



## Portugal country brief

Located in south-western Europe, Portugal is bordered by the North Atlantic Ocean and Spain. Portugal is home to over 10.4 million people (2014 estimate). The capital of Portugal is Lisbon.

### Bilateral relations

Australia and Portugal have a good bilateral relationship. Portugal has an Embassy in Canberra and a Consulate-General in Sydney as well as Consulates in the Northern Territory, Queensland, South Australia and Victoria. Australia has an Embassy in Lisbon.

According to the 2011 Census, over 46,500 Australians claimed Portuguese ancestry and over 15,300 were Portuguese-born. These community links have produced a steady flow of family visits and cultural exchanges in recent decades. In 2014, there were 5,500 short term arrivals from Portugal, up 21.3 per cent on the previous year (albeit off a low base). In 2014, there were also 9,600 short-term resident departures from Australia to Portugal, up 1.8 per cent on the previous year.

Timor-Leste is a key element in the bilateral relationship. As the two largest donor countries, Australia and Portugal have a shared commitment to Timor-Leste's long-term stability and prosperity.

### Trade and investment

The global economic crisis and the associated downturn in the Portuguese economy had a dramatic impact on Australia's exports to Portugal, which decreased from \$41 million in 2007 to around \$18 million in 2014. However, two-way merchandise trade is now growing again. Australia's exports to Portugal grew 68.7 per cent in 2013-14 to over \$20m, with total bilateral merchandise between Australia and Portugal worth over \$170m over the same period.

Australia's investment in Portugal totalled \$317 million in 2014. Portuguese companies have invested in plants in Australia to manufacture wine closures from Portuguese cork, as well as in the plants for timber, veterinary, wine, pharmaceutical and biotechnology industries. Portugal's investment in Australia was \$44 million in 2013 (confidentiality restrictions prevent the publication of Portuguese investment in Australia for 2014).

### Bilateral agreements

Australia and Portugal signed a work and holiday visa arrangement in September 2014, which came into effect in November 2014. The arrangement offers young people from Australia and Portugal the opportunity to experience short-term work and study arrangements in each other's country.

Australia and Portugal signed a bilateral social security agreement in September 2001, which entered into force in 2002. The agreement provides improved social security protection to people who have lived and/or worked in both Australia and Portugal. The agreement also exempts Australian employers from the need to provide Portuguese social security support for Australian employees sent temporarily to work in Portugal, provided the employee remains covered in Australia by compulsory superannuation arrangements.

As an EU member, Portugal has access to a simple online visitor visa service to travel to Australia either for tourism or business purposes. Australian citizens have visa-free access for visits for tourism, business (other than paid employment), or official purposes and can stay in the Schengen area (including Portugal) for up to 90 days in total.

### High-level visits

*(Note: Positions indicated in the list below were held at the time of the visit)*

#### To Portugal

- 2015: Minister for the Environment Greg Hunt visited Lisbon
- 2013: President of the Senate the Hon John Hogg visited Lisbon
- 2010: Prime Minister Julia Gillard and Defence Minister Stephen Smith visited Lisbon for a NATO Summit
- 2009: Minister for Environment Protection, Heritage and the Arts, Peter Garrett, visited Madeira
- 2008: Minister for Defence, Joel Fitzgibbon visited Lisbon

#### To Australia

- 2012: President H.E. Anibal Cavaco Silva visited Australia
- 2009: Foreign Minister H.E. Luis Amado, visited Australia for Australia-Portugal political consultations
- 2009: Sonia Fertuzinhos, member of the Assembly of Republic of Portugal, visited Australia under the Special Visitors Program

### Political overview

Portugal is a parliamentary democratic republic with a unicameral parliamentary system, based on the 1976 Constitution. It became a republic after a revolution deposed the monarchy on 5 October 1910. Portugal's modern democratic State was established on 25 April 1974, with the overthrow of the ruling dictatorship.

The President of the Republic is directly elected for a maximum of two consecutive terms of five years. The President has no executive power, but has a role in foreign policy (for example on former colonies such as Timor-Leste) and plays an important role as a political arbiter, while maintaining political neutrality. The President is also Commander-in-Chief of Portugal's Armed Forces. On 22 January 2006, former Prime Minister Anibal Cavaco Silva was

elected as President in the first round of voting, obtaining 50.6 per cent of the vote. He was inaugurated as President on 9 March 2006. On 23 January 2011, President Cavaco Silva was elected for a second term. Presidential elections will be held in January 2016.

