

The country's official statistics gathered in a single volume

The most recent Statistical Yearbook of Portugal (SYB) is now available, a compendium of official statistical information published on a regular basis, the key reference document for all those who seek to have a comprehensive statistical portrait of the country in various areas of analysis in one single volume.

Through almost 700 pages the 2014 SYB organises national data around four major themes: Territory, People, Economic Activity and State. This publication contains data tables, a brief analysis of trends of the main indicators vis-à-vis 2013, and compares Portugal with the European Union.

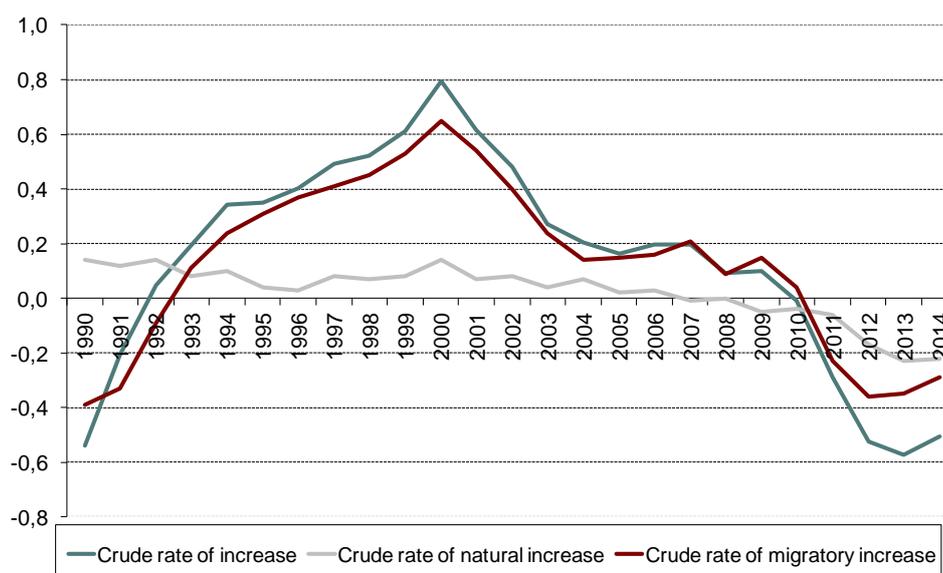
The SYB is available at Statistical Portugal's libraries and Information Network in Libraries of Higher Education Establishments and in around 1,200 libraries in primary and secondary schools. The online version of the SYB (at www.ine.pt), which may be consulted and downloaded free of charge, releases longer time series (1990-2014) than the printed version.

POPULATION FRAMEWORK

In 2014 resident population declined in line with the trend started in 2010, but much more sharply. Population was estimated at 10,374,822 persons, i.e.

198,657 less than in 2009, when it reached a peak. This result was associated with a crude rate of increase of approximately -0.5% (compared with -0.57% in 2013).

Chart 1 – Dynamics of population growth

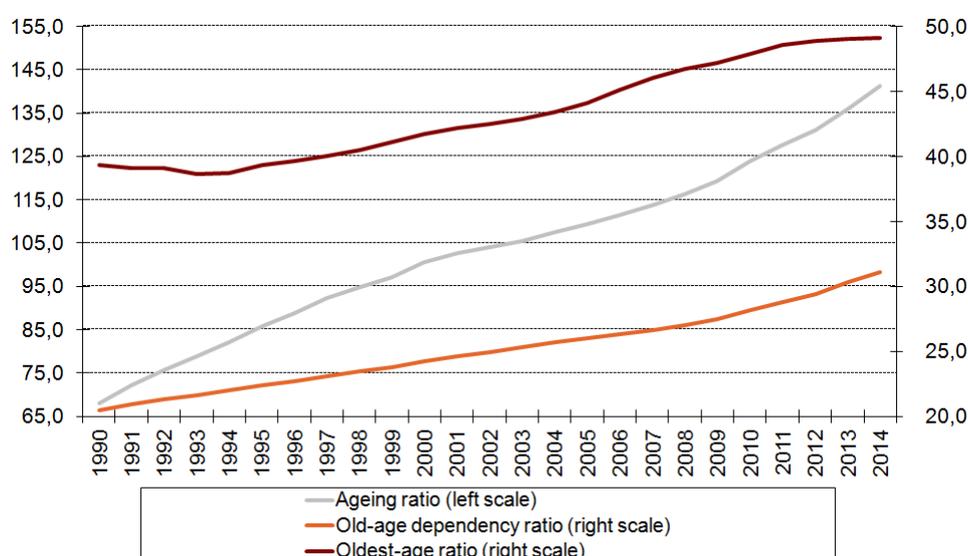


The decline in population resulted from the following trends: on the one hand, the rate of natural increase has maintained a moderately descending profile since 2001, experiencing a negative trend and a successively higher rate from 2007 onwards, currently standing at around -0.22‰; on the other hand, the migration rate, which made the main contribution to the positive change in population between 1995 and 2010, recorded

negative values in the past four years, standing at -0.29‰ in 2014.

The share of the elderly population continued to follow an upward trend, as a consequence of a decline in fertility and an increase in longevity. As of 1990 the share of persons aged 65 and over per 100 residents aged less than 15 (ageing index) has shown a recurrent growth trend (72.1 in 1991 and 141.3 in 2013).

Chart 2 – Outcome of population ageing



The general fertility rate recorded an average 44.25‰ in the 1990s, declining to 41.95‰ in the following decade, dropping further in the following years. Between 2010 and 2014 its average stood at 36.62‰. The latest values for 2013 and 2014 were 33.90‰ and 34.30‰. In turn, in the latter year the old-age ratio was 49.1, i.e. the highest level recorded since 1990, thus following a clear upward trend as of 1995, when this indicator had stood at 39.3.

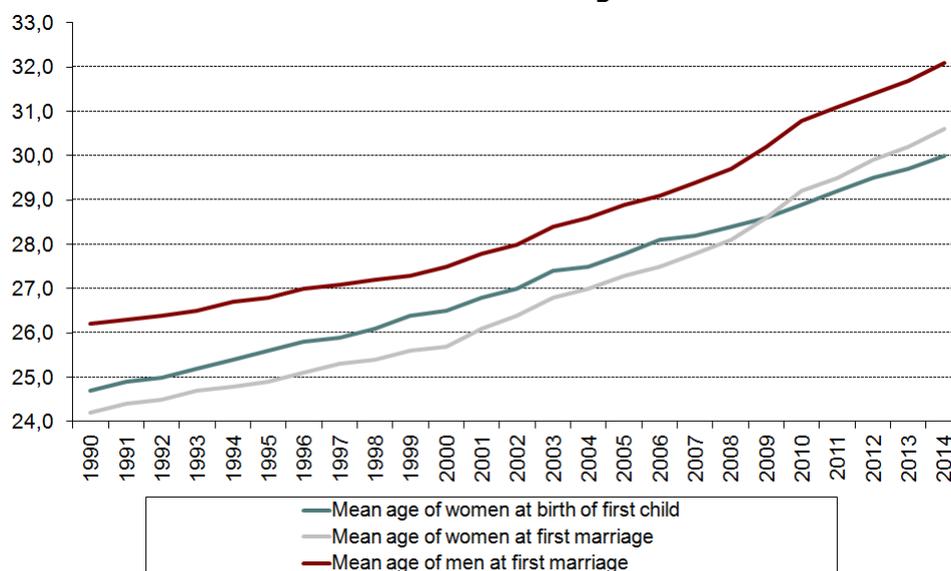
These population trends developed in a context of changes in social behaviour, as shown by a number of indicators. The average ages of women and men at first marriage have increased on a recurrent basis since 1990 (average increase of 5.4 years, when comparing the first half of the current decade with the first half of the 1990s), and in 2014 were 30.6 years and 32.1 years respectively. The age difference between men and women at first marriage declined progressively: it was 2 years in 1990, 1.8 years in 2000, stabilised at 1.6

between 2002 and 2011, and declined to 1.5 years in the three most recent years. Similarly, the age of women at the birth of the first child increased by around 5 years since 1990 and stood at 30.6 years in 2014.

In parallel, the number of marriages tended to decline, without interruption from 2000 onwards. In the 1990s the decline was not strong (the average of rates of change was -1.1%), but in the following decade the fall

was much sharper (-4.5% average). Between 2011 and 2013 the average reached -7.1%. In the latter year marriages accounted for less than 50.0% of those recorded in 2000, mainly due to Catholic weddings. Up to 2006 the number of Catholic weddings was higher than the number of civil weddings. Thereafter, their share of the total was reversed, reaching 36.2% in 2013 (64.8% and 72.5% in 2000 and 1990 respectively).

Chart 3 – Indicators of marriage and births

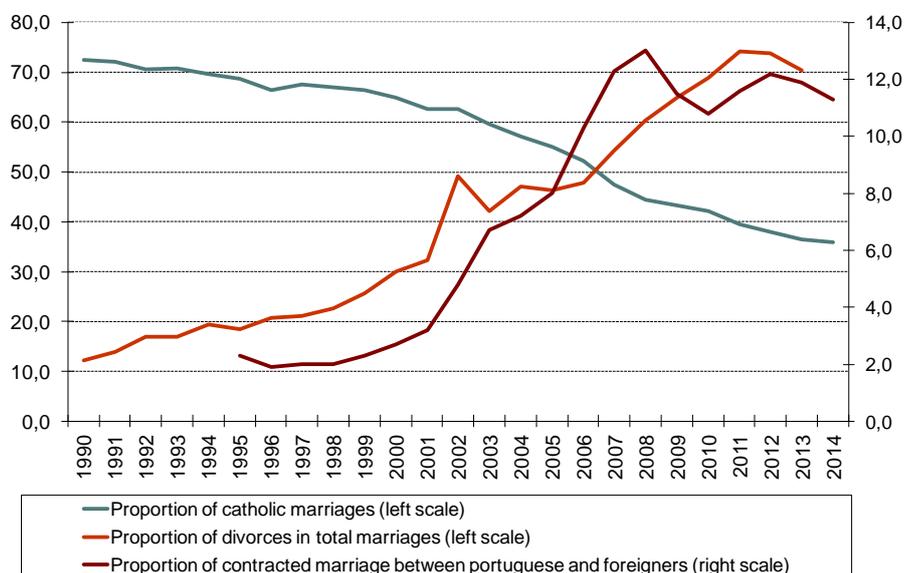


The share of marriages between Portuguese and foreign citizens followed an upward trend up to 2008, when it reached its peak, and fluctuated from then onwards, at a lower level.

The number of divorces followed a general opposite trend. Taking 1990 as a reference, their number more than doubled in 2000 and more than tripled in 2010. In

the longest period (1990-2013), the number of divorces recorded an annual average growth rate of 4.2%, although from 2000 to 2013 the pace was more moderate (1.3%). Since 2010 developments have countered the long trend, with an annual average rate of change of -6.5%.

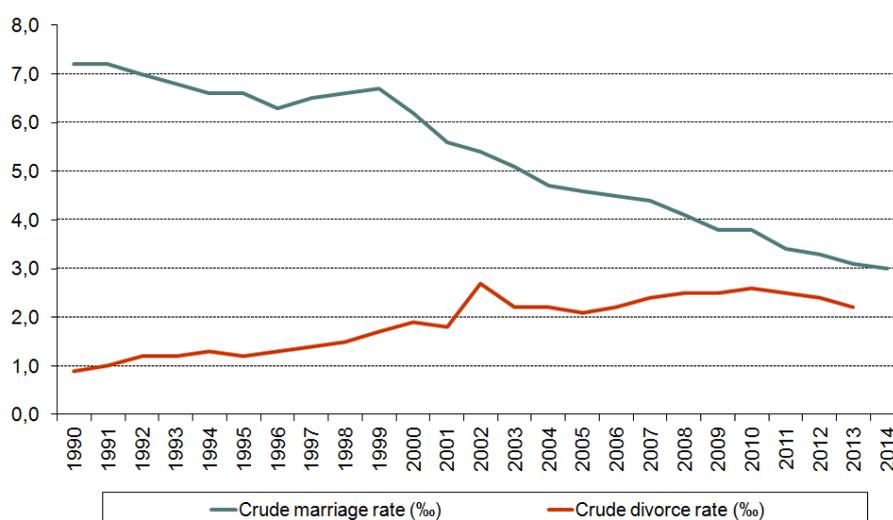
Chart 4 – Weddings and divorces



Foreign population with legal resident status, which had shown systematic increases between 1990 and 2009, started to follow a downward trend since then, and in 2014 recorded a rate of change of -13.6% compared to the peak year. The main issuing countries were Brazil (21.9%), Cape Verde (10.4%), and the Ukraine (9.7%).

