25 January, 2008

Statistical Yearbook

2006

STATISTICAL YEARBOOK OF PORTUGAL

Statistics Portugal released its main reference publication, “Anuário Estatístico de Portugal” (**Statistical Yearbook of Portugal**). The 2006 issue is divided into four main chapters - Territory, People, Economic Activity and State - . It also includes a summary on the developments in the main indicators compared with 2005 and comparisons between Portugal and the European Union.

The population

2006 continued the previous trends, some of which could already be found in the previous decade. The resident population has been growing, though at an increasingly slower rate. The growth in the population is mainly the result of a rise in the migration rate. In 2006, the resident population in Portugal was estimated at 10,599,095, which is 29,503 more than in 2005, representing a growth of 0.28%. The variation is part of a slowdown that began after 2002, when the population achieved a maximum growth of 0.75%. The relative importance of the migratory balance can be seen if we take the average of growth rates of the population between 1990 and 2006, which was 0.38% and compare it to its components, the average of natural growth rates of around 0.08% and the average of migratory rates of about 0.31% (Figure 1).

The slowdown in growth is associated with the trend towards a deceleration in the crude rate of natural increase and the migratory growth rate. While in the former case the profile is somewhat irregular, though falling since 2000, in the latter the slowdown began later, in 2003, but was constant. The population is ageing progressively as a result of a fall in births and an increase in longevity (Figure 2).

Figure 1 – Dynamics of population growth

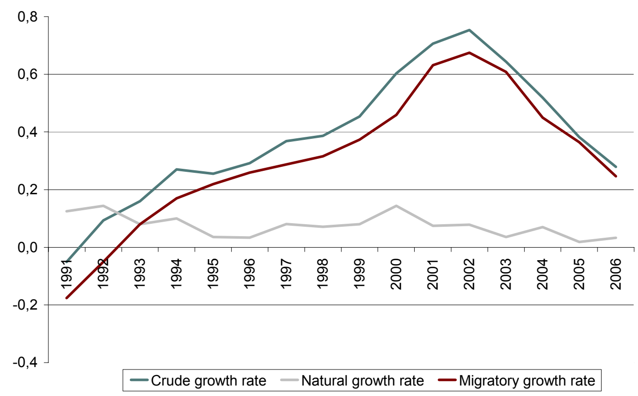
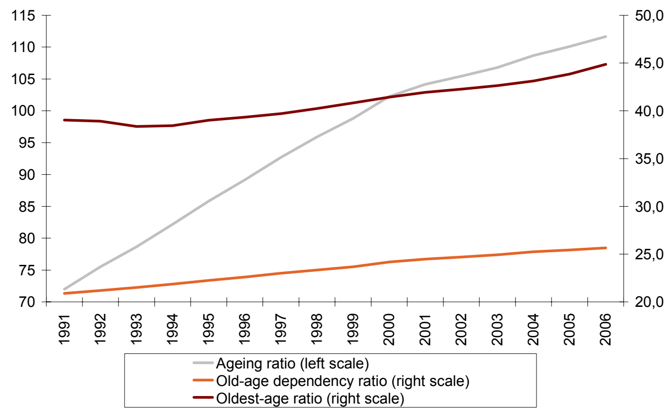


Figure 2 – Outcome of population ageing



Changes in social behaviours (certainly related to economic constraints and changes in behaviour patterns), shown by a number of indicators, are associated with these population trends. Not only is the number of new marriages tending to fall, but the number of divorces is showing an upward trend. The number of Catholic weddings has kept up with and even exceeded the trend in the number of weddings celebrated (Figure 3). The average age of both men and women at the time of their first marriage has increased and the average age of women on the birth of their first child has also gone up (Figure 4). The number of births outside marriage has risen while the adolescent birth rate has gone down (Figure 5).

