29 January, 2010

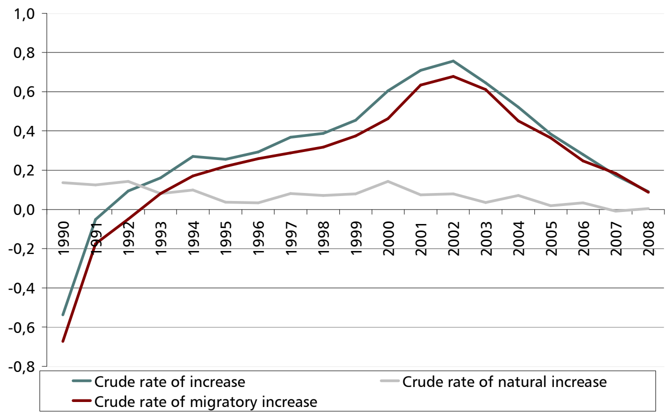
Statistical Yearbook 2008
(Issue year2009)

Statistics Portugal released its main reference publication, "Anuário Estatístico de Portugal" (**Statistical Yearbook of Portugal**). The 2008 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 on the developments in the main indicators compared with 2007 and comparisons between Portugal and the European Union.

Population framework

In 2008 the deceleration trend of the crude rate of increase of population was maintained. Population residing in Portugal was estimated at 10,627,250 persons, i.e. 9,675 more than in 2007, reflecting 0.09% growth. Resident population growth is strongly determined by the behaviour of net migration, which has decelerated systematically since 2003. The relative importance of net migration becomes evident when taking into account the average of the rates of increase of population between 1990 and 2008, which stood at 0.31%, and comparing it with its components, the average of the rates of natural increase, of around 0.07%, and the average of migration rates, of around 0.24% (Chart 1).

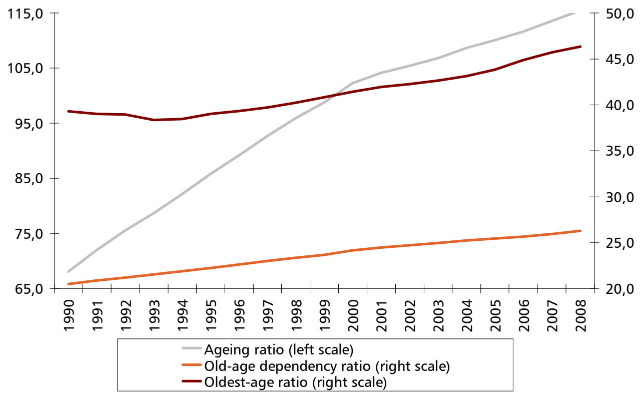
Chart 1 – Dynamics of population growth



The natural balance resumed a positive albeit marginal value, and thus the strong break in net migration to around half vis-à-vis the previous year fully explains the reduction in the rate of increase of population in 2008.

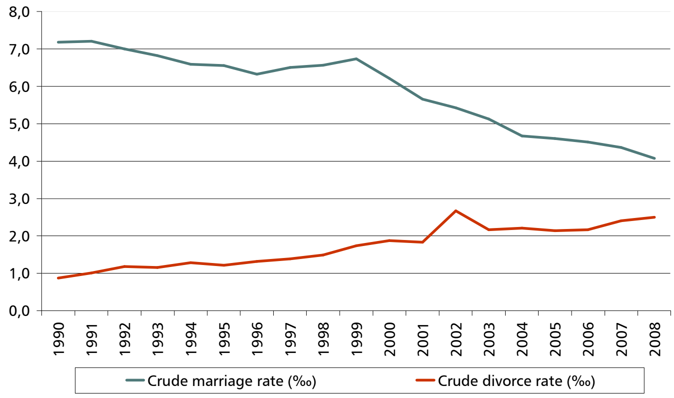
The share of old aged population remained on an upward trend, as a consequence of a decline in fertility and an increase in longevity. Since 1990 the share of persons aged under 24 has been showing a systematic downward trend. From 1990 to 2008 population aged under 24 lost approximately 10 percentage points (p.p.) of its weight in the structure, to stand at 26.6% in 2008 (Chart 2). The general fertility rate grew by 1 p.p. from 2007, countering the trend observed since 2000.

Chart 3 – Outcome of population ageing



As shown by a number of indicators, changes in social behaviours have contributed to the trends observed during the past few years. On the one hand, and taking as a reference the start of the previous decade, the number of marriages tends to decrease, especially from 2000 onwards, accounting in 2008 for around 2/3 of marriages of 2000. On the other hand, the number of divorces followed an opposite trend, doubling between 1990 and 2000. In that period divorces recorded an annual average growth rate of 8.1%, although more subdued from 2000 to 2008, at 4.1%, the slowdown continuing from 2007 to 2008 (Chart 4).

Chart 4 – Crude marriage and divorce rates



The number of Catholic ceremonies has been evolving in parallel with and more sharply than all ceremonies. Since 2007 the ratio of Catholic ceremonies to total ceremonies declined to less than half of the total, reaching 44.4% in 2008. By contrast, the share of marriages between Portuguese and foreign citizens has increased, standing at 13% in 2008, i.e. more than five times the level recorded in 1995 (Chart 6).

The average age for both women and men at first marriage, and also the average age of women at the birth of the first child, continued to follow an upward trend (Chart 5). The number of births outside marriage also increased, accounting for 36.2% of the total in 2008, i.e. 2.6 p.p. more than in the previous year. The downward trend of the youth fertility rate continued in 2008, in contrast to the general fertility rate (Chart 8).

