



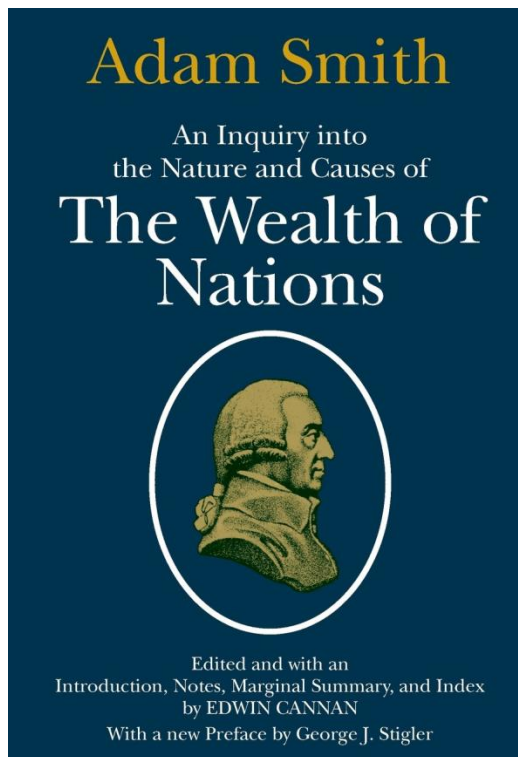
Portugal

Good Practice on Business Environment and Regulation

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Business environment and regulation depend on institutions: market economy – since 1776



Business environment: Property rights help explain the wealth of nations

Regulation: “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices”

Why Business Environment and Regulation?

- 1 - They encompass a very large share of the economy
- 2 - Just the beginning: going-on reforms
- 3 - Structural bottlenecks: if they fail, everything else fails
(productivity, exports, digitalisation, R&D, innovation, human capital, entrepreneurship, scale-up of firms, etc.)

Portugal: main issues in 2010

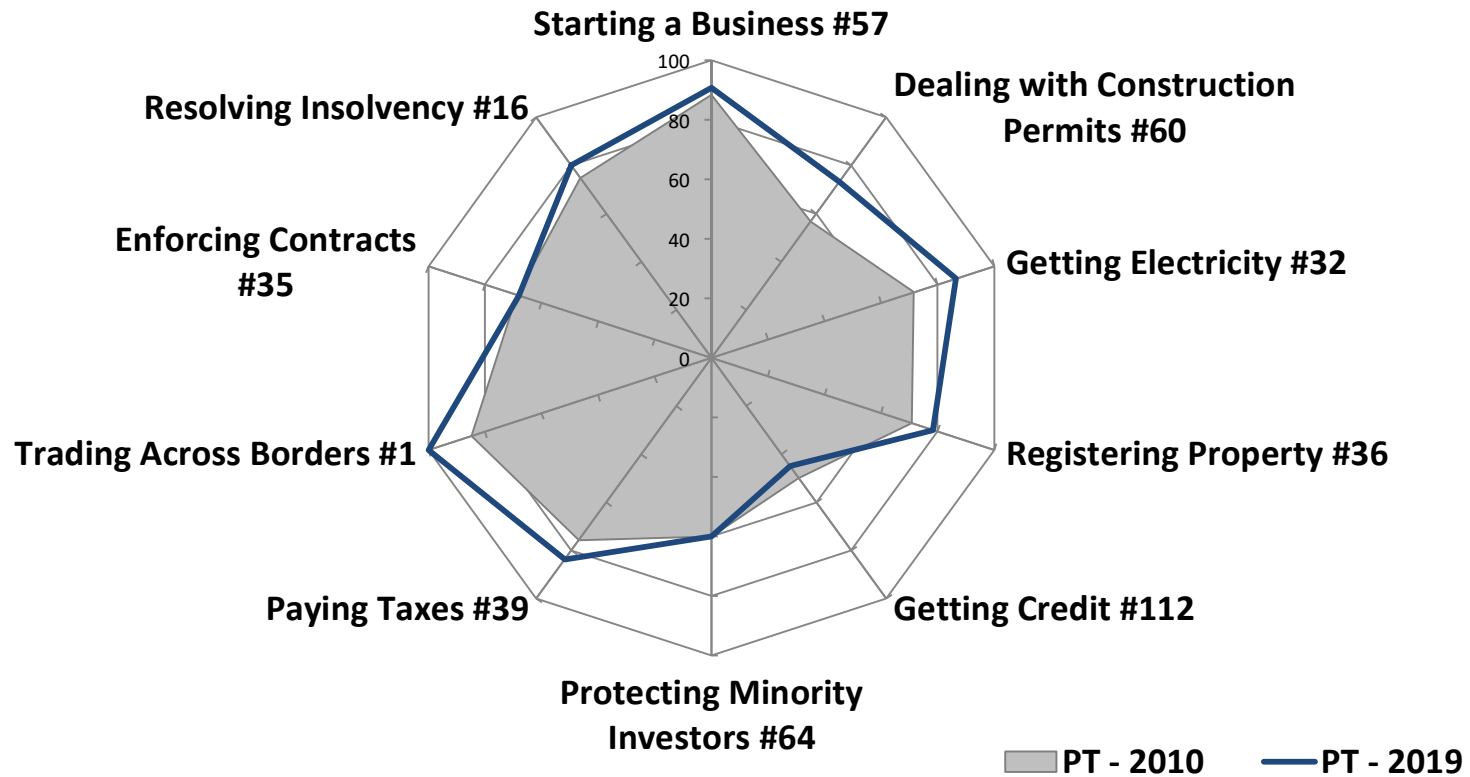
- 1 - Business environment: Justice, fiscal, licensing
- 2 - Regulation: autonomy, independence
- 3 - Policy evaluation

