

# Portugal

BUSINESS · TRADE · INVESTMENT · INFRASTRUCTURE · TRAVEL



Clinging as it does to this westernmost point on the Iberian Peninsula, Portugal has always looked in two directions at once, backwards to Europe and forwards to Africa, Latin America and routes to the Indies. In the past this tiny country of 10 million carved itself an unparalleled place in history with daring 15th century voyages of discovery that mapped sea routes to India and opened up trade as never before. Today Portugal levers its geographical advantage into a bridge with Portuguese speaking communities in the Americas, Africa and elsewhere. Locating in Portugal is to have one foot in Europe and the other hovering over extensive markets of new opportunity.

# Age, Stability and Flair

Portugal is one of the older, more stable, business-friendly EU states. Portugal is a success story in terms of catch-up economic growth and a committed host to high-quality, high value-added business, investment and tourism. A nation with an eye to niche opportunities, it is a great place to settle down for business.

## PORTUGAL ANCIENT AND MODERN

Portugal is an ancient land clothed in modern, youthful and upwardly mobile colours. The 4<sup>th</sup> oldest nation state in Europe, Portugal sits at the warmest and westernmost tip of the continent – bordered north and east by its Iberian neighbour Spain and west and south by the vast, bracing Atlantic. Apart from its mainland, the country also extends to the regionally autonomous mid-Atlantic archipelagos of the Azores and Madeira – tourism resorts without parallel.

Since joining the European Union in 1986, Portugal, without losing sight of its ancient culture and proud history, has made great strides in developing a modern digital economy kitted out for the challenge of a globalised future.

Portugal's borders have been unchanged since 1249 and the country is building on the strengths of this unmatched stability to reshape its world image as a long-established, hospitable and business-friendly environment.

## CENTURIES OF TRADE AND INNOVATION

Once a major economic, political, and cultural power, Portugal has been a trading nation for more than 600 years. It built up vast wealth in the 15<sup>th</sup> and 16<sup>th</sup> centuries losing much of it as the Age of Empire dimmed and the colonies finally gained independence after 1974. But at its zenith the Portuguese Empire extended from Brazil, across Africa to the Indies and this vast network of cultural, culinary and commercial influence remains important and influential to this day.

As a country of vastly mixed culture and tradition – Iberians, Tartessians, Celts, Phoenicians, Carthaginians, Greeks, Romans, Germans and Moors have all left their mark – it has not lost its taste or touch for new markets, innovative ideas, joint ventures and profitable investment.

Young, thrusting, well-educated entrepreneurs are creating, developing and supplying global corporations with innovative, advanced IT, software and artificial intelligence – Portuguese solutions to complex projects. The technical capacities of the Portuguese have been widely recognised. Warburg Dillon Read has praised the country as “early technology adopters” noting how the economy has leapfrogged several stages of development to sprint into the information age.

## TAPPING HIGH-WORTH TOURISTS

Portugal named Portus Cale, the “Beautiful Port”, by the Romans, retains that largely unchanged physical beauty which attracted tourists and visitors in significant numbers and continues to do so today more than ever. It is targeting high-worth tourism and the investors keen to tap these markets in the unique surroundings offered on sun drenched Algarve, 943 kilometres of golden beaches, the West Coast, the Alentejo's Alqueva resorts and the Douro Wine Valley. New and exciting coastal resorts, second-home developments, spa and stately home tourism, luxurious inland water resorts, wine and vine excursions, extensive golfing facilities around the country, the menu of new attractions is an ever-growing feast as Portugal upgrades one of its most important national industry.

## FROM NICHE TECHNOLOGY TO IBERIAN ALLIANCE

Tourism apart, Portugal is refocusing its economy to meet competition from Asia and new EU accession states. The emphasis today is on niche technology, high value-added electronics and IT, innovative upstream developments in important traditional industries such as textiles, clothing and footwear and gearing the flagship identity of its unique wines to advance an image of nationwide quality.



Rio Tejo

Warburg Dillon Read has praised the country as “early technology adopters” noting how the economy has leapfrogged several stages of development to sprint into the information age.



Docas

Lisbon - Arco do Triunfo



## KEY FACTS

|   |   |
|---|---|
| <b>Official name:</b> Portugal  | <b>Language(s):</b> Portuguese (official)   |
| <b>Capital city:</b> Lisbon   | <b>Population:</b> 10,566,212 (July 2005 est.)  |
| <b>Location:</b> Southwestern Europe, bordering the North Atlantic Ocean, west of Spain | <b>Unemployment rate:</b> 7.3% (2005 est.)  |
| <b>National elections due:</b> 2010   | <b>GDP:</b> US\$194.8 billion (2005 est.)   |
| <b>Legal system:</b> Civil law system   | <b>GDP growth:</b> 0.7% (2005 est.)   |
| <b>Chief of State:</b> President Anibal Antonio Cavaco Silva                            | <b>GDP per capita:</b> ppp - US\$18,400 (2005 est.)   |
| <b>Head of Government:</b> Prime Minister Jose Socrates                                 | <b>GDP – composition by sector:</b> Agriculture: 5.2%, Industry: 28.9%, Services: 65.9% (2005 est.) |
| <b>Area:</b> 92,391 sq km (includes Azores and Madeira Islands)                         | <b>Main trading partners:</b> Spain, France, Germany, UK, Italy                                     |
| <b>Currency:</b> Euro (EUR)   | <b>European Union:</b> Member (Since 1986)  |

Faced by the challenge of EU expansion in central and eastern Europe and the rising strength of China and south-east Asian products, Portugal is forging cross-border alliances with Spanish regions, industries and sectors as it carves out its own role in a wider Iberian market that is emerging as the EU integrates more deeply.

The country has revamped trade and export promotion services abroad tightening ties with the diplomatic service to ensure that potential inbound investors, tourism promoters, and the export markets are accorded the hospitality treatment for which the country is justly renowned. All trading opportunities today will be well wine and dined in the refined walls of ambassadorial residences around the world tasting the best Portugal has to offer.

### SMALL BUT EXPANSIVE

While Portugal is a small nation of just over 10 million people it counts on an vast diaspora of some 4 million Portuguese and their descendants living in thriving economies such as the United States, France, Venezuela, South Africa, Luxembourg, Britain and Brazil.

Today Portugal, as their Celtic Irish brothers have done before them, is tapping these communities for foreign investment, inbound tourism, trading opportunities, and ways to drive up exports.

