

FOCUS ON INTERNATIONAL TRADE

PORTUGAL

THE REPUBLIC OF PORTUGAL TODAY

Location	The mainland portion of the Portugal Republic lies in western Europe, on the Atlantic side of the Iberian peninsula, bordered by Spain to the north and east. The country also includes two archipelagos in the Atlantic Ocean, the Azores and the Madeira Islands.
Size	92,212 Sq. K.M. (35,603 Sq Miles); water: 1.2%.(2015)
Land boundaries	Total: 1,214 km. Border countries: Spain 1,214 km.
Land use	Arable land: 17.29%, permanent crops: 7.84% and other: 74.87% in 2005*.
Irrigated land	6,500 sq. km.
Elevation extremes	Lowest point: Atlantic Ocean 0 meter and highest point: Ponta do Pico (Pico or Pico Alto) on Ilha do Pico in the Azores 2,351 meter.
Coastline	1,793 km.
Maritime claims	Territorial sea: 12 nm, contiguous zone: 24 nm, exclusive economic zone:200 nm and continental shelf: 200-m depth or to the depth of exploitation
Population	10,242,081 estimated for 2022.
Population Density	111 per sq. km. estimated for 2022.
Population growth rate	-0.2% estimated for 2022.
Birth rate	8 births/1,000 populations estimated for 2022.
Death rate	10.9 deaths/1,000 populations estimated for 2022.
Net migration rate	0.91 migrant(s)/1,000 populations estimated for 2022.
Life expectancy	Total population: 81.5 years; male: 78.5 years and female: 84.29 years estimated for 2022.
Literacy	Total population : 96.1%, male: 97.4% and female: 95.1%. (Est. for 2018).
Capital City	Lisbon
Other Large Cities	Porto, Vila Nova de Gaia, Amadora, Cascais, Almada, Matosinhos, Coimbra, Braga, Funchal, Seixal, Setubal etc.
Religion	Most of the inhabitants are Christians belonging to the Roman Catholic Church.
Language	The language is Portuguese.
Climate	The climate is mild and temperate, with an <i>average</i> annual temperature of 16°C (61°F). In the interior, the weather is drier and hotter.
International Relations	Portugal is a member of the UN, EU, OECD, NATO, WEU and the Council of Europe. Portugal is a signatory to the Schengen Accord abolishing border controls between Belgium, Denmark, Finland, France, Germany, Iceland, Italy, Norway, Portugal, Spain and Sweden. The Community of Portuguese-speaking Countries (CPLP, comprising Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal and Sao Tome e Principe) was founded in July 1996 with headquarters in Lisbon, primarily as a cultural and linguistic organization.
Internet domain	.pt
International dialing code	+351
Currency	The unit of currency was the escudo (PTE) replaced by Euro on and from 1 January 2002.

NATIONAL ECONOMY

Growth in 2021 rebounded to 4.9 percent, driven by private consumption, investment, exports of goods, and gradually recovering tourism. The unemployment rate dropped to pre-pandemic levels on account of rising employment and participation rates. While growth strengthened in early 2022, the war in Ukraine is expected to dampen the recovery for the rest of the year through a significant deterioration in external demand, higher commodity prices, longer-lasting supply-side disruptions, lower confidence and tighter financial conditions. Growth in 2022 is projected to average 5.8 percent and 1.9 percent in 2023. Inflation has accelerated on the back of higher commodity prices and is projected to average 6.1 percent in 2022, before receding to 3.5 in 2023. The current account deficit is set to widen in 2022, before narrowing over the medium term as exports and tourism strengthen.

Despite the accommodative fiscal stance in 2021, the headline fiscal deficit dropped to 2.8 percent of GDP, reflecting buoyant tax revenues and some capital under spending. In 2022, the fiscal deficit is expected to narrow to 2.2 percent of GDP, reflecting the recovery and unwinding of remaining temporary Covid-19 economic support measures. On this basis, fiscal policy will remain suitably accommodative with measures to mitigate impacts of high energy prices and grant-financed investment supporting the recovery. Public debt is projected to steadily decline to below 100 percent of GDP over the medium term.

The corporate sector has withstood recent shocks well so far, although solvency gaps are estimated at more than 2 percent of GDP. Credit quality deterioration after the end of the relatively extensive loan moratoria has yet to fully materialize. Bank capital, profitability, and asset quality have steadily improved in 2021 but remain below EA averages. A few legacy domestic banks are still to complete their restructuring process. As in rest of EA, residential real estate prices have risen sharply, though attendant risks appear contained.

