

COUNTRY
PROFILE

Portugal



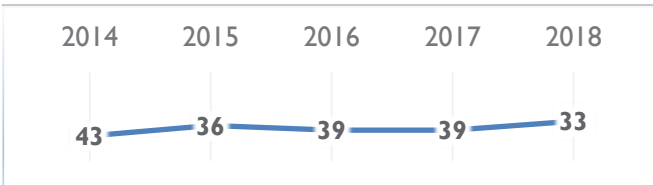
WORLD COMPETITIVENESS RANKING **2018**

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PORTUGAL

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2018

- Structurally reduce public deficit to achieve a permanent surplus and reduce public debt.
- Provide a healthy and stable banking and capital markets system, bringing alternatives in private equity and debt markets.
- Agreement of major political parties on an education policy emphasising STEM; developing well-educated, responsible citizens able to embrace continuous emerging new technologies.
- Stop the negative labour market reforms planned by the government that will further rigidify the market, and will diminish the attractiveness for young and qualified workforce.
- Reduce bureaucracy and improve efficiency of judicial system.

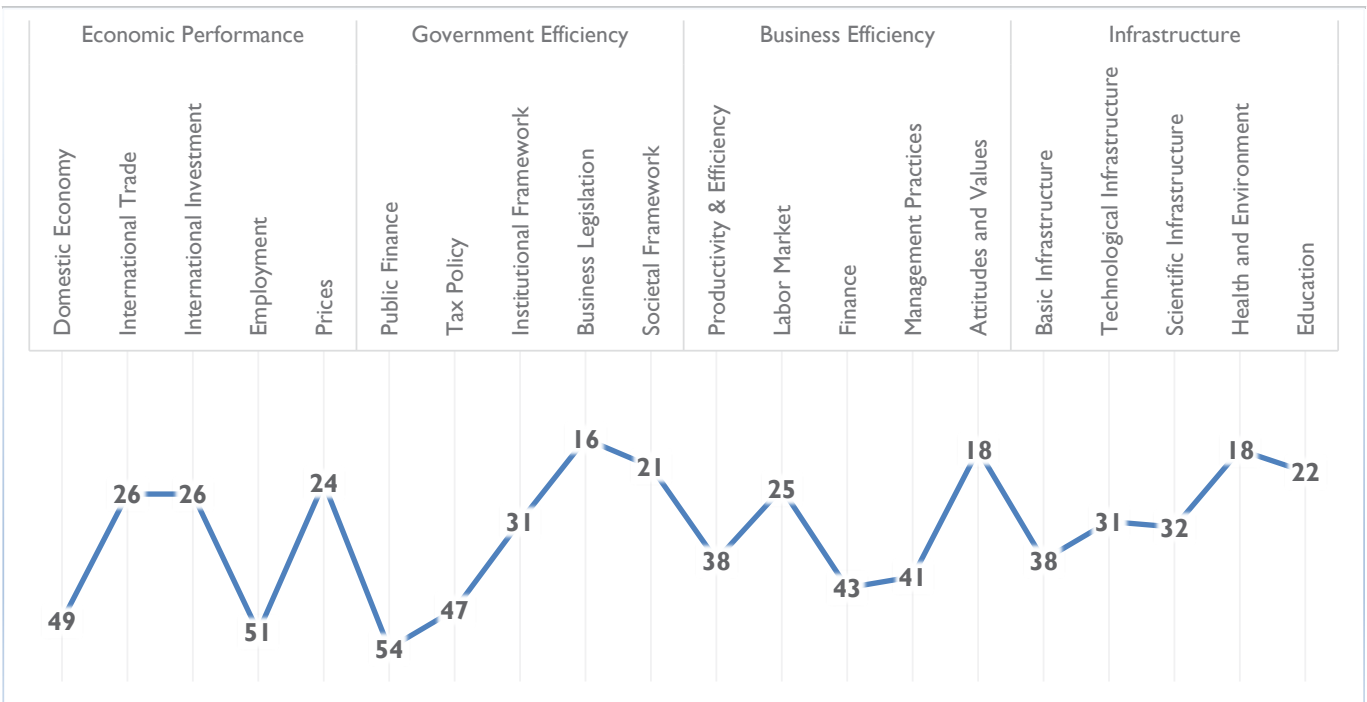
Provided by:

Porto Business School, University of Porto, Porto

BASIC FACTS

		Rank
Capital	Lisbon	
Land area (square km '000)	92 ²⁰¹⁷	
Exchange Rate (per \$)	0.887 ²⁰¹⁷	
Population - market size (millions)	10.29 ²⁰¹⁷	37
Gross Domestic Product (GDP) (US\$ billions)	217.6 ²⁰¹⁷	41
GDP (PPP) per capita (US\$)	30,475 ²⁰¹⁷	36
Real GDP growth (%)	2.7 ²⁰¹⁷	36
Consumer price inflation (%)	1.56 ²⁰¹⁷	23
Unemployment rate (%)	8.90 ²⁰¹⁷	50
Labor force (millions)	5.22 ²⁰¹⁷	37
Current account balance (% of GDP)	0.54 ²⁰¹⁷	35
Direct investment stocks inward (\$bn)	118.2 ²⁰¹⁶	37
Direct investment flows inward (% of GDP)	4.61 ²⁰¹⁷	12

COMPETITIVENESS LANDSCAPE



PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



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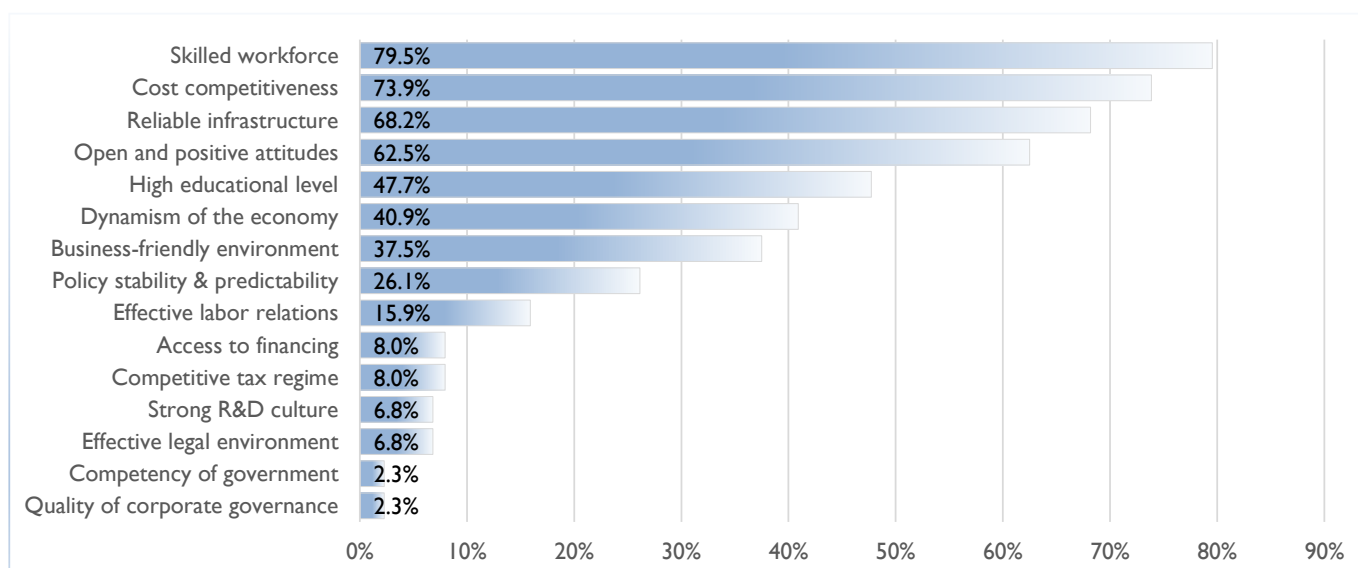
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

IMPROVEMENTS	WCY	WCY	DECLINES	WCY	WCY
	2017	2018		2017	2018
1.1.18 Gross fixed capital formation - real growth	-0.25	9.00	1.5.01 Consumer price inflation	0.64	1.56
1.2.02 Current account balance	0.02	0.54	4.4.21 Environment-related technologies	0.08	0.03
1.1.14 Real GDP growth	1.4	2.7	2.1.02 Government budget surplus/deficit (%)	-2.01	-2.96
4.3.18 Number of patents in force	14.1	26.4	2.4.16 Start-up procedures	5.0	6.0
1.1.15 Real GDP growth per capita	1.73	2.89	4.4.11 Energy intensity	71	82
2.3.08 Exchange rate stability	0.069	0.025	3.2.01 Compensation levels	4.54	5.18
3.3.20 Corporate debt	3.29	5.16	4.4.17 Renewable energies (%)	26.2	22.6
2.1.09 Public finances	2.87	4.47	2.4.15 Start-up days	4.5	5.0
2.4.12 Parallel economy	4.20	6.20	4.3.19 Value added of KTI industries	27.4	24.4
2.3.10 Adaptability of government policy	3.13	4.40	1.5.06 Gasoline prices	1.53	1.65
2.4.13 Ease of doing business	4.53	6.23	2.5.03 Homicide	0.9	1.0
2.3.09 Legal and regulatory framework	3.37	4.56	4.2.01 Investment in Telecommunications	0.33	0.31
3.3.11 Stock market capitalization (%)	24.34	32.69	3.1.08 Large corporations	6.93	6.52
3.3.06 Finance and banking regulation	4.75	6.34	2.3.07 Foreign currency reserves per capita	2,697	2,539
2.3.13 Bureaucracy	2.57	3.40	2.4.19 Immigration laws	7.68	7.24

KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



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ECONOMIC PERFORMANCE



Sub-Factor Rankings :	2017	2018
Domestic Economy	50	49
International Trade	31	26
International Investment	33	26
Employment	55	51
Prices	23	24

GOVERNMENT EFFICIENCY



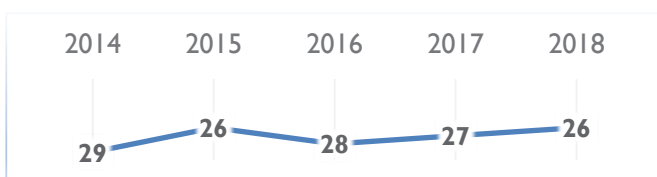
Sub-Factor Rankings :	2017	2018
Public Finance	57	54
Tax Policy	48	47
Institutional Framework	37	31
Business Legislation	23	16
Societal Framework	26	21

BUSINESS EFFICIENCY



Sub-Factor Rankings :	2017	2018
Productivity & Efficiency	39	38
Labor Market	46	25
Finance	53	43
Management Practices	52	41
Attitudes and Values	31	18

INFRASTRUCTURE



Sub-Factor Rankings :	2017	2018
Basic Infrastructure	41	38
Technological Infrastructure	34	31
Scientific Infrastructure	32	32
Health and Environment	19	18
Education	19	22

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STRENGTHS

Economic Performance	Rank
I.2.18 Export concentration by product	5
I.2.25 Tourism receipts	10
I.1.18 Gross fixed capital formation - real growth	12
I.3.06 Direct investment flows inward (% of GDP)	12
I.3.14 Relocation threats of R&D facilities	15
I.5.04 Office rent	16
I.3.15 Relocation threats of services	16
I.5.02 Cost-of-living index	19
I.3.08 Direct investment stocks inward (% of GDP)	19
I.2.13 Exports of commercial services (%)	23

Government Efficiency	Rank
2.4.14 Creation of firms	6
2.4.07 Investment incentives	6
2.4.19 Immigration laws	7
2.4.05 Foreign investors	7
2.4.08 Government subsidies	12
2.4.15 Start-up days	15
2.4.03 Protectionism	15
2.4.01 Tariff barriers	15
2.4.04 Public sector contracts	16
2.5.02 Personal security and private property rights	16

Business Efficiency	Rank
3.5.03 National culture	2
3.5.04 Flexibility and adaptability	5
3.2.16 Female labor force	5
3.2.18 Skilled labor	8
3.2.01 Compensation levels	20
3.5.01 Attitudes toward globalization	21
3.2.22 Foreign highly-skilled personnel	21
3.3.01 Banking sector assets	23
3.5.02 Image abroad or branding	24
3.2.10 Apprenticeships	24

Infrastructure	Rank
4.5.03 Government expenditure on education per student	3
4.5.18 Language skills	5
4.2.04 Communications technology	6
4.2.11 Qualified engineers	7
4.4.08 Medical assistance	8
4.5.16 Management education	8
4.5.05 Pupil-teacher ratio (secondary education)	10
4.3.11 Science degrees	10
4.2.10 Digital/Technological skills	11
4.2.07 Internet users	12

WEAKNESSES

Economic Performance	Rank
I.1.09 Gross fixed capital formation (%)	59
I.5.06 Gasoline prices	55
I.1.19 Resilience of the economy	55
I.4.08 Youth unemployment	53
I.2.17 Export concentration by partner	53
I.4.06 Unemployment rate	50
I.4.07 Long-term unemployment	49
I.3.01 Direct investment flows abroad (\$bn)	45
I.3.02 Direct investment flows abroad (% of GDP)	45
I.2.08 Exports of goods (\$bn)	43

