

# PORTUGAL | an investment destination in tourism



TURISMO DE  
**PORTUGAL**



REPÚBLICA  
PORTUGUESA

ECONOMIA



# PORTUGAL

economic outlook

# Portugal : Key Data

Portugal is the most western country of Europe, having been part of the European Union since 1986. Portugal also has a strong historical link to the sea.

- Area: 92.000 km<sup>2</sup>
- Coastline: 2.600 km (including Atlantic islands)
- Population: 10,3 million people
- Education: 24% has a university degree
- Languages: 60% speak a second language

## The West Coast of Europe



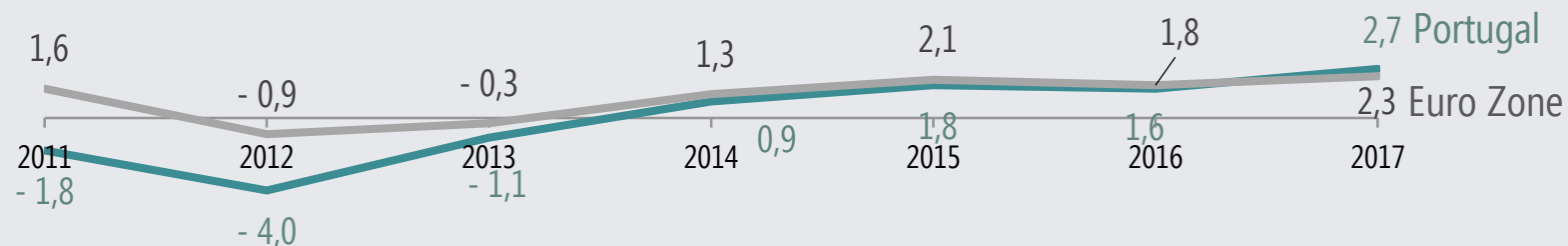
# Economic Outlook

Portugal GDP forecasts,  
2018

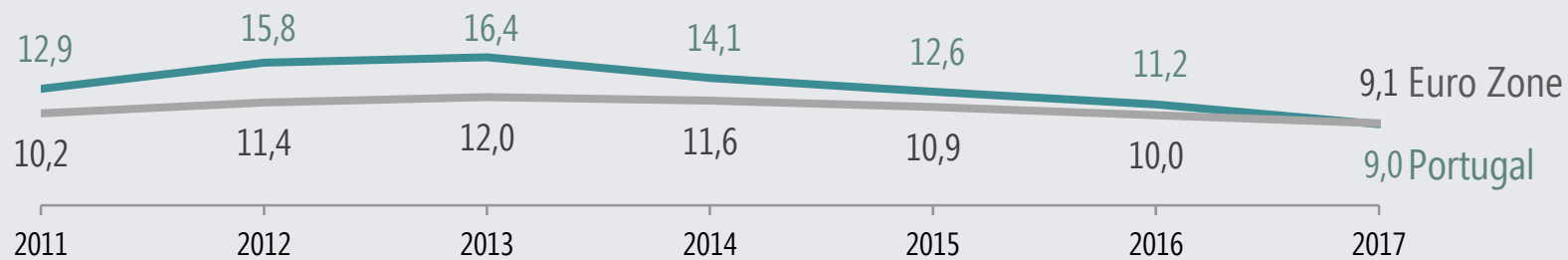
2,2%

European  
Commission

GDP (Growth %)  
[Portugal and Euro Zone]

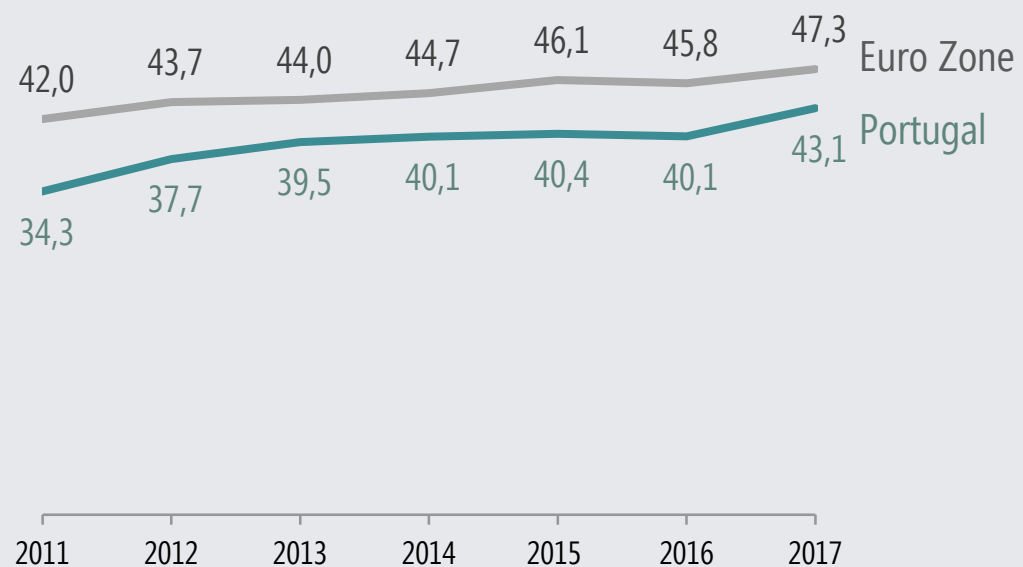


Unemployment Rate (%)  
[Portugal and Euro Zone]

