31 january, 2013

Statistical Yearbook

2011

The country's official statistics gathered in a single volume

The most recent Statistical Yearbook of Portugal (SYB) is now available, a compendium of official statistical information published on a regular basis, the key reference document for all those who seek to have a comprehensive statistical portrait of the country in various areas of analysis in one single volume.

Through almost 700 pages the 2011 SYB organises national data around four major themes: Territory, People, Economic Activity and State. This publication contains data tables, a brief analysis of trends of the main indicators vis-à-vis 2010, and compares Portugal with the European Union.

The SYB is available at Statistical Portugal's libraries and Information Network in Libraries of Higher Education Establishments and in around 1,200 libraries in primary and secondary schools. The online version of the SYB (at www.ine.pt), which may be consulted and downloaded free of charge, releases longer time series (1990-2011) than the printed version.

Demographic framework

Population framework

Preliminary remark: Final results for the 2011 Census released by Statistics Portugal on 20 November 2012 showed that total population residing in Portugal amounted to 10,562,178 persons as at the census moment – 21 March – corresponding to a small increase (2%) in population residing in the decade between censuses (2001-2011). This press release focuses on the population reality as at 31 December 2011 (see footnote 1).

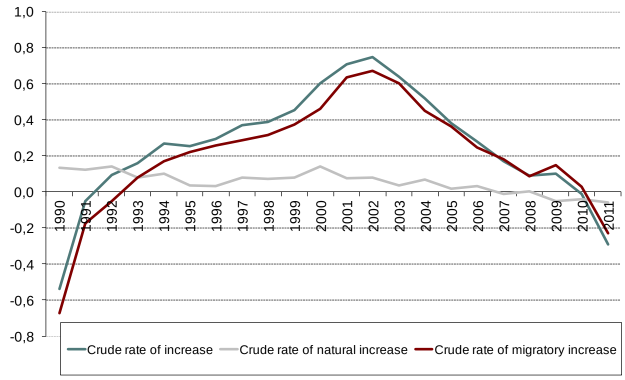
Resident population declined in 2011, as was the case in the previous year, although now rather more sharply. Population was estimated at 10,541,840 persons, i.e. 30,317 less than in 2010, which accounted for a crude rate of increase of approximately -0.29% (compared with -0.01% in 2010)[1]. The decline in population resulted from the following trends: on the one hand, the rate of natural increase has shown a downward profile, with moderate values since 2001, and went on to show a negative trend as of 2009; on the other hand, the migration rate, which made the only and main contribution to the positive change in population in the most recent years, decelerated strongly in 2010, from 0.15% in 2009 to 0.03% in 2010, and decreased in 2011, to stand at -0.23%.

Net migration has been key to the resident population's development profile. Population growth

[1] The analysis was based on the resident population estimates ad hoc exercise for 2010 and 2011 (Statistics Portugal), adjusted for the 2011 Census provisional results.

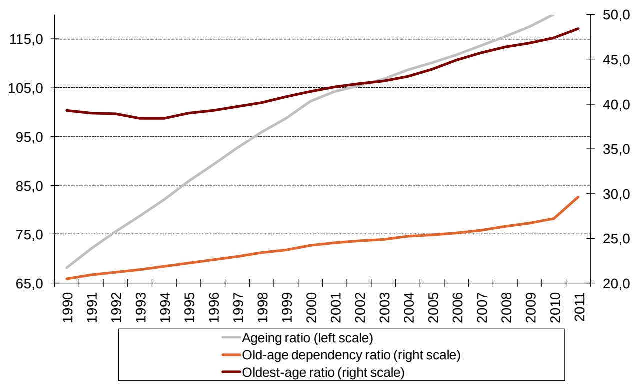
rates between 1990 and 2010 stood at 0.32% on average, as a result of 0.27% and 0.055% contributions from the migration rate and the rate of natural increase respectively. Considering the 1990s and the decade started in 2000 separately, these contributions were 0.19% and 0.089% in the first decade and 0.34% and 0.02% in the second (**Chart 1**).

Chart 1 – Dynamics of population growth



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 recurrent downward trend. In the 1990s it accounted for 33.7% of the total on average, while in the following decade it stood slightly below 28.1%. In 2011 it accounted for 26.0% (**Chart 2**).

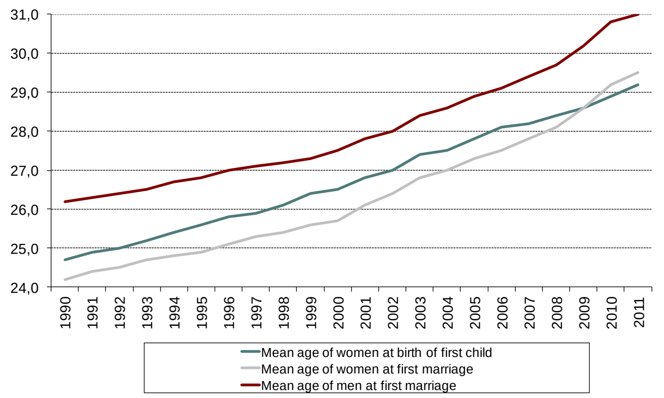
Chart 2 – Outcome of population ageing



The general fertility rate reached a peak of 46.1‰ in 2000, declining ever since. It showed slight fluctuations, to stand at 39.8‰ in 2010, and declined further to 38.7‰ in 2011. In turn, in the latter year the old-age ratio was 48.4, the highest level recorded since 1990, thus following a clear upward trend as of 1995, when this indicator had stood at 39.0%. The ratio of population aged 65 and over to population aged less than 14 (ageing index) also reached a peak, 131.3%, compared with 102.2% in 2000 and 68.1% in 1990.

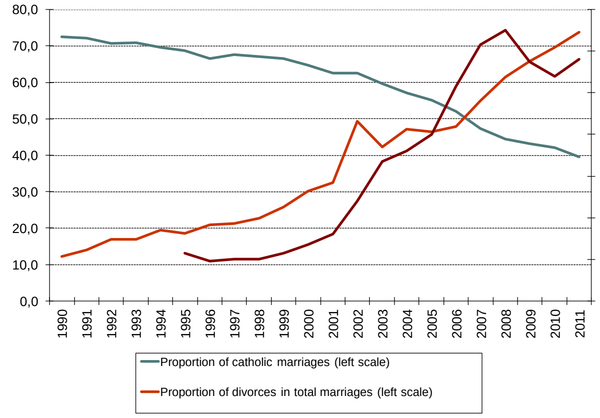
These population trends have been developing in a context of changes in social behaviour, as shown by a number of indicators. The average ages of women at first marriage and at the birth of the first child have been increasing on a recurrent basis since 1990. Hence, in 2011 the age at first marriage was 29.5 (25.7 and 24.2 in 2000 and 1990 respectively), while the age at the birth of the first child stood at 29.2 (26.5 and 24.7 for the same periods and in the same order). The average age of men at first marriage also increased, to 31 in 2010 (27.5 and 26.2 in 2000 and 1990 respectively). The age difference between men and women at first marriage has been declining progressively: it was 2 years in 1990, 1.8 years in 2000, stabilising between 2002 and 2010 and declining to 1.5 years in 2011 (**Chart 3**).

Chart 3 – Indicators of marriage and births



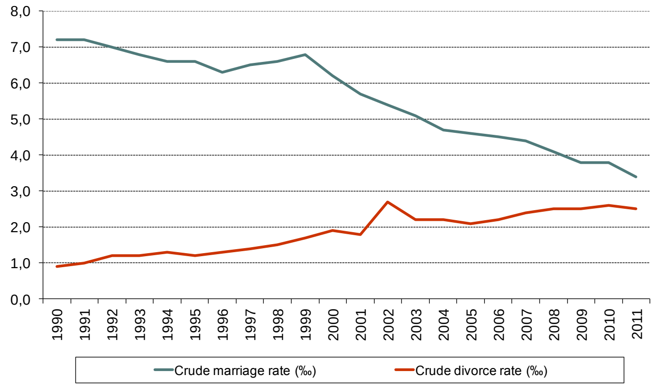
In parallel, the number of marriages tended to decline, especially from 2000 onwards. In the 1990s the decline was not intense (the average of rates of change was -0.4%), but in the following decade the fall was much sharper (-5.1% average). In 2010 the rate of change was -1.0%, although it showed a further strong decline in 2011 (-9.9%). In the latter year marriages accounted for less than 57.0% of those recorded in 2000. The number of Catholic weddings has evolved in parallel with this downward trend and even more sharply, in 2011 alone accounting for around 34.0% of the 2000 figure. Since 2007 the share of Catholic weddings fell to less than half of total weddings, reaching 39.5% in 2011 (64.8% and 72.5% in 2000 and 1990 respectively). The share of marriages between Portuguese and foreign citizens followed an opposite trend up to 2008, when it reached its peak, but since then it also declined, to 10.8% in 2010, subsequently increasing to 11.6% (**Chart 4**).

