

## Portugal

# Portugal lures foreigners with tax breaks and anti-populist stance

Immigrants and residents see nation as haven from populism and division



Lisbon, the Portuguese capital. The country is attracting foreign investors and migrants thanks to its perceived open attitude to foreigners and a low crime rate © AP

**Peter Wise** in Lisbon AUGUST 8 2019

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Eduardo Migliorelli decided to move his family to Portugal the evening he discovered he could walk the few hundred metres from a restaurant to his hotel without fear of being attacked.

“I wouldn’t dream of doing it back home,” said the Brazilian businessman, who was robbed and assaulted several times while living in São Paulo. “In Lisbon, you don’t have to keep looking over your shoulder.”

Portugal’s crime rate, the lowest in the EU, has been an important factor in attracting tens of thousands of recent immigrants from Brazil, which has one of the highest murder rates in the world, observers say.

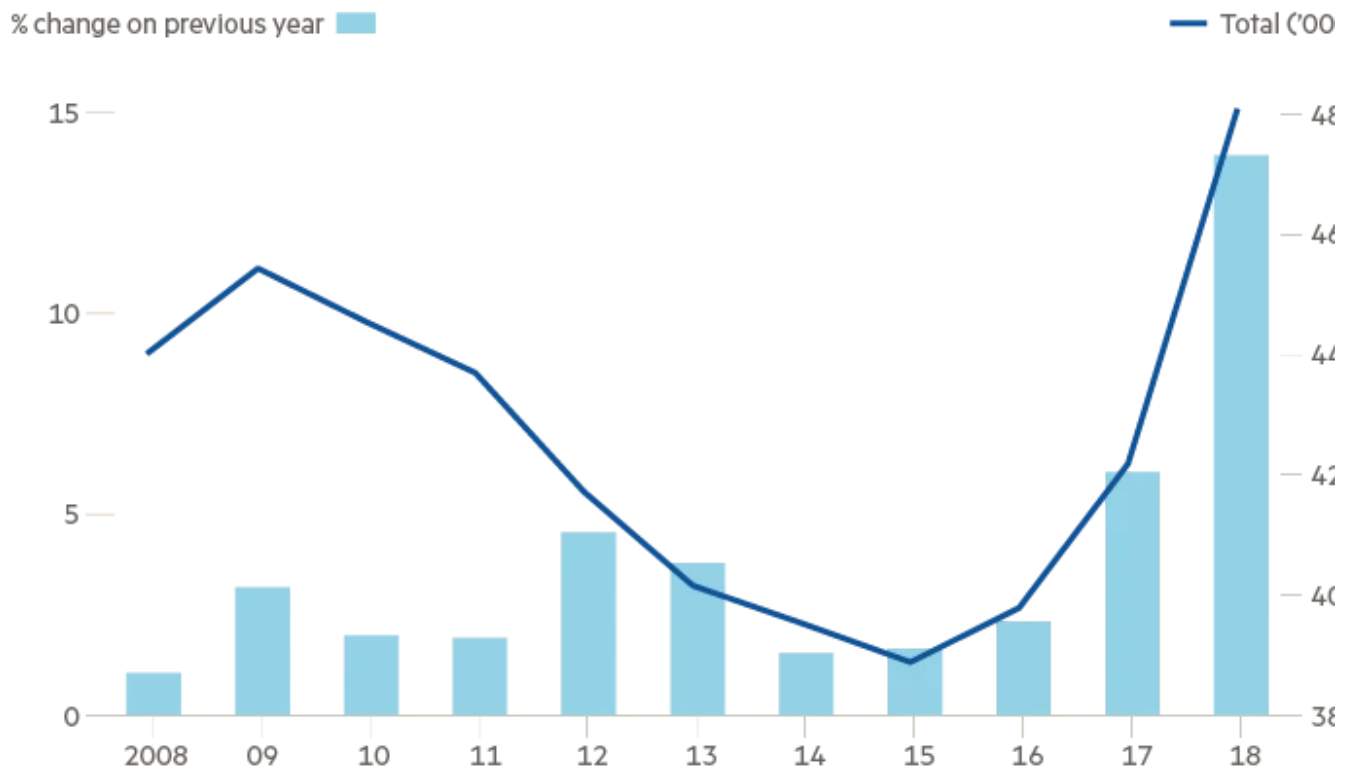
They are joining a growing number of investors drawn to Portugal from across the world by what they see as an open attitude towards foreigners and a society viewed as largely free of divisions driven by populism, nationalism and anti-immigrant sentiment.