This appeal to a well-educated, resource-rich, technologically-advanced worldwide community of Luso-descendants will certainly enhance Portugal's economic prospects. This will be enhanced by strong extended family ties and traditions that bind the Portuguese →

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Lisbon - Praça do Comércio

Germany has been a leading investor while the automobile sector has seen the biggest amounts of contracted FDI – particularly at VW-AutoEuropa, GM and Continental Mabor, a tyre maker.

and are an important factor in calls on blood ties and common culture. Lisbon reaches out through its Ministry for Foreign Affairs to the 25% of the population that lives outside its borders. Indeed such is the importance Lisbon attaches to these ties that Portuguese residents abroad are entitled to vote in domestic elections.

With more than 200 million native speakers, Portuguese is spoken in widely distributed parts of the globe, and is one of the six most widely used languages in the world. Since joining the EU Portugal has parlayed this factor as an important aspect of what it brings to the table both for business investment and strategic political advantage. The Portuguese-speaking community (modelled on the British Commonwealth) extends to Brazil, the former African colonies and south-east Asian territories such as Macau and East Timor.

#### SOUND REASONS FOR INWARD INVESTMENTS

Lisbon is focused on extending business, trade and development opportunities with oil and resource-rich Angola and the newest oil nation off the West African coast – Sao Tome e Principe. One of its trump cards for inward foreign investors is the chance to develop partnerships and platforms with local firms forging business in parts of the world where the Portuguese have ties going back centuries. Portugal and Brazil recently strengthened trading links and a Brazilian logistics platform near Lisbon will handle all Brazilian exports to southern Europe.

A Portuguese oil entrepreneur who made his fortune in the US oil industry is to build a €4 billion oil refinery at Sines (south west of Lisbon) to refine diesel fuel for export to the US.

The foreign ministry has called on Portuguese millionaires abroad to consider flagship manufacturing and leisure investments in Portugal

and is offering an attractive location for generous capital returns.

Portugal has excellent foreign direct investment (FDI) conditions according to the latest report by UNCTAD the United Nations Conference on Trade and Development. This flags up world standard infrastructures and ranks the country 36<sup>th</sup> in terms of global desirability for foreign investment.

Foreign Minister Diogo Freitas do Amaral said diplomatic missions abroad are fully focused on attracting FDI. One the country's greatest successes in the past decade has been Europe's most productive automobile plant– the €2,250,000,000 AutoEuropa-VW factory set up in 1994. This accounts for some 3% of GDP and Portugal now seeks “two or three similar sized” investments to drive forward growth. The Invest in Portugal Agency is targeting investment namely from the EU, the US, Brazil, Japan, China, South Korea and the Middle East. Basílio Horta, recently appointed chairman of API – the Invest in Portugal Agency – is canvassing for technology and similar leading edge investment projects. API has signed inbound investment contracts in excess of €2.3 billion since November 2002. Germany has been a leading investor while the automobile sector has seen the biggest amounts of contracted FDI – particularly at VW-AutoEuropa, GM and Continental Mabor, a tyre maker.

#### WITH OLIVES AND HYBRIDS PORTUGAL WELCOMES YOU

From earlier times of olives, cork, paper pulp, textiles, footwear and vines, Portugal has accelerated into an age of bits, bytes, biodiesel, and plug in hybrids. Its 21<sup>st</sup> century infrastructure, a keen, adaptable workforce and friendly, hospitable people, welcome friends and strangers to share the delights and the bright future of Europe's oldest best-kept secret. ■



## WHY PORTUGAL?

Strategically located with a skilled and flexible workforce, Portugal is now pursuing proactive investment reforms, a credible fiscal policy and low corporate tax levels (20%). The business friendly environment is immeasurably improved by the high quality of life in an unstressed, unpolluted, scenically diverse country which nevertheless boasts high tech telecoms, and IT systems that are among the most advanced in the developed world. It is currently expanding its role as a new product and technology testing ground drawing on a core of dedicated highly-educated scientists and graduates embarked on innovation and development of skilled new technology. With close ties to a worldwide Portuguese speaking Community that exceeds 200 million people, Portugal opens the door to vast market opportunity.

# Infrastructure

**For two decades money has poured into Portuguese infrastructure to modernise telecommunications, transport and harbour infrastructures and provide solid efficient foundations for economic growth and prosperity. Today this investment is paying off and the country offers the business community and its own inhabitants advantages only dreamed of before Portugal became an EU member state.**

Ever since Portugal joined what is today the European Union on January 1st, 1986, the country's infrastructure has been massively transformed. Cash poured into Portugal from European Union catch-up and regional development funds. The country enjoyed a construction boom as new roads, underground and light urban railways, telecommunications, basic sanitation, and social housing projects came on stream. Average GDP growth in the post-1986 period was a buoyant 4.6%, falling to 3.6% between 1996 and 2000. Living standards countrywide have improved virtually unchecked in line with the broad trends elsewhere in the European economy.

## AIR, RAIL AND ROAD TAILORED TO TOURISM

Much infrastructure investment, particularly road, rail and air, is strategically related to Portugal's hospitality industry. Tourism earns €6.2 billion a year – some 11% of GDP. The World Tourism Organisation says by 2020 Portugal will be the 10th largest market in the world, welcoming 44 million visitors a year. To provide for the demands of this industry alone the boom in infrastructure growth is unlikely to abate over the longer term.

Today Portugal has a fast high-speed north/south and east/west motorway grid linked into the European network via neighbouring Spain. Large construction companies – Construtora Abrantina, Teixeira Duarte, Edifer, Soares da Costa, Construtora do Tâmega, Mota Engil, OPCA, Somague, Conduril and Obrecol have benefited from significant road building and engineering contracts. Additional opportunities still ahead include: shadow tolling contracts (Scut in its Portuguese acronym) and technology transfers from "Via Verde" toll software systems developed by Brisa-Auto Estradas de Portugal – the listed, motorway network concession holder. Since 1997 the state has invested at least €17 billion on six Scut (PPP-Public Private

Partnerships) concession contracts that cover the country. Brisa plans to supply the future pan-European Via Verde network and other markets such as Brazil and the former east bloc countries with a new generation of management systems for Brisa toll plazas, shadow tolling and remote charging as currently used in Portugal. The technology is also adaptable for remote payments in car parks and garages and remote detection and classification of vehicles (i.e. road use pricing).

The changes wrought by EU development capital are ongoing and a just-announced round of infrastructure spend is to include €8.18 billion on a TGV high-speed rail project. The first stage will link Lisbon to the country's second city, Oporto, via the planned new international airport at Ota. It will also connect Lisbon with Madrid and feed into the trans-European high-speed rail system. Private enterprise will be invited to tender for the TGV network "superstructure" – electrification, signalling and catenaries worth some 30-40% of the total project. As part of the Lisbon/Madrid TGV line, a new Tagus river crossing will be built and funded by a PPP. The Lisbon/Madrid TGV is to come on stream by 2013 and that to Oporto a year later. The high-speed train will be operating before Ota airport is ready in 2017.

