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Dissertation Title

Foreign investment in the Portuguese art market in the context of the legislation on residency: obstacles and potential growth perspectives

Students' name

Pavel Riabov

Master in Art Markets

Supervisor:

PhD. Luís Urbano de Oliveira Afonso, Senior Associate Professor,
School of Arts and Humanities of the University of Lisbon

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Abstract

This thesis explores foreign investment in the Portuguese art market within the framework of residency legislation. The study highlights the potential and challenges associated with attracting international capital, specifically through the Golden Visa program. The research begins by examining the art markets in the USA, UK, France, and China, drawing comparisons to Portugal's unique cultural and legislative environment. It underscores the significance of Portugal's cultural heritage, government policies, and the existing legal framework in shaping the art market. The role of art patronage is analyzed as a strategy for attracting foreign investment, with historical and contemporary perspectives provided. Practical insights are offered through a comparative analysis of Golden Visa programs and interview with industry practitioner. The study also investigates the implementation of digital platforms as tools for enhancing investment appeal. Findings reveal that while Portugal has a rich cultural landscape and supportive policies, several obstacles, including financial limitations, competition with established art markets, and the need for greater international recognition, must be addressed. Recommendations are proposed to enhance Portugal's attractiveness to foreign investors, including improved government-business partnerships, cultural exchanges, legislative reforms, and digital innovation.

Keywords:

- Foreign investment
- Portuguese art market
- Golden Visa program
- Art patronage
- Residency legislation

Abstrato

Esta tese explora o investimento estrangeiro no mercado de arte português no âmbito da legislação de residência. O estudo destaca o potencial e os desafios associados à atração de capital internacional, especificamente através do programa de Visto Gold. A pesquisa começa por examinar os mercados de arte nos EUA, Reino Unido, França e China, fazendo comparações com o ambiente cultural e legislativo único de Portugal. Enfatiza a importância do património cultural de Portugal, das políticas governamentais e do quadro legal existente na formação do mercado de arte. O papel do mecenato artístico é analisado como uma estratégia para atrair investimento estrangeiro, com perspetivas históricas e contemporâneas fornecidas. Perspetivas práticas são oferecidas através de uma análise comparativa dos programas de Visto Gold e entrevista com profissional do setor. O estudo também investiga a implementação de plataformas digitais como ferramentas para aumentar o apelo do investimento. Os resultados revelam que, embora Portugal tenha uma paisagem cultural rica e políticas de apoio, vários obstáculos, incluindo limitações financeiras, competição com mercados de arte estabelecidos e a necessidade de maior reconhecimento internacional, devem ser enfrentados. São propostas recomendações para aumentar a atratividade de Portugal para investidores estrangeiros, incluindo parcerias melhoradas entre governo e empresas, intercâmbios culturais, reformas legislativas e inovação digital.

Palavras-chave:

- Investimento estrangeiro
- Mercado de arte português
- Programa de Visto Gold
- Mecenato artístico
- Legislação de residência

Contents

Chapter 1. Attracting foreign capital to national art markets	4
1.1 Experience of different countries (USA, UK, France, China)	4
1.2 Role of cultural and artistic heritage in Portugal's art market.....	11
1.3 Government policies and legal framework in Portugal's art market.....	13
1.4 Foreign investment in Portuguese art market	15
1.5 Challenges in attracting foreign investment and opportunities for growth in the Portuguese art market.....	16
Chapter 2. Art patronage in Portugal as a strategy for attracting foreign investment	20
2.1 Background of patronage	20
2.2 Historical overview of art patronage in Portugal	21
2.3 Contemporary art patronage landscape	23
2.4 Patronage as an incentive for foreign investors	27
2.5 Procedures and types of projects that can be offered to foreign investors.....	29
2.6 Obstacles and potential growth perspectives in attraction of foreign patrons	35
Chapter 3. Practical analysis of foreign investment in the Portuguese art market	42
3.1 Comparative analysis of Golden visa programs in the European Union	42
3.2 Analyzing practitioner views on enhancing Portuguese art market investment	46
3.3 Implementation of digital platforms to attract foreign investment in the Portuguese art market.....	52
Conclusion	60
References.....	64
Annex.....	67

Introduction

The intersection of art and investment has long been a subject of significant interest, particularly in the context of national art markets. One compelling example is the Portuguese art market, which has gained attention due to its rich cultural heritage and evolving legislative framework aimed at attracting foreign investment. This thesis explores foreign investment in the Portuguese art market, particularly within the framework of legislation on residency.

The topic of foreign investment in art markets is of paramount importance for several reasons. Firstly, art markets are not merely commercial entities; they are cultural barometers that reflect and shape national identities. In Portugal, art and cultural heritage are deeply intertwined, with historical art forms such as azulejos and contemporary expressions existing side by side. The Portuguese government has recognized the potential of its cultural assets and has implemented policies to foster an environment favorable to foreign investment. These policies include the Golden Visa program, which offers residency in exchange for significant investment in the arts and cultural heritage sectors.

The importance of foreign investment in the art market extends beyond financial benefits. It fosters cross-cultural exchange, enriches the local art scene, and promotes the global dissemination of cultural values. By attracting foreign capital, Portugal can enhance its cultural institutions, support local artists, and ensure the preservation and innovation of its artistic heritage. This makes the exploration of foreign investment in the Portuguese art market not only an economic inquiry but also a cultural and social one, highlighting its multifaceted impact on the nation's identity and global cultural standing.

The primary research goal of this thesis is to comprehensively evaluate the potential and challenges of attracting foreign investment into Portugal's art market within the framework of its residency legislation, particularly through the Golden Visa program. This research aims to identify the legislative, bureaucratic, and market obstacles hindering such investments, analyze successful practices from other countries, and propose strategic recommendations tailored to Portugal. By doing so, the study seeks to enhance Portugal's attractiveness to international investors, thereby fostering economic growth, cultural preservation, and the development of a sustainable art market.

The research conducted in this thesis seeks to address several questions that explore the dynamics of foreign investment in the Portuguese art market within the context of residency

legislation. These questions aim to unravel the complexities and potential growth perspectives of attracting international capital to Portugal's art scene.

1. How does the existing residency legislation impact foreign investment in the Portuguese art market? This question examines the role of Portugal's residency laws, particularly the Golden Visa program, in influencing the decision-making processes of potential investors. It seeks to understand the extent to which these legal frameworks facilitate or deter investment in the art market.

2. What are the primary obstacles that hinder foreign investment in the Portuguese art market? This question aims to identify and analyze the various barriers—economic, legal, cultural, and logistical—that foreign investors encounter when considering investments in Portugal's art sector.

3. What are the growth opportunities available for increasing foreign investment in the Portuguese art market? This question explores the potential avenues for growth and development within the art market. It aims to identify strategies, policies, and initiatives that could enhance the attractiveness of Portugal as a destination for art investment.

The methods used in this research are designed to provide a full understanding of the current landscape, identify challenges, and propose strategic interventions.

Firstly, the method of summarizing scientific literature will be extensively utilized to analyze the current state of scientific discussions on topics relevant to this research. This method involves a thorough review of existing literature and articles to gather insights on how foreign investment impacts art markets globally and in Portugal specifically.

Secondly, methods of statistical and quantitative data analysis are employed to evaluate the quantitative aspects of the art market and investment trends. This includes analyzing statistical data on art investment flows, market volumes, and economic indicators pertinent to the Portuguese art market.

Thirdly, methods of comparative analysis are used, particularly in Chapter 3, Part 1, where a detailed comparison of Golden Visa programs across different European Union countries will be conducted. This comparative analysis highlights the unique features, advantages, and disadvantages of each program, allowing for a critical evaluation of how Portugal's program stands in relation to its counterparts.

The interview method is another crucial component of this research. In Chapter 3, Part 2, interview with an attorney is conducted to gather qualitative data on his attitude towards foreign investment and the impact of migration legislation. This method allows for in-depth exploration

of personal experience, perception, and suggestion from a person directly involved in the market.

Lastly, the case study method is applied in Chapter 3, Part 3 to examine the implementation of digital platforms to attract foreign investment to Portugal's art market. This involves the development and analysis of a dedicated website designed to promote the Golden Visa program. This method provides concrete examples of how digital platforms can facilitate investment, making the complex process more appealing and manageable for international investors.

The findings of this study are expected to contribute significantly to the field of art market studies by offering a comprehensive evaluation of how foreign investment can be effectively integrated into the Portuguese context. The research not only identifies current challenges but also suggests practical solutions and strategic initiatives that can enhance the attractiveness of the Portuguese art market.

Through this research, the thesis hopes to provide actionable insights that can help policymakers, art market stakeholders, and potential investors understand the complexities and opportunities within the Portuguese art market. Ultimately, this research aims to contribute to the growth and preservation of Portugal's cultural heritage by facilitating a more efficient and investor-friendly environment.

Chapter 1. Attracting foreign capital to national art markets

1.1 Experience of different countries (USA, UK, France, China)

United States

The United States is the most important player in the art market, a leading role that was reinforced after Brexit (Hallett, 2023). The success of the U.S. art market is supported by its strong setup, which includes famous museums, top galleries, and big auction houses. New York is often called the art capital of the world and is home to major events like The Armory Show, TEFAF New York and Frieze New York. These events attract collectors, investors, and art lovers from all over the world and are great places for people to meet, make deals, and start partnerships that go beyond the U.S. The art world in the United States, especially in big cities like New York, Los Angeles, San Francisco, Chicago and Miami, really stands out and shows how important the country is in the art market (Durón, 2022). The U.S. government is also doing its part by introducing special tax laws to help the art market grow. These actions are meant to bring in more investors from other countries and improve cultural connections, showing that the U.S. is really dedicated to keeping its art scene vibrant and diverse.

In a competitive landscape, the United States has secured a leading role, thanks to its rapidly evolving art market infrastructure. This includes leveraging technological advancements, creating innovative art forms such as modern and virtual art (including online communities, web design, and digital installations). For instance, the Smithsonian American Art Museum offers virtual reality (VR) tours, allowing global audiences to explore its collections from anywhere in the world. Platforms such as DeviantArt and Behance have emerged as essential spaces for artists to display their creations, network with peers, and achieve global recognition.

These communities support a wide range of art forms, from traditional paintings to digital art and web design.

The U.S. offers specialized visas, such as the O-1 visa, for individuals who demonstrate extraordinary ability in their field, including the arts. The O-1 visa is specifically designed for artists, entertainers, and others with a high level of expertise, allowing them to work in the U.S. temporarily. By allowing these individuals to work in the U.S., the visa enhances cultural exchange and brings fresh perspectives to the American art scene. This influx of international talent can attract more global attention and investment to the U.S. art market, as foreign artists often bring with them networks of collectors, investors, and art enthusiasts from their home

countries. The presence of these artists in the U.S. not only enriches the cultural landscape but can also lead to increased sales, exhibitions, and collaborations, thereby boosting the overall vitality and appeal of the U.S. art market to a wider international audience. (Sethi & Mazaheri LLC., n.d.)

Both governmental and private initiatives play crucial roles in this ecosystem. The "Art in Embassies" program, initiated by the Museum of Modern Art in 1953 and formalized by President John F. Kennedy in 1963, is a prime example of a governmental effort that promotes cultural exchange and enhances the visibility of U.S. art globally. This program has engaged over 20,000 individuals in visual arts exchanges and exhibitions across 189 countries. This not only builds good relationships between countries but also lets people from all over the world talk about American art. Because more people see and talk about U.S. art, investors from other countries become interested in the American art scene. They see it as an exciting and well-known place to invest in. So, by sharing U.S. art around the world, the program makes the American art market more attractive to buyers and investors from different countries. (U.S. Department of State., n.d.).

The U.S. art market offers certain advantages over the EU in terms of the legal framework for selling and reselling art, primarily due to differences in legislation and market practices. In the EU, artists are entitled to a royalty (*Droit de Suite*) each time their work is resold through an auction house or gallery, which can affect the final cost for the buyer and reduce the seller's profit. The U.S. does not broadly apply such resale rights, making it more financially attractive for sellers and investors, as they can retain a larger portion of the sale price. Moreover, the EU applies VAT on art sales, and the rates can be significant, varying from country to country. Additionally, importing art into the EU can incur import duties. The U.S. generally doesn't have import duties on art and does not apply a federal sales tax on art sales, though some states may impose their own taxes. Overall, the tax burden on art transactions is lower in the U.S.

United Kingdom

London has always been a key player in the global art world, known for its rich cultural history and bustling market that draws artists, collectors, and investors from all corners of the globe. The city is home to famous museums like Tate Modern and National Gallery of Art, as well as big auction houses such as Sotheby's and Christie's. London's art scene is lively and diverse, with international exhibitions like Frieze London attracting people worldwide. However, since the UK left the EU, there have been some new challenges and opportunities that are changing the way the UK interacts with the international art market.

Brexit has brought some uncertainty to the UK's art market, affecting how investments flow and the smooth movement of art and artists. New customs rules and taxes on art coming from the EU have made things more complicated and expensive for galleries and collectors. Before, the UK had the lowest import VAT rate on art in the EU at 5%, making it an ideal entry point for art coming into the customs union. (Hallett, 2023)

The uncertainties caused by Brexit and the global pandemic have made investors and collectors more careful, with many leaning towards more secure and established art investments. Also, London is facing tough competition from other art centers in Europe, like Paris, and in Asia, like Hong Kong. To respond, the UK government has started some policies to make its art market still appealing internationally, including changes to visa policies to attract talent from abroad.

The UK has implemented the Global Talent Visa as a strategic initiative to bolster its art market and attract international talent, including those from the arts and culture sectors. This visa is designed for individuals recognized as leaders or potential leaders in their fields, providing them the opportunity to work in the UK for up to five years, with the possibility of extension or even settlement under certain conditions. The Arts Council England is one of the endorsing bodies for arts and culture applications, assessing applicants' eligibility based on their contributions and potential in their respective fields. (Fatima, T., 2024)

After Brexit, there have been some changes to how art imports are taxed, but the overall system still favors the art trade. The UK has kept a 5% import VAT rate for art from both EU and non-EU countries, keeping its position as an attractive place for importing art. Mainstream art categories are still free from customs duty, and the UK has kept some EU customs laws, like the returned goods relief, which makes it more tax-efficient for art to move across borders. (Dolder, A., 2021)

To support artists, the UK government has set up various programs, such as the X-UK project, which aims to promote creative industries both inside and outside the country. This five-year program plans to buy works from emerging British artists to display in UK embassies and government buildings worldwide, giving artists international exposure and boosting the UK's creative sector's global reputation, potentially attracting foreign investors interested in the UK art scene. (Department for Digital, Culture, Media & Sport, Shailesh Vara MP, The Rt Hon Robert Buckland KC MP, Lord Parkinson of Whitley Bay, and Iain Stewart MP., 2022)

The UK government is also trying to help the art world by not using some of the strict EU rules about bringing in cultural heritage goods from other countries. The EU has these rules to stop illegal trade of ancient items by making sure that anyone bringing such items into the EU

can prove they have the right to do so. If the paperwork isn't correct, EU officials can seize these items, which makes it tough to trade them. But since the UK isn't following these EU rules anymore, it could keep its strong position in selling ancient artifacts, compared to other countries like the USA, where the rules might not be as strict.

Moreover, to make things simpler, the UK has decided to adjust the rules for exporting art. Now, artworks like paintings need to have a higher value, £180,000 instead of £132,000, before needing special permission to be sent abroad.

Brexit also gives a chance to review and possibly change regulations that could benefit the UK art market. There's an opportunity to update the legal rules for art trade, maybe changing or removing EU rules about imports, exports, and artists' resale rights. Lowering or getting rid of the import VAT, which is currently 5%, could make the UK more competitive and attract more global sales. (McAndrew, C., 2018)

France

France, known for its rich cultural heritage with Paris at the heart of it, showcases the power of heritage in driving international demand in the art market, highlighting the influence of cultural assets on global art transactions. Paris is right up there with New York and London as a big name in the global art world, home to famous places like the Louvre and the Pompidou. The French government plays a big role in this success by giving lots of support to the arts, including money, tax breaks for artists and buyers, and rules to keep national heritage safe while also encouraging new art.

One big draw for the art market in France is the really low import tax on art, just 5.5%, which was even lower than before when it was 10%. This number is considerably lower than other wealthy EU countries with established art industries, such as Germany (19%), Spain (21%) and Italy (22%). Prior to Brexit, the UK's 5% VAT import tax was the EU's lowest, but its departure from the union has since positioned France "as the sole entry point for global players into the EU," says Franck Prazan, the director the Paris gallery Applicat-Prazan. (Jhala, K., 2023). This makes buying art more affordable and is much less than what other EU countries with big art scenes charge.

Brexit has also had a notable impact on the art market in France, particularly in Paris, where the scene has experienced a resurgence of activity and interest. The uncertainty and changes brought about by Brexit have led to logistical challenges and increased costs for moving artworks between Britain and mainland Europe. This has made Paris an increasingly attractive hub for galleries and artists looking to avoid these complications. (Reuters, 2019).

After Brexit Paris has seen a strengthening of its gallery scene, with major international galleries such as David Zwirner, Gagosian, and White Cube opening branches in the city. The primary market in Paris has benefited from this influx, enhancing the city's appeal as a center for contemporary art. This movement is supported by a local clientele and institutions with significant purchasing power, such as the Bourse de Commerce, backed by François Pinault. (Reyburn, S., 2023)

But the new EU directive seeks to set the import sales tax of goods, including works of art, at 20% for all EU members, and also derail a "Margin Scheme" widely used by French dealers that reduces the amount of VAT paid on works of art. The margin-based VAT typically applies to resellers unable to deduct this tax from the purchase cost of the goods they resell, such as in the case of second-hand items. It consists of collecting VAT only on the margin it makes on its buy-resale transaction. (FBA Team., 2020)

Although the regulation impacts all 27 EU member states, France stands to suffer disproportionately. The country is currently experiencing an art market renaissance: its share of global art sales has risen from 3% in 2001 to 7% in 2024, and it now accounts for more than a half of the EU's market. (Dr. Clare McAndrew, 2024).

China

In the last few years, China's art world has really changed a lot, becoming very important internationally. This is mainly because of China's fast-growing economy and the appearance of a middle class that's very interested in spending money on art. Big cities in China, like Beijing and Shanghai, are at the center of all this art activity. For example, in Beijing, there's a place called the 798 Art Zone, and in Shanghai, there are big art events like the Shanghai Contemporary Art Fair that show off Chinese art to the whole world.

