



WHYPORTUGAL 2019

How does Portugal compare?



MACEDO VITORINO & ASSOCIADOS
Sociedade de Advogados, RL

Foreword

With tourism and real estate investments dominating the scenes, how attractive to investors is Portugal? In 2018, Portugal won the «Best Destination in the World» of the World Travel Awards. But other rankings tell us more about Portugal's investment conditions.

In the World Bank's «[Doing Business 2019](#)», Portugal ranks now in 34th place, 13th in European Union. Portugal performs better in the World Economic Forum's «Global Competitiveness 2019».

According to the World Bank's «[Doing Business 2019](#)», Europe and many other Western countries are losing ground to emerging countries in the East. Still EU countries still hold most of the top positions, their efforts to attract investors seem to have relinquished.

In «Global Competitiveness 2019» Portugal has its highest performance in the following pillars: Infrastructure, 19th, Health, 23rd, and Business dynamism, 27th.

Portugal shows good results in Starting a Business, Trading Across Borders, Resolving Insolvency and Getting Electricity.

The World Bank estimates that it takes 6,5 days to start a business in Portugal. In Germany, the same process takes 8 days, 10 days in Switzerland, 12.5 days in Spain and Greece, and 21 days in Austria.

The Global Competitiveness Report 2018 highlights Portugal's reputation as a jurisdiction with business dynamics and as the innovation hub in Southern Europe, leading the region in the growth of innovative companies. Portugal improved significantly in the strength of institutions pillar, moving up 13 positions to 30th place.

Portugal achieves its best performance in crime-related incidences, 12th, road quality, 5th, electrification rate, 1st, inflation, 1st, and the prevalence of non-tariff barriers on product markets, 5th. In total, Portugal scores 10.2 points above the average of all 140 economies and shortened the gap to the 10 most competitive economies.

Read our online report at: www.macedovitorino.com/en/why-portugal



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About Portugal

General information

Capital: Lisbon

Main District Capitals: Oporto, Coimbra, Aveiro, Leiria

Area: 92,152 Km²

Currency: € / Euro

Population: 10,325,500

Working Population: 5.17 million

Unemployment rate: 8,5% (October 2017)

GDP per capita: €16,887.20

Exports of goods and services: €75,779.200 million

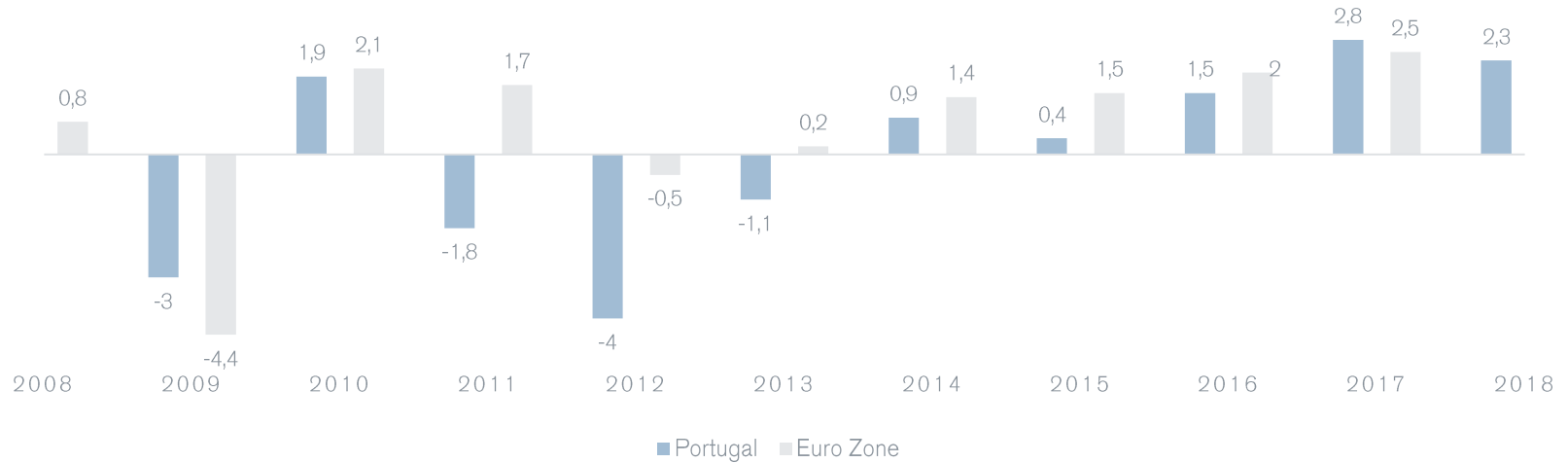
Imports of goods and services: €71,714.000 million