## DEVELOPING A NEW IBERIAN HUB AT OTA

Given the significance of the hospitality sector, the proposals for a new €3.1 billion international airport at Ota - 42 kms northeast of Lisbon, are clearly paramount. Ota's annual handling capacity will be 30-40 million passengers a year and initially there will be two runways, with room for growth. The need for the new airport at Ota is vital considering the growth trends expected in Lisbon which the city's current airport (Portela) will not be able to accommodate. The idea is to develop Ota as a hub for flights to Latin America and Africa. Onward connection alternatives would include the high-speed TGV network or regional →

Saravém Interchange -  
Photo courtesy of EP - Estradas de Portugal, E.P.E.



**The high-speed rail project will link Lisbon to the country's second city, Oporto, via the planned new international airport at Ota. It will also connect Lisbon with Madrid and feed into the trans-European high-speed rail system.**





Vasco da Gama Bridge  
Photo courtesy of EP - Estradas de Portugal, E.P.E.

flights. NAER-Novo Aeroporto de Lisboa, a public-sector company, is charged with developing the 30-year build, finance, operate and transfer (DBFOT) scheme. Tenders for airport construction will be called in 2007 and works to begin by 2010. 70% of this investment will come from debt and private investors. The operating period is 23 years (2017- 2039) and the concession is for at least 30 years (2010-2039). The government will bear 10% of the cost; the rest will be EU funds. The new airport will be served by a TGV non-stop 20-minute service between Ota and Lisbon. The airport will handle around 33 million passengers by 2039. Meanwhile as an interim measure to meet demand, Lisbon's existing Portela airport is undergoing a €400 million revamp due to be completed by 2009. In 2004 the airport handled 10.7 million passengers, up 11% over 2003 and is on target to handle 12 million by the end of 2006. Government may also privatise ANA-Aeropostos de Portugal, S.A., the national airport authority, and use funds raised to meet some of the cost of Ota. ANA runs seven airports: Lisbon, Faro, Oporto, and Ponta Delgada, Horta, Santa Maria, Flores on the Azores. It also has a 49% stake in ADA, the Sino-Portuguese JV which manages the Macau International Airport, and a 70% stake in ANAM, the Madeira Islands airport authority (Funchal Airport and Porto Santo Airport).

An ambitious development plan, initiated in 2000, is under way at Francisco Sá Carneiro Airport in Porto, where ANA hopes to provide an infrastructure of reference for the North of Portugal. This facility is some 11 km from downtown Oporto and well connected by new motorways and light rail train. Most of the programme was completed in October 2005, giving the airport capacity to handle 6 million passengers a year with future expansion to 12 million. Between 2004 and 2005, ANA invested €218m to equip the airport as a major international link serving the North-East of the Peninsula. ANA's strategy is to service the neighbouring business

and tourism market in the Spanish province of Galicia where high-speed roads now make onward connections quick and convenient. In 2005 ANA's revenues were some €240 million, up from €220 million in 2004. ANA, SA is a major shareholder in a number of successful subsidiaries associated with its core business and has also involved itself in real estate projects and other revenue streams. It has an 80% stake in NAER SA (Novo Aeroporto SA) set up in 1998 to do preparatory work for the new Lisbon airport (Ota).

#### INLAND INFRASTRUCTURE IMPROVEMENT IMPACT ON BOOMING PORTS

Between 2002 and 2006 Portugal has been drawing down €4.5 billion in EU funding for upgrading, restructuring and modernising its maritime ports. The aim is to develop logistics and integrate with the trans-European transport network. Government has made private sector involvement a cornerstone of port management and operations. Harbour authorities are focused on planning co-ordination and regulation. PGS Corporation of Singapore was recently awarded a 30-year concession to operate Sines port, 60 kms south of Lisbon and the country's largest harbour. Sines has a state of the art container terminal, and oil, petrochemical and general cargo terminals. The harbour is the entry point for 80% of Portugal's energy imports and connects to all major oil and tanker routes. It is also being developed into an important Iberian Peninsula gateway thanks to fast rail and road links to Madrid. PGS has been developing industrial service zones for companies, such as finishing and logistics firms, and has set up a business centre and commercial space for multipurpose activities.

Douro & Leixoes, Aveiro, Lisbon, Setubal & Sesimbra, and Sines are the country's main ports. Douro & Leixoes comprise an oil terminal, two container terminals, general cargo and bulk handling, ro-ro and passenger terminals, and is worth €272 million. The €340 million



Lisbon Airport (Portela)

The idea is to develop Lisbon's new airport at Ota into a hub for flights to Latin America and Africa.



Oporto Airport



Port of Sines

Sines is being developed into an important Iberian Peninsula gateway thanks to fast rail and road links to Madrid.

harbour at Lisbon offers container terminals at Alcantara, Santa Apolonia and Santos and general cargo and bulk handling facilities. Setubal & Sesimbra Ports handle general cargo, containers, ro-ro, and liquid and solid bulks and the export of vehicles from the AutoEuropaVW plant.

#### MOBILES LEAD THE TELECOM REVOLUTION

Consumer experience of telecommunications has been totally revolutionised since the state monopoly CTT/PTT was broken up and telecoms privatised in stages between June 1995 and December 2000. The change has introduced competitive dynamics and seen mobile telephones, broadband Internet access, Cable TV and parallel cable and wireless networks expand exponentially. Today Portugal ranks 9<sup>th</sup> in the EU in provision of public electronic services, ahead of Germany, the Netherlands and Belgium. At end Q1 2004 there were 10.6 million mobile SIM cards in the country, up 7.9% over Q1 2003. Mobile network penetration rate is 101.6%, well above the EU average of 90.6%. The number of mobile telephones now exceeds the total population. Anacom, the telecommunications authority, says the number of fixed telephone line subscribers is declining. It was 3.1 million in September 2004. In the voice traffic market PT-Portugal Telecom Group, which provides telecommunications and multimedia services in Portugal and Brazil, as well as in other international markets saw its share in talk minutes and calls fall. Services provided by PT include mobile telecommunications, cable and satellite television, and data and business solutions. The group employs more than 12,000 people across three continents. Future sector opportunities include more value-added services as local loop unbundles further, and options for independent fibre optic/broadband/cable TV networks offering competitive urban services.

