

aicep Portugal Global

Portugal and the Challenges of Globalization

November 5th 2007



Business and regulatory framework improving?

Licensing and red tape major concerns for private investors?

Competitiveness of Portuguese economy and need to move towards a low-carbon economy?

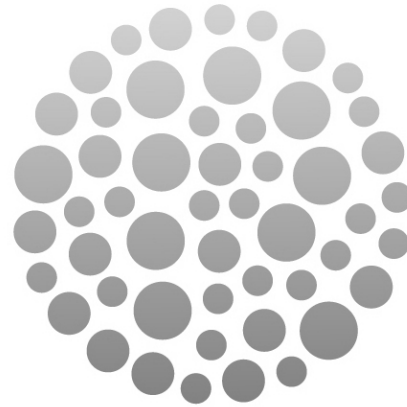
Labor market regulations: constraining the ability to face shocks and change production pattern?

Lack of competition in some non-tradable industries impairs the competitiveness and spilling over to other markets?

Integration of the Iberian electricity market: reduction of the electricity prices?

Policy measures already taken or those envisaged enough to improve the environment for doing business in Portugal?

Which initiatives have been taken to promote the globalization of Portuguese firms?



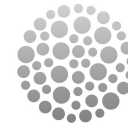
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Business Development Agency

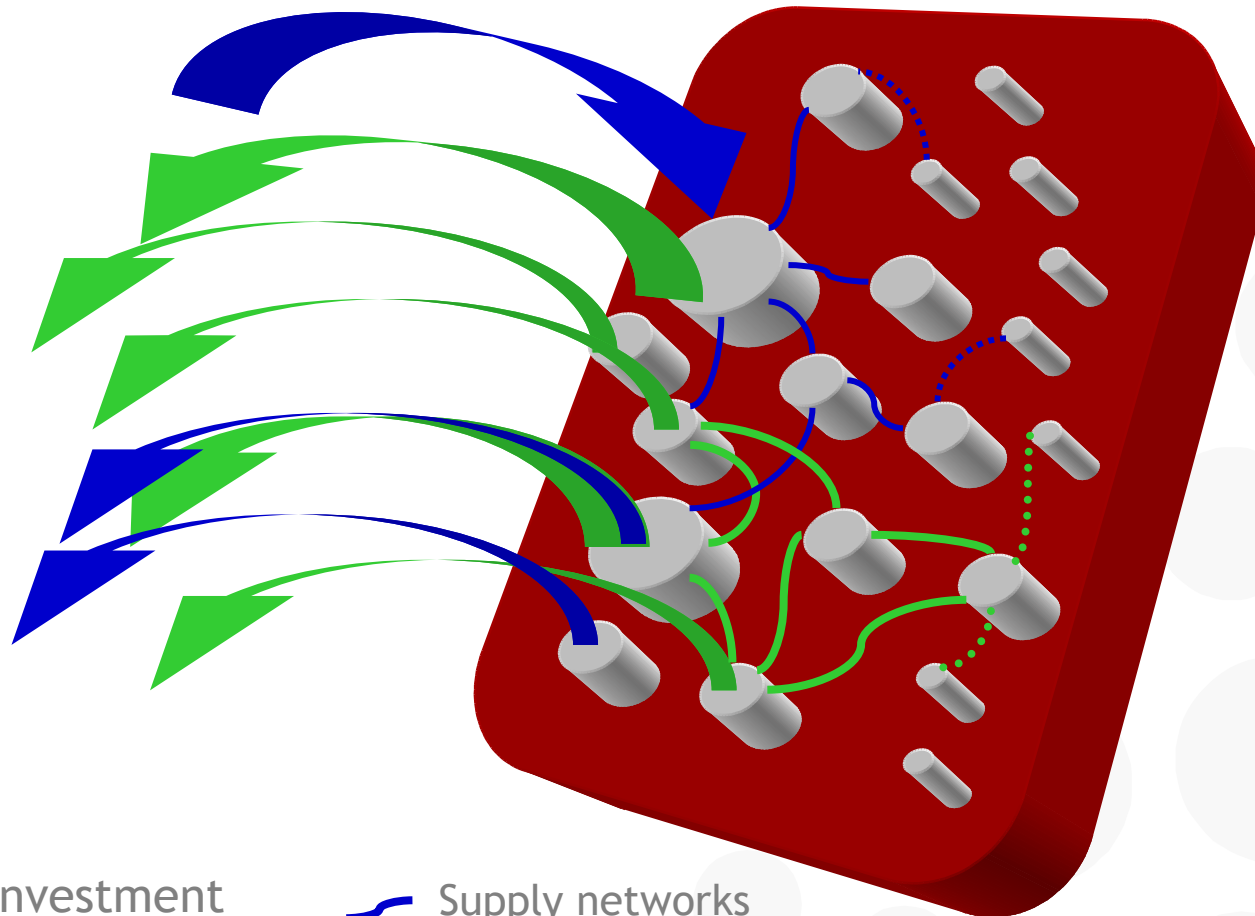


About us



- Aicep results of the merger of the previous Portuguese Investment Promotion and Trade Promotion Agencies;
- The activity is focused on the client's needs: the distinction between trade and investment promotion is fading;
- Continuous assistance to investors seeks expansion investments and business opportunities for SMEs, locally and abroad;
- Investment promotion focus on exporting oriented activities;
- Trade promotion (40 business centers worldwide) is refocusing on traditional and “new opportunity” markets;
- Business environment improvement (or reduction of “costs of context”) is a statutory objective.



