

Nº20 • Quarterly

PORTUGAL ON THE MOVE

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CHRIS GRAEME

Instability and uncertainty continue for 2023

Welcome to our 20th edition of Essential Business!

Portuguese companies in different sectors have continued to show remarkable resilience and creativity in the first quarter of the year, despite a number of challenging headwinds.

The continued war in Ukraine, growing geopolitical tensions with China, continued inflation (8.2%), a further interest rate hike from the European Central Bank (+0.5% to 3%), and market jitters over the collapse of two banks in the US – Silicon Valley Bank and Signature Bank – and the intervention in a third (First Republic Bank), and worries over Credit Suisse have further clouded the outlook.

Still, Portugal's banks have more robust margins than they had during the last financial crisis, while several sectors of the economy had an extremely buoyant 2022. This includes metallurgy, and Essential talks to the president of METAL PORTUGAL, Vítor Neves, about the record exports that Portuguese companies in the sector have enjoyed over the past few years.

On the subject of industry, Essential was privileged to hear its captain António Saraiva at the American Chamber of Commerce in Portugal, who steps down from the helm of the Confederation of Portuguese Business (CIP) after 12 years representing 150,000 enterprises, which employ 1.8 million employees and generate a summed turnover equal to 71% of Portugal's GDP. Despite the threat of recession, Portugal's residential housing market continued to enjoy robust growth with quarterly and annual variations of 2.8% and 5.9%, respectively, by the end of 2022, largely fuelled by demand and lack of product. And despite some warnings of an adjustment from the ratings agencies, house prices continued to rise in February by 1.5%.

However, high house prices, increased interest rates on mortgages and a lack of affordable housing for Portugal's middle classes resulted in the Government announcing a raft of controversial 'More Housing' measures aimed at relieving the pressure on higher rents and mortgages repayments. While well-intentioned, the measures have released a tornado of criticisms from property associations. In this issue, we have a feature interview with Paulo Caiado, President of the estate agencies and brokers association APEMIP, and opinions from David Sampson, Hugo Santos Ferreira (APPII) and Rui Ramos Pinto Coelho (6 Graus), with different takes on the crisis and its resolution.

With Portugal's popularity as a relocation destination in Europe seeing no signs of waning, the demand for private education in quality international schools continues. In this issue we talk to the several key founders and/or school heads about their continued growth and popularity.

Last, Lisbon's Mayor Carlos Moedas has a bold project for his current mandate to provide affordable housing, streamline and accelerate development planning processes, and turn the capital into a hub for unicorns and startups capable of rivalling Berlin and Barcelona. He's putting his money where his mouth is and it has never been a more exciting and dynamic time for business to move to Portugal as it is now. Portugal is really on the move!

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

8 ORIA

THE GOLDEN DAWN OF THE PERFECT PROPERTY ADVISORY

20 APEMIP

RAISING PROFESSIONAL STANDARDS IN ESTATE AGENCY

26 Jacques de la Palice

THE VOICE OF REASON ON HOUSING POLICY

32 Martinhal

A FRESH APPROACH TO BRANDED RESIDENCES

34 David Sampson

DIFFERENT APPROACHES TO PORTUGAL'S HOUSING PROBLEM

38 António Saraiva

WHY STRUCTURAL REFORMS CAN'T BE DELAYED

44 METAL Portugal

SHAPING THE FUTURE

48 Carlos Moedas

A NEW VISION FOR LISBON

50 Silke Buss

WHY CORPORATE MEDIATION SAVES TIME AND MONEY

54 Quinta do Lago

ATTRACTING GOLFING LEGENDS

56 Portugal's International schools

TRAILBLAZING IN QUALITY AND INNOVATION

64 Transatlantic Business Summit

AMCHAM PUTS PORTUGAL ON THE MAP





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ORIA Real Estate Advisors

Setting a new standard on the journey to property acquisition

ORIA Real Estate Advisors sources and secures the best properties available on and off market for its discerning clientele. Their exceptional client service and strategic approach are redefining how purchasing property should be. Essential talks to CEO and Founder, Joana Branquinho, about how she combines market expertise and a human touch to become a long-term trusted partner for her clients.

TEXT **CHRIS GRAEME**
PHOTOS **JOSÉ FERREIRA**

I've never been on trend. I like to experiment, do things differently, create a truly unique service based on attention to detail and high standards at every level," says Joana Branquinho, who has just rebranded and relaunched one of Lisbon's most discreet and exclusive real estate advisories.

If you've never heard of ORIA Real Estate Advisors, that's because it's completely new. A new look, a new vision and a new confidence.

However, its core values of trust, knowledge, hospitality and service have been at the heart of the way Joana has been doing business for almost a decade. That's because they are values embedded in her DNA.

You may know TAMEA International from which ORIA has evolved – the respected Lisbon-based relocation and real estate consultancy that has helped clients from at least 50 nationalities from around the world since 2014 –, but you can be forgiven if you haven't.

The consultancy was always exclusive, off-radar and by word-of-mouth. Its reputation precedes it, and the bulk of its business comes from recommendations. You won't find its best properties in estate agency windows.

"I like to procure special properties for special people," says Joana, who is unlike any broker I've ever met. On the one hand friendly, energetic, confident and vibrant, simply effervescing with ideas; on the other, assertive, shrewd and business-like. It's rare to find the personable and the pragmatic so perfectly blended in one person.

Joana says it gives her a buzz to deliver a personal service, knowing how rarely other people in the market can match ORIA's unique approach.

"I like seeing people happy; I admire exceptional, successful people. They've worked hard to get where they are. They are busy, discerning and want the best, and it makes me happy to deliver that," she says.

And ORIA has no shortage of exceptional clients. Since 2017, Portugal has become a relocation destination of choice for thousands of overseas citizens from all over the world; all special in their own unique ways.

The reasons are legion. The fine weather with over 300 days of sunshine per annum, great cuisine, fine wines, a welcoming and genuine population, and a surprising variety of places and landscapes for a small country with such a big heart.

The number of relocators is staggering, not least among the number of United States citizens who have moved to Portugal in recent years. Recent studies show that over 60,000 expats have decided to live in Portugal, with 11% of them being US citizens.

There are many reasons Americans are moving to Portugal; the number rose 45% in 2022 on the previous year. A more affordable cost of living, high quality of life, excellent real estate, access to public



Joana in a beautifully-designed, award-winning penthouse in Lisbon

"I LIKE TO PROCURE UNIQUE PROPERTIES FOR SPECIAL PEOPLE. I LIKE SEEING THEM HAPPY; I ADMIRE EXCEPTIONAL, SUCCESSFUL PEOPLE. THEY'VE WORKED HARD TO GET WHERE THEY ARE. THEY ARE BUSY, DISCERNING AND WANT THE BEST, AND IT MAKES ME HAPPY TO DELIVER THAT."
JOANA BRANQUINHO, CEO AND FOUNDER, ORIA REAL ESTATE ADVISORS.

and private healthcare, and security are just some of the most telling reasons.

"We get a lot of referrals for Americans and Canadians, as well as citizens from the Middle East and Europe who we have helped navigate the often confusing and difficult process of moving to Portugal," says the CEO and founder of ORIA Real Estate Advisors.

In Portugal there is any number of estate agents to sell overseas citizens homes, but what kind of services do they really offer?

Joana explains that when affluent and successful High Net Worth Individuals (HNWI) look to relocate overseas, they don't just want to be sold a property they want a seamless, 360° service.

This means not only providing them with strategic guidance, but also taking care of everything including visas, paperwork and dealing with Portugal's often confusing bureaucracy.

The service naturally extends to introducing them to the right accountants and lawyers, as well as recommending private schools for families, healthcare options, a good background of the best neighbourhoods to live, and a knowledge of the country forged over time that only an experienced local can provide.

ASSET MANAGEMENT MEETS HOSPITALITY

It has taken a decade of experience in property sales, management and hospitality for Joana to distill a wealth of knowledge into a discreet and refined level of service which, on the one hand, is intuitive and human-centric, and on the other is assertive and professional.

"It was quite a learning curve, which took me from veterinary medicine and university lecturing to managing luxury serviced apartments and selling high-end real estate," says Joana, recalling her jour-

ney from graduation to being at the helm of one of Lisbon's most respected real estate advisories, built upon an unwavering commitment to professional integrity, market expertise and service excellence.

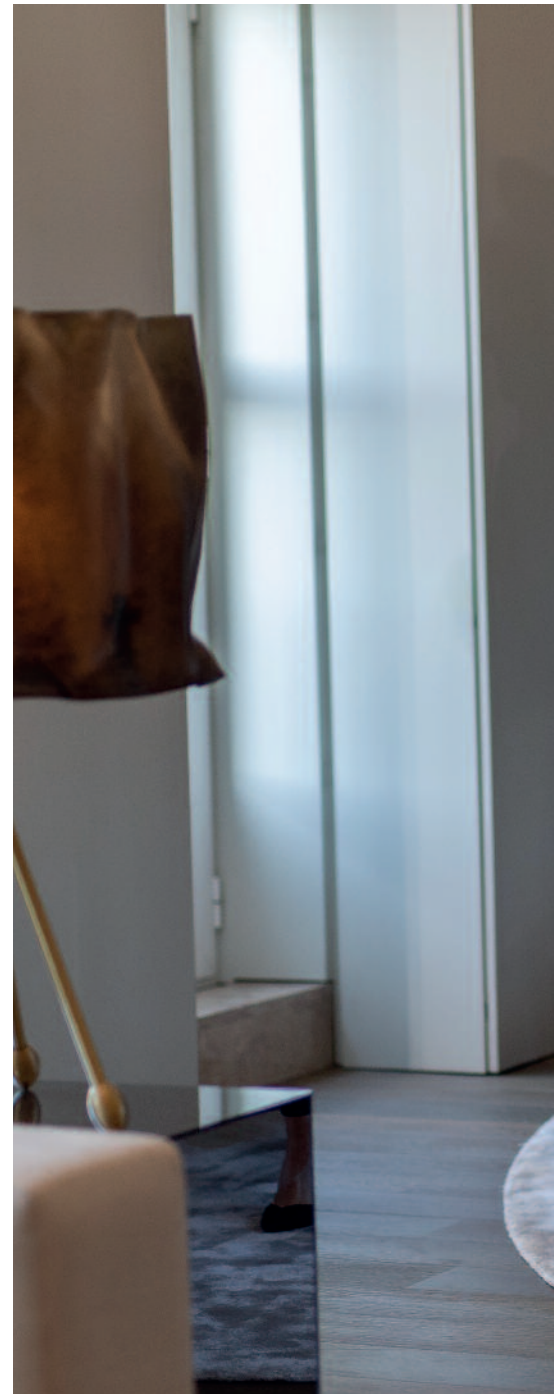
In a way, real estate was deeply embedded in her early family experiences. Her father is a successful lawyer and her mother used to own a pharmacy. Both wisely invested in property as a way of generating income and preserving wealth. Joana, a gregarious and sociable personality, knew she wanted to pursue a career that made people feel good and taken care of, and so took a Masters degree in hospitality.

The entrepreneur's first contact in this direction appeared through a friend, who was opening a business for managing luxury serviced apartments called The Service, which offered strategic outsourcing for the hospitality industry for which Joana was Operations Manager and Head of Growth between 2015 and 2017.

"We started from scratch with a blank page in a cafe in Príncipe Real and it was a good and really challenging experience which, although I didn't know it at the time, would go on to lay the foundations for managing ORIA," she says, describing the intense but rewarding experience of building a company as somewhere between "overwhelming, exhilarating and fascinating".

"You have to remember that 10 years ago, Portugal was in the grip of the Great Recession and Sovereign Debt Crisis, before the wave of international investors and relocators who subsequently flooded into the country and really put Portugal on the map as the place in Europe to be," she recalls.

"There were just two of us in the beginning and we did everything: laundry, housekeeping, transfers, tours, designing and delivering welcome packages and



breakfast boxes. At that time, the concept of serviced apartments was relatively new in Portugal.

“We were the first company to operate such premium services for serviced apartment buildings, and we had some important clients such as the Almaria Group, Residentas serviced apartments and Hello Lisbon group,” Joana conti-

nues, adding that the business ballooned to such an extent that the phone would often ring in the middle of the night.

At the same time, the future CEO of ORIA was already making her first personal investments in real estate, following in her family’s footsteps with true passion. She began working in a real estate brokerage, which led her to become the

Assistant Director of Decisões e Soluções in one of their branches in Lisbon.

“I met the owners while we were considering a potential partnership between them and The Service for our breakfast boxes service. I confided that I was doing some investments in real estate which I really loved doing. Shortly after, I was invited to work for Decisões e Soluções,



One of the most exclusive luxury homes in Avenida da Liberdade sold by ORIA off market



Joana with Andrew Peek, a NYC-based client that bought one of the most exclusive luxury apartments in Avenida da Liberdade.

“WE GET A LOT OF REFERRALS FOR AMERICANS AND CANADIANS, AS WELL AS CITIZENS FROM THE MIDDLE EAST AND EUROPE WHO WE HAVE HELPED NAVIGATE THE OFTEN CONFUSING AND DIFFICULT PROCESS OF MOVING TO PORTUGAL.” JOANA BRANQUINHO, CEO AND FOUNDER, ORIA REAL ESTATE ADVISORS.

which was just opening a franchise shop in Lisbon.

“I learned a lot during the first months from their training induction programme that was very professional and insightful, but the thing about franchises is that you are limited in terms of creativity and strategy, because you have to replicate and follow the brand and its guidelines.

“It was a good experience and great team, but I had a clear vision of the kind of refined, high-end services that I wanted to deliver, and this didn’t quite fit the ideas I had for providing a completely customer-orientated service,” Joana recalls.

It was around this time in 2017 that Joana would meet a contact who would offer that possibility and change her life. The chance meeting would not only cement her career in real estate, but catapult it to new heights and responsibilities.

TAMEA INTERNATIONAL

The person who would change everything was the successful British entrepreneur Tariq El-Asad, the founder of the real estate consultancy TAMEA International who she refers to as “one of the smartest and most efficient men I have ever met”.

Joana remembers how she ended up working for TAMEA International. “Tariq had a French investor interested in one of my buildings for sale. We held some meetings and the client was very impressed with my level of service and told Tariq: ‘You should hire her!’”

Following the meetings, Tariq sent her a message. Joana laughs: “I really thought I was about to sell the building, but it wasn’t about that at all! Tariq was actually pitching me to join the company and persuaded me to help develop the entire concept of a luxury real estate advisory which would take care of the clients’ needs from start to finish.”

Joana was swiftly appointed Commercial and Operations Director. It was the start of five successful years at TAMEA International dealing with referrals, building connections, building the team, and selling lovely properties in prime locations in Lisbon, Estoril, Cascais, Sintra and further afield.

It was the height of the property boom and the company became immensely successful, with Joana quickly



Joana and her family strolling along the beach in Costa da Caparica

establishing a 10-12 strong team of professionals who understood what providing quality service was all about.

“We wanted to offer the kind of high-standard bespoke service that you would find in Miami or Beverly Hills, but at that time was rare in Portugal,” she reflects, adding that there were only a handful of companies at the time, mostly dealing with Portugal’s successful Golden Visa programme, that offered full concierge service.

The objective was to provide a quality bespoke service that was different, where people could land in Lisbon and immediately learn about the market and feel secure that they were in good hands.

“An excellent service approach means listening carefully to the clients, attending to all their needs and resolving them quickly,” explains Joana.

Joana Branquinho and her talented team created a personalised 360° service, elevating the company’s real estate expertise and providing clients with a trusted network of multidisciplinary partners, who ensure a hassle-free process considering all aspects of investing in a property or relocating to Portugal. Naturally, word got around and the company grew.

A DOWNTOWN UPMARKET MOVE

TAMEA International started operating out of Second Home in 2017, the most desirable co-working space in Lisbon’s Cais do Sodré district, which, despite its light and leafy office space,

was principally the home of a number of young and dynamic startup companies, but also companies like Mercedes that occupied almost half of the entire space back then.

The first step towards consolidating its position in the market in which TAMEA was operating was to move premises to an above-street level office

on Lisbon’s most fashionable and upmarket thoroughfare, Avenida da Liberdade, which has a long open-air terrace running the length of the office, boasting views over Lisbon’s rooftops.

“We didn’t want to change too much as we already had a great team, great clientele, and the right quality and style of service, but the move was something

Joana and her family in Casa Rêia, in Costa da Caparica, one of their favourite places to chill





ORIA's multicultural team, an essential support system to Joana

organic that we needed as a growing company," she reflects.

"Because our advisory is discreet and often referral-based, and knowing the kind of clients who we attract, we wanted to create a space that was far from a typical agency. One thing was for sure, we did not want a 'showy' office with big broad windows full of property listings that screamed 'here we are!'.

"Instead, we sought a sophisticated place that was centrally located on Lisbon's most prestigious street, but hidden from view because people in the sector know who we are and how to contact us. We've never wanted to attract passing business. Most of our work is through referrals, very often dealing with off-market properties," Joana points out.

Joana says that on the one hand, the Covid-19 pandemic was difficult in terms

of business in 2020; it was the year of the transition to the new office and they had just taken on new staff, but on the other hand, it gave her the opportunity to consider the company's core values and focus on training the team. Joana also had the chance to spend more time with her young family.

"By the end of Covid-19 I had two small children, aged one and three. It's really challenging combining being a businesswoman and being a mother of young kids. You're constantly having to divide your time, but at times that's not so easy. It's a daily challenge, especially if you want to be present and enjoy time with them. Kids grow up really fast and I didn't want to miss out on those years," she ponders.

Tariq, who had been such a good partner over the years, has since moved on to focus on other businesses. He

currently owns the Fantastic Frank Lisbon Real Estate Agency, and the Golden-VisaFundsPortugal platform, as well as having other projects in the pipeline.

ORIA REAL ESTATE ADVISORS

With the growth and consolidation of the company, Joana Branquinho decided that TAMEA International needed a makeover, with a new image that was cleaner, crisper and reflected the company's values, aspirations and vision for what a high-end real estate advisory should represent.

"After the management buyout in May 2022, we had some very intense and busy months, and I really didn't have time to crystallise my ideas into what I thought we should stand for, including a rebranding that reflected who we are and where we were going," she explains.

“Although I was always in charge of making the most important decisions at TAMEA International, the transition to sole owner and CEO was scary and overwhelming to begin with, but I was lucky to have a really dedicated and reliable team on my side and that’s so important. I wanted to create a sustainable business where employees feel well, valued and motivated,” Joana continues.

By the end of 2022, Joana and her team had done a numbers crunch and set out a strategy for the near future. The full rebranding began to take shape. Crafting a new company brand and logo from scratch, while still retaining the essence of the former company’s ethos, was always going to be a huge responsibility and challenge, but Joana felt that it was a natural and important step to take.