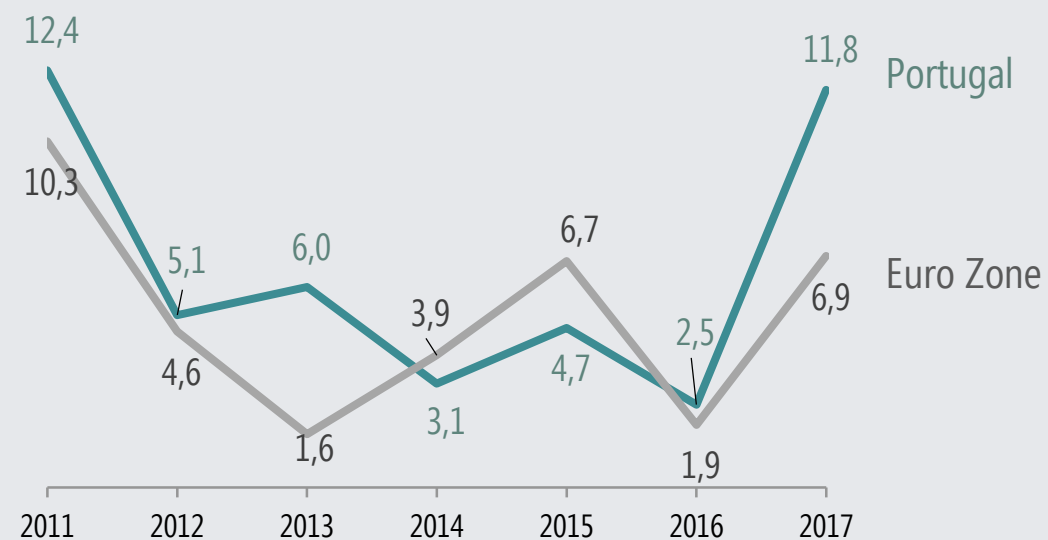


# Economic Outlook

Exports - Services & Goods (% of GDP)  
[Portugal and Euro Zone]



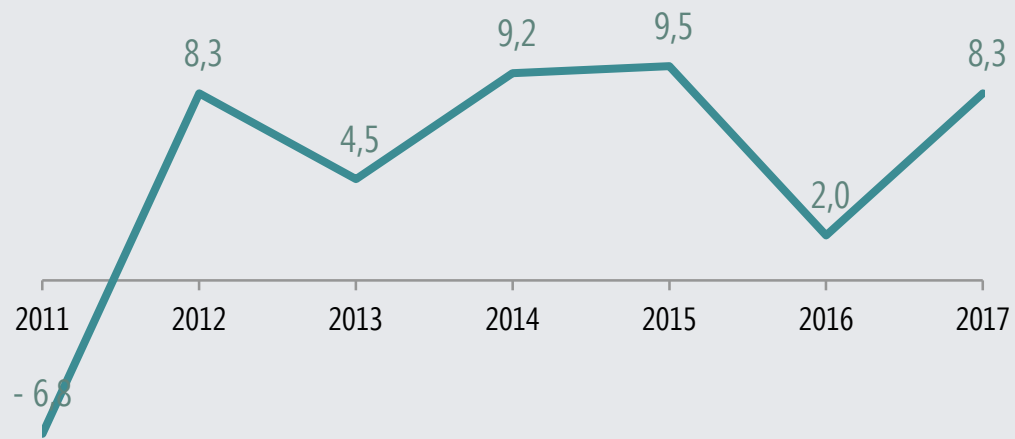
Exports – Services & Goods (Growth %)  
[Portugal and Euro Zone]





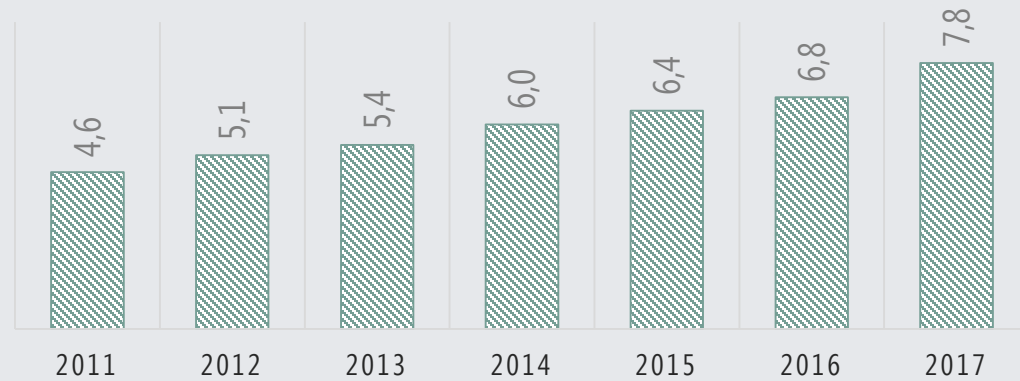
# Economic Outlook

Stock Investment (Growth %)  
[Portugal]

