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Portugal Trade & Invest

PORTUGAL

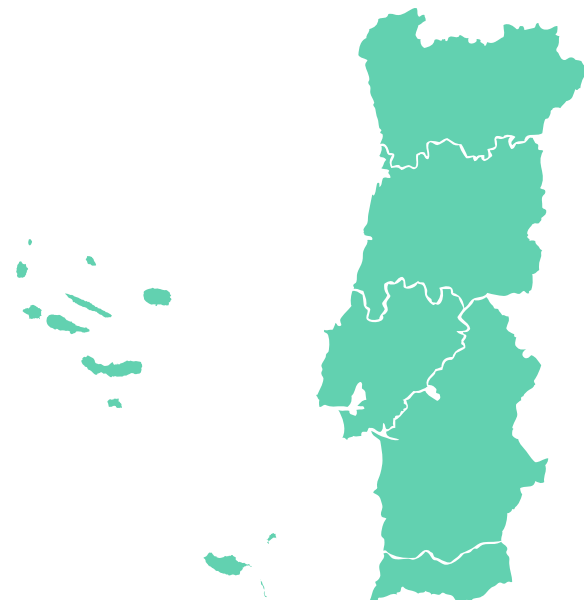
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1. MAIN FIGURES

Geographically located on the western coast of Europe, on the Iberian Peninsula, and with borders stabilized practically since the **13th century**, continental **Portugal** is bordered to the north and east by Spain and to the west and south by the Atlantic Ocean, presenting a **privileged geostrategic position between Europe, America, and Africa**. In addition to the mainland, Portuguese territory also includes the autonomous regions of the Azores and Madeira, two archipelagos located in the Atlantic Ocean.



1.1 Population and Language

Portugal has a population of **10,7 million people** (Statistics Portugal (INE), 2025). The active population in Portugal was 51% in 2024. In geographical terms, the Portuguese population is mostly concentrated along the coastal strip of the country, with an emphasis on the metropolitan areas of Lisbon and Oporto.

Portugal is following the trend of most developed economies, with the median age of the population reaching 47,3 years in 2024 (Statistics Portugal, 2025). However, the country has been experiencing consecutive population growth since 2019, with an effective growth rate of 1,03% in 2024 (Statistics Portugal, 2025), as a direct result of a positive migratory balance. In fact, in recent years, Portugal has been experiencing a constant flow of immigrants of working age, including highly specialized human resources, attracted by the climate and quality of life that the country offers. In this context, Portugal presents itself as a country open to other cultures, having been the **4th country in the integration of minorities** and the **8th in the integration of immigrants**, according to the **2023 INSEAD Global Talent Competitiveness Index**. In 2024, the foreign population resident in Portugal reached 1 543 697 people, according to the Agency for Integration, Migration and Asylum (AIMA).

Considered one of the ten most relevant languages in the world, in terms of users, **the Portuguese language is currently spoken by about 265 million people**, according to the United Nations Educational, Scientific, and Cultural Organization (UNESCO), spread over almost all continents, denoting the importance of Portuguese at the global level, with a strong geographical projection (especially for the southern hemisphere), and with a forecast of increase, especially **in the online section**, where **the Portuguese stands as the 7th most used language** (Statista).

1.2 Snapshot

Official Designation	República Portuguesa
Surface	92 225,20 km ²
Population (thousands)	10 750 (2024)
Active population (thousands)	5 463 (2024)
Population density (hab/km²)	116,6 inhabitants/km ² (2024)
Capital	Lisbon (3,0 million inhabitants – metropolitan area) (2023)
District capitals	Aveiro, Beja, Braga, Bragança, Castelo Branco, Coimbra, Évora, Faro, Funchal (Madeira), Guarda, Leiria, Ponta Delgada (Azores), Portalegre, Oporto, Santarém, Setúbal, Viana do Castelo, Vila Real, and Viseu.
Main religion	Roman catholic (80,2%) (2021)
Language	Portuguese
Currency	Euro
GDP per capita	EUR 27 816 at current prices (2025)

Source: Statistics Portugal (INE), International Monetary Fund (IMF), Demographic statistics – 2021, European Commission (AMECO).

1.3 Geography and Infrastructures

With a coastline stretching over 2 500 km, **Portugal has also one of the largest exclusive economic zones (EEZs) in the world, covering an area of 1,7 million km².** The Portuguese maritime triangle (mainland, Madeira, and the Azores) accounts for 48% of all marine waters under the jurisdiction of the European Union (EU) Member States in areas adjacent to the European continent. Based on the current 200 nautical miles, Portugal is currently in the process of delimiting the continental shelf with the United Nations (UN), with a view to extending the area covered by maritime areas under national jurisdiction to 4 100 000 km² for the purposes of conservation, management, and exploitation of natural resources of the seabed and subsoil.

The Tagus River sets geographically apart the North, marked by mountains and plateaus, from the South, lower and with less relief. The coast, generally low, is also different from the hinterland. Serra da Estrela, located in the centre of the country scores the highest altitude with 1 993 meters. Overall, Portugal's highest mountain is in the island of Pico, in the archipelago of Azores, at 2 351 meters of altitude.



The climate of Portugal is characterized by mild winters and prolonged, pleasant summers. **Portugal sets itself apart with 244 days of sunshine per year: increasingly harnessed endogenous resource, among other purposes, in the production of renewable energy.**

Portugal boasts a dense and modern road network, endowed with 14 339 kilometres of road network, of which 3 113 kilometres are highways. **The Portuguese railway network spans over approximately 2 500 kilometres and** is presently undergoing thorough overhaul and expansion. High-speed trains connecting the two main Portuguese cities, Lisbon and Oporto, and the connection to Spain stand in a 10-year horizon.

Portugal has **15 airports**, of which five are international airports: Lisbon, Oporto, Faro, Funchal (Madeira), and Ponta Delgada (Azores). In 2024, passenger traffic at national airports topped at 70,4 million passengers up 4,3% YoY. Capacity constraints in the Lisbon airport have mounted to the extent that a new airport is going to be built in Alcochete, a small town located 30 kilometres from the capital city, Lisbon.

Portugal's port infrastructure comprises nine main ports : Viana do Castelo, **Leixões**, Aveiro, Figueira da Foz, **Lisbon**, Setúbal, **Sines**, Faro, and Portimão.

The **Port of Sines** holds special significance as a deep-water port, leading in volume of goods handled, in particular also in container cargo. Its geophysical characteristics can accommodate all types of vessels.

Sines is currently experiencing a surge in investment projects, including the expansion of its container terminal to handle larger vessels, the construction of facilities to produce green hydrogen, and the development of a state-of-the-art data center. This same surge reinforces Portugal's position as a leader in renewable energies, technological advancement, and cutting-edge innovation.

1.4 Political Environment

A cornerstone of Portugal's democracy is the rule of law, which guarantees fundamental rights and freedoms for all. This system is built upon the separation and balance of power among key institutions: the President of the Republic and Head of State, the Parliament, the Government, and the Courts.

The independent judiciary is a vital pillar of this system. Composed of various courts, each with its own structure and function, it ensures justice is served impartially.

Marcelo Rebelo de Sousa, who was re-elected in January 2021 through direct universal suffrage, serves as the incumbent President of the Republic. His term spans five years.

The Assembly of the Republic, Portugal's parliament, holds legislative power. This body is composed of 230 deputies directly elected by the people for a four-year term. The most recent elections, held in May 2025, led to the re-election of Luís Montenegro as Prime Minister.

Portugal is a unitary state, but the archipelagos of Madeira and the Azores enjoy a degree of autonomy. These designated Autonomous Regions have their own political and administrative structures with governing bodies.

Portugal is a committed Member State of several multilateral organizations, notably the **United Nations** (UN), being a founding country of the **Euro Zone** (EZ), a founding member of the **North Atlantic Treaty Organization** (NATO) and a member of the **Community of Portuguese Language Countries** (CPLP). Portugal's multilateral foreign policy reflects the country's international vocation, attested by Portugal's active participation in the most diverse world forums, from the United Nations to the **Organization for Economic Cooperation and Development** (OECD).

2. COUNTRY'S ATTRACTIVENESS FACTORS



Business Environment

- ✓ Strategic location
- ✓ High-quality infrastructures
- ✓ Political and social stability
- ✓ Low operating risk
- ✓ Solid governance standards
- ✓ Resilient and growing economy
- ✓ Strengthened external competitiveness
- ✓ Proven track record in successful FDI rollouts
- ✓ R&D ecosystem
- ✓ Recognized tourism potential



Talent

- ✓ Highly qualified and specialized human resources
- ✓ Attractiveness for international talent
- ✓ High level of language skills, particularly in English, French, and Spanish
- ✓ Adaptability and capacity for reinvention



Digital Transformation

- ✓ Robust technological infrastructure
- ✓ High level of adoption of digital solutions, including in the public sector
- ✓ Technological hubs in main cities attracting international companies
- ✓ Attractive entrepreneurial and start-up ecosystem
- ✓ Digitization dynamic based on innovation and talent



Environmental Sustainability

- ✓ Accelerated energy transition
- ✓ Investment in carbon neutrality
- ✓ Leading position and competitiveness in renewable energy, with growth potential
- ✓ Green innovation hub

2.1 Business Environment

Due to its **strategic location between Europe, America, and Africa**, Portugal stands out as a privileged gateway to the European market, which encompasses approximately 450 million consumers. This advantage is the result of the free movement of goods and services within the European Union and strong trade relations with the United Kingdom. **Portugal's historical ties with Portuguese-speaking countries**, fostered further through the CPLP (Community of Portuguese Language Countries), **position it as a key facilitator of business in markets like Brazil, Cape Verde, Angola, Mozambique, and Macau**, encompassing a population of about 265 million.

Endowed with quality infrastructure in terms of highways, ports, and airports, Portugal ranked 16th in the world out of 69 countries in the ranking of countries with the best basic infrastructure, according to the 2025 IMD World Competitiveness Ranking. The country is also well connected in terms of international connections, being a relevant hub for air connections with Portuguese-speaking African countries (PALOP).

Between the top **10**
European countries in
attracting FDI
EY, 2025

Portugal shines with a liberal economy, ranking 25th in the 2025 Index of Economic Freedom (The Heritage Foundation) – well above the global average. This economic strength is bolstered by Portugal's long history, a stable democratic system, and a commitment to social well-being. This is attested by the 7th place in the 2025 Global Peace Index of the Institute for Economics and Peace.

Consequently, Portugal is considered a low-risk country, corroborated by the 2025 INFORM Risk Index, which classifies the country as “Very Low Risk”, in operational terms.

As a result of the structural reforms carried out, **the Portuguese economy is resilient and on a growth path**, on the back of a strong performance of exports of goods and services in recent years. In 2024, the Gross Domestic Product (GDP) registered an annual real growth of 1,9%, above the EU (1,0%), with the total value of exports reaching EUR 133,1bn, corresponding to 46,5% of GDP in nominal terms. The tourism sector had a record performance, totalling EUR 27,7bn in external revenue. Additionally, the macroeconomic scenario for the Portuguese economy contemplates a set of interventions aimed at simultaneously promoting the transformation of the Portuguese economy and society, increasingly focusing on the areas of engineering, energy, and information technology.

