23 December, 2010

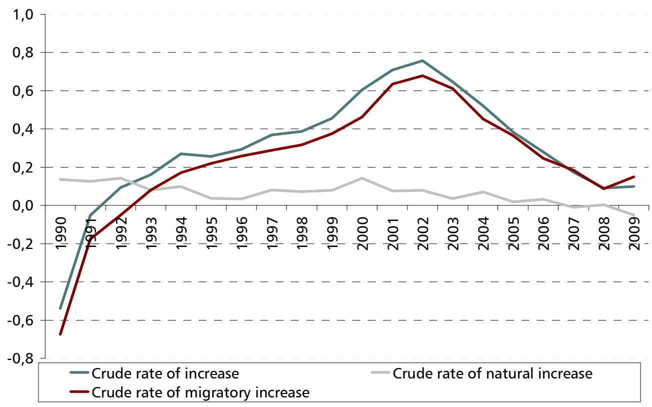
Statistical Yearbook
2009 (Issue year2010)

Statistics Portugal released its main reference publication, "Anuário Estatístico de Portugal" (**Statistical Yearbook of Portugal**). The 2009 issue is divided into four main chapters - Territory, People, Economic Activity and State – and 28 sub-chapters with detailed statistical tables. It also includes a summary of developments based upon the main indicators compared with 2008 and comparisons between Portugal and the European Union.

Population framework

In 2009 the growth pace of the Portuguese resident population was slightly higher than in the previous year, countering the deceleration trend observed since 2003. Population was estimated at 10,637,713 persons, i.e. 10,463 more than in 2008, translating into an annual growth rate of 0.1%. This increase was fully determined by the behaviour of net migration, which grew more sharply than in the previous year, interrupting the downward profile recorded since 2003. The rate of natural increase was negative, following a stagnation seen in 2008 and a fall in 2007. As a whole, the natural increase series started in 1990 reached a trough in the past three years, the 2009 change having been the most negative (Chart 1).

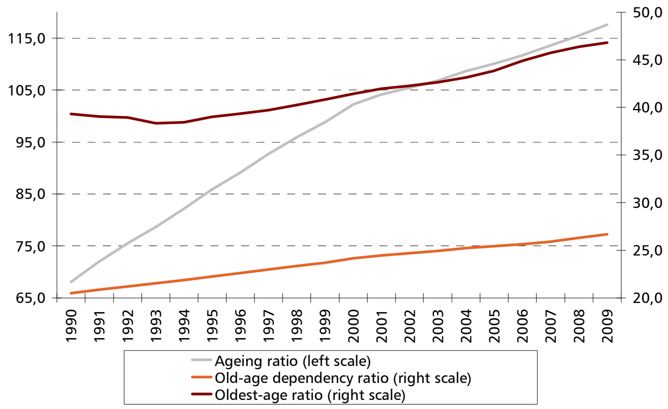
Chart 1 – Dynamics of population growth



Net migration played an increasingly relevant role in the dynamics of population. The average of the population growth rates between 1990 and 2009 was 0.3%, resulting from contributions of 0.23% and 0.06% from net migration and the natural rate respectively. Considering the 1990s and the decade started in 2000 separately, these contributions were of 0.08% and 0.09% in the first decade and 0.39% and 0.04% in the second.

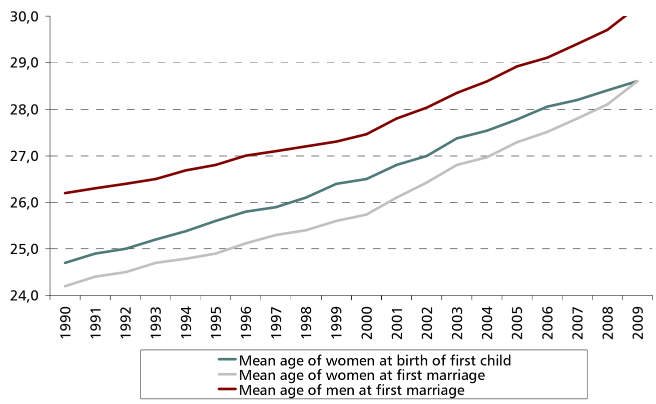
The weight of the elderly population continued to follow an upward trend, as a consequence of a decline in fertility and an increase in longevity. As of 1990 the share of persons aged less than 24 has been showing a systematic downward trend. From 1990 to 2009 population aged less than 24 lost 10 percentage points (p.p.) of its weight in the structure, to stand at 26.3% in 2009. The general fertility rate declined by 1.7 p.p. from 2008, seemingly resuming the downward trend interrupted in 2007 which had started in 2000. In turn, the old-age ratio was 46.8, reaching the highest level recorded since 1990, thus following a clear upward trend since 1995. As a result, the ratio of population aged 65 and over to population aged less than 14 (ageing index) also reached its peak, i.e. 117.6, compared with 102.2 in 2000 and 68.1 in 1990 (Chart 2).

Chart 2 – Outcome of population ageing



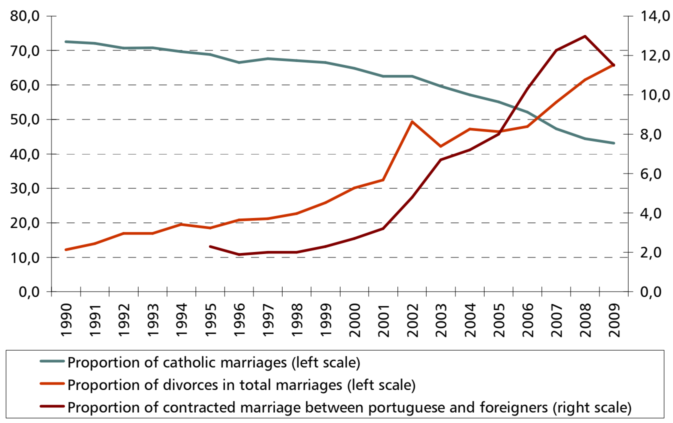
As shown by a number of indicators, changes in social behaviour have contributed to the trends observed during the past few years. The average age of women at first marriage and at the birth of the first child increased systematically since 1990, both showing a parallel behaviour most of the time, although tending to converge in the past three years. Hence, in 2009 the age at first marriage was 28.6 (25.7 and 24.2 in 2000 and 1990 respectively), i.e. equal to the age at the birth of the first child (26.5 and 24.7 for the same periods). The average age of men at first marriage also increased, to 30.2 in 2009 (27.5 and 26.2 in 2000 and 1990 respectively). The age difference between men and women at first marriage was 2 years in 1990, 1.8 years in 2000, stabilising at 1.6 years as of 2002 (Chart 3).

Chart 3 – Indicators of nuptiality and births



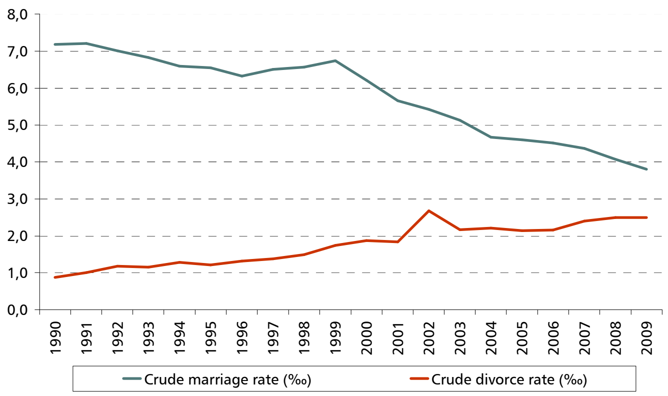
In parallel, the number of marriages tended to decline, especially from 2000 onwards. In 2009 marriages accounted for less than 60.0% of those entered into in 1999. The number of Catholic ceremonies has been evolving in parallel with this downward trend, and even more sharply. Since 2007 the ratio of Catholic weddings to total weddings declined to less than half of the total, reaching 43.1% in 2009 (compared with 64.8% and 72.5% in 2000 and 1990 respectively). The share of marriages between Portuguese and foreign citizens has increased continuously from 1995 to 2008, reaching a peak of 13.0% in the latter year. In 2009, however, this weight declined to 11.5%, although increasing fivefold from 1995 (Chart 4).

