

8.4 Implementation of Sub-Programs and Projects

In the following sections, "sub-programs" are referred to as "programs" for convenience.

8.4.1 Inter-Relationship Between Programs/Projects and Their Implementation Schedule

Preliminary schedule for selected national and local programs and projects is shown in Figure 8-4-6. Based on this figure, inter-relationship between the programs and projects, the order of implementation, and priority are described as follows. Note that the first year covers July 1992 through June 1993, and the same period for ensuing years.

- (1) The entrepreneur management education program and the institutional financial credit facilities program for SMIs, both to be promoted as national programs, should preferably be implemented as a pair of programs. The period of programs is assumed to be 5 years long, with one year for discussion and preparation. In particular, the institutional financial credit facilities program is expected to complete its purpose as the Portuguese high interest rate policy to control inflation rates will terminate within 5 years. The entrepreneur management education program is designed to be incorporated into the financial program as part of qualification to use the new institutional financial facility, thus lasting 5 years as the first trial of the program.
- (2) The large-scale foreign investment attraction program and the joint venture job promotion program are positioned as promotion activities specially designed for the Aveiro-Viscu region, in addition to similar projects implemented by ICEP at a national level. These programs can be started immediately, and in fact their early implementation is desirable. Thus, these programs will start in the first year, with 5 years of implementation to achieve sufficient results. The large-scale foreign investment attraction program is intended to establish "industrial seeds" in the Viseu area, while the joint venture job promotion program will mainly contribute to modernization of traditional industries in the Aveiro area.
- (3) The industrial relocation program should be given priority; it should be started as early as possible, with 3 years of implementation. While it is important for the Aveiro-Viscu region as a whole, the Aveiro area should be prioritized in consideration of industrial concentration in the area.
- (4) Under the industrial park construction project, at least one large industrial park (150 to 200ha) each will be constructed in the Aveiro and Viseu areas. The industrial park in the Aveiro area is designed to accommodate medium- and large-size factories relocating

from the existing area of industrial concentration, as well as new factories including those constructed under the joint venture job promotion program. Thus it is expected to spearhead the introduction of advanced technology and high-value added capital goods production. On the other hand, the industrial park in the Viseu area will accommodate foreign investment projects to be implemented under the large-scale foreign investment attraction program.

Construction schedule is established under the assumption that the joint venture job promotion program and the large-scale foreign investment attraction program should produce the first results within 1 year and 6 months after the start of their 5-year plans. During the period, suitable sites will be identified and acquired. Then, it will take another year and a half to complete the first phase of large-scale industrial park construction. Finally, additional one year and a half will be allowed for subsequent phases development according to the progress of occupation.

- (5) The centralized industrial waste treatment facilities construction project will be incorporated within the framework of the Study on Production, Treatment, and Elimination of Harmful Wastes, which is being implemented at a national level. This procedure, together with land acquisition, will take about one year. Then, construction will take about 1 year and 6 months.
- (6) The Viseu airport (airdrome) upgrading project and the township construction project will be planned in the first year, so that they can be started once a large-scale foreign investment project in the Viseu area is decided. Construction will start within 1 year and 6 months after the inception of the development plan. The airport project will be completed in one year to timely serve the large-scale foreign investment project. The township project will start with the airport project but it will take 4 to 5 years before it nears the stage of the first stage completion.

If the programs and projects proceed as scheduled, in the sixth year, the Aveiro-Viseu region will have the foundation of industrialization in harmony with environment and equipped with modern technological base.

Now, individual programs and projects are reviewed in terms of their background, rationale, and objective, followed by implementation methods and major considerations.

8.4.2 Entrepreneur Management Education Program

(1) Background, rationale, and objective

The bottleneck to modernization of any industry sector, including manufacturing, is old-fashioned corporate management - particularly owners of medium- and small-size enterprises and microenterprises. These enterprises are often operated in the form of corporation but actually are managed as family business, characterized by the management style focusing on short-term profit. The major shortcoming of such management is found in that profit from corporate activities is not re-invested for modernization of facilities and equipment. And this lack of re-investment for new facilities and equipment is a major cause for small enterprises in Portugal to lag behind in industrial development. For this reason, education of enterprise owners and managers forms an integral part of industrial promotion, and the entrepreneur management education program needs to be implemented throughout the country.

(2) Implementation body

The program should be implemented by the Institute of Institute for Support to Small and Medium Sized Enterprises and Investment (IAPMEI), under the Ministry of Industry and Energy. IAPMEI is headquartered in Lisbon and has 10 branches in major cities including Aveiro and Viseu. IAPMEI mainly conducts the following activities:

- 1) Application for financial incentives (SIBR, PEDIP, etc.)
- 2) Market and other surveys and technical support for small enterprises
- 3) Modernization project
- 4) Promotion of cooperation between enterprises as well as international cooperation with other organizations

The program will be conducted by instructors who are temporarily hired from universities and training institutes.

(3) Eligibility

The entrepreneur management education program is designed for owners, managers and new investors of small- and medium-size enterprises as well as microenterprises, particularly those in relatively young age groups.

(4) Major courses

- 1) Accounting
- 2) Cost control
- 3) Marketing
- 4) Business planning
- 5) Management principle
- 6) Financial analysis
- 7) Personnel management
- 8) Quality control

As the program is designed to teach the modern management principle and methodology for manufacturing enterprises, education of production technology is not included in the curriculum; technical education will be included in IAPMEI's technical support service, as mentioned earlier.

(5) Implementation method

- 1) Each course will be conducted by using the same textbook throughout the country to ensure the same level of education.
- 2) Each course will be conducted mainly at night (2 hours each day), consisting of 10 hours (5 days x 2 hours: 1 course per week). Thus, to complete all the eight courses, 8 weeks, total 80 hours, will be required.
- 3) In addition, daytime intensive (around 2 weeks) courses should be offered.
- 4) Certificate of completion will be issued to each trainee who completes the program.
- 5) Each trainee will bear costs related to textbooks and instructors, with other expenses to be borne by IAPMEI.

(6) Implementation schedule (Figure 8-4-6)

As the program will be conducted in combination with the institutional financial credit facilities program, which is described in the next section, the first phase of the program will take 5 years, after one year of preparation.

(7) Consideration

To ensure the success of the program, certain incentives or compulsion for trainees are necessary. For this reason, persons who obtain financial incentives such as SIBR and PEDIP or who use the proposed institutional financial credit facilities, as discussed in

the next section, should be required to submit the certificate of completion on the management education program.

8.4.3 Institutional Financial Credit Facilities Program for SMIs

(1) Background, rationale, and objective

- 1) Medium- and small-size enterprises as well as microenterprises, which are mostly classified as traditional industries, are lagging behind in the modernization process and have lost or are losing international competitiveness. Their rehabilitation requires technological renovation through capital investment, which is difficult to be financed by small enterprises with poor financial resource. While various investment incentives such as PEDIP and SIBR are available, critics say that they are not easily accessible by small enterprises.
- 2) At present, Portugal has no financial credit facility specially designed for industrial development of medium- and small-size enterprises and microenterprises. Meanwhile, the high-interest rate policy under the inflationary pressure has been working to suppress investment, sacrificing industrial modernization. If the monetary policy is to be continued for a while, some relief measures for small enterprises should be provided for a certain period.
- 3) Investment incentives such as PEDIP and SIBR are provided in the form of grant. However, loans have advantages in stimulating self-help effort of small enterprises and benefiting as many enterprises as possible through the recycling of funds. For this purpose, the establishment of long-term loan program at a low interest rate is recommended.

The program should also be implemented at a national level covering the entire country.

(2) Implementation body

As this program is expected to implement in combination with the entrepreneur management education program, IAPMEI should be responsible for management. However, the banking business involved in this program should be borne by bankers. The Caixa Geral de Depositos (CGD), a state bank, which has the largest branch network and has experience in financial service for small enterprises is recommendable as the principal bank of the program. In addition, all the commercial banks should be chartered to handle loans under the program in order to minimize regional difference in terms of loan accessibility.

(3) Eligibility and scope

Persons eligible for loans under the program are operators of medium- and small-size enterprises and microenterprises, who have completed the said entrepreneur management education program.

The loan will be extended to the following purposes:

- 1) Capital investment related to new investment, capacity expansion, and facility modernization, excluding working capital and land acquisition
- 2) Renovation and addition of facilities and equipment for environmental protection and energy saving
- 3) Relocation of factory from a non-industrial zone to an industrial zone

(4) Proposed terms of loan

- 1) Up to 70% of the total project cost including working capital and land acquisition costs (remaining 30% by own equity)
- 2) Maximum amount: Around 100 million escudos
- 3) Interest rate: Around 3% below commercial interest rate
- 4) Repayment period: 5 to 8 years, after grace period of 1 to 2 years (determined upon evaluation of individual application)

(5) Implementation method

The so-called two-step-loan system is used. To minimize the cost and risk for lending banks related to small loans, the following arrangement appears to be feasible:

- 1) All loan application will be collected by IAPMEI through nominated banks and organizations which are the first window to accept loan application.
- 2) The evaluation of each application will be made by IAPMEI for decision making on financing.
- 3) For the project which has passed IAPMEI's evaluation, banks are obliged to make loan.
- 4) In return, the company receiving the loan must provide the guarantee issued by a credit guarantee corporation to the bank. Microenterprises of less than a certain size may be exempted from providing collateral.

(6) Financial resource

- 1) To minimize the interest rate to end borrowers, grants such as EC funds, bi-lateral bank loans, and multi-lateral long-term low interest rate loan shall be major part of the financial resource. Such overseas fund will be blended with own financial resources of the banks.
- 2) The first round of the fund starts from 5 billion escudos. It will serve around 100 enterprises and will be disbursed in two years or similar.

(7) Implementation schedule (Figure 8-4-6)

At least one year is required for the securing of financial resource, adjustment with existing loan facilities, and the selection of the implementation body, and arrangement with the EC. The loan program is expected to serve its purpose as soon as inflation is controlled and commercial interest rates drop to the EC average level, which is expected to take about 5 years. As a result, the original fund of 5 billion escudos will rotate a few times in 5 years.

(8) Consideration

Although the EC sets forth financial liberalization policy, in which the preferential interest rate for a particular purpose is not permitted, effort should be made to establish the loan program in consideration to special conditions facing Portugal and the above objectives.

8.4.4 Large-Scale Foreign Investment Attraction Program

(1) Background, rationale, and objective

- 1) To achieve accelerated industrialization in Viseu area by using growing development potential as a buoyancy, expansion of traditional industries has its limit and does not lead to development of non-indigenous industries. The most effective solution is to attract foreign direct investment in Viseu area (development core) in industry sub-sectors having a wide range of subcontracting industries. This, if succeeded, will have major impacts on industries in the entire Viseu area.
- 2) In Portugal including the Aveiro-Viseu region, inter-industrial or inter-company linkage is not strong, and each company produces and markets consumer goods (final products). This is because there are few assembly industries in the country, which consume a variety of parts and components in sufficient quantities to create and maintain critical mass for suppliers to survive. This is one of reasons why industrial development seems to be slow in a country which does not have automobile or household electric appliance light industries or assembly industry. To foster a wide industrial base, major foreign investment in light industries or assembly operations (particularly durable consumer goods) need to be attracted to this area.
- 3) It is time consuming and uneconomical to foster hi-tech and R&D-based industries in Portugal in the immediate future. Industrialized countries are currently enjoying returns from the past investment for R&D-based industries equivalent to more than 1% of GDP which has been spent over a long period of years; 2.8% in Japan, 2.8% in the U.S., 2.5% in Germany, and 1.1% in Italy. Thus, for Portugal which R&D investment amounts to 0.4% of GDP, it will require the long-range plan to commercialize R&D efforts. Also, Portugal has much smaller population of scientists and engineers; 344 per 1 million population, compared to 4,700 in Japan, 3,300 in the U.S., 2,200 in Germany, and 1,100 in Italy. Again, foreign corporations are a major source of promoting hi-tech industries in the country.
- 4) Foreign investment brings corporate resources, including the market, capital, and technology to Portugal. This is why attraction of foreign corporations, as well as joint venture business, is said to be the most efficient for modernization of industries.

- 5) This section discusses activities recommended to be carried out particularly in the Aveiro-Viseu region, in addition to promotion activities at a national level. See 7.2 for detail.

(2) Implementation body

ICEP's Aveiro office should take leadership in promotion activities under close communication with Foreign Investment Promotion Department of ICEP headquarters (Lisbon).

In addition, the Aveiro/Viseu Investment Promotion Council should be established under leadership of ICEP's Aveiro office to conduct activities throughout the region. The council should be organized by the following organization and it should aim to incorporate foreign investment attraction activities into businesses of each organization:

- IAPMEI's Aveiro office
- IAPMEI's Viseu office
- CCRC
- Local governments
- Industrial organizations

(3) Types of industries to be promoted

- 1) Light and large-scale assembling industries having a diverse range of subcontractors, including household electric appliance, office equipment, electronics-related hi-tech industries
- 2) Major target: Corporations in the EC, Japan, and the U.S.

(4) Location of the investment

The first priority is given to the Viseu area (particularly Viseu city) to develop seeds of industrial development in the area. In the Aveiro area, the first candidate site is Albergaria-A-Velha which is strategically located in a regional transportation network and has wide land sufficient for large-scale investment. These two cities are designated as "core municipalities for industrial promotion" in 8.3.1.

(5) Major activities

- 1) Preparation of pamphlets advertising investment opportunities (emphasizing local advantages)

- 2) Preparation of management manuals for the region
- 3) Survey on foreign corporations operating in the region, and preparation of visual PR materials
- 4) Establishment and improvement of a network with foreign embassies and ICEP headquarters
- 5) Sponsoring of investment seminars
- 6) Co-sponsoring of promotion campaigns with related local governments and industrial organizations
- 7) Questionnaire survey on potential investors and follow-up activities
- 8) Compilation of investment data and information, and establishment of database (see 7.2.2 for detail)

Once prospective companies are identified through promotion activities listed above, the council will move into negotiation with them, under consultation with ICEP.

(6) Implementation schedule (Figure 8-4-6)

These activities should be started as early as possible. The overall plan should be established to cover 5-year activities. Efforts should be concentrated to conclude the first foreign investment agreement within 1 year and a half after commencement of the activities.

(7) Special considerations

At present ICEP's Aveiro office is principally responsible for export promotion of specific products (metal parts for furniture and fixture), and investment promotion activities for the region are not included in their scope of work. Thus the first step is to extend their duty to regional promotion activities and to increase staff. It seems to be difficult to handle promotion activities properly by asking temporary help from ICEP's Porto office.

8.4.5 Joint Venture Job Promotion Program

(1) Background, rationale and objective

1) In particular, Aveiro area is expected to develop into a center of supplying non-traditional capital goods to the whole country as well as to the EC market, in addition to modernization of traditional products, for the following reasons:

- Historically, the area has been leading machinery and equipment/metalworking industries.
- The country imports a high percentage of capital goods, which should be replaced with domestic supply sources.
- Major investment projects by Ford - Volkswagen are expected to rapidly boost domestic demand for automotive parts and components.
- After the unification of the EC market, the country can expect exports of capital goods, and in particular Aveiro area has advantage over other areas because of improved access to IP5.

Production of capital goods requires automated precision performance machinery, which accompanies technology transfer from industrialized countries. The most effective way to promote technology transfer is to form a joint venture with foreign corporations in the industrialized countries.

2) At the same time, modernization of traditional industries is equally important. A traditional industry occurs in an area which provides a market or resource and leads to concentration of many enterprises in the same industrial subsector. Then they develop from family industries to an industrial base. However, as they reach a certain stage, they are not able to keep abreast of market changes or technological innovation, leading to stagnation or deterioration. This creates a need for modernization, in which accumulated technologies are modified or improved to meet change in needs of market. At the same time, the technologies should be upgraded into more advanced ones through repeated investment.

Modernization of these traditional industries entails exploration of new markets and introduction of new product designs, production technology, and management knowhow. And joint venture is designed to take care of all at once.

(2) Implementation body

Same arrangement as described in 8.4.4 "Foreign Investment Attraction Program." The important point is that promotion of foreign investment and joint venture will be carried out side by side.

(3) Types of industries to be promoted

- 1) Hi-tech and modern industries based on traditional technology available in the region including machinery and metal products (parts and components), motorcycles and bicycles, ceramic (tiles and porcelain), ceramic for industrial materials, furniture (steel and wood), leather products, construction materials, and garment.
- 2) Target countries: the EC, Japan, the U.S., and other countries whose industries as listed above have international competitiveness

(4) Location to attract J/V job

Priority should be given to the Aveiro area, and joint venture will be attracted to municipalities where a large-scale industrial park can be developed, including Albergaria-A-Velha, Cantanhede, and Mealhada.

(5) Activities

Same as the preceding section

(6) Implementation schedule (Figure 8-4-6)

This should be implemented as a 5-year plan starting in the first year, in parallel to the large-scale foreign investment attraction program.

(7) Special considerations

Same as the preceding section

8.4.6 Industrial Relocation Support Program

(1) Background, rationale, and objective

1) The industrialized zone in Aveiro area is facing the following problems:

- Limited availability of industrial land for the reason of environmental preservation, including farmland and forest
- Limited supply of water to the industrial zone
- Rise in wage and labor shortage in urban areas
- Environmental effects
- Rise in land price
- Traffic congestion and increase in travel time

Relocation of industries is recommended to alleviate and prevent these problems.

2) To improve efficiency of operation in production and distribution by collectively locating industries. This is related to construction of industrial parks.

(2) Implementation body

Industrial relocation contains elements which are to be dealt with at a national level or by a local government to solve a particular problem. At the central government level, the Ministry of Industry and Energy has jurisdiction over the issue of industrial relocation, and the Ministry of National Planning and Administration serves as the related ministry. At a local level, each municipality handles the issue individually. In practice, however, it has grown out of hands of one municipality (for the average of 29 municipalities in the Aveiro-Viseu region, land area of 200km², and population of 25,000)

This is one of reasons to require the development of the inter-municipal public administration system, which is proposed in policy recommendations of this report. Nevertheless, since this program needs to be implemented as early as possible, it is proposed to establish an implementation body by adjacent municipalities, as seen in the joint development project implemented by Oliveira de Frades, Vouseira, and S. Pedro do Sul in the Viseu area. It should be noted that the "districts" are not suitable for the implementation body as it is not directly involved in regional development.

(3) Types of factories to be relocated

1) Those located in non-industrial zones

- 2) Those located in industrial zones, which do not conform to applicable environmental standards, including exhaust gas, effluent, solid waste, and noise.
 - 3) Priority is given to the Avciro area which has concentration of factories falling under the above two subparagraphs
- (4) Site for relocation

Small-scale industrial parks to be developed by municipalities within designated industrial zones

(5) Implementation method

- 1) To organize Factory Relocation Cooperative by relocating enterprises.
To notify and negotiate with factories requiring relocation through the cooperative, including compensation and other conditions.
- 2) To initiate a two-tier policy to induce relocation by providing positive support including financial assistance to cover relocation costs, as well as disincentive from non-relocation.

Support for relocating enterprises

- The implementation body will develop an industrial park to accommodate relocating industries, including access roads and other infrastructure. The development cost will be recovered through sales or leasing of the industrial park to locators.
- The relocation cost will be covered by existing investment incentive programs or the institutional credit facilities program proposed in 8.4.3.
- Local taxes will be exempted for relocating enterprises for a specific period of time.

Disincentive for enterprises not relocating

- Surcharge on local taxes
 - Surcharge for environmental protection
 - Surcharge on utility charges
- 3) The Industrial Relocation Cooperative will be reorganized to the Industrial Park Cooperative after the relocation to the industrial park.

(6) Implementation schedule (Figure 8-4-6)

This program should start as early as possible and should be completed within around 3 years.

(7) Considerations

- 1) Compulsory relocation should be avoided as far as possible. Rather, it is desirable to motivate enterprises through negotiations, while offering effective support to reduce cost of relocation and, in parallel, gradually introducing a reasonable range disincentive.
- 2) Municipality can impose a special tax (DERRAMA) on enterprises which head office is located (most of small enterprises have their head office in the factory at maximum), equivalent to 10% of the corporate income tax at maximum, and this discourages relocation of factories between municipalities. Thus, the tax should be reconsidered as part of reform to introduce inter-municipal public administration.

8.4.7 Large-Scale Industrial Park Development Project

(1) Background, rationale, and objective

- 1) As discussed in 8.4.6 "Industrial Relocation Program", a small industrial park (30 to 50ha in area) is essential in accommodating industries relocating from a non-industrial zone, and industrial dissemination to a less industrialized zone. In Portugal, construction and management of industrial parks have been transferred from the national government to municipalities.
- 2) From the field survey, most of municipalities have been actively involved in development of medium- and small-scale industrial parks, which are sufficient to accommodate small factories which relocate from other areas or which are newly invested. Thus, this study is not concerned with smaller industrial parks which are expected to be provided in sufficient quantities by each municipality. It should be noted, however, that there are industrial parks which do not reach an acceptable quality level, e.g., some of industrial parks are provided only with basic infrastructure - utilities, site roads, and drainage - but site preparation is left to tenant industries. Completed industrial parks shall be provided.
- 3) On the other hand, large-scale industrial parks should be newly developed to accommodate large-scale foreign investment and joint venture job promotion projects. Furthermore, these industrial parks should serve to provide space for relocation of existing medium- and large-scale enterprises for the modernization purpose, as well as their subcontractors. Thus, the industrial parks will primarily accommodate light industries.

(2) Implementation body

Industrial Park Development Corporation will be established by contributions from the following organizations:

- 1) Municipalities to supply the land for the large-scale industrial parks (including adjacent municipalities and supporting municipalities)
- 2) IAPMEI, under the Ministry of Industry and Energy, which manages investment incentives based on EC Funds
- 3) Financial institutions (banks and investment corporations)
- 4) Industrial organizations

Among them, each municipality and IAPMEI will play leading roles. A large-scale industrial park in Sines, southern Portugal, was first developed by a corporation organized by third sectors, which has been later dissolved and reorganized into the implementation body similar to the above.

(3) Prospective tenant industries

The large-scale industrial parks are expected to accommodate light industries, including the following types:

- 1) Assembling industries under foreign direct investment (preferably in the Viseu area), including household electric appliance, office equipment, and electronics
- 2) New medium- and large-scale investment under joint venture (preferably in the Aveiro area), including hi-tech, R&D-oriented, precision machinery/metalworking, and components/parts supply.
- 3) Small enterprises, particularly local enterprises, which serve as subcontractors for the above industries
- 4) Other enterprises which make investment to upgrade traditional industries

(4) Location

At least one large-scale industrial park will be developed each in the Aveiro and Viseu areas.

Aveiro area:

The first priority should be given to Albergaria-A-Velha where IP1 and IP5 intersect and large factory sites are available.

The second priority - Anadia, Mealhada, and Cantanhede which are located along IP1 and have industrial zone to construct the large-scale industrial park.

Viscu area:

The first priority - Viscu where IP5 and IP3 intersect; and

The second priority - Should be selected after completion of the park in Viscu.

(5) Project outline and budget

1) Estimated number of tenant industries and land requirements

	No. of enterprises <u>(No. of lots)</u>	Lot area <u>(ha)</u>	Total lot area <u>(ha)</u>
Large enterprises	3	20	60
Mid-size enterprises	10	5	50
Small enterprises	20	1	<u>20</u>
<u>Public area (35% of the total area)</u>			<u>70</u>
Total site area			200

Since 30% to 40% of the total site area are used as common use space, including site roads, fences and outlying structures, landscaping, and other facilities, the total site area for the industrial park is estimated as 200ha from the total lot area of 130ha.

2) On-site common facilities

- 1) Site roads
- 2) Drainage and sewage facilities (drainage channels and waste water treatment)
- 3) Industrial water supply (the municipality bears the cost to extend water pipes to the boundary of the industrial park)
- 4) Electricity supply (the power corporation bears the cost related to wiring and installation of power receiving and transformation equipment in the site)
- 5) Communications system
- 6) Administration building
- 7) Solid waste incineration plant

3) Preliminary project cost

By applying the unit construction costs estimated on the basis of data and information obtained in the field survey to preliminary design quantities of

industrial parks of similar size (150ha to 200ha), the unit development cost is estimated between 2,000 and 2,500 escudos/m².

Based on the interview survey, land prices vary with regions, ranging from 300 escudos/m² (in Vouzela) to 2,000 escudos/m² (Albergari-A-Velha).

At present, final sites have not been selected, thus topographic and geological conditions are unknown. In order of magnitude, however, the development cost for the 200ha industrial park, excluding land acquisition costs, is roughly estimated at the range between 4 billion to 5 billion escudos.