Chart 4 – Weddings and divorces



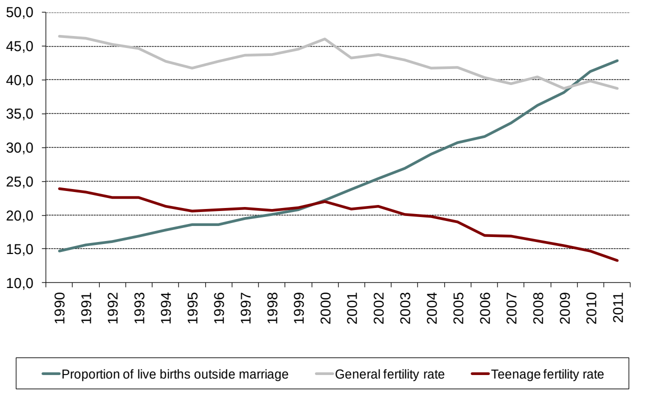
The number of divorces followed an opposite trend. Taking 1990 as a reference, this number doubled in 2000 and tripled in 2010. For the longest period, the number of divorces recorded an annual average growth rate of 6.0%, although from 2000 to 2010 the pace was more moderate, at 3.7%. Developments in 2001 countered the long trend, with a change of -4.7% (**Chart 5**).

Chart 5 – Crude marriage and divorce rates



The share of births outside marriage also rose, from 22.2% in 2000 to 42.8% in 2011 (of which 74.5% were with cohabitant parents). The downward trend of the youth fertility rate has remained unchanged since 2000. That year the rate stood at 22.0‰, i.e. close to the average of the levels seen early in the previous decade, but since then it has exhibited a noticeable downward pattern, reaching 13.3‰ in 2011. The general fertility rate has been declining since 2000, fluctuating at around 40.0‰ between 2007 and 2010, and declining to 38.7‰ in 2011 (**Chart 6**).

Chart 6 – Indicators of Births

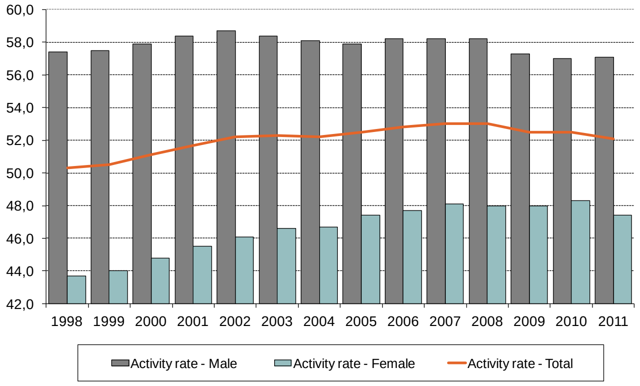


Socio-economic framework

Labour force, employment and unemployment

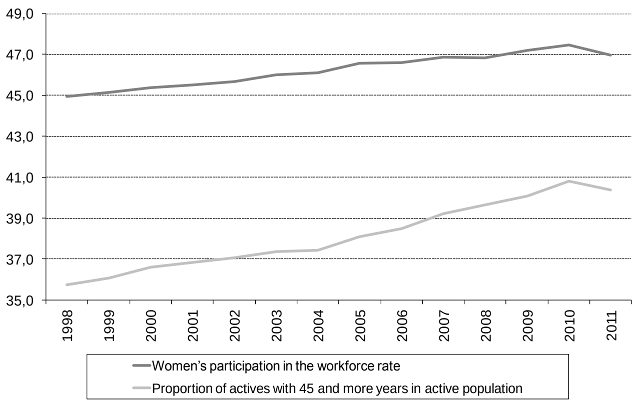
In 2011 the labour force declined in absolute terms and also as a percentage of total resident population, with the activity rate standing at 52.1%, i.e. 0.4 p.p. (percentage points) less than in the two previous years (**Chart 7**).

Chart 7 – Activity rates



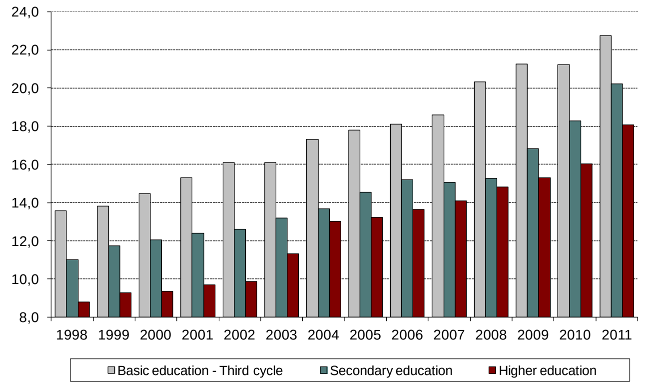
Conversely, from 1998 to 2008 the labour force had increased by around 10.4%, which corresponded to approximately 529 thousand more persons. The trend was negative in the three following years, leading to a decline of around 82 thousand persons vis-à-vis 2008. The decline in the past few years seems to have been due to the economy's downturn, reducing job supply and also the incentives to be active, and to net entry into the national economic area (net migration) (**Chart 8**).

Chart 8 – Indicators of active population composition



The level of labour force qualification improved, judging from educational attainment: between 1998 and 2008: the increase of 529 thousand persons in the labour force corresponded to an increase of approximately 685 thousand persons with at least completed upper secondary education (around 386 thousand with completed tertiary education). Therefore, this group's weight accounted for around 30.1% of the total labour force, compared with 19.8% in 1998. The decline in the total labour force in the past three years did not spill over to the most qualified persons, since the share of population with at least upper secondary education continued to grow, even at a higher rate. Between 1988 and 2008 the annual average growth rate was 5.3%, while between 2008 and 2011 it stood at 7.8%, which corresponded to an increase of around 386 thousand persons. However, the share of the labour force with an educational attainment level corresponding to tertiary education remained relatively low compared with the EU27. In terms of employment, in 2011 the share of employed persons holding a degree (Level 3 of ISCED97) was 19.7% in Portugal, compared with 29.9% in the EU27. This differential stood at 10.2 p.p. in 2011, reflecting a considerable improvement of around 1.3 p.p. from 2010, resuming a downward trend, after a stabilisation in the two previous years (**Chart 9**).

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



Employment declined at a rate of -2.8% in 2011, after 1.5% and 2.8% falls in previous years, countering the recovery seen between 2006 and 2008. In absolute terms, the reduction between 2009 and 2011 was approximately 361 thousand jobs, more than cancelling out job creation between 1998 and 2008. This decline in the last three years was chiefly due to developments in self-employment, whose reduction accounted for almost 57.0% of the overall reduction, followed by employees on permanent contracts, accounting for around 22.0%. The decline in employees on fixed-term contracts was around 15.0% of the total reduction (**Charts 10 and 11**).