Portugal's open and business-friendly environment makes it a magnet for international investment. According to a 2025 report by EY, Portugal ranked 9th among the most attractive European destinations for investors.

Portugal's strengths lie in attracting information technology (IT) projects, particularly in business support services and software development. Major international companies from the USA, Germany, France, and Spain are among the primary investors in Portugal.

Benefiting from a stable and favourable regulatory environment, the Portuguese economy is considered the 4th most open to FDI, according to the OECD (2023). All these factors have triggered the interest of several international players, who have been

choosing Portugal for their latest investment projects. The country has been consolidating its commitment to the development of a Research and Development (R&D) ecosystem, holding 312 R&D centres and standing in the 31st position (out of 139 countries) in the 2025 Global Innovation Index.

2.2 Talent

Portugal's most important asset is undoubtedly its human capital, mirroring a highly qualified and specialized workforce. Portugal's universities enjoy increasing international recognition, especially in the areas of engineering, technology, and management. Portugal has four universities that stand out in the 2025 Financial Times Masters in Finance Ranking and five universities in the Management Ranking, which evaluates and ranks the best master's degrees in finance and management worldwide; seven Portuguese universities are featured in the 2025 Shanghai Ranking of the world's best universities.

Official data state that Portuguese higher education had a total of 436 992 students enrolled in 2024/2025, of which 19,5% in engineering, 9,5% in mathematics, science, and technology, and 21,4% in finance, management, and law.

According to Eurostat, Portugal was, in 2023, the 5th European country with the highest rate of graduates in engineering, consolidating the investment in training and upskilling of qualified resources in strategic areas for the growth of the economy and the competitiveness of the country.

In 2024, more than 101 000 students graduated in Portugal. Finance, management, and law courses came first, with a total of 21 619 graduates. On the other hand, 18 585 students graduated in engineering, followed by mathematics, science, and technology with 9 713 graduates. These numbers reflect the diversity of study areas and the commitment to higher education in Portugal.

With a culture of flexibility and swift adaptability, Portuguese workers have a high level of language proficiency, particularly in English, consolidating their position as the **7th country with the best language skills**, according to the 2025 IMD's World Talent Ranking, and the **6th country with the highest aptitude in English**, in the 2024 English Proficiency Index.

**5th European
country with the
highest rate of
Engineering
graduates in 2023**

Eurostat, 2024

Security and quality of life are among the factors that contribute most to Portugal's attractiveness, facilitating the attraction of highly qualified international talent.

2.3 Digital Transformation

Portugal boasts a **well-endowed technological infrastructure**, namely in terms of its telecommunications network, with state-of-the-art fibre optic covering almost the entire national territory (93,2%) and 5G coverage reaching 98,7% (DESI, 2025). To no surprise, a growing number of data centre operators choose Portugal. This trend is fuelled by Portugal's strategic location on the Atlantic coast, which positions it directly on major submarine data cable routes connecting all continents.

Portugal demonstrates a strong digital presence. In 2023, Eurostat reported an internet access rate of 90,6%, and IDC – International Data Corporation indicated a smartphone penetration rate of around 85% in 2022. This high level of digital adoption is reflected in Portugal's **23rd** place worldwide in the **2024 Global Digitalization Index (Huawei/IDC)**.

Portugal also boasts a strong digital development in its public sector, mainly backed by the Strategy for Digital Transformation of Public Administration (2021-2026). Portugal's digital transformation extends to its businesses as well, ranking **17th** in the **2022-2023 Digitalization Index by the European Investment Bank (EU28)**.

Portugal's thriving startup scene is a hotbed for innovation and digital technology. With over 4 700 startups employing 26 000 people in 2024, Portugal boasts a dynamic ecosystem that attracts investment. The country is home to **six unicorn companies**.

A strong network of incubators and accelerators fuels this growth. Portugal ranks 29th globally in the 2025 Startup Ecosystem Report (StartupBlink). Further highlighting its dynamism, Portugal secured the Web Summit, a leading global tech conference, until 2028. This cements Portugal's position as a major player in the innovation and digitalization race.

Portugal's attractiveness in this domain is further reflected in the **increase in the number of shared services and software development centres in the country** over the past decade, reinforcing the continuous and growing investment by foreign companies in Portugal.

Among other factors, the quality of the human capital existing in the country, with advanced digital skills, stands out as one of the main attractions for investors, as well as for expatriates with strong digital expertise, who increasingly choose Portugal as their destination.

The **6** unicorns
represent nearly
USD 27bn

Startup Portugal, 2025

2.4 Environmental Sustainability

Portugal prioritizes environmental sustainability as a cornerstone of future growth. A significant portion of their Recovery and Resilience Plan (RRP) funds are dedicated to this goal, reflecting their commitment to ambitious targets set out in the National Energy and Climate Plan (NECP 2021-2030) and the National Hydrogen Strategy (NHS).

Portugal's investment strategy focuses on achieving carbon neutrality by 2050, namely, via decarbonization and electrification, backed by a supportive legal and incentive framework.

Portugal has been at the forefront of adopting renewable energies. The abundance of endogenous resources in this field allows for investment in various types of renewables: rainfall for hydroelectric power, solar exposure for photovoltaic solar energy, topography and wind intensity for wind energy, favourable maritime coastline for wave energy, and forest density in terms of biomass, enabling competitive pricing. Furthermore, since November 2021, Portugal has ceased using coal in electricity production, thereby becoming the 4th European country to abandon the use of this source.

**10th best-performing
country globally in the
energy transition**
WEF, 2025

Portugal leads in renewable energy. It ranked 4th in the EU in 2023 for incorporation levels of renewables into gross electricity consumption (Eurostat), and **10th globally in the 2025 Energy Transition Index**. This commitment extends to climate action, where Portugal secured 15th place in the 2025 Climate Change Performance Index.

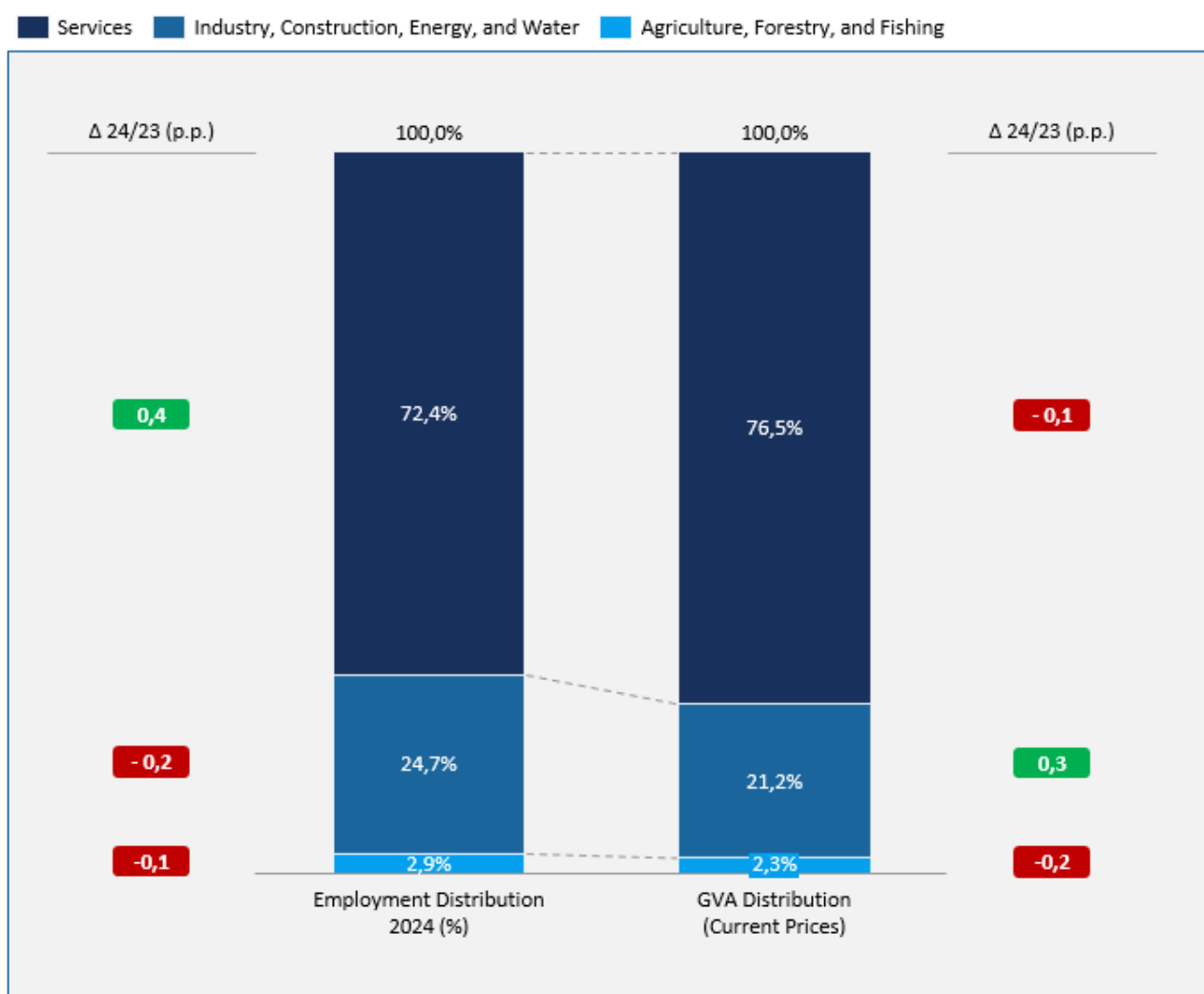
Portugal has become a **hub of green innovation**, notably in pilot projects in emerging renewable technologies. Portugal is pioneering, namely, in the areas of wave energy, floating solar, and green hydrogen. In terms of sustainability, Portugal stands out as the 20th country with the best ranking in the 2025 Sustainable Development Report by the United Nations and as the 4th country in Europe with the best corporate sustainability performance, according to the 2023 MorningStar Corporate Sustainability Report.

3. ECONOMY

Portugal holds the 10th spot in the EU for population (2,4% of total inhabitants) and 14th for the size of its economy (representing 1,6% of the EU's GDP), according to the European Commission.

The Portuguese economy is service-driven, with this sector contributing 76,5% of the Gross Value Added (GVA) in 2024 and employing 72,4% of the workforce. Industry, construction, energy, and water make up 21,2% of GVA and employ 24,7% of the population. Finally, agriculture, forestry, and fisheries contribute the remaining 2,3% of GVA and employ 2,9%.

Employment and Gross Value-Added Distribution (Current Prices) – 2023 and 2024



Source: Statistics Portugal.