Then the sales price is calculated by increasing the total land area by 30% to 40% to include common facilities, and adding interest burden and overhead of the development corporation, thus in the range between 6,000 and 7,500 escudos, which is roughly three times the estimated range of development cost. Note that the land acquisition cost should be added to the total later on. (The average sales price of Sines Industrial Park was 8,000 escudos.)

(6) Implementation method and schedule (Figure 8-4-6)

- 1) To establish Industrial Park Development Corporation.
- 2) To acquire land. Acquisition of the first priority municipality in the Aveiro and Viseu areas is in progress.
- 3) To prepare pamphlets once completion of land acquisition comes into sight, and to start sales.
- 4) To start site development when prospective purchasers (particularly large corporations) are secured.
- 5) To develop the industrial park in two or three phases, with development area of 50ha to 100ha in each phase.
- 6) The period required from stages 1) to 3) above is estimated to be 1 year and 6 months, during which the large-scale foreign investment attraction program and the joint venture job promotion program are implemented as well. The construction period is 1 year and 6 months for the first phase and less than 1 year for each of additional phases.

(7) Benefits expected

- 1) The 200ha industrial park is expected to employ the following number of workers:

	No. of <u>workers/enterprise</u>	No. of <u>enterprises</u>	No. of <u>jobs created</u>
Large enterprises	800	3	2,400
Mid-size enterprises	150	10	1,500
Small enterprises	50	20	<u>1,000</u>
			4,000

Thus, the industrial park, when completed, will employ nearly 5,000 people.

- 2) Settlement of a large enterprise will help foster subcontractors and accelerate technology transfer.
- 3) Relocation of small- and medium-scale enterprises from non-industrial zones will contribute to environmental protection.
- 4) Overall, the industrial park will bring significant economic benefits to other sectors including service and agriculture.

8.4.8 Centralized Industrial Waste Management Facilities Construction Project

(1) Background, rationale, and objective

- 1) In the questionnaire survey and the interview survey for selected local governments in the Aveiro-Visu region, all of respondents preferred to attract industries which would not have the adverse effect on environment. Industrial wastes (effluent, exhaust gas, solid waste) and harmful wastes can be minimized through various approaches, such as "selection and limitation of industries", "the establishment of a valuable waste recycling system", and "promotion of in-house recycling and energy saving." Nevertheless, as industrial wastes cannot be completely eliminated, it is important to properly manage wastes to prevent them from uncontrolled diffusion.
- 2) In Portugal, the Ministry of Environment and Natural Resource is developing an implementation plan for disposal and removal of harmful wastes. Considering that 70% of industrial waste disposal cost are the transportation cost, this section proposes centralized waste treatment facilities in the Aveiro-Visu region within the framework of the contemplated national plan. These facilities will help reduce the disposal cost, thus enabling enterprises to conform to environmental standards and leading to better environmental protection.

(2) Current state of harmful waste management systems in Portugal

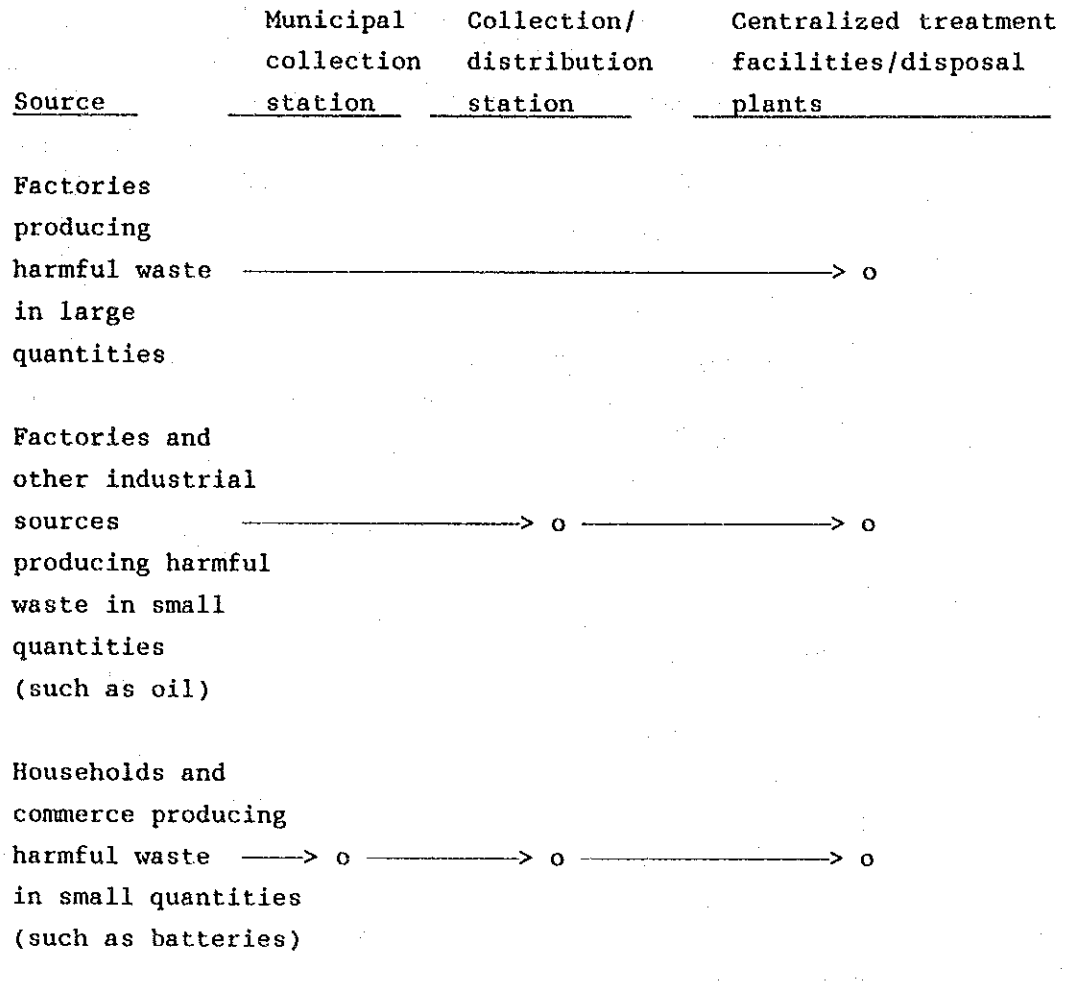
1) Production of harmful wastes

As of November 1988, the amount of harmful wastes produced in 18 districts is estimated as follows: (Source: "Production, Treatment, and Elimination of Harmful Wastes", November 1988)

<u>Amount produced</u> (10 ³ tons/year)	<u>Number of districts</u>	<u>Name of districts</u>
More than 500	1	Setubal
100 - 500	2	Aveiro, Castelo Branco
40 - 100	1	Visu
10 - 40	4	Lisbon, Porto, Coimbra, Santarem
10 under	10	Other districts

2) The planned total harmful waste treatment system

Harmful wastes go through different treatment processes, according to their sources and amounts, and are ultimately disposed by reclamation. Note that the "final disposal plants" mean reclamation areas.



Also, the system includes for flow of necessary documents in each route.

3) Construction plans for harmful waste facilities

There are plans to construct centralized waste treatment facilities and final disposal plants in Setubal and Porto, as follows:

Location	Type of facility	Number
Setubal	- Incineration plant	1
District	- Chemical waste treatment plant	1
	- Final disposal plant	1 or 2
Porto District	- Final disposal plant	1(or 2 sub)

Among these plans, the design of the final disposal plant in Setubal was reportedly started recently. Thus, Portugal has no industrial waste disposal facility at present.

(3) Implementation body

At present, the government is promoting waste disposal plans under its own budget, as part of public service. In the long run, however, the industrial waste collection, transportation and facilities operation should be handed over to private sector establishing a cost mechanism to undertake the business in commercial term.

(4) Basic assumption for centralized waste treatment facility planning

1) Definition of industrial wastes and treatment methods

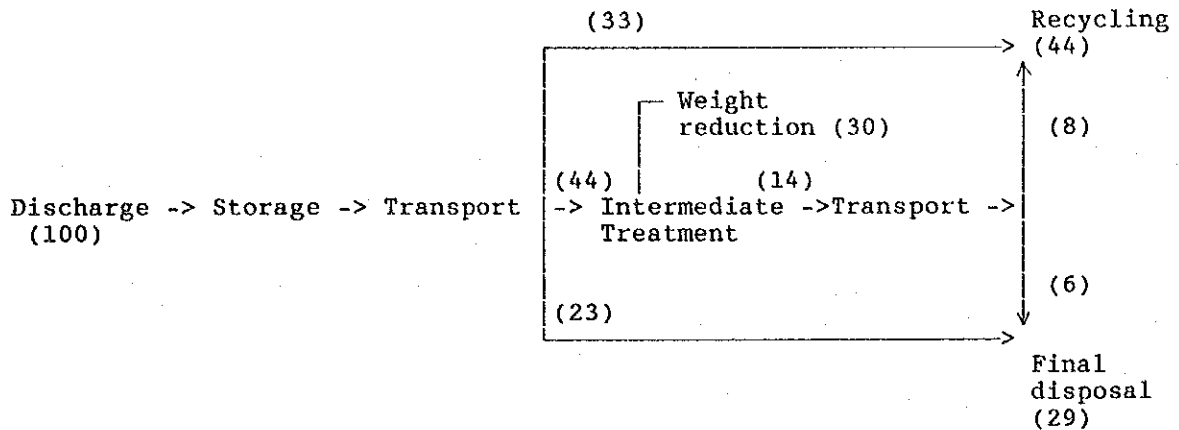
In the manufacturing process, substances not required for production are removed from materials. Some of these substances are used for other purposes, and others are not. Then they become wastes and cause environmental pollution unless being properly disposed. Major waste materials and their possible treatments are summarized as follows:

Classification	State/substance	Treatment/disposal
Exhaust gas	SOx, NOx, CO, Freon, dust	- Discharge to the air after .lm4.6" detoxication - Discharge to water after treatment - Disposed as waste
Effluent	Heavy metal, Cyanogen compoun PCB, acid, alkali Organic matters (BOD, COD content)	- Processed to sludge and disposed as waste - Discharge to the air after detoxica- tion by incinera- by incineration, etc.
Solid or fluid waste	Sludge, waste oil, waste acid, others	- Discharge to the air after incinera- tion - Disposal by reclamation

(Note) To effectively control air pollution, exhaust gas should be subject to primary treatment at factory.

Effluent may go through the primary treatment process at factory and are transported in sludge or other forms to a centralized waste treatment facility or a final disposal plant, or it may be transported in fluid to the treatment facility.

1) Flow of industrial waste treatment



Figures in () of the above flow diagram represent material balance in Japan as of 1985. 33% of Industrial wastes produced were recycled or reused, 23% went to final disposal, and remaining 44% went through intermediate treatment, weight reduction through compression, crushing, incineration accounted for 30%. Of remaining 14% subject to intermediate treatment, 8% were recycled again and 6% were sent to final disposal. In total, 29% went to final disposal, 41% recycled for reuse and 30% reduced in intermediate treatment (weight reduction due to removal of water or incineration).

3) The planned facility and its position in the waste disposal flow

To what extent individual companies are involved in the entire waste disposal process varies greatly; some companies have an integrated system up to final disposal, while other companies ask an outside contractor for all treatment and disposal.

This proposal concerns with the final disposal plant in the above flow diagram.

4) Reclamation methods

Closed type disposal plant: Wastes which produce substances harmful to human health (such as heavy metals) are reclaimed in separation from natural environment. In Japan, most of wastes are reclaimed in the controlled type disposal plant, below mentioned, after intermediate treatment or solidification by concrete.

Controlled type disposal plant: Reclaiming wastes which produce organic materials such as BOD and COD, or strong acidic or alkaline substances, which require treatment.

Stable type disposal plant: Disposing harmless industrial wastes.

(5) Conceptual design and cost estimate for the final disposal plant

As types and quantities of industrial wastes requiring disposal at the planned facility are unknown at present, the following facilities capacity estimates are presented as a basis of further study.

1) Major facilities

- a. Reclaimed area: $40,000\text{m}^2$
(Closed type disposal plant = $10,000^2$)
(Controlled type disposal plant = $30,000^2$)
- b. Total land area to be acquired, including other facilities: $45,000^2$
- c. Reclaiming capacity (average effective depth of
(Closed type disposal plant = $100,000^3$)
(Controlled type disposal plant = $300,000^3$)
- d. Incinerator (handling PCB): 2 tons/day
Drained water treatment facility: $20,000^2/\text{day}$
- e. Water sealing work: Installation of seat, lining, and seepage water drain pipe to seal waste water from the disposal plant from ground water
- f. Storm water collection and drainage facility
- g. Waste gas treatment facility

2) Administration facilities

- a. Delivery control facility
- b. Monitoring equipment
- c. Administration building

- 3) Related facilities
 - a. Access road
 - b. Scattering protection facility
 - c. Fire fighting equipment
- 4) Preliminary budget

Not considering types and quantities of wastes to be disposed, and topographic and geological conditions which are currently unknown, the preliminary project cost is estimated to be in the order of 1 billion escudos, excluding the land acquisition cost.

(6) Site location

The proposed disposal plant should be constructed in the Aveiro-Viscu region or its vicinity. As environmental assessment and negotiation with local people are involved, no candidate site is listed at this stage.

(7) Implementation method and schedule

1) Analysis of disposal demand and preliminary planning

Investigation on types and quantities of wastes to be disposed by reclamation, estimation of reclamation requirements, and conceptual design of major facilities

2) Feasibility study and preparation

Site selection, topographic/geological survey, environmental impact assessment, agreement with local residents and follow-up communication, establishment of the management system and organization, basic plan for use of reclaimed land, and legal study related to applicability of existing laws and regulations

3) Construction

Land acquisition, preliminary design, budget estimate, detailed design, tender, construction

4) Schedule (Figure 8-4-6)

1 year is allowed for 1) through 2) before commencement of 3), and 1 year and 6 months for 3). The controlled type disposal site of 300,000² should be constructed in 2 to 3 phases according to actual progress of reclamation.

(8) Beneficiaries and benefits

- 1) Improved living environment for local residents (environmental protection)
- 2) Prevention of damages to other economic sectors, including agriculture, fishery, and tourism
- 3) Reduced treatment cost for local manufacturing enterprises, and contribution to industrial promotion
- 4) Preventive saving in government expenditure: Expenses for compensation and restoration related to environmental pollution are a few times or more than 10 times the construction cost of pollution control facilities.

(9) Considerations

- 1) The final disposal plant will be constructed in a mountain area remote from built-up areas or residential areas. Mountain areas, however, are also subject to environmental protection ordinance (RAN, REN), requiring careful site selection.
- 2) In selecting the plant site, close communication with local residents is essential. At the first step, impacts of the disposal plant should be scientifically evaluated by environmental impact assessment.
- 3) A cost sharing system in the form of user charge, levy, etc. should be established under the "polluter pay principle" (PPP); it is important to make factory owners realize that they are primarily responsible for disposal of wastes they produce, but they may ask outside contractors to do the job by paying reasonable charge.

8.4.9 Viseu Airport Upgrading Project

(1) Background, rationale, and objective

- 1) The upgrading of Viseu Airport, actually an aerodrome, to a regional airport is proposed as part of effort for accelerated and intensive development of Viseu City, the core municipality of industrial development in the Viseu area, as proposed in a previous section.
- 2) At present, Viseu is remote from international airports in Porto and Lisbon, which are 128km and 293km away, respectively, by road, and express trains are available, but via Aveiro City. Aveiro City has only an airport for military use only. If Viseu City successfully grows to an industrial center, business travels to and from Porto and Lisbon will increase. In addition, the unification of the EC market will expand a geographical range of corporate activities, and access to the international airports will be vital for accelerated development of Viseu. In addition, for family travel within and outside the country will increase as Viseu is developed. Thus, the present limited access is likely to become a bottleneck to attraction of major corporations.
- 3) The upgrading of Viseu aerodrome to a regional airport capable of handling domestic jetliners is expected to remove such bottleneck. Viseu is selected because Aveiro is easily accessible to Porto's international airport (less than one hour by express train), and the siting of the regional airport in Viseu will stimulate movement of people between the two cities in particular Viseu to Aveiro, while contributing to accelerated development of the Viseu area.

(2) Current state of Viseu Airport

Figure 8-4-7 shows the overall view of the present aerodrome. Its major facilities are as follows:

1) Major facilities

- Name: Concalves Lobato
- Location: 7.5km north of Viseu City
- Elevation: 628m
- Runway: 1,155m long x 30m wide (asphalt-concrete)
- Terminal building: Meeting rooms, tourist information, rent-a-car, administration office, VIP room, restaurants, bars, cafe

- Control tower: Vectorial/Fleshing beacon (2 x 620W)
- Radio: Air to ground 122.3 > VOR113.1 > DME 11165 > VOR/DME 225⁰/315⁰-200N. M. FL500ft. -315⁰/225⁰-100 N.M. FL500ft > Elevation VOR/DME2109ft

2) Improvement and expansion plans

- The largest aircraft currently handled by the aerodrome is prop planes accommodating around 20 passengers.
- Two airline companies operate charter flights to and from the aerodrome.
- Viseu City has applied for approval Director General of Domestic Aviation for regular flight operation, which is currently pending.
- Two airline companies are interested in operating regular flights to and from the airport.
- The city gives priority to improvement of profitability in aerodrome management, and for that purpose, it attempts to attract the government's fire fighting planes to the aerodrome.
- There is a plan, still at the inception stage, to extend the runway from present 1,115m to 2,500m at a cost of 300 to 500 million escudos.

(3) Implementation body

The present aerodrome is operated and managed by Viseu City. To improve the aerodrome to an airport ready for regular flight operation, its operation and management should be transferred to Director General of Domestic Aviation of the Ministry of Public Works, Transport, and Communications.

(4) Outline of Viseu aerodrome upgrading plan and preliminary cost estimate

The following presents conceptual design of the new regional airport, which will serve as a basis of actual planning.

A layout of the new airport to meet the following specification is attached as Figure 8-4-8.

1) Flight services

- Domestic jetliners accommodating around 100 passengers
Flight service will start from 2 daily flights (morning and afternoon) between Viseu and Lisbon. Viseu-Porto service will be added if demand arises.

- Charter service: Domestic and international charter flights
- Cargo freight service will be added if demand arises.

2) Major facilities

Civil work

- Runway: 2,500m long x 45m wide
- Taxiway: 200m long x 25m wide
- Apron: 20,000m² (3 berths for B-727 class, 1 berth for YS-11 class, and 6 berths for small airplanes)
- Parking facilities: 13,000m² (300 passenger cars, and 10 large vehicles)

Lighting facilities

Runway lights, pilot lights, apron lights, approach lights, power distribution equipment, and auxiliary facilities

Fire fighting equipment

Chemical fire truck: 1 unit

Water tank: 40,000m³ x 1

Turnout coat: 5 sets

Special vehicles:

Luggage transport: 3 vehicles

Aviation safety facilities

Radio facilities, air control facilities, communications facilities, power units, and air-conditioning systems

Meteorological facilities

Meteorological observation facilities, communications facilities

Airport terminal building

Site area: 4,000m²

Structure: Reinforced concrete, 2 stories/1 underground level

Building area: 3,500m²

Total floor area: 4,800m²

Fueling facilities

Fuel tank: 200kl x 1 unit

Tank lorry: 1,200/x 3 vehicles

Total land area required

4,000m long x 600m wide = 2,400,000m² (240ha)

Total cost

The civil work cost, which accounts for 40% to 50% of the total, varies greatly with topography, geology, weather conditions. Another important factor is whether the present runway can be used by jetliners. Empirically, the regional airport of this type costs 14 to 15 billion escudos, if newly constructed, which can be reduced according to availability of existing facilities and equipment.

(5) Implementation method and schedule

The first step is to obtain approval of Director General of Domestic Aviation, followed by the preparation process, including preliminary design, cost estimate, financial planning, detailed design, tender and contract award, and construction work, all are expected to take about 1 year and a half. Then construction work will take another year and a half, thus making the new airport serviceable in the second half of the large-scale foreign investment project or the start of manufacturing operation at the latest.

(6) Beneficiaries and benefits

The new airport is expected to bring indirect benefits to Viseu City and its vicinity by operation of regular flight service, in addition to direct benefits to air passengers. One of major benefits is its publicity effect to demonstrate that Viseu is a major city in Portugal, thus to help attract major investment, both domestic and foreign. Another benefit is to

create movement of people to the Viseu area from the coastal area of Coimbra and Aveiro, which are well developed but do not have own airport. The increase in interaction will naturally accompany an increase in flow of information, capital, and goods.

(7) Considerations

- 1) 2 regular flights per day will not bring much income to operate the airport. Thus, effort will be continued to attract charter flight service as well as the government's fire fighting planes.
- 2) The use of the airport will be boosted if the plan of express train service along IP5 starts.

8.4.10 Township Construction Project (Improvement of Urban Amenities in Viseu City)

(1) Background, rationale, and objective

- 1) To attract large scale investment and hi-tech/R&D investment, it is essential to develop living environment appealing to managers, engineers, and scientists, including expatriate personnel. Also, housing demand is expected to grow if the large-scale industrial park are occupied.
- 2) Such living environment includes:
 - Housing and community for high and low income people (including natural environment)
 - Urban and cultural facilities
 - Educational and medical facilities
 - Recreational facilities
 - Research facilities
 - Transportation system for commuting, and quick access to major cities and other European countries
- 3) While the Aveiro area other than Aveiro City does not provide well-developed living environment, the Viseu area is further left behind. Clearly, development of Viseu City - positioned as the core municipality of contemplated industrial development - in the form of township construction should be given of priority to ensure accelerated industrial promotion in the area. This section presents a master plan for development of Viseu City, followed by overview of the proposed new town.

(2) General profiles of Viseu City (see Figure 8-4-9)

1) Population and land area (1992)

Population: approximately 90,000

Land area: 507km²

Both in population and land area, Viseu is the largest municipality in the Aveiro-Viseu region.

2) Access to major cities (road distance)

Lisbon - 293km; Porto - 128km; Coimbra - 96km;
Aveiro - 84km; boarder with Spain - 108km

3) Transportation network

- Located at the crossing point between new highways IP5 and IP3.
- An aerodrome handling charter flight is operated by the municipality, located 7.5km north of the city center.
- A narrow-gage railway is operated eastward from Aveiro to Viseu, then extending northward. While there is no rail service beyond Viseu toward the border with Spain, there is a construction plan of a new railway for express train along IP5 between Aveiro and the border area. Also, construction of a new station in Viseu is being planned.

4) Industrial parks

There is a 70ha industrial zone near the Viseu aerodrome, 7km north of the city center. Also, a small industrial park (36ha), Coimbrões, is located 4 - 5km southeast of the city center. A 10ha industrial park (Hundão) is planned 7km northeast of the city center.

(3) Master plan for comprehensive development of Viseu City

The master plan for comprehensive development of Viseu City, "Technopolis Viseu" concept, is described as follows. (see Figure 8-4-9)

- 1) As seen in the figure, IP3 and IP5 divert from the city center to preserve streets and historical buildings including a old church. For this reason, this master plan proposes development of a new town outside the existing city center.
- 2) At the first step, the large-scale industrial park site will be secured on the west side, crossing over IP3, of the already available 70 ha land, amounting to about 200 ha including the 70 ha site. The industrial park will be bordered by the existing road and the railroad on the south side, and IP5 is running south within 3 km distance from the site. It will be developed in the manner described in 8.4.7.
- 3) The industrial park is only 1 - 2km away from the aerodrome. But it will be dominated by lighting industries, thus high-rise buildings will not be constructed,

not disturbing flight.

- 4) Meanwhile, the aerodrome will be upgraded to an airport handling regular flight under Viseu Airport Upgrading Project discussed in 8.4.9.
- 5) Then, a new town with planned population of 10,000 will be constructed on the south-west side of the industrial park. The new town will have excellent transport access; the planned railway station on north side, IP3 on the east side, and IP5 on the south side. Furthermore, it will be within a walking distance to the industrial park for ease in commuting, and approximately 5km to the existing city.
- 6) Finally, the site for Technopolis Viseu is selected in an area other than forests as well as a hilly area.

(4) General profiles of the new town

1) Planned population

The industrial park will employ 5,000 people, as discussed in 8.4.7. Thus, the new town will have 10,000 population, including family members.

