The competitiveness perspective

Strategic Roundtable | INESC BRUSSELS HUB Summer Meeting

May 27th, 2026

Secretary of State for the Economy, João Rui Ferreira

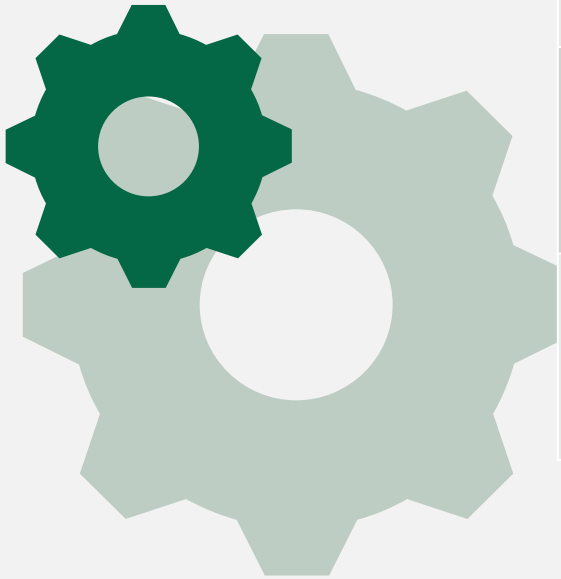
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ECONOMIA E COESÃO TERRITORIAL

Portugal's economic positioning within the European competitiveness agenda

The European Competitiveness Framework

Pillar	Purpose	Key Focus Areas	Implications
Competitiveness Compass	Set EU strategic direction (2025–2029)	Innovation gap, decarbonisation, reduced dependencies	Aligns innovation, sustainability, and resilience agendas
EU Competitiveness Fund	Integrate and scale EU investments	Research-to-industry pipeline, mixed funding tools	Improves scale-up and industrial deployment
Member State Alignment	Ensure national strategies support EU goals	Partnerships, scale, niche specialisation	Smaller countries must leverage EU ecosystems



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Sources: The Draghi Report (Sept 2024) identified a €800B annual investment need to close Europe's competitiveness gap — scale requirements that materially alter the competitive positioning of Member States within EU industrial policy.

Portugal’s Strategic Choices Whitin the EU Framework

Leverage RRP & EU funds to upgrade firm capabilities

Scale-up support for mid-tier firms to close the frontier-laggard productivity gap. Redirect public R&D subsidies toward commercialisation and technology diffusion.

Build coalitions for EU-scale competitiveness instruments

Portugal's size limits unilateral access to the European Competitiveness Fund. Strategic alliances with Iberian and southern EU peers are essential to meet scale criteria.

Specialise in high-value niches aligned with EU priorities

Industrial decarbonization capabilities; Digital and AI-enabled infrastructure; Maritime and Atlantic industrial technologies; Clean energy and electrification value chains. These align with the Competitiveness Compass's sectoral priorities.

Modernise the regulatory environment to attract investment

Streamline administrative processes, liberalise professional services, and reduce product market regulations — preconditions for scaling innovative firms at EU level.

The Challenge of Scale

Countries like Portugal face a structural tension: ***EU frameworks reward scale, yet national economies are better positioned through specialisation and coalitions.***

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Source: Direção-Geral da Economia (DGE)

Why Portugal? What we have and what we are doing?
Our case as Europe's Atlantic Gateway

Structural advantages. A concrete value proposition

Detail next

Strategic location in the heart of Europe



+265 M people
Bridge to Portuguese-speaking Markets

450 M people
Access to the European Market

Nearest European country to **US & Canada** working as **atlantic Gateway** for LATAM & Africa

Recognition

The Economist
Portugal was recognised as the 2025 "Economy of the Year"

fDi Intelligence
#10
Top Destination for FDI in Europe 2024

EY
#9
Top Destination for FDI in Europe 2024

Talent

~30%
of university students are enrolled in **STEM degrees 2024-2025**

4
Engineering Schools among Europe's Best 50 2024

6
Business Schools Among Europe's Best 2025

FT FINANCIAL TIMES

Strategic sectors

- Aerospace
- Mobility
- **Tech & Digital**
- Advanced Manufacturing
- Business Services
- Life Sciences

