Portugal – a new gateway to Europe

Why in news?

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India and Portugal exchanged documents of agreements signed after talks between Portuguese Prime Minister Antonio Costa and PM Modi in New Delhi.

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What areas have been chosen for cooperation?

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- The Memorandum of Understanding (MoU) on **Defence cooperation** will help us harness our respective strengths in this field for mutual benefit.
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- Modi also thanked Costa for Portugal's support to India's efforts to get a membership in the elite Nuclear Suppliers Group.
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- A joint statement issued by the two sides after talks in New Delhi called for tough global action against terror networks and states harbouring them stressing that there should not be any double standards in combating terrorism.
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- Recognising the importance of the Central role of UN in combating terrorism, they exhorted the international community to effectively implement the measures enumerated by the **1267 UN Sanctions Committee.**
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- The India-Portugal joint statement also called for strengthening cooperation in combating terrorism in a spirit of 'zero tolerance', underlining that countries should not support any terror entity including 'non-State actors' on any grounds.
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- The two leaders also called for eliminating terrorist safe havens and infrastructure, disrupting terrorist networks and their financing, and sought adoption of the **Comprehensive Convention on International Terrorism by the UN.**

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Why India needs Portugal?

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- **Since Brexit, India has lost its traditional pathway to Europe.** Due to the historically close ties and many trade agreements with Britain, the modus operandi until now was for Indian companies to invest and produce in Great Britain and then, export it to the rest of Europe.
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- **Now, India needs another partner country in Europe to take advantage of the common market.** India has strong economic interests in the Netherlands, which continues to be one of the top destinations for outward Indian FDI.
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- However, in the volatile global macroeconomic climate, India should look to hedge its investments and seek another country in Europe that can act as a gateway.
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- This is exactly where Portugal comes into the equation. Portugal can be one of the contenders to fill the void left by Britain.
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- Presently however, India’s business presence in Portugal is quite minimal. There are only a handful of companies in the hospitality industry, auto parts, renewable energy, and information technology (IT).
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Why Portugal can be an attractive destination?

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- Portugal offers a good business environment, well-developed physical and IT infrastructure and a favourable climate for both short term and long-term investment. It takes around 46 minutes to set up a business there compared to 89 days in India.
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- Its strategic location can make it a **promising gateway to the European common market.**
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- Importantly, Portugal also has one of the lowest labour and operational costs

in Western Europe.
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- In addition to its European Union membership, Portugal retains close ties with Brazil, Mozambique, Macau and Angola and can serve as ‘gateway’ to other Portuguese-speaking markets.
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- In the recent past, the government of Portugal has taken special measures to the simplification of tax procedures for foreign investors, improving logistics and warehousing facilities, simplification of labour laws, and the development of infrastructure.
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- It has also set up the **AICEP—an agency for investment and foreign trade.**
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- It has also launched the Golden Visa residence programme, which is a simple and fast track residence permit programme designed to attract foreign investment into the country
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