Figure 3 – Weddings and divorces

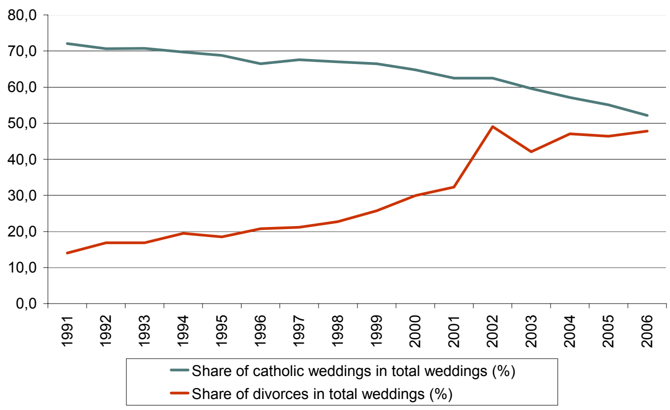


Figure 4 – Indicators of Nuptiality and Births

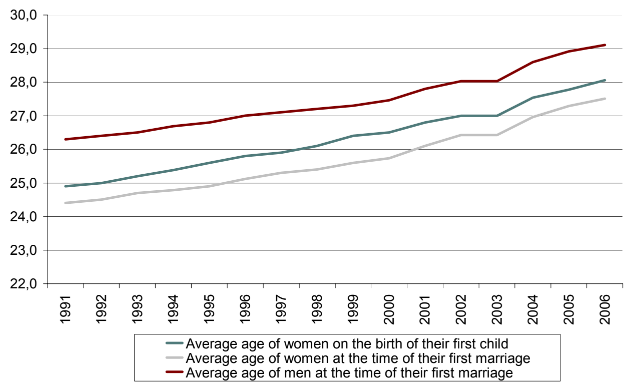
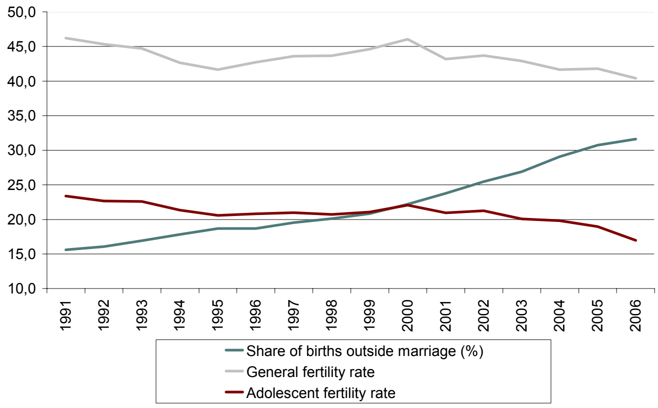


Figure 5 – Indicators of Births



Socioeconomic framework

Working population, employment and unemployment

In 2006, the labour force participation rate in Portugal increased, maintaining the trend of the series that began in 1998 (Figure 6). An increase in women's participation in the workforce, immigration flows and possibly the progressive increase in the retirement age contributed to this trend. As a result, the composition of the working population has also been changing. It has grown older, with a higher proportion of women (Figure 7). Its level of qualifications has also gone up, judging by the levels of schooling (Figure 8).

Figure 6 – Activity rates

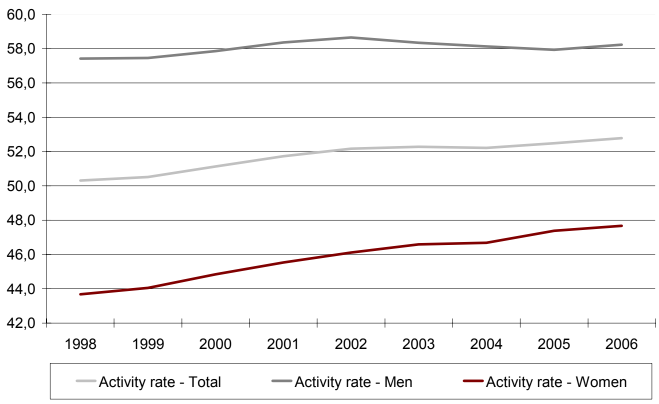


Figure 7 – Indicators of active population composition

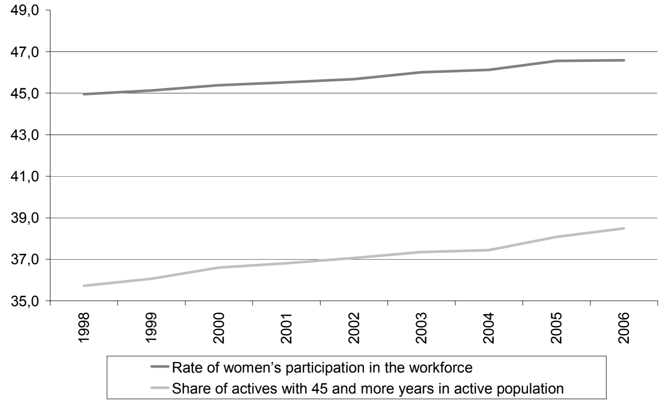


Figure 8 – Proportion (%) of active population according to educational levels completed