To help the art scene grow even more, China has come up with different ways to attract money from other countries, like making special art areas and cultural districts. The 798 Art Zone in Beijing, which used to be a factory, is now a lively area full of art galleries and shows that mix old Chinese art with new styles. This zone now hosts numerous art institutions and galleries, organizing hundreds of exhibitions annually, and has seen a shift towards incorporating traditional Chinese cultural elements into contemporary art. (Li, Q., 2021) Another place, Xiaozhou Village in Guangzhou, has become known for its art, with many art students and tourists visiting its galleries, cafes, and beautiful spots.

China has established several Free Trade Zones (FTZs) that offer tax benefits, reduced customs duties, and streamlined procedures for the import and export of artworks. These zones,

such as the Shanghai Free Trade Zone, provide a more liberal regulatory environment that is attractive to foreign investors and galleries.

The Shanghai Free Trade Zone has played a significant role in the global exchange of cultural relics and artworks. Since its establishment, the FTZ has facilitated nearly 90 billion yuan (\$12.31 billion) in the import and export of cultural items, with a record 17.6 billion yuan in transactions in just one year. This impressive figure underscores the FTZ's impact on the art market, particularly in streamlining the approval process for exhibits and reducing customs clearance times from over 20 working days to just five, making it the most efficient process in China for cultural relics and artworks. (Tian, S., 2023)

Furthermore, the Shanghai FTZ hosted its first art fair on Oct 12, 2021, showcasing over 200 artworks valued at 300 million yuan (\$46.94 million) from renowned masters like Picasso, Matisse, and Renoir, brought in by 16 galleries from nine countries. This event highlighted the FTZ's capabilities in providing professional services for art trading, including customs clearance, storage, and insurance, which significantly eased the process of bringing valuable artworks into the Chinese mainland (China Daily Global, 2021)

China is really trying to make it a good place for foreign investors, including those interested in art. The State Council of China has issued guidelines that aim to optimize the foreign investment environment. This includes increasing the protection of foreign investors' rights, strengthening the enforcement of intellectual property rights, and providing fiscal support and tax incentives. For example, foreign investors reinvesting their profits back into China can benefit from temporary exemptions from withholding income tax. (Hayley, A., & Wang, E., 2023)

The implementation of "The Foreign Investment Law" in 2020 has been a cornerstone in providing a fundamental legal framework for foreign investments, including the arts. This law safeguards the intellectual property rights of foreign investors and encourages technical cooperation, which can include collaborative art projects and exhibitions that bring together domestic and international artists, fostering a cultural exchange. This helps bring more international art to China and helps Chinese art reach the rest of the world. (Integra Group, 2023)

Additionally, China has made it cheaper to bring some types of art into the country by lowering import taxes. This is good news for foreign artists and galleries who want to bring their art to China, especially for big art shows and sales. Starting from January 1, 2022, China has reduced import taxes on 954 commodities, which were previously subject to higher tariffs. This includes items such as oil paintings and antique artwork, where zero tariffs are imposed

on artworks over 100 years old. This move could significantly lower the cost for foreign artists and galleries looking to bring historical and valuable art pieces into China, making it a more attractive destination for international art exhibitions and sales.

Art has always had the power to connect cultures, but tariffs between the US and China have made this exchange difficult. In early 2018, the US started a trade war with China, leading to heavy tariffs on art and antiquities. This has significantly slowed down the trade, exhibitions, and cultural exchanges between these two countries. For instance, US investments in Chinese contemporary art have drastically decreased, and there are fewer Chinese art exhibitions in the US. The tariffs have varied over time; initially, Chinese art faced a 25% tariff in 2018, which has now been reduced to 7.5%. However, China has also imposed tariffs on American art, ranging from 5% to 20%, depending on the type of art. This situation has affected the art market and cultural exchanges, making it harder for people to access and appreciate art from the other country. (Movius, L., 2023)

The international art markets in the USA, UK, China, and France employ a variety of strategies to attract foreign investment. These include leveraging historic and cultural heritage, offering tax incentives, and creating art zones or freeports to encourage investment. The chart provided in Annex A offers a comparative overview of the key variables that influence international art market activity within the four major economies: the USA, UK, France, and China. It delineates the art market volume in billions of USD, the proportion of national budgets allocated to the arts, the number of galleries, and the various tax obligations such as custom duties, import VAT, and export VAT, as well as *droit de suite* fees. This data is instrumental in assessing each country's commitment to fostering an environment conducive to attracting foreign investors, highlighting the differing strategic approaches taken to enhance their global competitiveness in the art sector.

Firstly, the USA demonstrates a significant lead in art market volume at \$27.2 billion, indicating a robust and large-scale market which may naturally attract foreign investors looking for breadth and depth in opportunities. This is complemented by the absence of custom duties and VAT on art imports and exports, which can be highly appealing to international investors by minimizing additional costs. The UK, while having a smaller market volume of \$10.9 billion, shows a strong commitment to the art sector through a higher percentage of national budget allocation (0.42%) compared to the USA (0.13%). The UK also boasts the highest number of galleries, enhancing its appeal as a vibrant hub for art. However, the imposition of import VAT (ranging from 5% to 20%) and *droit de suite* fees (0.25% to 4%) might deter some investors due to higher transaction costs. France, though having the smallest market volume

among the four (\$4.6 billion), allocates the highest percentage of its national budget to art (0.53%). Similar to the UK, France has import VAT and droit de suite fees, which can be seen as supportive of artists' rights but might also act as barriers to free market operations. China's art market, with a volume of \$12.2 billion, also presents significant opportunities, particularly given its substantial number of galleries, second only to the UK. However, China's market is less open in terms of financial transparency (e.g., absence of budget allocation data) and higher custom and import VAT duties, which could hinder its attractiveness to foreign buyers.

1.2 Role of cultural and artistic heritage in Portugal's art market

Portugal's cultural and artistic heritage plays an indispensable role in shaping its art market, distinguishing it as a unique destination for foreign investment.

Portugal's art market is characterized by a plenty of traditional and modern elements. Historical art forms, such as azulejos, tapestry, and traditional painting, are not only preserved but also reinterpreted by contemporary artists. This interplay between the old and the new creates a market that appeals to a wide range of tastes and preferences. The ability to witness and invest in this continuous dialogue between past and present makes Portugal's art market particularly attractive to those who seek depth and narrative in their collections.

Key cultural institutions and events in Portugal serve as platforms for showcasing the nation's artistic heritage while promoting contemporary artistic expression. The Museu Nacional de Arte Antiga in Lisbon and the Museu de Arte Contemporânea de Serralves in Porto are prime examples, offering comprehensive collections that span historical to modern works.

The Portuguese government, in collaboration with the private sector, has initiated various projects to integrate cultural heritage into the contemporary art scene. Initiatives such as the revitalization of historical districts and the conversion of ancient buildings into modern art spaces not only preserve architectural heritage but also provide unique venues for art exhibitions and events. Once an industrial complex in the Alcântara district, LX Factory has been transformed into a cultural hub. It's now home to art studios, galleries, and creative businesses, making it a prime example of how industrial heritage can be repurposed for contemporary art and culture. Another example is the MAAT, located in Belém, Lisbon, which is an innovative project that combines modern architecture with the historical setting of the Tejo Power Station. The museum focuses on contemporary art, architecture, and technology, creating a dialogue between the old and the new.

Portugal effectively utilizes its cultural and artistic heritage as a marketing tool to attract foreign investors and tourists. Promotional campaigns often highlight the country's historical sites, museums, and cultural festivals alongside contemporary art fairs and gallery exhibitions. Portugal promotes its UNESCO World Heritage Sites, such as the Tower of Belém in Lisbon and the Historic Centre of Oporto. Also, the country hosts numerous festivals that celebrate its diverse cultural heritage, such as the Festa de São João in Porto and the Lisbon Carnival.

Artistic residencies and cultural exchange programs play a significant role in increasing cross-cultural dialogue and enhancing the international appeal of Portugal's art market. These programs attract foreign artists to live, work, and exhibit in Portugal, facilitating the exchange of ideas and techniques between local and international artists. Besides Lisbon's LX Factory Artist Residency, there are also Arquipélago and Zaratan. Located in the Azores, Arquipélago is a contemporary arts center that emphasizes the connection between the local and the global through its residency programs. Artists from around the world are invited to explore the unique geography and culture of the Azores, often leading to innovative art that reflects themes of nature, isolation, and connectivity. The center hosts exhibitions and workshops, encouraging dialogue between international artists and the local community. Zaratan offers a residency program that is deeply embedded in Lisbon's artistic landscape. By providing a space for international artists to develop their work, Zaratan fosters an environment of cultural exchange and creative experimentation. The residency often includes public presentations, exhibitions, and open studio visits, enabling a wide exchange of ideas and techniques between visiting artists and the local art community.

The integration of cultural and artistic heritage into Portugal's contemporary art market has a positive impact on foreign investment. Investors are drawn not only to the aesthetic and historical value of Portuguese art but also to the opportunity to be part of a culturally rich and evolving art scene. The market's diversity with heritage-inspired contemporary works, offers a wide array of investment opportunities, from traditional art forms to avant-garde installations.

The international contemporary art scene in Portugal has been bolstered by numerous art fairs and galleries that emphasize global trends. Events such as ARCOLisboa, an offshoot of the famous ARCOMadrid, highlight this commitment. ARCOLisboa attracts galleries from around the world, offering a platform for international contemporary artists to enter the Portuguese market. This not only diversifies the local art scene but also invites foreign investors to explore a variety of artistic expressions that transcend local traditions.

Moreover, several high-profile galleries in Lisbon and Porto, such as Galeria Vera Cortês and Galeria Pedro Cera, have been instrumental in introducing and promoting foreign artists to

the Portuguese audience. These galleries frequently collaborate with international counterparts to bring exhibitions and artists who contribute to a lively exchange of artistic ideas and works. This has not only enriched Portugal's cultural tapestry but has also created investment opportunities in artworks that may not necessarily have direct cultural ties to Portugal but are esteemed in the global art market.

Additionally, the government and private sector have recognized the potential of this broader market and have supported initiatives to enhance the visibility of foreign art. For example, the Lisbon Art Weekend, an annual event, showcases contemporary art from around the world through exhibitions, performances, and discussions across the city's myriad art spaces. This event not only highlights the country's openness to international artistic dialogue but also positions Portugal as a potential hub for contemporary art in Europe.

1.3 Government policies and legal framework in Portugal's art market

Portugal is actively enhancing its art scene and is striving to attract international investors. This commitment is reflected in the government's implementation of regulations and policies that foster an environment conducive to the growth and international expansion of the arts. The government has introduced cultural policies aimed at preservation, innovation, and global outreach. An illustration of these efforts is the "Portugal 2020" program, which prominently features culture. This program underscores the government's strategy to leverage cultural assets to enhance Portugal's attractiveness to investors and cultural tourists.

The program includes several key initiatives: the restoration of Portugal's UNESCO World Heritage Sites, such as the Tower of Belém and Jerónimos Monastery in Lisbon, aims to preserve these landmarks for future generations while enhancing their appeal to cultural tourists. There is also a significant push towards the digitalization of cultural assets, including efforts to make collections from museums, archives, and libraries available globally. This not only helps in preserving these assets but also in promoting them internationally, thus drawing attention from a global audience and scholars. Furthermore, the program supports artistic residencies and cultural exchange programs that facilitate collaboration between international artists and local communities, enhancing cultural dialogue and artistic exchange. Additionally, there is an emphasis on supporting local artisans and craftsmen. Collaborative initiatives with online platforms help showcase Portuguese craftsmanship in materials such as wood, ceramics, and leather, providing artisans a platform to share their stories and the history behind their

work, thereby contributing to the preservation of local craftsmanship and traditions. (Eu Amo Portugal., n.d.).

By positioning itself as a culturally rich and technologically forward country, Portugal can draw the attention of investors who are interested in the arts, cultural heritage, digital innovation in the cultural sector, and the creative industries at large. This multi-faceted approach not only preserves and promotes Portuguese culture but also leverages it as a strategic asset in the global market, encouraging foreign investment in the arts and related sectors.

To make investing in art more appealing and make the Portuguese art market more attractive to people from other countries, Portugal has introduced several tax benefits. These include lower VAT rates for art deals and tax breaks for people and companies that invest in culture. The "SIFIDE" system, for example, gives companies a tax credit for investing in research and development, which can include cultural projects, indirectly supporting the arts.

While the direct impact of SIFIDE on the art sphere is not explicitly documented, its role in fostering an environment of innovation and development can indirectly influence the arts. By promoting research and development, SIFIDE potentially encourages creative technologies and innovative approaches that can be applied in various fields, including the arts. For instance, advancements in materials, digital technologies, and new media, supported by R&D initiatives, can offer artists novel tools and platforms for expression and experimentation. (Zapevalova, A., 2023)

For investments in regions like Madeira and the Azores, Portugal offers tax deductions, which can be particularly interesting for art projects that contribute to the cultural and economic development of these regions. Here are some of these tax deductions:

- Tax deduction rate. The tax deduction rate for qualifying investments in Madeira and the Azores is 20%, which means that up to 20% of the investment amount can be deducted from the investor's taxable income.
- Eligible investments. To be eligible for the tax deduction, the investment must be directed towards particular sectors that are designated as crucial for the economic growth of Madeira and the Azores. These sectors include cultural industries among others.

Here are several examples of investments that could benefit from such incentives. The establishment of art galleries featuring local artists and culturally significant works may play a pivotal role in attracting tourism and enhancing the promotion of local culture. Implementing tax deductions could make investments in high-quality spaces and marketing efforts more economically viable, thus facilitating cultural dissemination and appreciation.

Additionally, the organization of festivals celebrating local traditions, music, and arts represents a significant opportunity to stimulate the local economy. These events, by attracting visitors and promoting local products, can contribute to the economic and cultural vitality of the community. Tax incentives could be instrumental in offsetting the logistical and promotional expenses inherent in organizing such large-scale events, thereby ensuring their sustainability and success.

Moreover, initiatives to establish workshops where local artisans can both create and sell their crafts are crucial in preserving traditional skills and ensuring sustainable income sources for artisans. The provision of tax deductions could support the foundational setup costs, training programs, and marketing initiatives necessary for the successful establishment and operation of these workshops. Such measures would contribute to the safeguarding of cultural heritage and the empowerment of local communities.

Finally, the development of cultural centers and museums dedicated to the history, art, and culture of specific regions, such as Madeira and the Azores, serves not only educational purposes but also as a means to attract cultural tourism. Financial support in the form of tax deductions can aid in the construction, maintenance, and operation of these facilities, thus ensuring their contribution to the cultural and educational landscape remains robust and impactful.

1.4 Foreign investment in Portuguese art market

Attracting foreign investment to Portugal's art market poses unique challenges, despite the country's recent success in drawing international projects across various sectors. In 2022, Portugal saw a significant 24% increase in foreign investment projects, positioning it as the sixth most attractive country in Europe for foreign investment. This surge reflects Portugal's resilience in the face of economic, social, and energy challenges, as noted by EY Portugal. The country has been recognized for its potential in Eastern, Central, and Southern Europe, making it an increasingly attractive destination for foreign direct investment (FDI) (TPN., 2023).

On a broader scale, Portugal's foreign direct investment (FDI) figures provide insight into the country's overall attractiveness to foreign investors. In 2022, FDI flows to Portugal were recorded at USD 9.1 billion, maintaining a level similar to the previous year but still below pre-COVID levels. The total FDI stock stood at approximately 70.3% of the country's GDP, highlighting the significant role of foreign investment in Portugal's economy. The services sector, followed by manufacturing and energy, are the primary beneficiaries of these

investments, with significant contributions from countries like Spain, the Netherlands, Luxembourg, France, and the UK. Portugal's government prioritizes FDI, focusing on sectors such as renewable energies, IT, and tourism, and has established measures like the "Golden Visa" program to attract foreign investors. (Lloyds Bank Trade Services, n.d.)

Portugal has been recognized for its effective strategies in attracting foreign investment. The city of Braga, for instance, has been highlighted as "the best city of the future in the category of strategy for attracting foreign investment" by the Financial Times, due to its proactive measures in promoting economic activities and supporting investment projects. In the last year, the city supported numerous investment projects and held hundreds of meetings with potential investors, showcasing a hands-on approach to attracting foreign investment. This concerted effort has led to a significant increase in the number of international investors, nearly doubling from the previous year, indicating a strong growth in interest from international investors in Braga for setting up new business units and projects. (TPN, 2023)

With the right strategies, Portugal can leverage its cultural assets, innovative policies, and the burgeoning interest in its creative industries to attract substantial foreign investment into its art market. This would not only enrich the local cultural landscape but also contribute significantly to the broader economic growth, further integrating Portugal into the global art and cultural economy.

1.5 Challenges in attracting foreign investment and opportunities for growth in the Portuguese art market

Bringing in foreign investment to Portugal's art scene is quite a task, filled with different kinds of challenges, including cultural, economic, and even practical ones. Even though Portugal has a lot of artistic history and a lively modern art scene, there are quite a few hurdles that could slow down the flow of international money into its art world.

- Need for worldwide recognition. A big issue is that Portugal's art market isn't as big as those in places like the USA, UK, or China. Its smaller size might make it harder to get noticed internationally, which can make it tough to draw in foreign art collectors and investors. The fact that the art scene is mainly in Lisbon and Porto could also make it harder to spread art activities across the country. For artists wanting to grow their careers outside of Portugal, getting international recognition is key.

- Financial limitations. Just like many places, Portugal faces financial challenges that affect ongoing support for the arts. Money for cultural initiatives often has to be balanced with other community needs, which means the support for artists and art organizations can change a lot. This uncertainty might make it hard for new supporters to come forward, affecting the help available for both new and established artists.

- Portugal's art market also has to compete for attention and investment with older, more established art hubs in Europe and elsewhere. Cities like London, Paris, and New York are well-known art centers, and it's hard for Portugal to make its mark. The competition isn't just in the West; emerging art markets in Asia and Latin America are also in the mix, spreading potential investment even thinner.

- The art world is increasingly moving online, and being seen and making sales through digital channels is becoming crucial. Portugal's art market is getting there, but it might still be a bit behind bigger markets in terms of online presence and using the latest tech for selling art, hosting virtual exhibitions, and connecting with collectors. Speeding up the move to digital and embracing innovation could help overcome the limits of geography and reach a broader international audience.