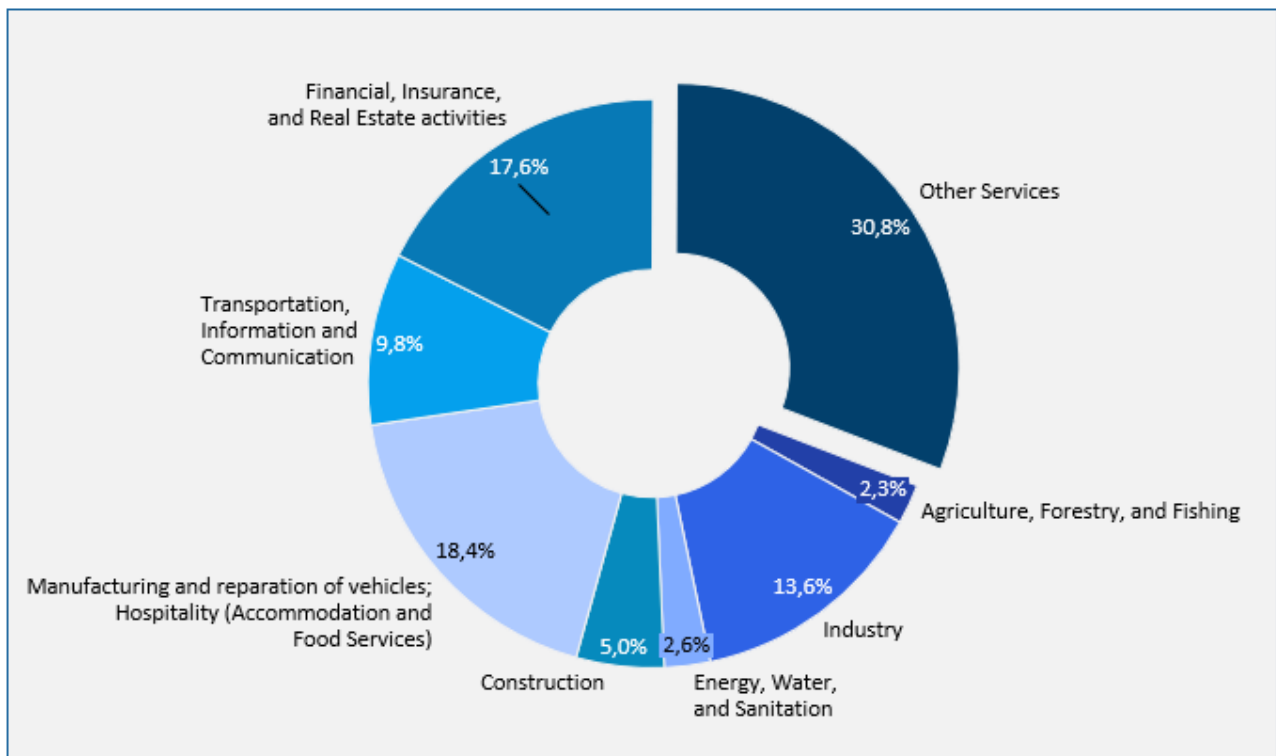
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Fact Sheet

Portugal's service sector is the powerhouse of the economy, generating 76,5% of Gross Value Added (GVA) in 2024. Within services, retail, hospitality (accommodation and food service), and financial activities (including real estate) are the biggest contributors, making up almost 40% combined (18,4% + 17,6%). Transportation, information and communication, and other services also play significant roles.

Industry contributes 13,6% of GVA, with manufacturing leading the way. Construction and energy, water, and sanitation follow closely behind, at 5,0% and 2,6%, respectively.

GVA Distribution by subsector (Current Prices) - 2024



Source: Statistics Portugal.

Whilst the services sector diversifies, Portugal's manufacturing sector is undergoing a transformation, moving towards higher-tech industries. This shift is evident in the rise of new areas such as advanced automotive and components, electronics, energy technology, pharmaceuticals, and Information and Communication Technologies (ICT).

3.1 Economic Indicators

		2021	2022	2023	2024	2024 EU27	2024 Δ PT-EU27 (p.p.)
GDP	EUR bn	216,5	244,0	267,9	285,2	--	--
	Growth rate, %	5,6	7,0	2,6	1,9	1,0	0,9
	USD bn	256,0	256,9	289,7	308,7	--	--
GDP per capita (Purchasing Power Standard, PPS)	EU27 = 100	74,0	77,4	80,6	81,6	100,0	-18,4
Private Consumption	EUR bn	137,1	155,2	165,1	174,7	--	--
	Growth rate, %	4,9	5,6	1,9	3,2	1,3	1,9
Public Spending	EUR bn	40,1	42,5	44,9	48,0	--	--
	Growth rate, %	3,8	1,7	0,6	1,1	2,7	-1,6
Investment (GFCF)	EUR bn	44,4	50,2	53,8	56,6	--	--
	% of GDP	20,5	20,6	20,1	19,9	--	--
	Growth rate, %	7,8	3,3	3,6	3,1	-1,8	4,9
GFCF (excluding construction)	% of GDP	9,2	9,3	9,3	9,3	--	--
	growth rate, %	9,3	6,3	6,3	5,0	--	--
Population	Thousand inhabitants	10 421	10 517	10 640	10 750	--	--
Working Force		4 861	4 972	5 084	5 149	--	--
Unemployed		331	354	359	368	--	--
Labour force (aged 15-64)	% of total population	74,8	76,2	77,6	78,0	75,3	2,7
Unemployment Rate	% of Labour force	6,7	6,2	6,5	6,4	5,9	0,6
Government Deficit	% of GDP	-2,8	-0,3	1,2	0,7	-3,2	3,9
Public Debt	% of GDP	123,9	111,2	97,7	94,9	81,0	13,9
Current Account Balance	EUR bn	-1,4	-4,9	1,5	6,0	--	--
	% of GDP	-0,7	-2,0	0,6	2,1	--	--
Inflation rate – Portugal	%	0,9	8,1	5,3	2,7	2,6	0,1
Inflation rate – Euro Zone	%	2,6	8,4	5,4	2,4	2,4	0,3

Source: Statistics Portugal, Banco de Portugal (BdP), European Commission (AMECO), Eurostat.

Against a dire international backdrop, Portugal's GDP recorded a real growth of 1,9% in 2024, increasing for the seventh year, and outperforming the Euro Zone and the EU's 0,9% and 1,0% marks, respectively. The economic projections of the European Commission point to the continuation of the economic convergence process in the next couple of years.

Contributing to this growth stood a robust performance of **exports of goods and services**, reaching 43,1% of GDP in 2024, in nominal terms, a figure that represents a significant contribution to the country's economy. Considering the same period, Portugal's GDP per capita at EUR 26 700 (current prices), 18th in the EU, equivalent to 81,6% of the EU average, in purchasing power standard (PPS).

Private consumption and public consumption, fairing above pre-pandemic times, also played their part. Investment as in **Gross Fixed Capital Formation (GFCF)** stood out and increased its weight from EUR 44,4bn in 2021 to 56,6bn in 2024.

The labour market has been dynamic, marked by **low unemployment**, demonstrated by the gradual reduction of the unemployment rate, from 6,7% in 2021 to 6,5% in 2024. **Public accounts** continued to fare favourably, and public debt has been significantly reduced since covid, without compromising on social welfare standards.

Inflation, as measured by the Harmonized Index of Consumer Prices (IHPC), recorded a sharp increase in 2022 and 2023 (8,1% and 5,3%, respectively), but stabilised in 2024, easing to 2,7%. Such a scenario resulted from the restrictive monetary policies imposed by central banks worldwide to contain inflationary pressures.

The EU launched the Recovery and Resilience Mechanism to mitigate the impact of the pandemic and leverage European economies and foster ecological and digital transition. In Portugal, it was named **Recovery and Resilience Plan (PRR)** and is to be implemented until 2026. It foresees a set of reforms and investments, with the aim of ensuring sustained economic growth and convergence, along the following key areas:

- ✓ Green transition;
- ✓ Digital transformation;
- ✓ Digitizing the public administration;
- ✓ Smart, sustainable and inclusive growth, including economic cohesion, employment, productivity, competitiveness, research, development and innovation, and a functional Single Market, with strong Small and Medium-Sized Enterprises (SMEs);
- ✓ Social and territorial cohesion;
- ✓ Health and economic, social and institutional resilience, enhancing capacity to respond to crises;
- ✓ Policies for the next generation, promoting education and skills among children and young people.

3.2 Economic Outlook

	2025						2026					
	IMF	OECD	EC	BdP	CFP	MF	IMF	OECD	EC	BdP	CFP	MF
	Apr-25	Jun-25	May-25	Oct-25	Sep-25	Oct-25	Apr-25	Jun-25	May-25	Oct-25	Sep-25	Oct-25
GDP	2,0	1,9	1,8	1,9	1,9	2,0	1,7	1,9	2,2	2,2	1,8	2,3
Private Consumption	--	2,8	3,3	3,3	3,3	3,4	--	1,6	2,8	2,0	2,3	2,7
Public Consumption	--	1,2	1,2	1,6	1,6	1,5	--	1,0	1,2	1,3	2,6	1,2
Gross Fixed Capital Formation	--	3,2	3,5	3,0	3,6	3,6	--	3,7	4,3	5,3	5,5	5,5
Exports	2,0	1,3	1,7	1,1	0,9	1,5	1,9	2,6	2,8	2,2	1,8	1,8
Imports	2,9	2,3	4,3	4,7	4,2	4,0	2,7	2,7	4,1	2,8	3,7	3,6
Current Account Balance (% GDP) ^(a)	1,7	1,1	1,2	3,6	2,8	1,1	1,5	1,1	0,9	4,2	2,3	0,7
Unemployment Rate (%)	6,4	6,4	6,4	6,2	6,1	6,1	6,3	6,4	6,3	6,3	6,0	6,0
Inflation (HICP) (%)	1,9	2,1	2,1	2,2	2,3	2,4	2,1	2,1	2,0	1,9	2,1	2,1
Public Debt (% GDP)	91,8	92,0	91,7	--	91,2	90,2	87,9	89,8	89,7	--	89,4	87,8
Public Sector Balance (% GDP)	0,5	0,2	0,1	--	0,0	0,3	0,1	-0,3	-0,6	--	-0,6	0,1

Source: Ministry of Economics – Cabinet of Strategy and Studies (CCS).

Units: real growth rates %, except when indicated.

Notes: (a) Current and capital account, in the case of Banco de Portugal.

Acronyms: IMF - International Monetary Fund, OECD - Organization for Economic Co-operation and Development, EC - European Commission, BdP - Banco de Portugal, CFP - Public Finance Council, MF - Ministry of Finance.

GDP Growth: Recent projections suggest a more moderate GDP growth trend in 2025 and 2026. Banco de Portugal (BdP) forecasts a real growth rate of 1,9% in 2025 and of 2,2% in 2026, in line with the European Commission's prediction, anticipating a 1,8% and a 2,2% increase for 2025 and 2026, respectively.

Consumption: The BdP predicts a 3,3% and 2,0% increase in private consumption for 2025 and 2026, respectively. Public consumption will also maintain its upward trend, albeit at a slower pace, with the BdP forecasting growth of 1,6% in 2025 and 1,3% in 2026.

Investment: With the challenges of 2020 behind, investment is anticipated to continue its recovery at a healthy pace. The BdP projects a 3,0% rise in Gross Fixed Capital Formation in 2025 and a more robust 5,3% growth in 2026.