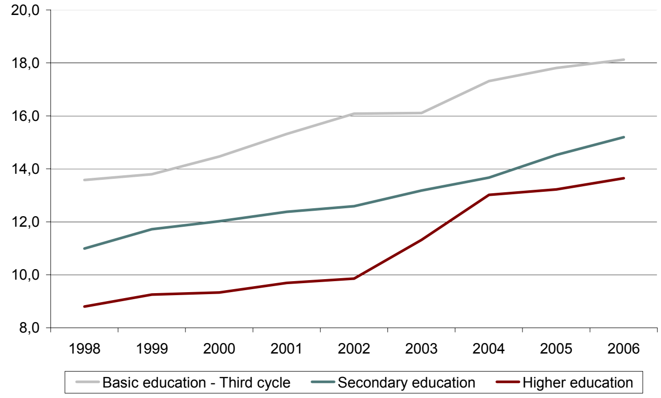
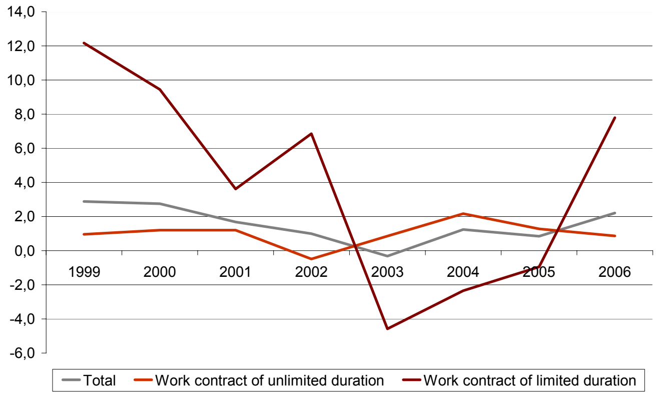


Figure 9 – Annual rates of change (%) of employed population

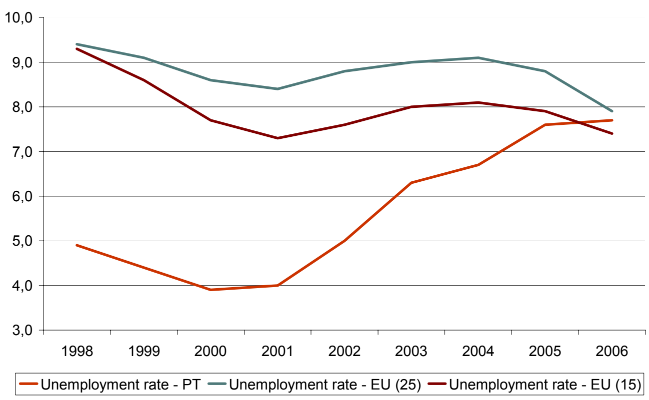
Figure 10 – Annual rates of change (%) of Employees according to the kind of contract



Employment increased in 2006, reversing the fall and relative stagnation recorded since 2003, which followed a relatively strong growth phase in employment (1988 to 2001). If we analyse growth in 2006 according to work situation, we find that the increase resulted from a rise in the number of employees (almost 69% of them with fixed-term contracts) and a reduction in the number of self-employed (Figure 9 e Figure 10). Comparing 2006 and 1998, we find a rise of 315,700 individuals in the employed population, 93% up to 2002, which corresponded to an almost continuous rise (with the exception of 2003) in paid jobs and a reduction in other forms of employment. Available information up to 2005 suggests that this creation of jobs occurred mainly in small and medium enterprises.

Unemployment also rose in 2006, following the trend in annual variations as of 2001, which intensified considerably in the next two years, then slowed down from 2004 to 2006. However, the accumulated effect resulted in around 427,800 unemployed in 2006, corresponding to an unemployment rate of 7.7%, the highest ever. The unemployment rate in Portugal has been catching up with the European average, going from a time when it was about half the European Union average (with 15 or 25 members) in 1998, to very close to the EU-25 average and higher than the EU-15 average (Figure 11). Moreover, this increase was accompanied by a rise in long-term unemployment, which accounted for more than half total unemployment.

Figure 11 – Unemployment rates (%) in Portugal EU15 e EU25



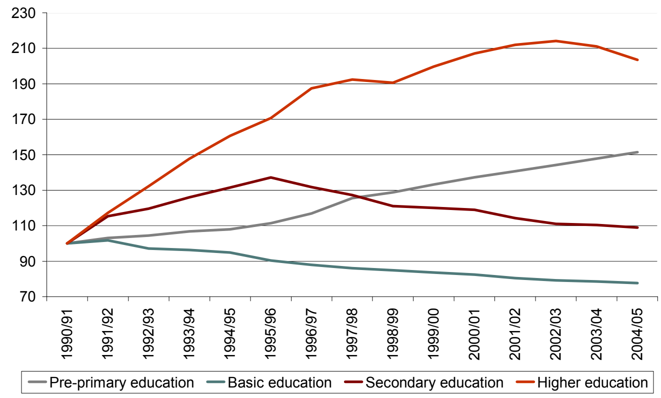
Education

The school structure has been marked by three main factors in recent years. The first was the effect of the Basic Law on the Education System of 1986, which introduced nine years of compulsory basic schooling, with phased impacts throughout the 1990s. The second was a reduction in the crude rate of natural increase of the population. The last was the extension of pre-school education, which is optional, and an increase in post-secondary and higher education.