2) Housing

3,300 units: 1,300 detached houses and 2,000 low- and mid-rise apartments

3) Community facilities

The following facilities will be provided in or near the new town:

Public schools

Medical facilities

Recreational facilities

Cultural facilities, churches

Parks using natural environment

Shopping centers

4) Land requirements

To develop the new town which is landscaped with greeneries and is in harmony with natural environment, 300ha to 400ha of land will be required, depending

upon topography. Figure 8-4-9 shows the new town's possible location within the city boundary, but it may be developed jointly with adjacent Vousela.

5) Implementation method and schedule

This project should be implemented by a third sector (public corporation) organized by Director General for Housing of the Ministry of Public Works, Transport, and Communications, local governments, and financial institutions.

The corporation will be responsible for planning and management of the project, which will be constructed by private developers based on tender or under consortium.

Construction schedule consists of one year and a half for preparation, and 4 years and a half for completion of the phase one. Completion of the entire community will take about 8 to 10 years from the preparation stage.

(5) Benefits from the township construction project

In fact, the "Technopolis Viseu" concept consists of projects previously proposed, the large-scale foreign investment project, the large-scale industrial park development project, the Viseu airport upgrading project, and the new town project. These projects, if implemented efficiently and timely, will become the driving force for Viseu to develop into one of major industrial areas in Portugal. Their economic benefits include the following:

- 1) Creation of employment opportunities
- 2) Economic impacts on the construction sector
- 3) Industrial decentralization and equalization of income
- 4) Upgrading of industrial technology
- 5) Vitalization of the commerce sector, and improvement of productivity in the agriculture sector by absorption of agricultural population
- 6) Serving as a model case of industrialization in harmony with environment
- 7) Serving as a model case of industrial dissemination from the coastal zone to the inland area

STRATEGY: (1) INDUSTRIAL PROMOTION IN HARMONY WITH PRIMARY SECTOR
(AGRICULTURE, ETC.) AND ENVIRONMENT. - GENERAL

REQUIREMENTS:

1. APPROPRIATE FACTORY SITES EQUIPPED WITH INFRASTRUCTURE IN INDUSTRIAL ZONE.
2. WELL ORGANIZED INDUSTRIAL WASTE MANAGEMENT SYSTEM.
3. RELOCATION OF FACTORIES SCATTERED IN AGRO-FOREST ZONE TO INDUSTRIAL ZONE.

PROGRAMS/PROJECTS:

1. INDUSTRIAL PARK CONSTRUCTION PROJECTS.
2. CENTRALIZED INDUSTRIAL WASTE TREATMENT FACILITIES CONSTRUCTION PROJECT.
3. SUPPORT PROGRAM FOR FACTORY RELOCATION.

Figure 8-4-1 PROGRAMS/PROJECTS REQUIRED FOR "HARMONIZED INDUSTRIALIZATION"

STRATEGY: (2) RESTRUCTURING AND UPGRADING OF INDUSTRIES SPECIFICALLY IN AVEIRO AREA. - AVEIRO

REQUIREMENTS:

1. RELOCATION OF FACTORIES SCATTERED IN AGRO-FOREST ZONE TO INDUSTRIAL ZONE.
2. DIVERSIFICATION TO HIGH VALUE-ADDED CAPITAL GOODS PRODUCTION.
3. GROUNDWORK FOR FOSTERING HI-TECH AND R & D INDUSTRY.

PROGRAMS/PROJECTS:

1. INDUSTRIAL PARK CONSTRUCTION PROJECTS IN AVEIRO AND VICINITY MUNICIPALITIES.
2. SUPPORT PROGRAM FOR FACTORY RELOCATION.
3. JOINT-VENTURE JOB PROMOTION PROGRAM FOR LATEST/MODERN TECHNOLOGY INTRODUCTION.

Figure 8-4-2 PROGRAMS/PROJECTS REQUIRED FOR "INDUSTRIAL RESTRUCTURING OF AVEIRO AREA"

STRATEGY: (3) INTENSIVE INDUSTRIALIZATION OF THE CORE MUNICIPALITY
IN VISEU AREA. - VISEU

REQUIREMENTS:

1. CREATION OF INDUSTRIAL SEEDS (LARGE SCALE INDUSTRY)
FOR RAPID INDUSTRIALIZATION.
2. PREPARATION OF INVESTMENT CLIMATE.
3. GROUNDWORK FOR INVITING HI-TECH AND R & D INDUSTRY.

PROGRAMS/PROJECTS:

1. LARGE SCALE FOREIGN INVESTMENT ATTRACTION PROGRAM.
- ASSEMBLING INDUSTRIES
2. LARGE SCALE INDUSTRIAL PARK CONSTRUCTION PROJECTS.
3. TOWNSHIP CONSTRUCTION PROJECT.
4. VISEU AIRPORT UPGRADING PROJECT.

Figure 8-4-3 PROGRAMS/PROJECTS REQUIRED FOR "INDUSTRIALIZATION OF
VISEU AREA"

STRATEGY: (4) INDUSTRIAL DISSEMINATION TO POTENTIAL AREAS AND
LESS-INDUSTRIALIZED AREAS. - GENERAL

REQUIREMENTS:

1. MECHANISM AND INFRASTRUCTURE FOR EASY MOVEMENTS OF
PERSONNEL, GOODS, CAPITAL AND INFORMATION.
2. LINKAGE/SUBCONTRACTING JOBS AMONG AREAS AND
MUNICIPALITIES.

PROGRAMS/PROJECTS:

1. INDUSTRIAL PARK CONSTRUCTION PROJECTS
ALONGSIDE IPI, IPS, AND IPS.
2. LARGE SCALE INVESTMENT ATTRACTION PROGRAM. - ASSEMBLING
INDUSTRY.

Figure 8-4-4 PROGRAMS/PROJECTS REQUIRED FOR "INDUSTRIAL
DISSEMINATION"

STRATEGY: (5) MODERNIZATION OF TRADITIONAL INDUSTRY AND
INTRODUCTION OF NEW TECHNOLOGY. - GENERAL

REQUIREMENTS:

1. FOREIGN INVESTMENT IN THE FORM OF DIRECT INVESTMENT,
JOINT-VENTURE, AND/OR TECHNOLOGY LISENSE.
2. INVESTMENT TO CAPITAL INTENSIVE PROJECTS FOR
MODERNIZATION OF TECHNOLOGY, EQUIPMENT AND MACHINERY.
3. MODERN MANAGEMENT METHOD INSTEAD OF TRADITIONAL FAMILY
TYPE MANAGEMENT SKILL.

PROGRAMS/PROJECTS:

1. INSTITUTIONAL FINANCIAL CREDIT FACILITIES PROGRAM FOR
NEW INVESTMENT ESPECIALLY FOR SMIS.
2. EDUCATION PROGRAM FOR ENTREPRENEURS IN MANAGERIAL SKILL.
3. FOREIGN INVESTMENT ATTRACTION PROGRAM FOR THE REGION.

Figure 8-4-5 PROGRAMS/PROJECTS REQUIRED FOR "MODERNIZATION OF
TRADITIONAL INDUSTRY AND NEW TECHNOLOGY"

PROGRAM/PROJECT	1st year	2nd year	3rd year	4th year	5th year	6th year
PROGRAM						
1) Entrepreneur Education Program						
2) Institutional Credit Facilities Program for SMIs						
3) Large Scale Foreign Investment Attraction						
4) J/V Business Promotion						
5) Factory Relocation/Appropriate Land Use						
PROJECT						
1) Large Scale Industrial Parks (150-200Ha)						
2) Centralized Industrial Waste Management Facilities						
3) Viseu Airport Upgrading						
4) Township Construction in Viseu Area						

▲ First contract on foreign investment, J/V business

(Remark) Research/Preparation work
 — Implementation of programs
 ■ Implementation of construction projects
 □ Continuation of construction projects

Figure 8-4-6 OVERALL SCHEDULE ON INDUSTRIAL DEVELOPMENT IN AVEIRO-VISEU REGION

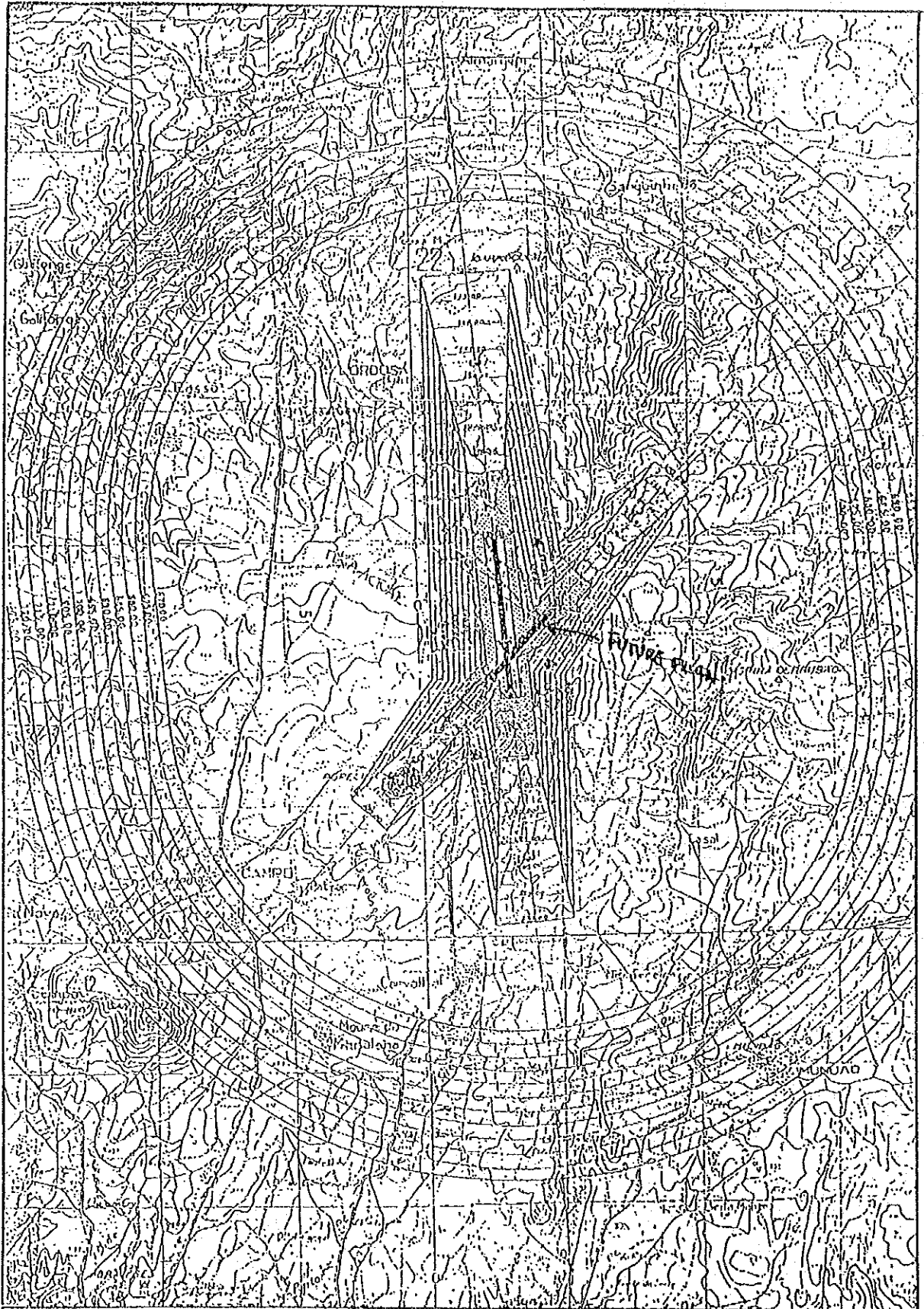


Figure 8-4-7 EXISTING VISEU AIRPORT (CONCALVES LOBATO)

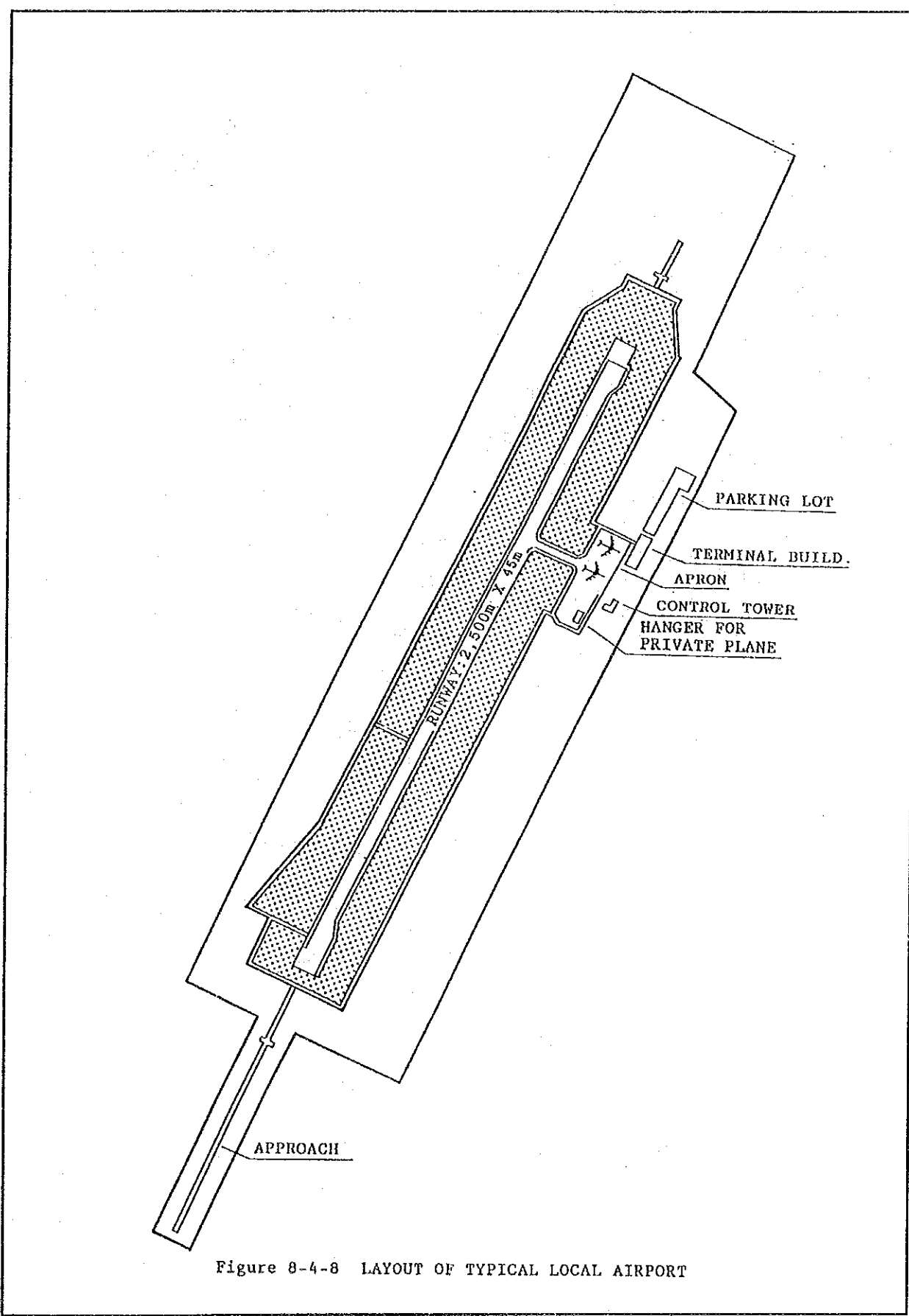


Figure 8-4-8 LAYOUT OF TYPICAL LOCAL AIRPORT

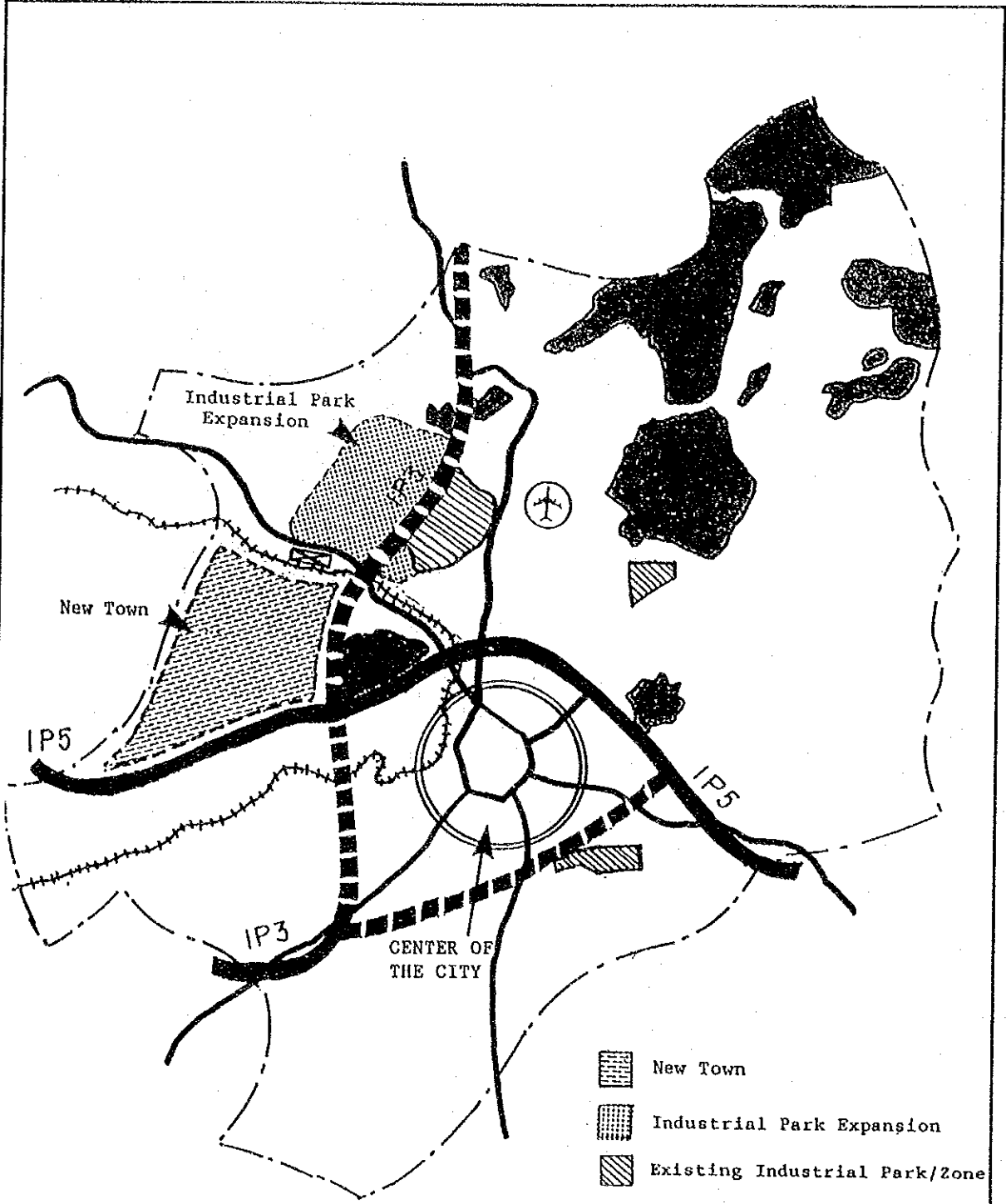


Figure 8-4-9 TECHNO-POLIS, VISEU

8.5 A Proposal Related to the Implementation of the Industrial Development Plan

8.5.1 Background and Rationale

Preceding sections proposed strategies for the comprehensive industrial development plan for the Aveiro-Viseu region, and identified four projects and five programs. They also mentioned proposing the implementation body, method, schedule, and major considerations for each project and program. In other words, the projects and programs, if properly and timely implemented, will achieve the original purpose of the plan, i.e. - industrial development of the target region.

In Portugal, regional development projects are identified and planned by municipalities, who then request the central government for budget allocation. Standing between the central government and each municipality, the Regional Coordination Committee (CCR) provides advice on municipal planning and various coordination services. Once the request is approved, most of projects - such as development of industrial parks, municipal roads, and waterwork and drainage systems - are implemented by municipalities, depending upon the nature and characteristics of each project. This approach is taken in many countries and does not present any problem.

On the other hand, it may be more efficient if a comprehensive regional development system, capable of managing large-scale projects that an individual municipality can not handle, is to be established in Aveiro and Viseu and other regions. This section considers some approaches and institutional arrangements of such regional development system.

One of the key issues in implementing a large-scale regional development plan is how to raise funds. At present, any single municipality, or even two or more of them combined, cannot afford to finance a relatively large-scale project with their own budget. For instance, total budget of Viseu municipality (administrative and development budgets) in 1990 amounted to approximately four billion escudos, which is roughly divided as follows:

<u>Financial source</u>	<u>Administrative expenditures</u>	<u>Development expenditures</u>	<u>Total</u>
Municipal revenues (local taxes, etc.)	18%	17%	35%
Transfer from central government	15%	38%	53%
<u>EC Fund</u>	<u>-</u>	<u>12%</u>	<u>12%</u>
Total	33%	67%	100%

Municipal revenues (local taxes, etc.) accounted for 35% of the total budget of Viseu in 1990. But for some other municipalities with financial difficulties, the share of that is less than that of Viseu. Taking Vouseira as an example, the municipal revenues usually share only 10% of the total budget, instead the transfer payment of the central government accounts for 70% and EC Fund for 20%. The development budget of Viseu accounted for around 40% of its total budget in the average year, although it was exceptionally high (67%) for the 1990 budget. Composition of financial sources for the development budget in the average year of Viseu was 40% from municipal revenues (25% in 1990), 40% from transfer payment (57%), and 20% from EC Fund (18%). In terms of the total amount, the development budget of Viseu recorded the highest level of 2.7 billion escudos in 1990, while it is estimated between one billion and 1.5 billion escudos in the average year. These figures clearly indicate that any municipality, even the relatively large one like Viseu, cannot implement large-scale projects on its own budget. It is essential to secure special funds earmarked for the proposed projects.

Another important issue is the establishment of an organization to promote the project. It is necessary to set up an ad-hoc organization suitable for the project purpose because one individual municipality can hardly manage a large-scale project of diversified components with geographical extent covering two or more municipalities.

In this recognition, this section proposes methods of implementing large-scale inter-municipality projects, such as industrial parks and new towns, together with corresponding systems, which are described as follows.

8.5.2 Institutional Arrangement Alternatives for Project Promotion and Comparison of their Advantages

Basically, there are two methods of promoting large-scale development projects, in terms of institutional arrangement, which are described as follows.

Alternative 1: Individual implementation body method

This is the conventional method to promote individual projects separately. Each project is financed by an individual implementation body. A comprehensive plan containing two or more projects achieves its purpose through implementation of individual projects. For implementation of large-scale projects, this conventional approach even needs a new organization, such as a regional development committee (hereinafter referred to as "Committee"). The Committee is responsible for coordination of the conflicting interests of communities and sectors, communication with implementation bodies (or promotion of the establishment thereof), as well as coordination and negotiation with related authorities and organizations. This method is hereinafter referred to as "Individual Method".

Alternative 2: Regional development corporation method

The condition indispensable for introduction of this method is to legally authorize the regional development of the country as a national policy. Under a new law on the nation-wide regional development policy, a regional development corporation (hereinafter referred to as "Corporation") should be established by full finance of the central government. This method is suitable to implement a project which are too large for a single municipality to manage. In this method, the implementation body will be the Corporation. The Corporation will be responsible for master planning, feasibility study, project design, construction, and completion (sale, lease, etc.). In this case also, the Committee should be established to reflect the opinion of each locality. This method is hereinafter referred to as "Corporation Method".

Table 8-5-1 lists implementation bodies of the nine (9) programs/ projects proposed in this report, if they are to be executed under the Individual Method, and identifies programs/projects which can be implemented by the Corporation. The table also indicates the ministries relating to and supervising those programs/projects, which will be hereinafter referred to as the "central government".

Responsible agencies and financial sources under the two implementation methods are compared for each stage of project cycle, as follows.

	Project cycle		
	I. Project identification/ formulation	II. Project planning/ basic design	III. Project implementation
<u>Individual implementation body method</u>			
Responsible agency	Committee	Committee	IIB
Financial source	Municipalities	Municipalities	IIB
<u>Regional development Corporation method</u>			
Responsible agency	Committee	Corporation	Corporation
Financial source	Municipalities	Corporation	Corporation

(Note): Committee = Regional Development Committee
 IIB = Individual Implementation Body
 Corporation = Regional Development Corporation

Under the Individual Method, each project will be transferred from the Committee to each implementation body at the project implementation stage i.e.-stage III of project cycle, so will be the financial source from the local government to the central government. On the other hand, under the Corporation Method, transfer will occur at the project planning and basic design stage i.e.-stage II of project cycle, so will be financial source from the local government to the central government.

