

PMCG

Sociedade de Advogados



Portugal: A brief presentation

Discovering Portugal

1. Introduction

Mainland Portugal is geographically located in Europe’s West Coast, on the Iberian Peninsula. It is bordered by Spain to the North and East and by the Atlantic Ocean to the West and South, therefore being in a geo strategic location between Europe, America and Africa.

Additionally, Portugal has two archipelagos in the Atlantic Ocean – the Azores (Açores) and Madeira Islands -, as well as an extensive exclusive maritime economic zone. These archipelagos are both autonomous regions with their own regional governments.

Our country is a developed country with a high-income advanced economy and a high living standard.

Portugal is a founding member of both NATO and the United Nations, as well as a full member of the European Union, the Eurozone and the OECD.

Area:	92 212 .0 sq km
Population (thousands):	10 306 (2016)
Working population (thousands):	5 178 (2016)
Population density (inhabit./sq km):	111.8 (2016)
Official designation:	Republic of Portugal
Capital:	Lisbon (2.1 million inhabit.– metropolitan area)
District Capitals:	Aveiro, Beja, Braga, Bragança, Castelo Branco, Coimbra, Évora, Faro, Funchal (in Madeira), Guarda, Leiria, Ponta Delgada (in the Azores), Portalegre, Porto, Santarém, Setúbal, Viana do Castelo, Vila Real and Viseu.
Main religion:	Roman Catholic
Language:	Portuguese
Currency:	Euro (in units of 100 cents)
	EUR = 200.482 PTE (fixed parity 1/01/99)
	EUR = 1.0614 USD (average rate in 2016)
	EUR = 1.0643 USD (average rate in February 2017)

Fonte: AICEP

2. Geography

The territory of Portugal includes an area in the Iberian Peninsula and two archipelagos in the Atlantic Ocean – the Azores (Açores) and Madeira Islands.

The northern landscape consists of mountain chains towards the interior with several plateaus indented by river valleys, whereas in the south, that includes Algarve and Alentejo, is characterized by rolling plains.

Portugal’s highest peak is in Azores, the Mount Pico. This ancient volcano, which towers at 2.351m is an iconic symbol of the Azores, while the Serra da Estrela on the mainland is an important seasonal attraction for skiers and winter sports enthusiasts.

Regarding to the exclusive economic zone (a sea zone over which the Portuguese have special rights over the exploration and use of marine resources), Portugal has an area that includes 1,727,408km².

Curiosity: This is 3rd largest exclusive economic zone of the European Union and the 11th largest in the world.



Azores Island

Madeira Island

Mount Pico

3. Climate

Portugal has a Mediterranean climate and is one of the warmest European countries.

Winters are typically smooth as temperatures may drop below -10°C in a few northern regions, particularly in Serra da Estrela or in Serra do Gerês. Snowfall is only common in the interior North and Centre of the country (in districts such as Guarda, Bragança, Viseu and Vila Real). In the South of the country snowfalls are rare but still may occur in the highest elevations.

Summers, on the other hand, are very hot with average temperatures as high as 28°C and summer highest temperatures routinely are over 40°C (the record high of 47.4°C was recorded in Amareleja, Alentejo).

Portugal has beautiful beaches along the entire coast and, in summer, beaches are the favorite place to be with family or friends.

With 1700 kilometres of coastline, beaches in Portugal are a point of attraction for many travelers.

The archipelagos of Azores and Madeira have a subtropical climate although variations between islands exist, making weather predictions very difficult.



4. Capital – Lisbon

Lisbon is the capital and the largest city of Portugal with a Mediterranean climate.

This city is recognized as a global city due to its importance in finance, commerce, media, entertainment, arts, international trade, education and tourism.

Chiado is a traditional shopping area that mixes old and modern commercial establishments, concentrated specially in the Rua do Carmo and the Rua Garrett.

Belém is famous as the place from which many of the great Portuguese explorers set off on their voyages of discovery. In particular, it is the place from which Vasco da Gama departed for India in 1497 and Pedro Álvares Cabral departed for Brazil in 1499.