Portuguese National Statistics Institute, Eurostat and Pordata



2.3% GDP growth in 2018

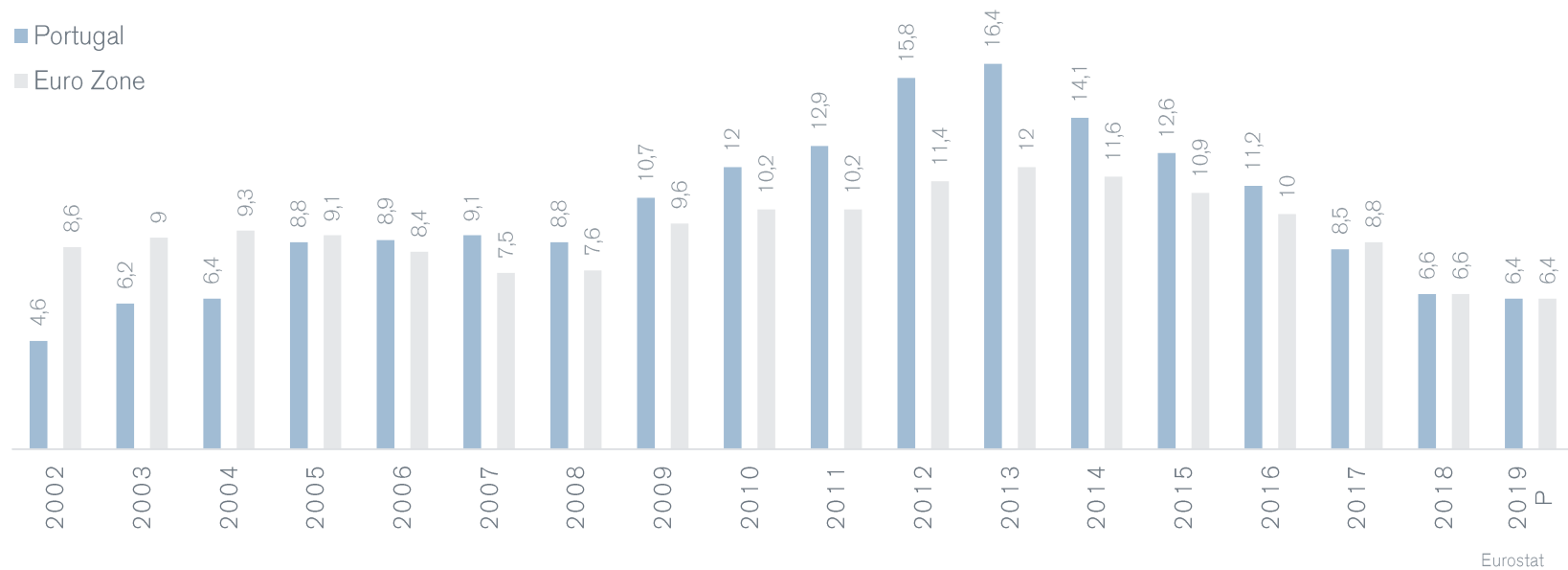
Portugal's key economic data: GDP growth from 2008 to 2018



Bank of Portugal

6.4% unemployment rate in 2019

Portugal's key economic data: unemployment rate from 2002 to 2019





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Answering investors questions

Answering investors' questions

How long does it take to start a business and obtaining the permits I need to carry out a business activity? Is the process for obtaining licenses and permits transparent?

Opening a branch office or incorporating a company in Portugal can take only one day.

According to the Doing Business Report, it takes five days to start a business in Portugal in line with the average OECD high income countries. The time can be shortened if investors opt for online procedures.

Most administrative permits that are required to start a business activity can be submitted online. Procedures vary according to the activity that will be carried out, but generally the process is transparent and can be achieved in a reasonable timeframe.

The OECD also gives Portugal the best mark on its regulatory and administrative opacity index, which ranks how clearly and transparently are regulations and administrative procedures.

The World Economic Forum gives Portugal a score of 63, with 100 being the highest score, in its Incidence of Corruption index.

Will I be allowed to compete with the local players for Portugal's domestic market?

Traditionally the Portuguese economy welcomes foreign investors and is open to foreign competition across all sectors.

Portugal has no restrictions to foreign ownership of banks and companies in regulated sectors such as telecommunications and energy.

The World Economic Forum ranks Portugal in 5th place in the World with fewer non-tariff barriers to competition. However, practice shows that it is hard to break monopolies and oligopolies in many sectors, hence Portugal's poor ranking in the World Economic Forum's market dominance index with a 5.3 mark, clearly below European standards.

There are several examples of successful investments directed to the domestic market. The main telecom and electricity players are no longer State owned.

International investors have acquired strong positions in many of the main players in regulated sectors such as power generation and distribution, oil and gas, telecoms and banking.

Answering investors' questions

Will my Portuguese operations match the efficiency and productivity levels of other locations?

International statistics show low efficiency and productivity levels in Portugal when compared with the best international standards.

The World Economic Forum's 2018/2019 Report ranks the Portuguese economy's competitiveness in 34th place out of 140 countries in the Global Competitiveness Index (GCI) which puts Portugal in the 17th place of the EU countries.

Portugal ranks in 67th place out of 140 countries in the World in the Pay and Productivity which is a poor result when compared with the European benchmark countries.

These rankings are explained by the poor management of public and some private sector companies which drag the overall figures down. In contrast, the productivity levels of foreign multinationals operating in Portugal are considerably higher.

Volkswagen, Nokia-Siemens, Cisco, Microsoft and Ikea are some well-known companies which have highly productive subsidiaries in Portugal.

Will I be able to enforce contracts?

The World Bank's «Doing Business 2018» Report. Portugal ranks Portugal in 19th place worldwide and in the top 8 EU countries in enforcing contracts.

Time to enforce a contract is estimated to be around 547 days, which is better than many other European countries, although still far from the benchmark countries where it takes of less than one year to enforce a contract.

Is it easy to hire and dismiss employees in Portugal?

Portugal has adopted legislation that is broadly in line with other European Union (EU) countries and less rigid than many other continental European countries.

Working schedules may now be managed in a more flexible way without increasing labour costs. The employer is allowed to unilaterally change the place of employment and employees' job functions. The severance pay was reduced from 30 days to 12 days per year of employment although leaving some safeguards for older contracts.



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compare?

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How does Portugal compare

Answer investors questions.