Table 8-5-2 compares advantages and constrains of the two implementation methods, which are analyzed below for overall evaluation.

(1) Time required for project implementation

Clearly, the Individual Method can be adopted immediately as it is based on the conventional method and can be implemented within the present legislative framework. On the other hand, the Corporation Method will require relatively a long period of time due to necessary legal arrangement including the enactment of a special law. Nevertheless, it is safe to assume that the Corporation, once established, will reduce the project period significantly compared to the Individual Method, partly because time to require the establishment of the implementation body for each project will be saved, and partly because the Corporation will be able to streamline the development process, being an organization specialized in regional development.

(2) Ease in fund raising

Under either of the methods, the project cost will be financed from the central government budget including EC Fund, and also local government's own source for construction of public facilities such as sewage, public roads and parks which are unsalable parts of the project. Only ease in financial access to the central government is compared since there is no difference in ease of financing the cost to be borne by local government for the construction of the public facilities. Under the Corporation Method, contributions from the central government including EC Fund will be secured in the annual budget, thereby facilitating project financing once the budget is approved. On the other hand, the Individual Method entails separate fund raising effort for each project along with establishment of an implementation body, which may present uncertainties.

(Note) If a local government implements a regional development project, without relying on either of the methods, the substantial part of the project cost may be loaned from private financial institutions. To repay the loan, the local government or a development company founded by the Committee must use the revenues from the sales of the project, e.g., the industrial park. In this case, the central government

should guarantee such loan for the local government, without provision of collateral. This approach is one of the effective ways to induce private funds to regional development.

(3) Burdens on the local government

The Corporation Method will impose less burdens on local governments both in terms of financial and human resources, particularly in the planning stage. This is because the Individual Method will require the local government to conduct pre-feasibility studies, detailed feasibility studies and basic design as well as coordination and negotiation with the central government for project approval on its own. The Corporation Method offers great advantages because the Corporation has in reserve readily available experts specialized in construction projects, and their performance is efficient backed by expertise and experience.

(4) Ease in project management

Obviously, the Corporation will be able to handle a whole range of activities, from preliminary study to completion, leading to the ease in management due to continuity. Also, the Corporation Method has an advantage in budget control as it reduces resource requirements for the local government and the Committee.

(5) Consistency in regional development

As the Corporation Method deals with regional development in the line of existing national policies and programs, several projects can be implemented within the same target region in accordance with the coordinated schedule. In regional development, it is reasonable to expect that two or more projects produce a multiple effect by creating positive impacts on each other. In this context, the Corporation will have a clear merit.

(6) Overall evaluation

As discussed above, the Corporation Method has various advantages over the Individual Method. Nevertheless, it has a clear disadvantage in the time required for its establishment. So as not to make the establishment of the Corporation a critical path in the implementation of the comprehensive regional development plan, the most practicable solution is to start implementing projects of higher priority under the Individual Method. Then once the Corporation is established, remaining projects can be implemented under the Corporation Method. Under the Individual Method, provision should be made to support the functions of the Committee which will be responsible for

a number of activities during the planning stage.

8.5.3 Outline of the Individual Method

This method is based on project implementation methods generally practiced in Portugal, with modifications made to facilitate the promotion of large-scale projects which are not manageable for individual municipalities.

(1) Establishment of the Committee

Objectives:

- 1) To identify a project and to develop its implementation plan, with a view to developing an area in a comprehensive and coordinated manner.
- 2) To provide support and assistance for project implementation bodies during the stage of project implementation.
- 3) To coordinate and resolve conflict of interests between municipalities and other administrative units as a unified organization.

Authorities and organizations participating in the committee:

- 1) Local governments (districts and municipalities)

Membership principally consists of districts and municipalities which are included in the project area, as well as those which are outside the project area but are willing to support the project.

- 2) Regional Coordination Committee (CCR)

CCR is responsible for coordination with the central government and between local governments in terms of planning and allocation of the national government budget and EC Fund.

- 3) ICEP regional office

To attract foreign investment to the large-scale industrial park and the project area.

4) IAPMEI regional office

To attract domestic investment to the large-scale industrial park, to provide investment incentives, and to allocate EC fund for regional development.

5) Local trade organizations

Responsible for hearing and coordination of requests by local private industries.

6) Financial institutions

To support the project through investment and credit service.

Organization:

- 1) Each of member organizations will assign its representatives on a temporary basis and its staff and experts on a full-time basis to the Committee . Together with outside consultants and experts hired as required, they will constitute a project team.
- 2) The representatives will constitute the Committee by which the project team consisting of the full-time staff will be supervised, or the Committee comprising the representatives and the full-time staff will act as a project team.
- 3) As an alternative, the Committee can establish a development company instead of the project team.
- 4) The organization will be dissolved upon completion of the project.

Operating cost of the Committee:

- 1) Contribution by the member organizations specifically municipalities, investment and loan from financial institutions, and support from the central government.
- 2) Personnel expenses, including salaries, should preferably be borne by member organizations which assign them to the Committee on a temporary basis.

(Note 1) The construction cost for each project will be financed by the corresponding implementation body, and the Committee will not bear any financial burden.

(Note 2) Industrial parks and new towns developed, as an example, will be sold by their respective implementation bodies. In this connection, the Committee may be able to invest in each implementation body to receive its share of profit from sales, which will then be used to complement the whole or part of the cost incurred by the Committee at the planning stage. This approach may be considered as an alternative.

(2) Roles of participating organizations by project cycle

Figure 8-5-1 summarizes the project cycle under the Individual Method, and demarcation of roles of the Committee, the project implementation body, and the central government. In essence, this arrangement is structured as follows:

- The Committee will be entirely responsible for project planning.
- The central government will review the proposed project and, after approval, will establish its implementation body.
- Then, the implementation body will be in charge of the whole development process for implementation of the project.

(Note) Under this arrangement, the same project cycle will be repeated for each project.

The development process under the Individual Method is described below in line with the general flow of the project cycle.

Planning stage:

1) Project identification and formulation

The Committee will develop a master plan for an entire region, which will then be divided into individual projects. The committee will notify the master plan and individual project proposals to the central government, which will in turn alert related authorities for reviewing and evaluation.

2) Pre-feasibility study

The committee will conduct the pre-feasibility study at its own cost for each

project under advice and assistance of the Regional Coordination Committee (CCR). It will decide whether or not to conduct a further detailed feasibility study for the project after screening.

3) Detailed feasibility study

The Committee will conduct the detailed feasibility study on the selected project(s), including alternatives, by hiring an outside consultant. Based on the study results, the Committee will decide on whether the project is to be implemented. If the project is considered to be feasible, the Committee is expected to initiate necessary administrative procedures to endorse the project, including the approval of local councils.

4) Basic design and application for approval of the central government

Based on the results of the detailed feasibility study, the Committee will select the most suitable project scheme and will submit the preliminary plan (including basic design and implementation plan), attached by the detailed feasibility study report, to the central government for approval.

5) Reviewing and approval by the central government

Upon receiving the application for the project, the central government will review and evaluate it through overall consideration of feasibility, priority, development budget, organization of the implementation body, as well as consistency with national objectives and policies. It will then approve or reject the application and notify the decision to the Committee.

6) Establishment of the implementation body

After approval, the central government will establish an implementation body for the project, which should preferably be participated by representatives of the Committee and its member organizations.

Implementation stage:

1) Land acquisition

The implementation body will acquire the project site through each municipal government, which will purchase it from land owners and resell it to the

implementation body.

2) Detailed design

The implementation body will decide on the detailed design though advice of outside experts.

3) Bidding and contract award

The implementation body will prepare project specifications and select a primary contractor(s) through a competitive bid process. As an option, certain portions of the project may be compulsorily awarded to local contractors for the purpose of fostering local industries.

4) Construction

The project will be constructed by the contractor under supervision and management of the implementation body.

5) Completion of the project

Upon completion, the project (industrial park, new town, etc.) will be sold to private enterprises, investors and individuals. Upon the closing of sales, the project will be completed.

6) Maintenance and Management after the Completion

If the project contains public facilities such as municipal road and waterwork which cannot be sold out, the local government should construct and manage them by her own financial resource.

There are two ways to maintain and manage such facilities as industrial parks and townships. One is that a public authority including the central and local governments will maintain and manage the facilities and the other is that a private company will operate them commercially. In both cases, financial sources for maintenance and management should depend on the charges paid by users, locators and beneficiaries of the facilities.

Domestic airports are operated by the authority concerned.

In the case of the industrial waste treatment facilities, a private company is generally consigned to operate the facilities except when the public authority continues operation even after the completion of the construction. In any case, polluters should pay cost of operation.

8.5.4 Outline of the Corporation Method

This is based on the method adopted in Japan, with some modifications made to fit the purpose of this study.

(1) Establishment of the Committee

This method will also require the establishment of the Committee, which will be basically same, in its purpose and organization, as the Committee under the Individual Method. A major difference is that the Committee under the regional development Corporation method will play less roles in the project cycle, thus will bear less financial burden. As a result, the Committee will not be able to participate in the implementation body, i.e., the Corporation, through investment, so that it will not enjoy benefit of receiving profit from sales of the project.

(2) Establishment of the Corporation

Objectives:

- 1) To promote large-scale regional development projects as a national project, and to initiate its planning and development upon request from the Committee or a local government.
- 2) The Corporation will serve as the project implementation body, including the implementation of the "comprehensive plan" containing two or more projects.
- 3) As a consequence, the Corporation will handle projects which cannot be properly managed under the Individual Method, due to their size, diversity, and geographical extent covering two or more administrative units.

Organization and staffing:

- 1) The Corporation should be a non-profit organization entirely financed by the central government.
- 2) The Corporation should be a permanent organization which will not be dissolved upon completion of an individual project.

- 3) An organization chart is illustrated in Figure 8-5-2 as an example. The organization basically comprises a head office and temporary site offices as many as number of projects under implementation. A temporary site office will be closed after completion of the project, and the staff of the closed site office will come back to the head office or move to another temporary site office.

Assuming that the Corporation has five temporary site offices at the same time having 20 staff members for each at the initial stage of its establishment, and that the head office requires staff at 80 per cent of the site offices in number, the total number of staff is estimated below:

- Temporary site offices	: 5 sites x 20 staff/site	= 100 staff members
- Head office	: 80% of the above	= <u>80 staff members</u>
		180 staff members

Financial source:

- 1) The Corporation obtains its operation and development funds (including the construction budget) from the central government budget.
- 2) Profit or loss accrued from the completed project is settled within the account of the Corporation.
- 3) Annual budget of the Corporation is estimated below on the assumption that requirements of project cost per project is around four billion escudos and; the administrative expenditure including salaries and wages for all staff of the Corporation accounts for 50 per cent of the project cost:

- Project Cost	: 5 projects x 4 billion/project	= 20 billion escudos
- Administrative expenditure	: 50% of the above	= <u>10 billion escudos</u>
		30 billion escudos

(2) Roles of participating organizations by project cycle

Figure 8-5-3 summarizes the project cycle under the regional development Corporation method, and demarcation of roles of the Committee, the Corporation, and the central government. Under this arrangement, each party will assume the following duties:

- The Committee will be responsible for identification and formulation of the master plan and individual projects involved in the plan, and decision making in

the planning stage.

- The Corporation will perform all tasks required in the planning and implementation stages.
- The central government will review and approve or reject the proposed plan.

The development process is described below in line with the general flow of the project cycle. Because activities in each stage are basically the same as those under the Individual Method, emphasis will be placed on major differences between the two methods.

Planning stage:

1) Project identification and formulation

A project will be initiated by the Committee, as in the case of the Individual Method. The difference is that the plan will be sounded to the central government through the Corporation.

As seen in the project cycle, one of distinctive characteristics of the Corporation Method is that the Committee will not have to negotiate directly with the central government in the planning and implementation stages.

2) Pre-feasibility study

While the Committee will conduct the pre-feasibility study under the Individual Method, the Corporation will undertake this activity at the request and with the cooperation of the Committee. The results of the pre-feasibility study will be reported to the Committee, which in turn will decide on whether or not the project is eligible for the detailed feasibility study.

3) Detailed feasibility study

After the above decision, the Committee will commission the detailed feasibility study to the Corporation, which will again report the results of the study to the Committee. The commissioning of various studies and design activities will enable the Corporation to best utilize its expertise and resources related to regional development, including the development of experts, thereby significantly reducing burdens on the Committee compared to the Individual Method.

Based on the results of the feasibility study, the Committee will decide on whether or not the project should be implemented. Again, the Committee is expected to initiate actions required to obtain authorization, including the approval by local councils.

4) Basic design and application for approval of the central government

Once the decision is made, the Committee will request to the Corporation for preparation and implementation of the basic design. Unlike the Individual Method under which the Committee is responsible for development of the basic design as well as the application to the central government, the Corporation will be responsible for these activities, and once the application is filed with the central government, the development project(s) will leave the hand of the Committee.

In reality, actual takeover of responsibility is considered to occur when the Committee commissions the execution of the pre-feasibility study to the Corporation. This is a marked difference between the two methods.

5) Reviewing and approval of the central government

A major difference from the Individual Method is, the approval for the project is issued to the Corporation, which will then notify it to the Committee.

(Note 1) As the Corporation already is the implementation body for the envisaged projects, the establishment of the implementation body will be omitted.

(Note 2) Japanese Regional Develop Corporation (JRDC) is mainly responsible for construction of new towns, development of large-scale industrial parks, loan and other assistances for relocation of factories as a result of a decentralization program; and relocation and localization of R&D facilities and high-tech industries to rural regions, not covering construction of industrial waste disposal sites and regional airports.

Implementation stage:

Throughout the implementation stage, there is no difference between the two methods, except that the Corporation per se is the implementation body.

8.5.5 Roles of the Aveiro-Viseu Region

This section considers specific actions to be taken by the Aveiro-Viseu region in order to materialize the results of this study on the industrial development promotion for the Aveiro-Viseu region. Of nine programs/projects proposed in this report, the following is those requiring initiative and leadership of the Aveiro-Viseu region.

- Development of industrial parks (large scale)
- Construction of a centralized industrial waste disposal plant
- Industrial relocation
- Promotion of joint venture with foreign corporations (led by ICEP/Aveiro)
- Attraction of large-scale foreign investment (led by ICEP/Aveiro)
- Improvement of living environment (construction of new town)
- Upgrading of the Viseu airport

As ICEP is the counterpart of this study to represent the Portuguese government and has its Aveiro office within the proposed project area, it is expected to take leadership in initiating and empowering action programs proposed below. Note that the following proposals are based on the assumption that projects should be implemented under the Individual Method for the time being.

(1) Participation in establishment of the Committee

The Committee of the Aveiro-Viseu Region will be established to promote programs and projects proposed in this report, which are feasible to be implemented on a local level. Two districts, 29 municipalities, CCRC, ICEP/Aveiro office, IAPMEI's Aveiro/Viseu offices, local trade organizations, and financial institutions will be invited to form the Committee. The objectives of the Committee and its role have been described in the previous section.

(2) Founders' meeting

The founders' meeting should be organized by organizations who endorse the establishment of the Committee. It will be held periodically to do the following:

- 1) To draft the charter regarding the intent and objectives of the Committee.
- 2) To draft projects/programs (proposals) to be promoted by the Committee.
- 3) To decide on an organization (proposal) of the Committee.

- 4) To list up candidate project sites including alternatives.
- 5) To invite and appoint permanent membership of the Committee based on the above.

(3) Establishment and convening of the Committee

Members so decided will establish the Committee, which will be held regularly to do the following:

- 1) To deliberate on agenda set by the founders' meeting and to make regulations.
- 2) To select and appoint the chairman and other officers.
- 3) To coordinate the interests of municipalities related to promoted programs/projects and sites, and to decide on the final plan.
- 4) To make preliminary arrangement for financial sources and the organization of program/project implementation bodies.
- 5) To formulate an outline for the operating budget of the Committee and its sharing by member organizations.
- 6) To organize project teams to achieve the purpose of the Committee.

(4) Activities of the project teams

While the Committee members are on part-time duty, members of the project teams will be on full time, mostly under temporary socondment from local governments having representatives in the Committee. In addition, outside consultants and experts will be hired as required. For geographical consideration, a project teams should be established respectively in Aveiro and Viseu areas and to work under direction of the Committee. Their major activities are as follows:

- 1) Pre-feasibility study
- 2) Detailed feasibility study
- 3) Basic design

(5) Roles of the Committee after formulation of the project teams

- 1) To direct the project teams.
- 2) To plan and coordinate the establishment of implementation bodies and the method of their participation in project.
- 3) To secure financial sources and operating budget.
- 4) To ensure effective coordination and communication with the central government authorities.
- 5) To review and approve study reports.
- 6) To coordinate requests and conflicting interests of municipalities and districts.

(6) Roles of municipalities

- 1) To secure approval or endorsement of local councils and municipal heads.
- 2) To supply manpower to the project teams and to share operating costs.
- 3) To supply source materials and data to the project teams.
- 4) To acquire project sites within each municipality (to be resold to the implementation body).

(7) Other considerations

In Portugal, there has been no large-scale project developed together by two or more municipalities within a region under their own proposal and cooperation. Thus, if the proposed project in the Aveiro-Visu region, endowed with various opportunities and conditions, makes a commercial success, it will serve as a model to be applied to other regions. The major bottleneck to this epoch-making challenge is 1) the difficulty in coordinating conflicting interests of municipalities involved, possibly leading to the non-participation of municipalities which are not likely to enjoy direct benefits of the project, 2) competition in project site selection or opposition to land acquisition, and 3) reluctance in sharing of cost and manpower. It is reasonable to expect that, even if the economic effect of the project is likely to trickle down to surrounding municipalities,

those which do not see direct benefit are reluctant to cooperate.

In this context, the establishment of the Committee will become a critical point; the first hurdle for the project is whether or not the Committee and project teams can be organized under full membership. Certainly, this will require strong leadership of ICEP's Aveiro office.

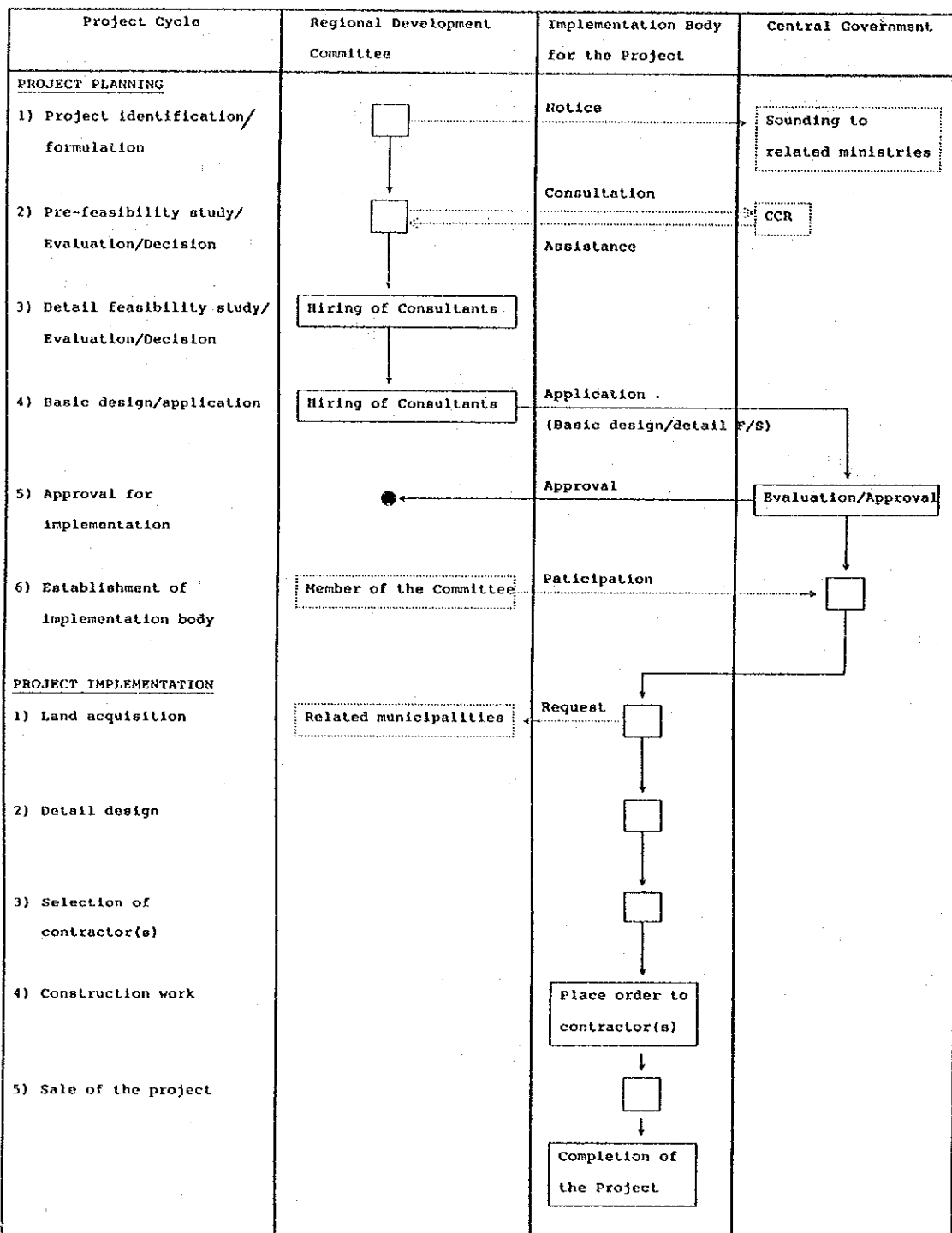
Table 8-5-1 IMPLEMENTATION BODY AND RELATED MINISTRIES OF CENTRAL GOVERNMENT BY RECOMMENDED PROGRAM/PROJECT

Recommended Program and Projects	Implementation Body		Central Government (Main Ministry(ies) Concerned)
	Individual Imp. Body (IIB) Method	Regional Dev. Corporation (RDC) Method	
1 Entrepreneur Management Education Program	IAPMEI	Same as IIB	Industry and Energy
2 Institutional Financial Credit Facilities Program for SMIs	IAPMEI in corporation with CGD (State bank)	Same as IIB	Industry and Energy
3 Large Scale Foreign Investment Attraction Program	ICEP in corporation with IAPMEI and Municipalities	Same as IIB with corporation of RDC in sale of industrial parks	Trade and Tourism
4 Joint Venture Business Promotion Program	ICEP in corporation with IAPMEI and Municipalities	Same as IIB with corporation of RDC in sale of industrial parks	Trade and Tourism
5 Industrial Relocation Support Program	IAPMEI in corporation with Municipalities	RDC	Industry and Energy
6 Large scale Industrial Park Development Project	Joint venture of IAPMEI, municipalities and a bank(s)	RDC	Industry and Energy/Planning and Territorial Administration
7 Centralized Industrial Waste Treatment Facilities Construction Project	Central government in corporation with municipalities	RDC	Environment and Natural Resources/Industry and Energy
8 Viseu Airport Upgrading Project	Viseu municipality and Central government	RDC	Public Work, Transport and Communication
9 Township Construction Project	Municipalities and/or central government	RDC	Planning and Territorial Administration/Public Work, Transport and Communication