Chart 6 – Weddings and divorces

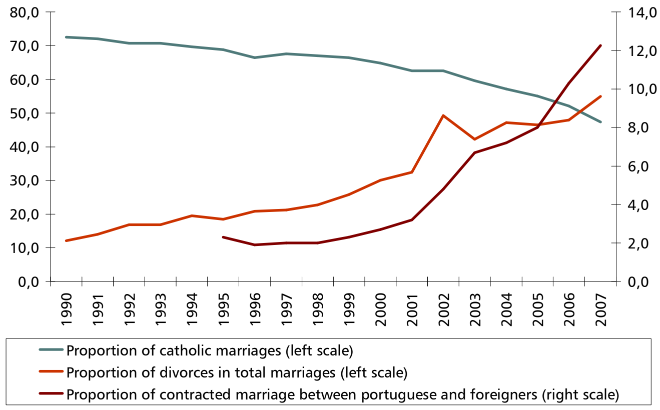


Chart 7 – Indicators of nuptiality and births

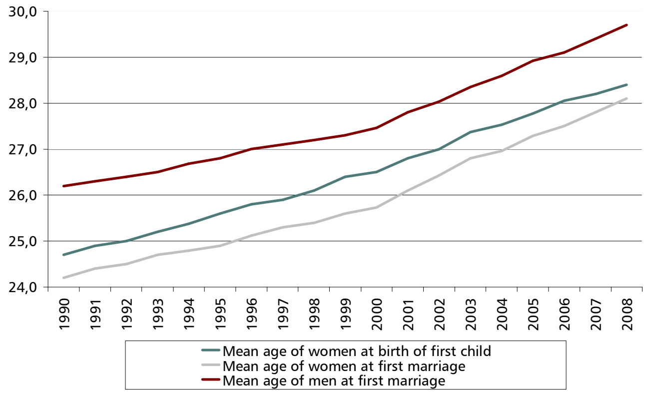
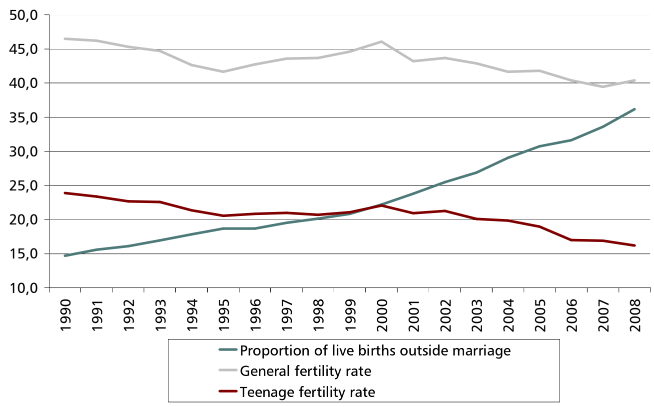


Chart 8 – Indicators of births



Socio-economic framework

Labour force, employment and unemployment

In 2008 the activity rate continued to rise (Chart 9), chiefly with the contribution of a rise in women's participation in the labour market, possibly the postponement of retirement age and the dynamics of migration flows (Chart 10).

Chart 9 – Activity rates

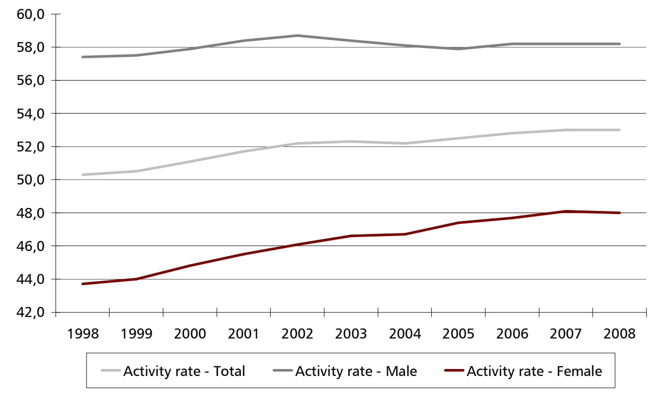
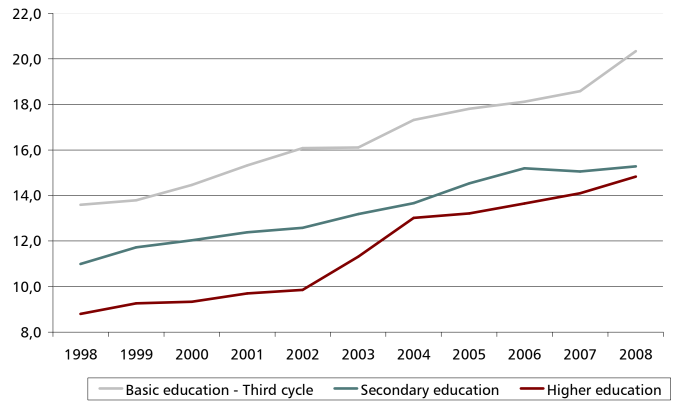


Chart 10 – Indicators of active population composition

This upward trend, which was evident throughout the whole decade started in 1998, also corresponded to an increment in labour force qualification, judging from educational attainment: from 1998 to 2008, an increase of around 529 thousand persons in the total labour force corresponded to an increase of approximately 685 thousand persons with at least completed secondary education. This relationship became more marked between 2004 and 2008 (Chart 11). However, the share of active persons with an educational attainment level corresponding to tertiary education remained relatively low, standing at 14.8% in 2008. The share of employed persons holding a degree was 17.4% in Portugal, compared with 27.3% in the EU(27); however, this is a convergent trend, since the shares in 2005 were 15.9% and 26.1%, and in 2000 were 11.8% and 23.6% for Portugal and the EU(27) respectively.

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



Employment rose by around 0.5% in 2008, accounting for a faster pace than in the previous year. This was chiefly due to changes in dependent employment (47.5 thousand persons more), but self-employment has also increased (10.8 thousand persons more). In turn, the rise in dependent employment chiefly took the form of fixed-term contracts (42.6 thousand more), the remaining contributions arising from permanent contracts (17.9 thousand more) and other types of contract (13.0 thousand less) (Charts 10 and 11).

Chart 12 – Annual rates of change (%) of employed population

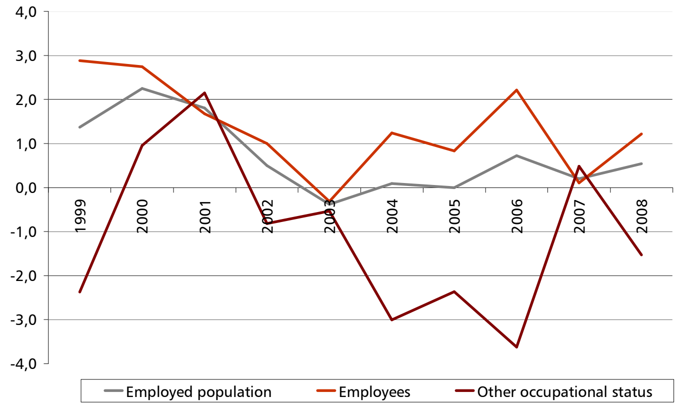
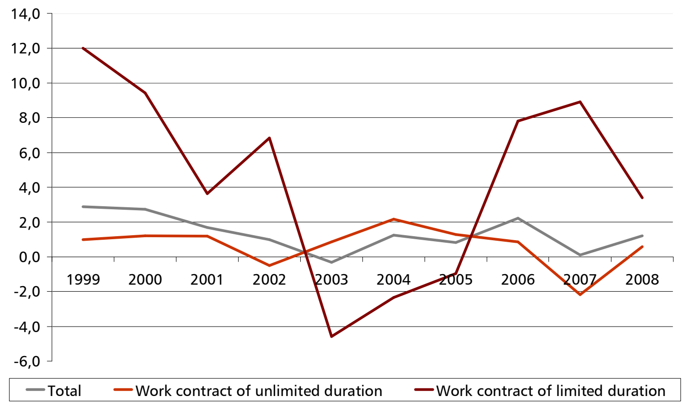
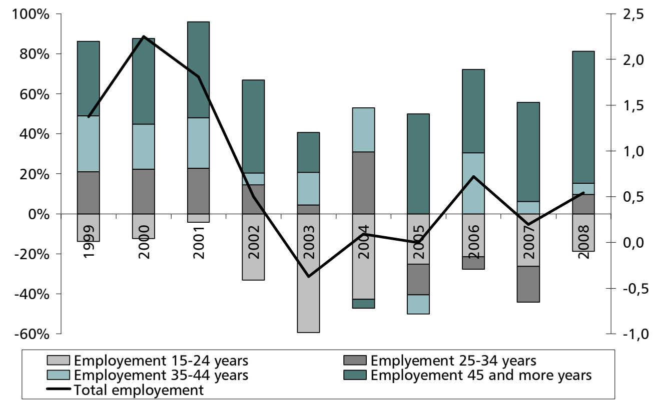


