

## 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

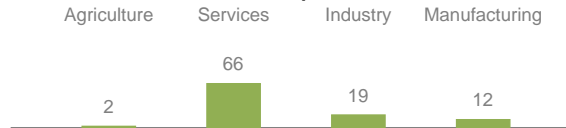
Main Government Page: [portugal.gov.pt](http://portugal.gov.pt)

Investment Promotion Agency: [portugalglobal.pt](http://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: A2** - The political and economic situation is good. A basically stable and efficient business environment nonetheless leaves room for improvement. Corporate default probability is low 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 for renewable energy (hydroelectric, wind and photovoltaic)
- Above-average absorption of European funds
- Low labour costs and nascent manufacturing industry (food products, electronics)
- Comparatively stable governance, consensus on the need for sound public finances
- Increasingly attractive to foreign talent
- Buoyant tourism industry

### Weaknesses

- Underdeveloped manufacturing sector with low-to-medium range added value
- Cumbersome legal system
- Poor quality of bank portfolios, high impaired loan rate
- Widening infrastructure gap

## U.S. Embassy

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