As the extension of compulsory schooling had a transient effect, unlike the reduction in the crude rate of natural growth increase, which had a lasting effect, in the 1990s there was a fall in the school population, first in basic and then in secondary education, which has increased further in this decade. In 2004/05 the number of students enrolled in basic education was lower than in 1990/91. The trend was the same in secondary education, though in 2004/05 there were still more students than in 1990/91. The figures for university education were similar to those of secondary education, although in different phases and intensities. On one hand, expansion was more intense than in the early 1990s, while the downward trend began later and was weaker (Figure 12).

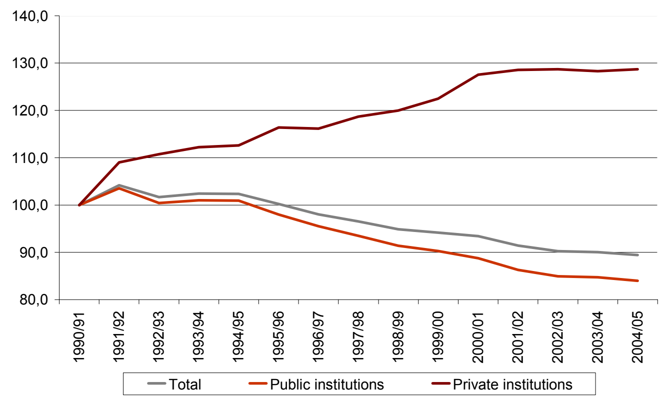
Private education increased in importance (Figure 13), especially in non-university education. In fact, it was only in the first cycle of basic schooling that there were trends similar to those described above, determined by state education. At the other levels of non-university education there were increases compared to the 1990/91 academic year. It is only more recently that there has been a decline in the number of students enrolled.

Figure 12 – Index of enrolled students according to the level of education provided (1990/1991=100)



The number of children enrolled in pre-school in 2004/05 was more than 50% higher than in 1990/91 and the numbers are continuing to rise, especially in state schools, which have overtaken private schools since 2001/02. Growth in state and private post-secondary education has been highly positive since 2002/03. This is the only case in which the number of enrolments in private education is higher than in state education. This segment is, however, smaller than the adjacent ones (secondary and university).

Figure 13 – Index of enrolled students according to the nature of educational institutions (1990/1991=100)



An analysis of the performance of university students between 2000/01 e 2005/06 shows an increase in the number of graduates in absolute terms (61,100 against

71,800) and in terms of the number of students enrolled (15.8% against 19.6%). There was a change in preferences from one period to the other. There were fewer graduates in teacher training and education sciences and business studies while there was an increase in health, social and behavioural sciences, engineering and technology, art and social services.

Health

Available information points to an increase in human resources in the health sector, a generic reduction in the capacity of existing facilities, though there have been increases in more specialised segments, and greater use of available resources.

An analysis of available human resources shows that, in 2005, there were 3.4 doctors per 1,000 inhabitants, with the ratio tending to improve (Figure 14). We find the same profile in the indicator relating the number of nurses to the resident population, though it is even more pronounced. If we divide doctors into two main categories, general practitioners (GPs) and specialists, we find that, in the early 1990s, there was one specialist for every two GPs, while the situation was reversed in the mid 2000s. This change was the result of high growth in the number of specialists, at an annual average rate of over 7%, combined with a reduction in the number GPs compared to 1990 (though there has been a slight upward trend in this category since 1998) (Figure 15).

Figure 14 – Health services capacity and use indicators

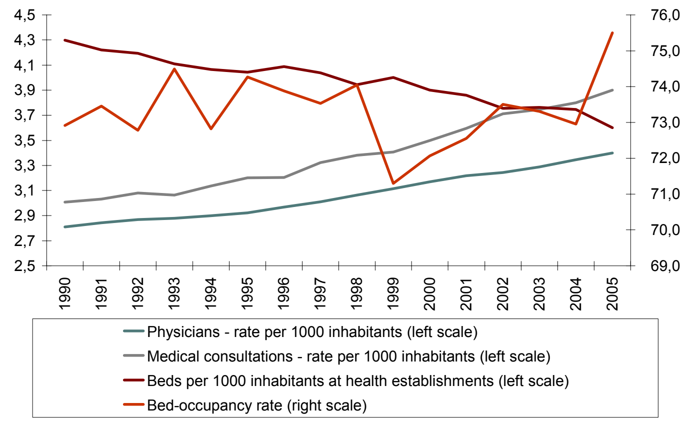
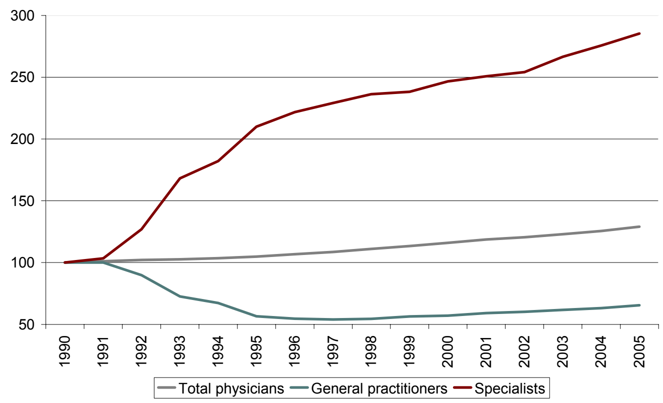