Chart 13 – Proportion (%) of active population according to educational levels completed



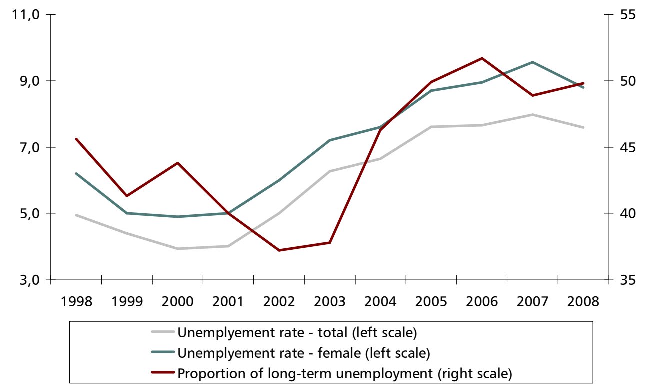
Considering a longer period, there has been an increase of 320 thousand persons in employed population since 1998, 82% of which up to 2002. This latter share reflects a significant increase in 2008, accounting for approximately 9.6% of jobs created until 2007. For the longest period, the rise in employment was also concentrated in the higher age brackets (Chart 14).

Chart 15 – Contribution (%) of employment age groups to total employment annual rate of change



The rise in employment, jointly with a decline in unemployed population, gave rise to a fall in the unemployment rate, which stood at 7.6%, accounting for a 0.4 p.p. improvement from 2007. This decline chiefly translated into an easing in some categories, namely women (whose unemployment rate moved to 8.8%, i.e. down by around 0.7 p.p. from 2007) and active persons aged 25-34 (whose unemployment rate stood at 8.7%, reflecting a 1 p.p. decline in the unemployment rate). The category with the highest unemployment rate, i.e. 15-24 years of age, decreased marginally, the rate remaining at about 16.5%.

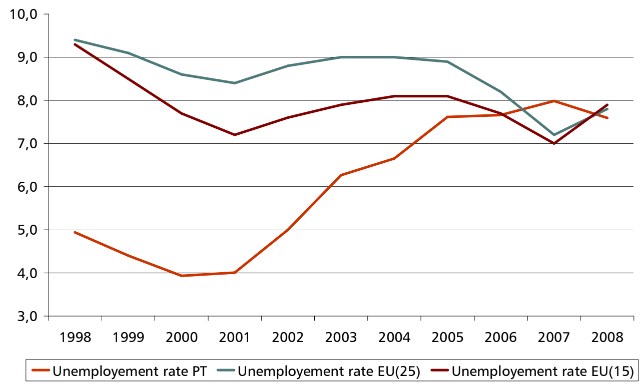
Chart 16 – Female and long term unemployment



Long-term unemployment declined somewhat, and so did the corresponding share, which moved to 48.9%

of the total (51.7% in 2007 and 2006) (Chart 13). Nevertheless, this type of unemployment is at present relatively higher in Portugal than the European average. As a percentage of the labour force and for 2008 long-term unemployment accounted for around 3.7% in Portugal, compared with 2.6% for the EU(27), and reflects a reversal from the start of the decade (1.7% and 4% for Portugal and the EU(27) respectively).

Chart 17 – Unemployment rates in Portugal EU15 e EU25



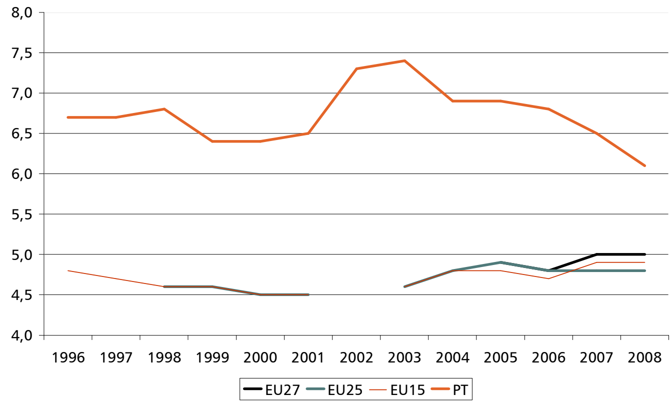
The unemployment rate in Portugal moved closer to the European average in the past few years. In 2000 it accounted for less than half of the European Union (EU27) and euro area averages; in 2005 it was higher than 6/7 of that average and since 2007 it has exceeded those rates, even though the spread narrowed in 2008 (Chart 17).

Income and living conditions of households

Available data point to a slight easing of inequality in income distribution, which remains relatively high compared with the European average, even though at European level there has been a setback in this area in the past few years. In turn, use of ICT by households continued to be broadly based.

According to the results of the Income and Living Conditions Survey, in 2008 the 20% of the population with the highest net monetary income earned 6.1 times more than the 20% with the lowest. This reflects an improvement vis-à-vis results for 2007, 2006 and 2005, which stood at 6.5, 6.8 and 6.9 respectively. However, the indicator continues to reflect a situation of greater inequality vis-à-vis the European average, even if to a lesser extent than in the two previous years. In fact, in the EU(27) this indicator stood at 5 in 2008 and 2007, i.e. worsening somewhat from 2006 and 2005 results, of 4.8 and 4.9 respectively. A comparison of the Portuguese case with that of the euro area shows 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 (Chart 18).

Chart 18 – Inequality of income distribution (S80/S20)

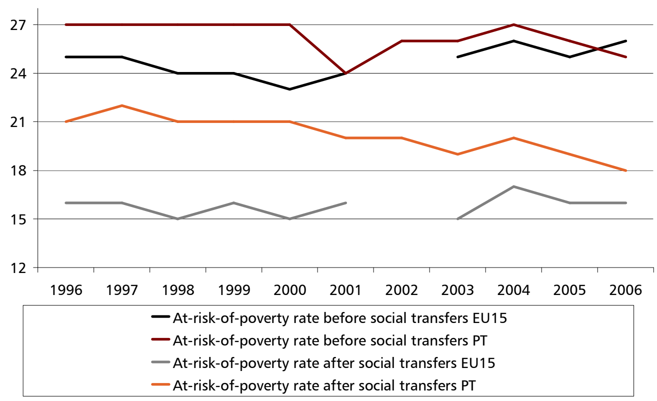


According to this survey's data, in 2008 the risk of poverty assessed by the share of population with a net monetary income below 60% of average income stood at 18% (Chart 19), i.e. similar to the two previous years, improving slightly from the 2005 result. Stress should be laid on the importance of social transfers in the strict sense, without which the risk rate would stand at 25% (24% in 2007 and 26% in 2005).

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(25) in 2008 would be 25%, declining to 16% with such transfers (in 2005 the values were 26% and 18% including and excluding social transfers respectively).