The highest declines were recorded in the Ukrainian, Brazilian and Angolan nationalities. Of the 10 main countries of origin, only China and the United Kingdom grew between 2009 and 2014 (by 46.4% and 1.1% respectively).

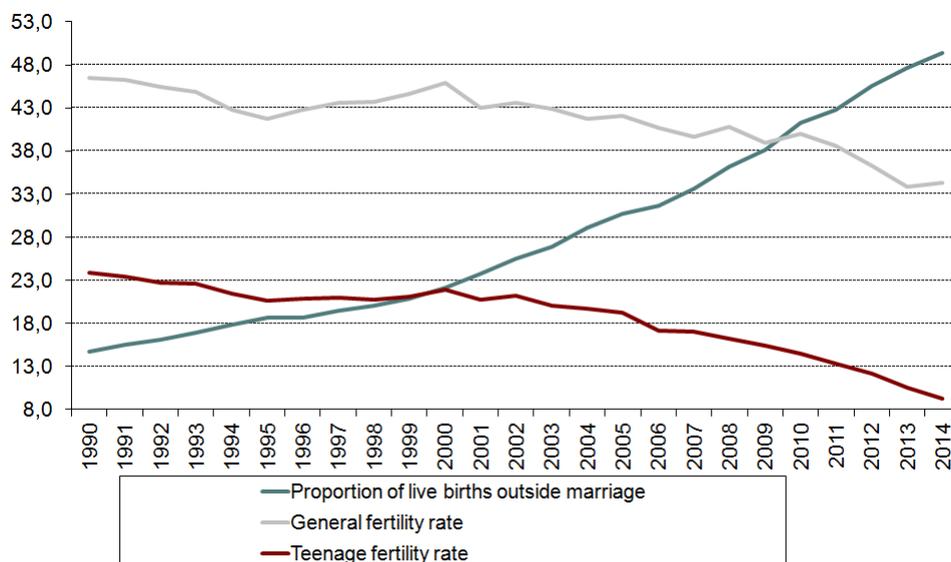
Chart 5 – Crude marriage and divorce rates



The share of births outside marriage also rose, from 14.7% and 22.2% in 1990 and 2000 respectively to 49.3% in 2014. The share of births with cohabiting parents remained stable between 2002 and 2008, at little over 80.0%, and started to decline ever since, to reach 68.1% in 2014. Conversely, the share of births without cohabiting parents experienced contrary developments.

The youth fertility rate continued to follow the downward trend observed from 2000 onwards. The rate stood at 21.9‰ that year, i.e. quite close to the average of the previous decade, but since then it exhibited a noticeable downward pattern, reaching 9.3‰ in 2014. The general fertility rate has declined since 2000, fluctuating at around 40.0‰ between 2007 and 2010, and declining to 34.3‰ in 2014.

Chart 6 – Indicators of Births



SOCIO-ECONOMIC FRAMEWORK

LABOUR FORCE, EMPLOYMENT AND UNEMPLOYMENT

In 2014 the activity rate fell vis-à-vis 2013, to stand at 50.3%. This rate has exhibited a downward trend since 2008. Compared with the previous year the decline was recorded in absolute terms, with 59.1 thousand persons less in the labour force, and also in the share of the labour force in the resident population, with a -0.3 p.p. change, less strong than that seen in 2013 (-0.6 p.p.).

An analysis of the labour force participation rate by gender shows that the difference between male and female participation followed a downward trend. This difference, which was 10.0 p.p. in 1998, declined to 2.6 p.p. in 2014 (3.1 p.p. in 2013).

In 2014 the share of the labour force aged 45 and over vis-à-vis the total labour force increased by around 0.3 p.p., less than in 2013 when compared to 2012 (0.9 p.p.). This share has followed an upward trend over the past 20 years. In 1998 population aged 45 and over accounted for slightly less than 36.0% of the total

labour force, while in 2014 its share stood at around 43.5%. In terms of total employment, this age group

not only had a similar profile, but also always recorded higher values than those of the labour force ratio.

Chart 7 – Activity rates

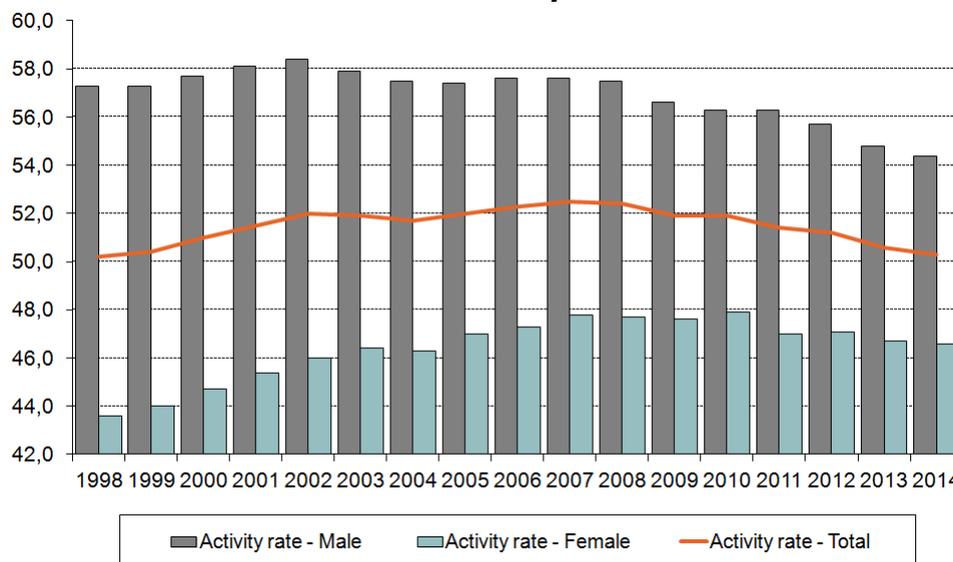
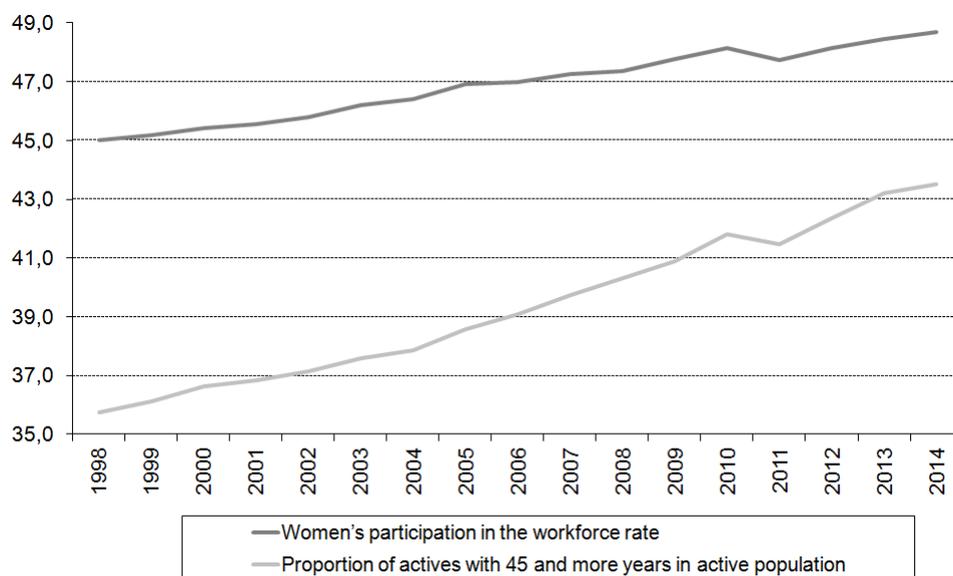


Chart 8 – Indicators of active population composition



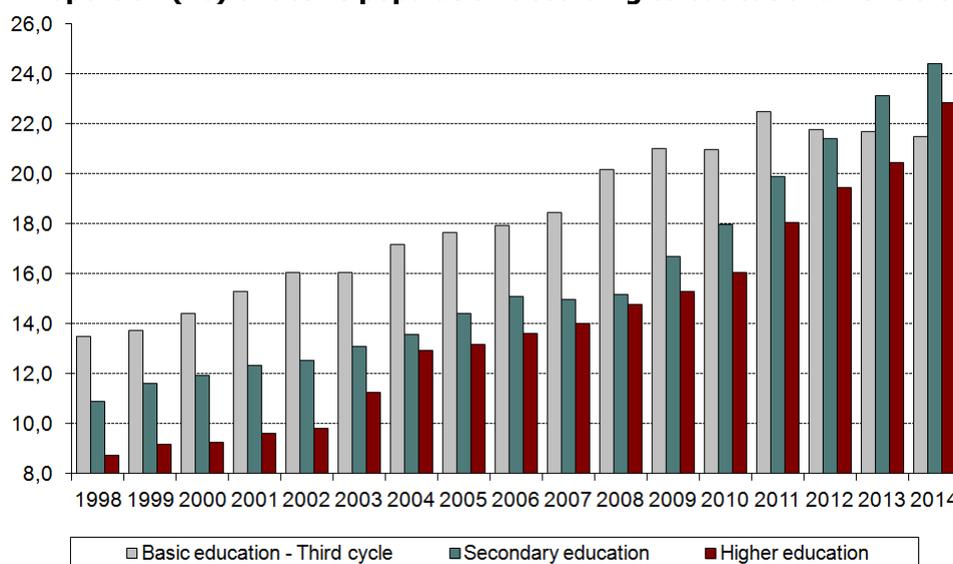
The labour force's educational attainment continued to follow the upward trend observed since 1998, with the decline in the share of persons with completed lower

secondary education extending the trend observed since 2012. In 2014 the number of persons with completed tertiary education rose by 114 thousand,

which corresponded to a 10.5% growth rate, accounting for around 23% of the labour force. Contrary to 2013, secondary education recorded a much lower annual increase than tertiary education, both in absolute terms, with 52.8 thousand persons, and in relative terms, corresponding to a 4.3% growth rate. A comparison with figures for the EU28 showed that, on average, the labour force in Portugal was less skilled, although the tendency is to narrow this gap. In 2014 the share of workers who completed tertiary education was 26.3% in Portugal and 33.0% in the EU28, accounting for a catching-up of 2.1 p.p. of Portugal to the EU28 average. Also, in secondary and post-secondary education there was a similar difference between figures for Portugal vis-à-vis the EU28 (26.7% and 49.4% respectively). This difference,

which had been around 33.1 p.p. in 2005, also declined, to stand at 22.7 p.p. in 2014. Conversely, workers whose maximum level of skills was lower than secondary education stood at 47.0% in Portugal, compared with around 17.3% in the EU28. The trend of the labour force and employment, which had grown since 1998 (with the exception of 2004 and 2009 for the labour force and the 2003-05 period for employment) saw a turnaround in 2011 (labour force) and 2009 (employment). In 2014 there was a rise in employment and a fall in unemployment, which in combination maintained the downward trend of the labour force (-1.1%). From 1998 to 2008 the labour force and employment grew at an annual average rate of 0.8% and 0.5% respectively, declining by 0.9% and 2.8% respectively in the 2008-13 period.

Chart 9 – Proportion (%) of active population according to educational levels completed



The downward trend of employment observed in the past five years (-2.9%, -1.4%, -3.2%, -4.1%, and -2.6%), corresponding to the destruction of approximately 687 thousand jobs, was reversed in 2014, with a 1.6% increase. This notwithstanding, successive falls in employment between 2009 and 2013

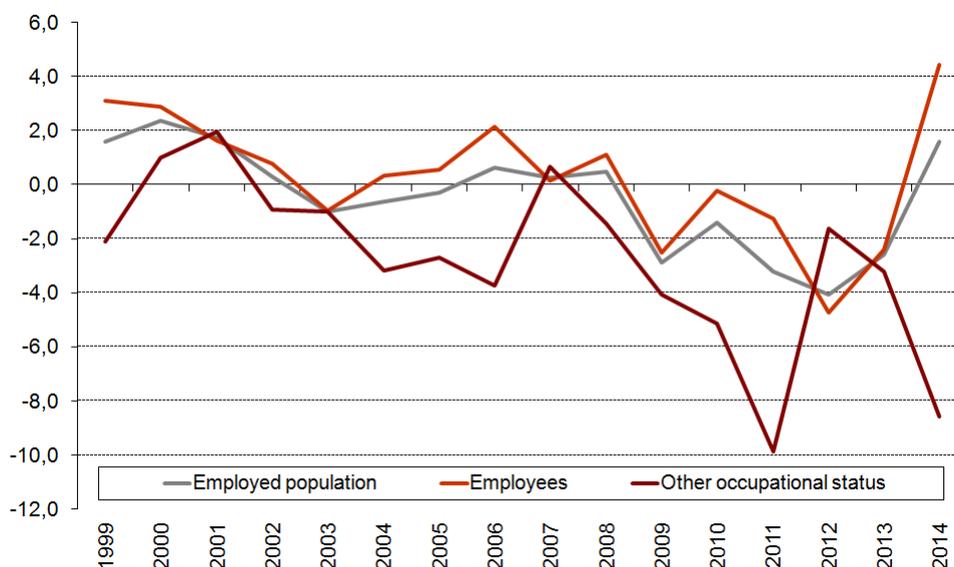
led employment levels to below those recorded prior to 1998.