Promote Portugal on the basis of concrete and objective reasons using international sources:

| EUROPEAN COMMISSION

| OECD

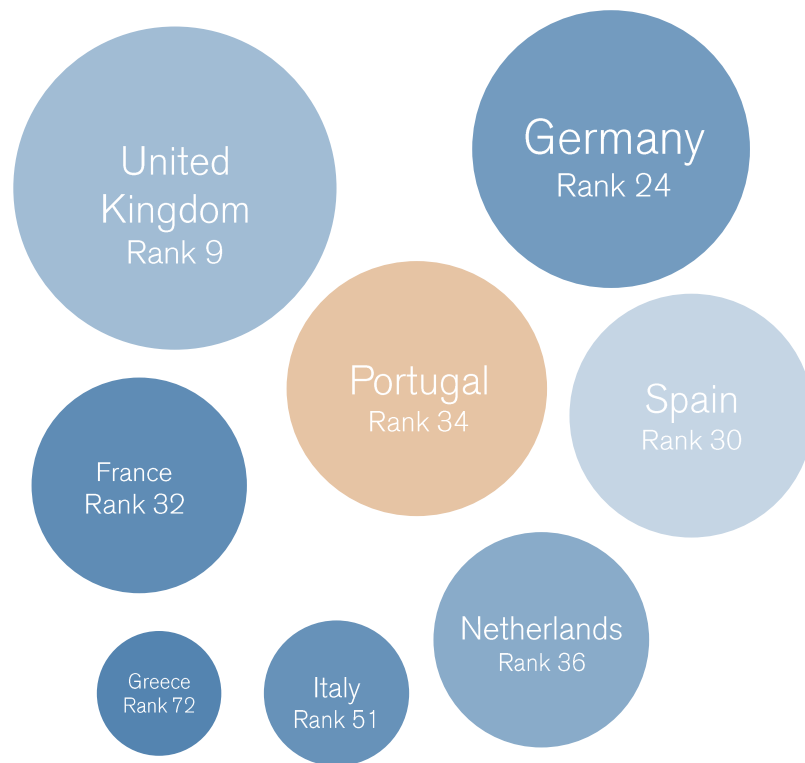
| WORLD ECONOMIC FORUM

| WORLD BANK

Why Portugal in «Doing Business 2019»