Strategy: to foster competition, attract more investment and boost competitiveness.

“Reduce excessive licensing and regulatory framework along with a reform in corporate taxation, which are impeding the establishment, operation, and expansion of firms.”

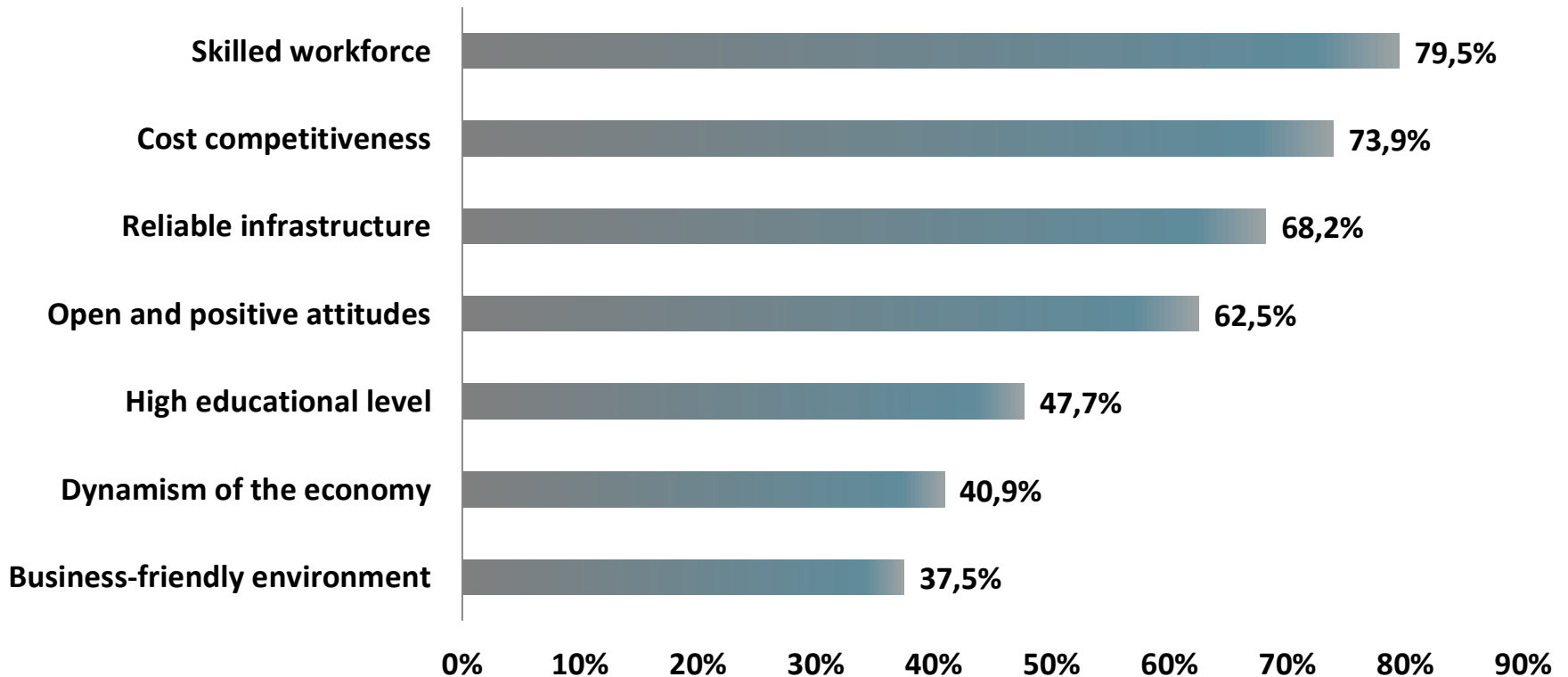
Portugal, IMF Article IV, 2013

Business environment (DB2019) Compared to 2010, Portugal has improved in almost all indicators



Positive Perception From Investors: **IMD'S Key Attractiveness Indicators**

According with *IMD-2018* , the most mentioned **Key attractiveness factors of Portugal** in response to the Executive Opinion Survey, were:



1 - Business environment in Portugal

- Huge improvement effort in the last decade
 - Goal: lower costs of doing business for economic growth and job creation
- Best practice: **New Licensing regime**
 - Complemented by many other measures:
 - Planned reduction of CT
 - New insolvency regime
 - Out-of-court settlement mechanisms
 - Strengthening competition and sectoral regulators
 - ... etc.

1 - Business environment: New Licensing regime

- **Inventory of the costs** of all regulations at central, regional and local levels
- **Roadmap** for a regulatory simplification
- Commerce, services, tourism, light industries - “Zero” licensing: one-stop shop and on-line declaration for the installation, modification, occupation of public space and closing up.
 - EU Services Directive and beyond
 - Coordinated with municipalities
 - Nationwide land registration system
 - New legal regime for the environment/ecological reserves
 - New legal regime for Territorial and Urban Planning