The advisory, which evolved under the name ORIA, has now gained a quietly confident and sophisticated identity, which perfectly aligns with its unique core values and emphasises the bespoke, customer-centred service.

“The name ORIA was inspired by the Latin word for golden, ‘aureum’, and the Portuguese word for gold, ‘ouro’, which we felt perfectly summarised the brand’s level of service,” says Sylvia Cardim de Melo, Founder & Creative Strategist at Strawberry Brand Studio who spearheaded the rebranding process.

And explains: “The starting point for the brand’s new logo was, believe it or not, the human brain. ORIA perfectly blends an analytical approach with a human touch; the left part of the brain with the right, and we wanted to ensure that idea was conveyed through the entire brand identity.”

CORE VALUES

As to ORIAS’s core values, these are very much based on Joana’s own ideas of what a Rolls Royce service should be in real estate advisory that she has carefully distilled over the years.

The essential tenets are:

- **Providing strategic advice that can be trusted**

“You will never catch us pushing listings. We are not in the business to sell properties for our convenience or just to make money. Real estate advisory should be an honourable profession with a high level of service in a competitive industry, something that was missing in the Portuguese real estate industry for many years. Our job is to impart our knowledge to our clients and help them make informed decisions based on their needs, not just sell them a property. We spend a considerable time with our clients, getting to know them and understanding their lifestyle, interests and needs. We really care about what they buy.”

- **Imparting local knowledge**

“Most clients, when they fly into Lisbon, do not have an intimate and reliable knowledge of the city and neighbourhoods, let alone the intricacies of the Portuguese housing market. We have to be their eyes and ears, navigating them through a different physical, cultural, social and legal landscape from the one they may be used to back home, even if they are sophisticated and well-travelled people. You may have all the framed industry-accredited certificates in the world on your wall, but only experience and local knowledge can provide the basis for a truly excellent service.”

- **Seeing the big picture**

“Many clients come to us with an idea of what they’re looking for, but on-the-ground realities are sometimes different. Here, a professional team with market expertise and exceptional listening skills is important in guiding the client to find the solution that accommodates their needs, whilst keeping the local reality in mind. It’s not just about treating the client respectfully. It’s about bringing peace of mind. At the end of the day, the client, who are for us essentially offshore citizens, want to ensure that the property they purchase is a good investment, and that if we rent it out for them, it is in good hands and retains their investment over time.”

Joana with Francisco Nunes da Silva, ORIA’s Operations Director and also Joana’s right-hand man



**“I WANTED THE KIND OF
HIGH-STANDARD QUALITY
SERVICE THAT YOU WOULD
FIND IN MIAMI OR BEVERLY
HILLS, BUT THIS IS RARE
IN PORTUGAL.”**

**JOANA BRANQUINHO,
CEO AND FOUNDER, ORIA
REAL ESTATE ADVISORS.**

SERVICE THAT EXCELS

"One of the things we've learnt from our clients who had been to other brokers was that our service stood out. Listening to people and trying to match what they want with a home from a prime and varied portfolio is absolutely key for us. We always present the clients with the best alternatives to the market to suit their needs. Too many brokers these days attempt to persuade clients to buy a property that they've had lingering on their books, rather than understanding what the client wants and catering to their needs. It's not about us; it's always about the client and they come first. We offer properties that can be part of the portfolio of other real estate agencies, but we also offer an exclusive and off-market range of select properties

"We spend at least one hour in a first call or meeting with a client to understand their lifestyle, their personal needs, their expectations, and what they like to do. Then we conduct extensive research to see what's available in the market, online and offline. Because we speak with more than 20 brokers or individuals for different requests every day, we are able to get the network of properties that others usually don't get."

The ORIA team also uses software that track all opportunities in the market, going far beyond portals like Idealista or Supercasa that are well-known amongst

many international clients already. In addition, ORIA works with all the prestigious names in the market; such as Quintela e Penalva, Christie's Porta da Frente, Castelhana, Remax and JLL, but also small local brokerages, freelancers, private contacts interior designers and architects.

"People often approach us and offer off-market properties and opportunities before they advertise them online, asking if we have a client who might be interested. The relationships we've built up over the years have grown quite organically. That's because our contacts know the discretion and quality of service that we offer. We filter for our clients so they don't have to waste time speaking to different brokers and visiting properties that are not suitable for them. Moreover, we advise them on taking the best decision and provide guidance on the negotiation and post-sales period with utilities, furniture, design, or possible remodelling ideas that are beneficial for the property," explains Joana.

THE END OF THE GOLDEN VISA - WHAT NOW?

Joana says that the Portugal Golden Visa programme, or Authorisation for Residency through Investment (ARI), as it is technically known, has always represented anywhere between 25-30% of ORIA's business.

However, with the announcement in February this year that the Golden Visa is to be abolished by the Government, is she worried this will hit a large portion of her business?

As Joana points out: "We have done a lot of business through the real estate investment option, whether to buy as a primary or secondary residence, commercial properties or hotel investments. Even outside Lisbon, Golden Visa purchases have increased and we are now established as one of the most relevant companies that have good results with Golden Visa investors."

Joana adds that they had already been expecting changes in the programme for a while, but actually the impact of that in the prices of real estate in the main cities seems to be marginal.

"Lisbon has not been eligible for the Golden Visa's property option for more than a year, yet demand and prices have continued to rise. We are on trend, and people want to move here, or at least spend a few months," she concludes.

Nevertheless, Portugal also has a wide range of citizenship solutions to suit people from all walks of life and ages, such as the D7 visa, which is perfect for non-EU nationals who want to move to Portugal.

The D7 Visa, also known as the Retirement Visa or Passive Income Visa, was introduced in 2007 by the Portuguese Government, allowing non-EU/EEA/Swiss citizens to apply for temporary residency in Portugal. It is used to obtain a permanent residency permit and, eventually, citizenship.

For young entrepreneurs and business owners, particularly startup founders, there is the Tech Visa and the recent Digital Nomad Visa. The Non-Habitual Residents (NHR) tax regime is also an attractive option for EU citizens.

The NHR essentially grants qualifying individuals the possibility of becoming tax residents in Portugal whilst legally avoiding or minimising income tax on certain categories of income and capital gains for a period of 10 years.

The NHR tax regime came into force in Portugal in 2009, and is proving very successful at attracting individuals of independent means, pensioners and certain skilled professionals to establish residency in Portugal for tax purposes, while being subject to minimum stay of six months in a year, in Portugal.

Afternoon meeting at Ninho Member's Club between ORIA and Oliver and Timothy Minter from Minter Property





Joana with Rita Valadão, an award-winning interior designer in Lisbon

LUXURY RENTAL & PROPERTY MANAGEMENT SERVICE

Many overseas citizens set on relocating want to get a feel for their new adopted country and take their time searching out the perfect property to meet their needs.

This is why ORIA provides a full bespoke luxury rental service, too. Its extensive yet select portfolio features a collection of carefully curated and exclusive properties for rental in Lisbon's finest locations.

"Many of our best clients today that invest, started with a rental apartment. In a high-demand market, it is difficult to find a suitable prime rental option, which is why it is important to have first pick of the best opportunities when they arise, as these do not stay on the market long," Joana says.

For property owners, ORIA is dedicated to maximising their investment by securing excellent tenants, maintaining the property in perfect condition, while ensuring compliance with Portuguese legislation.

"This department is not our core business, but we felt it was a natural evolution of a service for our clients that wanted to continue working with us.

"We currently have over 30 properties under management and this year we are launching a luxury property management and concierge service for clients who wish to have their properties ready for them whenever they land in our country for their holiday or work travels.

"Upon arrival, everything needs to be perfect, with flowers, air-conditioned at the optimal temperature, and the kitchen stocked with essential groceries. We can take care of everything, from introducing clients to exclusive private clubs to arranging for a chef to cook for them at home or booking a table at one of the finest restaurants in town, we really want to offer something different and to make our clients' lives easier and enjoyable in our beautiful city," explains Joana. .

A WIDE CATCHMENT

If the Covid-19 pandemic revealed one thing regarding the property market, it was that not everyone wants to be in the centre of a busy city of over 500,000 people.

There is a palpable interest in buying properties outside of the Greater Lisbon area, in places that have a lower population density, where properties are more spacious and offer secluded gardens on tree-lined streets.

Although ORIA's main catchment area is the greater Lisbon area embracing also the charming coastal towns of Estoril and Cascais, the advisory's local expertise also extends to exclusive places such as Caparica, Ericeira, Comporta, Melides or other prominent destinations in Portugal.

Making some pondered observations on the real estate market in the Greater Lisbon and surrounding areas, Joana believes that there are still very special developments offering different properties to suit all tastes. From chic centrally located urban apartments to townhouses close to the beach, or secluded design villas surrounded by fragrant pine forests and endless kilometers of golden sandy beaches set below undulating dunes.

A SAFE AND SECURE DESTINATION

But with all the talk, both nationally and internationally, that Portugal may be on the brink of a market contraction with a consequent adjustment in prices, does she worry Portugal's steady stream of overseas relocators will dry up?

"The market will continue to grow at variable rates depending on the location and type of assets. This is mainly due to the limited supply of land and properties available on the market.

3D Render of a stunning apartment in the most exclusive, branded residence development in Lisbon





3D Render of an exclusive off-market penthouse with panoramic sea views in Monte do Estoril, Cascais

We have the lowest number of properties for sale of the last 15 years and the highest increase in demand to buy them". Mainly because of the lack of offer in the market and Portugal's widespread popularity overseas. Portugal is trendy, but it's so much more than that. People really feel good here and they don't want to go back," she reflects.

"For all kinds of reasons, from safety and security to fine cuisine and wines, we are finally on the map, whereas a few years ago we were still relatively undiscovered.

Portugal also has good air, road and rail connections and is just two hours and thirty minutes from most European cities like London and Paris. has good transportation connections, It will continue to attract discerning buyers who seek a calm and lovely place to live far from the madding crowds."

In Lisbon itself, Joana Branquinho says there are still exciting opportunities in new and relatively new neighbourhoods that are being developed at present.

The neighbourhoods, or 'bairros', of Intendente, Graça and Arroios are growing, the area of East Lisbon considering Marvila or Beato is consolidating along the River Tagus Estuary, while Alta de Lisboa to the north of the city is flourishing with some "very interesting investments". Caparica and the charming seaside surfing town of Ericeira are also booming with very attractive opportunities.

"We have our eyes peeled and nose to the ground to spot where the opportuni-

ties lie. On both sides of the river and beyond, the choice is very diverse. Cascais is a strong market for us, particularly the exclusive and sought-after residential communities of Quinta da Marinha, Malveira and Guincho.

Joana explains that one of her priorities is to continue nurturing and growing her network of trusted partners up and down the country, from Porto to Alentejo and the Algarve. This allows her and ORIA team to provide the best options for their clients. "With our approach we are able to cover residential but also retail and investment opportunities such as hotels, plots to develop or yield assets" says Joana confidently.

Joana Branquinho, Founder and CEO of ORIA Real Estate Advisors



WORD OF MOUTH

Joana Branquinho is certain about one thing when it comes to marketing and publicity. It has to be very discreet, focused and targeted.

"Although our team has been growing – it currently has 15 professionals – , our aim is not to massively expand. You will not see shop-style estate agencies cropping up all over Lisbon and the Estoril Coast."

It is precisely for this reason that you won't find an ORIA stand at the big international property fairs like Expo Real, MIMIP or Barcelona Meeting Point. However, ORIA does get involved in targeted roadshows in key markets like the United States, Brazil and Dubai.

"Big property fairs are not likely to be life-changing for us, but specific roadshows are the way ahead, focusing on specific directions with specific partners that are aligned with our core values," says Joana.

"We run a discreet high-end service, one that doesn't need any bells and whistles on it to draw attention. Over 70% of our business comes from recommendations and referrals. The quality and one-on-one personal service at all levels is our calling card. It's nearly all word of mouth and repeat business. That's what we like the most, to work with a curated list of private clients on a dynamic that builds long term relationships," concludes Joana Branquinho, CEO and Founder of ORIA Real Estate Advisors. ■



ORIA

REAL ESTATE ADVISORS

YOUR VISION, OUR EXPERTISE.

Evolving from Tamea International, ORIA is a leading real estate advisory in Portugal in finding and securing properties for private individuals, family offices, and property investors.

Your partner in property acquisition.



Portuguese property

An investment as safe as houses

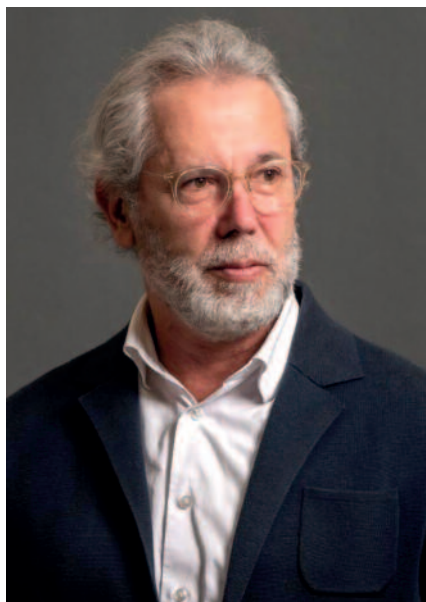
If there is one sector of Portugal's economy that seems impervious to the climate of growing economic uncertainty and unpredictability because of geopolitical shocks and rising inflation, it is Portugal's property sector. With average house prices rising 18.7% in 2022, and overseas agents warning of a housing slowdown, the market can't just keep growing, can it? Essential talks to the President of the Portuguese Association of Estate Agencies and Professionals (APEMIP), Paulo Caiado.

TEXT **CHRIS GRAEME**
PHOTOS **APEMIP**

In 2012, Portugal's housing market wasn't really moving. In line with the rest of the economy after the country's credit rating was labelled 'junk' status by international ratings agencies, forcing the Government to go cap in hand to an international troika of lenders, the appetite to buy and sell was anaemic.

That year, the then centre-right coalition PSD/CDS-PP government led by Pedro Passos Coelho launched an investment attraction programme that offered residency status for non-EU nationals. The hope was that it would attract entrepreneurs to open businesses, invest in Portuguese businesses and employ staff as jobless figures hit 17%.

That didn't work. However, one of the options of the Authorisation of Residency through Investment Activity (ARI), which required a more reasonable €500,000 property investment, did. While symbolic – the programme has attracted just over €6Bn over 10 years –, it did send out a message that Portugal was open for business and triggered a momentum of overseas relocators, some on the back of the Golden Visa, as the ARI was dubbed, others through redesigned tax regimes such as the Non-Habitual Resident (NHR) scheme.



Paulo Caiado, APEMIP.

Articles circulated in the world's press; journalists who flew in to cover Portugal's sovereign debt crisis were enchanted with Portugal's shabby chic image and picture-postcard towns, and over the next decade, both the tourists and the overseas house-hunters poured in, snapping up properties for a song.

Without a doubt, the Golden Visa programme kick-started a moribund housing market, with out-of-work estate agents, lawyers, surveyors, accountants, painters and decorators, small-time builders and big international developers suddenly having more work than they could actually take on.

The scheme inadvertently began the regeneration of Lisbon and Porto's run-down city centres, and this fanned out to historic medieval and baroque cities up and down Portugal. After being the sick man of Europe, Portugal had finally arrived, and all triggered by a small piece of plastic the size of a credit card, and that recovery began with Portugal's residential housing market.

But there were predictable, if unintended side-effects. Urban housing stocks, which hadn't grown significantly since the late 1980s and early 1990s, ran out, scarcity fuelled demand, and demand drove up prices. The result was a bombshell dropped by the Government in February with a Housing Pact which aimed to alleviate the problem of the lack of affordable housing in urban centres, but apart from tenants associations, the measures proposed pleased no one.



Photo: Chris Graeme



But house prices continue to rise in sunny Portugal, when in the UK and in Northern European countries like Sweden, the winter Arctic winds of war and inflation have frozen the market. But is the sector that helped save the Portuguese economy from 2012 now about to come tumbling down from over-speculation? Paulo Caiado thinks it highly unlikely.

“The increase in property prices has to do with lack of product on the market and I don’t see any significant change that would bring prices down, so our members don’t see any relevant change. Despite the increases we’ve seen, the truth is that in overall terms, house prices are a lot less than those in other European countries, and in many the think it is still too early to evaluate the effectiveness of these measures which, if adopted, should significantly help those who really need access to decent housing. At the same time, measures aimed at stimulating the supply of residential properties would have a significant effect, like speeding up licensing, making more parcels of land available for new build,

creating tax incentives for construction, which would all be welcome measures.

However, a growing chorus of voices says that the speculation fuelled by a lack of properties and an influx of affluent European relocators and nationals from Brazil, the United States, China and the Middle East has driven up prices to such an extent (finding a two-bedroom flat in Lisbon for under €350,000 is almost impossible) that the Portuguese middle class has been pushed out of the market, with calls on the Government to introduce Canada-style housing market restrictions. As of January 1, 2023, foreign buyers are banned from buying homes in Canada for two years under the Prohibition on the Purchase of Residential Property by Non-Canadians Act. The ban was passed in June 2022, but only came into effect in January.

“Introducing an act like the Canadian one just wouldn’t make sense. Overseas investors have created some demand and put pressure on the high-end segments of the housing market, which has no social impact of consequence whatsoever,” says Paulo Caiado.

The announcement by the Government that it would scrap the property investment option of the Golden Visa and phase out the programme altogether has perplexed real estate associations, who can’t understand why an investment instrument that brought in €6Bn of investment and created so many direct and indirect jobs was to be terminated. In truth, the Portuguese authorities came under increasing pressure from the European Council, who suspected that up to 40% of the visas were granted on the back of money laundering, especially in Malta and Cyprus, the latter of which had been selling passports for cash to wealthy Russian oligarchs.

“These measures and programmes have been highly relevant for Portugal’s economy,” Paulo Caiado says, dismissing ideas that they have fuelled speculation. In a decade, the Golden Visa represented 0.6% of transactions in Portugal, yet during that period, it has brought in nearly €7Bn. The impact of this investment goes far beyond direct investment in property; it has had made a consistent and very considerable contribution to

Portugal's economy," says the APEMIP president.

Property industry associations have long argued that the number of regular and surcharge taxes on properties has been one of the impediments to housing development in Portugal. One of the main real estate taxes in Portugal is the Municipal Tax on Onerous Real Estate Transactions (IMT), which is due to the state whenever a house is bought. This is calculated based either on the value of the property for tax purposes, or the amount that is declared at the time of the

purchase, depending on which is higher. Another is stamp duty, which is based on the amount stated on the deed. The buyer must pay a transaction tax of 0.8% at the signing of the deed. Besides the taxes paid at the time of the purchase, there is a tax paid every year for as long as the proprietor owns the property, which is the municipal property tax (IMI). The IMI rates are set annually by the council where the real estate is located. In cases of urban buildings, the rate can vary between 0.3 and 0.45%. The rate can climb to 0.5% in the case of municipa-

lities that are included in the local economy support programme, whereas with rustic buildings the rate is 0.8%.