In an era of increasingly discordant politics, the country’s perceived social peace is seen as a competitive advantage on a par with its business environment, skilled workforce and attractive quality of life, say analysts.

According to Florbela Lima, a partner at accountancy firm EY Portugal, “political stability and social peace” are among the most important criteria for investors at a time of uncertainty caused by US-China trade tensions and Brexit. In the company’s recent attractiveness survey on Portugal, she said “the main decision-making factors for investment were quality of life and stability of the social climate”.

While Portugal fell one place to 34th position in the World Economic Forum's [Global Competitiveness Report](#) for 2018, it moved up two places in the [Global Peace Index 2019](#) to rank as the third most peaceful country in the world after Iceland and New Zealand.

## Registered foreign residents in Portugal



Source: Foreigners and Borders Service (SEF), Portugal  
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With a low birth rate and declining population, [Portugal](#) needs immigrants if it is to sustain a growth rate above the eurozone average, as it has for the past two years.

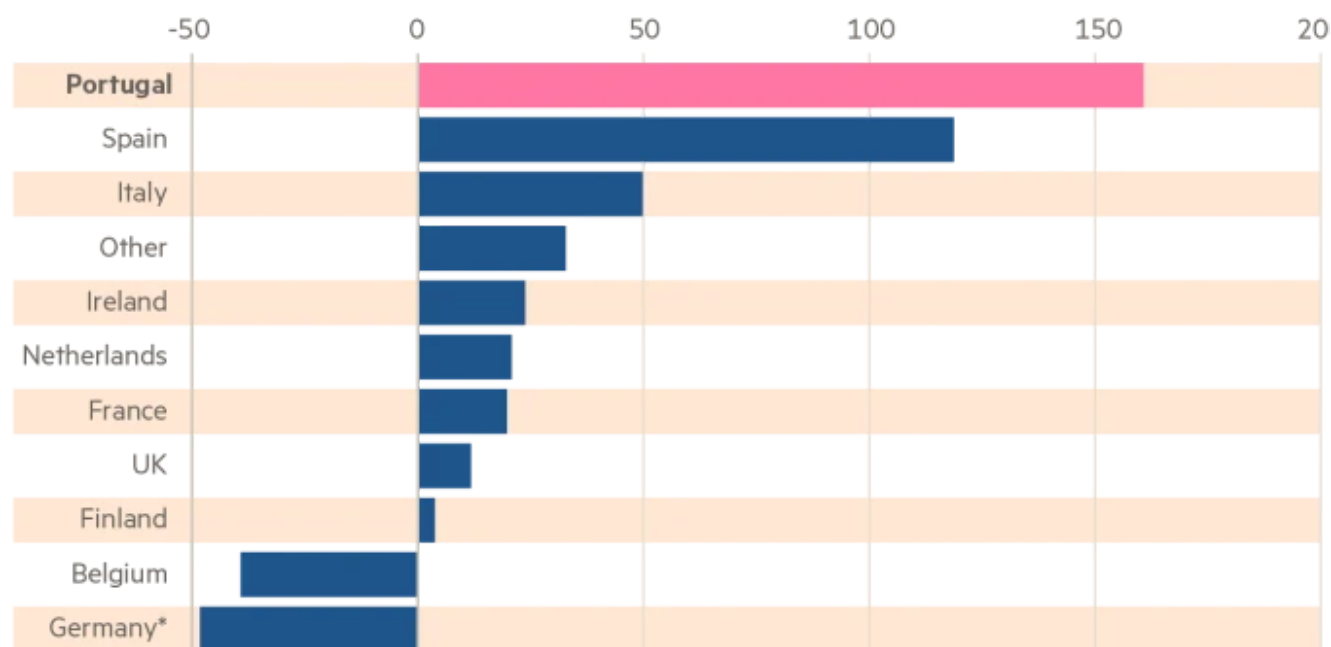
António Costa, prime minister, has said immigration is essential to combat the country's demographic crisis, calling in a recent speech for Europe to “mobilise against populism and xenophobia”.

