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CHRIS GRAEME

Welcome to Issue 22 of Essential Business

Lisbon is fast becoming one of Europe's best and most exciting places to start a technology business. Investment in Portugal-based startups is taking off so fast that Vodafone CEO, Mário Vaz, has said that the country could see itself transformed into "the Silicon Valley of Europe".

Investment in the startup scene in Lisbon has reportedly grown by 30% every year since 2016, a rate which is twice the average of the rest of Europe.

Portugal's lure for startups is for a variety of reasons: it has a great homegrown talent pool, the government offers a number of attractive tax incentives through its Startup and Tech visas, while Portugal's remarkable climate, cuisine, arts and entertainments scene, and wonderful weather all make for the ideal place for young technology professionals to relocate. Lisbon is ranked 1st best startup ecosystem, and is ranked 13th in Western Europe. With a population of 2 million in Lisbon and 10 million in Portugal, Lisbon is ranked 62nd in the world. The city has some notable startup success stories including Aptoide, while its startup ecosystem infrastructure is strengthened by organisations such as Web Summit, Rocket HUB, Lisbon Unicorn Factory and Startup Lisboa.

One area that has grown in both size and sophistication in recent years is Portugal's Fintech scene. In this issue we talk to António Ferrão, board member of Fintech Portugal about why the sector is blazing a trail in the startup market.

The increasing number of United States businesses moving to or opening offices in Portugal continues apace, particularly from California and San Francisco. The non-for-profit organisation RedBridge, which is building bridges between California and Lisbon, has been at the centre of this recent wave since 2020, with both Portuguese and US startups creating synergies between them. In this issue we explore with RedBridge if Lisbon can become Europe's next economic powerhouse.

It has been a busy year for the British Embassy in Lisbon, which in December bid farewell to the ambassador Chris Sainty after five challenging but exciting years, including organising a fintech event in Porto, and a successful Future of Cities Summit which explored the shape of urban environments we want to live in over the next few years. We cover that event in the magazine.

Business has been booming between the US and Portugal since the pandemic, with balance of payments in trade very much in Portugal's favour. However, competitiveness and productivity remain key to building even closer economic ties with our friends across the pond as was seen at the 3rd US-Portugal-EU Transatlantic Business Summit organised by the American Chamber of Commerce in Portugal in October.

But as the old adage goes, 'all work and no play makes Jack a dull boy' and that means it's important for our overseas investors, relocaters, and visitors to take time out to relax and discover other parts of Portugal, and the wonderful boutique hotels that have mushroomed up and down the country. Our suggestion for a weekend getaway is Porto, and the charming and beautifully restored Vila Foz Hotel & Spa.

And with so much hype around AI taking over our lives and jobs, and even ending the human race in a kind of dystopian Dr. Who Cybermen drama, the guys at Single Digital Enterprise and Microsoft ask us to keep calm and invest in Generative AI, because it really can enhance your business, for both clients and staff, leaving you to get on with what's really important; innovating your company and serving clients.

Enjoy,

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.

Editorial Director

Cátia Matos - catia.matos@open-media.net

Features Editor

Chris Graeme - chris.graeme@open-media.net

Art Director

João Cardoso - joao.cardoso@open-media.net

Contributing writers

Chris Graeme, David Sampson

Comercial Director

Paula Mouco - paula.mouco@open-media.net

Proofreading

Cristina Alcock

Subscriptions

subscriptions.open-media.net

Printed by

Grafisol - Edições e Papelarias, Lda
Rua das Maçarocas, Abrunheira Business Center nº 03
Abrunheira 2710-056 Sintra
Tel.: +351 219 158 150 | geral@grafisol.pt

Lisbon Office

Sede do Proprietário/Sede da Editora

Avenida Dr. Mário Soares, 33 2740-119 Porto Salvo

Sede de Redação

Avenida Engenheiro Duarte Pacheco, Torres das Amoreiras,
Torre 2, 10º, Sala 10 1070-101 Lisboa
Tel (+351) 213 224 812 | essential.lisboa@open-media.net

Algarve Office

Apartado 59,
Parque Empresarial Algarve 7, 8401-901 Lagoa
Tel (+351) 282 341 333 Fax (+351) 282 341 360
essential.algarve@open-media.net

London Office

40 Craven Street, Charing Cross
London WC2N 5NG, England | Tel: +44 (0) 207 389 0527

Distribution

VASP - Distribuidora de Publicações, Lda
MLP: Media Logistics Park | Quinta do Grajal - Venda Seca
2739-511 Agualva Cacém
Tel (+351) 214 337 000 | geral@vasp.pt

Owned by

OpenMedia Europe S.A.

Holders of 5% or more of the company's capital

MSFound - Multicultural Sharing Foundation and
Open Media - Design e Publicações S.A.

Periodicity

Trimonthly

Circulation

6000

C.E.O.

Miguel Ladeira Santos

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Publicação registada na Entidade Reguladora para a Comunicação Social com o número 127106. Director: Cátia Matos. Propriedade: Open Media Europe S.A. NIF: 515462063. Administrador/Presidente do Conselho de Administração: Miguel Ladeira Santos.

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Essential Features

- 12 CIP**
UNION CITY BLUES
- 16 Fintech House**
ONE-STOP FINTECH SHOP
- 20 Parque das Nações**
A PROJECT WELL DONE
- 24 Kleya**
PREPARING FOR INVESTMENT AND LIFE
- 26 APF**
FRANCHISING TAKES OFF IN PORTUGAL
- 28 APR**
A SECOND HOME IN THE SUN
- 30 Oceans conference**
SUN, SEA AND WIND
- 34 Sustainable cities**
URBAN LIVING FOR A NEW GENERATION
- 38 RedBridge**
LISBON - A STARTUPS' HAVEN
- 42 Political crisis**
PORTUGAL IS CHANGING; WHY ISN'T ITS GOVERNING CLASS?
- 46 Generative AI**
WHO'S AFRAID OF THE BIG BAD WOLF?
- 50 Vila Foz Hotel & Spa**
PURE EDWARDIAN ELEGANCE
- 54 US and Portugal**
FORGING CLOSER TIES
- 58 Mário Centeno**
SAVING FOR A RAINY DAY
- 62 IDC**
THE FUTURE WILL BE DIGITAL
- 64 Oria**
RAISING THE ROOF TO A BRIGHT FUTURE



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Housing policies in Portugal and the Soils Law

Portugal's current urban housing crisis is not the first in its history, but it is unique in that it has hit the middle class for the first time. But is it simply caused by speculation from Golden Visas and Local Accommodation tourism lets? The Mayor of Oeiras, Isaltino Morais, explained why the problem is far more complex to the International Club of Portugal.

TEXT **CHRIS GRAEME**
PHOTO **ICPT**



Mayor of Oeiras, Isaltino Morais and Manuel Ramalho, President ICPT

Portugal has a chronic housing shortage for the middle classes that has lasted for a decade.

The reasons behind this are legion and include wages that have not kept pace with high property inflation and soaring interest rates, lack of affordable land in sought-after municipalities such as Lisbon, Porto, Oeiras, Cascais, Sintra and parts of the Algarve, the sky-high costs of building materials that have risen by as much as 80% in just three years, and the simple fact that Portuguese average middle-class incomes are just too low compared to the cost of building new homes.

Another block to new-build housing is closely related to the above-mentioned reasons. Private, profit-driven developers generally don't respond to the demand for housing for lower-income households and this goes for practically anywhere you care to mention in Europe and the United States, not just Portugal.

It's not because Portuguese or overseas developers in Portugal don't want to, it's because they can't build them and make a profit. The rents and house prices that many households can afford to pay are too low to cover the costs of develop-

ing and operating newly constructed housing. Some households' incomes are too low to cover even the costs of maintaining and insuring existing housing.

Then there is the question of parcels of building land in Lisbon, Porto and other desirable markets where space is at a premium and land is relatively scarce. This drives up the price and therefore makes luxury developments the only viable option for the developers to make buying and building on them worthwhile.

These housing problems were deftly discussed in some detail and with flair and imagination at the International Club of Portugal by one of Portugal's most colourful, controversial and popular mayors, Isaltino Morais, who has been the mayor of Oeiras – Portugal's third wealthiest borough – for longer than anyone can care to remember, and like the late Queen, just keeps going on and on and on...

THE INCREASING PRICE OF LAND

Isaltino Morais points out that any developer or council will tell you that one of the main stumbling blocks for developers being prepared to build affordable housing is the lack of building land and,

as a result, the high cost of land because of its scarcity.

In this he was referring to the Soils Law (Lei dos Solos), which was reexamined under the PSD government of Pedro Passos Coelho. It forced most municipal councils in Portugal to revise their Municipal Development Plans, or PDMs, which reduced land in urban areas that could be built on (presumably to retain green field sites) and which drastically reduced available land that could be used for construction.

Isaltino Morais makes it clear that the Soils Law has radically restricted available urban land for building purposes while stifling municipal urban planning to deal with the lack of supply of affordable housing in Portugal.

The government, recognising the problem, wants to reclassify green field sites to urban sites, which run contagious to increase the size and availability of land for building, but only on public land.

The current legislation regarding the classification of land and territorial planning will eliminate what constitutes land for construction from December 31, 2023, which will only exacerbate the lack of land and drive up prices even more.

Isaltino Morais says that the Soils Law should have sufficient flexibility to attract both public and private investment, which is in the national or municipal interest without having to be bogged down by complicated territorial planning red tape. This takes a long time and is often incompatible with the business timelines of developers, the goals of municipal councils in providing affordable housing and, at the end of the day, even the State's. ■

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Can Portugal take on the unions and build a social pact?

Portugal's largest business association CIP says it is prepared to build a social pact, but won't do it with the unions because there is no trust. Instead, it wants to work directly with the workers for a new pact for social and economic prosperity. Essential Business attended a lunch organised by the International Club of Portugal to discover more.

TEXT **CHRIS GRAEME**
PHOTO **ICPT**



Armindo Monteiro

When Margaret Thatcher took office as Britain's first woman Prime Minister in 1979, she rightly understood that Britain was broken and that successive governments had unsuccessfully managed industrial decline.

Throughout the 1970s, a round of successive strikes resulted in a three-day week, power cuts, shop-floor walkouts, and rubbish piled so high in London's Leicester Square that the city centre was overrun by rats.

Britain's unions had called for successive wage hikes to keep up with inflation which, in turn, fuelled even more inflation because the country's productivity and growth simply didn't justify it.

Her answer, rightly or wrongly, was to curb the power of the unions, as she saw them as an obstacle to growth and prosperity as unemployment hit 3 million and inflation galloped at 13.39%.

Britain also had a problem of large moribund public companies that were neither profitable nor competitive, nor even productive in terms of efficiency and quality.

But Portugal, while having seemingly intractable problems with its unions, is different. Most of its public sector companies were already privatised, with TAP, one of its largest companies, set for reprivatisation next year, and with a few exceptions, most of Portugal's companies are SMEs.

Portugal has a staggering 900,000 micro companies that employ nine or fewer staff. There are just under 40,000 small companies employing 49 staff or under, and just 6,000 medium-sized companies employing up to 250. It is a question of scale. Portugal doesn't have it and few small and medium-size companies have an appetite for the kind of mergers required to gain it. It is a question of pride and trust. Better to be a big fish in a small and stagnant pond than a smaller fish in a clean, fast-rushing and dynamic river.

Another key difference is that unemployment is low, social security contributions are at a record high, and the government, thanks to good housekeeping, made an impressive €6Bn surplus in its budget for this year.

A QUESTION OF TRUST

That's all good then, you would think. Add that to the fact that Portugal's GDP for 2023 is expected to outstrip all the other EU countries bar two this year at 2.6%, even better. Except it's not, in the long term anyway.

Armindo Monteiro, who leads Portugal's biggest 'union for company bosses', the Industrial Confederation of Portugal (CIP) – a bit of a misnomer, since a large number of its members aren't what you would think of as industrial companies – , and has been its president since March 2023 (and vice-president since 2010), like Mrs Thatcher, also believes that the relationship between enterprise bosses

and the unions is broken because there is "no trust".

Of course, the similarities between post-war Britain and Portugal today end at opinions on the merits or scourges of the unions. Britain was a huge (if declining) industrial powerhouse in the 1970s, a long-established democracy with a huge population of 60 million, and which did not have the legacy of a 50-year dictatorship, a military revolution, and a decade of chaos informed by extreme left-wing politics.

A SOCIAL PACT

Armindo Monteiro wants a social pact; Portugal has never really had one on paper. But the CIP boss doesn't want the unions involved because they can't agree and there's no trust. Instead, he wants to work directly with employees and workers.

In his speech about Portugal's Social Pact, Armindo Monteiro began by saying that social pacts were common in developed countries and it was "strange" that Portugal had never made one.

"Sometimes we like to compare and look with envy at other more developed countries, but don't ask ourselves why this has happened. Many of these social pacts were constructed immediately after World War II, at a time when Europe was in a state of chaos and built their economic and social prosperity because, at that time, they knew agreements had to be made on essential questions," he said.

BELGIUM – A PIONEERING EXAMPLE

One of the earliest social pacts was created in 1944 in Belgium – it was concluded in secret under German occupation on April 24, 1944.

The pact was intended to lay the foundations for a new political compromise between the different groups after the war, based on improved labour relations. It is most notable for laying the foundation for the country's social security legislation adopted by the government of Achille Van Acker in December of that year.

The representatives of the employers and workers recognised that the good functioning of a country's companies was essential for the prosperity of a country

and therefore required loyal cooperation. It is something to which Armindo Monteiro heartily subscribes and thinks lacking in Portugal.

How is it possible, he asks, that in Portugal in 2023 "we don't recognise this and then we wonder why we are one of the poorest countries in Europe?"

Rather like Margaret Thatcher's, the CIP boss's answer boils down to a problem with the unions. "It's because there is no trust. You can't build the basic foundations of a social pact without trust. So, why do proposals made by business owners have to immediately be mistrusted?" he asks.

It is this mistrust, he says, that explains Portugal's state of development.

"We want to propose a social pact," given that Portugal's State Budget for 2024, which Monteiro admitted had some "merit" since it increased family incomes and reduced Portugal's public debt – which is on target to be reduced to an optimistic 98% of GDP by 2024 – was part of a proposed new agreement on income and competitiveness presented by the Minister of Finance, Fernando Medina, on October 10.

NOT WITH THE UNIONS

The Portuguese Business Confederation says it wants to sign up to the new agreement "if measures that we consider essential are included".

"The Social Pact that we want to propose is based on a simple idea: let's build a healthy relationship, based on trust, and try to interpret what is necessary from the workers' perspective, and try and say what is necessary from the side of the business owners. Let's make a social pact," he said.

Of course it would require a basis for understanding, but Armindo Monteiro says that what unfortunately happened was that the municipal councils were involved in the negotiations and they didn't go smoothly.

"We are not going to give up on this idea and we continue to think that a social pact in Portugal makes sense, but the interlocutor should not be the unions, but society. This pact with Portuguese society is essential to plan social progress in the medium term."

"I DON'T LIKE TO POINT IT OUT, BUT IT IS NOT PLEASANT FOR THE PRESIDENT OF THE LARGEST BUSINESS ASSOCIATION IN THE COUNTRY TO SEE PORTUGAL BEING OVERTAKEN BY ALL THE OTHER COUNTRIES IN EUROPE IN TERMS OF WEALTH GENERATION."- PRESIDENT OF THE CIP, ARMINDO MONTEIRO.

So, if it is not with the unions, which are the bodies that are supposed to represent the interests of employees who, let's face it, make up 'society', then with whom? (Interestingly enough, Margaret Thatcher didn't believe in 'society': "There are families and individuals," she said.)

A LONG-TERM CONCERN

Armindo Monteiro says he's not worried about the short term and next year. Instead, the worry is long term.

"We are not worried about the State Budget for 2024; we are worried about the future," he said, after the CIP turned down proposals from the government and other social partners, including rival business associations, for a 5% wage increase for its members' employees.

Portugal's government, other major business associations, and the country's second-largest labour union UGT struck a deal to raise the wages of 4 million private sector workers by 5.1% in 2023.

The four-year pact, announced after months of negotiations, also included a compounded rise to 20% by 2026, in an attempt to offset the effects of surging annual inflation, which hit a three-decade high of 9.3% in September.

The proposal, based on an updated agreement on income and competitiveness in the State Budget for 2024, foresaw an increase in the national minimum wage to €820 and the suggested invitation that companies increase their wages for their employees by 5%.

The proposed private sector salary increase for 2023 was higher than the 3.6% average increase the government was willing to award to Portugal's 733,000 civil servants.

However, the CIP did not agree with the agreement and refused to sign it, unlike other business associations in Portugal, because it says the goal posts were changed.

Instead, Monteiro says that those companies who are members of the CIP will hold its own negotiations with its members and their employees for a deal in 2024.

PORTUGAL OVERTAKEN IN EASTERN EUROPE

But the CIP will not sign up to a 5% benchmark wage hike, although it has admitted that increases could be above the benchmark reference. The reason? Companies don't make enough to support it; Portugal's GDP and productivity don't justify it.

"I don't like to point it out, but it is not pleasant for the president of the largest business association in the country to see Portugal being overtaken by all the other countries in Europe in terms of wealth generation."

Here he is mostly referring to Eastern Europe, where the wages are much lower, so of course productivity and GDP can be higher. And I wouldn't bank on seeing social pacts having any meaningful success in these right-wing, increasingly populist and undemocratic countries anytime soon.

The experience of Eastern European countries transitioning to Western democracy in the 1990s and beyond was not encouraging in this regard. In these countries, social pacts are mostly coated with a veneer of 'illusory' corporatism neo-liberal policies whose content had been decided elsewhere, often outside the country in question.

The decline of social pacting is not limited only to those countries and Portugal, but also Ireland, Italy and Spain, which were negatively affected by the sovereign debt crisis, and seems to be in decline across the board.

WHERE'S THE MONEY COMING FROM?

In Portugal, the CIP says that the increase in the national minimum wage means that companies are saddled with an extra €4.5Bn in costs. "We can't pretend that companies know where they are going to find these sums. We don't know how to grow income without growing the economy," said Armindo Monteiro.

"The question is if there is some structural impediment in our DNA that is stopping us being more prosperous? Is it our only purpose as members of the EU to be net beneficiaries of community funds, to go with cap in hand for Brussels hand-outs?" he asked.

Armindo Monteiro says that there is another way – a pact. A commitment on specific objectives whereby company bosses are open to doing their part, and the workers are open to doing their part, too. "We need negotiators who are not union representatives, but workers' representatives," he said.

He might have a point here on his 'DNA' perspective. The Romans are said to have opined that the Portuguese (Lusitanian tribes at that time) were ungovernable and incapable of governing themselves.

Because, you see, the fact that the different 'bosses unions' or enterprise associations couldn't reach a consensus and build a united front on this speaks volumes. If they can't sing from one hymn sheet, how can they expect anyone else to?