Real estate worth over €600,000 is subject to AIMI (a municipal surcharge or wealth tax), which on average is 0.7% of the value of the property.

"Like in other European countries, having one annual tax would be a much simpler regime and stimulate the turnover of property transactions," says Paulo Caiado.

In common with the rest of the Eurozone, interest rates set by the European

"BROKERAGE IS REGULATED BY A LAW THAT CLEARLY SETS OUT THE RESPONSIBILITIES AND OBLIGATIONS OF ESTATE AGENCIES AND PROPERTY AGENTS. CURRENT LEGISLATION DOES NOT ESTABLISH ANY KIND OF RESTRICTION ON AN ESTATE AGENT REPRESENTING THE BUYER AND THE SELLER AT THE SAME TIME." PAULO CAIADO, PRESIDENT APEMIP.



Photo: Aayush Gupta - Unsplash

Central Bank and enforced by Member State central banks have been consistently rising in Portugal with an effect on mortgages. But how far is this having a problem for homeowners with mortgages in Portugal? Does APEMIP foresee rates coming down anytime soon, and is a wave of mortgage defaults like in 2011-2014?

“The increase in interest rates is worrying, especially for families who have bought their homes over the past three years and have borrowed to their limit. Measures implemented by the government to enable mortgage holders to renegotiate conditions with the banks will relieve the situation and avoid defaults. On the other hand, the number of mortgages being renegotiated isn’t as high that it would cause market jitters,” assures the APEMIP president.

APEMIP has been very eager to attract more estate agents to not only be members, but also play a more active part in the association. But after years when estate agents in Portugal were considered not much better than second-hand car salesmen, the profile of the estate agent is changing, becoming more respected as a profession rather than a job.

Paulo Caiado says that competition between estate agents has become more intense and, as a consequence, we have clients that are more demanding, estate

agents that are better trained and some that are very successful. “It is without a doubt now seen as a profession and much more than just a job.”

The business has also changed with the advent of new technologies over the past few years, with virtual house viewings, sometimes using drones for exterior and aerial views, and clients starting their house-hunting online on sites that, through AI, enable rapid, broad property searches and custom filtering.

“Technology has brought very significant changes to our activity, in the way they are marketed, in administrative processes, and particularly how they are advertised on sites and social media. It is vital that estate agents know how to use these technologies, which can enhance performance,” explains Paulo Caiado.

Over the past three years there has been an uptick in the number of US citizens moving to Portugal (the number has tripled in 10 years to nearly 7,000) and they are often bewildered, if not shocked, that Portugal has no Multiple Listing Service. Is this likely to be introduced here?

Although Paulo Caiado thinks it would undoubtedly be interesting, it would however result in the mainstreaming and standardisation of the practice of soliciting properties under a sole agent regime, which we don’t have in Portugal.

In Portugal, estate agents are not technically supposed to represent the buyer and seller, but this frequently happens. The emphasis is always on finding the buyer and the seller, and closing the deals. Therefore, the seller needs to make sure that they are being properly represented when the situation occurs. Does APEMIP think more could be done to prevent such cases?

“Brokerage is regulated by a law that clearly sets out the responsibilities and obligations of estate agencies and property agents. Current legislation does not establish any kind of restriction on an estate agent representing the buyer and the seller at the same time,” says the APEMIP president.

Also, an agent needs no licence other than an umbrella licence from the brokerage house to sell real estate. The agent also doesn’t have to have formal training and often works part-time. How is APEMIP encouraging greater professionalism in the market?

The association aims to stimulate competitiveness between brokers based on their level of training and preparation, and at the same time thinks that clients should be made aware of the need to employ the services of estate agents with suitable training.

The APEMIP training academy provides almost daily training courses in diverse areas, which are vital at a professional level and in turning out professional estate agents.

THE PROSPECTS FOR 2023

Portugal’s luxury market has performed consistently well over the past seven years, with developments springing up all over the country, particularly in Greater Lisbon (house values up +15% in 2021), Cascais, Estoril, and Comporta (+7.6% in 2021 and (+1.9%) so far this year). During the first three quarters of 2022, the total number of housing transactions in Portugal rose by +8% year-on-year to 129,374 units, while transaction value increased 22.9% year-on-year to €24.42Bn (US\$26.47Bn), according to INE. However, the new build market has not done as well, with new construction up 1.6% in 2022 on 2021 (around €5Bn), according to the Global Property Guide.

Paulo Caiado points to a problem that has been well known in the residential



market for some time, which is the lack of supply, particularly new properties aimed at Portugal's middle and lower-middle classes and at affordable prices. "We've got no lack of potential clients interested in these segments, and we'll probably see an increase in supply in those segments where there has been a lack affordable housing."

There is strong debate whether it is a government's job to provide affordable housing and that this should be the realm of the private sector, and there are developers in the market who have argued that the Portuguese government is cash-strapped and simply doesn't have money to meet affordable housing demand that developers can't make money on due to high taxes and the rising costs of raw materials and energy. This was expressed by José Carlos Botelho, CEO of Vanguard Properties, the most prolific luxury real estate developer in Portugal, and Anthony Lanier, founder of EastBanc, which has had several real estate neighbourhood regeneration projects over the past decade. It's simply not profitable, they say. Nevertheless, the Portuguese Government is making inroads into tackling the problem with funds from the Portugal RRP (Recovery and Resilience Programme) with €2.733Bn for housing through its 'Programme of support for access to housing', with an allocation of €1.211Bn, while Lisbon City Council has earmarked some €343 million from the RRP, until 2026, to intervene in housing, with the majority of the budget allocated to construction.

Paulo Caiado says that the sums allocated from the RRP are very important for increasing affordable supply, however "we're a bit apprehensive in how it will be effectively achieved given the lack of manpower and resources in the construction area".

Another path taken by the Government to alleviate Portugal's chronic housing shortage is to provide more properties for rental, whether through new-built, renovation, or even compulsory appropriation from private owners who have left their properties standing empty for long spells of time. But this is in a market which, unlike France or Italy, has always been more geared to home ownership rather than rental, with a population that doesn't see the point of



Photo: Joaquim Morgado
President of the Portuguese Association of Real Estate Developers and Investors (APPII), Hugo Santos Ferreira and President of APEMIP, Paulo Caiado

"MEASURES LIKE THE GOLDEN VISA AND NHR PROGRAMMES HAVE BEEN HIGHLY RELEVANT FOR PORTUGAL'S ECONOMY. IN A DECADE, THE GOLDEN VISA REPRESENTED 0.6% OF TRANSACTIONS IN PORTUGAL, YET DURING THAT PERIOD IT HAS BROUGHT IN NEARLY €7BN. THE IMPACT OF THIS INVESTMENT GOES FAR BEYOND DIRECT INVESTMENT IN PROPERTY." PAULO CAIADO, PRESIDENT APEMIP.

paying rents almost as high as mortgages, and then having nothing to show for it at the end of 30 years.

Paulo Caiado says that this is down to Portugal's more recent democratic history since 1974, after which rents were frozen at a peppercorn rate, making it impossible for landlords to cover maintenance costs, resulting in "making it difficult to rent out a property in terms of demand and even less so in terms of supply. Until 1998, there was a strong policy to encourage people to buy their own homes through low-interest mortgages.

The result was that 73% of Portuguese families own their own homes".

To wind up our interview with Paulo Caiado, the President of the Portuguese Association of Real Estate Agencies and Professionals (APEMIP), Essential Business asked him what he wanted to achieve during his presidency.

"The Portal CasaYes, the continued professionalisation of the estate agency business and its brokers, creating more and stronger links between APEMIP and estate agencies and brokers are the main goals for our association," he concludes. ■

Monsieur La Palice's answers to Portugal's housing problem

Monsieur Jacques de la Palice was a French soldier from the 16th century about whom songs were written. Then a verse of one such song was changed, to something like: “If he hadn't died, he would be alive”... and his name became synonymous with stating the bloody obvious.



Lisbon's problem of a lack of affordable housing is serious, complex, and for several years the subject of much discussion. So maybe an imaginary interview with Jacques de la Palice can help us crystallise some ideas.

Dear Monsieur de la Palice, is real estate an important sector?

Real estate is a very important cluster, the biggest in the world economy, and the one that provides the homes we need to live in, the offices to work, etc...

There's an idea that it's an unsophisticated sector. Some even say that their goods are not tradable, LOL... But our quality of life depends on the quality of the real estate we live and work in (not even in my castle was it as cold as in the houses in Lisbon), and poor quality can lead to deaths (as we saw in Turkey).

They no longer build houses like you do in civilised countries... they build them in wood and steel, in a modular, clean, quick, and sustainable way, assembled by huge cranes.

Your leaders want technology... industry... undoubtedly important. But even for that, real estate is needed: years ago, when Google chose Lisbon to install new services, it did not find an office with the desired quality in the city and, to the surprise of many, set up in Oeiras. If they hadn't found it in Oeiras, they would have gone to Warsaw. Like it or not, cities are made of real estate.

Are the houses expensive?

You could say "it is not the houses that are expensive, it is our wages that are low". Strange as it may seem (quantitative easing helped but does not explain everything), many professions of great responsibility and importance such as teachers, police, nurses, etc. are less valued than an organised set of steel, bricks and cement... that should be mass-produced.

Is it easy to solve the housing problem?

Yes, it's very easy. You must recognise the problem, truly want to solve it, find people who know how to solve it, and



Bibliothèque Sainte-Geneviève, Paris, France

give them the resources to solve it. This sounds simple, and it is. There are many examples of more complex problems solved through this method.

Why are houses expensive?

Probably because we have more demand than houses: the famous "Law of Supply and Demand".

The population increased and the migration to the cities too. With the increase in inhabitants, more buildings are needed, and a new use, highly space-consuming, gained enormous ground: tourism (Lisbon

has about 550,000 inhabitants and receives about 4.5 million tourists per year).

It so happens that Lisbon has 100 sq. km (Madrid has 604), largely occupied by the airport, Monsanto Park, the port, and the historic centre, and we started to demand more urban quality: gardens, areas set aside around monuments. These are all advantages, but there are no miracles in real estate: either there is land to build on, or you build tall buildings. If buildings don't go up, prices do.

There is also the "not in my backyard" phenomenon. Remember the popula-

"THE MOST REPEATED LIE IN PORTUGAL IS THAT THE GOLDEN VISAS DID NOT CREATE JOBS. THEY RAISED €6BN OF REAL ESTATE INVESTMENT, CREATED THOUSANDS OF JOBS, BROUGHT IN TAX REVENUE, AND REHABILITATED THE CENTRES OF LISBON AND PORTO."



New urban development plans for Paris showcased at MIPIM 2023 -an example for Lisbon to follow.

tion's opposition to the affordable housing project in Restelo? Those who already have a house do not want many houses to be built in their vicinity (+ traffic - parking = devaluation of their homes).

To solve the problem of the lack of housing we must build more houses. And to bring prices down we must build a lot more houses. Have you heard about "Economies of Scale" (the greater the quantity produced, the lower the cost per unit), meaning, industrialisation and modular construction?

What about vacant buildings?

If we need housing and the space is scarce, it doesn't make sense to have vacant buildings, and they create insecurity (fires, risk of collapse) and make cities uglier.

In Lisbon, the hundreds of vacant State properties, abandoned for years on end, falling into disrepair, victims of theft of copper and tiles, and of tags, heritage that belongs to the people and that the city lacks, are a shame.

Someone had the idea of using these properties for affordable housing, but many of them (hospitals, barracks, palaces) would be too expensive to transform (rehabilitation and small scale), being more useful for other uses that the city also needs. So, it would be better to sell them and use the revenues to build

affordable housing (new construction on a large scale). These are examples of the concepts of "best use" (properties must be used in the way that gives them the highest value) and "portfolio management" (strategically buying and selling assets to maximise usefulness).

Vacant private properties have the same effect. Usually, they are victims of endless lawsuits, inheritances (arbitration courts should be mandatory to speed things up) or await licensing.

The right to private property must be accompanied by the duty to keep properties in good condition and in good use.

The welfare of the city (society) is far more important than the whim or incompetence of an individual. A few years ago, it was decided to increase the property tax in these situations, which I think is the best way of dealing with the matter, but the increases must be higher and effectively applied.

Lease or buy?

Buy, buy, buy. After 20 years of paying mortgages, you will own a house, while after 20 years of paying rent, you will only have a bunch of receipts. It is a great investment and security now that we live longer. The State should help citizens to buy – cooperatives; subsidised interest; support down-payments. The old story of wiping out the poor instead

of wiping out the rich. The Mayor of Lisbon is correct in insisting on ending the transaction tax.

And urban plans?

Plans are needed. But they are terrible when they are just inventories of state and private intentions, when the characteristics of the territory must be the main concern, or when they take so long to develop that by the time they are implemented they are hopelessly outdated. Consider, for example, the allotments in Alta de Lisboa, that require four and five-bedroom apartments when actual demand is for two-bedroom apartments (families have become smaller) and require several levels of subterranean car parking, which increase the costs of construction immensely at a time when we should really stop using cars and we need affordable housing.

And licences?

To be able to build, projects must be approved, licences obtained, and fees and taxes paid. Which means bureaucracy, delays, risks, and costs. Once "time is money", and risks must be remunerated, the process increases costs to the developer and of course to the final client.

Some years ago, I suggested the acceptance of terms of responsibility and increasing the supervision, and now the

Government included that idea in its plan (Bravo!). Meanwhile, we are still waiting for the simplification of legislation.

And taxes?

In Portugal, taxes represent 40% of the cost of new housing. VAT on new construction is 23%, not tax deductible (unlike in Spain). The only conclusion that can be drawn is that for the State, a house is a luxury.

There are incentives in zones denominated as Urban Rehabilitation Areas, such as 6% VAT, but that's not suitable for affordable housing because the city centres are expensive, rehabilitation too, and there is no scale... It no longer makes sense to favour rehabilitation over new construction. We are benefiting the rich and penalising the middle class.

Should we blame the Golden Visas for high prices?

Blaming foreigners is an idea often used to divert attention from our shortcomings.

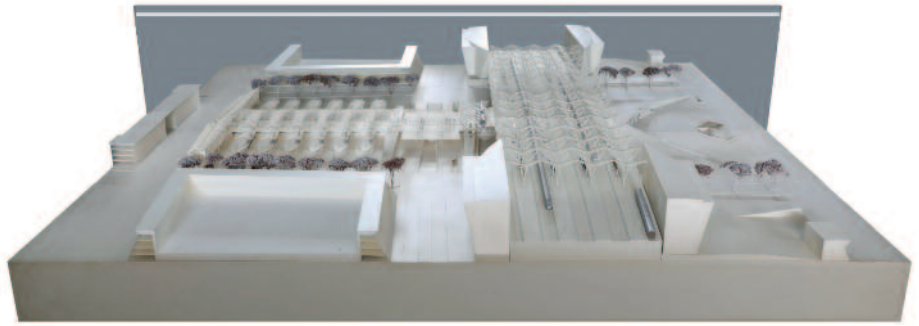
The most repeated lie in Portugal is that the Golden Visas did not create jobs. It turns out that they raised over €6Bn of investment in real estate, creating thousands of jobs in architecture, engineering, construction, building materials, legal services, real estate development, etc., in addition to paying taxes and rehabilitating the centres of Lisbon and Porto.

Actually, foreigners don't need Golden Visas to reside in Portugal, they just need to prove that they have income (D7 Visa), so the end of Golden Visas is just an invitation to use this cheaper alternative.

Portugal needs to attract foreigners, as they are a source of investment, entrepreneurship, employment, and income. Foreigners don't steal jobs, they create jobs. Foreigners do not steal our houses; they buy them for the price we sell them, and some of them even build houses and would build affordable housing if it were financially feasible. Without them, we would be much poorer. And Non-Habitual Residents pay a lot of taxes, much more than if they didn't live here.

What should the State's role be?

The State should lead the way, improve laws, and create incentives for the market to provide affordable housing. It should develop plans for the



The urban regeneration and development of East Lisbon's industrial waterfront wasteland for the World Expo 98 (Parque das Nações) was one of the last major shining examples of excellent city planning which led to much-needed new housing for the middle classes.

city's expansion. That's how Parque das Nações was built. If necessary expropriate large pieces of land. What would Lisbon be like if it weren't for Duarte Pacheco?*

It should encourage municipalities and investors because when problems are big and urgent (as is the case), they can only be solved by working together. It is a dangerous illusion to think that the State can solve them alone. Persecuting entrepreneurs and investors is never the right path (have you forgotten how the centre was rehabilitated?).

But the State should not implement real estate projects, it is too slow and not cost-sensitive. Six years ago, a powerful minister announced that he was going to transform an office building owned by the Ministry of Education into student residences, but work has not even yet started. And we all know how State works are always over budget.

The State must assume that housing is as essential as education, so it must give it the same priority. Some people are unable to secure accommodation on their own, and in these cases the State must provide them one, not just because it is a moral imperative, but because it is a rational decision, so it doesn't lose citizens to illness and crime.

Or do you think it should be acceptable for a family to sleep on the street, or in illegal neighbourhoods in Portugal in the 21st century?

**Duarte Pacheco, a Portuguese mayor of Lisbon and minister of Public Works during the 1930s. He was responsible for expropriating land to build the new neighbourhoods Alvalade, Encarnação, Madre Deus and Caselas, in Lisbon, as well as planning Avenida de Roma.*

Rui Ramos-Pinto Coelho, founder, 6 Graus Investment Partners. ■

Architectural Engineer Duarte Pacheco city planning visionary in the 1930s.





The Government is turning its back on housing

The Portuguese Government's new housing package 'Mais Habitação' designed to alleviate the country's chronic housing shortage is just tinkering with the problem, attacking private property, and fails to tackle the root cause says Hugo Santos Ferreira, President of the Portuguese Association of Real Estate Developers and Investors (APPRI).

"ONLY PROJECTS TO BUILD NEW HOUSING CAN TRULY PROVIDE A MEDIUM TO LONG-TERM SOLUTION FOR THE HOUSING PROBLEM IN PORTUGAL."

HUGO SANTOS FERREIRA, PRESIDENT OF THE PORTUGUESE ASSOCIATION OF REAL ESTATE DEVELOPERS AND INVESTORS. (APPII)

Real estate developers and investors are looking forward to the conclusions adopted by the Council of Ministers in February to address the subject of Portugal's chronic housing shortage.

The situation is serious; it affects Portuguese citizens, specially the lower classes and young people, and the APPII and its members.

The APPII (Portuguese Association of Real Estate Developers and Investors) believes that urgent measures are needed to come up with solutions to Portugal's housing crisis. But, as Shakespeare said, it was "much ado about nothing".

In this case, in the face of the expectations for solutions for the problem, the measures announced do not solve the housing situation in Portugal.