Executive Board Assessment

In the course of Article IV consultation between IMF and Portugal, Executive Directors of IMF agreed with the thrust of the staff appraisal. They commended the authorities' comprehensive policy response to the pandemic, including their successful vaccination campaign, which has supported the recovery. Noting that important downside risks remain, including the spillovers from the war in Ukraine and the protracted effects of the pandemic, Directors underscored the need to strike the right balance between supporting the recovery and rebuilding fiscal buffers and continuing with structural reforms that bolster stronger, more resilient, and private sector-led growth.

Directors agreed that near-term fiscal policy should remain accommodative and better targeted. In particular, the broad-based measures implemented in response to the energy shock should be kept temporary and preferably replaced with more targeted support. While emphasizing that fiscal policy should remain flexible this year, Directors also recommended greater savings should fiscal outcomes over perform. Recognizing the need to rebuild fiscal space for future shocks, address long-term ageing pressures, and mitigate public debt risks, Directors encouraged the authorities to pursue a gradual and growth-friendly fiscal consolidation starting from 2023. In particular, they called for reducing tax expenditures, enhancing pension sustainability, and strengthening public financial management.

Directors welcomed that the banking system has weathered the crisis well thus far and agreed that risks should be carefully monitored. They encouraged close vigilance of banks' asset quality and further strengthening banks' capital buffers. Directors also

encouraged the authorities to continue monitoring risks from rising house prices. They welcomed the strengthening of corporate debt restructuring frameworks and called for further improvements in the insolvency regime. Directors recommended prompt private-led recapitalization of viable firms to mitigate corporate debt overhang risks, smooth resource reallocation, and limit scarring.

Directors welcomed the authorities' comprehensive structural reform and investment agenda anchored in the National Recovery and Resilience Plan (NRRP). They emphasized the need for efficient implementation and oversight to maintain strong investment absorption capacity and maintain the reform momentum. Directors underscored the potential of the NRRP to raise skill levels, digitalization, productivity, and living standards durably, and called for complementary reforms to address labor market duality and reduce youth unemployment. They commended the authorities' ambitious targets and policies to address climate change challenges. Directors saw merit in considering further increasing the carbon price—once the energy crisis subsides—while protecting the most vulnerable households.

Portugal: Selected Economic Indicators, 2020–23

(Year-on-year percent change, unless otherwise indicated)

	2020	2021	Projections	
			2022	2023
Real GDP	-8.4	4.9	5.8	1.9
Private consumption	-7.1	4.5	3.4	2.0
Public consumption	0.4	4.1	1.3	1.2
Gross fixed capital formation	-2.7	6.5	5.9	1.3
Exports	-18.6	13.1	7.2	2.5
Imports	-12.1	13.1	1.7	2.0
Contribution to growth (Percentage points)				
Total domestic demand	-5.5	5.2	3.5	1.7
Foreign balance	-2.9	-0.3	2.2	0.2
Resource utilization				
Employment	-1.8	1.9	1.2	0.8
Unemployment rate (Percent)	7.1	6.6	6.5	6.4
Prices				
GDP deflator	1.9	0.7	6.0	3.1
Consumer prices (Harmonized index)	-0.1	0.9	6.1	3.5
Fiscal indicators (Percent of GDP)				
General government balance	-5.8	-2.8	-2.2	-1.0
Primary government balance	-3.1	-0.5	-0.1	1.0
Structural primary balance (Percent of potential GDP)	1.7	1.6	1.2	1.2
General government debt	135.2	127.4	115.8	110.7
Current account balance (Percent of GDP)	-1.1	-1.1	-1.3	-0.5
Nominal GDP (Billions of euros)	200.1	211.3	237.1	249.3

Sources: Bank of Portugal; Ministry of Finance; National Statistics Office (INE); Eurostat; and IMF staff projections.

“NATIONAL ECONOMY” is based on IMF Executive Board Concludes 2022 Article IV Consultation with Portugal June 30, 2022.