Perhaps it is in the DNA and needs to be changed. The question is if the Portuguese are prepared to change? Are they prepared to set aside differences, cooperate and agree? Or was that Roman general right when he said: "There is, in the westernmost part of Iberia, a very odd people: they refuse to govern themselves and they refuse to be governed!" ■



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Portugal Fintech

Think big, start small and scale fast!

While Portugal's fintech ecosystem might seem small compared to other European countries, it does boast distinctive advantages including a robust tech talent pool across a wide range of technical links with renowned local academic institutions. Essential Business talks to António Ferrão, Board Member of Portugal Fintech and Fintech Solutions Director.

TEXT **CHRIS GRAEME**
PHOTOS **FINTECH POTUGAL** COVER PHOTO **CHRIS GRAEME**

We meet António Ferrão at Lisbon's Fintech House. It's a place with an informal and relaxed atmosphere with young people sat around tables chatting enthusiastically in English, Portuguese, and even Russian.

It was born in 2016 from the collaboration between the non-profit association Portugal Fintech and the largest network of co-working spaces in Portugal, Sitio. Many of its clients are conservative institutions such as banks and insurance companies, and the thought of this traditional and wary dark-suited world forging a symbiotic relation with young, laid-back and casually dressed innovators amuses me.

The hub, which integrates the national network of incubators, has five official partners that continually invest in innovation and technology. It works closely to support these startups, which at Fintech House number some 90+ companies, with monthly mentoring meetings, conferences and workshops that promote an open dialogue with knowledge sharing – Banco BPI, Fidelidade (an insurer), KPMG, Morais Leitão (a law firm) and Visa.

Fintech House is impressive and is the largest fintech hub in Portugal. It publishes the annual Portugal Fintech Report, which has fast become the standard reference bible for the sector in Portugal and is certainly the most comprehensive publication about the

Portuguese fintech ecosystem. It also launched Fintech Solutions, a consultancy exclusively dedicated to the creation of digital financial services.

António Ferrão came from a management consultancy background where he worked for seven years for multinationals in Africa – South Africa, Mozambique and Angola –, but had never really dedicated his time to financial services. “I got to know the team of volunteers that was setting up Portugal Fintech through my practical experience with a micro-credit NGO, and they invited me to think how, as a board member, I could structure the pillars of what we do,” he says.

And adds: “We were a group of people interested in showing that Portugal was a mature ecosystem in the financial sector, and could compete at an EU level. People didn't really understand the scale and maturity of the startups system here, who the founders were, and who was investing in Portugal.”

A ONE-STOP FINTECH SHOP

Portugal Fintech started as a group of interested parties that included venture capital companies, startup founders, and managers to describe what they were seeing in the market. For the launch of the first edition of the Portugal Fintech Report, they organised a cocktail party before the Web Summit and explained to guests that there was already an ecosystem in Portugal.

“We were not discussing the general entrepreneurial ecosystem in Portugal, but rather the fintech niche within it and the system, and that idea of being focused on the vertical has been with us since the beginning,” says António Ferrão.

“People wanted to have a more tangible grasp of where the Portugal fintech ecosystem was,” he continues. “Something they could actually see and identify. That's when we thought about having something physical, a place where startups in the sector could meet, work together, and where we could provide all of their needs in a one-stop shop.”

From this idea emerged Portugal Fintech and Fintech House in Lisbon's Praça da Alegria; its first home until moving to its present site close to the city's Marquês de Pombal and Saldanha districts.

“Today, we are a not-for-profit association whose mission is to support fintech entrepreneurs and the ecosystem as a whole in accessing capital, partnering with mature players, regulators and talent,” he explains.

The capital to set up and run Fintech House has been a joint venture with its specialised partner Sitio, one of the best co-working companies in Portugal, managing a vast network of spaces. Portugal Fintech and the community is installed on the top floor. The idea was not only to create a space, but a community of services.



António Ferrão, Board Member of Portugal Fintech and Fintech Solutions Director

“Here at Fintech House you can run into Venture Capital (VC) representatives in the restaurant or organise meetings on the rooftop terrace with potential candidates that startups want to hire; everything that they need can be found in the physical space we have set up here,” explains António Ferrão.

“We aim to be the driver of the fintech ecosystem in Portugal and at an international level, with our minds focused on a startup mindset of ‘think big, start small, and scale fast’.”

António Ferrão remarks that over the past four years, the fintech sector in Portugal has consolidated and become more relevant at an international level, and although the market is a small one, it is nevertheless an important ecosystem because of the talent it has attracted, and as a launchpad to scale up startups to compete in the European market.

Currently, António says that there are around 150 startups who see themselves as fintech players, but actively engages with 90 of them who are members of Fintech House and also have a digital network, and 35 companies who have a physical office at Fintech House. “Part of these fintechs became purely digital after Covid-19 and so don’t have a physical space. We also have to adapt our services to this purely digital world.”

INVESTMENT STREAMS

António Ferrão emphasises that Portugal is fortunate to have consolidated a relevant number of local venture capital companies who are linked to the wider international network of VCs.

“The challenge partly involves consolidating a strong network of business angels and early investors, which is critical given that in their embryonic phases, access to such investment makes the difference between those fintech startups that swim or sink.”

Beyond pre-seed and seed investment phases, as these startups begin to scale, António Ferrão says that much of the investment comes from oversea VCs.

He does point out that Portugal Fintech is completely separate from the incubators Startup Lisboa and Lisbon Unicorn Factory. “We are one of the few not-for-profit organisations with an incubation/acceleration space that is 100%

privately funded, so we don’t get help from the government or Lisbon City Council. Instead, we rely on membership fees and our five private sponsor partners.

“These active sponsors are interested in understanding what is happening in the fintech market in Portugal, seeing the ecosystem together and checking out all the latest innovations emerging from the community. They also work with the startups and come and spend time at Fintech House with us once a week so that they can see the opportunities, and build co-creation partnerships with these startups.”

A GROWING ECOSYSTEM

Portugal’s fintech ecosystem has grown considerably over the past few years, partly on the back of local initiative, but also because of the growing number of startups that have relocated to Portugal in pre-seed and seed phases and that want to use Portugal as a base for growth. Around 70% of fintech startups in Portugal are in the B2B segment and focused on doing business with other financial institutions.

One area of cooperation and partnership between the fintechs at Fintech House and the corporate world outside has been with the banking system, which is a good sign since it shows that they understand just how consolidated and mature the fintech ecosystem has become in Portugal.

Says António: “During the pandemic, we understood that there was a gap between these mature financial players and the fintechs, and that’s where I came in: to establish an advisory on Portugal fintech that resulted in Fintech Solutions, our advisory arm. We help the mature players adopt the technology from fintech and incorporate the technology in their products.

“The idea is that 75% of our ecosystem are B2B companies, so the fintechs at Fintech House rely on the corporate companies as they do not sell their products to the final consumer; these have solutions that can be adopted and incorporated by the banks or insurance companies, or can improve the customer experience and/or employees of these larger financial entities such as the banks,” explains António Ferrão.

BANKS AS PARTNERS

António Ferrão remarks that, generally speaking, different banks, being more conservative and traditional institutions have, despite their interest and obvious need, been cautious about adopting radically innovative technology solutions because of questions to do with security.

The banks, he says, still have difficulties in managing opportunities and testing new solutions in a reasonable space of time, yet they are starting to seek out new ways of providing bank services and understand what the future of banking will look like using Application Programming Interfaces (APIs) to other fintechs. As mobile and online banking solutions have proliferated in the market, the banks have sought to take advantage of this democratisation.

“Corporates typically really only look to established, tried-and-tested technologies; they are slow decision makers; and are averse to invest in a tool from a startup because they are afraid that the startup will be acquired. They still see the startup scene as immature and they don’t quite understand how solid, strong, mature and experienced some of the founders behind these startups are,” he says, adding: “We are in the market to see what the gaps are and try to plug these gaps with solutions from our fintech ecosystem.”

Open banking too is a huge potential area in Portugal, with the idea of aggregating a customer’s accounts into a centralised version of their financial life. It is still an area in which the banks in Portugal have yet to find an opportunity to provide that service to clients and make money from it.

One good example of an open banking company is Exthand, which offers one single API that connects over 1,600 banks worldwide, allowing clients to initiate payments and access bank data such as real-time balances and past payments. Based in Portugal and Belgium, and at a pre-seed phase, its targets are B2B companies such as payment service providers, banks, retailers and cash management companies, among others.

INSURTECH

One of the areas of fintech that has grown in Portugal in recent years is

insurtech and open insurance, which now accounts for around 20% of the total. As the market has become more consolidated, a lot of acquisitions and mergers had taken place in the past, and as they settled down, the insurance companies have become more aggressive in their digital transformation strategies and want to shorten their times to market, and look to providers who can partner with them to help them find new ways of selling insurance.

“The insurance market is very mature now, and they need new ways of redistributing insurance and finding ways of doing so in a more digital way that is embedded in the client’s journey as to how and why they buy their insurance, and that is key, and here fintech can help them,” explains António Ferrão, adding that insurance broking will also become more digital.

One such insurtech company is the fully digital insurance broker Mudey, which provides a platform to buy and manage insurance for 25,000 users and operates both in Portugal and Brazil. “It is really important to developing customised customer-centric insurance products since insurance companies may engage with customers throughout their lives, and change and adapt their products and services to a specific life event, customer need or wish. Its goal is to offer better services to policyholders and enhance greater market competition.”

FINTECH SOLUTIONS

Portugal Fintech has also developed Fintech Solutions, a technology and solutions-driven consultancy agency based at Fintech House whose role is to create the financial services of tomorrow by helping financial players build truly digital products, with faster experiments, and connected to the fintech ecosystem. It emerged as the independent consulting arm of Portugal Fintech in late 2020.

“As the corporate sector began encountering new challenges requiring tailored solutions, we came up with Fintech Solutions to help build the products and solutions that take the best out of the fintech ecosystem. From the provision of scouting and matchmaking services, Fintech Solutions grew into an end-to-end fintech partner, providing



“WE WERE A GROUP OF PEOPLE INTERESTED IN SHOWING THAT PORTUGAL WAS A MATURE ECOSYSTEM IN THE FINANCIAL SECTOR AND COULD COMPETE AT AN EU LEVEL. PEOPLE DIDN’T REALLY UNDERSTAND THE SCALE AND MATURITY OF THE STARTUPS SYSTEM HERE, WHO THE FOUNDERS WERE, AND WHO WAS INVESTING IN PORTUGAL.”
ANTÓNIO FERRÃO, BOARD MEMBER, PORTUGAL FINTECH.

product design services, along with corporate innovation management services,” explains António Ferrão.

Today, Fintech Solutions is dedicated to shaping the future of financial services through collaborative efforts and fostering the growth of all stakeholders within the fintech ecosystem.

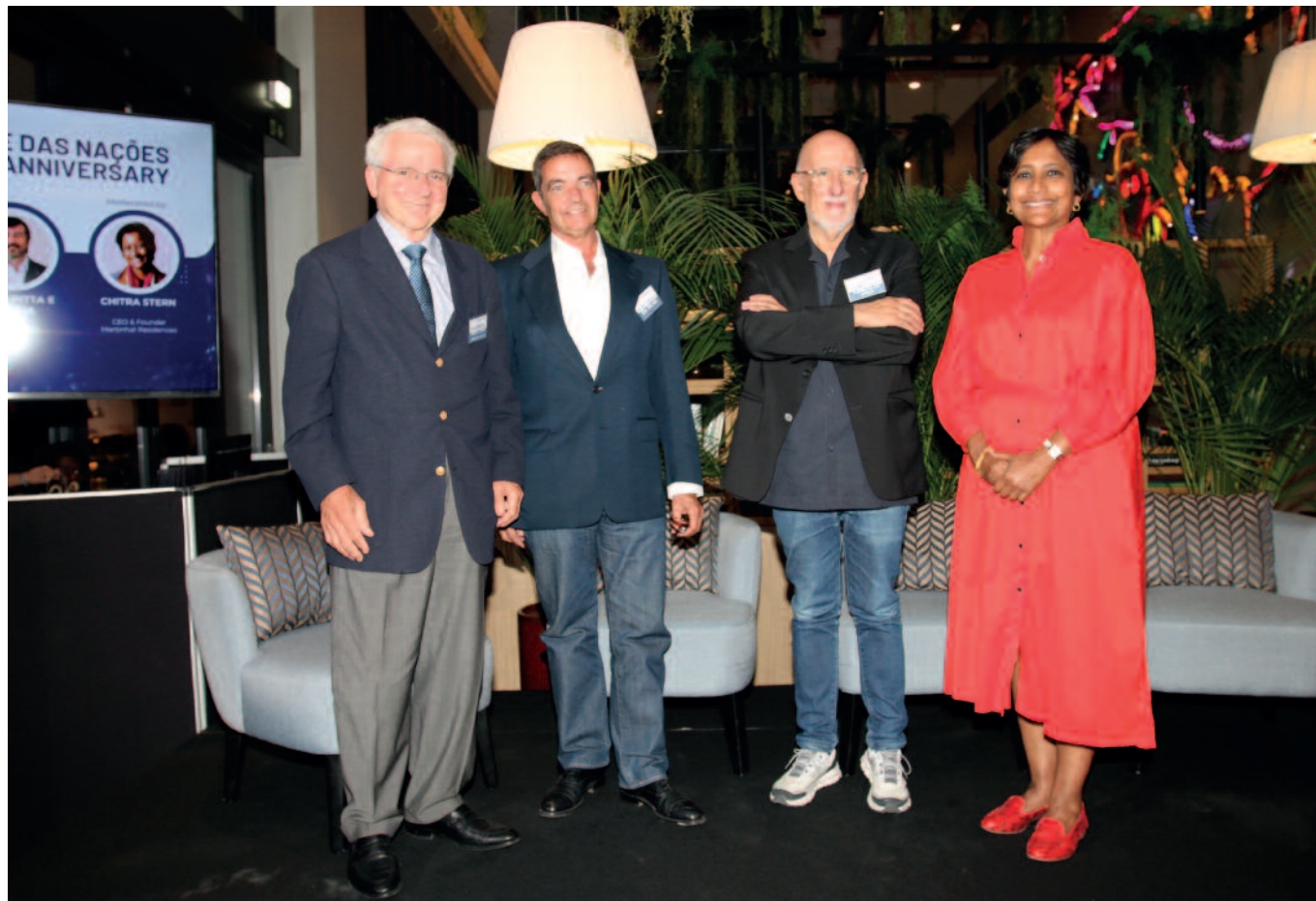
FINTECH FINLAB 2024

The Fintech House one-stop-shop innovations don’t just stop there. It even has a Fintech Innovation Lab designed by its fintech ecosystem as a platform for experimentation and beyond. Matching startups, the lab provides context, tools and people to build real partnerships, and was built upon the direct feedback from startups and mature players on the challenges of open innovation in areas such as banking and insurance.

António Ferrão assures that the fintech ecosystem in Portugal is highly regulated and the trend is that it will be increasingly more so, while not stifling a greater cooperation and co-existence between innovative solutions, particularly regarding open banking, open insurance and blockchain.

It is why the creation of Portugal Finlab is a unique initiative whereby the three main regulating entities that are relevant for the fintech ecosystem – the Authority for the Supervision of Insurance and Pension Funds (ASF), Bank of Portugal (BdP), and the Portuguese Securities Market Commission (CMVM) – have joined forces to create a startups interaction platform to help a startup understand the legal framework that applies to its business, so its solutions can be compliant by design. ■

25 years of Parque das Nações – how Expo '98 led to Portugal redefining its legacy with the oceans



Architect João Luís Carrilho, landscape architect João Nunes, Tiago Pitta e Cunha, Oceano Azul Foundation, Chitra Stern, and CEO Martinhal Group

The inspiring story of how a polluted strip of land in the east of Lisbon was transformed into one of the most successful world expositions ever and created the lasting legacy of a thriving new neighbourhood topped the agenda at the American Club of Lisbon's Real Estate Meetup VII in September.

TEXT AND PHOTOS **CHRIS GRAEME**

A Danish ambassador, who had been selected to work for the UN lecturing on reviewing and studying international exhibitions, once said that the urban regeneration project at Parque das Nações in Lisbon*, which grew out of Portugal's World Expo1998, was one of the most successful anywhere in the world.

In fact, experts from all over the globe still visit Lisbon to see the Expo '98 site and understand the secret of its success, and why the Portuguese example of a universal exhibition set the standard for the rest of the world.

Three experts closely involved in the project at the time – architect João Luís Carrilho da Graça, who designed the Science Pavilion and street furniture; landscape architect João Gomes da Silva, who helped design the public spaces; and Tiago Pitta e Cunha, CEO of Oceano Azul Foundation – reflected on different aspects of the Expo '98 project at an event organised by the American Club of Lisbon and Martinhal Residences/EDU Hub at the lovely setting of the At Terrace Restaurant – Martinhal Oriente (part of a branded residences and hotel development from the Martinhal Group) in September.

Expo '98, and what would develop into Parque das Nações, which celebrated its 25th anniversary this year, is an

urban regeneration project that created a new district in east Lisbon that today includes housing developments, office parks, administrative buildings (including the city's main law courts), a shopping centre, casino, a railway and bus station terminus, metro station, shops, hotels, an international school and education hub, and a riverside park with some of the loveliest walkways along the River Tagus estuary in the city.

A PROJECT 10 YEARS IN THE MAKING

As Chitra Stern, co-founder of the Martinhal Group pointed out: "Many don't know that the genesis of the project started when the government of Portugal put a bid forward for the World Expo just after Portugal joined the European Union in 1986."

Portugal was awarded the Expo in 1992, and what happened between 1992 and 1998 was a "tremendous feat" and would go on to be recognised by the Paris-based Bureau International des Expositions as one of the best world expos ever, attracting around 10 million visitors from all over the world.

A whole area of industrial wasteland, which included abandoned factories and an oil refinery, was cleaned up and prepared to host the World Expo in 1998. The project included the EU/Portuguese

State/private financed Vasco da Gama Bridge, which at the time was the longest bridge in Europe (17.2 km).

The World Expo was opened on May 22, 1998, and its development is covered by a documentary 'Cidade Imaginada' (A City Imagined) from public broadcaster RTP that interviewed the key players at the time, including the architect of the Oceanarium, Peter Chermayeff, the Atlantic Pavilion (Regino Cruz) and the Oriente Station and Bus Terminal infrastructures (Santiago Calatrava).

The idea to organise the Expo '98 came from António Mega Ferreira – a writer, poet, journalist and Portuguese cultural manager, and the politician and writer Vasco Graça Moura. It was supported by former Portuguese president Jorge Sampaio and architect Manuel Salgado, who designed the public spaces after having already blazed a trail with the impressive Belém Cultural Centre in the west of the city that today houses one of the most important collections of modern art in Europe, the Berardo Collection.

The first commission for Expo '98 was headed by António Cardoso e Cunha (later replaced by José de Melo Torres Campos).