Figure 15 – Physicians index according to mains categories (1990=100)



There was a general trend towards an increase in services provided from 1990 to 2005. There was no increase in physical capacity (number of beds, hospitals or health centres, though there was a slight increases in the number of operating theatres), judging from available indicators. The number of major and intermediate surgical procedures per day increased systematically from the early 1990s, with an interruption only in 2005. The number of outpatient appointments at hospitals continued its upward trend, having an annual average growth rate of over 5%. The same applied to health centres, although to a lesser extent. As a result of the permanent increase in the number of doctor's appointments at hospitals and health centres, the number of appointments per inhabitant went from 3 in 1990 to 3.9 in 2005. Where internment capacity was concerned, the number of beds at hospitals (actual capacity) was 37,330 in 2005, which is 2,360 fewer than in 1990. There was also a reduction in the number of health centres. These trends were reflected in an increase in available figures on use of facilities (Figure 14).

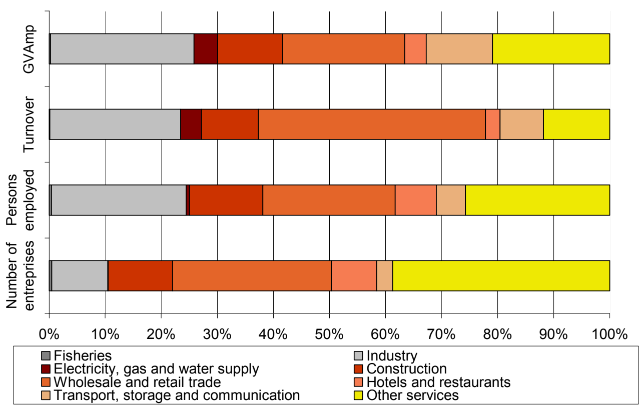
Where health indicators on mortality were concerned, the infant mortality rate (deaths aged less than 1 year per 1,000 live births) went down again in 2005. Portugal ranked fifth among the European Union countries with the lowest infant mortality rate. The main cause of death in Portugal in 2005 was diseases of the circulatory system, though the number of deaths per 1,000 inhabitants is tending to go down. The trend in the second most common cause of death, malignant tumours, is going up, however.

Economic activity

Enterprises

Services predominate in the business structure in terms of the number of enterprises, the number of persons employed and their turnover. According to data for 2005, 78% of the enterprises operate in this activity sector, employ 61.9% of the number of employees and represent 62.7% of the turnover. Within the same sector, distributions are different depending on the choice of variable. In terms of the number of enterprises and persons employed, the sector "other services" (finance, real estate, renting and business activities and education and health services) predominates. However, in terms of turnover, the trade sector is by far dominant. Industry occupies an intermediate position among the activity sectors, when we consider the number of enterprises, but comes first in terms of employment and Gross Value Added at market prices (Figure 16).

Figure 16 – Business structure



Small enterprises predominate in most sectors and the average number of persons employed is 3.5. The exception is electricity, gas and water enterprises, which are medium-sized and have an average of 35 persons employed. The smallest size (2.3 employees) is in the other services sector, followed by trade and hotels and restaurants. Industry has the highest average size with 8.4 persons employed (Figure 17).