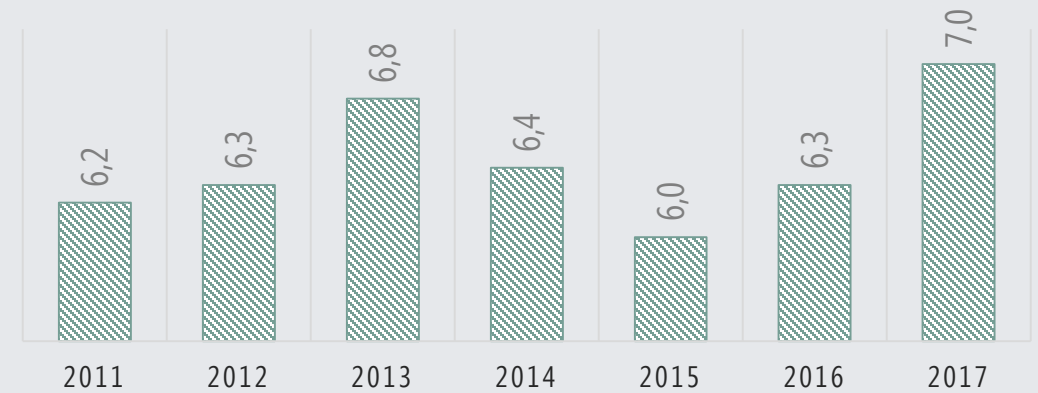


# Tourism is a Strategic Activity for the Portuguese Economy

Tourism Receipts in GDP (%)



Tourism in Employment (%)



# Tourism is a Strategic Activity for the Portuguese Economy

In 2017,  
Tourism Receipts represented...