FOREIGN TRADE

Portugal’s total exports in 2016 were of the order of US\$ 55,354 million. It increased to US\$ 61,510 million in 2020. Exports during the period from 2016 to 2020, in terms of Percentage, grew highest (12.24%) in 2017 and fell maximum (-8.28%) in 2020 in comparison with 2016 and 2019 respectively. The annual average compound rate of growth worked out at 2.67.

Imports, on the other hand, were of the order of US\$ 77,515 million in 2020 while in 2016 it was US\$ 67,754 million. Imports during the period from 2016 to 2020, in terms of percentage, grew highest (16.25%) in 2017 and fell maximum (-13.43%) in 2020, as compared to 2016 and 2019 respectively. The annual average compound rate of growth worked out at 3.42%.

Volume of trade registered an annual average (compound) growth rate of 3.09% from US\$ 123,108 million in 2016 to US\$ 139,025 million in 2020.

Portugal faced a deficit balance of trade payment during the said period.

Portugal’s export and import, volume and balance of trade between 2016 and 2020 along with their growth rates are given in **Table-I**.

For a relatively small country, Portugal has a large foreign trade. Total imports (primarily food and beverages, wheat, crude oil, machinery, automobiles, and raw materials) generally have far outpaced total exports. Among Portugal’s chief exports are automobiles and transport components, machine tools, textiles, clothing, footwear, paper pulp, wine, cork, plastic molds, and tomato paste.

EU countries are Portugal’s principal trading partners, accounting for four-fifths of exports and three-fourths of imports. Major trading partners include Belgium/Luxembourg, France, Germany, Italy, Japan, Netherlands, Spain, EFTA, OPEC, UK, USA etc.

Trade with Portugal’s former colonial possessions in Africa has declined to a small fraction of the total, but trade has increased with Latin America, especially Portuguese-speaking Brazil. Portugal’s trade deficit has traditionally been financed by emigrant worker remittances and income from tourism, which has surged to become a major industry, employing about 5% of workforce.

The Service Sector is extremely important to Portugal’s economy, accounting for more than three-fifths of total output. About 1 in 20 workers is employed in the public administration, including defense.

There are international airports at Lisbon, Porto, Faro (Algrave), Funchal (Madeira), Santa Maria (Azores) and Sao Miguel (Azores). The national carrier is the state-owned TAP-Air Portugal, with some domestic and international flights being provided by Portugalia. The principal Portuguese ports are Lisbon, Leixoes (Porto), Setubal and Funchal (Madeira), and the Viana do Castelo port is being developed. The ports of Portimao (Algarve) and the Azores regularly receive international cruise liners.

BILATERAL TRADE WITH INDIA

Indo-Portugal bilateral trade in 2016-17 was of the order of Rs. 5,446.11 crores. It increased to Rs.7,066.89 crores in 2020-21. The annual compound growth rate of volume of trade during the period from 2016-17 to 2020-21 was 6.73%. India enjoyed a favourable balance of trade payment during the period from 2016-17 to 2020-21 (**see table II**).

The average annual compound growth rates of **exports** and **imports** worked out at 8.44% and -2.83% respectively.

India's exports to, and imports from Portugal of Merchandised Goods between 2016-17 and 2020-21 along with their growth rates are presented in **Table II**. India's top ten merchandise goods exported to and imported from Portugal, during 2016-17 to 2020-21, along with their growth rates are depicted in **Table III & IV** respectively.

Some Important Links

Portugal Embassy , India

4, Panchsheel Marg
Chanakyapuri
110021
New Delhi

India

Phone

+911-146-071001

Fax

+911-146-071003

Email

novadeli@mne.pt

Website URL

<http://www.secomunidades.pt/web/novadeli>

Portugal Consulate , India

Parwati- Houses no 38/39,
Father Agnelo Road
Altinho
Pangim
403 001

Goa

Índia

Phone:

+918-322-421524

+918-322-421525

Fax:

+918-322-421521

+918-322-421522

Email:

mail@goa.dgaccp.pt

Website URL:

<http://www.secomunidades.pt/web/goa>

India Embassy , Portugal

Rua Pero da Covilha 16, Restelo

Lisbon

Portugal

Phone:

+00-351-21-304-1095

+00-351-21-304-1099

Fax: +00-351-21-301-6576

Email: amb@indembassy-lisbon.org

Names and addresses of the organizations engaged in foreign trade in Portugal are:-