#### COMMON INTEREST IN IBERIAN ENERGY MARKET

An energy sector shake-up is occurring across the Iberian peninsula and the market is increasingly interlinked. Portugal and Spain recently settled on July 2006 as the start-up date for an Iberian energy market (MIBEL). They also announced plans for an Iberian gas market (MIBGAS- Mercado Ibérico do Gás Natural). The main oil and natural gas business GalpEnergia (33.34%-held by Eni of Italy) holds significant offshore oil exploration concessions in Angola. Its refineries at Sines and Leixoes (north) are important in the Iberian energy refining matrix. Argus Resources holding (Portuguese, US and Arab investors) has announced it will build a €4 billion new oil refinery at Sines (south west of Lisbon) by 2009, to refine diesel fuel for the US market. Forecast output will be 3000 barrels/day, 90% for export. Meanwhile EDP - Energias de Portugal (listed, power utility) sold a 14.268% stake in GalpEnergia to Amorim Group (cork) for €720.5 million in December 2005. The deal, funded by Santander Bank of Spain, may represent the

first step in a consolidation of interests between GalpEnergia and Union Fenosa (Spain's 3<sup>rd</sup> largest power company). GalpEnergia plans to invest €3 billion over the next 10 years strengthening petroleum exploration, electricity generation and fuel distribution. Portugal's 300km coastline can support wave energy plants capable of producing 5 gigawatts of energy or some 20% of current domestic annual power consumption, says the Department of Energy. According to Centro de Energia das Ondas (WEC-Wave Energy Centre) the domestic wave energy market is worth €5 billion. Nine Portuguese companies are currently involved, along with a Dutch company and three R&D institutes. They have set up WEC to promote and develop wave energy. Work on the world's largest solar energy power station – the €250 million Girassol plant – which will produce enough electricity to power 21,000 homes, is to start at Baldio das Ferrarias near Moura (southern Alentejo) early in 2006. The 62Mw plant on a 112 ha site, will use 350,000 solar panels to make solar energy a large scale producer.

#### POSTMAN STILL KNOCKS BUT HIGH TECH PLAYS A PART

CTT-Correios de Portugal, the Portuguese post office has restructured. It launched new operations in January 2004 to meet competition as more of its former monopoly opens up to private enterprise. Four business units were set up: traditional postal business; express mail and parcel post; postal preparation and finishing work and financial services. CTT is establishing partnerships with private enterprise. In March 2004 CTT acquired PayShop Portugal (a UK enterprise) to help offset a drop in core business revenue. The deal gives CTT international rights to PayShop micro and service payments for utilities, top-up cards and similar services through retail outlets. TNT Express (Netherlands, express mail) has a 5-year agreement with PostLog (CTT's express mail division). The deal provides co-branded worldwide express delivery products through PostLog sales network. CTT, which employs 17,335 people in 500 outlets nationwide, is setting-up a Postal Bank in partnership with a financial institution. All but the universal delivery service is due to be opened up to competition in the medium term.

#### STANDING PROUD

Infrastructure is the lifeblood of any economy. The massive Portuguese investment in upgrading and expanding roads, rail, harbours and airports in the past 20 years has transformed the movement of people and goods. Sitting on the periphery of the EU makes fast modern infrastructure doubly important to Portugal and helps overcome the disadvantage of its distance from the hub of Europe. The country has risen to the challenge and today is unrecognisable from those far off times in 1974 which mark the transition from dictatorship to modern democracy. Today Portugal stands proudly among the most technologically advanced economies in the EU. ■

# Portuguese Innovation

Portugal gave humankind the new world back in the 1500s but today the frontiers it is breaking are found in research labs, technology parks and company incubation units at universities such as Lisbon, Coimbra, Aveiro and Braga. These are the meeting place for top calibre researchers and innovators now driving a quiet revolution.

Portuguese scientists are particularly strong on niche development, resolving problems for unusual processes and product-specific solutions. Backed by a new five-year government Technology Plan offering incentives and opportunities, Portugal is committed to ratcheting up R&D, making the country an ideal technology shop.

## FROM ASTROLABES TO BIOLABS

Some of the earliest Portuguese innovation involved astronomical instruments, including the astrolabe adapted as navigational tools by explorers working for Prince Henry the Navigator (1394-1460), patron of the age of the discoveries. The know-how and technology from the days when Portugal discovered the sea route to India and Brazil, has remained alive down the centuries.

Today's Portuguese innovators are increasingly familiar with other concepts: bio hydrogen, methane hydrates, plug-in hybrids, micro-organisms - technologies of the future offering niche market opportunities that government is keen to explore.

Lisbon has introduced a "sectors of opportunity programme" to take local advantage of the forces that are driving change in the global economy. The targets set include turning Portugal into a European centre for design and manufacture of hospital and personal consumables and of components and modules for biomedical engineering. The government is also encouraging the manufacture of hybrid fuel-efficient vehicles and the development of renewable and hydrogen energy. Portugal seeks to develop a base providing sophisticated support technology and know-how to the west African oil basin where the former Portuguese colony of Sao Tome e Principe is emerging as a significant oil player.

## THE SECRETS OF INNOVATION

Portugal has many well-kept secrets. For decades it has been a global

leader in injection moulding for plastic goods manufacturers, a high tech industry that derives 85% of its income from exports. John Hurt, director of the US National Science Foundation partnerships and innovation programme says Portugal has a number of industries that compete with the best in the world. Among these are polymer, robotic and electronics engineering, "all at the cutting edge on the global playing field". Other outstanding technology that Hurt flags up is that developed by Critical Software and Chipidea, a semiconductors maker.

Critical Software, based at Coimbra in central Portugal, was established in 1998 and produces software for Nasa-North American Space Agency, ESA-European Space Agency, Alcatel Space, Siemens, Astrium and others. Its *Xception* product enables clients to test the robustness of mission critical software for space flight and similar operations. Founder Diamantino Costa says the niche market he occupies has made his company profitable since day one.

ChipIdea caters mainly to clients such as Toshiba, Microsoft, Phillips and Motorola and designs chips for IT applications. Growth since establishment, a little over 6 years ago, has been so fast that it now ranks 337th among Europe's top 500 fastest-growing companies. Managing founder, Prof Jose Epifanio da Franca of Lisbon Higher Technical Institute says Toshiba recently acquired 1% of the company and Microsoft hires it to design chips for its X-Box.