A PROJECT THAT HAS ENDURED

Parque das Nações is also an area of commerce where multinational compa-



"I LOVE THIS AREA. IT IS THE PERFECT EXAMPLE OF A 15-MINUTE CITY. TODAY, PARQUE DAS NAÇÕES IS A VIBRANT AND MODERN DISTRICT THAT BEAUTIFULLY BLENDS CONTEMPORARY ARCHITECTURE WITH NATURAL BEAUTY ALONG THE BANKS OF THE TAGUS RIVER." - CHITRA STERN, CEO OF THE MARTINHAL GROUP.

nies such as Microsoft and Vodafone have their main offices. It is also the site of Lisbon's main trade fair complex, Feira Internacional de Lisboa (FIL), which organises a wide range of business and industrial sector fairs throughout the year.

Its lively atmosphere is accentuated by a number of restaurants, bars and shops, cultural venues, the award-winning Oceanarium and the Science Museum (Pavilhão do Conhecimento).

Today, Parque das Nações has around 22,000 residents, and the most emblematic concert venue in Lisbon, the Altice Arena, which hosted around 150 events in 2019 for over 1 million people, including music concerts and fairs as well as hosting the Eurovision Song Contest in 2018.

The Web Summit hosted more than 70,236 people from 160 countries in 2023 and occupied both the Altice Arena and FIL, while the Oceanarium welcomed over 1.2 million visitors last year, and Lisbon Casino attracted around 1.5 million. Vasco da Gama Shopping has 170 shops covering 49,000m² area, while its daily footfall totals thousands per day.

There are 2,900 companies based at Parque das Nações – all of this on a site that was cleaned, planned and built in less than a decade.

"Since moving here, I've doubled my average daily step count because everywhere is within walking distance," said Chitra Stern, who developed the ULIS (United Lisbon International School), EDU Hub (Education Hub), Martinhal Oriente, and the ground-breaking, award-winning Ageas office building on the site.

Tiago Pita e Cunha, CEO of the Oceano Azul Foundation since 2017 and who for two decades has advocated for stronger ocean governance, having worked on ocean sustainability for the UN, the European Commission, the

Portuguese government, and the President of Portugal, discussed the theme and vision behind Expo '98.

"That last Expo of the 20th century represented not only a massive urban regeneration project with the building of a modern city within a city, but also the most defining issue for Portugal – the ocean."

The Oceano Azul Foundation currently has the concession for the Oceanarium, and based on its research found that the public perception of the visitor attraction is that it is one of the 'must-see' aquariums in the world. Indeed, according to Tripadvisor, it was considered for five years the best in the world until 2019, particularly in terms of animal welfare.

"What was interesting is that the public told us that the distinguishing feature of the Lisbon Oceanarium was the design. I had always thought design was a plus, I hadn't considered that it would be a reason to visit it on its own merit," he said.

"I have visited a lot of aquariums in Europe and most of them are pretty basic, with pipes and tanks and no design at all. Design makes all the difference, and this disruptive building on the waterfront has already contributed to the Lisbon of the 21st century."

THE OCEANS THEME

When Portugal considered its bid in 1989 to host the Expo in 1998, a theme had yet to be conceived in the beginning. It was only when Lisbon was neck-and-neck with Toronto in the competition that it was deemed necessary to come up with a central theme that would convince the United Nations that Lisbon should be awarded the expo.

It was then that the Portuguese government decided the theme should be the oceans and its role for our collective future.

"We decided the theme should be the oceans and we fought hard in the UN to make sure that the year of the expo in 1998 should be the UN International Year of the Oceans," he recalled.

"With Expo '98 tied in with International Year of the Oceans, the perception of the oceans was completely transformed," he said.

Tiago Pita e Cunha pointed out that during the dictatorship, the government used the ocean as part of its propaganda, explaining its isolated position in the world, as epitomised by dictator António Salazar's motto "Proudly Alone".

The ocean was an integral part of the country's strategy of being able to be proudly alone, because Portugal was the largest shipbuilder at the time, with the 12th largest shining fleet and dominant in fisheries until 1974; the ocean connected the nation with its overseas colonies.

It was the aesthetic on coins, in squares, on public buildings and in statuary until the 1974 Revolution, when the ocean was relegated to a peripheral importance for 15 years. Something now confined as part of Portugal's historical heritage of the Heroes of the Sea – the Great Discoverers, such as Ferdinand Magellan and Pedro Álvares Cabral.

Now, there was a return to Portugal as an Atlantic trading nation with the new aesthetics of Expo '98 and a new concept of the oceans connected with the future, science, technology, health and well-being, that once again allowed Portugal to reconcile itself with the ocean and accept that the it should again become a key strategic asset for the nation, a concept that has gradually taken shape since Expo '98.

Award-winning architect João Luís Carrilho da Graça, who designed the multi-purpose pavilion for Expo '98 (now the Science Centre, at the time called the



Chitra Stern, owner and founder of Martinhal Family Hotels & Resorts

Pavilion for the Knowledge of the Seas) also designed the distinctive striped outdoor furniture and planters for the event. "They wanted something joyful."

The architect has successfully helped to create a seamless continuum in terms of general style along the riverfront from Parque das Nações to Campo das Cebolas, the latter of which he refurbished and reimagined, including the design of the nearby new Lisbon Cruise Terminal.

Landscape architect João Gomes da Silva was involved with a team designing all of the public open spaces for the Expo '98 area.

The award-winning designer of the famous Serralves Park in Porto, and the public spaces surrounding the Cruise Terminal as well as Ribeira das Naus in Lisbon, was closely involved in the Expo '98 project and worked for five years alongside the architect Manuel Salgado, who was the overall master planner of the space and enclosure, for which the resulting project won the Valmor Prize in 1998 and the Portuguese Institute of Design Award in 1999.

"The Oceans approach to the Expo was not only traced out in the several pavilions, but also in the public spaces that had been developed from an area which, prior to that, had been one of heavy industry," he said.

"It had been a very dense area, full of equipment and manufacturing buildings and had become a highly polluted area, resulting not only in dismantling structures, but reclaiming the soil along that part of the estuary which is a recognised European wetland habit and natural park."

Explaining that the Expo site has developed into the fourth urban centre for Lisbon, João Gomes da Silva, who

was also involved in the post-Expo master plan of the entire area of what was to become Parque das Nações (Park of the Nations), including mapping out zones for housing, shops and offices, said that developing the public space was one of the elements of the development that "successfully articulated both the exposition's pavilions and the development of the post-Expo areas".

"The development of the public space with wide boulevards, a riverside promenade, a water garden, gardens with species brought from all over the world, and over 700 trees, was one of the key factors towards the success of the Parque das Nações area we can see today," he said.

In the words of Chitra Stern: "I love this area. It is the perfect example of a 15-minute city. Today, Parque das Nações is a vibrant and modern district that beautifully blends contemporary architecture with natural beauty along the banks of the Tagus River. It is a thriving urban hub and stands as a testament to urban planning, featuring an outstanding urban waterfront walk, esplanades lined with cafés, restaurants and bars, futuristic buildings designed by world-class architects... It has amazing artwork throughout." ■

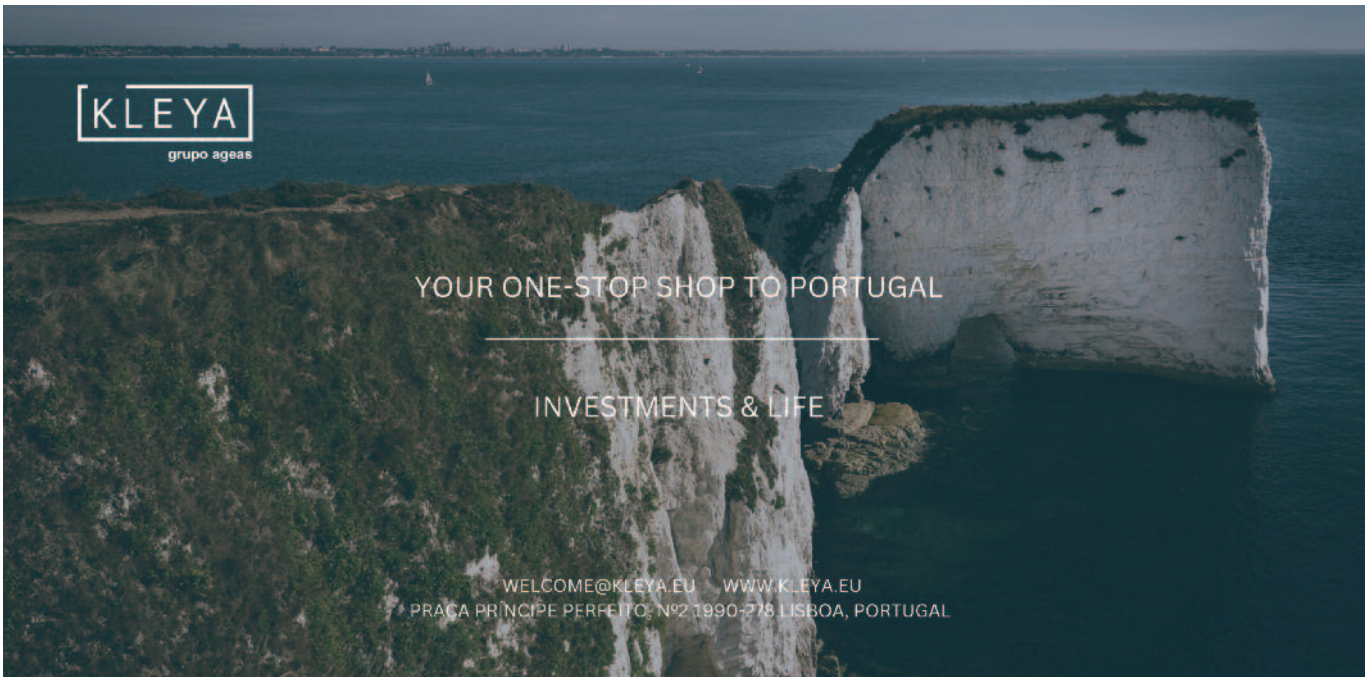
1 According to the President of the American Club of Lisbon, Patrick Siegler-Lathrop, who met the ambassador in question.*



Portugal's Welcoming Stance: A Haven for Foreigners and Investors

Portugal, a nation with a rich history and an enviable Mediterranean climate, has become a haven for foreign investors looking for opportunities in Europe. Over the last decade, Portugal has made a significant push to attract foreign investments through initiatives like the Golden Visa Program and the Non-Habitual Resident Regime (NHR).

TEXT LUÍS PACHECO ALVES (COMMERCIAL DIRECTOR)



Portugal remains open to investors and individuals seeking to reside in the country while still enjoying tax benefits. The landscape is evolving, but the welcome mat for those seeking investment and a favorable tax environment is still very much in place.

In this article, we'll explore Portugal's welcoming stance and the key investment options, including the Golden Visa Program and alternatives like the D7 and D8 visas.

THE GOLDEN VISA PROGRAM : YOUR GATEWAY TO EUROPE

Portugal's Golden Visa Program stands out as an innovative initiative designed to grant residency permits to non-EU/EEA citizens investing in the country. This program has captured the attention of global investors, providing a pathway to European residency and citizenship in a nation recognised for its safety, exceptional quality of life, and thriving business prospects.

- There are several avenues to qualify for the Golden Visa:
- Investment of €500,000 in a qualifying Portuguese Private Equity or Venture Capital Fund.
- Contribution of €250,000 towards cultural heritage or €500,000 for research conducted by Portuguese scientific institutions in cultural, artistic, or research and development endeavors.
- Creation of 10 full-time jobs along with a €500,000 capital allocation.

"IN LIGHT OF RECENT CHANGES, THOSE CURRENTLY ENROLLED OR THOSE WHO ESTABLISH TAX RESIDENCY BEFORE DECEMBER 31ST, 2023, WILL RETAIN THEIR ELIGIBILITY UNDER THE EXISTING NHR REGIME. THIS 'GRANDFATHERING' MEANS THAT THESE INDIVIDUALS WILL NOT BE IMPACTED BY THE REGULATORY CHANGES". - LUÍS PACHECO ALVES, COMMERCIAL DIRECTOR, KLEYA.

- Investment of €500,000 in Research and Development activities.
- €250,000 investment towards preserving national heritage.

Benefits of the Golden Visa Program include the flexibility to choose from diverse investment options, a mandatory 7-day stay in Portugal, eligibility to apply for Portuguese citizenship after 5 years without the requirement to reside full time in Portugal or maintain the investment, visa-free travel privileges, the ability to reunite with family, and significant Residency and Citizenship Opportunities. This program presents a clear and structured pathway for investors aiming for permanent residency and eventual Portuguese citizenship, offering a strategic advantage to businesses seeking expansion into the European market.

THE NON-HABITUAL RESIDENT REGIME (NHR): SPECIAL TAX REGIME

The NHR (Non-Habitual Residency) scheme has proven highly appealing to retirees and professionals seeking to strategically manage their tax responsibilities. This initiative offers enticing tax exemptions on foreign income and pensions, positioning Portugal as an enticing choice for both tax-conscious individuals and businesses.

In light of recent and forthcoming alterations, individuals currently enrolled or those who establish tax residency

before December 31st, 2023, will retain their eligibility under the existing NHR regime. This 'grandfathering' ensures that these individuals will not be impacted by the regulatory changes.

However, starting in 2024, those intending to leverage the NHR will encounter a notably restricted scope. The focus will primarily revolve around individuals engaged in employment with Portuguese entities holding special statutory status.

Finally, it's important to note that Madeira and the Azores will continue to offer NHR benefits to new residents beyond 2024, providing an ongoing opportunity for individuals seeking these favorable tax conditions in these regions.

ALTERNATIVES TO THE GOLDEN VISA PROGRAM: D7 AND D8 VISAS

For businesses and investors who are not inclined toward the Golden Visa Program, Portugal offers alternative residency options:

- D7 Visa:** The D7 Visa is ideal for business retirees and individuals with a stable income. Applicants need to demonstrate sufficient financial means to support themselves without relying on Portuguese public services, making it a strategic choice for those looking to maintain their business ties.
- D8 Visa:** The D8 Visa caters to entrepreneurs and investors seeking to establish or invest in businesses in Portugal. This visa requires a well-thought-out

business plan and a commitment to job creation, making it a potential avenue for expanding your business in the European market.

In conclusion, Portugal stands as an open gateway for investors and individuals seeking a new chapter in this welcoming European destination. With a range of options such as the Golden Visa Program, the forthcoming alterations in residency regimes, and alternative pathways like the D7 and D8 visas, Portugal offers a multitude of possibilities for those looking to make it their home. The favourable business climate, stunning landscapes, and vibrant culture beckon entrepreneurs and investors from around the world.

As you explore Portugal's rich opportunities, remember that the landscape is evolving, but the country's arms remain open to welcome you. To navigate this transition seamlessly and make the most of Portugal's allure, consider partnering with Kleya. With their comprehensive services, including visa expertise, relocation assistance, and ongoing support, Kleya can be your trusted guide through this life-changing experience. Whether you're venturing for business or personal growth, let Kleya be your reliable partner in making Portugal your new home. ■

www.kleya.eu | welcome@kleya.eu
+351 211 388 726

Portugal enjoys a boom in franchising

In 2022, Portugal's franchising sector represented 7.23% of Portugal's GDP – a considerable increase on the pre-pandemic year of 2019, revealing its growing importance for the Portuguese economy and proof of its vital role in creating wealth for the country.

TEXT **CHRIS GRAEME**
PHOTOS **APF**



Cristina Matos, Managing Director APF

The latest figures from the Portuguese Franchising Association (APF - Associação Portuguesa de Franchising) reveal a remarkable growth in 2022 for the sector in Portugal in comparison to 2019, marking a bounce-back after the period of uncertainty during the pandemic.

Cristina Matos, Managing Director of the APF, says that the figures show positive growth results for a sector that has proved to be resilient and expanding, making a significant contribution towards the Portuguese economy.

When Essential Business interviewed Cristina Matos, she and her team were making the final arrangements for Norte Franchising 2023 – the largest event for the franchising sector in Portugal that was taking place at the Port of Leixões near Porto on September 28 after a two-year hiatus because of the Covid-19 pandemic.

“We realised that we needed to make some adaptations to the fair’s programme because of the latest trends in the sector in order to communicate to the franchisers, but also the franchisees, and those interested in exploring franchising opportunities in the sector,” explains Cristina Matos.

Cristina points out that Norte Franchising is not a trade fair like the one they annually hold in Lisbon, but rather a mixture between a conference and event that provides networking opportunities,

training sessions about the franchising business, allows potential and current franchisees to connect with the brands, and helps delegates and visitors to understand the national market.

In October, the APF will held the 29th edition of the CEO Franchising Conference in Lisbon – a symposium whose goal is to bring franchisers, franchise masters and franchise CEOs and directors together under one roof to learn and discuss the latest trends in the market, share experiences, and foster networking opportunities between delegates.

“We invite both national and international speakers to share their experiences of franchising, and debate the themes that influence the sector at a national and international level. In recent years, we’ve had the opportunity to organise the event in partnership with the Brazilian Franchising Association (ABF - Associação Brasileira de Franchising), which has really enriched our knowledge-sharing and networking activities,” explains Cristina.

Then in April/May each year, the APF organises Expofranchise, which last year saw its 26th edition in May with almost 50 brands present.

The aim of this fair is to bring together various brands and sector investors together so that entrepreneurs who are interested in investing in the sector in Portugal can evaluate the potential of each brand, test the temperature of the conditions of the market

and, of course, keep up with the latest sector trends.

Last year saw a number of new brands at the event – around 12 – that joined big brand names such as The Coffee, Dr. Finanças, SchoolOfRock, Fireaway Pizza, Vangor, Onodera, Kiabi, and Metalpro.

A GROWING SECTOR

Certainly, the sector has grown considerably in Portugal in recent years. “In 2019, the volume of business in the sector saw a turnover of over €12Bn, but in 2022 this figure jumped by a remarkable 39.7% on 2019 to €17Bn, showing a robust recovery and sustained growth for the franchising sector,” says Cristina Matos.

The franchising sector also has an important role in job creation in Portugal. In 2022, it created 176,954 jobs, an increase on 2019 from 3.34% to 3.60% of all employment.

“This increase, despite the challenges of finding manpower [Portugal has a relatively low unemployment rate of just over 6%], reflects the sector’s continuous commitment to generate jobs and boost the economy,” says Cristina.

However, despite human resources issues, Cristina Matos says that the introduction of new technologies and methods of efficient working have played a crucial role in mitigating the lack of manpower, making the sector even more adaptable and resilient.

“Today there are more ways that people who might be interested in franchising can seek out the brands. The internet is growing considerably in this respect and a lot of people who could not physically be at our events can network with the brands online,” says the APF managing director.

Cristina admits that there is still room to grow in terms of events attendance, and the APF has not yet achieved the kind of numbers it had before the pandemic, but there has been growth from last year to this in terms of delegates and attendees.

“The personal contact is still very important. Potential franchisees are investing in something that is quite expensive; after all, they are buying a business. It’s a life-changing, long-term commitment that has to align with the franchisees’ life,” she points out, and adds: “This is not something you go into because it is fashionable; you do this to add value for you, your family, and for your own business, as well as the brand.”