- Cultural and language differences can also make it tricky to attract foreign investment. Portugal is known for being welcoming and many people in business and tourism speak good English, but the art market might still face hurdles when it comes to cultural subtleties, business customs, and language. Efforts to bridge these cultural gaps and improve communication are needed.

Even though it's tough to bring in foreign money, Portugal's art scene has a lot of chances to grow and get better. These chances come from inside Portugal and from the worldwide art world, and they could help make the market more appealing to people from other countries.

To tackle mentioned above challenges, a strategy that plays to Portugal's strengths and addresses its weaknesses is needed. This could include:

- Making Portugal more visible internationally. Portuguese galleries and artists can show up more at big fairs to show off the country's artistic variety and talent. Also, working together with galleries and cultural groups from other countries can lead to exchange shows and joint projects, making Portugal more a part of the global art community. But this needs a lot of effort in marketing, making connections, and being part of international events, which might seem overwhelming for artists and their supporters.

- Better government-business partnerships. By working more closely together, public organizations and private supporters can make a bigger impact in supporting art. These partnerships can bring together resources for bigger projects, encourage new ideas, and create more reliable ways of funding. Things like art awards sponsored by companies, government programs that match funds, and cultural events done together can bring benefits for the whole art community.

- Encouraging cultural exchange. Portugal's rich cultural past is a priceless thing that can draw in more foreign money. Programs that mix traditional art with modern ways can create unique pieces that attract a wide range of collectors. Talking about Portugal's history and cultural importance in art can make the market more interesting and valuable. Programs that promote cultural exchange, like artist residencies and international collaborations, can enrich Portugal's art scene and draw foreign interest.

- Support for the new artists. It's crucial for Portugal's art market to support new artists and new kinds of art. Programs that give money, advice, and chances to show their work to young artists can bring up a new wave of talent. Being open to new and mixed types of art can also make Portugal a place for modern artistic new things.

- Legislation and taxation. Making the legal and tax stuff better for art deals can make Portugal more appealing to foreign investors. Making import-export stuff simpler, decreasing VAT on art products, creating free trade zones, and making sure the legal system is clear and works well can lessen worries and encourage international deals.

- Boosting digital capabilities. Putting money into digital platforms for Portuguese art, like online galleries and virtual exhibitions, can widen the market's reach. By getting into digital stuff, Portuguese galleries, artists, and groups can reach more people, even beyond physical limits. Making online shops, virtual shows, and digital collections can draw a wider crowd, including young people and those who know a lot about technology. Being online not only makes you more visible but also makes it easier for buyers from other countries to buy things.

- Art tourism. Portugal's strong tourism can be a great chance to mix art more into the cultural tourism experience. Making art-focused tourism packages, like visits to galleries, studios, and art fairs, can draw in art fans and collectors. Having international art events, talks, and festivals in Portugal can also get global attention, making the country a lively cultural place.

In addition to addressing the heritage-focused and contemporary Portuguese art scene, it is imperative to consider the broader spectrum of attracting investments in completely foreign art forms. This approach not only diversifies the portfolio of Portugal's art market but also significantly broadens its appeal to international investors who may not necessarily have an intrinsic interest in Portuguese cultural heritage.

To this end, Portugal could capitalize on its strategic geographic position and political stability to establish itself as a neutral ground for international art dealings. This could involve creating art free zones similar to those in Geneva or Dubai, where art can be traded, stored, and exhibited tax-free. Such zones would attract dealers and collectors from around the globe looking for a secure and financially advantageous venue to conduct business.

Portugal's international art festivals and biennales could be expanded to include a greater variety of foreign artworks, providing a platform for artists from diverse backgrounds to present their work to a new audience. By doing so, Portugal would not only enrich its own cultural landscape but also foster a more inclusive environment that is attractive to international patrons and investors.

Moreover, strengthening educational and professional exchanges in the art sector could enhance Portugal's attractiveness as a global art hub. Offering scholarships and fellowships to study at Portugal's top art schools could attract emerging talent from around the world. In return, Portuguese art professionals could gain exposure to new ideas and practices, fostering a vibrant and dynamic art community.

Chapter 2. Art patronage in Portugal as a strategy for attracting foreign investment

2.1 Background of patronage

As defined by Merriam-Webster, the word patron is "one that uses wealth or influence to help an individual, an institution, or a cause." (Merriam-Webster.com, n.d.)

Investing for a person is one of the ways to preserve and increase their economic capital. If only economic aspects are associated with monetary investments in material values, then investing in the field of art seems to be a more complex and multifaceted act, which is due to several reasons.

First of all, it's important to note that investment in art is a relatively new concept; to date, clear legislation has not been developed that would regulate the relationship between the investor and the author of the investment object. As a rule, all relationships between the parties are based on oral or written agreements, which makes both parties vulnerable. The creation of artwork, as a rule, is sponsored to achieve an income on investment in the future, which naturally determines the investor's interest in the success and popularity of the investment object. This state of affairs can lead to the fact that the investor wants to control the artistic product that he considers the most successful.

Pierre Bourdieu, a French sociologist and public intellectual, argues that art, like many other social practices, is a field that includes agents and their interaction. The art world is made up of many agents, such as artists, curators, gallery owners, patrons, critics and so on, who are constantly debating what constitutes good art. So, art is always a contextualized practice and a place of constant negotiations and conflicts. In other words, according to P. Bourdieu, the world of art is driven not so much by the quality of a work of art, but by a relative concept, determined by the position of a work or an artist in a complex set of interests. An artwork couldn't be understood for its own sake and must always be regarded as a social product. (Bourdieu P., 1994, p.34)

P. Bourdieu expanded the concept of capital in relation to the field of art instead of simply limiting the content of the term to an economic interpretation. From his point of view, it exists in four different manifestations: economic, cultural, social and symbolic capital (Bourdieu P., 1995, p. 10)

At an already higher level of development, the artist strives to cooperate with a patron who has other types of capital, primarily social and symbolic. If the existing patron does not have

the appropriate social or symbolic capital but only economic one, at some point, the artist will start looking for a patron with the appropriate capital for the possibility of further development. Investment by the will of the investor transforms the general field of cultural practices, stimulating some and not stimulating others.

The role of patronage in the art world is both complex and crucial, intertwining economic investment with broader forms of capital as outlined by Pierre Bourdieu. While economic capital is fundamental, the true value of patronage extends into cultural, social, and symbolic realms, influencing the trajectory of artistic development and the cultural landscape at large. Patronage, through its multifaceted nature, not only supports artists financially but also validates and promotes their work within the art world's social structures. This act of support is inherently an exercise of influence and power, shaping the art world by elevating certain practices and narratives over others. As such, patronage is not merely a transactional relationship but a dynamic interplay of interests, values, and visions that contribute to the evolution of art as a social practice. Through this lens, the act of investing in art transcends simple economic gain, embodying a complex form of engagement that reflects and impacts the cultural zeitgeist.

2.2 Historical overview of art patronage in Portugal

Support for the arts in Portugal, with its deep history stretching back hundreds of years, has played a key role in creating the country's cultural and artistic identity.

The start of supporting the arts in Portugal goes back to the Middle Ages, when the country was first forming in the 12th century. The Church was one of the earliest and most important supporters, ordering religious art for cathedrals, monasteries, and churches. These orders often included exquisite altarpieces, decorated manuscripts, and holy sculptures, showing the strong religious spirit of that time.

The Renaissance brought a big change in art support, closely linked to Portugal's Age of Exploration. The 15th and 16th centuries were a time of great exploration, which not only broadened Portugal's view of the world but also brought new cultural and artistic influences. Kings, especially King Manuel I, called "The Fortunate," were key supporters during this time. His support led to the unique Manueline style, celebrating Portugal's sea voyages, with complex designs inspired by the sea and new discoveries. Kings, the church, and noble people were the main supporters of art in Portugal. They ordered art that was not only for religious and special events but also showed their power and status.

In the 17th and 18th centuries, the Baroque period, there was a comeback of religious support, with the Church ordering works to show the success of the Catholic faith during the Counter-Reformation. This time is known for its lavish churches and monasteries decorated with gold, azulejos, and powerful religious paintings that showed the intense emotions of the Baroque movement in Europe.

The 18th century, especially after the huge 1755 Lisbon earthquake, was a time of rebuilding and art support under the Marquis of Pombal. His work led to rebuilding Lisbon with a new layout and ordering large works that showed Portugal's resilience and rebirth.

Going into the 19th and early 20th centuries, private support for the arts started to stand out more, alongside royal and religious orders. Rich families and new industrialists began to support artists and collect art that later became key parts of Portugal's national art collections.

The start of the Portuguese Republic in 1910 began a new chapter for art support, with a move towards more secular and national themes. The government became more involved in ordering and supporting art, focusing on works that showed Portugal's cultural identity and history.

In the mid-20th century, especially under the Estado Novo regime, the relationship between the government and the arts was complex. While the regime promoted some art as expressions of national identity and propaganda, it also limited artistic freedom and censored works seen as politically or socially controversial.

In the late 20th century and into the 21st century, Portugal saw a revival and change in art support, in line with the country's move to democracy and its place in the global art world. The Calouste Gulbenkian Foundation, set up in the 1950s, became a key supporter of the arts, backing a wide range of cultural activities, from music and performing arts to visual arts and museums. The Serralves Foundation in Porto, with its contemporary art museum and cultural programs, shows how modern private support is helping to bring Portuguese art to the world.

The Carnation Revolution in 1974 was a big moment for art support in Portugal. The government that came after was more open to different kinds of art and helped cultural growth through different institutions and money support. The creation of the Secretary of State for Culture in 1976 and other cultural policies showed the government's promise to make art an important part of Portugal's democracy.

Alongside the government's role, businesses started to become important in supporting art in the late 20th and early 21st centuries. Banks and other companies began to collect art, sponsor shows, and support cultural events. They did this partly because they felt it was their responsibility and also because they saw the value of art in making their brands better and

connecting with people. Business support has become a key part of funding for the arts, adding to what the government does and making Portugal's cultural scene more lively.

2.3 Contemporary art patronage landscape

In the arts sector of Portugal, as in many countries, the scale and impact of sponsorship can significantly vary between municipal, state, and private entities. Each type of sponsorship plays a crucial role in supporting cultural and creative sectors, but they do so in different ways and with varying outcomes.

Public backing plays a key role in ensuring equitable access to cultural resources. This includes access to cultural resources for all (intra-generational equity) and at the same time the protection of cultural resources for future generations (inter-generational equity). (Throsby, D., 2008)

Moreover, such support can lower the obstacles to entering the cultural market and to public engagement and consumption in cultural activities.

The neo-classical approach to financially supporting cultural and creative sectors addresses the market failures in both supply (imperfect competition, increasing returns of scale in the production of arts, difficult increases in productivity, income redistribution in favor of artists) and demand (merit good similar to education and healthcare, production of spillovers in other fields, hidden demand, public good). (Frey, B., 2019)

Since the mid-20th century, considering the benefits of art and culture to the wider society, government began to develop systematic approaches to cultural policy, seeking to readdress such market failures and to encourage cultural consumption by directly financing arts and culture. The approach that viewed cultural policy through the lens of market failure persisted until the mid-1980s. During this period, policymakers began to acknowledge the significant benefits that the arts and cultural sectors offered to society, as well as their contributions to economic growth and development. This substantial change in the political perception of arts and culture led to broad policy transformations during the 1990s. Creative industries were increasingly incorporated into numerous governmental policy agendas.

The Constitution of Portugal mandates that the government support and stimulate artistic creation in its various forms, in addition to promoting the dissemination of cultural goods of high quality. Nevertheless, the allocation of state funds to the cultural sector has never surpassed 0.6% of the National Budget (NB). The funding reached its zenith in 2005, buoyed

by the influx of funds from the European Cultural Operational Program (POC), before commencing a decline. (The Theatre Times, n.d.).

Presently, the cultural budget stands at 0.43% of the national budget, translating to approximately €760 million. Out of this, €68 million is designated for arts support through DGARTES (Direcção Geral das Artes), the Portuguese Arts Council. (J. A. Cardoso, 2023)

DGARTES operates under the auspices of the Culture Secretary of State and represents the main entity responsible for coordinating and implementing arts policy, including the distribution of funds to both independent artists and companies. The distribution of these funds generally occurs through public competitions, judged by independent panels. The criteria for funding include geographical considerations to ensure a uniform distribution of resources across Portugal. The objective is to foster decentralization, circulation, and international outreach within the arts sector.

In 2024, DGArtes has allocated a significant budget to its Project Support Program, totaling €13 million. This program includes competitions in several areas such as Creation and Editing, Music and Opera, Visual Arts, and Programming, aiming to consolidate and refresh the Portuguese artistic scene. This increase in budget, amounting to 44% more than the previous cycle, underscores the government's commitment to fostering cultural growth and international exposure of Portuguese art. (P55.ART, 2023)

The government provides direct support to three national theatres via its Cultural Development Fund. These include the Lisbon-based National Theatre D. Maria II, the National Ballet Company, and the national opera house, S. Carlos National Theatre, with funding mechanisms that also cover the OPART and the Oporto-based National Theatre of S. João. Additionally, significant cultural institutions such as Lisbon's CCB Foundation, Oporto's Serralves Foundation, and Casa da Música benefit from state financial support.

Municipalities in Portugal have evolved to play a significant role in sponsoring the arts, a journey that can be traced back to historical developments and shifts in administrative structures. The Liberal revolution of 1836 marked a pivotal moment, leading to the suppression or annexation of numerous smaller municipalities. This restructuring was fundamental as it allowed for the infusion of new revenues and facilitated growth in population and size, which could have laid the groundwork for enhanced participation in cultural sponsorship. (Wikipedia, n.d.)

In Portugal, the landscape of arts patronage and support is deeply influenced by its municipalities, with Lisbon being a prime example of municipal engagement in cultural investment. The local government plays a crucial role in fostering the arts, often outpacing

even national initiatives in both flexibility and budget allocation. Lisbon's strategy in arts patronage is not only about supporting the cultural scene but also about leveraging art as a means to attract foreign investment. This dual approach reflects a broader understanding of art as both a cultural and economic asset.

To ascertain the specific investment in art and culture within Lisbon's comprehensive municipal budget, reveals that municipalities' investment in culture is proportionally higher than from central government. The national budgetary allocations reveal that approximately 0.43% is dedicated to the arts and cultural sectors. Applying this percentage to Lisbon's total budget for 2024 (1.3 bln euro) it would correspond to €5.59 million. (The Portugal News., 2023) However, the calculated allocation for art and cultural endeavors within Lisbon's budget is estimated to be around €62 million. (Câmara de Lisboa, 2024)

Municipalities across Portugal have recognized the potential of the arts to rejuvenate cities, enhance quality of life, and promote a positive international image. By investing in arts and culture, municipalities like Lisbon have managed to create vibrant cultural ecosystems that are attractive to foreign investors. This investment is often seen in the form of direct funding, tax incentives, and logistical support for arts festivals, exhibitions, and artist residencies.

The flexibility of municipal budgets, as opposed to the more constrained national budget, allows for a more dynamic and responsive approach to supporting the arts. While the central government might have a larger overall budget, a significant portion of it is earmarked for pre-existing commitments, namely social benefits, leaving less room for innovative projects. Municipalities, on the other hand, can more easily allocate funds to support emerging artists, pilot new cultural programs, and adapt to the changing needs of the arts community.

In 2023, Lisbon hosted several notable art projects and exhibitions, indicating significant engagement and investment in the art sector, although specific spending figures were not readily available.

The Lisbon Art Weekend, an event held from November 9th to 12th, celebrated contemporary art with participation from over 250 artists across 30 spaces. This festival featured exhibitions in galleries, museums, ateliers, as well as in both public and private settings. As part of the event, various new exhibitions were unveiled, alongside a series of talks and concerts, all accessible to the public at no cost. In addition, the festival inaugurated an Art Award aimed at acquiring a piece for the Idealista collection, with consultation provided by RedCollectors. (The Portugal News, 2023)

Simultaneously, the Urban(R)Evolution exhibition, available until December 3rd, explores the development of urban art from its beginnings to the present-day street art movement. This

exhibition includes pieces from prominent artists such as Vhils, Add Fuel, Shepard Fairey, and Wasted Rita, and is curated by Pauline Foessel and Pedro Alonzo. (Portugal.com, 2023)

Furthermore, the Museum of Contemporary Art at the Belém Cultural Center (MAC/CCB), formerly known as the Berardo Collection Museum, houses Lisbon's preeminent collection of modern and contemporary art. In 2023, it expanded to include additional collections obtained by the museum's managing foundation, displaying a diverse range of artworks from artists like Andy Warhol, Picasso, and Paula Rego. The MAC/CCB maintains both permanent and temporary exhibitions, showcasing a variety of national and international modern and contemporary artworks. (Lisbon Portugal Tourism., n.d.).

Charities are also key players in Portugal's art scene, with the Calouste Gulbenkian Foundation and the Serralves Foundation being very important. The Gulbenkian Foundation, set up in the 1950s, supports a wide range of art activities and has a museum in Lisbon with a great collection of modern art. It also offers grants and scholarships to support artists and cultural projects. The Serralves Foundation in Porto is known for its modern art museum designed by Álvaro Siza Vieira. It holds exhibitions, educational activities, and events that draw attention both from Portugal and abroad. The Foundation also focuses on environmental sustainability through its park and projects that bring together art, nature, and community.

Private collectors and galleries also have a big impact on Portugal's art market and support system. They help artists by buying their work and also by organizing exhibitions, publishing books, and helping with international exchanges. Some collectors have even set up their own foundations and exhibition spaces, adding to Portugal's cultural scene.

There are several important initiatives, awards, and grants in Portugal's art world. The EDP Foundation Art Grand Prize, given by a leading energy company, honors Portuguese artists for their work nationally and internationally. The prize includes money and an exhibition at the MAAT in Lisbon, a significant cultural project by the EDP Foundation.

The Gulbenkian Artistic Creation Support gives grants for new art projects, focusing on the development and sharing of contemporary art in and outside Portugal. The foundation offers grants for artistic training abroad, the creation of original artworks, and new exhibitions in France, with a substantial investment exceeding €1 million. These grants are aimed at both Portuguese artists working within the country and private non-profit artistic production institutions, highlighting the foundation's dedication to enhancing the artistic community's capabilities and resilience, especially during challenging times (TPN/Lusa, 2021).

