



Lisbon, 9<sup>th</sup> July 2018

## Doing business in Portugal

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Portugal"

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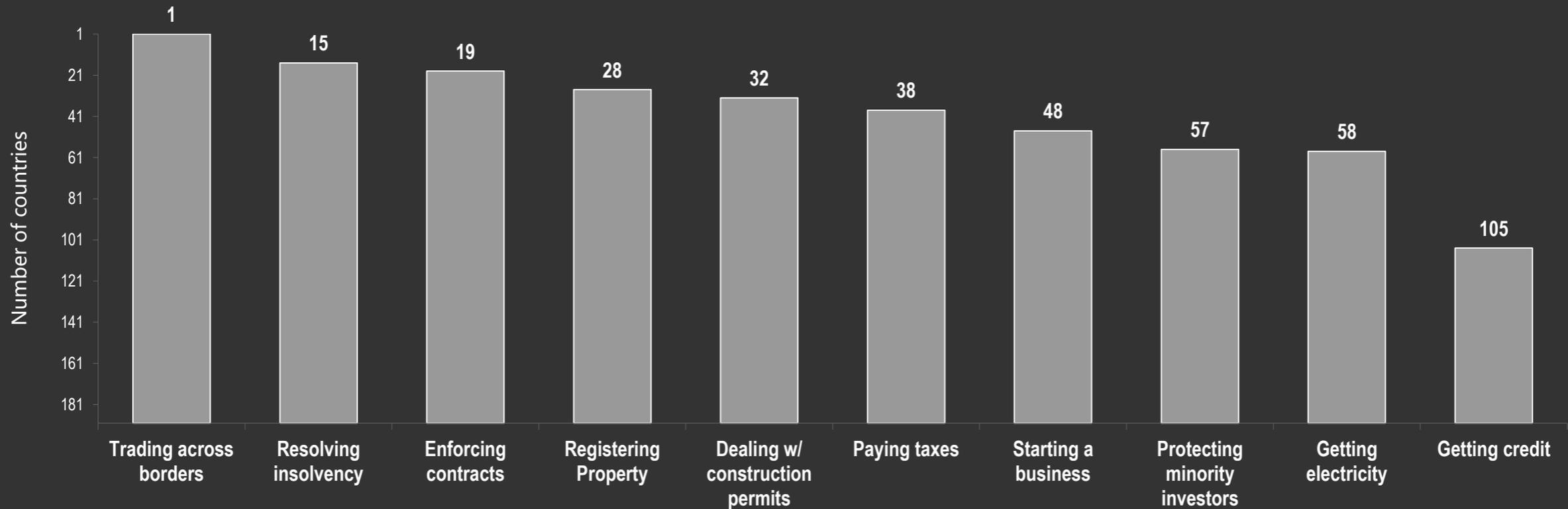
Top tips on  
Portugal

# Portugal's socioeconomic structure

## Ease of doing business

Overall, Portugal occupies the 29th position in the "Ease of Doing Business" index, among 190 countries

Rankings in different pillars of the Ease of doing business index - Portugal



# Portugal's socioeconomic structure

## Learn about Portugal

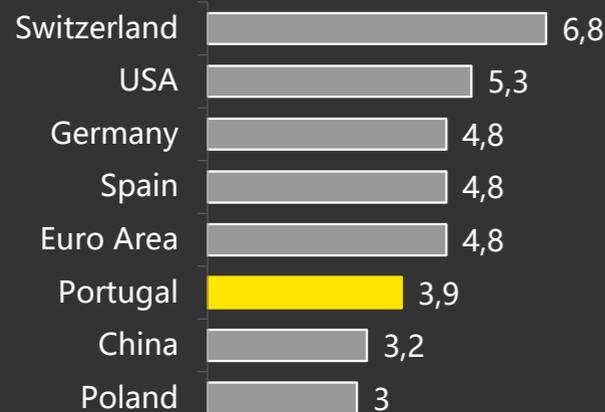
### 1. Policy



Portugal is a member of both the EU and the Eurozone and, for this reason, a significant part of Portugal's economic policy is decided at a supranational level (for example, monetary policy is set by European Central Bank).

As part of the 3-year adjustment programme, major reforms were implemented between 2011-2014 in labor market, public sector, product markets and social security system.

### 3. Cost of living



The Big Mac index shows that Portugal's cost of living is c. 19% lower than Euro Area

### 2. Political system



Since October 2015, Socialist party holds parliamentary support for a Socialist-led minority government. A new parliament election will take place in 2019.