“Franchising in Portugal continues to grow and evolve, providing significant opportunities for entrepreneurs and investors. With a stable economy, government support and greater diversification of sectors, franchising is a solid and promising choice for those who seek to start their own businesses in Portugal,” concludes the Managing Director of the APF, Cristina Matos. ■

“THE PERSONAL CONTACT IS STILL VERY IMPORTANT. POTENTIAL FRANCHISEES ARE INVESTING IN SOMETHING THAT IS QUITE EXPENSIVE; AFTER ALL, THEY ARE BUYING A BUSINESS. IT’S A LIFE-CHANGING, LONG-TERM COMMITMENT THAT HAS TO ALIGN WITH THE FRANCHISEES’ LIFE.” - CRISTINA MATOS, MANAGING DIRECTOR OF THE PORTUGUESE FRANCHISING ASSOCIATION. (APF)



Ricardo Guimarães (MD, CI), Pedro Fontainhas (MD, APR), and Eduardo Abreu (Partner, Neoturís)

VII Residential Tourism Resorts Conference

Portugal’s residential tourism sector is an important component of the Portuguese economy, representing almost €1Bn in revenues per annum and providing over 3,000 jobs. At the VII Residential Tourism and Resorts Conference in November in Lisbon, Essential Business discovered Portugal’s increasing attraction internationally as the perfect place to live and invest.

TEXT **CHRIS GRAEME**
PHOTOS **APR**

The residential tourism sector in Portugal is booming and the numbers don’t lie. They attest to the growing number of both Portuguese and overseas citizens looking to invest in a second home in the sun.

Portuguese Association of Residential Tourism and Resorts (APR), which organised the event, says its members swelled by 30% in 2022, and represents 100 resorts spread out over the country.

At the conference, which took place on November 9 at the Fundação Oriente in Lisbon, APR board member Pedro Reimão (Executive Board Member at

Vilamoura World) pointed out that it “shows our importance and capacity to represent the diversity of the sector”.

RESIDENTIAL TOURISM – NOT JUST SELLING A PROPERTY

Pedro Fontainhas, Managing Director of the APR, said that when the association was created 12 years ago, one of the big debates was “What is residential tourism?”. “We’ve reached a consensus today that it isn’t necessarily a block of apartments in the Algarve and it’s not just a planted resort. It is these things, but our sector builds, sells, maintains and

manages the real estate developments in this segment of the market, providing ancillary and security services to temporary and permanent residents, while also exploring the rental of properties for the owners, and providing a whole host of leisure activities such as golf and water sports, and many others.”

FACTS AND FIGURES

Pedro Fontainhas pointed out that sector revenues for residential tourism exploration in 2022 (not including property sales) was €678 million, to which was added €212 million from other indi-

rect revenues. The sector employs 3,000 people and four new full-time direct jobs are created for every 10 new units built, while the tourism sector as a whole is responsible for over 14% of GDP and 9% of employment, of which real estate represents 12% of annual GDP. “These are industries that are important to protect because they help the country’s economy when we need it.”

In 2019, the APR did a study on the impact of each new resident on the Portuguese economy – both direct and indirect – and covering all properties (not just in resorts), which showed that 18,000 properties were transacted for under €500,000 from a total of €2Bn in transitions, and 1,472 properties over €500,000, but which brought in over a half the €2Bn total revenues.

“It is not true to say that our sector and the developers we represent only offer houses above €500,000, but properties over €500,000 do represent the lion’s share, with buyers wanting to live well and invest in the properties we offer.”

Looking at all the properties transacted, the average standard property price is €115,000 and the average premium standard properties stood at between €1-3 million.

The main buyers came from Germany, Brazil, China, Spain, the US, France, the Netherlands and the UK (2019), with an average yearly spend of €1.3Bn for all residential tourists in the Portuguese economy.

PROJECTS – FALL SHORT OF POTENTIAL

In the conference’s first panel ‘Facts and Numbers’, providing a statistical snapshot of the sector, Eduardo Abreu, CEO of tourism consultancy Neoturís, pointed out that although traditionally the hotel and residential segments were “distinct and different”, they have increasingly converged (for instance, branded residences from hotel groups), and that the Portuguese administrative authorities had suffered from increased inertia in keeping up with this trend.

Eduardo Abreu said that there was now even more global awareness as a

“WE ARE CONFRONTED ON A DAILY AND WEEKLY BASIS WITH NEW INVESTORS WHO HAVE DISCOVERED AN OPPORTUNITY THAT WASN’T IN THE MARKET A FEW YEARS AGO, AND WHO WANT TO COME AND INVEST IN PORTUGAL, BUY PROPERTY, DISCOVER HOW TO GET A LICENCE, AND HOW EASY IT IS TO INVEST HERE.”
EDUARDO ABREU, CEO OF TOURISM CONSULTANCY NEOTURIS.

designation than 10-15 years ago, which had taken off in a remarkable way, but that the business turnover is still below its potential.

“We are confronted on a daily and weekly basis with new investors who have discovered an opportunity that wasn’t in the market a few years ago, and who want to come and invest in Portugal, buy property, discover how to get a licence and how easy it is to invest here.”

However, in terms of projects in the pipeline that have already been announced, 20-30% has been built and 70-80% has fallen by the wayside because of economic cycles, changes in specific company strategies, or issues over planning permission. “Many projects for the Algarve that were announced over the past 10-15 years never got off the ground or were repurposed,” he said.

Those that did attracted buyers who “enrich Portuguese society, boost the economy, and contribute to GDP growth”.

Portugal has to make sure it maintains an aura of stability without dangerous speeches about “Portugal having too many tourists” while marketing Portugal as “a total and distinct brand destination with regions that are already well known by many more potential buyers of second homes than 10-15 years ago”, said the tourism consultant.

Boiling it down, Eduardo Abreu said there shouldn’t be discrimination between hotel and residential tourism, the latter of which looked set to gain even more importance over the next few years.

Ricardo Guimarães, CEO of Confidencial Imobiliário (CI), acknowledged

the tourism footprint on the residential market, and the shock from the demand of overseas investors and immigrants that had been difficult to predict, not all of them tourists or NHR and Golden Visa applicants, and had overall showed an increase of 400,000 overseas inhabitants in 2022 – almost an equivalent population to Lisbon – and was even more startling when transactions stand at 130,000 transactions, yet we’re building only 25,000 homes per year.

“In Lisbon we have over 50 nationalities buying properties; the Chinese were sensitive to [the end of] the Golden Visa in 2020, but continued to buy after 2020, yet these types of visa instruments were not the most important factor for Americans who find Portugal desirable anyway.”

And according to a survey from CI on the obstacles to development, slowness of getting planning permission topped the list, while lack of demand was the least. Compared to a year ago, fiscal and legislative instability had risen, as had increased construction costs, and it was deemed that, overall, the real estate sector thinks the situation is 35% more difficult than it was a year ago.

“I think that despite so many difficulties, our market today is much more interesting than it was a short time ago; we are not as constrained and restricted as we were during the last [construction/property] crisis [2011-2014]. And we’re talking about a very structured and long-term product, and this type of product continues to be viable for the market,” concluded Ricardo Guimarães. ■



L-R: Tiago Morais (Iber Blue Wind), Susan Cabeceiras (IPBN board), Luís Monteiro (APDL), Gavin McBride (MD Enerview Solutions), Pedro Castro Henriques (IPBN/Strongstep), Isabel Vellozo Ferreira (Vellozo Ferreira e Associados, IPBN Executive Partner), Arnold Delville, General Manager IPBN, Fernando Seabra Santos (University of Coimbra/Whale4), John Paul Prior, (Chair IPBN Porto)

Portugal’s return to the oceans

Portuguese scientists are leading the way in Europe in oceans innovation and research, but the EU needs to create a European Oceans Agency to coordinate and capitalise on the economic opportunities it offers, according to researchers from the Centre of Marine and Environmental Research (CiiMar) who spoke at the Ireland-Portugal Business Network (IPBN) Ocean Conference in Porto in October.

TEXT **CHRIS GRAEME**
PHOTOS **IPBN**

Portugal is well placed between the US, Canada and Europe to research and investigate some of the pressing and urgent problems facing the North Atlantic Ocean, from plastic pollution and rising sea levels to increased sea temperatures, according to two scientists who spoke at the Irish-Portuguese Business Network Conference (IPBN) Ocean Conference, which took place at Porto Business School on October 25.

Organised in partnership with the Centre of Marine and Environmental Research (CiiMar), panel 1 of the all-day conference focused on the advances that the port town of Matosinhos is making in the maritime world in an effort to highlight the synergies and potential partnerships that exist with Ireland.

The panel featured a discussion with two academics from the Universities of Porto and Coimbra, respectively, about

their latest science and research papers, and how CiiMAR is advancing that knowledge and pushing toward innovation: Vitor Vasconcelos, Professor at the University of Porto and President of the Board at CiiMAR (pictured left), and Fernando Seabra Santos, Professor at the University of Coimbra (pictured right).

Moderated by IPBN Chair of the Porto Committee John Paul Prior, the two described the Whale4 submarine

concept for research and tourism, as well as information on marine & environmental marine science research from over 180 PhD students and how their +500 published articles have identified key elements in the fight for sustainability in our oceans.

UPSETTING THE ECOLOGICAL BALANCE

Professor Vitor Vasconcelos, of the Faculty of Sciences of Porto University (FCUP) and CiiMAR director, spoke about the negative impact mankind was having on the ocean ecosystem.

“The temperatures of the sea are rising, and whereas it should be between 13°C and 14°C off the coast at Matosinhos, we are currently registering temperatures of 19°C,” he said by way of example.

“Sea organisms are affected by these rising temperatures because they cannot adapt, and so many of them simply move north. This has economic implications as fishermen have to go further afield to fish, but also has environmental consequences with the great Northern Atlantic

kelp forests receding northwards, and these harbour an entire biodiversity chain, as well as bringing in non-native invasive species which proliferate and upset the ecological balance,” he explained.

But it isn’t just higher ocean temperatures that are causing problems. The amount of plastics in the oceans, including micro-plastics, is also having a detrimental effect on the entire food chain, including us.

“It is easy to see, wherever you go, the rubbish and plastic on the beach here at Matosinhos. People are not recycling and placing their garbage in the bins. Micro-plastics are a serious problem; they absorb toxins, the fish ingest them, and we eat the fish. There is an urgent need to impede plastics from entering the ocean,” said the scientist who is responsible for the CiiMAR LEGE culture collection, comprising more than 400 strains of cyanobacteria.

SUBMARINE TECHNOLOGY

Fernando Seabra Santos (Friday - Ciência e Engenharia do Lazer, SA)

explained how his company aims to “design, develop, construct, and market nautical devices with a high technology component”.

“This is a small submarine for research. We have a very sound research system that is able to produce very high-quality results from research, and such a system is key for the economy of knowledge.

“It’s about bringing together universities, industry and companies, which are all very important for a knowledge-based economy for the next generation,” he said.

The submarine, the smallest of its kind, will have a capacity for two passengers, dive 300 metres, conduct 8-hour missions, and have a 36-hour emergency capacity.

PORTUGAL’S EXCLUSIVE ECONOMIC ZONE

Despite the ecological challenges facing the oceans, not to mention deep sea mining, which in itself poses a whole host of questions on its sub-sea environmental impact, Vitor Vasconcelos was optimistic for the future.





Luís Monteiro, Head of the Environment and Energy Efficiency Division - APDL, Pedro Castro Henriques, IPBN member and CEO of Strongstep, and Isabel Vellozo Ferreira, Partner at Vellozo Ferreira e Associados

“THE SUBMARINE PROJECT IS ABOUT BRINGING TOGETHER UNIVERSITIES, INDUSTRY AND COMPANIES, WHICH ARE ALL VERY IMPORTANT FOR A KNOWLEDGE-BASED ECONOMY FOR THE NEXT GENERATION.” - FERNANDO SEABRA SANTOS, FRIDAY - CIÊNCIA E ENGENHARIA DO LAZER, SA.

“We have an incredible resource that is right in front of us and Portugal is well placed to take advantage of it,” he said, referring to the fifth-largest Exclusive Economic Zone (EEZ) within Europe, the third-largest of the EU, and the 20th-largest EEZ in the world, at 1,727,408km².

“There is a lot of funding from the EU but no global understanding. We need to take and manage the ocean as a whole. We have a European Space Agency and spend many millions on satellites, yet we don’t even have a European Oceans Agency,” he lamented.

Vitor Vasconcelos remembered that Portugal had a long experience of the oceans stretching back centuries. “Now it’s time for new adventures, and we are leading in many of the research areas. We need to focus at a European level, otherwise we will have many Asian countries exploiting our oceans,” he warned.

HARNESSING OFFSHORE WIND ENERGY

The harnessing of offshore wind energy and the development of partner-

ships between Ireland and Portugal in this field were discussed and debated by the second panel of the IPBN Ocean Conference.

The Portuguese government has set itself the ambition of achieving an installed offshore wind energy capacity of 10 gigawatts (GW) by 2030 in the national maritime space of the Continent subdivision and achieve the targets set out in the Roadmap for Carbon Neutrality 2050.

Representatives from IberBlue Wind, a joint venture specialising in the design, development, and management of floating offshore wind farms that will operate in the Iberian market, and Enerview Solutions, a leading renewable energy company that provides a robust and bespoke service offering to their clients, specialised in the areas of onshore and offshore wind, solar, and electric vehicle sectors, discussed their projects and challenges on the conference’s second panel moderated by Susan Cabeceiras (Konceptness).

Tiago Morais, the Portugal Floating Wind Development Manager, for IPBN and Enterprise Ireland member company

IberBlue Wind, explained the company’s ambition to develop projects of 2GW of offshore wind-generated power for the market.

The EU has a target of 60GW by 2030 and currently has around 28GW of installed capacity. By 2050, the EU wants to achieve around 300GW. “This is a huge ambition,” he said.

PORTUGAL’S OFFSHORE AMBITIONS

Both Portugal and Ireland want to establish themselves as players in offshore wind energy, and Portugal has set a huge ambition for 10GW of offshore power because it has the available wind resource. “We want to share the experience that we have in the two jurisdictions and help make this opportunity a reality,” said Tiago Morais from IberBlue Wind.

At the beginning of this year, an inter-ministerial working group on offshore wind delineated several areas for commercial projects that would accommodate 10GW of offshore wind capacity, in line with the plan announced last year.

Last month, the Portuguese government signalled the opening of an “expression of interest” period for taking part in an auction to award rights for offshore wind energy production, with the right to inject electrical capacity into the national grid.

Like in Ireland, it has ambitious goals, given that Portugal currently has only one wind farm at sea – Windfloat Atlantic, located off Viana do Castelo. With innovative characteristics, it is the first floating semi-submersible wind farm in the world, with an installed capacity of 25 megawatts (MW).

In this regard, the inter-ministerial working group recently submitted for public consultation a preliminary proposal to set out the implantation areas for offshore wind farms, with Viana do Castelo, Leixões, Figueira da Foz, Ericeira, Sintra/Cascais and Sines being considered.

Tiago Morais (IberBlue Wind) wants his company to be part of the solutions to the Portuguese government’s ambitious target, potentially in partnerships with others.

“We can create value, jobs, and share knowledge in the markets in which we’re operating and having an impact on industry,” he added.

SYNERGETIC PARTNERSHIPS

Further driving the conversation was Gavin McBride, Managing Director at IPBN Member company Enerview Solutions.

“Portugal was a natural choice for Enerview Solutions because the network is incredible and because Portugal had gained so much knowledge in such a small space of time. We hope to engage with companies and provide knowledge from our experience and share knowledge through synergies and transition that through partnerships,” he said.

Tiago Morais explained that there needed to be an understanding of the synergies in relation to the ports and the relation with industry, as well as the wind. “There are a number of factors that we need to analyse the best place to develop and design our projects.

“Today we are much better informed about the Portuguese government’s plans, because in the space of one year, the government has set the ambition to achieve 10GW of offshore wind power out of a possible 100GW of offshore potential in Portugal, yet only 10GW so far have been considered.”

PORTUGAL’S PORTS AND THE MARITIME INDUSTRY

On the third panel moderated by IPBN member and CEO of Strongstep, Pedro Castro Henriques, Luís Monteiro, APDL (Administration for the Ports of Douro, Leixões and Viana do Castelo) talked about APDL’s experience and strategy on sustainability. He began with three numbers: 90, 4 and 6.

“Ninety percent of the goods that we consume in our homes arrive by shipping. If we look at greenhouse gases that are responsible for global warming, the two main culprits are the agricultural and energy sectors, but one-third comes from the transport sector,” he said.

The maritime shipping sector, however, was only responsible for 4% of total emissions. Most shipping spends most of its time at sea, but a part is docked in ports loading and unloading cargo and for maintenance. Only 6% of emissions in the transport sector comes from these vessels. This led to three conclusions: 1) Shipping transport is very important for our economy 2) Shipping’s contribution to greenhouse gases is small, and 3) the

emissions that come from port activities are also small.

That didn’t mean there was no room for improvement. “We’ve got lots to do, we are doing a lot and we have a vision for what we want to achieve,” he said. And added: “We have to be a sustainable and resilient port. There is a lot of competition between the ports and we have had to modernise with new equipment. The closure of the Leça oil refinery was a threat but also an opportunity, because energy transition will bring fresh business opportunities,” he said.

The Port of Leixões caters to around 2,400 ships per year carrying all types of merchandise, including petroleum products, cement, textiles, granites, wines, wood, vehicles, machinery, cereals, containers, scrap metals, iron and steel, as well as other goods.

In 2022, around 14,9 million tonnes of merchandise and 713,00 TEUs (20

TEUs of volume fills one container), and to transport all of these good required 474,967 lorries.

In order to monitor and evaluate these impacts, the APDL has implemented an Environmental Monitoring Plan, and Luís Monteiro said that since 2006, there had been an improvement in environmental performance of the port, particularly regarding air, water and sediment quality.

Isabel Vellozo Ferreira, Partner at Vellozo Ferreira e Associados, gave an overview of the legislation governing passengers, crews, workers and goods within the port space. “It isn’t always easy since we have international, national, and internal legislation and norms that sometimes are difficult to conciliate.”

The Ireland-Portugal Business Network (IPBN) has over 150 companies based in Portugal and Ireland, and represents 25,000 people. ■



Vitor Vasconcelos, Professor at University of Porto and President of the Board at CiMAR, John Paul Prior, Chair of the IPBN Porto, and Fernando Seabra Santos – Professor at the University of Coimbra about Whale4 – Submarine concept for research and tourism



Tiago Morais, Portugal Floating Wind Development Manager for Iber Blue Wind, Susan Cabeceiras, IPBN Board Member, and Gavin McBride, Managing Director at Enerview Solutions

The Future of Cities: Creating value that is shared, sustained and lasting

Cities represent only 1% of the world's geographical surface, but are home to half of the world's geographical population and generate around 80% of combined global GDP. Making them sustainable and inclusive while bringing prosperity for all, and not just profitable for some, remains a key challenge worldwide.