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Source: AICEP

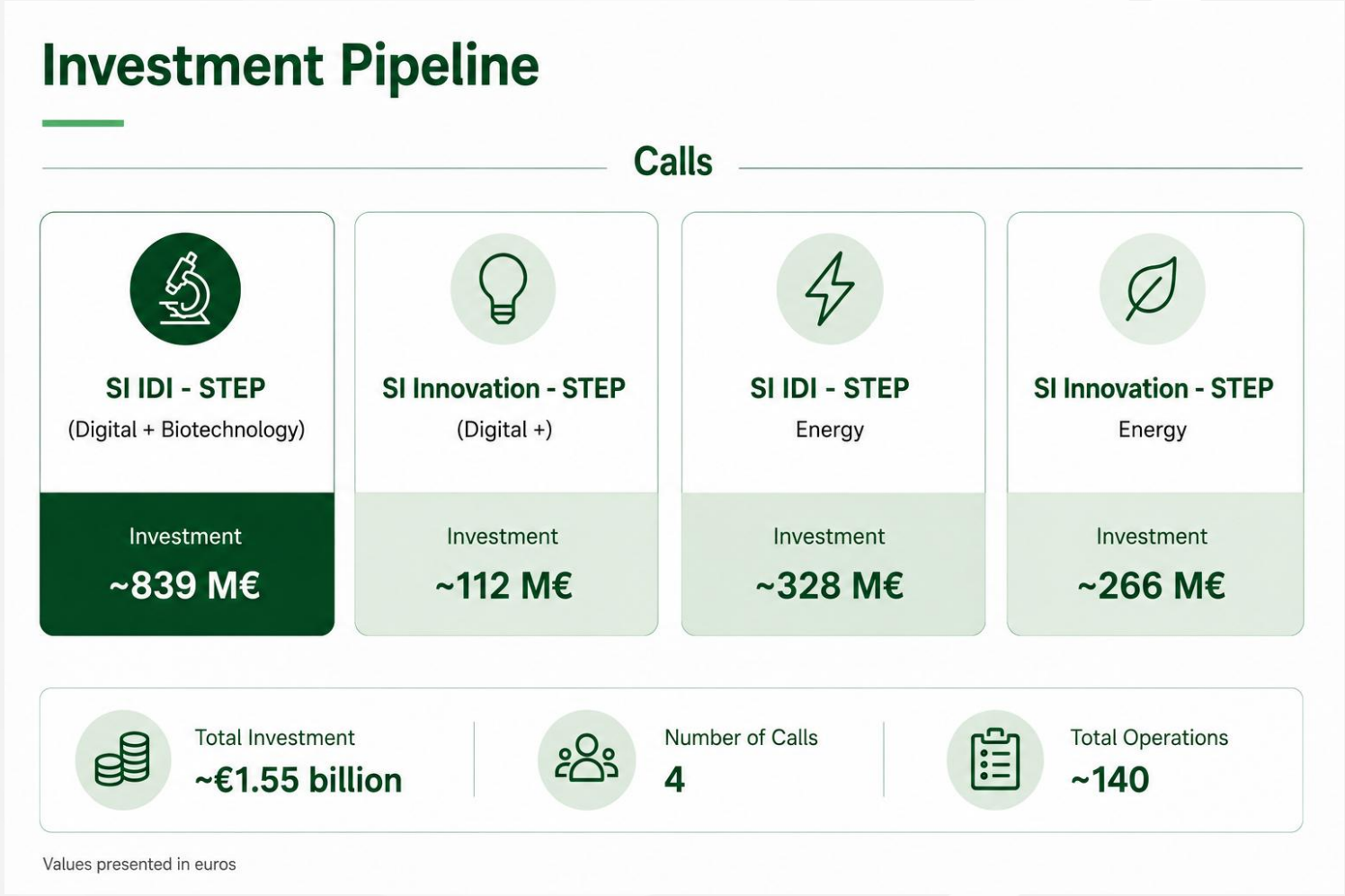
Strategic Technologies for Europe Platform | STEP

Support the development or manufacturing of critical technologies throughout the Union, or safeguarding and strengthening their respective value chains, in the following sectors:

- → **Digital technologies and deep tech innovation**
- → **Clean and resource efficient technologies**
- → **Biotechnologies**

Investment over 1,5 billion

Support the development of skills to promote quality jobs and lifelong learning in strategic technologies.

