KCCI - *Country Wrap:* PORTUGAL (NOV.'17)

Portugal – a brief overview

Portugal is a developed country and advanced economy with high living standards, listed with the nineteenth-highest quality of life index rating in the world as of 2005. It's one of the world's most globalized and peaceful nations.The Portuguese government is heavily indebted, and received a 78 billion euro bailout from the European Union and the International Monetary Fund in May 2011. The ratio of Portugal's debt to its overall economy, was 107 percent when it received the bailout. As part of the deal, the country agreed to cut its budget deficit from 9.8 percent of GDP in 2010 to 5.9 percent in 2011, 4.5 percent in 2012 and 3 percent in 2013.

Economy of Portugal

Portugal has become a diversified and increasingly service-based economy since joining the European Community - the EU's predecessor - in 1986. Over the following two decades, successive governments privatized many state-controlled firms and liberalized key areas of the economy, including the financial and telecommunications sectors. The country qualified for the Economic and Monetary Union (EMU) in 1998 and began circulating the euro on 1 January 2002 along with 11 other EU members. The economy grew by more than the EU average for much of the 1990s, but the rate of growth slowed in 2001-08. The economy contracted 2.5% in 2009, before growing 1.4% in 2010, but GDP fell again in 2011 and 2012, as the government began implementing spending cuts and tax increases to comply with conditions of an EU-IMF financial rescue package, agreed to in May 2011.

Key Industries of Portugal

Major industries are textiles, clothing, footwear, wood and cork, paper, chemicals, auto-parts manufacturing, base metals, porcelain and ceramics, glassware, technology, telecommunications; dairy products, wine and other foods; ship construction and refurbishment; tourism.

Agricultural products include grain, potatoes, tomatoes, olives, grapes; sheep, cattle, goats, pigs, poultry, dairy products; fish.

Portugal 's major trading commodities and partners

Export commodities include agricultural products, food products, wine, oil products, chemical products, plastics and rubber, hides, leather, wood and cork, wood pulp and paper, textile materials, clothing, footwear, machinery and tools, base metals. Main export partners are Spain 22.7%, Germany 12.4%, France 11.9%, Angola 6.5%, UK 5.3%, Netherlands 4.2% (2012).

Import commodities include agricultural products, chemical products, vehicles and other transport material, optical and precision instruments, computer accessories and parts, semi-conductors and related devices, oil products, base metals, food products, textile materials. Import partners include Spain 32%, Germany 11.5%, France 6.6%, Italy 5.3%, Netherlands 4.9% (2012).

Economic Relations between Pakistan and Portugal

Pakistan and Portugal have been pursuing to bolster bilateral cooperation, particularly in the defence field. There also exists a bilateral investment treaty (BIT) between the two countries since April 1995.

Bilateral Trade Relations between Pakistan and Portugal

The bilateral relations between Pakistan and Portugal are expanding at slow pace as the trade volume is still at the minimal levels. During Fiscal Year 2016-17, Pakistan exported goods to Portugal worth $ 149.13Mn as against exports of $ 154.52Mn in FY16 showing decline of 3.4%. Pakistan's import of goods from Portugal totalled at $ 10.70Mn compared with imports of $ 11.06Mn in FY16 thereby declining by 3.2%. The trade balance remained favourable for Pakistan.

Trading Commodities between Pakistan and Portugal

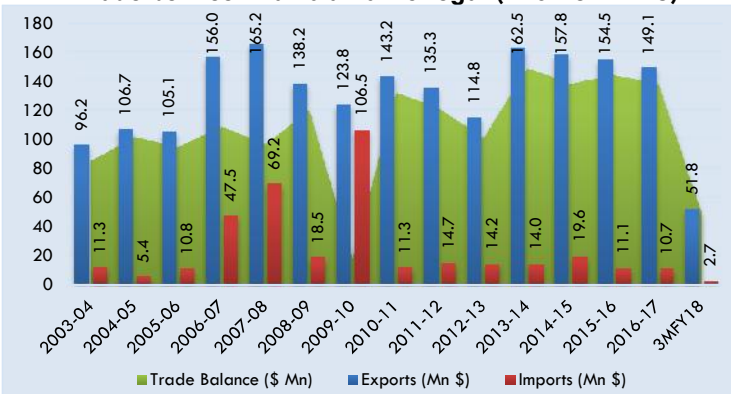
Trading commodities between the two countries are ready made garments, art silk textile, leather, yarn, cotton yarn and cotton cloth, etc.

Economic Indicators

Indicators	Unit	2011	2012	Change
GDP (PPP)	$ Bn	252.5	245.0	-2.97%
GDP per Capita	$	23,700	23,000	-2.95%
GDP growth	%	-1.7	-3.0	-1.30%
Forex Reserves	$ Bn	21.34	22.66	6.19%
External Debt	$ Bn	-	-	-
Exports of Goods	$ Bn	59.22	57.80	-2.40%
Imports of Goods	$ Bn	77.62	67.03	-13.64%
Trade Balance	$ Bn	-18.40	-9.23	49.84%
Current Account	$ Bn	-15.44	-6.00	61.14%
FDI - at Home	$ Bn	-	-	-
FDI - at Abroad	$ Bn	-	-	0.00%
CPI	%	3.7	2.90	-0.80%
Prime Lending Rate	%	-	-	-
Population	Mn	-	-	-
Unemployment	%	12.7	15.3	2.60%
Litracy Rate	%	-	-	-

Sources: ***KCCI Research, CIA Factbook***

Trade between Pakistan & Portugal (FY04-3MFY18)



Note: Trade data may differ from Trademap, UNComm Trade & PBS

Source: ***KCCI Research, SBP***

Sources: ***KCCI Research, Trademap***

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