The different forms of employment other than paid employment accounted for 59.4% of the fall in employment between 2008 and 2011. More recently, in the 2012-13 period, this contribution changed, and

paid employment accounted for 84.2% of the fall. In 2014 paid employment recorded the highest growth rate observed since 1998, increasing by 153.5

thousand persons. This undid the contrary movement usually observed in other forms of employment, translating into an increase in total employment.

Chart 10 – Annual rates of change (%) of employed population

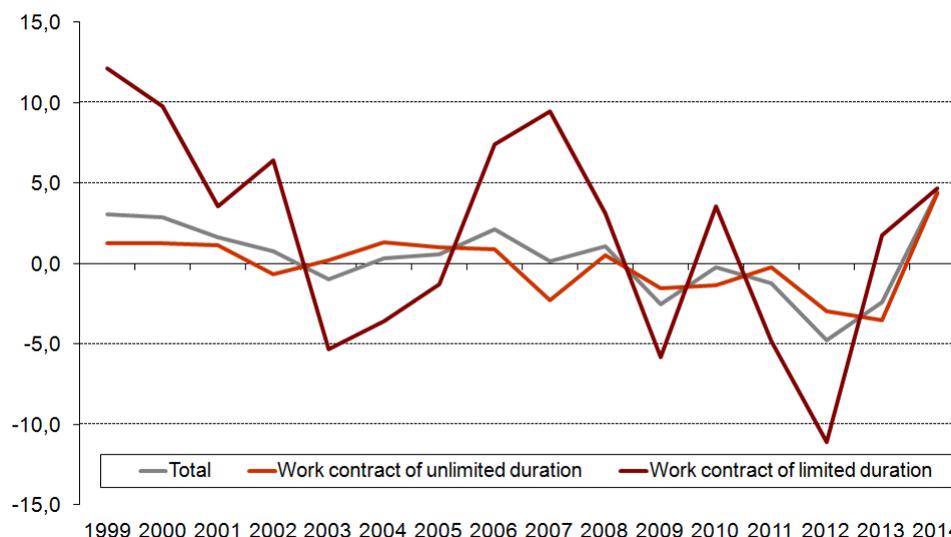


The two types of contract of employees recorded similar increases (4.4% in permanent contracts and 4.7% in fixed-term and other contracts).

Over the course of 2014 there was a broadly based reversal across all age groups of the fall in employment

observed since 2011. The greatest increases were observed in the 15-24 and 35-44 age groups (2.2% and 3.5% respectively). Employed population aged 15 to 24 recorded a recovery of employment for the first time since 1998.

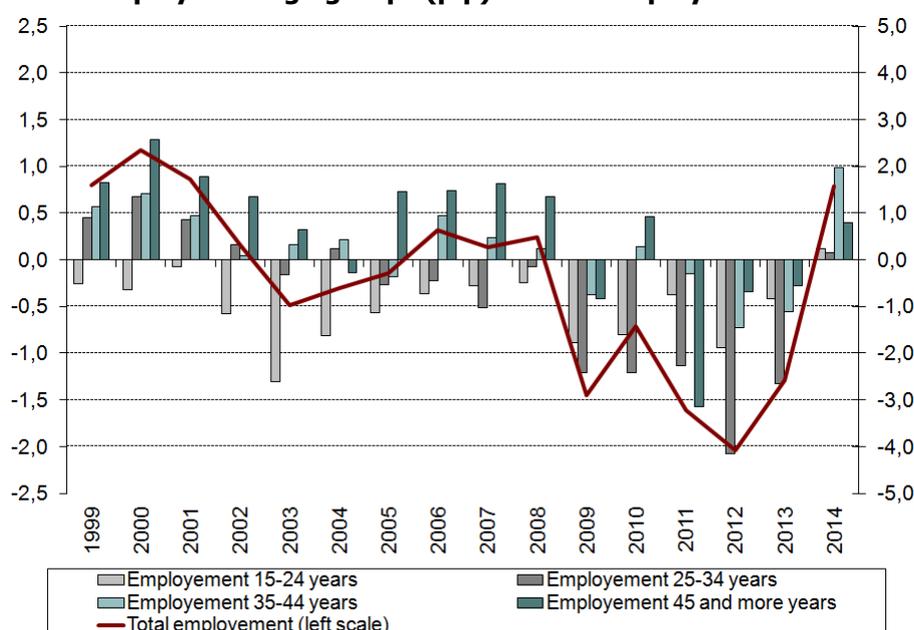
Chart 11 – Annual rate of change of waged employment according to the type of contract



In 2014 for the first time the unemployment rate recorded a reversal of the upward trend observed since 2001, which was only countered in 2008, and dropped by 2.3 p.p. from the previous year. In 1998 the unemployment rate in Portugal was considerably lower than the EU28 average (-4.6 p.p.). Its continuous upward trend, in contrast to that of the EU28, led the unemployment rate in Portugal to higher levels than in

the EU28 from 2007 onwards, albeit with a slight difference (0.4 p.p.). The differential between the rates reached a maximum value of 5.3 p.p. for the EU28 in 2013, declining to 3.7 p.p. in 2014. This profile was quite similar to that of the euro area, although the magnitude of the difference between rates has been less sharp since 2007.

Chart 12 – Contribution of employment age groups (p.p) to total employment annual rate of change (%)



The female unemployment rate was higher than the total average unemployment rate and followed the total growth trend. In 2014 the female unemployment rate stood 0.4 p.p. above the total unemployment rate (0.2 p.p. in 2013).

The share of workers unemployed for more than one year reached a new high, with a sharp increase in 2014 albeit lower than that recorded in the previous year (62.1%), and stood at 65.5%, which corresponded to approximately 531 thousand persons.

Chart 13 – Unemployment rates in Portugal, EU28 and euro area

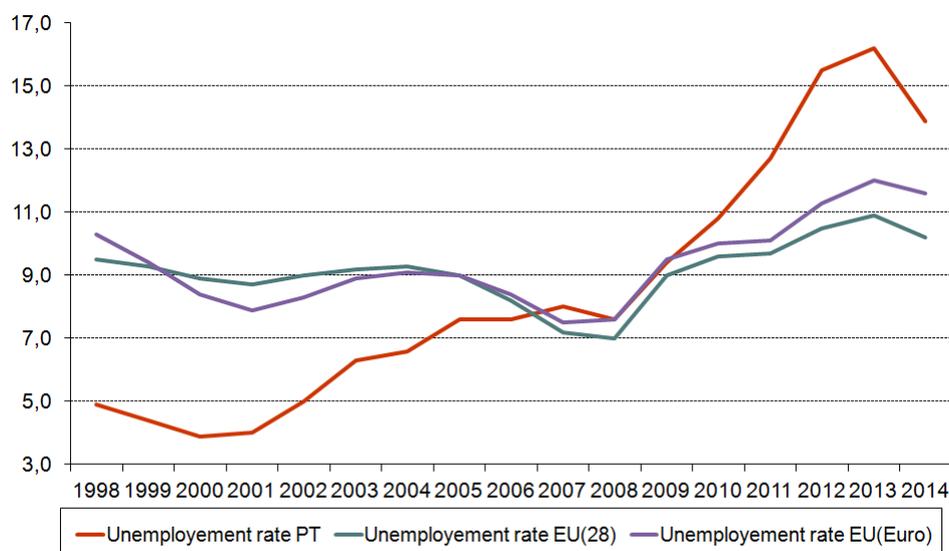
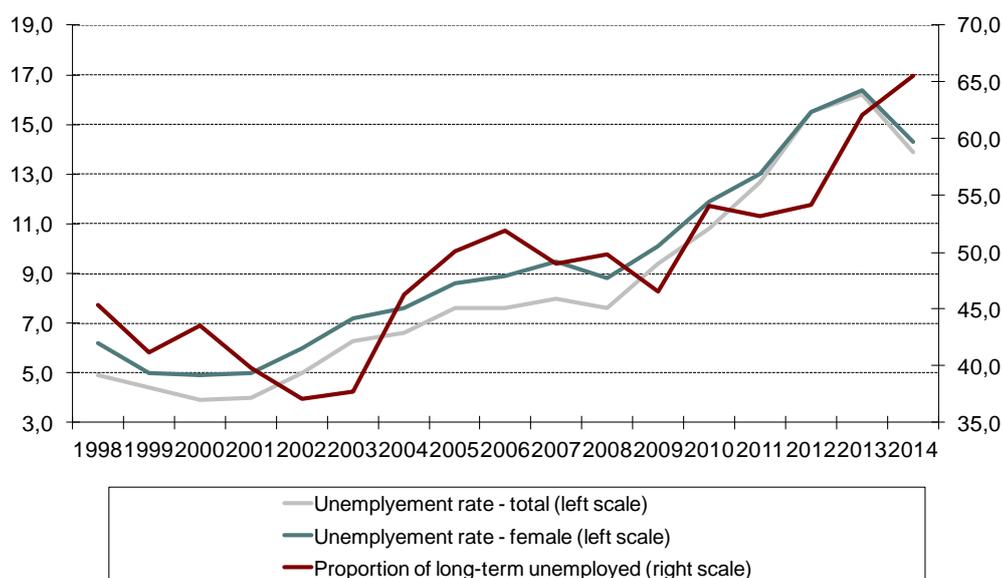


Chart 14 – Female and long term unemployment



INCOME AND LIVING CONDITIONS OF HOUSEHOLDS

Inequality in income distribution worsened again in 2013, similarly to the three previous years. Developments in these four years countered the trend

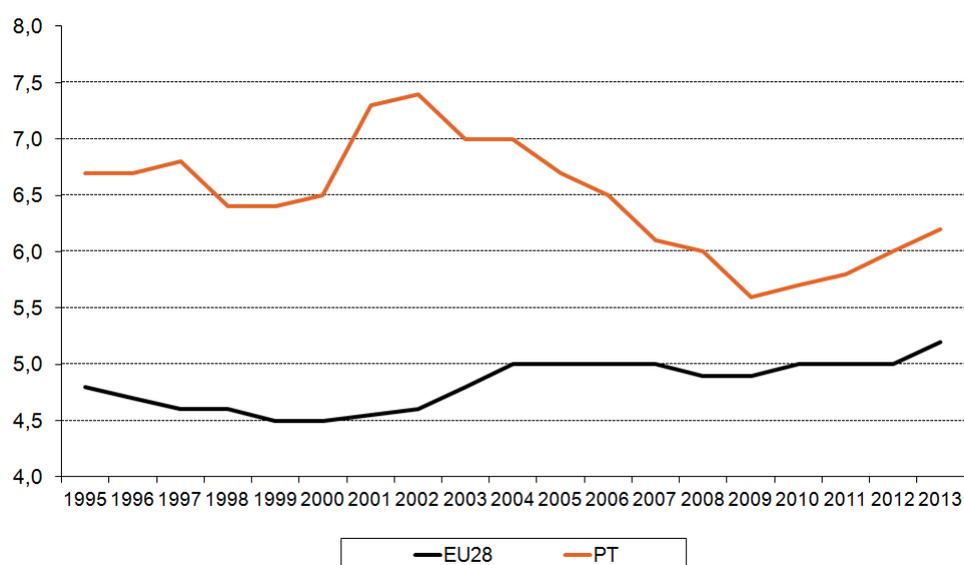
observed between 2003 and 2009. The at-risk-of-poverty rate rose by 0.8 p.p., as in 2012, to stand at 19.5%. The mitigation observed since 2004 was thus discontinued. In addition, there were still significant

differences when considering different population groups.

