is decisive for Portugal's economy and 2020 was certainly a year that businesses operating in the sector will want to forget. The Secretary of State for Tourism, Rita Marques, outlined the government's plans to help the sector recover and its longer term strategic plan for growth to 2027 and beyond 'Reactive Tourism/Build the Future' at a luncheon organised by the International Club of Portugal at the Sheraton Lisboa Hotel & Spa in Lisbon in June.

Rita Martins and Manuel Ramalho


Jean-François Prévost, Marina Prévost-Mürier, Garance Prévost-Mürier, Crista Rossetti and Michel Rossetti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