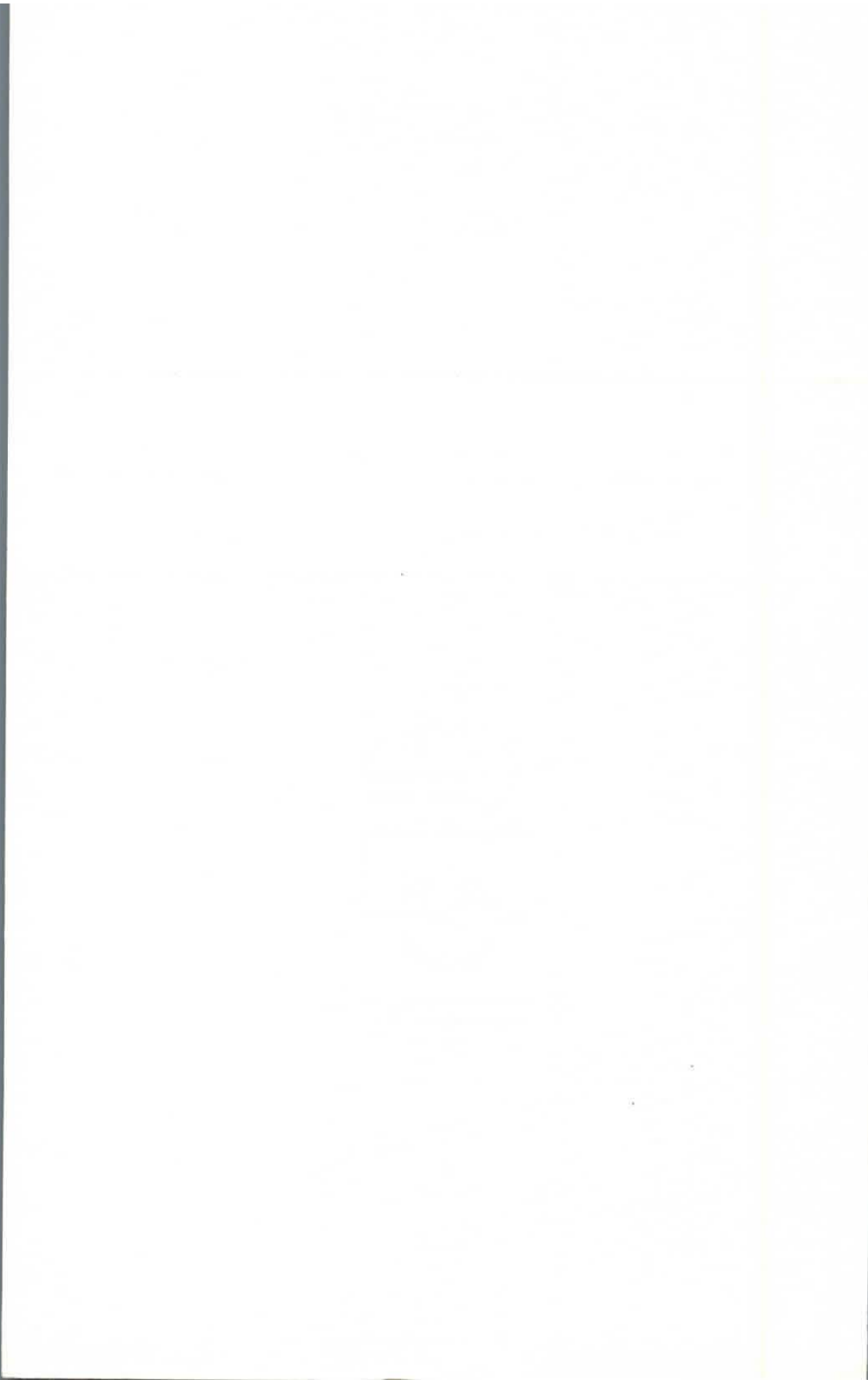


**PORTUGAL'S ECONOMIC SITUATION
AND AID REQUIREMENTS**



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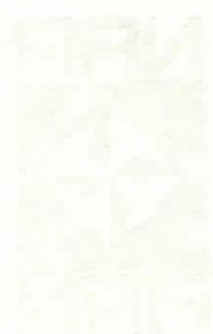


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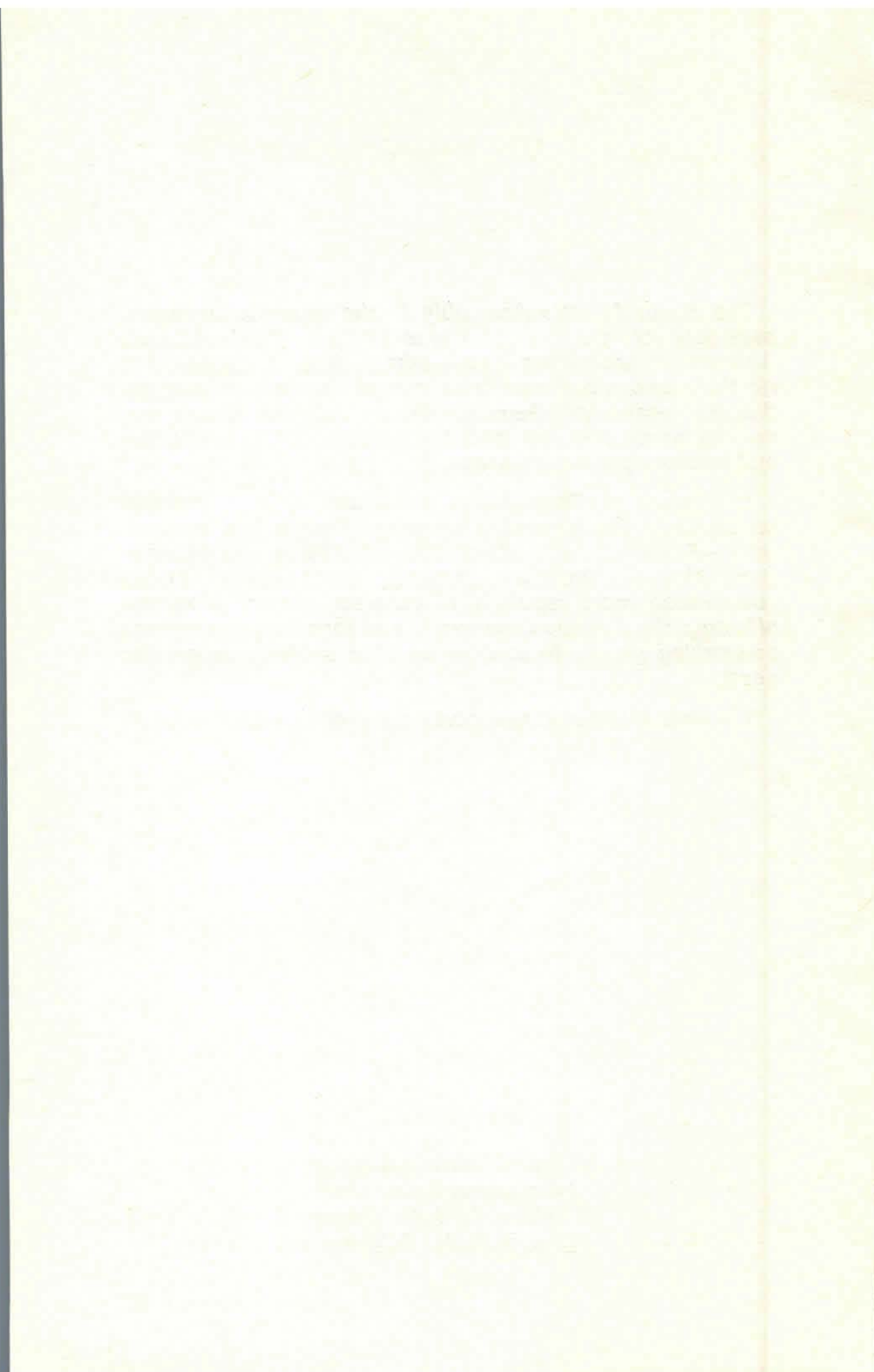


The North Atlantic Assembly is the inter-parliamentary assembly of member countries of the North Atlantic Alliance. It provides a forum where West European and North American parliamentarians meet regularly to analyse, discuss, and voice their opinion on Alliance issues and developments, and acts as a link between NATO authorities and member parliamentarians.