Bussiness model

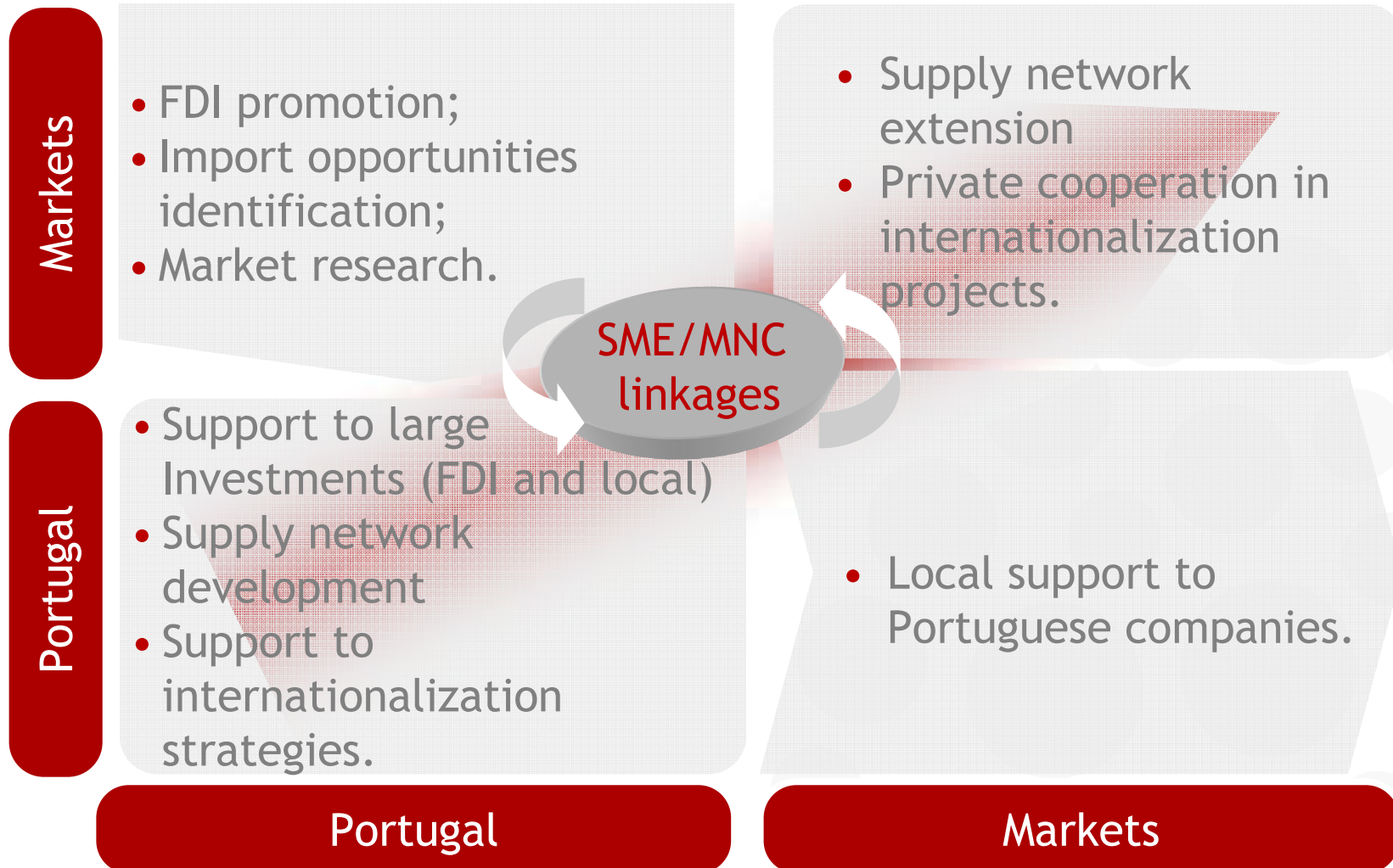


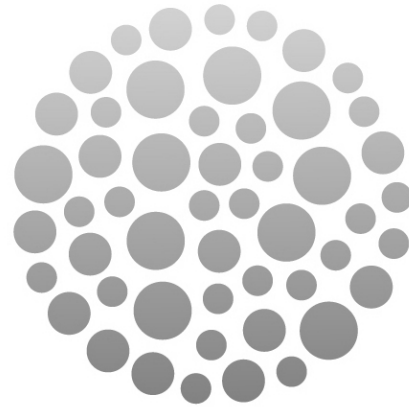
 Investment
 Exports

 Supply networks
 Export networks



Operation





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Recent Track Record

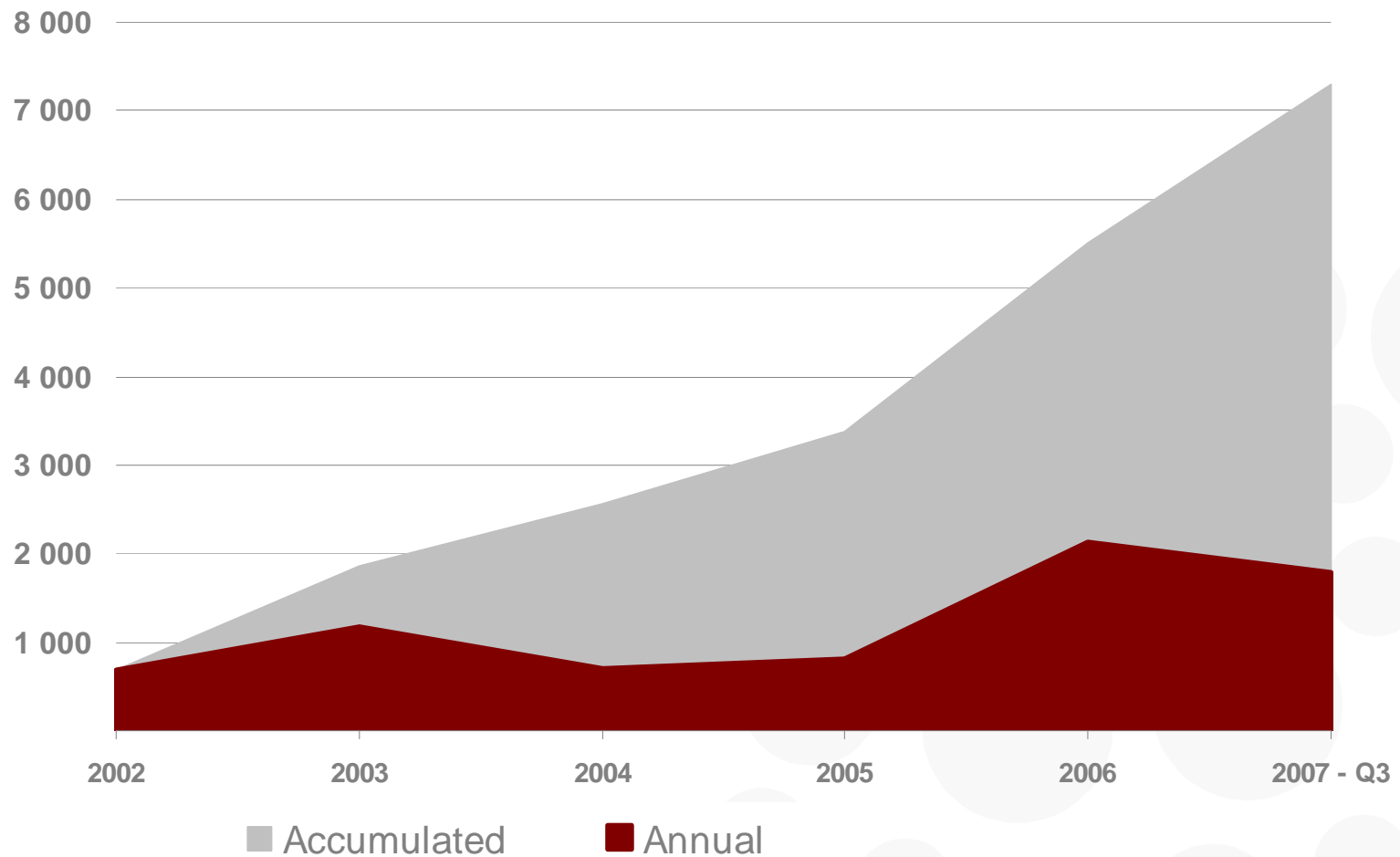


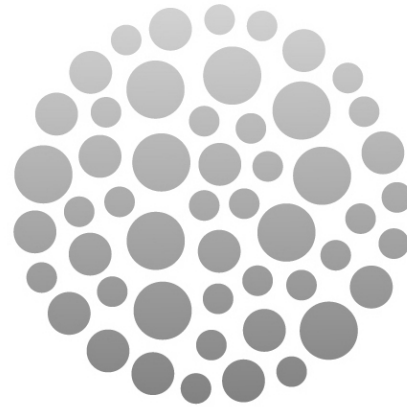