Government Efficiency	Rank
2.1.04 Total general government debt (%)	60
2.2.09 Consumption tax rate	54
2.2.12 Real personal taxes	53
2.1.02 Government budget surplus/deficit (%)	50
2.2.11 Employer's social security contribution rate	49
2.3.04 Country credit rating	48
2.1.11 Pension funding	47
2.2.01 Collected total tax revenues	46
2.5.04 Ageing of society	44
2.5.01 Justice	44

Business Efficiency	Rank
3.3.09 Stock markets	50
3.4.02 Changing market conditions	50
3.4.08 Use of big data and analytics	48
3.2.11 Employee training	48
3.3.07 Financial risk factor	48
3.3.04 Investment risk	45
3.3.11 Stock market capitalization (%)	45
3.3.17 Credit	44
3.3.20 Corporate debt	43
3.5.05 Need for economic and social reforms	43

Infrastructure	Rank
4.2.02 Mobile Broadband subscribers	56
4.1.08 Population - growth	55
4.2.17 High-tech exports (%)	55
4.2.01 Investment in Telecommunications	46
4.4.21 Environment-related technologies	46
4.1.11 Dependency ratio	46
4.1.24 Electricity costs for industrial clients	40
4.2.18 ICT service exports	40
4.5.07 Higher education achievement	38
4.5.08 Women with degrees	37

2018 release: 19th June

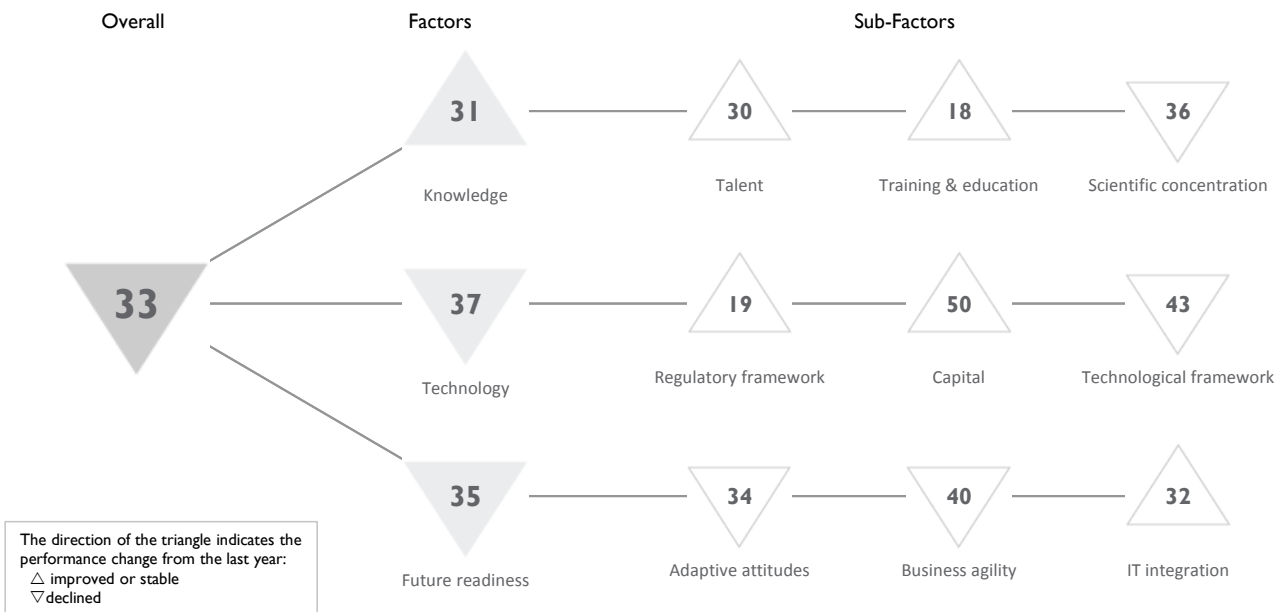
WORLD COMPETITIVENESS DIGITAL RANKING **2017**