Composed of 172 members nominated by their national parliaments, the Assembly operates through five committees - Economic ; Education, Cultural Affairs and Information ; Military ; Political ; Scientific and Technical. These committees meet regularly to consider current problems affecting the Atlantic Community and form sub-committees or working groups to analyse specific subjects in greater depth.

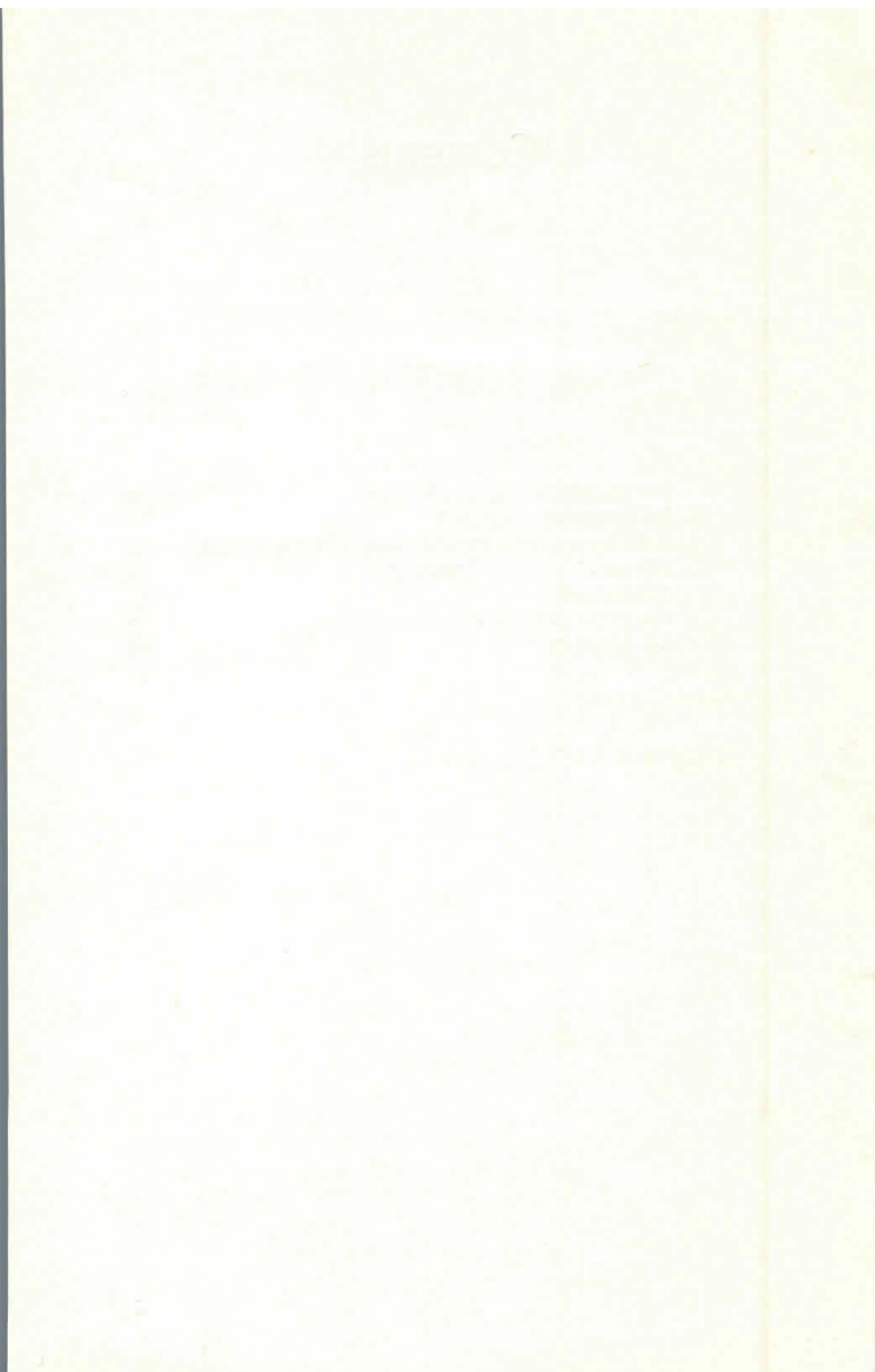
The annual Committee reports are available upon request.

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Foreword

The Order for setting up a Working Group on Portugal was adopted at the 25th Annual Session of the North Atlantic Assembly which was held in Ottawa, Canada, from 22nd to 27th October, 1979. In this Order the Secretary General was instructed « to take all appropriate steps in collaboration with the Economic Committee to set up a working group of parliamentarians and experts from national administrations and international organisations which should define concrete conclusions and measures in order to help Portugal in its overall economic and social development ».

The Working Group was set up by the North Atlantic Assembly in view of the important role Portugal plays in the Alliance and the problems this country was faced with on its way to democracy, as well as other international factors which created severe economic problems. The rôle of the Working Group was to define the problems faced by Portugal and to recommend measures to be taken by members of the Alliance to alleviate these problems. The aim was to improve the preparations for the transition of Portugal into the European family by producing a thorough analysis of the economic situation and Portugal's essential needs in the near future.

The Working Group was composed of 8 members of the Assembly, an additional two members representing the Sub-Committee on the Southern Region of the Political Committee, 10 Portuguese experts, 1 expert from the European Community's General Direction of External Relations and 1 expert from the Economic Directorate of NATO, as well as the Director of the Economic Committee of the International Secretariat.

The group held its first meeting in Porto on 19th to 20th March, 1980. The first day was devoted to a tour of Aveiro, where the group was briefed on the prospects and plans concerning the modernisation of the town's important commercial and fishing harbour, and to Vila da Feira, where the group was briefed on the region's urgent water supply and sewage system problems. On 20th March the group

met to discuss Portugal's economic problems and the possible measures to be taken to improve the situation, especially in the following sectors :

- agriculture ;
- infrastructure and transport ;
- industry and industrial development ;
- energy ;
- financial aspects ;
- defence-related economic assistance.

This first meeting was to be considered as a fact and opinion finding exercise.

At the meeting of the Economic Committee in Luxembourg on 6th to 7th June, 1980 the Working Group's Chairman and Mr. Lobato, the co-ordinator of the Portuguese experts, presented an interim report.

