

TESTIMONY OF THE INTERVENTION



CLOSING SESSION



Eurico Brilhante Dias

“... The Portuguese economy needs to increase its degree of openness, it must do so in a sustained way and this can only happen if we collectively put as a fundamental intention to increase the weight of GDP exports. The State can't do this individually, because those who export are companies. It is neither the State nor the public administration that exports. The State can only be the facilitator of this process ... ”

“Good afternoon, first of all a special greeting to Mr. Mayor, to the President of the Industrial Association of the District of Aveiro. A compliment also to the general director of AIDA, whom I have known for many years and many projects of AIDA, also the president of IAPMEI, the Member of the executive committee of COMPETE, the Director General of COTEC.

Ladies and gentlemen, may I say a few words about the challenge we have to increase exports, the weight of GDP exports, but also to increase the capitalization of the Portuguese economy.

It is an urgency and it is a weakness that the Portuguese economy has had for a long time, and that can only be overcome in a convenient way if we are able to capture direct investment from abroad in the industrial sector.

Therefore, at this moment, we are in a positive moment of the Portuguese economy. The economy grows, unemployment has reduced significantly, generating even new problems and difficulties in human resources and labor in many industries.

We have good news regarding public accountability. We know that for a country to continue to grow steadily and to be able to invest, since the investment drags imports in many circumstances, so that we can continue to have the prospect that the incomes of the Portuguese increase and that increase will generate new imports, to maintain a balance of our current account, the country needs to export more.

Let me tell you, this challenge that is put to the country, and despite the good news, is a huge challenge. Perhaps a few years ago it was a challenge that we all considered to be practically impossible, which is the challenge of actually putting exports in the weight of GDP above 50%, with exports from Portuguese companies, but also with exports from foreign affiliates investing in the country, who create jobs, who pay taxes and who help make our country a better place to live.



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José Ribau Esteves



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It is clear that for this challenge, no government could ignore. It is important in our country, where the internationalization of the Portuguese economy is probably the few points where there is a deep consensus about its political priority. By the way, if we look back, the country has been growing since the beginning of the century. Its exports grow almost every year above GDP growth, the contribution of exports has been a huge drag, has drawn the Portuguese economy, so that despite of the mediocre growth of the first decade, it has grown.

And it is important to say and underline, in 2005, Portuguese exports did not exceed 27% and today they surpass 40% sustainably. If we were able in a little over ten years to grow the weight of exports, more than 13%, the country has to be able to do so.



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In the medium term, at the beginning of the next decade of this century, we must have 50% of exports in the product and we know that the balance is not only of our public accounts, but the balance of the current account and collective indebtedness of the Portuguese economy, which is the indebtedness of the state, companies and families, we must be collectively be able to achieve this goal.

Let me also say, that in fact the country has since 2012 a positive balance of its current account.



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It is a deficit in the balance of goods in relation to the balance of services. Its combination gave us 4.1 billion euros of positive trade balance in 2016.

Tourism is growing fast, but it is unfair to say that only one service sector has grown. Machines and apparatus, many of these exports residing in the district of Aveiro and in areas such as the agricultural balance or the balance of energy, which despite being deficient, shows very positive signs.



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Santos



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Jorge Portugal

If something progressively begins to change, in a sustained and even permanent way, with a degree of structural wisdom that can withstand some changes that may sooner or later be able to return to the country.

Economic crises often occur in cyclical trends, but if there is something structural that has been built in recent years it is a balanced agricultural balance, which is expected to strike a balance in 2021.

These are also good news that allow us to look with confidence for the future.



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There is, however, a set of weaknesses worth underlining. The Chairman of AIDA stressed that we have a significant percentage of companies that export only to a single market and the problem of concentration of markets of the Portuguese economy is not a problem of the country alone, it is a problem company by company. About half of Portuguese companies export only to one country, Spain or Angola, and these are the countries with the highest concentration of exporters.

There is yet another question, which is elementary and is a pattern that we have not been able to change over the past ten years. 70% of Portuguese companies export less than one million euros. More than 70% of the exporting companies have less than 10 employees and are therefore micro and SME.



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CONCLUSIONS

There is one element, which is perhaps the most worrying from the public policy point of view, that there is a 13% to 14% increase in exports over the last decade, but the number of exporting companies is practically the same.

The 500 largest exporting companies concentrate 2/3 of the country's exports. We are talking about goods but would say that even extending to goods and services,

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the value is not significantly different.

Every year we have more than 5000 to 6000 exporters and every year we have less exporters of the year. It is curious when I look at the number of exporting companies and I realize that the number is practically the same, between 21,000 and 22,000 exporting companies. It means that we still have a lot of work to do in this export base.

Of course, we have had good news of foreign investment, but the good news has had a sector focus that is not the one we would like to keep to the future standard. Portugal has always been focused on banking, insurance and the energy sector. I believe that the foreign direct investment of the manufacturing industry does not reach 7.5% of the investment captured in 2016.