Chart 4 – Weddings and divorces



On the other hand, the number of divorces followed an opposite trend. Taking 1990 as a reference, this number doubled in 2000 and tripled in 2009. In this whole period, the number of divorces recorded an annual average growth rate of 6.0%, although from 2000 to 2009 the pace was more moderate, i.e. 3.6% (Chart 5).

Chart 5 – Crude marriage and divorce rates



The number of births outside marriage also rose, accounting for 38.1% of the total in 2009, i.e. 1.9 p.p. more than in the previous year. Around 79.0% of cases were with cohabitant parents, which is slightly higher than between 2002 and 2008, but 3.5 p.p. above the figure recorded in 2000. The downward trend of the youth fertility rate remained unchanged in 2009, in contrast to the general fertility rate. The former stood at 15.5‰ (22‰ in 2000), while the latter was 38.7‰ (46.1‰ in 2000) (Chart 6).

Chart 6 – Indicators of births

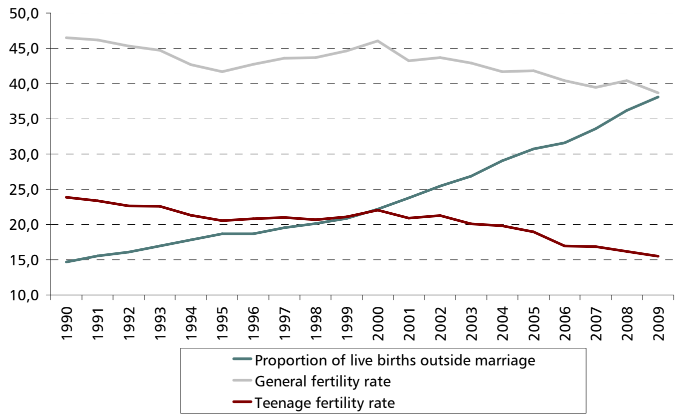
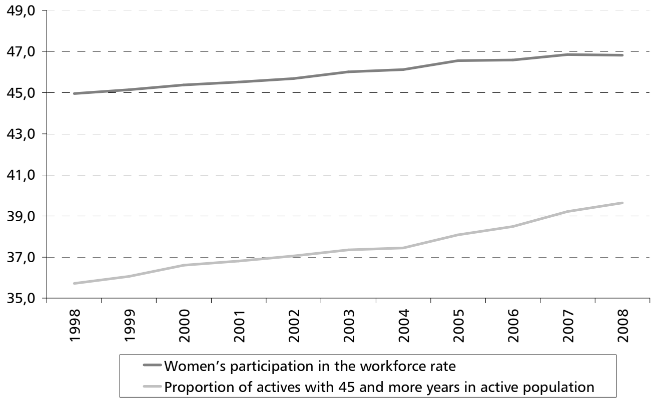


Chart 8 – Indicators of active population composition

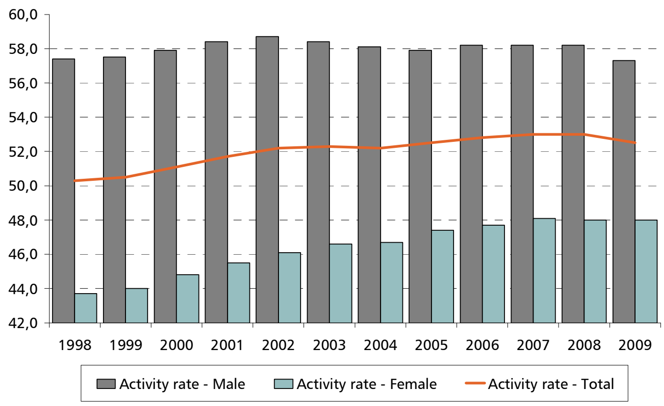


Socio-economic framework

Labour force, employment and unemployment

In 2009 the labour force declined by around 42 thousand persons (-0.8% change), countering the upward trend observed over the 10 years to 2008. Between 1998 and 2009 the labour force rose by around 9.6% (Chart 7). This was chiefly due to an increase in women's participation in the labour market, and possibly to the postponement of retirement age and the dynamics of migration flows (Chart 8).

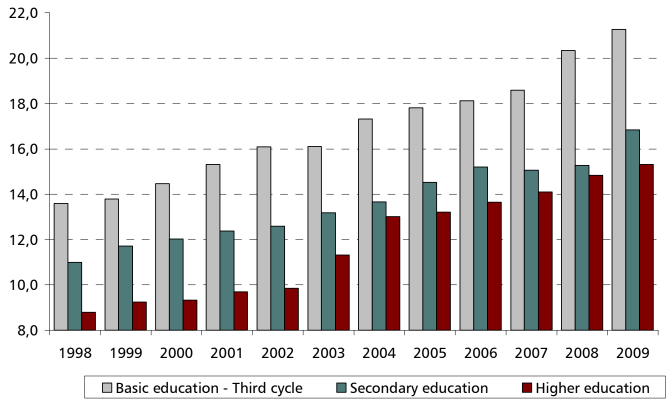
Chart 7 – Activity rates



This trend has also corresponded to an increment in labour force qualification, judging from educational attainment: between 1998 and 2009 an increase of around 487 thousand persons in the total labour force corresponded to an increase of approximately 785 thousand persons with at least completed secondary education. Therefore, this group's weight accounted for around 32.0% of total labour force, compared with 19.8% in 1998.

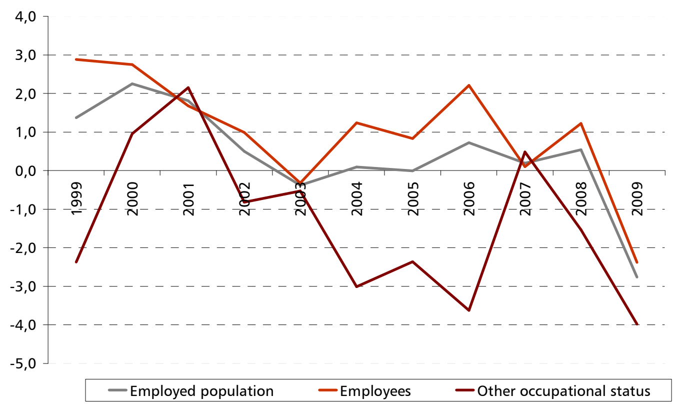
However, the share of active persons with an educational attainment level corresponding to tertiary education has remained relatively low, despite a considerable increase between 1998 and 2009, of around 6.5 p.p., standing at 15.3% at the end of the period. In the year under review the share of employed persons holding a degree (Level 3 of ISCED97) was 15.8% in Portugal, compared with 28.1% in the EU(27); this differential even widened vis-à-vis 2004, although it is identical to that recorded in 2001 (Chart 9).

Chart 9 – Proportion (%) of active population according to educational levels completed



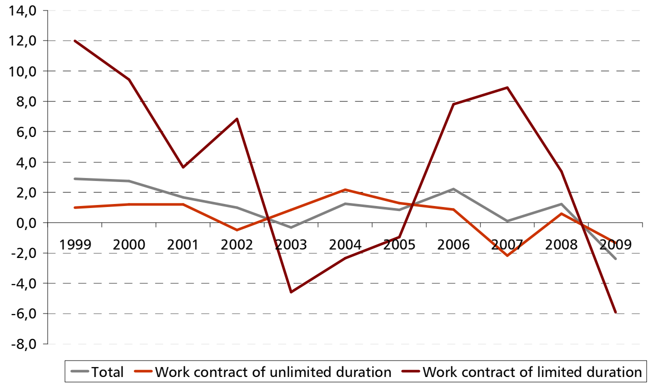
Employment declined in 2009, at a rate of -2.8%, countering the trend of the five previous years. In absolute terms, the fall reached almost 144 thousand jobs, i.e. much more than in 2003, when it had stood at around 19 thousand. The decline seen in 2009 was especially due to developments in dependent employment, which contracted by 2.4%, making a 65.0% contribution to the overall reduction. This was followed by self-employed workers, with a -6.6% drop and a contribution of over 30.0% to the total decline (Chart 10).

Chart 10 – Annual rates of change (%) of employed population



Dependent employment recorded the highest decrease in fixed-term contracts and other contractual situations: the rate of change was -5.9%, which translated into a contribution of almost 57.0% to the contraction of total dependent employment. Permanent contracts fell by -1.3% (Chart 11).