Rankings...

- World Bank, Doing Business Report 2007 - setting up new companies: 1st;
- Brown University: from 48th to 7th in the E-Government (2007);
- AT Kearney/Foreign Policy Magazine, capacity to attract FDI: from 57th in 2005 to 17th in 2006;
- E&Y, renewable energy attractiveness index: 8th (2006);
- Global Peace Index: 9th (2007);
- World Bank: top ten in countries that were implementing pro-business changes in the investment climate (2005);
- IMF FDI attraction status: front runner (2007).



Investment Contracts...





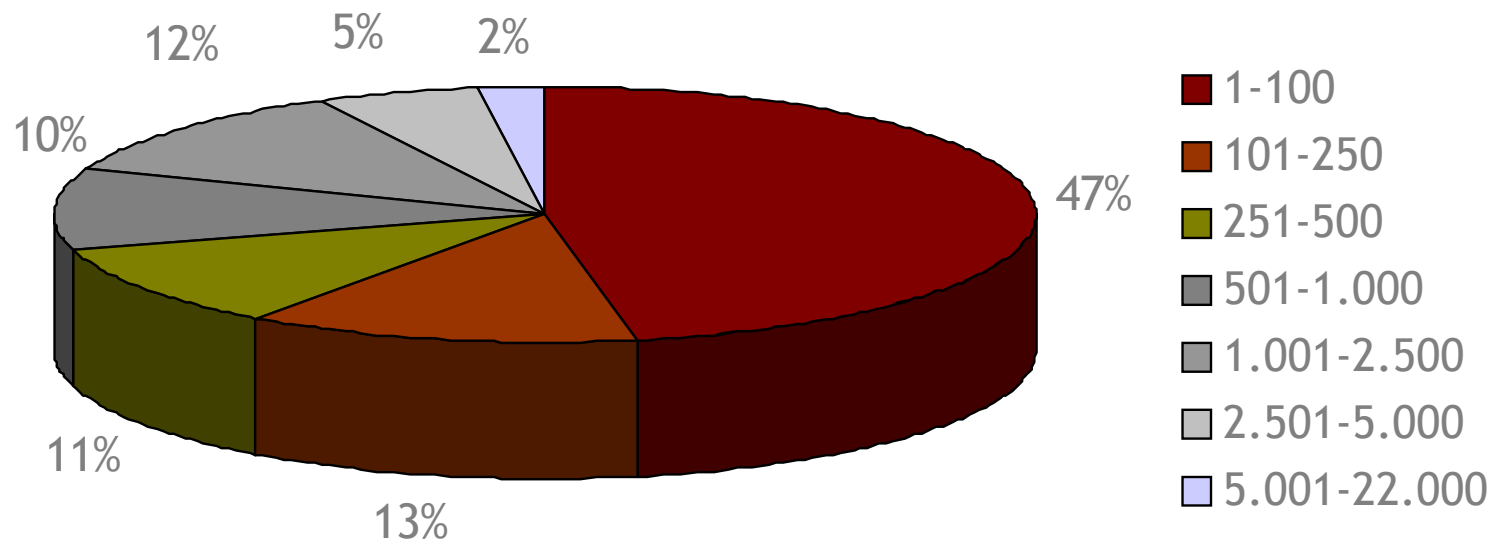
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The Charts