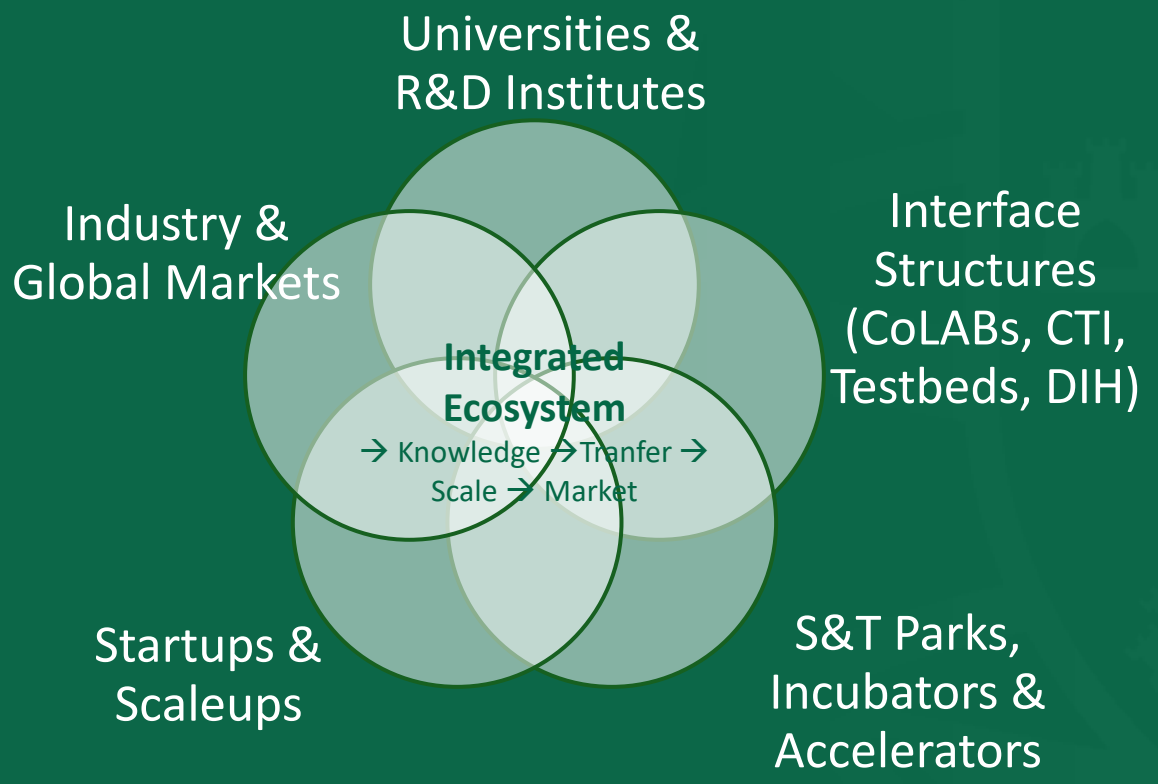


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Source: COMPETE 2030

Portuguese science–industry interface ecosystem

Portuguese science–industry interface ecosystem



Source: Agência Nacional de Inovação (ANI).

Strenghts:Strong science base and interface diversity

- **Critical mass in advanced technologies; Diverse institutional actors EU integration**: high participation in collaborative R&D projects and networks
- **Growing startup ecosystem** (e.g., unicorns like Tekever, Feedzai)
- **Skilled talent** and **competitive costs**

Breakpoints: from Knowledge to Value

- **Fragmentation & coordination gaps**: limited scale & limited coordination across actors
- **Technology transfer bottlenecks**: discontinuities along the knowledge value chain
- **Valley of death funding gap**: insufficient intermediate stages funding
- **Low SME absorption capacity**: SMEs with limited R&D integration
- **Misaligned incentives**: academic vs. market-oriented organizational culture

Reform of the Research and Innovation System
Agency for Research and Innovation (AI²)

Revision of the Science Law

- **Consolidation and clarification** of the role of the different entities of the **National Science**, Technology and Innovation System (SNCTI)
- **Incentives** to strengthen the link between **Research and Innovation**



Creation of AI² through merger of FCT and ANI

- **Stability** and **predictability** in **research funding**: **multiannual contracts** and medium- to long-term planning
- Integration of the **entire value chain** between Research and Innovation

