

Introduction

Portugal is a country in southwestern Europe on the Iberian Peninsula. The Atlantic archipelagos of Azores and Madeira are part of Portugal and occupy strategic locations along western routes to the Strait of Gibraltar. Portugal is bordered by Spain and the Atlantic Ocean. The geography is mountainous north of the Tagus River.

The government system is a republic; the chief of state is the president, and the head of government is the prime minister. Portugal has a service-based mixed economy in which the government has privatized many state-controlled firms and liberalized areas of the economy. Portugal is a member of the European Union (EU).



Location: Southern Europe

Capital City: Lisbon (GMT)

Chief of State: President Marcelo Rebelo de Sousa

Head of Govt.: Prime Minister António Luis Santos da Costa

Currency: Euro (EUR)

Major Languages: <p>Portuguese (official), Mirandese (official, but locally used)</p>

Primary Religions: <p>Roman Catholic 79.7%, Protestant 2.2%, other Christian 2.5%, other non-Christian, 1.1%, none 14.5% (2021 est.)</p>

Calling Code: 351

Voltage: 220

Key Websites

Main Government Page: portugal.gov.pt

Investment Promotion Agency: portugalglobal.pt

Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$430.23 billion (2022)
GDP growth (annual %):	6.69% (2022)
GDP per capita, PPP (current international \$):	\$41,451.61 (2022)
Manufacturing, value added (% of GDP):	12.42% (2022)
Current account balance (BoP, current US\$):	-\$2.99 billion (2021)
Inflation, consumer prices (annual %):	7.83% (2022)
Labor force, total:	5,289,425 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	5.78% (2022)
Imports of goods and services (current US\$):	\$132.49 billion (2022)
Exports of goods and services (current US\$):	\$126.09 billion (2022)

GDP Composition %



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

Index	Rank
Corruption Perceptions Index	31 / 178
EY Globalization Index	29 / 60
Global Competitiveness Index	34 / 141
Global Enabling Trade Index	28 / 136
Global Manufacturing Competitiveness Index (GMCI)	35 / 40
Global Services Location Index	16 / 60
Index of Economic Freedom	30 / 176
International Logistics Performance Index (LPI)	23 / 160
Inward FDI Potential Index	49 / 139
KOF Index of Globalization	13 / 185
Networked Readiness Index (NRI)	30 / 139
Open Budget Index	36 / 114

Risk Assessment (Provided by Coface)

Country rating: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A2 - The business environment is good. When available, corporate financial information is reliable. Debt collection is reasonably efficient. Institutions generally perform efficiently. Intercompany transactions usually run smoothly in the relatively stable environment rated A2.

Strengths

- Potential in renewable energy (hydroelectric, wind and photovoltaic)
- Above-average absorption of European funds
- Low labor costs and nascent manufacturing industry (food products, electronics)
- Comparatively stable governance
- Increasingly attractive to foreign talent

Weaknesses

- Underdeveloped manufacturing sector with low-to-medium range added value
- Highly exposed to pandemic-sensitive sectors (tourism, textiles, auto parts)
- Slow-functioning legal system
- Poor quality of bank portfolios, high bad debt rates
- Deepening infrastructure gap

U.S. Embassy

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