Businesses also play a big role in supporting art in Portugal, with many companies seeing the benefit of linking their brands with cultural projects. Banks, telecom companies, and energy

providers are some of the top supporters, funding exhibitions, art events, and festivals. These partnerships often include collaborative projects that use business networks to help more people see Portuguese art. For instance, companies like EY have established significant partnerships with arts institutions globally, supporting them through financial means and innovative engagement strategies, especially in the face of challenges like the COVID-19 pandemic. (Arnold, F., 2021)

The decision-making process for businesses regarding art sponsorship involves a careful assessment of potential outcomes, both positive and negative. Art can be a sensitive and subjective field, and what appeals to some may not to others, potentially leading to controversies or negative publicity. However, when done right, corporate sponsorship can offer companies unique opportunities for visibility and engagement with broader audiences, beyond traditional marketing efforts. For example, sponsorships can include behind-the-scenes access to art productions or the chance to participate in cultural events, offering a deeper connection with the arts community. (Youngman, A., n.d.).

The impact of municipal and state sponsorship is often focused on sustaining cultural heritage, supporting community engagement, and ensuring that cultural activities are accessible to a broad audience. These forms of sponsorship are crucial for the viability, quality, affordability, and sustainability of cultural offerings. Public investment helps keep ticket prices lower and supports the development of new, experimental, or challenging work.

Private sponsorship, while also supporting these goals, tends to have a more direct connection to corporate objectives, such as brand enhancement, customer engagement, and corporate social responsibility initiatives. Private sponsors may also bring innovative engagement strategies and additional resources to the table, contributing to the cultural sector's resilience and adaptability.

2.4 Patronage as an incentive for foreign investors

Cultural patronage represents the support from civil society towards fostering a more culturally enriched nation and enhancing democracy. It involves financial contributions by individuals or corporations to both public and private organizations engaged in activities of acknowledged artistic and cultural merit. (GEPAC - Governo de Portugal, n.d.)

Art patronage, traditionally seen as the support or sponsorship of artists and their work, plays a nuanced role in the investment landscape. Unlike direct investment in art pieces for potential financial return or traditional funding mechanisms like grants and scholarships,

patronage embodies a partnership between investors and the cultural sector. This partnership is driven by a shared commitment to the arts, where the financial contributions of patrons are used to fund projects, exhibitions, and institutions with artistic and cultural value. What distinguishes patronage from other forms of art funding is its blend of altruistic and strategic intentions, where the benefits extend beyond financial gains to include cultural enrichment and social impact.

Art patronage, particularly in the context of obtaining residency through Golden Visa programs, offers a range of incentives for foreign investors. These programs, while diverse across countries, often include benefits that extend into social, cultural, and economic spheres, providing a multifaceted return on investment for those who choose to engage in the arts and cultural heritage of a nation.

Investing in the arts through patronage can significantly enhance an investor's reputation and provide valuable social capital. By contributing to the cultural and artistic heritage of a country, patrons not only gain recognition within local communities but also among peers in the international art and investment communities. This form of soft power can be instrumental in establishing a patron's legacy, aligning them with cultural preservation and the promotion of artistic excellence.

Art patronage opens doors to exclusive networks and events, connecting investors with artists, galleries, collectors, and cultural institutions. These interactions can lead to private viewings, invitations to elite cultural events, and insider opportunities to purchase or commission works before they become available to the general public. Such networks are invaluable for investors looking to deepen their engagement with the art world or to expand their collections with unique and valuable pieces.

Engaging in art patronage as part of a residency by investment program can significantly enhance an investor's quality of life. Access to a country's cultural offerings, from museums and galleries to festivals and performances, enriches the living experience. This cultural engagement can be a pivotal factor for investors seeking not only residential returns but also a vibrant, fulfilling lifestyle in their new country of residence.

One of the most well-known examples of patronage in Portugal is those of Calouste Gulbenkian. Calouste Gulbenkian's legacy in Portugal marks him as a figure of monumental significance, not only for his immense contributions to the cultural landscape but also for his strategic investments that underscored a deep commitment to philanthropy, education, and the arts.

Gulbenkian's profound impact on Portugal can be traced back to his decision to settle in Lisbon during the last 13 years of his life. His extensive art collection, featuring over 6,000 artifacts collected from ancient to modern times, was bequeathed to the Calouste Gulbenkian Foundation. This foundation, established in Lisbon in accordance with his will, has played a pivotal role in promoting the arts, philanthropy, science, and education within Portugal and beyond. The Gulbenkian Museum, opened in 1969, showcases his eclectic collection, ranging from Egyptian, Greco-Roman, and Mesopotamian artifacts to Islamic art, East Asian pieces, and European decorative arts, including the luminous jewelry and glasswork of René Lalique. The museum stands as a testament to Gulbenkian's refined taste and his dedication to preserving a wide array of cultural artifacts for public appreciation. (Conlin J., 2020)

Gulbenkian's choice of Portugal as the center for his philanthropic efforts can be attributed to various factors, including the country's neutrality during his lifetime's significant conflicts, which provided a safe haven for his assets and interests, including the absence of inheritance taxes. Portugal benefited immensely from his decision, as his investments in culture and education have left a lasting imprint on the country. The Calouste Gulbenkian Foundation, through its diverse programs and initiatives, continues to honor his legacy by promoting a broad spectrum of cultural, educational, and scientific activities, significantly contributing to the cultural richness and intellectual landscape of Portugal and beyond.

Gulbenkian's impact on the Portuguese art scene and cultural landscape is immeasurable. His patronage has facilitated the international exposure of Portuguese art and artists, while his museum remains a central cultural institution in Lisbon, attracting visitors from around the world. The foundation's activities have significantly contributed to the enrichment of Portugal's cultural heritage, making it an indispensable part of the nation's art scene.

Through his visionary collection and the philanthropic efforts of the Calouste Gulbenkian Foundation, Gulbenkian exemplifies the profound impact a foreign patron can have on a nation's cultural development. His legacy in Portugal illustrates how patronage can foster a vibrant local art scene, promote international cultural exchange, and contribute to the global art market's dynamism.

2.5 Procedures and types of projects that can be offered to foreign investors

The necessity for a strategic approach to attract foreign investment was underscored in the Strategic Options Plan for 2016-2019, ratified by Law No. 7-B/2016 of March 31. The plan details several strategic commitments, among which investing in culture is prominent.

Specifically, it emphasizes the need to bolster resources for cultural sectors, acknowledging culture as a pivotal element of socio-economic development. The plan suggests that increased funding and support for cultural initiatives will enhance social cohesion, national identity, and international prestige. Moreover, it aims to democratize access to cultural goods and services, ensuring that these benefits are universally accessible across the population, thereby enriching the cultural experience of the community and supporting the creative industries. This approach indicates a recognition of the intrinsic value of culture, as well as its potential to contribute to broader economic and social goals. (Diário da República, 2016)

The inclusion of the cultural sector as a viable avenue for investment, sanctioned by Regulatory Decree No. 15-A/2015, reflects a broadening of the scope of eligible investment areas. This decree mandates the Gabinete de Estratégia, Planeamento e Avaliação Culturais (GEPAC) to certify international capital transfers to the cultural sector, in consultation with relevant Minister of Culture-supervised organizations and services. (Diário da República, 2015).

The Portuguese government, recognizing the vital role of foreign direct investment in the national economy, has implemented measures to attract non-EU nationals through the Residence permit for investment activity (ARI) program. This initiative enables individuals from outside the European Union to obtain a temporary residence permit in Portugal by making significant investments in the country, particularly in the cultural sector. This strategic move aims not only to enhance the competitiveness of the Portuguese economy but also to preserve and promote the nation's cultural heritage.

Under the ARI program, non-EU citizens can secure a residence permit without the need for a prior residence visa. This is managed by the Agência para a Integração Migrações e Asilo (AIMA), provided the investment meets specific monetary and temporal requirements as outlined by Portuguese law. For instance, an investment of at least 250,000 euros in the cultural sector qualifies for this program. Such investments are directed towards supporting the arts or the maintenance and restoration of Portugal's cultural heritage, through contributions to public institutions and associations active in these areas. This is articulated in Law no. 23/2007 of July 4, and further operationalized through Order no. 2360/2017, which sets the guidelines for certifying these cultural sector investments for residence permit purposes.

Investments can be channeled to a variety of organizational structures, including public institutes, foundations recognized as public utilities, intermunicipal entities, and associations within the local corporate sector, among others. The legal and corporate identities of these entities are verified through their established statutes, laws, and relevant legal documentation.

The sectors eligible for such investments include artistic production, the restoration, or maintenance of the national cultural heritage, as delineated in the amendments of Regulatory Decree No. 84/2007 by Regulatory Decree No. 15-A/2015.

The procedure for initiating an investment request is designed to be accessible to foreign nationals. Prospective applicants are required to submit their applications via a designated form available on the GEPAC website. The procedural journey of an application encompasses several critical steps.

The process commences with the submission of a preliminary assessment request to GEPAC, detailing the project or action seeking investment. This request may originate from the project's proponents, the investor, or an authorized legal representative. The application is then forwarded to the relevant cultural service or body for an initial evaluation. Following the approval and execution of the investment, the investor or their legal representative must request a certification from GEPAC, attesting to the financial transaction to the assessed entity or activity.

Upon successful verification of all requisite documentation, GEPAC issues the certification, thus formalizing the investment within the cultural sector.

In the context of funding or supporting cultural activities as outlined by GEPAC, a procedural framework was established to ensure the transparency and efficacy of such initiatives. This framework implies that investors, upon receiving confirmation from GEPAC for the activity to be funded or supported, proceed by transferring the necessary funds or support to the designated entity overseeing the activity. It is incumbent upon the investor to notify GEPAC of the completion of the investment or action.

Beneficiary entities are required to maintain and make accessible, especially through electronic means, an up-to-date map of initiatives eligible for support under this regulatory framework. This ensures transparency and facilitates the process for potential investors to identify and evaluate opportunities. Any updates to this map must be communicated to GEPAC, which will then disseminate the list of eligible initiatives on its official website, thereby ensuring that the information remains current and accessible to all interested parties.

Moreover, in circumstances where an individual seeks to renew their residence permit in connection with an investment or support, a formal request must be submitted to GEPAC for a declaration. This declaration attests that no subsequent changes have been made by the applicant that could adversely affect the investment or support. Accompanying this request, the applicant or their legal representative must provide documentation evidencing the execution of the activity and the attainment of its objectives. This includes an activity and financial

execution report, detailing the projected impacts over a five-year span, all of which is to be provided by the party responsible for the activity.

GEPAC, in its oversight role, is required to consult with services and organizations under the Ministry of Culture that initially evaluated the investment or support activity. This consultation aims to assess whether the investment or support objectives have been met within the stipulated timeframe. Furthermore, the services and organizations that are part of the ARI granting process may seek assistance from the General Inspection of Cultural Activities to ensure compliance with the regulatory requirements.

Foreign investors seeking to obtain residency in Portugal through the Golden Visa program for art investment have several opportunities to contribute to the country's cultural and artistic landscape. These investments, pivotal in safeguarding Portugal's rich historical and cultural heritage, align well with the program's criteria emphasizing the preservation and promotion of the arts.

One significant avenue for investment lies in the restoration and maintenance of historical sites, which are integral to the cultural fabric of the nation. For instance, projects such as the restoration of the Jerónimos Monastery in Lisbon are crucial. This monastery is an exemplar of the unique Manueline architecture that merits preservation. Similarly, the medieval town of Óbidos has benefited from comprehensive restoration efforts, particularly of its historical walls and castle, thus bolstering its attractiveness as a destination for cultural tourism. The Pena National Palace, nestled in the cultural landscape of Sintra—a UNESCO World Heritage Site—also exemplifies the 19th-century Romanticism style, warranting continued preservation efforts.

Support for museums and other cultural institutions represents another critical area for investment. These institutions play a pivotal role in showcasing Portugal's heritage and arts. For example, contributions could facilitate the expansion of facilities or the creation of new exhibitions at museums such as the National Museum of Ancient Art in Lisbon. Additionally, the Museu Arqueológico do Carmo in Lisbon, which houses a diverse range of artifacts from prehistoric to medieval times within the historically significant Carmo Convent, also stands to benefit from such investments.

Investments in the performing arts, including theatre, dance, and music, can also be impactful. Funding might support the production of new artistic works or assist in the operational needs of local theatre companies. For example, supporting the National Theatre D. Maria II could help bring new productions and seasonal programming to the stage, enriching

the local cultural scene. Similarly, sponsoring local music festivals can promote cultural vibrancy and community engagement.

Cultural festivals and events that showcase Portuguese culture on both a domestic and international stage also present valuable investment opportunities. Events such as the Lisbon & Estoril Film Festival not only promote the cinematic arts but also enhance Portugal's profile as a cultural hub.

Moreover, the development and enhancement of public cultural facilities, such as libraries and community arts centers, are vital. Investments could lead to significant upgrades and expansions, improving access to cultural resources for the public. An instance of this can be seen in potential enhancements to the Coimbra Municipal Library, which would benefit from technological improvements and expanded services.

Lastly, projects focused on the archiving and preservation of cultural materials and artifacts, including digital archiving efforts, are essential for the long-term preservation of the nation's historical legacy. Establishing or enhancing repositories for important cultural assets ensures that these treasures are maintained for future generations.

The recent amendments to the Portuguese legislation regarding the Golden Visa program for art investment exhibit two primary changes, which can potentially influence the attractiveness of the program to foreign investors. Despite having been approved by the former Portuguese Government on the 25/03/2024, during its very last days in charge, the President return the proposal considering that it also needs to be approved by the new Government. (Lusa.pt, 2024)

Firstly, the previous legislation stipulated an investment threshold of €250,000 to be directed towards the "investment or support of artistic production, recovery, or maintenance of national cultural heritage." This investment had to be made through various entities, including public administration services, public institutes, and public cultural associations among others. The revised legislation maintains the same financial threshold but has expanded the scope of eligible investment activities. It now includes "investment or support of artistic production or exhibition," thereby broadening the definition to encompass activities related to the display of art, not just its production or conservation. This subtle yet significant change may enhance the attractiveness of the visa program as it opens up opportunities for investments in art galleries, exhibitions, and possibly even art fairs that can draw international audiences and collectors.

Another substantial revision in the Portuguese Golden Visa legislation pertains to the type of associations eligible for investment under the art and cultural heritage category. Previously, investments could be directed towards "associações públicas culturais" (public cultural

associations). However, the new stipulations extend this to include "associações culturais de utilidade pública" (cultural associations of public utility). This shift broadens the spectrum of potential investment targets from strictly public entities to include private associations that are recognized for serving the public interest.

This amendment reflects a more inclusive approach, recognizing the contributions of private entities in promoting cultural and artistic endeavors that align with public benefits. By allowing investments in cultural associations of public utility, the legislation now covers a wider array of organizations, including those that may operate independently of the government yet have a strong public service mandate. These associations typically engage in activities such as cultural preservation, art education, and community enrichment, which align with the broader goals of cultural sustainability and public access to the arts.

The implication of this change is significant for the attractiveness of the Golden Visa program. It potentially opens up opportunities for investors to engage with a more diverse set of cultural projects and entities, which might offer different scales of visibility, impact, and return on investment. This flexibility is likely to appeal to a broader spectrum of investors, particularly those who are looking to support innovative cultural projects or those with a specific interest in the burgeoning private cultural sector in Portugal.

The introduction of a new investment category under the Portuguese Golden Visa program marks a significant pivot towards direct philanthropic engagement in the national cultural heritage. This category requires a mandatory donation of €500,000 or more to the "Fundo para a Aquisição de Bens Culturais para os Museus e Palácios Nacionais" (Fund for the Acquisition of Cultural Goods for National Museums and Palaces). This development underscores a strategic effort to channel substantial private investment into the preservation and enhancement of Portugal's cultural and historical assets. This addition could appeal particularly to high-net-worth individuals who are interested not only in residency but also in leaving a lasting cultural legacy in Portugal.

This donation is aimed specifically at bolstering the collections and infrastructure of museums and palaces across Portugal, which are pivotal to the country's cultural identity and heritage tourism. By securing funding from foreign investors, the fund can acquire culturally significant items, support restoration projects, and improve the facilities that house these treasures. This, in turn, helps sustain and elevate the public's access to and engagement with cultural assets, enriching the educational and aesthetic value offered by these institutions.

Furthermore, such contributions may also confer a certain prestige and societal standing upon the investor, aligning them with high-profile cultural and heritage projects. This aspect

can be particularly appealing to those looking to establish a profound and respected presence within Portugal's sociocultural circles. As such, this new investment category not only serves to enhance Portugal's cultural heritage but also acts as a beacon for culturally-minded, altruistic investors seeking to contribute to the public good while gaining residency in Portugal. This strategic alignment of investment with cultural philanthropy could significantly boost the attractiveness of the Golden Visa program, positioning it as a commendable choice for those looking to make a meaningful impact through their investments.

The inclusion of "exhibition" in the new version of the law regarding obtaining golden visas for art donation in Portugal marks a significant enhancement in the scope of cultural investment. This change is important for several reasons. Firstly, it broadens the opportunities for foreign investors, allowing them to engage in a wider array of cultural activities. Exhibitions are a vital aspect of the art world, providing artists with a platform to showcase their work and reach a broader audience. This can lead to increased visibility and appreciation for both local and international artists.

Moreover, the inclusion of exhibitions can stimulate the Portuguese art market by attracting international curators, collectors, and art enthusiasts, thus boosting tourism and related economic activities. This approach can create a dynamic cultural ecosystem, fostering creativity and innovation.

For foreign investors, the expanded law presents a more attractive proposition. By supporting exhibitions, investors contribute to cultural exchanges and the enrichment of Portugal's cultural landscape. This not only enhances the cultural capital of the nation but also provides investors with a sense of participation in the global art community.

2.6 Obstacles and potential growth perspectives in attraction of foreign patrons

The art patronage system is governed by a framework intended to ensure that investments contribute meaningfully to the cultural landscape of Portugal. However, the regulations that underpin this system are multifaceted, involving various legal statutes, guidelines, and oversight bodies. For example, investments must meet specific monetary thresholds and are limited to projects pre-approved by the Ministry of Culture or local municipalities. This necessitates a thorough understanding of the legal landscape, including Law no. 23/2007, which outlines the general provisions for the Residence Permit for Investment (ARI) program, and subsequent decrees that detail the certification process for cultural sector investments. The process involves multiple stages of approval and certification, each with its own set of

documentation and verification steps. This can be daunting, especially for those unfamiliar with Portuguese legal and bureaucratic processes.

