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Guidelines

A market when is approached by an entrepreneur brings him the perception of qualities and defects which will motivate him into the decision of invest or not on the target market.

It is in this context of supreme importance to the entrepreneur the information available about the target market, which will permit him to "meet" the market before take his decision of investment or non investment.

It is always based on the perception of information about the target market that the entrepreneur will take its decision.

On a globalized and interconnected world economy, where we face the existence of innumerable investment opportunities on several target markets, and where the perception of the information is increasingly immediate and easy to obtain, Portugal, should not belittle the theme of branding "Portugal" in the international markets.

We live now an unique and unrepeatable time of opportunities and of changing on the global economic paradigm, because the current economic crisis, economic-financial crisis, politic crisis, of ethic or moral values crisis, crisis of changing of the centers of

global economic decision, whatever we can call her, lifted the veil about the current inability of accuracy of economic forecasts because these predictions base its results in mathematical forms more or less complex, that are based on the view that the past will repeat itself in the future.

It is true that this kind of predictions were very useful on the case of decisions taken by the States on matters of public choice and by the private entrepreneurs on matters of investment and private management, but it is certain that over the last five years have become dysfunctional and unreliable, giving rise to disastrous consequences at a global level.

In our point of view we think that only by leaving the "Comfort Zones" on the economic forecasts, either in macro or micro economic forecasts, we can have conscience of the opportunities that arise in the fluxes of economic growth which appear on the current situation.

We think that is a clear failure on the used models of economic forecasts, the unpredictability of the subprime in the USA and of the crisis of the excess of sovereign debts in Europe, factors that have gave rise to disastrous consequences in cascade.

We are sure that now there are many analysts that refer the predictability, or the





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possible predictability of the mentioned events, but we know that, if that was true, why they did not managed to predict this events with the anticipation required to solve its consequences, let us say that the main evidence of this failure is the actual situation of the Atlantic economies and/or of the world class economies when they are approached as a whole.

In practice we assume that it is impossible, with an acceptable level of reliability, predict what will happen in global economic terms within five years, that's why the economic agents have to adjust its strategies, at all levels, to adapt the companies to the circumstances of context they face.

We should not believe that because we lived an epoch of almost 40 years of stability, the past will repeat itself in the future and base our decisions on formulas that have shown us a complete lack of accuracy on economic predictions.

Is in this spirit of change that we must face the economic activity, private or public, because those who don't know where they are, are certainly lost and if they continue to insist on the past and believe in the same models as in the past, they will be overtaken.

So we must seek for new markets, not yet explored, where there are conditions that does not undergo a marked change depending on the circumstances faced at each time by the markets at a world level, and always on new and unexplored areas.

It is in this context that Portugal comes to light as a market with good conditions to attract the foreign investment, namely on the area of shared service centers for multinational companies, because has qualified manpower, a low cost of living, wage level below the average of U.E., in addition to the security, the good infrastructures beside the Portuguese language, which is currently the fifth most spoken language on the world, with almost 280 million speakers, and is also the official language of countries like Brazil, Angola, Mozambique, Cape-Verde, Sao Tome and Principe, East Timor, Guinea-Bissau, Guinea-Equatorial, in addition to Portugal, the Portuguese language is also spoken in India (Goa), and in Asia (Macau), because of the ancient sovereignty of Portugal over these territories.

All this is reinforced by its almost 900 years of history as a country and by its geopolitical situation while entry door to Europe, Africa and America.

It is important to bring Portugal to the lights of the real opportunities in foreign





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investment in business in general, this is the main objective of this newsletter.

In this Flash Newsletter - September - October 2014 - we will focus our attention on the possibilities of our country as a platform of shared services for multinational companies and on investment support opportunities.

One Privileged Platform For The Shared Services

When we approach the thematic of the shared services on multinational companies always come to our minds the idea of demand by the multinational companies of low cost unqualified manpower for the execution of specific tasks in activities of low complexity, like for example "telephone contact centers", where companies could easily relocate sectors to specific countries with a substantial benefit on the reduction of structural costs thus saving money that can be used in more productive and demanding areas.

However the shared services cover an innumerable field of possibilities, on plural tasks and sectors of activity, as in the area of research and technological development

and in business process outsourcing, beside further possibilities.

