ENTERPRISES EXPECT A 1.1% NOMINAL INCREASE IN EXPORTS OF GOODS IN 2023

Enterprises expect a 1.1% nominal increase in exports of goods in 2023, vis-à-vis the previous year. According to enterprises' expectations, this growth is supported by the forecasted exports' increase in Intra-EU markets (+1.7%), given that a decrease of 0.3% is foreseen for Extra-EU countries.

In terms of Broad Economic Categories (BEC), the *Capital goods (except transport equipment), and parts and accessories thereof* stand out with the highest expected increase in exports in 2023 (+8.2%) and the *Industrial Supplies not elsewhere specified*, with an expected decrease of 1.1%.

The results from the survey on Perspectives of Exports of Goods (IPEB), insofar as they are based on growth perspectives, should be seen as indicating trends conditional on the information available in the enterprises in the response period. Thus, the perspectives of the enterprises regarding their exports of goods for 2023 may also reflect, to a high degree, the uncertainty regarding developments in the international environment, with unexpected impacts on demand and prices.

In this Press release, Statistics Portugal disseminates the main statistical findings from the survey on Perspectives of Exports of Goods (IPEB), carried out in December 2022, corresponding to the 1st forecast for the nominal variation of exports of goods expected by the enterprises in 2023.

Enterprises expect a 1.1% nominal increase in exports of goods in 2023

The perspectives of exporting enterprises point to a 1.1% nominal increase in their exports of goods in 2023 when compared to the previous year, expecting a 1.7% increase in exports to Intra-EU countries and a 0.3% decrease in exports to Extra-EU countries.

In terms of Broad Economic Categories (BEC), the *Capital goods (except transport equipment), and parts and accessories thereof* stand out with the highest expected increase in exports in 2023 (+8.2%) and the *Industrial Supplies not elsewhere specified*, with an expected decrease of 1.1%.

Table 1 - Perspectives of the Enterprises on Exports of Goods
**Annual nominal rates of change 2023/2022**

	EXTRA-EU	INTRA-EU	INTERNATIONAL
TOTAL	-0.3%	1.7%	1.1%
Of which (BEC):			
Food and beverages	6.9%	5.3%	5.9%
Industrial supplies not elsewhere specified	-1.7%	-0.8%	-1.1%
Capital goods (except transport equipment), and parts and accessories thereof	13.5%	6.4%	8.2%
Transport equipment and parts and accessories thereof	21.4%	3.9%	6.2%

Note: For statistical confidentiality reasons, only disaggregated results for some of the main product categories are disclosed
Source: Statistics Portugal, Survey on the Perspectives of the Exports of Goods

The expectations of enterprises for the evolution of their exports of goods in 2023 differ among the different sectors of activity, with growth being expected in some cases, as a result of price increases, while in others reduction is foreseen due to the contraction forecast in demand and scheduled stoppages or discontinuity of production lines, in response to market conditions, disruptions in global value chains and increases in the costs of production factors.

Uncertainty regarding prices' evolution is pointed out by enterprises as a factor that significantly influences their forecasts for exports of goods for 2023.

The following figure illustrates prices' volatility over the last 5 years, notably the significant increase in the first half of 2022, which was reversed in the second half of the year, with a very significant reduction.

Figure 1 - Monthly Unit Value Indices of Exports
**Month-on-month growth rate (%), price, 2018-2022**
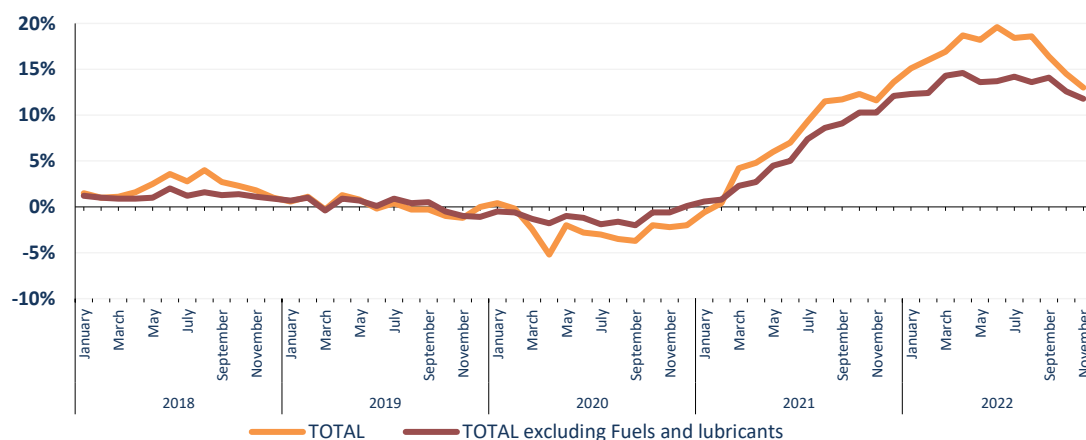
Source: Statistics Portugal, ITGS