The bureaucratic aspect of the art patronage system poses serious challenges. The application process for residency or citizenship through art patronage is intricate, requiring coordination with several government entities, including Agência para a Integração Migrações e Asilo (AIMA), Gabinete de Estratégia, Planeamento e Avaliação Culturais (GEPAC), and potentially other local cultural services or bodies. Each of these entities plays a role in evaluating, approving, and certifying investments, adding steps and potential delays to the process.

Prospective investors must submit detailed proposals for their intended investments, which are then subject to review by cultural experts and administrative bodies. This review process is designed to assess the cultural value and feasibility of proposed projects but can extend the timeframe for investment approval significantly. Furthermore, once an investment is made, ongoing compliance with the terms of the residency program must be demonstrated, necessitating further interaction with bureaucratic processes.

The challenges posed by the regulatory and bureaucratic aspects of the art patronage system are significant but not insurmountable. Potential solutions to streamline the process could include the creation of a centralized information and assistance center for investors, simplifying and clarifying the application guidelines, and increasing the efficiency of the review and certification process through digital platforms.

Moreover, there is room for policy adjustments that could make the system more accessible and attractive to potential investors. Simplifying legal requirements, expanding the range of eligible projects, and offering clearer pathways through the bureaucratic process would go a long way toward enhancing the attractiveness of Portugal's art patronage system for foreign investors.

When discussing obstacles and potential growth perspectives, it is crucial to categorize individuals interested in such a program into two distinctly different types. The first category consists of those primarily seeking residency in Europe. For them, this option provides a smooth and rapid pathway to obtain both residency and a passport. The second category comprises individuals interested in preserving the cultural heritage of Portugal or investing in Portuguese artists.

Attracting these two groups to the Portuguese market requires different strategies. For the first group, the most significant factors are the speed of visa processing, the duration for which the visa is valid, and the time required to secure a passport. In contrast, the second group

prioritizes the preservation of cultural heritage and the opportunity to support artists in areas they are passionate about. We will now proceed to discuss these groups in sequence, starting with the first group followed by the second.

The simplified application process for art investors introduces a specialized route within the Golden Visa program, explicitly tailored for individuals investing in art. This initiative is characterized by several strategic enhancements designed to streamline and enhance the efficiency and effectiveness of the application procedure.

Firstly, a dedicated Golden Visa art investment track should be established to cater specifically to the needs of art investors. This specialized track would be managed by a team within the AIMA department that possesses expertise in the complexities of art investments. Their role includes ensuring that the applications are handled with an understanding of the specific requirements and nuances associated with investing in art.

A significant obstacle for potential investors is the intricacy of the application guidelines. The simplification of these guidelines can be achieved through several pivotal steps. First, the consolidation of information is crucial; establishing a centralized, user-friendly online portal that consolidates all pertinent information—including detailed guidelines, forms, and frequently asked questions. Such a portal would act as a comprehensive resource for investors, providing clear and accessible information on every aspect of the process.

The development of comprehensive step-by-step guides that lead investors through each phase of the application and approval process would be advantageous. These guides could incorporate timelines, checklists, and contact information for advisory support, thereby enhancing the clarity and accessibility of the process.

Furthermore, it is essential that all documentation and guidelines be available in multiple languages and articulated in clear, straightforward language. Language barriers significantly influence the engagement of foreign patrons with the Portuguese art scene. Moreover, the complexities of legal documentation and transaction processes in the art market can be daunting. These complexities are further exacerbated when language barriers are present, hindering foreign investors' ability to effectively navigate contracts, provenance documentation, and investment terms. In addition to documentation available in multiple languages, providing language support services, such as translation and interpretation, could facilitate smoother communication. The development of digital platforms and mobile apps that offer language selection options could significantly enhance engagement.

The current approval process can be lengthy and lacks transparency, which may deter potential investors. Streamlining this procedure can be accomplished through several

enhancements. Implementing a digital submission platform that enables investors to submit their applications online and track their progress in real time would reduce uncertainty and wait times. By utilizing advanced encryption and cybersecurity measures, this system would ensure the safe and efficient processing of sensitive information, significantly reducing the time taken to submit and verify documents. This system should also provide timely updates and feedback.

The establishment of dedicated support teams within the relevant cultural and immigration bodies to assist investors throughout the process would also be beneficial. These teams could offer guidance, answer questions, and provide updates, ensuring that investors receive continuous support and information.

The documentation process for art investors is also streamlined to focus only on the essentials such as proof of investment, background checks, and compliance with legal standards.

Transparency is essential for building trust and confidence among potential investors. To enhance transparency, it would be effective to regularly publish reports on the number of applications received, approved, and rejected, along with anonymized case studies of successful projects. This level of transparency would help potential investors understand what to expect and benchmark their own proposals.

Providing detailed feedback to applicants whose projects are not approved is another critical element. This feedback can assist investors in refining their proposals for future submissions and contributes to a more transparent and educational process.

Lastly, implementing oversight mechanisms to ensure that the application and approval processes are conducted fairly and efficiently is crucial. This could include independent audits or the establishment of an ombudsman to address investor grievances. Such measures would uphold the integrity of the process and ensure accountability.

To promote the Golden Visa program through donations, can be proposed establishing a private fund dedicated to the restoration of cultural heritage. This fund would collect donations to finance the restoration of historical buildings such as manors, estates, or palaces. A portion of the restored premises would be converted into residential apartments. Philanthropists who contribute to the fund would be granted the right to stay in these apartments for a specified number of days each year. It is important to note that these philanthropists would not gain any ownership rights to the apartments; they would merely have the temporary right to use them. This innovative approach could effectively attract investors by combining cultural preservation with unique, temporary residency benefits, thereby enhancing the appeal of the Golden Visa program.

Now let's move to the second group who are dedicated mostly on cultural heritage.

The limited scope of eligible projects within Portugal's art patronage system has a profound impact on the attractiveness of this scheme. The projects permitted under this system undergo stringent vetting and approval by the Ministry of Culture or local municipalities, showcasing a select segment of the cultural landscape. This method, while ensuring that investments align with recognized cultural objectives nationally or locally, inherently narrows the diversity and range of options available to investors.

The criteria set for the eligibility of art projects are meticulously crafted to correspond with broader cultural policy goals, facilitating investments in areas considered of significant value or need by governmental entities. Despite the good intentions of this policy, it may inadvertently constrict the cultural opportunities available to both investors and artists. Initially, the prerequisite of pre-approval implies that only a limited section of the cultural ecosystem is accessible for foreign investment via the art patronage route. Emerging artists, novel art forms, and grassroots cultural initiatives might struggle to receive the necessary recognition or support to be included in the list of eligible projects. This limitation not only circumscribes the investment possibilities but also impedes the infusion of capital into new and potentially revolutionary artistic endeavors that fall outside the conventional cultural frameworks.

This restriction on eligible projects could stifle diversity and innovation within the Portuguese art scene. By privileging projects that conform to existing cultural policies or priorities, there is a risk of perpetuating a status quo that may neglect or sideline unconventional or avant-garde art forms. Such a scenario could result in a homogenized cultural landscape where innovative creators find it difficult to secure support or recognition. Additionally, this restriction might dissuade investors keen on nurturing new talent or venturing into unexplored domains of the art world. Consequently, the art patronage system, in its present configuration, might fail to cater to those looking to invest in the forefront of artistic innovation, thereby forgoing opportunities to enhance the cultural fabric with novel perspectives and creative vigor.

Moreover, the constraints on eligible projects could have wider repercussions for the Portuguese art market. A dynamic, varied art scene is essential for drawing international attention, tourists, and art connoisseurs. By limiting the range of eligible investments, there might be an inadvertent reduction in Portugal's allure as a vibrant cultural hub, potentially impacting its stature in the global art market. Furthermore, the focus on pre-approved projects might deter potential patrons who perceive value in supporting emerging artists or contributing to the grassroots cultural economy. This could result in an uneven distribution of resources,

favoring already established sectors of the art market over nascent talents and innovative artistic expressions.

To address these limitations, it is crucial to reconsider the criteria and processes for approving projects. Expanding the spectrum of eligible projects to encompass a broader array of artistic endeavors could rejuvenate the Portuguese art scene with new energy and perspectives. The introduction of a specialized fund aimed at supporting young artists and emerging art forms in Portugal presents a compelling method to diversify the national art market and overcome the constraints posed by the existing art patronage system. This fund, drawing on resources from foreign investors, has the potential to not only provide significant capital to innovative and new artistic ventures but also to promote a more inclusive and dynamic cultural environment.

This proposed fund would function independently from the current art patronage schemes and would primarily focus on those artists and projects that are either underrepresented or deemed ineligible under traditional frameworks. The objectives of the fund include supporting emerging artists who do not meet the stringent criteria for existing funding opportunities, investing in innovative art forms and experimental cultural initiatives that extend beyond conventional boundaries, and providing grants or investments that facilitate artistic experimentation free from the pressures of immediate commercial viability.

The globalization of the art market offers Portugal a unique opportunity to showcase its rich cultural heritage and dynamic contemporary art scene on the international stage. By increasing the global visibility of its art and associated investment opportunities, Portugal stands to attract a greater number of foreign patrons, thereby strengthening its cultural sector and contributing to its broader economic landscape.

In the contemporary digital era, it is crucial to utilize online platforms to reach a global audience. The creation of a centralized digital hub to display Portuguese art, artists, and investment opportunities would serve as a fundamental element of international promotion efforts.

Social media platforms provide a dynamic avenue for engaging with international audiences. By developing content that showcases the diversity and uniqueness of Portuguese art, ranging from traditional crafts to contemporary visual arts, and pairing this with narratives of successful foreign investments, Portugal can craft a compelling story that resonates on a global scale. Employing targeted advertising on these platforms can further enhance visibility among key demographics who have an interest in art investment and cultural enrichment.

Participation in international art fairs and exhibitions has proven to be an effective method for gaining visibility and attracting attention from collectors, galleries, and investors worldwide. By maintaining a presence at major events, Portugal can display its artistic talents and investment opportunities to a diverse and influential audience. This could include dedicated pavilions at art fairs, traveling exhibitions, or collaborative projects with international galleries and cultural institutions. To maximize impact, these exhibitions could feature not only established Portuguese artists but also emerging talents, providing a platform for new voices in the art world. Highlighting the link between the art exhibited and the opportunities for art patronage could generate interest among potential investors at these events.

Building strategic partnerships with international cultural institutions, galleries, and art schools can significantly enhance the visibility and appeal of Portuguese art. Collaborative projects, artist exchange programs, and joint exhibitions can act as conduits between Portugal and the global art community, fostering a cross-cultural dialogue that benefits all participants. Such collaborations could also extend to the business sector, especially with companies interested in cultural promotion and corporate social responsibility. These partnerships might support the organization of international art events, sponsorships of Portuguese art abroad, and the creation of art investment funds, thereby broadening the reach and appeal of Portugal's art market.

Chapter 3. Practical analysis of foreign investment in the Portuguese art market

3.1 Comparative analysis of Golden visa programs in the European Union

Golden Visas provide more than just a residency permit, they offer a pathway to enhanced freedom, security, and opportunity. For high-net-worth individuals worldwide, the appeal is multifaceted. Holding a residency in a European country often allows for visa-free travel within the Schengen Zone, granting access to a continent rich in culture, business opportunities, and natural beauty. Additionally, these visas promise access to top-tier European education systems and healthcare facilities, significantly improving the quality of life for investors and their families. Europe's stable and mature markets also offer lucrative investment opportunities in various sectors, from real estate to innovative startups. Furthermore, many Golden Visa programs provide a clear and often expedited path to citizenship.

A prevalent misconception about Golden Visas is that they are exclusively available to the ultra-wealthy. Although the required investments are significant, there are several affordable options. For instance, the Malta Permanent Residency Program (MPRP) starts at €100,000, which is considerably less than the millions typically associated with such programs.

Another widespread belief is that investing through a Golden Visa program results in immediate citizenship. In reality, Golden Visas often lead to permanent residency and potentially citizenship, but this process involves certain requirements, including extended residency periods, language proficiency, and, in some cases, renouncing one's original nationality.

This section has provided a detailed comparative analysis of the most economical Golden Visa programs across various European Union countries, highlighting their respective advantages, disadvantages, and unique features. This part demonstrates how the Portuguese Golden Visa program, with its focus on donations to cultural and scientific projects, stands out in comparison to its counterparts.

Portugal

The Portuguese Golden Visa program has transitioned from real estate investment to a new model emphasizing donations to cultural and scientific projects. This program offers a €250,000 donation to science and culture. The donation option is notably more affordable, requiring a reduced €200,000 if made in sparsely populated areas.

The donation route provides several advantages. It eliminates the need for active management and complex renewal processes associated with business investments, offering a straightforward path to residency. Additionally, it enhances personal and professional reputations by supporting valuable cultural and scientific initiatives. According to Article 3 of Law No. 23/2007, these donations, coordinated with the Ministry of Culture, are made through non-profit organizations and are non-refundable.

Key benefits include affordability, dual citizenship possibilities, a fast track to EU citizenship within five years, and the ability to reside and pay taxes in one's home country. However, drawbacks include the non-refundable nature of donations and a requirement to pass a level A2 Portuguese language exam for citizenship. (Global Citizen Solutions, n.d.)

Malta

The Malta Permanent Residency Program (MPRP), introduced in 2021, is a notable entrant in the European Golden Visa market due to its affordability and flexibility. Making a non-refundable donation of €100,000 to the Maltese government, applicants must also show total assets of at least €500,000, which may include property investments or savings.

The MPRP offers the advantage of not requiring physical residence in Malta, providing flexibility for global travelers. After maintaining residency for five years, applicants can apply for Maltese citizenship, though experiences with this process vary, with some facing delays or refusals.

The program's benefits include its low investment cost, lack of mandatory physical stay, and the option to rent property. Additionally, it allows family members, including parents and grandparents, to be included in the application. However, the non-recoverable nature of the €100,000 investment and the significant asset requirement may be seen as drawbacks. Furthermore, despite the pathway to citizenship, the process is not always straightforward, and success is not guaranteed. (Residency Malta Agency, n.d.)

The Malta Permanent Residency Program (MPRP) and the Portuguese Golden Visa via donation present distinct pathways to European residency, each with unique advantages and challenges. The MPRP requires a €100,000 non-refundable donation and proof of €500,000 in total assets. The Portuguese Golden Visa through Donation requires a €250,000 donation to cultural or scientific projects. Portuguese program boasts a lower financial entry and no need for active investment management. Both programs offer flexibility with no physical stay requirement and the possibility of citizenship after five years. In both cases the investment is

non-recoverable. Applicants for Portuguese citizenship must pass a language proficiency test for citizenship.

Greece

The Greece Golden Visa program offers a primary route to residency through real estate investment, with a minimum cost set at €250,000, making it one of the most affordable options in Europe. This investment grants residency rights to the applicant and their family, allowing them to benefit from residing in the EU. Recently, Greek authorities have excluded Athens and Thessaloniki from the program, requiring investments in other regions where the return on investment is typically lower.

The program presents several advantages, such as affordability, low taxes, alongside flexible residency requirements that do not necessitate living in Greece. However, the path to citizenship is prolonged, taking seven years, and requires proficiency in the Greek language at a B1 level. Furthermore, to apply for citizenship, one must reside in Greece for at least 183 days per year, which can be challenging for non-permanent movers. The profitability of real estate investments outside of Athens and Thessaloniki is generally low, often leading to financial losses over time. (VisaIndex, n.d.).

The Greece and Portugal Golden Visa programs offer distinct pathways to European residency through investment, each with unique advantages and drawbacks. Both programs, requiring a €250,000 investment or donation, are among the most affordable in Europe. However, Greece's program poses challenges such as a lengthy seven-year path to citizenship, a B1 Greek language requirement, and the necessity of spending 183 days per year in Greece for citizenship eligibility. Additionally, investment returns are low outside of Athens and Thessaloniki, potentially resulting in financial losses. In contrast, Portugal's Golden Visa via donation provides a swift five-year path to citizenship without the need to reside or pay taxes in Portugal. Yet, it entails a non-refundable donation and requires passing an A2 level Portuguese language exam for citizenship.

Latvia

The Latvia Investor Visa offers an accessible pathway for obtaining European residency through investment. With a basic cost of €250,000, it is one of the more affordable Golden Visas in Europe. Applicants can choose to invest in either real estate or government bonds to secure residency status, with an additional fee of €25,000 or 5% of the real estate value. The pathway to Latvian citizenship requires a minimum of 10 years, starting with five years of

temporary residency followed by five years of permanent residency. Latvia generally does not recognize dual citizenship. A significant barrier is the mandatory fluency in Latvian required for citizenship.

Pros of the Latvia Investor Visa include its affordability, the flexibility of investment options, and the potential for a return on investment, particularly in real estate. However, the lengthy process to citizenship, the restrictive dual citizenship policy, and the strong language requirements pose notable challenges. Despite these hurdles, the program remains an attractive option due to its lower financial threshold and investment versatility, making it a viable choice for those seeking European residency through investment. (Invest Latvia, n.d.).

The Latvia and Portugal Golden Visa programs offer distinct pathways to European residency, each with unique features and requirements. Both programs are notable for their affordability, with a minimum investment or donation of €250,000. However, the path to citizenship in Latvia is lengthy, requiring at least 10 years and fluency in Latvian, which may deter some applicants. Moreover, Latvia's restrictive dual citizenship policy further complicates the process for many potential residents. In contrast, the Portuguese Golden Visa does not necessitate active management of investments, allows dual citizenship and offers a faster route to citizenship, achievable in just five years. However, the non-refundable nature of the donation and the requirement to pass a language exam (A2 level) for citizenship are significant considerations.

In conclusion, the Portuguese Golden Visa stands out as the premier residency by investment program among its European counterparts. The program's emphasis on donations to cultural and scientific projects represents a progressive and accessible approach, requiring a minimum investment of €250,000, which is notably reduced to €200,000 for investments in sparsely populated areas. This flexibility offers a financially attractive entry point compared to the real estate or business investment requirements seen in other countries. The program's structure facilitates dual citizenship and offers a relatively quick path to European Union citizenship within five years, significantly enhancing global mobility and lifestyle opportunities. The non-refundable donation, while a drawback, is offset by the ability to maintain residence and tax obligations in one's home country, a feature that is particularly appealing to international investors.

