

Country sheet: Portugal

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Portugal Facts



Capital:	Lisbon
Population:	10,707,924 (July 2010 est.)
Language:	Portuguese
GDP per capita:	\$21,700 (2009 est.)
GDP total:	\$232.6 billion (2009 est.)
GDP - real growth rate:	-2.7% (2009 est.)
Currency:	Euro (EUR)

Economic outlook

Portugal has a modern and developed economy that has been growing steadily in the past twenty years. Membership in the European Union (EU) in 1986 increased trade ties and saw an inflow of funds allocated by the European Union to improve the country's infrastructure.

After a recession in 1993, the economy grew at an average annual rate of 3.3%, well above EU averages. The European Monetary Union brought to Portugal exchange rate stability, falling inflation and falling interest rates. This lowered the cost of public debt and helped the country achieve its fiscal targets.

Household debt has expanded rapidly and Portugal's public deficit exceeded 3% of GNP in 2001, the EU's threshold. The latest economic downturn has thwarted the Portuguese recovery also due to the EU expansion into Eastern Europe that erased Portugal's key competitive advantage, low labor costs.

The tertiary sector has grown, producing 66% of the GDP and providing jobs for 52% of the working population. The most significant growth rates are found in the trade sector, due to the introduction of modern means of distribution, transport and telecommunications. Most imports come from the European Union countries such as Spain, Germany, France and Italy. Most exports also go to other European Union member states. Financial tertiary have benefited from privatisation, also gaining in terms of efficiency.

The Government faces challenges while trying to stimulate the economy, and keeping the budget deficit within the euro-zone 3%-of-GDP ceiling. In 2009, the deficit was 6.7% of GDP. Unemployment stood at 9.5% in 2009 and is

one of the main concerns together with the slow growth. Inflation was under control at -0.8% in 2009.

Supervisory framework

Banco de Portugal is the central bank of the Portuguese Republic and is part of the European System of Central Banks (ESCB), whose main objective is to maintain price stability through an adequate monetary policy.

Another important task assigned to the Bank is to "provide for the stability of the domestic financial system, performing for the purpose the function of lender of last resort". This goal is achieved through the supervision of credit institutions and financial companies. This function can be combined with the regulation and promotion of a smooth operation of payment systems.

The Comissão do Mercado de Valores Mobiliários, is the Portuguese Securities Market regulation authority. It is also known by its initials "CMVM" and is an independent public institution with administrative and financial autonomy.

The CMVM derives its income from supervision fees charged for services and not the General State Budget.

The CMVM was established in April 1991 with the task of supervising and regulating securities and other financial instruments markets (traditionally known as "stock markets"), as well as the activity of all those who operate within said markets.

The Instituto de Seguros de Portugal (ISP) is the country's regulatory authority for insurance. The ISP is also an independent public institution, with administrative and financial autonomy.

The ISP function is twofold:

- A normative function consisting in setting up rules that regulate the access to the market and the exercise for insurers and pension funds
- A supervision function consisting in overseeing market operators' behaviour and their compliance to the rules set

Legal reporting

Authorised credit institutions have to submit periodically their reports either to the Bank of Portugal, CMVM, INE or to DGCI. The reports already developed by FRSGlobal cover the following areas and are covered in more detail in a separate report.

- Financial Information
- Securities Portfolio
- Securities (to the CMVM)
- Balance of Payments
- Statistical Reporting to the Bank of Portugal
- Monetary and Financial Statistics
- Tax reporting

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