We need foreign direct investment to capitalize on our economy, to generate new experiences, to bring new clients to small and medium-sized enterprises, to allocate capital and national product in foreign direct investment and in global value chains.

All of these are issues that concern us and are present in the development of what we believe are the main public policy options in this area.

There is also a third concern, which concerns Portuguese direct investment abroad. Companies that once bet on other markets have seen many of their investments less successful. The country has limitations on the use of community resources and public resources in support of Portuguese direct investment abroad.

This limitation exists. We do not fund distribution channels and we do not fund ourselves directly with resources to community funds. We have an evident problem in the public capacity of interaction of the financial system to support new Portuguese direct investment abroad. However, it is essential for Portuguese companies, both large and medium, to grow, also contributing to the balance of the country's current account.

At the end of this line is the central element, which is the balance of the current account as something that is essential to keep the country out of the scrutiny of creditors and those who not only lend to the republic but also lend to the financial system and from it to the business sector.

In 2008, Portugal was the country with the largest deficit in the OECD countries' current account, in relative terms, as a percentage of GDP, and this position cannot be reversed.

That is why, ladies and gentlemen, we have a challenge that is important and the good news is that we are going to have regarding growth, unemployment and public accounts should not divert us from a central aspect: the Portuguese economy needs to increase its degree and should do so in a sustained manner. This can only happen if we collectively place as a fundamental plan to increase the weight of exports.

The State can't do this in an individual way, because those who export are private companies. It is neither the State nor the public administration that exports. The State can only be a facilitator of this process and provide resources to companies, in the most appropriate way, knowing that this process will have key intermediaries, where associations such as AIDA have a central role.

We have developed a program that we presented to the Strategic Council for the Internationalization of the Portuguese Economy, which, although not yet closed,

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was an obligation assumed by the Government itself, to present it to the Strategic Council in Parliament, leaving it open to participants, associations and companies for receive contributions to be incorporated.

This program has six fundamental axes that we want to develop.

The first concerns market intelligence, since we have a lot of resources focused on market research and competition analysis dispersed by various associations, competitiveness and change.

The second concerns the qualification of human resources and territory. Much of the problem of the export base is due to the few human resources qualified to manage the internationalization process. We must focus on the qualification of these resources, not only for the productive process, but also to adequately manage the internationalization process. This is something that happens mostly in small and micro enterprises.

It is still the means of qualification of the territory, since not all the regions, nor all the MICs of the country, are still able to receive investments in an appropriate way. They are key actors in attracting investment so that we can have better investment files and better areas of business location.

The third pillar is funding. And in the financing, we have to work intensively with the Ministry of planning of these infrastructures, with respect to the investment in the area of internationalization. It will be with the Ministry of Economy that we will plan and schedule, anticipating more and more what is the financing of the internationalization projects, to support Portuguese direct investment abroad and the capacity of Portuguese companies outside the European market, thus being able to compete to win work, win contracts and provide more services.

On a more vertical axis, with support for market access with AICEP and with associations for the development of the Portugal brand.

Finally, the commercial policy and the management of the costs of context to the internationalization are also areas where we are going to invest.

There are six key areas to meet these goals, sharing and aligning with business associations and companies the priorities in each axis to meet shared objectives.

I still want to leave a note that I think is important. The President of AIDA gave an important underline on the relevance of AICEP's economic diplomacy. Nonetheless, since AICEP is not functioning as we would all like to, the country's exports have grown significantly and accelerated.

I'll tell you a personal story. When I arrived at AICEP, at the time of the merger, I would have between 600 and 650 employees. When I visited AICEP for the first time, after having taken it as Secretary of State, the President of AICEP was proud to tell me that the agency was ten years ago and that there were 450 fantastic collaborators. I looked at him and said, "How many?" In 10 years we lost 200 workers? That is, in a decade, AICEP lost between 25% and 30% of its human resources.

There is no organization that with the same technology, the same procedure, the same process and with a cut of 30% of its resources can achieve exactly the same results.

All the effort, all the dedication that should be praised in many of the staff of AICEP, was made in a very difficult context.

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During the years Portugal was in the framework of the adjustment program, the Portuguese diplomatic network, in what is its peripheral services as embassies and consulates, lost 25% of human resources.

The number of embassies may not be the most appropriate indicator, but I say again that from the same process, from the same procedure, of the same technology with less 25% of resources, we can't expect the same results. Despite this the country increased exports.

AICEP, in the strategic plan that I have approved, will have funding and resources in 2018 to move forward with digital transformation.

There are processes and resources to produce new products. But above all, there is a desire to strengthen and determine an investment fund network that is not yet finished, which is halfway through, but which we clearly want to finish between the end of this year and the beginning of 2019.

We must be very proud of the collective work that even under the most difficult circumstances we have been doing, but we can't take our foot off the accelerator and that is what I ask of you.

Although I know I would not have to ask, we have to continue working together because the country will only have a future, a decent future for the new generations if we are able to export more. "