In contrast to other programs, such as Malta's which necessitates a high total asset threshold, or Greece's and Latvia's with its lengthy path to citizenship and residency requirements, Portugal's Golden Visa emerges as the most efficient and cost-effective choice.

3.2 Analyzing practitioner views on enhancing Portuguese art market investment

This section provides a comprehensive analysis of an interview conducted with a Portuguese attorney Filipe Espinha (FE) about the Portuguese Golden Visa program. The purpose of this analysis is to elucidate practitioners' perspectives on the influence of residency legislation on art investment. By examining the insights from this interview, the section explores the challenges investors encounter, the effectiveness of the Golden Visa program, and potential strategies for market expansion. This qualitative analysis offers a thorough understanding of the practical challenges and opportunities for promoting foreign investment in Portugal's art market. [Annex B]

FE's career trajectory, which began with a law degree and evolved from labor law to corporate migration, highlights a deep expertise in immigration law. His professional journey from individual practice to establishing his own law firm underscores his growing specialization and success in handling corporate migration and investment programs.

FE identifies two primary reasons for the potential success of art investments: cost-effectiveness and the appeal to specific clients, provided the program is well-promoted. However, he highlights a significant barrier—strict regulations governing advertising by lawyers and attorneys, which limit their ability to promote the Golden Visa program directly. Traditionally, real estate agents and developers have driven promotion efforts, not law firms, due to these advertising restrictions. Despite this, law firms can still play a crucial role by promoting the program's rules and benefits through established networks and collaborations with migration agencies.

FE emphasizes the need for a collaborative approach involving local authorities, law firms, migration agents, cultural agents and the Ministry of Culture to effectively promote art investments. These entities must work together to leverage the business opportunities presented by the Golden Visa program, including the various fees associated with its administration.

FE points out that the success of such initiatives hinges on the capabilities of local mayors and cultural departments. He highlights the importance of mayors who are proficient in English, as this facilitates better communication with foreign investors and enhances the attractiveness of the investment opportunities. Moreover, cultural departments within city halls need to be adequately prepared to manage and promote cultural projects effectively. This preparation involves not only logistical and administrative readiness but also the ability to engage with and attract potential investors.

Effective communication with the licensing entity, the Ministry of Culture, is another critical factor highlighted by FE. Streamlined and efficient communication channels between local authorities and the Ministry can expedite the approval process for cultural projects, thereby making investment opportunities more appealing to foreign investors.

When asked about investors' primary motivations, FE candidly states that the majority are primarily interested in obtaining residency, with art investments serving as a secondary benefit. This trend is consistent with broader international investment migration patterns, where investors often prioritize residency or citizenship benefits over other considerations. FE notes that the Portuguese Golden Visa competes with similar programs in countries that offer direct paths to passports or residency through investment.

He observes that changes are occurring across Europe in response to housing market pressures, with countries like Malta and Greece adjusting their Golden Visa programs accordingly. Despite these shifts, Portugal remains an attractive destination due to its strong passport, peaceful environment, and inclusive, non-discriminatory society. The country's welcoming culture, favorable climate, and high quality of life are significant issues for foreign investors.

Regarding the demographics of his clients, FE notes that most clients currently come from the United States, Canada, and South Africa, with others from the Middle East, Southeast Asia, Asia, and former Soviet Union countries.

FE's insights highlight the complexities of transitioning from property to art investments within the Golden Visa framework. The success of this shift relies on overcoming regulatory challenges, effective promotion by law firms and migration agencies, and robust cooperation among local authorities and cultural entities. For the Portuguese art market, this transition represents both an opportunity for growth and a test of the country's ability to adapt its investment migration strategies to new economic realities.

Also, FE discusses the financial benefits and broader impact of investing 200,000 euros in local projects through Portugal's Golden Visa program. He highlights the potential for these investments to address critical issues in low-density areas, such as housing and demographic challenges, while also leveraging European Union (EU) funding to amplify their impact.

FE begins by emphasizing the significant economic and cultural benefits that a 200,000-euro investment can bring to low-density areas. For example, this sum could fund the restoration of a 12th-century church, enhancing local heritage and attracting tourism. Such projects not only preserve cultural landmarks but also stimulate the local economy by creating

jobs and making the area more attractive to visitors. This approach aligns with current priorities to boost economic activity in underdeveloped regions.

FE highlights a strategic approach to leveraging the 200,000-euro investments from the Golden Visa program to maximize their impact on local development. He suggests that if local authorities utilize these funds wisely, they can serve as the necessary private capital to unlock significantly larger European Union (EU) grants.

FE explains that local authorities often struggle to apply for EU funds because they are required to contribute a percentage of the project costs, typically ranging from 10-20%. This requirement poses a significant barrier, especially for low-density and economically underdeveloped areas, where local governments often lack the necessary financial resources. Consequently, these regions miss out on substantial funding opportunities that could drive development and economic growth.

By injecting 200,000 euros into a local council, these funds can act as the private share needed to access larger EU grants. For example, a council that receives 200,000 euros can potentially apply for a 1 million-euro EU program. This leveraging effect significantly amplifies the impact of the initial investment, providing local authorities with the means to implement large-scale development projects that would otherwise be unachievable.

This strategic use of Golden Visa funds aligns with broader goals of regional development and economic stimulation. By enabling local councils to access substantial EU funding, these investments can support infrastructure improvements, cultural projects, and other initiatives that enhance the quality of life in underdeveloped areas. This, in turn, can attract more visitors, stimulate local economies, and create jobs, addressing both demographic and economic challenges.

However, FE suggests that if funds are directly allocated and investments are made without bureaucratic delays, the process can be more efficient. He stresses the importance of ensuring that local authorities can manage these funds effectively to promote development without the risk of corruption or mismanagement.

FE reasons about the absence of municipalities in the management of funds provided through Portugal's Golden Visa program. He argues that requiring municipalities to create public foundations to handle the investments is problematic. Such an approach could open avenues for financial mismanagement and corrupt practices, as managing substantial sums of money without adequate oversight can be challenging, especially for smaller municipalities. He points out that 200,000 euros is a significant amount for many local councils, often surpassing their annual budgets. This influx of funds could overwhelm local authorities who

may lack the experience and capacity to manage such large sums effectively. FE suggests that regional directors of culture should be positioned to manage these funds.

FE emphasizes that wealthier municipalities already have the infrastructure, such as private or public foundations, to manage and promote cultural investments. These municipalities are better equipped to handle substantial investments and can leverage additional resources to enhance their cultural and economic landscapes. In contrast, less affluent municipalities, which stand to benefit the most from such investments, are left at a disadvantage.

Then FE discusses the introduction of a new investment option for Portugal's Golden Visa program, requiring 500,000 euros for the “Fundo para a Aquisição de Bens Culturais para os Museus e Palácios Nacionais.” FE begins by acknowledging the principle behind the new 500,000-euro investment option, which aims to acquire cultural artifacts being auctioned outside the country. These artifacts are often beyond the financial reach of the government and museums, making the fund a potentially valuable resource. However, he questions the practical implementation and promotion of this initiative. FE doubts that investors will independently navigate the application process online, suggesting that they will likely hire attorneys, adding another layer of cost and complexity. He emphasizes that effective promotion is crucial, but questions whether the government has the financial resources to advertise this new avenue adequately.

FE also raises concerns about the distribution of funds. While acquiring famous artworks for national museums in Lisbon or Porto is beneficial, he argues that smaller towns and villages, especially those suffering from depopulation, need cultural investments more urgently. These areas, which have seen significant population declines, require cultural attractions to draw people back and stimulate local economies. He advocates for directing funds to enhance cultural facilities and activities in these smaller communities to ensure a more equitable distribution of benefits.

FE identifies a fundamental issue with the Golden Visa program's cultural investment option: the lack of tangible returns for investors. He points out that cultural investments are perceived as donations rather than investments, which significantly diminishes their appeal to potential investors.

FE notes that only eight cases of cultural investment have been recorded, which he attributes to the nature of these investments. Unlike property investments, which offer tangible assets that can appreciate in value, cultural investments provide no material return. Investors may receive recognition, such as a plaque with their name, but this does not compare to the

financial benefits of property investments. This distinction highlights the core problem: investors are generally looking for something real and valuable in exchange for their money. The concept of donating large sums without any direct financial return is unappealing, especially when compared to other investment opportunities that offer more substantial and tangible benefits.

FE suggests that the cultural investment component of the Golden Visa program requires a thorough reevaluation. One major improvement could be the introduction of tax breaks or other financial incentives. Currently, there are no tax advantages associated with cultural donations, making them even less attractive. Implementing tax incentives could enhance the appeal of cultural investments by offering some form of financial return, thereby aligning more closely with investors' expectations and preferences. By offering real financial benefits, the Golden Visa program could stimulate greater interest and participation in cultural investments, ultimately supporting the growth and preservation of Portugal's rich cultural heritage.

FE identifies bureaucracy as the primary obstacle for his clients, both foreign and national. He clarifies that the issue lies not with the bureaucratic processes themselves but with the bureaucrats who handle them. This inefficiency is a critical issue, causing frustration among investors and slowing down the entire application process. FE advocates for reducing bureaucracy and promoting faster, more transparent procedures. Streamlining these processes would significantly enhance the experience for foreign investors and potentially attract more interest in the Portuguese art market.

The interview touched upon significant administrative challenges, particularly the inefficiencies of the former SEF (Serviço de Estrangeiros e Fronteiras), which have tarnished the Golden Visa's reputation over the past two years. The backlog of unresolved cases (approximately 300,000) and the daily influx of legal charges against SEF/AIMA exacerbate the problem, leading to clogged administrative courts.

From the perspective of foreign investment in the Portuguese art market, these insights underline the importance of a stable and efficient legislative and administrative framework. The ongoing political and administrative issues could deter potential investors, thereby affecting the market's growth. Addressing these challenges is crucial for enhancing the attractiveness of Portugal's Golden Visa program and, by extension, stimulating foreign investment in the art market. This stability is essential for maintaining investor confidence and ensuring sustained growth in this sector.

The analysis of the Portuguese art market in Chapters 1 and 2 identified significant challenges and opportunities related to foreign investment. These findings were compared with

the insights from an interview with a Portuguese attorney specializing in the Golden Visa program, as detailed in this section. This comparison reveals areas of agreement, contradiction, and new insights, providing a comprehensive understanding of the current state and potential growth of foreign investment in the Portuguese art market.

Both the earlier chapters and the interview highlight the importance of international recognition and visibility for the Portuguese art market. Chapter 1 emphasizes the need for Portugal to increase its global presence through participation in international art fairs and collaboration with foreign galleries. This aligns with the attorney's view that promoting the Golden Visa program requires effective marketing and collaboration among various stakeholders, including local authorities, cultural agents, and migration agencies.

Financial challenges and the need for government-business partnerships are also common themes. Chapter 1 discusses the financial limitations and the necessity for better partnerships between public and private sectors to support art initiatives. The attorney similarly notes that collaborative efforts involving local authorities and law firms are crucial for effectively promoting art investments under the Golden Visa program.

Both sources recognize the bureaucratic obstacles in attracting foreign investment. Chapter 2 details the complex regulatory framework governing the art patronage system, while the attorney identifies bureaucratic inefficiencies as a significant barrier, particularly within the SEF. This agreement underscores the need for streamlining administrative processes to enhance investor confidence and attract more foreign investment.

While Chapter 2 discusses the potential of simplifying the legal requirements and expanding the range of eligible projects to attract more foreign investors, the attorney expresses skepticism about the practicality and promotion of new investment options, such as the 500,000-euro fund for acquiring cultural artifacts. The attorney doubts the effectiveness of this initiative due to its perceived lack of tangible returns for investors, contrasting with the optimistic outlook in Chapter 2 regarding policy adjustments and broader project eligibility.

The attorney provides several new insights that were not covered in the earlier chapters. One significant point is the role of local mayors and cultural departments in facilitating art investments. The attorney emphasizes that proficient English-speaking mayors and well-prepared cultural departments can significantly enhance communication with foreign investors and manage cultural projects effectively. This local-level engagement is crucial for the success of art investments.

Another new perspective is the potential of leveraging 200,000-euro investments to unlock larger European Union (EU) grants. The attorney explains that these investments can serve as

the necessary private capital to access substantial EU funding, thereby amplifying their impact on local development. This strategic use of funds can address critical issues in low-density areas, such as housing and demographic challenges, providing a more comprehensive approach to regional development.

The attorney also underscores the importance of ensuring that investments are managed effectively to avoid financial mismanagement and corruption. This concern is particularly relevant for smaller municipalities that may lack the capacity to handle large sums of money. The suggestion to direct investments through regional directors of culture offers a potential solution to this issue.

The comparison of findings from Chapters 1 and 2 with the insights from the practitioner interview in Chapter 3 reveals both alignments and contradictions in understanding the challenges and opportunities for foreign investment in the Portuguese art market. While there is broad agreement on the need for international visibility, financial support, and streamlined bureaucratic processes, differences arise regarding the practicality of certain policy adjustments.

3.3 Implementation of digital platforms to attract foreign investment in the Portuguese art market

As we move to the practical aspects, this section aims to bridge theoretical insights with tangible application by creation of a website designed to attract foreign investment to the Portuguese art market. This part will demonstrate the practical deployment of the theories discussed in the first two chapters, emphasizing how digital platforms can serve as crucial tools in enhancing market accessibility and visibility.

Based on the findings in the second part of Chapter 3, it is evident that consulting agencies primarily handle the promotion of the Golden Visa program. To align with this insight, a dedicated website has been developed aimed at attracting individuals worldwide to Portugal through the Golden Visa donation program. This website serves as a strategic tool to facilitate the program's promotion.

The website is designed to showcase Portugal's rich artistic heritage, engaging potential investors and art enthusiasts globally, thereby aligning with the legislative frameworks that encourage such investments. This section will not only highlight the technical and aesthetic aspects of the website but also its strategic alignment with the objectives of promoting and reviving the Portuguese art market through foreign investment.

The primary objective of the website Permit2Pass is to facilitate the acquisition of European residency, specifically through the Portugal Golden Visa program, which allows individuals to gain residency and potential citizenship in exchange for investments or donations. This service is targeted at non-EU investors seeking the benefits of EU residency and citizenship without significant tax obligations. The website specifically addresses the needs of potential investors by providing a streamlined, informative pathway to understanding the Golden Visa program. (Permit2Pass, n.d.)

The strategy behind the layout, design, and information provided on the website aligns with the goals of its target audience. The website uses a clean, simple, but professional design to instill confidence and trust among potential investors. The navigation is straightforward, guiding users to key information about the benefits, requirements, and steps involved in the Golden Visa program. The layout and content are designed to make the process seem manageable and appealing, emphasizing benefits like low tax liability and a fast track to EU citizenship. These design choices enhance accessibility and user-friendliness by presenting essential information in an organized manner, making it easy for users from various cultural and linguistic backgrounds to navigate and understand the offerings, thus facilitating the decision-making process for potential investors.

The Permit2Pass website is available in English, Spanish, Portuguese, and Russian to cater to a broad demographic of investors interested in the Portuguese Golden Visa. These languages are chosen based on the high number of investors coming from regions where these languages are predominant. English serves as a global language, essential for reaching a wide international audience. Spanish and Portuguese are pertinent given the cultural and linguistic ties within the Ibero-American community, which shows a significant interest in European residency options. Russian is included due to a considerable number of Russian investors seeking EU residency through investment programs.

The content on the Permit2Pass website is constructed to address the specific needs and concerns of potential investors interested in the Portuguese art market and residency options through the Portugal Golden Visa program. Each segment of information provided is essential, aiming to guide users through the complexities of immigration and investment processes in a clear and efficient manner.

The introduction clearly defines the Golden Visa, outlining its benefits, such as the ability to maintain tax residence outside Portugal while enjoying the rights of an EU citizen. This aspect is particularly appealing to those who wish to enjoy the benefits of EU residency without the accompanying tax burdens typically associated with residency.

Further details elaborate on why Portugal is an attractive destination for such investments, citing its EU membership, low language requirements for citizenship, favorable climate, and high safety ranking. These points are likely to resonate well with investors looking for both lifestyle and administrative benefits.

The website delineates the advantages of this investment route, emphasizing the feature of the process, which does not require active management of business or property. It also underscores the potential for enhancing one's social capital by associating with cultural projects in Portugal.

In the subsequent section of the website for Permit2Pass the mechanism through which the Portuguese Golden Visa through donation operates is elaborated. This is in alignment with the practical aspect of the thesis, providing a detailed, step-by-step guide to prospective investors on acquiring residency in Portugal. The website elucidates that according to Article 3 of Law No. 23/2007.

The process is divided into several stages to assist investors. The first stage involves an initial consultation, where a Portuguese attorney assesses the applicant's eligibility. The next stage focuses on preparing for immigration, which includes document preparation and opening bank accounts with the assistance of a tax lawyer. Following this, the project certification stage entails selecting and submitting the project for certification by the Ministry of Culture. The transaction stage involves executing the financial transfer to the cultural organization. The subsequent stage is applying for residency, where the application is submitted to the Immigration Service of Portugal, and in-person biometrics are required. Finally, the residency card is issued, either by mail or through in-person collection.

Moreover, the website offers to assist in identifying projects that enhance the investor's status as a benefactor or "Maecenas", potentially involving their name in significant cultural projects like the restoration of churches, monasteries, or art masterpieces, thereby immortalizing their contribution to Portuguese cultural heritage.

In the next section of the Permit2Pass website, a comprehensive Frequently Asked Questions (FAQ) segment is introduced to address common inquiries and concerns prospective clients might have about the Golden Visa through donation program. The FAQs cover a wide range of topics, from the basic definition and benefits of the Golden Visa to more detailed procedural and legal questions. For instance, the website clarifies the non-refundable nature of the cultural donation, emphasizing the philanthropic aspect of the investment and the potential for long-term cultural engagement rather than financial return. It also addresses logistical queries such as the need for personal presence during the application process and the

documents required for the Golden Visa application. Moreover, the FAQ section tackles concerns about potential risks, including legislative changes and processing delays, while reassuring clients of the company's proactive strategies to mitigate these risks.

The FAQ page on the Permit2Pass website plays an important role in addressing common concerns and questions regarding the Portuguese Golden Visa program. It serves as an essential tool for user engagement, providing immediate answers to frequently asked questions, which helps in reducing uncertainties and simplifying the decision-making process for potential investors. Regular monitoring and updating of this section based on user interactions and feedback are crucial. This responsiveness not only improves the user experience but also builds trust by showing commitment to providing current and comprehensive information.