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The IPEB results, insofar as they are based on growth perspectives, should be seen as indicating trends conditional on the information available in the enterprises in the response period.

The current situation of uncertainty, mirrored in the results of the Economic Climate Indicator recently published by Statistics Portugal, well reflect the difficulty expressed by enterprises in forecasting their exports of goods for the year 2023. Thus, the perspectives of enterprises regarding their exports of goods for 2023 may also reflect, to a high degree, the uncertainty regarding developments in the international environment, with unexpected impacts on demand and prices.

Figure 2 - Economic Climate Indicator

Manufacturing Industry, Construction and Public Works, Trade and Services
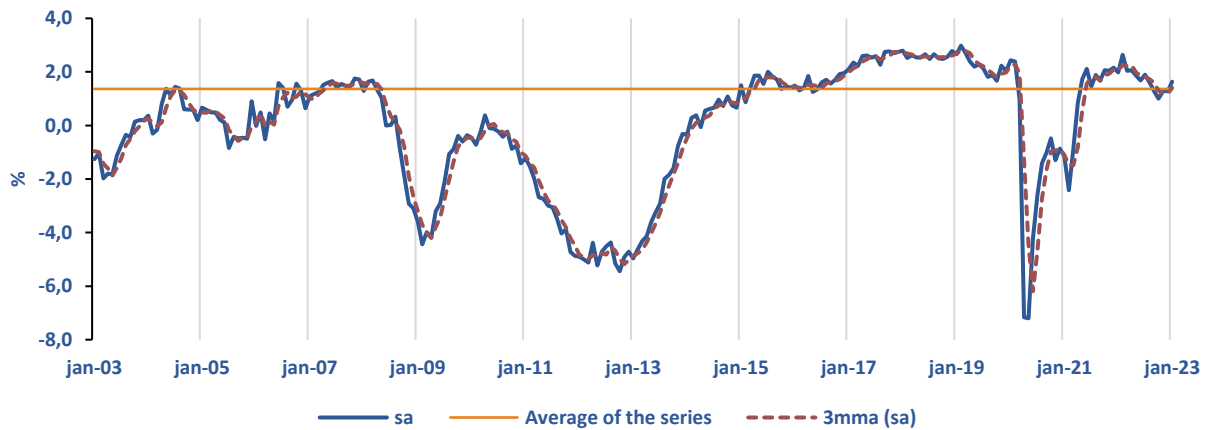
Source: Statistics Portugal, Short-term Statistics on Business

Enterprises' opinion, in particular those in the manufacturing industry and with production oriented to the external market, regarding global demand and in particular external demand (order books), showed values around -15 p.p. during the 2nd half of 2022, and enterprises do not expect improvements for the beginning of 2023.

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Figure 3 - Opinions on current overall order books
Manufacturing Industry
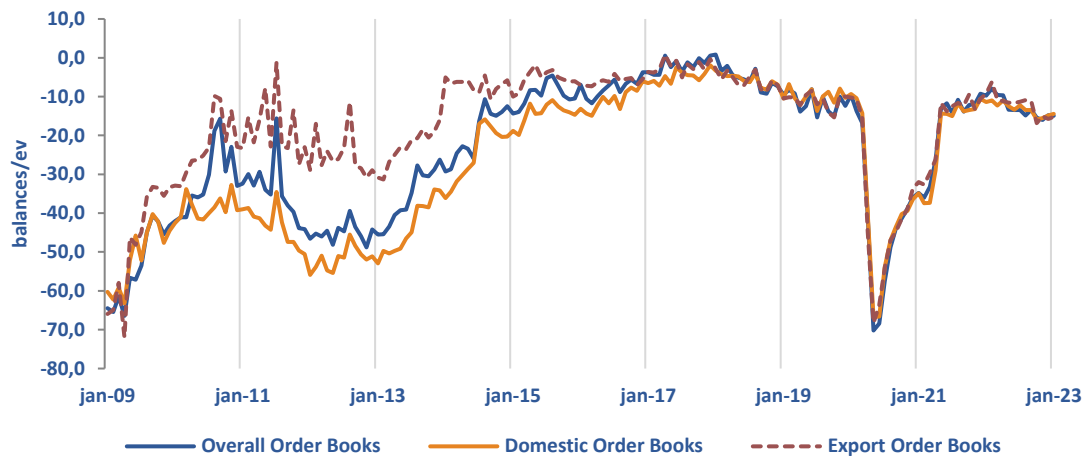
Source: Statistics Portugal, Short-term Statistics on Business