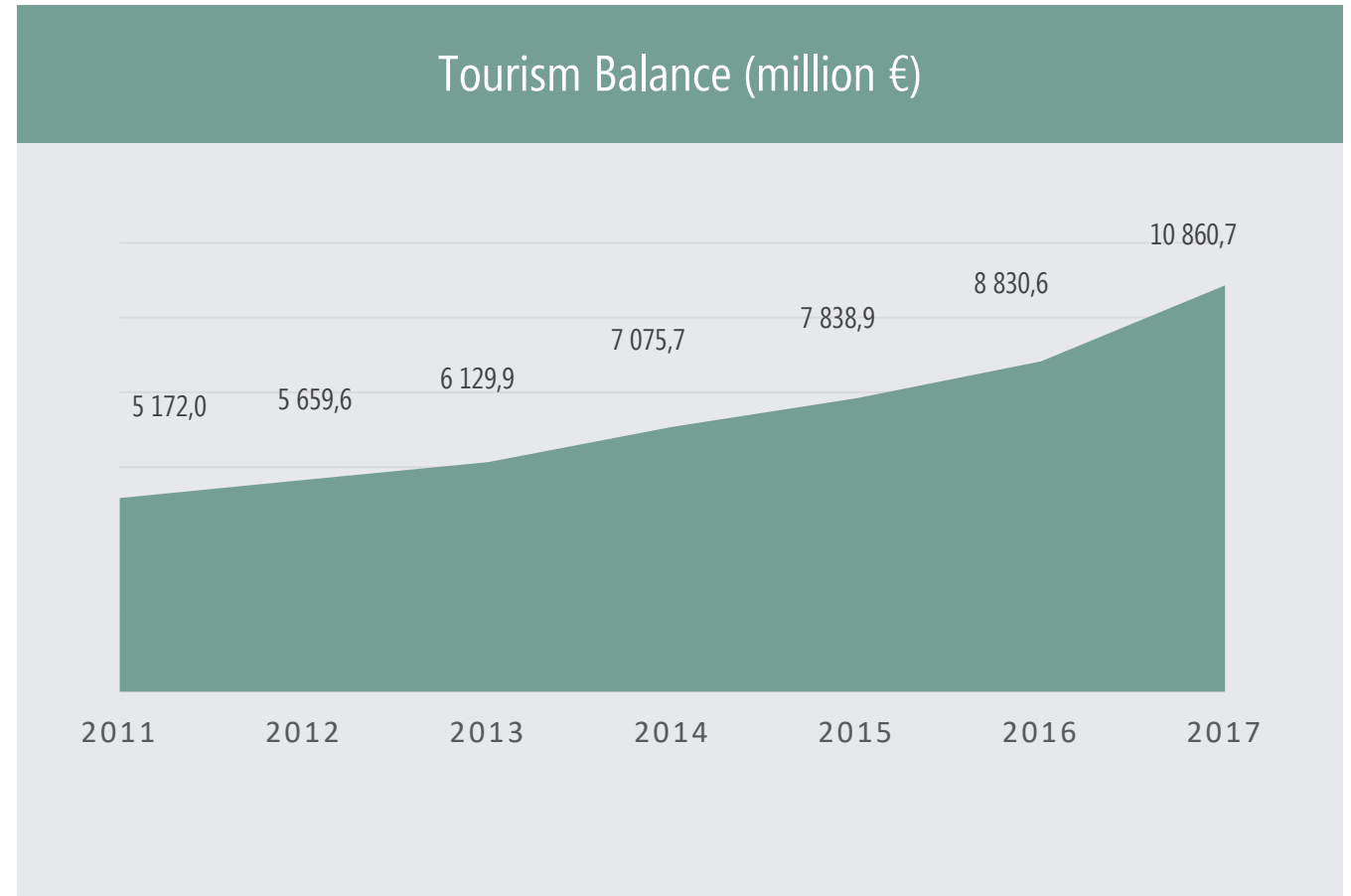
**28,0%**  
Total Goods Exports



**50,1%**  
Total Services Exports



**18,0%**  
Total Goods and Services Exports





# Tourism is a Strategic Activity for the Portuguese Economy

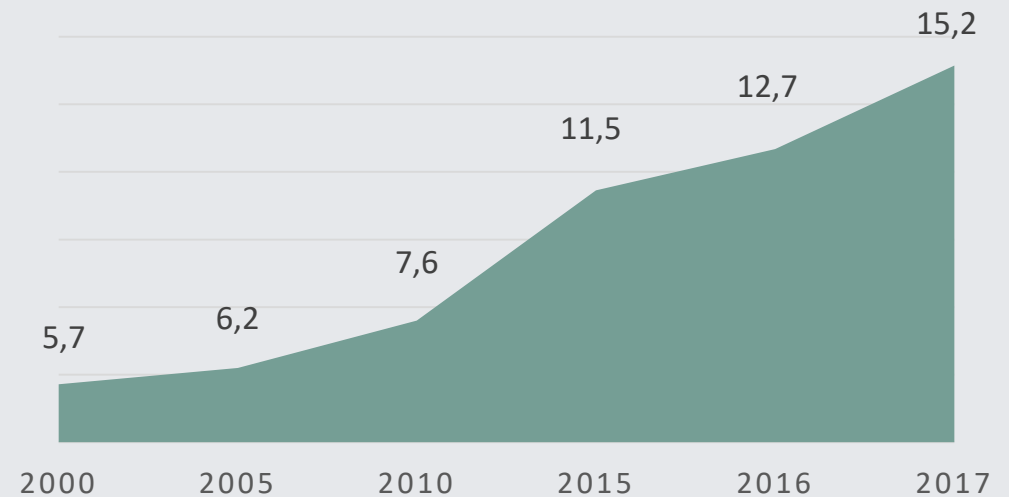
In 2016 Portugal's Receipts ranked...

**25th** In the world

**11th** In Europe

**5th** In the Mediterranean Region (8,0% share)

Portugal International Receipts ( Billion €)

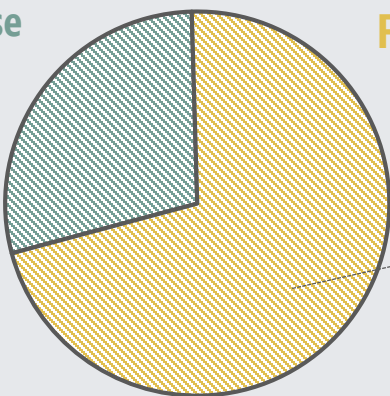


# 5 Countries are the Main Tourism Markets

2017 Overnight Stays per nationality (Million)

Portuguese

15,9  
(27,6%)



Foreign

41,6  
(72,4%)

## OVERNIGHT STAYS (MILLION)

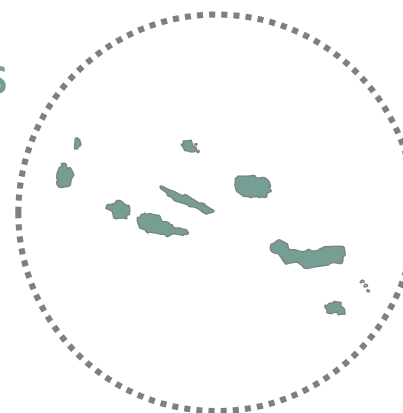
UK	9,3
Germany	5,6
Spain	4,1
France	4,0
Netherlands	2,4
Others	16,2

