

COUNTRY PROFILE



Portugal

GLOBAL RANK: 33rd of 104



Portugal ranks far better on Comparative Liveability (25th) than on Economic Competitiveness (46th). The country's exceptionally low performance on education indicators contrasts with high levels of reported satisfaction among the Portuguese with their freedom of choice. Overall, Portugal ranks 33rd.

● BACKGROUND

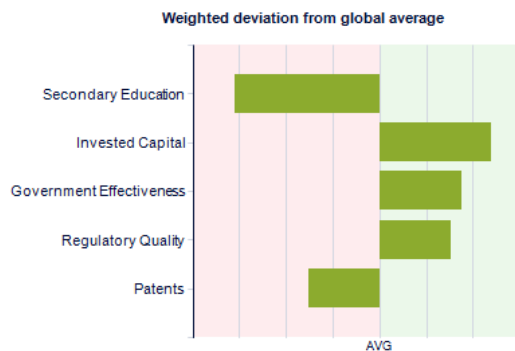
Portugal has suffered in recent years as its comparative advantage in low-cost labour has been eroded by competition from Asia and Eastern Europe. After a period of rapid growth, average income has fallen further behind the Western European average, unemployment has doubled to 8% since 2002, and the country has struggled to stay within eurozone budgetary rules. Portugal's education system suffers from low investment and attainment levels by OECD standards, with universities especially struggling under limited funding. There are ambitious government plans to reinvent Portugal as a low-carbon economy, backed by heavy investment in solar farms, wind farms, and hydropower.

FAST FACTS

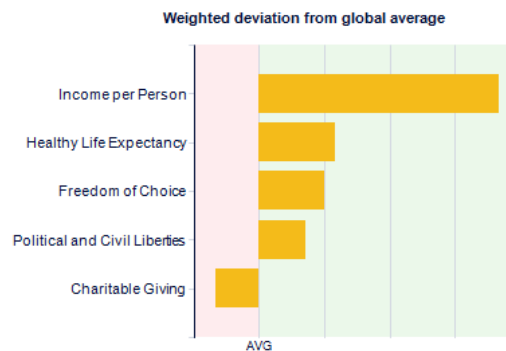
Population:	10.7 million (2008 est.)	FDI (net inflow):	4.39% (2006 est.)
Life Today	5.4 (2006 est.)	Exports	22.01% (2006 est.)
GDP (PPP)	\$230.5 billion (2007 est.)	Imports	33.67% (2006 est.)
GDP (Growth)	1.9% (2007 est.)	Unemployment:	7.7% (2007 est.)
GDP (per Capita)	\$21,700 (2007 est.)	Life Expectancy	78.04 years (2008 est.)
Political System:	Republic; Parliamentary Democracy		
Foreign Aid:	No data		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



After a decade of impressive economic growth during the 1990s, Portugal has struggled to keep up with its EU peers. Economic growth averaged only 0.7% annually from 2002-06, according to the IMF. GDP per capita, meanwhile, is just two-thirds of the European average. With industrial supplies constituting a third of all exports, Portugal has struggled to fend off competition from lower-cost countries in Central Europe and Asia.

Portugal's economic convergence with other EU states is hampered by its ill-equipped mass education system. The average employee in the Portuguese workforce possesses a mere 1.12 years of secondary school education, the lowest level of all developed countries (although this in part reflects the country's late start in growth -- low

The Portuguese place considerable weight on their political and civic freedoms, having endured the military-led 'Estado Novo' regime for a large part of the last century. Since the return of democracy in 1976 and entry into the EU (then, the European Community) ten years later, a high quality of democracy and rising incomes have allowed the country to flourish. Unsurprisingly, the Portuguese report high levels of satisfaction with their freedom of choice on the Gallup World Poll.