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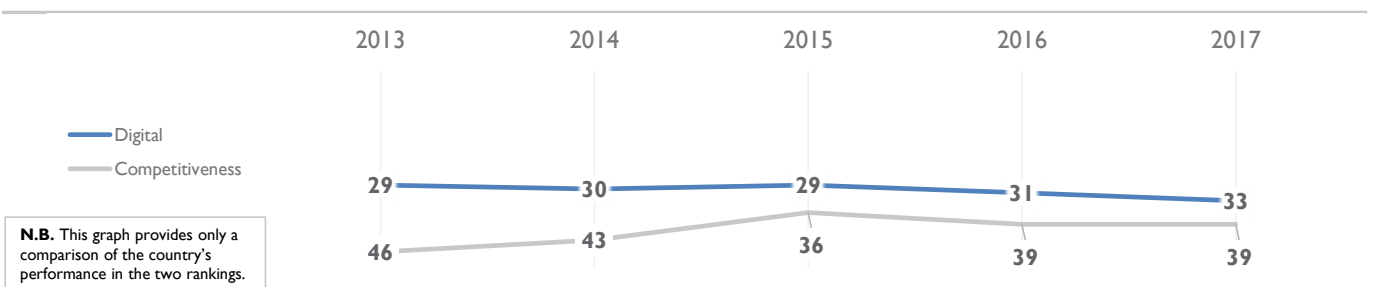
OVERALL PERFORMANCE (63 countries)



OVERALL & FACTORS - 5 years

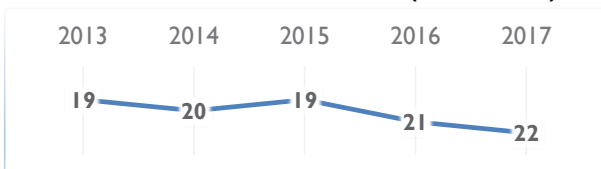
	2013	2014	2015	2016	2017
OVERALL	29	30	29	31	33
Knowledge	29	31	29	31	31
Technology	35	33	30	35	37
Future readiness	30	30	31	31	35

COMPETITIVENESS & DIGITAL RANKINGS

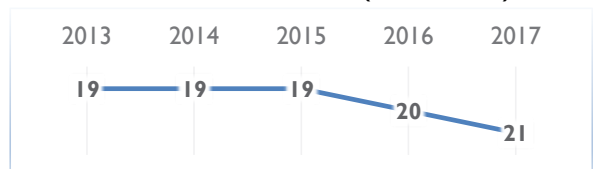


PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



► Overall top strengths

▷ Overall top weaknesses

KNOWLEDGE

Subfactors	2013	2014	2015	2016	2017
Talent	33	34	29	31	30
Training & education	22	21	20	21	18
Scientific concentration	38	37	37	35	36

Talent		Rank		Training & education		Rank		Scientific concentration		Rank	
Educational assessment PISA - Math	27	Employee training	54	Total expenditure on R&D (%)	30	International experience	56	Total public expenditure on education	10	Total R&D personnel per capita	26
Foreign highly-skilled personnel	35	Higher education achievement	36	Female researchers	14	Management of cities	24	Pupil-teacher ratio (tertiary education)	10	R&D productivity by publication	31
Digital/Technological skills	14	Graduates in Sciences	15	Scientific and technical employment	31	Digital/Technological skills	14	Women with degrees	23	High-tech patent grants	44
Net flow of international students	29					Net flow of international students	29				

TECHNOLOGY

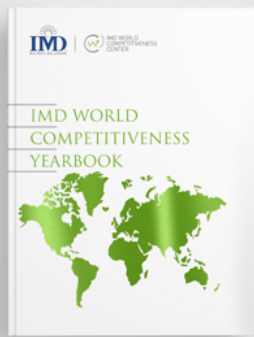
Subfactors	2013	2014	2015	2016	2017
Regulatory framework	19	22	20	20	19
Capital	48	47	44	50	50
Technological framework	36	38	40	38	43

Regulatory framework		Rank		Capital		Rank		Technological framework		Rank	
Starting a business	22	IT & media stock market capitalization	29	Communications technology	10	Enforcing contracts	18	Funding for technological development	37	Mobile Broadband subscribers	56
Immigration laws	3	Banking and financial services	55	Wireless broadband	47	Technological regulation	30	Investment risk	45	Internet users	15
Scientific research legislation	29	Venture capital	52	Internet bandwidth speed	32	Intellectual property rights	32	Investment in Telecommunications	37	High-tech exports (%)	57

FUTURE READINESS

Subfactors	2013	2014	2015	2016	2017
Adaptive attitudes	28	30	33	31	34
Business agility	29	30	25	27	40
IT integration	30	29	30	32	32

Adaptive attitudes		Rank		Business agility		Rank		IT integration		Rank	
E-Participation	40	Opportunities and threats	50	E-Government	33	Internet retailing	33	Innovative firms	15	Public-private partnerships	44
Tablet possession	32	Agility of companies	43	Cyber security	41	Smartphone possession	20	Use of big data and analytics	57	Software piracy	28
Attitudes toward globalization	26	Knowledge transfer	30								



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