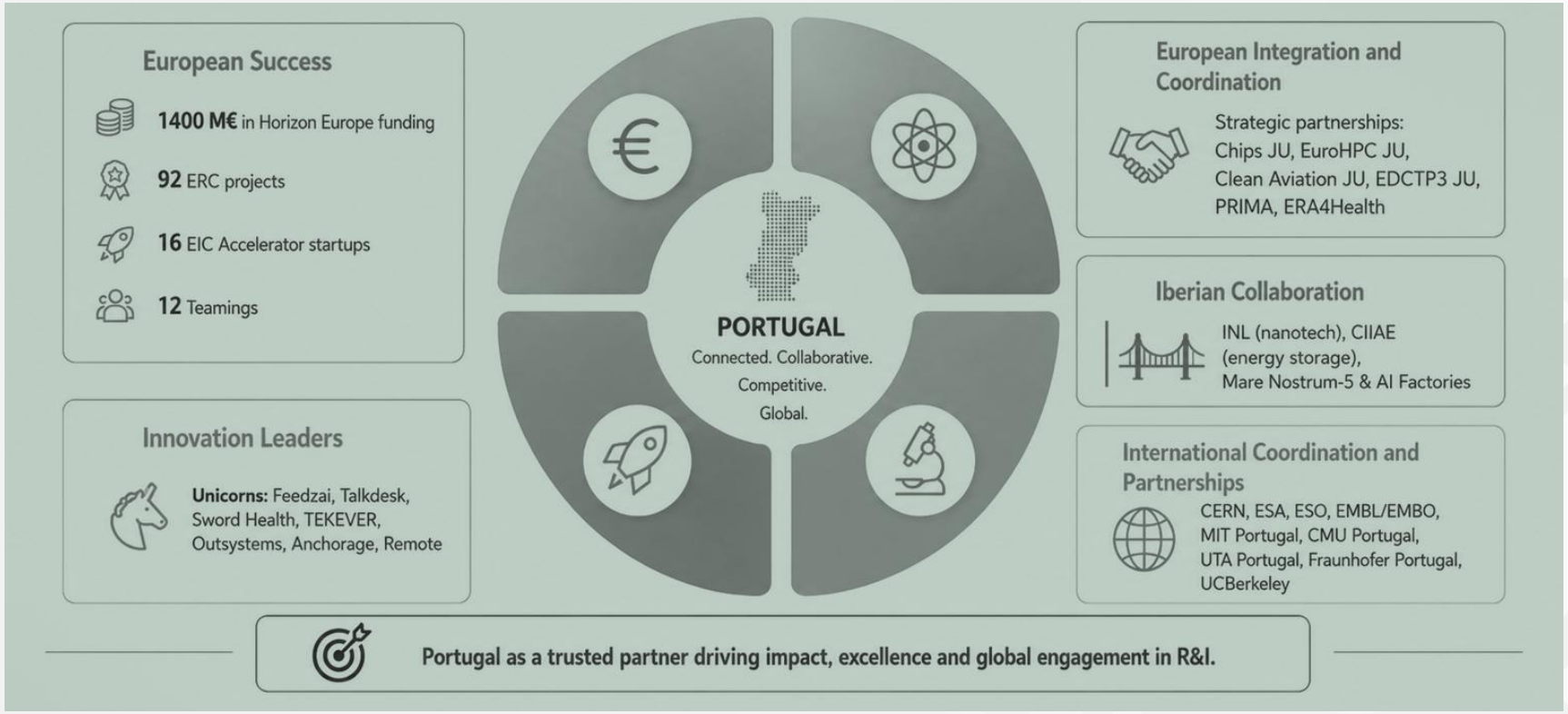
FCT, I. P.
Fundação para a Ciência e a Tecnologia

ANI, S. A.
Agência Nacional de Inovação

→ **AI², E.P.E.**
Agência para a **Investigação e Inovação**

Strategic domains with higher ambition potencial at EU Level

Portugal in European and International R&I ecosystems



Illustrative PT projects

ENERGY



Project Information

HYFUELUP
Grant agreement ID: 101084148

DOI
10.3030/101084148

EC signature date
4 October 2022

Start date: 1 November 2022
End date: 31 October 2026

Funded under
Climate, Energy and Mobility

Total cost
€ 11 573 443,92

EU contribution
€ 10 294 334,44

Coordinated by
BIOREF LABORATORIO COLABORATIVO PARA AS BIORREFINARIAS
Portugal

DIGITAL -Chips

Project Information

PIC-FAST
Grant agreement ID: 101145256

DOI
10.3030/101145256

EC signature date
20 February 2024

Start date: 1 March 2024
End date: 28 February 2027

Funded under
The European Innovation Council (EIC)