15th most attractive location to do
business in Europe

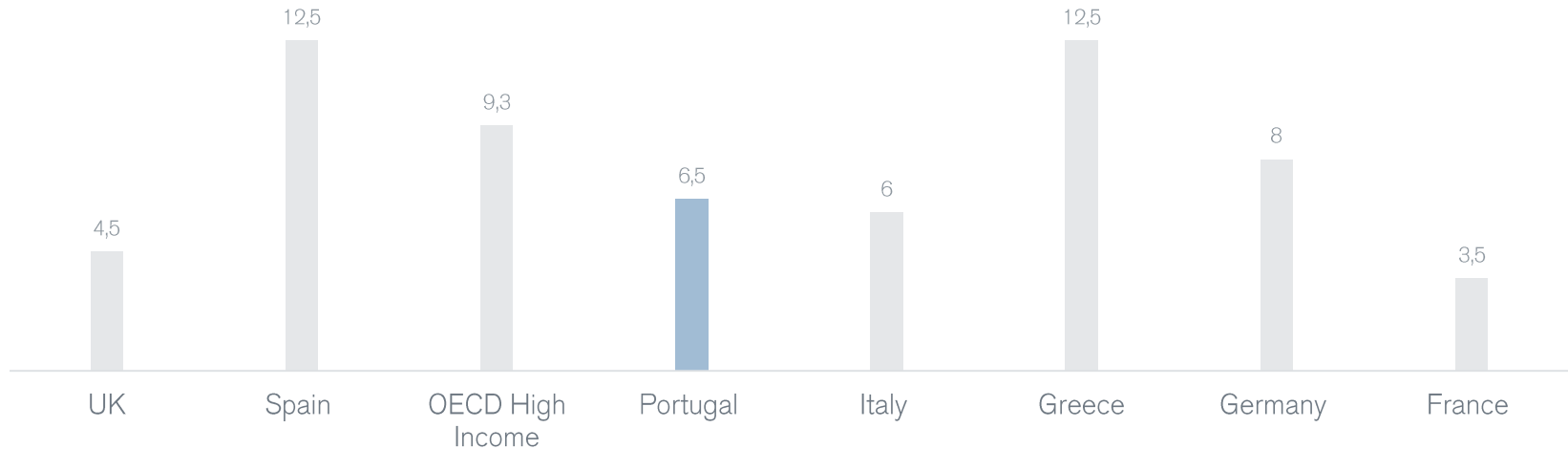
34th in the World



It's easy

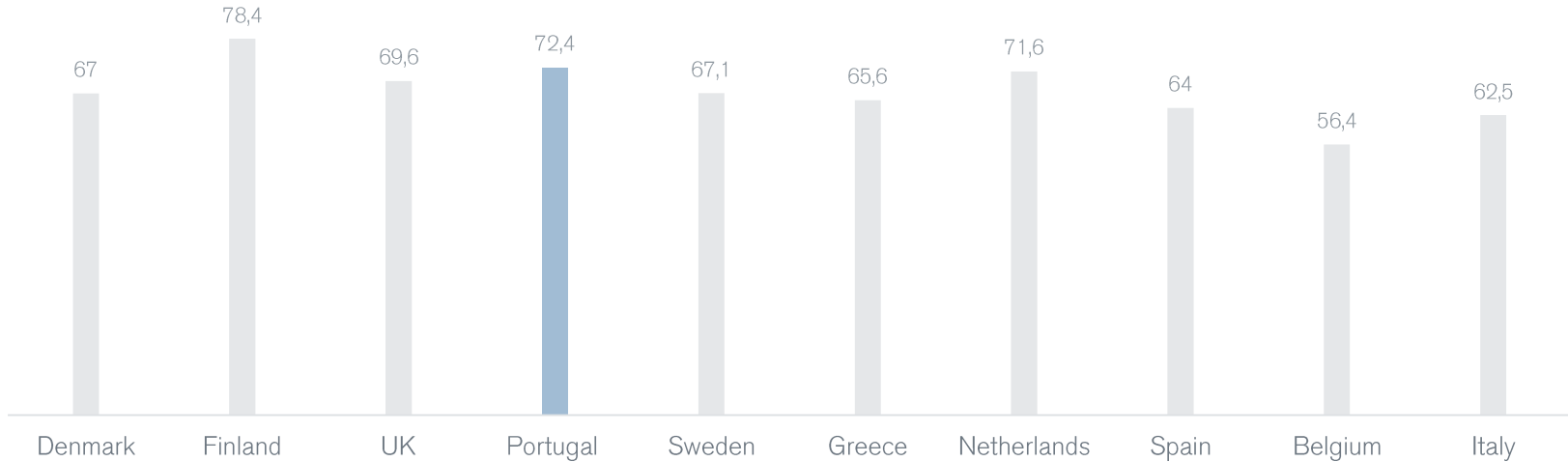
to start a business in Portugal

It takes 6.5 days



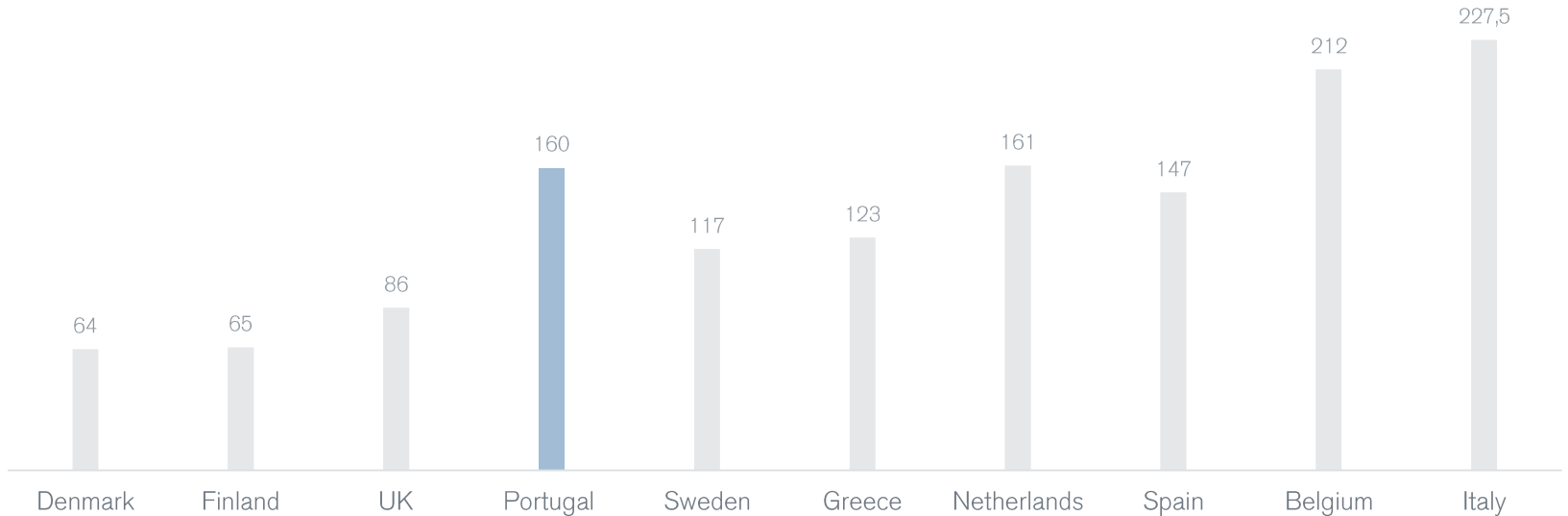
Portugal is a leading country in the prevalence of non-tariff barriers