The comparison of the Portuguese Golden Visa with other European residency programs on the Permit2Pass website serves as a crucial informational resource for potential investors. This comparative analysis is necessary as it helps investors understand how Portugal's offering aligns with or differs from other options in Europe, thus aiding in informed decision-making. Criteria used for these comparisons typically include investment thresholds, benefits, the potential path to citizenship, and specific requirements such as residency or language proficiency.

Finally, the site is equipped with a contact form and offers personalized consultations. This line of communication is essential for addressing specific questions that the website content might not fully resolve, offering a tailored experience that can deal with individual circumstances and concerns.

Reaching the intended audience for a website like Permit2Pass, which focuses on attracting potential investors interested in the Portuguese Golden Visa, requires online marketing techniques. To effectively capture this targeted demographic, the website employed several digital marketing strategies, including search engine optimization (SEO), social media and search engine advertising.

The Google marketing campaign ran from February 10th to March 10th. Based on data from the Statistics Portal of Portugal, the primary holders of Golden Visas originate from China, Brazil, the USA, Turkey, and South Africa. Specific considerations influenced the target selection for our marketing campaign. China was excluded because Google is not widely used there, necessitating an in-country representative. Brazil was also excluded due to the shared Portuguese language and strong connections with Portugal, making it easier for Brazilian applicants to navigate the process independently. The USA was deemed too costly for

promotion. Consequently, the campaign initially targeted Turkey and South Africa for the first three weeks, before shifting focus to India and Pakistan for the final week. [Annex C]

The first week required for Google's algorithm to optimize for the target audience. Over this period, our advertisements garnered 7,750 impressions. An impression refers to the number of times an advertisement is displayed on a user's screen. Of these, 403 resulted in clicks, equating to a Click-Through Rate (CTR) of 5%. A click is when a user interacts with an advertisement and is redirected to the advertiser's website or landing page. The CTR is the percentage of users who click on an advertisement out of the total number of times the ad is displayed. This performance aligns with the industry average, which typically is 5%. [Annex D, Graph 1]

The conversion rates varied significantly between the different target countries. During the initial phase targeting South Africa and Turkey, there were no consultation requests or guide downloads. However, in the final week, when the campaign targeted India and Pakistan, there were notable improvements. Specifically, seven consultation requests were received and seven guide downloads were done within this short period. Upon further communication with some of these potential clients, it became evident that many lacked a clear understanding of the Golden Visa program, primarily expressing a desire to emigrate from their current countries.

The average market ratio of website visitors who become buyers (sales conversion ratio) is approximately 0.5%. In this campaign, there were 403 visits but did not secure any clients. According to market practice, this should have yielded at least two clients. Given that the Golden Visa is a highly specialized product, and the donation route within the Golden Visa program is even more niche, it appears that the number of clicks needs to be three to five times greater to secure the first client. This indicates that a significant investment in the project would be required to achieve the desired results.

Due to these findings, the decision was taken to halt the campaign on March 10 and explore other sources of attracting potential clients. One alternative strategy was to attract clients through a free webinar on the Golden Visa program, with the target country chosen as the USA. The campaign for this initiative began on March 20, and it took one week for the algorithm to optimize the ad display. From March 27 to April 15, a period of 20 days, the campaign achieved 3,380 impressions and 296 clicks. [Annex D, Graph 2]

The CTR of the Google campaign was 9%, significantly higher than the usual rate of 5%. This suggests that either the Google algorithm performed more effectively or that the USA has a more active population interested in this type of visa. Regarding the results, two clients expressed their intention to attend the webinar. This translates to a sales conversion ratio of

0.7%, which is higher than the market average of 0.5%. From this, it was concluded that to attract at least 10 clients to the webinar, five times more impressions and, consequently, a five times larger budget would be needed.

When creating content for a website like Permit2Pass, particularly when dealing with investment advice and residency information, it is crucial to navigate legal and ethical issues carefully. Such content must adhere to financial regulations and immigration laws, which vary by country and can have serious implications for accuracy and reliability.

On April 15, Google suspended this advertising campaign for unspecified reasons. It took a week of rigorous checks and communication with the Google team, but the ad campaign remained blocked. Since Google did not provide specific reasons for the suspension, a few potential causes can be surmised. Firstly, the USA has stringent laws regarding advertisements in this field, which may prohibit such ads. Secondly, the market for Golden Visas is highly competitive and profitable, potentially leading to unfair competition. In this context, it only takes five complaints from other accounts to have an ad blocked. Despite all efforts, the campaign was ultimately discontinued.

Parallel to the Google advertising campaign, a campaign in Russia using the Russian search engine Yandex was launched. This campaign began on December 20 and remains active. Over a period of five months, the campaign generated 46,726 impressions and 1,101 clicks. CTR of 2.3% is significantly lower than those achieved with Google. [Annex D, Graph 3]

On January 20, a redirect campaign was initiated aimed at re-engaging potential clients who had visited the website at least once by showing them ads more frequently. During this period, this campaign achieved 31,191 impressions and 704 clicks, with also a quite low CTR. [Annex D, Graph 4]

Combining the results of both campaigns, the website have a total of 77,917 impressions and 1,805 clicks, yielding a CTR of 2.3%. This indicates that Yandex is performing about half as effectively as Google, or it may suggest that the target audience in Russia is less interested in the Golden Visa program compared to audiences in South Africa and Turkey.

In terms of sales outcomes, there were three guide downloads, none of which converted into actual sales. This supports the understanding that only one in 600 website visitors is likely to download a guide or book a consultation. Given that the initial Google ad campaign only attracted 400 visitors, it is not surprising that it did not secure a single client.

However, a crucial question remains: how many of these consultations or downloaded guides will eventually convert into real clients who purchase the program? Answering this

question will require more time and substantial investment to gather sufficient data and refine the marketing strategy accordingly.

Additionally, partnerships with financial advisors and migration companies will greatly enhance the website's visibility and effectiveness. These partnerships will facilitate referrals, where professionals direct clients to Permit2Pass as a trusted resource for navigating the complexities of obtaining a residency visa through investment.

Reflecting on the potential future developments in the art market and residency laws, it's crucial for a website like Permit2Pass to remain adaptable. Residency laws are often adjusted in response to geopolitical shifts, economic conditions, and public policy objectives, impacting the criteria and attractiveness of investment-based residency programs like the Portuguese Golden Visa.

Keeping content updated in response to new laws or changes in investment thresholds or procedures requires a systematic approach to content management. This will involve monitoring legal changes in relevant jurisdictions, and engaging with a community of legal experts who can provide insights and updates as needed.

By maintaining a high standard of accuracy and ethical responsibility, the website can serve as a reliable resource for potential investors and migrants, helping them make informed decisions while complying with applicable laws.

The implementation of digital platforms presents a transformative opportunity for attracting foreign investment in the Portuguese art market, bridging theoretical insights with practical applications. This part underscores the significant potential of digital platforms to enhance market accessibility and visibility, aligning with the challenges and opportunities discussed in Chapters 1 and 2.

Chapter 1 outlined the multifaceted challenges in attracting foreign investment to Portugal's art scene, including financial limitations, the need for global recognition, and cultural and language barriers. These challenges are exacerbated by Portugal's relatively small art market compared to established art hubs like New York, London, and Paris. The necessity for increased online presence and the adoption of digital innovation were highlighted as crucial steps to overcome these geographic and market size limitations. By leveraging digital platforms, the Portuguese art market can broaden its reach, showcasing its rich cultural heritage and contemporary art to a global audience, thus addressing the visibility issue.

Chapter 2 delved into the bureaucratic and regulatory obstacles faced by foreign patrons in the context of the Portuguese residency legislation, particularly the Golden Visa program.

The intricate application process, involving multiple stages of approval and significant documentation, poses a daunting challenge for prospective investors.

Integrating the insights from Chapters 1 and 2, this part demonstrates how digital platforms can address these challenges and leverage the growth opportunities. The creation of the Permit2Pass website, designed to attract foreign investment through the Golden Visa program, exemplifies the practical application of these theoretical insights. This digital platform serves as a strategic tool to promote Portugal's art market, making the complex process of investing in Portuguese art more accessible and appealing to international investors.

The Permit2Pass website addresses financial limitations and the need for international recognition by providing a streamlined, informative pathway for investors. By offering content in multiple languages and utilizing a user-friendly design, the website effectively bridges cultural and language barriers. This aligns with Chapter 1's emphasis on enhancing global visibility and overcoming geographic constraints through digital means.

In addressing the bureaucratic hurdles outlined in Chapter 2, the Permit2Pass website offers detailed step-by-step guides. The website's FAQ section and personalized consultation services further enhance its user-friendliness, addressing investor concerns and providing clear guidance through the application process.

Moreover, the digital marketing strategies employed, such as targeted online advertising and search engine optimization, demonstrate the website's role in increasing market visibility and attracting a diverse range of investors. The comparative analysis of the Portuguese Golden Visa with other European residency programs on the website helps potential investors make informed decisions, aligning with the needs identified in Chapter 2.

The integration of digital platforms not only enhances the attractiveness of Portugal's art market but also supports the broader objective of fostering a dynamic and inclusive cultural environment. By promoting Portuguese art and associated investment opportunities globally, digital platforms contribute to the growth of the art market and the country's cultural and economic landscape.

Conclusion

In this thesis, the primary research problem addressed revolves around the challenges and opportunities for enhancing foreign investment in the Portuguese art market through the Golden Visa program. The focus was on understanding the complexities of Portugal's residency legislation and its impact on art investments. Additionally, the research sought to explore the potential benefits and limitations of current policies and to propose enhancements that could make Portugal a more attractive destination for art investments. This included evaluating the effectiveness of existing initiatives and suggesting new strategies to overcome identified barriers, thereby promoting a more dynamic and inclusive art market. The research aimed to provide a comprehensive overview of how Portugal could leverage its rich cultural heritage to attract foreign investors, thus stimulating economic growth and cultural preservation simultaneously.

This thesis explored foreign investment in the Portuguese art market, particularly in the context of residency legislation. The analysis highlighted several key findings that underline the unique position and potential growth of Portugal's art market.

Firstly, the comparative analysis of international art markets, including the USA, UK, France, and China, provided a contextual framework. The U.S. market's strength is attributed to its robust infrastructure, favorable tax policies, and technological advancements, positioning it as a global leader. The UK's post-Brexit landscape introduced new challenges but also opportunities. France leveraged its cultural heritage and low import taxes to attract investment, while China utilized free trade zones and reduced import tariffs to boost its art market.

Secondly, Portugal's rich cultural and artistic heritage, encompassing historical and contemporary elements, emerged as a significant attractor for foreign investment. Key cultural institutions and revitalization projects, such as the Museu Nacional de Arte Antiga and the MAAT, integrate traditional and modern art, appealing to diverse investor tastes.

Challenges persist, particularly regarding the market's global visibility and financial limitations. However, opportunities for growth are evident through enhanced international collaboration, digital innovation, and strategic government-business partnerships.

This study has several limitations that need to be acknowledged. Firstly, the data collection methods primarily relied on qualitative approaches, including interviews and case studies. While these methods provide in-depth insights, they are inherently subjective. The limited sample size of industry experts interviewed may not fully represent the broader spectrum of opinions and experiences in the art market. Additionally, the rapidly changing nature of

government policies and economic conditions posed a challenge. The legislative framework and economic environment during the study period might have evolved, affecting the relevance of some findings.

The findings of this thesis have several practical implications for enhancing the visibility and attractiveness of the Portuguese art market through foreign investment, particularly via the Golden Visa program.

Firstly, the creation and implementation of the Permit2Pass website as a digital platform can significantly streamline the investment process. By providing comprehensive information in multiple languages and offering detailed step-by-step guides, the platform makes it easier for potential investors to navigate the complex application process. This user-friendly approach can help bridge cultural and language barriers, making the Portuguese art market more accessible to a global audience.

Secondly, the strategic use of digital marketing techniques, such as targeted online advertising, can enhance the market visibility of Portuguese art. These methods can attract a diverse range of international investors by showcasing the unique cultural and investment opportunities available in Portugal. The comparative analysis of the Portuguese Golden Visa with other European residency programs available on the Permit2Pass website helps potential investors make informed decisions, aligning with the needs identified in the thesis.

Furthermore, the insights gained from the practical analysis of digital platforms indicate that they can address both financial limitations and the need for international recognition. By leveraging digital platforms, the Portuguese art market can overcome geographic constraints, showcase its rich cultural heritage, and appeal to a global audience, thus addressing visibility issues. The development of the Permit2Pass website exemplifies how theoretical insights can be translated into practical tools that facilitate investment and promote cultural heritage.

The research underscores the need for collaboration between various stakeholders, including local authorities, cultural agents, law firms, and migration agencies. Such partnerships are essential for creating a supportive ecosystem that not only attracts foreign investment but also ensures that the cultural and economic benefits are widely distributed across communities.

In the nearest future, I aim to develop this project by implementing two key strategies designed to expand the reach and efficacy of the Golden Visa program through art investment.

1. Engaging global art galleries with referral programs.

To begin with, I plan to reach out to prominent art galleries around the world, proposing a referral program specifically tailored to attract affluent collectors and art dealers. This referral

program would offer a commission-based incentive for galleries that successfully refer clients to our Golden Visa services. By leveraging the established networks and reputations of these galleries, we can create a mutually beneficial relationship that promotes art investment as a viable pathway to residency.

The referral program will be structured to provide a certain fee for every client referred who successfully applies for a Golden Visa through art investment. This strategy not only broadens our client base but also integrates the concept of art investment into the global art market more effectively. Given the significant role that art galleries play in the art ecosystem, their endorsement and active participation could substantially enhance the visibility and credibility of our services.

Furthermore, by targeting key galleries known for their high-end clientele, we can ensure that our program reaches individuals with the financial capacity and interest in such investments. This approach also helps in positioning the Golden Visa program within the upper echelons of the art world, thereby attracting a more discerning and financially robust investor base.

2. Collaborating with advocates and migration agencies.

The second step involves establishing partnerships with advocates and migration agencies globally. These entities play a crucial role in advising clients on residency and investment opportunities. By offering them a referral fee, we can incentivize these professionals to recommend the Golden Visa program to their clients.

This initiative requires a comprehensive outreach campaign where we present the benefits of the Golden Visa program, particularly emphasizing the unique advantages of art investment. Legal professionals and migration agencies are often the first point of contact for individuals seeking residency solutions, making them ideal partners in promoting our services. Their endorsement can significantly influence potential investors, providing them with trusted advice and encouraging them to consider art investment as a pathway to residency.

To facilitate this, we will develop detailed informational materials and conduct seminars tailored to these professionals. This will ensure they have a thorough understanding of the program and can effectively communicate its benefits to their clients. Additionally, we will offer continuous support to these partners, addressing any queries and providing updates on the program to maintain their engagement and interest.

Future research should explore several key areas to further understand and enhance the Portuguese art market and its attractiveness to foreign investors. Firstly, future studies should

investigate the effectiveness of digital platforms in promoting Portugal's art market. The integration of digital tools for marketing, application processing, and investor engagement has been highlighted as a potential solution to streamline bureaucratic processes and enhance transparency. Research should focus on best practices for implementing these technologies, assessing their impact on investor satisfaction and the overall efficiency of the investment process. Furthermore, examining the role of local municipalities and cultural departments in managing and promoting cultural investments is vital. Understanding the challenges and opportunities at the local level, particularly in less affluent areas, can help in devising strategies to ensure equitable distribution of benefits from cultural investments. This includes exploring the potential for local governments to collaborate with private sector entities to maximize the impact of cultural funding.

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Annex

Annex A.

Comparative overview of key characteristics of the art market and factors influencing foreign investment in the art market

Country	Art market volume 2023, bn USD	Share of the budget on art in national budget, %	Number of galleries	Custom duties, %	Import VAT, %	Export VAT, %	Droit de Suite, %
USA	27.2	0.13	4,500	-	-	-	-
China	12.2	no data	4,000	6 - 14	6 - 13	-	-
UK	10.9	0.42	9,532	-	5 - 20	-	0.25 - 4
France	4.6	0.53	3,138	-	5.5 - 20	-	0.25 - 4

Annex B.

Interview with the Portuguese attorney Filipe Manuel Espinha Soares Da Silva

FE - Filipe Manuel Espinha Soares Da Silva. Attorney. Degree in Law from the University of Lisbon. An attorney with over two decades of expertise in taxation, corporate, labor, and migration law. A managing partner of the FE.LAW attorneys' office.

PR – Pavel Riabov

PR: Could you please tell me about your educational background and career trajectory? How have your studies and professional experiences shaped your expertise in immigration law, particularly in relation to investment migration programs like Portugal's Golden Visa?

FE: Well, I have a law degree. I started working mainly in labor law, which led me to corporate law. From corporate law, I moved into corporate migration. I began working with another lawyer, then I worked alone. There was a period when I was not practicing law because I was in consulting. In 2012, I returned to practicing law. Before that, I was involved more in labor law, civil law, criminal law, and individual practice.

Initially, I started with individual practice, but it was very stressful and complicated. Then I joined a friend's firm. In that firm, I learned that I could do many things alone but also in cooperation with other colleagues. However, some of us were not happy with certain aspects of the firm, so I left, and some colleagues followed me. We then started our own firm, which had its ups and downs, like any other entity.

I started alone and began to have some success. As more clients came, I needed more people to help. This led to other colleagues working with me, and suddenly, I found myself with a law firm. Today, I have my own law firm.

PR: With the recent shift in Portugal's political landscape in 2024, seeing more right-leaning parties in power, how do you anticipate this will affect the country's strategy toward attracting Golden Visa investments? What major shifts might we expect?

FE: I agree with the idea that Portugal's political landscape in 2024 is seeing more right-leaning parties in power. However, the current situation is very balanced. Yes, the right wing

has a majority in the parliament, but it is not an absolute majority. If one of the right-wing parties does not vote, the left would have more votes. So nowadays, in fact, we have a more complicated situation than simply leaning towards the right or left. It is a more complicated situation.

The Portuguese golden visa is still famous. Unfortunately, the last two years have not been good for the brand and the image of the country. Additionally, it doesn't help that the former SEF is unable to resolve the situation of 300,000 people. Considering that everyone knows about this, even today the newspaper reported that every day 25 people are filing legal charges against SEF. This means that the administrative courts will become clogged, and something has to be done. To be honest, these issues should be completely independent of political or party discussions. They should be more stable because this affects the country's image abroad.