Figure 17 – Average number of employed persons

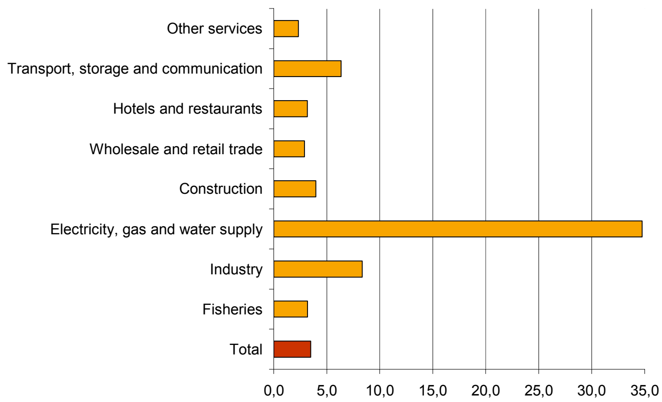
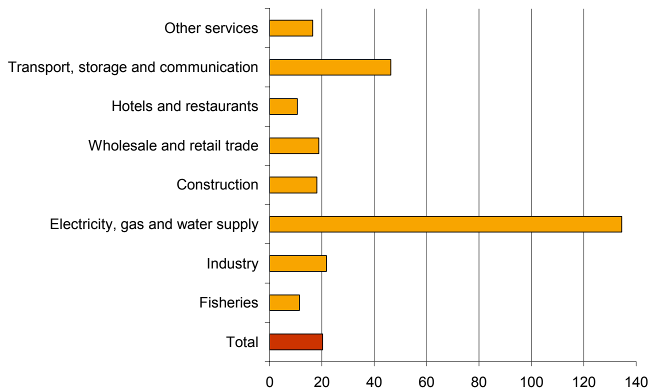


Figure 18 – GVAmp by employed person (thousand euros)

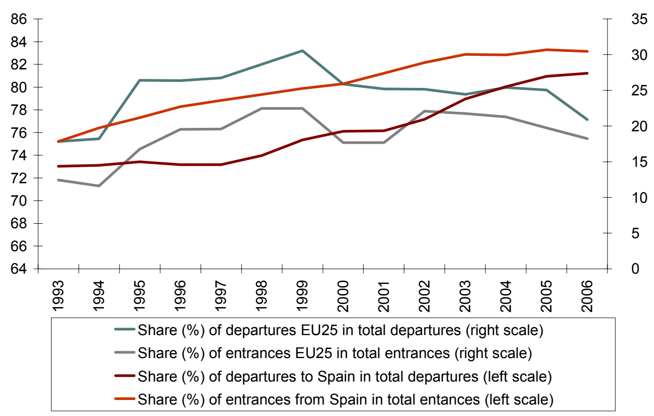


The latest data on the information society show two different trends in enterprises. On one hand, they attest to a relative saturation in the supply of this type of service, demonstrated by a stagnation or even reduction in some figures on the number and activity of enterprises in the information and communication technology (ICT) sector in the Portuguese business world. The proportion of enterprises in the ICT sector in relation to the total is falling when compared to 2002. There is a trend towards a drop in turnover and, indeed, this is also the case of the amount of employment generated. Nonetheless, the latest figures show a different trend in terms of enterprises' use of ICT. The data for 2006 compared to 2003 indicate an increase in the use of ICT, measured from figures on the use of computers (almost total coverage), internet connections (up to almost 83%), ownership of a website, use of email (up to almost 84%) and number of enterprises placing or receiving orders by email (up to 14.4%).

International trade

Most foreign trade is with European Union partners (EU-25), though there has been a trend towards greater diversification in recent years. Using 2006 data, there was a 2.8 p.p. decrease in the relative importance of exports compared to 2004, going down to 77.2%, while there was a 1.9 p.p. reduction in imports, going down to 75.5% (Figure 19). By country, Portugal's main partners for exports were Spain, Germany, France, the United Kingdom and the United States, which, all together, accounted for around 66% of the total value traded. The main suppliers of imports were Spain, Germany, France, Italy and the Netherlands, which represented 63% of the total value traded. Spain was our main trading partner, accounting for 27.4% of exports and 30.5% of imports. There has been an upward trend in both imports and exports with Spain.

Figure 19 – Indicators of International trade



Around 33% of the value of exports in 2006 was for intermediate goods, followed by consumer goods with around 27% (foodstuffs and beverages and consumer goods not specified in other categories). Vehicles, aircraft, vessels and associated transport equipment accounted for 18.5% and machinery and mechanical appliances almost 16%. On the import side, in addition to intermediate goods, which accounted for almost 28%, the structure was more uniform, varying between 10.5% for foodstuffs and beverages and machinery and mechanical appliances with just over 18%.

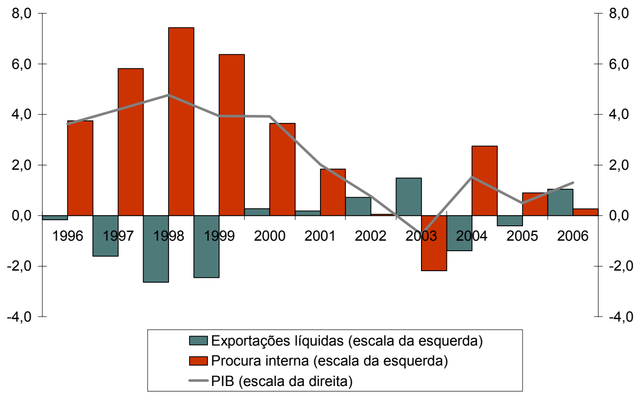
National accounts

In 2006, the GDP (Gross Domestic Product) grew by 1.3% in volume, which represented an acceleration in relation to 2005. The behaviour of the GDP has shown more positive than average growth between 2001 and 2005 and has benefited from dynamic foreign demand in net terms (Figure 20). Although imports increased, exports were more dynamic and their net contribution was decisive in speeding up the growth of the economy.