So far, the Socialist-led government has managed to avoid major tensions with its allies, despite having had to implement several unplanned fiscal austerity.

### 4. Being a foreigner in Portugal



Portuguese people are very friendly and welcoming to foreigners. They are open, tolerant and respectful towards non-nationals, visiting or living in the country.

Influence of inward investment from major multinational companies are having a major effect in business, economy and society in general.

# Portugal's socioeconomic structure

## Portugal's economic environment

### Economic development and structure of the economy

2.2

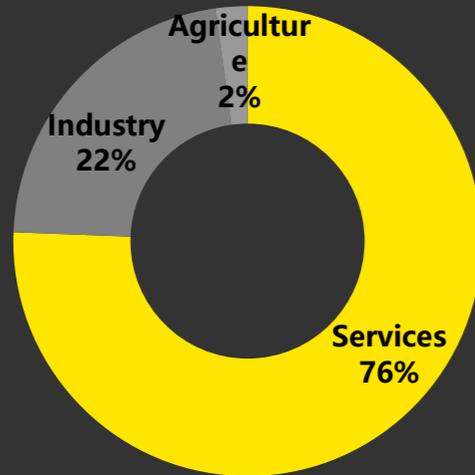
GDP growth rate in 2018

1.6

Inflation, average consumer prices

2.0

Consumer confidence growth rate in 2018



On a sectoral basis, services are the dominant sector (76% of total economy), followed by industry (22%)

### Balance of payments and Structure of trade

40%

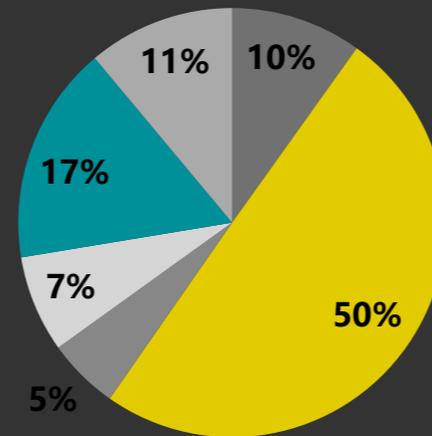
Share of exports to GDP in 2018

5

Number of consecutive years of surplus in current account balance

0.4

Current account balance in 2018 (% of GDP)



77% of Portugal exports go to EU, of which 1/3 go to Spain

### Long-term macroeconomic forecasts

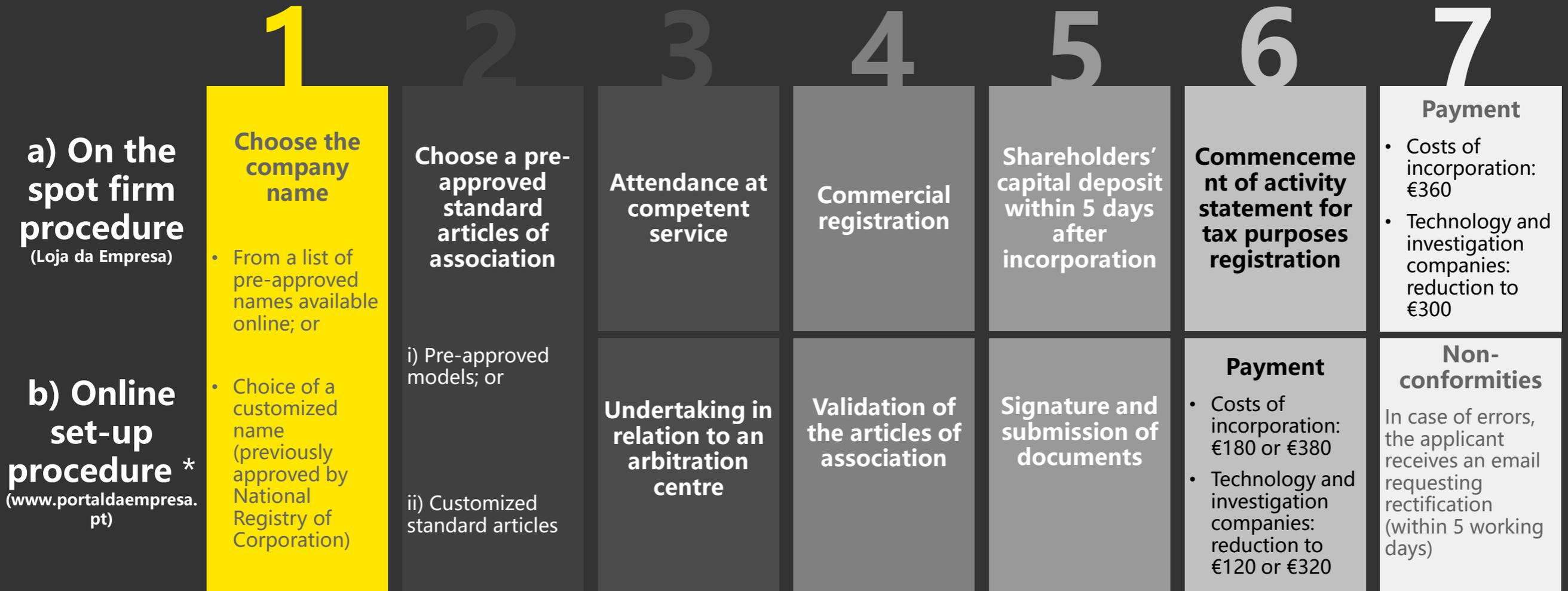
	2013 - 2017	2018	2019 - 2023
GDP	1.2	2.2	1.2
Investment	2.7	4.0	2.1
Unemployment	12.7	7.9	7.6
Exports	5.9	5.2	2.6