Export concentration on firms

Concentration of exports of goods, per ranking of exporting companies, 2005



Source: INE, aicep



ABC analysis of export markets



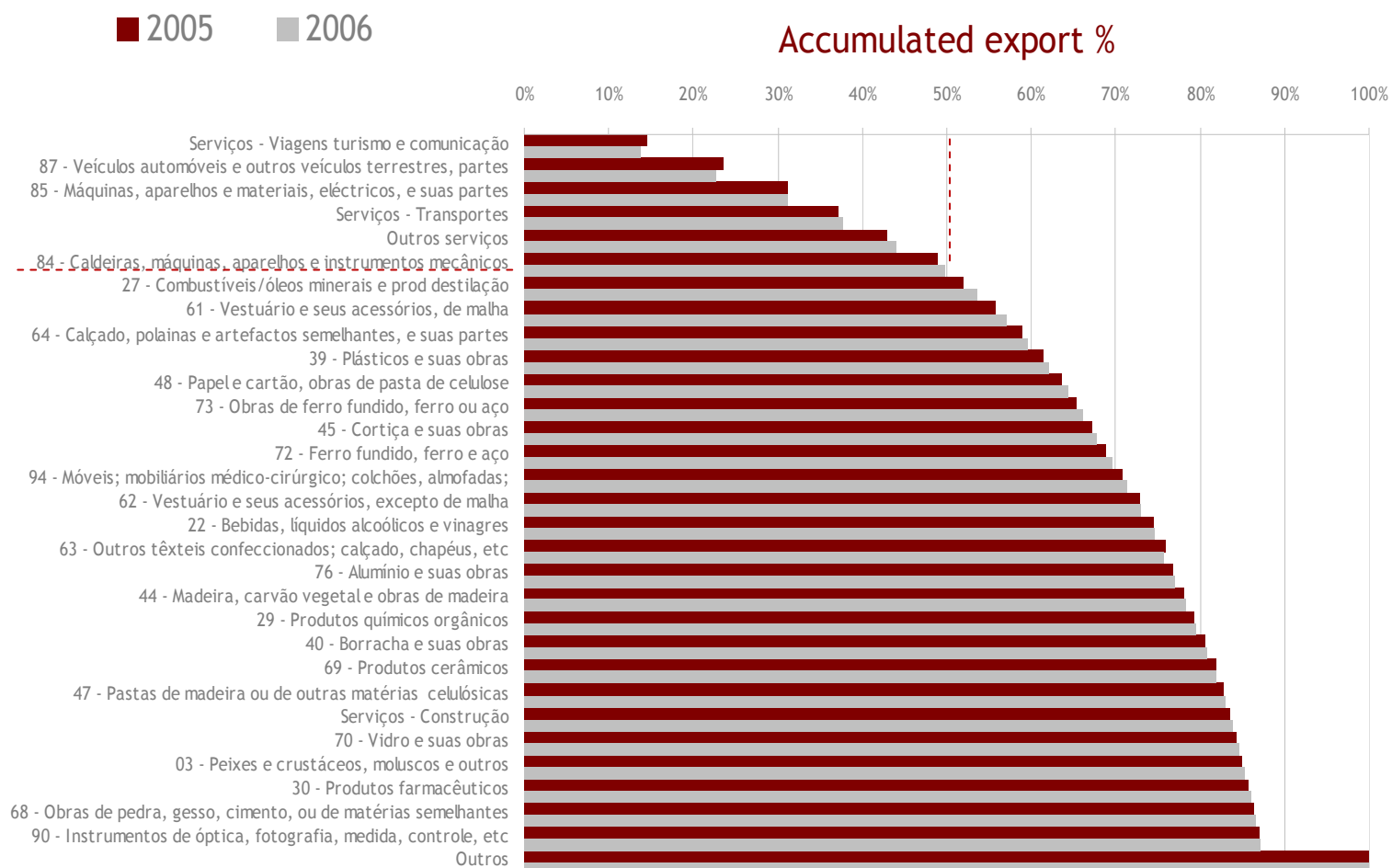


