

'Foreign investment in Portugal liberalised up to 208°million escudos' from the Diário de Notícias (1 January 1986)

Caption: On 1 January 1986, the day on which Portugal officially accedes to the European Communities, the Portuguese daily newspaper Diário de Notícias analyses the impact of accession on foreign investment in Portugal.

Source: Diário de Notícias. dir. de publ. Mesquita, Mário. 01.01.1986, n° 42 657. Lisboa. "Investimentos estrangeiros no País liberalizados até 208 mil contos", p. 2.

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Foreign investment in Portugal liberalised up to 208 million escudos

As of today, as a result of accession to the EEC, direct foreign investment from Community countries that does not exceed 208 million escudos no longer requires prior authorisation. The movement of capital between Portugal and the Common Market will be totally liberalised only in 1990, until which time the maximum investment not subject to authorisation will rise by 20 % every year.

Until 31 December 1992, for example, the purchase of immovable property situated in the Community by residents in national territory and the associated transfers will continue to be subject to the special scheme of prior authorisation.

People who are resident in Portugal who intend to purchase foreign securities traded on the Stock Exchange will likewise only be able to do so without restriction in seven years.

From 1986, however, subscription to securities issued by the European Investment Bank has been liberalised up to a maximum of ECU 15 million, a figure that will be increased at an annual rate of 20 % during the seven-year period covered by the derogation.

A temporary derogation of seven years has also been agreed for liberalising direct investment in the Community by residents of Portugal.

Movements of capital of a personal nature, meanwhile, are subject to a five-year transitional measure.

Gifts and inheritances in favour of Community residents may therefore be transferred without restriction in the first year of accession only up to a maximum of 700 000 escudos, a limit that will be raised annually by 20 % during the five-year transitional period.

Another controversial issue, foreign currency outflows for tourism, is also covered by transitional measures. Mandatory total liberalisation in this area will come about only in five years.

Gifts from residents in Portugal to people in the Community, emigrants' payments to meet debts contracted in the country of origin and transfers arising out of workers' savings, meanwhile, will be subject to a five-year transitional period up to a maximum of around 1.4 million escudos in 1986.

Another important innovation in the area of Community-based direct investment is that the competent national authorities will henceforth have a maximum of two months in which to rule on applications for authorisation for investment exceeding the limits in force in the next five years, failing which the investment will be deemed to be tacitly authorised.

As regards real estate investment in particular, Portugal and the Community have agreed a temporary five-year derogation for liberalising transfers relating to a range of transactions.

These transactions concern the purchase of buildings constructed and intended for residential accommodation and land already used as agricultural land or classed as agricultural land under Portuguese legislation.

The derogation does not apply, however, to Community residents who have entered Portugal as emigrants and to real estate investment connected with the exercise of the right of establishment by self-employed workers who emigrate to Portugal from the Community.

The respective transfers arising out of repatriating the proceeds of real estate investment in Portugal, meanwhile, may not exceed ECU 100 000 in 1986 (138 million escudos). This limit will be increased annually by 20 % during a five-year transitional period until total liberalisation.