Total cost
€ 3 491 968,75

EU contribution
€ 2 444 378,10

Investment in EU policy priorities

Digital agenda	●	Clean air	○
Artificial Intelligence	○	Climate action	◐
Biodiversity	○		

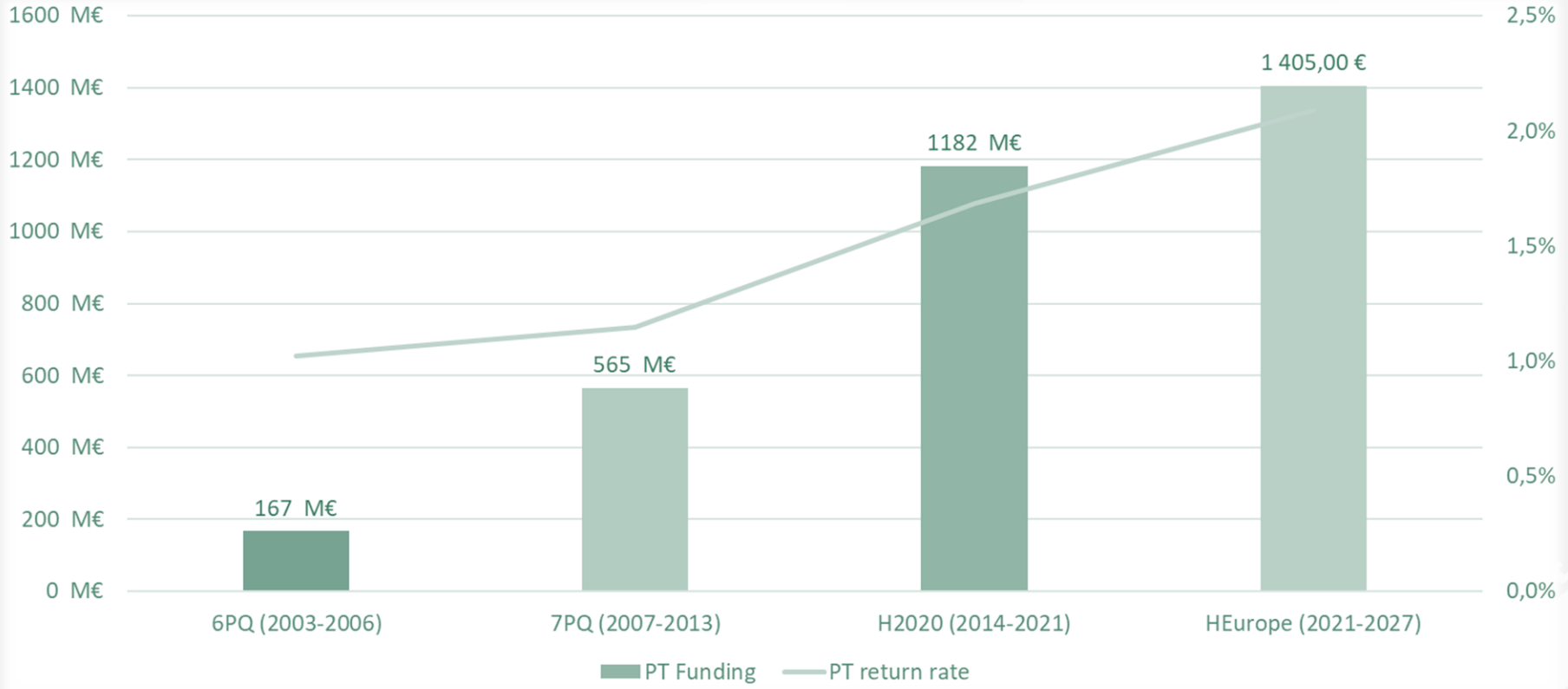
Coordinated by
PICADVANCED, SA
Portugal

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Sources: Agência Nacional de Inovação (ANI); eCorda.