Admittedly in the pyramid base of shared services we have the "telephone contact centers", however even on that area, it could exist a relevant variation on the complexity of the service they execute because it could be necessary a superior qualification like on the "multilingual technical support centers", and "medical support centers", and in this area there are innumerable examples of companies that benefit these services in all parts of the world from an unique place.

But we also have possibilities on the area of research and technological development centers, who normally work in cooperation with research institutes and colleges in the area of the center, where can be made teams of highly qualified people to develop products, to discover new products or new possibilities for products on the market, always with practical relevance to the real market, you can see some examples on our last newsletter under the theme of the "Sea Economy", but there are many more, we could give the example of the platform "Via Verde" created in Portugal for the electronic payment of tolls without stopping the car.

Another area we must realize is the area of business process outsourcing, area that





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permits companies to shift internal specific sectors to other countries, we have examples on the financial area, management of human resources, client support, supply area, beside others.

We can say that this idea of shared services can be taken as far as the relocation of services can allow.

In Portugal this area lie growth, being used in various fields, like for example, software development, optical communication systems, energy area and contact center area, Portugal has now 41 shared services centers of multinational companies distributed by Lisbon - 28, Évora - 1, Elvas - 1, Tomar - 1, Fundão - 1, Viseu - 2, Oporto - 4 and Braga -2, they have created 12 000 jobs and gave origin on the last year, according to Gartner Consultants, to a volume of business of €1300 million Euros.

Portugal can be an interesting target for these investments and bring added value to the installation of shared services centers, because, as we have already said, has low cost of living, wage level inferior to the European average, has good infra-structures, has in general a very high facility in other languages like for example English, French, Spanish beside Portuguese, what happens with the generality of the employees, and a privileged strategic geographic, political and cultural situation

that permits to facilitate the entry on emerging markets like (Brazil, Angola, Mozambique et cetera), and a cultural and physical nearness with other European countries, and with countries of the North of America.

This area of the shared services can also be used as a bridge to make known our country on the World markets, to let enterprises know Portugal as a place with real opportunities, and to let be known what is really Portugal in terms of opportunities.

Funds to the Industrial Investment Support

Nowadays, in Portugal the manufacturing production represents only 14% on the GNP of the country, far away from the European goal of 20% on the European Union GNP, therefore Portugal has as a goal the Reindustrialization of the country through the expansion of existent industry, and also through the creation of new industrial units, always in view to the discover of new products and new applications for the existent products.

The ongoing reindustrialization project has the goal of turn the National Industry mainly





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to the activity of the sectors of tradable goods for the exports growth.

The exports in Portugal on the last year exceeded a size of 68 000 millions of Euros, represented a percent of 41% on the GNP of the country.

The goal is to reinforce the positive differentiation on the global market, not only competing through price but also by the quality and uniqueness of the products and services thereby increasing the value incorporated on them.

Actually in Portugal we have many incentives for the investment on the industrial sector, of which we can highlight the "LINHA PME CRESCIMENTO 2014" (corporate loans guaranteed by the State through a system of mutual guarantee - allocation 2014 / 2 000 million Euros - investment support, business credit to exports) - www.pmeinvestimentos.pt; or

"INVESTE QREN" - credit line to financing projects of investment previously approved on the several incentive systems of "QREN" to companies and other beneficiaries - credit with mutual guarantee for financing the private counterpart associated to the execution of the previously approved projects on a specific percent - allocation 1000 million Euros - www.iapmei.pt

There are many other opportunities on this theme and we can't mention all of it, but we also can say that Portugal will benefit till 2020 of 25300 million Euros on European Funds for its reindustrialization goals, in fact based on the plan presented by the Portuguese an amount of 7000 million Euros will be canalized to the companies.

Presently there are many opportunities in Portugal for those who pretend to invest in it, we think that the bet in this country worth it.

The Groupings of Economic Interest on the Portuguese Legal System

The Groupings of economic interest (Agrupamentos Complementares de Empresas), hereinafter named as GEI, arise at the Portuguese Legal system inspired by the French "GIE" (Groupement D'Interêt Economique) to give an opportunity to the needs of the market on a figure that permits to join the necessary means, the know-how and goals of several companies, thus leading to a possible cooperation between companies on a conjugation of efforts through one entity with independent juridical personality.



In fact on the business world it is very common to many companies to lose several business opportunities given the lack of means, and its small dimension, what could happen on the area of civil construction, public construction and on many other areas because the companies could not reach the requisites to be admitted on several tender procedures of big dimension, the GIE can surpass these situations.