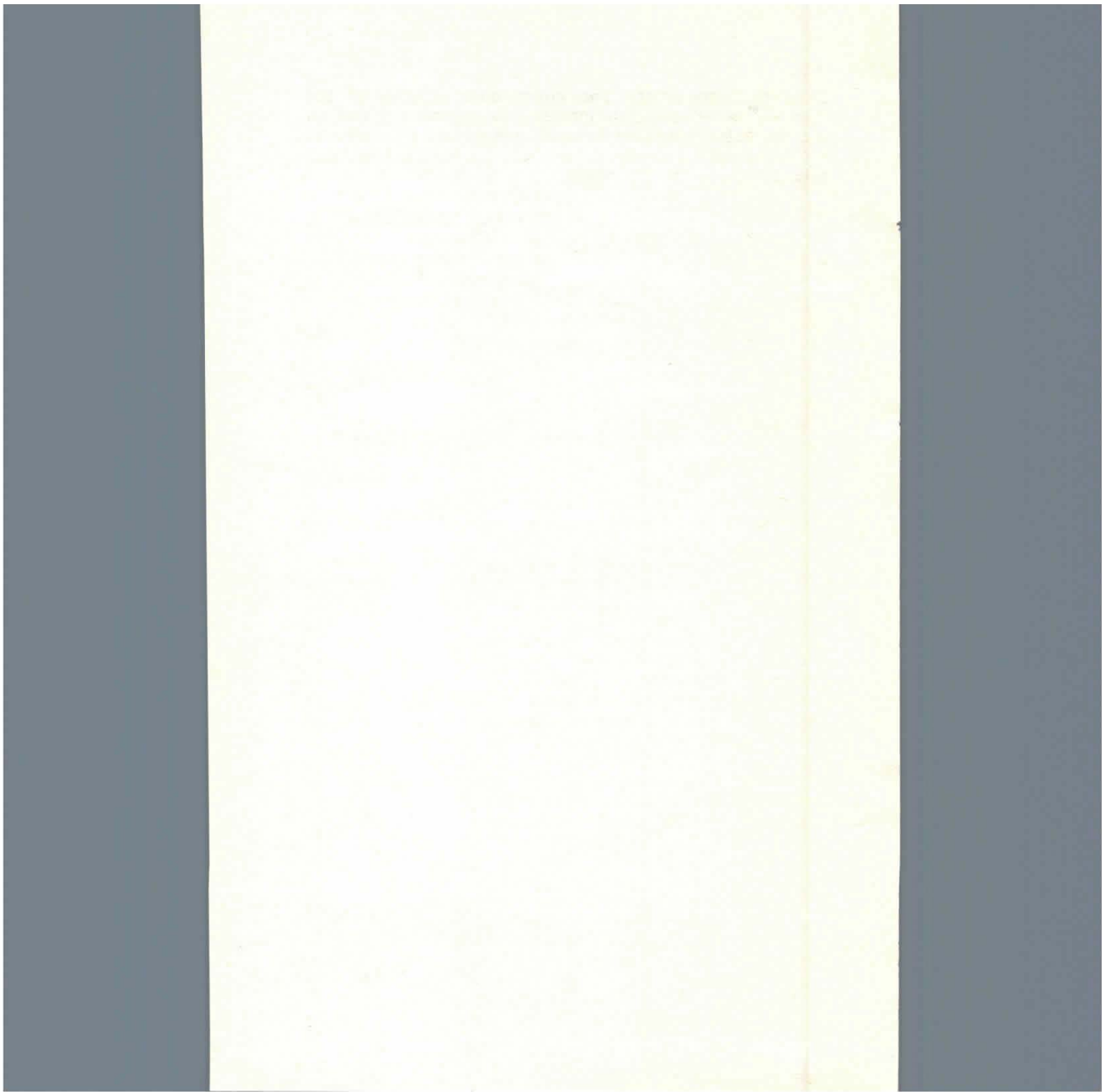
The second meeting of the group took place in Lisbon on 20th to 21st October, 1980. On the first day the group visited a farming unit where the members received briefings on the agricultural policy and the recent trends in Portugal's land reform. The next briefing took place at Sines, a new industrial area based on harbour facilities and refineries, where the President of the Gabinete de Area de Sines explained the whole project. On the tour through the different parts of the area the respective directors provided the members with further details. The meeting on the second day was held at the Gulbenkian Foundation where Mr. Lobato, the co-ordinator of the Portuguese experts, gave a general introduction which was followed by comments from the experts who presented papers dealing with the different sectors of Portugal's economy. This was followed by a general debate.

In addition to the meetings of the Working Group, the Chairman and the Economic Directorate of the International Secretariat were in contact with numerous experts and organisations concerned with this matter.

It cannot be the function of this report of the Working Group to produce a scientific paper or a complete study on Portugal's political and economic situation and outlook. Neither should it be considered as an intervention in domestic affairs of a sovereign member country of the Alliance. This report should be considered as an information document for the members of the North Atlantic Assembly,

other parliamentarians and government officials of the Alliance countries, and for international organisations which are interested in helping Portugal to overcome its economic problems and to strengthen the country for the important role it plays in the Alliance.

Mr. Robert LAUCOURNET
*Chairman
of the Working Group.*



Report

I. The country's role in the West.

Portugal was one of the founder members of the Atlantic Alliance. The vital importance of Portugal's geo-strategic position adequately warranted its admission to the Alliance even at a time when its internal situation was characterised by a dictatorial and absolutist system of government which set it apart from the democratic Western systems. The country was able to topple the dictatorship and made great efforts to become a member of the group of democratic nations which have joined together in the Alliance for their collective defence.

In view of recent developments there is a further need to strengthen NATO's Southern Flank, Portugal holds a key place in these efforts. The importance of this country to the Atlantic Alliance lies mainly in its strategic position. The American air base at Lajes in the Azores enables the Alliance to monitor the movements of Soviet ships, submarines and aircraft over a large area of the Atlantic. In the 1973 Middle East war the Azores was used as a vital stopping-over point by American aircraft carrying military supplies to Israel. In addition, it provides the American armed forces with a vital support base for reinforcing its numbers in Europe. A new agreement between the American and Portuguese governments concerning the use of this base by America was signed in 1979. The Portuguese mainland is the base for the IBERCLANT Allied Command, which enables the Alliance to monitor air and sea surveillance of the area between the entrance to the Mediterranean and the Bay of Biscay. In addition, Portugal itself offers a logistical base for the reinforcement of Alliance forces, with the advantage of possessing stocks of fuel and shipyards capable of repairing war ships.

Especially in view of recent developments, there is a need to further strengthen the defence of NATO's Southern Flank. The Mediterranean member countries are the least prosperous of the Alliance and are unable to afford on their own the costs of their defence burden. Given the

close relationship between economic and political stability and Portugal's capability to fulfil its defence commitments, NATO should take an active interest in its general economic development. Article 2 of the North Atlantic Treaty is commonly interpreted as an obligation of the more prosperous member countries to provide economic assistance to those members who are in need and thus, to promote conditions of stability for the benefit of the Alliance as a whole.

On 28th March, 1977, on behalf of the government of the Portuguese Republic, the former Prime Minister, Mr. Mario Soares, submitted to the President of the Council of the European Community Portugal's application to accede to the European Community. At its meeting on 5th April, 1977 the Council agreed to initiate the procedure provided for in the Treaties. At present, one of the main aims of Portuguese foreign policy is to bring about integration in the European Community. Portugal's candidature for membership to the Community is backed by all the major political parties, with the exception of the Communist party.

It was basically political motivations which led Portugal to apply for membership and it was for these reasons that the Community accepted Portugal's candidature, even though the development gap between Portugal and the Community and the other candidate countries (Spain and Greece) constitutes a serious barrier to integration. The motives can really be summed up in six points :

1. Integration into the Community should be a guarantee for the development of democracy in Portugal.

2. Integration will bring about the strengthening of Portugal's ties with the West.

3. Portugal is already integrated into the European economic area to a large extent, but at present it has very little means of making its influence felt on the Community's decisions. About 55 % of Portugal's exports go to the Community, which in turn supplies 45 % of Portugal's imports. More than 1 million Portuguese currently reside in the Community countries, and more than 900,000 of them live in France. Moreover, the Portuguese economy is very largely dependent on foreign technology and capital.

4. Without a doubt, the enlargement of the Community towards the South will mean that it will have to pay much more attention than in the past to the economic problems

of the countries of Southern Europe and to help these countries close the development gap between them and the Ten. In April, 1978 the Commission of the European Community published its «overall considerations as regards enlargement problems». With regard to Portugal, it says «Portugal, whose per capita income is very much lower than that of any other State of the enlarged Community, and whose structures are still not very developed, could stand to benefit from Community aid which would help to facilitate its growth. Since 1974, the Community has made a considerable contribution to the financial aid granted to this State. Within the framework of the International Monetary Fund, in particular, it should continue with its support for the Portuguese balance of payments and facilitate the development of the necessary investments, notably by granting loans from the EIB. After accession, it would most likely be appropriate to continue with the special aid to encourage growth in Portugal ». It is thus important that the Community should take all possible action to ensure that this support is provided.