According to the results of the Income and Living Conditions Survey, in 2012 net equivalent monetary income received by the 20% of the population with the highest income was 6.0 times the income received by

the 20% of the population with the lowest income. This accounted for a further increase vis-à-vis the previous year's results, thus extending the upward trend started in 2010. This indicator resumed the level recorded in 2008, although remaining below the 2002 peak (7.4).

Chart 15 – Inequality of income distribution (S80/S20)



According to the results of the Income and Living Conditions Survey, in 2013 net equivalised monetary income received by the 20% of the population with the highest income was 6.2 times the income received by the 20% of the population with the lowest income. This accounted for a further increase vis-à-vis the previous year's results, thus extending the upward trend started in 2010. This indicator resumed a level higher than that recorded in 2007, although remaining below the 2002 peak (7.4).

The indicator continued to reflect greater inequality vis-à-vis the European average, albeit to a lesser extent than in the first five years of the previous decade, when the differential was above 2.2 p.p. In the second half of said decade the differential narrowed, to stand, on average, at 1.2 p.p. This downward trend extended into

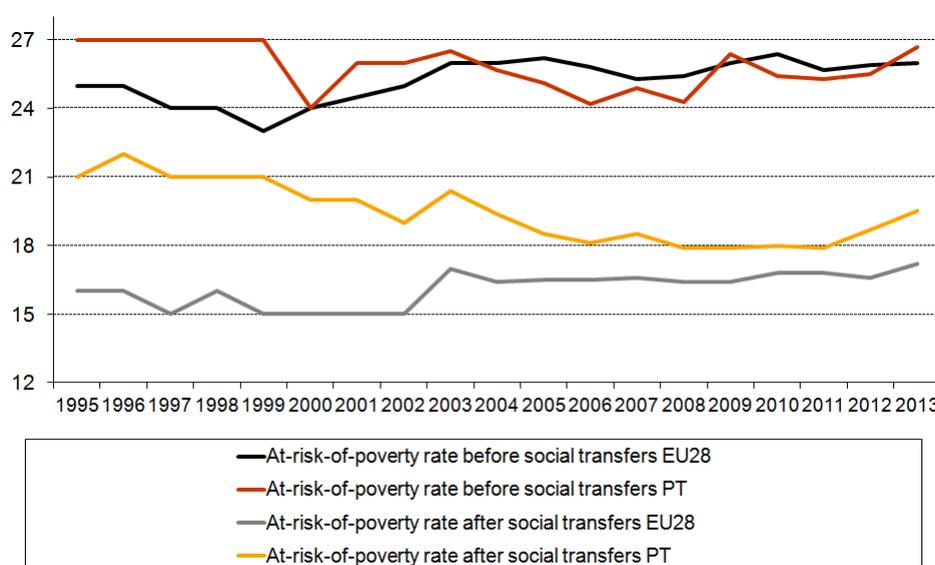
the early years of the present decade, culminating in a differential of approximately 0.7 p.p. in 2009 and 2010. This narrower differential was due to improvements observed in Portugal since 2003 and a stabilisation of the indicator at European level (in the EU28 this indicator stabilised at 5.0 between 2004 and 2012). A comparison of the Portuguese situation with the euro area's yields the same type of result, i.e. a greater degree of inequality in income distribution and a tendency to ease such disparity since 2006, also due to the opposite paces of indicators in Portugal and the euro area. However, in the past two years there was a reversal of the trend, and the differential returned to 1.0 p.p. The differential did not rise further in 2013,

given that in that year the indicator increased equally in Portugal and the EU28.

According to this survey's data, in 2013 the at-risk-of-poverty rate assessed by the share of population with a net equivalised monetary income below 60% of average income was estimated to stand at 19.5%, corresponding to a 0.8 p.p. increase from 2012. The indicator under review took into account income from (old-age and survivors') pensions and social transfers

(associated with sickness and disability, family, unemployment and social inclusion). Considering only income from employment, property income and private transfers, the at-risk-of-poverty rate would be around 47.8%, i.e. 0.9 p.p. more than in 2012. When also taking pensions into account, the at-risk-of-poverty rate in 2013 would be 26.7%, i.e. 1.2 p.p. more than in 2012.

Chart 16 – At-risk-of-poverty rates



In comparison to the EU28, the at-risk-of-poverty rate was higher in Portugal (in 2013 this rate had been 17.2%, against 19.5% for Portugal). On a first stage, up to 2003 approximately, the difference in at-risk-of-poverty rates was due to both the risk gap before social transfers and the lower impact of social transfers. However, as of 2004 the at-risk-of-poverty gap before transfers vis-à-vis the EU28 was positive for Portugal, and the gap of the impact of transfers went on to have a relevant role, less favourable in Portugal than in the EU28. However, this gap narrowed and, as a consequence, there was a downward trend of the gap

of the at-risk-of-poverty rates after social transfers vis-à-vis the EU28, which in 2011 had stood at 1.1 p.p., compared to around 4.0 p.p. in 2002. However, more recently this gap rose further, to stand at 2.3 p.p. in 2013. In the latter year the at-risk-of-poverty rate before social transfers was again higher in Portugal than in the EU28.

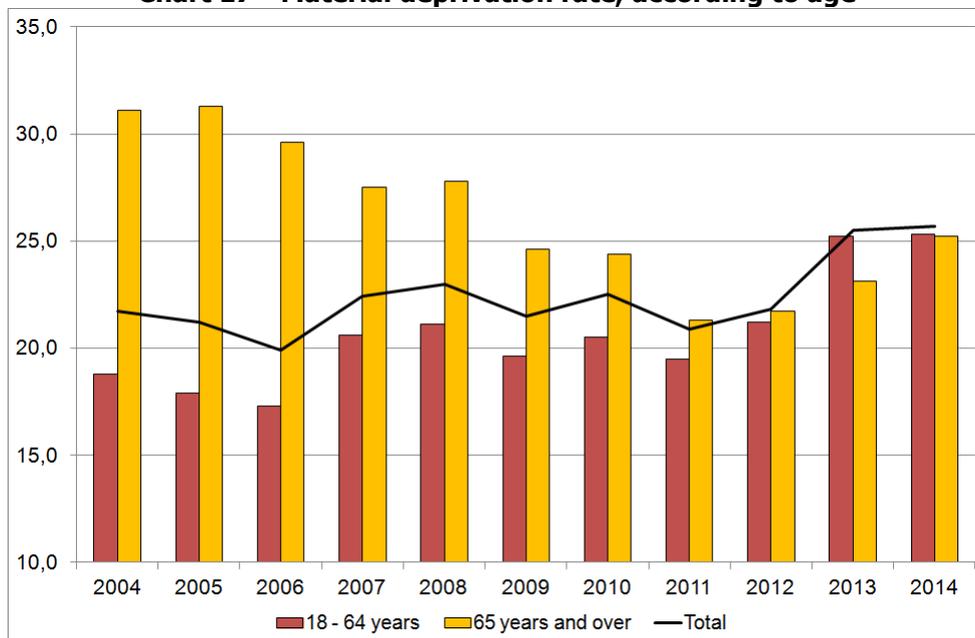
The at-risk-of-poverty rate continued to show differences according to age (more marked for youth, in contrast to the case up to 2006), household composition (penalising larger households and households with one adult and dependent children),

and activity status (the risk of poverty was much higher than average for the unemployed and much lower for the employed population). In the case of the elderly (those aged 65 and over) there were evident improvements between 2007 and 2013, with the at-risk-of-poverty rate declining from 22.3% to 15.1%, despite an increase in the latter year. In addition, women recorded a further higher risk in 2013, countering the one-off reversal observed in 2012. A comparison of an at-risk-of-poverty rate after social transfers of 19.5% with the previous values showed a return to the 2004 level, although there were improvements in certain groups. In addition to the elderly, as already mentioned, there were improvements in most households with no dependent children, employed and retired persons. Conversely, there was a worsening in households with dependent children (although with a few exceptions depending on

their composition) and in the unemployed group. Overall, the relative median at-risk-of-poverty gap (as defined by the comparison between the median income of persons at risk of poverty and the at-risk-of-poverty threshold) rose to 30.3%, from 24.7% in 2003.

The material deprivation rate (the percentage of people who, in the period under review, lived in households facing an enforced lack of at least three out of nine material deprivation items) was 25.7% in 2014, which accounted for a slight increase from 2013, when it had risen by 3.7 p.p. compared to the previous year. This indicator has not shown a noticeable trend, but in the past two years it moved to a higher level. Considering a breakdown by age group, those aged 65 and over recorded a noticeable downward trend, albeit countered in the past two years, especially in 2013.

Chart 17 - Material deprivation rate, according to age



In 2013 the dissemination of ICT among households continued, judging from the group of indicators

available, which increased further from the previous years, following clear upward trends. In 2014, 68.0% of

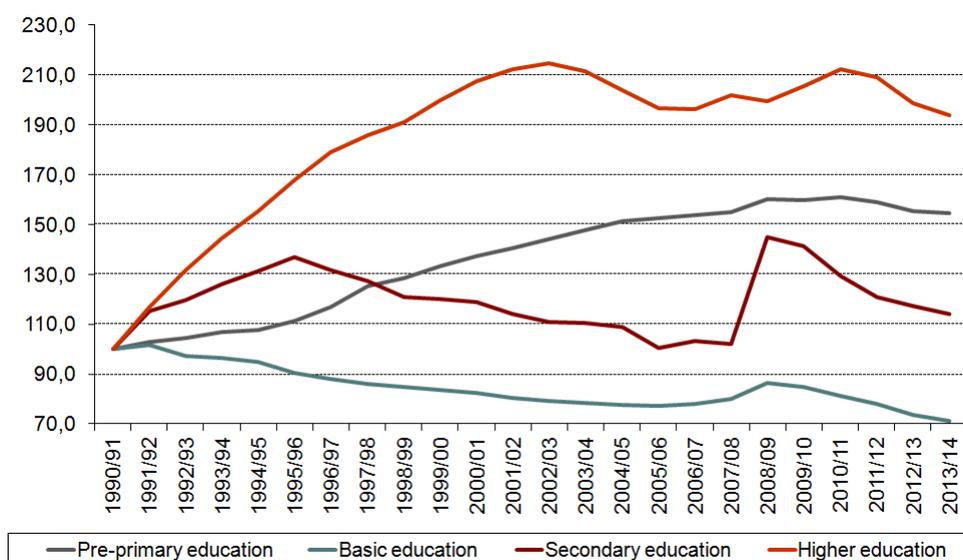
households had a computer, i.e. 1.3 p.p. more than in the previous year, and 25.5 p.p. more than in 2005. 64.9% of households had Internet access (62.3% in 2013, 31.5% in 2005), and 63.4% had broadband Internet access (61.6% in 2013, 19.7 in 2005).

EDUCATION

Legislative changes (framework law on education), demographic developments (decline in the school population), and sectoral policy options (expansion of the public pre-school education network) have influenced developments in the school structure over the past two decades.

The number of children enrolled in pre-school increased between 1990/91 and 2008/09. In the following periods the effort devoted to pre-school, notably to consider it universal for children aged 5 and over in 2009, did not translate into a rise in pre-school population. By contrast, the number of children aged 3-5 enrolled in schools declined by 3.3% between 2009/10 and 2013/14, which may be due to a long downward trend of the population's rate of natural increase. Actually, the expansion of the gross pre-school attendance rate was quite significant. In 1990/91 pre-school education encompassed around half the children aged 3-5, while in 2013/14 it covered 89.8% (declining slightly vis-à-vis the previous year) of this population group, following a clear upward trend between these two periods.

