

FR EN

We use cookies to make your connection secure and make statistics about the number of visits. In order to get more information about cookies and find out how to refuse them, [visit our cookie policy page](#).

[Cookies settings](#)

REQUIRED ONLY

ACCEPT  
ALL

## ECONOMIC AND POLITICAL OVERVIEW

### ECONOMIC OVERVIEW

After achieving several years of sustained growth, economic output in Portugal fell sharply following the outbreak of the COVID-19 pandemic. Nevertheless, the country recovered quickly, growing by 6.7% of GDP in 2022. After a strong start to the year, Portugal's economic growth slowed down to 2.3% in 2023, still well above the eurozone average. Within the realm of domestic demand, both private consumption and investment contracted, influenced by rising interest rates and subdued confidence among consumers and businesses. The surge in interest rates has a pronounced impact on Portuguese households, given that nearly 90% of their mortgage portfolio, constituting more than three-quarters of their overall debt, is tied to floating-rate loans. On the external front, the export of goods saw a decline due to weakened demand from trading partners, while the export of services maintained a healthy expansion, primarily fueled by the tourism sector. Amid a weaker macroeconomic outlook among Portugal's main trading partners, the IMF forecasts growth at 1.5% this year, with an acceleration in 2025 (2.2%).

The Portuguese government managed to gradually reduce its budget deficit in recent years, reaching positive territory. This trend was reversed by the impact of COVID-19 first, and then by the energy prices shock that was exacerbated by the Russian invasion of Ukraine (-1.7% of GDP in 2022). In 2023, government revenue increased thanks to a robust labour market, wage increases and the still high inflation, with the overall deficit estimated at 0.7% of GDP by the IMF (although in contrast with the EU Commission estimates, which pointed to a 0.8% surplus). The general government balance is projected to narrow to 0.3% of GDP in 2024 (IMF). Government revenue is expected to decelerate, influenced in part by fiscal policy adjustments in direct taxes, as well as a moderation in inflation. Concurrently, government expenditure is poised to increase, driven by sustained upward pressures on current spending, particularly in areas such as the public wage bill and social transfers. The general government debt-to-GDP ratio remained on a sharp downward trend in 2023 (108.4%, from 113.9% one year earlier), driven by a favourable growth-interest rate differential and primary balance effect. The IMF projects a further decline over the forecast horizon, to around 99.9% by 2025. Consumer price inflation has eased during the year, averaging 5.3%, with the easing trend being primarily linked to energy prices, whereas underlying inflation, which excludes energy and food components, persisted in its upward trajectory. The rate should gradually return towards the ECB's target by 2025 (2.4%).

The unemployment rate increased to 6.6% in 2023 (up from 6.1% one year earlier) and is projected to flatten over the forecast horizon due to the subdued near-term growth outlook. Overall, Portuguese GDP per capita (PPP) is estimated at USD 45,227 in 2023 (IMF), still 20.6% below the EU's average. According to the latest figures from the National Statistical Office INE, 17% of the population is at risk of poverty, corresponding to the proportion of inhabitants with an annual net equivalent monetary income below EUR 7,095.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
<b>GDP</b> <i>(billions USD)</i>	252.13	276.43	289.52	303.24	316.27
<b>GDP</b> <i>(Constant Prices, Annual % Change)</i>	6.7	2.3	1.5	2.2	2.0
<b>GDP per Capita</b> <i>(USD)</i>	24,540	26,879	28,123	29,531	30,878

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
<b>General Government Balance</b> <i>(in % of GDP)</i>	-1.2	-0.7	-0.3	-0.4	-0.3
<b>General Government Gross Debt</b> <i>(in % of GDP)</i>	113.9	108.4	104.0	99.9	96.2
<b>Inflation Rate</b> <i>(%)</i>	n/a	5.3	3.4	2.4	2.2
<b>Unemployment Rate</b> <i>(% of the Labour Force)</i>	6.1	6.6	6.5	6.3	6.2
<b>Current Account</b> <i>(billions USD)</i>	-2.93	3.63	3.28	2.92	2.24
<b>Current Account</b> <i>(in % of GDP)</i>	-1.2	1.3	1.1	1.0	0.7

Source: IMF – World Economic Outlook Database , October 2021

## Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

## MAIN SECTORS OF INDUSTRY

The agricultural sector comprises around 1.9% of Portugal's GDP and employs 5% of the active population (from 10% a decade ago - World Bank, latest data available). The main crops produced include cereals, fruits, vegetables and wine (Portugal is the ninth-largest wine exporter in the world). Mining, specifically copper and tin, represents a good part of the country's GDP, with Portugal being one of the largest marble exporters. Furthermore, the forests of Portugal provide a large part of the world's supply of cork. According to the first estimate of the Economic Accounts for Agriculture, the income of agricultural activity, in real terms, per annual work unit, registered an 8.7% year-on-year increase in 2023. Moreover, in the period from January to October 2023, exports of Agricultural products increased by 2.1% compared to the same period of the previous year, with imports increasing at a faster pace (+3.8%).