Weight on exports and potential growth





ABC analysis of goods and services exports

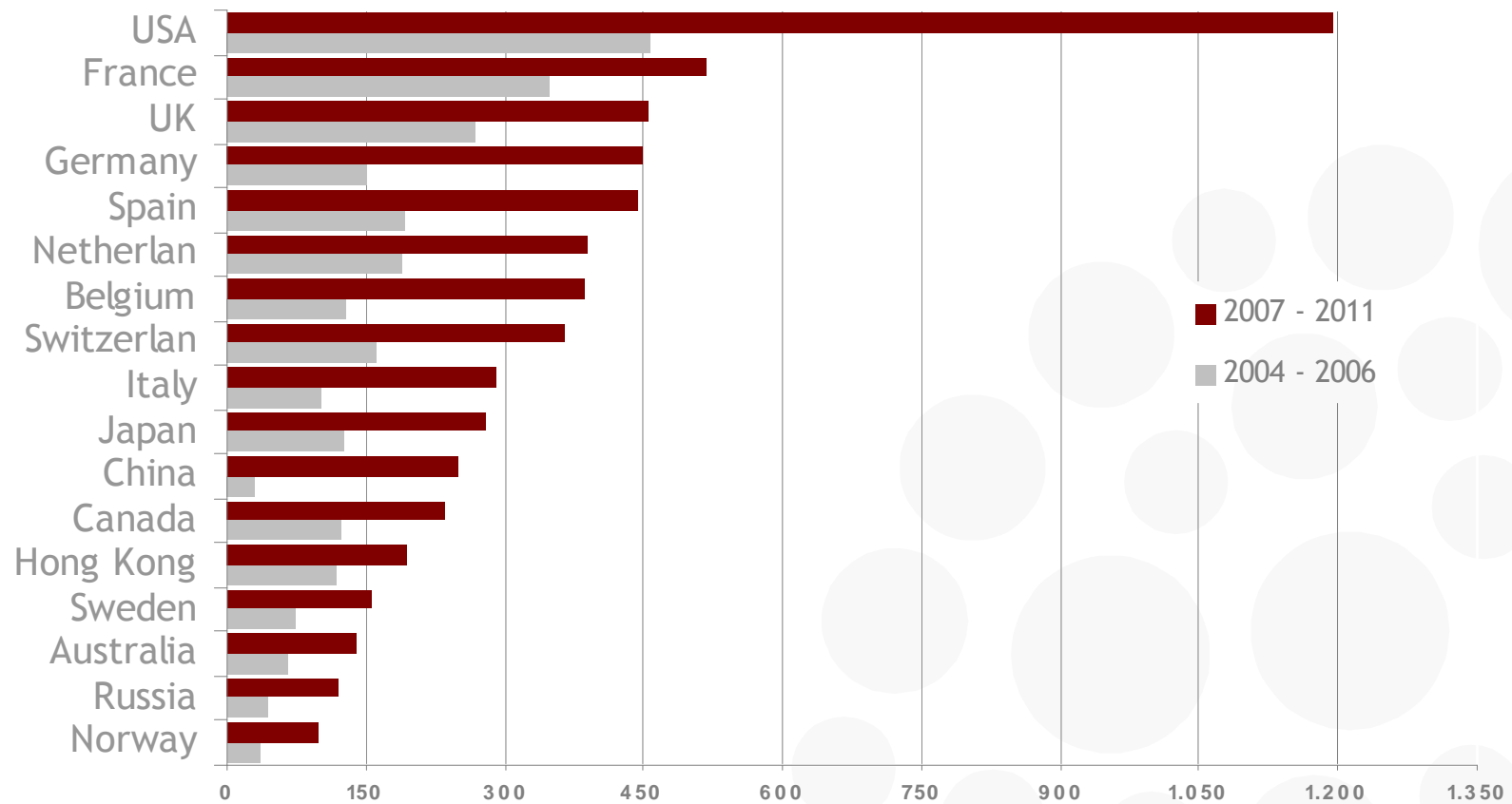


Source: INE



Estimated FDI evolution

FDI Outflows 2004 -2011



Source: EIU