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

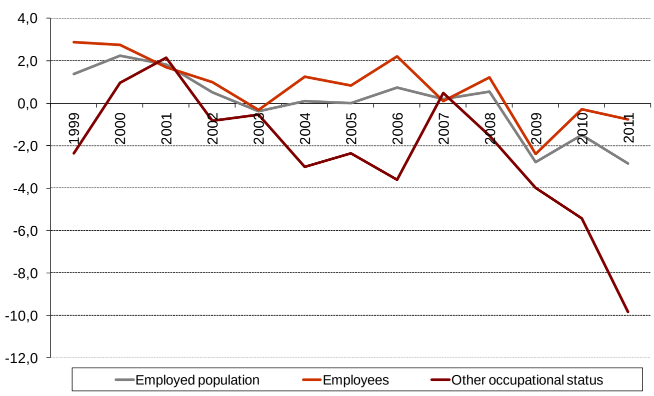
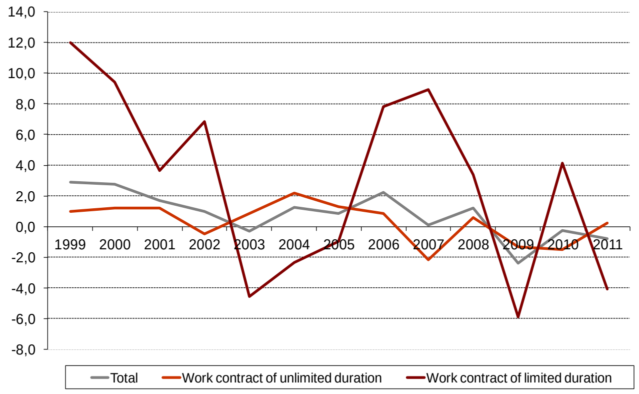
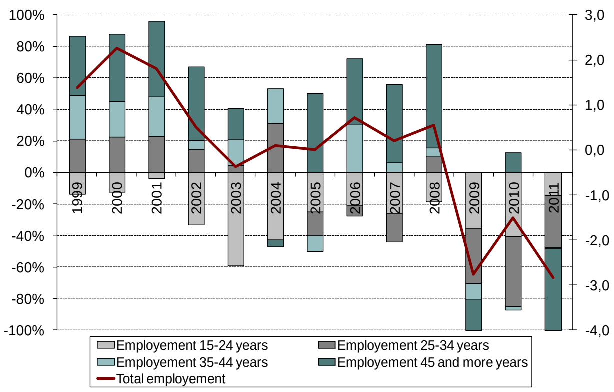


Chart 11 – Proportion (%) of active population according to educational levels completed



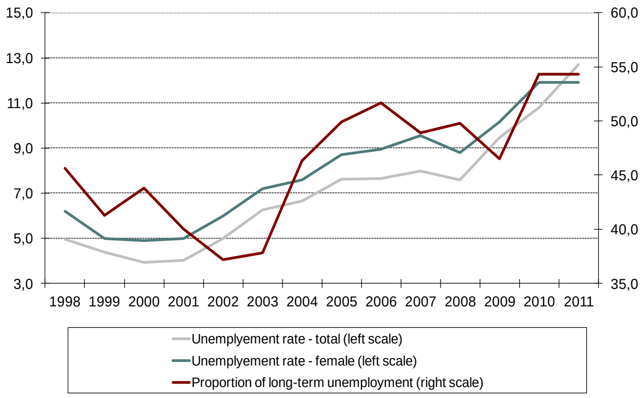
A comparison of the last three years with the 1988-2008 period – when there was job creation – shows that job destruction was higher than job creation, although by a minimum margin. It was also higher in self-employment (252 thousand less), in contrast to paid employment (363 thousand more), the remaining being negative and referring to other situations (unpaid family workers, workers in cooperatives) (**Chart 12**).

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



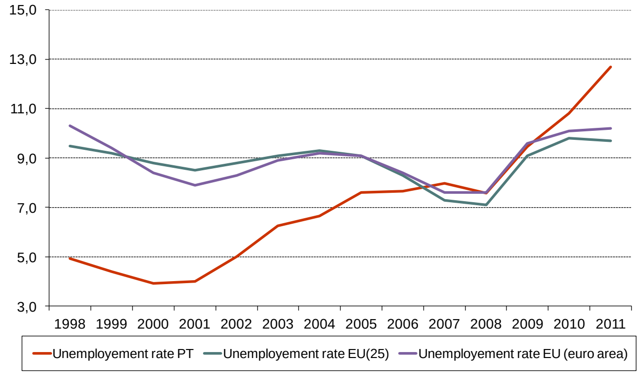
The unemployment rate was 12.7%, surpassing the peak recorded in the previous year (10.8%). This increase led to a broadly based deterioration of the unemployment rate in the categories considered. The male unemployment rate was 12.4% (9.8% in 2010) and the female's reached 13.1% (11.9% in 2010). The age category with the highest unemployment rate, the 15-24 age group, saw the sharpest increase – 7.7 p.p. – the rate having worsened to 30.1% (22.4% in 2010). For the fifth consecutive year the unemployment rate stood above the European unemployment rates, such as those of the EU27 and the euro area, i.e. 9.7% and 10.2% respectively (**Chart 13**).

Chart 13 – Female and long term unemployment



The number of unemployed for more than one year rose by 14.6% in 2011 (i.e. approximately 48 thousand persons), while the number of unemployed for less than one year rose by 21.3% (around 58 thousand more persons). Hence, the share of long-term unemployment declined by 0.8 p.p. to 53.1% of total unemployment. This type of unemployment is currently higher in Portugal than the European average. In 2011 long-term unemployment accounted for around 6.2% of the labour force in Portugal, compared with 4.1% in the EU27. This reflected a reversal from the situation observed up to the middle of the past decade (1.9% and 4.1% for Portugal and the EU27 respectively in 2000) (**Chart 14**).

Chart 14 – Unemployment rates in Portugal EU25 and euro area

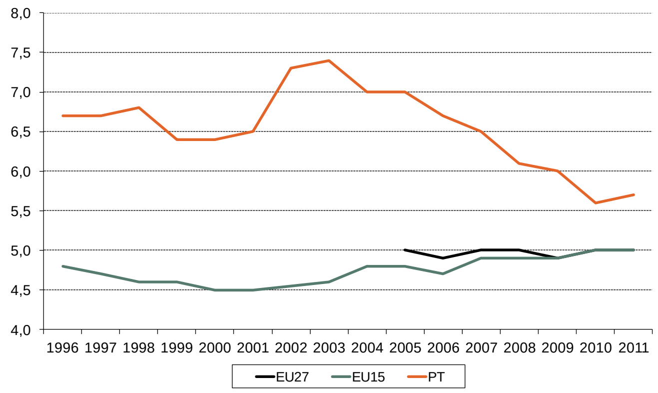


Income and living conditions of households

Inequality in income distribution worsened slightly in 2010, countering the trend observed since 2003. The at-risk-of-poverty rate stabilised at a low level vis-à-vis 2003, although with significant differences when considering different population sectors. In turn, ICT (Information and Communication Technologies) usage by households continued to be broadly based.

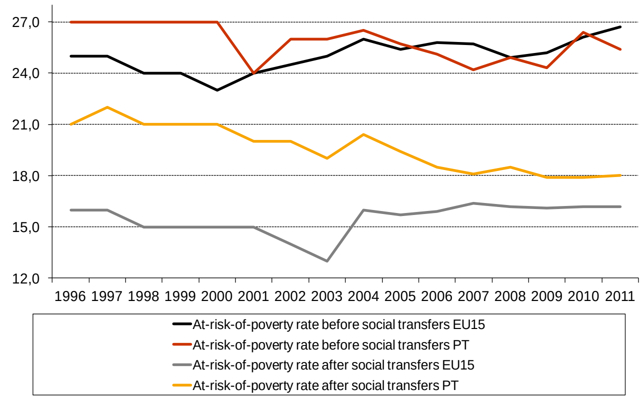
According to the results of the Income and Living Conditions Survey, in 2010 net equivalised monetary income received by the 20% of the population with the highest income was 5.7 times the income received by the 20% of the population with the lowest income. This accounted for a slight increase vis-à-vis 2009 results, although there are evident improvements compared with the first half of the decade (the index stood at 6.7 in 2005 and 7.0 in 2003). The indicator continued to reflect greater inequality vis-à-vis the European average, albeit to a lesser extent in the most recent years and despite a small increase recorded in 2010. This narrower differential was due to improvements already pointed out for Portugal and a stabilisation or even some worsening observed in the past few years at European level. In the EU27 this indicator has been fluctuating between 4.9 and 5.0 since 2004. A comparison of the Portuguese situation with the euro area's yields the same type of result, i.e. a greater degree of inequality in income distribution and a trend easing of such disparity since 2006, 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 2010 the at-risk-of-poverty rate assessed by the share of population with a net equivalised monetary income below 60% of average income stood at 18.0%, corresponding to a 0.1 p.p. increase from 2009. This indicator takes into account income from (old-age and survivors') pensions and social transfers (associated with sickness and disability, family, unemployment and social integration). Considering only income from employment, property income and private transfers, 42.5% of the population was at risk of poverty; considering also pensions, the at-risk-of-poverty rate declined to 25.4% (**Chart 16**).