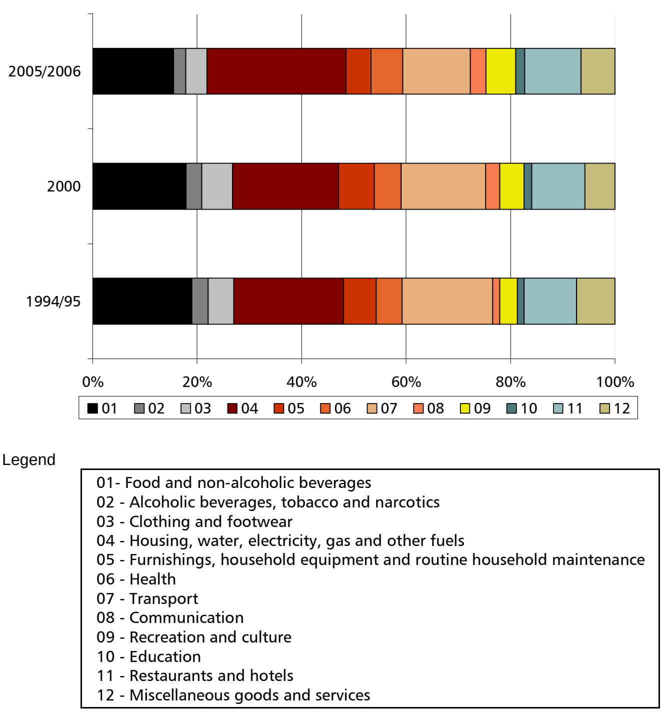
The risk of poverty continues to present differences according to gender (not very significant), age (quite marked for the elderly), household type (penalising more numerous households and households with one adult and children) status in employment (penalising self-employment) and labour intensity of non-dependent household members.

Chart 19 – At-risk-of-poverty rates



Comparing the results of the 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 20).

Chart 20 – Share of total household expenditure by COICOP division



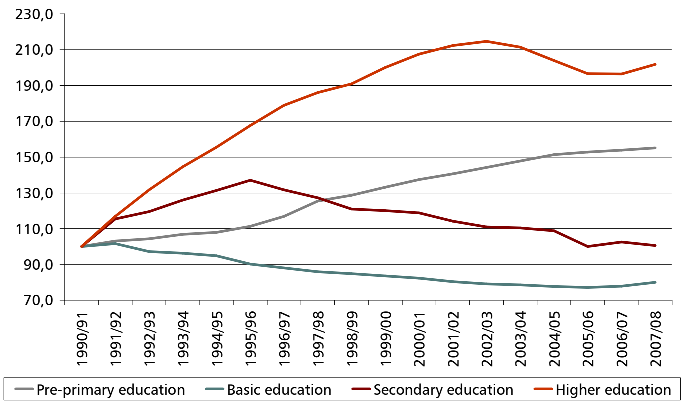
In 2008 the trend of dissemination of Information and Communication Technologies (ICT) to households was maintained, judging by the series of indicators available, which show considerable increases from 2007. That year almost 50% of households had a computer, compared with 42.5% and 26.8% in 2005 and 2002 respectively. 46% of households had internet access, and over 39% of which had broadband internet access, whereas the corresponding shares for 2005 were around 32% and 20%, and around 22% and 8% in 2003. In addition, fixed telephones were replaced (70% of households had fixed telephones in 2008, against 75.1% in 2004) by mobile telephones (87% in 2008, against 79% in 2004).

Education

Developments in the schooling structure over the past two decades have been determined by factors that evolved at different times and had 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 extend 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.

The Basic Law of the Education System published in 1986, which established 9-year compulsory primary education, leveraged an increase in school population in the subsequent years. This, however, was countered by the more lasting effects of a decline in the population's rate of natural increase. The impact of this decline can only be offset by a consistent increase in net migration that incorporates generation dynamics, increasing school-age population. Hence, as of 1992/1993 school population in primary education followed a downward trend, which started in population in basic education and extended to primary and lower secondary education (the latter started to decline in 1995/1996). Only 2006/2007 and 2007/2008 saw opposite movements. The downward trend in secondary education started in 1996/1997. Consequently, between 1990/1991 and 2000/2001 population in basic education declined by around 18%, declining further by around 3% between the latter period and 2007/2008. Secondary education saw a 19% increase in the first decade, followed by a decline by 15.5% in 2007/2008 vis-à-vis 2000/2001, of which the final effect was a slight stabilisation of population (Chart 21).

Chart 21 – Index of enrolled students according to the level of education provided (1990/1991=100)

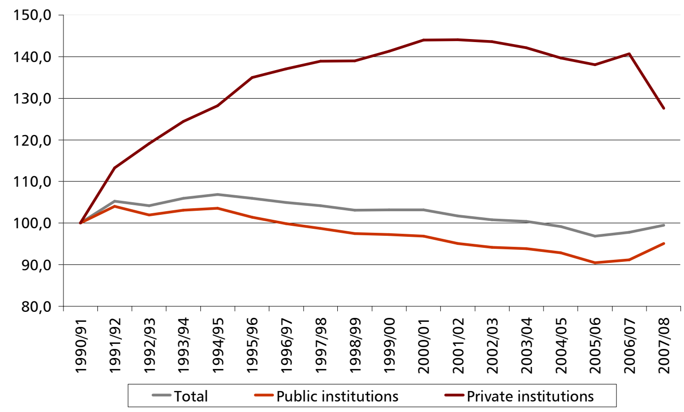


Statistical data on ICT implementation in education is still quite scarce, both in terms of timing and variables covered. However, the "average number of students per computer" in basic education referring only to the Mainland, which in the 2007/2008 school year was 7.9, had stood at 9.5 in 2006/2007. In secondary education, this indicator stood at 5.9 in 2007/2008, compared with 6.9 in the previous school year.

The expansion of non-compulsory pre-schooling education was quite substantial. In 1990/1991 pre-schooling education covered around half the children aged 3-5, while in 2007/2008 it covered approximately 80% of them. This overall change had a decisive contribution from the expansion of the public pre-schooling education network, which since 2000/2001 has exceeded private schooling in the number of students enrolled. In 2007/2008 the share of public schooling in terms of students enrolled was 53.3%, compared with 43.7% in 1990/1991.

Reference should also be made to the growing relative importance of private schooling at all stages of basic education and in secondary education, their weights in terms of the number of students enrolled having increased from 1990/1991 onwards. By contrast, pre-schooling education followed a clear downward trend, temporarily interrupted in 2006/2007, but resumed in the following school year. In tertiary education, the weight of private schooling increased up to the end of the first half of the 1990s, subsequently declining, to stand below the 1990/1991 level (Chart 22).

Chart 22 – Index of enrolled students according to the nature of educational institutions (1990/1991=100)



The schooling rate in tertiary education remained on a growing trend, standing at 29.7% in 2008/2009, against 15.1% at the start of the series (1994/1995). However, although the number of students enrolled between 1990/1991 and 2008/2009 almost doubled, it reached a peak in 2002/2003 and a relative stabilisation from 2005/2006 onwards.

An analysis of the performance of tertiary education students between 2000/2001 and 2007/2008 shows that the number of graduates increased both in absolute terms (61.1 thousand to 84 thousand) and as regards the number of students enrolled (15.8% to 22.3%). In turn, preferences changed from one period to the other, with the share of graduates declining in Teacher Training, Education Science, Business and Law. Conversely, the main increases were observed in Engineering and related Technical Consultancy and Health and Social Services (Chart 23). The change in the vacancy structure moved generally in line with that of the structure of graduates (Chart 24).