The industrial sector employs 24% of the workforce and contributes to 18.6% of Portugal's GDP. The manufacturing industry is modern and dominated by small and medium-sized companies. Its main sectors of activity are metallurgy, machinery, electrical and electronics industries, mechanical engineering, textiles and construction. Biotechnologies and IT are also growing. According to data from the World Bank, the manufacturing sector alone contributes 12% of GDP. Portugal has increased its role in the European automobile sector and has an excellent mould manufacturing industry. According to data from the National Statistics Institute, in 2022, the total sales of products and services in the manufacturing industries increased by 23.6%, in nominal terms, totalling EUR 119.6 billion.

The services sector comprises 66.1% of GDP and employs around 71% of the active population. Tourism, in particular, plays an important and rapidly increasing role in the Portuguese economy. After suffering following the COVID-19 pandemic, the revenue of the accommodation sector returned to its previous levels already in 2022. The Portuguese banking sector improved its liquidity and solvency in recent years, playing a critical role in supporting the economy's financing and liquidity needs. It comprises 145 institutions: 61 banks, 81 mutual agricultural credit banks and 3 savings banks, with the five largest banks accounting for 77% of total assets (European Banking Federation). One of the most dynamic sectors is that of wholesale and retail trade, which comprised 217.2 thousand enterprises and registered a turnover of EUR 186.1 billion in 2022 (+17.9% y-o-y, data INE).

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
<b>Employment By Sector</b> <i>(in % of Total Employment)</i>	5.2	23.9	70.9

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
<b>Value Added</b> <i>(in % of GDP)</i>	1.9	19.1	65.5
<b>Value Added</b> <i>(Annual % Change)</i>	-2.9	2.1	7.9

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
<b>Euro (EUR) - Average Annual Exchange Rate For 1 USD</b>	0.94	0.89	0.85	0.90	0.88

Source: World Bank - Latest available data.

## FOREIGN TRADE

Portugal's economy is open to foreign trade, which represents 102% of its GDP (World Bank, latest data available). While the country has traditionally exported agricultural products, textiles and clothing, it has begun to export an increasing amount of technological equipment. In 2022, the country mainly exported petroleum oils (6.9%), vehicles (5.1%), parts of vehicles (3.9%), paper and footwear (2.2% each); whereas imports were led by petroleum oils (6.7%), petroleum gas (4.4%), motor cars (4.3%) and their parts (3% - data Comtrade). Forest products have been among the country's main exports, accounting in the current millennium for 10% of the total exports (official governmental data).

Data from Comtrade shows that in 2022 the main trading partners were Spain (26.2% of total exports), France (12.3%), Germany (10.8%) and the U.S. (6.5%). In the same year, Portugal's main suppliers were Spain (31.9%), Germany (1%), France (6.1%), China (5.1%), and the Netherlands (5%). The main extra-EU supplier of goods to Portugal continued to be China.

The country has a structural trade balance deficit. In 2022, Portugal exported goods worth USD 82.2 billion (+9.3% year-on-year), with imports increasing at a faster pace (+16.9%, at USD 114.8 billion). However, Portugal is a net service exporter (USD 46.5 billion in exports against USD 23.8 billion in imports, +44.3% and +18.2%, respectively - data by WTO). The country's overall balance of trade was negative by 2.4% (was 2.8% one year earlier - World Bank). In the accumulated period January to August 2023, Portuguese exports of goods and services increased by 7% compared to the same period in 2022, reaching EUR 85 billion. Meanwhile, imports totalled EUR 81.8 billion (-0.3% - data Bank of Portugal).

Foreign Trade Values	2018	2019	2020	2021	2022
<b>Imports of Goods</b> <i>(million USD)</i>	89,060	89,538	77,895	98,200	114,848
<b>Exports of Goods</b> <i>(million USD)</i>	68,361	67,063	61,496	75,229	82,273
<b>Imports of Services</b> <i>(million USD)</i>	18,800	19,905	15,637	20,186	23,877
<b>Exports of Services</b> <i>(million USD)</i>	39,456	39,999	25,487	32,238	46,537

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
<b>Foreign Trade</b> <i>(in % of GDP)</i>	86.4	86.6	76.2	86.1	102.6
<b>Trade Balance</b> <i>(million USD)</i>	-18,415	-18,226	-14,236	-18,745	-27,739
<b>Trade Balance (Including Service)</b> <i>(million USD)</i>	2,168	1,836	-4,388	-6,766	-5,083
<b>Imports of Goods and Services</b> <i>(Annual % Change)</i>	5.0	4.9	-11.8	13.2	11.1

Foreign Trade Indicators	2018	2019	2020	2021	2022
<b>Exports of Goods and Services</b> <i>(Annual % Change)</i>	4.1	4.1	-18.6	13.4	16.7
<b>Imports of Goods and Services</b> <i>(in % of GDP)</i>	43.0	43.1	39.2	44.5	52.6
<b>Exports of Goods and Services</b> <i>(in % of GDP)</i>	43.4	43.5	37.0	41.6	50.0

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
<b>Volume of exports of goods and services (Annual % change)</b>	8.0	2.8	2.0	2.0	2.0
<b>Volume of imports of goods and services (Annual % change)</b>	5.2	3.9	2.9	2.9	2.6

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

## International Economic Cooperation

Portugal is a member of the following international economic organisations: IMF, European Union, ICC, WHO, OECD, Schengen Convention, European Economic Area, Latin American Integration Association (observer), among others. For the full list of economic and other international organisations in which participates Portugal click [here](#). International organisation membership of Portugal is also outlined [here](#).