Chart 16 – At-risk-of-poverty rates



In comparison with the EU15, the at-risk-of-poverty rate has been higher in Portugal, which on a first stage was due to the risk gap before social transfers until 2003 approximately, and to a lower impact of social transfers. However, as of 2004 the at-risk-of-poverty gap before transfers vis-à-vis the EU15 narrowed or was even reversed, and the gap of the impact of transfers – which actually declined – went on to have a more relevant role. As a consequence, the gap vis-à-vis the EU15 experienced a downward trend. From 2008 onwards and in both economic areas the profile of the indicator of poverty risk before social transfers was reversed, being higher in the EU15 than in Portugal. However, the impact of transfers in the EU15 was much more beneficial, and thus the indicator in Portugal remained above the EU's, and its gap stabilised somewhat, at around 1.8 p.p..

The at-risk-of-poverty rate continued to show differences according to gender (not very significant), age (more marked for youth and the elderly), household composition (penalising larger households and households with one adult and dependent children) and status in employment (the risk of poverty is higher for the unemployed). In comparison with

2003, in general there has been a slow downward trend, although somewhat different depending on the sectors where the criterion is the combination of the number of adults and the number of children. There were also two marked exceptions: a sharp decline in risk for population aged 65 and over (and also retired population) and a further deterioration of the unemployed population, thus worsening their position as sector with a higher at-risk-of-poverty rate.

The structure of final consumption expenditure of households according to the 12 classes of the Classification of Individual Consumption by Purpose has undergone significant changes over the last decade, continuing the trend already observed between 1995 and 2000. The most relevant were an increase in expenditure on housing, water, electricity, gas and other fuels by about 9.0 p.p., and a decline in food and non-alcoholic beverages by about 4.5 p.p.. Expenditure on furnishings and household equipment as well as clothing and footwear and, to a lesser extent, alcoholic beverages, tobacco and transport, also declined considerably. By contrast, there were less substantial increases in expenditure on communication, recreation and culture and education.

Chart 17 – Differences in the structure of final consumption expenditure of households

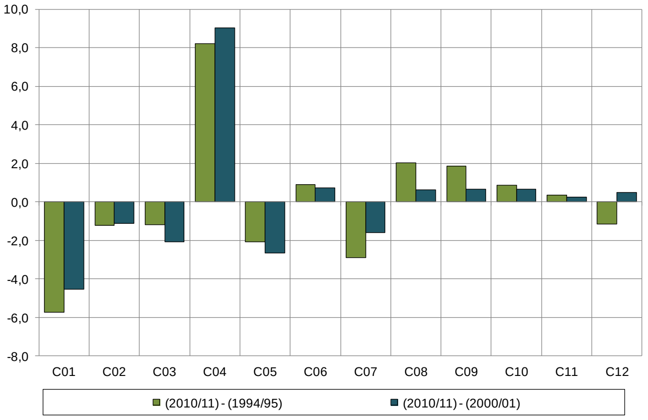
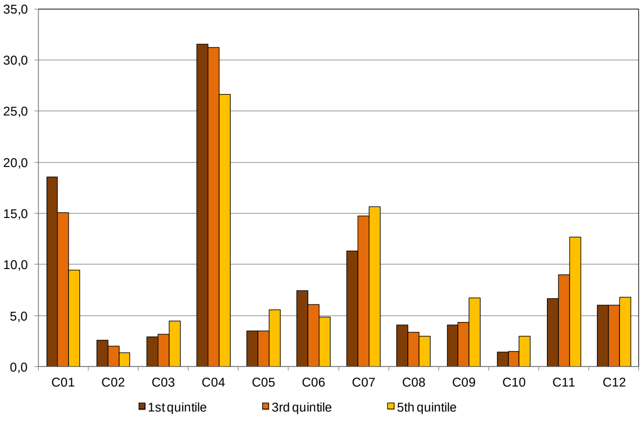


Chart 18 – Differences in the structure of final consumption expenditure of households by income quintile



Legend

Classes of the Classification of Individual Consumption by Purpose	
C01	Food and non-alcoholic beverages
C02	Alcoholic beverages, tobacco and narcotics
C03	Clothing and footwear
C04	Housing, water, electricity, gas and other fuels
C05	Furnishings, household equipment and routine household maintenance
C06	Health
C07	Transport
C08	Communication
C09	Recreation and culture
C10	Education
C11	Restaurants and hotels
C12	Miscellaneous goods and services

The material deprivation rate (the percentage of people who, in the period under review, lived in households facing an enforced lack of at least three out of nine material deprivation items) was 20.9% in 2011, i.e. decreasing by 1.6 p.p. from 2010. However, this indicator did not show an evident trend, fluctuating instead around 21.0% since 2004 (when it stood at 21.7%). Considering a breakdown by age groups, the group of those aged 65 and over recorded a perceptible downward trend (the indicator stood at 21.3% in 2011, compared with 31.1% in 2004).

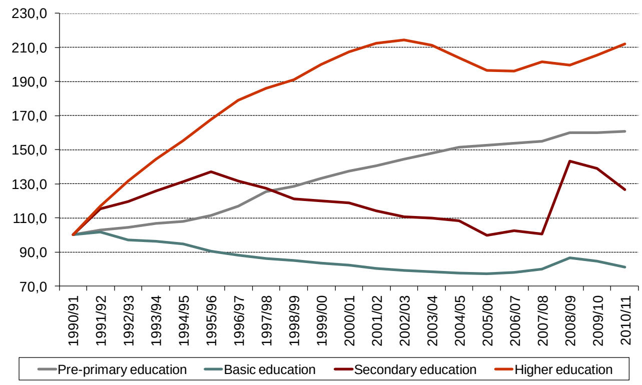
In 2011 the dissemination of ICT among households was maintained, judging from the series of indicators available, which increased considerably from 2010, following clear upward trends. In 2011, 63.7% of households had a computer, which is 4.2 p.p. more than in the previous year, and 21.2 p.p. more than in 2005. 58.0% of households had internet access (53.7% in 2010) and over 56.6% had broadband internet access (50.3% in 2010). In 2005 the corresponding shares were 31.5% and 19.7%.

Education

Developments in the school structure over the past two decades have been determined by factors with different impacts in terms of intensity and durability: the Basic Law of the Education System in 1986, the downward trend of the population's rate of natural increase, an effort to extend pre-school education and reinforce tertiary education, and the expansion of private education. More recently, there was 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 went on to be determined by a decline in the population's rate of natural increase. Hence, as of 1991/1992 school population in primary education followed a downward trend, which started in the first cycle and extended to the remaining cycles (with lower secondary education starting to decline in 1995/1996). As a result, between 1990/1991 and 2000/2001 population in primary education declined by around 18.0%, and further by around 3.0% between the latter period and 2007/2008. However, in the two following years there were increases vis-à-vis the number of students enrolled in 2000/2001. These increases were chiefly due to the enrolment of adults in the second cycle of primary education and especially in lower secondary education – third cycle (each year the rise surpassed 100,000 students enrolled in primary education as a whole), mainly at the level of the System of Recognition, Validation and Certification of Competences (SRVCC). In 2010/2011 this effect started to weaken and reduced the number of students enrolled vis-à-vis the result for that year (**Chart 19**).

Chart 19 – Index of enrolled students according to the level of education provided (1990/1991=100)



The downward trend of upper secondary education started in 1996/1997, and between 1990/1991 and 1999/2000 there was still an increase of around 20.0% in population. It was followed by a 14.3% decline in 2007/2008 compared with 2000/2001, causing the final effect to be a virtual stabilisation of population vis-à-vis the level recorded in 1990/1991. The three most recent years saw a similar phenomenon to that of primary education, although more significant. The average increase in 2008/2009 and 2009/2010 in SRVCC-related enrolments and enrolments in adult education and training courses surpassed 119,000, declining to around half that number in 2010/2011. Youth enrolments also increased compared with 2008/2007, accounting for 18.0% and 29.1% of increases recorded in 2008/2009 and 2009/2010 respectively, and 46.3% of the increase in 2010/2011.