Domestic demand slowed down considerably due to final consumption expenditure, which decelerated in the case of households and fell in the case of general government. The performance of gross capital formation was more favourable, thanks to substantial growth in investment in vehicles, aircraft, vessels and associated transport equipment and, to a lesser extent, machinery and mechanical appliances.

Net borrowing, which had been going down since 2000, when it represented 9% of the GDP, was higher in 2006 than in 2005, at 8.8%. This increase was however, the result of the rise in the balance of primary incomes with the rest of the world and a reduction in the balance of foreign transfers and not a rise in the external balance of goods and services.

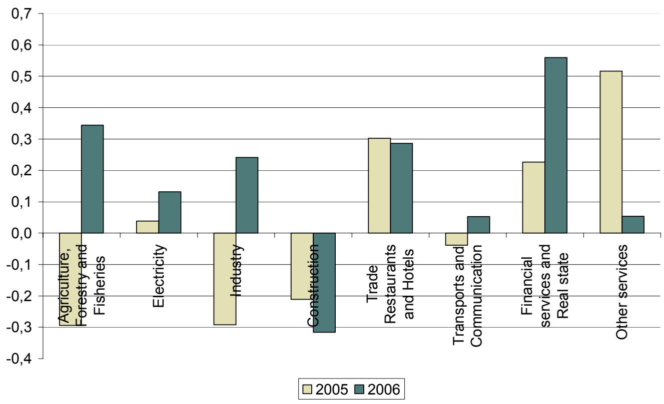
Figure 20 – Contribution of domestic demand and net exports (p.p.) to GDPmp real growth (%)



On the supply side, the contribution of the GVA (Gross Value Added) from industry to the acceleration of activity in 2006 was worthy of note. This contribution was associated with the high growth of exports. The contribution made by financial activities, real estate, renting and business activities was also important (Figure 21).

From a more structural point of view, in the last decade the average growth of the service sector was higher than that of industry or agriculture. There was also a rise in the relative price of services because its income elasticity of demand was more elastic and it was less prone to foreign competition. The consequent volume effect and price effect resulted in an increase in the relative importance of services in detriment of industry and agriculture.

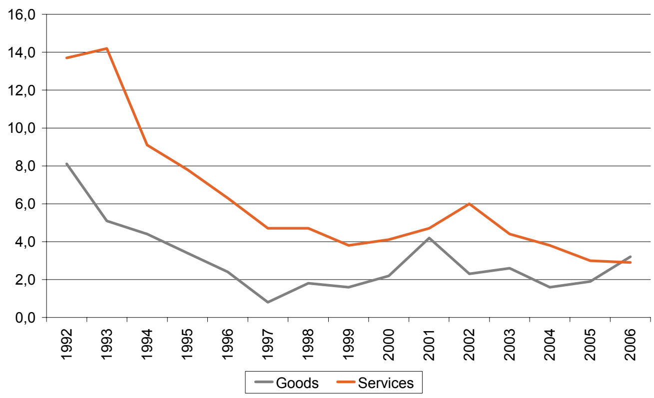
Figure 21 – Contribution of activity sectors (p.p.) to GDPmp real growth (%)



Prices

There was a rise in the consumer price index (CPI) in 2006 compared to 2005 and, for the first time since 1992, growth in the goods component was higher than the services component (Figure 22). These two facts had external and internal causes.

Figure 22 – Annual rates of change l (%) of prices for Goods and Services

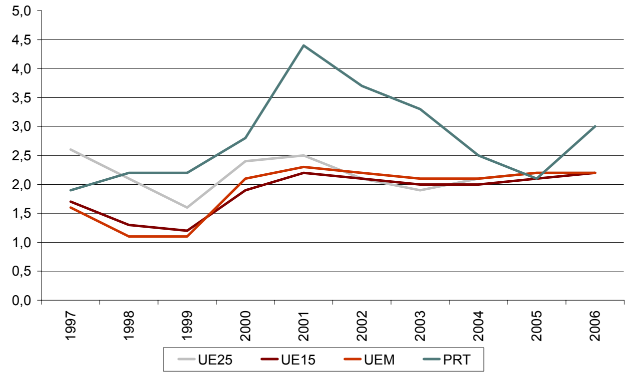


Where the rise in the CPI was concerned, growth in import prices intensified, mainly due to an increase in the price of oil and raw materials in general. In Portugal, there was a rise in prices of agricultural and industrial products. Moreover the change in the VAT (Value Added Tax) rate in mid-2005 had an impact on the average growth in prices.