It's also a former royal residence and features the 17th–18th century Belém Palace, a former royal residence now occupied by the President of Portugal, and the Ajuda Palace.

Portugal is also known for its passion and ability for football (soccer), as showcased by having the world's best player – Cristiano Ronaldo. Also Portuguese national team are the current European Champions and the three main teams are Benfica, Sporting e Porto.

5. Government and administration

Portugal has a semi-presidential representative democratic republic since the ratification of the Constitution of 1976.

The Constitution grants the separation of powers among the organs of sovereignty: the President of the Republic, the Government, the Assembly of the Republic and the courts.

The President, who is elected to a five-year term, has an executive and mainly representative role. The current President is Marcelo Rebelo de Sousa.

The Assembly of the Republic is a single chamber parliament composed of 230 members, elected for a four-year term. The Government is headed by the Prime Minister (currently António Costa) and includes Ministers and Secretaries of State.

The Portuguese judicial system consists of several categories of Court, independent of each other, with their own structure and rules. Two of these categories are composed only by one Court (the Constitutional Court and the Court of Auditors). The Judicial, Administrative and Fiscal Courts are numerous, hierarchically structured and respond to a Supreme Court. In addition, there are Maritime Courts, Courts of Arbitration and Justices of the Peace.

6. Infrastructures

Portugal is ranked in 16th place (among 138 countries) in terms of the "Quality of Overall Infrastructure" according to the Global Competitiveness Report 2016-2017/World Economic Forum (WEF).

- **Road Infrastructures:** Portugal has a developed road network, comprised of motorways (AE), main roads (IP), secondary roads (IC), national roads (EN) and municipal routes.



- **Rail Network:** The rail network comprises 2544 km providing North-South connection down the coastline and East-West across the country. Railway network density tends to be more significant in regions with a higher population concentration.

- **Airports:** On the mainland the three major international airports are located in the coastal cities of Lisbon, Porto and Faro. Due to the isolation of the Autonomous Regions there are a larger number of airports. The Azores have nine and Madeira has two. Most international airlines serve the country's main airports.



- **Maritime Routes:** Mainland Portugal has nine major ports: Viana do Castelo and Leixões, in the North; Aveiro and Figueira da Foz, in the Centre; Lisbon and Setúbal in the Lisbon region; Sines in the Alentejo; Faro and Portimão in the Algarve. The Autonomous Region of the Azores has five ports and the Autonomous Region of Madeira has three.



7. Economy

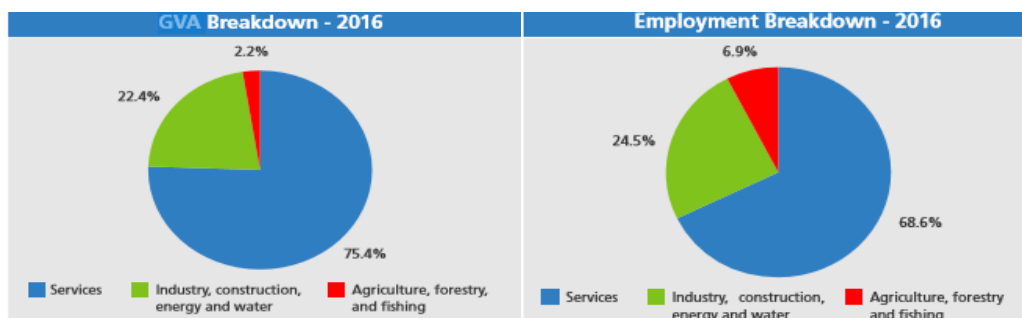
Following the trend of its European partners, over the last decades one of the most important characteristics of the structure of the Portuguese economy is the increase in the services sector which contributed, in 2016, with 75.4% of GVA and employed 68.6% of the population.

Agriculture, forestry and fishing generated only 2.2% of GVA and 6.9% of employment while industry, construction, energy and water represented 22.4% of GVA and 24.5% of employment.

In the last decade, apart from a greater focus and diversification of services within the economic activity, there was in the transformation industry in Portugal a significant change in its specialization.