There will be signs of a slight slowdown, but Portuguese economy is expected to experience a solid growth between 2019 and 2023, expanding 1.2% on average

# Business incorporation

## How to set up a business

After the decision on what type of company you intend to establish, you should follow one of the below Simplex procedures (set of simplified procedures and mechanisms within the public administration). You will be requested to show supporting documentation such as residential addresses, passport copies or Portuguese tax payer number.



(\*) The access to the Online Set-up service requires digital certification resources (applicant's digital certificate), which should be authenticated in Portal da Empresa website.

# Background to business

## Business scene overview

 <h3>Business scene</h3> <p>Currently, new ideas and business models are competing with more traditional approaches. More traditional sectors are also adopting innovative techniques</p>	 <h3>Business structure</h3> <p>Public limited company (S.A.) – min. share capital €50k and 5 shareholders Quota company (Lda.) – min 1€/quota and 2 shareholders</p>	 <h3>Business Finance</h3> <p>Low difficulty in obtaining funding for initial, future growth or expansion investment</p>
 <h3>Management style</h3> <p>Paternalistic, directive and instructional Strongly hierarchical culture with centralized decision-making approach Authoritative with a warm, human touch</p>	 <h3>Women in business</h3> <p>Use a gentle handshake, but a kiss on each cheek it is not unusual Foreign business women are treated fairly and with respect</p>	 <h3>Residency</h3> <p>EU Citizens with the right to live and work in Portugal, including setting up a business</p>
 <h3>Business culture</h3> <p>Sense of humour is highly valued. There is great respect and tolerance for non-nationals, welcoming them and their ideas warmly</p>	 <h3>Business attire</h3> <p>Important to look smart and well presented. Men: sports jacket, trouser, shirt and tie. Women: business suits with a skirt</p>	<h3>International business – Portuguese Branch</h3> <p>Portugal's Tax Law establishes in which situations the activities carried out by a non resident company in Portugal are deemed to constitute a Portuguese Permanent Establishment / Branch</p>

Source: IAPMEI, Doing Business in Portugal

# Background to business

## Business etiquette – Do and Don't



### Business culture ✓

- ▶ Strongly relationship-oriented business culture. Spend time in building relationships as doing business with someone they trust is important
- ▶ Main topics: football, food, wine, family, politics, economy, travel and music
- ▶ Age and position are important. Status is relevant
- ▶ Portuguese employees are experts in dealing with a last minute crisis

### Business relationship and communication styles 🤝

- ▶ Start in a formal manner and gradually proceed to a more casual mode of conversation. Formalize agreements by writing
- ▶ Keep track on developments - make sure agreed points are being followed
- ▶ Use a gentle and/or firm handshake, when meeting with a smile and enthusiasm

### Meetings 🧑‍🤝‍🧑

- ▶ Punctuality is variable (it is possible that you can be kept waiting for some time)

### Successful entertaining 🍴

- ▶ Lunch time may last c. 2 hours, whilst dinner can last for up to 3 hours



### Cultural taboos ✗

- ▶ Avoid topics as colonial wars, religion, racism, discrimination or abortion
- ▶ Avoid personal questions and behaviors like making exaggerated gestures
- ▶ Portuguese people are generally complacent and dislike confrontation