Table 8-5-2 COMPARISON OF INDIVIDUAL IMPLEMENTATION BODY AND REGIONAL DEVELOPMENT CORPORATION METHODS

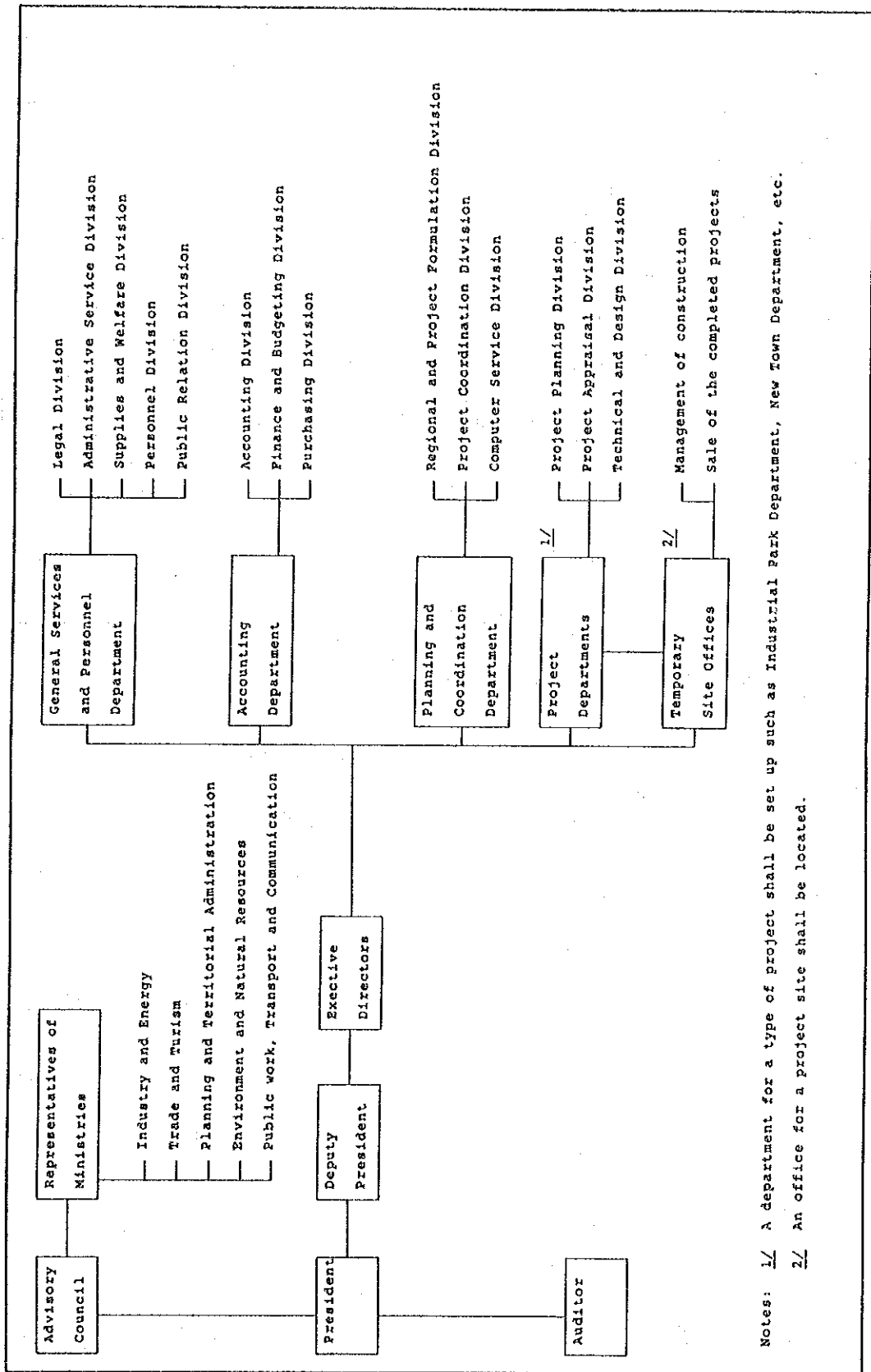
Factors	Individual Implementation Body Method	Regional Development Corporation Method
(1) Time required for project implementation	<ul style="list-style-type: none"> • Short period of time to initiate the project planning due to the conventional method (adv.) • To consume a certain period of time to establish an implementation body for each project (con.) 	<ul style="list-style-type: none"> • To require long period of time for legal arrangement to establish the corporation (con.) • Shorter project period after the corporation being once established (adv.)
(2) Ease in fund raising	<ul style="list-style-type: none"> • Separate fund raising for each project is needed (con.) 	<ul style="list-style-type: none"> • The annual budget allocation system of the central government can be adopted (adv.)
(3) Burdens on local government in terms of finance and human resource	<ul style="list-style-type: none"> • Burdens last upto the stage of basic design in the project cycle (con.) 	<ul style="list-style-type: none"> • Burdens last only upto the stage of project identification/formulation in the project cycle (adv.)
(4) Ease in project management	<ul style="list-style-type: none"> • An implementation body shall be established for both project planning stage and implementation stage (con.) • Budget control required for the local government(s) is longer in period and longer in amount (con.) 	<ul style="list-style-type: none"> • An implementation body (the corporation) manages the project from project planning stage to the completion (adv.) • Budget control required for the local government(s) is shorter in period and less in amount (adv.)
(5) Consistency in regional development	<ul style="list-style-type: none"> • Project by project approaching method shall be adopted by its nature (con.) 	<ul style="list-style-type: none"> • Simultaneous implementation of two or more projects in a region is possible (adv.)

Note: (adv.) = advantages for the method (con.) = constraints in the method



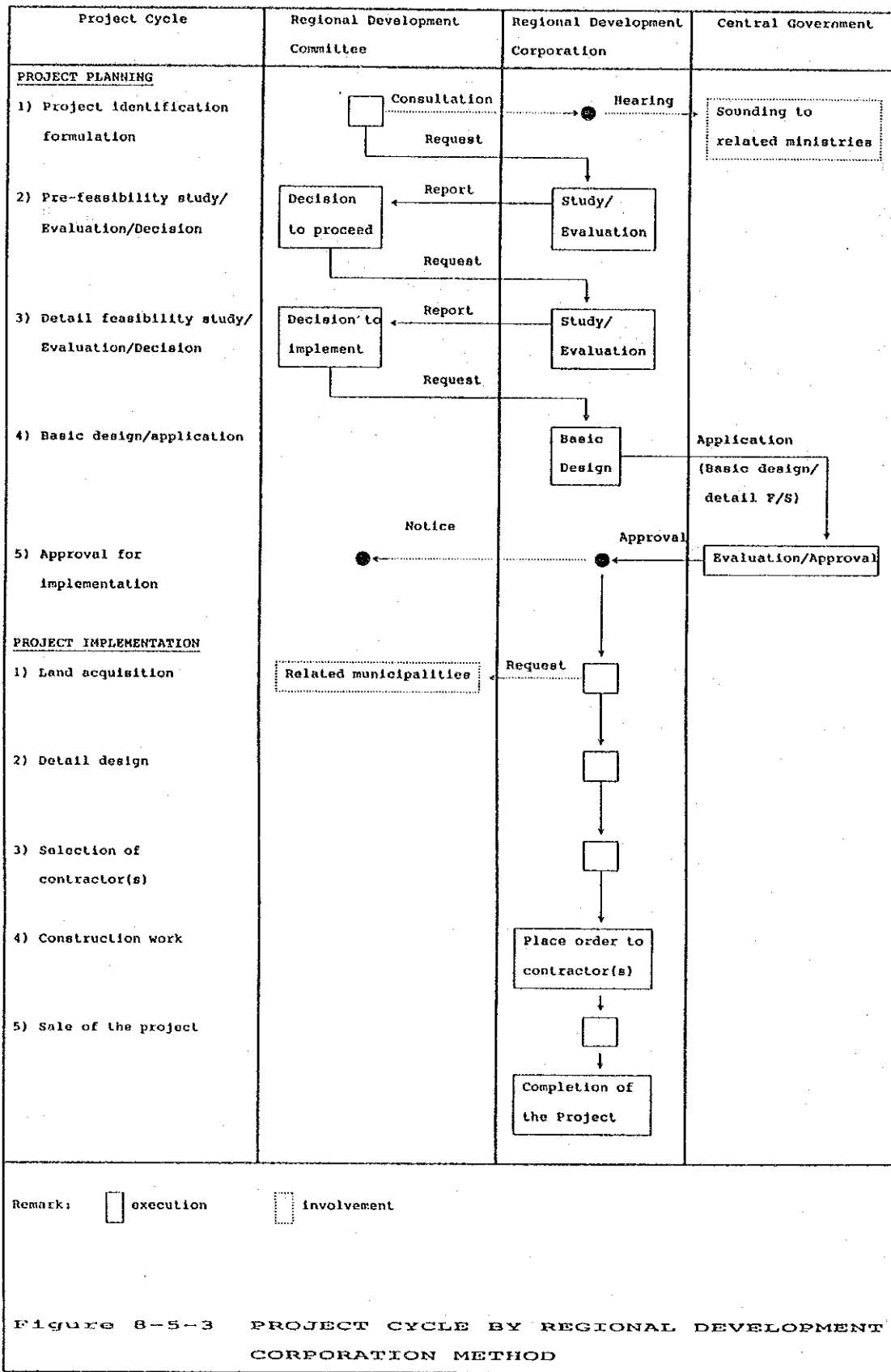
Remark: [] execution [] involvement

Figure 8-5-1 PROJECT CYCLE BY INDIVIDUAL IMPLEMENTATION BODY METHOD



Notes: 1/ A department for a type of project shall be set up such as Industrial Park Department, New Town Department, etc.
 2/ An office for a project site shall be located.

FIGURE 8-5-2 ORGANIZATION CHART OF THE PROPOSED REGIONAL DEVELOPMENT CORPORATION



8.6 Policy Recommendations

This section sets forth policy recommendations considered to be useful in promoting industrialization in the country as a whole, as well as the Aveiro-Viseu region.

8.6.1 Establishment of the Long-Term Industrial Development Plan

Although long-term national economic development plans have been announced and implemented with some adjustments, it is not very clear which plan sets final goals and which plan represents the country's overall policy. For instance, GDP growth targets are not indicated in a consistent manner to clearly define as to how GDP will grow within the national economy, and how major sectors (agriculture/forestry, fishery, manufacturing, construction, and service) are expected to grow. Also unclear are development and investment plans in major industrial sectors to achieve the targets. Furthermore, it is difficult to define the position of this project in the national economic development and long-term industrial development plans. In particular, the development plan which sets consistent, clear, and definite goals is required.

8.6.2 Integration of Public Administration, Development Planning, and Other Public Services

There are so many regional classification, as if each ministry or agency establishes its own administrative territory. To improve the productivity of administrative service and to reduce social costs of duplicated services, integration of different administrative divisions is called for. In particular, it is important to enforce Law No.56/91, August 13 "Skeleton Law of Administrative Regions" which is designed for this purpose.

8.6.3 Area-Wide Regional Planning and Development System

As a consequence of different administrative divisions established by ministries in the central government, each municipality having 30,000 to 50,000 population has to develop and implement a regional development plan for its own territory. In addition, municipalities are required to consult with and obtain approval from ministries having jurisdiction before making each plan, such as a land use plan from the Ministry of Planning, Administration and Territory, a recreational development plan from the Ministry of Commerce and Tourism, and an industrial development plan from the Ministry of Industry and Energy. At the same time, local tax has to be paid to a municipality where a company has its head office, so that a regional development plan designed to attract private enterprises is carried out at a municipal level, resulting in the inefficient process.

As recommendations in 8.4 propose a development plan based on a certain scale of economy and efficiency, it can only achieve a half of purposes if it is implemented in the current administrative division. Thus, it is strongly recommended that the central government delegates some of its authorities to local governments covering an area wider than a municipality, say in the size of the "Central" area. At least, Aveiro and Viseu are combined into one administrative unit.

8.6.4 Development of Statistics

Statistical data are not fully available, their publication is often delayed, with lack of consistency between different statistics. Regarding industrial statistics, production data (including the number of companies, locations, employment, products, production volumes, investment, sales, and cost) are in shortage. As statistical data are major indicators of national economic development, the establishment of a reliable and consistent statistical database should be given of priority.

8.6.5 Establishment of Industrial Development Finance Scheme

Now, there are no specific financing scheme for industrial development, so that this is one of the idea to establish new financing scheme. As stated above, the basic policy of the EC financial system is one of a market economy. Therefore for each country to define its own objective of providing financial support through institutions and credit that is lower than market rates, or through subsidies, has become difficult. On the other hand, Portugal, as a member of the EC, has adopted a high interest rate policy in order to bring inflation down to the average EC level. It is the industrial sector that is making the sacrifice on behalf of this policy, but with the result that the supply of capital to that sector, which strongly needs it in order to improve international competitiveness and modernize in the face of the integration of the EC, is being restrained. Under the circumstances, the two policies are sought simultaneously for integration, namely "high interest rates in order to reduce inflation" and "promotion of investment for the modernization of manufacturing". Voices are heard that in addition to the present schemes (PEDIP, SIBR and so on), further institutional financial schemes are needed to enhance supply of credit to industries. A scheme of this nature might be conceived as follows.

- 1) A system for low-interest credit for investment in the modernization of industrial facilities (such as a system for interest compensation by use of governmental funds)
- 2) A comprehensive support system for industrial promotion in a specific region (such as improvement of infrastructure, supply of land, low-interest loans,

preferential tax measures as examples of physical and financial support)

- 3) Promotional measures for specific industrial categories (special financial arrangements for strategic industries such as electronics and computers)
- 4) For the improvement of the efficiency of industrial development, financial support in cooperation with local government for creation of various industrial estates aimed at the promotion of the specific industrial sector or on the contrary promoting exchanges between different industrial sectors
- 5) Deregulation so that it becomes easier to utilize low-interest sources of foreign currency, or gain access to the international capital market
- 6) For promotion of small business,
 - Creation of a financial institution specializing in small business, and fiscal support for it.
 - Provision of a system for public guarantees of credit for supplementing the credit of small business (e.g., through expansion of the existing domestic credit guarantee system of COSEC, including fiscal subsidies for guarantee fees)
 - Equipment modernization subsidy scheme using financial guarantees or interest burden lightening arrangements through chambers of commerce or industrial federations
- 7) Expansion of the capital market as a long-term, stable source of direct finance.

ANNEX I

STUDY TEAM MEMBER LIST

Annex I STUDY TEAM MEMBER LIST

Name		Assignment
1) Mr. Nobuo AIHARA	(UNICO)	Team leader, Economic development plan
2) Mr. Shozo INAKAZU	(UNICO)	Sub-leader, Industrial location policy
3) Mr. Hideo TSURUTA	(JETRO)	Investment promotion plan
4) Mr. Takesuke KURODA	(UNICO)	Infrastructure, Land-use plan
5) Mr. Yoji WATANABE	(UNICO)	Regional economic development plan
6) Mr. Hiroshi KURIHARA	(Bank of Tokyo)	Investment demand
7) Mr. Klaus-Dieter SCHNEIDER	(ISE)	Industrial promotion plan
8) Mr. Makoto NAGATOMO	(UNICO)	Industrial development
9) Mr. Hiroaki WATANABE		Interpretation (Portuguese-Japanese)

ANNEX II

QUESTIONNAIRE FOR JAPANESE POTENTIAL INVESTORS

QUESTIONNAIRE SURVEY

I n v e s t m e n t i n P o r t u g a l
(Consisting of 12 Questions)

RESPONDENT

Company's name:

Address:

(TEL)

(FAX)

Person to contact:

Department:

Address:

(TEL)

(FAX)

I INVESTMENT IN THE EC

Portugal is located in Southern Europe, having 1.2 times bigger land area of Hokkaido and population of approximately 10,400,000. It is a member country of the EC, which will be unified into a single market on January 1, 1993. This means, investment opportunities in Portugal need to be considered within the context of the emerging gigantic market having 340 million population.

Under this settling, this questionnaire starts with your company's investment activities in the EC.

Question 1: Investment made in the EC

Does your company own or have invested in manufacturing and/or marketing companies in any of 12 EC countries? (Note: Including a joint venture with majority or minority interest, and equity participation)<Q1>
Check a space in either of parenthesis below, which matches your answer.

- 1.1 () Yes:
- 1.2 () No :

If yes, check a country(ies) where you invested<Q2>

- | | | | | |
|----------------|-------------|----------------|-----------|----------|
| 1. Germany | 2. France | 3. Italy | 4. U.K. | 5. Spain |
| 6. Netherlands | 7. Belgium | 8. Denmark | 9. Greece | |
| 10. Portugal | 11. Ireland | 12. Luxembourg | | |

Question 2: Investment planned in the EC

Does your company have a plan to invest in any of the EC countries? (Note: Investment includes or expansion of existing facility of manufacturing and/or marketing companies)...<Q3>
Check a space in parenthesis below choosing one answer.

- 2.1 () Decided on investment in the EC
- 2.2 () Under planning for investment in the EC
- 2.3 () About to consider investment in the EC
- 2.4 () Generally interested in investment in the EC
- 2.5 () No plan to consider investment in the EC so far
- 2.6 () EC is not so attractive as investment opportunities

Note: <Q1><Q2>...<Q13> indicates the question numbers used in Chapter 4 of the main report.

Describe the outline of your investment plan. If at the inception stage, indicate your idea or concept.

a. In which country(ies) do you have plan to invest within EC members?<Q4>

- | | | | |
|------------|----------------|-------------|----------------|
| 1. Germany | 2. France | 3. Italy | 4. U.K. |
| 5. Spain | 6. Netherlands | 7. Belgium | 8. Denmark |
| 9. Greece | 10. Portugal | 11. Ireland | 12. Luxembourg |

b. Investment schedule (Indicate it in the year)

Question 3: Major factors affecting selection of country for investment

Which factors did or do you consider to be important in selecting a country(ies) in the EC for investment? Choose five from the particulars below and indicate them by number 1 through 5 according to the order of your priority. If you do not have an investment plan, answer this question as a general opinion.<Q5>

Order of priority (1-5)

- 3.1 () Political stability (including consideration of policy related to foreign investment)
- 3.2 () Economic environment (inflation rate, business environment)
- 3.3 () Market size (the unified EC market, domestic market, access to their markets)
- 3.4 () Industrial and technological bases (technical levels, availability of subcontractors, industrial standards, etc.)
- 3.5 () Infrastructure (transportation, service, land, telecommunications)
- 3.6 () Cost factors (labor cost, land acquisition cost)
- 3.7 () Incentives (tax exemption, subsidy, etc.)
- 3.8 () Financial environment (Financial easiness, interest rates)
- 3.9 () Availability of raw materials and parts
- 3.10 () Intangible factors (welcome and hospitality toward Japanese, national traits, culture, language, etc.)
- 3.11 () Indirect factors (presence of a local partner, and affiliated company, and past business relationship)
- 3.12 () Geographical factors (availability of direct flight to and from your country, and traveling distance)
- 3.13 () Other ()

II INVESTMENT IN PORTUGAL

While Portugal is the lowest among the EC countries in GNP per capita (1988), it recorded the highest economic growth rate. This indicates that the country is in the stage of accelerated industrial modernization with an eye to the imminent unification of the EC. The Portuguese governor is active in attracting foreign investment, including ICEP's Tokyo office which has been promoting Portugal in the past three years. Now, this section asks questions on investment in Portugal.

Question 4: Investment plan in Portugal

Does your company have plans to invest in Portugal? (Note: investment includes expansion of existing facility of manufacturing and/or marketing companies).....<Q6>
Check a space in parenthesis below choosing one answer.

- 4.1 () Decided on investment in Portugal
- 4.2 () Under planning for investment in Portugal
- 4.3 () About to consider investment in Portugal
- 4.4 () Generally interested in investment in Portugal
- 4.5 () No plan to consider investment in Portugal so far
- 4.6 () Portugal is not attractive as investment opportunities

Question 5: Investment plan

Describe your investment plan (including an idea to concept) in Portugal as indicated below.

- 5.1 () Investment schedule (19__)
- 5.2 () Total project cost (¥_____)
- 5.3 () Planned percentage of our company's investment (¥_____)
- 5.4 () Planned percentage of your country's investment (¥_____)
- 5.5 () Location (name of region/district: _____)

Question 6: Perspective of investment opportunities peculiar to Portugal

While general factors affecting selection of a country for investment (Question 3) are applied to investment consideration in Portugal, there must be the different perspective of investment opportunities in comparison to highly industrialized countries in EC, such as Germany, France, and the U.K. As you consider investment in Portugal, which do the following views match your perspective of investment opportunities? (If you are no interested in investment in Portugal, answer this question as

a general opinion based on the enclosed informative materials.).....<Q7>
 Choose five and indicate them by numbers 1 through 5 according to the order of your priority.

Order of priority (1-5)

- 6.1 () In anticipating if the EC's "integrated market" forms an economic block after the unification, Portugal can be considered as a business base in the EC to be established prior to 1993.
- 6.2 () Geographically, Portugal holds strategic positions as a getaway to the European Continent and the midway point between Africa, North America, and Latin America (Pan Atlantic).
- 6.3 () Portugal is positioned as a base of economic relations with Brazil, Angola, Mozambique, Cape Verde, Sao Tome, and Principe, Guinea Bissau, based on historical background and the language.
- 6.4 () Although Portugal cannot be considered as a primary production base in the EC as its industrial base is behind other highly industrialized countries, it offers investment opportunities as the secondary production base to serve the primary base in other countries, e.g., supply of parts and assembly.
- 6.5 () Portugal offers comparative advantages in cost and incentives. Together with infrastructure which is built up at a rapid pace, the manufacture of internationally competitive products is feasible. Based on these favorable conditions and future potential, Portugal can be considered as the primary production base in the EC.
- 6.6 () Non-quantitative factors - active promotion by the Portuguese government to attract Japanese investment, favorable feeling toward Japan, and national traits which seem to adapt Japanese management.
- 6.7 () Other ()

Question 7: Markets for make-in-Portugal products

This question is related to question 3 and 6. Assuming you invest in Portugal, i.e., establishing a production or marketing base, where is a market(s) for your products?<Q8>
 Check a space in the parenthesis below choosing one or plural answer(s)

- 7.1 () Portugal
- 7.2 () EC market after the integration
- 7.3 () Portuguese-speaking countries
- 7.4 () Re-export to Japan
- 7.5 () Other

In the market(s) indicated above, do you intend to expand and/or protect your existing market share, or to penetrate new market 2
.....<Q9>

Check a space in parenthesis below, choosing one or both answer(s).

- 7.6 () Protection or expansion of the existing market share
- 7.7 () Penetration to new market

Question 8: Factors affecting evaluation of cost competitiveness of Portuguese products

This question relates to Question 3 and 6. Assuming you invest in Portugal, i.e., establishing a production or marketing base, how do you evaluate international competitiveness of production costs in Portugal. Which of the following cost factors do you emphasize most specifically for Portugal?<Q10>
Choose five and order priority.

Order of priority

- 8.1 () Labor cost (see Note 1)
- 8.2 () Land cost (see Note 2)
- 8.3 () Subsidy and incentives for to investment (see Note 3)
- 8.4 () Transportation costs (raw materials, products)
- 8.5 () Raw material costs
- 8.6 () Utilities cost (electricity, water, etc.)
- 8.7 () Tax exemption
- 8.8 () Other ()

- Note 1) Labor cost in Portugal is about 1/4 that of industrialized in the EC and 1/2 that in Spain.
- 2) Land is provided almost free under certain conditions.
- 3) If certain conditioned are met, the subsidy equivalent to 20% to 60% of the total investment (project cost) is granted form the EC Fund. Applicable to foreign companies.

Question 9: Portugal problems related to investment in Portugal

Looking at Portugal as a country for investment, what problem do you see when compared to other EC countries?<Q11>
Choose five and indicate the order of concern (1-5)

Order of Priority

- 9.1 () Uncertainty in political stability
- 9.2 () High inflation rate
- 9.3 () Small domestic market, and poor access to other markets
- 9.4 () Relatively weak industrial base (technical level, availability is subcontractors, etc.)

- 9.5 () Insufficient infrastructure
- 9.6 () High transportation cost of raw materials and finished goods
- 9.7 () Insufficient incentives for investment
- 9.8 () Relatively high interest rates
- 9.9 () Difficulty to procure raw materials or parts locally
- 9.10 () Language barrier
- 9.11 () No local partner or affiliated company exists
- 9.12 () Far away from Japan, and no direct flight
- 9.13 () Other ()

Question 10: Evaluation of Portugal as investment opportunities

Based on information given above and the enclosed informative materials, how do you evaluate Portugal in terms of investment opportunity as a conclusion?<Q12>
 Check a space of the parenthesis choosing an answer.

- 10.1 () Sounds attractive and worth considering as potential investment opportunities.
- 10.2 () Not attractive as investment opportunities
- 10.3 () More information needed

III AVAILABILITY OF INFORMATION RELATED TO INVESTMENT IN PORTUGAL

Question 11: Source of investment information

Have you ever collected information related to investment in Portugal? If so, with which organization(s) did you contact to obtain information?<Q13>
Check below. (More than two answers are allowed)

- 11.1 () Portuguese Foreign Trade Institute (ICEP) (Including the Portuguese embassy in Japan)
- 11.2 () JETRO
- 11.3 () Chamber of Commerce in the region
- 11.4 () Banks and other financial institutions
- 11.5 () Trading companies
- 11.6 () Own field survey (including participation in an investment mission)
- 11.7 () Other ()

Question 12: Participation in ICEP's investment seminar

ICEP will hold an investment seminar at Keidanren Building in Tokyo, on October 18. If you are interested in attending this seminar, ICEP will send you an invitation letter. Indicate so in the space below.

