

## Country Brief

### Portugal

#### Address:

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### BASIC FACTS ABOUT PORTUGAL

Name of country : Portugal

Capital : Lisbon

#### Name of Provinces and Provincial capitals:

##### Continental :

Algarve: (Capital – Faro)  
Alentejo : (Capital - Evora, Beja)  
Estremadura e Ribatejo: (Capital - Lisbon & Santarem)  
Beiras Interiores: (Capital – Castelo Branco)  
Beira Litoral : (Capital – Coimbra)  
Minho e Douro Litoral: (Capital- Braga)  
Tras-os-Montes e Alto Douro : (Capital- Braganca)

##### Autonomous Regions :

Madeira: ( Capital – Funchal)  
Azores : (Capital - Ponte da Delgada)

Population : 10.56 million  
Currency : Euro  
Languages spoken : Portuguese  
Time Zone : IST (-) 5 ½ hours (Winter)  
(-) 4 ½ hours (Summer)

## **Government:**

Name of Head of State	Prof. Anibal Cavaco Silva, President
Name of Head of Government	Mr. Jose Socrates Carvalho Pinto de Sousa, Prime Minister
Name of Foreign Minister	Mr. Luis Amado
Name of Finance Minister	Mr. Teixeira dos Santos
Name of Defence Minister	Dr. Nuno Severiano Teixeira
Name of Economy Minister	Mr. Manuel Pinho
Official Government website with links to HOG/HOS/ Foreign Ministry/Commerce Ministry	<a href="http://www.portugal.gov.pt">www.portugal.gov.pt</a>

## **Name and address of the central bank:**

Banco de Portugal, Head Office: R. Do Ouro, 27, 1100-150 Lisbon; Tel : 00351 21 321 32 00, Fax : 21 346 48 43; website : <http://www.bportugal.pt>

## **Background:**

After the 1974 "Revolution of the Carnations" that overthrew its long-running dictatorship, Portugal embarked on a course of rapid democratization. It joined the European Union in 1986, liberalizing many parts of the economy and improving its infrastructure with the help of EU funds. However, Portugal has suffered in recent years from low educational achievement, sluggish growth, and fiscal imbalances. It also faces challenges from the loss of its comparative advantage in cheap labor following the accession of Central and Eastern European countries to the European Union.

## **Basic foreign, international trade policies:**

Portuguese foreign policy is mostly Eurocentric. Portugal acceded to the European Communities on 1 January 1986 and had thrice held the EC six-monthly Presidency (in 1992, 2000 and 2007). European issues, the relationship with community partners and particularly with Spain are a priority for Portuguese foreign affairs. Portugal actively participates in European policies within the scope of the CFSP (Common Foreign and Security Policy). Portugal is a founding member of NATO and places a high priority on a strong transatlantic relationship. Portugal is very keen to further develop its relationship with Portuguese Speaking African Countries viz., Angola, Mozambique, Sao Tome Principe, Cape Verde, and East Timor. Relationship with Brazil receives particular importance. Relationship with India and China, and other important members of the region like Japan, South Korea, Malaysia, Thailand and Singapore have been intensified. Portugal participates in peace-keeping missions. The candidatures to posts in decision-making bodies of international organizations and greater number of portuguese people as international public officials continue to engage Portugal at multilateral level. Consequently, the Government also hopes to be able to count upon the engagement of the Members of Parliament to discuss and improve the mechanisms of the so-called "Parliamentary Diplomacy".

The Governments has been endeavored to comply with the EU's Stability and Growth Pact. Priority has also been given to Labor and Administrative reforms to increase the productivity and

competitiveness. In 2005, the Socialist government announced a series of measures including VAT increase (to 21 per cent-one of the highest in the EU) and a restructuring of the public service, health, social security and pension schemes. The government also announced a multi-billion dollar Infrastructure Investment Program intended to boost the economy and reduce the deficit through public-private investments. Foreign trade has contributed significantly to Portugal's economic growth. Portugal's most important trading partners remain other EU Member States, with Spain, Germany, France, Italy and the United Kingdom its principal trading partners. The United States is Portugal's most important non-EU trading partner.