Portugal scores comparatively well on health-adjusted life expectancy and satisfaction with air quality, but badly in terms of satisfaction with healthcare. Revamping health services is one of the top priorities for the government, but some of its reforms, such

levels of education among older workers, who entered the workforce prior to the country's period of rapid development, drag down the average). Portuguese show considerable entrepreneurship, with business ownership rates among the highest in the Eurozone.

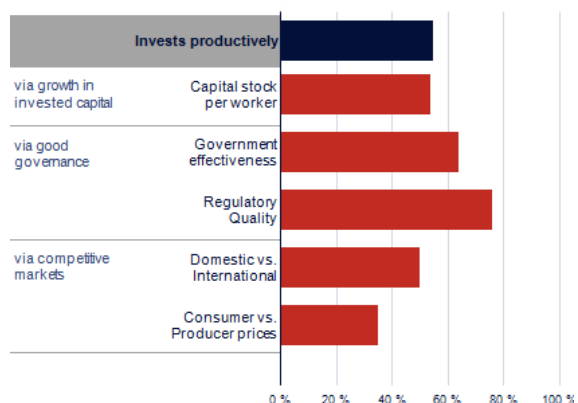
Portugal fails to translate its entrepreneurial drive into concrete indicators of innovation. For example, the number of patents issued is comparable with or worse than some of Europe's former Soviet Bloc countries. However, government effectiveness and regulatory quality are good, suggesting a strong foundation for growth. Another sign of hope that growth will continue, which is common to most EU members, is the amount of capital investment now coming into the Portuguese economy.

as the increased cost of admission into public hospitals, have provoked considerable public opposition.

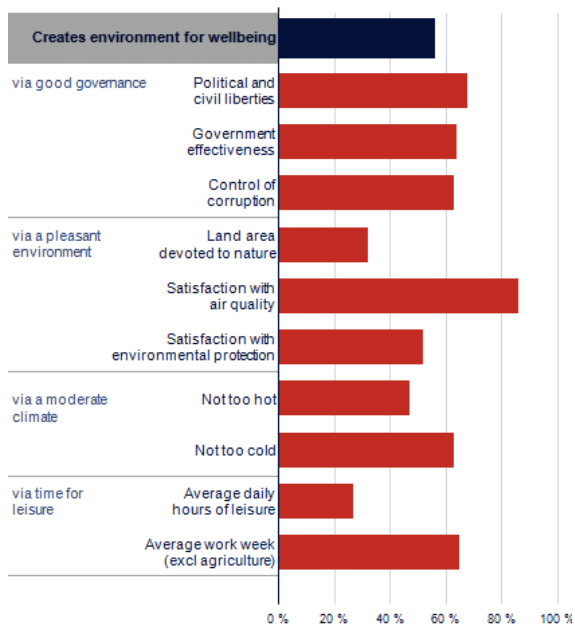
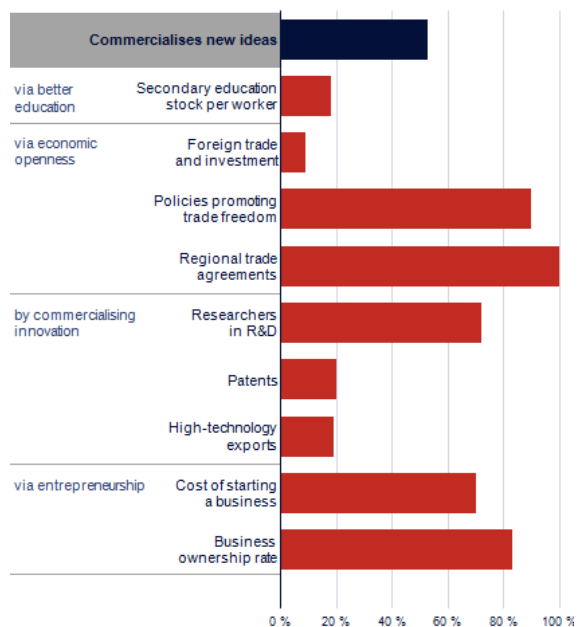
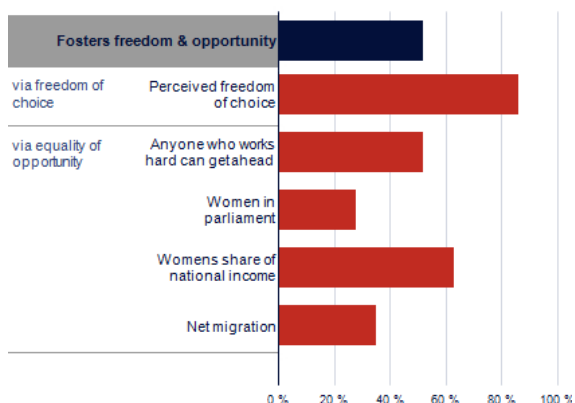
Portugal is the only one of the EU's 27 member states to post a negative score for leisure, indicating that the Portuguese report relatively few hours of leisure time each day. The Portuguese are also highly sceptical that hard work will enable them to get ahead, according to Gallup.