As well as being insufficient, they exclude building new housing stock, which is the most important measure of all to tackle this issue in our view.

The housing crisis requires a long-term policy. Successive announcements of changes to the legislation have provided no confidence for investors, particularly foreign investors.

The first step to start dealing with this problem is to create the right conditions to stabilise the Government's policy on rents. The measures that have been recently announced do exactly the opposite. Instead, we only see compulsory measures, compulsory works, and mandatory renting. All these policies undermine the trust of those who are still thinking about investing in the rental sector in our country.

Furthermore, there is an absence of measures and incentives for new construction. Except for amendments in municipal licensing procedures, no measure that was announced encourages

building and putting more new builds on the market.

It is worth remembering that last year, the equivalent of only one-third of the amount of construction built in 2008 for housing was done, and that was at the start of the economic crisis.

Moreover, of the 170,000 properties bought and sold in 2022, only 11% were new build, thereby demonstrating the lack of new construction on the market.

Only projects to build new housing can truly provide a medium- to long-term solution for the housing problem in Portugal.

Similarly, no measures fostering house purchase by young people were included, not even measures aimed at favouring green/sustainable housing. It was a wasted opportunity.

We are particularly concerned about the assault on tourism and foreigners in the measures announced to restrict, or as they call it, "free up", properties used for self-catering tourist accommodation, or Local Accommodation as we call it in Portugal.

Reducing places for tourists to stay will only stifle demand from overseas tourists, and given how important tourism is to the Portuguese economy (almost €17Bn in 2021), that would be disastrous and seriously impact Portugal's economy, particularly in cities (around €15Bn in 2018 in Lisbon alone). It is also a blow to commerce and urban rehabilitation in our country.

AN ATTACK ON PRIVATE PROPERTY

The Government's policy on the mandatory rental of vacant properties is truly an attack on private property that will do nothing to further investors' trust. Ending the property option for Portugal's

hugely successful Golden Visa programme (it provided the Government with €6Bn of investment and created work for hundreds of law firms, accountants, estate agents and other service suppliers) is mind-boggling, especially in the absence of concrete facts and figures, or any independent study to support such a decision.

The decision is rash and harms efforts to attract foreign investment and, consequently, stymies wealth-creation in Portugal.

Between 2012 and 2022, the Golden Visa programme attracted €6.7Bn, created new jobs and made a positive contribution to help us overcome the previous economic crisis and recession.

Even in 2022, the programme attracted over €650 million. It is incomprehensible how the Government can scrap such an important programme without even undertaking an impact assessment, when the figures demonstrate that the Government should retain and encourage the programme.

And it's ridiculous to say, as critics and government figures suggest, that the Golden Visa programme was forcing ordinary Portuguese out of the housing market, when in 2022, "Golden Visas" amounted to just 0.6% of the total transactional turnover of properties in the Portuguese housing market; just 1,100 transactions for 'Golden Visas' from a total of 17,000 houses transacted.

Finally, I would like to stress once again that real estate developers and investors want to be part of the solution to the problem, and are fully open to investing in building new houses as soon as the minimum conditions are met, such as relaxing the crippling taxes on the house building sector. It is high time to finally face this problem courageously! ■

The future of branded residences

Members of the American Club of Lisbon joined investors and business representatives to learn about the Martinhal Residences from Martinhal Family Hotels and Resort co-founder Chitra Stern. The talk was moderated by Bruce Hawker (Open Media), with advice from João Cunha Vaz, Senior Partner at EDGE International Lawyers.

TEXT **CHRIS GRAEME**
PHOTOS **JOAQUIM MORGADO (ACL)**



Bruce Hawker, CEO Open Media Group and Chitra Stern Managing Partner, Martinhal Residences (Martinhal Family Hotels and Resorts)

Why did you choose a branded residences concept at Martinhal Residences?

The location Parque das Nações is a fantastic urban regeneration, mixed-use urban development project that came out of the World Expo 1998. You have people living and working there. There are hotels to cater for all the needs of meetings, incentives, conferences and corporate stays. What we found at the time was

that this concept of serviced apartments was difficult to find in Lisbon.

You have Airbnb which is quite different, but to have branded residences with a hotel brand and with all the services that a hotel offers, and that are apartments, is hard to find for stays that are longer than just a few days.

We have been doing touristic villages and apartments for several years. Martinhal Sagres itself has 220 keys, of which

around 200 are houses, townhouses and villas. Our resort concept that we built from scratch is a tourists village with individual houses. Martinhal Chiado has 37 apartments in a hotel, but this is the first branded residences that we've done. We have smaller rooms on specific hotel floors, and around 80 of the apartments in the building act as hotel units since they are smaller. The difference is that they have all the facilities of an apartment. The upper floors are designed to have larger apartments for people to live in.

The second reason is that each one of our hotels and resorts is quite different; it was a question of timing as well, as we had already seen the growth of the number of foreigners settling in Lisbon thanks to the Golden Visa and D7, and to find long-term rental apartments was getting difficult. With the Martinhal Residences, we were addressing the needs in Lisbon for long-term rentals and serviced apartments, as well as a financing concept where individuals buy a freehold apartment and they lease it back to us as the operator.

Third, we also wanted to create a landmark building with both amazing architecture, with fabulous views over the Tagus estuary, and functionality.

How has demand changed and what does the buyer today look for compared to a few years back?

Buying tastes have changed a lot. At Martinhal Sagres we were selling holiday

homes. The kind of investor in Portugal has changed significantly, with new nationalities coming to Portugal who are exposed to New York, Miami, London and Singapore. When I first came here 22 years ago, things looked very different. These clients are used to serviced residences, and this was a response as well. We knew our concept would be understood and appreciated. Our clients want hassle-free investment and a place where they can spend between 6-12 months of the year, lock-and-leave, and have peace of mind that we are servicing their property.

How important was it to incorporate rental with long- and short-term lets?

It is quite important. This is a city and long-term rental doesn't tend to happen in holiday destinations like Sagres where we have Martinhal Sagres. People who move here often do so in the summer and need a landing pad where they can have somewhere to live and send their kids to school.

They might stay with us for one year while looking for another property and need a one-year D7 visa-compliant rental contract. People can buy a property at Martinhal Residences and get a residents permit. They may not even need the Golden Visa or D7. The Golden Visa was fast-track. It meant investors didn't have to move to Portugal to get the residents permit. We have sold quite a few properties to Golden Visa investors. They are not moving yet, but in our case many come and stay in the property for two weeks a year. It's been a good investment for them and good for us. The 80 apartments on the first four floors are primarily sold to the Portuguese looking for a return, or to Golden Visa investors.

What challenges have you faced in creating the Martinhal Residences in an urban environment?

It's presented more benefits than challenges. The Parque das Nações district is a very special district as an example of an urban regeneration project that people come to visit. Lisbon is the perfect 15-minute city, so within a 15-minute

walking radius you have everything on your doorstep. Dentists, doctors, a private hospital (CUF Descobertas), Vasco da Gama shopping mall, restaurants, cafés, shops, and lovely riverside walks and parks. As for the challenges, building a vertical structure in the city we had to put in a retaining wall and dig down two floors for the basement. Everything we had to do in terms of foundations was very expensive. The other challenge is to create a green field on the façade with olive trees to make it a green building.

To what extent do you see this as being a competitive product to hotels?

When I was at Business School I learnt an important term – cooptation. We really do offer a quite different pro-

duct to them. There are lots of iconic brands nearby, but our product is quite different since every apartment has top-of-the-range household appliances and a kitchen. It is a different product more suitable for long-term stays. We have focused on the luxury family market for years, and we expect a significant percentage of business will come from the family segment who need these different comforts and amenities – our kids' club Raposas is an example.

The Martinhal Family Hotels and Resorts is a Portuguese collection of hotels and residences in Lisbon and the Algarve. They are: Martinhal Sagres, Martinhal Chiado, Martinhal Quinta do Lago and Martinhal Residences. ■

"OUR CLIENTS WANT HASSLE-FREE INVESTMENT AND A PLACE WHERE THEY CAN SPEND BETWEEN 6-12 MONTHS OF THE YEAR, LOCK-AND-LEAVE, AND HAVE PEACE OF MIND THAT WE ARE SERVICING THEIR PROPERTY."

Patrick Siegler-Lathrop, President of the American Club of Lisbon, João Cunha Vaz, Senior Partner at EDGE International Lawyers, Chitra Stern, Martinhal Residences, Managing Partner (Martinhal Family Hotels and Resorts), Bruce Hawker, CEO Open Media Group.





David Sampson
Inhouse Contributor

Reflections on immigration, housing and TAP

“Everything is renewed when you speak in a foreign language, when you live in another country,” said the American writer and critic Susan Sontag on French radio. “I am very attached to my own country living here — obviously by contrast; I am very attached by temperament to the status of the foreigner, to what one learns and one feels when one is foreign... Even though I live there, I don’t feel like a New Yorker.”

Flying between Lisbon and London, these days I feel the cultural gap more now than I ever did before Brexit intervened.

It’s not just that travelling between the two cities has become a game of avoiding the days when airports and the accesses to them are clogged up because of strikes by railway or other public sector workers.

The UK and Portugal are experiencing levels of strike action and general dissatisfaction not seen since the Conservative governments in the UK of the 1980/90s and the last years of the Cavaco Silva government in Portugal in the mid-1990s. Train drivers, nurses and teachers, and many other groups, are already in the middle of strike campaigns.

But it is at the day-to-day level that the different attitudes of Portuguese and British are now most visible. The British have got used to the free health service and the other social services and benefits that the government has promised them.

The younger generation, perhaps influenced by the American experience, also feels entitled to have their identities protected from being challenged by speakers whose ideas they find offensive.

The Portuguese, by contrast, are more accepting of what benefits they get and do not expect to be treated with great

respect by government employees. Day to day, they are more likely to rely on family connections and support than on state aid.

In economic terms, clearly one of the underlying causes of the current problems in both countries is inflation and the rising cost of food and heating. In the UK, public sector pay has been increasing at a lower rate than private sector pay almost every year since 2011, and the growing disparity has led to increased vacancies in public sector jobs, particularly in the health services.

These are staffed increasingly by immigrants who are happier than the locals to accept lower salaries rather than having to compete in the gig economy.

The crisis in the UK health services is the result of the austerity programme instituted after 2010 by David Cameron and George Osborne. Under the previous Labour governments, the share of GDP spent on healthcare increased to bring it up to the average among similar countries, but in the decade after 2010, the share of GDP spent on investment in healthcare infrastructure fell well below the level of such countries. The underfunding of the NHS left no spare capacity to absorb the Covid crisis.

The public health system in Portugal is also suffering from the effects of the austerity imposed by the centre-right government of Pedro Passos Coelho. The major difference is that in the last seven years, the Socialist governments led by António Costa have given the country a softer landing.

There is also less political support in Portugal for a smaller state and, helped by a recovery in tourism, the economy has fared better. There has been no Brexit which, it has been estimated, will reduce UK GDP by around 4% in the longer term.

The challenges to the health system come from the need to cut back services that are no longer required, such as maternity



Announcement of 'More Housing' programme. Photo: Lusa - Miguel A. Lopes

"THE SAVING OF €500,000 TODAY WILL NO DOUBT LEAD IN A FEW YEARS TIME TO TAP HAVING TO PAY ITS FORMER CEO AN INDEMNITY OF SOME MILLIONS OF EUROS FOR HER UNJUSTIFIED DISMISSAL. THE INSPECTION TEAM ON WHOSE REPORT THE GOVERNMENT RELIED DID NOT EVEN HEAR THE CEO BEFORE JUDGING HER CONDUCT AS ILLEGAL."

wards in the Alentejo, and to keep in the health service the doctors and nurses urgently needed in the big city hospitals and health centres. There are no private beds in public hospitals, but many doctors work in both public and private hospitals.

THE DIFFERENT APPROACHES TO THE HOUSING CRISIS

Housing is a good example of the different governments' approaches. In London, developers have been given free rein to develop tower blocks all along the Thames river banks as long as they make token contributions to affordable housing. The Conservative government is more concerned with protecting house buyers from swinging increases in their mortgage rates than providing housing people can afford.

In Portugal, the Socialist government has responded to the housing crisis by putting forward for discussion a number of measures that it plans to take. These range from giving generous tax breaks to landlords who let their residential properties on long-term leases, to the government intervening directly in the housing rental market by taking over unoccupied homes and letting them. At the same time, the government wants to restrict the use of

homes as short-term tourist accommodation and has stopped the issue of the so-called Golden Visas, which encouraged foreigners to buy homes in Portugal. In a further blow to the rental market in homes, the government wants to bring back a number of rent controls, measures that it had previously rejected.

It is true that in Lisbon and Porto there has been a development boom of high-end flats, many of which have been sold to foreign investors, and that few new homes are being built for low-income families. Also in Lisbon and Porto, a large number of homes have been converted into tourist accommodation and are no longer available as homes for people to live in.

The problem is that stopping the building of expensive apartments will not lead to the development of homes aimed at low-income families, and homes built for short-term lets will not be suitable for most families.

The government has been pressured to act by the political reactions to the deadly fire in a house in central Lisbon, where it was shown that more than 22 people, all Asian immigrants, were living in a small ground-floor room. The normally moderate right-wing Mayor of Lisbon Carlos Moedas called on the government



Outgoing TAP CEO Christine Ourmières-Widener at Lisbon Tourism Fair (BTL). Photo: Lusa - Manuel de Almeida

not to permit immigrants to enter Portugal unless they have a job to go to.

The number of people coming to live or work in Portugal has grown exponentially over the last seven years. According to SEF – the Portuguese immigration authority –, nearly a quarter of a million Brazilians are living in Portugal (the true figure could well be double that), and there are more than 30,000 from each of Great Britain, Cape Verde, Italy, India and Angola. The government is aware that it needs to be seen to be protecting local populations from encroachments by either wealthy retirees, tourists or impoverished indentured labourers.

The Socialist government's starting point in Portugal has been the right of everyone to have a home, and to this end it says it is willing to use the power of the state to challenge the right of individual property-owners to use their houses as they wish, or to leave them empty.

If landlords do not take up the tax carrots being offered them and let out their properties, then the government wants to be able to use its stick and to have the right to take over empty houses and let them out.

As many commentators have pointed out, the government will face legal challenges to it being granted such a right, and then the bureaucracy involved in each process will mean that it is likely to produce negligible results. Also, the decision to bring back rent controls will again discourage investment in new homes to rent.

THE DANGER OF PRIVATISING BUILDING CONTROLS

The Conservative government in the UK is more practically oriented, but is more willing to blame outsiders for the country's own long-term problems. It takes as its base the concept of private property ownership and ignores the plight of those who do not own property.

It is heavily influenced – some might say controlled – by the right-wing press and the libertarians in the Conservative Party. They have used the scare of an immigrant invasion (the word actually used by the Home Secretary Suella Braverman) to direct feelings against immigrants and divert attention from the real causes of lack of housing. Prime Minister Rishi Sunak recently appeared at a press conference behind a desk with a front caption saying Stop the Boats. Along with cutting waiting lists in the health service, stopping immigrant boats crossing the channel from France is one of the five targets on the achievement of which Sunak wants his government to be judged at the next election. No mention of more or better housing.

In both Portugal and the UK, there are many local and national forces that do not want to see more housing being built in their areas. Despite many attempts to free up land around British cities for housing development, ministers have not been willing to risk losing votes on this issue. The result of loosening the regulations on housebuilding has become all too visible in the current enquiry into the Grenfell Tower fire, in which many people died because

the tower was clad in what turned out to be highly combustible panels. Building control and supervision had been delegated to individual builders, architects and engineers, and in the end no one was responsible.

Portugal seems to be travelling in the opposite direction. The delays in getting planning permission and a building licence have continued to be notorious and the government wants to reduce such delays. It has announced that it will speed up the process by eliminating many checks to be done by local councils and instead rely on certification by the professional responsible.

The reaction in Portugal against the government's plans have been led by the President Marcelo Rebelo de Sousa, who has questioned whether they impinge on constitutional rights, and by local government members who have complained about lack of consultation with them, about the many empty government properties, and about the lack of support for local authority house-building. Unfortunately the new plans are likely to have little short-term positive effects and quite a lot of long-term negative ones.

THE IMBROGLIO OF TAP

The recent dismissal of both the president and the French CEO of TAP reminded me of the dismissal in Portugal of an English orchestra conductor in the 1980/90s. He hired many musicians from another orchestra who were dissatisfied with their conductor, and then just before his appointment was due to be finalised, he was dismissed on the basis of some legal technicality. To add insult to injury, the conductor of the other orchestra was then appointed in his place.

The minister responsible has used a recent report by an inspection team from the Ministry of Finance to justify the dismissals. The report asserted that an indemnity of €500,000 given to Alexandra Reis, a board member of TAP who left because she disagreed with the CEO's policies, was illegal, even though the minister then responsible had been aware of the payment and it had been negotiated by the lawyers of TAP and the CEO.

The contrasting scandal in the UK is the connections alleged between the then prime minister Boris Johnson and the banker Richard Sharp, whom Johnson appointed as Chairman of the BBC.

It appeared that Sharp had introduced Johnson to a supporter who was willing to make him a substantial loan. So far, Sharp is still in place and has refused to resign.

Sharp at least realised that he might be prejudiced by being seen as doing Johnson a favour and, on the advice of the Cabinet Secretary, he distanced himself from further contact.

The CEO of TAP could not have in any way anticipated what happened to Alexandra Reis after she left TAP. Firstly, she was appointed head of NAV, the airport regulatory authority, and then she joined the government as a Secretary of State in the Finance ministry, where it was open season for everyone to attack her.

Alexandra Reis eventually had to resign as Secretary of State, as did the Minister who approved the payment to her, but, as many commentators have pointed out, the saving of €500,000 today will no doubt lead in a few years time to TAP having to pay its former CEO an indemnity of some millions of euros for her unjustified dismissal. The inspection team on whose report the government relied did not even hear the CEO before judging her conduct as illegal.

The attempt by the right-wing commentator Marques Mendes on SIC TV to condemn the French CEO, because she indulged "in a war of egos" and because she should have known that, under Portuguese law, a general meeting of the company was needed before a board member could be dismissed, revealed the hidden message behind the dismissal of the CEO. Perhaps Mendes thinks that there was no serious argument because the chairwoman and her director could not have fought a duel to settle their differences.

LIFE AS A FOREIGNER

From the UK, I can quickly see how the Portuguese government's intervention in the housing market is likely to go wrong and, by nature, I distrust any policies that lead to more bureaucracy. From Portugal I can see how the British government's policies are based on insular attitudes that have not changed over centuries. The one area where attitudes in the two countries come together is football. It has taken comments by the BBC's most popular sports presenter, the footballer Gary Lineker, comparing the Government's treatment of immigrants with that of Germany in the 1930s, to focus attention on how callous the government's proposals are to deport new arrivals to Rwanda and to deny them the right to apply for asylum.