5. Portugal's accession to the Community should lead to the free movement of Portuguese workers within the enlarged European Community. It is difficult to assess what impact this will have on migratory patterns. In the first place, hundreds and thousands of Portuguese already living in the European Community will stand to benefit from additional rights and increased protection.

6. Finally, the political parties see membership of the Community as a means of boosting attempts to modernise the economy. The need to modernise the economy exists in any case, but integration into the Community should speed up this process, since Portugal will certainly receive net payments from the Community's agricultural, regional and social funds. These funds are used to finance projects aimed at improving the regional and agricultural structures.

Despite the internal crises of the European Community regarding the Community Budget and agriculture which led to speculation that some governments want to postpone the planned entry into the Community, Portugal still expects to become a full member of the European Community in 1983. The difficult internal discussions which will now take place in the European Community about the restructuring of its budget should not be used as an excuse for delaying

Portugal's accession. Due to the overwhelming political and security interests, the Alliance countries should use their influence to open the door to European integration to Portugal.

II. Economic development.

With a private consumption per capita of US\$ 1,500 (1979 figure) Portugal is, after Turkey, the poorest country of the OECD area. The income per capita is less than 50 % of that of Spain and about 70 % of GNP has to be spent on consumer goods. In the decade preceding the oil crisis and the 1974-75 world recession, Portugal was one of the countries with the most favourable growth performance. The April 1974 Revolution not only coincided with the above-mentioned events, but also with the loss of the African colonies. These combined factors caused far-reaching changes in the political, social and economic life.

When the Revolution took place in April 1974 and decolonisation took priority in Portuguese politics, the country was already suffering from the sharp increase of about 400 % in the price of oil. Due to this fact, the balance of trade deficit doubled in comparison with the previous year to an amount of about US\$ 2 billion. The following years were characterised by an accumulation of negative factors such as decreasing export figures due to lower productivity, increasing import figures due to inflationary wage increases and growing consumer demand. Due to the political instability of the country, revenue from tourism also decreased and even the foreign currency transfer from migrant workers declined as a result of decreasing confidence in the Portuguese currency. The climax of current account deficits of US\$ 1.3 billion and US\$ 1.5 billion was reached in 1976 and 1977.

Due to relative political and economic stability, the negative trends of the previous years changed for the better in 1978 and 1979. Export figures doubled to an amount of US\$ 3.6 billion in 1979 and reached US\$ 4.6 billion in 1980, revenue from tourism reached a level of almost US\$ 0.85 billion in 1980, remittances from migrant workers increased to US\$ 2.5 billion in 1979 and a considerable amount of foreign capital came into the Portuguese economy. Improvements in external economic relations effected positive trends in the national economy. Due to the repatriation of citizens

from Angola and Mozambique in the post-colonial era, Portugal was confronted with the very serious socio-economic problem of a high unemployment rate. The relative statistics are extremely heterogeneous. It must be remembered that the recent period was considerably affected by two factors. According to estimates, half a million people, i.e. about 6 % of the resident population in 1974, were repatriates from the former colonies. Demobilisation reduced the numbers of the armed forces from 230,000 at the beginning of 1974 to less than 70,000 at the end of 1978. Unemployment figures differ very much among the different economic sectors and social groups. The unemployment rate of people under 30 is permanently twice as high as the overall average. In 1980, 7.8 % of the civilian labour force were unemployed which shows a slight improvement compared with 8.2 % in 1979.

The policy of price control and the slowing down in the depreciation of the escudo appear to have succeeded in reducing the average rate of inflation from 23.9 % in 1979 (1974-1979 average 23 %) to 16.6 % in 1980.

The economic growth in real terms in 1980 (4.7 %) was somewhat higher than in the two previous years (4.1 % and 3.2 %). After annual growth rates of about 7 % from 1960 to 1973 it sank to 1 % in the year of the Revolution and GNP fell to minus 4.3 % in 1975. Then, in 1976 and 1977 growth rates increased again to about 6 %. According to the latest OECD analysis « private consumption could slow down in 1981 because of a smaller increase in household's real disposable income. The target of zero real wage growth may be approached more closely than last year as a result of the weaker trend in economic activity... Real growth of migrants' remittances in 1981 should be less than in 1980, given the generally expected slowdown in wages in European countries ».

In an international context, figures for Portugal's economic growth seem to be relatively optimistic. But one has to take into consideration that there is a great gap in the standard of living in Portugal and that of other European countries.

All efforts to narrow the gap are endangered by the effects of the oil price increase. This development threatens to upset the stability which has been obtained through major sacrifices. Portugal obtains 89 % of its energy requirements through imports. Only 11 % can be covered by domestic sources such as hydro-electric power plants.

The remaining 83 % from oil and 6 % from coal have to be imported. Even the energy consumption per capita is only one third of the OECD average and the oil bill in 1979 was equivalent to 7.5 % of the GNP. Due to the fact that Portugal is building up its industrial capacities and improving the standard of living, its energy requirement is likely to increase, which will bring about a deterioration in the balance of payments.

Because of its economic structure, Portugal is extremely vulnerable to any change in the international economic situation. About 60 % of its exports are from those sectors regarded as sensitive or which are going through a period of crisis in Europe — textiles, clothing, shoes, agricultural products. Moreover, Portugal has very few natural resources and energy sources. In addition, its production structure is very much dependent on other countries for intermediary products for industrial production. It is also very dependent from the point of view of agriculture: although Portugal has been considered as an agrarian country, approximately half of the food and agricultural products consumed in Portugal must be imported.

III. Defence-related industrial economic assistance.

Defence-related industrial economic assistance has been little explored so far but it has considerable scope: the implementation of a joint and co-ordinated Allied programme to help the less prosperous members to help themselves by supporting and developing their defence industries and thus enabling them to make better use of their own potential. Such a programme, however, does not yet exist but, in the case of Portugal, many interesting and mutually advantageous opportunities appear.

At a DPC (Defence Planning Committee) meeting at ministerial level in December, 1978 in Brussels, the Portuguese Minister of Defence invited Allied nations to participate in the stimulation of the industrial capacity of Portugal's defence sector. He offered the utilisation of Portugal as a second strategic front and pointed out that its very favourable position for logistical purposes could become of great importance to the Alliance in times of crisis. In such conditions, the production of ammunition and certain military equipment, as well as the availability of maintenance and repair facilities in a safe backward posi-

tion, would represent a considerable asset for the Alliance. The basis for all this is available, but a lot more needs to be built on top of this, and it needs to be built now ! Once a crisis has developed, it is always too late.

In Portugal, a considerable capacity exists for the production of a wide range of ammunition and small arms used by NATO forces. The arms industry, however, needs revitalisation and modernisation as up to the mid-70's the output of the defence industry was solely orientated towards the requirements of the Portuguese forces in their armed conflicts in the Portuguese overseas territories. Since the decolonisation and the end of the African Bush Wars, the Portuguese defence industry is in a structural crisis and a reorientation is necessary as the current demand of the Portuguese forces is barely sufficient to keep the vital parts of the production capacity employed. If the capacity of the Portuguese defence industry is to be kept alive, new markets for Portuguese defence products are urgently required within other Allied countries.