### **Membership of organizations:**

Founder-member of NATO and OSCE. Joined EU in its first wave of expansion in 1986 and adopted Euro as its currency w.e.f. 01-01-2002

### **Economy:**

The Portuguese economy emerged from recession in 2004, driven by exports and private domestic demand. After some encouraging signs of growth in the second quarter of 2005, preliminary data from the Instituto Nacional de Estatística (INE, the national statistics office) indicate that the economy slowed in the third and fourth quarter. GDP grounded to a virtual halt in 2005, with growth of just 0.2%. In 2006 the Portuguese economy showed the further signs of recovery. Though the real GDP growth contracted by 0.2%, quarter on quarter in the third trimester of 2006, reflecting lower investment and public consumption but on a year-on-year basis, GDP growth accelerated to 1.5%. In the 2<sup>nd</sup> Quarter of 2007 GDP grew by 1.6% volume in real terms compared to the same period of the previous year. In 2007 the GDP growth stabilized at 1.8%.

### **Major Industries, global companies etc:**

Portugal is Europe's leading producer of copper, tin, tungsten and a major producer of zinc; Manufacturing (There is a growing trend to move away from the traditional sectors of leather and textiles); Automotive sector ; Wine and cork products.

### **Significant economic activities:**

Agriculture & fishing account for less than 4% of GDP. Portugal has just begun catching up on knowledge based industries and has a strong base for ship-building and related services industry. The tourism sector is one of the most important sectors of Portugal's economy, accounting for about 8% of GDP and roughly 10% of overall employment. Portugal enjoys around 1.5% of the world travel market, but its share of world tourism has been falling since early 2000's. Subsequent Governments have set tourism as a priority area for the country's economy. The Government also announced the tourism intervention plan (Plano de Intervencao de Turismo, PIT) of Euro 100 million which will provide, until 2009, financial incentives to the development of new tourist resorts and the renovation of existing tourist destinations.

### **Trade:**

The total trade in 2007 was Euros 94.16 billion. Spain, Germany, France and UK are the major trading partners among the EU countries. USA, OECD, PALOP and Brazil are the other Non-EU

partners. The major imports are machinery and equipments, Fuel, vehicles, chemicals and metals and the major exports are mineral products, machinery and garments.

### **Major Universities:**

Universities of Coimbra, Lisbon and Porto/GRICES-*Gabinete de Relacoes Internacionais da Ciencia e do Ensino Superior*. IEEI-Instituto de Estudos Estrategicos e Internacionais, Largo S. Sebastiao, 8, Poca do Lumiar, 1600-762 Lisbon, Tel : 210 306 700, Fax: 217 593 983, E-mail: [ieei@ieei.pt](mailto:ieei@ieei.pt) Instituto Diplomatico, Rua da Necesidades, No.19, 1350-218 Lisbon, Tel:213 932 040, Fax : 213 932 049, E-mail: [idiplomatico@mail.telepac.pt](mailto:idiplomatico@mail.telepac.pt), Instituto Nacional de Engenharia, Tecnologia e Inovação (National Institute of Engineering, Technology and Innovation), INETI a R&D Institution in Lisbon, Portugal.

### **Major newspaper/magazines/TV channels with contact details:**

Newspaper: Diaro de Noticias (<http://www.noticiasdenavarra.com>), Publico (<http://www.publico.clix.pt>), Corrieo da Manha (<http://www.correiomanha.pt/>), Jornal de Noticias ( <http://jn.sapo.pt>), Expresso – weekly(<http://www.expresso.pt>), The Portugal News – weekly(<http://the-news.net>).