TEXT **CHRIS GRAEME**
PHOTOS **CHRIS GRAEME/JOAQUIM MORGADO**



Andy Brown OBE, ex-CEO Galp, Board member Orsted and the Energy Institute

Urban planning and renewable energy experts from Portugal and around the world gathered in Lisbon for the Future of Cities Summit in October.

Organised by the British-Portuguese Chamber of Commerce and the British Embassy in Lisbon /UK's Department for Business and Trade, supported and/or sponsored by Santander Portugal, Moneris, JLL, BP, Galp and Telles, the event featured 20 speakers divided into three panels, representing many companies based in Portugal and overseas, to discuss restructuring and innovating cities and renewable energy issues and challenges.



REORGANISING CITIES FOR THE FUTURE

In his welcoming remarks, Dr. Amílcar Lourenço, Administrator of Santander Portugal, said that it was important for mankind that "our cities are reorganised for the future".

Santander, he said, is committed to the future wellbeing and development of people and companies supported by sustainable growth, with a target of zero emissions by 2050 in its combat against climate change.

"We are focused on providing what customers need in their energy transition, with well-trained teams and experts advising our clients on accelerating it while promoting incentives across our organisations."

And added: "In Portugal, more than 80% of buildings do not have 'green' BREAM certification. We have formed a partnership with the Portuguese energy operator to improve the efficiency in areas such as solar panels and heat pumps, and offer a credit line for sustainable investments focused on mitigating climate change that is focused on small companies."

Santander also continues to invest in urban rehabilitation, and in terms of improving the energy efficiency of buildings, financing 250 projects in recent years totalling 700 million kW.

In the first half of 2023, one in every five corporate financing operations was

aimed at sustainable projects, but he said that the transition to a low carbon economy "must be a realistic evolution and not an overnight revolution" in order to minimise costs and support jobs, and guarantee lifestyle quality.

The British Ambassador to Portugal Chris Sainty said that as recently as 1900, fewer than 1 in 6 people lived in urban areas. By 2050, that number will rise to 4 in every 6. "The role of cities and their impact on every part of our lives has grown in an extraordinary way," he said.

"The way our cities are designed, configured, governed and managed intersects with just about every area of political, social, economic, financial and public policymaking life," Sainty remarked.

"Given that in 2023, more than 50% of the world's population live in cities, more than 70% work in cities, and 80% of the world's economic value is generated in cities, cities are the powerhouses of economic growth and innovation," the ambassador added.

But they were also "major contributors to the many environmental and social challenges that we face": climate change, air, water and land pollution, as well as depletion of bio-diversity and natural resources, water management and waste, shifting demographics, popu-

lation changes, migration, urban shortages of housing and social inequality.

"Tackling these problems requires the very best of human innovation and creativity, bringing together the best of our academics, policymakers, and the skills of our best practitioners," said the ambassador, who ends his term in Lisbon at the end of this year.

NOT BUSINESS AS USUAL

Urban planning expert Miguel J. Martins of Miguel J. Martins Advisors said it couldn't be "business as usual", and "thinking out of the box" was required, as well as "getting out of our comfort zone" when designing and developing the cities of the future.

"We need to do this not to save the planet; the planet does not need saving; we need saving. We are doing this for us, for the future of our kids and future generations," he said.

The consultant asked if a city like Black Rock City where the Burning Man festival is held, and where people cooperate and thrive, can be considered as a model for a city for the future?

Or was a city for the future one such as The Line or NEOM on the borders between Saudi Arabia, Egypt and Jordan. This city will be 100 metres tall, 200 metre wide and 170 km long, and is



L-R: Howard Brookman (Bloomberg), Margarida Ordaz Caldeira (Broadway Malyan, Miguel Barbas (Norfin), Maria Sacadeira Botte (JLL) and Cristina Melo Antunes (Santander)

expected to house some 450,000 people, increasing to 1.5 to 2 million people by 2030. NEOM will also be home to 9 million residents, and built with a footprint of just 34km².

“We really have different options when we start designing cities for the next generation and they can be very different,” he said.

Martins said the one thing that distinguishes one city from the other is identity, and cities were the cause of a lot of the problems that we are facing today, but they can also be the solution. Cities, he said, needed to be more sustainable, resilient, and less polluting.

Cities should be centres of opportunity, but it is also interesting to look at the exodus from cities since Covid-19 and the rise of the digital nomads as an influence. They had to be centres of innovation, engines of growth, and an inclusive melting pot where diversity, equity and inclusion come in.

“We all know that sustainability can mean the 3Ps – Planet, People and Profit. If everything stays the same, we are going to need 70% more food by 2050 to feed the planet,” he said.

Basic needs were also vital, such as health, education and shelter, wellbeing,

equity and inclusion. “This is what for me is important. The third ‘P’, which used to be about profit, is now about prosperity.”

CREATING SUSTAINED AND SHARED VALUE

Referring to the 2020 Davos Manifesto, Martins said that this was no longer about just one stakeholder – the shareholder. “This is about all stakeholders, and society is one, and nature is another,” he said.

And added: “It is about creating value that is sustained and shared, and lastly, it is about thinking long term.”

Billy Cobbett, a freelance advisor on urban development, outlined how in just five decades, the world’s population had gone from 2.5Bn in the 1950s to 8Bn people last year. “The change just in the last decades has been the single biggest demographic shift in the history of humanity.”

“The global picture is very unbalanced and differential. In advanced economies like Japan, Russia and elsewhere, we have an ageing and declining population overall, whereas 50% of the entire increase in population by 2050 will take place in only eight countries, of which five are in Africa. Understanding

these demographics is essential to understanding the pivotal role that cities play in them.”

Cobbett said it exposes and puts pressures on governments in terms of their policies, planning, infrastructure, economy, and budgets.

“These days, the biggest driver of population growth is people having more children in cities, and the response from governments to these demographic changes is one of systemic policy and market failure,” he noted.

“No country had ever successfully prevented urbanisation as a phenomena, and the result is as predictable as it is miserable: significantly displaced urban growth, the growth of slums and favelas, inefficient, unserved, polluted settlements, and concentrations of the urban poor in ghettos concentrating up to 70% of an urban population in some cities in Brazil.”

These were the outcomes of the wrong responses, and the result is that it is expensive for the poor and very expensive to the city and national economy.

Cobbett pointed out, however, that there have been specialised concentrations of local government focusing on specific topics such as C40 in 2005, looking

“IN PORTUGAL, MORE THAN 80% OF BUILDINGS DO NOT HAVE ‘GREEN’ BREAM CERTIFICATION. WE HAVE FORMED A PARTNERSHIP WITH A PORTUGUESE ENERGY OPERATOR TO IMPROVE THE EFFICIENCY IN AREAS SUCH AS SOLAR PANELS AND HEAT PUMPS, AND OFFER A CREDIT LINE FOR SUSTAINABLE INVESTMENTS FOCUSED ON MITIGATING CLIMATE CHANGE THAT IS FOCUSED ON SMALL COMPANIES.” - AMILCAR LOURENÇO, ADMINISTRATOR OF SANTANDER PORTUGAL.

at climate change in large cities, while at a national level there have been very significant changes led by President Lula of Brazil, where the government created the Ministry of Cities to address the consequences of the failed urban transition which had happened under successive military dictatorships and authoritarian governments throughout Latin America.

He explained that the challenge now is to go in and “retrofit” in the most efficient and least expensive way; putting in services, adjusting land, and fixing housing and infrastructure after the event of urbanisation because the populations had been ignored and vilified for so long in the favelas.

PORTUGAL AND UK – LEADING THE WAY IN RENEWABLES

Andy Brown, OBE, ex-Galp CEO, Orsted and Energy Institute board member, in his keynote speech on energy transition/new generation technologies, pointed out that the retrofit of old buildings was crucial, since 90% of the buildings in 2030 are already being built.

“The built environment accounts for over one-third of CO₂ emissions and given the retrofit needed, this will be an area for intense focus. Like transport, the electrification of the built environment is a crucial lever. Today, about 35% of energy is provided by electricity; this will have to increase by 50% by 2030.”

Andy Brown said that the UK had reduced CO₂ emissions by 33% in the last 10 years and Portugal by 19%.

Both countries, he said, now have an average of more than a 40% share in renewables in power generation, and on some days both countries achieve very high levels of renewable penetration. “The UK and Portugal are both leaders in Europe.”

“The seeds of hope in the new clean energy technologies have been sown; we must now establish the preconditions to allow these seeds to grow in order to protect and preserve our climate for future generations,” he concluded. ■

UK Ambassador to Portugal, Chris Sainty



Miguel J. Martins of Miguel J. Martins Advisors



Billy Cobbett, freelance advisor on urban development





Can Lisbon become a global talent powerhouse?

For eight years, Lisbon has been a magnet for talented startup entrepreneurs, technology professionals, digital nomads and relocators from all over the world. But with so much urban global competition, do the city's authorities have a sustainable, long-term plan to retain them? Essential Business went to RedBridge to find out.

TEXT **CHRIS GRAEME**
PHOTOS **MARIE BACELAR**

From 2012, on the back of generous tax breaks offered by different visa schemes, the then Portuguese government managed to get the country's economy back on its feet from the resulting boom in Portugal's property and tourism markets. The policies changed the face of Portugal's capital from a small and rundown peripheral city in the early to mid-1990s to a thriving, trendy and bustling metropolis that is firmly on the international map of bucket-list capitals.

But trends come and go, and investment inevitably can go elsewhere once the initial easy money has been made.

At an event in September, organised by the cross-border Lisbon-San Francisco

startup community RedBridge, three experts in their fields, Future Point Global CEO Ahmad Mansur, business curator and politician Rita Vilas-Boas, and Managing Director of Endeavour Portugal, Ricardo Mesquita, discussed the problems, challenges and opportunities facing Lisbon in building on its current success to create a durable, viable, sustainable and successful business ecosystem in strategically defined sectors, whereby the city can become an international hub and centre of excellence. The discussion was moderated by RedBridge co-founder, journalist and best-selling author, Jonathan Littman.

LISBON'S "GOOD BONES"

Future Point Global CEO Ahmad Mansur says that Lisbon has "good bones", to coin an American expression. This is partly why the capital, and Portugal in general, is attracting entrepreneurs and digital nomads.

"It has all the assets: the sea and waterways, the climate, the hospitable people. This alone makes it an attractive place," he said.

From the perspective of companies, he believes Lisbon is great in terms of proximity. It is not so peripheral and that makes it a convenient place to relocate or set up in terms of cost.

"Companies want to come here and can attract talented employees, especially IT engineers, while digital nomads usually go to places that are inexpensive, cool and have good [travel and internet] connections, and where there is a community. I think Lisbon currently provides that," he added.

Ahmad Mansur explains that when you create a talent ecosystem, it means creating an environment that attracts and retains people who are skilled and knowledgeable, so cities must reinvent themselves or build on what they have.

Mansur says that most cities have shifted from an industrial to a knowledge economy. One successful example is Pittsburgh, Pennsylvania, which was one of the most industrial cities in the US and made a conscious choice to move from being an industrial state to a knowledge state.

"Pittsburgh devised a plan to retain talent through the 'Pittsburg Promise', by creating the right kind of venues and environments and bringing in investors that all create the right type of ecosystems."

INWARD INVESTMENT: GOOD FOR SOME, BAD FOR OTHERS

Rita Vilas-Boas, a business curator and advisor to AgroGrIN Tech, pointed to one of the drawbacks of Lisbon's recent success in attracting overseas entrepreneurs, talent and relocators – the rising cost of accommodation, now exacerbated by the cost-of-living crisis.

"The whole of Portugal is 'hot' right now with this new vibe that everyone is enjoying, but could be so much more. I love digital nomads – and that is great for Lisbon – but from the perspective of the local people who have to make a living, it's very imbalanced, particularly the lack of affordable housing as property prices have soared due to demand.

"Creativity is the key for the challenge we face here, to create an entrepreneurial ecosystem – and that is absolutely the right way to go. However, what we're seeing right now is young Portuguese talent leave in search of higher wages, better career opportunities and prospects, and affordable housing."

LISBON'S SUCCESS: IS IT TRANSIENT?

Ricardo Mesquita, Managing Director of Endeavour Portugal, emphasised the importance of building on the current inward momentum from entrepreneurs, talent and investment to create long-lasting success.

"I like Lisbon, but we have to ask if this is a transient movement with people then moving on elsewhere?"

"It's about creating the right infrastructure for an ecosystem and it's fundamental that Lisbon raises its game in order to continue to be welcoming to the number of people moving here, while also building a bridge between the locals and incomers. It has to be about building the community and understanding what the city is, not just to the newcomers, but also the people who have grown up here," he stressed.

“WHEN YOU LOOK AT DIGITAL NOMADS, THEY USUALLY GO TO PLACES THAT ARE INEXPENSIVE, COOL AND HAVE GOOD TRAVEL AND INTERNET CONNECTIONS, AND WHERE THERE IS A COMMUNITY. I THINK LISBON CURRENTLY PROVIDES THAT.” AHMAD MANSUR, CEO FUTURE POINT GLOBAL.

DIVERSIFYING THE ECONOMY

Among the other challenges Lisbon faces, beyond sky-high housing costs, is diversifying the economy and moving beyond one or two markets (European Union and United States).

Ahmad Mansur says it is important for the local residents to be able to participate in the growth of Lisbon. “In a lot of cities that have grown and attracted talent, the missing piece was no growth of the local community.

“You have to look at those sectors that you can grow, and which are very unique to Lisbon, put a digitalisation layer on that, and find ways to connect to your education system. There are a lot of cool education enterprises in Lisbon that can potentially turn out young talent to get those certificates that are part of creating a pipeline,” he said.

Rita Vilas-Boas said it was important not to compare California with Lisbon, or even Portugal, since the whole country has challenges as the middle-class becomes smaller. “Unfortunately, we are just talking to a bubble. Even the Portuguese unicorns aren’t really Portuguese because they are not based here. But they could represent the top 20 companies (C-20) in Portugal.”

She says bringing opportunities that can use local talent would represent a big change, and of the top seven technology companies in Portugal, only one is from Lisbon. Both Porto and Braga have great engineering schools and are much cheaper to live in, while having a great lifestyle quality.

“The whole country, and not just Lisbon, provides a huge opportunity.”

ROLE MODELS AND UNICORNS

Ricardo Mesquita pointed out that some unicorns are headquartered in Portugal, such as OutSystems (Oeiras near Lisbon) and Feedzai (Coimbra). “I

seriously believe that entrepreneurship can contribute to economic change and has a tremendous impact, and they [the unicorns] are on the forefront of that transformation.

“These companies are important, not just because of the hype, but the economic incentives they generate and the multiplier effect, which means they become role models and show what is possible. When I grew up in Portugal in the 1980s and 1990s, we had fewer role models. I love Cristiano Ronaldo, but we need other ones.”

Ahmad Mansur agreed that unicorns are great. “We should all grow up and believe in unicorns, but what is more important is that we look at ways to develop and promote a creative entrepreneurial mindset.

“Not everyone is born to create a unicorn, but if you have those type of skills that you can turn into a company, and become a sole entrepreneur, take your own path and use your skills to the best of your ability, then those are qualities and companies that bring in growth and multiply economies in regions and cities.”

ATTRACTING TALENT

But what is Portugal doing well to attract talent, and how could it become more strategic in doing so?

Ricardo Mesquita says that while Portugal is already successfully doing that (it offers a range of startup, entrepreneur and tech visas with attractive tax rates), fundamentally, it’s about the people, and the Portuguese are “open and curious”. “Some of us were privileged to live elsewhere and returned to Portugal to grow the national economy. But the lifestyle of the country and the sense of possibility exists,” he said.

“Lisbon is a place where people can meet, grow their families and businesses,

and can become a very pleasant and idyllic place to live, if not on a scale of global cities like Dubai,” he opined.

Rita Vilas-Boas pointed out that tax incentives are “only exciting” for foreigners: “If you are a local, you have to pay the full taxes.”

Speaking before the Portuguese government took the decision to scrap the NHR tax scheme, she admitted that when she returned to Portugal after many years, she benefitted from the 20% flat tax rate under the scheme. “I use it, but it’s not really fair.”

“Fully qualified engineers working here are only going to make €1,000 or €2,000, whereas overseas they’ll start on €5,000. You can’t ask families in Lisbon to pay all these taxes and high rents when they only earn €1,000 a month. It doesn’t make sense.”

GETTING AROUND THE TABLE

To solve these problems means bringing a lot of different stakeholders to the table, according to Ahmad Mansur.

“In the successful cities I’ve worked in, they have been able to do this, and we call this an ecosystem now, but it’s about how you can create a narrative and build a future, possibilities that take you beyond your traditional thought narrative,” he said.

An example of this can be seen in the East Bay of San Francisco, where a lot of leaders came together to examine the economy and see how they could grow it.

“We partnered with McKinsey that did a study to see which were the key growing sectors of the San Francisco region. The study became a roadmap for the stakeholders. One of the sectors was biotech and bio-manufacturing, but graduates would work for a year and then leave.”

The solution was to develop a certification programme that became a pipeline

for the pharma industry, and hire the graduates. The result: today, South San Francisco alone is home to the largest biotech cluster in the world, boasting over 200 companies and a life sciences workforce drawn from 17 nearby academic institutions, while bringing real-time knowledge to the academic institutions in a two-way relationship.

THE FUTURE

But what of the future? Can Portugal bring its stakeholders (government, NGOs, municipal councils, community groups, companies and universities) together and pull off similar kinds of success stories as the San Francisco biotech boom?

Rita Vilas-Boas pointed to Portugal’s biotech experience in the 1990s in Porto and why it ultimately ran out of steam.

“We had market demand but then it stopped and didn’t grow. We lacked equity and private investment. Everyone was and still is dependent on money from Europe and grants. We need the kind of cashflow that they have in California – more private investment, more risk takers, and more entrepreneurship,” she said, and added: “The oceans are another area we could do well in, here in Portugal.”

Ricardo Mesquita’s hope for the future is to build a Lisbon “we want to see”: “I’m not from Lisbon and I don’t live in the city, but I want to see the city flourish. We often talk about cities in

terms of size and tiers, and Lisbon is probably the smallest capital in Western Europe with an estimated 100,000 foreigners living here. If we are all able to take the multiplier effect and build those bridges, which RedBridge is already doing, I think we will see a different city in the future.”

Ahmad Mansur agreed. “Many different stakeholders need to come to the table and think about what they want Lisbon to be. So often we default to a certain type of future, and here’s a chance for you to look at a future that big, plausible and possible, and mobilise around that to include government, not-for-profit organisations, community and entrepreneurs to make it happen.” ■

L-R: MD Endeavour Portugal, Ricardo Mesquita, Business curator and politician Rita Vilas-Boas, RedBridge Co-Founder, Jonathan Littman, and Future Point Global CEO Ahmad Mansur





David Sampson
Inhouse Contributor

Portugal's political crisis and why the President called elections

Portugal has been thrown into crisis over opaque lithium mining and refining and green hydrogen deals. It led to the Prime Minister António Costa resigning and the President Marcelo Rebelo de Sousa calling snap elections on March 10. Essential Business regular contributor David Sampson makes sense of the scandal rocking the country.