Another relevant reason to the creation of a GIE could be, beside a need of means and dimension, the will of internationalization of companies on new markets outside their comfort area in cooperation with companies already installed on that markets and with the necessary know how to avoid mistakes, losses and damages.

We could even reach through a GIE, on the joining of complementary areas of activity, a better price of production of the final product, joining the means and know-how of several companies.

The legal regime of the GIE is found on the regulation of the "Lei nº4/73", that has been complemented by the "Decreto-Lei nº 430/73", and altered by the "Decreto-Lei nº157/81", "Decreto-Lei nº36/2000" and "Decreto-Lei nº 76-A/2006".

Basically and without any pretensions of exhaustivity we can say that the GIE are created by the grouping of companies or people, with the goal of improvement of execution of their activity and result of their economic activity.

The GIE can not have as main objective the achievement of profit, what does not imply that can not have profits, what means is that the achievement of profits can not be the main objective of the GIE, however all the GIE that are created between companies have the objective of profits, however formally the profits belong to grouping companies.

The main objective of the GIE consists on the improvement of the conditions of execution of the common activity and on the sharing of means between the grouped companies that work in cooperation, the profit is accessory to the objective of the GIE.

The GIE has its own juridical personality thus he can be right holder and subject to obligations and for its creation it is necessary to have;

- i) Certificate of name (requested on the National Register of Companies), the name can consist on a particular denomination, or be formed by

the names of its members, or at least one of them and it must end with the expression "Agrupamento Complementar de Empresas" or "A.C.E."

- ii) Formal protocols of the deliberative organs of the grouped companies with a formal decision of creation of a GIE with mention to the competencies for creation of a GIE on the conferment of its constitutive pact.
- iii) The constitutive contract of the GIE is elaborated as a particular contract without necessity of a public deed.

The GIE is a legal person whose members (usually companies) have responsibility for its debts after the principal responsibility of the GIE himself.

The GIE can exist for a predetermined time what usually happens because they are created to a specific project with a limited time of execution on which the companies must have the requested means and know-how.

Does not exist a legal obligation of a minimum capital on the GIE figure, but we think that is advisable that the GIE has a minimum of €5.000,00 as capital.

On the constitutive contract of the GIE will be obligatory the mention to its object, head office, duration, when it is the case, the participations and the contributions of the grouped companies and its own capital when the GIE is created with capital.

Commonly the GIE is sustained with the contributions of the grouped companies, companies that are responsible for the debts of the GIE after the spent of its own patrimony by its payment.

The GIE has administration or an administrative council (Executive organ), an assembly (Deliberative organ) constituted by a representative of each of its members, and a supervisory board constituted by one or more chartered accountants if the GIE issue bonds.

The GIE are not taxed on I.R.C. (tax on corporate profits), they are supported by the contributions of the grouped companies and by its own profits, the leftover of profits that is not necessary to cover the GIE costs is distributed by the grouped companies and taxed on their own accounts with a normal tax rate of IRC.



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The members of the GIE cannot execute any competitor activity with the activity of the GIE himself, unless that matter is authorized by the GIE's constitutive contract.

The GIE has been very useful on the Portuguese business traffic because it permits to improve problems of means, dimension and funds, of small and medium companies through the creation of a formal partnership between members where they could share its means and work together with a mutual benefit.

Beside the Gie we also have in our legal system a juridical figure that permits a more informal partnership, where it is not created a new entity, that is the consortium that we will approach on our next newsletter.

The RL Advogados opens next 1st of November, a support Law Office in Beja - Region of Alentejo to improve the need of expertise on the area of the agricultural investments, and industry, as well as to narrow the proximity of its clients on Alentejo.

So let us inform all of our clients and friends that we will be delighted to receive them on our office on the Rua de Mértola , nº43, 1º Dto, in Beja - Alentejo - Portugal.





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EDITORIAL

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Internal Informative Document to be delivered to Partners, Collaborators, Clients and Friends from RLADVOGADOS PORTUGAL

WARNING

The current flash newsletter has a merely informative purpose, thus its opinion articles neither bind in any way this Law Office firm its lawyers and/or collaborators nor replace the prior advice of a qualified professional before taking a decision about investments in Portugal.

Before taking any decision about investment, you should always visit a lawyer in advance so that you can be informed about the constraints and legal feasibility of your project.

With my best regards

Francisco Lourenço
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