### Business relationship and communication styles 🤝

- ▶ Avoid personal compliments or personal questions in an initial encounter
- ▶ Portuguese do not like verbal directness or confrontation
- ▶ Although Portuguese are reasonably good English speakers, avoid to speak fast, or use slang or overly technical jargon

### Meetings 🧑‍🤝‍🧑

- ▶ Do not expect an open decision-making process where people will commit to a particular course of action
- ▶ Agendas, if produced, will not necessarily be followed

### Successful entertaining 🍴

- ▶ Do not expect to discuss business details in mealtimes. They are used for cementing relationship ties

# Relevant support

## Useful contacts

AICEP Portugal Global ("Agência para o Investimento e Comércio Externo de Portugal")

Address: Avenida 5 de Outubro, 101, 1050-051, Lisboa

T: + 351 21 790 95 00

Email: [icep@icep.pt](mailto:icep@icep.pt)

Invest in Portugal Agency ("Associação Portuguesa para o Investimento")

Address: Ed. Península, Praça Bom Sucesso, 127, 7º, 702, 4150-146, Porto

T: +351 22 605 53 00

Email: [api@apinvest.pt](mailto:api@apinvest.pt)

Institute of Support to the Small and Medium-Sized Enterprises and to Investment ("IAPMEI")

Address: Rua Rodrigo da Fonseca, 73, 1269-158, Lisboa

T: +351 21 383 60 00

Email: [www.iapmei.pt](http://www.iapmei.pt)

Government taskforce to promote Economic Bilateral Relationships - Portugal IN

Address: Palácio Foz – Praça dos Restauradores, 1250-187, Lisboa

T: +351 21 322 12 00

Email: [geral@portugalin.gov.pt](mailto:geral@portugalin.gov.pt)

Tourism Board of Portugal ("Turismo de Portugal")

Address: Rua Ivone Silva, Lote 6, 1050-124, Lisboa

T: +351 21 781 00 00

Email: [info@turismodeportugal.pt](mailto:info@turismodeportugal.pt)

National Association of Young Businessmen ("Associação Nacional de Jovens Empresários")

Address: Casa do Farol - Rua Paulo da Gama, 4169 – 006, Porto

T: +351 22 010 80 72

Email: [academia@anje.pt](mailto:academia@anje.pt)

CFE - Business Formalities Centre ("Centro de Formalidades das Empresas")

Address: Av. Columbano Bordalo Pinheiro, 86, 1099-063, Lisboa

T: +351 21 723 23 00

Email: [cfelisboa@iapmei.pt](mailto:cfelisboa@iapmei.pt)

Lisbon Trade Association ("Associação Comercial de Lisboa")

Address: Rua das Portas de Stº Antão, 89, 1169-022, Lisboa

T: +351 21 322 40 50

Email: [geral@port-chambers.com](mailto:geral@port-chambers.com)

### Other contacts:

- ▶ Portugal's Innovation Agency ("Agência Nacional de Inovação")
- ▶ Start up Portugal
- ▶ Accounting Standards Commission ("Comissão de Normalização Contabilística")
- ▶ Accountants Institute ("Câmara dos Técnicos Oficiais de Contas")
- ▶ CMVM - Portuguese Securities Market Commission ("Comissão do Mercado de Valores Mobiliários")
- ▶ Directorate General of Customs and Excise ("Direcção-Geral das Alfândegas e dos Impostos Especiais sobre o Consumo - DGAIEC")

# Top tips on Portugal

## Portugal's socioeconomic structure

**29<sup>th</sup>**

Out of 190 countries in Ease of Doing Business

**2.2**

GDP growth rate in 2018 and a solid growth between 2019 and 2023, expanding 1.2% on average

**19%**

Lower cost of living than Euro Area

## A growing economy

Portugal's economy is growing and key indicators and international rankings show a consistent improvement

## Business incorporation

**7**

Steps for company incorporation through Simplex Program

**2**

Company incorporation procedures through Simplex Program: online and on the spot

**40%**

Administrative fees reduction in the online set-up procedure

## Common corporate structures

Public limited company (S.A.) and Quota company (Lda)

## Background to business

### Relationships

Small talk and general conversation are valued in business dealings

### Disputes

Typically resolved through discourse, negotiation or avoidance

## Highlights

Strategic access to markets, cost competitive qualified and flexible workforce, great place to work, live and quality infrastructure

# Thank you

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