Portuguese political life has been thrown upside down by the recent announcement from the Prosecutor General that it was investigating a list of leading politicians and business people on suspicion of bribery and corruption.

The problem was that the list included many people close to the Prime Minister, including the Infrastructure Minister João Galamba, the Prime Minister's chief of staff Vítor Escária, and the business consultant Diogo Lacerda Machado, known as a close friend of the Prime Minister. The list also included Nuno Lacasta, the head of the Portuguese Environment Agency, Sines mayor Nuno Mascarenhas, and two other executives from a massive data centres project Start Campus, Afonso Salema and Rui de Oliveira Neves. The Prime Minister was not charged with any crime but he decided to resign immediately, a decision which at first seemed

inevitable, given that the police in their search of his assistant's office in the Prime Minister's official Lisbon residence found €78,500 in notes hidden in books and cases of wine.

Subsequently, it turned out that there were three substantial errors in the Prosecutor's announcement. In it, it was alleged that the Prime Minister's name (António Costa) was mentioned in a phone call, when the actual name mentioned was that of António Costa Silva, the Energy Minister, and also that a meeting that never happened actually took place. On reviewing the file, the investigating judge refused to authorise all the more serious charges and did not make any of the usual interim orders forbidding the accused from contacting each other.

The alleged offences were all linked to major investment projects: a data centre in Sines, which is the biggest investment planned in Portugal since AutoEuropa, and two lithium mines in the north of Portugal. The data centre had already been nominated as a Project of National Importance (PIN). João Galamba, the Infrastructure Minister, was committed to helping push all three projects through the often complex Portuguese bureaucracy, where Government departments are pitted against each other, or against local authorities, or against independent environmental



Marcelo Rebelo de Sousa - called snap elections (Photo Lusa)

agencies. Costa made a speech to the country apologising for the cash found in his assistant's office, but denying any personal guilt. He made a spirited defence of the country's need for foreign investment to help develop its resources, and for ministers to be proactive in helping to get such investment projects up and running.

The resignation of the Prime Minister left the next move up to the President. He had the choice of dissolving parliament and calling for new parliamentary elections, or of staying with the existing Socialist party (PS) majority in parliament and asking one of its leading members to form a new government. Marcelo Rebelo de Sousa asked his Council of State members for their opinions and they were equally divided. He then announced that he had decided to dissolve Parliament and that an election would be held on March 10, 2024.

He gave three reasons for his decision. First, the personal nature of the 2022 election victory in which António Costa won an overall majority; second, the fundamental weakness of any new government relying on the same PS majority but without the political and personal legitimacy of a Prime Minister who had won a general election; and third, the risk that this weakness would merely result in a dissolution at an even worse time and a period in which the Government was being supported by the president.

Rebelo de Sousa mentioned that, in the past, there had once been a weak continuing government of the type he wanted to avoid, but he did not mention those involved nor his personal connection with the events of 2004. (See the box below)

In the 2005 elections that followed the dismissal of the Government, the outgoing Prime Minister Santana Lopes lost heavily, the PS won an overall majority, and José Socrates became Prime Minister. This time it was never likely, given Marcelo's personal experience of Sampaio's decision to postpone a dissolution of Parliament and his warnings to Costa that he would call new elections if Costa resigned, that Rebelo de Sousa would appoint and support a new PS Prime Minister.

What may well be different in 2024 from 2005 is that this time, the country may well not want to punish the PS in the way it rejected Santana Lopes in 2005. Then, many objected to the way Durão Barroso had given up his position as Prime Minister and foisted Santana Lopes on the country.

Next year, on March 10, a lot will depend on whether any hard evidence of corruption emerges before then. Costa was still a popular Prime Minister, even though some of his ministers showed signs of arrogance and lack of respect. The leader of the Social Democratic party, Luís Montenegro, has failed to arouse any enthusiasm even in his own party, and he has ruled out forming a government with the support of the extreme right-wing Chega party.



António Costa - resigned (Photo Lusa)

MAJOR DECISIONS STILL TO COME

Like the UK, Portugal still has to deal with a broken health service, a chronic lack of decent housing and the failure over many decades to invest in a high-speed railway network. Lisbon airport is full to capacity and a decision needs to be made about its location, and the new government must decide what to do with TAP, the national airline.

One of the areas where the Government has acted is housing, where it has produced a range of measures designed to reduce demand and increase supply. It plans to abolish some visas for foreigners wanting to come and live in Portugal; it has altered the law to deter homeowners from renting out their homes to short term visitors; it now has the power to take over empty properties and let them; it is trying to making it easier for developers to get planning permission to build new homes; and rather than limiting rent rises across the board, it has increased rent subsidies in line with inflation.

The President rejected the law enacting the new measures because he disagreed with it for political reasons, but Parliament overrode his veto. Portugal suffers from the highest level of poor-quality housing in the EU. According to Eurostat figures, it is estimated that more than 25% of the population live in a dwelling with a leaking roof or damp walls, floors or foundations. What the law lacks is any attempt to encourage owners to improve properties or to increase investment in social housing by developers, pension funds and local authorities. The Government has been willing to wave the big stick of the compulsory letting of existing dwellings, but has failed to make any contribution from its own budget.

A HAVEN OF PEACE

At a time when there is a major war going on in Ukraine and we are seeing another round of fighting in and around Gaza, Portugal remains a haven of peace. Many Ukrainian and Israeli families have been welcomed here and I pray that they may all soon be able to return to their countries and live in peace.

THE PRESIDENT’S DECISION TO DISSOLVE PARLIAMENT AND THE PRECEDENT MARCELO REBELO DE SOUSA DID NOT WANT TO FOLLOW

Durão Barroso was elected the Prime Minister of a right-wing coalition Government in 2002. After two years, he told the President Jorge Sampaio, who had been a leader of the PS, that he wanted to take up the position of head of the EU Commission. He asked Sampaio to confirm that, in that case, he would not exercise his power to dissolve Parliament, but would ask Pedro Santana Lopes to form a government. Barroso was sure that Santana Lopes would have the support of the majority coalition.

Sampaio addressed the country in July 2004 and announced that, in his opinion, the coalition was in a position to ensure "political stability", and that the resignation of the Prime Minister did not imply immediate elections as long as there was a government that was "consistent, willing and politically legitimate". He asked Santana Lopes to form a government.

There was uproar among all the socialist MPs. Sampaio’s old colleague Ferro Rodrigues was so outraged that he resigned as leader of the PS, and the previous President, Mario Soares, was also highly critical of Sampaio’s decision.

In the background, one issue was that Santana Lopes had a reputation as a socialite in the Lisbon jet set. He was at the time Mayor of Lisbon. He had previously been president of Sporting Football Club, as well as Secretary of State for Culture in the early 1990s, but he had no experience as a minister at the head of a major department of state.

In October 2004, I wrote an editorial in my magazine People and Business under the headline “Prime Minister, entertainer or just the caretaker”. I began, “When Finance Minister Bagão Felix states publicly that there is no room for tax reductions in the next two years, and a month later Prime Minister Santana Lopes announces tax reductions in 2005, when Minister of Parliamentary Affairs Gomes da Silva accuses the Expresso and Público newspapers and the TVI television channel of a silent cabal against the government... when school starts but teachers have not been told at which school they are teaching... perhaps the only intelligent response is humour.”

PUBLIC PERCEPTION OF THE PRIME MINISTER

Public perception of the competence of Santana Lopes and his government started at a low point and never recovered. The ceremony when Sampaio installed the government was a disaster. Santana Lopes was affected by the heat in the President’s palace and was able to give only a small part of the speech that had been handed out in advance to the press. Teresa Caeiro took office as Secretary of State for Culture, whereas two days previously it had been announced by Paulo Portas, the Minister of Defence, that she was taking up office in his Ministry, and Portas was reported to have gasped in amazement when the appointment was announced.

The mess in the Department of Education was not the fault of Santana Lopes, but his government had to take responsibility. The Ministry’s computer system broke down and teachers had to be allotted manually to schools, which led to months of anguish and violent criticisms of the government. In October, the Minister Gomes da Silva objected to the commentaries of Marcelo Rebelo de Sousa on his popular TV programme on the grounds that no time was given for a reply, and when pressure was put on the owner of the TV station, Marcelo resigned in protest.

The straw that broke the camel’s back was the resignation of Hugo Chaves, an old flatmate of Santana Lopes. In a government reshuffle in November, Gomes da Silva was appointed in his place as the Prime Minister’s assistant minister and Hugo took office as Minister of Sport. But he felt that he had been demoted and, four days later, he delivered his resignation directly to the President. He also issued a statement in which he accused the Prime Minister of a lack of “loyalty and truth”, and said that while in office, he “had never been given any opportunity to exercise the coordination function appropriate to his office”.

It was left to Cavaco Silva, the former right-wing Prime Minister, to deliver the coup de grâce. He wrote an article in Expresso in which he referred to the lack of quality in politics in Portugal and called on “competent politicians” to remove the “incompetent” ones. He quoted Gresham’s Law, that bad money drives out good, and he said that the same law applies in politics.

Two days later, Sampaio summoned Santana Lopes to Belém and told him that he was dissolving Parliament. He justified his decision on the grounds that there was a “grave crisis of credibility in the government” caused by “a series of episodes” and pointed to a series of “incidents and contradictory statements which had badly affected the prestige of the government and other political entities”



Carlos Moedas - Portugal’s next PSD Prime Minister? (Photo Lusa)



Generative AI

How it can empower your business

Large Portuguese companies are using the services of companies like Singularity Digital Enterprise to better serve their customers and internal stakeholders. Essential Business was invited to hear about some case studies in action.

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

According to a report by McKinsey, AI adoption has more than doubled since 2017, although the proportion of companies using it has plateaued between 50 and 60% in recent years.

However, a set of companies like Nvidia, CrowdStrike, Arista Networks and Microsoft continue to heavily invest in Artificial Intelligence, enjoying the highest financial returns and enabling them to get ahead on their competitors.

And the Portuguese company Singularity Digital Enterprise (SDE) has also been making strides in the AI and

Generative AI areas, helping household name companies in the country like energy producers EDP and Galp, and the private postal services company CTT, not only provide better customer service at their contact centres, but support their in-house operations, too.

In the FT1000 ranking of 'Europe's Fastest Growing Companies 2023', Singularity Digital Enterprise won first place among Portuguese companies in IT and software, just making it to the Top 100 in Europe (99) and 499 in the overall global ranking.

"Our journey has been a very interesting one, and we are very grateful for what we do. We developed the first Open AI centre in Portugal," says Pedro Martins, co-founder of SDE whose company joined Microsoft Portugal in October to explain how Generative AI can empower businesses to drive efficiency, improve decision-making, and develop new products and services.

"We invested €1 million with the aim of exploring, developing and implementing a new line of AI services for the market, and help our clients identify business

opportunities using Open AI, thereby helping them to create new products and services while enhancing performance," he says.

SDE launched a new and challenging project – the largest project the company has ever done since it was founded in 2016 by Martins and Hugo Cartaxeiro, both former Microsoft employees.

It involved developing the entire energy trading system platform for Portugal's multi-national energy giant EDP, so that it could buy and sell in the energy market in a matter of seconds, a market that represents €1Bn in trade on this platform.

IMPROVING CUSTOMER EXPERIENCES

Take customer services. Until now, customer service managers had to plough through a number of books on customer service when training, each with a different approach, and come to their own conclusions.

"Generative AI promises to cut down the time required to digest the literature and provide them with an array of options so that they can draw their own conclusions for what best works for them," says Daniel W. Rasmus, Thought Leadership Advisor for SDE.

And Generative AI can help empower employee productivity through assisted decision-making, improving data analysis, and aiding in creative tasks. If employees have access to cutting-edge tools that reduce the barriers to valuable data, they can work faster without compromising on the quality of their work.

In one use case study, EDP joined forces with Microsoft Portugal and Singularity Digital Enterprise to develop a solution based on Azure OpenAI for EDP's contact centre that made it more efficient for the company to deal with customer interactions and improve the customer experience.

Although still a prototype in development, the project looks at transcribing

customer conversations from audio, providing précis of the information, making analyses of the quality of calls and degree of customer satisfaction, and producing reports after communications with customers, with the aim of providing a better service while helping the contact centre operators to increase their capacity.

DATA-DRIVEN ORGANISATIONS

Over the past five years, more companies and organisations have sought to employ data insights through companies like SDE to guide their decision-making processes, and data-driven companies rely upon these data-driven processes, data analytics tools, and data-driven culture to generate business insights that help inform their decisions.

"Basically we help companies to build a data-driven organisation, and this year, within less than a year since Chat GPT appeared, we have realised that Generative AI will change our lives and that it was very critical for us and the company

Pedro Farausto (CTT), Simon Billot (Ferring), Francisco Santos (EDP), Nuno Reis (Millennium bcp), Jorge da Ponte, Vide-Presidente IRN, Manuel Dias, NTO Microsoft Portugal, and Sebastian Chevrel, Group Managing Director, Devoteam





Daniel Rasmus - Serious Insight

to create a contact centre to help our customers use Generative AI. We were the first one and I think the only ones in Portugal to do so,” explains Pedro Martins.

But the results of AI can only be as good as the quality of the initial information fed into their systems.

Francisco Santos, Senior Data & AI Engineer at EDP, said its AI programme was mainly focusing on its customer service and backoffice through its efficiency hub.

“We have to manage expectations from the business; the hype is real, but right now the business has the expectation that the accuracy on requests about clients should be 95-100%, and that’s not true.

“That is because it’s all about the data, and it is still really important to have good quality data. What we saw is that even if you have Chat GTP 2.5 or 4, if you don’t have good quality data for context, you won’t have good outcomes,” he said.

“You can have the best prompt engineers [who design inputs for Generative AI tools that will produce optimal outputs] working on that, but if the data quality is poor, the outcome will still be bad.”

Santos said that prompt engineering was a trial-and-error process in an evolving field, but that one of his main concerns with Generative AI and developing products from these applications was how an end-to-end authentication and authorisation process could be assured with data segregation across all the processes.

MAKING PORTUGAL’S NOTARIES MORE DIGITAL AND EFFICIENT

Portugal’s registry and notaries institute IRN has also been using Open AI and Generative AI to improve customer and backoffice services.

Said Jorge da Ponte, Vice-Presidente IRN: “We started using Open AI and Chat GTP from autumn last year with a project that generates company names. We have a team of employees that think of company names and ensure they are not too similar to existing registered companies. We created a model with GTP 2 to enhance that.”

In February, IRN produced a chatbot, and is currently looking at how the technology can be used in other sides of the business, such as digitising all of its services to the public (currently only 40% of its service is online) within two years.

PHARMA - A SPECIAL CASE

Big pharma is another sector that stands to benefit from AI, where AI algorithms and machine learning models can have a significant impact on the biotech industry, from the development of life-saving drugs and production, to clinical trials, communication and drug target identification.

Simon Billot, Head of the IT Service Centre and IT Transformation at Ferring Pharmaceuticals – a research-driven, biopharmaceutical group that specialises in reproductive medicine and maternal health, and gastroenterology and microbiome medicine, among others –, explained how Generative AI was being harnessed by his company.

“The pharmaceutical industry is a special case as it is not the most dynamic of industries, since it can take 15 years to develop, trial and bring to market a new drug, while everything is tightly controlled by government and EU regulations. However, the sector has been applying computational biology, artificial intelligence, and machine learning in its drug discovery approach.

“Now we are seeing a lot of investment from the big pharma companies in big data and AI, and we at Ferring are developing our first use case for cost and production efficiency through the development of a chatbot interface to be able to consult and ask questions, and reference data to reduce the amount of training for those starting work in the company, as well as creating a platform for accessing information,” he said.

BALANCING PRIORITIES

Pedro Farausto, Strategy and Business Development at Portugal’s postal service company CTT, said that AI would be part of the transformation that the postal sector is undergoing.

CTT has gone from being a traditional postal service company, with mail representing over two-thirds of its business five years ago, to a company where mail now accounts for less than 40% of the business, while the revenues at Portugal’s oldest company (500 years) continues to grow.

“We have turned into a very diversified company, ranging from traditional mail and parcel delivery, to logistics, e-commerce, banking services, and business solutions where we hope technology such as AI will help us on our [diversification] path,” he said.

Summarising what the market wants from CTT in its delivery business, Farausto said: “Better, faster and greener”, meaning accuracy, simplicity, predictability, speed and sustainability.

“We want to make our delivery service as simple as taking a product off a shelf, and make it as hassle-free as possible for our customers who want to send and receive [letters and parcels] as soon as possible. This means in some cases redefining our processes and balancing these three aspects, and AI is certainly helping us in this strategy.”

DATA – ESSENTIAL FOR INVESTMENT RETURNS

SDE’s Pedro Martins, author of ‘Building a Data-Driven Organisation’, affirms that data is a critical resource that many organisations fail to invest in sufficiently or leverage its full potential.

“I helped found Singularity Digital Enterprise with an eye towards the future. We started with data because we knew it was essential for organisations to realise returns on their investments. Productivity without purpose can make an organisation go out of business faster than ever before.”

Now, with a new book ‘Empower Business with Generative AI’, co-written with Daniel Ramus and Patrícia Milheiro, he says: “We believe in productivity with purpose. We have always envisaged AI as part of the customer journey.

“Once the client has their data orchestrated, we apply AI tools to analyse and forecast. With Generative AI, we will be able to take use cases to the next level, with systems that not only display charts but tell stories from among the data,” explains Martins.

And as for fears that AI will take over the world and spell doom and destruction for mankind, Pedro Martins suggests

that AI has brought the world together “not to talk about a threat over which we have little control, but an amazing new technology over which we have full control, even if it doesn’t seem that way”.

And concludes: “Yes, AI arrives with some risks, but they are risks humans

can manage without inventing anything new. We have equal control over the value that we receive from Generative AI. We will decide how to integrate it into our business, how much autonomy it has, and how much oversight is needed.” ■

“YES, AI ARRIVES WITH SOME RISKS, BUT THEY ARE RISKS HUMANS CAN MANAGE WITHOUT INVENTING ANYTHING NEW. WE HAVE EQUAL CONTROL OVER THE VALUE THAT WE RECEIVE FROM GENERATIVE AI. WE WILL DECIDE HOW TO INTEGRATE IT INTO OUR BUSINESS, HOW MUCH AUTONOMY IT HAS, AND HOW MUCH OVERSIGHT IS NEEDED.” - PEDRO MARTINS, CO-FOUNDER OF SDE

Pedro Martins, CEO Singularity Part of Devoteam



Vila Foz Hotel & Spa

Sublime, divine Victorian elegance

The Vila Foz Hotel & Spa is a romantic and lovingly restored timepiece from a gilded age, whose maritime tasting Michelin menus by chef Arnaldo Azevedo are a delight. Essential Business embarked on a sensory voyage of culturally and geographically inspired fine dining.