5th place in the Global Competitiveness Report

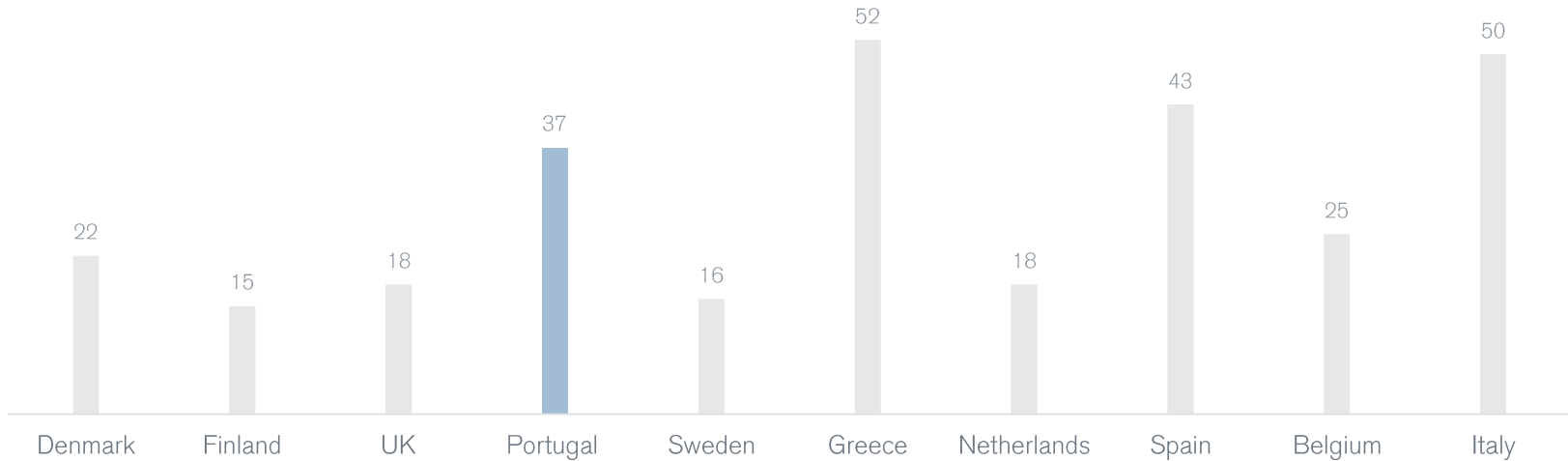


It takes 160 days to obtain a construction permit in Portugal

60th place in the Doing Business 2019 ranking



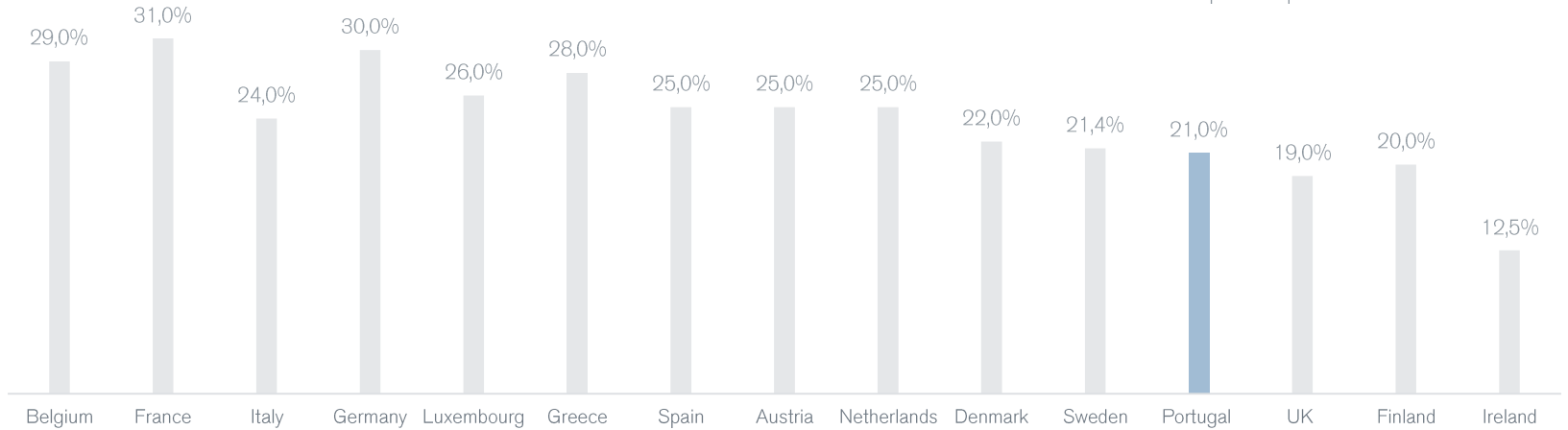
26th in the World Economic Forum's incidence of corruption index



21%

Portugal's corporate income tax rate

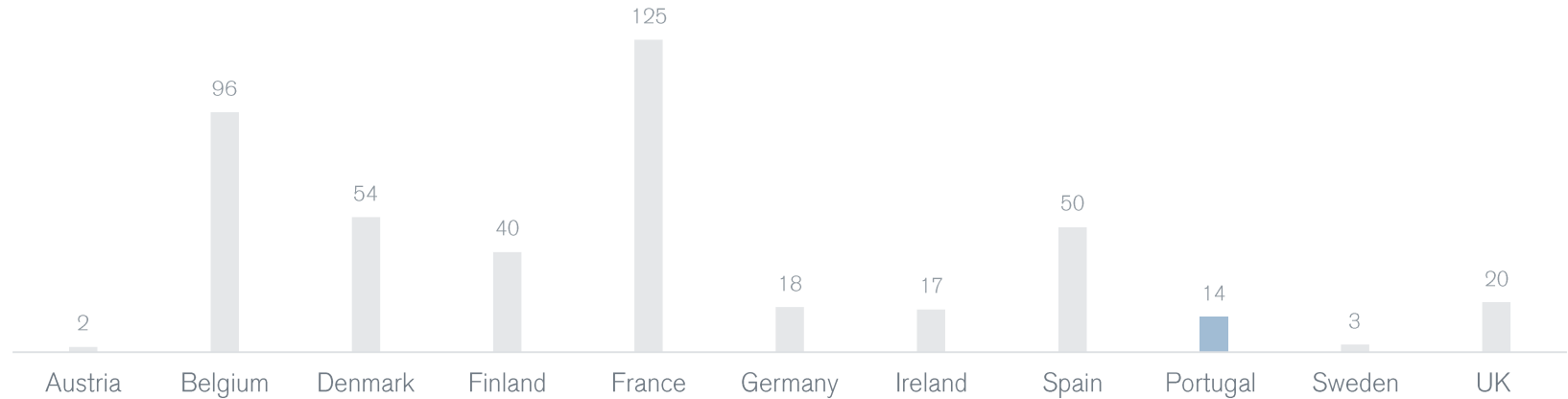
European Corporate Income Tax Rates in 2019