Countries with estimated outflows exceeding 100 billion USD

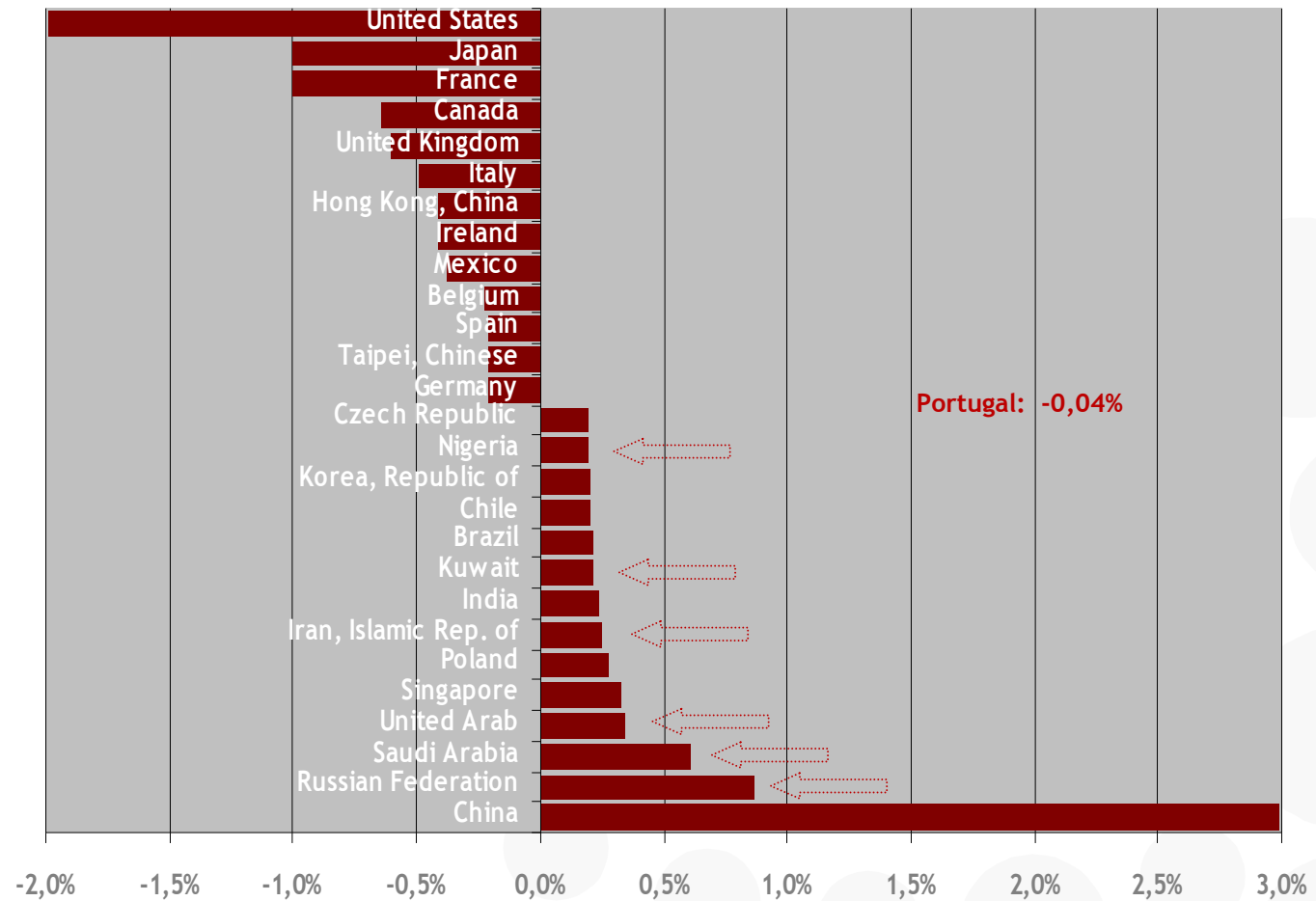
Billion USD



International Trade

Changes in market share exceeding 0,2 p.p., 2002-2006. Country's exports/World imports.