Chart 11 – Proportion (%) of active population according to educational levels completed



Considering a longer period, from 1998 onwards there has been an increase of 210 thousand persons in employed population, and of 403 thousand employees. However, this job creation occurred mostly in the 1998-2003 sub-period, when the total increase in employed population was 274 thousand persons. Conversely, in 2009 the contraction of employment more than cancelled out job creation seen between 2004 and 2008. The pace was somewhat different for dependent employment: the first sub-period was the most relevant, with 284 thousand jobs having been created, but in the 2004-09 period there was also a net increase in employment, of around 120 thousand jobs. This means that the contraction in 2009 did not cancel out the increases observed until then (Chart 12).

Chart 12 – Contribution (%) of employment age groups to total employment annual rate of change

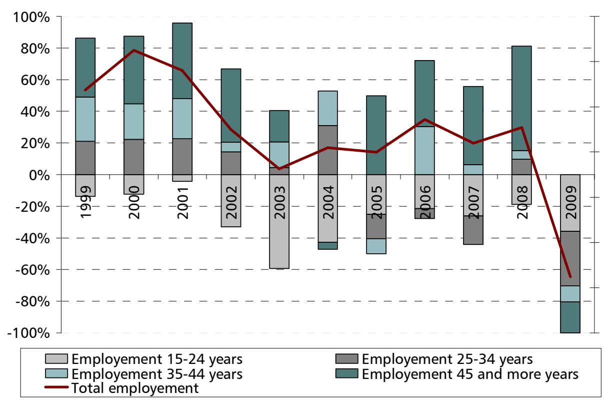


Chart 13 – Unemployment rates in Portugal EU15 e EU25

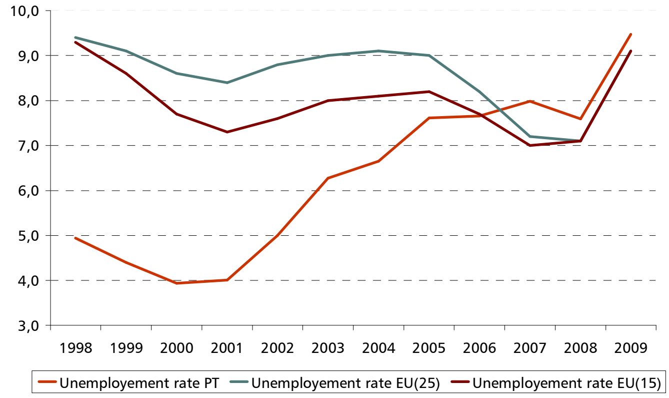
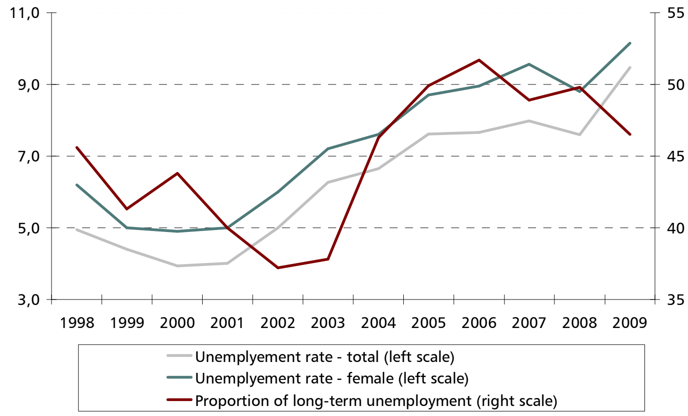


Chart 14 – Female and long term unemployment



The unemployment rate in 2009 was 9.5%, i.e. the highest rate recorded since the start of the series in 1998. This increase led to a broadly based worsening of the unemployment rate in the categories considered. The category with the highest unemployment rate, the 15-24 age group, saw the sharpest increase, i.e. 3.6 p.p., the rate having worsened to 20.0%. The female unemployment rate also exceeded 10.0%, and the same was observed in the 25-34 age group, which almost reached 11.0%. However, the sharpest worsening of unemployment was observed in the age group of 45 and over, accounting for 34.7% of the increase. The unemployment rate stood for the third consecutive year above the European unemployment rates: 8.9% in the EU(27), or 9.4% in the euro area.

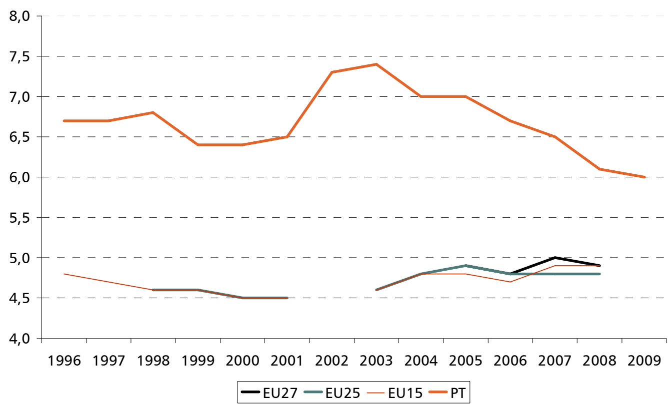
The number of unemployed for more than one year rose by 15.6% (i.e. approximately 33 thousand persons). However, since the rise in the number of unemployed for less than one year was around 32.5% (more or less 69 thousand persons), the share of long-term unemployment declined to 46.5%. Nevertheless, this type of unemployment is currently higher in Portugal than the European average. In 2009, as a percentage of the labour force, long-term unemployment accounted for around 4.3% in Portugal, compared with 3.0% for the EU(27). It reflects a reversal from the start of the decade (1.7% and 4% for Portugal and the EU(27) respectively) (Chart 13 and Chart 14).

Income and living conditions of households

In 2008 there was a slight easing of inequality in income distribution, which remained relatively high compared with the European average, even though at European level there was a certain setback in this area in the past few years. In turn, ICT usage by households continued to be broadly based.

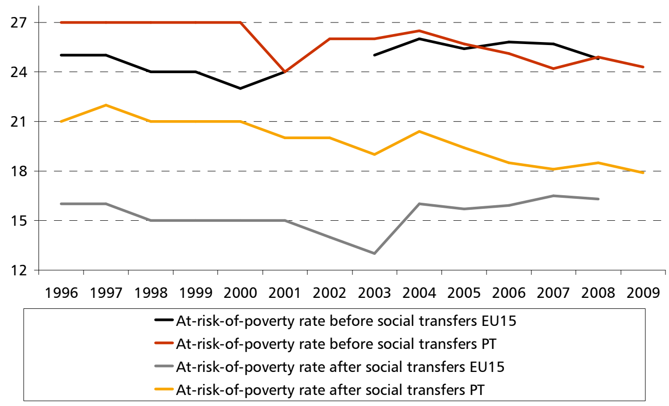
According to the results of the Income and Living Conditions Survey, in 2008 net equivalised monetary income received by the 20% of the population with the highest monetary income was 6.0 times the income received by the 20% of the population with the lowest income. This reflects a slight improvement from the results for 2007, and more significant advances compared with previous years (the index had stood at 6.7 and 7.0 in 2005 and 2003 respectively). However, the indicator continues to reflect greater inequality vis-à-vis the European average, even if to a lesser extent in the past few years. This narrower differential was due to the improvements already pointed out for Portugal and a stabilisation or even some worsening observed in the past few years at European level (take the case of the EU27, whose indicator stabilised at 4.8 since 2006, representing a slight deterioration of 0.2-0.3 p.p. vis-à-vis the first half of the decade). A comparison of the Portuguese case with that of the euro area yields the same type of result, i.e. a greater degree of inequality in income distribution and an easing of such disparity in 2007 and 2008, also due to opposite paces of indicators in Portugal and the euro area (Chart 15).

Chart 15 – Inequality of income distribution (S80/S20)



According to this survey's data, in 2008 the risk of poverty assessed by the share of population with a net equivalised monetary income below 60% of average income stood at 17.9%. This result accounts for a lower risk compared with the previous year – which stood at 18.5% – and is part of a downward although somewhat irregular trend, which is visible since 1995. Social transfers in the strict sense played an important role, without which the risk rate would have stood at 24.3% (24.9% in 2008 and 24.2% in 2007) (Chart 16).