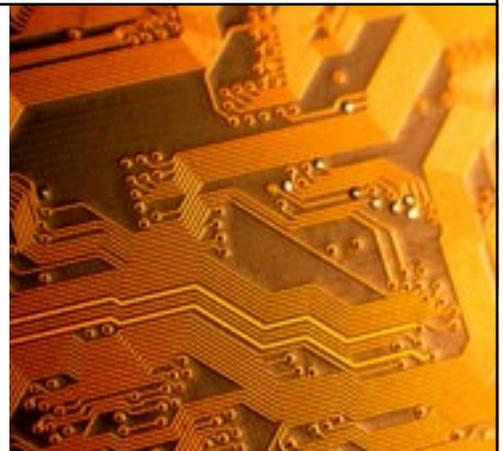
## MOBILES TO MUTIBANCOS

Portuguese investment in information technology is set to grow by 7.8% through to 2009, says IDC-International Data Group, or nearly 6% above the European average. Mobile phones are a main driver with mobile penetration and use rates and IT service sophistication in Portugal rivalled only by the richer Scandinavian countries. An important enabling factor in the expansion of mobile phone use –



## TARGETS OF THE "SECTORS OF OPPORTUNITY PROGRAMME" INCLUDE:

- Turning Portugal into a European centre for design and manufacture of hospital and personal consumables and of components and modules for biomedical engineering.
- Manufacturing hybrid fuel-efficient vehicles.
- Developing renewable and hydrogen energy.
- Providing sophisticated support technology and know how to the west African oil basin, (the former Portuguese colony of Sao Tome e Principe is emerging as the next significant oil-based economy).



in Portugal and worldwide – has been an innovation by an unsung Portugal Telecom engineer. He was the first to develop pre-paid mobile cards. Besides user convenience, and now almost universally deployed, pre-paid cards enable operators to offer service to any subscriber without fear of non-payment or bad debt. The system works thanks to the sophistication of another Portuguese technology achievement – the ATM Multibanco system. Portugal’s automated teller machine network is a conceptual leap forward. Rather than each bank running its own network Multibanco was set up as a commonly-held single network for the whole banking system. The advanced services this system now offers includes payments for Via Verde, the national electronic motorway toll. This system, developed by Brisa, the main tollway operator in a JV with Q-free of Norway, directly debits payments from user bank accounts set up through Multibanco, while drivers cruise nonstop through toll plazas. With a mobile phone ownership rate of 110% it is no wonder that the Portuguese subsidiary of Vodafone is to establish an electronic commerce and transactions development centre of excellence in Portugal. Vodafone chose Portugal because of its capacity for innovation, know-how and development capacity.

**MICROENCAPSULATION AND SKELETAL CONCRETE**

Textiles are another traditional industry benefiting from the niche solution trend. The University of Minho’s Jaime Rocha Gomes and the firm Micropolis are pioneering microencapsulation technology involving chemical fixing in textiles to improve personal thermal comfort levels. Portugal is leading global research in areas that include textile aromatherapy (microcapsules that disperse aromatic oils) and encapsulation use for auto textiles, anti-viral/anti-bacterial surgical protection gowns and military clothing.

In a country with a strong engineering tradition, innovation is well supported. At University of Porto, a new industrial process for major civil engineering spans has been developed by Pedro Carmo Pacheco. His OPS–organic pre-stressed concrete system – was inspired by human skeletal and muscular structure. Using computer driven tension cables and hydraulic jacks, OPS simplifies building of pre-stressed or reinforced concrete bridges and viaducts. Meanwhile reverting to that most famous of local resources – cork – Luís Palma Féria of Acecia, is heading a group developing a new motor vehicle passenger seat made from 60% milled cork and 40% polymers. This will transform the motor industry. Magna, world leader in motor vehicle component supplies, says the seat could generate orders worth €311 million by 2014. The project – developed by Amorim Industrial Solutions, Simoldes, Comportex, Sunviauto, Inapal, Ipetex and Catim – shows cork cuts car seat density by 50% and reduces vehicle weight by 45 kilos.

**A MARRIAGE OF TRADITION AND TECHNOLOGY**

The focus on niche solutions is customer driven in a country of many traditional products. Portugal, as the world’s biggest cork producer, faced a crisis as synthetic alternatives ate into a market damaged by concerns about the musty taint in wine allegedly provoked by cork. In a good example of the marriage between tradition and technology, Portugal’s Cork Technology Centre developed the Symbios process which eliminates this taint by inhibiting microbes associated with the culprit, the chemical trichloroanisole. Portugal brings a big dowry to the technology table and is keenly seeking suitable partners, but they must be high value and cutting edge otherwise the marriage won’t work. ■

# innovate

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# Discover Portugal

The news is out: Portugal is no longer Europe's best-kept holiday secret. Last year, the country welcomed 12 million holidaymakers, making it the world's 19th most popular travel destination. Even so, you'll find it refreshingly uncluttered, surprisingly affordable, and as peaceful or as playful as your mood. [www.visitportugal.com](http://www.visitportugal.com)

Brimming with ancient castles and churches, seaside towns, vineyards, forests and olive groves, not to mention 60 golf courses and 850 kilometres of fine white beaches, Portugal offers tourists plenty of space to spread themselves out. Instead of having to squeeze into just one or two holiday hotspots, you'll find pleasures and treasures everywhere you go, whenever you go.

## WONDERFUL WEATHER

As thousands of golfers, hikers and beachgoers can confirm, the weather in Portugal seldom lets you down. The south, especially, is fine and warm all year round, with temperatures ranging from a comfortable 12C in winter to 30C at the height of summer. Up north, winters are cooler but still mild and gentle compared to the rest of Europe.

## GLORIOUS GOLF

Portugal has the best golf courses in the world – and that's official. The Algarve region, the local equivalent of the French Riviera, was ranked as the Established Golf Destination of the year by the IAGTO in December 2005. The Algarve alone has 30 high-class courses, all beautifully cared for and regularly hosting top international tournaments.

Boasting 60 courses in all, almost all of them with an ocean view, Portugal is a golfer's delight for all seasons and swings, from beginners to professionals.

## FABULOUS FOOD, FINE WINES

Seafood is high on the menu and so fresh you can taste it was caught today. Your choices range from swordfish, sole, sea bream and salmon to bacalhau (salted cod), clams, mussels and squid. If you're visiting in sardine season from May to October, don't miss out on Portugal's famous sardines, often roasted with salt over hot coals.

Meat-lovers, you won't go hungry. Traditional Portuguese meat dishes include succulent sausages, spicy peri-peri chicken, grilled skewers of beef of Madeira (called Espetada) and Cozido à portuguesa, a flavour-filled dish of beef, pork sausage and vegetables.

Whatever you tuck into, the portions will be generous, the ingredients fresh and the prices affordable. And be sure to accompany

every meal down with Portugal's excellent table wines (red, white or vinho verde wines) or to finish it with world-famous Port and Madeira wines.