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



Chef Arnaldo Azevedo

There is something eerily beautiful about the setting of Vila Foz Hotel & Spa. It seems to nestle in another time and place, an age of late-19th-century elegance, of handsome cabs, carriages and women swathed in tulle with parasols.

With the white morning mist blanketed over the waters of Porto's Foz, you feel yourself a lone figure from an Edith Wharton novel looking up at a Neo-Gothic pistachio green façade, whose most singular feature is a turret with a roof à la française which rises like a sentinel to guard the waterfront scene.

If it sounds historic and eminently Victorian, it's because the building and the experience is. Beautifully restored both inside and out, interior wood panels with frosted glass doors cleverly separate the lobby and reception from the lounge area, while the whole ensemble is dominated by a gracefully sweeping staircase that leads to a set of exquisite suites on the first floor.

BALLROOM DINING

The pièce de résistance is the elegant dining room that combines Neoclassical and Baroque elements and it is here that the magic takes place. That magic is conjured by the very talented Michelin chef Arnaldo Azevedo, who takes us on an eclectic journey of sounds, tastes and visual delights that reflect the Porto region, the Algarve from which the chef hails, and the Azores island of Pico dominated by its conical mountain.



It has a beautiful low-lit cocktail bar with golden shelves and bronzed walls offering a plethora of colourful cocktails characterised by the 'Seven Wonders of the World', from Latin America and Asia to Europe and beyond.

Here you can be served drinks inspired by the intoxicating flavours of Mexico, Brazil, Peru, Italy and India, or refreshing beverages with traditional ingredients from Japan and Portugal. For example, you can try the El Curadito from Mexico that is sweet and spicy with an indispensable tequila base.

They are the perfect pre-dinner drinks before embarking on one of two tasting menus served in this elegant setting, which was once the ballroom where an old English merchant family, who made their fortune in the mid-19th century from the prosperous Port wine trade that was dominated by England at that time, once entertained.

A CULINARY ADVENTURE

We plumped for the 'Maresia' menu, predominantly inspired by the sea and which is not short of dry ice special effects, which only serve to evoke the

fresh briny smell of the sea air and the low-lying morning mist of the Foz.

Dish after dish is expertly presented; each one with a story, providing a visual feast and tantalising taste accompanied by a carefully curated range of white and red wines, balanced to perfection with the dishes served over a relaxed period of over an hour, or was it two? We were so carried away by the experience that we no longer knew or cared so long as we could linger longer.

There were berbigão à Bulhão Pato, cockles served in a shell, crayfish, cutlass fish, mussels, oysters, carabineiro shrimps and sole. This was a menu rich in fish and seafood, with delicate flavours only broken by two tender meat moments.

In a way, you could say cooking is in the blood of Arnaldo Azevedo, since his parents had a restaurant in Porto, where he took his first sweet and savoury steps before attending hotel school and then setting sail for a career that initially had him "navigating Portuguese waters", as he puts it.

Arnaldo, aged 38, worked in the Algarve for a few years and brings some of the seafood and aromatic flavours of

the region to the table in this menu. He spent eight years at the famous Teatro Restaurant and Bar in Porto, which is owned by the same proprietors.

"When we opened the restaurant following the pandemic, we decided to opt for a quality tasting menu and we were delighted to be informed that we had won a Michelin star. I think that any chef who loves doing what they do is flattered by getting a star; after all, it's like getting a culinary Oscar. They came anonymously and we haven't had any feedback, so it was all a wonderful surprise," he says of the award bestowed in 2022.

However, the chef says he couldn't have created the menus without the help of his team of 30 people who work with him in the hotel's two kitchens.

Arnaldo says that the menu 'Maresia' clearly is about the sea and reflects the hotel's prime location on the coast, and brings the freshness and quality of seafood caught locally in Portuguese waters.

He smiles wryly and informs that each menu takes weeks of many hours of design and preparation for an experience that disappears on the table in a matter of a couple of hours.



“HAVING BEEN INVOLVED WITH A PIONEERING AND DIFFERENTIATING HOTEL IN PORTO CITY CENTRE UNTIL 2018, I REALISED THE CENTRE WAS CONSOLIDATED, BUT THERE WAS ROOM AND INTEREST FROM VISITORS TO EXPLORE OTHER FACETS AND NEIGHBOURHOODS BEYOND THE CENTRE.” - VILA FOZ HOTEL & SPA CEO, PAULO COSTA.

“A menu like this is not rustled up from one day to the next; it takes a lot of creative efforts, trying things out and discarding what isn’t perfect.”

Arnaldo admits that most of the diners are overseas visitors from the US, UK, Scandinavia, France and Switzerland, but only a smattering of Brazilians and Spanish.

“It’s fun because it provides you with a different interaction. As a rule I don’t keep the same menu for more than six months and then design a new one. This is partly to do with the seasons and the availability of certain fish and seafood species at the time of the year,” he says, informing us when we dined in July that the sole season was full on.

And despite its heralding from an industrial age of heavy industry, coal and smoke, these days the Vila Foz Hotel & Spa – a member of Design Hotels – is eminently sustainable. In fact, it has just been awarded a Biosphere Certification that promotes sustainable tourism because the hotel has successfully blended an economical, environmental and socio-cultural balance.

In the morning of the last day, there was time to relax in the blue-green

mosaic surroundings of the spa with its marbled pool, Turkish steam room and Swedish sauna. With lovely views over the gardens and part of the house from a wall of seamless windows, the entire room is bathed in light which refracts off the surface of the pool and plays in the cascade of water from above, providing a pleasing and calming effect.

There is a range of personalised massage options calibrated to suit mood, skin and body type, from customised facial treatments using five aromatic oils, and including moisture replenishment, cleansing and subtle support eye lifts, or body scrubs and skin coolers, to holistic body care therapies.

ROMANTIC METAMORPHOSIS

Everything at the Vila Foz Hotel & Spa has been designed to echo the past while being contemporary at the same time. The outside has retained the original façades of the building tastefully restored by architect Miguel Cardoso. The interiors, designed by famed Madeiran designer Nini Andrade Silva, feature plush green carpets winding to the spa and bedrooms, lending a living, organic, almost symbolist or Art Nouveau

flow that seems to conjure a collective memory to the past. It fits perfectly with the tropical pod-like sofas in the corridors and the chocolate brown recliners around the pool that suggest the cosy containing shells of Brazil nuts, providing a tropical and yet futuristic touch.

The interior designer, who has worked all over the world on projects from New York to London and South Africa to Paris, says she wanted to preserve the refinement of more than a century of history (the house dates to the 1890s), and a romantic-inspired metamorphosis that preserves and enhances the history of the building and its opulent interiors with the iconic location on what was, and still is, one of Porto’s most desired up-market avenues.

The 68 bedrooms and suites with sea and garden views – the latter located in the main house – are luxurious, contemporary and done out in tones of green that act as a continuum with the rest of the hotel. The bathrooms boast light travertine marble surfaces and walls, yet the interior fixtures in brassy colours reflect the past.

Some rooms have an organic curtain design above the headboards that mimics



the undulating waves; in others, the wall-paper feature brown tones of cascading lines, again lending a feeling of watery fluidity.

Whether in the bedrooms, lounges or dining room, arsenic, eau de Nile, caulk and cooking apple green tones abound, giving the hotel a maritime 1930s palette, which is at once fresh and calming.

LOVINGLY RESTORED

But more than anything else, what shows the devotion and respect for history is how much of the original decorative features has been retained and lovingly conserved, including the gilded classical pilasters, the intricate ironwork of the main staircase balustrade, to the Neo-Baroque plaster ceiling cornices and mouldings, and the original fireplaces, all of which are so characteristic of the Victorian fondness for the eclectic borrowing of styles from previous epochs.

The current owner of the Vila Foz Hotel & Spa, Paulo Costa, tells the story of this unique building and why he decided to open a hotel in this part of Porto.

“Having been involved with a pioneering and differentiating hotel project in Porto city centre until 2018, I have

seen the extraordinary development of tourism in the city over the last 10 years first-hand.

“I realised that the city centre in Porto was consolidated, but there was room and interest from visitors to explore other facets and neighbourhoods beyond the centre. Porto has the privilege of being a city of river and sea. Both have a unique and very particular charm. I came to the conclusion that it would make sense to

open a hotel for that part of Porto that is by the sea and opted for the most upmarket part of the city. On a personal note, Foz [the mouth of the River Douro] is a special place for me; it’s where I live and I like the idea of sharing it with those looking to experience a different side of the city.”

This is how the idea of Vila Foz Hotel & Spa was born: to get one of the emblematic buildings of this area of the city, a 19th-century mansion with history and family stories to tell, on the first line of the sea, and give it the comfort and the glamour of a welcoming, unique and exclusive hotel.

This is the area where upper-crust families built their palatial summer mansions that later became the fashionable residences of the upper middle classes.

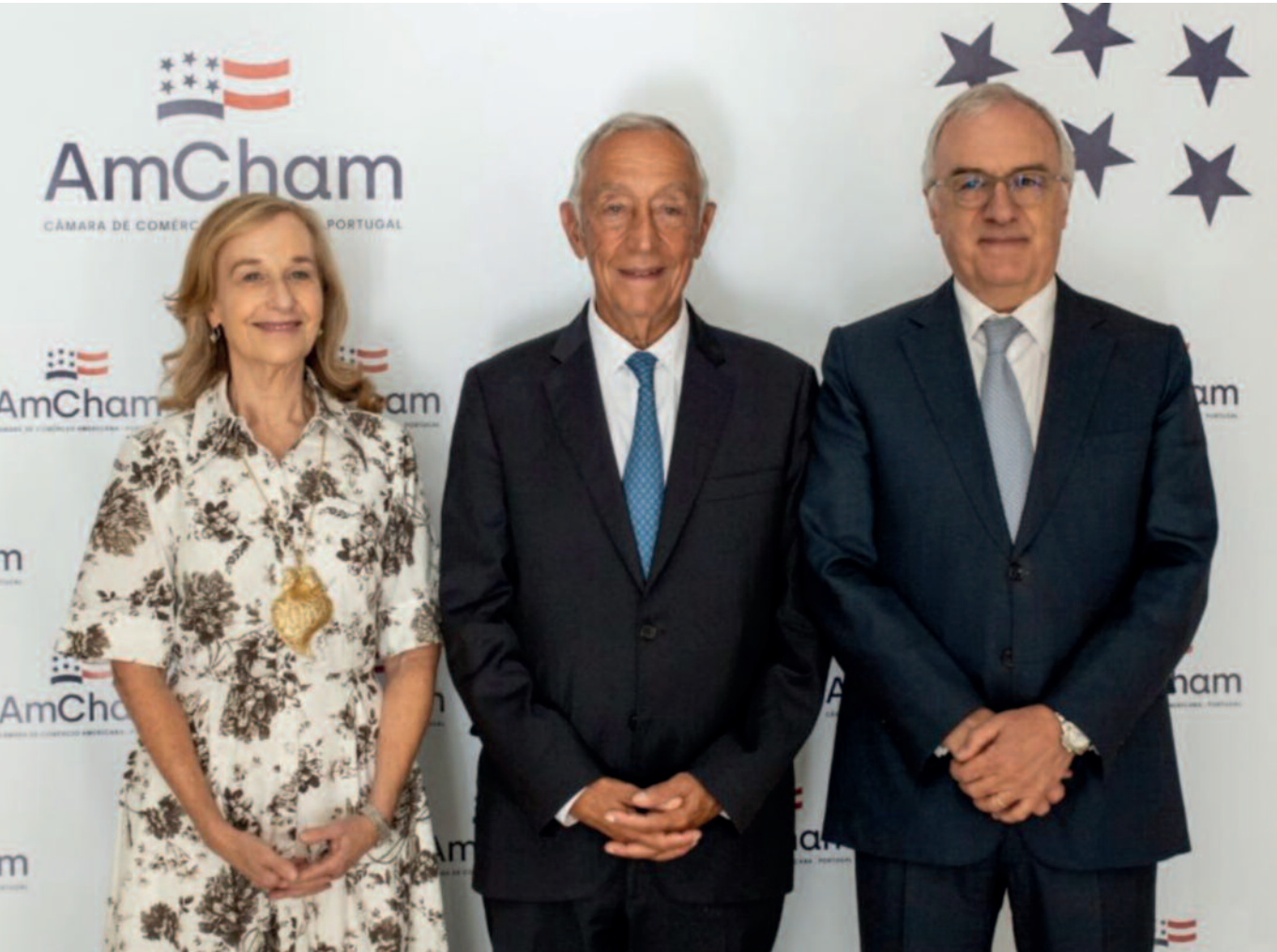
If you are planning to visit Porto for a week or weekend and fancy being near but not in the thick of the city-centre crowds, desire contemporary comforts yet want to feel you’re in the Gilded Age, and delight in sampling a plethora of flavours and fine wines in a gastronomic experience that is nothing short of edible art, I would seriously consider this hotel. You can’t go wrong. ■



Competitiveness – a more holistic and multidisciplinary approach required

Competitiveness, innovation and investment attraction were centre stage at the 3rd US-Portugal-EU Transatlantic Business Summit, organised by the American Chamber of Commerce in Portugal (AmCham) in Lisbon in October

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



US Ambassador to Portugal Randi Charno Levine, President of the Republic Marcelo Rebelo de Sousa and AmCham President, António Martins da Costa



The overall theme of the summit was competitiveness, which was discussed at macro- and micro-economic levels, looking at the challenges and opportunities facing Portugal and its sectors and companies.

The all-day conference was divided into four panels, according to topics that ranged from talent and innovation to technology and sustainability.

In his introductory remarks, the President of the American Chamber of Commerce, António Martins da Costa, highlighted the volatility of energy prices, inflation and interest rates, the dependency of a few countries for access to critical raw materials, such as lithium and cobalt, as well as special components like semi-conductors, continuing unstable logistics and supply chains, promising developments in AI but with an unknown as to the full consequences, hegemonic competition between China and the US, and the pressure to create a new global order from the ‘global south’ (Brazil, India, Pakistan, Indonesia, China, Nigeria, South Africa and Mexico).

“It is exactly at times like this that cooperation between states and businesses is necessary to develop the best possible assessment of the global situation, with discussions and analyses with experts from different areas and back-

grounds to decide on the best partnerships and strategies to follow in the short, medium and long terms, with the agility and flexibility to adapt and change tack when circumstances alter,” he said.

CHANGING COMPETITIVENESS STRATEGIES

And, he said, it was important that these strategies for business continuity and growth are framed around Environmental, Social and Governance (ESG), where the focus is on the competitiveness of the economic dimension, without which the other two cannot exist.

“Competitiveness in a fast-changing environment in circumstances like today is necessarily different from the concepts used under more predictable times. Traditional strategies for competitiveness have been focused on lower production costs; a subject which touches the variables of productivity, occupation, resources and supply chains; and premium pricing for top-quality products and value branding strategies.

“Today, other variables also have an impact on competitiveness, and these variables when adopted by countries and companies mean they perform significantly better than those who don’t,” explained António Martins da Costa.

A few of these variables that must be considered for investment decisions

in international business include the availability of talent in schools, reliability of infrastructures (logistics, telecommunications, energy, services, business schools and engineering schools, etc).

Also, access to tax incentives and grants, statutes of the legislative and judicial systems, as well as regulation, anti-corruption and ethics, safety and security situation, how human rights, diversity and inclusion issues are treated, the strength of innovation in R&D, technology ecosystems, energy transition and financial conditions were other variables (whether through capital markets equity, bond issues, or banking systems where a country’s rating and risk has an impact on corporate financing costs).

A more holistic and multidisciplinary approach is therefore needed to be competitive, and there are good examples in the business relationship between the US and Portugal. António Martins da Costa highlighted that the US was the fourth main client state for Portuguese exports (€9Bn in 2022 and €5Bn in imports) of goods and services.

The US was also the fourth largest source of visitors in 2022 (1.5 million/22% share), as well as being one of the top FDI providers in Portugal, especially in technology and real estate (US\$8.2Bn of FDI stock).

**PORTUGAL AND THE US –
PARTNERING TO PROTECT
DEMOCRATIC INSTITUTIONS**

In her remarks on transatlantic relations, the Ambassador of the United States of America in Portugal, Randi Charno Levine, pointed out that the US has the largest economic relationship in the world, accounting for one-quarter of global trade and 40% of global GDP.

She stressed that the partnership between the US and Europe was based on common democratic values and a common vision, including a commitment to democracy, the rule of law, respect for human rights, economic opportunity, and the pursuit of prosperity and security.

“The United States and Portugal have made significant strides in our common foundational issues, including Portugal’s conditional and continued support for Ukraine. In the 21st century, no dictator can come in and unilaterally threaten the territorial integrity of another country.

“I also want to thank Portugal for partnering with us to protect our democratic institutions, in shaping the rules of the road on technology, cybersecurity, in trade and economics. The EU has raised awareness about the national security risks of using untrusted vendors, particularly in the 5G networks,” she said in a nod to China.

The ambassador also commended Portugal’s implementation of the Electronic Communications Law – in line with several other EU States – which provides general rules on competition regarding 5G networks.

**ACCELERATING ENERGY
TRANSITION**

On the climate change challenge, the ambassador emphasises the transition to renewable energy. “We must not create the kind of dependencies in sustainable energies as Europe did with Russia over fossil fuels,” she said, adding: “We are working urgently to build resilient supply chains, particularly when it comes to key technologies and the critical materials that are needed to make them.”

The recently signed Inflation Reduction Act (IRA), a landmark United States federal law that aims to curb inflation by possibly reducing the federal government budget deficit, lowering prescription drug prices, and investing in domestic energy

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ANTÓNIO MARTINS DA
COSTA, PRESIDENT OF
AMCHAM PORTUGAL.**

production while promoting clean energy, is the single largest investment in climate change energy solutions in US history and offers “significant opportunities for European partners” and “benefits to the European energy sector” by accelerating energy transition, and realigning clean energy supply chains to trusted partners.

“We know that major Portuguese companies are already taking advantage of the benefits that the IRA has to offer. US customs officials have told me that solar panel imports have reached record levels in 2023 due to the 24-month tariff waiver the Biden administration established in 2022,” said Randi Charno Levine.

**TRADE AND INVESTMENT
GROWING EVERY DAY**

The US Ambassador said that trade and investment between Portugal and the US were growing. “Everyday I hear about new investments from US companies, both large and small, with Portugal,” including the news from Google about Nuvem, a new transatlantic subsea cable system to connect Portugal, Bermuda and the United States.

Named after the Portuguese word for ‘cloud’, Nuvem will improve network resiliency across the Atlantic, helping meet growing demand for digital services. The new cable path will add international route diversity and support the development of information and communications technology (ICT) infrastructure for the continents and countries involved.

Amkor Technology (ATEP), a world-class provider of advanced semiconductor

packaging, assembly and testing, engineering, and manufacturing services, was also expanding to Portugal. ATEP offers in-house capabilities for the entire development chain, from design to multiple wafer-level packaging and Micro-Electro-Mechanical Systems (MEMS), along with sensor technologies to test solutions that respond to the most demanding customer requirements.