Chart 16 – At-risk-of-poverty rates

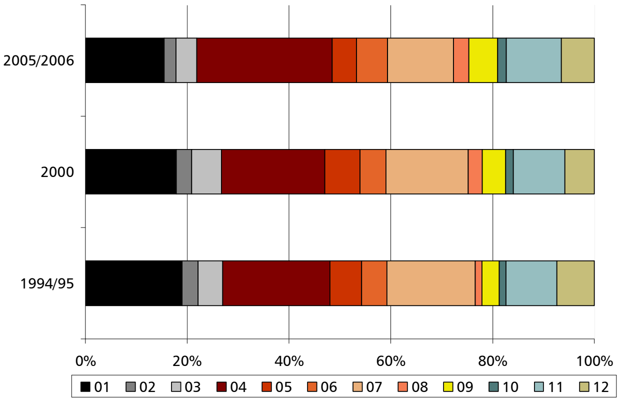


In comparison with the EU(25), the risk of poverty is higher in Portugal, which is chiefly due to the effect of social transfers, which, on average, have a relatively more favourable impact in Europe. In fact, without social transfers the risk of poverty in the EU(27) in 2008 would have been 25.1%, declining to 16.5% with such transfers (in 2005 the shares amounted to 25.7% and 15.9%, either including or excluding social transfers respectively).

The risk of poverty continues to show differences according to gender (not very significant), age (quite marked for youth and the elderly), household composition (penalising more numerous households and households with one adult and dependent children) status in employment and labour intensity of non-dependent household members. Two categories worsened between 2008 and 2009: households composed of two adults and three or more dependent children, whose risk rate rose from 31.9% to 36.1%, and the unemployed, with 34.6% and 37.0% in 2008 and 2009 respectively. This latter category has shown a noticeable downward trend since 2004.

Comparing the results of household budget surveys held in 1994-95, 2000 and 2005-06, there is a relative increase in expenditure on housing, health, and recreation and culture, to the detriment of expenditure on food and beverages, and transport, for example (Chart 17).

Chart 17 – Share of total household expenditure by COICOP division



Legend

01- Food and non-alcoholic beverages
02 - Alcoholic beverages, tobacco and narcotics
03 - Clothing and footwear
04 - Housing, water, electricity, gas and other fuels
05 - Furnishings, household equipment and routine household maintenance
06 - Health
07 - Transport
08 - Communication
09 - Recreation and culture
10 - Education
11 - Restaurants and hotels
12 - Miscellaneous goods and services

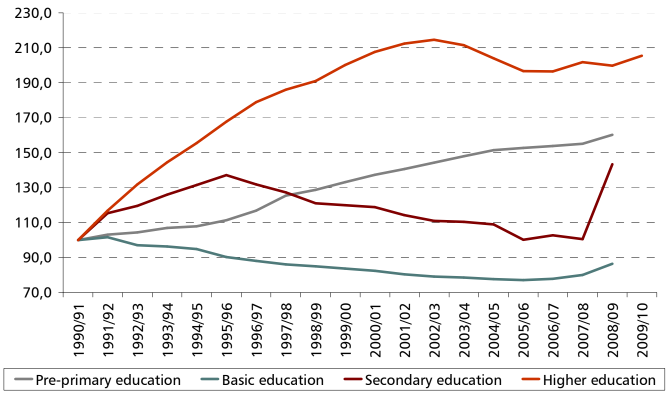
In 2009 the dissemination of Information and Communication Technologies (ICT) amongst households was maintained, judging by the series of indicators available, which increased considerably from 2008. In 2009, 56.0% of households had a computer, which accounted for 6.2 p.p. more than in the previous year, and 13.5 p.p. more than in 2005. 47.9% of households had internet access (46.0% in 2008), and over 46.0% had broadband internet access (around 39.0% in 2008). In 2005 the corresponding shares were approximately 32% and 20%.

Education

Developments in the school structure over the past two decades have been determined by factors with impacts of a different intensity and durability: the Basic Law of the Education System in 1986, the downward trend of the population's natural rate, the effort to expand pre-schooling and reinforce tertiary education, the expansion of private schooling, the development of ICT and the effort to implement them in the school system. More recently, there has been a procedure for the certification of competences and an effort to expand professional education.

After the waning of the effect of implementation of the 1986 Basic Law of the Education System, which established nine-year compulsory education, the dynamics of school population has been mostly determined a decline in the rate of natural increase of population. Hence, as of 1992/1993 school population in primary and lower secondary education has followed a downward trend, which started at the first stage and extended to the remaining stages (with lower secondary education starting to decline in 1995/1996). As a result, between 1990/1991 and 2000/2001 population in primary and lower secondary education declined by around 18.0%, declining further by around 3.0% between the latter period and 2007/2008. (Upper) secondary education followed a downward trend that started in 1996/1997, wherefore between 1990/1991 and 1999/2000 population still increased by approximately 20.0%. This was followed by a decline of 15.5% in 2007/2008 compared with 2000/2001, of which the final effect was a slight stabilisation of population (Chart 18).

Chart 18 – Index of enrolled students according to the level of education provided (1990/1991=100)



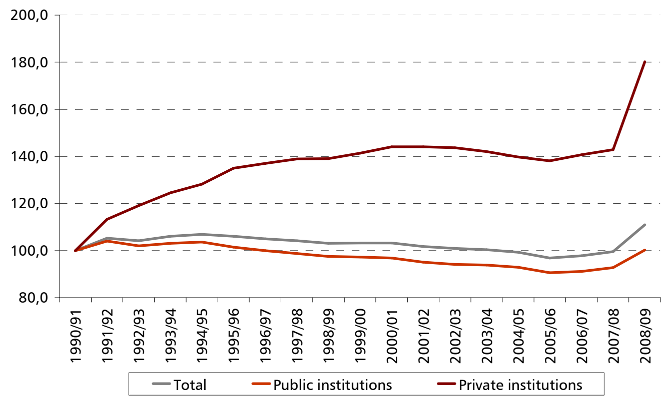
However, in the most recent years, especially 2008/2009 these trends have experienced contrary movements, namely in primary, lower secondary, and (upper) secondary education. A significant part of these increases in school population is accounted for by the number of students enrolled in procedures for the Recognition, Validation and Certification of Competences, particularly in the education levels referred to.

The available indicators on ICT implementation in education, which are still scarce in terms of timing and variables covered, point to substantial improvements. The "average number of students per computer" in primary and lower secondary education, referring only to the Mainland, was 2.1 in the 2008/2009 school year, compared with 9.5 and 7.9 in 2006/2007 and 2007/2008 respectively. In (upper) secondary education, this indicator stood at 3.9, compared with 5.9 and 6.9 in the previous years.

The expansion of non-compulsory pre-schooling education has been quite substantial over the last 20 years. In 1990/1991 pre-schooling education covered around half the children aged 3-5, while in 2008/2009 it covered approximately 83.0% of them. This overall change had a decisive contribution from the expansion of the public pre-schooling education network, which from 2000/2001 onwards has exceeded private schooling in the number of students enrolled. (In 2008/2009 the share of public schooling in terms of students enrolled was around 52.0%, compared with little over 44.0% in 1990/1991).

Reference should also be made to the growing relative importance of private schooling at all stages of primary and lower secondary education and in (upper) secondary education, the respective weights in terms of the number of students enrolled having increased from 1990/1991 onwards. In 2008/2009 this reinforcement occurred at all levels of primary and lower secondary education, especially in the latter, and also in (upper) secondary education. By contrast, pre-schooling education followed a clear downward trend, although this movement has been reversed in the last three years. In tertiary education, the weight of private schooling increased up to the end of the first half of the 1990s, subsequently declining, to stand in 2008/2009 below the 1990/1991 level (Chart 19).