The rise in the CPI was the result of different behaviours. Growth was more accentuated in foodstuffs and non-alcoholic beverages, tobacco and alcoholic beverages, clothing and footwear, health and miscellaneous goods and services. The price indices of the other classes slowed down or even fell, as was the case of communications. Pressure on service prices must have been less intense, given the slower growth in domestic demand.

The rise in consumer prices in 2006 was reflected in the harmonised consumer price index (HCPI), whose growth rate increased. Given the stabilisation in the growth of the HCPI in the euro zone, Portugal once again showed a rise in inflation gap (Figure 23).

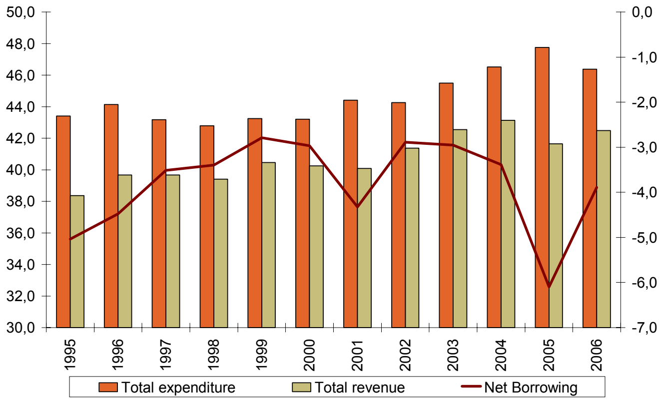
Figure 23 – Annual inflation rates for UE25, UE15, UEM and Portugal



General government

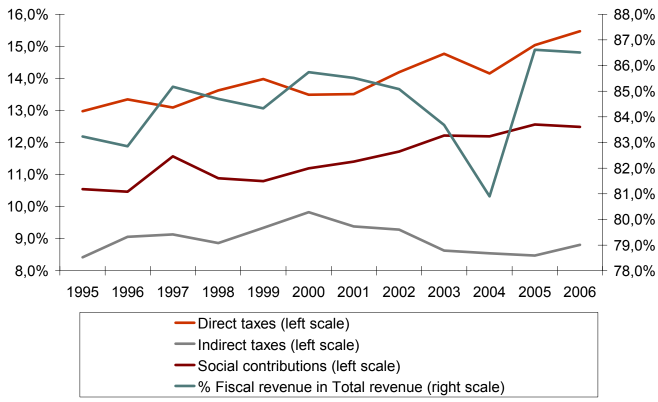
In 2006 the general government's finance needs represented 3.9% of the GDP, which was 2.2 p.p. lower than in 2005. This reduction was due to a combination of a 0.8 p.p. increase in revenue and a 1.4 p.p. fall in expenditure (Figure 24).

Figure 24 – Revenue, Expenditure and Net Borrowing of General government (% do GDPmp)



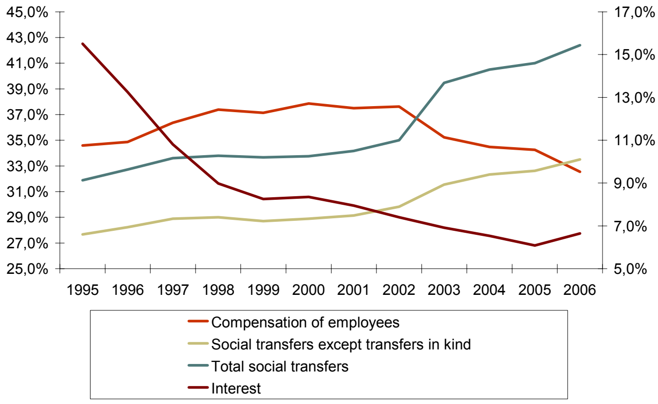
The increase in revenue has been accompanied by an upward trend in the tax burden since 1995, even though the increases have not been continuous (Figure 25). Current expenditure as a percentage of the GDP went down for the first time since 1998. The reduction in primary expenditure was even more marked.

Figure 25 – Tax burden (% do GDPmp) by kind of main tax groups and share of Fiscal revenue in Total revenue



In current expenditure, a special mention goes to salaries and social contributions, with the exception of social transfers in kind. In the former case, containment since 2002 has resulted in a number of measures, including restrictions on admissions of personnel to general government, limitations on reclassification of careers and changes in the composition of the general government sector. In the latter case, the upward trend is due to cyclical circumstances associated with a cyclical increase in unemployment and structural reasons linked to the ageing and longevity of the population (Figure 26).

Figure 26 – Share of main expenditure groups in Total current expenditure



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