Coming from a dependence on traditional industrial activities to a situation where new sectors, with a larger amount of technology, have gained importance and significant growth, sectors such as the automotive and components sector, electronics, energy, pharmaceutical sector and industries related to new technologies of information and telecommunications.

Within the services sector, the importance of tourism should be emphasized, benefiting from Portugal's geographical position, the Mediterranean climate, moderated by the influence of the Atlantic and its extensive coastline.



Fonte: AICEP

8. International trade

According to data released by the Banco de Portugal, in the last five years exports and imports of goods and services registered an annual average increase of 4.2 and 2.8 respectively.

In 2016, exports of goods and services saw an increase of 2% in relation to the previous year and imports grew 0.8% taking the coverage rate to 105.7%. The trade balance of goods and services was positive between 2012 and 2016, inverting the negative tendency registered in the past.

With regards to exports and imports of goods, in 2016 there was an increase of 0.9% and 1.2%, respectively, over the same period, according to data from INE (National Statistics Office). The trade balance of goods continued to show a deficit in 2016, corresponding to a coverage ratio of 82.4%.

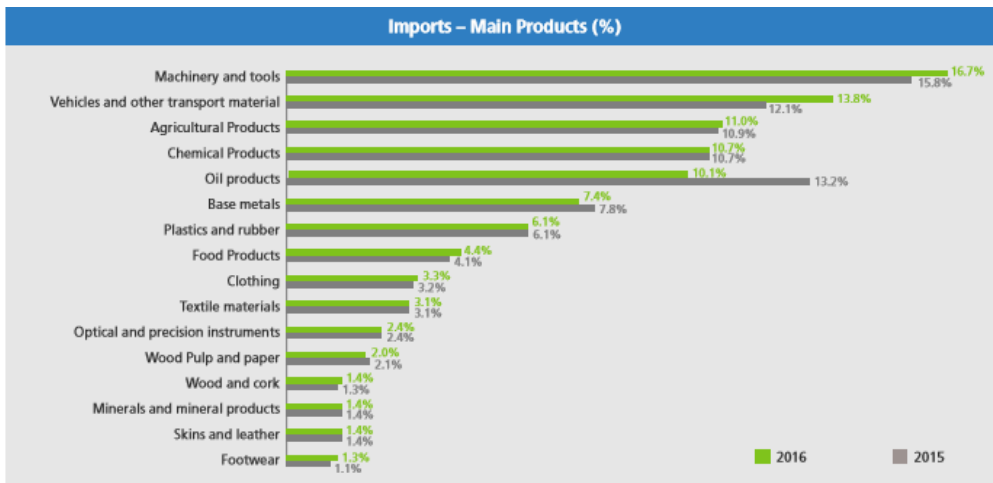
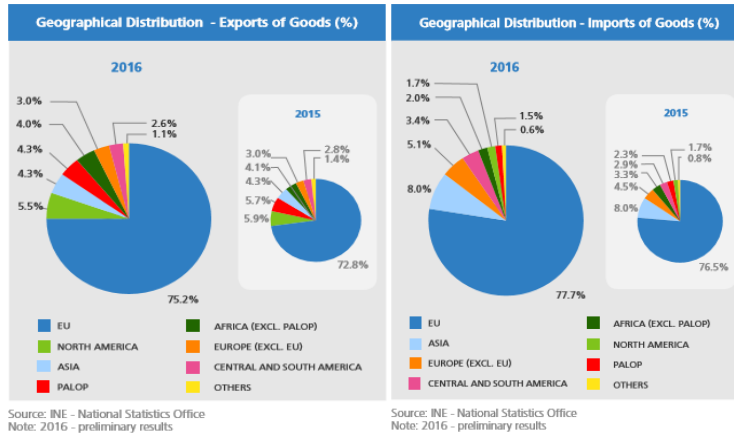
In 2016, machinery and tools continue to be the most exported products (15.4% of the total), followed by vehicles and other transport material (11.3%), plastics and rubber (7.5%), base metals (7.3%) and agricultural products (6.8%). These five main product groups represent 48.3% of the total exported by Portugal in that period (against 47.4% in 2015).

