

# TESTIMONY OF THE INTERVENTION



## CLOSING SESSION



### Fernando Paiva de Castro

*“The battle for internationalization of business in the region has to be developed on several fronts, although I do not know in detail the new proposal of the Internationalization Program to internationalize the economy ... I believe that the fronts of attack that should be taught, not only for the perspective increase in exports and diversification of markets, but also the substitution of imports, as well as the capture of foreign direct investment. “*

“As promised in the morning, here I am again.

My Excellency, Secretary of State for Internationalization, Henrique Brilhante Dias, ladies and gentlemen, first of all, I am obliged to publicly thank His Excellency Secretary of State for having accepted the challenge of coming to us in this beautiful region of Aveiro.

Last year, at the closing of the 5th AIDA Forum held in Albergaria-a-Velha, the then Secretary of State suggested that the next Forum be held in Lisbon, as it would be a way to show and demonstrate the capacity of our expedition.

We are very proud of this ability. We are convinced. That is why it is and will be in our district that we will continue to develop our events close to our entrepreneurs, even though we recognize the beauty of the city of Lisbon and regret how much we are dependent on the many decisions that are and are not taken here.

Therefore, Mr. Secretary of State, on behalf of AIDA and the businessmen of this district, our eternal thanks for accepting to move to the ground and I dare to challenge you to return whenever you can. Because this region has much to enjoy, in multiple aspects. And I'm sure that whenever you do, you'll never regret it. Even if you take the risk of not always listen to what you would prefer.

Well, we are moving towards the end of another working day, which I hope is meeting everyone's expectations.

As I said in the morning it is time for the discussion on internationalization and because it has been demonstrated here, the discussion of the topic of internationalization of business is not exhausted in a session like this.

I also mentioned in the morning that one of the concerns for the event today was the importance it has for the national economy and not only the region.

In fact, the districts of Portugal and the district of Aveiro in particular have a business fabric with an installed productive capacity, which far surpasses the



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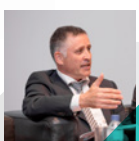
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needs of our domestic markets, and therefore have to find other markets to which those productions may cause interest.

On the other hand, the country also has shortages of other raw materials and products, because it has to resort to its importation and consequent payment. And this current account between imports and exports, consequently between receipts and payments, translates into what we know by the trade balance, in which we all want the plate of exports to weigh more than that of imports, but unfortunately, this does not happen, as we know. Statistics reported at the end of last August published many few days by the INE, confirm.

Exports, although they rose 14.3% more than imports [12.8%], failed to prevent the value of the trade deficit from growing by 105 million euros compared to the same period of 2016, cumulative to € 1,316 billion.

We've been worse, but we've been better off episodically. In recent years, our exports have grown at a good pace, rising from 20% of GDP to 40%, thanks to the hard work of our entrepreneurs, who with determination have been able to face the crisis and chart the long route that we live in 2011.

It is necessary to go further, exports have to exceed 50% of GDP so that we aspire to have a sustainable national economy. Your Excellency the Secretary of State acknowledged yesterday when he stated at a given moment that Portugal should achieve 50% of GDP exports in the medium term or that it will have great difficulties in competing. That's what I read in the press.

It was also recently disclosed by INE that about 70% of Portuguese exports exported to a single market and according to the same source, the top 10 markets in the markets close to Europe, Morocco and the United States, account for about 76% of that which we export, so it is a panorama that we have to commit and modify.

The battle for the internationalization of business in the region has to be developed on several fronts, and as we already mentioned, although not knowing in detail the new proposal of the Internationalization Program to internationalize the economy, recently approved by the Government and which, The Secretary of State will give us some ideas, in my opinion, those fronts of attack should be taught, not only for the prospect of increased exports and diversification of markets, but also of import substitution, as well as foreign direct investment.

A lot of work from home needs to be done. Not only the companies, in the sense of being able to internationalize, because it is not any company that can achieve this goal. Only 3% of Portuguese companies can export.

I believe that this is due to the fact that we have business knowledge illuminated by 99% of micro, small and medium enterprises as already mentioned here. Percentage this, well above the European average, with the aggravating of in the last year, the percentage of micro and small enterprises have increased above the European average and curiously medium-sized companies below.

That is not how we will be able to increase the number of exporting companies and increase our exports. On the one hand, the theme has already been mentioned here, partnerships may overturn the barriers of individualism.

On the other hand, a level of indebtedness and decapitalization of companies is recognized. The Capitalize Plus Program is moving forward, but slowly, for what it would take. Some 50 measures proposed last year by the admission structures have not yet been implemented, although measures have been called for two years.



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CONCLUSIONS

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We have heard the Prime Minister say that the 2018 State Budget will include measures that will facilitate the capitalization of companies. Good. But I repeat, it's too slow, because our delay is quite significant.

Undervalued, our companies have enormous difficulties in resorting to financing to face new investments, strengthen stocks or promote restructuring, without which they will not be able to improve their internal productivity. And if we look at some comparative statistics on productivity, Portugal is on the tail, in a Europe of twenty-eight. As a result, the rate of implementation of Portugal 2020 applications is being too low, which is also contributing to the delays in payments to those who have been able to see your approved applications.

In the battle for competitiveness, there are still a number of recurring obstacles, such as the excessive tax burden, energy billing costs, complex labour legislation, lack of public investment on the road to transport and goods, in which the cities of the connection stand out, Aveiro, Viseu, Salamanca.

I refer again to what I have already mentioned in Albergaria-a-Velha. It is hard for me to understand that there is no money for certain things, but that if you agree to transfer to the State Budget a deficit of about € 800 million from Carris (transportation).

Well, if we can't overcome those obstacles, we can hardly attract and bring people to our country, which is so lacking in finance. And in my perspective, this foreign investment is of enormous priority, because it not only creates jobs, but also contains enormous export potential.

I do not want to stretch my presentation too much, but I would say that across borders, there is also a work to be done, as a result of the contacts that are taking place.

It is necessary and urgent to strengthen and improve the working conditions of our AICEP representations, so that they are authentic channels for capturing and disseminating business opportunities and for the good image of Portugal.

In our view, the work of AICEP should be supervised by the Ministry of Economy and not by the Ministry of Foreign Affairs.

For us, economic diplomacy is necessary, but it will be more effective for the economy to run business diplomacy. Much more I wanted to add, but the clock is already going long and we are anxious to hear V the Secretary of State, whom I never tire of thanking the presence in this event and for whom I ask your attention very soon.

Thank you all! "