Major Radio channels: RDP, Radio Commercial, T&F, Radio Club Portuguese, Radio Renasanca, RTP, SIC, TV1, TVcabo

## **INDIA-PORTUGAL RELATIONS**

Indo-Portuguese bilateral relations remain close and friendly; and are free of any irritants. Diplomatic relations between India and Portugal were first established in 1949. However, Major differences emerged during our negotiations over Goa with the (dictatorial) regime of Salazar led to the closure of Embassy in Lisbon on June 11, 1953. The Portuguese Embassy in Delhi was also closed in August 1955. All diplomatic and consular links were finally severed on September 1, 1955. The Portuguese-held territories of Goa, Daman & Diu were restored to India through military intervention (Operation Vijay) in December 1961. Through the sixties and up to 1974, there continued an increasingly strong movement in Portugal for democracy at home and decolonization abroad. Finally, the *carnation revolution* of April 25, 1974 ended the dictatorial regime and ushered in a democratic process.

A treaty re-establishing diplomatic relations was signed in New Delhi on December 31, 1974. The Embassies of the two countries were re-opened: the Indian Embassy in Lisbon in June, 1975, and the Portuguese Embassy in New Delhi in July 1975. Portugal opened a Consulate General in Panajim (Goa) in April 1994. We also have Honorary Consul in Oporto since 1994 and the Portuguese have a Honorary Consul in Mumbai since 2006.

### **Bilateral visits:**

#### High Level Visits From Portugal

- Dr. Mario Soares, Prime Minister, attended the funeral of Mrs. Gandhi, 1984

- Dr. Mario Soares, President, the Chief Guest at Republic Day 1992
- Anibal Cavaco Silva, President of Portugal visited India in January 2007 for an official visit
- Jose Socrates, Prime Minister of Portugal visited India in November 30 – December 1, 2007 to chair 8<sup>th</sup> India-EU Summit as well as for bilateral meeting with our Prime Minister

#### From India

- Shri R. Venkataraman, President, State Visit March-April 1990
- Shri P.V Narasimha Rao, Prime Minister, transit visit, June 1992
- Dr. Shankar Dayal Sharma, President, transit halt, May 1995
- Shri P.V. Narasimha Rao, Prime Minister, transit halt, October 1995
- Shri K.R.Narayanan, President, State Visit, September 1998
- Shri A.B. Vajpayee, Prime Minister, June 2000 (First India-EU and Bilateral Summit)
- Smt Pratibha Patei, President, Transit visit, April 12 – 13, 2008.
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#### Parliamentary Exchanges

Dr. Antonio de Almeida Santos, President of the (National) Assembly of the (Portuguese) Republic (Speaker of the Parliament), led a 9-member delegation of parliamentarians to India from 15-22 December 1999. This was the first visit to India by a parliamentary delegation from Portugal. The members of the delegation called on the President, the Leaders of the two Houses in Parliament and other dignitaries. Dr. Joao Bosco Mota Amaral, President of the (National) Assembly of the (Portuguese) Republic led a four-member delegation to the celebrations to commemorate the golden jubilee of our Parliament (Jan. 21-25, 2003).

A 12-member Parliamentary Delegation led by Shri Manohar Joshi, Hon'ble Speaker, Lok Sabha visited Portugal from May 25 – 28, 2003. The delegation called on the Prime Minister Durao Barroso (28-05-03) and had meeting their Portuguese counterparts and attending a meeting of the European and Foreign Affairs Committee in the Portuguese Parliament on 27-05-03. Most recently, a 16-member Parliamentary Goodwill Delegation led by Minister for Parliamentary Affairs & Information and Broadcasting Shri Priya Ranjan Dasmunsi visited Portugal November 6-7, 2007 and met with the President (Speaker) of the Parliament Dr. Jaime Gama and the Minister for Parliamentary Affairs of Portugal Dr. Augusto Dos Santos Silva. They also held meetings with the Foreign Affairs Committee and the Portugal-India Friendship Group in the Portuguese Parliament.