Trade: The BdP predicts export growth of 1,1% in 2025 and 2,2% in 2026. On the other hand, imports are expected to grow by 4,7% and 2,8% over the next two years.

Debt Reduction: The decrease in public debt as a percentage of GDP is expected to continue. The Ministry of Finance forecasts a sharp decline to 90,2% and 87,8% in 2025 and 2026, respectively, which constitutes a notable improvement from the 134,9% absolute maximum recorded in 2020.

Inflation Control: Measures to combat inflation are anticipated to continue yielding positive results. The European Commission forecasts an inflation rate drop to 2,1% in 2025 and 2,0% in 2026, figures within the 2% monetary policy target and considerably lower than the 8,1% and 5,3% observed in 2022 and 2023, respectively.

4. FOREIGN TRADE

4.1 Trade Balance

In the past 5 years, exports and imports of goods and services have registered compound annual growth rates of 15,4% and 12,6%, respectively. Exports, in aggregate, they surged by 4,2% in 2024, reaching a historical high of EUR 133,1bn. As for imports of goods and services, they totalled EUR 126,6bn, reversing the trade deficit of EUR 4,8bn in 2022 to a surplus of EUR 4,1bn in 2023 and EUR 6,5bn in 2024 (coverage ratio of 105,2%). In terms of the EU's economic relationship with the outside world, from a National Accounts perspective, Portugal is the 17th largest exporter of goods (1,2% of the total) and the 13th largest exporter of services (1,9% of the total).

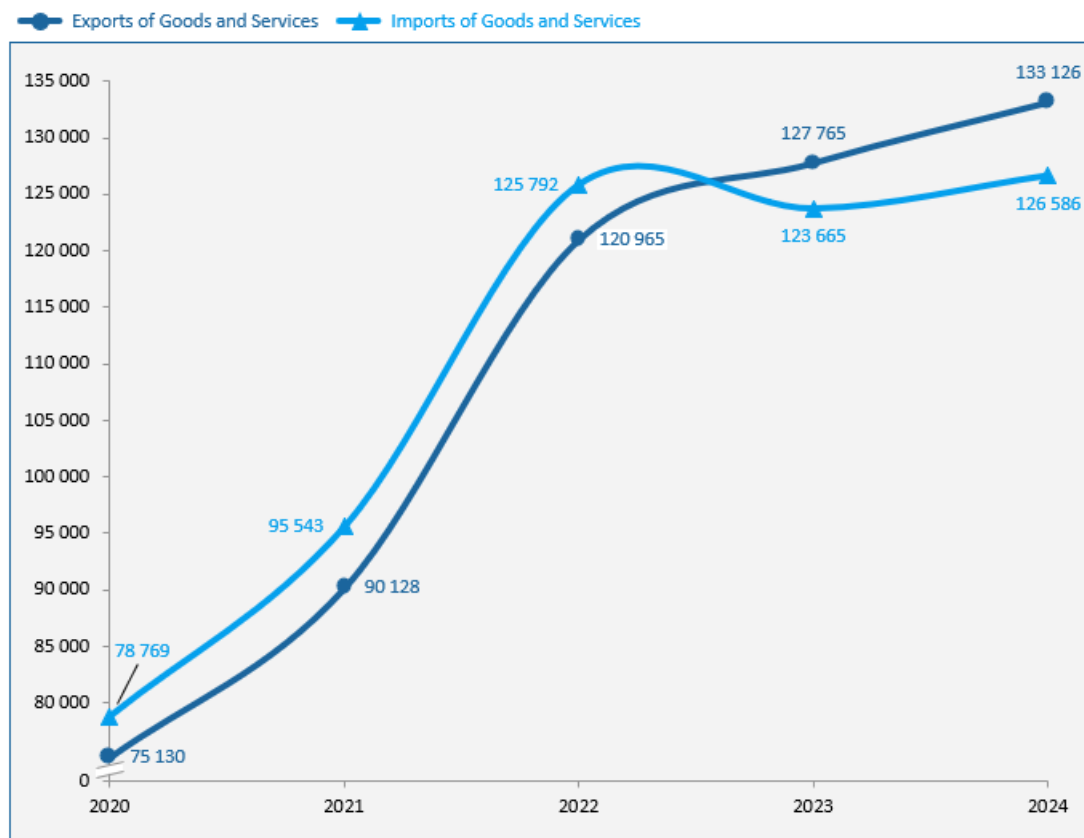
Trade Balance in Goods and Services

	2020	2021	2022	2023	2024	Δ % 24/20 ^a	Δ % 24/23 ^b
Exports	75 130	90 128	120 965	127 765	133 126	15,4	4,2
Imports	78 769	95 543	125 792	123 665	126 586	12,6	2,4
Balance	-3 639	-5 415	-4 828	4 099	6 540	--	--
Coverage ^c (%)	95,4	94,3	96,2	103,3	105,2	--	--

Source: Banco de Portugal (BdP).

Units: EUR mn.

Notes: (a) Compound annual growth rate in percentage; (b) Year-on-year change rate in percentage; (c) Coverage ratio in %.



4.2 Trade in Goods

According to Statistics Portugal data, in 2024, exports and imports of goods showed an upward trend compared with 2023, increasing by around 2,0% for both flows. The trade balance of goods has remained in deficit, however, in 2024, the coverage ratio stood at 73,6%, representing a deficit of approximately EUR 28,3bn.

Trade Balance of Goods

	2020	2021	2022	2023	2024	$\Delta\%$ 24/20 ^a	$\Delta\%$ 24/23 ^b
Exports	53 757	63 619	78 403	77 340	78 895	10,1	2,0
Imports	68 146	83 146	109 562	105 148	107 243	12,0	2,0
Balance	-14 388	-19 527	-31 159	-27 808	-28 348	--	--
Coverage ^c (%)	78,9	76,5	71,6	73,6	73,6	--	--

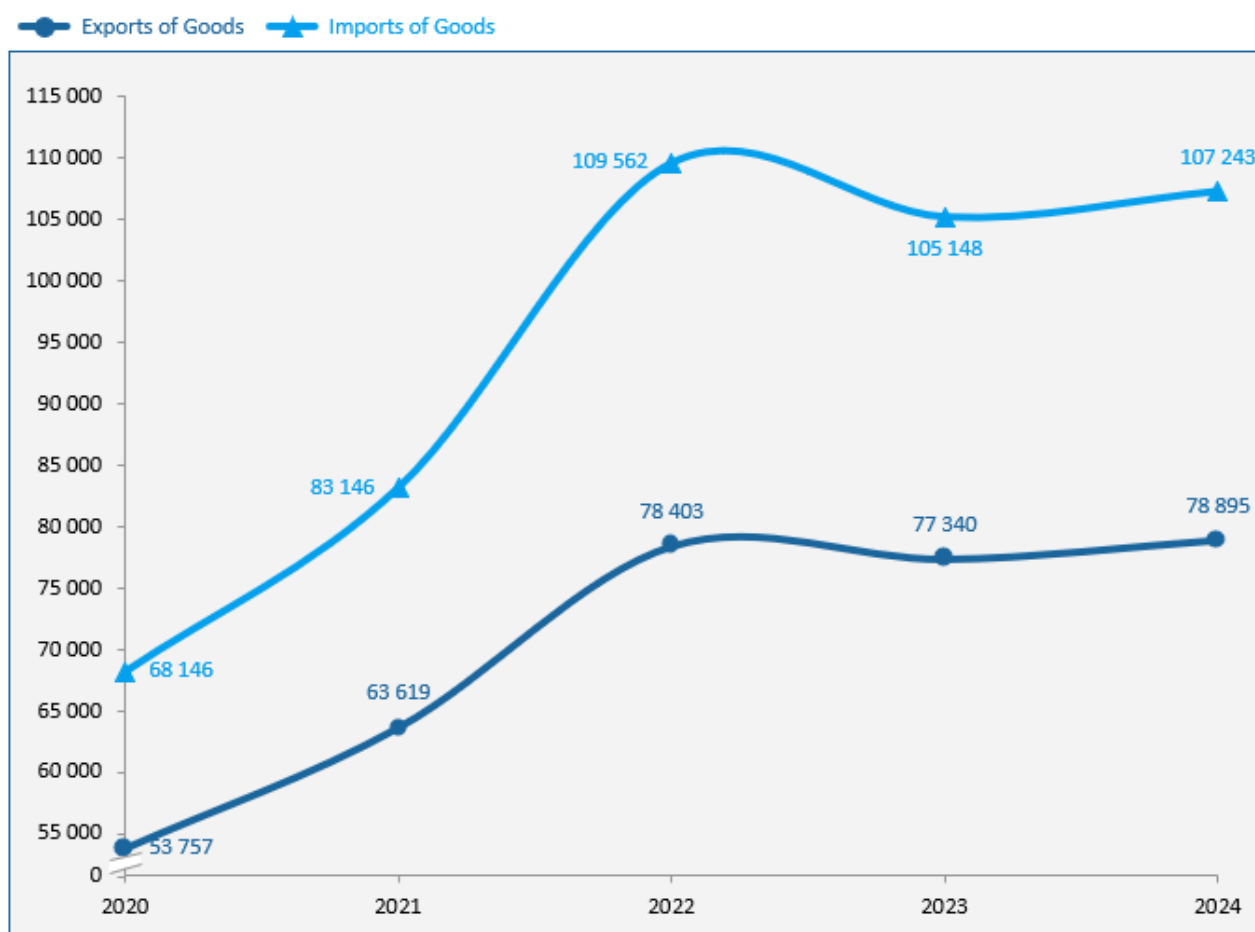
Source: Statistics Portugal.

Units: EUR mn.

Notes: (a) Compound annual growth rate in percentage; (b) Year-on-year change rate in percentage; (c) Coverage ratio in %.

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Machinery and equipment were the most exported group of products in 2024 (14,8% of the total), followed by vehicles and other transport equipment (12,9%), agricultural products (8,3%), base metals (8,1%), and chemicals (7,5%). These five main groups of exported products account for 51,6% of total goods exported, showing a sustained level of concentration compared with the previous year (51,7%).

The EU remained the main destination for exports of goods, absorbing 71,0% of the total in 2024 (70,1% in 2023), followed by America (9,9%), Extra-Community Europe (7,9%), Africa (5,8%) and Asia (3,6%). Spain, Germany, France, the United States of America (USA) and the United Kingdom remained Portugal's main customers, concentrating 61,6% of total exports in 2024.

As for imports of goods, machinery and equipment, transport vehicles, chemicals, base metals and agricultural products were the most relevant import categories of products most purchased by Portugal from abroad in 2024. These five main groups represented 54,1% of imported products and the main origin remained the EU with 74,5% (74,6% in 2023), followed by Asia (10,0%), America (6,8%), Extra-Community Europe (4,8%) and Africa (3,8%). In 2024, Spain, Germany, France, the Netherlands and Italy were the main suppliers. This group of countries accounted for 62,2% of imports of goods in 2024, compared to 62,6% in 2023.