To attract potential foreign investors, Portugal runs a residence scheme that offers tax breaks to skilled professionals, while non-EU citizens who spend more than €500,000 on a property or create sufficient jobs can apply for a “[golden visa](#)” — a controversial system the EU has urged governments to [tighten up](#).

Last year — the third straight year of strong growth — the number of foreign residents registered in Portugal increased by more than 93,000 to a record of almost half a million. Meanwhile, greenfield foreign direct investment projects were valued at close to £3bn in 2018, the highest level in almost a decade. Between 2015 and 2018, the annual number of such projects rose 161 per cent, by far the fastest growth rate in western Europe.

## Greenfield FDI in western Europe

Number of projects (% change in 2018 from 2015)



\* Data for 2018 awaiting update

Source: fDI Markets

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“Portugal is the most open, tolerant and liberal society I have ever lived in,” said Chitra Stern, a Singaporean of Indian descent who moved to the Algarve in the south of the country in 2001 to look for business opportunities.

Ms Stern, a British citizen, and her Swiss husband have since built a chain of family hotels and resorts in Lisbon and the Algarve. “People need to feel welcome, especially in today’s world, and the Portuguese welcome people of different religions, beliefs and colours with open arms,” she said.

**In such a lovely, welcoming country, mass tourism can breed resentment and lead to other undesirable consequences if it’s not handled in a sustainable way**