## ADRENALIN-FILLED ADVENTURE

For holidaymakers with energy to spare, Portugal offers a host of action-packed outdoor experiences. Taking to the waters, you can test your skill at big game fishing, windsurfing, water skiing, surfing and rafting. Hang-gliding, paragliding and hot air ballooning are great ways to enjoy the country's spectacular sea and mountain views, as are horse riding,

mountain biking, rock climbing and hiking. Alternatively, you can walk among the wild horses in the national park of Peneda-Gerês or even go whale watching if you are in the Azores.

## IT'S PARTY TIME!

The Portuguese love to party – and you're invited! Bear in mind, though, that you won't get to bed until the early hours. You can linger long into the night at Lisbon's lively nightclubs, put on your dancing shoes at the discos in the Algarve or take to the streets to join in the many festivals and carnivals held throughout the year, especially in Summer. Just a few are the street

parties in June (S. João Festivities in Porto and St. António in Lisbon) and Madeira's famous New Year's Eve fireworks display.

## ANCIENT AND MODERN TREASURES

Portugal treasures its rich past, lovingly preserving its fabulous heritage of medieval castles, border fortresses, monasteries and churches for you to explore. In the northern city of Braga alone, there are 300 churches, more than anywhere else in Europe. Braga, by the way, is also the scene of one of Portugal's greatest modern feats of architecture, the 30 000-seat soccer stadium built against a sheer rock face for the Euro 2004 soccer cup, which Portugal hosted.

Other must-see sites are everywhere. There's the ancient chapel of Evora, whose walls are dotted with the skulls of medieval monks, the monasteries of Batalha, Alcobaça and Tomar, the Royal Palaces and Moorish Castle in Sintra

Go there and see for yourself. ■



Vale do Lobo Royal Golf Course

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# Visit Lisbon

Lisbon is truly a city of eye-catching, camera-snapping contrasts. Elegant 800-year-old palaces rub shoulders with modern hotels and trendy nightspots. Ancient-looking trams trundle alongside sleek sports cars on cobble-stoned streets. In Lisbon, there's a pleasant surprise around every corner. [www.visitlisboa.com](http://www.visitlisboa.com)

No holiday to Portugal is complete without a visit to Lisbon, one of the most captivating capital cities you're likely to encounter. Situated on the right bank of the Tagus River, overlooking the Atlantic Ocean, the city has a rich but stormy history that explains its eclectic blend of past and present.

In the centuries after being established by the Romans 1000 years ago, Lisbon was repeatedly ravaged by fire and flood and, in 1755, almost destroyed in an earthquake. Every time disaster struck, the city and its people restored what they could or rebuilt from scratch. As a result, the Lisbon of today is a fascinating mix of the new, the old and the ancient.

## LIGHTS, CAMERAS, ACTION

So load your camera and put on your sunglasses – after all, the quality of Lisbon's light is one of its most celebrated characteristics.

Often called the 'White City', Lisbon is bathed in a bright white light that's enhanced by the limestone used on many buildings. Even on rainy days, which are few and far between, Lisbon has a radiant glow that inspires poets and artists alike.

Talking of art, you'll find it everywhere, including underground in the Lisbon Metro. Instead of graffiti, the Metro's walls are decorated with *azulejos* - artworks by some of Portugal's finest painters. They turn every trip into a visual adventure.

If the art underground inspires you, just wait until you get back to street level. Lisbon is a treasure chest of arts and culture as you'll discover to your delight at the Tile Museum, Ancient Art Museum, Design Museum and the Centro Cultural de Belem (CCB), a modern cultural centre where there's something new happening almost every day.

## A CITY MADE FOR WALKING

There are many ways to get around in Lisbon, from tram, bus and taxi to hired car, but the most rewarding way to explore is on foot. If you feel daunted by the prospect of walking around a city built on seven steep hills, remember that you can always hop on a tram if you get tired, or stop off at countless pavement cafes and coffee bars if you need refreshment. (You can also snack while you walk, perhaps from a bag of roasted chestnuts, a Lisbon delicacy in the autumn and winter.)

And every step you take will be worth it. Walking is the only way to ensure you notice the unusual little details that make this city so exciting. In Lisbon, even the pavements are worth looking at. Instead of the usual boring concrete or tarmac, its sidewalks are paved with attractive limestone and granite, often with intricate black-and-white patterns.

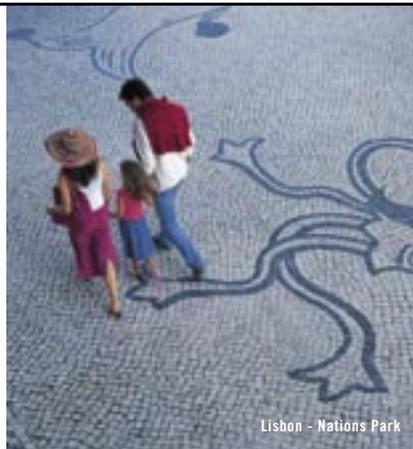
Turning your eyes to the skies, you'll see the spectacular sight of the Saint George Castle, parts of which date all the way back to the 6<sup>th</sup> century. Better yet, go up there and climb its 18 towers, walk along its ramparts or stroll in its gardens alongside the peacocks, ducks and geese. Peep through the periscope perched in the castle's Tower of Ulysses and you'll glimpse breathtaking views of Lisbon from every possible angle.

## TAKE YOUR SWING TO NEW HEIGHTS

Golfers, your greens are guaranteed – all year round. Lisbon's all-season sun and temperate climate, combined with spectacular landscape of ocean, beaches, rivers, cliffs, dunes and lakes, are sure to take your swing to new heights. Your only dilemma is which golf course to choose: there are over 20 top-notch courses in the Lisbon area!



Lisbon - Baixa



Lisbon - Nations Park



Baixa - View of the Castle

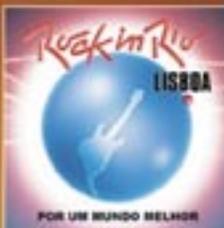


### MODA LISBOA

March & October

Two times a year, Lisboa Fashion Week features four days of fashion parades to exhibit the season collections by the most respected Portuguese brands and designers.

[www.modalisboa.pt](http://www.modalisboa.pt)



### ROCK IN RIO LISBOA

May

Rock in Rio - considered the biggest music festival in the world - takes place every two years in Parque da Bela Vista in central Lisbon. Lisbon is set to welcome top international music acts, and thousands of their fans in early summer.