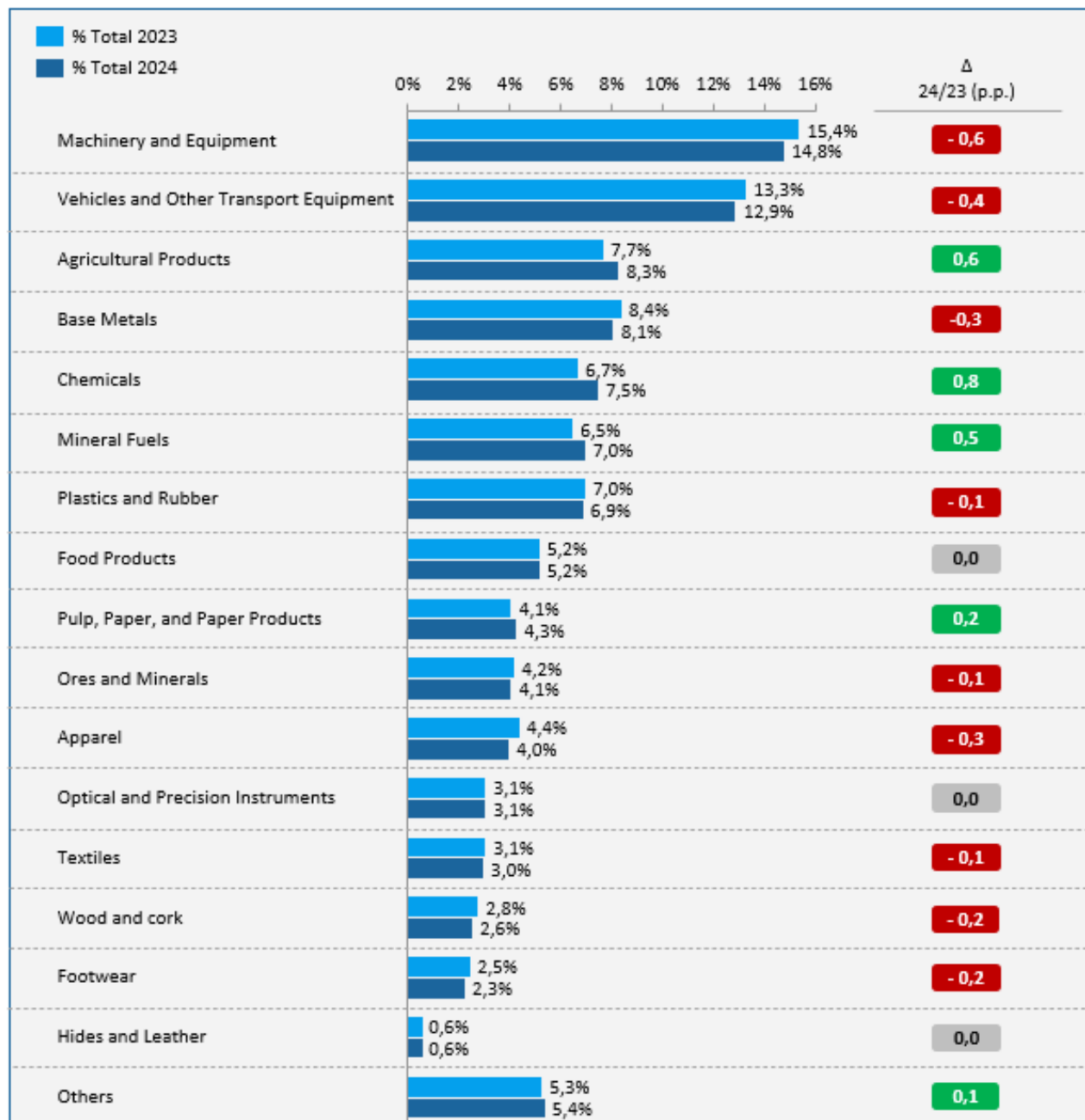


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Main Export Categories (%)

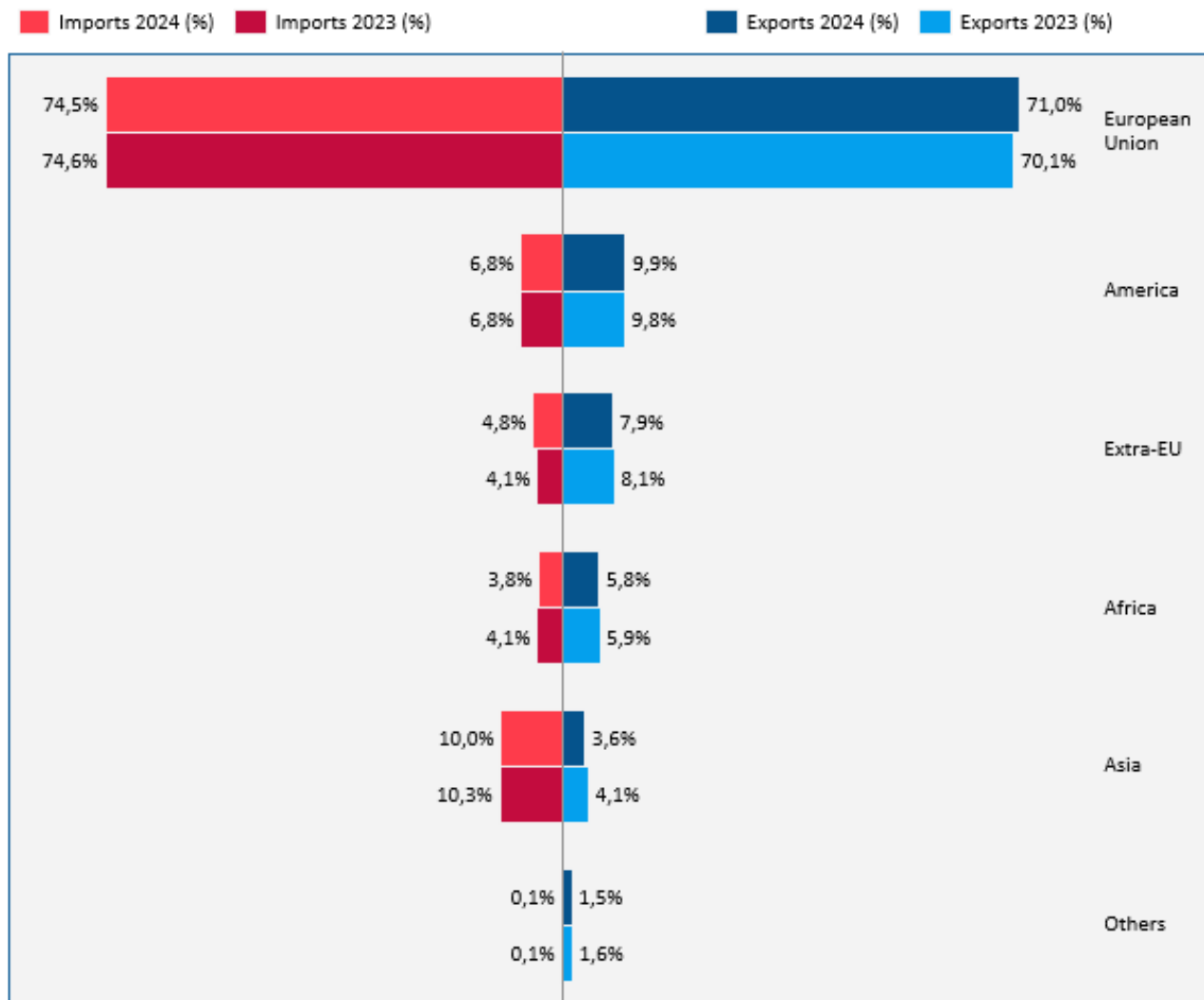


Source: Statistics Portugal.

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Geographical Breakdown of Imports and Exports (%)



Source: Statistics Portugal.

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10 Largest Clients of Portuguese Goods

Clients	% Total 2024	Δ 24/23 (p.p.)
 Spain	25,9%	0,2
 Germany	12,2%	1,5
 France	12,1%	-1,0
 USA	6,7%	0,0
 United Kingdom	4,6%	-0,1
 Italy	4,5%	0,2
 Netherlands	3,6%	0,1
 Belgium	2,6%	0,0
 Poland	1,5%	0,1
 Morocco	1,5%	0,2
 Others	24,7%	-1,1

10 Largest Suppliers of Goods to Portugal

Suppliers	% Total 2024	Δ 24/23 (p.p.)
 Spain	32,8%	-0,9
 Germany	11,3%	-0,1
 France	7,2%	0,3
 Netherlands	5,6%	0,2
 Italy	5,2%	0,2
 China	4,8%	-0,2
 Brazil	3,5%	0,0
 Belgium	3,1%	0,0
 USA	2,3%	0,1
 Ireland	1,9%	0,3
 Others	22,3%	0,1

Source: Statistics Portugal.

4.3 Trade in Services

The Banco de Portugal (BdP) reports a significant rise in service exports, reaching around EUR 57,9bn in 2024. The travel and tourism sector continues to be a powerhouse, accounting for nearly half (47,9%) of total service exports. Other notable contributors include Transport services (18,1%), Business services like research & development, consulting, and technical services (17,6%), Telecommunications, computer, and information services (8,5%), Construction (2,2%), Maintenance and repair (1,7%). The trade balance of services dwells permanently in positive territory, with a record surplus of EUR 32,1bn recorded in 2024.

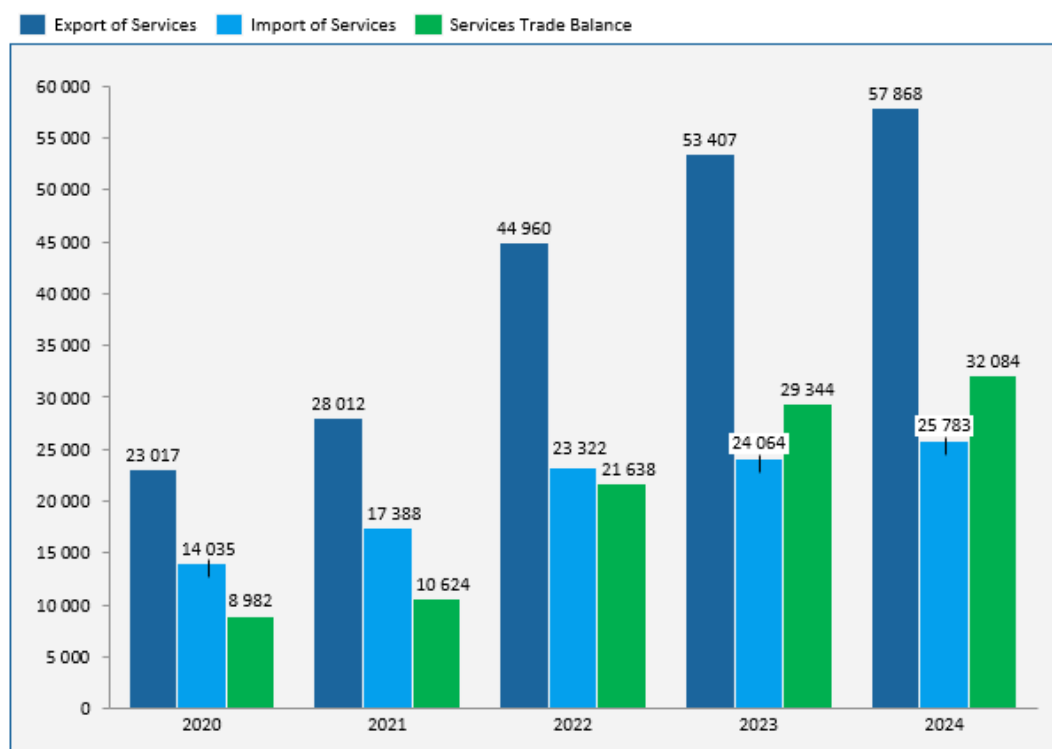
Trade Balance in Services

	2020	2021	2022	2023	2024	$\Delta\%$ 24/20 ^a	$\Delta\%$ 24/23 ^b
Exports	23 017	28 012	44 960	53 407	57 868	25,9	8,4
Imports	14 035	17 388	23 322	24 064	25 783	16,4	7,1
Balance	8 982	10 624	21 638	29 344	32 084	--	--
Coverage ^c (%)	164,0	161,1	192,8	221,9	224,4	--	--

Source: Banco de Portugal (BdP).