The Portuguese economy and defence establishment, however, does not have sufficient financial resources and/or research facilities to develop independently a competitive range of military products for use in Allied armed forces. Therefore, technological updating and infusion of know-how is required. This could be part of an Alliance-wide demand policy designed to make better use of Portugal's strategic logistic advantages. Indeed, a precedent for such a policy exists and the creation of the existing Portuguese armaments industry dates back to the early 1950s when the Federal Republic of Germany and the United States placed large orders for ammunition in Portugal. The volume and the time-frame of these orders enabled the Portuguese to build up the necessary industrial base, purchase the required machinery and train their manpower accordingly. As a result of this policy, a modern industry for the production of ammunition and small arms had been created in Portugal by the second half of the 1950s.

In order to bridge the technological gap which has developed between the present production capability of the Portuguese armaments industries and the requirements of the Allied forces, a similar policy should be considered. The Portuguese companies with the necessary production facilities and capacities still exist and the manpower is qualified and well-trained. The Portuguese authorities, therefore, believe that, subject to technological assistance

and transfer of know-how, their armaments industry is capable of meeting Allied requirements and specifications.

There is, however, a problem concerning the acquisition of the necessary machinery for the production of the new types of arms and ammunition. Most of that equipment would have to be purchased from abroad which, in view of scarce financial resources and foreign exchange reserves, may present a difficult task for the Portuguese authorities. The latter, therefore, suggest that, if need be, some of the imported machinery could be paid for in finished products, i.e. the interested industrialised Allied country would supply Portugal with the necessary know-how and machines for the production of certain types of ammunition and Portugal would pay for this machinery and know-how in terms of the ammunition produced in Portugal. Such a form of co-operation between countries is not new. In the civilian field, barter and compensation trade are frequently applied between Allied and Warsaw Pact countries.

It is no secret that at present, war reserve stocks in European member countries are dangerously low. As a result of recent developments in the Middle East and South-West Asia, the replenishment of these stocks, including munitions of all kinds, is given a high priority by national defence planners. Subject to the awareness and willingness of national authorities, parts of this increased demand could be channelled to Portugal. Sufficiently large orders would enable the Portuguese to modernise their munitions industry and thus provide NATO with modern production facilities in safe backward positions without, however, being too far away from the potential area of armed conflict. Of course, such co-operation in the munitions field should only be a first step and interesting possibilities appear in other areas such as naval and aircraft overhaul facilities.

From the above, it becomes clear that defence-related industrial-economic assistance could come in various forms but always with the same function of filling the gap that exists between straightforward military end item aid and financial economic assistance. Economic and financial assistance through the OECD, the World Bank, etc. cannot be made available for defence purposes and direct military assistance is quite insufficient to bring about the necessary results. Defence-related industrial-economic assistance would help Portugal, as well as the other less prosperous member countries, to make better use of their own industrial defence capabilities and thus strengthen their defence

position, whilst contributing to the industrial and technological development of the civilian sector.

The proposition to extend more defence-related economic assistance under the auspices of NATO which, as the competent authority in this field, would serve as the consultative forum and co-ordinating body, was part of the Secretary General's report to Foreign Ministers at their meeting at NATO Headquarters in Brussels in December, 1979. The final communiqué that followed this meeting stated that the Ministers considered the report as a sound basis for action. Since then, however, the International Secretariat of NATO has not yet been given the mandate to follow up the Secretary General's proposals and the response from the industrialised member countries in this respect has been very weak.

This lack of political will to implement defence-related industrial-economic assistance in a joint and co-ordinated way is mainly due to national armaments interests and also to the fact that any large scale effort would entail a certain financial risk. But the security risk of doing nothing should by far outweigh any possible financial risk. Of course, bilateral efforts are made here and there, but in order to achieve a lasting success a joint and institutionalised effort would be required.

To sum up, it should be noted that a stimulation of the Portuguese defence industry would be of considerable benefit to the Portuguese economy as a whole and contribute to the alleviation of the continued serious unemployment situation. It would also considerably improve some problems of NATO logistics, particularly in times of crisis and, last but not least, it would have a favourable psychological effect and enhance the solidarity of the NATO Alliance.

IV. Infrastructure and transport.

Portugal is divided into 2 areas: internal and coastal (where the highest density of population is concentrated, mainly to the north of Lisbon). The social and economic integration of these two areas is an important national problem. The main axis is from the North to the South (Braga - Oporto - Averoio - Coimbra - Lisbon) and it is from this axis that other connections to the interior of the country and to other countries should be made. Along the

coast there are harbours for international connections and fishing ports. However, the most important means of transport is still the railway.

The railway is a heritage of the 19th century and it needs modernisation. Railway modernisation started in the 60's and 70's. Studies have shown that some of the railroads should be closed since roads are sufficient for the needs of transport. A big investment has been made to improve the railway between Lisbon and Oporto but international railways deteriorated during the 70's and they need to be modernised. In addition, it is necessary to develop the rolling mechanisms for the transport of merchandise and the acquisition of more specialised material (e.g. to support the cold storage system and for the transport of cereals, chemical and industrial products, etc.). A serious problem is the surplus of railway employees. In 1972 there were 24,000 and, according to studies then made, it was necessary to reduce that number in the following ten years to 15,000. As this did not happen, about 30,000 people are now working for the railway which explains its deficit.

In the 40's and 50's the roads were improved to meet the needs of the existing traffic but now the main axes are not sufficient for the intensity of traffic. Roads are narrow and are not built to bear the weight of heavy traffic. As Portugal is a relatively small country and as the railway does not meet the needs of heavy traffic, the latter mainly use the roads. It is, therefore, of the utmost necessity to draw up a plan for the total modernisation of infrastructures and the building of new roads to solve the problems of traffic from the North and the South and from the interior to the coast. This network system of roads should be built on the lines of the European standard road system. It will also be necessary to have a system of secondary roads: municipal and country roads. This network of secondary roads has already been planned and established but a big investment is needed for it to be carried out. For the moment, the first priority should be to improve the North-South axis of the country (from the border with Spain to Faro) in accordance with the European standards. Between Lisbon and Oporto and other important neighbouring towns, motorways are needed (a few kilometres have already been constructed near Lisbon). In the North there is a very important diagonal axis which needs to be rebuilt: Oporto - Vila Real - Bragança, as well as its connecting roads. In the Centre there is a diagonal road to the interior

and Spain which needs to be improved. In the South, in the Tagus valley, a new road has to be built from Lisbon to Santarém, Abrantes and Castelo Branco. To complete this network of diagonal roads another should be built from Bragança to Guarda and Castelo Branco.

In Portugal there are three main harbours: Leixoes (North), Lisbon (Centre) and Portimao (South); smaller harbours with a commercial and fishing interest: Viana do Castelo, Aveiro and Setúbal; a certain number of small fishing ports and the harbour of Sines (essentially for oil) which is still in a developing phase. Work needs to be carried out on the harbour of Leixoes to protect the external walls and to extend the internal docks as it is a highly profitable harbour. Three million contos have been invested in the Lisbon harbour to increase the depth of some quays.

Portugal's main airport is situated in Lisbon and its runways need to be extended. For this, vacant land is needed and, as this is not easily available around the actual site of the airport, plans for a new airport to be located on the south bank of the Tagus, at about 25 kms from Lisbon, have already been made. The international airport of Faro is mainly of touristic interest. Plans have also been made to increase the size of the airport of Oporto, the interest of which is both touristic and industrial, but a great deal of investment has to be made. It would also be necessary to develop the network of small aerodromes in the interior of the country.

The problem of the navigation of the Douro is a point for lively discussion in Portugal. It should be considered as a heritage of the 19th century when transport from the interior to the coast was difficult and the rivers were the only rapid means of communication. With the development of the railway and roads the rôle of the rivers as a means of transport has greatly decreased, mainly when the amount of merchandise and the short distance (in the case of the Douro — 200 kms) have not justified their use.