Chart 19 – Index of enrolled students according to the nature of educational institutions (1990/1991 = 100)

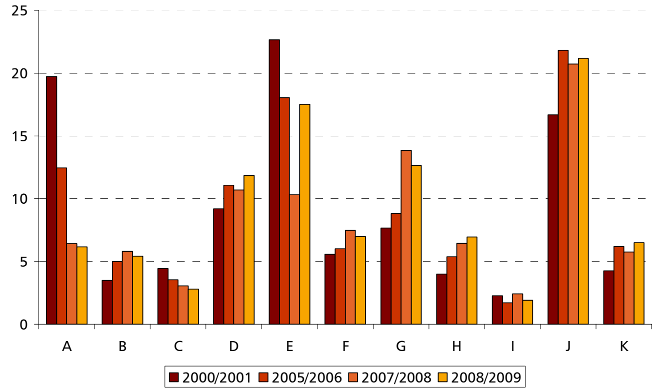


School population enrolled in professional education increased by approximately 94 thousand, which means a multiplication by 14.6 from 1990/1991, and by 3.0 from 2000/2001. This type of education, where level 3 ((upper) secondary education) is largely predominant, accounted for around 5.0% of school population in primary, lower secondary and (upper) secondary education in 2009/2008. This represents a rise of over 3.0 p.p. from 2000/2001. There was an evident effort put into attracting students to public schooling, whose weight in terms of students enrolled rose considerably as of 2005/2006. That year, the weight was 14.5% of the total and in the following years to 2008/2009 it increased to 30.9%, 50.1% and 58.2%.

The schooling rate in tertiary education remained on an upward trend, standing at 30.6% in 2009/2010, against 15.1% at the start of the series (1994/1995 school year). However, even though the number of students enrolled almost doubled between 1990/1991 and 2008/2009, it reached a peak in 2002/2003 and a relative stabilisation from 2005/2006 onwards, despite an increase in 2009/2010.

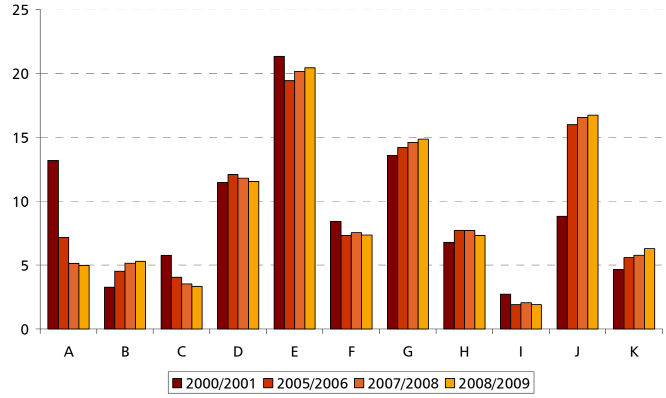
An analysis of the performance of tertiary education students between 2000/2001 and 2008/2009 shows that the number of graduates increased both in absolute terms (61.1 thousand against 76.6 thousand) and as regards the number of students enrolled (15.8% against 20.5%, although in the latter case there was a setback from the two previous years). In turn, preferences changed between 2000/2001 and 2008/2009. There were considerable declines in the shares of graduates in Teacher Training, Business and Administration, and Humanities. Conversely, the main increases were observed in Engineering and Engineering Trades, Health and Social Services, Architecture and Building, Social and Behavioural Science Information and Journalism (Chart 20).

Chart 20 – Proportion of Students graduated at higher education institutions by field of study



Consequently, the main changes in the relative positions of fields of study were the following: Health moved from the third to the first position, Business and Administration remained in the second, Engineering and Engineering Trades changed from the fifth to the third position, Social and Behavioural Science remained in the fourth, Architecture and Building moved from the eighth to the fifth position. Changes in the vacancy structure moved generally in line with that of the structure of graduates (Chart 21).

Chart 21 – Proportion of Vacancies at higher education institutions by field of study



Legend

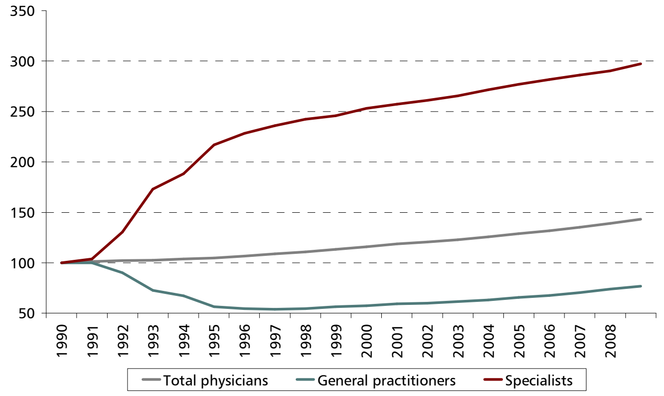
A - Teacher training and education sciences
B - Arts
C - Humanities
D - Social and behavioural science, information and journalism
E - Enterprises Sciences, Law
F - Physical sciences, mathematics and statistics, computer science
G - Engineering and engineering trades, manufacturing industries
H - Architecture and building
I - Agriculture, forestry and fishing, veterinary sciences
J - Health, social services

Health

The information available, mostly only up to 2008, points to the persistence of previous trends: an increase in the sector's human resources, an overall decrease in installed supply capacity, although increasing in more specialised segments, and a more intensive use of resources available.

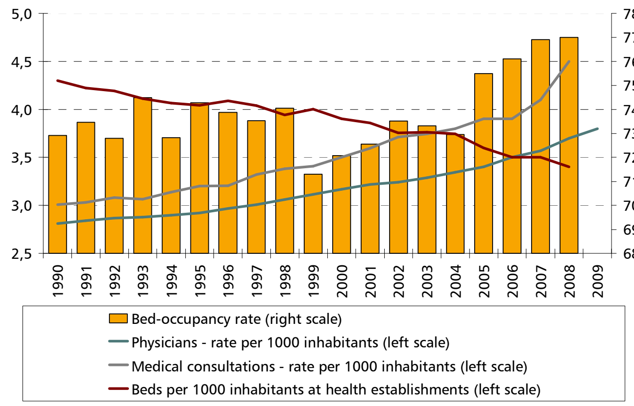
An analysis of human resources shows a continuing improvement in the number of doctors per 1,000 inhabitants, which was 3.8 in 2009 compared with 3.2 at the start of the decade. The same trend, or even sharper, was observed in the number of nurses per 1,000 inhabitants, which reached 5.6 in the same year (against 3.7 in 2000). The number of specialist doctors continued to rise, although at a slightly slower pace than the number of doctors, which stood at 3.0%. In 2009 there were around 166 specialist doctors per every 100 non-specialist doctors, reflecting a slight albeit continuing decline in this ratio as of the start of the decade (Chart 22).

Chart 22 – Physicians index according to mains categories (1990=100)



With regard to in-patient capacity, in 2008 the number of beds in hospitals (actual capacity) was 35,762 (36,178 in 2007), accounting for a decrease of 1,568 and 3,146 from 2005 and 2000 respectively, with official clinics also declining (413 and 835 beds less for the same years). In turn, the number of operating rooms in hospitals rose to 835 (78 and 109 more than in 2005 and 2000 respectively) (Chart 23).

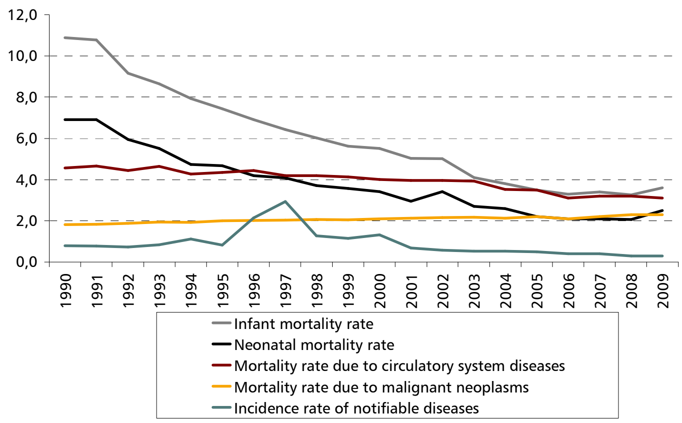
Chart 23 – Health services capacity and use indicators



Services provided have followed an overall upward trend, judging by the available indicators. In 2008, similarly to 2007, the upward trend in the number of major and intermediate surgical procedures that had been interrupted in 2005 was reinforced, with an increase of around 200 procedures/day vis-à-vis 2007. In turn, the number of external appointments in hospitals continued to rise, growing by 16.5%, clearly above the 2007 figure. Consultations in official clinics have followed a similar trend, accelerating in 2008 and 2007, after moderate growth from 2002 to 2006. The total number of consultations in hospitals and official clinics per inhabitant increased further in 2008, to stand at 4.5, clearly above 3.9 and 3.5, as recorded in 2005 and 2000 respectively.