ICEP Portugal—Investimento, Comercio e Turismo

Av. 5 de Outubro, 101

P-1050-051 LISBON

Tel: (00351) 217909500

Fax: (00351) 217950961

Email: icep@icep.pt

URL: <http://www.portugalinbusiness.com>

**Instituto de Apoio as Pequenas e Medial Empresas
e ao Investimento (IAPME)**

Rua Rodrigo da Fonseca, 73

P. O. Box 126

P-1269-158 LISBON

Tel: (00351) 213836000

Fax: (00351) 213836215

Email: info@iapmei.pt

URL: <http://www.iapmei.pt>

Camara de Comercio e Industria Portuguesa –

Associacao Comercial de Lisboa Portuguesa

Rua Portas de Santo Antao, 89

P-1169-022 LISBON

Tel: (00351) 213224050

Fax: (00351) 213224051

Email: geral@port-chambers.com

URL: <http://www.port-chambers.com>

Camara de Comercio e Industria do Porto

Palacio da Bolsa

Rua Ferreira Borges

P-4050-253 PORTO

Tel: (00351) 223399000

Fax: (00351) 223399090

Email: cciporto@mail.telepac.pt

URL: <http://www.cciporto.com>

Source:

**The Statesman Year Book, the Europa World Year Book,
Monthly Bulletin on Statistics UN Publication, imf.org, worldbank.org,
BBC News, the World Fact Book, World Development Indicator,
Ministry of Commerce & Industry, MEA,
wikipedia.org and D.G.C.I & S etc.**

"NOTICE"

**Rights of permission for reproduction in part or entirely of these
official papers published in the Indian Trade Journal is reserved by the
Directorate General of Commercial Intelligence & Statistics, Kolkata – 700
107.**

TABLE I**PORTUGAL'S TOTAL EXPORTS AND IMPORTS, VOLUME AND BALANCE OF TRADE****BETWEEN 2016 -2020.***(Figures in US MILLION DOLLARS)*

<i>Year</i>	<i>Exports</i>	<i>Percentage Growth in Exports</i>	<i>Import</i>	<i>Percentage Growth in Imports</i>	<i>Volume of Trade</i>	<i>Percentage Growth in Vol. of Trade</i>	<i>Balance of Trade</i>
2016	55354		67754		1,23,108		-12400
2017	62129	12.24	78762	16.25	1,40,891	14.45	-16633
2018	68361	10.03	89060	13.07	1,57,421	11.73	-20699
2019	67063	-1.90	89539	0.54	1,56,602	-0.52	-22476
2020	61510	-8.28	77515	-13.43	1,39,025	-11.22	-16005

**Annual
Compound
Growth
Rate****2.67****3.42****3.09****NOTE :** Figures relate to calendar year, January to December.**SOURCE :** *UN COMTRADE PUBLICATION*

TABLE-II
INDIA'S EXPORT TO AND IMPORT FROM PORTUGAL OF MERCHANDISE
GOODS DURING 2016-2017 TO 2020-2021

(Value in Rs.CRORES)

Year	Exports	Percentage Growth in Exports	Import	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2016-17	4499.70		946.41		5446.11		3553.29
2017-18	4802.80	6.74	1225.13	29.45	6027.93	10.68	3577.67
2018-19	5194.55	8.16	926.00	-24.42	6120.55	1.54	4268.55
2019-20	5283.46	1.71	1003.34	8.35	6286.80	2.72	4280.12
2020-21	6223.12	17.78	843.77	-15.90	7066.89	12.41	5379.35
<hr/>							
Annual Compound Growth Rate	8.44		-2.83		6.73		

NOTE : Figures relate to Financial Year April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics,
Ministry of Commerce & Industry, Kolkata 700 107.

TABLE -III

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORT TO PORTUGAL
2016-2017 TO 2020-2021 AND THEIR GROWTH RATES**