The main export markets of good are still the EU (75.2% of the total in 2016), followed by Africa (4.3% for the PALOP region and 4% for other regions), North America (5.5%), Asia (4.3%), non-Community Europe (3%) and Central and South America (2.6%).

The EU increased its respective quota in relation to 2015; Asia maintained its quota, while North America, PALOP, Central and South America reduced theirs. The 5 main markets for Portugal - Spain, France, Germany, United Kingdom and the USA – had 62.3% of the total exported by Portugal in 2016. With reference to the main markets, there was a strengthening of quota by Spain, France and the United Kingdom, while Germany and the USA reduced in relation to 2015.

With regards to the imports of goods, machines and tools, vehicles and other transport material, agricultural products, chemical products and mineral fuels lead in the ranking of goods imported by Portugal in 2016, representing 62.3% of the total (62.6% in 2015).

The EU was the origin of the majority of the products imported with 77.7% of the total in 2016, followed by Asia (8%), non-Community Europe (5.1%), Africa (1.5% from PALOP region and 2% from other regions), Central and South America (3.4%) and North America (1.7%). Spain, Germany, France, Italy and the Netherlands continue to be the five main suppliers, having 64.6% of imports made during 2016 (63.8% in 2015). Germany and France had the largest increase in quota.

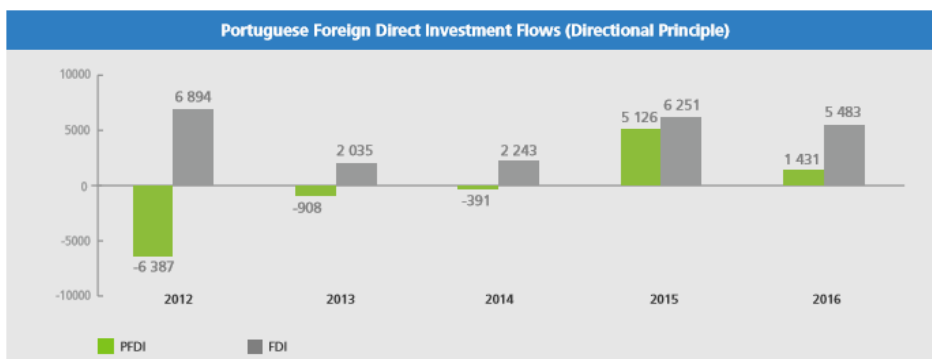


9. International Investment

9.1 Foreign direct investment flow into Portugal (Directional principle)

According to data from the Banco de Portugal and the Directional Principle, the flow of Foreign Direct Investment into Portugal (FDI), in net terms, registered an amount close to 5.5 billion Euros in 2016 (-12.3% in relation to 2015). The highest value in the last five years was registered in 2012, when FDI reached 6.9 billion Euros and in 2015 with 6.3 billion Euros.

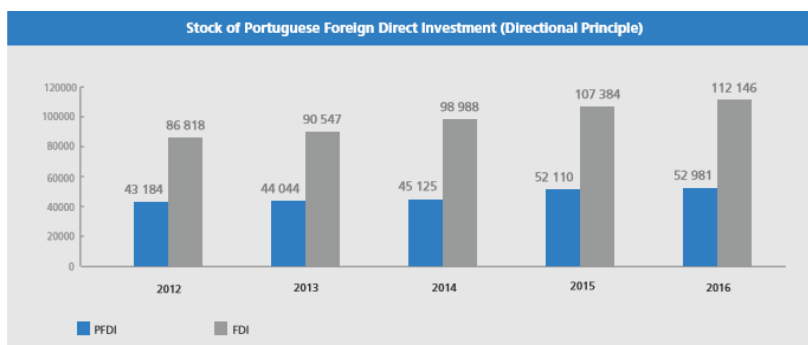
Portuguese Foreign Direct Investment (PFDI), in net terms, was close to 1.4 billion Euros in 2016 (-72.1% in comparison to the previous year). The highest value during the period 2012-2016 was in 2015 (nearly 5.1 billion Euros).