 - Review of the housing market: renting, house renovations

1 - Business environment: New Licensing regime

- Mining and heavy industries (type 1):
 - Pre-determined industrial zones
 - Standard licensing and other fast track procedures
 - Alignment with territorial and urban planning
 - Review of environment impact evaluation to reduce time and monetary costs
 - Fast-track application system for planned investments
- An attempt to prevent future growth of excessive regulation was made but failed due to legal concerns
 - **Policy evaluation** is the answer

2 - Regulation: Independence of regulators

- Expert **report with recommendations** on regulation based on international best practices
- New **framework law** for regulation
- Elimination “golden shares” / **Privatization** network industries
- Amendment of statutes to guarantee **independent and strong regulators**
 - Financial, administrative and management autonomy ahead of full market liberalization
 - Joint economic and legal approach
 - Not too many regulators - coordination among them is often required (e.g. financial system)
 - Specialized court for competition law

3 - Policy evaluation is key: A never ending task

- Accountability not embedded on European culture
- Monitorization is not evaluation
- Efficiency, equity and stability: mitigate trade-offs
- More money and new laws are not a panacea
- Too many sources of law co-exist

Examples:

- “Custa quanto”: *ex-ante* and *ex-post* cost-benefit assessment of new laws
- National Productivity Board
- EU structural funds: effect on firms and technology transfer



Thank you!