Strategic domains with higher ambition potencial at EU Level

the Portuguese participation in the Framework-Programme



1405 M€

PT funding – 14th place
2504 Projects
2.09% return rate

15.6%

Proposals success rate

EU 15.0 %

Sources: eCorda

Startup Ecossytem

Startups as a Mechanism for Knowledge Valorisation

5,091
active startups (+8% YoY, 2025)

€2.9B
combined turnover

28,000
direct jobs created

8
unicorns of Portuguese origin

Types of Science & Technology-Based Startups

Deep Tech Spinoffs from Academia

Startups built on university IP — IST/Técnico, UPorto, UMinho, INESC group. E.g. Tekever (UAVs, IST spinoff) and Storming Universe (AI drones, SYSTEC/UPorto).

AI & Cybersecurity

Feedzai (ML fraud detection, contracted by the European Central Bank for the digital euro). OutSystems (enterprise low-code platform, publicly traded on NYSE since 2021).

Health Tech & Biotech

Sword Health (AI-powered physical therapy, operating across Europe and US). Clinical validation leverages the EU Single Market as launch platform.

Main Bottlenecks to Growth & Scale-Up

Late-stage capital gap

Funding concentrated at seed/Series A. Growth rounds (>€5M) require international VCs — limited local capital for scale-up.

IP commercialisation speed

Tech transfer from research labs to market-ready companies slower than in leading EU ecosystems (FR, DE).

Talent retention

Shortage of senior tech profiles; competition from international firms relocating HQs or R&D hubs to Lisbon and Porto.

Sources: Startup Portugal (2025); Dealroom / StartupBlink Ecosystem Report 2025; Portugal Startup News (Nov 2025); INESC-ID; Técnico Lisboa / IST

Portugal as a European Platform for Experimentation & Scale-up

Illustrative cases – European & Global Ambition

Tekever

Unicorn | NATO Partner

Defence Tech · IST / Técnico Lisboa Spinoff

- Founded 2001 by IST students; specialised in UAV surveillance systems since 2010.
- Europe's leading provider of unmanned aerial systems for maritime patrol.
- Active NATO partner; deployed across EU borders and Atlantic patrol corridors.
- Achieved unicorn status (>€1B valuation) in 2024.

Feedzai

Unicorn | ECB Partner

AI / FinTech · CMU Portugal Research Programme

- Founded 2011 by Portuguese engineers from the CMU Portugal bilateral programme.
- AI-powered fraud & financial crime platform used by global banks and payment networks.
- Contracted by the European Central Bank to support the digital euro security layer.
- Total funding raised: ~$355M. Unicorn since March 2021 (Series D). Now operating in the US, Europe and APAC markets.

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Portugal combines scientific talent, an open regulatory environment and consistent public policy to serve as Europe's testbed for innovation.

Sources: Startup Portugal (2025); Dealroom / StartupBlink Ecosystem Awards 2025; FT Europe's Leading Startup Hubs 2026; CMU Portugal; ECB; Técnico Lisboa; Portugal Startup News

Key Messages for European Decision-Makers

Key Messages for European Decision-Makers

"Competitiveness in smaller European economies increasingly depends on scale, diffusion and productive integration"

Productivity Dispersion is a Systemic European Competitiveness

Portugal's within-firm productivity growth mirrors a broader European pattern.
Closing the frontier-laggard gap requires EU-level coordination on technology diffusion, not just national effort.

Firm structure shapes EU competitiveness capacity

*A **high concentration of employment in micro-firms** — a feature shared across southern Europe — **limits Europe's collective capacity to compete at scale**. EU frameworks must include instruments tailored to productive small firm ecosystems, not solely large champions.*

Access conditions must reflect structural diversity

*Scale requirements embedded in EU competitiveness instruments risk excluding **cohesion economies**. Access conditions should account for structural heterogeneity across Member States and innovation systems - **differentiated access conditions that reward structural reform trajectories and sectoral specialisation, alongside raw size or R&D expenditure.***

Reform momentum deserves European recognition

***Portugal's fiscal consolidation, labour market gains and RRP execution demonstrate reform credibility**. European instruments should recognise and reinforce this trajectory — making competitiveness-oriented reform a pathway to deeper EU integration and investment access.*



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