In May 2023, a new edition of this survey will be conducted with the aim of updating the enterprises' perspectives concerning exports of goods in 2023, which will correspond to the 2nd forecast. In this edition, enterprises will be asked to update the perspective now provided, as well as the identification of the main reasons of revisions, which will make it possible to assess the effective enterprises' feelings regarding the expected evolution of markets and activity of the global economy for the year 2023, underlying this 1st forecast.

EXPLANATORY NOTES

In view of the growing importance of the evolution of exports of goods in portraying the economy, Statistics Portugal promotes this survey (IPEB) by using a representative sample of exporting enterprises. The IPEB allows gathering and summarizing the perspectives of the nominal variation of exports for each enterprise and provides prospective data. This new statistical operation started after the end of the New Orders in Industry Index (Total, Internal market and Foreign market), based on a monthly survey. The figures correspond to the **1st forecast for the nominal variation of exports expected by the enterprises in 2023**.

The survey was based on a sample of operating exporting enterprises, located in Portugal, with export values declared in International Trade in Goods statistics (ITGS) above EUR 250 000 in 2021 (sum of Intra-EU Trade (via Intrastat System) and Extra-EU Trade (via Customs declarations)). The total number of enterprises surveyed was 3 293, which in 2021 represented around 90% of the total exports of goods.

The enterprises were selected according to the following parameters:

Non sampling component:
1. Enterprises with a total of exports ≥ EUR 3 million in value (based on values declared in 2021 ITGS);
2. Enterprises belonging to NACE Rev. 2 - three digits classification (group) – with a sampling representativeness ≤ 3 enterprises.

Sampling component:
1. By sorting the remaining enterprises in a descending order of the total of exports, a selection was made in each NACE group:
   a. Enterprises able to reach 15% of the total of exports, if the non-sampling weight is ≥ 80%;
   b. Enterprises able to reach 35% of the total of exports, if the non-sampling weight is ≥ 60% and < 80%;
   c. Enterprises able to reach 55% of the total of exports, if the non-sampling weight is < 60%.
2. By including relevant enterprises in terms of representativeness within the Broad Economic Categories Classification (BEC) with single digit classification.

The response rate was 91%, corresponding to 96% of the exported value of the sampled enterprises.

Data broken down by BEC was based on the distribution of data declared by the respective enterprises within the scope of ITGS in the year 2021.

The results of this survey, insofar as they are based on growth perspectives, may differ from the observed values in ITGS and should be seen as indicating trends, which depend on the information available in the enterprises in the response period.

For methodological reasons, the scope of IPEB could not be the same as for ITGS, because IPEB does not include exports of specific goods and movements (of which electricity), estimates and does not comprise, in the reference population, special (foreign) enterprises acting as "traders" in Portugal. These "traders" are natural or legal persons not registered for VAT in Portugal, however they are responsible for presenting customs declarations lodged in Portuguese Customs. These movements

are included in ITGS, however it's not possible to survey these enterprises, because they are not registered for VAT in Portugal. To allow a better coverage of the results, this difference concerning foreign enterprises belonging to national economic groups was minimized with a special treatment in order to include their exports in IPEB.

Given the current context, additional contacts were made with enterprises in order to understand the motivations and the assumptions inherent in the production of this forecast, identifying the feeling of enterprises regarding the expected evolution of markets and global economic activity for the year 2023.

ACRONYMS AND DESIGNATIONS

EU – European Union

BEC – Classification by Broad Economic Categories, third revision

NACE – Statistical classification of economic activities

ITGS – International Trade in Goods statistics

IPEB – Survey on the Perspectives of the Exports of Goods

VAT – Value Added Tax

Date of next release 2nd Forecast 2023 – 28 July 2023