Living as a foreigner in Portugal, I feel privileged to be able to enjoy the country and I much appreciate the accepting nature of the people, but I still appreciate the political and economic freedom in the UK and the classical education I received there. More than anything else, I appreciate that life has been good to me and I have lived almost all my life in countries at peace. I no longer live in London, but I do feel like a European.

**"UNFORTUNATELY, THE GOVERNMENT'S
NEW HOUSING PLANS ARE LIKELY TO
HAVE LITTLE SHORT-TERM POSITIVE
EFFECTS AND QUITE A LOT OF
LONG-TERM NEGATIVE ONES."**

Borders and Immigration Service (SEF), Photo: Lusa - André Kusters



Structural reforms can no longer be postponed

Portugal's network of companies has surprised European and international partners, not just because of the quality, diversity and innovation of its products, but also because 50% of Portugal's GDP is now thanks to its exports.

TEXT **CHRIS GRAEME**
TEXT **CCLF/AMCHAM**

Over the past 10 years, something quite remarkable has happened. Portugal, once a sick man of Southern Europe, has become a pocket tiger economy, with 50% of its GDP earned from exports, punching well above its weight for a country of just 10 million people.

Portuguese companies have achieved this feat largely on the back of their own efforts — often in spite of the Government's not always helpful policies — and the support of the various associations that represent different sectors of the economy and which have worked hard promoting goods and services overseas in trade missions and at trade fairs in Europe and all over the world.

And while Government agencies such as the Portuguese Trade and Investment Agency (AICEP) have played an important role in supporting Portuguese companies in various ways, at a more fundamental level, successive governments have largely failed to grasp opportunities to create the right economic conditions through structural reforms, modernisation, justice reform and a lower, less complicated tax regime, all of which companies need to develop and thrive.

The Confederation of Portuguese Industry and allied sector associations have played their part, but the question is if the Government has delivered on its promises to streamline and reform Portugal's State apparatus and institutions.

At two events — one organised by the French Chamber of Commerce and Industry (CCILF) and partnered by the

British Chamber of Commerce (BPCC) and the Dutch-Portuguese Chamber of Commerce (CCPH); the other by the American Chamber of Commerce in Portugal (AmCham) — on March 2 and 3, the President of the Confederation of Portuguese Industry (CIP), António Saraiva, believes that while actively helping Portuguese companies through agencies like AICEP, successive governments have often hindered and put “stones on the road” to Portugal's development.

DISRUPTIVE GEOPOLITICAL SCENARIOS

After 15 years representing Portuguese companies, António Saraiva acknowledges that Portugal's companies have been hampered and challenged by a complex set of public health and geopolitical situations not seen in two generations, bringing with them unpredictability and instability. But that is exactly why it is even more imperative for all political and economic agencies and stakeholders to work together for the sake of the nation to support Portugal's companies in becoming more competitive, robust and resilient to face the slings and arrows thrown at a small economy by challenging, if not hostile, external events and factors over which it has little control.

“Both Covid-19 and the war in Ukraine, in the wake of international recession and financial shocks a decade ago, have been very disruptive, and we didn't know how to deal with them, regardless of our learning,” he said.

And explained: “The war caught us off guard with huge increases in energy costs, natural gas, and laid bare a lack of strategy because of the degree of surprise that [EU] Member States have shown, the fragility that has been revealed, and which is more obvious in some cases than others. Germany, for example, which had abandoned nuclear power stations and fossil fuels like coal, had become very dependent on Russian gas, but through political agreements have woken up to a reality that they had been sleepwalking through.”

António Saraiva points out that the Sovereign Debt Crisis, the Portuguese Banking Crisis, and subsequent intervention of the Troika a decade ago had created periods of “considerable disruption and complexities; all extremely worrying challenges that Portugal fortunately overcame”.

“Today is no different. We were slowly emerging from the effects of Covid-19, and then were surprised by the Russian invasion of Ukraine, which has brought disturbances to the economy and social consequences as a result,” he said.

PORTUGAL'S ANAEMIC GROWTH AND LACK OF PRODUCTIVITY

It is a fact that Portugal's growth in 2022 was 6.7% — better than most of its European partners —, but it is also true that this was down to the recovery, so that real growth, undistorted by the massive fall in GDP in 2020-2021, was in fact only 2.7% on pre-pandemic levels



when growth in the Eurozone countries averaged 2.9%.

Pointing to two of Portugal's main challenges — economic and productivity growth —, António Saraiva admits that although “we are recovering growth on 2020, that recovery needs to be more robust to compensate for years of lost

opportunities for reform, particularly when looking at the series of growth figures for the past 20 years which reveal anaemic growth”.

“Of course, if Portugal maintains a growth of 6.7% per annum, we'll make up for this lack of growth, but looking back over the past 20 years, it is frus-

trating to see that our growth has been sluggish when other countries within the Eurozone have increased their growth year-on-year, particularly Eastern European countries,” he says, giving Romania as an example of a country forecast to overtake Portugal this year (2.6% in 2023).



THREE URGENT REFORMS

Saraiva says that, for years, no Portuguese government has significantly managed to carry out three main reforms that Portugal simply cannot afford to put off any longer; reforms that should have been tackled immediately after the Great Financial Crisis 10 years ago when Portugal was lent €79Bn from a troika of leaders, including the International Monetary Fund (IMF), the European Central Bank (ECB), and the EU Commission. Some real progress was made in structural reforms and fiscal adjustment, particularly in competitiveness, exports and the current account deficit, but then effecting real structural change at an administrative level fell short, and systemic reform stalled.

The CIP president believes that successive governments failed to have the courage to ride on the momentum and continue reforms to the swollen public administration, antiquated and morose justice system, and complicated investment-hostile tax framework.

The public administration needs to adopt reforms aimed at improving efficiency, effectiveness, quality of service, and digitalisation. In short, Portugal is drowning in red tape and taxes.

“In the era we are now in, we continue to have a public sector employing 800,000 that continues to be bureaucratic, with too many documents, hampered by a whole range of deficiencies and insufficiencies. An administrative system that should serve the public and companies better. If we could reform this, it would make Portugal more agile, and make our processes more agile,” said António Saraiva.

The problem with Portugal's justice system is that it is slow, with commercial cases in courts dragging on interminably, often taking three or four times longer than similar cases in courts in other European countries to be resolved, with the obvious attendant negative effects on the economy.

Saraiva says there needs to be an overhaul to Portugal's tax system, which has too many taxes and which are too high and scare off investors in what he refers to as a society worn out by “tax exhaustion”.

“It is urgent to reform the tax system, to reduce the amount of taxes companies and families have to pay, and have taxes that are more predictable,” he said in a nod to the fact that each government that takes office chops and changes taxes in a

system that is overly complicated and needs streamlining.

Saraiva says that, while governments do not have the political courage and parliamentary consensus to begin reforms, which would require two or three legislative terms — and given the current parliamentary majority it now enjoys —, the Government should be able to get the backing of parliamentary groups to at least begin these necessary structural reforms.

“Covid-19, the war in Ukraine are circumstantial issues that only add to our structural problems and drag us down even more, whereas if we had carried out these reforms, we would have been better placed to withstand these external challenges, which also include climate change, cyber attacks, and the geopolitical uncertainties we've been facing,” added the industry leader.

THREE OBJECTIVES

Scaling up

Apart from structural reforms, Portugal needs to focus on three main objectives: Scale, Innovation and Internationalisation.

By scale, the industry captain was referring to Portugal's companies network

“WE HAVE A HIGHLY QUALIFIED AND EXCELLENT WORKFORCE, AND A GREAT VARIETY OF TYPES OF COMPANIES. WE OFFER STABILITY, A GOOD CLIMATE, EXCELLENT WORKERS, GOOD COMMUNICATIONS NETWORKS — INCLUDING INTERNET, MOTORWAYS AND RAIL — AND WE OFFER GREAT CONDITIONS COMPARED TO OTHER COUNTRIES; LESS SO IN TERMS OF LOW TAXES, BUT MORE SO IN TERMS OF TAX BENEFITS.” ANTÓNIO SARAIVA, PRESIDENT CIP.

which is still dominated by micro and small companies (80%), with few medium-size companies, and just a smattering of large companies.

“We have to gain scale, promote mergers and concentrations, reinvest profits in our companies,” he said, which implies abdicating some individualism, and indeed some entrepreneurs are doing that because they realise the more fragile they are (meaning small), the more exposed they are to external circumstantial shocks.

Saraiva points out that Portugal’s companies in different sectors are more open to mergers and are now organising into clusters because they have understood that they need to gain scale to compete effectively in competitive international markets, and be better able to withstand external shocks (recessionary, financial, inflationary and geopolitical) by merging or pooling together in partnerships.

Innovation and capital

António Saraiva says that Portugal’s enterprise sectors need to differentiate their products, because in a global world, Portugal needs to have attractive products and services, and therefore differentiation demands innovation.

But innovation requires investment, and investment requires capitalisation. Portugal has always lacked its own meaningful capital.

“Today we’re in a situation that makes this difficult, because now, after the Sovereign Debt Crisis, Portugal’s banks are very averse to taking risks, while the new supervisory models in the banking sector have much tighter rules that limit our banks from taking on risk.

“Entrepreneurs are by their very nature risk-takers, but they have to look elsewhere for capital since our companies’ own capital is rather deficient. We need to strengthen our accounts

and build up our own capital,” explains António Saraiva.

Investment attraction

On the plus side, Saraiva points out that Portugal has excellent conditions to attract overseas investment and emphasises the European ‘bazooka’ and other EU funding — €13.9Bn in grants and €2.7 billion in loans under the Recovery and Resilience Facility (RRF) over the period 2021-2026 — which, all told, should in theory benefit Portugal’s companies on the road to development, digitalisation and modernisation. Except it doesn’t. Much of it is earmarked for the public sector. The CIP president also points to year-on-year record amounts of FDI in the region of €2.4Bn over the past few years.

Portugal has also been the trendy go-to European destination over the past five years for company relocations and back-office launches, attracting capital from overseas investment funds — mostly in areas such as real estate in all its sub-sectors, and tourism. It has also become a magnet for startups attracted by government fiscal incentives, while its luxury and residential housing markets have been booming, with values skyrocketing in the main cities by 17% in 2022 alone.

Antonio Saraiva takes this on board: “We have a highly qualified and excellent workforce, and a great variety of types of companies. We offer stability, a good climate, excellent workers, good communications networks — including Internet, motorways and rail — and we offer great conditions compared to other countries; less so in terms of having low taxes, but more so in terms of tax benefits.”

In a nod to the need for the Government to create the right conditions, through reform and restructuring, to create fertile ground for Portugal’s com-

panies to thrive and grow, he adds: “We need to promote and welcome this investment, we have the conditions for growth. Yes, there are threats on the horizon, but we can overcome them with our capacity for resilience, and we are playing our part and meeting our responsibilities; we are fulfilling our part of the bargain.”

But innovation also requires Portugal’s companies to upskill and improve their employee’s qualifications and skills, because the digitalisation of processes and procedures demands retraining and new qualifications, and incentives for talent retention (many highly qualified young people go abroad in search of better salaries and opportunities for career advancement).

PPR FUNDING — TOO LITTLE, TOO LATE

António Saraiva is critical of the Portuguese government’s handling of the distribution and timely delivery of EU bazooka funding that forms Portugal’s Recovery and Resilience Plan (RRP).

The CIP president says that, while companies were given their marching orders to deliver their projects eligible for funding in a month and did so, 10 months later, much of the funds haven’t been distributed, meaning that companies, which often clustered together in consortiums on big ticket projects of national importance, can’t now get their projects off the ground, and even risk having to return it because strict EU deadlines are involved.

António Saraiva says it’s regrettable that when the Government has been handed a once-in-a-generation opportunity to change Portugal’s economy for the better with record investment never seen before, and unlikely to be seen again in our lifetimes, it is being held up by “long delays” and criticises the “fundamental

bias” towards the State at the expense of private companies without which Portugal’s economy cannot move forward.

He says that Portugal’s Recovery and Resilience Plan Monitoring Commission (CNA-PPR) had announced that it had identified 15 investments in a critical or concerning situation, largely because of delays in getting their applications approved or over-ambitious targets.

In its report released in March, the CNA-PPR said that deadlines were exceeding 300 days in some cases, and even in the cases of those projects for which funding has been approved, there have been delays in disbursements that threaten these projects getting off the ground.

Take the Mobilising Agendas, which means RRP funding earmarked for Portuguese companies. Of the companies that have been chosen, there are still 10 whose contracts have not been signed off by the Government and many others piling up in administrative in-boxes awaiting evaluation.

“These delays have resulted in only €173 million from the RRP getting to companies, or just 11.5% of the agreed investments, and only 3.4% of the ‘bazooka’ Portugal has so far received from Brussels for this programme,” says Saraiva.

And worse, companies have been complaining that they are having difficulties in getting information in time about the warnings on deadlines which, together with the delays on both disbursements for approved projects, and delays on getting projects evaluated and decisions taken on those projects, has “significant implications on companies decisions to invest or getting those projects off the ground”.

Saraiva said that at the end of the day, Europe had reacted to the Covid-19 pandemic by taking a difficult and complex set of decisions to release €700Bn of total European Union funding for NextGenerationEU and individual States’ RRF, and these complex decisions were taken swiftly.

But because the EU is a union and not a federation, the decision making process has been, at times, slow, when in other parts of the world and countries reactions were faster with funding reaching those economies quicker.

“In a competitive world, rapidity in decision making is vital and in some

countries this didn’t happen, and Portugal is an example,” admitted Saraiva.

This concern over the slow evaluation, delivery and application of RRP funding is shared by the leader of another business sector leader, Luís Miguel Ribeiro, who is the president of Portugal’s Enterprise Association AEP.

Ribeiro has widely said that, at a time when €1.505Bn were paid out to direct and final beneficiaries, the rate of disbursements continues to be low. “Companies have received very marginal amounts, and problems with paperwork and meeting deadlines are considerable and stopping companies from moving forward with their projects,” he told the news agency Lusa.

Nevertheless, Portugal is so far currently the sixth country in the European Union in terms of the most funds received from the European Commission; around €5.14Bn (€4.07Bn in grants and €1.07Bn in loans).

In all, Portugal’s RRP has a total of €16.6Bn, of which €13.9Bn are grants and €2.7Bn loans with the purpose of undertaking reforms and investments by 2026.

COVID-19 FUNDING – AGAIN TOO LATE

António Saraiva is of the opinion that Portugal’s delivery (of EU funds) was late, with insufficient quantities for the economy, its companies, and families.

“In 2020, Portugal was the country whose GDP had fallen the most (8.4%) and it was encouraging when in 2022 we had growth of 6.7% — which obviously was good, and better than a recession —, but it must be remembered that we started off from a GDP base of -8.4% because of Covid-19, and then the effects of the war.

“Portugal was among the countries whose aid in terms of EU grants was most limited, worth just 5.7% of our GDP, whereas in Spain it was 14.4% and in France 15.2%.”

Saraiva says that regardless of the amounts — and Portugal could have received more —, “the Government could have gone further and given more to the private companies, and it could have been applied in a different way”.

Instead, António Saraiva says the Government assisted companies through moratoria on loans and/or interest on

those loans — shouldered by the banks — which made things worse for companies that were already in debt, and that now, with inflationary pressures and higher interest rates, Portugal’s companies are in a situation that is worse than that of many other Member States and their economies. “This aid could have been more generous.”

But it wasn’t, and what aid was made available during Covid-19 invariably arrived too late to help companies.

“We were already nine or 10 months into the pandemic, and it was only then that the Portuguese State sent out the first funding measures to help families and companies,” he recalled.

“These companies that were pushed into debt-based moratoria are now faced with high interest rates and are in a worse state than the other companies in other Member States. If it were not for the courage, resilience of our companies, and despite our companies network being made up of micro and small companies, they have shown a capacity to withstand it all, which is laudable in my opinion,” says the CIP president.

INTERNATIONALISATION

Portugal’s companies, working in partnership with national and regional trade organisations, have worked hard over the past 10 years to gear their production and business models more towards exports.

“It’s something we can be proud of,” said António Saraiva in the wake of news from Portugal’s Finance Minister, Fernando Medina who, armed with the latest trade statistics, announced that 50% of Portugal’s GDP now comes from its exporting companies.

The problem in the past was that companies, being small and “individualistic”, could not export their products consistently, and were over-reliant on the traditional EU markets of Germany, France, Spain and the UK.

However, with companies increasingly exporting to the US market, now its fifth most important export partner, things are changing, with companies increasingly looking to new extra-Community markets overseas. This has been largely down to cooperation and partnerships with Portugal’s business and enterprise associations such as CIP which, together with its national and regional

partner sector associations, represents 150,000 companies responsible for 71% of Portugal's GDP.

A decade ago, the percentage of Portugal's exports in relation to GDP was around 20%. Today it stands at 50%, admittedly much of it down to tourism, but also to the success of its metallurgy and textiles sectors. "We will continue to work towards 70% or 80% as other countries of our size have.

"Our companies set out on the road to internationalisation and have achieved this, but again it requires support — and that's not to say we're cap in hand asking for State handouts; entrepreneurs know what they have achieved and done."

Rather, António Saraiva says that Portugal's companies need the Government to remove all the obstacles (high taxes, bureaucracy, poor justice system) which he likens to "stones blocking the road" to the country's development, and the removal of which is now even more urgent given the "huge degree of unpredictability" that the effects of the war and trade tensions with China have brought, on top of preexisting ones resulting from Covid-19.

FAT COWS

António Saraiva also lays criticisms at the door of Portugal's Prime Minister, António Costa, over the Government's controversial if well-intentioned changes to Portugal's Labour laws, which aim to provide employees with wage rises to offset galloping inflation and higher cost of living.

With alterations to Portugal's Employment Code, CIP is calling on the Prime Minister to annul or at least attenuate the impact of some of the sudden changes to the code, which come under the heading 'Fair Employment'.

The CIP president said that, contrary to the norm over the past 20 years (in 2008, 2012 and 2019), the vast number of changes to the Employment Code was not anchored by a discussion and agreement with social and industry partners.

Moreover, he had imagined that after he had signed an agreement on competitiveness and salaries in October 2022, he expected that the Government would annul any changes on details.

"The Prime Minister who signed this social agreement with his hand hasn't got a handle on his parliamentary group," he



Lusa - Miguel A. Lopes.

**"IN A COMPETITIVE WORLD, QUICK DECISION MAKING IS VITAL AND IN SOME COUNTRIES THIS DIDN'T HAPPEN, AND PORTUGAL IS AN EXAMPLE,"
ANTÓNIO SARAIVA, PRESIDENT CIP.**

said, pointing out that the number of measures had shot up from the 64 initially presented to social partners (unions and business associations) to 86.