Only 15 days lost per employee in industrial actions

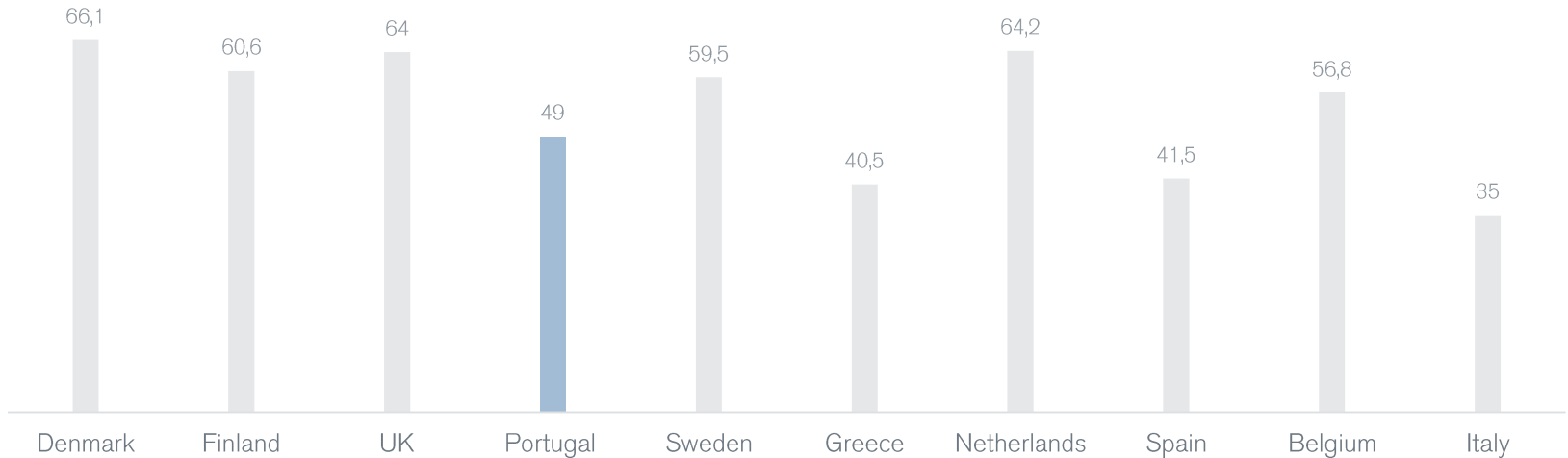
Low level of employment disputes

Number of working days lost through industrial action per 1,000 employees (annual average 2010-2017)