#### Bilateral Economic relations

A bilateral Agreement on Trade, Economic, Industrial and Technical Cooperation was signed in 1977. A Joint Committee established under this Agreement had its first meeting in November 1981. At the Second Meeting held in 1997, it was decided to bifurcate the scope of the 1977 agreement into two separate agreements - one providing for economic and industrial cooperation (agreement signed in April 2000 during the visit of EAM) and the other providing for cooperation in Science & Technology (agreement signed in December 1998 during the visit of the Portuguese Minister for Science and Higher Education, Prof. Jose M. Gago). Prof. Anibal Cavaco Silva, President of the Republic of Portugal paid an official visit to India from January,

10-17, 2007. During the visit the Extradition Treaty and the Agreement on cultural cooperation for the period of 2007-2009 was signed between India and Portugal. A separate agreement was also signed in the field of education, science, culture, sports, youth and mass media for the period 2007-2010.

India's bilateral trade with Portugal in recent years is given in the table below.

(Value: Euro/US \$ Million)	India's Exports to Portugal	India's Imports from Portugal	Total Trade	India's Trade Balance Surplus
Jan-Dec. 2007	<i>Euros 334.57 mil</i> <i>US\$ 458.36 mil</i>	<i>Euros 29.75 mil</i> <i>US\$ 40.76 mil</i>	<i>Euro 364.32 mil</i> <i>US\$ 499.12 mil</i>	<i>Euros 304.82mil</i> <i>US\$ 417.60mil</i>
2006	<i>Euros 234.17 mil</i> <i>US \$ 292.71 mil</i>	<i>Euros 28.59 mil</i> <i>US\$ 35.74 mil</i>	<i>Euro 262.76 mil</i> <i>US\$ 328.45 mil</i>	<i>Euros 205.58mil</i> <i>US\$ 256.97mil</i>
2005	<i>Euros 207.8mil</i> <i>US\$ 257.71 mil</i>	<i>Euros 25.65 mil</i> <i>US \$ 31.81 mil</i>	<i>Euro 233.48 mil</i> <i>US\$ 289.52 mil</i>	<i>Euros 182.18mil</i> <i>US \$ 225.90mil</i>
2004	<i>Euros 175.37 mil</i> <i>US\$ 217.46 mil</i>	<i>Euros 18.37mil</i> <i>US\$ 22.78</i>	<i>Euros 193.74 mil</i> <i>US\$ 240.24 mil</i>	<i>Euros 157.99mil</i> <i>US\$ 194.68mil</i>

India's exports to Portugal comprise principally of hides & skins, leather, marine products, cotton and synthetic textiles and garments, footwear, coffee, tea & spices. Of late, there has been some significant diversification, with goods such as carpets, gems & jewelry, silk & silk products, auto components and other engineering goods joining the export basket. Computer software, video cassettes, bicycles, scooters, and rice are other products striving to enter the Portuguese market. India's imports from Portuguese mainly of cork & cork products, pulp & paper products, organic chemicals, and plastics besides raw skin/hides and leather products.

Bilateral trade has been growing steadily over the years but holds little potential for further growth and diversification. Trade has been largely one sided and in India's favour. India's exports constitute over 90% of the trade turnover. Portugal's external trade is dominated by the European Union.

In furtherance to the General Agreement on Trade, Economic, Industrial and Technical Cooperation signed in 1977 (providing a framework for bilateral economic and commercial interaction), an Agreement on Economic and Industrial Cooperation was signed in April 2000. Another Agreement providing for avoidance of Double Taxation was signed in September 1998. Both these agreements have since entered into force with the completion of ratification procedures.

A Cooperation Agreement was signed in January 1992, between FICCI and the Portuguese Institute for Foreign Trade and Investment (ICEP). A Joint Business Council established under this agreement met in 1993, 1995 and May 1997. A Cooperation Agreement between Confederation of Indian Industry (CII) and the Portuguese Association of Industries (AIP) was signed in July 1995.