- 12.1 () Send us the invitation letter
- 12.2 () Will not participate

Pamphlet on Aveiro/Viseu Region

Today, a central part of Portugal, particularly the Aveiro/Viseu region, receives great attention as an area having a high potential for industrial development. Major reasons are: (1) A commercial port in Aveiro has started operation; (2) Highway IP-1 to connect Lisbon and Port - two major industrial cities along the atlantic coast - will be complete soon and will cross with IP-5 in the Aveiro/Viseu region; and (4) the region has historically served as a major industrial area.

We will prepare a pamphlet to introduce this region by the end of this year. If you are interested in obtaining this pamphlet which provides useful information for potential investors, indicate so below.

- () Send us the pamphlet
 - () Not interested
-

This is the end of questions. Thank you very much for your cooperation. If you have any comment or opinion, please write in the space below.

ANNEX III

SUMMARY OF QUESTIONNAIRE REPLIES

Q 1 DO YOU HAVE PRODUCTION BASE IN EC MEMBER COUNTRIES ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 242

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. YES	3	6.4	80	47.3	24	92.3	107	44.2
2. NO	44	93.6	89	52.7	2	7.7	135	55.8
	47	100.0	169	100.0	26	100.0	242	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. YES	107	100.0	0	0.0	107	44.2
2. NO	0	0.0	135	100.0	135	55.8
	107	100.0	135	100.0	242	100.0

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHIN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. YES	20	57.1	40	70.2	27	31.0	12	46.2	8	21.6	107	44.2
2. NO	15	42.9	17	29.8	60	69.0	14	53.8	29	78.4	135	55.8
	35	100.0	57	100.0	87	100.0	26	100.0	37	100.0	242	100.0

Q 2 IN WHICH COUNTRY(IES) DO YOU HAVE PRODUCTION BASE IN EC ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 107

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. GERMANY	1	33.3	50	23.5	22	17.3	73	21.3
2. FRANCE	0	0.0	23	10.8	16	12.6	39	11.4
3. ITALY	0	0.0	20	9.4	16	12.6	36	10.5
4. U.K.	2	66.7	49	23.0	17	13.4	68	19.8
5. SPAIN	0	0.0	20	9.4	15	11.8	35	10.2
6. NETHERLANDS	0	0.0	23	10.8	13	10.2	36	10.5
7. BELGIUM	0	0.0	14	6.6	11	8.7	25	7.3
8. DENMARK	0	0.0	6	2.8	5	3.9	11	3.2
9. GREECE	0	0.0	1	0.5	2	1.6	3	0.9
10. PORTUGAL	0	0.0	4	1.9	5	3.9	9	2.6
11. IRELAND	0	0.0	3	1.4	4	3.1	7	2.0
12. LUXEMBOURG	0	0.0	0	0.0	1	0.8	1	0.3
	3	100.0	213	100.0	127	100.0	343	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. GERMANY	73	21.3	0	0.0	73	21.3
2. FRANCE	39	11.4	0	0.0	39	11.4
3. ITALY	36	10.5	0	0.0	36	10.5
4. U.K.	68	19.8	0	0.0	68	19.8
5. SPAIN	35	10.2	0	0.0	35	10.2
6. NETHERLANDS	36	10.5	0	0.0	36	10.5
7. BELGIUM	25	7.3	0	0.0	25	7.3
8. DENMARK	11	3.2	0	0.0	11	3.2
9. GREECE	3	0.9	0	0.0	3	0.9
10. PORTUGAL	9	2.6	0	0.0	9	2.6
11. IRELAND	7	2.0	0	0.0	7	2.0
12. LUXEMBOURG	1	0.3	0	0.0	1	0.3
	343	100.0	0	0.0	343	100.0

Q 2 (---CONTINUATION OF Q 2)

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. GERMANY	11	16.7	32	21.2	16	23.9	9	22.5	5	26.3	73	21.3
2. FRANCE	7	10.6	16	10.6	9	13.4	6	15.0	1	5.3	39	11.4
3. ITALY	6	9.1	19	12.6	7	10.4	3	7.5	1	5.3	36	10.5
4. U.K.	13	19.7	28	18.5	16	23.9	4	10.0	7	36.8	68	19.8
5. SPAIN	7	10.6	16	10.6	7	10.4	3	7.5	2	10.5	35	10.2
6. NETHERLANDS	7	10.6	15	9.9	9	13.4	4	10.0	1	5.3	36	10.5
7. BELGIUM	8	12.1	9	6.0	2	3.0	6	15.0	0	0.0	25	7.3
8. DENMARK	2	3.0	6	4.0	1	1.5	1	2.5	1	5.3	11	3.2
9. GREECE	0	0.0	2	1.3	0	0.0	1	2.5	0	0.0	3	0.9
10. PORTUGAL	4	6.1	3	2.0	0	0.0	2	5.0	0	0.0	9	2.6
11. IRELAND	0	0.0	5	3.3	0	0.0	1	2.5	1	5.3	7	2.0
12. LUXEMBOURG	1	1.5	0	0.0	0	0.0	0	0.0	0	0.0	1	0.3
	66	100.0	151	100.0	67	100.0	40	100.0	19	100.0	343	100.0

Q 3 DO YOU HAVE PLAN TO INVEST IN EC ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 237

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DECIDED ON INVESTMENT IN EC	0	0.0	20	12.1	7	26.9	27	11.4
2. UNDER PLANNING FOR INVESTMENT IN EC	0	0.0	13	7.9	7	26.9	20	8.4
3. ABOUT TO CONSIDER FOR INVESTMENT IN EC	1	2.2	13	7.9	1	3.8	15	6.3
4. GENERALLY INTERESTED IN EC	7	15.2	33	20.0	6	23.1	46	19.4
5. NO PLAN FOR INVESTMENT IN EC SO FAR	28	60.9	77	46.7	5	19.2	110	46.4
6. EC IS NOT SO ATTRACTIVE FOR INVESTMENT	10	21.7	9	5.5	0	0.0	19	8.0
	46	100.0	165	100.0	26	100.0	237	100.0

1. DECIDED ON INVESTMENT IN EC
2. UNDER PLANNING FOR INVESTMENT IN EC
3. ABOUT TO CONSIDER FOR INVESTMENT IN EC
4. GENERALLY INTERESTED IN EC
5. NO PLAN FOR INVESTMENT IN EC SO FAR
6. EC IS NOT SO ATTRACTIVE FOR INVESTMENT

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DECIDED ON INVESTMENT IN EC	26	24.8	1	0.8	27	11.4
2. UNDER PLANNING FOR INVESTMENT IN EC	17	16.2	3	2.3	20	8.4
3. ABOUT TO CONSIDER FOR INVESTMENT IN EC	8	7.6	7	5.3	15	6.3
4. GENERALLY INTERESTED IN EC	23	26.7	18	13.6	46	19.4
5. NO PLAN FOR INVESTMENT IN EC SO FAR	25	23.8	85	64.4	110	46.4
6. EC IS NOT SO ATTRACTIVE FOR INVESTMENT	1	1.0	18	13.6	19	8.0
	105	100.0	132	100.0	237	100.0

1. DECIDED ON INVESTMENT IN EC
2. UNDER PLANNING FOR INVESTMENT IN EC
3. ABOUT TO CONSIDER FOR INVESTMENT IN EC
4. GENERALLY INTERESTED IN EC
5. NO PLAN FOR INVESTMENT IN EC SO FAR
6. EC IS NOT SO ATTRACTIVE FOR INVESTMENT

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DECIDED ON INVESTMENT IN EC	6	17.6	12	21.1	6	7.1	3	12.0	0	0.0	27	11.4
2. UNDER PLANNING FOR INVESTMENT IN EC	6	17.6	6	10.5	3	3.6	4	16.0	1	2.7	20	8.4
3. ABOUT TO CONSIDER FOR INVESTMENT IN EC	3	8.8	2	3.5	7	8.3	2	8.0	1	2.7	15	6.3
4. GENERALLY INTERESTED IN EC	6	17.6	14	24.6	14	16.7	4	16.0	8	21.6	46	19.4
5. NO PLAN FOR INVESTMENT IN EC SO FAR	12	35.3	20	35.1	48	57.1	9	36.0	21	56.8	110	46.4
6. EC IS NOT SO ATTRACTIVE FOR INVESTMENT	1	2.9	3	5.3	6	7.1	3	12.0	6	16.2	19	8.0
	34	100.0	57	100.0	84	100.0	25	100.0	37	100.0	237	100.0

1. DECIDED ON INVESTMENT IN EC
2. UNDER PLANNING FOR INVESTMENT IN EC
3. ABOUT TO CONSIDER FOR INVESTMENT IN EC
4. GENERALLY INTERESTED IN EC
5. NO PLAN FOR INVESTMENT IN EC SO FAR
6. EC IS NOT SO ATTRACTIVE FOR INVESTMENT

Q 4 IN WHICH COUNTRY(IES) DO YOU HAVE PLAN TO INVEST WITHIN EC ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 94

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. GERMANY	7	8.3	28	29.7	6	19.4	41	27.0
2. FRANCE	1	8.3	11	10.1	4	12.9	16	10.5
3. ITALY	0	0.0	6	5.5	3	9.7	9	5.9
4. U.K.	2	16.7	26	23.9	10	32.3	38	25.0
5. SPAIN	1	8.3	11	10.1	6	19.4	18	11.8
6. NETHERLANDS	0	0.0	12	11.0	2	6.5	14	9.2
7. BELGIUM	0	0.0	5	4.6	0	0.0	5	3.3
8. DENMARK	0	0.0	0	0.0	0	0.0	0	0.0
9. GREECE	0	0.0	0	0.0	0	0.0	0	0.0
10. PORTUGAL	1	8.3	6	5.5	0	0.0	7	4.6
11. IRELAND	0	0.0	4	3.7	0	0.0	4	2.6
12. LUXEMBOURG	0	0.0	0	0.0	0	0.0	0	0.0
	12	100.0	109	100.0	31	100.0	152	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. GERMANY	25	22.7	16	38.1	41	27.0
2. FRANCE	13	11.8	3	7.1	16	10.5
3. ITALY	7	6.4	2	4.8	9	5.9
4. U.K.	34	30.9	4	9.5	38	25.0
5. SPAIN	13	11.8	5	11.9	18	11.8
6. NETHERLANDS	12	10.9	2	4.8	14	9.2
7. BELGIUM	3	2.7	2	4.8	5	3.3
8. DENMARK	0	0.0	0	0.0	0	0.0
9. GREECE	0	0.0	0	0.0	0	0.0
10. PORTUGAL	1	0.9	6	14.3	7	4.6
11. IRELAND	2	1.8	2	4.8	4	2.6
12. LUXEMBOURG	0	0.0	0	0.0	0	0.0
	110	100.0	42	100.0	152	100.0

Q 4 (---CONTINUATION OF Q 4)

** BY SUBSECTOR **

	AUTO/PARTS			ELECTRIC			METAL/MACHN			CHEMICAL			OTHERS			TOTAL		
	NO.	PCT.		NO.	PCT.		NO.	PCT.		NO.	PCT.		NO.	PCT.		NO.	PCT.	
1. GERMANY	3	12.5	11	22.9	17	36.2	3	18.8	7	41.2	41	27.0						
2. FRANCE	4	16.7	3	6.3	5	10.6	2	12.5	2	11.8	16	10.5						
3. ITALY	2	8.3	4	8.3	2	4.3	0	0.0	1	5.9	9	5.9						
4. U.K.	9	37.5	15	31.3	8	17.0	2	12.5	4	23.5	38	25.0						
5. SPAIN	2	8.3	7	14.6	6	12.8	2	12.5	1	5.9	18	11.8						
6. NETHERLANDS	2	8.3	5	10.4	4	8.5	3	18.8	0	0.0	14	9.2						
7. BELGIUM	1	4.2	0	0.0	1	2.1	3	18.8	0	0.0	5	3.3						
8. DENMARK	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0						
9. GREECE	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0						
10. PORTUGAL	0	0.0	1	2.1	4	8.5	1	6.3	1	5.9	7	4.6						
11. IRELAND	1	4.2	2	4.2	0	0.0	0	0.0	0	0.0	4	2.6						
12. LUXEMBOURG	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0						
	24	100.0	48	100.0	47	100.0	16	100.0	17	100.0	152	100.0						

Q 5 WHICH FACTORS DO YOU CONSIDER TO BE IMPORTANT FOR INVESTING IN EC?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 201

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. POLITICAL STABILITY	59	30.7	194	22.3	24	16.7	277	23.0
2. ECONOMIC ENVIRONMENT INCL. INFLATION	19	9.9	86	9.9	10	6.9	115	9.5
3. MARKET SIZE (DOMESTIC, INTEGRATED EC, ETC)	44	22.9	223	25.6	21	14.6	288	23.9
4. TECHNOLOGICAL BASE AND LEVEL	25	13.0	81	9.3	14	9.7	120	10.0
5. PREPARATION OF INFRASTRUCTURE	5	2.6	56	6.4	22	15.3	83	6.9
6. COST FACTOR INCL. LABOR AND LAND	22	11.5	82	9.4	21	14.6	125	10.4
7. INCENTIVES FOR FOREIGN INVESTMENT	2	1.0	28	3.2	4	2.8	34	2.8
8. FINANCIAL ENVIRONMENT INCL. INTEREST RATE	0	0.0	9	1.0	0	0.0	9	0.7
9. AVAILABILITY OF MATERIALS AND PARTS	12	6.3	35	4.0	7	4.9	54	4.5
10. INTANGIBLE FACTORS (HOSPITALITY, ETC.)	0	0.0	28	3.2	4	2.8	32	2.7
11. INDIRECT FACTORS (PARTNER EXISTENCE, ETC)	4	2.1	46	5.3	15	10.4	65	5.4
12. TRANSPORT FROM JAPAN (DIRECT FLIGHT, ETC)	0	0.0	2	0.2	2	1.4	4	0.3
	192	100.0	870	100.0	144	100.0	1206	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. POLITICAL STABILITY	97	15.8	180	30.3	277	23.0
2. ECONOMIC ENVIRONMENT INCL. INFLATION	63	10.3	52	8.8	115	9.5
3. MARKET SIZE (DOMESTIC, INTEGRATED EC, ETC)	165	27.0	123	20.7	288	23.9
4. TECHNOLOGICAL BASE AND LEVEL	56	9.2	64	10.8	120	10.0
5. PREPARATION OF INFRASTRUCTURE	55	9.0	28	4.7	83	6.9
6. COST FACTOR INCL. LABOR AND LAND	61	10.0	64	10.8	125	10.4
7. INCENTIVES FOR FOREIGN INVESTMENT	24	3.9	10	1.7	34	2.8
8. FINANCIAL ENVIRONMENT INCL. INTEREST RATE	8	1.3	1	0.2	9	0.7
9. AVAILABILITY OF MATERIALS AND PARTS	27	4.4	27	4.5	54	4.5
10. INTANGIBLE FACTORS (HOSPITALITY, ETC.)	13	2.1	19	3.2	32	2.7
11. INDIRECT FACTORS (PARTNER EXISTENCE, ETC)	41	6.7	24	4.0	65	5.4
12. TRANSPORT FROM JAPAN (DIRECT FLIGHT, ETC)	2	0.3	2	0.3	4	0.3
	612	100.0	594	100.0	1206	100.0

Q 5 (---CONTINUATION OF Q 5)

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. POLITICAL STABILITY	37	21.3	51	16.7	110	25.8	29	20.1	50	32.1	277	23.0
2. ECONOMIC ENVIRONMENT INCL. INFLATION	11	6.3	21	6.9	45	10.6	20	13.9	18	11.5	115	9.5
3. MARKET SIZE (DOMESTIC, INTEGRATED EC, ETC)	31	17.8	72	23.5	109	25.6	47	32.6	29	18.6	288	23.9
4. TECHNOLOGICAL BASE AND LEVEL	19	10.9	31	10.1	53	12.4	11	7.6	6	3.8	120	10.0
5. PREPARATION OF INFRASTRUCTURE	7	4.0	39	12.7	18	4.2	10	6.9	9	5.8	83	6.9
6. COST FACTOR INCL. LABOR AND LAND	13	7.5	39	12.7	46	10.8	10	6.9	17	10.9	125	10.4
7. INCENTIVES FOR FOREIGN INVESTMENT	7	4.0	15	4.9	5	1.2	2	1.4	5	3.2	34	2.8
8. FINANCIAL ENVIRONMENT INCL. INTEREST RATE	2	1.1	4	1.3	1	0.2	0	0.0	2	1.3	9	0.7
9. AVAILABILITY OF MATERIALS AND PARTS	5	2.9	14	4.6	18	4.2	7	4.9	10	6.4	54	4.5
10. INTANGIBLE FACTORS (HOSPITALITY, ETC.)	13	7.5	7	2.3	8	1.9	0	0.0	4	2.6	32	2.7
11. INDIRECT FACTORS (PARTNER EXISTENCE, ETC)	29	16.7	11	3.6	11	2.6	8	5.6	6	3.8	65	5.4
12. TRANSPORT FROM JAPAN (DIRECT FLIGHT, ETC)	0	0.0	2	0.7	2	0.5	0	0.0	0	0.0	4	0.3
	174	100.0	306	100.0	426	100.0	144	100.0	156	100.0	1206	100.0

Q 6 DO YOU HAVE PLAN TO INVEST IN PORTUGAL ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 232

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DECIDED ON INVESTMENT IN PORTUGAL	0	0.0	1	0.6	0	0.0	1	0.4
2. UNDER PLANNING FOR INVESTMT IN PORTUGAL	0	0.0	0	0.0	0	0.0	0	0.0
3. ABOUT TO CONSIDER INVESTMENT IN PORTUGAL	0	0.0	1	0.6	1	3.8	2	0.9
4. GENERALLY INTERESTED IN PORTUGAL	3	6.7	8	5.0	1	3.8	12	5.2
5. NO PLAN FOR INVESTMT IN PORTUGAL SO FAR	31	68.9	131	81.4	24	92.3	186	80.2
6. PORTUGAL IS NOT ATTRACTIVE FOR INVESTMT	11	24.4	20	12.4	0	0.0	31	13.4
	45	100.0	161	100.0	26	100.0	232	100.0

1. DECIDED ON INVESTMENT IN PORTUGAL
2. UNDER PLANNING FOR INVESTMT IN PORTUGAL
3. ABOUT TO CONSIDER INVESTMENT IN PORTUGAL
4. GENERALLY INTERESTED IN PORTUGAL
5. NO PLAN FOR INVESTMT IN PORTUGAL SO FAR
6. PORTUGAL IS NOT ATTRACTIVE FOR INVESTMT

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DECIDED ON INVESTMENT IN PORTUGAL	1	0.9	0	0.0	1	0.4
2. UNDER PLANNING FOR INVESTMT IN PORTUGAL	0	0.0	0	0.0	0	0.0
3. ABOUT TO CONSIDER INVESTMENT IN PORTUGAL	1	0.9	1	0.8	2	0.9
4. GENERALLY INTERESTED IN PORTUGAL	4	3.8	8	6.3	12	5.2
5. NO PLAN FOR INVESTMT IN PORTUGAL SO FAR	94	88.7	92	73.0	186	80.2
6. PORTUGAL IS NOT ATTRACTIVE FOR INVESTMT	6	5.7	25	19.8	31	13.4
	106	100.0	126	100.0	232	100.0

1. DECIDED ON INVESTMENT IN PORTUGAL
2. UNDER PLANNING FOR INVESTMT IN PORTUGAL
3. ABOUT TO CONSIDER INVESTMENT IN PORTUGAL
4. GENERALLY INTERESTED IN PORTUGAL
5. NO PLAN FOR INVESTMT IN PORTUGAL SO FAR
6. PORTUGAL IS NOT ATTRACTIVE FOR INVESTMT

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DECIDED ON INVESTMENT IN PORTUGAL	0	0.0	1	1.8	0	0.0	0	0.0	0	0.0	1	0.4
2. UNDER PLANNING FOR INVESTMT IN PORTUGAL	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
3. ABOUT TO CONSIDER INVESTMENT IN PORTUGAL	1	3.0	0	0.0	1	1.2	0	0.0	0	0.0	2	0.9
4. GENERALLY INTERESTED IN PORTUGAL	0	0.0	1	1.8	5	6.0	4	16.7	2	5.6	12	5.2
5. NO PLAN FOR INVESTMT IN PORTUGAL SO FAR	29	87.9	48	85.7	65	78.3	17	70.8	27	75.0	186	80.2
6. PORTUGAL IS NOT ATTRACTIVE FOR INVESTMT	3	9.1	6	10.7	12	14.5	3	12.5	7	19.4	31	13.4
	33	100.0	56	100.0	83	100.0	24	100.0	36	100.0	232	100.0

1. DECIDED ON INVESTMENT IN PORTUGAL
2. UNDER PLANNING FOR INVESTMT IN PORTUGAL
3. ABOUT TO CONSIDER INVESTMENT IN PORTUGAL
4. GENERALLY INTERESTED IN PORTUGAL
5. NO PLAN FOR INVESTMT IN PORTUGAL SO FAR
6. PORTUGAL IS NOT ATTRACTIVE FOR INVESTMT

Q 7 WHAT ARE ATTRACTIVE FACTORS CONSIDERING PORTUGAL AS INVEST. OPPORTNTY?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 176

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. TO MAKE PRODUCTN BASE BFR EC UNI-MARKET	27	14.1	100	13.7	20	15.2	147	13.9
2. THE CENTER OF VARIOUS CONTINENTS	16	8.3	89	12.2	12	9.1	117	11.1
3. RELATIN TO PORTUGUESE LANGUAGE COUNTRIES	12	6.3	27	3.7	4	3.0	43	4.1
4. GOOD FOR SECONDARY PRODUCTN BASE IN EC	45	23.4	165	22.5	35	26.5	245	23.2
5. GOOD FOR PRIMARY PRODUCTION BASE IN EC	51	26.6	198	27.0	38	28.8	287	27.2
6. WELCOME AND HOSPITALITY TO JAPANESE	41	21.4	153	20.9	23	17.4	217	20.5
	192	100.0	732	100.0	132	100.0	1056	100.0

1. TO MAKE PRODUCTN BASE BFR EC UNI-MARKET
2. THE CENTER OF VARIOUS CONTINENTS
3. RELATIN TO PORTUGUESE LANGUAGE COUNTRIES
4. GOOD FOR SECONDARY PRODUCTN BASE IN EC
5. GOOD FOR PRIMARY PRODUCTION BASE IN EC
6. WELCOME AND HOSPITALITY TO JAPANESE

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. TO MAKE PRODUCTN BASE BFR EC UNI-MARKET	62	11.9	85	15.9	147	13.9
2. THE CENTER OF VARIOUS CONTINENTS	50	9.6	67	12.5	117	11.1
3. RELATIN TO PORTUGUESE LANGUAGE COUNTRIES	21	4.0	22	4.1	43	4.1
4. GOOD FOR SECONDARY PRODUCTN BASE IN EC	140	26.8	105	19.7	245	23.2
5. GOOD FOR PRIMARY PRODUCTION BASE IN EC	150	28.7	137	25.7	287	27.2
6. WELCOME AND HOSPITALITY TO JAPANESE	99	19.0	118	22.1	217	20.5
	522	100.0	534	100.0	1056	100.0

1. TO MAKE PRODUCTN BASE BFR EC UNI-MARKET
2. THE CENTER OF VARIOUS CONTINENTS
3. RELATIN TO PORTUGUESE LANGUAGE COUNTRIES
4. GOOD FOR SECONDARY PRODUCTN BASE IN EC
5. GOOD FOR PRIMARY PRODUCTION BASE IN EC
6. WELCOME AND HOSPITALITY TO JAPANESE

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. TO MAKE PRODUCTN BASE BFR EC UNI-MARKET	20	11.9	29	12.1	50	13.9	22	15.9	26	17.3	147	13.9
2. THE CENTER OF VARIOUS CONTINENTS	16	9.5	24	10.0	42	11.7	18	13.0	17	11.3	117	11.1
3. RELATIN TO PORTUGUESE LANGUAGE COUNTRIES	1	0.6	9	3.8	16	4.4	7	5.1	10	6.7	43	4.1
4. GOOD FOR SECONDARY PRODUCTN BASE IN EC	35	20.8	53	22.1	83	23.1	45	32.6	23	19.3	245	23.2
5. GOOD FOR PRIMARY PRODUCTION BASE IN EC	57	33.9	71	29.6	99	27.5	23	16.7	37	24.7	287	27.2
6. WELCOME AND HOSPITALITY TO JAPANESE	39	23.2	54	22.5	70	19.4	23	16.7	31	20.7	217	20.5
	168	100.0	240	100.0	360	100.0	138	100.0	150	100.0	1056	100.0