Chart 23 – Proportion of Students graduated at higher education institutions by field of study

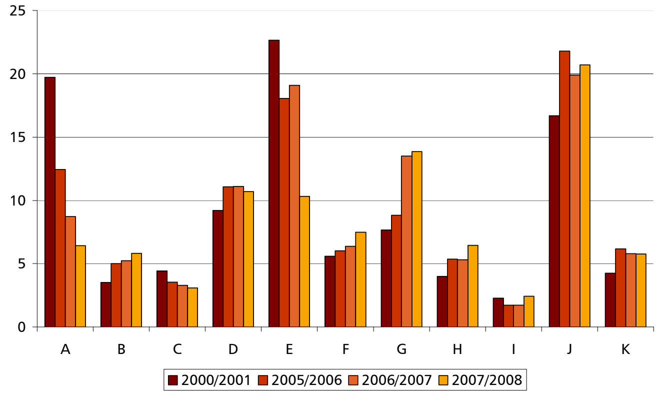
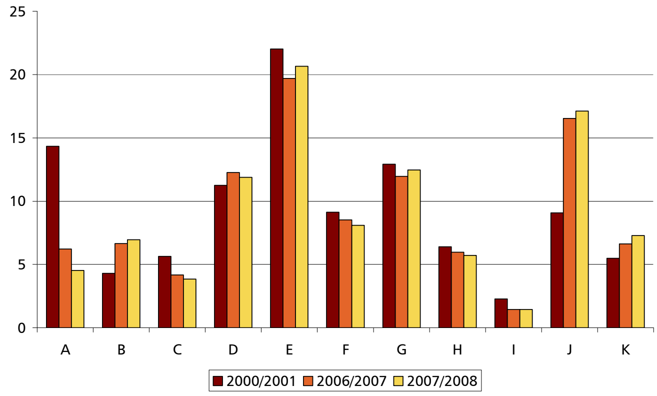


Chart 24 – Proportion of Vacancies at higher education institutions by field of study



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 latest data, partly referring to 2007, point 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 available human resources shows a continuing improvement in the number of doctors per 1,000 inhabitants, which was 3.7 in 2008, 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 5.3 in the same year (compared with 3.7 in 2000). The number of specialist doctors continued to rise, although at a slightly slower pace than the number of doctors, which remained at 2.7%. In 2008 there were around 17 specialist doctors per every 10 non-specialist doctors, which represents a slight albeit continuing decline in this ratio as of the start of the decade (Chart 26).

With regard to in-patient capacity, the number of beds in hospitals (actual capacity) was 36,178 in 2007 (36,563 in 2006), accounting for a decrease of 2,730 from 2000, and primary health centres also declined (218 and 743 less than in 2006 and 2000 respectively). In turn, the number of operating rooms in hospitals rose to 812 (31 and 86 more than in 2006 and 2000 respectively) (Chart 25).

Chart 26 – Physicians index according to mains categories (1990=100)

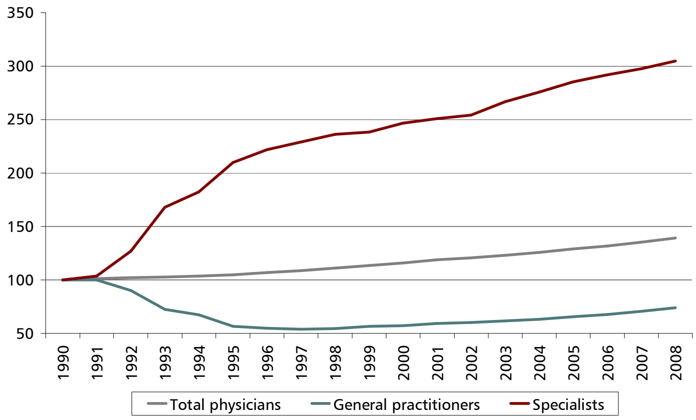
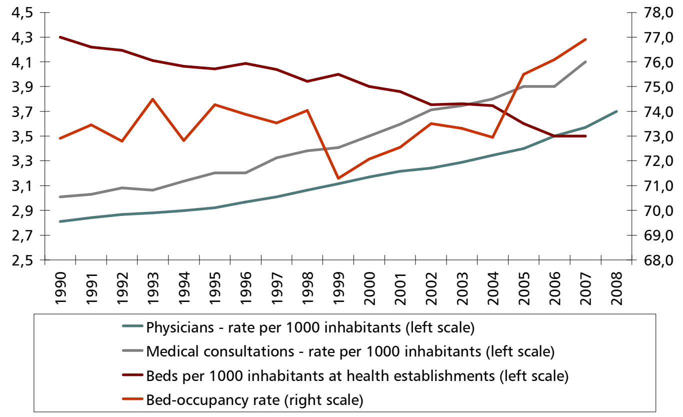


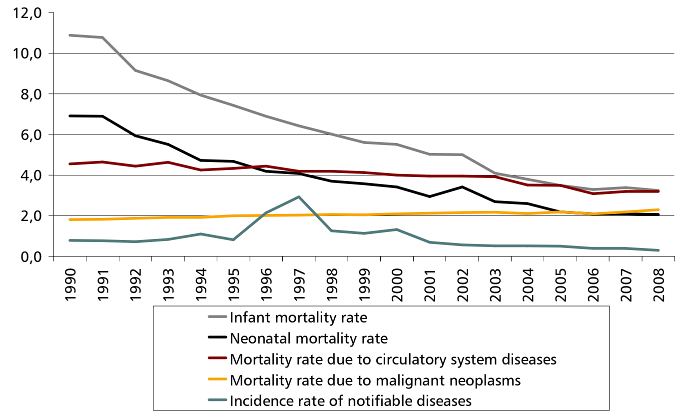
Chart 27 – Health services capacity and use indicators



Services provided have followed an overall upward trend, judging by the available indicators. In 2007 the upward trend in the number of major and intermediate surgical procedures which had been interrupted in 2005 was enhanced, with an increase of around 115 procedures/day from 2006. In addition, the number of outpatient consultations in hospitals continued to rise, growing by 6.2% in annual terms, clearly above the 2006 figure. Consultations in primary health centres followed a similar trend, accelerating in 2007, after moderate growth from 2002 to 2006. The total number of consultations in hospitals and primary health centres per inhabitant increased further in 2007, to stand at 4.1, i.e. clearly above 3.5, as recorded in 2000.

Within the scope of mortality-related health indicators (Chart 28), stress should be laid on an evident decline in the infant mortality rate over the 1990-2006 period. This indicator reached a trough in 2008, i.e. 3.3 deaths per 1,000 live births, similarly to 2006 and countering the slight increase seen in 2007. With regard to the main causes of death in Portugal in 2008, of total deaths, 32.3% were caused by circulatory system diseases and 22.9% by malignant tumours. However, different behaviours were observed, with an evident downward trend of the share of deaths caused by circulatory system diseases in the past two decades, corresponding to a decline in the number of deaths in absolute terms, in contrast to the share and number of deaths by malignant tumours. The corresponding mortality rates show similar patterns, standing at around 3.2 and 2.3 deaths per 1,000 inhabitants respectively.