The development of the north-eastern part of the country is of the utmost urgency and should consist of:

- reconstruction of the railway with two main objectives: the service of the area and the transport of products to the areas of Aveiro and Viana do Castelo and as an international connection through the north of Spain;
- construction of a road from Oporto to Bragança as a basic means of transport;

- the reconversion of the railway would also be important for the transport of iron-ore from the mines of Moncorvo to the steel mills of Seixal. Two trains carrying 1,000 tons each per day would be enough to solve the problem of supplying the steel mills of Seixal.

V. Agriculture.

Over the last 20 years the agricultural sector of the underdeveloped Portuguese economy has declined yet further from its originally poor position. The Gross Agricultural Product grew at an annual average rate of 1 % between 1960 and 1975, falling into minus growth between 1970 and 1977. The 1976 GAP at constant prices was lower than its 1973 level. Agriculture employs one third of the working population, but accounts for only 12 % of GNP. Agricultural productivity stands at only 32 % of that of the other sectors of the economy, resulting in an inability to satisfy growing domestic demand and a steadily worsening general outlook. Between 1970 and 1976, the annual growth rate of agricultural imports was 27.6 %, with non-agricultural imports rising at 21.3 % a year.

The slackening of Portugal's economic development has led to an overloaded agricultural workforce, far in excess of the number who could draw an acceptable income from the generally poor, hilly and stony ground. In the northern regions, this intense demographic concentration has led to the parcelling out of land, hillside farming, and subsistence agriculture. In the south, the less favourable conditions have combined with the system of land ownership to produce widespread dependence on cork, cereals and rough grazing.

The picture is not, of course, uniform. There are exceptions: a more advanced agriculture has developed in the Taje plain, where production of tomatoes, melons, corn, sunflowers and maize regularly reaches European levels; the great wine-producing regions (Vinhos Verdes, Oporto, Dao, Bairrada, Oeste, Ribatejo, and a few lesser regions of the Alentejo and Algarve); the orchard areas of Minho, Tras-os-Montes, Beiras, Estramadura and the Algarve; and the small, early fruit and vegetable area of the Algarve, etc. The otherwise poverty-stricken central region has benefited from an intense reafforestation prog-

ramme which has stimulated a major forestry industry. The fact remains, however, that the overall structure of the agricultural sector is seriously deficient, and the vocational training of farmers and labourers is hampered by the high level of illiteracy.

Of the 800,000 agricultural holdings in Portugal, only 500,000 are larger than 1 ha, of which 64 % are less than 4 ha in size, and 95 % are under 20 ha. Throughout the European Community as a whole, over 50 % of agricultural holdings are between 5 and 50 ha, with the overall majority of farms being over-parcelled and served by an inadequate road system. The immediate objectives, therefore, are a land development programme, combined with intensive action to reparcel the landholdings and improve the rural road system. Agricultural holdings in the south tend to be both too large and poorly organised. The Agrarian Reform programme has produced no positive results, being little more than a vehicle which has enabled the Communist Party to gain control of a large area of the Alentejo. Most of the soil is fit only for forestry, with approximately 30 % being suitable for agricultural use.

The level of capital investment in Portuguese farms is very low compared to EEC levels, as the figures for tractor and combine harvester ownership, use of fertilizers and graded seeds, and the breeds of cattle reared, show. It is also reflected in the low levels of productivity achieved.

The individualistic attitudes of the Portuguese farmer have resulted in virtually non-existent market structures. There is almost no market system for large-scale concentration and redistribution of agricultural produce. A market network along the lines of the French National Interest Markets (Marchés d'Intérêt National Français) would be invaluable for Portugal, as would be a cold storage system, and a network of cattle markets and slaughterhouses. Cold storage plants located at the principal ports and airports would also boost exports of fruit, vegetables, early produce, live plants and other horticultural products. The agricultural processing industry is both underdeveloped and based on outdated technology. The only industries which can be considered as based on appropriate technology are the tomato industry, brewing, some undertakings in the wine sector, milling, rice husking, and animal foodstuff production. Sugar may be an agricultural growth industry throughout the rest of Europe, but Portugal has no sugar

industry whatsoever. The distilleries, which the energy crisis will be pushing to the forefront, leave much to be desired.

Modernisation of the agricultural sector is Portugal's main stumbling block, which justifies a substantial aid effort on the part of the member countries of the Alliance. But such aid must go beyond purely financial aid, however substantial, to include technical assistance in the formulation and execution of investment projects. Ad hoc joint groups of Portuguese and foreign technicians could be established. Each member country of the Alliance could sponsor one or more projects by way of financial or technical support.

With this in mind, we have drawn up a list of proposed projects which could be usefully supported by a programme of aid for the economic and social development of the Portuguese agricultural sector :

1. A technico-financial feasibility study on the possibility of increasing the area under irrigation and upgrading existing irrigated zones using large- or small-scale dams.
2. Establishment of specific crop-dedicated irrigation networks accompanied by domestic production of equipment : sprinklers, pipes, attachments etc.
3. Implementation of a soil improvement scheme for the South, using ten teams of heavy earth-moving equipment to condition the soil to enable counter-slope or contour terraced farming to be carried out, prevent water percolation and combat soil erosion. Using « Rooters » or « Rippers » to improve the arable layer, improving either drainage or water reserves.
4. Implantation of grain sorghum and sugar-beet crops.
5. A development plan for dried fruits with good market potential ; also chestnuts, walnuts, hazelnuts and almonds.
6. Development aid for the olive-growing sector for the production of olives for the preserving industry.
7. A reafforestation scheme for infertile soils of no agricultural value.

Marketing and industrialisation infrastructures :

1. Installation of two sugar-beet refineries.
2. Establishment of a central fruit and vegetable market at Lisbon.

3. Installation of a distillery associated to a sugar refinery to produce ethyl alcohol (for fuel).

4. Construction of a chain of slaughterhouses.

Pilot projects :

1. Global action to modernise Portuguese agriculture at local level (e.g. parishes) in selected areas of each of the 7 main agricultural regions.

The pilot projects would include :

- land improvement in the target zone according to the differentiation of urban and rural zones. Classification of existing holdings into « full-time » and « part-time » ;
- enlargement and reparation of small holdings with a view to profitability ;
- definition of « models » adapted to the ecological potential, the farmer's own aptitudes and market potential ;
- a concentration of the means of action favouring conversion :
 - dissemination of technical knowledge ;
 - credit ;
 - help with the establishment of infrastructures for the marketing, treatment and processing of agricultural products ;
 - vocational training programmes ;
 - installation of basic sanitary infrastructures at local level (water supply and drainage) ;
 - support for the rebuilding of farmhouses to reasonable habitation standards, respecting the traditions of regional domestic architecture with the aim of harmonious integration with the Portuguese countryside.

2. One member country of the Alliance could support the projects in each of the 7 agricultural regions, participating in the management of the project in co-operation with Portuguese technicians. Execution of the projects would be the responsibility of the regional agricultural services

supported by the Central Office of the Ministry of Agriculture and Fisheries.

3. Development of the Dao wine-producing region, which produces one of the best wines with a registered designation of origin : modernisation of the vineyards, selective planting of vine varieties, organisation of producer groups concerned with production and marketing of wine, development of a quality control system.

VI. Industry and industrial development.

For Portugal, the years since 1974 — the start of the crisis which hit the world economy — have also been a time for more profound changes than that experienced by any other OECD country. The world-wide recession and the low-growth phase that followed, completely altered the external situation and internally Portugal underwent a number of radical changes — a sudden and large increase in population, the loss of preferential markets, a big change in the supply and cost of production factors, not to mention the transformation which has taken place in the political system in labour relations and the transfer of decision-making powers which was a consequence of the nationalisation of many enterprises.