"Although I'm not going to cancel the agreement, which would be somewhat extreme, the implications of these measures is holding Portugals development back. Instead of removing the obstacles to our economic development, the measures are putting more stones on the road. These measures are prejudicial for all kinds of enterprises and it is the dishonesty of how it was done that is at issue.

"No one should sign a social pact in one legislature and then not have a firm hand to keep its parliamentary group in line and then, through 'creativity', end up putting stones in our way. It seems this is the kind of political stability that this majority government is pursuing to hold us back."

Saraiva refers to an agreement in which the Government wants salary increases of around 5.1%, with some unions calling for 18%.

"We don't seem to be living in a country that is aware of the reality in this

world. Companies are not, contrary to what some think, fat cows with inexhaustible supplies of milk.

"We help, we contribute, and we are aware of our social responsibilities and have maintained jobs. Just look at the low levels of unemployment that we have. This is down to companies saving jobs.

"We have learnt painful lessons that we cannot always recover once we have let people go, as we did in some cases during Covid-19. All sectors complain of a lack of differentiated manpower, and so we've learnt from this and have kept staff on despite enormous difficulties, at the expense of margins squeezed by brutal energy costs.

But don't ask the impossible. This Government, like any other, should have the courage to make structural reforms to help us achieve our three objectives, and do so by supporting entrepreneurs and not demonising them, because without private initiative, Portugal will not move forward," concluded António Saraiva, President of the Confederation of Portuguese Industry (CIP). ■

METAL PORTUGAL

Shaping the future

Productivity and competitiveness may continue to be one of Portugal's main challenges, but one sector, metallurgy and metalworks, has been forging a path to success with exports up 16.1% to a record €21 million in 2022. Essential Business talks to Vítor Neves, Board President of the Portuguese Association of Metallurgic, Metalworks and Related Industries – AIMMAP (METAL PORTUGAL).

TEXT **CHRIS GRAEME**
PHOTO **AIMMAP**



Vítor Neves, Board President of the Portuguese Association of Metallurgic, Metalworks and Related Industries – AIMMAP (METAL PORTUGAL).

Exports of metal goods and components have enjoyed a record not seen in recent memory, climbing to 16.6% to €23Bn in 2022. What is behind these amazing results, given that there were so many supply chain problems in 2020 and 2021?

It's true that 2022 was the best year ever for METAL PORTUGAL exports, a remarkable and surprising achievement that confirms and reinforces the metallurgical and metalworking sector's upward growth curve in Portugal, in a year in which the sector continued to face a particularly challenging environment.

Actually, these consistent results have only been possible because we are discussing a sector par excellence that in beating export records is beating many other records; that is in the vanguard when it comes to investing in quality, innovation, technology, and training, as well as sustainability standards that are crucial in positioning a sector that each day scales new heights in extremely demanding and sophisticated markets.

In 2022, companies have continued to succeed in overcoming some supply problems, and have managed to meet increases in demand from markets such as the United States, Germany, Spain, France and Italy, while they have made an effort to continue to diversify into other markets outside the EU.

How far has re-shoring and near-shoring benefitted Portugal in terms

of geopolitical issues in Ukraine and China?

Although we cannot provide concrete statistics on the impact of near-shoring on European industry, it is certain that the pandemic, the geopolitical problems caused by the invasion of Ukraine, and the need to shorten logistics chains are having a positive effect. In particular, these effects could result in some local markets redirecting their sources of supply to markets like Portugal.

In this sense, Portuguese companies are very well placed, and despite the growing diversification of markets, the main export markets for METAL PORTUGAL are highly sophisticated ones such as Spain, France and Germany. For example, the German market is the third main export market for Portuguese companies in the metallurgical and metalworking sectors, and sector exports to Germany grew by around 23%. Obviously, this performance has only happened because large and very demanding clusters of companies have total confidence in the quality of our products and services.

And if our companies already have a privileged position as suppliers to many large international groups, it is really important for many small and medium companies in these international markets to discover the quality of METAL PORTUGAL, which because of the current geopolitical situation, have excellent near-shoring and re-shoring solutions in Portugal for their supply chains.

Some of the excellent results in 2022 must have been down to pent-up demand following two years of pandemic. Will 2023 continue to be such a good year as 2022?

We believe that the results in 2022 mainly reflect the sector's growth, which is down to the quality, courage and perseverance of our companies and which even in the midst of the Covid-19 pandemic did not rest on their laurels, and began working more and in new markets. Proof of this was that in 2021, in the middle of the crisis, METAL PORTUGAL showed great resilience and was practically back to its pre-pandemic results of 2019, which at that time had been the best year ever in terms of exports.

In 2023, the sector will certainly continue to grow, but at the moment we have to be somewhat cautious because some signs of a fall in confidence in the markets are beginning to show due to the uncertainty around the current economic and geopolitical situation.

For some years, AICEP Portugal Global talked about the need for Portuguese companies to be more consistently export-orientated. How has the metallurgical industry in Portugal succeeded in this endeavour, and which markets outside the EU have become important over the past 10 years?

The metallurgy and metalworks sector is naturally geared towards exports. Practically everything that we produce is sold overseas, either directly or indirectly. And despite our main export markets being in Europe, the growth rate of our exports in non-EU markets since 2010 has been impressive, a growth of over 140%. This clearly shows the exporting profile of our companies, which are focused on winning new markets overseas. Regarding non-EU markets, growth in exports has been particularly strong to the US (+282%), Morocco (+12%), Brazil (+181%), China (+377%), South Africa (+628%), Australia (+696%), and Japan (+2280%).

Portugal has had a problem with low productivity for the past 20 years, according to the economists. Is that changing and what needs to be done to improve productivity?

The metallurgy and metalworks sector is one of the sectors in Portugal that has most invested in technology and training, and for this reason it has seen growing rates of productivity that are above the national average. That said, the challenges that the industry currently has had to meet are many and varied, from disruptions throughout the supply chain to increases in production costs (*Note: According to Flowlity, the first lockdown in March 2020 caused a sudden halt in economic activity and, therefore, a drop in demand, and for more than a year, many companies in the international metallurgy sector reduced or halted operations altogether. Although demand

is now picking up, the market is facing a new challenge: the shortage of raw materials, and prices have soared for many ores and metals, such as lithium, cobalt, nickel, steel, and stainless steel, copper, and graphite).

Also, decarbonisation and sustainability targets and the continuing situation in Ukraine have all exacerbated the challenges. It is very important that Portugal seeks to mitigate these obstacles and be able to create a solid structure capable of sustaining and promoting both innovation and training.

How successful has Portugal's metal manufacturing sector been in recent years, and how has the sector managed to be competitive with a good quality-to-price ratio?

In actual fact, the metallurgy and metalworks industry has grown exponentially in recent years. In 10 years it has more than doubled its exports, and year-on-year, this growth has been consistent, and the sector has managed to thrive and achieve new records. The challenges have been many, and often unexpected, but the persistence of our companies has won new markets, and they continue to make important and differentiating investments in innovation, technology and know-how, enabling the sector to stand out with confidence internationally as being competitive, offering very high-quality products.

We are living in times of inflation. This has affected the construction industry in Portugal in terms of building materials. Is it also the same for raw materials in the metal manufacturing industry? How do you deal with rising prices and still remain competitive?

The increase in raw material prices is very worrying and has been monitored by AIMMAP from the very start. If there are currently some signs of price stability in some cases, then these are down to some measures adopted at a European level, or on how the market operates, but in truth, inflation continues to be a real problem. Fortunately, the position that METAL PORTUGAL companies have built up over time, their products standing out for their quality, has enabled its key clients

to absorb part of these cost increases, and pass them on to final clients. But there's still a lot to be done.

It is incredible that the industry in Portugal now represents 14% of Portugal's GDP, making it one of the main pillars of the economy. How has that grown since the year 2000, and why?

Portugal's manufacturing industry has experienced great growth, with exports almost doubling, and that's because the industry in general has geared its attention and resources to quality, focusing on value creation, increasingly positioning itself higher in the value chain.

Exports to Europe have risen by 16.9%. Why has the German market in particular grown so much (over 23%) and why has the US started to become a more important market?

Germany is and always has been an important trading partner for METAL PORTUGAL, and has been one of our top three markets for many years. Production technologies, and technology used in machinery and equipment, as well as metal products, are areas in which the supply of the metallurgic and metal-works sector, as well as the automotive sector, have succeeded in standing out because of their quality and innovation.

METAL PORTUGAL companies are resilient and feature the widespread use of engineering, technology and know-how, allied to a strong capacity to adapt and produce in small series, so that our commercial partners have top-quality customised products and/or services at competitive prices.

And it is for these reasons that our exports to the USA continue to enjoy impressive growth, with rates of 60.4%, reflecting the great expectations that companies have in that market, and it being quite clear that METAL PORTUGAL companies that are successfully exporting to countries like Germany and France can also export to the USA.

The war in Ukraine has caused energy costs (electricity and gas) to climb at an alarming rate. How have your members dealt with this challenge? Has the Government done

enough to support your companies, and do you see prices coming down?

We've indeed been facing unbelievable increases, and from our point of view the Government still has some instruments that should be applied to try and minimise the negative impact that these increased energy costs have had on our economy.

It is evident that our companies have faced great problems from these rising energy prices, particularly sub-sector companies that are energy intensive, and consume high levels of electricity or natural gas.

It is important to mention in this respect that, since 2011, AIMMAP has been organising group energy purchase drives, which aim to create the conditions so that METAL PORTUGAL companies have access to quality energy at a competitive price.

These collective purchasing initiatives, which also includes the purchase of natural gas since 2014, has seen more and more companies subscribing. The year 2022 was no exception, with the 12th annual electricity and 9th natural gas purchasing initiatives, despite the enormous instability that has affected energy prices all over Europe.

In fact, the 2022 energy drives were, on balance, a success – especially when taking into account the energy crisis and other economic circumstances, making an important contribution for those companies that sign up and, in most cases, get energy prices at more advantageous prices than they would have had had they been outside the scheme.

AIMMAP is working on new collective purchasing initiatives for 2023, with high hopes to continue bringing added value to its member companies, particularly through the savings they can make on their energy bills.

How is your sector benefitting from Portugal's Recovery and Resilience Plan?

The Portugal RRP would be even more advantageous to the country if it were orientated towards supporting private initiative and industry. Nevertheless, the sector has been able to make the most of opportunities for even greater convergence with the most developed

clusters in the world, investing in production, training, and know-how, as well as fostering concern about and investment in sustainability criteria, with joint pioneering projects involving environmental and digital transition.

What tax reforms in Portugal might help your sector?

Tax reforms are absolutely necessary for Portugal's economic competitiveness. In more immediate terms, it is vital to reduce the tax burden that companies have to support, particularly in respect to income taxes.

On the other hand, it is important that Portugal's tax framework is stable, so that companies know what to expect and can plan their business strategies long term. The constant chopping and changing we've been seeing is a real cause of concern to us.

Innovation, Digitalisation and Qualifications are important for any sector in any country. How far have your members been adopting the latest technologies to stay in line with competitors?

There is no doubt that companies are continuing to focus and invest in innovation and technological development, and this has been one of the main differentiating vectors that have leveraged the competitiveness of the sector at a global level.

How far are marketing and promotional 'roadshows' overseas and participation in sector trade fairs important for you and your members? I note that you were at the German trade fair Hannover Messe in 2022?

For more than two decades, AIMMAP has promoted various initiatives, namely the collective participation of METAL PORTUGAL in the most important international trade fairs in the world, like Hannover Messe, the most important technology and industry trade fair at which, as is well known, METAL PORTUGAL was the guest country in 2022. Certainly, the successive participation of METAL PORTUGAL at this event has been an important launch platform into the German market which is so relevant for the sector.



At the same time, motivated by the fantastic impact that our collective attendance at these international fairs has had, AIMMAP created the brand METAL PORTUGAL, a brand that represents the reality of an imaginative, innovative and dynamic sector that constantly reinvents itself. It is a brand that links traditional industrial production processes to design and the modern techniques of metal manufacturing, and was designed with internationalisation in mind.

Therefore, an asset created by AIMMAP is available for all companies that are our members and that want to use and make the most of the benefits of being a member of METAL PORTUGAL.

The current geopolitical situation has revealed that NATO countries do not have enough armaments to meet the challenges of its members mutual defence. Is there an opportunity for Portuguese companies here to develop and/or produce arms and armed vehicles?

Portugal is not a country with a great specialisation or vocation in the armaments industry. We have important companies, namely those to do with emergency and auxiliary equipment

geared towards health, safety and emergency services, including firefighting services. Here, we continue to provide quality solutions whenever the opportunity arises, or if there is a specific need.

What do you do for your members and how can you improve the services and assistance you provide?

AIMMAP represents companies and its members that are part of the metalurgy and metalworks sector, providing special help in areas such as consulting, internationalisation, innovation, training, or cooperation, and contributing decisively to the promotion, development and greater export strength of the sector.

Actually, we are very proud to be able to provide a raft of services that adds value to our members, and we stand out as one of the associations that is most active, with a greater power of involvement in a wide variety of sections in society and the Portuguese economy. This means AIMMAP company members benefit from a vast array of support in the domains of legal advice, training courses, internationalisation drives, preferential access to support services such as CATIM (technological support), CENFIM (training), and CERTIF (certification), trade agreements, collective energy

purchasing, and a wide variety of promotional services such as the Clube de Subcontratação (Subcontracting Club), METAL news (Jornal METAL), and our own brand METAL PORTUGAL.

Obviously, in our day-to-day work, we look to do more and better, and we're always here to resolve specific contextual costs issues. Evidently, when all is taken into account, it means support of an incalculable value for METAL PORTUGAL companies, and clearly has a huge impact towards the successful performance that the sector has shown, and thankfully, that's the feedback we've been getting back from our member companies.

What are the prospects for the next five years and what is the sector's strategy and how will it achieve its goals?

Over the next five years, we believe that the sector will continue to grow in a very significant way overseas, both in traditional and new markets, and our strategy for this is to strengthen our focus on innovation and technological development in an increasingly circular economy, increasingly strengthening our sustainability criteria both at environmental and social levels. ■

Getting things done!

Since Lisbon's Mayor Carlos Moedas took office in September 2022 after winning an unlikely victory, he decided that he would serve the people, listening to their problems, and get things done. So far, he has put his money where his mouth is. Chris Graeme reports.

TEXT CHRIS GRAEME



Lisbon's Mayor Carlos Moedas is a man who likes to get things done. The former EU commissioner for Research, Science and Innovation says his greatest sense of satisfaction and happiness is to get home and be able to say that a problem in Europe's trendiest city is resolved.

Although his political slogan is 'Serve Lisbon', his unofficial slogan is very much 'hear about it, deal with it and sort it', and he believes fervently in taking the bus (without city council officials and public relations in tow) to hear out the grumbles and suggestions of the ordinary 'Zé' in the street.

It was an opinion he was keen to get across to a more than 200-strong audience of business leaders and diplomats on January 24 at a luncheon organised by the International Club of Portugal (ICPT).

SPEAKING TO 'ORDINARY' FOLKS

"Politicians have often become too far removed from the people and their ordi-

nary problems. They just don't know how to speak to ordinary people who don't want to hear political party propaganda and ideology; they want to hear solutions to the very real problems they are facing, and they want things to get done," says the mayor who has completed just over one year of his mandate at the helm of the city council.

Moedas thinks that both local and national politicians need to be reminded that high office means responsibilities, and providing service goes with the job. In this he differs from some of Portugal's politicians in the past, who went into politics without a genuine career structure in the real world, or a track-record of being a self-made individual in either the public or private sector behind them.

His idea seems rather in line with the old traditional British way of 'statesmanship' – the notion that you make it on your own two feet and then, with wealth and experience behind you, you give back to society. You serve the public good.

Moedas also stresses the importance of the 'Local Social State', which in the practical terms of his mandate means offering free healthcare for the over 65s. "I am not interested in political ideology. If we can get people treated in the private sector quicker and more efficiently, let's get it done. I want solutions," he says.

FLOOD SOLUTIONS

And for Moedas, the solutions can be practical. They don't have to be all singing, all dancing pharaonic projects that are visible for all to see. The trained engineer points to his team's Bazalgette-scale project of a groundwater runoff drainage system – massive underground pipes that run from Campolide to Santa Apolónia that no one can see, but residents and local traders will notice the difference when the next floods brought by torrential rains come around and their premises are not knee-deep in water.

Called the Lisbon Climate Adaptation Drainage System, the project, which was approved in 2018, aims to upgrade the drainage network of the city, including tunnels and ancillary infrastructure, to reduce the frequency and magnitude of the kind of floods experienced not once, but twice, in January 2022 in both Lisbon and further north in Porto.

Lisbon has been suffering from intense and more frequent flood events in recent years. These events not only negatively affect the tourism industry but, more importantly, cause long-lasting detrimental effects to the city population, as well as to its property and heritage.

The project is intended to minimise the recurring and increasing problem of flooding while increasing infrastructure resilience in specific vulnerable areas of the City of Lisbon, including parts of the historical city centre. The project is part

of the Lisbon's Drainage Master Plan 2016-2030, which includes recommendations regarding a number of structural interventions in the city. It is also to be funded by around €65 million from the European Investment Bank but will cost a total of €134 million.

For Moedas, this is about transforming the city, although he admits the idea is not his, but that of one of his predecessors, António Carmona Rodrigues.

SPEEDING UP PLANNING

Then there is the challenge of cutting red tape regarding the city council's notoriously cumbersome and time-consuming planning permission process, which for some years has not been fit for purpose and resembled an archaic Soviet planning model that did little to make the city a more attractive investment destination in terms of hotels, student digs and senior residences, hostels, and residential housing – both luxury and mainstream.

To offer just one glaring example, there was the planning nightmare for the Irish chain of hostels Clink Hostels, which acquired a building formerly occupied by the Portuguese postal service CTT in 2018 for a hostel conversion that would create jobs in the city and bring in tourism revenues. It waited for one year for Lisbon City Council to approve the planning project. It was an investment worth several millions and was made exclusively through own capital requiring no subsidies or funding from the city council.

And if one year sounds lengthy, some projects because of their complexity or sensitivity can take two years or more if Portugal's Association of Real Estate Developers and Investors (APPII) is to be believed, and whose members lobbied effectively to support Moedas' bid for the city hall elections in 2021.

It has to be said, however, that despite only just having discovered digitalisation in its planning processes (an admission by the council executive in charge of planning, Joana Almeida, at a recent event to highlight the council's involvement at the Cannes property fair MIPIM), the system has been much improved and streamlined.

"Results are bearing fruit," the mayor said, adding that they had been working with developers in order to help them get their paperwork in the correct order from the start (often it is they who don't provide the correct paperwork in the right order and at the right time).

A UNICORN FACTORY

One way an improved service is being achieved is through city council's LX Urban Planning Academy (Academia de Urbanismo LX), a platform that is aimed at those working in the council's planning department and fosters learning and skills development on normative procedures so that staff can improve the services that they provide.