[www.rockinrio-lisboa.sapo.pt](http://www.rockinrio-lisboa.sapo.pt)



### FESTAS DE LISBOA

June

The celebrations take place in the historical quarters of Lisboa. At the street parties people dances, listen to Fado, eat grilled sardines and drink. It is also traditional to hold a collective wedding ceremony where the brides are known as "Brides of Santo Antonio". [www.egreac.pt](http://www.egreac.pt)



### JAZZ AT THE CALOUSTE GULBENKIAN FOUNDATION

August

An initiative set up by the Gulbenkian Foundation in 1984. The programme includes concerts by world acclaimed musicians, while promoting current trends in contemporary jazz.

[www.camjap.gulbenkian.pt](http://www.camjap.gulbenkian.pt)



### LISBOA PARADE

September

Lisboa Parade is a great event of dance music inspired in some international events. It's a trucky parade with DJs, dancers and thousands of people dancing in the street. At night, there's a festival with the best national and international DJ's of dance music.

[www.lisboaparade.com](http://www.lisboaparade.com)



### COSMOPOLIS

October

Is an audacious and eclectic music festival. Cosmopolis, Fusion and Electronic Music Festival features other forms of artistic expression such as fashion, modern dance and computer art, transforming the city in a gigantic stage, taking over a series of places. <http://cosmopolis.magicmusic.info/>



### LISBOA- DAKAR

December

The geographical position makes Portugal the perfect bridge between Europe and Africa and the natural host for the Dakar rally. The enthusiasm of the Portuguese people for sports makes this rally an event not to miss.

[www.dakar.com](http://www.dakar.com)



### NEW YEAR'S EVE PARTY

December

This super-event marks the transition from the Old Year to the New Year. Staged usually in the waterfront of the river Tagus, performs concerts with some famous names as well as street entertainment and, of course, fireworks. [www.visitlisboa.com](http://www.visitlisboa.com)

## Major Regular EVENTS IN LISBOA 2006



lisboa city

[www.visitlisboa.com](http://www.visitlisboa.com)



Lisbon - golf



Lisbon - nightlife



Torre de Belem

This wealth of fairways also makes Lisbon a popular spot for people mixing business and pleasure. Golf courses aside, the city is well endowed with conference facilities, making it the eighth most important international congress destination in the world.

Whatever your reason for being in Lisbon, do yourself a favour and visit the following highly recommended places during your stay:

**Alfama:** Entering this district, it seems as if the clock stopped way back in time. Filled with medieval alleys, whitewashed cottages and village squares, Alfama is a paradise for walkers and photographers. Visitors regularly get lost in its narrow, twisting streets but that's part of the fun and the locals are happy to set you back on the right track.

**Bairro Alto:** Long loved by writers and artists, this charming district with cobblestone streets dates back to the 16<sup>th</sup> century. Tranquil during the day, it comes alive at night when its many traditional and international restaurants are packed with locals and tourists. Bairro Alto also has boasts scores of sophisticated bars and alternative fashion shops that only open in the afternoon but stay open late.



Lisbon - Rossio

**Baixa:** Situated in downtown Lisbon, Baixa is the shopping and banking heart of the city and boasts some of Europe's finest neoclassical architecture. Filled with elegant squares, pedestrian walkways and Art Deco shopfronts, Baixa is bursting with life and tempting treats. Street vendors will entice you with their pastries, flowers and souvenirs, and pavement performers will entertain you while you shop and stroll.

**Belem:** Marvellous monuments beckon literally everywhere you look in Belem, the historical centre of Lisbon. This was where Portugal's greatest explorers started off on their voyages of discovery and you can relive those days at the Jerónimos Monastery, which contains the tombs of kings, poets and explorers, and the Torre de Belem, originally built to defend Lisbon against countless invaders, from the Phoenicians and Castilians to the Moors, who used to eye the city longingly.

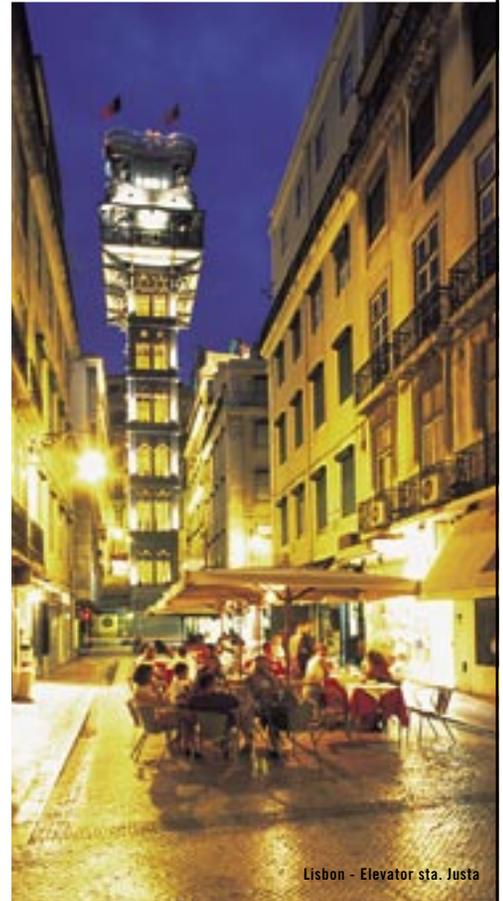
**Chiado:** Rated one of the classiest areas in the world in an international study done in 2005, Chiado is an elegant, upmarket district of theatres, bookshops, art nouveau jewellers and antique shops. Among its many glittering attractions are the Chiado Museum of contemporary art and the Sao Carlos theatre, which was inspired by Milan's La Scala.

**Docas:** The old docks have been stunningly transformed into a thriving, buzzing waterfront area, complete with a modern yachting marina and many restaurants, bars and clubs that cater for every taste.

**Parque das Nações (Nations Park):** This ultra-modern riverside area provides a startling contrast to the olde worlde feel in many other districts of Lisbon. Most of it was built for Expo '98; the World Fair that Lisbon hosted in 1998, hence its futuristic architecture and innovative attractions. These include the world's finest aquarium and one of the longest bridges, as well as water gardens, a cable car system and plenty of restaurants and bars.

And so far, you've seen only a fraction of what the Lisbon region has to offer. Conveniently close to the city, you'll also find castles, beaches, nature reserves, world heritage sites and romantic mountain picnic spots just begging to be explored.

What are you waiting for?



Lisbon - Elevator sta. Justa



Lisbon - Mosteiro dos Jerónimos

# Visit Madeira

Wake up and smell the roses. Every day is spring on Madeira, known as the Floating Garden for the colourful riot of flowers and birds that flourish in its gentle climate and pure air.