Portugal has an external image as a peaceful country. Politically stable. Even with elections, we are very politically stable. Elections are part of our democratic process and do not change the laws. That is important. We are a state of law, and things work. If AIMA, the former SEF, is not providing adequate responses, people will start appealing to the courts, which will lead to administrative courts becoming clogged, as they already are. Therefore, I think it is important to find solutions. If the current government manages to survive, I think it is in their interest to address some issues regarding the golden visa.

PR: How do you see the potential for art investments to replace property investments in the Golden Visa program, given the recent changes? Could law firms or migration agencies effectively promote this shift, considering regulatory and promotional challenges?

FE: I do see the potential for two reasons. First, because it's cheaper. But secondly, also because of these types of clients, if well advertised. In the past and even today, there are strong regulations controlling advertising by lawyers or attorneys. That's the thing.

Who can promote the Golden Visa outside the country? Well, the government is not going to do it because that's an expense. Why should they promote a program that aims to attract money through private funding? So, in the past, who was doing it? Real estate agents and real estate developers. Law firms, not so much, since law firms cannot do advertising. However, they can promote the program and the rules of the program.

Also, mainly associated, as we know, are the existing migration agencies. The existing promotion of citizenship by investment or residence by investment agencies or firms around

the world. Of course, if it's a law firm working on immigration, and a big law firm, they are usually connected to these types of networks. So, in these networks, there is the possibility to promote.

I know there are two or three persons or entities already doing it, associated with cultural projects. But the potential for me is in the less developed areas and if it involves the local authorities. Of course, for that, we need to have mayors who speak English. We need to have mayors and the cultural departments of city halls prepared to do this, and also with good communication with the licensing entity, which is the Ministry of Culture. So, if we put all these together, yes, I think there is strong potential.

Whether it's going to have a boom or not will depend mainly on migration companies. If the market is willing to invest in this, promote it, and move forward. It is a cooperation between local authorities, investors, and third parties. Who can be these third parties? Again, the law firms, the migration agents, and the cultural agents. Because here there is a big opportunity, also as a business, because there are fees to be paid and therefore to be shared. And I know they are paid, not only the government fees but also fees paid to the migration agents or whatever agents, and in this case, also the cultural agents.

PR: The Golden Visa for art attracts two main categories of investors: those genuinely interested in Portuguese art and those primarily seeking EU residency. From your experience, what tends to be investors' primary motivation?

FE: To be honest, all of them, as I see from my experience, mostly want residency. Art is a bonus. In the international market, this directly competes with countries offering passports. You invest in certain islands, a certain amount, between \$150,000 to \$250,000, and then you get a passport. There are other countries where you invest a bit more and you get residence, especially when we speak about European residencies. Of course, we also need to understand, for instance, that most European countries, even those with golden visa programs like Malta and Greece, are changing because these countries are also suffering from housing problems.

Yes, many people are looking for residence because we still have a very strong passport. Portugal is very peaceful and inclusive. We do not discriminate. Just come to our country, enjoy the weather, enjoy our good food and wine. Enjoy our culture. Everyone here is welcome, and I think this is the biggest difference. Having worked with foreigners for most of my professional life, I can say that what most of them like about Portugal is the tolerance.

PR: What are the financial benefits of investing 200,000 euros in local projects? What impact do these investments have on small communities in Portugal?

FE: In the low-density areas, for instance, the sum is 200,000 euros. I think it is important, facing the housing problem and the demographic problem, to really use this money inland. In these areas, 200,000 euros can represent a completely new roof for a 12th-century church. This is heritage; it is something people can visit, and it has an economic impact on the community. If you recover a church and make the place more agreeable and desirable for tourists, you create jobs and stimulate the economy. This is a priority nowadays.

Additionally, if local authorities are smart, 200,000 euros can become the private or own funds part of any European Union project. Often, city halls and local parishes do not apply for European funds because they don't have their own percentage, usually 10-20%. Even in low-density or economically underdeveloped areas, it's very rare to have 100% European subsidies. If local governments lack money, it's very difficult. However, injecting 200,000 euros into one council means they can apply, for instance, for a 1 million euros European Union program.

The multiplying effect is significant. In Portugal, it was said a few years ago that 1 euro spent in a local municipality is a 5 euro investment because local municipalities have a greater ability to multiply the financial or economic impact of development. This creates jobs and interaction. For example, if you have people recovering paintings for six months, and then you have 1 million euros circulating in the entire community, in a small city of, let's imagine, 5,000 people, the impact is considerable. There are even municipalities with fewer than 5,000 citizens.

However, we need to check the criteria used by the Ministry of Culture, because, in the end, the Ministry decides whether to approve the funds. If the fund is created and investments are made directly, the process is faster. If local authorities could do something similar, it would make sense because it is an easy way to promote development.

But there is a concern that municipalities are being directly excluded. Why? That's the question. Telling municipalities to create a public foundation to manage this money could promote corruption or money laundering. 200,000 euros for a small council is a lot of money, potentially doubling or more their annual budget. This money should be for regional directors of culture to promote their own culture, not just for local development. The main budget and focus should be on municipalities. Rich municipalities already have private or public foundations.

PR: Starting in 2024, a new investment option requiring 500,000 euros for the “Fundo para a Aquisição de Bens Culturais para os Museus e Palácios Nacionais” was introduced, doubling the previous amount but promising a smoother process. How effective do you think this new avenue will be in enhancing the attractiveness of Portugal’s art scene to foreign investors? And will it have an effect in the near future?

FE: I believe the idea is very good, especially given the recent need to acquire goods being auctioned, such as cultural artifacts being auctioned outside the country that the government and museums of Portugal want to acquire. However, they often lack the funds to do so. Thus, the idea is very good in principle. However, who is going to promote it? The same people who advocate for immigration laws? Because, ideally, the government should handle it. It would be very fast. But who is going to manage it? Self-applications? People who are going to invest 500,000 euros are not likely to go online to the AIMA website and apply themselves. They will hire an attorney, who will charge for their services. Usually, someone needs to introduce this fund. Who will do that? The government? Does the government have any money for advertising? I have my doubts. Therefore, while it’s a very nice idea, government officials often have beautiful ideas, but in reality, what makes the world go round is money.

To be honest, it is nice to buy one very famous painting by a Portuguese artist from the 13th century and have it in the national museum, whether in Lisbon or Porto. But the reality is, who needs it more? Perhaps Coimbra will not agree. Perhaps Braga will not agree. And, for sure, a small village, a municipality near Spain needs it more. They need more culture. They need more attractions to draw people in. A village that once had 10, 15, 20, 25, or 30 thousand people today may have only 5 thousand people. So, how are these people going to be helped? We have to save these cities. The money should go directly to the small cities to enhance their cultural situation.

PR: Despite the introduction of art investment options for Golden Visa for art investment, only a few have been issued over the last decade. What are the principal obstacles to its popularity, and what strategies should the government consider to boost its appeal?

FE: We understand that it was the property. Everybody wants to invest in property. We are speaking of people. In the beginning, people were buying with 500,000 euros. They were buying entire apartments and buildings. Today, if they sell in the market, they are selling for 1

million euros. So these people not only doubled their investment, but they also got residence cards. It was a very good market. All clients want to have something in return for their investment, something they can touch, not just the idea that they helped someone. And that is the main thing: the need to have something real in exchange. And that is the main issue regarding the golden visa. There are eight cases of cultural investment. Why? It's simple. It's a donation. Who wants to donate when they can invest? When you donate, yes, you get a plaque with your name on it, but that's it. I think that part should be more evaluated. For instance, there is no tax break or any tax advantage for that.

PR: From your professional experience consulting with clients on Golden Visas, what are the most common legal and practical challenges that foreign investors encounter when they invest in the Portuguese art market through this program? How can they be solved?

FE: All of my clients, both foreign and national, have one major problem: bureaucracy. I don't think bureaucracy is the correct term; bureaucrats are the problem. We have a system that takes too much time. The law states it should take 90 days, but if we get it in 180 days, it's considered a miracle. This is what is really killing us. Everything is getting slower and slower. This is the main problem.

Then, of course, there is the second main problem. When a system is not working well, you need to call the police or go to court. However, the court system is also not functioning properly; it's completely clogged. We read in the news that more than 25 people file cases against the administration every day. This is becoming impossible because public or administrative courts are already backlogged. Administrative courts are connected with tax courts, so these cases are against the government. Everything is slow. The government takes time to respond, and then you need to file a case against the entity. In the end, the majority of cases usually favor the government.

There are many people who like to exercise their small power by making unreasonable demands. In immigration, one of the worst situations is obtaining residence permits. People should receive their residence permits in 90 days, but it takes an average of 18 months. This is 10 or even 20 times longer than expected.

I would prefer promoting less bureaucracy and more speedy, transparent procedures. Everyone should be treated equally, whether they are applying for a golden visa or a regular residence permit. Things should be clear.

PR: Could you share any specific cases of clients who have applied for a Golden Visa through art investments? What countries are these clients typically from, and is their primary intention to support the arts or to secure residency?

FE: According to my professional statute, I cannot share specific client cases. My job is, if the client arrives, to say, Is it possible? Yes, it is possible. Am I eligible? We'll check. Yes, you are eligible. What do I need to do? Then I can say, you can invest 500,000 if you want a golden visa. Because I have clients who have knocked on my door saying, I want a golden visa. And I was the first one to say, perhaps a golden visa is not for you. Because you are already here in Portugal. You want to live in Portugal. You want to invest in Portugal. But why do you need a golden visa? Not everyone needs a golden visa.

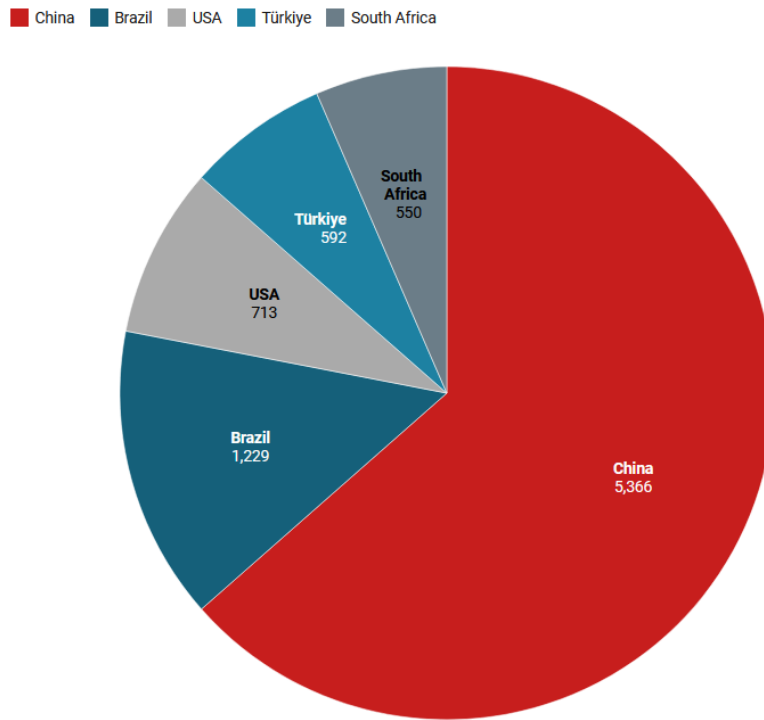
However, I can say that most of the people coming nowadays are from the United States, Canada, or South Africa. Some clients come from the Middle East, Southeast Asia, Asia, and former Soviet Union countries. I know many cases. For instance, the Chinese love properties. I know many cases of Chinese golden visas where they have many houses here, and some of them are really empty. That's the thing. Well, it's a portrait of these people. They are people of very high net worth.

PR: Thank you, Filipe. Very interesting interview.

FE: Thank you so much.

Annex C.

Top five Portugal Golden Visa nationalities and their volume for the last 10 years



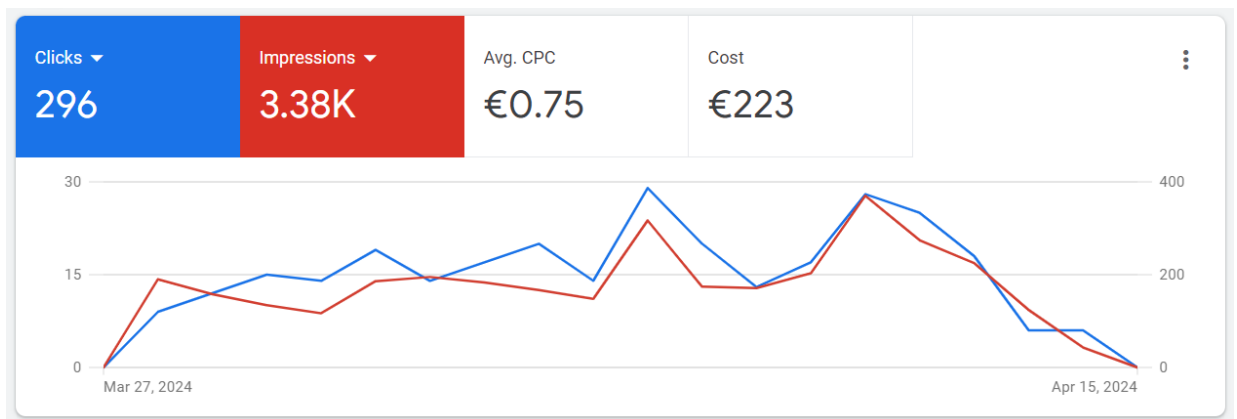
(Get Golden Visa, 2023)

Annex D. Marketing campaigns.

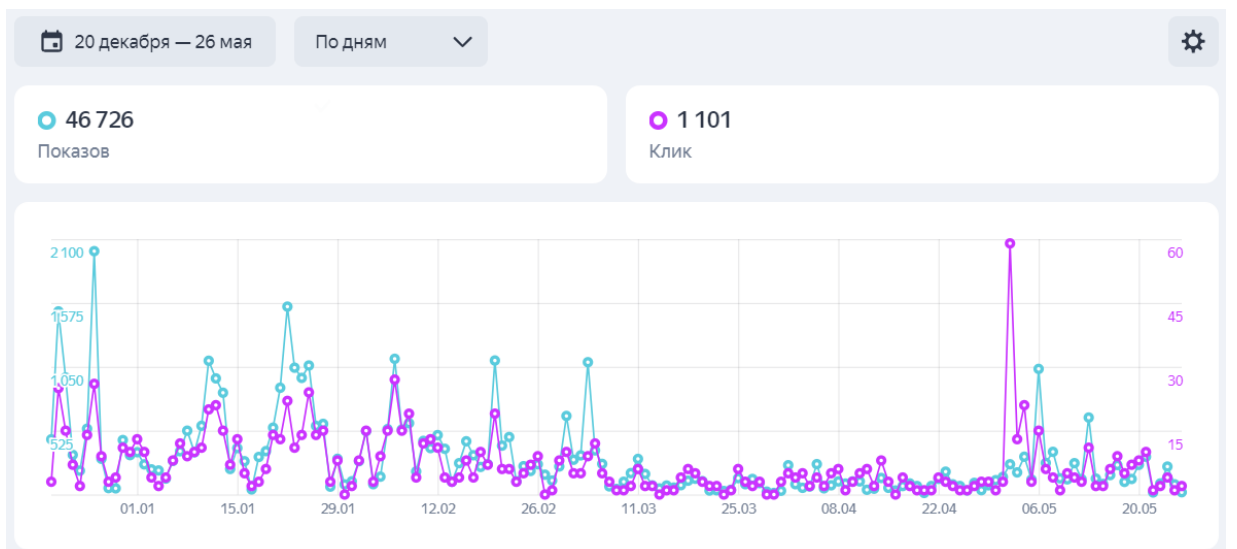
Graph 1. Google campaign - Turkey, South Africa, India, Pakistan



Graph 2. Google campaign - Webinar in the USA



Graph 3. Direct Yandex campaign in Russia

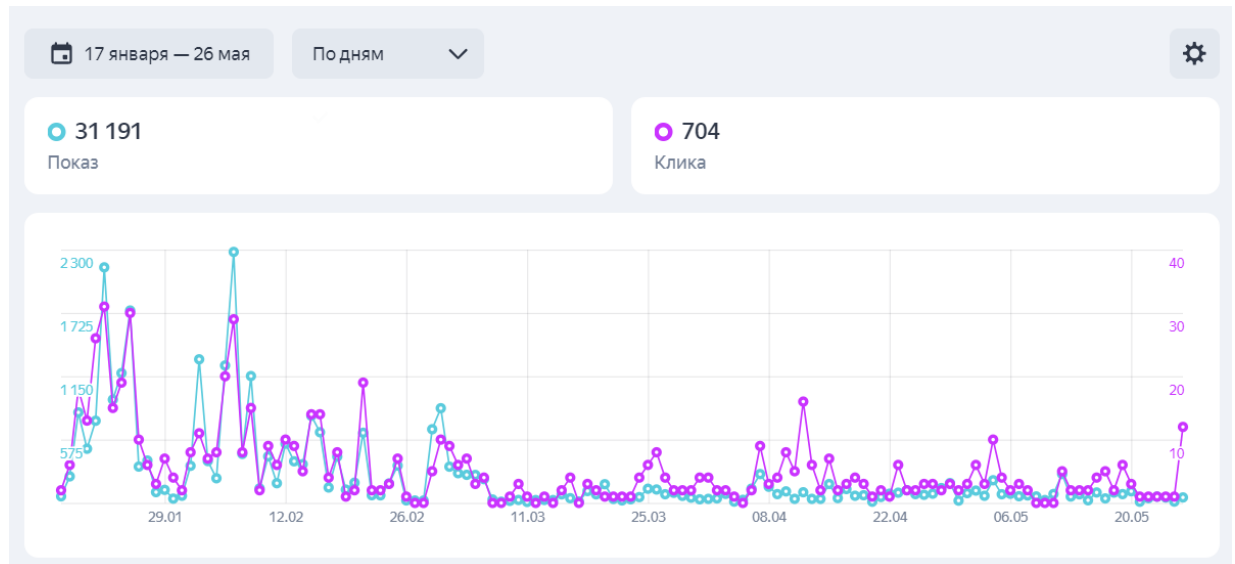


Translation.

December 20 – May 26, by days

46,726 impressions, 1,101 clicks

Graph 4. Redirect Yandex campaign in Russia



Translation.

January 17 – May 26, by days

31,191 impressions, 704 clicks