Portugal's Minister of Finance, Prof. Sousa Franco, visited India from 21-22 October 1999, to attend the opening ceremony of the branch of the Portuguese Ultramarino National Bank, in Goa and Mumbai. In March 1999, Prof. Fernando Pacheco, the Portuguese Secretary of State for

Industry and Energy visited India. He was accompanied by a business delegation and attended the CII Partnership Summit in Jaipur.

While trade and investment has remained at a low level between the two countries and needs to be strengthened. Wipro has acquired a Portuguese company called 'Enabler' for Euros 52 million in 2006. Enabler has delivery centers in both Portugal and Brazil, and in 2005 Enabler's revenues were approximately Euros 30 million. Biocon India is in touch with a Portuguese biotechnology company for a possible joint venture. No details are available so far. Aerosoles, a major Portuguese shoe company, has set up two factories in Tamil Nadu in 2005-2006. Tata Consultancy Services and Ranbaxy pharmaceuticals have opened offices in Portugal. Alcatel Portugal is a part of a major contract with Delhi Metro. A Portugal-India Chamber of Commerce has been created and formally inaugurated in Lisbon on 17<sup>th</sup> November, 2006. This could also help in boosting bilateral trade and investment links.

### **Science and Technology**

An agreement for Cooperation in Science and Technology was signed on 3rd December 1998, during the visit to India of Professor Jose M. Gago, Portuguese Minister for Science and Technology. During the visit to Portugal by Prof. Murlimanohar Joshi, two protocols were signed at Lisbon on July 3, 2001 a programme of cooperation and joint research projects in Science and Technology and Ocean Science. At the First Meeting of the Indo-Portuguese Joint Committee on Science & Technology and the Working Group on Ocean Science & Technology held in Lisbon from 24-03-03 to 26-03-03, six proposals for Joint Research Projects in the field of Ocean Science & Technology and seven in the area of Science & Technology were approved for funding under the two protocols signed on 03-07-2001. The 2<sup>nd</sup> Session of the Indo-Portuguese Joint S&T Committee was held in New Delhi from 19 – 25 March, 2007.

### **Culture**

Under the Cultural Agreement (signed in 1980) several Cultural Exchange Programmes (CEP) have been implemented. During the visit of President Anibal Cavaco Silva to India in January 2007 the Agreement on cultural cooperation for the period of 2007-2009 was signed between India and Portugal. A separate agreement was also signed in the field of education, science, culture, sports, youth and mass media for the period 2007-2010.

Portuguese Cultural Centres have been inaugurated in New Delhi and in Goa. Private initiatives have been supplementing efforts of both governments for increasing cultural exchanges. A private Portuguese cultural organisation, the Orient Foundation, opened a representative office in Goa in April 1995. The Gulbenkian Foundation, based in Portugal, has funded the establishment of an archive of Portuguese documents at the Bishop's House in Cochin.

### **Consular services**

Total visas issued by this Mission in Lisbon during the last four years are as follows:

Service:- Year	Consular Services	Passport Services	Visas Issued		Consular Revenue (Rupees)
			Total	Tourist	

<b>2003</b>	1312	1066	4476	3822	17791537
<b>2004</b>	1261	960	5455	4728	23325519
<b>2005</b>	1626	1021	5787	4947	22190810
<b>2006</b>	1953	906	6715	5539	26297204
<b>2007</b>	2644	1041	8181	6599	32605176
<b>(% Change in 2007 figures over 2003 figures)</b>	(+) 101.5%	(-) 2.3%	(+) 83.5%	(+) 72.6%	(+) 83.3%

**Air links with India / Convenient Travel Routes:** No direct flights connecting India and Portugal. However, frequent connections are available at Frankfurt, Paris and London.

**Indian banks** : NIL

**Estimated NRI/PIO population:**

NRIs - 3614  
PIOs - approximately 50,000

May, 2008