Total = **57,5 million**

2017 Overnight Stays per region (Share %)

AZORES

3%



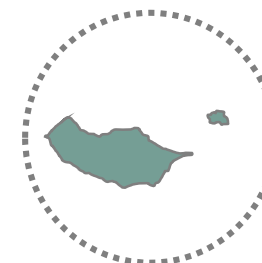
LISBON

25%



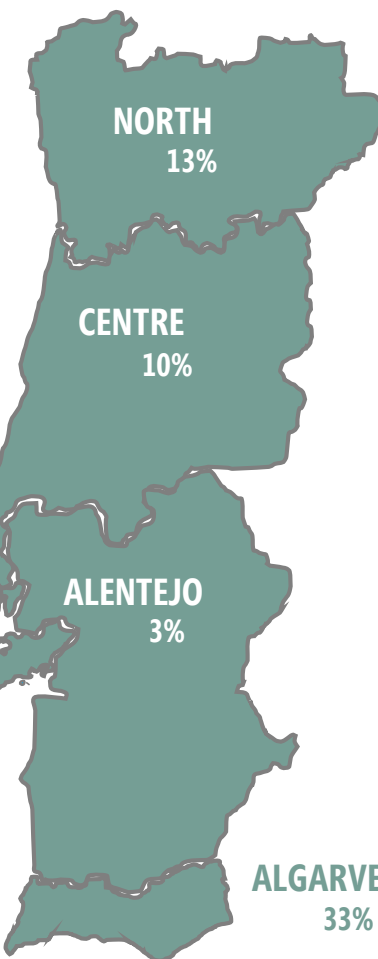
MADEIRA

13%



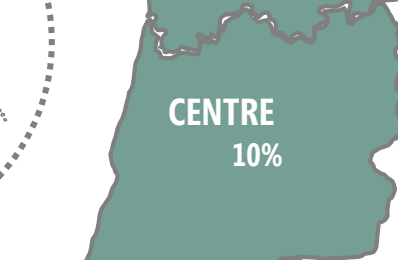
NORTH

13%



CENTRE

10%



ALENTEJO

3%

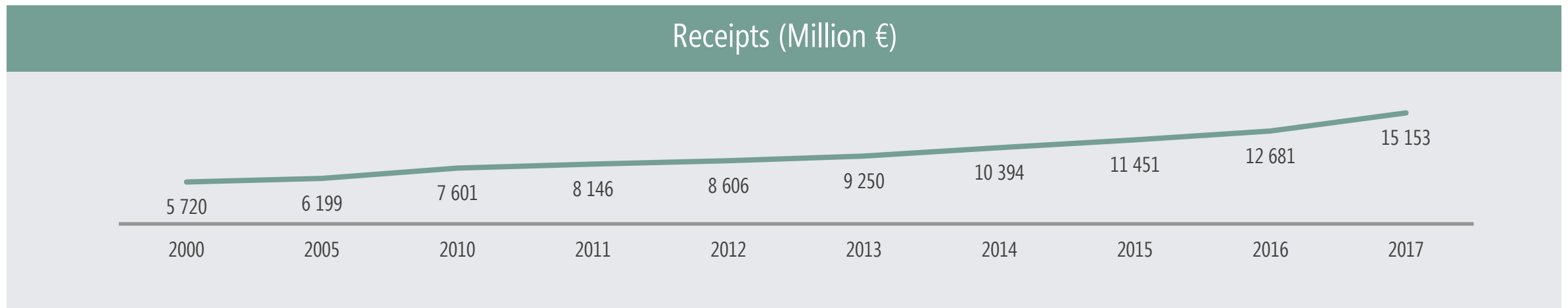
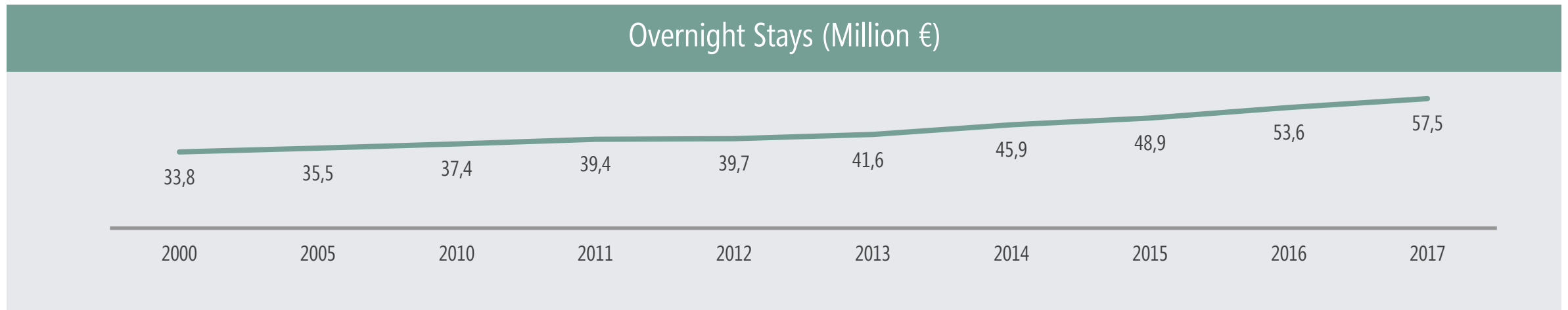


ALGARVE

33%



# Growth in Tourism Demand Creates Room Further Capacity Expansion



# Hospitality Financial Performance

2016/15

**+23,4%** EBITDA

**+15,8%** Gross Value Added

**+13,2%** Turnover



“

# PORTUGAL

competitive advantages

# Business Environment

According to *Doing Business 2018* published by the World Bank, Portugal is the **29<sup>th</sup> easiest country** in the world and the **17<sup>th</sup> within the Europe**, among 190 countries analysed.