Nelson Clark, US citizen who recently retired to Portugal

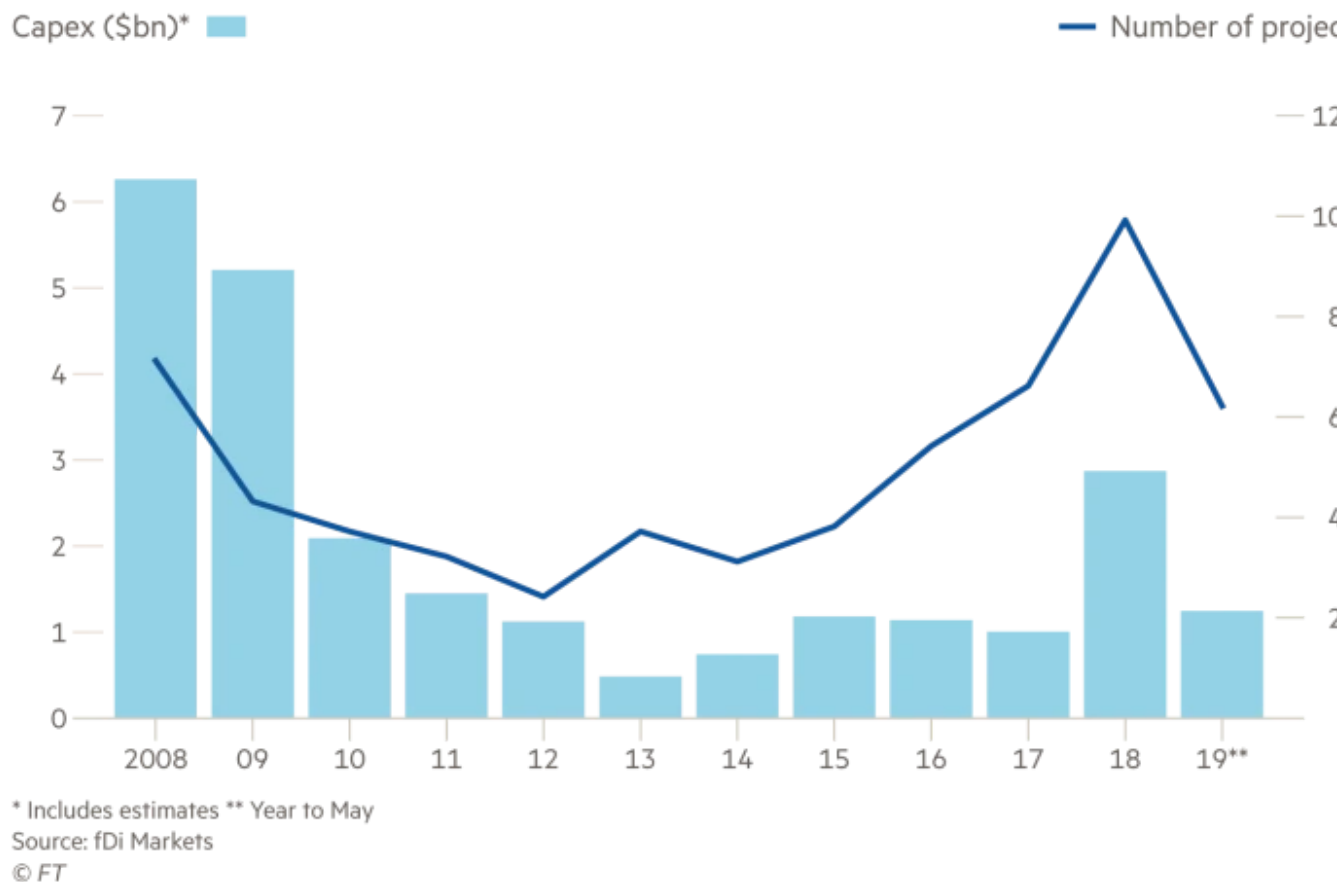
Itay Kastel, an Israeli, moved with his family to Portugal in 2016 to expand the property business he had been running for 10 years in Angola. “We’re really happy with our decision. The atmosphere here is embracing and helpful,” he said.

He has applied for a Portuguese passport under a 2015 law that allows descendants of Sephardic Jews to become citizens, a scheme designed to atone for the persecution of Jews in the 15th and 16th centuries.

In 2017, Andy Yacoub, a Londoner, chose Portugal to start a new life with his Mexican wife and young son after deciding he could no longer tolerate

living in the US while President Donald Trump remained in office. He had worked there for 10 years as a corporate airline pilot but has moved into property investment.

## FDI in Portugal



Put off the UK by the acrimony over Brexit, he considered moving to Barcelona, but decided not to live in a city “where some parts can be covered in graffiti telling tourists to ‘go home’.”

He obtained Portuguese residence permits for the family within a few weeks and found local banks happy to lend on his existing properties so he could expand his portfolio. “In Portugal, you are welcomed into the community,” he said. “We feel at home here.”

However, unease over the influx of foreign residents and visitors is starting to emerge.

Some fear Portugal’s growing tourism and real estate sectors — a leading draw for foreign investors — and an increasing number of wealthy foreign residents are pricing local people out of the historic centres of Lisbon and Porto, where many buildings have been converted into short-term accommodation and luxury flats.

The Left Bloc, an anti-establishment party that supports the minority Socialist government, says such schemes sharply reduce the availability of affordable housing and fuel property bubbles.

Tensions have flared over evictions that protesters blame on landlords converting city-centre buildings for tourists and wealthy foreigners as housing prices increase at one of the fastest rates in Europe.

“I’ve never been happier,” said Nelson Clark, a US citizen who recently retired to Portugal. But, as a growing proportion of foreign investment pours into real estate and hotels, he fears the country’s growing popularity could be its undoing. “In such a lovely, welcoming country,” he said, “mass tourism can breed resentment and lead to other undesirable consequences if it’s not handled in a sustainable way.”

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