Countries benefiting from oil price evolution



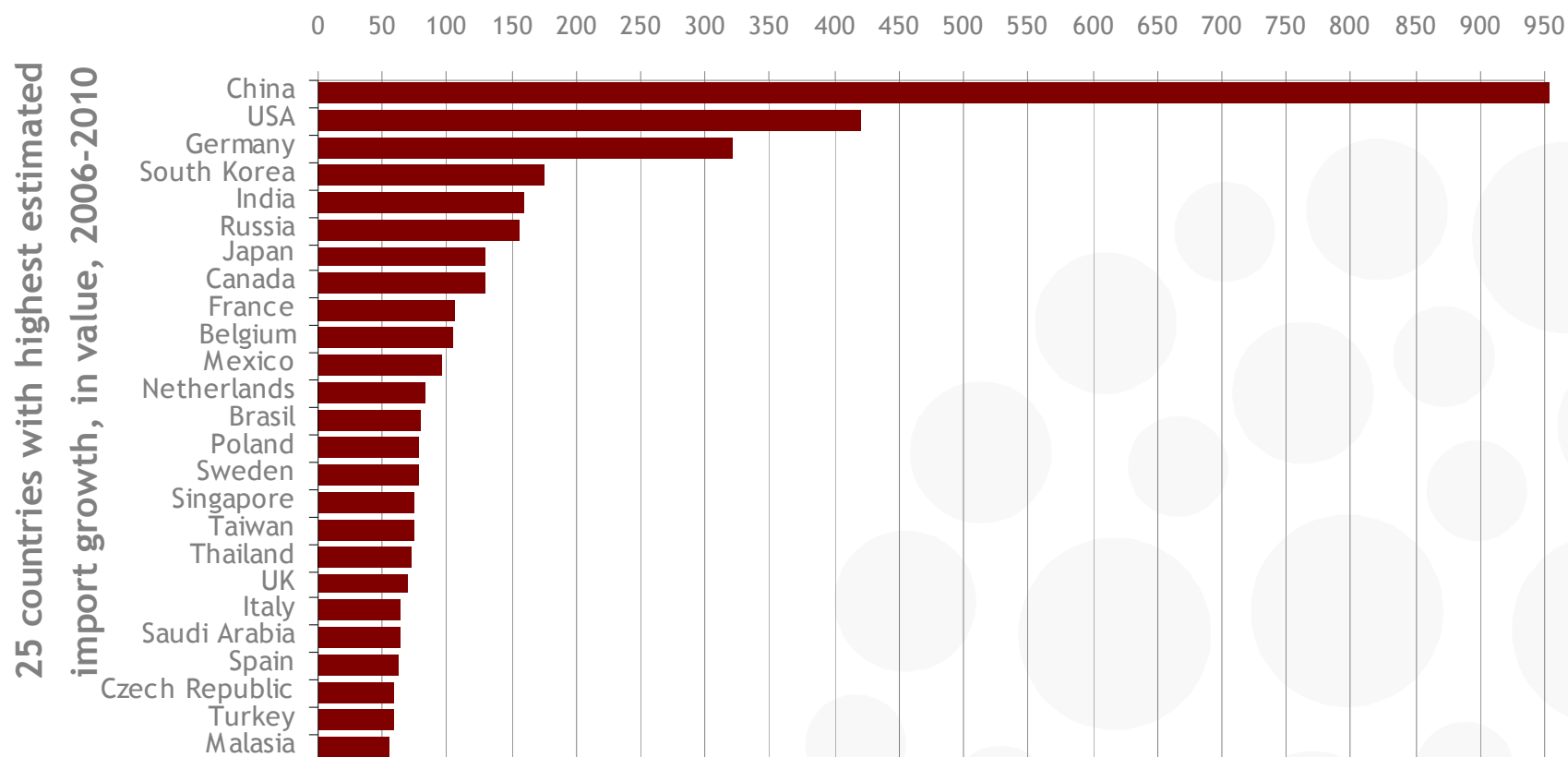
Source: World Trade Organization



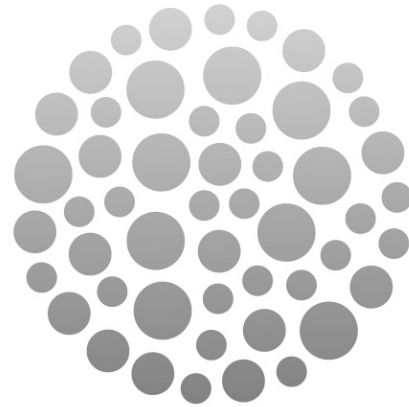
Estimated import growth, in value

Billion USD

Increase in imports, 2006-2010



Source: Economist Intelligence Unit



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Policy Measures: an example



Projects of National Interest

If:

- Potential economic impact is relevant (exports, job creation, energy efficiency, spillover effects, technology, etc.);
- Project's environmental impact and location zoning requirements deemed reasonable;

Then:

- 6 entities cooperate to identify solutions that allow the project to be developed (aicep coordinates);
- Construction and follow up of overall schedule of tasks and responsible entities;
- “Network” with local and regional entities to assure project's merit is recognized and timings are kept;



Projects of National Interest

- 72 projects classified as PIN (15,7 billion € investment, 63 thousand jobs);
- 36 projects (53% of total investment) in the Tourism sector, with the potential to largely increase and upgrade the available offer;
 - 10 projects already in construction;
 - Most include 5 star hotels and/or golf courses.
- Some 7,5 billion of investments to be concluded up to 2010.

New and improved: PIN+

- Streamlining procedures even further;
- Allowing for specific measures.



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Think global, think Portugal