Interview: Enrique Santos – President, Spanish Chamber of Commerce in Portugal (CCILE)



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Enrique Santos, president of the Spanish Chamber of Commerce in Portugal since 1998, observes the rapid change in the volume and nature of investments into Portugal in recent years. Santos explains the historical partnership formed on the Iberian Peninsula, the excellent quality of life experienced across the country and the reasons why Portugal's recent successes are just the beginning.

Can you provide our readers with an overview of the CCILE in Portugal and its current mission?

We are the official Spanish Chamber of Commerce in Portugal. We have over 800 corporate members, most of whom are companies who do business with Spain or intend to move business operations or increase business cooperation between Spain and Portugal. Our aim is to strengthen trade relations between the two countries. This Chamber is the biggest in the world outside Spain, of the 28 committees we have worldwide.

Our proximity to Spain and the relationship we have with Spain explains our success in being one of its most important trading partners. Naturally France, also being a neighbor of Spai, on the whole does more business given their economy's size. However, the team we have in place here are exceptionally talented and are well adapted to Portuguese-Spanish trade relations.

Spain is already the Number One worldwide supplier of goods to Portugal, and Spain is already one of the most important buyers of Portuguese fabricated and developed products. Annual trade volume approaches 30 billion Euros annually. 19 Billion is Spanish exports, and 11 billion is comprised of Portuguese exports. In Spain, the most extensive exporter of products on a provincial level is Catalonia; conversely, the number one purchaser of Portuguese products regionally is Galicia. The Madrid community features high up on the list of exporters and purchasers depending on each year. There have been many partnerships in the financial sphere, including banking and insurance. Healthcare is an essential side to business operations although I am less qualified to comment on pharmaceutical and biotechnology developments. Whereas if we look at matters that are more visible and more tangible across the board, tourism, for example, we see phenomenal growth. Overall, we see excellent progress between the two countries year on year, and the partnership continues to grow.

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How well received is the Iberian Brand internationally?

Firstly, I would like to point out that the Iberian Brand is an expression used to summarise the geographical nature of the peninsula in which we find ourselves; Spain and Portugal are two separate entities, and although they cooperate on a number of levels, they are respective countries with respective brands. Take olive oil and codfish for example; these are quintessentially Portuguese products that do not work under the ‘Iberian’ umbrella. We have a trademark, and we work on that trademark together or separately. We cannot create Iberian port wine because it cannot sell. We do collaborate when we can, to compete with the likes of China, the USA and other large countries, as in this way we can increase volume and production when operating as an entire peninsula.

Portugal identifies its brand as a unique creator of food products and technologically advanced, intricate software. Portugal is also the world leader in cork production and creation—from tiles to handbags to door handles. The fundamental takeaway of Portugal’s producing capabilities is the country’s ability to create high-quality products at an affordable price.

How has the Portuguese-Spanish partnership evolved over the years?

Exceptionally well. If we look back in history to the 1980s, Portugal and Spain were back to back, almost wary of one another due to economic and political regimes of the time. The countries were not at all engaged in a productive business partnership, far from the thriving cooperation that we see today. Over time, the two countries turned to face one another, moving on from their pasts

which included lots of export activity to their colonies around the world. The Portuguese exported until the 70s, to Angola, Mozambique, and Guinea and the Spanish had South American destination with whom trade was prosperous. Joining the EU was a turning point in Spanish and Portuguese relations and catalyzed the relationship. EU entry brought the relationship more in line with the excellent and exemplary business dealings and amicable nature between the two countries that we see today.

What challenges do the two countries face?

Certain critics would comment that the political system in Portugal in the past years had some problems, but there is currently a very good understanding between the socialist party and the parties on the left. It is a difficult situation that no government sets out to complete, but it is working very well and bringing benefits to the people. The political crisis which followed in some way the financial crisis, is a thing of the past. Portugal is now on the menu for countries across Europe—Europeans are buying property, renting houses, moving to Portugal from their lands at a staggering rate. In a passage of time spanning no longer than 12 months, we have observed a dramatic change. Property prices in some areas have risen by as much as 50 percent.

As far as Spain is concerned we have experienced many years of political and economic stability and in fact a huge growth in GDP. However, in the last few months, unfortunately, the crisis in Catalonia may affect the economic situation in general. We hope that a solution is found soon according to the laws in place. Unemployment rate is not as low as in Portugal, but is has improved in the last few years.

We have a very safe political situation, a crime rate that is low and for which the people are proud. To add to social excellence, the climate is mild in Portugal; we have especially on the coast, very comfortable temperatures with long springs and summers filled with sunshine. We see interest from Brazilians in particular because the cities and the country are much safer than Brazilians cities—and for me having lived in South Africa for the large part of my life, and having travelled to cities across Europe like London, I feel very safe in Portugal.

Regarding business transactions, bureaucracy and the amount of paperwork required in Portugal is somewhat challenging. It is improving year on year, and we could learn from less bureaucratic countries like the UK in this regard. However, with the right preparation, Portugal is well prepared to overcome this challenge. A final challenge in viewpoint that I would like to highlight is that although the perception of Portugal is changing across the world, we sometimes have to persuade the older generation to visit Portugal. Because if they were alive in the 60s, 70s, and 80s, their

view of the country is unfair. When they arrive, they are instantly assured that Portugal is a fantastic country with an excellent quality of life.

Which sectors are best positioned to take advantage of the investment into Portugal as a country?

When economies experience an economic boom, we gauge an impact of new investments across the business spectrum. Portugal is no exception. The most evident sectors are tourism, property, and activities centered around holiday-makers or pensioners. If we look at the hotel industry, then we see a surge in hotel openings year on year. Construction has consequently vastly improved. In Porto, Portugal's second city, there has been a dramatic improvement in the quality of the buildings. The city is booming and benefiting from foreign investment. The sales of cars increased by roughly 20 to 25 percent, particularly luxury, and supercars. Luxury goods, on the whole, have sold much better in the past year than previous years.

In healthcare, an example springs to mind. In Braga, a lovely city north of Porto, there is a significant development underway in nanotechnology where and lots of young people who are eager to make their mark in the health and life sciences sector.

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What are the main lessons that Portugal can learn from Spain?

Both countries forge their own path, and it is not about building upon and creating specific lessons with one another. The real goal should be to come together, more and more, and create an environment whereby business between the two economies is simple, well-structured and effective. Joint ventures will be at the core of this project so that both nations can become bigger to compete on a more global stage. We cannot teach the Portuguese and the Spanish, as both countries know precisely what they need to do to advance, but partnerships and joint ventures should be at the core of each other's strategies.

Why should foreign investors consider Portugal?

My concern is that at the current rate, there will not be enough room for them! I joke of course, and as we say in English 'the more, the merrier!' Portugal is a lovely country, and we at the Chamber are happy to live and work here. Labor is less expensive here, the Portuguese are good-natured, friendly and hardworking people and the talent pool is highly skilled. An issue that we have in Portugal nowadays is that labor is in such high demand because of its excellent quality, that some companies, from agriculture to construction, have started employing foreign workers from as far

afield as Thailand to meet the demand. Portuguese speak a range of languages too, their English is excellent specially because English films are spoken in English with Portuguese subtitles which helps young people get accustomed to the pronunciation and so forth, and the robust education system the Portuguese operate. Finally, the unemployment rate is meager: seven percent, especially amongst youths. In comparison with Spain, Portugal is leading the way.

After joining the European Union, Portugal is present in the new world, and now that it is expanding its trading ties from more traditional partners such as Mozambique and Angola, it is in a perfect position to drive growth in the future.

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