Chart 28 – Mortality-related health indicators



Economic activity

Enterprises

Services are predominant in the business structure, in terms of the number of enterprises, the number of persons employed or turnover. In 2007, 79.6% of enterprises were concentrated on this sector, covering 63.9% of the number of persons employed and generating 62.2% of total turnover. The intra-area trade sector plays a predominant role regardless of the measure taken into account (its relative importance exceeds 20.0% of total activities considered and at least 34.0% of total services). It is followed by the real estate, renting and business activities sector, and with a growing importance. In fact, in the 2004-2007 period this sector showed above average growth rates for the 3 indicators taken into account. Manufacturing continues to play a relevant role, in view of a weight of over 23.4% and 21.4% in total turnover and employment respectively (Chart 30).

The production structure continues to be determined by the relative importance of small and medium-sized enterprises (Chart 29). Overall, the average size of enterprises in 2007 was 3.5 persons employed, corresponding approximately to the 2004-2007 average. In this period the share of enterprises with less than 10 persons employed in total enterprises was over 95.0% at all times, there being no downside trend whatsoever. However, the share of dependent employment created by this type of enterprises declined during the 2002-2007 period, albeit continuing relatively high (around 31% in this period, compared with 42% in 1995 to 2000).

Chart 30 – Business structure

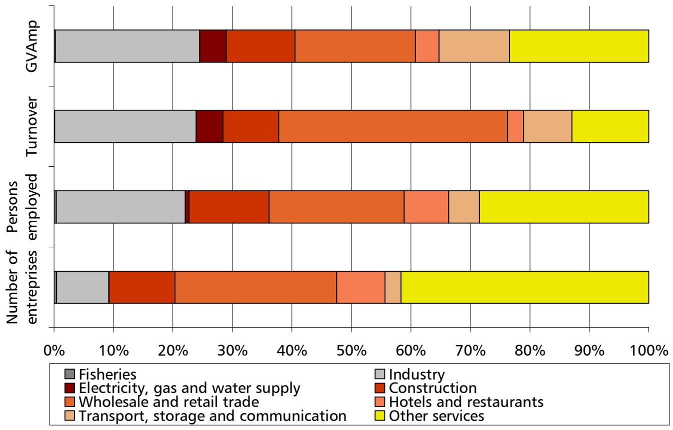
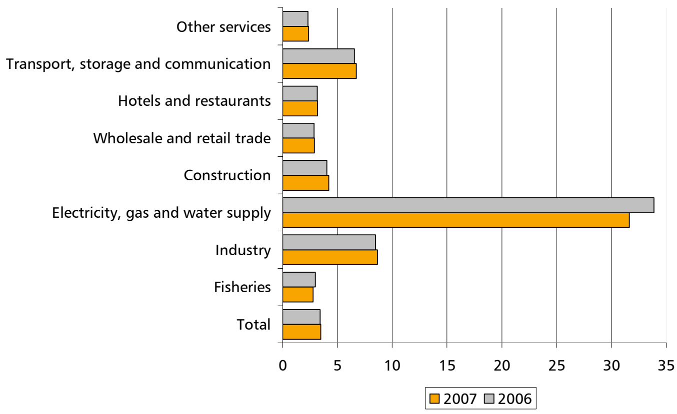
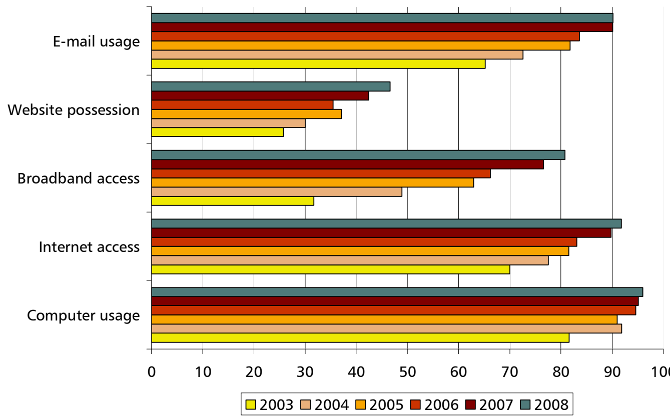


Chart 31 – Average number of employed persons



The use of Information and Communication Technologies continued to be broadly disseminated. According to the enterprise survey of ICT use, in 2007 96% of enterprises had computers, accounting for approximately 1 p.p. more than in the previous year. In addition, around 92% had internet access, and 88% of the total had broadband internet access (2 p.p. and 2.7 p.p. gains respectively, from 2006) (Chart 32). In 2003 the 3 indicators referred to stood at around 82%, 70% and 32% respectively. Another feature to be highlighted is the share of enterprises having their own website, which in 2007 stood at around 47%, compared with 25.8% in 2003. Electronic trade is also expanding, with a reported 20% of enterprises having already received and made electronic orders.

Chart 32 – Use of information and communication technologies (% of enterprises)



International trade

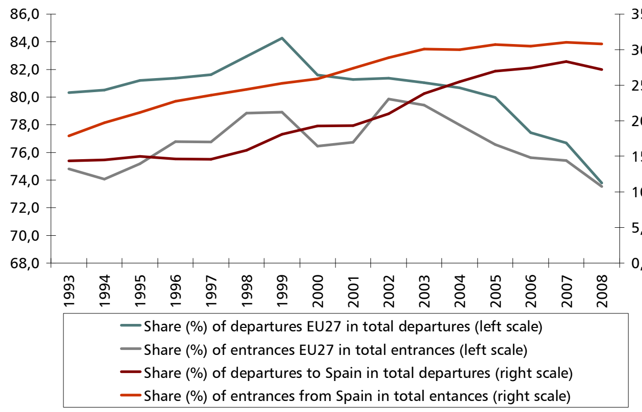
In 2008 the degree of openness of the Portuguese economy, as measured by the ratio of the sum of exports and imports of goods to GDP at current prices was 59.6%, following an upward trend since 2004 and reaching the highest level recorded since 1995 (the ratio would be around 73.8% if goods and services had been considered). The import-export coverage rate was 62%, i.e. declining by around 2 p.p. from the previous year and countering improvements in 2007 and 2006 (should services transactions also be included, it would be 77.5% and would have declined by 3.8 p.p. from 2007).

Most trade with abroad took place with European Union partners (EU27), although there was a trend towards greater diversity. As regard exports, the importance of the EU27 was around 73.8% in 2008, even though the trend has been clearly on the downside since 1999, when the value amounted to 84.2%. Imports followed a similar trend, although starting somewhat later, moving from 79.9% in 2002 to 73.5%

in 2008. Conversely, trade with the main trading partner, Spain, showed a clear upward trend, in spite of a setback in 2008. The weight of exports moved from around 19% in 2000 to around 27% in 2008. Imports have followed a slower upward trend, following a boost recorded early in this decade. Their weight in total imports stood at around 31% in 2008, accounting for 4 p.p. more than in 2000 (Chart 33). In the early 1990s the relative importance of trade with Spain amounted to around 15% of total inflows and outflows.