In Portugal, **starting a business takes 5 days** and 6 procedures

**Registering a property takes just 1 day** and 1 process





# Portugal is one of the 15 more competitive countries in Travel & Tourism

## Portugal's position in the 2017 Travel&Tourism Competitiveness Index (WEF)

**3rd** In Mediterranean Region

**7th** In EU28

**14th** In the World rank

### Best performance:

- Cultural resources and business travel (18th)
- Prioritization of travel & tourism (14th)
- Tourism service infrastructures (4th)
- Safety and security (11th)

### Focus on:

- Index of terrorism incidence (1st)
- Ease of hiring foreign labour (9th)
- Country brand strategy rating (9th)
- No. of regional trade agreements in force (1st)
- Ticket taxes and airport charges (9th)
- Environmental treaty ratification (7th)
- Quality of roads (9th)
- Quality of tourism infrastructure (7th)
- Presence of major car rental companies (1st)
- No. of international association meetings (14th)

# Leveraging Technology

- Portugal ranks 11th position among EU-28 countries in number of high-speed fixed broadband

## **ELECTRONIC PAYMENTS**

- Portugal is a leading country in performing operations through ATM network
- Via Verde, Portuguese Electronic Toll System, is a world pioneer in road toll operations



# Portugal has a Strategic Location

- Excellent and privileged economic relations between Portugal, Brazil, Angola and Mozambique
- Daily flights to main European cities, South America, North America and Africa



## Attractive Consumer Market (Million):

Portugal 10,3 M

Iberian market 51 M

European market 495 M

Portuguese speaking countries 220 M

# Portugal has a Strategic Location

The country is well served of air connections to the main outbound markets  
Lisbon is an international hub to America, Africa and Europe




- **Lisbon** is connected to 120 international cities: 79 in Europe; 21 in America, 17 in Africa, 2 in Asia and 1 in Middle East
- **Porto** to 72: 64 in Europe, 6 in America and 2 in Africa

- **Faro** to 73 European cities
- **Funchal** to 47 European cities
- **Ponta Delgada** to 25 international cities: 20 in Europe, 4 in America and 1 in Africa

# Competitiveness in Tourism Resources

**Several factors make Portugal a very attractive and competitive tourism destination**

- 
- Proximity to the main outbound markets (495 million people in the EU)
  - Mild climate - without negative temperatures or snow and with summer temperatures of 30° C
  - Safe and stable country – one of safest destinations in Europe (3<sup>th</sup> most peaceful country in the World)
  - Good quality/price ratio - higher quality of tourism offer



# Competitiveness in Tourism Resources

- Urban, environmental and landscape quality
- 800 national monuments and more than 2,500 buildings classified as having public interest
- 15 UNESCO World Heritage sites plus 3 Intangible Cultural Heritage of Humanity – Fado, Mediterranean diet and Cante Alentejano
- Sanctuary of Fátima, one of the most important catholic shrines (6 million of pilgrims and tourists each year)



**A rich and diverse country in terms of culture**



# Competitiveness in Tourism Resources



**A rich and diverse country  
in terms of nature**

- Natural resources
- 36 Protected areas
- Protected areas and Natura 2000 network occupy 23% of the country



# Competitiveness in Tourism Resources

**Portugal has been unanimously recognised as one of the best European Golf Destinations**

- 88 golf courses, 45% in the Algarve region and 18% in the Lisbon region
- Over 1.8 million rounds of golf were played in 2016 in Portugal
- Greens designed by famous architects (for instance Robert Trent Jones Jr., Arnold Palmer, Jack Nicklaus, Arthur Hills, Nick Faldo and S. Ballesteros)
- Portugal, the best golf destination in World in the World Golf Awards 2014, 2015 e 2016
- Algarve elected by IAGTO Golf Destination of the Year 2014 and Lisbon Golf Coast in 2016





# Competitiveness in Tourism Resources

- Competitive conditions for investment in the property sector (prices)
- The concept of property used in Portugal is "full ownership" or "freehold"
- Clear and transparent tax rules, facilities for obtaining residence permits
- Special tax regime for non-habitual residents
- Inheritance tax was revoked in Portugal

## Competitive factors of Portugal as a destination for Residential Tourism





# Competitiveness in Tourism Resources

## A reference for Sun and Sea...

- 850K of Sandy Beaches
- Portugal has one of the mildest climates in Europe
- The coast attracts 90% of all international tourists
- The main motivation of tourists for Portugal is Sun & Sea
- There are 320 distinguished quality beach zones
- Portugal has 222 beaches awarded the "Beach Access, Beach for All" project





# Competitiveness in Tourism Resources

## A leading destination for the meeting industry



- According to the ICCA Statistic Report 2017, Portugal ranked at 7<sup>th</sup> position, on the European ranking, considering the total number of international meetings held
- Portugal occupies the 11<sup>th</sup> position of the world ranking (298 meetings in 2017)
- In 2017, Lisbon held the 8<sup>th</sup> position of the European ranking and held the 9<sup>th</sup> position of the world ranking (149 meetings)
- Porto held the 22<sup>nd</sup> position of the European ranking and the 34<sup>th</sup> position of the world ranking (68 meetings in 2017)

# Competitiveness in Tourism Resources

Better skills... According to the INSEAD The Business School for the World, The Global Talent Competitiveness Index 2017 within 118 countries



