

# Portugal's economy



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The Economy of Portugal Please include the assignment and number, the and section number June An overview of the economy of Portugal According to the World Economic Forum's 2010/2011 publication Global Competitiveness Report, Portugal is a high income serviced-based economy and ranked 46th among 139 investigated countries and territories (World Economic Forum, 2010). The economy of Portugal is becoming much more diversified and has experience significant growth since Portugal became a member of the European Community (EC) (Central Intelligence Agency , 2011). However, the recent global economic recession; the low cost of production in Central Europe as well as in Asia; poor educational system; and a rigid labor market has adversely affected the growth rate of the Portugal's economy (Central Intelligence Agency , 2011). Indeed, the economy grew by more than the European Union average in the 1990s, declined between 2001 to 2009 then recorded a 1% growth in 2010 (Central Intelligence Agency , 2011). The 1% growth notwithstanding, Portugal faces tough economic crisis as she recently sought outside help in 2011 in order to recover from her economic problems. In fact, the economic situation is predicted to worsen given the severe austerity measures impose on Portugal by her EC partners (British Broadcasting Corporation, 2011). Gross Domestic Product Portugal's Gross Domestic Product (GDP), which is the market value of all her final goods and services produced within the country in a given period and which is the standard means of measuring a country's economic growth and standard of living, is estimated at \$247 billion as at 2010 with the services sector accounting for 74. 5%, secondary sector contributing 23% and primary sector accounting for 2. 6% (Central Intelligence Agency , 2011). Figures from the Central Intelligence Agency ranked Portugal's GDP 50th

among other countries in 2010. The GDP on a purchasing power parity basis divided by population (GDP per capital) placed Portugal in the 56th position among 228 countries. Portugal's GDP of \$23, 000 is well below the EC average of \$30, 388 (British Broadcasting Corporation, 2011). The GDP real growth rate of 1% was estimated for 2010. An estimated inflation rate of 1.1% places Portugal in the 22nd position among 223 countries. The country unemployment rate jumped from 10.7% in 2010 to 12.4% in April 2011, the highest in 30 years (British Broadcasting Corporation, 2011; Central Intelligence Agency, 2011). Timeline in Portugal's Economy Over the years, the Portugal's economy has changed significantly from an agricultural-based economy to a service-based economy. In the 1960s, the economy was heavily dependent on agriculture but evolved changed to an industry-based economy in the 1970s and service based economy in the 1990 and up to the present time (British Broadcasting Corporation, 2011). For instance, in the 1970s, the primary sector (agriculture, forestry, and fishing) accounted for approximately 16.8%, the secondary sector (manufacturing, construction, mining, electricity, gas, and water) contributed 44% while the services sector accounted approximately 39.4% of the GDP. These figures differ significantly from the current contribution of the various sector services where services sector accounted for 74.5%, secondary sector contributed 23%, and agriculture accounted for 2.6% (Central Intelligence Agency, 2011). According to the European Commission, Portugal's economy will decline by over 4% in the next years and her debt burden is also expected to increase to 107% of total economic output by 2012 (British Broadcasting Corporation, 2011). In fact, the bail-out loan through the austerity measures is also expected to worsen the economic situation by 2013. Portugal is

ranked 49 in terms of average life expectancy (Central Intelligence Agency , 2011). The Portugal population has an average life expectancy of 78. 54 years with 75. 28 year for men and 80. 01 years for women (Central Intelligence Agency , 2011). The net migration rate in Portugal is estimated at 2. 98 migrant/1000 population as at 2011 (Central Intelligence Agency , 2011). Approximately 93. 3% of the population is estimated to be literate with age 15 and above capable of reading and writing. Conclusion Globally speaking, Portugal is a high income society but when compare with other EC countries, her economy is well below the EC average. It is very unlikely that Portugal will recover from her economic problems in the next three years according to the European Commission. This is due to the fact that her debt burden has increased and the austerity measures are also expected to worsen to economic crisis. Furthermore, with emerging economies from Asia, Central Europe and South America, Portugal will face immense competition on the global market, which will definitely affect her economy adversely.

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