Chart 18 – Index of enrolled students according to the level of education provided (1990/1991=100)



Unfavourable demographic developments also had an impact on the number of students enrolled in primary education, which since the 1991/92 school year has followed a downward trend, only interrupted in the three school years between 2005/06 and 2008/09. There was a considerable increase in adults enrolled in

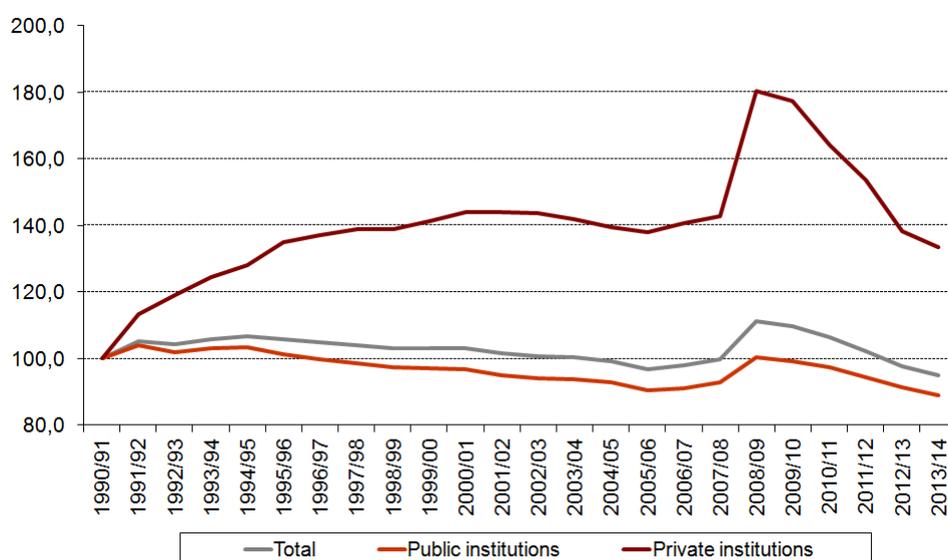
this period, boosted by the System of Recognition, Validation and Certification of Competences (SRVCC), which temporarily raised the number of those enrolled. In the 2013/14 school year the number of persons enrolled accounted for 86.5% of those enrolled in 2000/01 and 71.2% of those enrolled in 1990.

In upper secondary education the situation was similar and of a greater magnitude: the downward trend of the number of students enrolled since 1996/97 was surpassed by the impact of the SRVCC, which led to a strong and sudden increase in students enrolled in 2008/09 (approximately 42.0% more than in the previous school year). Thereafter, it resumed a downward trend, and in 2012/13 it reached a level close to that recorded in 2000/01.

As regards the number of students enrolled, private education at all levels of primary and upper secondary education played an increasingly more important role during the decade from 2000/01 to 2009/10. Up to 2009/10 its weight increased almost continuously at all levels of primary education, especially lower secondary education (third cycle). From that school year onwards there was a reversal of this trend. Private schools

showed a similar profile in secondary education, increasing up to 2008/09 (24.0%, compared to 8.5% and 16.8% in 1990/91 and 2000/01 respectively), and declining in the subsequent years. Conversely, in pre-primary education, it is worth mentioning the expansion trend of the public pre-school education network, which from 2000/01 onwards surpassed private education in terms of the number of students enrolled. The relative importance of the public network remained on an upward trend, except for a brief period, between 2008/09 and 2009/10, although the increases were increasingly lower. In 2013/14, 53.5% of students were enrolled in the public network. The proportion of private schools in tertiary education increased up to the end of the first half of the 1990s, declining afterwards. A maximum share of 36.6% had been reached in 1995/96, in 2000/01 the share declined to 29.4%, and in 2013/14 it stood at 16.7%.

Chart 19 – Index of enrolled students according to the nature of educational institutions (1990/1991=100)



School population enrolled in youth-oriented professional education increased by approximately 117 thousand, which meant a multiplication by around 18.3

vis-à-vis 1990/91 and by 3.8 vis-à-vis 2000/01. Professional education accounted for around 32.4% of

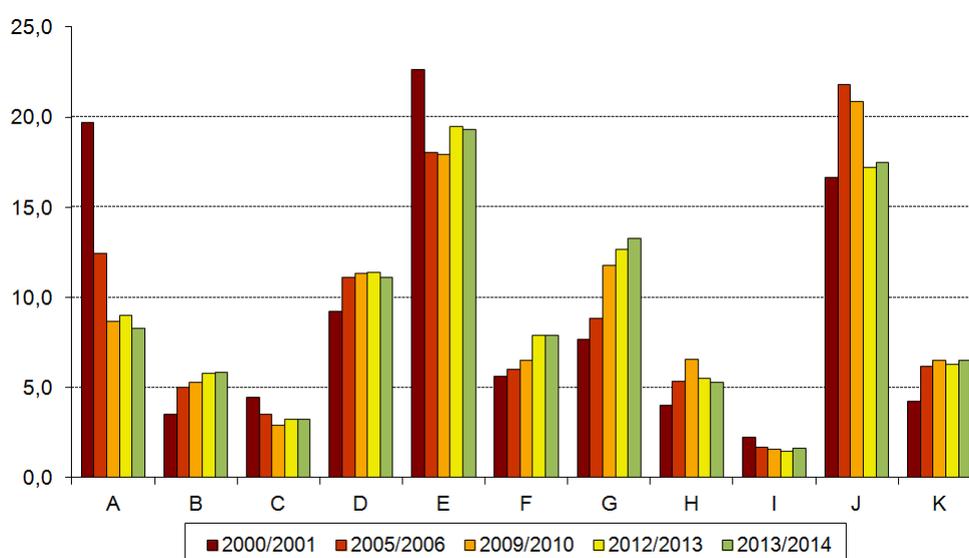
young people in upper secondary education in 2013/14, compared to 2.2% in 1990/91.

The school attendance rate in tertiary education remained on an upward trend, although at various duration levels (from 2002/03 to 2006/07 this ratio stabilised at around 27.0%). In the most recent years the indicator was increasingly higher than 32.0%,

compared with 15.1%, 25.9%, and 31.5% in 1994/95, 2000/01, and 2010/11 respectively.

The number of graduates increased by 44.8% in the past 13 years (61.1 thousand in 2000/01, against 88.5 thousand in 2013/14) and their performance improved, as assessed by the share vis-à-vis the number of students enrolled, which in the same period increased from 15.4% to 25.3%.

Chart 20 – Shares of Students graduated at higher education institutions by field of study



A - Teacher training and education sciences
B - Arts
C - Humanities
D - Social and behavioural science, information and journalism
E - Enterprises Sciences, Law
F - Physical sciences, mathematics and statistics, computer science
G - Engineering and engineering trades, manufacturing industries
H - Architecture and building
I - Agriculture, forestry and fishing, veterinary sciences
J - Health, social services
K - Other Services

In turn, university course preferences changed between 2000/01 and 2014/15. There were considerable declines in the shares of graduates in Teacher Training, and to a lesser extent in Business and Administration and Law, as well as Humanities, and Agricultural and Veterinary Sciences. By contrast, the main increases

were observed in Engineering and Engineering Trades, Physical sciences, Mathematics and statistics, Computer science and Arts. In terms of relative position, Business and Administration and Law continued to rank first; Health and Social Services went up from the third to the second position; Engineering and Engineering

Trades rose from the fifth to the third position. In terms of the number of students enrolled, the relative position of the following fields of study changed in 2014/15 vis-à-vis 2000/01, as follows: Business and Administration and Law continued to rank a stable first; Engineering and Engineering Trades continued to occupy a reinforced second position. The third position was occupied by Health and Social Services, which swapped with Teacher Training, which dropped rather sharply.

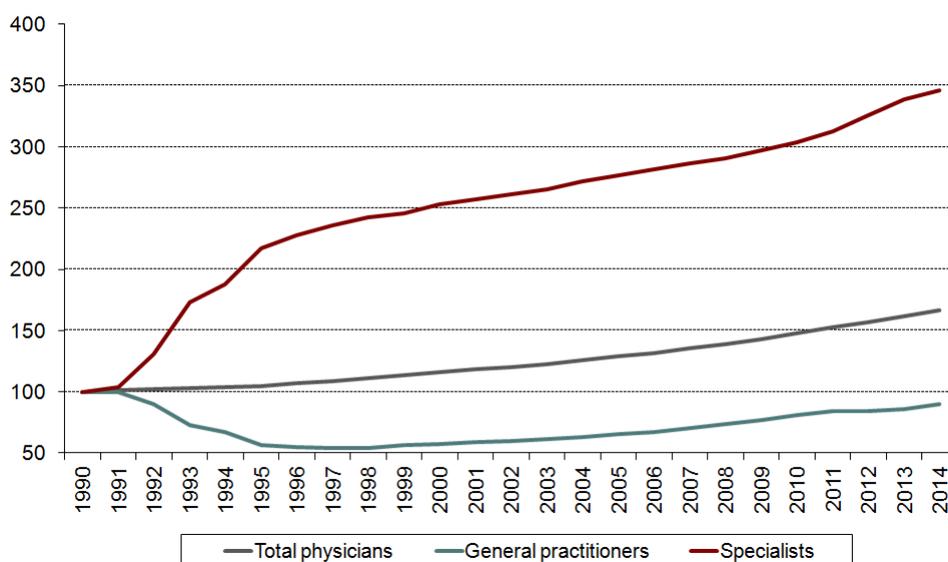
HEALTH

The information available, partly only up to 2013, showed the maintenance of previous upward trends in the sector's human resources, with a greater supply

capacity in more specialised segments and a more intensive use of the available resources.

An analysis of human resources showed a continuous improvement in the number of doctors per 1,000 inhabitants, which was 4.5 in 2014, corresponding to an increase of one doctor per 1,000 inhabitants in the last decade. The same trend, and even stronger, continued to be observed in the number of nurses per 1,000 inhabitants, which reached 6.4 in the same year, against 4.2 in 2003. The number of specialist doctors continued to rise at a rate of 2.2% between 2014 and 2013, and the same was true for non-specialist doctors, at a rate of 4.8%. The share of specialists was relatively stable in the first half of the decade, at around 62.0% of the total.

Chart 21 – Doctors index according to main categories (1990=100)



The number of hospitalisations declined by -1.3% in 2013, following a trend started in 2008. The number of hospitalisation days also followed a downward trend, although fluctuating considerably. The downward trend of the number of beds was much more noticeable, i.e. an annual average rate of -0.6% between 2000 and 2013, translating into a fall of -7.0% from 2000. By contrast, the bed occupancy rate followed an upward

trend (78.5% in 2013, against 75.8% in 2000). On the other hand, the number of operating rooms grew at an annual pace of 1.7%, in average, over the same period. There were also upward trends in the number of major and medium surgeries per day, which rose at an annual average rate of 3.5%, and in the number of medical appointments in hospitals per inhabitant, which grew at an annual average rate of 5.0%.

Chart 22 – Health services capacity and use indicators

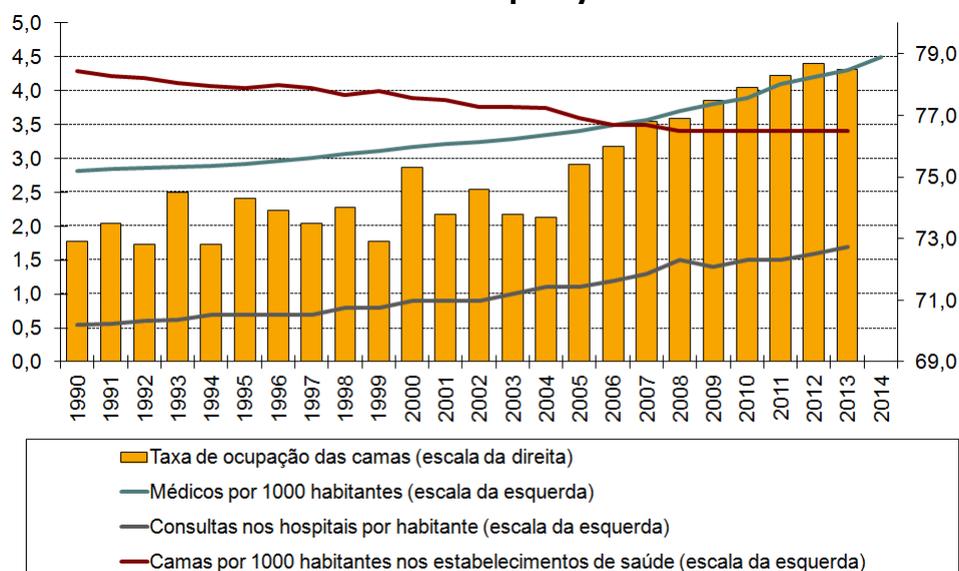
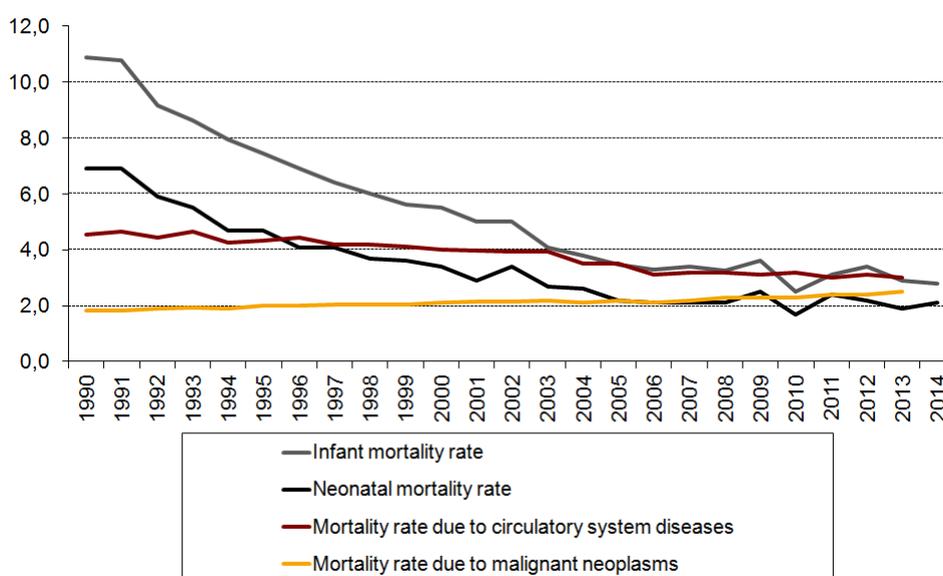


Chart 23 – Mortality-related health indicators



Within the scope of mortality-related health indicators, the infant mortality rate in 2014 declined to 2.8 deaths per 1,000 live births, compared to 2.9 in the previous year. The two latter figures represented this rate's return to its previous long downward trend. In 1990 it had stood at 10.9, declining almost continuously to

2008, when it reached 3.3; between 2008 and 2012 the indicator fluctuated, at an average 3.2.