**12th**

Ease of finding skilled employees

**21st**

Availability of scientists and engineers

**25th**

Quality of Management Schools



# World Travel Awards 2017



- **Portugal** - World's Leading Destination e Europe's Leading Destination
- **Madeira Islands** – Europe's Leading Island Destination
- **Algarve** – Europe's Leading Beach Destination
- **Lisbon's Port** – Europe's Leading Cruise Port
- **Portuguese Tourism Board** – World's Leading Tourist Board and Europe's Leading Tourist Board
- **VisitPortugal.com** – World's Leading Tourism Authority Website 2017



# PORTUGAL

fostering investment

# Incentives – General Framework

## Financial Incentives

In the context of the *European Framework Program 2014/ 2020*, Portugal has a financial framework to support investment of EUR 21 billion, which favours a smart growth, based on knowledge, innovation and internationalization of its economy, an inclusive growth, which focuses on human resources development and job creation, and sustainable growth based on the rational use of energy resources

## Attractive Loans

Portugal offers, in partnership with its financial system, mechanisms to meet the financing needs of all companies

Through *Capitalizar Credit Line* and *Support Line for the Upgrading of the Tourism Offering* credit 1,7M€ is available to companies at reasonable costs and with long reimbursement periods

## Venture Capital

The capitalization of Portuguese companies is a strategic priority for the Portuguese Government

In this context, the Government launched new venture capital instruments

## Fiscal Incentives

A Fiscal System that Favours Investment

Portugal has increased its competitiveness in *Tax Incentives for Productive Investment*

Tax incentives for the development of the sectors considered strategic for the Portuguese economy, such as Tourism and that contribute for the reduction of regional disparities, induce the creation of jobs

# Incentives – Productive Investment

## Financial Incentives

### SCOPE

- New products or services
- New production methods or processes

### ELEGIBLE EXPENSES

- **Tangible Fixed Assets:** machinery, equipment and buildings
- **Intangible Fixed Assets:** software, technology transfer
- **Training expenses**

### NATURE OF SUPPORT

- **Loan:** 30% of eligible expenses as an interest-free loan which may be extended in specific cases; 10-years reimbursement period
- **Cash Grant:** Loan conversion of up to 60% of the incentive depending on the performance of the project



# Credit line – Upgrading Tourism Offer

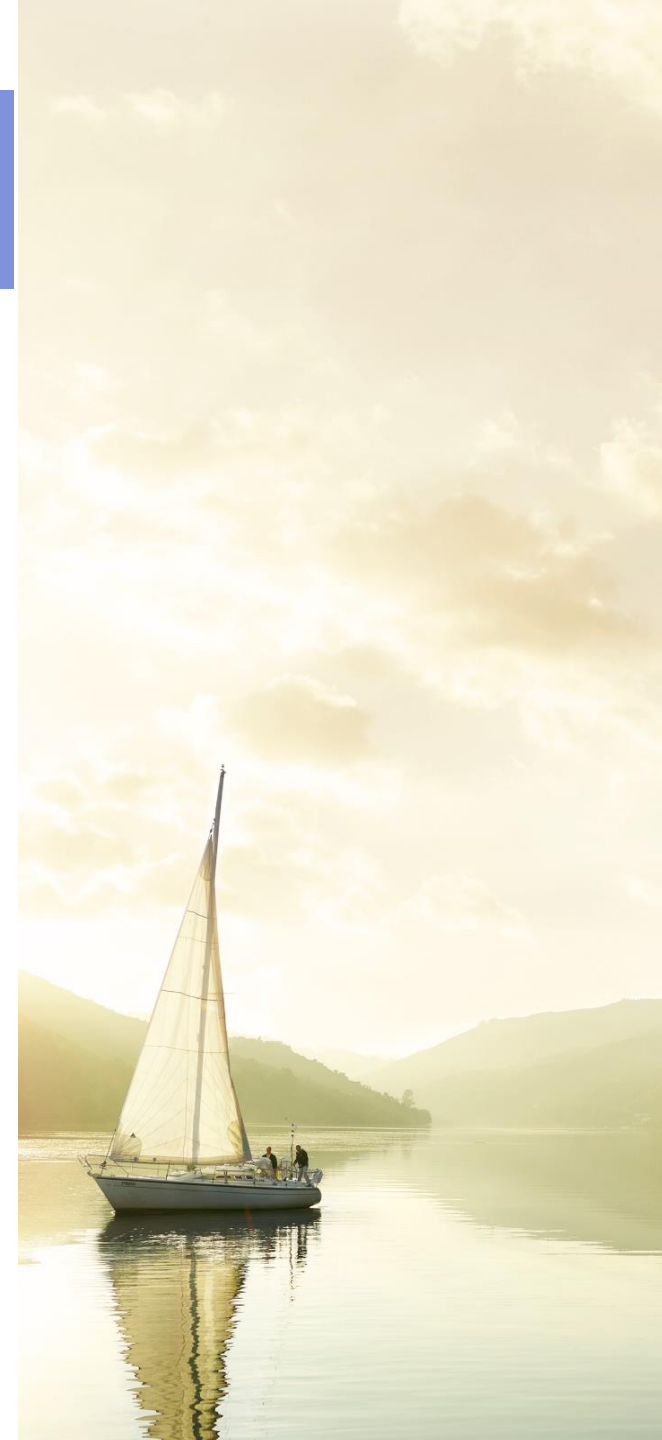
## Attractive Loans

### SCOPE

- Partnership between Portuguese Tourism Board and the financial system
- Provide financial support to economic and financially viable tourism projects that contribute to the increase of quality, diversity and competitiveness of the offer