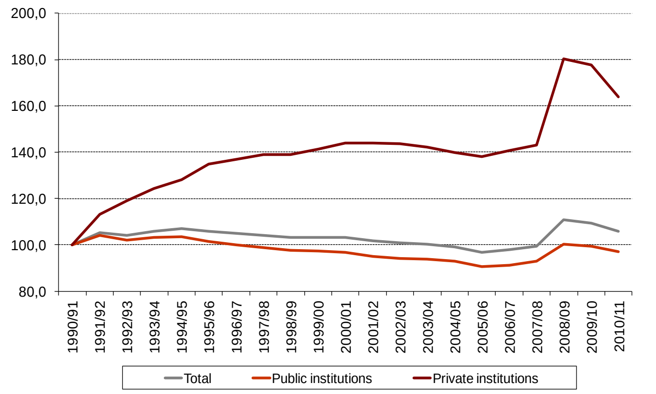
The available indicators on ICT implementation in education continued to improve, although they were still scarce in terms of timing and variables covered. The average number of students per computer in primary education, referring only to the Mainland, was 2.0 in the 2009/2010 school year, compared with 7.9 and 2.1 respectively in 2007/2008 and 2008/2009. In upper secondary education this indicator stood at 3.6, compared with 5.9 and 3.9 in the previous years. In fact, improvements were substantial between these school years, as can be seen from the ratios observed.

The expansion of non-compulsory pre-primary education was quite significant over the past two decades. In 1990/1991 pre-primary education covered around half the children aged 3-5, whereas in 2009/2010 it covered 85.0%, this share following a clear upward trend between the two periods. This overall change was mainly due to the expansion of the public pre-primary education network, which surpassed private education in terms of the number of students enrolled from 2000/2001 onwards. In 1990/1991 the share of students enrolled in public schools was around 44.0%. In 2009/2010 it stood at around 52.0%, although below a maximum share of 53.3% reached in 2007/2008.

Private education at all levels of primary and upper secondary education played an increasingly more important role, and its weight in terms of the number of students enrolled increased from 1990/1991 onwards. Up to 2009/2010 the weight was almost continuously reinforced at all levels of primary education, especially lower secondary education (third cycle), the shares standing close to the respective maximum values in 2010/2011. In any case, in the latter year the relative importance of private education in total primary education was around 14.0% in terms of total students enrolled (accounting for 7.9% and 10.1% respectively in 1990/1991 and 2000/2001). Private schools also played a more relevant role in upper secondary education, with 22.1% of total students enrolled in 2010/2011, compared with 8.5% and 16.8% in 1990/1991 and 2000/2001 respectively). Conversely, in pre-primary education private schools followed a clear downward trend until 2004/2005, subsequently stabilising slightly, and increasing between 2008/2009 and 2010/2011, with the share of students enrolled in this latter year standing at 48.0%.

The weight of private schools in tertiary education increased up to the end of the first half of the 1990s, declining afterwards. A maximum weight of 36.6% was reached in 1995/1996, in 2000/2001 the share stood at 29.4% and in 2010/2011 it was 22.3% (**Chart 20**).

Chart 20 – Index of enrolled students according to the nature of educational institutions (1990/1991=100)

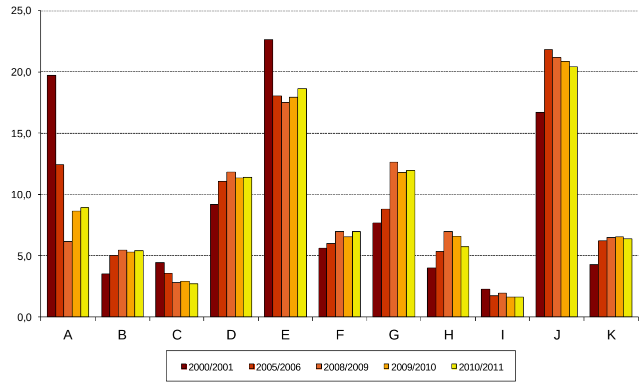


School population enrolled in professional education increased by approximately 107 thousand, which means a multiplication by 17.2 vis-à-vis 1990/1991 and by 3.6 vis-à-vis 2000/2001. Professional education accounted for around 25.1% of school population in upper secondary education in 2010/2011, compared with 7.4% in 2000/2001.

The school attendance rate in tertiary education remained on an upward trend, i.e. 31.5% in 2010/2011 against 15.1% at the start of the series (1994/1995 school year). This ratio had stabilised at around 27.0% between 2002/2003 and 2006/2007, but has resumed an upward trend ever since.

An analysis of the trend of tertiary education students between 2000/2001 and 2010/2011 shows that the number of graduates increased both in absolute terms (61.1 thousand against 87.1 thousand) and in terms of the number of students enrolled (15.8% against 22.0%), although in the latter case a reversal was maintained vis-à-vis 2006/2007 and 2007/2008. However, the difference in percentage points vis-à-vis these two school years was marginal and associated with a higher number of graduates. In turn, preferences changed between 2000/2001 and 2010/2011. 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, Social and Behavioural Science, Architecture and Building (**Chart 21**).

Chart 21 – Shares of Students graduated 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
K – Other Services

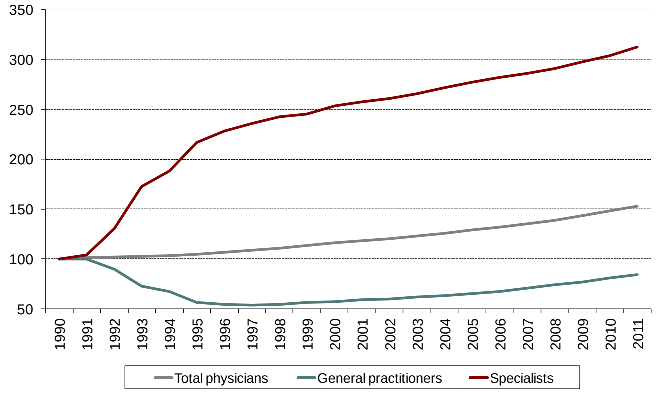
Consequently, the relative positions of the various fields of study recorded the following main changes: Health and Social Services moved from the third to the first position, Business and Administration and Law from the first to the second, Teacher Training and Education Sciences dropped from the first to the fifth position, and Engineering and Engineering Trades rose from the fifth to the third position. A comparison of the graduate structure between 2010/2011 and 2009/2010 shows that the main change was a 0.9 p.p. decline in the relative importance of Architecture and Building.

Health

The information available, partly only up to 2010, shows a persistence of previous upward trends of the sector's human resources, with a greater supply capacity in more specialised segments and a more intensive use of the available resources.

An analysis of human resources shows a continuous improvement in the number of doctors per 1,000 inhabitants, which was 4.1 in 2011, compared with 3.2 at the start of the decade. The same trend, and even sharper, continued to be observed in the number of nurses per 1,000 inhabitants, which reached 6.1 in the same year (against 3.7 in 2000). The number of specialist doctors continued to rise, at a rate of 3.3%, although at a slightly slower pace than the number of non-specialist doctors, which stood at 3.8%. In 2011 there were around 159 specialist doctors per every 100 non-specialist doctors, reflecting a slight albeit continuous decline as of 2001, when this ratio was 190 to 100 (**Chart 22**).

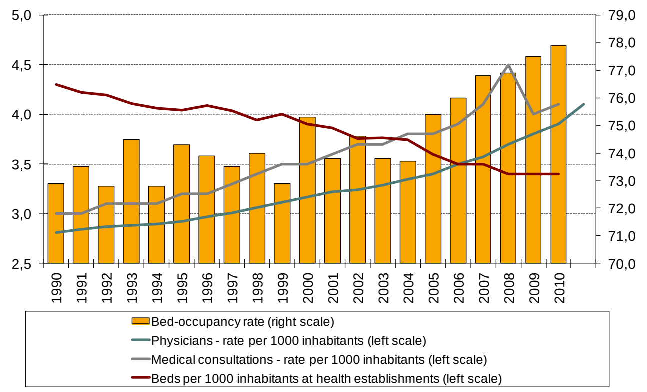
Chart 22 – Doctors index according to main categories (1990=100)



With regard to in-patient capacity, in 2010 the number of beds in hospitals (actual capacity) was 35,625 (35,635 in 2009), accounting for a decrease of 1,747 and 2,540 from 2005 and 2000 respectively, with official clinics also declining (665 and 1,087 less beds for these years). In turn, the number of operating rooms in hospitals rose to 827 (70 and 101 more than in 2005 and 2000 respectively), in spite of a slight reduction from the previous year.

Services provided have followed an overall upward trend, judging from the available indicators. In 2010 the number of major and medium surgeries declined slightly, remaining very close to the maximum reached in 2009, and quite above the figure recorded in 2005, when the upward trend had been countered on an ad-hoc basis. The number of external appointments in 2010 rose by 4.6% in hospitals and 3.1% in official clinics, in both cases resuming previous trends (**Chart 23**).

