

Government moves to construction crisis

A rescue package to save Portugal's struggling construction and real estate sectors was announced by the government on March 8. It signed a commitment with the Portuguese Confederation of Construction and Real Estate to respond to the needs of the sectors – competitiveness, sustainability and internationalisation policies.

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The Portuguese Government has announced an all-embracing rescue package aimed at solving the crippling crisis in the country's real estate and construction sectors.

The programme of 50 new measures is designed to produce more financial aid, increase possibilities to expand business at international level, streamline the training of employees linked to the two sectors, and boost the employment rate.

In an inspirational statement, the Minister of Employment, Álvaro Santos Pereira,

said: "Today is a day of change in an important sector for our country and indispensable for economic reform, growth and creation of jobs."

His message came after the signing, in Lisbon, of the official document of commitment (*Compromisso para a Competitividade Sustentável do Sector da Construção e Imobiliário*) with the *Confederação Portuguesa Construção e do Imobiliário* (Portuguese Confederation of Construction and Real Estate).

The minister added: "The pledge we are making today is not a return to the past but an open road leading to a more sustainable future."

Álvaro Santos Pereira said that the Government's stance is in response to the glaring need for more competitive and more sustainable forces in the construction sector.

He also emphasised that the Government refuses to adopt a defeatist policy based on seeking outside bailout assistance and added: "The politics of austerity always has to be accompanied by measures that produce and accelerate growth and create employment."

"We are creating a consensus that will make possible an ambitious agenda for the present and for the future. The time has come to fundamentally rely on the skills and

qualifications of the people and on new policies in the cities," he said.

He also pointed out that the construction and real estate sectors had responded to the crisis with a growing desire to develop a more international outlook, and a good illustration of this shift of awareness was a property construction contract between Algeria and Portugal worth €4 billion euros.

"Examples such as this are only possible if there is co-operation between the Government and the companies and the Government is 100% open to economic diplomacy, not only for major companies but small or medium size entities."

Standing firm is the Government pledge to help municipal authorities pay debts to builders, and to this end €750 million is already contracted via the *Programa de Apoio à Economia Local* (Local Economy Support Programme), a local help route for authorities struggling to pay suppliers including the construction trade.

"The Government is conscious of the importance of this sector but also aware of the necessity to consolidate public spending," he said.

On this note, the Secretary of State for Public Works, Transport and Communications, Sérgio Monteiro, added:





solve property and



Minister of Economy, Álvaro Santos Pereira (right), with the President of the Portuguese Confederation of Construction and Real Estate, Reis Campos, during the signing of the "Compromisso para a competitividade sustentável do setor da construção e imobiliário" in Lisbon

"Building and construction without proper planning can lead to financial complications difficult to solve."

He said this prompted the necessity of the government creating a commission to study planning within the sector, including also the *Novo Regime do Arrendamento Urbano* (NRAU – New Urban Rental Act)

He said the Government wants to save €250 million in contributions this year to meet estimates for works envisaged for the next five years.

Projects for urban rehabilitation, internationalisation and professional training within the construction sectors are part of the programme which embraces existing measures, although the majority are new.

Earmarked for urban rehabilitation is €335 million through the *Quadro de Referência Estratégica Nacional* (QREN – EU funding programme) and in June 2013 a further €188 million is to be available for "sustainable and responsible projects".

António Almeida Henriques, Secretary of State Attached to Economy and Regional Development, emphasised that the government's action was not a "palliative" (sweet pill) but reflected a new ambition

with responsible strategies, lacking in the past, underlining the fact that Portugal had to retrieve its reputation for economic potential within the construction and real estate sectors on the international platform, which had receded in the last 10 years.


He stressed that these sectors play a crucial role in the recovery of growth in Portugal, where they account for more than 18% of GDP and more than 600,000 jobs.

With the intention of internationalising Portuguese companies in the construction and real estate industry, the government's programme of measures, under the banner of QREN, is aiming to increase business in promising overseas markets, such as northern Africa, Angola and Mozambique.

Among the measures to combat unemployment, the programme aims to retrain people in other areas of work to transfer them to the construction or real estate sectors and its ramifications.

The new programme also aims to provide companies in the construction sector with access to credit lines through the *PME Crescimento* (SME Growth) programme. Furthermore, EU funding to support investment in infrastructure totals around €3.7 billion.

Building blocks for progress



The Portuguese government has announced new measures to help the country's recession stricken construction and real estate sectors || P 4-5