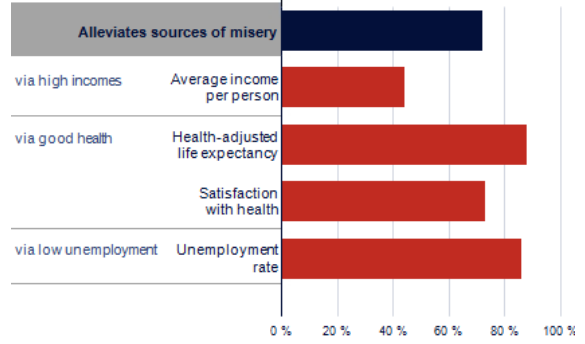
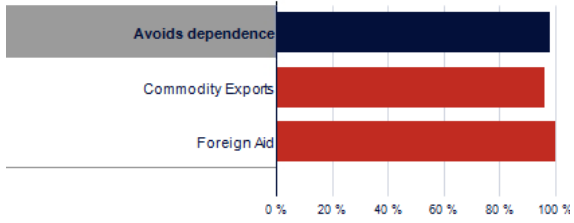
The most concerning aspect of Comparative Liveability is the apparent atomisation of community life. On Gallup and World Values Survey indicators, Portugal scores poorly on everything from social trust and volunteering (both at 12%⁹) to low levels of community involvement and charitable giving.

ECONOMIC COMPETITIVENESS: SCORECARD

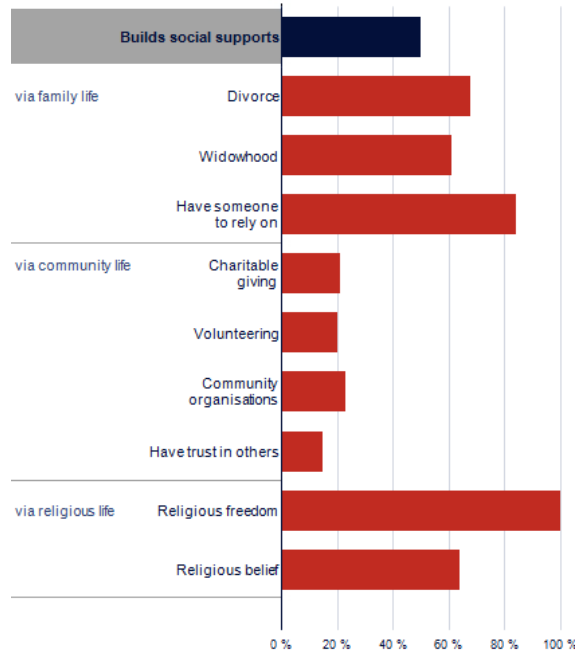


COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



References:

^{9, w} See www.prosperity.com/references.aspx for further details including date of survey, sample size, and margin of error.