It is obvious that a country such as Portugal, which is so greatly dependent on foreign trade for food and energy, for example, and whose purchasing power is only equivalent to that of a nation of three million average European consumers, has to open its economy to the outside world. The aim for Portuguese industry is to obtain a certain level so that it will become competitive in the European and world markets. The present situation shows that Portugal is still far from reaching this goal. The production per capita is little over one third of the average for European OECD countries, and the sectorial structure is very unbalanced with predomination of sectors with less promising prospects and frequently with inadequately-sized companies.

The overall productivity is estimated at one quarter to one third of that of most European countries. The structure of production costs shows, in many cases, striking imbalances which affect international competitiveness, and frequently lead to prices that are higher than those of other European countries on the international market. In many cases, the given capacity is used inadequately and, due to

the insufficient infrastructures, industry is also faced with problems. The rate of growth prior to 1973 was always regarded as being insufficient in view of the low level at which it started and due to the fact that it did not allow for the Portuguese industry to catch up with the average for the European OECD countries in time. From 1974 onwards, owing to the very slow development, the gap has become more marked. There is no doubt that the relative lag has been aggravated, even when compared with the lowest levels of European development. The social and political consequences of the polarisation of such a situation are too serious for Portugal and the Alliance to regard them with impassivity.

Even if Portugal does have a relatively large agrarian sector, industrial development is a fundamental condition for the country's development as a whole. Industrial development will have a marked motor effect, both upstream and downstream. The most urgent problems the country is faced with are the raising of the industrial per capita production in order to reduce as quickly as possible the lag in relation to other European countries and the elimination of unemployment and under-employment.

One has to take into consideration the fact that Portuguese industry has comparative advantages. The country possesses natural resources, it has a relatively well-skilled and not too costly labour force and it is geographically well-situated being next to the big European markets and, through its harbour facilities, to overseas markets as well. If these advantages and the existing industries are to form the nucleus of industrial expansion in Portugal, it is necessary to have the right strategy for industrial development. It is of national responsibility and of great importance to work on a clearly defined industrial policy to be pursued for the next 4 to 5 years, involving, amongst others, the following aspects :

- definition of the main medium-term objectives ;
- definition of the position of the state and of the private initiative ;
- co-ordination between industrial policy and planning ;
- technological research policy ;
- foreign investment policy.

Obviously, such a coherent development strategy has to be developed with regard to the future integration of Portugal into the European Community.

A concrete project which demonstrates Portugal's efforts to develop the industrial basis of the country is the urban and industrial complex at Sines which was designed in 1971. Now, ten years later, the Sines project is beginning to work. The main aim is the creation of a pool of development in the South of Portugal to attract Sines industries and to counteract the concentration of industries in the Lisbon and Oporto regions. Its installation in this particular region was essentially determined by the choice of Sines for the construction of a large deep-water port. During the period of construction this industrial area underwent delays and changes due to the oil crisis and the economic and financial difficulties which were experienced by Portugal, particularly between 1974 and 1977, as a result of internal political changes and decolonisation, which accelerated the negative effects resulting from the international economic situation.

Over US\$ 2 billion have already been invested in this development project which is the largest ever launched in Portugal. Sines is already having a strong impact on the South of Portugal, a traditionally backward region which has only recently been integrated into the country's development process. In 1971 the population of the Sines area was 16,000, whereas now there are over 30,000 inhabitants, in this « new city » and 10,000 more are expected to be living there by 1982.

But this very ambitious industrial project requires further investment which cannot be covered exclusively by national funds. The oil terminal at Sines is, for the moment, finished and more investment is not necessary. But there is a project of « oil storage capacity » under consideration which will cost US\$ 10 million. This project had been initially envisaged for transshipment purposes, but now it can increase the strategic value of Sines by storing oil imported from the Middle East. The « ore and cargo terminals » project has already reached the stage of study and design. The construction phase will probably begin at the end of 1981, so that it will be ready to receive coal for the electric power plant in 1984. The minimum cost of this project is estimated at US\$ 150 million. The « pipe-line » project has been discussed for a long time. This project is not com-

mercially viable from a national Portuguese point of view but has to be evaluated even beyond economical arguments which also include other parameters such as the security and diversification of supply for other Alliance countries.

The internal road and rail networks have, to a large extent, been designed and built. But the connections between this system and the national system must be developed in order to increase the accessibility to the hinterland. The estimated cost of the construction of roads for this purpose is about US\$ 7 million, to be spent between 1981 and 1984. The railways, which will be necessary due to the estimated increase in traffic, will cost about US\$ 30 million. A central marshalling yard is now under construction and for its completion an investment of US\$ 3 million is needed.

The development of the Sines project depends, too, on other sectors such as housing and infrastructures. In order to complete the first phase of an urban centre it is necessary to build some 2,000 dwellings with accompanying social and public facilities, such as schools, a new hospital etc.

The investment programme of the Sines area was financially covered from 1971 to 1980 by the national budget (36 %), internal credit (39 %) and external credit (25 %). Due to the present monetary policy, which limits the expansion of domestic credit, during the current year, 50 % of this investment programme has been financed by external credit, mostly from the Euro-dollar market. The financing of the above-mentioned projects from 1981 to 1984, from institutional sources would be a very important contribution to the development of the Sines project.

But it is not only for the development of the industrial area of Sines that Portugal needs external support. According to preliminary studies carried out in 1977-1978 with the aim of gradually eliminating the existing gap between Portugal and OECD countries, the amount of investment required for the state-owned industrial companies was in the order of about US\$ 3 million for the 1981-1984 phase. Investments which are expected from the private sector are not yet available. Therefore, the Central Department for Planning's priority should be to present a global analysis.

VII. Conclusions.

Obviously, it is not easy to develop proposals and new initiatives in order to improve Portugal's economic situation so that the country will be in a position to play its important rôle as a European country and an active member of the Western Alliance in an era of world-wide economic and financial difficulties. All the individual nations in the West are faced with severe economic problems such as high inflation rates, unemployment, balance of payments problems, increasing competition on international markets etc. A country like Portugal is even more affected by these negative trends in two respects. Firstly, the gap between the economic levels of Portugal and most of the other member countries of the Alliance is considerable and, secondly, Portugal has the great intention to very soon become a full member of the European Community, a community to which some of the strongest and most advanced economies belong.

Portugal's own financial and economic strength is quite insufficient to implement a substantial and prolonged development and structural change programme which is a pre-condition for sustained and balanced growth. Consequently, Portugal will continue to rely on foreign assistance. It has to be expressed very clearly that this assistance is in the interest of Portugal, in order to further improve her social and political stability so that she may thus assume full responsibility in the Alliance, and in the interest of the Alliance.

It has to be mentioned that Portugal has already received considerable external assistance in the past and that important aid programmes are being carried out. To consider all these numerous bilateral and multilateral programmes and to examine them with a view to their economic effectiveness would go far beyond the scope and the purposes of this report. However, the most important donor institutions for technical and financial help are the World Bank with a credit of more than US\$ 500 million, the European Community with approximately 275 million Units of Account, the EFTA Development Fund with approximately 3 billion Escudos, as well as the OECD and the United Nations Development Programme. Apart from this, countries like the United States, Germany, Norway, Sweden, the Netherlands, France and the United Kingdom have contributed to Portugal's development measures.

This international assistance has obviously affected Portugal's economy in a positive way. Undoubtedly, Portugal has made progress in achieving economic and political stability. But in view of the deep-rooted medium-term problems, continued efforts from the more prosperous countries are required in order to increase assistance and to reinforce the newly-found confidence so that the country can be spared from further serious economic disruption. An examination of the sectoral and structural difficulties of the country shows that financial assistance alone is insufficient. We think that new approaches are necessary, both on the part of donor countries and in Portugal's economic structure. The provision of technical assistance should play an important rôle in the aid programmes. The sectors of transport, communication systems and public administration would suit this kind of aid, in particular.