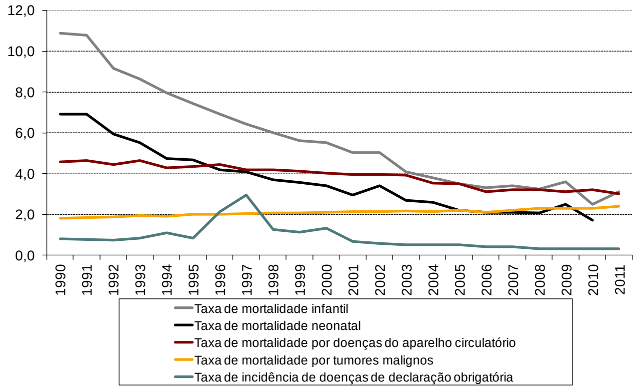
Chart 23 – Health services capacity and use indicators



Within the scope of death-related health indicators, in 2011 the death rate rose to 3.1 deaths per 1,000 live births, countering a continuous downward trend. In 1990 it had stood at 10.9, declining almost continuously until 2008, to reach 3.3; in 2009 it rose to 3.6 and subsequently reached its minimum value, 2.5. With regard to the main causes of death in Portugal, 30.7% of total deaths in 2011 were caused by diseases of the circulatory system (1.1 p.p. decline from 2010) and 24.8% by malignant neoplasms (1.3 p.p. increase). With regard to the respective death rates, the former resumed the downward trend interrupted in 2010, to stand at 3.0‰, while the latter increased slightly, to

2.4‰, moving away from the minimum reached in 2006 (**Chart 24**).

Chart 24 – Mortality-related health indicators

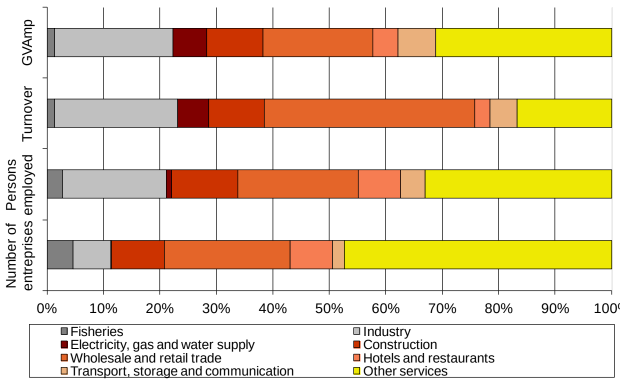


Economic activity

Enterprises

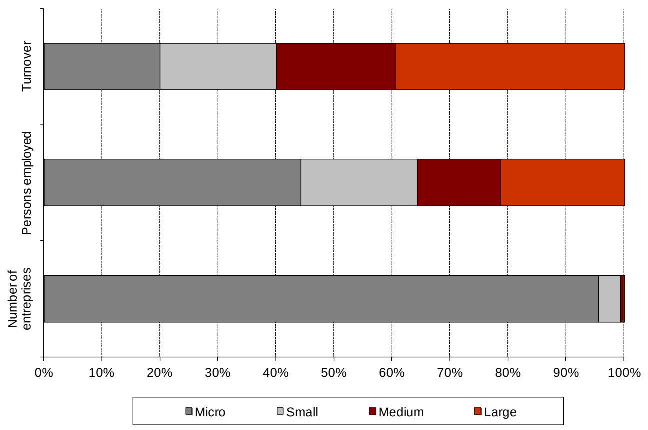
According to data from the Integrated Business Accounts System (IBAS), services, having been the predominant area in the business structure (non-financial enterprises), exhibited different patterns between 2009 and 2010, depending on the criteria considered. Services increased in terms of relative importance when considering the number of enterprises and persons employed, reaching 79.2% and 66.2% respectively, accounting for increases of 0.6 p.p. and 1.0 p.p. from the previous year, and considering variables in the same order. Their importance declined in terms of turnover and gross value added (GVA), in both cases accounting for around 61.5% of the total for each variable (in 2009 the sector had accounted for just over 62.0% in both cases). 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 30.0% of total services, except for the number of enterprises), although its weight declined from 2005. Conversely, and in comparison with the same year, electricity, gas and water, and other service activities (business, real estate, health and education, among others) increased the most in terms of relative importance, taking turnover or GVA as reference. Manufacturing continued to be instrumental, in view of a weight of over 20.0%, also assessed in terms of turnover or GVA, although playing a less important role vis-à-vis 2005 (2.7 p.p. reduction in terms of GVA) (**Chart 25**).

Chart 25 – Business structure



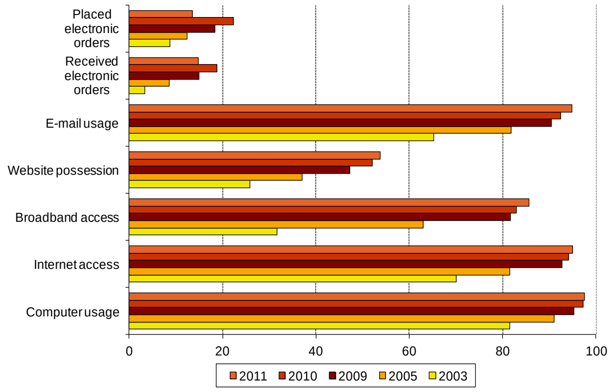
In turn, the production structure continued to be largely determined by the relative importance of small and medium-sized enterprises. Overall, in 2010 the average size of enterprises increased slightly, to 3.4 persons employed. The share of enterprises with less than 10 persons employed (microenterprises) in total enterprises was approximately 95.6%, covering 44.3% of persons employed and around one-fifth of both turnover and GVA, accounting for just over 29.0% of GFCF of non-financial enterprises (in the latter case increasing by around 3.4 p.p. from 2009). Enterprises with less than 50 persons employed (small enterprises) as a whole accounted for over 99.0% of the number of enterprises, corresponding to just over 64.0% of the number of persons employed and over 40.0% of turnover and GVA, and around 46.0% of total GFCF (**Chart 26**).

Chart 26 – Average number of employed persons



The use of ICT continued to be broadly disseminated. According to the Survey on ICT usage in enterprises, in 2011, 97.5% of enterprises had computers, which is slightly more than in the previous year and around 6.5 p.p. more than in 2005. In turn, 95.0% of enterprises had internet (0.9 p.p. more than in 2009) and 85.7% of the total had broadband internet access, in the former case reflecting a gain of 0.9 p.p. and in the second of 2.7 p.p.. Vis-à-vis 2005 gains were sharper, i.e. 13.5 p.p. and 22.7 p.p. for internet access and broadband internet access respectively. The share of enterprises with their own websites stood at 53.7% in 2011, compared with 37.1% in 2005. Electronic trade saw a considerable reversal from the previous year, judging from the share of enterprises receiving and making electronic orders (declines of about 4.0 p.p. and 8.8 p.p. respectively). Nevertheless, these shares remained above those recorded in 2005 (**Chart 27**).

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



International trade

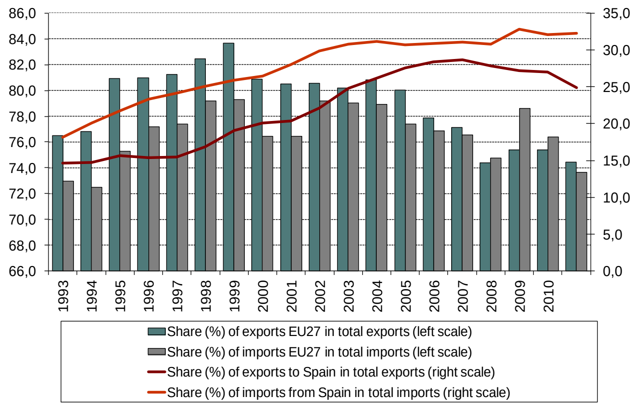
The degree of openness of the Portuguese economy, as measured by the ratio of the sum of exports and imports of goods to GDP at current prices, was 60.5% in 2011, accounting for a 4.4 p.p. increase from the previous year. In turn, the import-export coverage rate was 77.3%, 8.9 p.p. more than in 2010. The performance of these indicators in 2011 was associated with a strong slowdown in imports, given a fall in domestic demand, the maintenance of high export growth, and a drop in GDP at current prices. As regards the degree of openness to other countries, an upward trend was observed, albeit somewhat irregular. In turn, the coverage rate fluctuated and followed a counter-cyclical trend.

Trade developments were quite different. In imports the rate of change in trade value declined by around 13.0 p.p., from 14.1% in 2010 to approximately 1.3% in 2011. Export growth was once more high – 14.5% – following a 16.9% rate of change in 2010.