Within the scope of mortality-related health indicators, in 2009 the infant mortality rate rose to 3.6, which countered the long downward trend of this indicator. Early in the 1990s it had stood at 10.9, declining almost continuously until 2008, reaching the minimum value to date, i.e. 3.3 deaths per 1,000 live births. With regard to the main causes of death in Portugal in 2008, 31.9% of total deaths were caused by diseases of the circulatory system (0.4 p.p. decline from 2008) and 23.2% by malignant neoplasms (0.3 p.p. increase). With regard to the respective mortality rates, the former kept on a downward trend, whereas the latter stabilised, although continuing to rise (Chart 24).

Chart 24 – Mortality-related health indicators

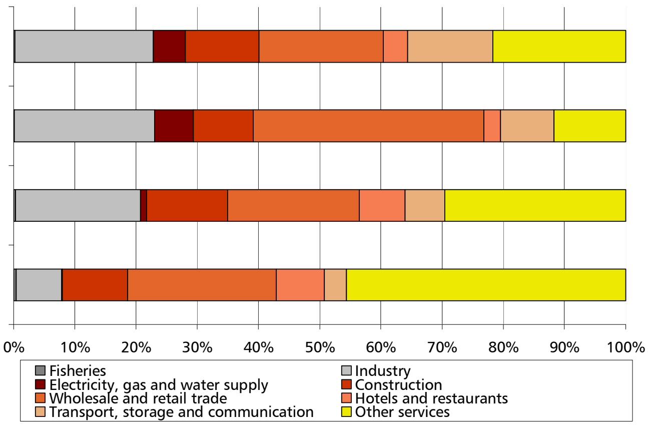


Economic activity

Enterprises

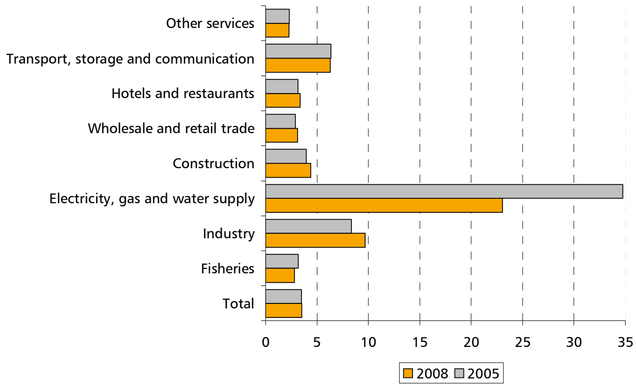
According to data from the Integrated Business Accounts System (IBAS), services are predominant in the business structure, taking into account different criteria. In 2008 around 81.0% of enterprises were concentrated on the services sector, covering 65.0% of the number of persons employed and generating around 61.0% of total turnover and almost 60.0% of GVA. Only as measured by turnover was there no increase in this sector's importance vis-à-vis 2005. The intra-area trade sector played a predominant role regardless of the variable considered (its relative importance exceeded 20.0% of total activities considered and at least 34.0% of total services), although its weight declined from 2005. It was followed by the real estate, renting and business activities sector, with a predominance of professional, scientific and technical activities. Manufacturing continued to be instrumental, in view of a weight of over 20.0%, as assessed in terms of number of persons employed, turnover or GVA (Chart 25).

Chart 25 – Business structure



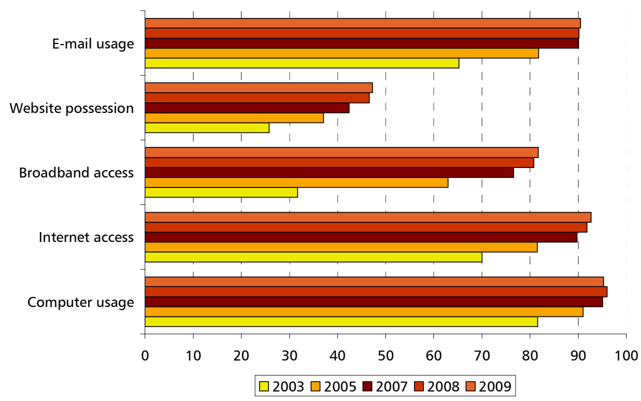
In turn, the production structure continues to be determined to a large extent by the relative importance of small and medium-sized enterprises. Overall, in 2008 the average size of enterprises was 3.5 persons employed, i.e. approximately the same as in the previous year and the 2004-2008 average. In this latter year the share of enterprises with less than 10 persons employed in total enterprises was higher than 95.0%, covering 43.0% of persons employed, around one-fourth of both turnover and GVA, and accounting for almost 30.0% of GFCF. Enterprises with less than 50 persons employed accounted for over 99.0% of the number of enterprises, corresponding to around 64.0 of the number of persons employed and more than 46.0% of both turnover, GVA and GFCF (Chart 26).

Chart 26 – Average number of employed persons



The use of Information and Communication Technologies continues to be broadly disseminated. According to the Survey on ICT usage in enterprises, in 2009, 95.3% of enterprises had computers, which is slightly less than in the previous year and somewhat more than in 2007. On the other hand, almost 93.0% had internet access, with 81.7% of the total with broadband internet access: in both cases there were 0.9 p.p. increases vis-à-vis 2008; increases were more marked compared with 2007, i.e. 2.9 p.p. and 5.1 p.p. for internet access and broadband internet access respectively (Chart 27).

Chart 27 – Use of information and communication technologies (% of enterprises)



In 2003, the first year for which there are available data, the three above indicators amounted to approximately 82.0%, 70.0% and 32.0% respectively. It is also worth highlighting the share of enterprises with their own websites, which in 2009 stood at around 47.3%, compared with 25.8% in 2003. Only in electronic trade was there a relative setback: the share of enterprises that received electronic orders declined by about 3.6 p.p. from 2008, while orders made decreased by 2.4 p.p. However, in any case, the weights reached in 2009 – 15.0% and 18.4% respectively – are clearly above those observed in 2003, i.e. 3.3% and 8.7%.

International trade

In 2009 the degree of openness of the Portuguese economy, as measured by the ratio of the sum of exports and imports of goods to GDP at current prices, was 50.1%, i.e. declining by 10.5 p.p. from the previous year and bringing this ratio to the 1995 level. This decline is linked to the downturn experienced in the international economy and the Portuguese economy in particular, affecting the flow of both exports and imports. Should the value of imported and exported services also be taken into consideration, the degree of openness would then be 63.6%, i.e. decreasing by 11.5 p.p. from the previous year, slightly above the 1995 level. Excluding the cyclical effect there is a clear openness trend of the Portuguese economy to this type of flows.

In 2009 trade with abroad declined markedly, as regards both exports and imports, by -18.2% and around -20.1% respectively. The import-export coverage rate was 66.5%, accounting for a 1.6 p.p. increase from 2008. This indicator has been fluctuating downwards since 1993, seemingly converging to around 66.0%. When including the services component, this ratio would be 78.5%, although it would continue to fluctuate, following virtually no trend, reflecting an improvement in the degree of coverage of services exports with regard to imports. In fact, it already exceeded 100.0% in 1995, the first year for which there are available national accounts data in base 2006.

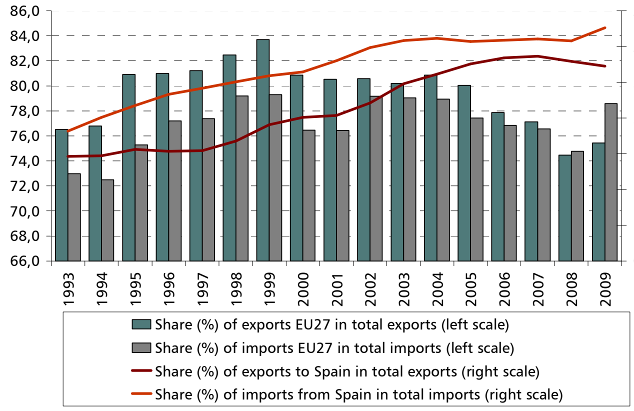
Around ¾ of the value of exports have the European Union (EU27) as destination. In 2009 its importance increased by 0.9 p.p., to 75.4%, but there was a tendency towards a growing diversification of trading partners. In fact, the importance of the EU27 was 82.1% in 2000, and since then the decline has been almost continuous. Imports have followed a similar trend, although only as of 2003, when imports from the EU27 accounted for 80.6% of the total. Since then, there was a continuing decline up to 2008, with only a 3.8 p.p. increase in 2009, wherefore the EU27 weight in total imports stood at 78.6% that year.