1. TO MAKE PRODUCTN BASE BFR EC UNI-MARKET
2. THE CENTER OF VARIOUS CONTINENTS
3. RELATIN TO PORTUGUESE LANGUAGE COUNTRIES
4. GOOD FOR SECONDARY PRODUCTN BASE IN EC
5. GOOD FOR PRIMARY PRODUCTION BASE IN EC
6. WELCOME AND HOSPITALITY TO JAPANESE

Q 8 WHERE IS THE TARGET MARKET WHEN ASSUMED TO INVEST IN PORTUGAL ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 202

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DOMESTIC MARKET IN PORTUGAL	8	14.8	47	23.2	13	33.3	68	23.0
2. EXPANDED MARKET OF EC AFTER INTEGRATION	30	55.6	120	59.1	25	64.1	175	59.1
3. PORTUGUESE LANGUAGE COUNTRIES MARKET	6	11.1	17	8.4	1	2.6	24	8.1
4. JAPANESE MARKET BY RE-IMPORTING	10	18.5	19	9.4	0	0.0	29	9.8
	54	100.0	203	100.0	39	100.0	296	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DOMESTIC MARKET IN PORTUGAL	41	27.5	27	18.4	68	23.0
2. EXPANDED MARKET OF EC AFTER INTEGRATION	91	61.1	84	57.1	175	59.1
3. PORTUGUESE LANGUAGE COUNTRIES MARKET	13	8.7	11	7.5	24	8.1
4. JAPANESE MARKET BY RE-IMPORTING	4	2.7	25	17.0	29	9.8
	149	100.0	147	100.0	296	100.0

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. DOMESTIC MARKET IN PORTUGAL	12	27.9	17	24.3	21	20.4	11	25.6	7	18.9	68	23.0
2. EXPANDED MARKET OF EC AFTER INTEGRATION	27	62.8	45	64.3	63	61.2	21	48.8	19	51.4	175	59.1
3. PORTUGUESE LANGUAGE COUNTRIES MARKET	2	4.7	3	4.3	7	6.8	9	20.9	3	8.1	24	8.1
4. JAPANESE MARKET BY RE-IMPORTING	2	4.7	5	7.1	12	11.7	2	4.7	8	21.6	29	9.8
	43	100.0	70	100.0	103	100.0	43	100.0	37	100.0	296	100.0

Q 9 WHICH TYPE OF MARKET DO YOU MAINLY ASSUME IN THE TARGET MARKET IN Q 6?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 193

** BY SCALE OF ENTERPRISE **

	SM'S		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. EXISTING MARKET FOR EXPANSION/PROTECTION	17	50.0	80	55.9	18	75.0	115	57.2
2. MARKET FOR NEW PENETRATION	17	50.0	63	44.1	6	25.0	86	42.8
	34	100.0	143	100.0	24	100.0	201	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. EXISTING MARKET FOR EXPANSION/PROTECTION	72	70.6	43	43.4	115	57.2
2. MARKET FOR NEW PENETRATION	30	29.4	55	56.6	86	42.8
	102	100.0	99	100.0	201	100.0

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. EXISTING MARKET FOR EXPANSION/PROTECTION	16	53.3	36	67.9	39	57.4	12	52.2	12	44.4	115	57.2
2. MARKET FOR NEW PENETRATION	14	46.7	17	32.1	29	42.6	11	47.8	15	55.6	86	42.8
	30	100.0	53	100.0	68	100.0	23	100.0	27	100.0	201	100.0

Q10 WHICH COST FACTORS DO YOU CONSIDER ASSUMING TO INVEST IN PORTUGAL ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 185

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. LABOR COST	76	39.6	321	41.2	57	41.3	454	40.9
2. LAND COST	49	25.5	175	22.4	18	13.0	242	21.8
3. SUBSIDY AND INCENTIVES FOR INVESTMENT	23	12.0	93	11.9	20	14.5	136	12.3
4. TRANSPORTATION COST OF MATERIALS/PRODUCTS	12	6.3	60	7.7	14	10.1	86	7.7
5. RAW MATERIAL COSTS	23	12.0	80	10.3	10	7.2	113	10.2
6. UTILITIES COST (ELECTRICITY, WATER, ETC)	7	3.6	18	2.3	5	3.6	30	2.7
7. TAX EXEMPTION	2	1.0	33	4.2	14	10.1	49	4.4
	192	100.0	780	100.0	138	100.0	1110	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. LABOR COST	234	42.4	220	39.4	454	40.9
2. LAND COST	105	19.0	137	24.6	242	21.8
3. SUBSIDY AND INCENTIVES FOR INVESTMENT	80	14.5	56	10.0	136	12.3
4. TRANSPORTATION COST OF MATERIALS/PRODUCTS	42	7.6	44	7.9	86	7.7
5. RAW MATERIAL COSTS	43	7.8	70	12.5	113	10.2
6. UTILITIES COST (ELECTRICITY, WATER, ETC)	14	2.5	16	2.9	30	2.7
7. TAX EXEMPTION	34	6.2	15	2.7	49	4.4
	552	100.0	558	100.0	1110	100.0

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. LABOR COST	69	41.1	121	42.0	149	40.7	51	37.0	64	42.7	454	40.9
2. LAND COST	33	19.6	62	21.5	79	21.6	35	25.4	33	22.0	242	21.8
3. SUBSIDY AND INCENTIVES FOR INVESTMENT	16	9.5	38	13.2	42	11.5	23	16.7	17	11.3	136	12.3
4. TRANSPORTATION COST OF MATERIALS/PRODUCTS	24	14.3	20	6.9	23	6.3	10	7.2	9	6.0	86	7.7
5. RAW MATERIAL COSTS	12	7.1	22	7.6	51	13.9	10	7.2	18	12.0	113	10.2
6. UTILITIES COST (ELECTRICITY, WATER, ETC)	3	1.8	8	2.8	12	3.3	3	2.2	4	2.7	30	2.7
7. TAX EXEMPTION	11	6.5	17	5.9	10	2.7	6	4.3	5	3.3	49	4.4
	168	100.0	288	100.0	366	100.0	138	100.0	150	100.0	1110	100.0

Q11 WHAT ARE YOUR ANXIETIES WHEN ASSUMED TO INVEST IN PORTUGAL ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 184

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. POLITICAL STABILITIES	8	4.6	29	3.6	1	0.8	38	3.4
2. HIGH INFLATION RATE	11	6.3	52	6.5	9	6.8	72	6.5
3. MARKET SIZE (DOMESTIC/ACCESS TO MARKET)	34	19.5	197	24.7	37	28.0	268	24.3
4. TECHNOLOGICAL BASE AND LEVEL	42	24.1	167	20.9	44	33.3	253	22.9
5. PREPARATION OF INFRASTRUCTURE	12	6.9	91	11.4	16	12.1	119	10.8
6. TRANSPORTATION COST OF MATERIALS N PARTS	3	4.6	41	5.1	8	6.1	57	5.2
7. INCENTIVES FOR FOREIGN INVESTMENT	2	1.1	4	0.5	0	0.0	6	0.5
8. HIGH INTEREST RATE	3	1.7	5	0.6	5	3.8	13	1.2
9. AVAILABILITY OF MATERIALS AND PARTS	13	7.5	49	6.1	2	1.5	64	5.8
10. LANGUAGE BARRIER	17	9.8	92	11.5	7	5.3	116	10.5
11. LACK OF PARTNERS/AFFILIATED COMPANIES	8	4.6	46	5.8	3	2.3	57	5.2
12. FAR FRM JAPAN/NO DIRECT FLIGHT FRM JAPAN	16	9.2	25	3.1	0	0.0	41	3.7
	174	100.0	798	100.0	132	100.0	1104	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. POLITICAL STABILITIES	12	2.1	26	4.8	38	3.4
2. HIGH INFLATION RATE	41	7.3	31	5.7	72	6.5
3. MARKET SIZE (DOMESTIC/ACCESS TO MARKET)	156	27.7	112	20.7	268	24.3
4. TECHNOLOGICAL BASE AND LEVEL	129	22.9	124	23.0	253	22.9
5. PREPARATION OF INFRASTRUCTURE	63	11.2	56	10.4	119	10.8
6. TRANSPORTATION COST OF MATERIALS N PARTS	29	5.1	28	5.2	57	5.2
7. INCENTIVES FOR FOREIGN INVESTMENT	2	0.4	4	0.7	6	0.5
8. HIGH INTEREST RATE	8	1.4	5	0.9	13	1.2
9. AVAILABILITY OF MATERIALS AND PARTS	29	5.1	35	6.5	64	5.8
10. LANGUAGE BARRIER	62	11.0	54	10.0	116	10.5
11. LACK OF PARTNERS/AFFILIATED COMPANIES	26	4.6	31	5.7	57	5.2
12. FAR FRM JAPAN/NO DIRECT FLIGHT FRM JAPAN	7	1.2	34	6.3	41	3.7
	564	100.0	540	100.0	1104	100.0

Q11 (---CONTINUATION OF Q11)

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.	PNT.	PCT.
1. POLITICAL STABILITIES	5	2.9	2	0.7	22	5.9	2	1.6	7	4.7	38	3.4
2. HIGH INFLATION RATE	9	5.2	16	5.7	21	5.6	11	8.7	15	10.0	72	6.5
3. MARKET SIZE (DOMESTIC/ACCESS TO MARKET)	36	20.7	68	24.1	87	23.4	44	34.9	33	22.0	268	24.3
4. TECHNOLOGICAL BASE AND LEVEL	41	23.6	65	23.0	97	26.1	28	22.2	22	14.7	253	22.9
5. PREPARATION OF INFRASTRUCTURE	20	11.5	41	14.5	35	9.4	11	8.7	12	8.0	119	10.8
6. TRANSPORTATION COST OF MATERIALS, N PARTS	16	9.2	13	4.6	13	3.5	4	3.2	11	7.3	57	5.2
7. INCENTIVES FOR FOREIGN INVESTMENT	0	0.0	0	0.0	3	0.8	3	2.4	0	0.0	6	0.5
8. HIGH INTEREST RATE	3	1.7	3	1.1	3	0.8	1	0.8	3	2.0	13	1.2
9. AVAILABILITY OF MATERIALS AND PARTS	8	4.6	13	4.6	28	7.5	7	5.6	8	5.3	64	5.8
10. LANGUAGE BARRIER	17	9.8	34	12.1	32	8.6	11	8.7	22	14.7	116	10.5
11. LACK OF PARTNERS/AFFILIATED COMPANIES	18	10.3	15	5.3	18	4.8	2	1.6	4	2.7	57	5.2
12. FAR FRM JAPAN/NO DIRECT FLIGHT FRM JAPAN	1	0.6	12	4.3	13	3.5	2	1.6	13	8.7	41	3.7
	174	100.0	282	100.0	372	100.0	126	100.0	150	100.0	1104	100.0

Q12 OVERALL EVALUATION OF PORTUGAL AS INVESTMENT OPPORTUNITIES

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 200

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. ATTRACTIVE FOR FURTHER CONSIDERATION	2	5.4	8	5.8	5	20.0	15	7.5
2. NOT ATTRACTIVE AS INVESTMENT OPPORTUNITY	7	18.9	34	24.6	4	16.0	45	22.5
3. MORE INFORMATION NEEDED	28	75.7	96	69.6	16	64.0	140	70.0
	37	100.0	138	100.0	25	100.0	200	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. ATTRACTIVE FOR FURTHER CONSIDERATION	9	9.1	6	5.9	15	7.5
2. NOT ATTRACTIVE AS INVESTMENT OPPORTUNITY	25	25.3	20	19.8	45	22.5
3. MORE INFORMATION NEEDED	65	65.7	75	74.3	140	70.0
	99	100.0	101	100.0	200	100.0

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. ATTRACTIVE FOR FURTHER CONSIDERATION	3	10.3	3	5.9	5	7.0	2	9.5	2	7.1	15	7.5
2. NOT ATTRACTIVE AS INVESTMENT OPPORTUNITY	7	24.1	8	15.7	19	26.8	6	28.6	5	17.9	45	22.5
3. MORE INFORMATION NEEDED	19	65.5	40	78.4	47	66.2	13	61.9	21	75.0	140	70.0
	29	100.0	51	100.0	71	100.0	21	100.0	28	100.0	200	100.0

Q13 WHICH ORGANIZATION WAS YOUR INFORMATION SOURCE FOR PORTUGAL ?

NUMBER OF COMPANIES REPLIED TO THIS QUESTION = 51

** BY SCALE OF ENTERPRISE **

	SMIS		LARGE SCALE		GIGANTIC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. ICEP	1	16.7	7	11.5	6	21.4	14	14.7
2. JETRO	4	68.7	24	39.3	9	32.1	37	38.9
3. CHAMBER OF COMMERCE	1	16.7	2	3.3	1	3.6	4	4.2
4. BANKS AND OTHER FINANCIAL INSTITUTIONS	0	0.0	13	21.3	4	14.3	17	17.9
5. TRADING COMPANIES	0	0.0	8	13.1	4	14.3	12	12.6
6. OWN FIELD SURVEY<INCL. INVESTMNT MISSION>	0	0.0	7	11.5	4	14.3	11	11.6
	6	100.0	61	100.0	28	100.0	95	100.0

** BY EXPERIENCE IN EC **

	YES IN EC		NON IN EC		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. ICEP	11	17.5	3	9.4	14	14.7
2. JETRO	24	38.1	13	40.6	37	38.9
3. CHAMBER OF COMMERCE	3	4.8	1	3.1	4	4.2
4. BANKS AND OTHER FINANCIAL INSTITUTIONS	11	17.5	6	18.8	17	17.9
5. TRADING COMPANIES	7	11.1	5	15.6	12	12.6
6. OWN FIELD SURVEY<INCL. INVESTMNT MISSION>	7	11.1	4	12.5	11	11.6
	63	100.0	32	100.0	95	100.0

** BY SUBSECTOR **

	AUTO/PARTS		ELECTRIC		METAL/MACHN		CHEMICAL		OTHERS		TOTAL	
	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.	NO.	PCT.
1. ICEP	5	21.7	5	20.8	4	10.8	0	0.0	0	0.0	14	14.7
2. JETRO	6	26.1	7	29.2	19	51.4	2	40.0	3	50.0	37	38.9
3. CHAMBER OF COMMERCE	0	0.0	1	4.2	2	5.4	0	0.0	1	16.7	4	4.2
4. BANKS AND OTHER FINANCIAL INSTITUTIONS	4	17.4	5	20.8	5	13.5	1	20.0	2	33.3	17	17.9
5. TRADING COMPANIES	4	17.4	3	12.5	5	13.5	0	0.0	0	0.0	12	12.6
6. OWN FIELD SURVEY<INCL. INVESTMNT MISSION>	4	17.4	3	12.5	2	5.4	2	40.0	0	0.0	11	11.6
	23	100.0	24	100.0	37	100.0	5	100.0	6	100.0	95	100.0

ANNEX IV

**ENTITIES AND ENTERPRISE VISITED
BY JICA MISSION**

VISITING LIST - LISBON AREA

No.	NAME	PERSON	ADDRESS
PUBLIC INSTITUTIONS			
1	ICEP PORTUGUESE FOREIGN TRADE INSTITUTE	Prof. Miguel Athayde Marques (Vice-President) Mr. Luis Castanheira Lopes (Director, Personnel Div.) Mrs. Maria do Resario Castro (Director Adjunta) Mr. Pires Ferreira (Int's Support Div.) Mr. Pedro Ayres de Abreu (Investment Div.) Mrs. Leonor Torres (Director, Investment Div.) Mrs. Luisa Salmento (Das) Mrs. Isabel Cortez (Das) Ms. Ana Cristina Guimaraes	Av.5 de Outubro 101 1016 Lisboa Tel:793013 Fax:7935028
2	IAPMEI INSTITUTO DE APOIO AS PEQUENAS E MEDIAS EMPRESAS AS INVESTIMENTO	Mr. Luis Palma Faria (Administrador) Mr. Antonio Jose Garcia Fonseca (Coordenador) Mr. Amadeu Boleicha (Finance Div.) Mr. Jose C. Furtado (Director) Mrs. Ana Garcia Rodrigues (Economist) Mrs. Maria Manuela Ramalho (DPD PME) Mr. Carlos Dias de Almeida (Member of the Board) Mr. Manuel Varela Pereira (Responsavel do Nucleo de Sines) Ms. Maria Manuelâ Costa (Chefe de Departamento)	Av. Rodorigo da Fonseca 73 Lisboa Tel:355-9333 Fax:563161
3	NERSET ASSOCIACAO EMPRESARIAL DA REGIAO DE SETUBAL	Mr. Antonio Castro da Silva (Economic Development)	R.5 de Outubro 114-5 Setubal Tel:06532849 Fax:06536158
4	MINISTERIO DA INDUSTRIA E ENERGIA	Mr. Bale Gomes (Coordinator) Mr. Joao Abel de Freitas (Director/Planning)	Av. Conselheiro Fernande da Sousa 2 Tel:659161/80 Fax:658685
5	MINISTERIO DAS OBRAS PUBLICAS E COMUNICACOES	Mrs. Carlota Sales Henriques (Director, Gabinete de Estudos Planeamento)	Av. Columbano Bordalo Pinheiro, 5 Tel:7269100

VISITING LIST - LISBON AREA

No.	NAME	PERSON	ADDRESS
6	MINISTERIO DA EDUCACAO	Mr. Augusto Martins	
7	INSTITUTO PORTUGUES DA QUALIDADE (IPQ)	Mr. Francisco Barroca (Vice-President)	R. Jose Estevao 83A 1199 Lisboa Codex Tel:523978/523735/523759 Fax:530033
8	AIP ASSOCIACAO INDUSTRIA PORTUGUESA	Mr. Luis Morales (Vice-President) Ms. Alice Souza Machado (Jurist/Int'l Affairs) Mr. Luis Domingues (Associate) Mr. Rui Madaleno (Director/Economical Div.) Ms. Christina Pescada (Associate)	Pr. da Industria, Lisboa Tel:3620100 Fax:647301
9	CONFEDERACAO DA INDUSTRIA PORTUGUESA	Mr. Antonio Alfaiate (Vice-Presidente) Mrs. Maria Manuela Gameiro (Chief/Dep. Economic Matters)	Av.4 de Outubro 35-1 1000 Lisboa Tel:5447454
10	IEFP	Mr. Pedro Jose Garcia Baptista Nogueira (Director)	Av. Jose Malhoa, 11 Piso 6, Lisboa Tel:7265123
11	ASSOCIACAO DO COMERCIO AUTOMOVEL DE PORTUGAL	Mr. Joaquin Daniel Cost Neves (Director, Technical Service)	R. da Palmeira 6 1294 Lisboa Codex Tel:3470048 BA Fax:3420064
12	ASSOCIACAO PORTUGUESA DE FABRICANTES DE PAPEL E CARTAO	Mr. Joao Adalberto dos Santos Lanca Rodrigues (Secretary General) Mr. Luis Galamba de Oliveira	R. de S. Nicolau 26-3 1000 Lisboa Tel:879484/5 Fax:8882935
13	SERVICO NACIONAL DE PARQUES E CONSERVACAO DA NATUREZA	Mr. Jose Marques Moreira (Director)	Re. Ferreira Lapa, 29 1100 Lisboa Tel:3561351 Fax:523103
14	ASSOCIACAO PORTUGUESA DE CERAMICA	Mr. Tito Rosa (Sub-Director)	R. Artilharia UM. 104-2 1000 Lisboa Tel:3875262. Fax:652986
PRIVATE COMPANIES			
1	SOCIEDADE DE GESTAO E INVESTIMENTO IMOBILIARIO, S.A. (SAPEC)	Mr. Joaquin Jose Rolo (Director Executive) Mr. Luis Matos (Director General)	Herdade das Praisa 2900 Setubal Tel:06529171 Fax:96539964

VISITING LIST - LISBON AREA

No.	NAME	PERSON	ADDRESS
2	COMPANHIA DE SEGUROS DE CREDITOS SA	Mr. Jose Manuel Vairinhos Concalves (Commercial Director)	Av. da Republica, 58 1094 Lisboa Codex Tel:760131 Fax:7934614
3	CARLOGA ALUGAR DE VIATURA SA	Mr. Shuzo Horimoto (President)	Pr. Jose queiros 1-5 Olivais Sul 1082 Lisboa Codex Tel:8520678/15 Fax:8520783
4	EDP ELECTRICIDADE DE PORTUGAL SA	Mr. Livio Honorio	Av. Jose Malboa Lt. A 13 1000 Lisboa Tel:7263013
5	EPAL EMPRESA PORTUGUESA DAS AGUAS LIVRES SA	Mr. Rui Gorge Moreira Ribeira Roda (Administrator)	Av da Liberdade 24 1200 Lisboa Tel:3475827 Fax:3474007
6	GESPAMO	Mr. Elsa Faria Santos (President)	Av. Conde Valbom 6-2A 1000 Lisboa Tel:3528682/0277 Fax:3522873
7	IPE	Mr. Mendonca Tavares (Director) Mr. Diogo Tavares (Director/Investment & Development) Mr. Jose M. Ferreira Dias (Development Manager)	R. Julio Dinis 11 Lisboa Tel:7931511 Fax:7931542
8	PGS PROMOCAO E GESTAO DE AREAS INDUSTRIAIS E-DE SERVICOS, SA	Mr. Manuel Pereira (Nucleus Div.)	Apartado 40 7501 Santo Andre Tel:06971264 Fax:06979281
9	CTT CORREIOS E TELECOMUNICACAO DE PORTUGAL	Mr. J. Pedro da Silva (Corporate Strategy & Development Manager)	R. de S. Jose 20 1193 Lisboa Codex Tel:3475851/6161 Fax:3463252
10	CPRM MARCONI	Mr. Jose Silva Lopes (Director of PR)	R. Castilho 39, 13B 1200 Lisboa Tel:573522 Fax:578311
11	DIRECAO-GERAL DOS MERCADOS AGLICOLAS E DA INDUSTRIA AGLO-ALIMENTAR	Mr. Tito Rosa (Sub-Director Geral)	R. Padre Antonio Vieira 1-8 1000 Lisboa Tel:3875634 Fax:3876635

VISITING LIST - LISBON AREA

No.	NAME	PERSON	ADDRESS
12	CIRES, SA	Mr. Yoshihiro Matsumoto (Executive Managing Director)	Fua Castilho 165-4 1000 LISBOA Tel:659031 Fax:659034
13	HONDA AUTOMOVEL DE PORTUGAL, SA	Mr. Jun Asano (President)	S. Pedro de Penaferrim 2710 SINTRA Tel:9258700 Fax:9258887
14	ISEKI PORTUGAL	Mr. Yasuo Doi (Vice-President)	Estranda da Arruda Rua do Brejo, Lote 1 Lojas A-B-C 2615 ALVERCA Tel:9585803 Fax:9585803
15	TRAMAGAUTO	Mr. Kikuo Ohara (Managing Director)	Apartado 7 Tramagal 2200 BRANTES Tel:041-97328 Fax:041-97173
16	NEMOTO PORTUGAL QUIMAICA FINA, LDA	Mr. Isamu Matsui (President) Mr. Takao Kanda (Director) Mr. Augusto S. Yamaguchi	Parque Ind. M Da Mota, L. 3100 POMBAL Tel:036-25780 Fax:036-26185
17	MITSUBIHI MOTORS DE PORTUGAL, SA	Mr. Tadahiko Yoshida (Vice Managing Director)	Povos 2601 Vila Franca de Xira Codex Tel:063-33578 Fax: 063-32570
FINANCIAL INSTITUTIONS			
1	BANCO DE PORTUGAL	Mr. Jose Ramalho (Deputy Head of Dep.) Research & Statistical Dep. Mr. Francisco Monteiro Mr. Jose Agostinho Martin de Matos (Deputy Head of Department)	R. Febo Moniz 2 Lisboa Tel:522051 Fax:523841
2	BANCO DE FOMENTO E EXTERIOR	Mr. Vitorino C. Caeiro (Sub-Director) Mr. Fernando Manuel Roque de Oliveira (Director)	Av. Casal Ribeiro 59 1000 Lisboa Tel:562021 Fax:3522758
3	CAIXA GERAL DE DEPOSITOS	Mr. Antonio N. Gonsalves (Director:Foreing Department) Mr. Antonio Almeida Porto (International Division)	Rua 1 de Dezembro, 118 P.O. Box 2718 1118 LISBOA CODEX Tel:347 45 81 Fax:356 74 93