Amkor’s investments in the capabilities of its Portugal facility allow it to support local supply chain agility and are poised to help EU-based customers within its 500,000-square-foot, IATF 16949-certified Porto facility.

“Please, do not let anyone tell you that US companies are not here [in Portugal] and that the US does not show up. That is an old myth that I think we can all agree we are disproving every single day,” urged Randi Charno Levine.

Another example of private sector investment involving Portuguese companies was a series of transformative US investments in the Lobito Corridor in Africa, to upgrade critical infrastructure and unlock economic benefits for several Sub-Saharan countries, with the involvement of a Portuguese construction company Mota-Engil, aimed at connecting Angola, the Democratic Republic of the Congo and Zambia.

EMERGING TECHNOLOGIES

A similar approach involving European partners was evident in emerging technologies like artificial intelligence (AI), with voluntary commitments from seven tech companies – Amazon, Anthropic, Google, Inflection, Meta, Microsoft and OpenAI to develop safe, secure and trustworthy systems.

THREATS FROM CHINA

Separately, the European Commission is drawing up a list of new critical technologies that the EU wants to protect from threats. Four of these have been highlighted as particularly dangerous if they fall into the wrong hands or if the EU remains too dependent on autocratic regimes like China.

“We believe that these technologies require the effective development of an investments screening programme that looks at long-term national security before accepting investments, particularly



Leopoldo Rubinacci (EU Commission)



António Martins da Costa



Laura Kuusela (OECD)

from State-owned enterprises,” noted the ambassador.

“Now is the time for democracies like Portugal and the United States to come together to shape the international rules that will govern our future. We must work with like-minded partners to expand and strengthen transatlantic business relationships as one of the critical drivers for our economic property. We must cooperate to advance technology in areas such as cyberspace, artificial intelligence and biotechnology to ensure these technologies are used to uphold democratic values and not used for oppression. We all see how visioning has been used for mass surveillance in China and how it has exported that technology to more than 80 countries. How China is advancing unlawful maritime land reclamation in the South China Sea, undermining peace and security, freedom of navigation and commerce. How China is circumventing and breaking rules, harming companies in the United States and around the world,” the ambassador concluded.

STEEL AND ALUMINIUM ‘WARS’

Leopoldo Rubinacci, the EU’s deputy director-general of EU Trade, discussed the state of the trading relationship between the US and the EU. He said that managing US and EU digital and energy transition would require answering a large number of questions that were becoming “more complex by the day”;

questions like how the EU single market can strengthen its business environment and match it to the skills that industries and companies need for the future. “It is important to nurture the EU-US relationship, protect it and develop it. In the last couple of years, we have made significant progress on preventing disputes on digital taxes. The US and the European Union, while unable to secure a total agreement for a Global Arrangement on Sustainable Steel and Aluminium (GASSA), did find an interim solution to extend the deadline for negotiations until the end of 2023, and successfully launched a Trade and Technology Council to promote US and EU competitiveness and prosperity, as well as the spread of democratic, market-oriented values by increasing transatlantic trade and investment in products and services of emerging technology.

**IMPROVING THE ECONOMY-WIDE
INVESTMENT CLIMATE**

On the impact of Foreign Direct Investment (FDI) in Portugal, Laura Kuusela, a policy analyst from the OECD’s Trade Policy and Investment Division, using key findings from an OECD-EU study, remarked that over the last decade, Portugal has also demonstrated a strong commitment towards creating a favourable business environment. This was evidenced by its successful administrative and regulatory simplification programme, Simplex, and the strides taken in the digitalisation of public services,

among other initiatives. Foreign investors continue to perceive Portugal’s skilled workforce and the quality of its higher education institutes as highly attractive. They have also shown increasing interest in Portugal’s renewable energy commitment in recent years, resonating with the country’s leadership in green transition efforts, as one of the first countries in the world to set 2050 carbon neutrality goals, and its strong policy emphasis on the expansion of renewable electricity generation and increased energy efficiency.

These achievements, alongside the extensive reforms implemented after the economic crisis of 2011, have paved the ground for a recent increase in foreign investment projects. Portugal now enjoys one of the highest levels of inward FDI stocks among OECD countries after a decade of impressive growth, standing at 71% of GDP in 2021. However, Portugal needed policy measures that could improve the investment climate economy-wide – such as in relation to operating licenses and permits, tax compliance, access to skilled domestic and foreign talent, regulatory governance, investment incentives and overhauling the judicial system –, as well as in selected sectors (professional services, transports, logistics and digitally enabled services), providing strategic support to Portugal’s priority sectors for investment, with policies that focus on facilitating market entry and promoting competition in such strategic sectors. ■



L-R: ACL President, Patrick Siegler-Lathrop, Governor of the Bank of Portugal, Mário Centeno, and Chairman of BBVA - Luis Castro Almeida.

How Portugal's central bank governor got caught up in a scandal not of his choosing

The American Club of Lisbon's luncheon with guest speaker Mário Centeno, the governor of the Bank of Portugal, in November should under normal circumstances have been an interesting if 'vanilla' affair about what Portugal's central bank does and a trip down memory lane when he was president of Eurogroup, a talk-shop involving the finance ministers of the 27 EU Member States. It was, but what was swirling around him was anything but.

TEXT **CHRIS GRAEME**
PHOTOS **ACL**

"PORTUGAL'S BIG ERROR HISTORICALLY IS THAT IT HAS NEVER BEEN PREPARED FOR THE NEXT CRISIS."- MÁRIO CENTENO, GOVERNOR OF THE BANK OF PORTUGAL

November 9, the day the governor of the Bank of Portugal addressed the American Club of Lisbon with a sensible and dry delivery ended up rather like a political version of the making of the Fleetwood Mac album 'Rumours': messy, chaotic, uncertain and full of 'he said, she said' drama.

Mário Centeno is widely seen as having among the most capable and responsible hands in Portuguese governance, so when this moderate and measured economist was unwittingly thrust into the limelight as he entered and emerged from the BBVA Tivoli venue on Avenida da Liberdade, hounded by journalists, cameramen and photographers – some of whom chased him down the road –, one felt a sense of solidarity with him.

The governor was suddenly sucked into the eye of a political hurricane after apparently being asked to consider leading a controversy-ridden PS government when Prime Minister António Costa had unexpectedly resigned on November 7. Key members of his inner circle were arrested and made legal suspects in a Public Ministry investigation into corruption and political influence peddling to do with shady lithium, green hydrogen and data centre deals, and secretly stashed and unaccounted for tens of thousands of euros found in the Prime Minister's official Lisbon residence.

By the end of that week, bad went to worse. Centeno told the Financial Times over that weekend that not only had he been mooted as a possible figure to head the government, but that he had the backing of the President of the Republic,

Marcelo Rebelo de Sousa, only later having to recant and deny the invitation after Marcelo issued a statement saying he had given no such assurances.

In a statement issued by the Bank of Portugal, Centeno said Costa asked him, following his resignation, to "reflect on the conditions that would allow him to become Prime Minister", and that the invitation had stemmed from conversations he had had with the President.

Centeno agreed to reflect on the proposal "as an exercise in citizenship", but did not accept the position, according to the statement.

But even if he had been invited to step into Costa's shoes – as it happened, the President decided to dissolve Parliament and call snap elections –, the problem didn't go away as opposition MPs in the Portuguese Parliament said that the fact Centeno was even considering it was unethical, called into question his impartiality, and was a perfect example of revolving-door politics.

In the end, a Bank of Portugal ethics commission inquiry concluded that Centeno had "acted with the reserve required in the circumstances" after Costa asked him to consider taking the post.

The three-day drama for a man highly respected within the corridors of the European Union – as said, he was president of the Eurogroup of EU Member State finance ministers (2018-2020) and is widely credited with supporting Portugal's current Finance Minister's efforts to achieve a budget surplus in 2023 – was perhaps unfair and overshadowed his central message that week aimed at

Portugal's banks which had posted some of the best net profits in a decade.

PRUDENT SAVING

Portugal's banks enjoyed a bumper year in the first half of the year, raking in a record €4.2Bn in H1 of 2023, spurring the main five banks to pay out dividends to shareholders, despite warnings from the IMF not to splurge the cash, and instead ensure that they kept back a comfortable buffer to cope with any future crisis.

Nevertheless, Portugal's banks say they are sitting pretty, with decent levels of capitalisation and increased margins, and so can afford to pay out dividends to their shareholders.

To September 2023, Santander made a net profit of €390 million in Q3 and €622 million to September; BCP made €650.7 million; while Novobanco made a record profit of €640 million to September. All told, the Portuguese banking sector is on target to rake in profits well in excess of last year's €2Bn record for recent years, or €8.5 million in profits per day!

The economist said that Portugal's banking sector was enjoying good results after a "very, very difficult period for the sector and for all of us".

The former Portuguese Finance Minister (2015-2020) said that the banks needed to be careful in how they managed their profits, and recalled that they had a poor record for putting money away for a rainy day when it came to being prepared for unexpected financial crises, like the one that hit the banking sector between 2011 and 2014.

“POLITICIANS TRY TOO HARD TO AMPLIFY REALITY IN ORDER TO PLACE THEMSELVES IN A UNIQUE POSITION, WHEN IN FACT THE DIFFERENCES IN POLICY LINES, AND THOSE OF EU COUNTRIES, ARE LESS THAN THEY WOULD HAVE YOU BELIEVE.” - MÁRIO CENTENO, GOVERNOR OF THE BANK OF PORTUGAL.

Mário Centeno explained that regulating and supervising the banking sector was one of the main tasks not just of the Bank of Portugal, but also the Minister of Finances, and said that the Bank of Portugal had a responsibility to ensure financial stability, while reminding that it was also a task shared with the Minister of Finances.

Speaking to the President of the ACL, Patrick Siegler-Lathrop (pictured left) who moderated the event with the Chairman of BBVA - Luis Castro Almeida (pictured right), Centeno said: “The most important thing now is that the banking sector understands that this is the time to build up its buffers and create a cushion that is necessary because the [economic] cycle can change again, and will change. We don’t know when, but we have to be prepared.”

Despite this “unique phase” that the country is enjoying, “Portugal’s big error historically is that it has never been prepared for the next crisis”.

It was a trend that Centeno believed he had managed to reverse during his time in government when, in 2019, Portugal achieved its first budget surplus.

A CENTRAL ROLE DURING COVID-19

Mário Centeno stressed his role in “financially providing leverage for families and companies after some State leverage,” he said, referring to the periods of grace to companies and families on bank loans negotiated with the banking sector during the Covid-19 pandemic, and the financial assistance packages provided by the government and masterminded by the Bank of Portugal, the Ministry of Finances and Portugal’s new development bank, Banco do Fomento, which paid out business credit life lines.

“The country was prepared to face a difficulty, and we faced the biggest challenge we had faced in some decades,” he said, referring to the Covid-19 crisis, adding: “We got through it very well.”

“I am very happy and proud with the contributions made by the Portuguese government and the Bank of Portugal, since financial stability is a two-way street,” he said, adding that politicians tended to see differences where there weren’t.

“Politicians try too hard to amplify reality in order to place themselves in a unique position, when in fact the differences in policy lines, and those of EU countries, are less than they would have you believe,” said Centeno.

“When the snapshot is printed in regular sizes, you don’t notice much difference. But they [the politicians] are always blowing things up and seeing huge differences. This is especially true in Europe. In Europe, we spend a lot of time arguing about supposed differences between countries and differences in policy lines when they hardly exist.”

“Long discussions perhaps don’t convince them, but numbers don’t lie, and I don’t think these differences are true most of the time,” said the governor of the Bank of Portugal, Mário Centeno. ■

Governor of the Bank of Portugal, Mário Centeno



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IDC Directions Conference 2023

Digital transformation to represent 50% of all national investment in Information and Communications Technology (ICT) by 2025 in Portugal.

TEXT **CHRIS GRAEME**
PHOTOS **SUPPLIED/JOAQUIM MORGADO**

Digital transformation will represent 50% of all national investment in Information and Communications Technology (ICT) by 2025 in Portugal, according to Gabriel Coimbra, Group Vice-President and Country Manager of IDC Portugal.

IDC examines consumer markets by devices, applications, networks and services to provide complete solutions for succeeding in these expanding markets.

Speaking at the IDC Directions Conference 2023, which took place at the Estoril Congress Centre in September, Coimbra said Portugal's IT sector would grow just 0.8%, influenced mainly by direct sales in computers, tablets, wearables, telephones and monitors, but also because of a slowdown in some investments due to an increase in interest rates and economic uncertainty because of the current geo-political situation.

The theme of this year's conference, the largest technology conference in Portugal other than the Web Summit, focused on how the latest technologies can be used to scale digital business. The company foresees that the ICT market in Portugal will represent €5.3Bn of investment by the end of this year, with 70% invested in 3rd Platform Technologies (cloud computing, big data, cybersecurity and artificial intelligence).

At the 26th edition of IDC Directions, leaders and professionals in the technology field discussed the complexities of digital transformation and information technology (IT). In the midst of a perfect storm of social, economic and geopolitical challenges, 'Digital First'

organisations have stood out for their resilience and competitiveness. The Information and Communications Technology sectors (ICT) have been undergoing significant changes, adapting operational and service delivery models for their clients. The event, which featured independent IDC studies, also included prominent voices such as Garrett McNamara and Theresa Payton, the latter sharing crucial insight on the challenges and solutions surrounding cybernetic security in the digital era.

Vice-President IDC Portugal, Gabriel Coimbra



IDC Directions provided a valuable talk-shop for discussing strategies, the remodelling of organisational structures and a reflection on business models, emphasising the importance of adopting technology to create value, and to hammer home the necessity for companies to constantly evolve their digital businesses.

The consultant estimates that for the period 2022 to 2025, direct investments in digital transformation will see an annual average growth rate of 14.5%.

"Innovation is the only way by which we will change the status quo, create value and solve problems, even in adverse financial and geopolitical contexts such as inflation and the war," said Gabriel Coimbra.

And added: "It is why we believe that digital transformation will represent 50% of all national investment in ICT – the information and communications technology (or technologies), that provide the infrastructure and components that enable modern computing – by 2025 in Portugal."

Coimbra said that top decision-makers recognise that at a given moment, transformations are replaced by a greater and more significant long-term target that will enable their companies to efficiently respond to the needs of clients, citizens, suppliers and partners.

IDC explains that after annual growth rates of 17.8% and 4.4% in 2021 and 2022, the IT market in Portugal will slow to only 0.8% this year, influenced by an adjustment in sales of computers and tablets, wearables, telephones and monitors, but also in a slowdown in some

investments due to an increase interest rates and economic uncertainty.

In the current context, IDC emphasises that stronger and more resilient companies began their digital business transformations years ago, before the disruptions of the last three years.

These companies are maturing as digital companies and are coming close to operating as organisations that prioritise digital, unlike those that are still at the beginning of the process that need to quickly recover or be left behind.

IDC estimates that the AI area will have represented an investment of €92 million by the end of 2023 (+24.6%), while investment in Internet of Things (IoT) is likely to reach €93 million (+20.7%).

Investment in IT security solutions now represents 7.5% of the annual budget of ITC companies and should stand at €302 million by the end of this year (+13.9%).

As for investment in cloud computing in Portugal, this will reach €855 million in 2023 (+20.6%).

In 2022, Bruno Horta Soares, IDC Executive Senior, had said that IDC did not predict the future; IDC analysts all over the world talked to decision-makers and worked out where the market is going for the next few years.

"Today, IT is the backbone and operative system for organisations and have to reinvent themselves to adapt and align to their emerging future requirements, where IT is the business and IT is the future for organisations," he said.

"At heart, IT is no longer just an organisation; it is the organisational backbone and operative system of their ecosystems," he added.

Bruno Horta Soares and Gabriel Coimbra had been presenting the findings of an international study to executives from Portugal and all over the world.

According to the 2022 study, those canvassed agreed that building client confidence was the future of the business, followed by reliability of services, digital experiences and infrastructures, and fostering empathy with clients across the board.

In terms of risk, the main concern of those asked was the shortage of



talent with the skills necessary, followed by risks related to new cybersecurity regulations.

The banking and insurance sectors, for example, were "in panic" over these two risks, with 82% of those quizzed worried about a lack of talent, and 75% concerned about cybersecurity regulation.

As to new business models, 'as-a-service' was the main priority across all sectors analysed by the study, with 60% of those asked saying that it was a priority.

Perpetuity revenue can make it easier to plan for costs, both from the client side and from a business perspective, and usually reduces the need to reacquire customers with a new purchase.

Respondents from various industries (56%) believe that automation and technology will support this reality. In Portugal, on the other hand, using technology for revenue-generating activities is not a priority for decision-makers.

"Commitment is an action, not a word," says IDC. According to the survey, more than half of respondents in Portugal believe that technology spending will grow by more than 10% this year, with 17% of respondents saying they will spend more than 20%.

The CIO's role is not over. A large portion of respondents today look to the CIO as someone responsible for

modernising IT to align the business and enable better results. At the same time, the coming years will be challenging for CIOs, with a widespread expectation that the role will evolve into digital transformation leadership with a strong focus on delivering new revenue models and orchestrating digital transformation for better business agility.

This year's IDC Directions event attracted around 1,500 delegates and 1,000 remote participants from companies all over Portugal and overseas. ■

"INNOVATION IS THE ONLY WAY BY WHICH WE WILL CHANGE THE STATUS QUO, CREATE VALUE AND SOLVE PROBLEMS, EVEN IN ADVERSE FINANCIAL AND GEOPOLITICAL CONTEXTS SUCH AS INFLATION AND THE WAR." - GABRIEL COIMBRA, GROUP VICE-PRESIDENT AND COUNTRY MANAGER, IDC PORTUGAL.

ORIA - Raising a toast to a bright new future

ORIA Real Estate Advisors held its official launch at its premises on Avenida da Liberdade in Lisbon in September hosted by founder and CEO Joana Branquinho and the ORIA team. ORIA is a leading luxury real estate advisory in Portugal focused on finding properties for private individuals, family offices and property investors. Passionate about architecture, real estate and people, Joana has been in the hospitality and real estate industry for nearly 10 years, supporting HNW clients and private individuals in their navigation of the Portuguese real estate market.



ORIA team



Joana Branquinho and Inês Gardete from ORIA



Joana with Jonathan Littman and David Moura-George



Joana and Rita Valadão and Rui Ferreira



Joana and Henrique Nunes from CMS Law Firm



ORIA gathering in the balcony



Solyd Partners and Joana



Lakhani Group Members and Francisco Herculano



Joana and Carlos Branquinho



Rita Valadão and Rui Ferreira



Strawberry Brand Studio Team



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UM MOMENTO DE ETERNIDADE

É muito mais do que 24 frames por segundo. É muito mais do que contar o nosso passado coletivo de forma épica. E é muito mais do que projetar múltiplos futuros. Porque cada obra-prima agita as nossas dúvidas mais profundas e alimenta as nossas mais elevadas aspirações. É tudo aquilo que nos comove e nos convida a almejar sempre mais alto. É um legado que se reinventa de maneira perpétua. **É cinema.**

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