With regard to the main causes of death in Portugal, 29.5% of total deaths in 2013 were caused by diseases of the circulatory system and 24.3% by malignant neoplasms. With regard to the respective mortality

rates, the former resumed a downward trend, standing at 3.0‰ in 2013 (4.0‰ in 2000), while the latter rose slightly, to 2.5‰, following an upward trend (2.1‰ in 2000).

ECONOMIC ACTIVITY

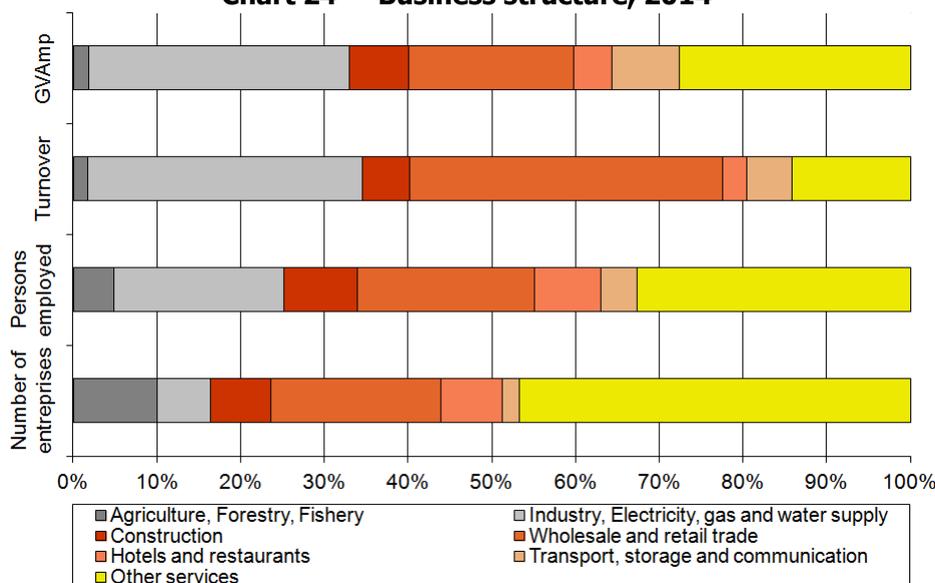
ENTERPRISES

Services as a whole played a predominant role in the business structure (non-financial enterprises), although their share depended on the variable observed (76.4% for the number of enterprises, 66% for the number of persons employed, and around 60% for turnover and GVA). A comparison of data from the Integrated Business Accounts System (IBAS) for 2014 and 2013

showed that the relative importance of services was about the same for all variables considered. Trade was the sector that individually accounted for the highest share (37.3%) of turnover, followed closely by industry (including electricity, gas and water), with a share of 32.8%, quite close to the figures observed in the previous year.

Hotels and restaurants recorded the highest growth rate (vis-à-vis the previous year) in terms of turnover (9.0%), agriculture and fishing was the sector that grew the most in terms of persons employed (3.9%) and GVA (14.2%), while construction continued to record a contraction in all indicators considered (between -2.6% in GVA and -6.7% in turnover).

Chart 24 – Business structure, 2014



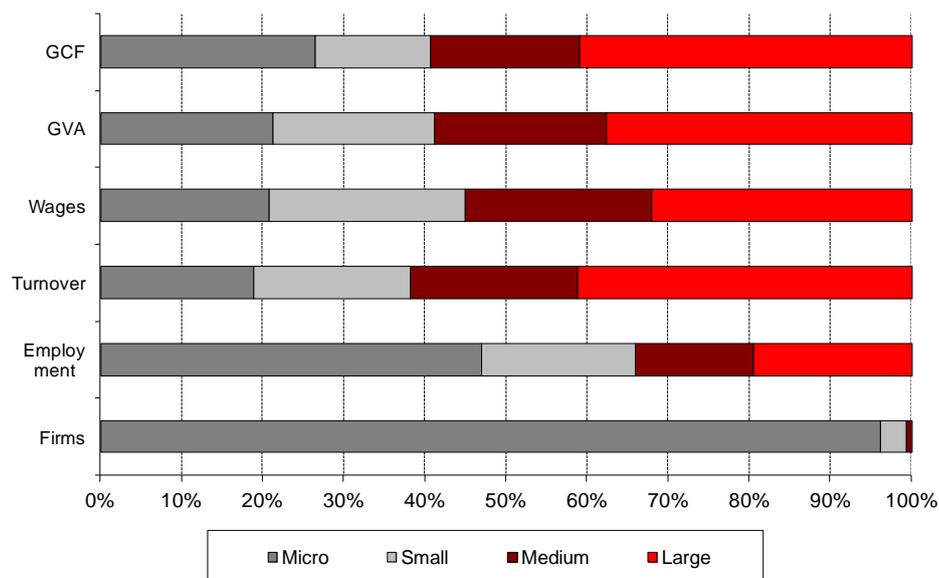
In turn, the production structure continued to be largely determined by the relative importance of small and medium-sized enterprises. Overall, in 2014 the average size of enterprises was similar to that of 2013, i.e. around 3.1 persons employed, which was not far from that recorded in 2005 (3.5 persons employed). In

2013 the share of enterprises with less than 10 persons employed (microenterprises) in total enterprises was approximately 96.2%, covering 47.0% of persons employed and 19.0% of turnover. Enterprises with less than 50 persons employed (small and microenterprises) as a whole accounted for 99.4% of the number of

enterprises, corresponding to 66.0% of the number of persons employed and 38.3% of turnover. Small and medium-sized enterprises (up to 249 persons employed) as a whole accounted for 99.9% of the number of enterprises, 80.0% of persons employed,

and 58.8% of turnover in 2014. The information available for 2013 pointed to a similar structure of this group of enterprises, with only a 0.5 p.p. decline in persons employed and an increase of 0.5 p.p. in turnover.

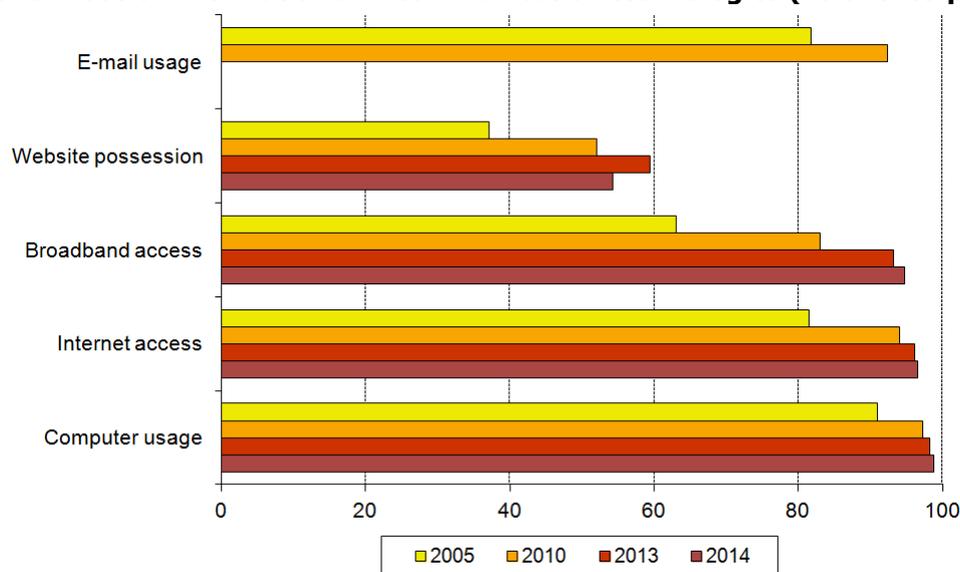
Chart 25 – Business structure according to enterprise dimension (2013)



The use of ICT continued to be broadly disseminated. According to the Survey on ICT usage in enterprises, in 2014, 98.8% of enterprises had computers, i.e. 0.6 p.p. more than in the previous year and 7.8 p.p. more than in 2005. In turn, 96.5% of enterprises had Internet access (slightly more than in 2013), and 94.7% of the total had broadband Internet access (1.5 p.p. more).

Vis-à-vis 2005, gains in the Internet connection and website possession variables amounted to 15 p.p. and 17 p.p. respectively, while the gain in the broadband access variable was even more marked (31.7 p.p.). Since 2012 the share of enterprises receiving electronic orders has stood close to 14%, following better years (2008 and 2010, at close to 19%).

Chart 26 – Use of information and communication technologies (% of enterprises)

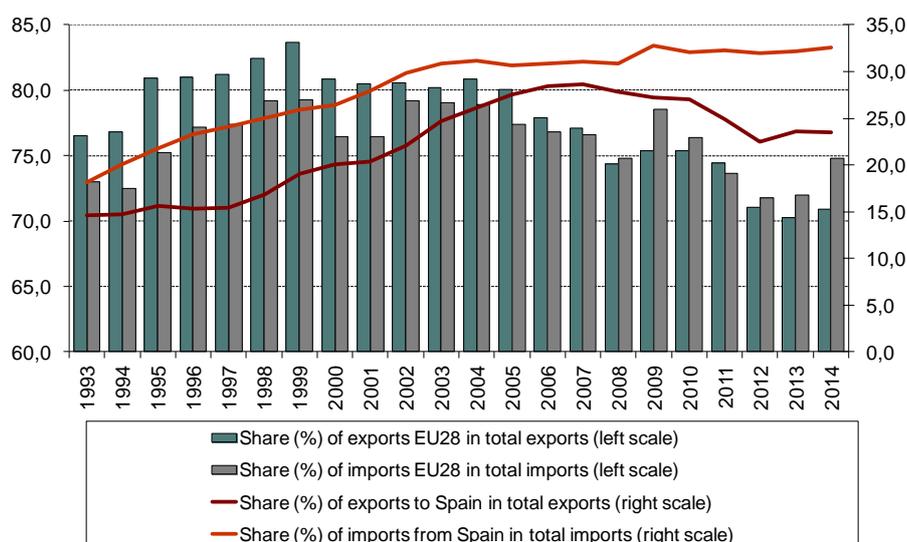


INTERNATIONAL TRADE

The import-export coverage rate declined slightly, after five years of consecutive growth, reaching 81.6% in 2014 and accounting for a 1.4 p.p. decline from the previous year.

After four consecutive years of exports recording a higher annual growth rate than imports, in 2014 imports grew more than exports again (3.4% against 1.7%), resulting, however, in a deficit of approximately €10 billion, i.e. around half that seen in the 2005-10 period.

Chart 27 – Indicators of International trade (%)



Two trends were observed in the 2010-14 period, one of which related to a reduction in the degree of dependence on exports (the share of the four main export markets in the total reached an average 54%, against around 60% in the previous five-year period). The other, in turn, which was unfavourable, referred to the share of exports of high-tech goods in the total, which declined to 3.3%, against approximately 6.3% in the previous five-year period.

In 2014 the degree of openness of the Portuguese economy, as measured by the ratio of the sum of exports and imports of goods to GDP at current prices, was 61.7%, growing for the fifth consecutive year. The performance of this indicator since 2010 was associated with a decline in imports, given a contraction of domestic demand, the maintenance of export growth, and a drop in GDP at current prices.