No longer, says the mayor, do all projects, both big and small, get lumped in together in the queue; the old Soviet-style hierarchical decision-making process has been simplified, allowing city hall mandarins further down the power chain to take decisions, leaving senior executives with their hands free to deal with multi-million-euro projects like the Unicorn Factory, which already has 33 candidates – both national and international – willing to invest and grow in the city. The project is close to the mayor's heart and he managed to get it up and running in 12 months.

Very much his pet project for the first mandate – Moedas has actually done more in his short tenure it seems than the Prime Minister, who seems to have decided to rest on the laurels of last year's January landslide victory and parliamentary majority while getting bogged down in fighting metaphorical fires from a series of scandals that have dragged his administration into the mud.

Envisioned by the mayor and Lisbon City Council, the project aims to expand Lisbon's entrepreneurial ecosystem, from startups to scale-ups, and eventually unicorns, in what the mayor hopes will be a driver for the city's economic growth and a dynamic force for innovation, attracting talent, new projects and investment.

Unicorn Factory Lisboa covers four main areas: 'early stage' incubation for startups, 'growth stage' programmes for scale-ups, 'soft landing' support for both

international startups and scale-ups planning to expand through Lisbon, and 'innovation hubs' such as Hub Criativo do Beato.

"I took a huge gamble when I decided to advance with the project. Things had come to a standstill at Beato Startup Incubator [an innovation centre for creative and technological companies that emerged from a complex of old factories on Lisbon's eastern riverfront area]," says Moedas, who emphasises that Lisbon now has 11 unicorns operating in the city.

In terms of startups, Portugal is 13% above the European average and investment in these companies, many of which have a presence in the capital, has grown more than 100%, exceeding €1Bn in 2021, while seven Portuguese unicorns already generate an equivalent value of one-third of Portugal's GDP according to Líder magazine.

Carlos Moedas points to the latest unicorn to join the city's stable, the Danish Fintech Pleo, which has entered the Portuguese market setting up its second largest office outside Denmark in Lisbon.

There are already 70 people working at the company that has introduced technology to make it easier for SMEs and micro-enterprises to record expenses.

RENOVATING HOUSING STOCK

However, one of the main challenges of the mayor's first mandate will continue to be housing, relieving the lack of affordable housing within the city and creating more social housing projects for low-income families and the municipal and local police.

To this end, Carlos Moedas has earmarked over €40 million from the Recovery and Resilience Plan for refurbishing and renovating existing housing stock, which had lots of houses that were dilapidated or even empty. For example, from January 23, 116 homes were made available through the council's Affordable Rents Programme, of which 52 are council houses.

The mayor pledges to freeze municipal housing rents in 2023 to help up to 21,000 families with the rising cost of living, and pay one-third of the rent for the 1,000 neediest families. ■

Avoiding courts and costs in business disputes

Corporate conflicts amongst managers and between colleagues can cause a lack of morale, wasted time, and paralysis in decision making, resulting in a loss of productivity in the workplace of between 20-30%. Essential Business talks to entrepreneur Silke Buss, Managing Partner of BUSS Comunicação on how mediation can restore peace and productivity.

TEXT AND PHOTOS **CHRIS GRAEME**



How many times has war broken out among the heirs of a company after the founder dies and everything ends up in costly litigation? You read about boardroom struggles all the time.

And how often, when two companies merge and where the acquisitive company has the controlling share, do the two company cultures collide with squabbles and built-up resentments poisoning the office atmosphere, resulting in resignations, an unhappy staff and a consequent lack of motivation and productivity?

Sometimes the ambience becomes so toxic, brothers turn against brothers, partners in successful businesses fall out, or the company suffers from a potentially devastating churn rate.

This is why more and more businesses are turning to mediation to resolve conflicts, or potential conflicts, often before they even happen, instead of going to court resulting in costly legal fees. Mediation can give so much more than legal redress; it can provide peace of mind.

“Mediation turns negative energy invested in a conflict into positive energy invested in reaching an agreement,” says Silke Buss of BUSS Comunicação, a Torres Vedras-based communications company with over 20 years' experience in the Portuguese market that also specialises in corporate conflict mediation and resolution.

“We decided to set up this service for two main reasons: first, we realised that mediation still needs to be explained. There are few people who know how it works, in which situations it can be applied, and what the gains are.

“Second, there are not many companies doing mediation in Portugal, and we wanted to increase our visibility, since we are sure that mediation will create a lot of positivity. It has the potential to substantially improve the work climate and thereby increase productivity in companies,” explains the German-born entrepreneur who has lived in Portugal for 25 years.

It also has the potential to unite business partners and colleagues in companies. Studies conclude that conflicts between colleagues lead to a productivity loss of between 20 to 30%.

Mediation can transform negative emotions that before were directed towards conflict into positive motivation,

which is then invested in implementing an agreement.

BUSS Comunicação has a trilingual site, in Portuguese, German and English. It explains the method and the principles of mediation, gives practical examples within both professional and private contexts, and includes an extensive list of questions and answers.

“It makes much of the magic of mediation and emphasises the strength that it has. And in fact people who have been in conflict for years can find a solution and peace of mind through mediation,” assures Silke.

“Even so, she says magical thinking doesn't come into it, but psychology and diplomacy do. Mediation is not some kind of trendy semi-spiritual or 'woke' therapy. It is a method with a tried and trusted structure through which we, the mediators, act as guides and apply communication and coaching techniques to help people in conflict build bridges and find a solution.”

Silke says that if people were to ask more questions, rather than trying to draw their own often distorted conclusions, there would be less conflict.

“Avoiding frank discussions, silencing criticism, swallowing a bitter pill and second-guessing instead of asking questions all lead to dissatisfaction, negative thoughts and hurt feelings. There you have all the ingredients to start a conflict,” Silke explains. So what can be done about it?

Instead of trying to talk about things, many people tend to run away from a frank discussion. Instead of clearing the air, they allow the atmosphere to get heavier and the conflict starts gaining momentum: there's increasingly more distance, discomfort, and negative feelings increase. “Everything that the other person does, everything that the other person says is interpreted as a hostile act,” the consultant continues.

SETTING REALISTIC EXPECTATIONS

One of the main characteristics of a conflict is the inability to interpret the way a person acts and communicates in a realistic way. We can no longer see their positive motivation.

However, a positive motivation forms the basis of any act and communication, because its goal is to satisfy the basic

needs that each person has in individual proportions: 1) to feel secure, 2) to feel important, to achieve recognition and results, 3) to feel and experience new things, and 4) to feel a sense of belonging.

Mediation helps people to view things in a realistic way again and allows them to see things in a different light, to get a broader and clearer picture of the needs of all those involved in the conflict. How?

Through the five steps of mediation: 1. Introduction/ Opening. 2. Collection of topics. 3. Finding interest. 4. Creation of solutions. 5. Agreement.

In order to help conflicted parties reach a resolution, questioning and coaching techniques are employed by the mediator who guides the parties through these five phases of mediation.

WHERE IS IT APPLICABLE?

The CEO of BUSS Comunicação says that mediation has a role to play in resolving conflicts in business in all kind of companies, from small family-owned businesses to medium-sized companies, and even larger multinational corporations.

Silke explains that conflicts exist everywhere, but in Portugal there tends to be a culture of avoiding unpleasant situations and running away from effectively dealing with them, by sitting down and listening to the concerns of both sides in order to broker a solution that is acceptable for the different parties involved.

Silke says that conflicts in business organisations of whatever type and size can lead to a loss of productivity of up to 30%. Large companies tend to use international coaching companies, but this may not be suitable or even practical for small and micro-sized companies with few employees, particularly family-owned businesses.

The same idea applies to the latest phenomena of ‘quiet quitting’, which has come to the fore during and since the Covid-19 pandemic. Instead of quietly stepping away, employees need to have the confidence that they can talk to their immediate managers, while companies should have a framework by which managers have the leeway to discuss uncomfortable matters with their staff, but often don't.

However, BUSS Communication's speciality is resolving inter-employee problems within teams in companies, rather than complex problems with complicated legal implications involving large numbers of staff where unions and labour relations consultants might be more appropriate.

Since BUSS Communication is all about company communications and how companies communicate their brands, products, activities, expansions and mergers, and acquisitions to their markets, business communities and the wider public, arbitration was a natural extension to its portfolio of services.

LEARNING TO COMMUNICATE

"Mediation has to do with communication and coaching, so the important thing is to ask the right questions, to inspire and motivate conflicting parties.

"My mission is to improve seemingly intractable differences in these companies, because people don't speak either on a private or business level. They don't talk to each other and second-guess and misinterpret what they imagine are the problems on the other side."

Silke Buss says it is sad just how much money is lost by such attitudes that lead to conflict. With the communication courses she runs, she says that such conflicts can be nipped in the bud before they become unmanageable. "Since prevention is better than resolution, I personally recommend pursuing this route in order to avoid even having to end up in mediation in the first place."

The communications consultant gives the example of two employees in a company who had worked together for five years, but working as a team overtime, they became more distant from one another. However, they had to deal with clients, working on projects for them, and so it was imperative that they got on.

"When the client spoke to one, the employee didn't share the information with his colleague. There was no communication, and they even had their secretaries' desks configured in such a way that they couldn't even look at each other," Silke recalls.

"When it got to the point that it was damaging the company, the owner contacted us. I worked on helping the two to communicate their differences within the legal framework on mediation that has been in place in Portugal since 2013."

MERGERS AND ACQUISITIONS

Silke Buss says it's all about psychology, and the methods she uses can be particularly effective in mergers when teams within a company who have been used to working together in a certain way are now faced with teams in the acquisi-

tion company who have a different company culture and are used to operating in a completely different way. It is here that conflicts can arise between team leaders and middle managers, and even team individuals working with their new colleagues from what had been a separate company and think their way of doing things is the right way.

"MEDIATION HAS TO DO WITH COMMUNICATION AND COACHING, SO THE IMPORTANT THING IS TO ASK THE RIGHT QUESTIONS, TO INSPIRE AND MOTIVATE CONFLICTING PARTIES. SILKE BUSS, FOUNDER AND CEO, BUSS COMUNICAÇÃO."

"Sometimes when there is a merger, the staff in one company create beliefs that the other company's staff are against them and will take their jobs or responsibilities. They then look for instances and interpret them in order to confirm and reinforce those beliefs, even when

BUILDING BRIDGES

Silke says that with mediation, you can "open up the minds" of staff members because you work at a deeper level in showing what people can gain, rather than fear what they think they will lose, so it's completely positive and win-win.

"It's about circumnavigating a problem and setting sail for a better future and how people want to work together to build bridges," she says.

The approach can be the same when a conflict arises in a small company where two directors or managers have different styles and ideas about how they are going to achieve success for the company. One could be more innovative and want to try new things out: the other conservative, fearing it will be reckless and impact the company negatively.

"Here we can help them because we provide the benefit of a third more objective person who introduces a structured way on conflict resolution. When the warring parties resolve the conflict, peace is restored, the ambience in the company improves, the staff are happier and feel their concerns and needs have been heard and taken care of. For the company, it improves productivity and avoids legal expenses. After all, disputes lose time and time is money," concludes Silke Buss, CEO of BUSS Comunicação.

With new insight gained and emotions taken out of the equation by the end of the third phase, the people involved in the conflict (the parties) can find fresh solutions — a consensus for a future in peace. This phenomena, whereby all of the people involved resolve the conflict in a win-win way, makes this method of conflict resolution unique and the most sustainable option. For example, in court, one interested party wins and the other loses — and the conflict continues. ■



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Golf stars shine at Quinta do Lago

Green Way Invitational Pro-Am attracts glittering line-up of the world's greatest golfing legends to Quinta do Lago.

TEXT **CHRIS GRAEME**



British professional golfer Paul Broadhurst is the winner of The One Green Way Invitational 2023, walking away with the top prize of €55000.

One Green Way, Portugal's newest and most exclusive community, proudly hosted the 'One Green Way Invitational', a mixed pro-am golf tournament featuring a dazzling line-up of legends from the world of professional golf, who competed in the three-day tournament for a share of the €332,500 prize money.

The Invitational pairs 60 golfing stars with 60 privately invited guests, who experience the thrill of playing alongside some of the greatest names in golf today including Colin Montgomerie, Bernhard Langer, Miguel Ángel Jiménez, José María Olazábal, Laura Davies, Lorena Ochoa, Annika Sörenstam, and Suzann Pettersen.

British professional golfer Paul Broadhurst took the winning trophy, walking away with the top prize of €55,000. The tournament was emceed by Sky Sports golf presenter Sarah Stirk, an ambassador for One Green Way, who owns a property in Quinta do Lago.

The three-day event was first staged in March 2022 to mark the launch of the One Green Way development in Quinta do Lago (due to complete in 2024). Now in its second year, the Invitational is already gaining an enviable reputation as the most sought-after private golf tournament in Europe.

Commenting on the achievement of the winner Paul Broadhurst, Daniel Schneider, Partner at SPX Capital said: "This tournament has exceeded our wildest dreams to create a 'best in class'

pro-am tournament. For our guests to be able to play alongside their golfing heroes is an unforgettable experience and shines a spotlight on the offer and lifestyle of the One Green Way luxury residential development. The tournament will live in the memory of everyone who took part."

Played out on the immaculate North Course of Quinta do Lago in brilliant sunshine, participants included on the men's side numerous Ryder Cup Captains and Vice Captains, and on the women's side Solheim Cup Captains and Vice Captains. All the top players participating have also enjoyed successive wins on the European and PGA tours and the Majors, with several voted into the World Golf Hall of Fame.

An investment led by SPX Capital, a renowned Brazilian asset manager with presence in London, USA and Singapore and developed by Green Jacket Partners, One Green Way sets out to foster a sense of community amongst its residents, balancing health and wellness with comfort and leisure. Situated on the 12th hole of the North Course at Quinta do Lago, which was redesigned in 2014 by acclaimed golf architect Beau Welling and former Ryder Cup captain Paul McGinley, all residences offer unrivalled access to one of the world's best golf courses. A distinguishing design feature of the development is its stylish contemporary Mediterranean architecture and mature landscaping by global award-winning landscaper Cracknell. ■

"THIS TOURNAMENT HAS EXCEEDED OUR WILDEST DREAMS TO CREATE A 'BEST IN CLASS' PRO-AM TOURNAMENT AND WILL LIVE IN THE MEMORY OF EVERYONE WHO TOOK PART." PAUL BROADHURST, DANIEL SCHNEIDER, PARTNER AT SPX CAPITAL.



International Sharing School

The learning curve

Since 2017, Portugal has seen a jump in demand from relocators from around the world. For many expats with young families, good private schools are essential. But what exactly is on offer and how is the market changing.

TEXT **CHRIS GRAEME**
PHOTOS **SUPPLIED**

The proliferation of international schools in Portugal over the past seven years has been nothing short of astonishing.

During this period alone, around 20 international schools have either been founded from scratch, or are existing ones that have been expanded to meet a growing demand from overseas citizens who are either not based in the country but want their children to have a European, British, International or US curriculum education, or from the mushrooming numbers of relocators who find

in Portugal an attractive and secure destination to bring up their children.

The reasons behind this increase in international schools are well-known. Since 2017 Portugal has boomed as an ex-patriot destination, with affluent Brazilians, Chinese, French, Dutch, Scandinavian, Irish, British, and now Americans seeing Portugal as a safe haven, both in terms of business interests and investments.

In January this year, Forbes magazine voted Portugal in first place out of 10 countries in terms of value for money for

US relocators. The magazine said it came top for those who seek “a better life, the perfect refuge to get away from the frenetic pace of life, violence and divisive politics” at home in the US, while Jennifer Stevens, CEO of Executive Living, says that Portugal is the best country to live in because of the “strength of the dollar” and the array of different visa options available for overseas citizens and investors.

Until February 18, Portugal offered the Golden Visa (a residency by investment visa), and still has the D7 (also a residency visa), the Startup Visa, the



International Sharing School

“WE BELIEVE THAT HERITAGE AND TRADITION SHOULD BE RESPECTED, BUT WE ALSO BELIEVE THERE IS A LOT OF ROOM FOR INNOVATION. THERE ARE SOME SCHOOLS THAT ARE PUSHING THE BOUNDARIES AND INNOVATING IN THE TEACHING METHODS AND ADOPTING NEW WAYS OF LEARNING AND WORKING. ISS IS AT THE FOREFRONT OF THIS INNOVATION.” MIGUEL SANTOS, CEO OF THE INTERNATIONAL SHARING SCHOOL (ISS).



International Sharing School

“TODAY’S EDUCATION REQUIRES A DEVELOPMENT OF MULTI-FACETED SKILLS AND TALENTS IN ORDER TO FACE THE FUTURE. WITH THE IBDP, ONE HAS TO CHOOSE FROM DIFFERENT GROUPS OF SUBJECTS TO GRADUATE FROM HIGH SCHOOL AS A MORE BALANCED STUDENT.” CHITRA STERN, FOUNDER AND BOARD MEMBER, UNITED LISBON INTERNATIONAL SCHOOL (ULIS).

Tech Visa and, for European Union nationals, the Non-Habitual Residence (NHR) regime which offers an attractive 20% flat rate on taxes for 10 years.

Portugal is also a lovely place to live, with a relaxed, easy-going lifestyle offering great food, fine wines and around 280 sunshine days per annum, far from the polluted industrial and car-choked cities found in many central and northern European countries.

AN INTERNATIONAL TREND

The growth of international schools in Portugal mirrors an international trend. According to the research and consultancy entity ISC Research - which has charted the expansion of international schools globally over the past 25 years — since 2000, when there were 2,584 International schools on its database, ISC Research says numbers mushroomed fourfold to 10,883 verified schools by June 2019 - a figure that has risen ever since with more international schools in the pipeline and predictions of an almost doubling in the number of schools, students and staff by 2029.

According to Diane Glass, Commercial Director at ISC Research, the routes to enrolment have changed significantly over the past 20 years, with a large element of international school’s growth now being driven by local populations and less expat-led and more price sensitive.

In Portugal, however, many fresh admissions since 2021 have come mainly from overseas HNW refugees, with a noted increase in demand stemming from countries in geopolitically sensitive areas, especially Eastern European

countries like Ukraine, the Baltic States, Finland and Poland.

The reasons in this case are obvious. What is not so immediately obvious is the sudden uptick in both queries and admissions from the United States of America, particularly California, Florida and Texas.

When they opened their doors during the Covid-19 pandemic in September 2020, serial entrepreneurs and education concept masterminds behind the United Lisbon International School (ULIS), Chitra and Roman Stern, set themselves the goal of making it part of an ambitious educational hub (Edu Hub) offering the best private education experience and facilities from reception to pre-university in Portugal and Europe.

Three years later, the ULIS has formed a partnership with the London-based Dukes Education Group, which includes an elite network of international schools and has on its books educational establishments like St. Andrews College in Cambridge, the Knightsbridge School in London and Cardiff Sixth Form College in Cardiff, Wales.