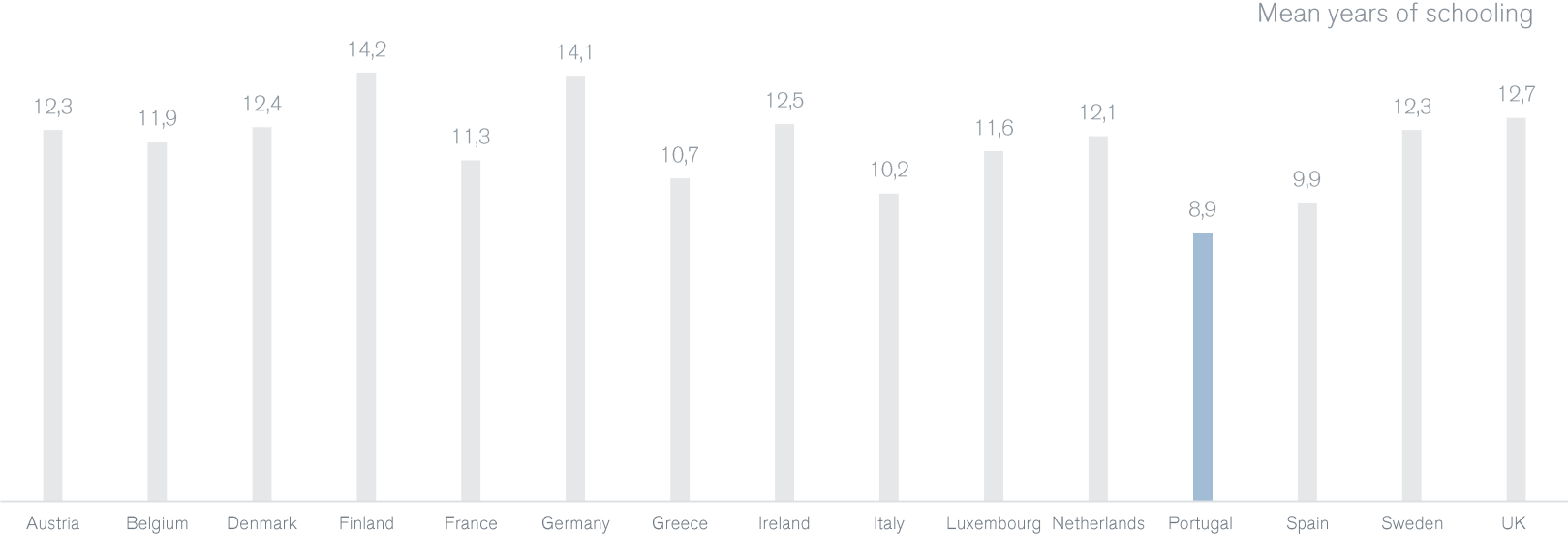


Pay for productivity in Portugal outperforms southern Europe

49th place in the Global Competitiveness Report

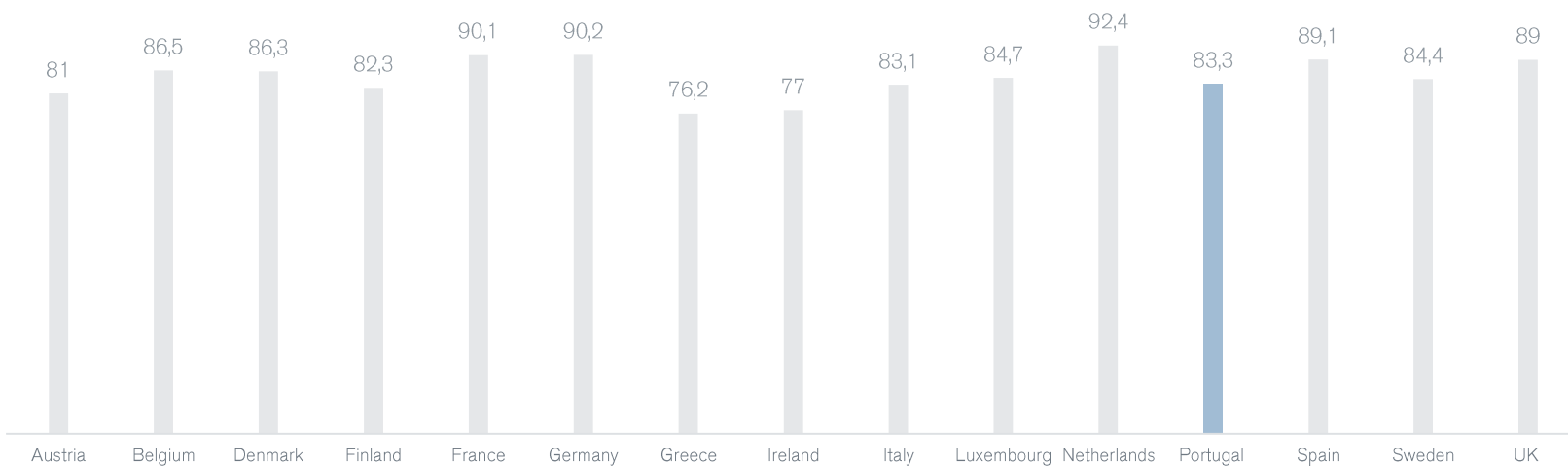


41st in the World Economic Forum's skills index



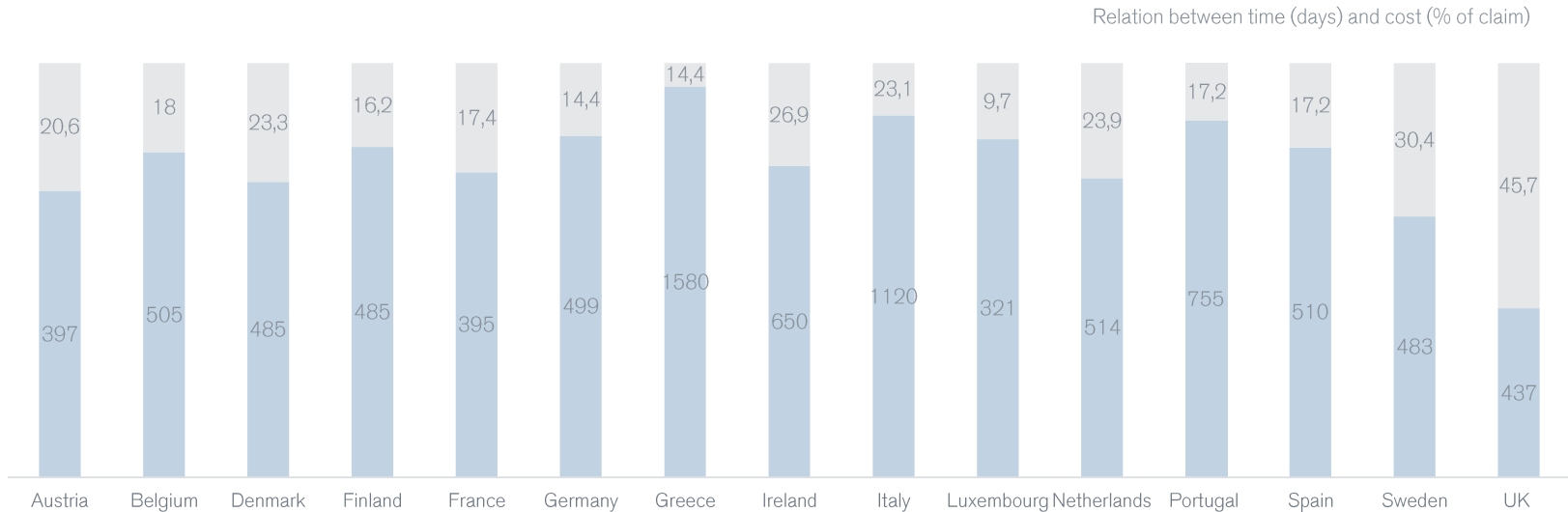
19th best transport infrastructure in the World

Quality of overall infrastructure (0=worst, 100=best)