VISITING LIST - LISBON AREA

No.	NAME	PERSON	ADDRESS
4	BANCO PORTUGUES DE ATLANTICO	Mr. Alfred Martins Primavera (Assistant General Manager: Int'l Div.) Mr. Shekhar Chatterjee (Area Manager)	Rua do Ouro, 100 1100 LISBOA Tel:346 13 21/346 33 37 Fax:342 13 07/ 347 53 15
5	BANIF BANCO INTERNACIONAL DO FUNCHAL, SA	Mr. Joao Mora Fernandes (Deputy Manager)	R. Alexandre Herculano, 48-50, 1200 LISBOA Tel:54 72 21 Fax:53 87 41
6	EIB EUROPEAN INDUSTRIAL BANK	Mr. Filipe Cartaxo (Representative in Portugal)	Av. da Liberdade 144-156 1200 LISBOA Tel:1-328848 Fax:1-3704887
7	THE SUMITOMO BANK, LTD	Mr. Tatsuo Ueda (Chief Representative)	Av. Eng. Duarte Pacheco =Torre 2-9 Sala 3 1000 Lisboa Tel:681146 Fax:682856
OTHERS			
1	AMERICAN CHAMBER OF COMMERCE	Mr. Brito do Rio (Secretary-General)	R. Estefania 155-5 Lisboa Tel:572561 Fax:
2	KOTRA	Mr. Pinto da Costa Mr. Han Jong-Woon (Director)	Av. da Liberdade, 38-2 1200 Lisboa Tel:372724/373333396 Fax:3467150
3	EMBASSY OF JAPAN	Mr. Chiyuki Hiraoka (Ambassador of Japan) Mr. Masayuki Tomita (Second Secretary)	Rua Mounzinho da Silveira No.11 1200 LISBOA Tel:001-351-1 3523485 Fax:001-351-1 534802
4	JETRO LISBOA	Mr. Shigeo Uno (Executive Director) Ms. Isabel Maria Jeneira (Adviser)	Av. Eng. Duarte Pacheco 1000 LISBOA Tel:65 93 81/69 27 18 Fax:69 18 18

VISITING LIST - LISBON AREA

No.	NAME	PERSON	ADRESS
5	JETRO MADRID	Mr. Keiji Ehara (Assistant Director)	Piazza De Colon, 2 Edificio Torres e Colon, Torre 1 28046 MADRID Tel:319 55 64
6	CCE COMISION DE LA COMUNIDADES EUROPEAS	Mr. Joaquin Portillo Pascual Del Rquielme (Director)	C./ Serrano, 41 28001 MADRID, SPAIN TEL:435 17 00 FAX:577 29 23
7	BEI-BANCO EUROPEO DE INVERSIONES	Mr. Fernando De La Fuente (Chief)	Calle Jose Ortega Y Gasset, 29 28006 MADRID, SPAIN TEL:431 12 40 FAX:431 13 83

VISITING LIST - AVEIRO/ VISEU AREA

No.	NAME	PERSON	ADDRESS
MUNICIPALITIES			
1	CAMARA MUNICIPAL DE ALBERGARIA-A-VELHA	Eng. Rui Marques (Mayor)	3850 ALBERGARIA-A-VELHA TEL:034-523114 FAX:034-522225
2	CAMARA MUNICIPAL DE AGUEDA	Eng. Jose Julio Ribeiro (Mayor)	Praca do Municipio 3750 AGUEDA TEL:034-601413 FAX:034-624867
3	CAMARA MUNICIPAL DE AVEIRO	Dr. Fernando Ruas (Mayor)	Praca da Republica 3500 VISEU TEL:032-423501 FLX:53414
4	CAMARA MUNICIPAL DE AVEIRO	Dr. Girao Pereira Ruas (Mayor)	Praca da Republica 3800 AVEIRO TEL:034-24081 TLX:37635
5	CAMARA MUNICIPAL DE VOUZELA	Prof. Paulo Figueiredo (Vice President)	R. Morais de Carvalho 3670 VOUZELA TEL:032-772078 FAX:032-771513
6	CAMARA MUNICIPAL DE OLIVEIRA DE FRADES	Mr. Joao Carlos Azevedo Maia (Mayor)	R. 7 de Outubro 3860 Oliveira De FRADES TEL:032-761376
7	CAMARA MUNICIPAL DE MIRA	Mr. Joao Evagelista Rocha de Almeida (Mayor)	Praca do Municipio 3070 MIRA TEL:031-451506 FAX:031-458185
8	CAMARA MUNICIPAL DE ILHAVO	Mr. Manuel Cravo da Rocha (Vice President)	R. Direita, 205 3830 ILHAVO TEL:034-325675 FAX:034-323244
9	CAMARA MUNICIPAL DE CANTANHEDE	Dr. Albano Pais de Sousa (Mayor)	R. Marques de Marialva 3060 CHANRANHEDE TEL:031-422435
10	CAMARA MUNICIPAL DE ESTARREJA	Dra. Maria de Lurdes Breu Pracas Francisco Barbosa (Mayor) Mr. Agostinho Valente (Mayor's Assistant)	3860 ESTARREJA TEL:034-41308 FAX:034-41831

VISITING LIST - AVEIRO/ VISEU AREA

No.	NAME	PERSON	ADRESS
PUBLIC INSTITUTION			
1	ASSOCIACAO INDUSTRIAL DO DISTRITO DE AVEIRO	Eng. Matos Rodrigues (General Secretaty)	Avda Dr.Lourenco Peixinho 146-5 A e F Ap.58 3808 AVEIRO codex TEL:034-20095 FAX:034-24093
2	ABIMOTA ASSOCIACAO NACIONAL DOS INDUSTRIAS DE BICICLETAS, CICLOMOTORES, MOTOCICLETAS E ACCESSORIS	Mr. Jode Maria Marques (President)	Praca do Municipio. 71-20 3750 AGUDEA TEL:034-623797 FAX:034-645305
3	AIA ASSOCIACAO INDUSTRIAL DE AGUDEA	Mr. Armindo Abrantes (President) Dr. Pinto Galvao (General Secretary)	Covao-Mourisca do Vouga Apartado 199, 3750 AGUEDA TEL:034-645306 FAX:034-645305
4	AIRV ASSOCIACAO INDUSTRIAL DA REGIAO DE VISEU	Dr. Antonio Abrantes (General Secretary)	R. Candido Reis, 22 Ap. 65 3500 VISEU TEL:032-424155 FAX:032-421150
5	CATIM CENTRO DE APOIO TECNOLOGICO A INDUSTRIA METROLOGINCAL	Mr. Carlos Sousa (Director) Mr. Luis Mourao	R. Platanos, 197 4100 Porto Tel:02-6176436 Fax:02-6176213
6	ASSOCIACAO DOS INDUSTRIAIS METALURGICOS E METALO- MECANICOS DO NORTE	Mr. Norberto Prlicano da Chuba (Director General) Ms. Anna Passos (Economist)	R. Guedes de Azavedo 233-1 4000 Porto Tel:320809 Fax:2005019
7	ASSOCIACAO NACIONAL DAS INDUSTRIAS TEXTEIS PORTO		
8	CITEVE CENTRO TECNOLOGICO DA INDUSTRIA TEXTIL E DO VESTUARIO DE PORTUGAL	Mr. Luis Almeida (Director)	Large Tinoco Sousa 4760 Vila Nova de Tel:052-76722 Fax:052-76748
9	CENFIM CENTRO DE FORMACAO PROFISSIONAL DA INDUSTRIA METALUGICA E METALOMECANICA	Mr. Jose Cardoso (Director)	R. Conde da Covilha 4100 Porto Tel:02-682164 Fax:02-689596
10	UNIVERSIDADE DE AVEIRO	Dra. Estela Pereira Prof. Manuel Antonio Assuncao	Campus Universitario Santiago 3800 Aveiro Tel:034-25081 Fax:034-28600

VISITING LIST - AVEIRO/ VISEU AREA

No.	NAME	PERSON	ADDRESS
11	AFIA ASSOCIACAO DE FABRICANTES PARA A INDUSTRIA AUTOMOVEL	Ms. Isabel Brandao (Secretaria-General)	R. Crasto, 190 4100 Porto Tel:02-6172204 Fax:02-6101877
12	ASSOCIACAO NACIONAL DAS INDUSTRIAS TEXTEIS ALGODOEIRAS E FIBRAS	Mr. M. Gradim Santos (Secretary General)	R. Gonalo Cristovao 96-1 4000 Porto Tel:02-417961/4 Fax:02-310343
PRIVATE COMPANIES			
1	TIRTIFE TERMINAIS DE AVEIRO SA	Eng. Oliveira Maia (Governor)	Lugar de Moinho Estrada 109/7 Aveiro-Barr 3800 AVEIRO Tel:034-381058 Fax:034-381349
2	CARNAVE ESTALEROS NAVAIS SA	Dr. Olinto Ravara -	Porto Comercial Ap.18, 3801 AVEIRO codex Tel:043-313910 Fax:034-22433
3	LUZOSTELA INDUSTRIA E SERVICOS SA	Eng. Casimiro Sacchetti (Managing Director)	Rocadas-Esqueira Ap.6, 3801 AVEIRO codex TelZ:034-313910 Fax:034-313997
4	DOMINGOS RIBEIRO MACARICO	Dr. Antonio Ribeiro Malcarico (Managing Director)	Praia de Mira Ap.13070 MIRA Tel:031-471115 Fax:031-471306
5	GOUVEIA & CAMPOS Lda.	Mr. Jose Carlos (General Manager) Dr. Antonio Loureiro (Financial Assistance)	Parque Industrial- Coimbroes Ap.215, 3503 VISEU codex Tel:032-478636 Fax:032-478779
6	VISABEIRA SOCIEDADE GESTORA DE PARTICIPACOES SOCIAIS SA	Dr. Luis Borges (Sales Manager)	Repeses 3500 VISEU Tel:032-424444 Fax:032-422510
7	CTV CONFECOES TEXTEIS DE VOUZELA Lda.	Mr. Amandio Pechim (Executive President)	Monte Cavalo Parque Industrial de Vouzela Ap.7, 3670 VOUZELA TEL:032-772045 FAX:032-772709

VISITING LIST - AVEIRO/ VISEU AREA

No.	NAME	PERSON	ADRESS
8	EMPRESA CICLISTA MIRALAGO Lda	Eng. Angelino Ferreira (Technical Director)	Borralha, Ap.30 3751 AGUEDA codex TEL:034-601235 FAX:034-601537
9	EUROGRANITOS INDUSTRIA TRANSFORMADORA DE GRANITOS Lda.	Eng. Victor dos Santos (Manager)	Vale do Grou 3750 AGUEDA TEL:034-666878 FAX:034-667020
10	AGUIMOLDE MOLDES E CORTANTES SA	Dr. Joao Hernani (Financial Director)	Alagoa Ap. 232 3751 AGUEDA codex TEL:034-601034 FAX:034-601127
11	UNITECA SA UNIAL INDUSTRIAL TEXTIL E QUIMICA	Eng. Carlos Pinto (Mill Director) Eng. Rui Teixeira (Board Director)	Quinta da Industria- Beduido 3860 ESTARREJA TEL:034-41174 FAX:034-41740
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ANNEX V

DETAILS OF EC MARKET UNIFICATION AND STATE OF EVOLUTION

1. Details of EC Market Unification and State of Evolution

Portugal became an official member of the EC as of January 1st, 1986. Despite the fact that Portugal applied for membership under the first Mario Soares government in 1977, official recognition for entry was only granted eight years later in March, 1985. The reason for this long delay was the difficulty of adjusting agricultural problems, also found in connection with the Spanish application for admission which was made at the same time. Because of an increasing expenditure in accordance with the EC common agricultural policy (the CAP), priority was given to settling the fiscal problems of the EC itself first. Moreover, the economic slowdown experienced worldwide as a result of the second oil shock had weakened the desire for further expansion of the EC among members. The Portuguese economy experienced a turndown over the above period as a result of the worldwide stagnation and political instability at home.

Just as Portugal and Spain joined the EC to bring the number of members up to twelve a new turn was reached in the world economic situation. The USA and Japan found themselves in increasingly direct competition and the move towards unification of the EC received a new impetus from the desire to rapidly strengthen the EC economy. The White Paper setting the target for the completion of the single market in the community for 1992 was published in 1985. The Single European Act was ratified in 1986 after modifications were determined by votes which gained the specified majority in the Council and the unification of the EC economy proceeded at a rapid pace.

It is beyond doubt that entry into the EC acted as a catalyst to economic development in Portugal. In addition to the expansion of markets with Portugal's entry into the EC, the dismantling of domestic barriers carried out in conjunction with entry necessitated a restructuring of domestic industry to meet the fierce competition which could enter from within the EC itself and also from outside the EC. The competing power of Portuguese industry had been considerably weakened by the large number of nationalisations which had been effected since the 1974 Revolution, and so reorganisation was a pressing issue. The entry into the EC provided an important impetus to the adjustment of industrial structure and stimulated the economy.

Further, at the same time as the EC pressed ahead with further economic liberalisation and the standardisation of the various systems operating in the member countries in order to meet the deadline of unification in 1992, the elimination of economic disparities within the Community was also pinpointed as an important task. Large sums of the EC budget were earmarked for implementation of development assistance to the underdeveloped regions of the EC. The inflow of massive amounts of EC development funding supported the favourable recovery of the Portuguese economy, and this in turn encouraged active direct investment from abroad so that a mounting impetus of economic development was sustained. At its entry into the EC, Portugal

had been granted a special delay before having to conform to certain membership conditions and employing this grace period and the favourable economic situation it enjoyed, Portugal proceeded to adjust its economic structure to meet with full EC integration.

The following represents an outline of the present situation and future prospects of EC unification, of the EC Structural Fund and of the impact of the EC on the Portuguese economy.

1.1 Details of EC Market Unification

The EC was initiated in 1951 with the signing of the ECSC Treaty which clearly set the target for creation of a Common Market effected in 1957 with the signing of the EURATOM and EEC Treaties. In 1965, the separate executive bodies set up by the three treaties above were united and with the 1966 Luxembourg Agreement and the completion of the European Tariff Union (for the abolition of inner zone tariffs) as of July, 1968 large strides forward toward a single free market were made.

The EC was expanded in 1973 with the entry of Great Britain, the Republic of Ireland, and Denmark, then in 1981 with Greece followed by the entry of Spain and Portugal in 1986 to give a total of twelve countries so that the EC effectively represented the larger half of the main European nations.

Concrete measures taken towards the creation of market unification included the creation of a European Parliament, implementation of the direct electoral system for this and the foundation of the EMS. However in the 1970s with the oil crisis and the subsequent turndown in the world economy member nations were occupied with their own domestic economic problems and the desire for market unification tended to recede temporarily. From the late 1980s with the recovery of the world economy the desire for unification once again strengthened. With the public finance reform of the CAP (Common Agricultural Policy) which had represented the largest stumbling block in EC Public Finance, the publication of the White Paper on the EC Market, the ratification of the Single European Act the push forward to achieving a single unified market in 1992 gained rapid momentum. The appearance of a huge single market in Europe in 1992 will make this a year of momentous importance not only for the countries of Europe but for the whole world.

The following is an examination of the background to the ratification of the "Single European Act" and the "White paper on Completing the Internal Market". In 1968 internal trade tariffs were removed and a common tariff policy on non EC countries introduced together with the implementation of a common agricultural policy and a common transport policy. However since many barriers of a non-tariff nature remained in force internally, the free flow of goods was far from being realised within the EC. Moreover, the individual member countries

maintained a variety of differing regulations and administrative measures which forbid the distribution and import of specific goods and commodities. Such restrictions and regulations having the same blocking effect as volume quotas and tariffs were banned by the EEC Treaty, but the same treaty (in Article 36) exceptionally recognised certain such measures relating to protection of the public benefit. This served to perpetrate the continuance of various barriers to free trade in individual countries.

The following is an examination of the details of the "Single European Act" and the "White paper on Completing the Internal Market".

(1) The Single European Act

The Single European Act was signed at an EC Council Meeting in Milan in June, 1986. This set the legal guidelines for proceeding with unification up to the end of 1992. Basically the Act added a number of articles to the Treaty of Rome which regulated a number of important topics relating to that Treaty, and the Act constituted a kind of Amendment Treaty to the Treaty of Rome.

Article 13 of the Act stipulates that the EC will undertake a number of measures aiming at establishing a single market by December 31st, 1992. A single market will guarantee the free movement of goods, people, services and capital and will be a market without internal barriers to such movement. The following measures are stipulated to promote unification and strengthen the internal EC economy.

- 1) For ratification of the order to standardize the different National Laws the agreement of all members of the Council was stipulated by Article 100 of the Treaty of Rome. However, in the new Article 100 A it was stipulated that a specified majority decision would suffice to ratify orders having the aim of the establishment or management of a single market. The introduction of this new principle of a specified majority was aimed at promoting a more rapid and smooth realisation of the single market.
- 2) Rationalisation of Legislation. As well as reinforcing the role of the European Parliament and European Commission in drafting of laws through the Cooperation Procedure, this aimed at rationalising the procedures involved.
- 3) Reinforcement of the Structural Fund. This measure aimed to strengthen the European Structural Fund employed to ensure the harmonious balance in the development of member countries and to promote the economic and social unity of the member nations. Harmonization of the economic policies of individual

member nations and the implementation of common policies was demanded.

- 4) The functions of the European Court of Justice were expanded and the establishment of a Court of First Instance recognised.
- 5) Measures for convergence on economic and monetary policies were furthered. Cooperation in coordinating the economic and monetary policies of member nations, especially for aspects falling within the framework of the EMS and relating to promotion of the ECU system were decided on.
- 6) Social Policies. To harmonize the various articles relating to the health and safety of workers.
- 7) Research and Technology Development. To reinforce the scientific and technical base in the industry of the member nations, to support research institutes of small and middle size companies and research and technological development in Universities, to implement financial assistance programs through budgeting measures to take place over several years. These measures are the result of recent concern about the international competing power of technical levels of the EC industries.

In addition to economic cooperation within the EC, article 30 of the Act states that political cooperation is also to be furthered and speaks of directing effort to the implementation of a common European foreign policy. This suggests that the EC is not simply an economic community but will also further greater political unity within the zone.

(2) Whitepaper on Internal Market Completion

The Whitepaper on the completion of the Internal Market was drawn up by the EC Commission. It represents the unification plan for the EC market based on the time schedule approved by the European Council in the June, 1985 meeting held at Milan. The Whitepaper contains the details and schedule for European unification in 1992.

The Whitepaper proposes the liberalisation of movement of goods, people, services and capital within the EC by the end of 1992 as its main target. While aiming at the completion of a unified single market the reinforcement of the international competing strength of the industries in the member EC countries vis a vis outside competition is also to be furthered. In order to remove all non-tariff barriers by the end of 1992 some 305 items are to be proposed for abolition (number of proposed items was reduced to 286

items as of the end of May, 1991). These proposals can be classified roughly into the three following main groups.

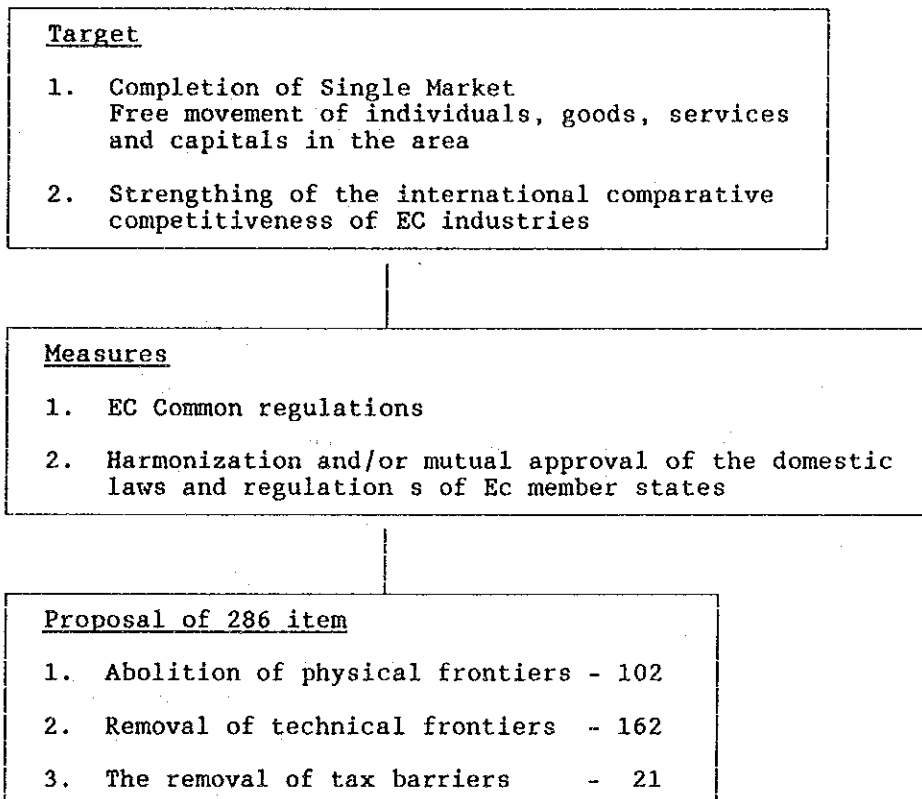
- 1) the abolition of physical frontiers
- 2) the removal of technical frontiers
- 3) the removal of tax barriers

As measures to effect the removal of the above barriers the following will be furthered in an effort to complete the realisation of a single market.

- 1) unification through establishment of common EC legislation
- 2) mutual recognition of national legal systems within the EC
- 3) harmonization through amendments to national laws or new legislation undertaken by the member countries

The relation of the implementation measures and targets of the 286 proposed items is shown in figure form below.

EC 1992



1) Abolition of Physical Frontiers

Any regulations hindering the free flow of goods and people over national borders within the EC zone are to be abolished so that the entire territory of member countries constitutes a physically unified and single market. Customs regulation, immigration control, passport control, inspection of personal luggage and baggage inhibit the free movement of goods and people and result in an increase in administrative costs. Border controls are to effect policies for national finance, trade, the economy, public welfare, statistics and national security and after abolition of internal border, regulations of these particular areas will be evaluated to decide on the policies if they should be done away with or new policies be drawn up.

- a) Border regulations concerning the movement of commodities are being brought under a single standard procedure but this process is to be improved further.
- b) Trade statistics within the EC are to be collected by the importing country and presented to the exporting country.
- c) VAT and Consumer Tax

Levy of VAT and Consumer Tax at border points will be discontinued. There are at present large disparities in the actual rates levied for VAT by the different member countries and this tax revenue constitutes an important part of each countries fiscal revenue. The adjustment of the tax itself is proposed under heading 3) dealing with the removal of fiscal barriers. Actual levying of VAT occurs in the exporting country and the tax is collected from the seller while consumer tax is collected in bonded warehouses and paid to the client nation. A Community Clearing House System is to be set up and implemented for coordination of tax payment and receipt.

- d) The abolition of protectionist measures and regional volume quotas effective in the member countries.

As to Article 115 of the EEC Treaty regarding roundabout trade, in cases where a specific member country imposes import quota restrictions on imports coming from a Non-EC country, such restrictions are to be gradually dismantled by the end of 1992 or are to be applied throughout the EC as a common measure.

- c) With regard to transport quota restrictions and safety standards based on transport policies within the zone, the transport quotas are to be removed and a common safety standard is to be applied throughout the EC so that border inspections are to be abolished.

Transport is divided into,

- road transport
- air transport
- sea transport

At present, the regulations dealing with each of these categories of the transport services throughout the EC are extremely complicated.

- Road Transport

Accounts for more than 50% of the actual net transport volume within the EC. At present, the following systems are in operation, 1. bilateral volume quotas decided between two member nations. Such quotas covered some 54% of the road traffic within the EC in 1986. 2. Transport through the entire EC zone controlled by EC transport volume quotas. This accounted for 16% of the total road transport. 3. between member countries which do not implement bilateral quotas on the free market which accounts for 10% of the total road transport (for example, between Belgium and Holland or between Great Britain and Denmark). 4. Others, transport using in house vehicles by manufacturers given special permission from the EC, which accounts for 20% of the total road transport. In such cases only outward journeys are for carriage and vehicles return empty.

As a result of above regulations about one third of lorries traveling inside the EC are said to be empty and average speeds are low so that transport efficiency is reduced. If volume quotas are removed before the end of 1992 the cost of road transport will be reduced by 5% on average which represents a maximum 8.3 ECU billion saving for the EC as a whole.

- Air and Sea transport

Air and sea transport are conducted according to very strict regulations on the basis of a bilateral agreement or the Sea Transport Alliance, so that this sector bears the greatest restrictions on free competition.