Units: EUR mn.

Notes: (a) Compound annual growth rate in percentage; (b) Year-on-year change rate in percentage; (c) Coverage ratio in %.



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Main Types of Services Exported

Services	2023 Jan/Dec	% Total 2023	2024 Jan/Dec	% Total 2024	Δ % 24/23
Travel and Tourism	25 470	47,7	27 722	47,9	8,8
Transportation	10 309,0	19,3	10 480,0	18,1	1,7
Other Business Services	8 581,0	16,1	10 186,0	17,6	18,7
Telecommunications, ITC Services	4 599,0	8,6	4 905,0	8,5	6,7
Construction	1 272,0	2,4	1 265,0	2,2	-0,6
Maintenance and Repair	883,0	1,7	981,0	1,7	11,1
Financials	614	1,1	740	1,3	20,5
Personal, Cultural, and Recreational	624	1,2	693	1,2	11,1
Pension and Insurance	199	0,4	269	0,5	35,2
Processing of Third-Party Goods	497	0,9	233	0,4	-53,1
Goods and Services of Public Administrations	185	0,3	209	0,4	13,0
Intellectual Property Usage Rights	175	0,3	185	0,3	5,7
Total	53 408	100	57 868	100	8,4

Source: Banco de Portugal (BdP).

Units: EUR mn.

5. FOREIGN INVESTMENT

According to the 2025 World Investment Report by the United Nations' UNCTAD, Portugal holds a strong position in foreign investment. Foreign Direct Investment (FDI): Portugal ranks 39th in terms of total FDI stock. Within the EU, Portugal sits at 13th place. Portuguese Direct Investment Abroad (PDIA): When it comes to Portuguese investments overseas, Portugal also ranks 39th globally and is the 15th largest investing member state in the EU.

5.1 Direct Investment Flows Between Portugal and the Exterior (Directional Principle)

According to the BdP (in accordance with the Directional Principle), in 2024, net FDI flows amounted to around EUR 13,7bn. In net value terms, PDIA reached EUR 7,5bn in 2024, representing an increase of around EUR 1 548mn compared to 2023.

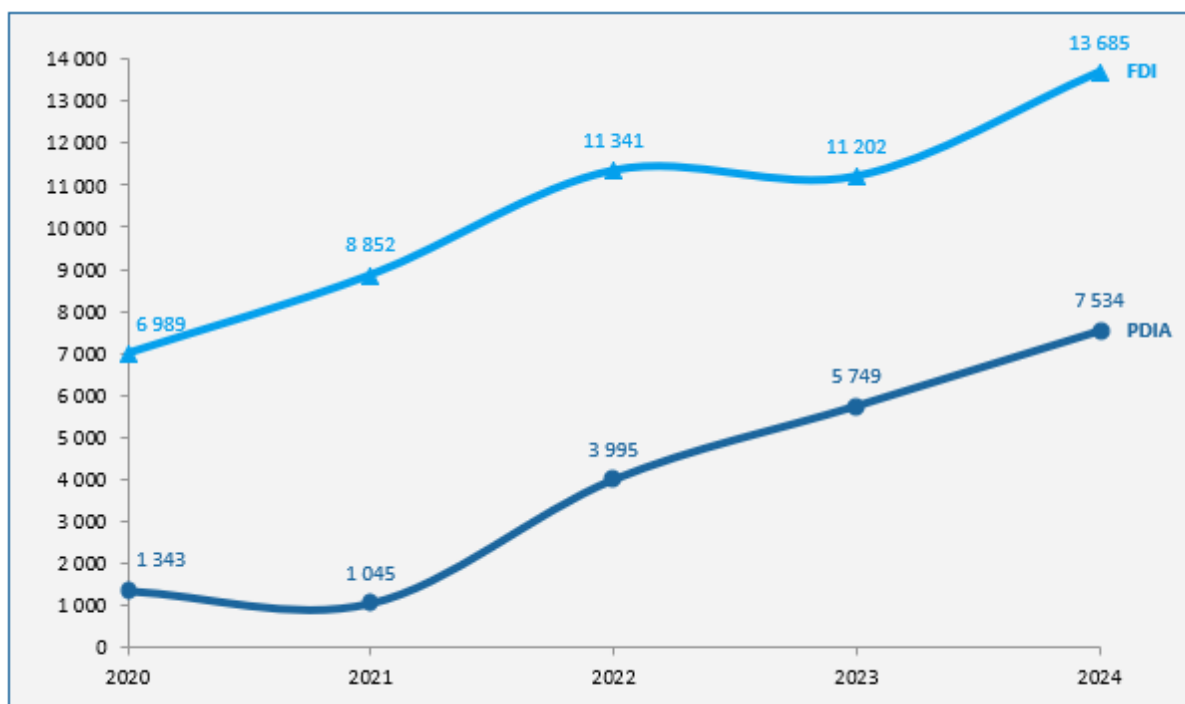
Direct Investment Flows (Directional Principle)

	2020	2021	2022	2023	2024	Δ EUR mn 24/20 ^a	Δ EUR mn 24/23 ^b
PDIA	1 343	1 045	3 995	5 749	7 534	1 785	1 548
FDI	6 989	8 852	11 341	11 202	13 685	2 483	1 674

Source: Banco de Portugal (BdP).

Units: EUR mn.

Notes: (a) Annual average in EUR mn; (b) Year-on-year change in value; Directional Principle: reflects the direction or influence of the investment, i.e., Portuguese Direct Investment Abroad (PDIA) and Foreign Direct Investment in Portugal (FDI).



5.2 Stock of Direct Investment: Portuguese and External (Directional Principle)

Foreign Direct Investment (FDI) in Portugal topped EUR 200bn by the end of 2024. This represents a healthy increase of 7,5% compared to 2023 and reflects a steady growth trend with a compound annual growth rate of 4,0% since 2020.

Conversely, Portuguese Direct Investment Abroad (PDIA) reached EUR 73,4bn in December 2024 - an increase of 8,4% compared with 2023 (compound annual growth rate of 5,7% over the past five years).

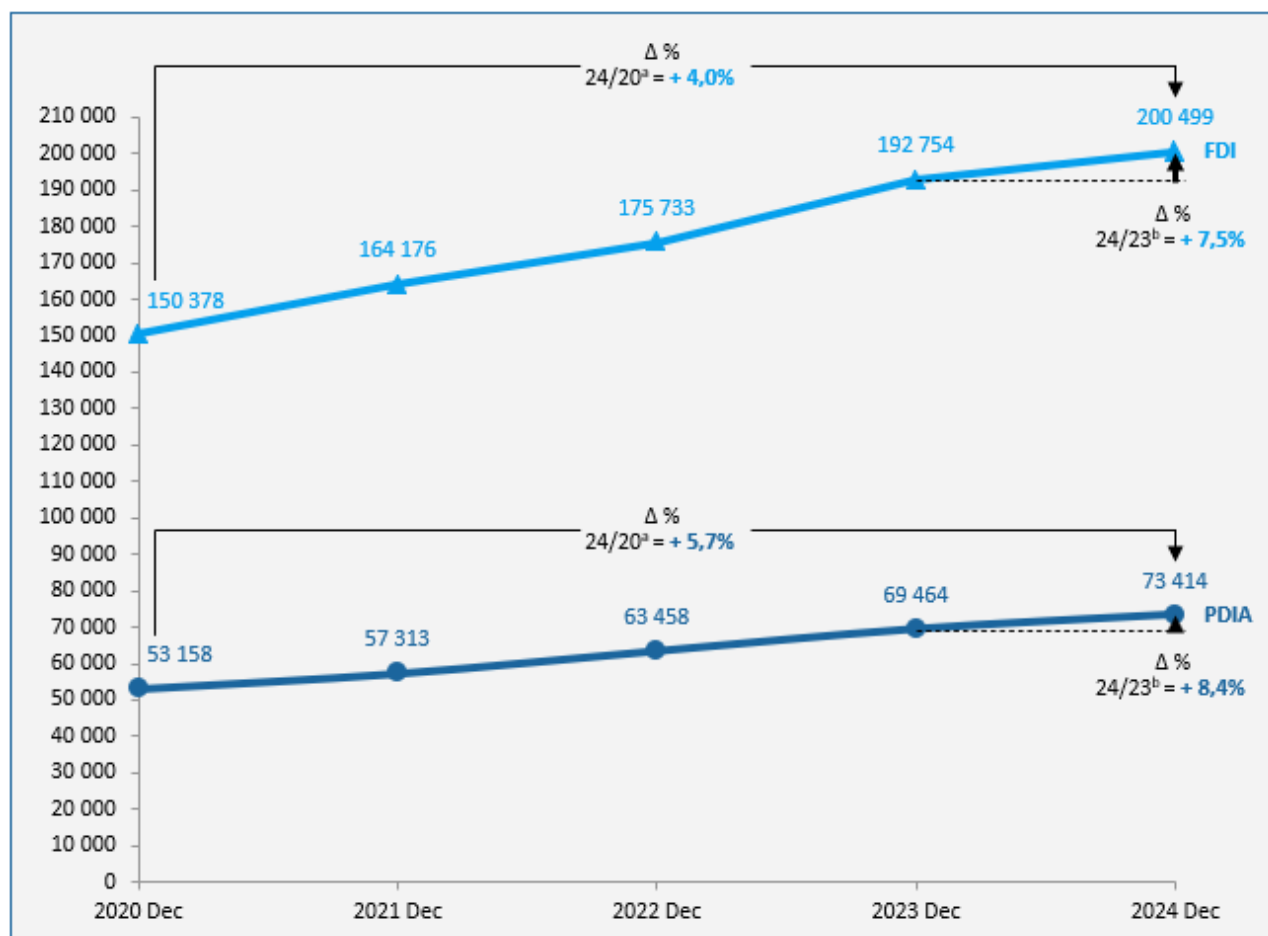
Stock of Direct Investment: Portuguese and External (Directional Principle)

	2020 Dec	2021 Dec	2022 Dec	2023 Dec	2024 Dec	Δ % 24/20 ^a	Δ % 24/23 ^b
PDIA	53 158	57 313	63 458	69 464	73 414	5,7	8,4
FDI	150 378	164 176	175 733	192 754	200 499	4,0	7,5

Source: Banco de Portugal (BdP).