### SUPPORT

- Up to 75% of the total investment
- Maximum period: 15 years, including 4 years of maximum grace period
- Subsidised interest rate



# Incentives – Productive Investment

## Tax Incentives - Fiscal System that Favours Investment

### SCOPE

- Investment projects with positive impact on innovation and jobs creation

### ELEGIBLE EXPENSES

- Tangible Fixed Assets: machinery, equipment and buildings
- Intangible Fixed Assets: software, technology transfer

### NATURE OF SUPPORT

- Corporate Income Tax Credit from 10% up to 25% of eligible investment
- Tax benefits up to a 10-year period after the conclusion of the investment
- Exemption from Municipal Property Tax, Municipal Tax and Stamp Tax Transactions





# Incentives - Productive Investment

## Benefits of Property for Touristic Use Licence

- Exemption of IMT (Municipal Tax on Real Estate Transfer) while purchasing buildings or fractions to use as tourism enterprises (facilities)
- Reduction on Stamp Duty (minus 20%) in buying buildings or fractions
- Exemption on Municipal Annual Tax on Real Estate (IMI) for 7 years
- Exemption of Taxes due to General Inspection for Cultural Activities



# Incentives – Social benefits

## TARGET

Young people looking for first job, aged under 30 years

Long-term unemployed (registered at the employment centre for more than 12 months)

## ENTITY IN CHARGE

Social Security

## GRANT TO EMPLOYERS

Exemption from payment of Social Security Contributions [23.75%] for a maximum period of 36 months (only applies to permanent contracts)





# PORTUGAL

Attracting Investment Programmes

# Golden Visa

## REQUIREMENTS

- Capital transfer with a value equal to or above 1 million Euros;
- The creation of, at least, 10 job positions;
- The purchase of real estate property with a value equal to or above 500 thousand Euros;
- The purchase of real estate property, with construction dating back more than 30 years or located in urban regeneration areas, for refurbishing, for a total value equal to or above 350 thousand Euros;
- Capital transfer with a value equal to or above 350 thousand Euros for investing in research activities conducted by public or private scientific research institutions involved in the national scientific or technologic system;
- Capital transfer with a value equal to or above 250 thousand Euros for investing in artistic output or supporting the arts, for reconstruction or refurbishment of the national heritage, through the local and central authorities, public institutions, public corporate sector, public foundations, private foundations of public interest, networked local authorities, local corporate sector organizations, local associations and public cultural associations, pursuing activities of artistic output, and reconstruction or maintenance of the national heritage;
- Capital transfer of the amount of 350 thousand Euros, or higher, for the acquisition of units of investment funds or venture capital fund of funds dedicated to the capitalisation of companies, capital injected under the Portuguese legislation, whose maturity, at the moment of the investment, is, at least, of five years and, at least, 60% of the investments is realized in commercial companies with head office in national territory;
- Capital transfer of the amount of 350 thousand Euros, or higher, for constitution of a commercial society with head office in the national territory, combined with the creation of five permanent working jobs, or for the reinforcement of the share capital of a commercial society with head office in national territory, already existing, with the creation or keeping of working jobs, with a minimum of five permanent jobs, and for a minimum period of three years.
- Residence holders with permits for pursuing investment activities are entitled to:
  - Enter Portugal without the requirement of a residential visa;
  - Live and work in Portugal and Travel within the Schengen area without the need for a visa;
  - Request the assignment of Permanent Authorization of Residence under Foreign Laws;
  - Family reunification;
  - Request for Portuguese nationality, through naturalization, complying with the requirements of the Nationality Law.

## ADVANTAGES

## COMMITMENT

- Maintain the investment for a minimum of 5 years
- Reside in Portuguese territory for a minimum period of permanence (7 days in the first year and 14 days in the subsequent 2 year periods)



# Tax regime for non-habitual residents

## FRAMEWORK

- The Portuguese Investment Tax Code contemplates a very attractive Personal Income tax system for the non-habitual resident;
- For a period of 10 years, taxation related to IRS (personal income tax) on labour income in Portugal is at a fixed rate of 20%; no double taxation for pension incomes or for employment and self-employment income obtained abroad.





# Investment Opportunities – REVIVE

## OBJECTIVES

REVIVE Project properties owned by the State, with architectural, heritage, historical and cultural value that are not being used. The goal is restoring these properties through private investment, making them suitable for hosting an economic activity, related with hotel and restaurant industries, cultural activities, or other forms of entertainment

## PROCESS

- All properties have a project manager for each property at the Portuguese Tourism Board identified on the REVIVE website <http://revive.turismodeportugal.pt/>
- The properties shall be subject of public procurement in order to select the entity and project to be developed

## FINANCIAL SUPPORT

The available credit lines:

- Line of credit with mutual guarantee
- Support line for the upgrading of the tourism offering



**Casa da Música**  
**By: otherfeatures**

[ponhaportugalnomapa.pt](http://ponhaportugalnomapa.pt)

# PORTUGAL |

thank you!



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