The 3 most important markets of destination continued to be Spain, Germany and France, which represented 51.8% of total exports of goods. In addition, 8 partners – Angola, the United Kingdom, Italy, the US and the Netherlands – as a whole concentrated 73.8% of total exports of goods in 2008. Angola rose to the 4th main market of destination, being the only market among the major ones where exports grew.

Chart 34 – Indicators of International trade (%)

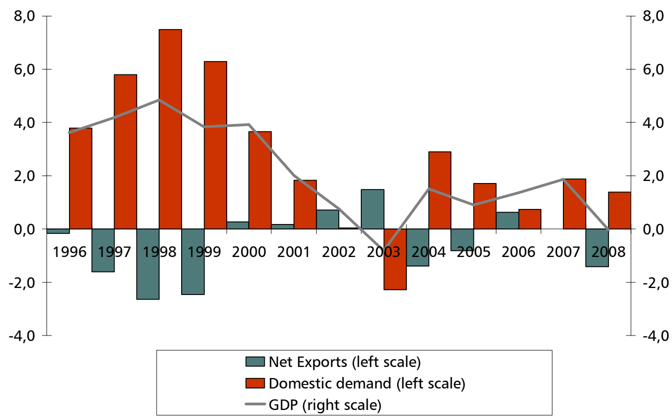


Trade structure by economic classification remained relatively stable in 2008. Intermediate goods accounted for around 34.0% of exports, followed by consumer goods, with 27.5%. The importance of transport equipment declined somewhat, standing at 17%, and machinery and other capital goods stabilised at 15.8%. Imports of intermediate goods accounted for around 27%, somewhat less than in 2007, while consumer goods had a weight of 25.6%. The structure of other types of goods was relatively more uniform, stress being laid, however, on a 3 p.p. increase in fuels and lubricants, to 16.5% (largely due to trade in intermediate goods and other non-specified goods).

National accounts

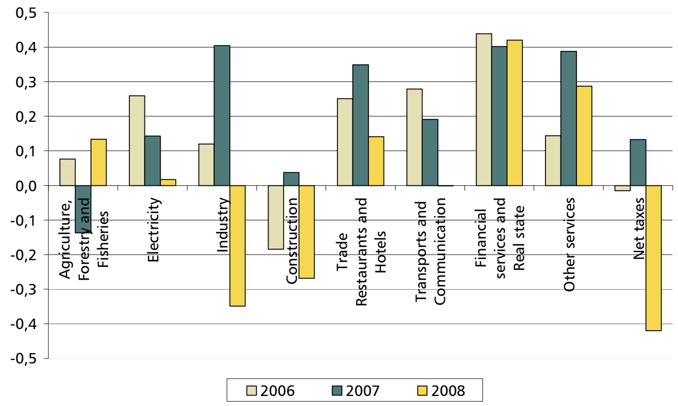
In 2008 GDP recorded a nil change, after 1.9% growth in the previous year. This slowdown was chiefly the result of a negative contribution of net external demand, which had been nil in 2007, but also of a somewhat less marked positive contribution of external demand. Imports of goods and services slowed down, but exports decelerated more sharply, even following a negative trend. The nil change in GDP in 2008 corresponded to the second lowest rate of change of the period started in 1995. This time range can be divided between the 1995-2000 period, with relatively high growth rates (average rate of 4.1%), and the 2000-2008 period, of moderate average growth (rate of 1.0%), which includes the 2003 downturn (Chart 35).

Chart 35 – Contribution of domestic demand and net exports (p.p.) to GDPmp real growth (%)



On the supply side, most branches of production cooled down (Chart 30). The only exceptions were financial, real estate, renting and business activities, which remained at approximately at the same growth pace, and agriculture, forestry, hunting and fishing. Branches with the most unfavourable patterns were manufacturing and construction, which recorded negative rates of change in GVA.

Chart 36 – Contribution of activity sectors (p.p.) to GDPmp real growth (%)

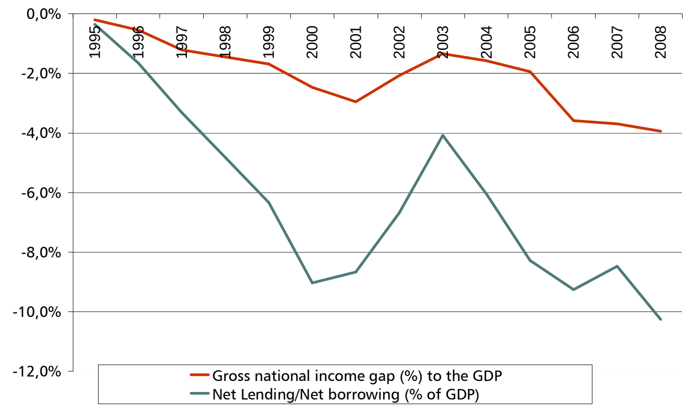


Although the separation between strong and moderate growth periods is visible in most branches of production, the services sector has also shown average growth above that of manufacturing and agriculture. In addition, the relative price of services increased, which may be associated with relatively higher income elasticity of services products jointly with lower exposure to external competition from these branches of production. The resulting volume and price effects translated into an increase 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) moved in line with the GDP trend, although stress should be laid on their behaviour at the end of the period: a gradual worsening in the period of higher GDP growth, reaching 9.0% of GDP in 2000, subsequently dampening with the economic deceleration, deteriorating further in 2006, as activity started to recover. That year, with GDP growing by 1.4%, borrowing requirements already accounted for 9.3% of GDP. In 2007 they eased due to the narrowing of the goods and services account deficit, fostered by an improvement in terms of trade. However, in 2008 borrowing requirements worsened further reaching 10.3% of GDP. This was associated with a 2.1 p.p. widening of the goods and services account deficit, which in turn reflected a deterioration in terms of trade as a result of growth in oil and derivatives prices.

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 2008 the negative value of this balance already accounted for 4.2% of GDP, determining a difference of the same amount in gross national income (Chart 37).

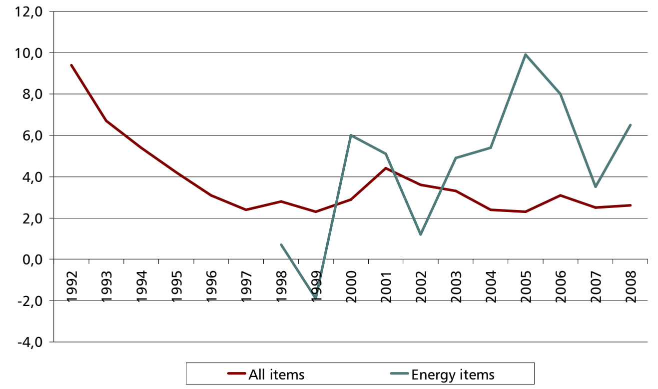
Chart 37 – Gross national income gap and net lending/net borrowing as % of the GDPmp



Prices

The rate of change in the consumer price index (CPI) was 2.6% in 2008, accelerating slightly by 0.1 p.p. from the previous year. This was seen in the context of an acceleration in imported goods prices, especially due to the behaviour of oil and derivatives prices (Chart 38) from the first to the third quarters of 2008, and to a reduction of the standard VAT rate by 1 p.p. in July. Hence, on an intra-annual basis, CPI recorded year-on-year rates of change of approximately 3.0% in the first three quarters of 2008, and of 1.5% in the fourth quarter.