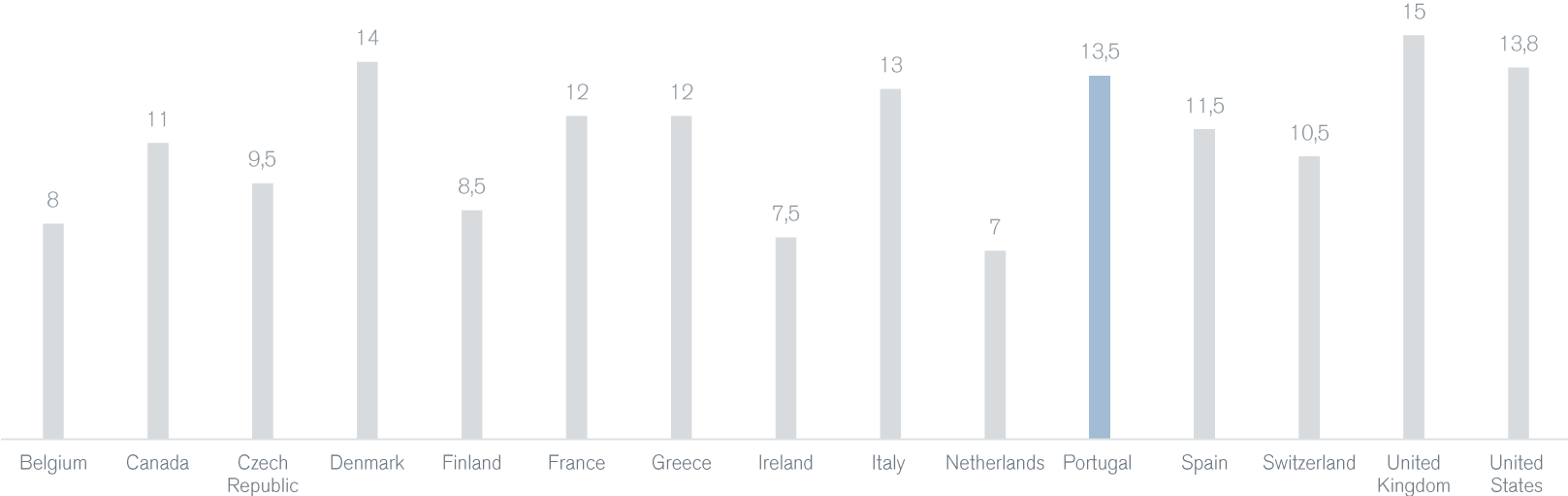
14th in the European Union

It takes 755 days to enforce a contract in Portugal



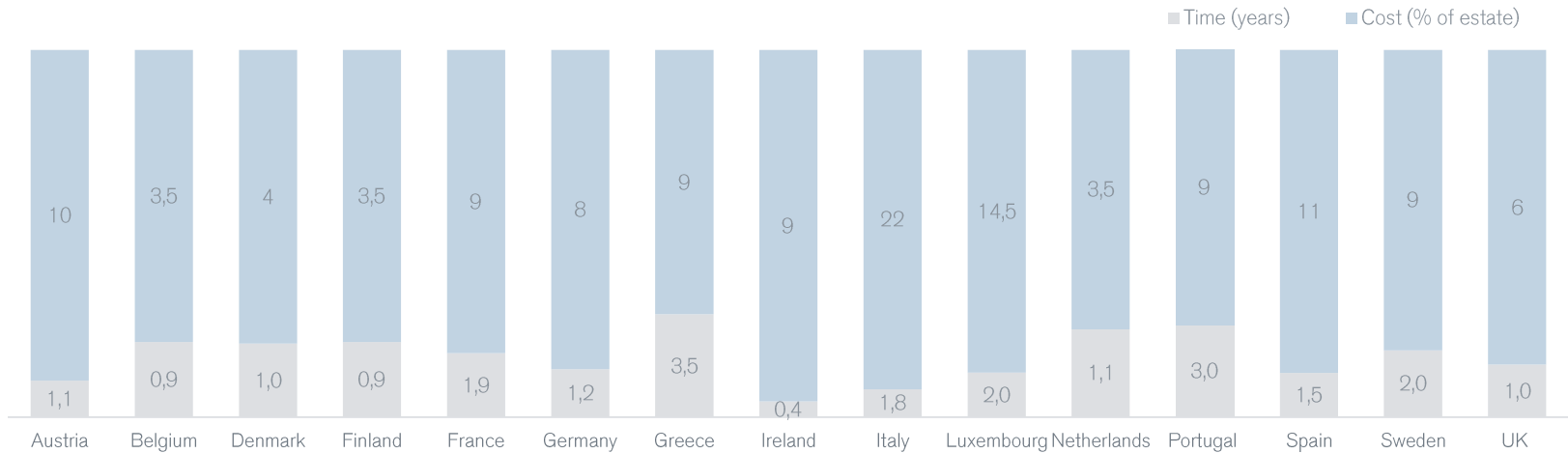
Better quality of judicial processes closing the gap to the benchmark countries

(0 - Worst; 18 - Best)



9th in the European Union on ease of resolving insolvency

19th in the World





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ABOUT US

Who we are
and what we do

About us

Macedo Vitorino & Associados was established in 1996, focusing its activity on advising domestic and foreign clients in specific activity sectors, including banking, telecommunications, energy and infrastructures.

Since the incorporation of the firm we have been involved in several high profile transactions in all of the firm's fields of practice, including banking and finance, capital markets, corporate and M&A, etc. We have also acted on many complex disputes and corporate restructurings.

We are mentioned by The European Legal 500 in twelve of fifteen practice areas, including Banking and Finance, Capital Markets, Project Finance, Corporate and M&A, Tax, Telecoms and Litigation.

Our firm is also mentioned by IFLR 1000 in Project Finance, Corporate Finance and Mergers and Acquisitions and by Chambers and Partners in Banking and Finance, Corporate and M&A, TMT, Dispute Resolution and Restructuring and Insolvency.

Macedo Vitorino & Associados has strong relationships with many of the leading international firms in Europe, in the United States and in Brazil, which enable us to handle cross-border transactions effectively.

Macedo Vitorino & Associados has a truly international practice. We act in several domestic and cross-border transactions, including mergers and acquisitions, financings and foreign investments.

The multidisciplinary and integrated character of our corporate and commercial group allows us to efficiently solve the legal issues of our clients, in particular:

- Commercial contracts, distribution agreements and franchising
- Commercial litigation
- Competition and European law
- Copyright, intellectual property, IT, patents and trade marks
- Corporate and acquisition finance
- Employment
- Foreign investment
- Mergers, acquisitions and privatisations
- Tax

If you want to find out more about Macedo Vitorino & Associados please visit our website at www.macedovitorino.com



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