Units: EUR mn, year-end results.

Notes: (a) Compound annual growth rate in percentage; (b) Year-on-year change in percentage; Directional Principle: reflects the direction or influence of the investment, i.e., Portuguese Direct Investment Abroad (PDIA) and Foreign Direct Investment in Portugal (FDI).



5.3 Stock of Direct Investment: by Origin and Destination (Directional Principle)

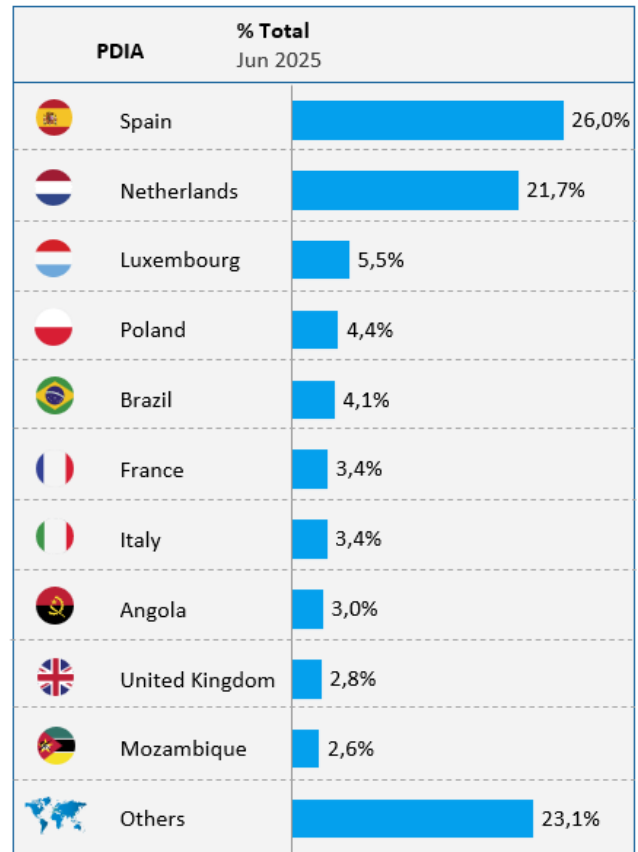
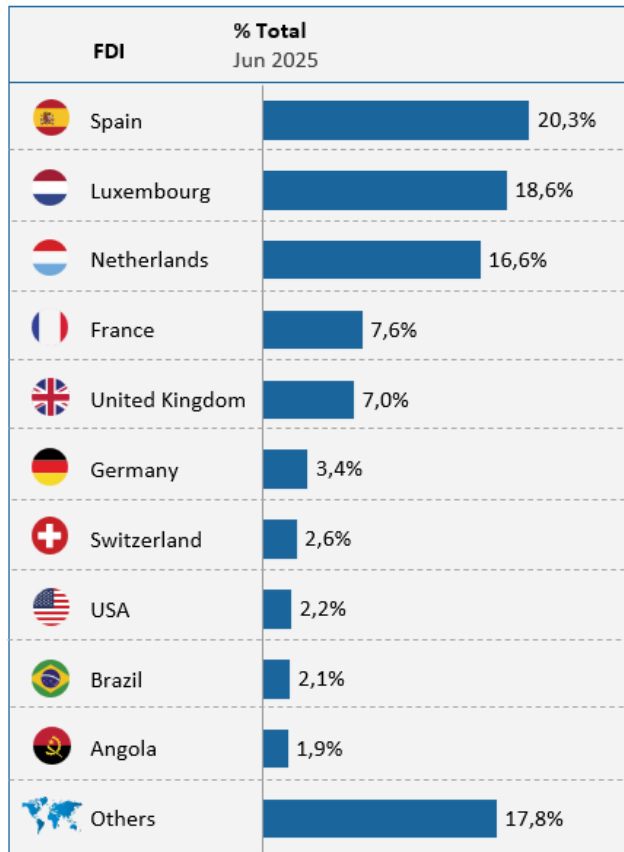
In June 2025, the EU was the main source of FDI in Portugal in cumulative terms, with Spain and Luxembourg standing out at the intra-community level (with weights of 20,3% and 18,6% of the total, respectively), the Netherlands (16,6%), France (7,6%) and Germany (3,4%). Among the extra-community countries, the United Kingdom (7,0%), Switzerland (2,6%), the USA (2,2%), Brazil (2,1%) and Angola (1,9%) stand out.

The EU was also the main destination for PDIA in cumulative terms in June 2025, with Spain and the Netherlands standing out among the intra-community countries, with shares of 26,0% and 21,7% of the total, respectively. Among the extra-community countries, Brazil, Angola the United Kingdom stood out, with weights of 4,1%, 3,0% and 2,8%, respectively.

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Stock of Direct Investment: by Origin and Destination – Jun 2025



Source: Banco de Portugal (BdP).

Unit: % of total.

5.4 Stock of Direct Investment by Sector of Activity

As of June 2025, the services sector attracted the lion's share of FDI, accounting for 62,4% of the total stock (with financial and insurance activities accounting for 19,6%). The manufacturing industries, utilities (i.e. electricity, gas and water sector) and construction sector recorded smaller shares, amounting to 8,3%, 6,2% and 1,9%, respectively. In particular, the FDI value in the manufacturing sector stands out, reaching EUR 16,8bn in 2025.

Stock of Foreign Direct Investment (FDI) by Sector of Activity

Sector of Activity	2024 Jun	2025 Jun	% Total Jun 25	Δ Jun 25/ Jun 24 (p.p.)
Total FDI	196 411	203 193	100,0	-
Industry and Utilities	27 533	30 474	15,0	1,0
• Industry	15 807	17 848	8,8	0,7
Manufacturing industries	14 916	16 835	8,3	0,7
• Utilities	11 726	12 627	6,2	0,2
Construction and Property	19 391	19 087	9,4	-0,5
• Construction	3 648	3 824	1,9	0,0
• Property	15 743	15 263	7,5	-0,5
Retail, Transport, and Lodging	22 885	23 928	11,8	0,1
• Commerce	13 686	14 914	7,3	0,4
• Transport and Logistics	4 823	4 715	2,3	-0,1
• Accommodation and Catering	4 377	4 299	2,1	-0,1
Other Sectors	78 590	77 284	38,0	-2,0
• Agriculture and Fisheries	1 993	2 211	1,1	0,1
• Information and Communication	7 932	8 768	4,3	0,3
• Consulting and Administrative	23 969	24 447	12,0	-0,2
• Education, Health, and others	44 696	41 858	20,6	-2,2
Financial Sector - Banking and Insurance	42 690	39 785	19,6	-2,2
Holdings (corporate headquarters)	17 506	18 441	9,1	0,2
Not Specified	30 506	33 980	16,7	-

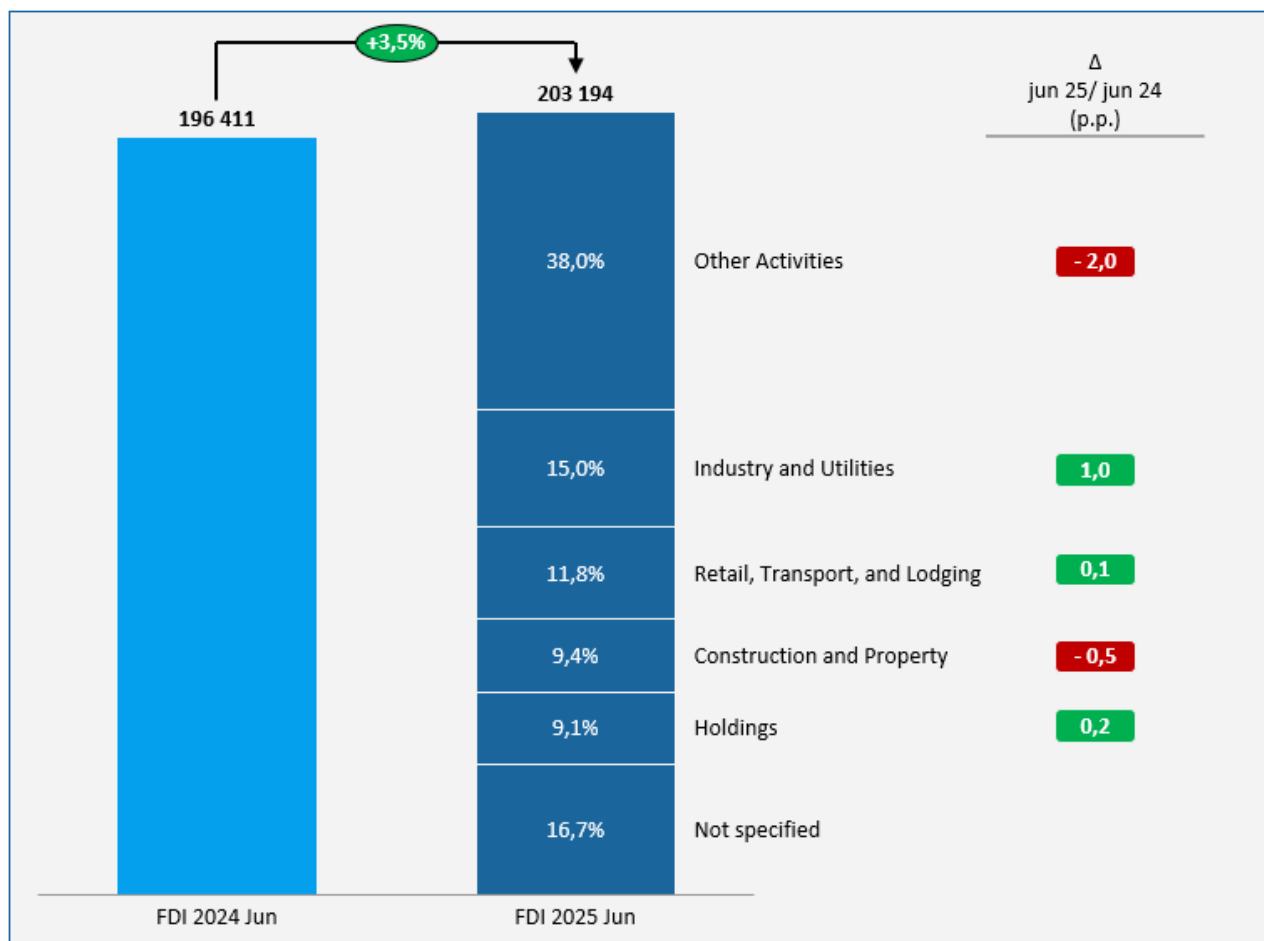
Source: Banco de Portugal (BdP).
Units: EUR mn and % of total.



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As for Portuguese Direct Investment Abroad, it concentrates in the services sector, accounting for 77,2% of the total stock, with financial and insurance activities accounting for 49,2%. The retail, transport, and lodging follow, with a stock of 7,1% or EUR 5,4bn.

