

INFORMATION, COMMUNICATION & TECHNOLOGY

TECHNOLOGICAL FREE ZONES

VdA EXPERTISE



July 2021

Enactment of the ZLT framework act – Technological Free Zones.

The testing and trial of technology-based innovative technologies, products, services and processes now benefit in Portugal from an innovative, structured and cross-sector approach, as approved by the legal framework for the creation of the so-called Technological Free Zones (ZLTs), which aim to facilitate and streamline the development of new products and systems with higher added value and social and economic impact.

Testing plays a key role in the research, development and implementation of innovative services and products, as well as in the development of appropriate regulatory responses to new technological challenges. They are, thus, a fundamental part of innovation processes.

They further play an important role in the economic recovery in Europe and for facilitating the design, trial and promotion of technologies, products, services and processes relevant within the scope of the mechanisms of the «Next Generation EU» programme, in association with the reforms and mechanisms of the national recovery and resilience plan 2021-2026.

Decree-Law n. 67/2021, of 30 July, establishes the framework and defines the governance model for the promotion of technology-based innovation through the creation of ZLTs. This act was enacted on the heels of the Resolution of the Council of Ministers 29/2020, which established the general principles for the creation and regulation of Technological Free Zones.

ZLTs are physical environments, geographically located, in a real or quasi-real-world environment, designed to test innovative

technology-based technologies, products, services, and processes.

ZLTs are, in accordance with this act, regulatory sandboxes, since the proper regulatory authorities will directly and permanently monitor tests carried out in them, and are further competent for the provision of information and the issuance of guidelines and recommendations.

Note, however, that the act does not create any ZLTs *per se* but establishes the basic conditions for their future creation. The goal is to create a ZLT network in Portugal that shares aligned rules and ensures that entities wishing to carry out tests (the "Test Promoters") will easily and transparently access the ZLTs duly monitored by the proper entities – thus minimizing burdens and promoting a testing culture. It is the Test Authority – the National Agency for Innovation – that, among other powers, is competent to manage the ZLT network.

Each ZLT will be created by a separate act, although the Decree-Law acknowledges other entities' driving role in the creation of ZLTs.

The approved framework has a few specificities relative to the traditional approach to regulatory sandboxes, which are an added value for the promotion of innovation:

- First of all, the legal framework is cross-sector and establishes the basic principles and rules for all ZLTs, irrespective of the sector or area at issue. This approach has no parallel in other countries and creates, for the very first time, an aligned framework for testing any technologies, products, services and processes regardless of the sector concerned.



- ZLTs can be national, regional or local, to address any potential requirements of entities wishing to carry out tests, while considering the specific and competitive characteristics of the regions or municipalities where each ZLT is implemented and their development potential.
- There are two ways for Test Promoters to access a ZLT: through a free application to be submitted at any time to the ZLT Managing entity or through Innovation Programs specifically created for this purpose. Innovation Programs are specific rules, with a pre-determined term, for the submission, execution and evaluation of tests, as well as for their termination and suspension, approved by a specific regulation prepared by the Managing Entity together with the competent Regulatory Entities and subject to the Test Authority's approval.
- Each ZLT may further benefit from a more favorable legal testing framework for the performance of tests, through derogation of the existing legal framework – these are the

special ZLTs, created by legislative act.

- The act also contains conditions for the Test Participants' involvement, particularly regarding personal data, as well as provisions on liability, insurance, monitoring and inspection, and accident and incident reporting..

VdA assisted the Government in the process of study, design and drafting of this novel legal framework.

Contacts



FERNANDO RESINA DA SILVA
FRS@VDA.PT



HELENA CORREIA MENDONÇA
HCM@VDA.PT