The European Union (EU28) continued to have the highest share in the destination (70.9%) and origin (74.8%) of trade, although there was an evident downward trend since 2000, more moderate for imports. Spain had a share of 23.5% in exports and 32.6% in imports. Germany was the second EU28 country with the highest share in trade flows, having been the destination of 11.7% of exported goods and the origin of 12.3% of imports. France ranked third, with a share of 11.7% in exports and 7.1% in imports. As regards Portuguese-speaking African countries (PALOP in Portuguese), trade with Angola had the highest share, which meant that this country was the fourth customer of Portuguese exports (6.6% of the total).

The other countries with the highest share in Portuguese goods exports were the United Kingdom

(6.1%), the United States (4.4%), and the Netherlands (4%). With regard to imports from other countries, it is worth highlighting Italy (5.2%), the Netherlands (5.1%), the United Kingdom (3.1%), Angola, and China (2.7% each).

The trade structure by groups of products underwent a number of changes, due to the external environment and the domestic context. On the export side, intermediate goods, and food and agricultural products were relatively stable (around 34.0% and 11.0% respectively), and fuels and lubricants declined (from 10.1% in 2013 to 8% in 2014), while transport equipment and accessories maintained the turnaround in the upward trend followed up to 2011 (18.1% in 2011, against 14.6% in 2014). As for imports, transport equipment recorded the most evident increase, while fuels and lubricants declined, with intermediate goods and food and agricultural products recording virtually no change.

NATIONAL ACCOUNTS

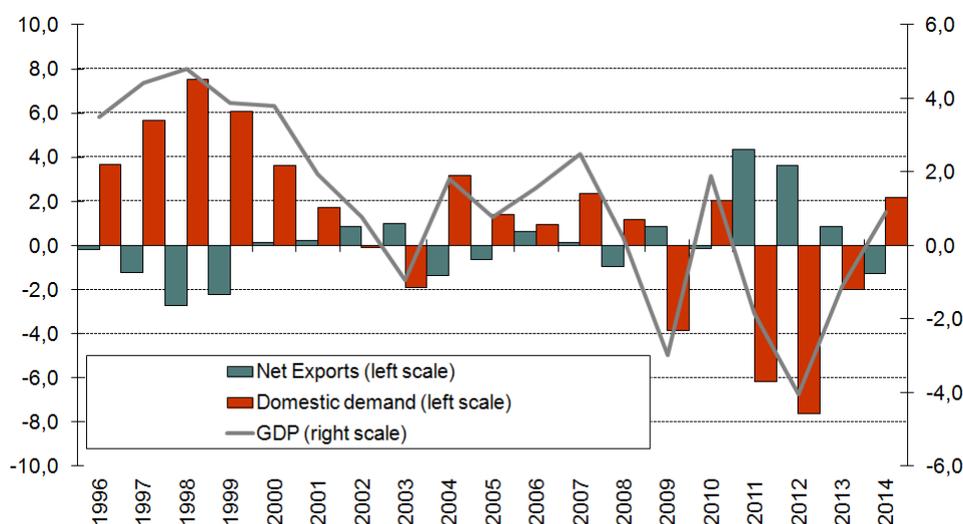
In terms of degree of economic buoyancy, the 1995-2013 period can be divided into two cycles: a shorter one, between 1995 and 2001, of intense GDP growth at an average rate of 3.7%, although decelerating in the latter year, with 1.9% growth; the other, from 2002 onwards, of economic stagnation and covering the recessions of 2003, 2009, and 2011-13. In 2014 there was a reversal of the last recessive cycle, with moderate growth. All these (except for the 2003 and 2011 recessions) were in line with euro area economies, although with different magnitudes. Specifically, the most recent recession was associated with a modest recovery of economies after the 2008-09 crisis, the recessive nature having been determined by

the impact of the restrictive policy applied to the Portuguese economy.

In 2014 GDP grew at a rate of 0.9%, which reversed the successive falls observed since 2011. A comparison of the declines experienced since 2011 showed that there were contrary developments on the aggregate demand side: the expansion of domestic demand countered the contraction observed since 2011 and lower net external demand, which returned to a negative value. The expansion of domestic demand

combined with the behaviour of net external demand contributed to a reversal of the GDP growth rate and a differential of around 2.0 p.p. compared to 2013. In fact, in 2014 domestic demand attained a positive rate (2.2%) compared to -2.0% in 2013, making a key contribution to the rate of change in GDP of around 2.3 p.p. (-2.0 p.p. in 2013). Net external demand made a negative contribution of -1.3 p.p., contrary to the situation experienced since 2011.

Chart 28 – Contribution of domestic demand and net exports (p.p.) to GDPmp real growth (%)



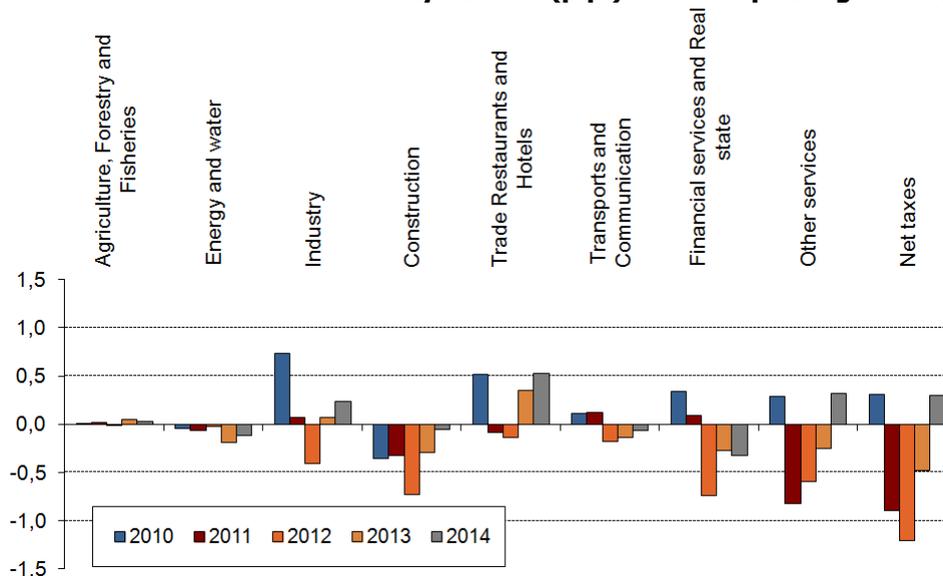
At the domestic level, resident household expenditure on goods and services recorded a real growth rate of 2.3%, in contrast to the contraction seen in 2013 (-1.3%). All three major expenditure groups experienced positive developments. Expenditure on food grew by 0.6%, i.e. -0.5 p.p. than in the previous year (1.1%). Following strong deterioration in the 2011-12 period and a slight recovery in 2013 (+1.3%), durables showed the highest growth rate (+14.6%). Expenditure on current non-food and services

recovered for the first time (+1.5%) following successive contractions since 2011. Household consumer spending made a 1.7 p.p. contribution to the 1.6% rate of change in final consumption expenditure, the remaining originating in general government (marginal contribution of -0.1 p.p.). Expenditure of non-profit institutions serving households was neutral vis-à-vis the rate of change in final consumption. In turn, gross capital formation increased at a rate of 5.5% (+10.6 p.p. than in 2013), reversing the

downward movement started in 2011. The main contribution to the reverse in the trend of gross fixed capital formation was made by investment in transport equipment and other machinery and equipment (18.8% and 14.4% respectively). Construction, although continuing to fall, declined more moderately given the strong negative rates of change observed in the three previous years. From 2008 to 2014 the average rate of change in gross capital formation was -5.7%, and gross fixed capital formation in volume for 2014 was around 65% of the value recorded in 2008.

On the supply side, with the exception of agriculture, industry, trade, hotels and restaurants, and other service activities, the other branches of activity maintained negative paces similarly to the rates of change observed in the previous year. The most unfavourable developments in 2014 were experienced in energy (-4.2%), while construction improved slightly from 2013 (-6.9%), in spite of the negative rate of change in GVA (-1.4%).

Chart 29– Contribution of activity sectors (p.p.) to GDPmp real growth (%)



Although the separation between strong and moderate growth periods up to 2001 and from 2002 to 2013 respectively was visible in most branches of production, on average services branches grew more than industry and agriculture. The relative price of services increased in tandem with this buoyancy (on average, taking the 1995 price level as reference, services prices in 2014 were around 49% higher than prices in industry and agriculture). The resulting volume and price effects

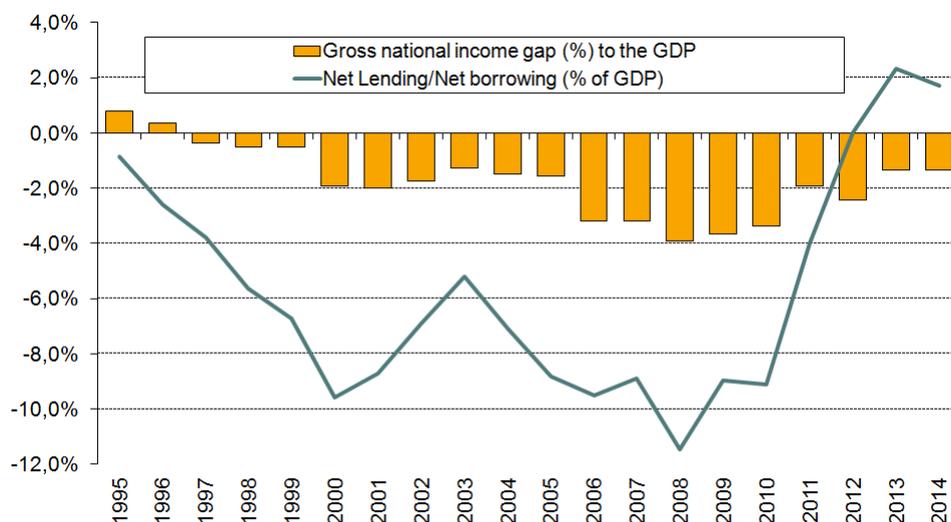
translated into an increase in the relative importance of services, to the detriment of industry and agriculture. In 1995 these two branches accounted for little over 24.0% of GVA at current prices, while in 2014 they accounted for 16%. The importance of services was 66.4% and 76.5% respectively in said years.

Activities	Chain linked volume data - reference year 2011					Current prices				
	1995	2000	2005	2010	2014	1995	2000	2005	2010	2014
Agriculture, Forestry and Fisheries	2,9%	2,3%	2,1%	2,0%	2,2%	5,4%	3,5%	2,6%	2,2%	2,3%
Industry	14,4%	15,0%	14,2%	13,1%	13,8%	18,8%	17,7%	15,0%	13,6%	13,6%
Energy and water	2,7%	3,0%	3,1%	3,3%	3,2%	2,9%	2,5%	2,7%	3,2%	3,4%
Construction	8,8%	9,2%	7,6%	5,8%	4,1%	6,5%	7,6%	6,9%	5,8%	4,2%
Services	71,3%	70,6%	72,9%	75,8%	76,7%	66,4%	68,6%	72,7%	75,2%	76,5%

The ratio of net borrowing (equivalent to the overall current and capital account balance) to GDP widened in the course of the 1995-2000 period, reaching -9.6%. From then onwards, developments were conditioned by recessions. Hence, net borrowing improved up to 2003, but subsequently returned to a level of -9.0%, peaking at -11.4% in 2008. From 2011 onwards there was a noticeable improvement in this ratio, which amounted to -4.1% that year, reaching positive net lending in 2013 (2.3%), which remained positive in 2014 although declining slightly (1.7%).

Recurrent current and capital account deficits since 1995 worsened the international investment position (stock of net external assets), causing deterioration of the primary income account (difference between income received from and paid to non-resident units). In 2008 the negative value of this balance reached 3.9% of GDP, leading to a difference of the same amount between GDP and gross national income (GNI). Between 2009 and 2011 this ratio saw an improvement (-1.9% in 2011) and rose by 0.5 p.p. in the following year (-2.4%). In 2004 it stood at -1.3%, similarly to the previous year.