[www.madeiratourism.com](http://www.madeiratourism.com)

'Unspoilt' is the word that leaps to mind when you arrive. With not a factory in sight, the air you breathe is as fresh today as it was decades ago when Europeans with health problems came here to be cured.

As a modern traveller, you'll definitely appreciate Madeira's unpolluted purity but chances are you're heading there for much more pleasurable reasons: adventure, nature, sport, culture, entertainment or simply relaxation. Surrounded by sea on all sides, with temperatures averaging 19°C in winter and 23°C in summer, there's no better place to escape the rat race and indulge yourself.

Nature-lovers, you're going to be dazzled. The Madeira Nature Reserve, which covers almost two-thirds of the island, is a bionergetic reserve that has flora and fauna found nowhere else in the world. Madeira is also home to one of the most ancient forests on earth, the world-famous Laurissilva, which survived the last Ice Age and is a UNESCO World Heritage Site.

Sports enthusiasts, take your pick from the water, land or skies. Madeira offers year-round water sports like surfing, sailing, canoeing and diving, while its rugged mountain territory is ideal for hiking, trekking, climbing, canyoning, four-wheel driving and mountain-biking.

For the extra-adventurous, there's the thrill of going hang-gliding from the mountain peaks – which you'll be interested to know are volcanic. Madeira, along with its sister islands Porto Santo, Desertas and Selvagens, were once active volcanoes.



But fear not, they've been extinct for centuries. In fact, the only explosions you'll find on Madeira nowadays are on New Year's Eve, when the island's skies erupt in a spectacular fireworks display – one of a series of carnivals and festivals that colour the island's calendar. Others are the Mardi Gras Carnival each February, the Flower Festival in April, the Atlantic Festival in June and the Madeira Wine Festival in September.

Culture-lovers, you're in for a treat. Madeira's rich cultural heritage includes a wealth of museums, churches, palaces, estates, manor houses and monuments that deserve your attention.

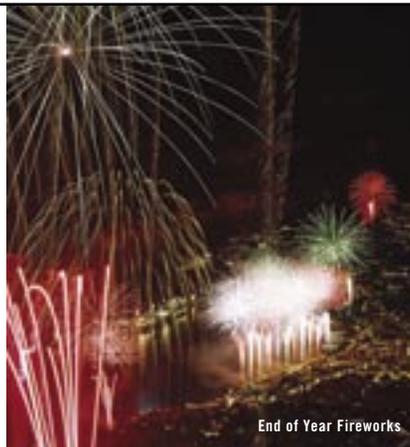
While you explore, remember to keep up your strength by sampling traditional Madeiran dishes like scabbard fillet, tuna steak and escabeche tuna, served with fried corn and bolo do caco bread and, of course, a glass or two of Madeira fortified wine. This was a favourite of America's 3<sup>rd</sup> president Thomas Jefferson, who reportedly liked it so much he used it to toast the Declaration of Independence.

On the other hand, perhaps you're feeling stressed and all you want is to be pampered? Well, prepare to be spoilt rotten. Almost all hotels on Madeira have natural swimming pools, saunas, Turkish baths and beauty centres. Alternatively, you can take a 15-minute boat trip to the island of Porto Santo to visit the thalassotherapy clinic and enjoy the golden beaches, calm sea and perfect serenity at the same time.

You decide. Whatever you choose, Madeira's at your service.



Porto Santo Beach



End of Year Fireworks



# Porto and North

In Portugal, the more you explore and the deeper you dig, the richer your discoveries. By the time you reach Porto in the north, you're touching the roots, heart and soul of this country.

[www.visitportoandnorth.com](http://www.visitportoandnorth.com)

History surrounds you when you visit Northern Portugal. This was the birthplace of Portugal's founder and first king, and it was the city of Porto that gave its name to the nation, as well as Port wine. Small wonder, then, that Northern Portugal is such a treasure trove of castles, palaces and monuments, many of them built from granite cut from the region's mountains.

Granite isn't the only kind of rock found here, though. Every August, thousands of music-lovers flock to the Parades de Coura to jive to the very best in live rock music played by top local and international bands. Another rollicking music festival is held every July in the usually peaceful medieval village of Vilar de Mouros.

Apart from the music, the region's rugged mountains, fast-flowing rivers, national parks and unspoilt beaches along the Atlantic coast line make it the ideal setting for connecting with nature or doing extreme sports like canoeing, off-road jeep safaris, trekking, cycling, rafting, ballooning and windsurfing.

As you'll soon discover, there's much more to Porto and Northern Portugal than rural peace and quiet.

Porto itself is a bustling coastal city, the second largest in Portugal, with cobbled streets and 300 000 of the friendliest people you could hope to meet. Residents go out of their way to welcome visitors and most taxi drivers speak at least a smattering of English, having



Porto

attended English classes as part of Porto's preparations for the Euro 2004 soccer cup.

The city centre is a Unesco World Heritage site thanks to its stunning collection of 150 classified monuments and historical Roman, Gothic, Baroque, New-classical and industrial architectural sites.

Easy to reach by train and via the new airport just 15 km out of town, Porto is packed with restaurants, bars and clubs that throb with catchy Mediterranean and Latin vibes and stay open until the early hours.

Visitors can shop 'til they drop' until

11pm daily, either at traditional stores and boutiques or at several modern shopping centres.

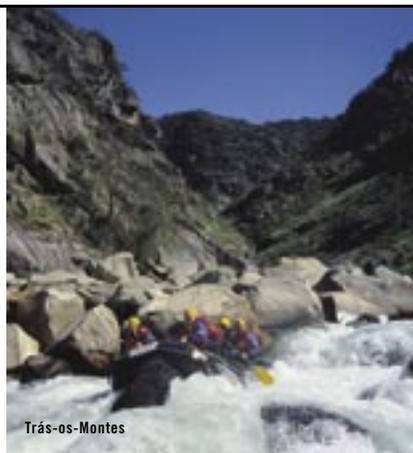
And, of course, no one goes to Porto without sampling its delectable Port. As many as 50 companies produce this deservedly famous wine. For this reason, it's best to take your time and keep up your strength by tucking into local specialities such as the bacalhau à minhota, the local version of Portugal's national favourite, salted cod.

The grapes that go into the Port are grown in the vine-filled Douro River Valley, which is 100 km east of Porto and is also a World Heritage site. Couples, please note: this is an especially romantic setting. During the annual festival in Pinhao, local girls looking for husbands tie knots in the fabric lining the paths to ensure they attract the right mate.

Whatever you're seeking - romance, history or sporting challenges - you're sure to find it in Northern Portugal. ■



Musical event in Paços dos Duques Guimarães



Trás-os-Montes



Douro