Conversely, trade with the main trading partner, Spain, showed a clear upward trend. In exports, the weight increased from around 19.0% in 2000 to around 27.0% in 2009. Imports followed a slower upward trend, stabilising somewhat between 2005 and 2008, after a long upward movement. In 2009 there was a further increase, by 1.8 p.p., bringing its weight to 32.6%.

The three most important markets of destination continued to be Spain, Germany and France, representing 52.5% of total exports (slightly more than in 2008). In addition, eight partners – Angola, the United Kingdom, Italy, the US and the Netherlands – as a whole concentrated 75.9% of total exports in 2009 (2.1 p.p. more than in 2008). It should also be noted that Angola remained the 4th main market of destination.

Trade structure by economic classification has undergone a number of changes, due to the external environment and the national juncture. On the export side, fuels and lubricants, as well as machinery and other capital goods saw their importance decline, accounting for around 4.7% and 13.3% respectively, against 5.5% and 15.8% in the previous year. Intermediate goods remained at the same level and consumer goods saw their relative importance increase, to a weight of 32.0%, i.e. increasing by 4.5 p.p. from the previous year. As for imports, fuels recorded the most evident reduction, of around 4.2 p.p., their weight declining to 12.3% of the total. By contrast, consumer goods posted similar increases in relative terms, accounting for around 30.0% of imports. Intermediate goods more or less maintained their relative importance, i.e. approximately 18.0%.

Chart 28 – Indicators of International trade (%)

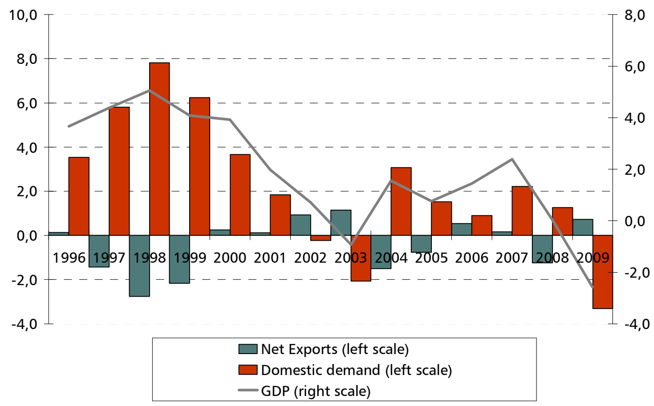


National accounts

In 2009 GDP recorded the sharpest fall in volume terms since 1996, the first year for which it is possible to compute developments in volume in accordance with the new National Accounts base (2006). The contraction of GDP was -2.6%, and followed stagnation in the previous year. Demand declined, both in domestic terms and as regards the exports component. In the former case, the decline amounted to around -3.0%, implying a somewhat more intense contribution to the contraction of GDP. Final consumption expenditure remained at approximately the same level as in 2008, although there was a decline of around 14.0% in the purchase of durable goods by households. Hence, the decline in domestic demand is almost all accounted for by the fall in GFCF. In this expenditure variable, reference should be made to the negative trend of the transport equipment component, of around -23.0%. However, the most negative contributions stemmed from other machinery and equipment (-2.8 p.p.) and especially construction (-6.5 p.p.), given their relative importance in total GFCF. With regard to external demand, exports of goods and services dropped by -11.8%, while imports declined by around -10.9%. However, the contribution from net external demand eventually turned positive, given the greater importance of imports than exports.

In terms of GDP development, the 1995-2009 period can be divided into two phases: one between 1995 and 2000, of intense GDP growth, at an average rate of 4.2%; the other from 2001 onwards, of quite moderate growth, of around 0.6%, which incorporated the 2003 and 2009 recessions. Another option of division would take into account downturns in the business cycle (defined in rates of change), from peaks to troughs. In that case, the first downward phase would occur between 1996 and 2003, with 2.9% average growth; the second downward phase would cover 2007 to 2009, with an average growth rate of -0.1% (Chart 29).

Chart 29 – Contribution of domestic demand and net exports (p.p.) to GDPmp real growth (%)



On the supply side, in 2009 the most negative developments were observed in manufacturing and construction, with rates of change of -10.7% and -9.2% respectively, giving rise to changes in GVA of approximately -1.3 p.p. and -0.6 p.p.. By contrast, GVA growth stood at 2.4% in financial and real estate activities, allowing for a positive contribution of 0.3 p.p. to the trend of GVA (Chart 30).

Chart 30 – Contribution of activity sectors (p.p.) to GDPmp real growth (%)

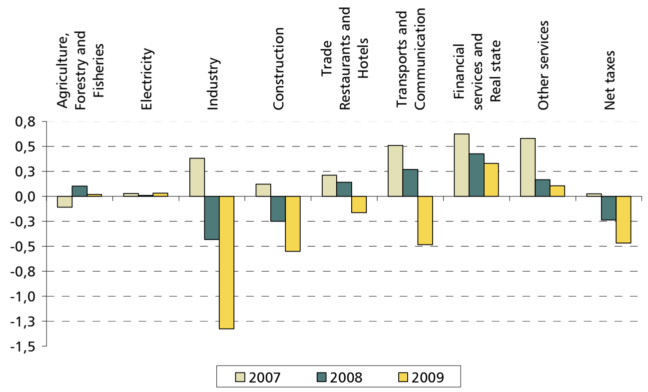
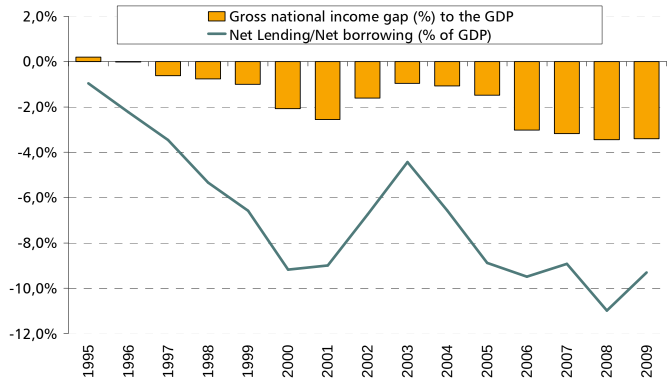


Chart 31 – Gross national income gap and net lending/net borrowing as % of the GDPmp



Although the separation between strong and moderate growth periods is also visible in most branches of production, the services sector has also shown average growth above that of manufacturing and agriculture. In turn, the relative price of services has increased. The resulting volume and price effects have translated into a rise in the relative importance of services, to the detriment of manufacturing and agriculture.

Net borrowing requirements (equivalent to the overall current and capital account balance) increased in the course of the 1995-2009 period, although a certain improvement was noticeable during recessions (in 2009 there was a further improvement of 1.7 p.p. from the previous year; in 2003 it had been 2.3 p.p.). In 2009 borrowing requirements were about 9.3% of GDP, compared with an average of 1.6% in 1995-1996.

Systematic deficits in the current and capital accounts worsened the international investment position (value of the stock of net external assets), bringing about a deterioration of the primary income balance (difference between income received from and paid to abroad). In 2009 the negative value of this balance accounted for around 3.4% of GDP, as had been the case in the previous year, leading to a difference of the same amount in gross national income (GNI) (Chart 31).

Prices

The rate of change in the consumer price index (CPI) was -0.8% in 2009, i.e. declining by 3.4 p.p. from 2008. In terms of major CPI components, the goods and services indices declined by 4.7 p.p. and 2.3 p.p. respectively. The corresponding rates of change were -2.4% and 1.7%. These developments have occurred in a context of clear deflation in imported goods prices, in particular oil and by-products, mainly concentrated between the first and the third quarters of 2009. This, joined with a deceleration in domestic demand, has resulted in considerable impacts on the structure of domestic prices. In addition to the above-mentioned decline in the CPI, reference should also be made to a decrease in the domestic prices of agricultural goods and industrial goods of around 6.0% and 9.7% respectively. The export deflator also declined, by 4.9%, and when compared with a fall in the imported goods deflator it has also allowed for gains in terms of trade. In terms of major CPI components there were reductions n both the variation of the index of goods (a deep one) and in the services index (less intensive than the first one, still significant), with annual changes moving to -2.4% and 1.7% respectively (Chart 32 and Chart 33).