Chart 30 – Gross national income gap and net lending/net borrowing as % of the GDPmp



PRICES

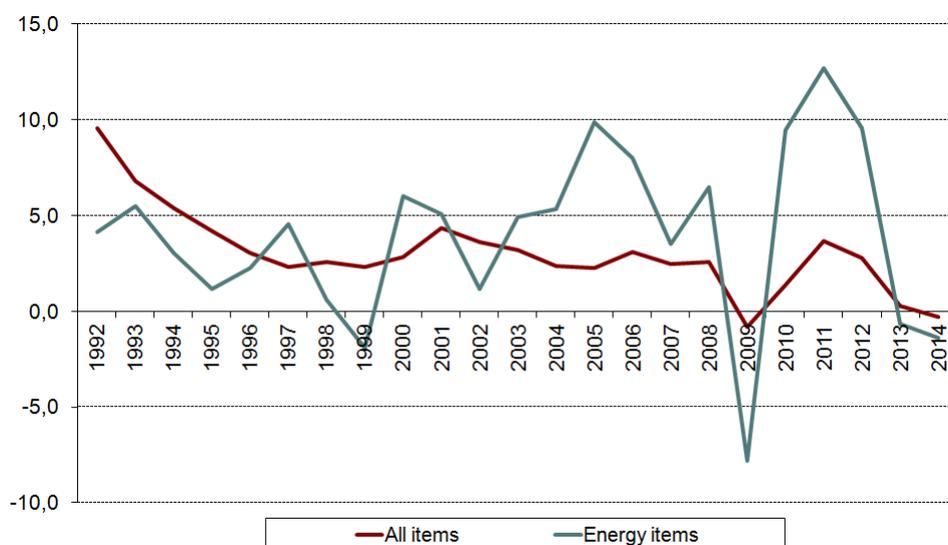
In 2014 the consumer price index recorded an annual average rate of change of -0.3%, contrary to the previous year (0.3% in 2013). Clothing and footwear (-2.1%), recreation and culture (-1.5%), food and non-alcoholic beverages (-1.3%), and transport (-1.2%) were the classes that recorded the most significant price declines between 2013 and 2014. Unprocessed food and energy made a key negative contribution to total CPI.

The update of rates applied to taxes on tobacco and alcoholic beverages in January 2014, as well as the rise in VAT rates in Região Autónoma dos Açores, did not have any significant impact.

A comparison of the annual average rate of change of 2014 with that of 2013 showed that food and non-alcoholic beverages recorded the greatest differential, i.e. about 3 p.p. (from 1.9% in 2013 to -1.3% in 2014). It is worth also mentioning the transport class (4.6% in 2010 to -1.2% in 2014), due to the magnitude of the difference between the annual average rate of change of 2010 and 2014.

In 2014 the annual average growth of services prices was higher than that of goods prices. In fact, in 2014 services prices increased by 0.8% from 2013 (3.1% and 0.7% respectively in 2012 and 2013), while the average rate of change in goods prices was -1.1% (2.5% and 0% respectively in 2012 and 2013).

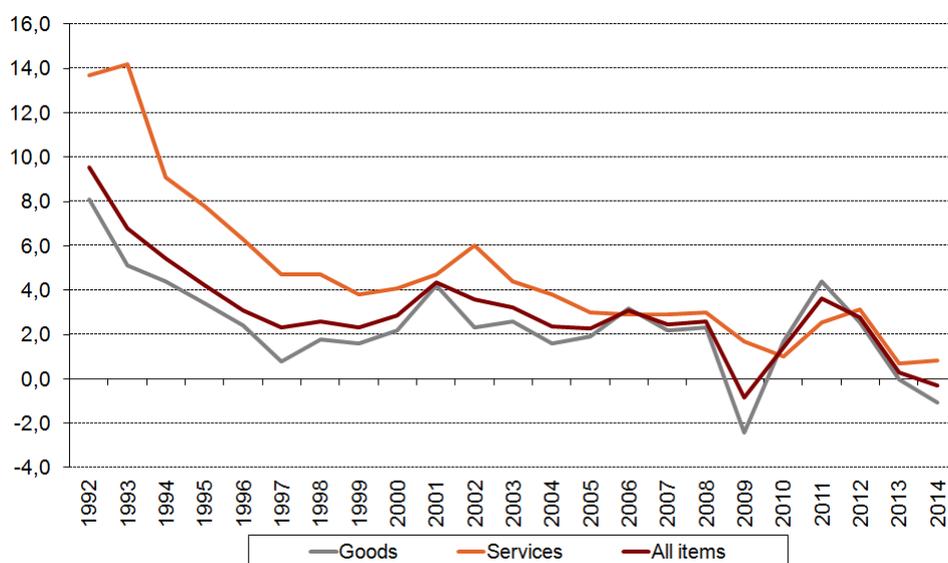
Chart 31 – CPI annual rates of change (%) of prices for all-items and energy items



In 2013 the annual average growth of services prices was higher than that of goods prices. In fact, in 2013 services prices increased by 0.7% (3.1% and 2.6% respectively in 2012 and 2011),

while the average rate of change in goods prices was nil (2.5% and 4.4% respectively in 2012 and 2011).

Chart 32 – CPI annual rates of change (%) of prices for all-items, goods and services indices



The annual average rate of change in the harmonised index of consumer prices (HICP), which is the benchmark for inflation comparisons across European Union countries, stood at -0.2% (0.4% in 2013). A

comparison of the corresponding developments both in the EU28 and the euro area showed that the difference was negative again in 2014 (-0.8 p.p. and -0.6 p.p. respectively).

Chart 33 – Annual inflation rates for EU28, EMU and Portugal (HICP)



GENERAL GOVERNMENT

Net general government borrowing increased in 2014, accounting for 7.2% of GDP on a national accounts basis, i.e. a 2.4 p.p. increase from 2013. This reflected the joint effects of a decrease in total revenue as a percentage of GDP (around -0.6 p.p.) and an increase of around 1.8 p.p. in total expenditure as a percentage of GDP. Primary expenditure as a percentage of GDP declined by 1.1 p.p., which, jointly with the above-mentioned behaviour of total revenue, caused the primary balance to deteriorate, to 2.3% of GDP.

The decrease in total revenue as a percentage of GDP was due to the evolution of current and capital revenue, both of which recorded a fall of about 0.3 p.p. vis-à-vis 2013. At current revenue level, there was a slight increase in tax revenue (0.1 p.p.), as a result of a 0.5 p.p. rise in indirect taxes (taxes on production and imports), which accounted for 14.2% of GDP. This rise was offset by an opposite movement of the same

magnitude in direct taxes (taxes on income and wealth), which accounted for 10.9% of GDP. There was a slight increase in actual social contributions (0.1 p.p.), to 9.0% of GDP. As a result of these developments in taxes and actual social contributions, the tax burden increased by 0.1 p.p., accounting for 34.1% of GDP.

The increment in the ratio of total expenditure was due to a 2.8 p.p. rise in capital expenditure, which reached 6.0%. Current expenditure declined by 1.1 p.p., accounting for 45.7% of GDP. In the case of current expenditure, there was a fall in personnel expenses and social benefits (-0.8 p.p. in both cases), to 11.8% and 19.7% respectively. Social benefits other than social transfers in kind made a positive contribution to said increase, while the share of social transfers in kind (regarding expenditure on products supplied to households via market producers) stagnated. There were also increases in intermediate consumptions and interest paid (around 0.2 p.p. and 0.1 p.p.).

Chart 34 – Revenue, Expenditure and Net Borrowing of General government (% do GDPmp)

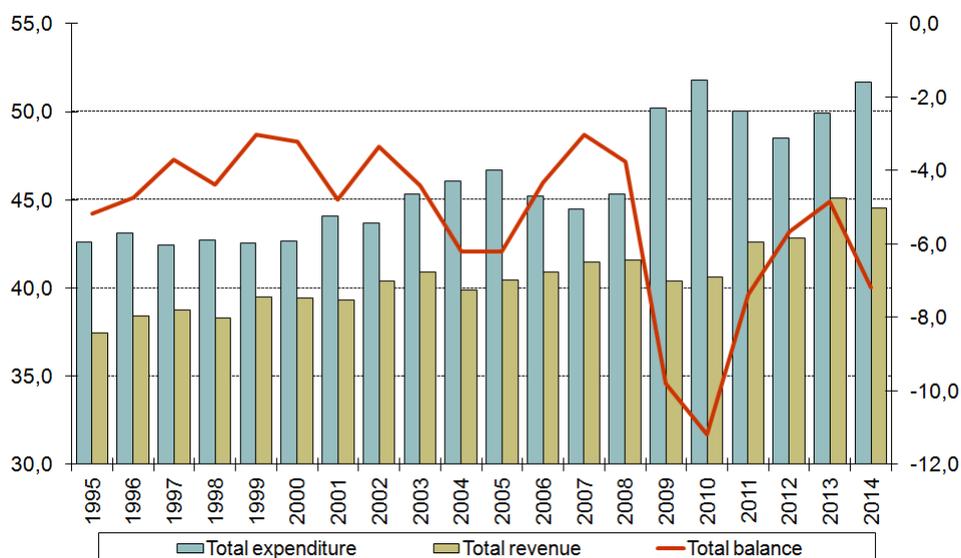
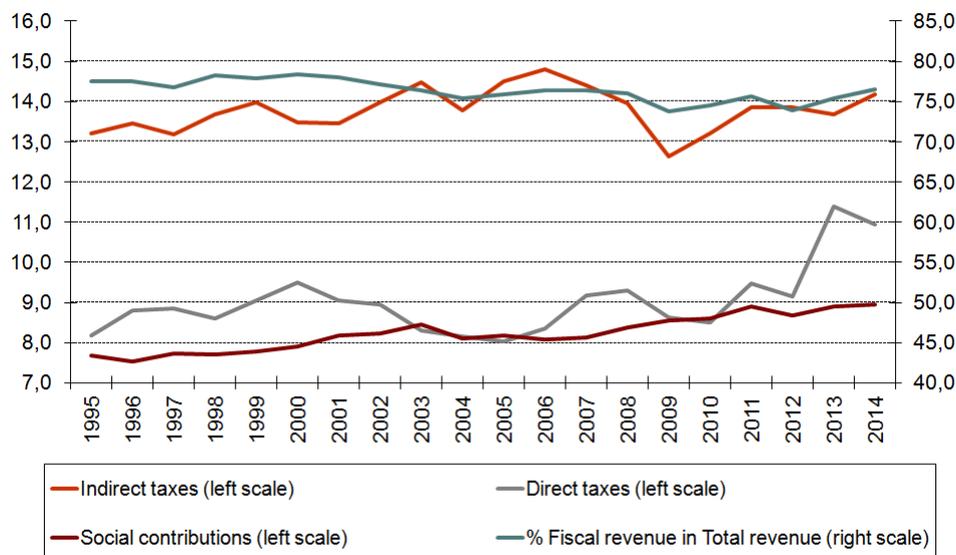


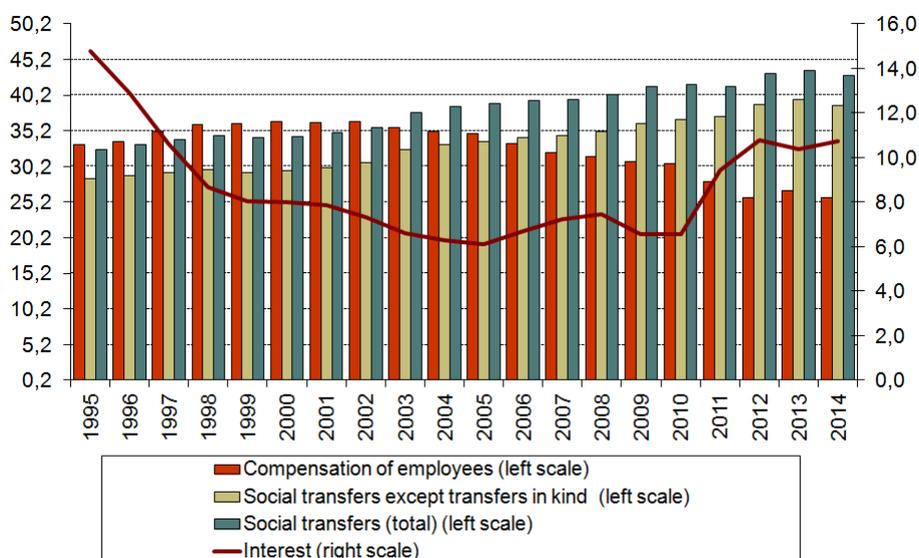
Chart 35 – Tax burden (% do GDPmp) by main tax groups and share of Fiscal revenue in Total revenue



Public debt remained on the upward trend started in 2001, rising to 130.2% of GDP in 2014, which accounted for a 0.8 p.p. increase from 2013. This

result, jointly with that for 2013, represented a deceleration of this ratio's annual growth pace.

Chart 36 – Share of main expenditure groups in Total current expenditure



Statistical Yearbook of Portugal 2014

Cut-off date: 30 September 2015