## Free Trade Agreements

The up-to-date list of Free Trade Agreements signed by Portugal can be consulted [here](#).

## Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
<b>Spain</b>	26.2%
<b>France</b>	12.3%
<b>Germany</b>	10.8%
<b>United States</b>	6.5%
<b>United Kingdom</b>	4.9%
<b><a href="#">See More Countries</a></b>	39.2%

Main Suppliers <i>(% of Imports)</i>	2022
<b>Spain</b>	31.9%
<b>Germany</b>	11.0%
<b>France</b>	6.1%
<b>China</b>	5.1%

Main Suppliers (% of Imports)	2022
<b>Netherlands</b>	5.0%
<b>See More Countries</b>	40.8%

Source: Comtrade, Latest Available Data

## POLITICAL OUTLINE

### Current Political Leaders

President: Marcelo Rebelo de Sousa (since 9 March 2016) - PSD

Prime Minister: António Luis Santos da Costa (since 24 November 2015 - in caretaker status until new elections)  
- PS

### Next Election Dates

Presidential: January 2026

Legislative: January 2026

### Current Political Context

Since the latest snap legislative elections in January 2022, Prime Minister António Costa has experienced an unparalleled period of political stability, enabling him to advance reforms without depending on the support of his former coalition partners—the Left Bloc (BE, extreme left) and the Democratic Unitary Coalition (CDU). The Socialist Party (PS, centre-left) holds an absolute majority in Parliament with 117 seats out of 230 (9 more than in 2019). In contrast, the BE (5 seats, -14 compared to 2019) and the CDU (6 seats, -6) suffered significant losses in those elections. On the opposing end of the political spectrum, the primary opposition party remains the PSD (centre-right, 76 seats), with the far-right Chega party emerging as the country's third political force, securing 12 seats.

Nevertheless, Portugal will hold a snap parliamentary election on 10 March 2024, following the abrupt resignation of Costa in early November due to the arrest of two of his close collaborators who were accused of irregularities in the concession of lithium deposits and green hydrogen projects. Costa was also investigated; however, in a matter of days, the threads of the investigation started to unravel as Portuguese prosecutors acknowledged a mix-up in the names of Prime Minister António Costa and Economy Minister António Costa Silva within the transcript of wiretaps.

### Main Political Parties

The main political parties in Portugal include:

- **Socialist Party (PS)**: centre-left, major party with 120 seats obtained in the 2022 election
- **Social Democratic Party (PSD)**: centre-right, liberal-conservative
- **Chega (CH)**: nationalist, populist
- **Liberal Initiative**: centre-right, liberal
- **Left Bloc (BE)**: left-wing
- **Unitary Democratic Coalition (CDU)**: left-wing, alliance between the Communist Party (PCP) & Green Party (PEV) & Democratic Intervention (ID), very cohesive
- **Popular Party (CDS-PP)**: right-wing, Christian democratic, conservative, works in tandem with PSD

- [People-Animals-Nature Party \(PAN\)](#): environmentalism, animal rights
- [Livre](#): socialist, pro-European.

## Executive Power

The [President](#) is the Head of State and the commander-in-chief of the army. He or she is elected by universal suffrage for a five year term. After a general election, the leader of the majority party or coalition is usually appointed to be Prime Minister by the President, for a four year term. The Prime Minister is the head of the Government and holds executive power, which includes implementing laws and overseeing the everyday running of the country. The Council of Ministers is appointed by the President on the recommendation of the Prime Minister. There is also a [Council of State](#), which acts as an advisory body to the President.

## Legislative Power

Portuguese legislative power is unicameral. The parliament, called the [Assembly of the Republic](#), has 230 seats. The members are elected by universal suffrage for a four year term. The executive branch of government is directly or indirectly dependent on the support of Parliament, often expressed by a vote of confidence. The Prime Minister cannot dissolve the Assembly, but the President can do so and call for an early election. Portuguese citizens enjoy considerable political rights.

---

## COVID-19 COUNTRY RESPONSE

### Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

### Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

### Economic recovery plan

The summary of the EU's economic response to the COVID-19 pandemic is available on the website of the [European Council](#).

For the general overview of the key economic policy responses to the COVID-19 outbreak (fiscal, monetary and macroeconomic) in Portugal, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

### Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).