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The Rise of Collective Actions and the Risk to Portugal's Economy

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Brussels, 26 May 2026 - The absolute economic impact of Portugal's expanding litigation burden could reach between EUR 640 million and EUR 1.93 billion, representing up to 0.63 per cent of the country's GDP. According to a new ECIPE report, Portugal has rapidly become one of Europe's most attractive jurisdictions for mass litigation, a development that fundamentally contradicts its ambition to build an innovation-driven ecosystem.

While Portugal has successfully pivoted toward a knowledge economy over the past decade, this progress relies on regulatory stability to attract Foreign Direct Investment (FDI). However, the rapid expansion of corporate liability directly deters the investments required to sustain this trajectory. The growth in the number of collective actions is not random; it explicitly targets the engines of the country's economic growth. Between 2018 and 2025, the Information and Communication Technology (ICT) sector faced the highest volume of collective actions (29 per cent of all cases), closely followed by the manufacturing sector (26 per cent).

"The surge in litigation is a supply-side phenomenon driven by financial incentives rather than a demand-side response to product malfunction", said Fredrik Erixon, co-author of the study and Director at ECIPE. ***"Fuelled by a permissive legal framework and professional third-party litigation funders, the litigation landscape has decoupled from actual consumer harm."***

The revised EU Product Liability Directive (PLD) will act as a powerful multiplier within Portugal's claimant-friendly litigation ecosystem. By explicitly bringing software, digital services, and AI systems under the scope of strict liability and lowering evidentiary barriers, the Directive concentrates highly unpredictable legal risks squarely on the digital economy.

The study concludes that the careful, balanced implementation of the PLD is an absolute imperative for Portugal's continued competitiveness. Policymakers must act decisively to ensure the implementation of the PLD does not trigger a surge in mass litigation, the costs of which will undermine Portugal's economic development.

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