The destination of around three-quarters of exports was the European Union (EU27), although this figure reflects a change towards a diversification of trading partners, despite being relatively stable since 2008. In fact, the importance of intra-EU trade increased between 1993 and 1999, when it reached its maximum relative importance, with 83.7% of total exports, declining since then, and experiencing an abrupt decline of around 3.0 p.p. from 2007 to 2008, fluctuating between 74.0% and 75.5% ever since. Imports have followed a more irregular trend, although decreasing from a peak of 79.0% of total imports in 1999 to 73.6% in 2011. However, there have been significant intermediate increases in this share, the most recent having taken place in 2009, when intra-EU imports accounted for 78.6% of the total.

The three most important markets of destination continued to be Spain, Germany and France, accounting for 50.6% of total exports (0.8 p.p. less than in 2009). Of these, the Spanish market declined further in terms of relative importance (-1.6 p.p., following a 0.7 p.p. decline in 2009), nevertheless continuing to be, by far, the main market (accounting for 24.9% of the total, while the weights of Germany and France stood at 13.0% and 12.2% respectively, in both cases with a marginal increase in importance vis-à-vis 2010). In addition, eight partners as a whole – the United Kingdom, Angola, Italy, the US and the Netherlands – accounted for 79.8% of total exports in 2010 (declining further by 3.5 p.p., after a 2.6 p.p. decline in 2010) (**Chart 28**).

Chart 28 – Indicators of International trade (%)



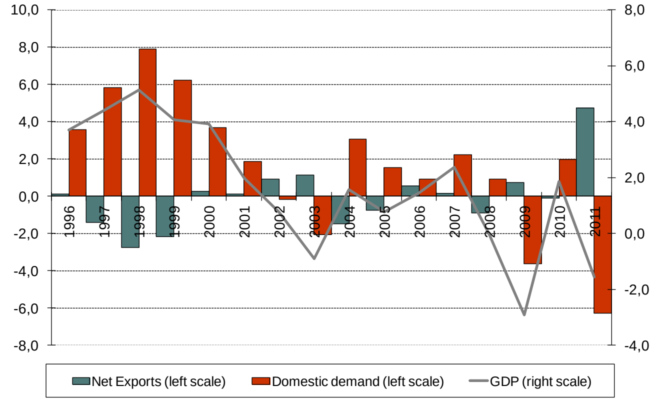
Trade structure by economic classification has undergone a number of changes, due to the external environment and the national juncture. On the export side, the weight of fuels and lubricants increased, as well as transport equipment and accessories, while consumer goods played a less relevant role (3.7 p.p. decline from 2009, to 28.3%). In 2011 intermediate goods increased to a weight of 35.4%, having virtually stabilised at around 33.0% in 2010. As for imports, fuels and lubricants recorded the most evident increase, followed by intermediate goods, whereas transport equipment, machinery and other capital goods and consumer goods declined, the greatest decline vis-à-vis 2009 having been recorded in machinery and other capital goods.

National accounts

GDP declined at a rate of -1.6% in 2011, in contrast to the previous year, when it had recorded a 1.9% change, accounting for one of the most significant increases after 2000. The fall recorded in 2011 was due to a strong negative contribution from domestic demand, since net external demand made quite a positive contribution. In fact, final consumption expenditure of households contracted by 3.8% in that year, accounting for a 6.4 p.p. reduction from the previous one. In turn, this evolution was associated with a strong decline in household expenditure on durable consumer goods, by around -18.5%, and expenditure on non-durable goods and services by -2.7%, while the consumption of food commodities showed a nil change. Final consumption expenditure of non-profit institutions serving households and general government as a whole decreased by 4.2%, after a stagnation in 2010. In addition, gross capital formation contracted by 13.8%, as a result of negative developments in all its components, with average rates of change in GCF of -3.5% between 2001 and 2011. Net external demand partly offset the recessive effect of domestic demand. Import volume decreased, given the contraction of domestic demand, which jointly with its importance with regard to GDP led to a positive contribution of around 2.5 p.p.. In addition, exports grew by more than 7.0%, thus making a 2.3 p.p. contribution to GDP developments.

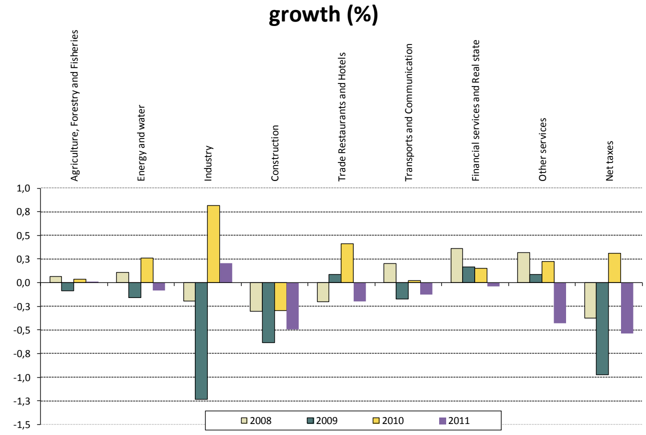
In terms of degree of economic buoyancy the 1995-2010 period can be divided into two phases: one between 1995 and 2002, of intense GDP growth at an average rate of 3.9%, although decelerating in the last two years of the period; the other from 2002 onwards, of quite moderate growth – around 0.3% – which incorporates the 2003, 2009 and 2011 recessions (**Chart 29**).

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



On the supply side, in 2011 the most adverse developments were observed in energy and water, construction and services, which as a whole contributed with around -1.6 p.p.. Also, there was a negative contribution from taxes less subsidies on products (which include the VAT). Conversely, agriculture, forestry and fishing and industry continued to show positive developments, although with a clear deceleration from the change in 2011: in the former case, from 1.6% in 2010 to 0.6% in 2011, in the latter from 7.0% in 2010 to 1.7% in 2011 (**Chart 30**).

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

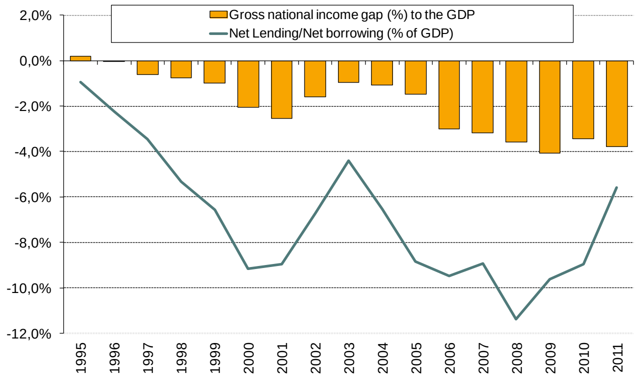


Although the separation between strong and moderate growth periods up to 2002 and from then onwards until 2011 is visible in most branches of production, the services sector grew, on average, more than industry and agriculture. Associated with this buoyancy the relative price of services increased. The resulting volume and price effects translated into a rise in the relative importance of services, to the detriment of industry and agriculture. In 1995 these two branches accounted for just over 21.0% in GDP at current prices, while in 2011 they accounted for 14.5%. The importance of services stood at 57.8% and 64.5% respectively in these years.

The ratio of net borrowing (equivalent to the overall current and capital account balance) to GDP widened in the course of the 1995-2001 period, to reach approximately -9.0%. Developments from then onwards were conditioned by recessions. Hence, in 2003 net borrowing improved, but subsequently returned to a level of -9.0% and improved again more recently, reaching a ratio of approximately -5.6% in 2011.

Recurrent deficits in the current and capital accounts worsened the international investment position (value of the net external asset stock), causing a deterioration of the primary income balance (difference between income received from and paid to non-resident units). In 2009 the negative value of this balance accounted for 4.1% of GDP, bringing to an end a continued deterioration seen since 2006, and leading to a difference of the same amount between GDP and gross national income (GNI). This balance improved in 2010, standing at -3.4%, but there was a further worsening to 3.8% in 2011 (**Chart 31**).