Source: Banco de Portugal
 Unit: Million of Euros (net values)
 Note: Directional Principle: reflects the direction or influence investment, that is, Portuguese Foreign Direct Investment (PFDI) and Foreign Direct Investment in Portugal (FDI)

9.2 Portuguese external direct investment stock (Directional principle)

In terms of stock of Foreign Direct Investment (FDI) into Portugal, at the end of December 2016, 112.1 billion Euros (+4.4% in relation to the value in December 2015) were registered. However, in relation to stock of Portuguese Foreign Direct Investment (PFDI) this represented close to 53 billion Euros in December 2016 (+1.7% in relation to December 2015).

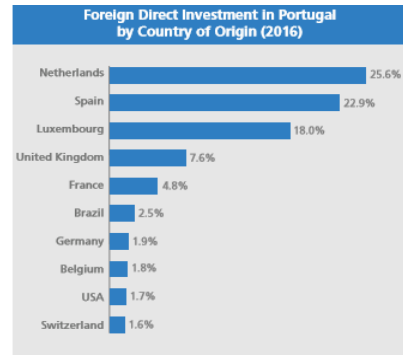


Source: Banco de Portugal
 Unit: Position at the end of the period in Million Euros
 Note: Directional Principle: reflects the direction or influence investment, that is, Portuguese Foreign Direct Investment (PFDI) and Foreign Direct Investment in Portugal (FDI)

9.3 Foreign direct investment stock in Portugal by country of origin (Directional principle)

In global terms, the European Union was the principle origin of FDI in Portugal, with a quota of 87.5% at the end of 2016, highlighting, on an intra-Community level, the Netherlands and Spain (with 25.6% and 22.9% of the total, respectively), Luxembourg (18%), United Kingdom and France (7.6% and 4.8% respectively).

Within the non-EU countries (12.5% of the total), the following are worth a mention: Brazil (2.5% of the total), the USA (1.7%), Switzerland and China (with quotas of 1.6% each), and Angola (1.2%).

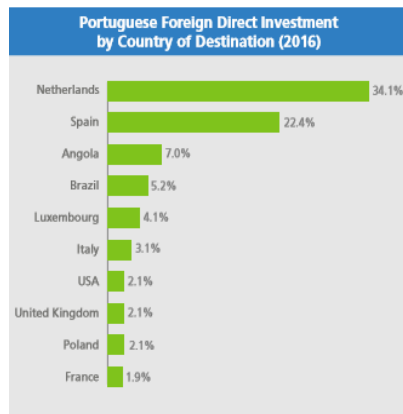


Source: Banco de Portugal
Unit: Position at the end of 2016 (% of the total)

9.4 Portuguese foreign direct investment stock by country of destination (Directional principle)

The European Union was also the main destination of PFDI in global terms, with a contribution of 74.3% at the end of 2016, highlighting, on an intra-Community level, the Netherlands and Spain (with quotas of 34.1% and 22.4% of the total, respectively), followed by Luxembourg (4.1%).

Within the non-EU countries (25.7% of the total in 2016), the following are worth a mention: Angola, Brazil, USA and Mozambique (with quotas of 7%, 5.2%, 2.1% and 1.7% respectively).



Source: Banco de Portugal
Unit: Position at the end of 2016 (% of the total)



● **+ Market**

Portugal is an open door to a market of 500 million people in Europe and more than 250 million Portuguese Speaking consumers.

● **Better Technology**

Portugal is a Top Country in providing technological services.

● **Better Infrastructures**

Portugal ranks #22 among 138 countries, in overall quality of infrastructures.

● **Better Skills**

61% of Portuguese people speak at least 1 foreign language.

● **Better Quality Of Life**

Portugal is not only a good country to invest in but also a great place to live and enjoy. Safe, sunny, with unique nature, rich leisure and cultural amenities, and with high quality healthcare facilities.

● **Better Talent**

Portugal has a strong, flexible, committed and productive workforce with a high level of education in business-oriented areas.

● **Better Location**

Portugal has a privileged location to reach relevant markets.

● **Better FDI Track Record**

Satisfied customers.



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