In 2009, the Socialist Party returned to power under Prime Minister Socrates. However, having failed to secure passage of his austerity budget in March 2011, Socrates resigned. At the subsequent elections in June 2011, the centre-right Social Democrats, led by Pedro Passos Coelho, won enough seats to form a coalition government with the rightist Popular Party led by Paulo Portas. General elections will be held on 4 October 2015.

## Foreign policy

The European Union (EU) is at the heart of Portuguese foreign and economic policies. Portugal was one of the Contracting States that established the EU in 1994. It has held the rotating six-monthly Presidency of the European Council on three occasions: in 1992, 2000, and again in the second half of 2007. Portugal participates in the EU foreign policy agenda, particularly in relation to its former colonies in Africa, Latin America and Asia (Timor-Leste and Macau). The highlight of Portugal's most recent Presidency was the signature of the EU Reform Treaty (the "Lisbon Treaty") by all (then) 27 member countries in December 2007 and the holding of an EU-Africa Summit in Lisbon in 2007, the first such Summit in ten years.

Portugal is a founding member of NATO and places a high priority on a strong transatlantic relationship.

Portugal also maintains cooperation and friendship links with other Portuguese-speaking countries through the Community of Portuguese Language Countries (CPLP). The CPLP's Executive-Secretariat is based in Lisbon.

## Portugal and Timor-Leste

The former colony of Timor-Leste remains an important foreign policy focus for Portugal. Portugal did not recognise the 1975 annexation of what was then Portuguese Timor by Indonesia and pursued the cause of East Timorese independence in international forums for many years. Since the 1999 referendum that resulted in Timorese independence, Portugal has engaged closely in supporting Timor-Leste's development and security. The Portuguese Armed Forces participated in UN Security Council-endorsed peacekeeping activities in Timor-Leste.

In addition to Timor-Leste, Portugal has also contributed troops to the International Security Assistance Force (ISAF) and to the Operational Mentor and Liaison Team (OMLT) in Afghanistan, as well as to Kosovo (UNMIK), Iraq (UNAMI), Lebanon (UNIFIL), Somalia (UNOSOM), Croatia and Bosnia (IFOR/SFOR), Mozambique (ONUMOZ), Angola (UNAVEM/MONUA) and Chad and the Central African Republic (MINURCAT). Portugal has also contributed police to operations in Yugoslavia (UNPROFOR), Congo (MONUC), Guinea Bissau (UNIOGBIS) and Timor-Leste (UNTAET/UNMIT /UNMISSET).

## Economic overview

Portugal's economy has diversified and become increasingly service-based since the country joined the EU. The country qualified for the European Monetary Union in 1998 and began circulating the Euro in 2002.

The global financial and economic crisis and the ensuing European sovereign debt crisis had a substantial negative impact on the Portuguese economy, which shrank by around 4.0 per cent in 2012 and 1.6 per cent in 2013. In response, Portugal adopted an economic adjustment Program developed in partnership with the European Union and the International Monetary Fund. Since 2011, the Program has stabilised Portugal's economy, corrected domestic economic imbalances and restored growth. Portugal exited the Program in May 2014. Unemployment (almost 14 per cent per cent in 2014) and public debt (130.2 per cent in 2014) remain high. But a weak Euro, highly supportive monetary settings, a continuing structural reform program, a stronger export sector and lower oil prices may sustain growth in short to medium term. Portugal is now expected to grow 1.6 per cent in 2015. To support the recovery, the Portuguese Government is seeking to enhance Portugal's integration in the broader international economy, including through the attraction of foreign investment. Since 2011, there has been an increase in Chinese investment in Portugal which as of January 2014 was valued at US\$5.4bn concentrated in the energy and finance sector.

Portugal conducts the overwhelming majority of its external trade with the rest of the European Union, which represents up to 70 per cent of Portugal's export market and 75 per cent of its imports. Significant non-EU trading partners are the United States, China, Brazil and Angola. Portugal's main exports are machinery and equipment, as well as vehicles, vessels, aircraft, textiles and leather. The tourism sector is playing an increasingly important role in economic recovery as are the services and technology sectors. Following the economic crisis, Portugal has actively sought to diversify its export markets and sources of investment.