With the integration of ULIS in the Dukes network, currently the largest in the United Kingdom, it means that ULIS can assure that all of its pupils have access to the best education overseas with the British group now having 40 brands, 8,500 pupils and 2,280 staff.

Roman and Chitra Stern moved to Portugal in 2000 and fast became notable business figures on the Portuguese entrepreneurial map for setting up the luxury family hotels group.

The idea of founding an international school arose years later when they identified a market need for an international

school in the growing Eastern districts of Lisbon which would provide an excellent international education based on the IB programme.

SUSTAINABLE GROWTH

The explosion of new international schools begs a question: Is the relatively recent boom in demand for international schools sustainable in the long term?

For now, the current demand seems to suggest it is, but will it only remain strong in the short to medium terms? The founders of one new Lisbon school, Artemis Education, think it will.

“We took the decision in 2020 to build a school in Lisbon because demand continues to grow for international education with international curricula both domestically, and as more and more international families have been drawn to the capital. The market remains capacity constrained and we feel it has further room to grow, particularly in Central Lisbon”, says Niall Brennan, CEO of Artemis Education whose first International school The Lisboa will open in September 2023.

Niall says that the school will have capacity for 1200 students from ages 3-18, and that they expect to reach capacity within 10 years. “We will open every age range at The Lisboa from day one, except for those years in which students would take exams [ages 16 and 18]”. Fees will range from €12,500 to €19,500.

The statistics on immigration from Portugal’s border and immigration agency SEF seem to back up that confidence.

Last year, the number of overseas citizens registered as living in Portugal rose to 771,000, up by 109,000 on 2021.



United Lisbon International School

The SEF statistics reveal the highest numbers of relocators ever, a far cry from the relatively modest numbers of 388,371 registered in 2015. Some 27.8% were Brazilian, Indian and Italian citizens, while the number of immigrants from the United States has increased by an astonishing 45% to 6,921.

At the Western end of Portugal's capital, in the environs of the charming town of Sintra, is the Carlucci American International School of Lisbon. (CAISL)

CAISL's Director, Nate Chapman thinks, however, that the current rate of

foreign nationals entering Portugal will taper off over the next five years, but well-established schools with a track record of quality education will continue to flourish.

"We've seen more "for profit" institutions enter the international school market in Portugal, some not yet fully licensed to deliver an international curriculum, nor to provide a diploma for their students", he says.

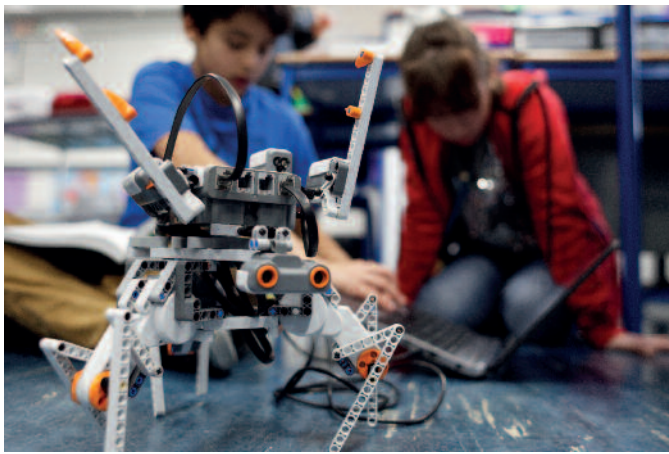
"In recent years, international schools with English as the teaching language saw an increase in demand as more

expatriate families moved into the Lisbon area. This paved the way for new schools opening. However, we've chosen not to increase our student enrolment at the cost of changing the fundamental nature of our school community," he says of the school which is managed by a non-profit foundation with a focus on continually improving the school environment and teaching practices.

It is an opinion shared by Andreas Schelfhout, who together with his wife Sandra founded the Eupheus International School in Loulé, a smart upmarket



“IN RECENT YEARS, INTERNATIONAL SCHOOLS WITH ENGLISH AS THE TEACHING LANGUAGE SAW AN INCREASE IN DEMAND AS MORE EXPATRIATE FAMILIES MOVED INTO THE LISBON AREA. THIS PAVED THE WAY FOR NEW SCHOOLS OPENING.”
CAISL DIRECTOR, NATE CHAPMAN.



seaside town in Portugal’s holiday region of the Algarve which has had a stable International community for decades.

“I think the market will definitely grow. We saw during Covid-19 that there was a desire by families to move away from the high-urban density containment of cities to the kind of healthier unpolluted living offered by the Algarve,” he says.

However, he points out that post-Covid some of the growth now being seen is as a result of the Ukraine invasion, where affluent families in Eastern and North-Western Europe no longer feel secure about having their children in private schools within striking range of the Russian military.

“I would say that at Eupheus a third of our pupils are here because of this,

and it is not clear if all of these circumstantial cases will remain after security issues die down or not” he says, stressing that some families will stay as they buy homes and put down roots”.

AN ECO-FRIENDLY SCHOOL

Eupheus International School is a recent addition to the international schools offer in Portugal. This Cambridge

Assessment International Education accredited school founded in 2018 delivers all lessons — except Portuguese - in English and markets itself as a state-of-the-art Eco-friendly school.

With registrations exceeding expectations in 2021 and 2022, Eupheus has at its core a commitment to the highest standards of teaching and learning, through the globally accredited Cambridge Assessment International pathway. All class sizes are small, and therefore, places are limited.

The idea is to prepare students for the technologically driven digital world while still retaining the best values and tried-and-trusted didactic methods of a traditional private school education.

Penelope Best, Head of School, commented, “At Eupheus we appreciate that parents want educational excellence for their children in a supportive nurturing environment. All of our students are encouraged to become lifelong learners, and are taught the skills and knowledge to enable them to become confident, engaged and innovative 21st century learners.

This ethos, coupled with fully qualified and highly experienced teachers, means that Eupheus International School has already become a school of note in the Algarve, and underpins the high level of interest that it is currently experiencing. An investment in a Eupheus education is an investment in a child’s future”.

There are a number of other international schools in the Algarve region not only catering for the large expat community led by the British, but also the Germans, French (in increasing numbers since 2017), Dutch and other nationalities. To meet this demand the Nobel International School Algarve has stepped up its presence with a new secondary school.

In its 50th anniversary year in 2022, the school reinforced its position with the expansion of its campus in Almancil. The new campus currently caters for students from pre-school to Year 7. However, due to its remarkable success and growing demand the purpose-designed building expanded with a second phase build which opened for Years 8-9 in September 2022.

Among the state-of-the-art features at the Almancil campus are a multimedia centre, a next-generation Science Lab, ICT suites and sensory gardens.

Nobel Algarve British International School belongs to the Globeducate British International School cluster, with sister schools in Spain, France, Italy and the UK. The expansion is part of ongoing investment by Globeducate “one of the world’s leading K12 education groups with 55+ premium bilingual and international schools in nine countries and over 28,000 pupils.

TECHNOLOGY AND INNOVATION

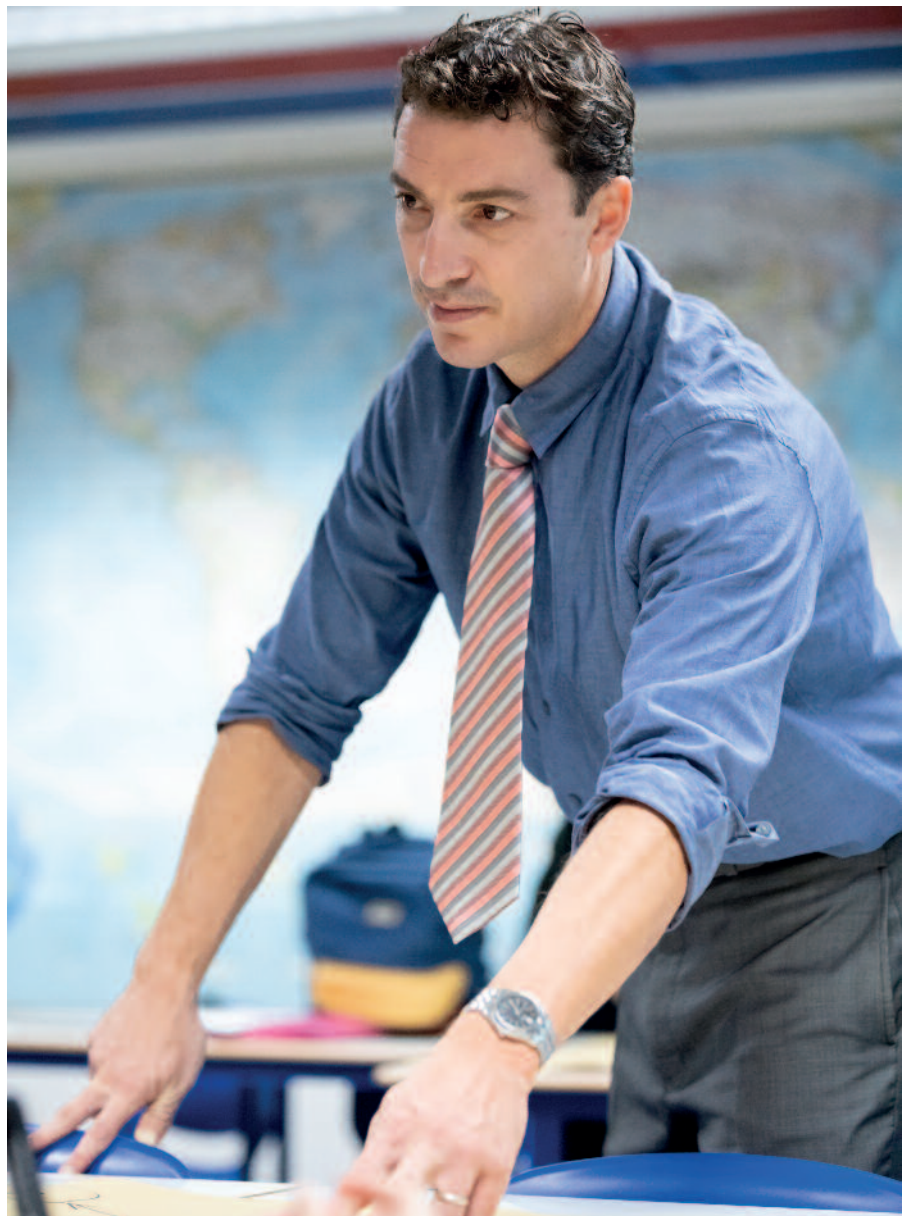
The terrible Covid-19 pandemic which swept the globe in 2020 and 2021 had two positive and practical effects for international education in Portugal.

On the one hand it accelerated the introduction, testing and widespread use of digital multi-media teaching platforms, allowing pupils to virtually attend classes wherever they happened to be in the world. It also meant a percentage of parents realised they could work away from a traditional office setup.

On the other, many of those who could, relocated in search of a greener and healthier lifestyle where open space and low population density living were at a premium.

“Following the pandemic, many have realised that they can work from almost anywhere. I think this is another reason

CAISL Director, Nate Chapman





The Lisbon International School

for the explosion of people moving to Portugal, but it has also brought some changes to schools”, says the Head of Noble Algarve International School, Abigail Lewis.

And continues: “Whilst we found that nothing beats face to face teaching, many schools have developed their learning technologies. Likewise, we will continue to utilise technical innovations to better support student learning. We have also placed a greater focus on wellbeing. Positive emotions, such as joyfulness and love, play an important role in enhancing students’ intrinsic motivation, feelings of

self-worth, creativity, productivity, and academic achievement.”

CAISL’s Director, Nate Chapman has noted another, more interpersonal result of the way children have been behaving in the education environment since Covid-19.

“The past few years have seen an increase in student voice and empowerment, and have shown us that adults don’t always have all the answers. There is a lot to learn from young people and we’ve seen trends in education which are rooted in student optimism and resilience. After we were able to come back

to campus, there was a sense of gratitude for being able to be at school, even with masking and distancing limitations. We are now back to what we did before the pandemic, but have also carried with us some of the tools and technologies we learned to use in the past few years”.

Covid-19 helped to accelerate changes in the way technology was already being developed for and used in teaching.

Miguel Santos, the CEO of the International Sharing School (ISS) understands the importance and value of using the latest technology in education. The school he runs is in Oeiras, near Lisbon, one of the most technologically advanced municipalities in Portugal, with a clutch of prestigious and internationally renowned science-focused academic and research institutions, and high-tech business parks with top multinational technology companies.

Santos points out that schools in general tend to be very traditional in Portugal, and unfortunately some international schools also follow this tendency. “Of course we believe that heritage and tradition should be respected, but we also believe there is a lot of room for innovation. There are some schools that are pushing the boundaries and innovating in the teaching methods and adopting new

The Lisbon International School



ways or learning and working. ISS is at the forefront of this innovation”, he says.

“Over the past years we have seen a transition into using more digital resources. There are many platforms that support learning and teaching, and of course one of the most developed areas of learning since 2020 has been distance learning. This has been a great tool to provide education for those who for whatever reason cannot attend school physically, and also provided the opportunity for all digital learning platforms to develop and increase the available offer. We believe that once a higher use of digitalisation in education is achieved, we will see more innovation in the ways people work, learn and study”, he explains

ISS has adopted the IB system of education and has been continuously investing in its team, hiring more staff, and training teachers to continue leading in the international education and IB teaching world.

ISS has also undertaken a huge investment in its current premises, expanding and improving the working spaces to become more comfortable and inviting for students and staff.

“We have a greater expansion project where we are investing around €50 million, and we are now discussing the details of these plans with the municipality so we can move onto the construction phase. We are building one more building, a boarding house and 70.000 square meters of sports facilities and outdoor playing and learning environments.”, explains Miguel Santos

CURRICULA - WHICH TO CHOOSE?

For schools that are open to all nationalities, typically three curriculum options are available: US, English National (British), or International Baccalaureate (IB). Sometimes international schools also offer hybrid options, blending different types of curricula.

But what are the pros and cons of the different curricula and how do they differ? Miguel Santos says that The IB curriculum is a more inquiry and project based curriculum, while the British curriculum tends to be more content based.

“By following the IB curriculum, we believe students develop a broader set of skills rather than just academic skills, and we believe these other soft skills are the ones which will make the difference later on in their adult life. The IB is an extremely valuable curriculum due to this, but also due to the high academic value that it brings. It is a very challenging curriculum, but fun and flexible at the same time”, he explains.

When it comes to the British Cambridge IGCSE system, Chitra Stern of ULIS says the differences can be important from the age of 16 as pupils begin to think about specialising and university.

The IB Diploma it follows is designed for the students in the final two years of secondary school. In the IB Diploma (IBDP) students have to select 6 subjects among various choices given, whereas in IB Certificate they take DP subjects only in areas where they have a particular interest or strength.

“A Levels are great if you want a high focus on the 3 A Levels you study in order to pursue a certain subject at university. Today’s education requires a development of multi-faceted skills and talents in order to face the future. With the IBDP, one has to choose from different groups of subjects to graduate from high school as a more balanced student”, she says.

PORTUGAL - THE PLACE TO BE

Andreas Schelfhout concludes with a sentiment shared by all the directors and founders of the schools with whom we spoke.

“I am extremely positive about the future of quality international schools in Portugal where the emphasis is on qualitative and not quantitative education”.

The Eupheus founder notes that many Americans who have startups or work in technology companies are now relocating to Portugal precisely because they can recapture and replicate the kind of good life their parents once enjoyed on the US West Coast but whose past reputation sadly no longer holds true.

“Choosing Portugal to relocate, bring up a family and educate ones children is, in my lifelong experience, probably the best option anyone can take in their life. The opportunities afforded in Portugal are incredible. The country is stable, Portuguese society is welcoming and tolerant.

“I have lived in the UK and travelled extensively and I have never had the feeling that I would be better off living elsewhere. Portugal really is the place to be!” ■



Noble Algarve International School

The American Chamber of Commerce in Portugal 2nd Transatlantic Business Summit

In the face of looming uncertainty, the EU and the US must unite to overcome complex and intertwined global challenges. Through the Trade and Technology Council, cooperation on both sides of the Atlantic is picking up steam. However, with war ravaging Ukraine and the ongoing energy crisis, the external environment remains difficult. At the Transatlantic Business Conference 2022 national and international movers and shaker deep dived into the issues that top the agenda for companies and investors doing business between the United States, Europe and Portugal.

PHOTOS **AMCHAM PORTUGAL**



AmCham Portugal President, António Martins da Costa.



AICEP President, Luís Filipe Castro Henriques.



Panel People: José Manuel Leonardo, CEO Ranstad Portugal; Ligia Cabeçadas, Director of RH, IBM Portugal; Manuel Maria Correia, MD DXC Portugal; Paulo Teixeira, Country Manager, Pfizer.



Panel Supply Chain - Distribution and Logistics, and Energy: José Ferrari Careto, Board President, E REDES; Nuno Rangel, CEO and VP, Rangel Logistics Solutions; Thomas Hegel Gunther, Plant Manager and Chairman of the Board of Directors of VW AutoEuropa.



Rebecca Neff, Deputy Chief of Mission, US Embassy.



Luiz de Mello - Director of the Policy Studies Branch in the Economics Department of the OECD



Panel Digital Transition: Nick Parikh, Chief of Portugal (Economic Section), US Embassy; Honoré Nyuyse, Technical Manager, US Office of Science and Engineering; Anna Barker, Lisbon Customer Experience Director CISCO; Pedro Lomba, Partner PLMJ; Pedro Barbosa, Director Multicert & SIBS Cyberwatch.



United Lisbon International School

A world-class K-12 international school in the heart of Lisbon

Located right next to the Park of Nations, the innovative United Lisbon International School delivers acknowledged English-language academic programs from Early Childhood (from 3 years old) and to grade 12 (IB DP). It offers education that matters tomorrow by a faculty from all over the world: a school providing education inspired by and fit for the 21st century; seamlessly integrating technology into the learning environment. With light-filled classrooms and corridors, state-of-the-art Science Laboratories, Art Rooms, a technology Maker Space and a modern library, United Lisbon's STEAM program and facilities are second to none. United Lisbon is connected to a variety of outside institutions to ensure enriching experiences for after-school activities and boasts 65,000 sqft (6,500 sqm) of outdoor play and sport

areas to ensure that our children get the best out of the PE programs. Connecting children to the ecosystem of education through shadowing projects, internships and entrepreneurship experiences is central at United Lisbon.

United Lisbon International School is an IB World School teaching the International Baccalaureate (IB) Diploma Programme for Grades 11 and 12. The IB World Schools share a common philosophy - a commitment to high-quality, challenging, international education - that we believe is important for our students. The IB programme prepares students for a successful academic life and is acknowledged by the best universities around the world, including the top Portuguese universities. United Lisbon International School is now part of the Dukes Education Group.





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