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2016-17	2017-18	2018-19	2019-20	2020-21	17-18 over 2016-17	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20
1	Ship, Boat And Floating Structures		0.25	0.10		1071.56		-60.00	-100.00	
	Share in total export		0.01	0.00		17.22				
2	Cotton Yarn	850.66	1010.57	922.93	1049.08	902.17	18.80	-8.67	13.67	-14.00
	Share in total export	18.90	21.04	17.77	19.86	14.50				
3	Iron & Steel	566.28	678.83	414.25	513.12	694.19	19.88	-38.98	23.87	35.29
	Share in total export	12.58	14.13	7.97	9.71	11.16				
4	Organic Chemicals	39.58	34.67	115.93	295.96	342.53	-12.41	234.38	155.29	15.74
	Share in total export	0.88	0.72	2.23	5.60	5.50				
5	Marine Products	395.41	441.57	384.89	333.40	307.15	11.67	-12.84	-13.38	-7.87
	Share in total export	8.79	9.19	7.41	6.31	4.94				
6	Plastic Raw Materials	144.93	180.25	335.95	328.30	291.43	24.37	86.38	-2.28	-11.23
	Share in total export	3.22	3.75	6.47	6.21	4.68				
7	Manmade Yarn, Fabrics, Madeups	262.07	243.86	348.57	235.80	230.13	-6.95	42.94	-32.35	-2.40
	Share in total export	5.82	5.08	6.71	4.46	3.70				
8	Leather Footwear Components	257.48	244.41	271.87	247.13	225.23	-5.08	11.24	-9.10	-8.86
	Share in total export	5.72	5.09	5.23	4.68	3.62				
9	Auto Tures And Tubes	105.29	122.86	142.45	118.26	182.60	16.69	15.94	-16.98	54.41
	Share in total export	2.34	2.56	2.74	2.24	2.93				
10	Indl. Machinery For Dairy Etc.	105.18	75.52	205.21	142.41	172.44	-28.20	171.73	-30.60	21.09
		2.34	1.57	3.95	2.70	2.77				
	Total export to PORTUGAL	4499.70	4802.80	5194.54	5283.46	6223.12	6.74	8.16	1.71	17.78

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.

TABLE -IV
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORT FROM PORTUGAL
2016-2017 TO 2020-2021 AND THEIR GROWTH RATES

(Value in Rs. CRORES)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2016-17	2017-18	2018-19	2019-20	2020-21	17-18 over 2016-17	18-19 over 2017-18	19-20 over 2018-19	20-21 over 2019-20
1	Paper, Paper Board & Products	36.75	61.09	64.29	63.34	125.15	66.23	5.24	-1.48	97.58
	Share in total imports	3.88	4.99	6.94	6.31	14.83				
2	Plastic Raw Materials	45.10	81.88	62.23	63.07	77.69	81.55	-24.00	1.35	23.18
	Share in total imports	4.77	6.68	6.72	6.29	9.21				
3	Aluminium. Products of Aluminium	6.99	7.99	12.97	29.80	65.97	14.31	62.33	129.76	121.38
	Share in total imports.	0.74	0.65	1.40	2.97	7.82				
4	Bulk Drugs, Drugs Intermediates	40.07	58.57	116.72	51.16	56.27	46.17	99.28	-56.17	9.99
	Share in total import	4.23	4.78	12.60	5.10	6.67				
5	Misc Engineering Items	34.88	37.58	58.74	45.62	38.28	7.74	56.31	-22.34	-16.09
	Share in total import	3.69	3.07	6.34	4.55	4.54				
6	Electric Machinery And Equipments	13.86	20.80	26.78	33.01	33.48	50.07	28.75	23.26	1.42
	Share in total import	1.46	1.70	2.89	3.29	3.97				
7	Residual Chemicals And Allied Prods	18.80	24.71	31.15	24.30	30.01	31.44	26.06	-21.99	23.50
	Share in total import	1.99	2.02	3.36	2.42	3.56				
8	Plywood And Other Products	25.48	37.44	36.53	34.00	27.34	46.94	-2.43	-6.93	-19.59
	Share in total import	2.69	3.06	3.94	3.39	3.24				
9	Granit, Natrl. Stones & Products	41.55	32.27	51.40	55.53	26.41	-22.33	59.28	8.04	-52.44
	Share in total import	4.39	2.63	5.55	5.53	3.13				
10	Indl. Machinery For Dairy Etc.	59.39	66.93	58.99	37.14	24.04	12.70	-11.86	-37.04	-35.27
	Share in total import	6.28	5.46	6.37	3.70	2.85				
	Total import from PORTUGAL	946.41	1225.13	926.00	1003.34	843.77	29.45	-24.42	8.35	-15.90

NOTE : Figures relate to Financial Year, April to March.

SOURCE : Directorate General of Commercial Intelligence & Statistics, Ministry of Commerce & Industry, Kolkata : 700 107.