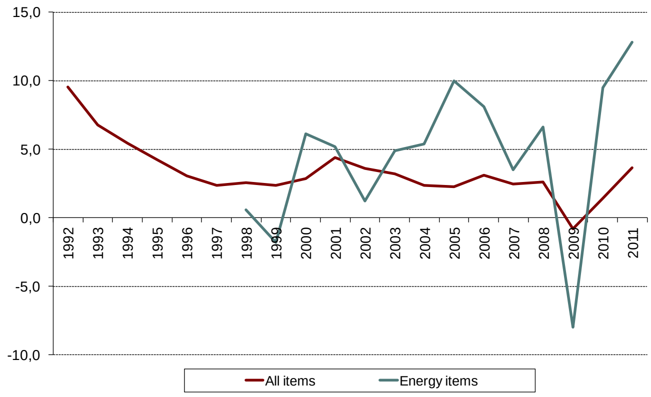
Chart 31 – Gross national income gap and net lending/net borrowing as % of the GDPmp



Prices

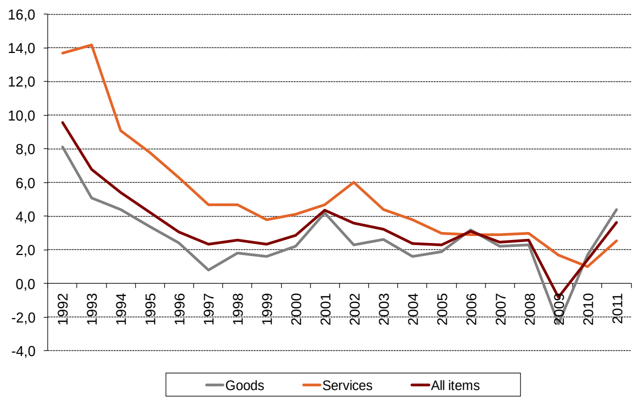
CPI accelerated vis-à-vis 2010. In that year the average rate of change was 1.4%, while in 2011 it stood at 3.7%. Alcoholic beverages and tobacco were the classes that accelerated the most (almost 8.0 p.p.), as well as health, transport and communications (between 4.0 and 5.0 p.p.). Clothing and footwear was the only class that showed a negative change, similarly to the two previous years (**Chart 32**).

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



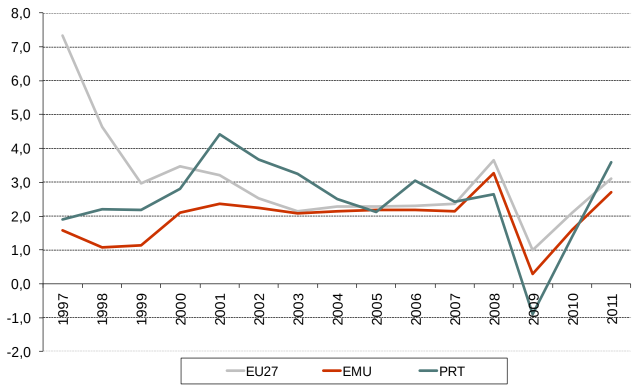
The acceleration in the CPI was due, inter alia, mostly to supply-side factors. On the one hand, there were changes in the tax structure, for instance the standard VAT rate increased from 21.0% to 23.0% in January 2011, and in October the VAT rate on electricity and natural gas went up from 6.0% to 23.0%. The mechanical impact of these changes on the average rate of change in the CPI is estimated to have been around 1.3 p.p.. On the other hand, the import deflator accelerated more strongly than the export deflator, with a consequent deterioration in terms of trade. The more intense import price growth had a considerable contribution from developments in the price of oil and by-products, especially in the first half of the year, subsequently stabilising at a high level. Conversely, unit labour costs fell more sharply than in 2010, although it was quite affected by the trend of general government compensations (**Chart 33**).

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



The annual average rate of change in the harmonised index of consumer prices (HICP), which is the benchmark for inflation comparisons across European Union countries, stood at 3.6% (2.2 p.p. more than in the previous year). Considering the corresponding developments both in the EU27 and the euro area, the difference between the average inflation rate in Portugal and in the two groups was positive in 2011 (0.9 p.p.), in contrast to the three previous years (**Chart 34**).

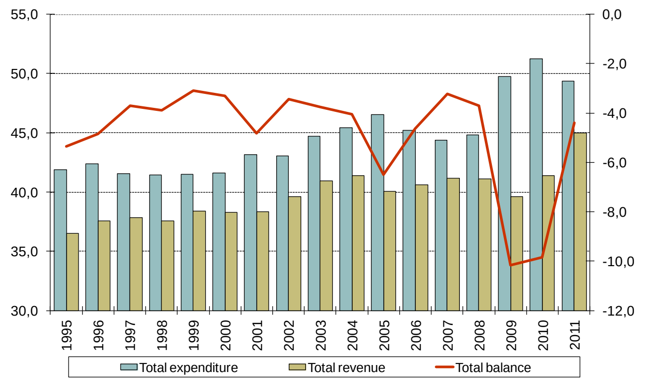
Chart 34 – Annual inflation rates for EU27, EMU and Portugal



General government

Net general government borrowing on a national accounts basis was 4.4% of GDP in 2011, which represented a further improvement of around 5.5 p.p.. This reflected the joint effects of a 3.6 p.p. increase in total revenue and a 1.9 p.p. decrease in total expenditure (**Chart 35**).

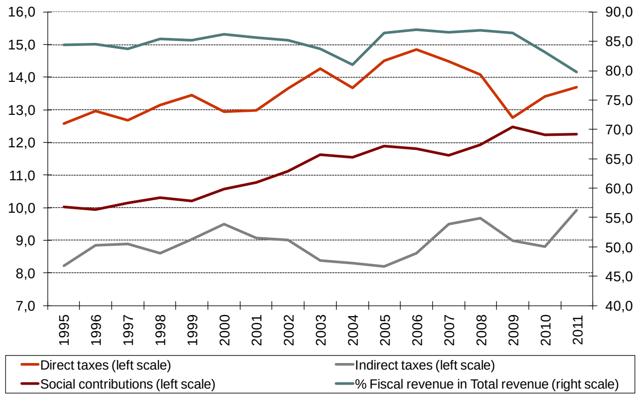
Chart 35 – Revenue, Expenditure and Net Borrowing of General government (% do GDPmp)



The rise in revenue was due to an increase in current revenue, of which in particular tax revenue, and capital revenue, of which in particular capital transfers, notably associated with the transfer of the pension fund of financial institutions to general government, which accounted for around 3.5% of GDP. As a whole, capital revenue accounted for approximately 4.4% of

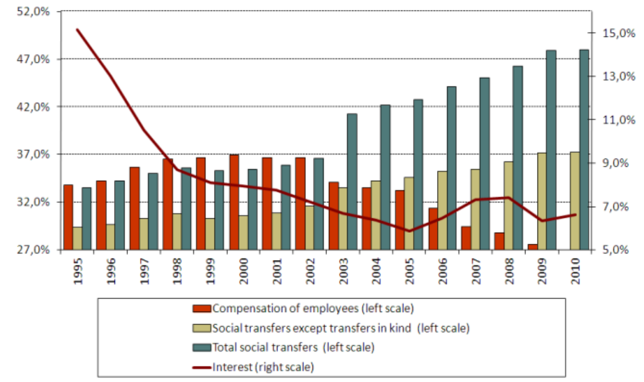
GDP, reflecting an increase of little less than 1.8 p.p. from the previous year. The weight of tax revenue increased considerably, reaching the maximum level since 1995, about 35.9% of GDP (1.4 p.p. more than in 2010). The tax burden followed an upward trend until 2008, stabilising in the two following years at a less high level and increasing in 2011 (**Chart 36**).

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



The decline in the ratio of total expenditure, reversing the trend of the four previous years, was due to similar behaviours in current and capital expenditure. In the case of current expenditure, there was a reduction in staff costs (-0.8 p.p.), resulting from the continued effects of a change in the composition of public health expenditure due to the transformation of general government hospitals into corporate hospitals (less compensations, more payments of services provided), as well as to a decline in average compensations. Reference should be made to social benefits in kind (-0.2 p.p.) and other current expenditure (-0.6 p.p.), which includes part of final consumption expenditure, other current transfers and intermediate consumption expenditure. As a whole, primary current expenditure declined by 1.4 p.p., while interest rose by 1.1 p.p., accounting for around 4.0% of GDP. Capital expenditure also accounted for 4.0% of GDP, following a 1.6 p.p. decline in 2011 (**Chart 37**).

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



After a relative stabilisation between 2006 and 2008 public debt remained on an upward trend, moving to 108.1% of GDP, which represented a worsening of 14.5 p.p. from 2010.

Statistical Yearbook of Portugal 2011.

Cut-off date: 30 September 2012

Including the December 2012 revision of national accounts