Chart 32 – CPI annual rates of change (%) of prices for all-items and energy items

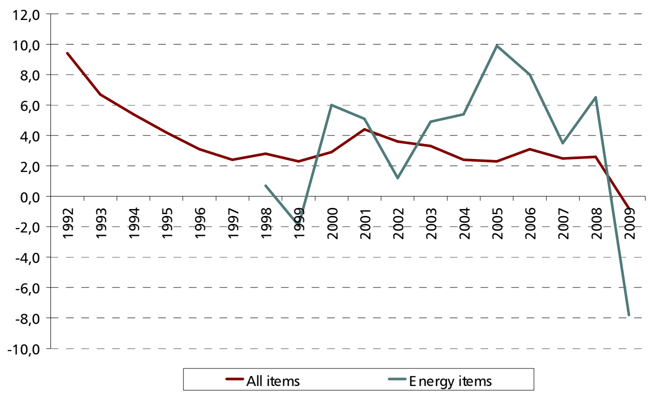
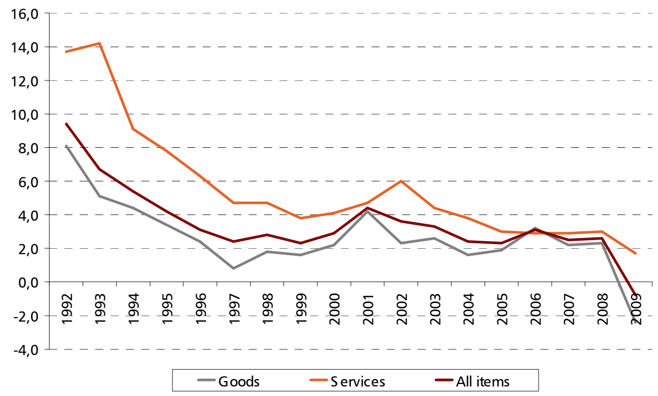
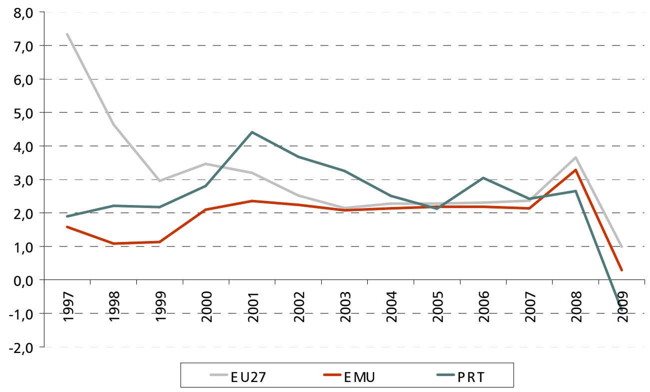


Chart 33 – CPI annual rates of change (%) of prices for all-items, goods and services indices



The contraction in consumer prices in 2009 was also evident in the harmonised index of consumer prices (HICP), whose annual average growth rate stood at -0.9%, i.e. 3.6 p.p. less than in 2008. A comparison with developments in equivalent indices at European level points to negative differentials compared with the average, for the second consecutive time. The European Union (EU27) HICP showed a year-on-year change of 1.0%, wherefore the differential was -1.9 p.p., widening by 0.9 p.p. in absolute terms. In the euro area this differential went up to -1.2 p.p., reflecting an absolute increase of 0.6 p.p. (Chart 34).

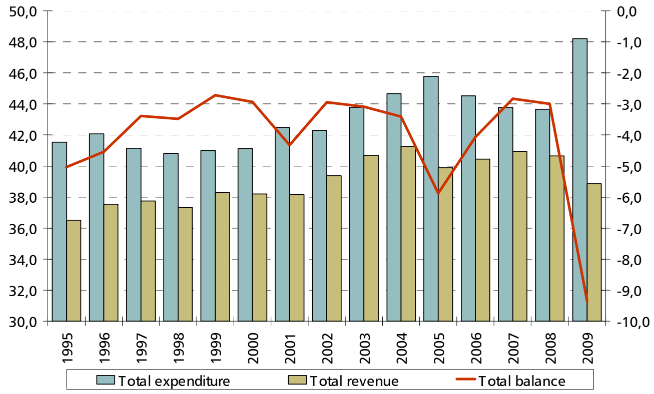
Chart 34 – Annual inflation rates for EU27, EMU and Portugal



General government

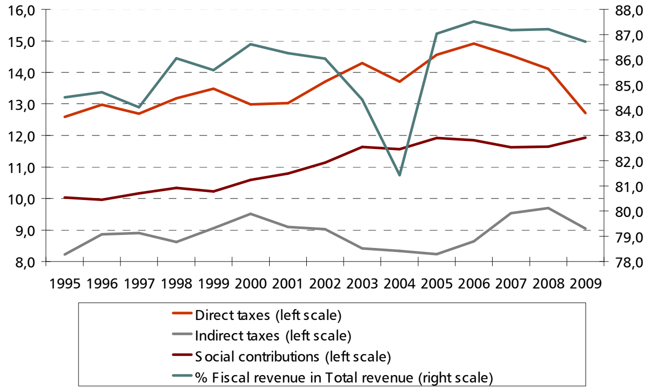
In 2009 net general government borrowing requirements deteriorated, rising to 9.3% of GDP, i.e. 6.4% more than in the previous year. This reflected a decline of 1.8 p.p. in total revenue, and mainly an increase of 4.6 p.p. in total expenditure (Chart 35).

Chart 35 – Revenue, Expenditure and Net Borrowing of General government (% do GDPmp)



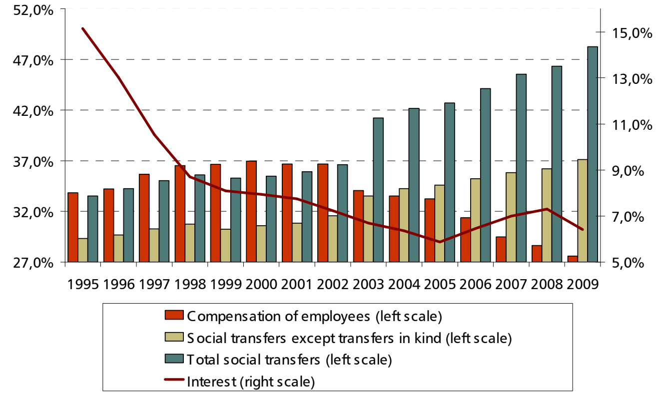
The decline in revenue was chiefly associated with a decrease in tax revenue to the same amount. This was due to cuts in taxes on income and wealth, of approximately 0.7 p.p., and especially in taxes on production and imports, of 1.4 p.p.. Conversely, there was a 0.3 p.p. increase in social contributions vis-à-vis 2008. These trends caused for the second consecutive time a reduction in the tax burden, which stood at 33.7% of GDP in 2009 (Chart 36).

Chart 36 – Tax burden (% do GDPmp) by kind of main tax groups and share of Fiscal revenue in Total revenue



The main contribution to the increase in total current expenditure stemmed from current expenditure, which increased by 3.5 p.p. from the previous year (primary current expenditure, i.e. excluding public debt interest, rose by 3.6 p.p.). Compensation of employees increased by 0.5 p.p., in contrast to the three previous years. Social benefits other than social transfers increased by 1.7 p.p. Developments in this item are conditioned by demographic trends, in particular population ageing and the increase in longevity. Social benefits in kind rose by 0.8 p.p., emphasising the upward trend started in 2003, after an abrupt increase that year. The pace of this item is related to the transformation of four public hospitals into corporate hospitals. This changed the composition of public expenditure, tending to reduce compensation of employees and intermediate consumption, and increasing social benefits in kind, an item that includes contractual services provided by such hospitals. The weight of public debt interest declined by 0.1 p.p. in 2009, accounting for around 2.9% of GDP (Chart 37).

Chart 37 – Share of main expenditure groups in Total current expenditure



Public debt has remained on the upward trend started in 2001 and only interrupted in 2007, standing at 76.1% of GDP, i.e. worsening by 10.8 p.p. from 2008.

Statistical Yearbook of Portugal 2008.
Information available till 30th September, 2009.