Stock of Portuguese Direct Investment Abroad (PDIA) by Sector of Activity

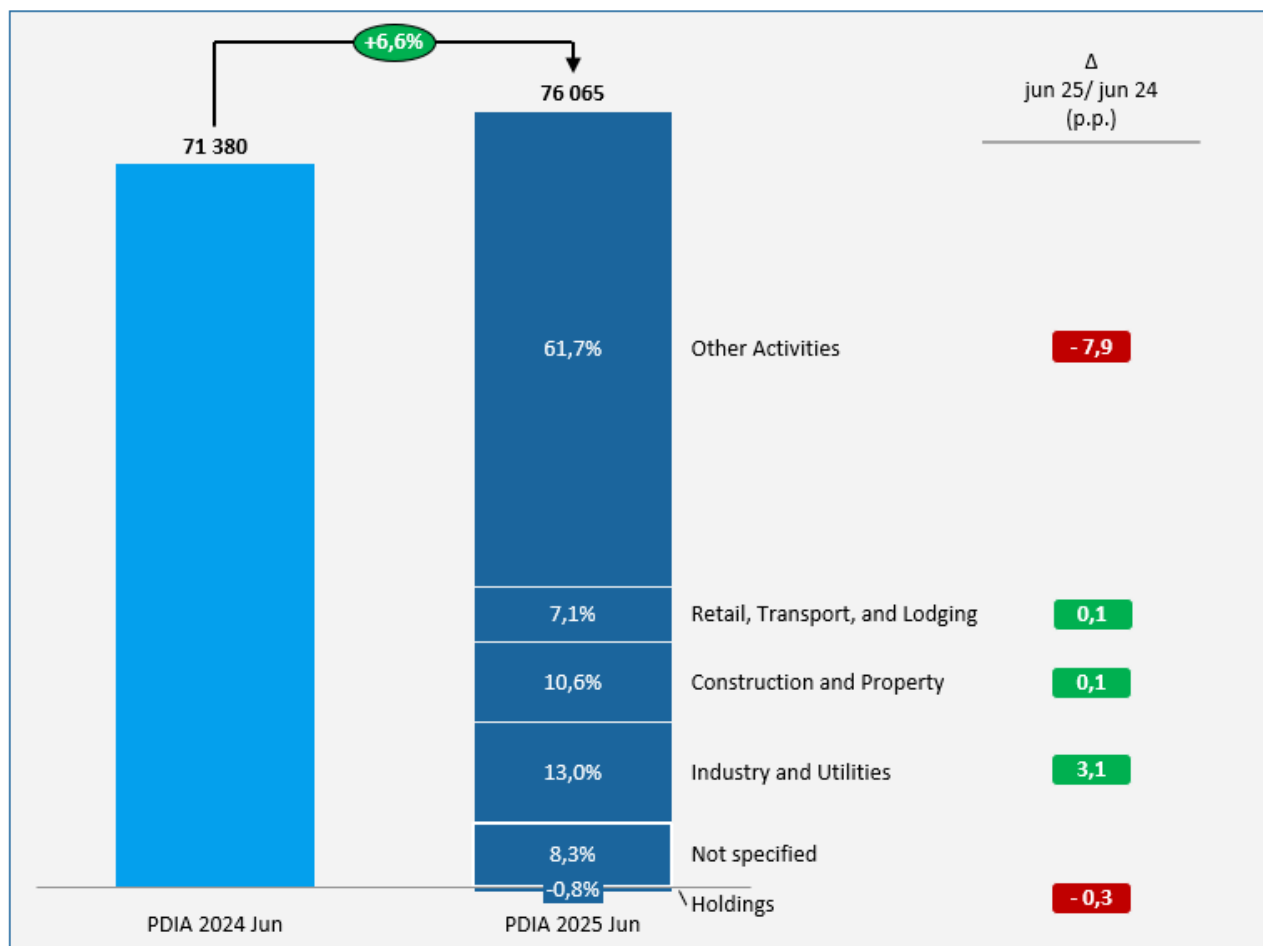
Sector of Activity	2024 Jun	2025 Jun	% Total Jun 25	Δ Jun 25/ Jun 24 (p.p.)
Total PDIA	71 380	76 065	100,0	-
Industry and Utilities	7 009	9 854	13,0	3,1
• Industry	6 477	6 926	9,1	0,0
Manufacturing industries	6 336	6 784	8,9	0,0
• Utilities	532	2 927	3,8	3,1
Construction and Property	7 547	8 080	10,6	0,1
• Construction	3 656	3 880	5,1	0,0
• Property	3 891	4 200	5,5	0,1
Retail, Transport, and Lodging	5 047	5 433	7,1	0,1
• Commerce	3 440	3 554	4,7	-0,1
• Transport and Logistics	738	975	1,3	0,2
• Accommodation and Catering	869	904	1,2	0,0
Other Sectors	49 646	46 925	61,7	-7,9
• Agriculture a Fisheries	665	751	1,0	0,1
• Information and Communication	1 092	1 229	1,6	0,1
• Consulting and Administrative	5 558	7 254	9,5	1,7
• Education, Health, and others	42 330	37 691	49,6	-9,8
Financial Sector - Banking and Insurance	42 010	37 392	49,2	-9,7
Holdings (corporate headquarters)	-332	-573	-0,8	-0,3
Not Specified	2 463	6 346	8,3	-

Source: Banco de Portugal (BdP).

Units: EUR mn and % of total.

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6. TOURISM

Portugal is a thriving tourist destination, having captured international attention in recent years, garnering numerous awards and accolades. Portugal welcomed 19,4 million foreign guests in 2024, up by 6,3% in 2023, recording a total of 56,5 million overnight stays, up 4,9%. Non-resident tourism revenue reached a remarkable EUR 27,7bn, up 8,8% in 2023 and contributing a significant 47,9% to the total service exports. This growth trajectory has been consistent, with a compound annual growth rate of 37,5% since 2020. The United Kingdom (14,9%), France (11,7%), Germany (11,3%), the USA (10,4%) and Spain (10,2%) are the leading source markets, totalling 58,5% of all tourism revenue.

In July 2024, the Portuguese government introduced the new plan named "Accelerate the Economy," which aims at consolidating its focus on Tourism, particularly in sustainability, through the + Sustainable Tourism Line. The plan also outlines a strategic direction for the sector, which will be reflected in the forthcoming Tourism Strategy 2035, intended to address the current international context and the global challenges faced by the industry.

Non-Resident Tourism Performance Indicators in Portugal

	2020	2021	2022	2023	2024	Δ% 24/20 ^a	Δ% 24/23 ^b
Revenue ^c	7 766	10 126	21 220	25 470	27 722	37,5	8,8
Guests ^d	3 905	5 918	15 323	18 238	19 384	49,3	6,3
Overnight stays ^d	12 200	18 661	46 806	53 860	56 514	46,7	4,9

Source: Banco de Portugal (BdP), Statistics Portugal.

Unit: Revenue (EUR mn); Guests and Overnight stays (thousands).

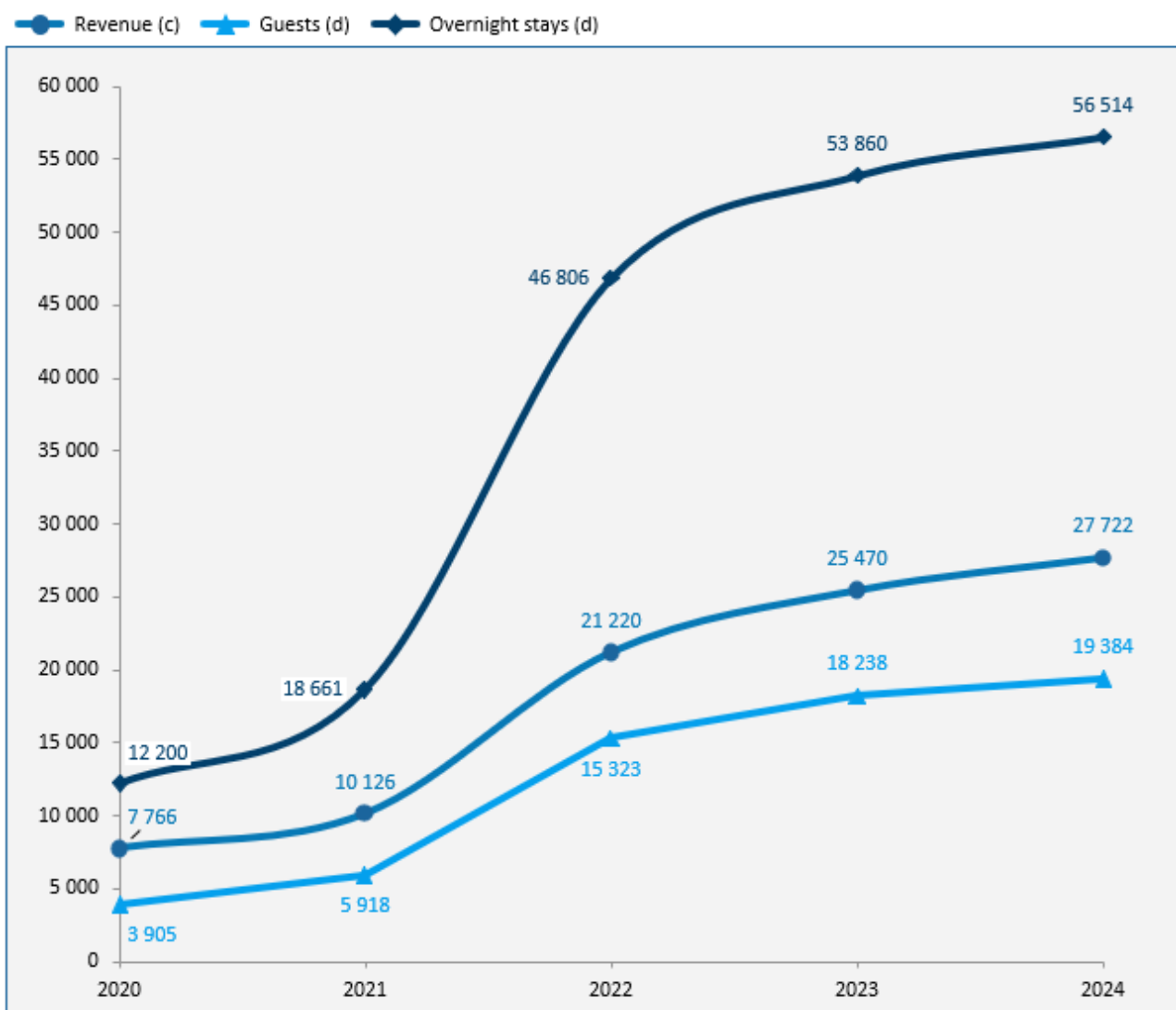
Notes: (a) Compound annual growth rate in percentage; (b) Year-on-Year growth rate in percentage; (c) Corresponds to the value of service exports recorded under the Travel and Tourism heading of the Balance of Payments; (d) Covers all types of local accommodation with 10 or more beds, including local tourism and housing developments.



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