Chart 39 – CPI annual rates of change (%) of prices for all-items and energy items



In terms of major CPI components, there were minor accelerations in both services, of around 0.1 p.p., and goods, of 0.2 p.p., with annual changes moving to 3.0% and 2.4% respectively (Chart 40).

Chart 40 – CPI annual rates of change (%) of prices for all-items, goods and services indices

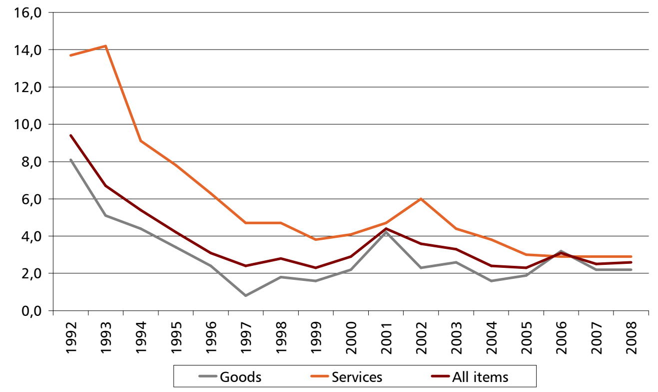
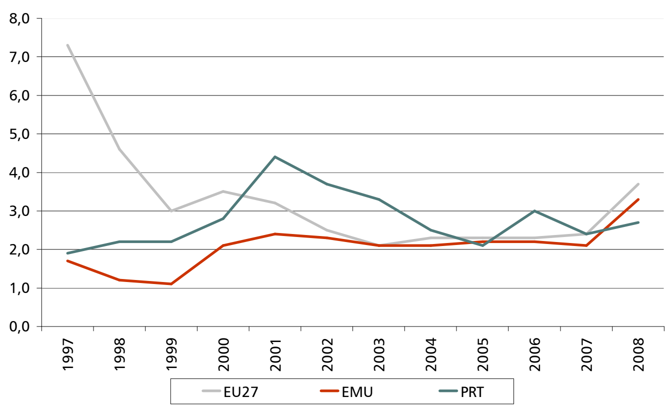


Chart 41 – Annual inflation rates for EU27, EMU and Portugal



The acceleration in consumer prices in 2008 was also evident in the Harmonised Index of Consumer Prices (HICP), whose annual average growth rate stood at 2.7%, i.e. 0.3 p.p. more than in 2007. However, and in contrast to the two previous years, the annual change in the HICP was lower than the euro area's, which stood at 3.3%, and the European Union's (EU27), which was 3.7% (Chart 41).

General government

In 2008 general government borrowing requirements corresponded to 2.8% of GDP, increasing somewhat from the previous year, by 0.1 p.p.. This reflected simultaneously an increase of 0.1 p.p. in total revenue and 0.2 p.p. in total expenditure (Chart 42).

Chart 42 – Revenue, Expenditure and Net Borrowing of General government (% do GDPmp)

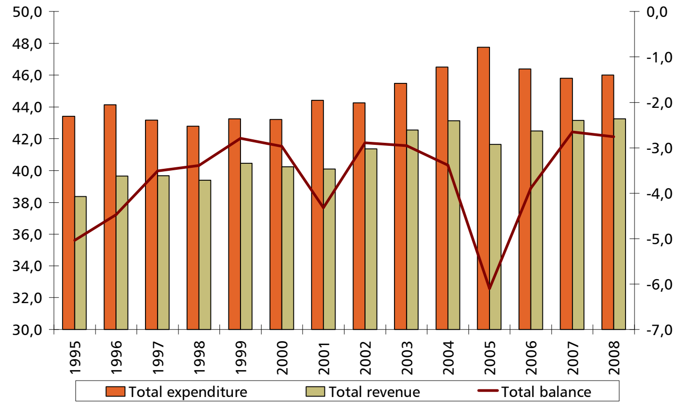
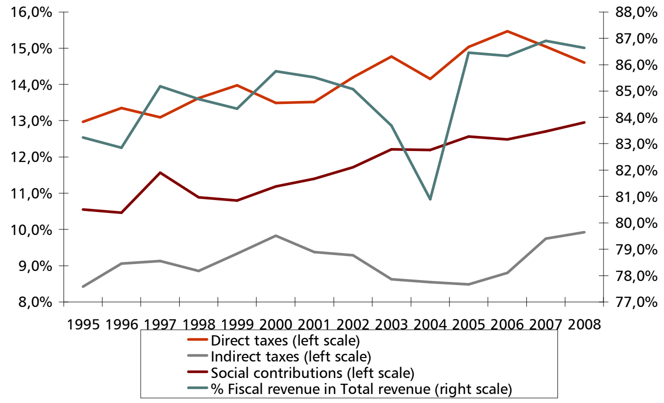


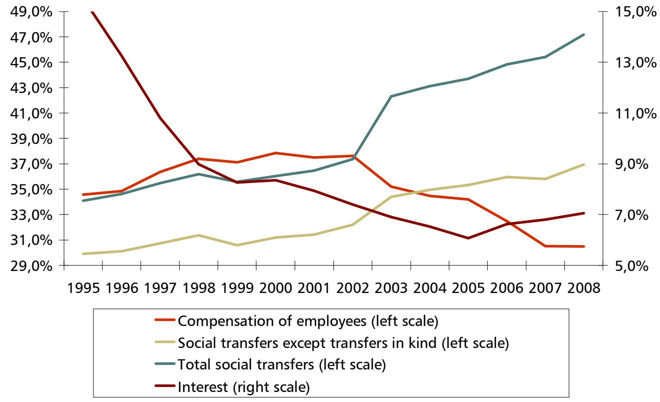
Chart 43 – Tax burden (% do GDPmp) by kind of main tax groups and share of Fiscal revenue in Total revenue



The increase in revenue was chiefly associated with capital revenue growth, namely due to revenue from (water and road) concessions less the payment corresponding to the assumption of REN's (the National Electrical Network) tariff deficit. Current revenue declined by 1.8 p.p., with stress on a slight reduction of the tax burden. This countered the trend observed since 1996, which had already been interrupted in 1998, 2001 and 2004 (Chart 44).

The above increase in total expenditure, which countered developments in the two previous years, mainly resulted from increases in benefits other than social transfers in kind and social benefits in kind, of around 0.5 p.p. and 0.3 p.p. respectively. The former stems from a long trend, associated with population ageing and longevity, while the latter is related to the transformation of 6 public hospitals into corporate hospitals. This change impacted on other items, namely a decline in compensation of employees and the acquisition of goods and services. As a whole, primary current expenditure rose by 0.9 p.p., reaching 39.3% of GDP. The weight of public debt interest went up for the third consecutive year, by 0.1 p.p. in 2008, accounting for around 3% of GDP.

Chart 45 – Share of main expenditure groups in Total current expenditure



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