Despite great potential, Portugal's major problem continues to be low level of productivity, especially in the agricultural sector. Due to this, the country is still a large net importer of foodstuffs which, together with energy imports, is the main reason for the continued current account deficit. Foodstuff imports account for 20 % of the deficit and in order to improve this difficult situation in the agricultural sector, financial aid has to be supplemented by a training system for farmers and farm workers. In this field many member countries of the European Community and the Alliance have much experience which should be transmitted. As a result of an institutionalised education system for farmers, following experiences in the industrial sector, productivity in the agricultural sector increased at a very high rate in almost all European countries. Such a system of specialised schools should be established in Portugal to be supplemented by a network of advisory services which should also be set up to help young farmers. Effective incentives for the acceptance of such a system could be created by giving financial support only to those farmers participating successfully in this course of instruction and who have reached a certain level.

But there seems also to be an urgent need for training facilities for skilled workers in the industrial sector, too. This area presents a wide field for concrete co-operation with foreign donors, both on a state level and on a private basis. In fact, more emphasis should be put on co-operation and assistance for concrete projects. These kind of projects should be developed and set up jointly by domestic and

foreign experts to avoid purely prestigious and less promising projects. Such close co-operation often leads to very efficient long-term co-operation to the benefit of both partners. On the donor countries' side, a common, but co-ordinated, approach is of greater efficiency. Co-ordination should mean that individual donor countries provide assistance to Portugal in those areas in which they have special experience and in which they are interested in closer co-operation. For example, there are member countries of the Alliance which have special experience in the fishing industry and could help to modernise the Portuguese fishing fleet. Others like some Mediterranean countries, should concentrate on the agricultural sector, etc. In order to implement such co-operation, the setting-up of bilateral commissions for the planning and realisation of concrete projects would be very useful. On each side these commissions should consist of representatives of government departments involved, as well as representatives of private firms which are interested in co-operation with Portuguese partners.

Another way to help Portugal is to encourage private industry to intensify relationships, both through further investments and through joint projects. Here, it is the responsibility of the Portuguese authorities to reduce bureaucratic obstacles and to create a tax system with appropriate incentives — in short, to make Portugal attractive for international direct investment. The member countries of the Alliance and the European Community can contribute to an improving economic environment by bringing their influence to bear on international organisations for further support and by doing everything possible to bring about fair and quick negotiations in preparation for accession. Portugal's accession to the European Community should not be a matter of political or economic tactics. The political importance of Portugal's membership in the Community is more convincing than most of the narrow-minded economic arguments.

In the case of Turkey, the Alliance has demonstrated its capability for united action. Even if the economic, social and political difficulties of Portugal are, fortunately, less alarming, we should not only continue, but increase our efforts for united assistance. To show and to declare our solidarity with Portugal is also a psychological factor, which should not be under-estimated, to strengthen ties within the Alliance as a whole.

If this report contributes to making politicians, both in parliaments and governments, more aware of Portugal's urgent need of assistance from its partners and that an economically, socially and politically strengthened Portugal is also in the best interest of the North Atlantic Alliance, a great deal of our task will have been accomplished.

Statistical annex

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TABLE I
Labour force and employment
Percentage change

	Thousands 1980 II	1978 1977	1979 1978	1980 1979
Total population	9 423	0.4	1.4	0.7
Civilian labour force	4 303	0.3	2.2	1.3
Participation rate (%)	—	44.7	45.0	45.3
Total employment	3 955	— 0.3	2.1	1.9
Agriculture	1 082	— 5.4	— 0.2	— 4.8
Industry	1 071	5.0	2.3	2.1
Construction	372	4.9	3.4	13.8
Services	1 430	— 0.6	3.9	4.6
Dependent employment	2 665	1.5	2.0	4.9
Agriculture	224	— 1.2	— 6.8	— 2.5
Industry	961	4.8	2.4	3.4
Construction	333	5.8	1.4	13.7
Services	1 147	— 1.6	4.2	5.5

Source : INE.

TABLE II
Unemployment (1)

	1977	1978	1979	1980
As a percentage of the civilian labour force				
Unemployment rate				
Total	7.5	8.2	8.2	7.8
Male	5.9	5.5	4.9	4.1
Female	10.1	12.1	13.0	13.0
People under 30	15.0	16.2	15.9	14.6
As a percentage of the number of unemployed				
First job seekers	49.8	56.3	56.7	52.7

(1) Yearly data are average of results of half yearly survey by INE.

Source : INE.

TABLE III

Immigration

	<i>Legal</i>		<i>Illegal</i>		<i>Total</i>	
		%		%		%
1974	43 397	61.8	26 876	38.2	70 273	100.0
1975	24 811	55.2	20 107	44.8	44 918	100.0
1976	17 493	52.6	15 753	47.4	33 246	100.0
1977	17 226	59.4	11 763	40.6	28 989	100.0
1978	18 651	76.3	5 802	23.7	24 453	100.0
1979	20 622	84.4	3 818	15.6	24 400	100.0
Total	142 200	62.8	84 119	37.2	226 319	100.0

Source : Centre for Planning Studies.

TABLE IV

Origin of gross domestic product at factor cost
(Million escudos)

	1975	1976	1977	1978	1979
	<i>Current prices</i>				
Agriculture, forestry and fishing .	53 187	61 494	71 948	90 539	126 300
Mining and quarrying	2 028	2 524	3 788	4 735	6 500
Manufacturing	114 817	142 754	200 084	256 292	339 200
Electricity, gas and water . . .	6 976	10 508	15 114	21 408	27 300
Construction	22 619	27 194	36 222	45 640	52 500
Transport and communications .	23 722	28 060	36 702	45 224	—
Wholesale and retail trade . . .	41 978	53 054	70 190	86 506	—
Banking, insurance and real estate	13 833	17 478	37 083	46 598	53 000
Ownership of dwellings	7 914	9 531			
Public administration and defence	21 428	28 321	92 703	118 434	—
Other services	33 636	41 716			
Gross domestic product at factor cost	342 138	422 634	563 834	715 376	920 000

Source : National Statistics Institute.

TABLE V
Agricultural production

	Unit	1974	1975	1976	1977	1978	1979
Cereal production							
Wheat	100 tons	5 336	6 012	6 857	2 243	2 500	2 327
Rye, barley and oats	100 tons	3 164	3 525	4 083	2 016	2 310	2 151
Maize	100 tons	4 855	4 513	3 785	4 419	4 490	4 560
Rice	100 tons	1 295	1 327	972	1 017	1 350	1 350
Potatoes and veget- ables							
Potatoes	100 tons	11 145	10 129	9 181	12 006	11 280	10 118
Broad beans, French beans, chick-peas .	100 tons	809	802	726	637	761	667
Wine	1 000 hl	13 873	8 783	9 253	6 587	6 362	11 498
Olive oil	1 000 hl	526	539	392	327	438	557
Cattle slaughtered							
Horned cattle . . .	Tons	175 963	197 891	183 945	188 534	219 731	201 286
Sheep and goats . .	Tons	84 772	92 069	79 821	77 170	89 819	91 499
Hogs	Tons	13 446	13 337	12 049	10 253	12 708	11 675
	Tons	77 745	92 485	92 075	101 111	117 204	98 112
Fish landings . . .	Tons	242 517	236 154	239 211	229 643	204 410	200 245

Sources : Annual Reports of the Bank of Portugal; National Statistics Institute, Food and Agricultural Statistics.

TABLE VI
Foreign trade by product group
Percentage change over corresponding period

	Billion escudos		Volume		Price	
	1978	1979	1978	1979	1978	1979
Total Imports	230.1	322.1	-2.0	5.3	23.3	33.0
Capital goods *	60.4	76.9	3.1	-0.9	35.5	28.3
Consumption goods . . .	22.9	29.7	-24.6	0.2	36.8	29.7
Intermediate goods . . .	109.5	149.3	-2.9	5.3	20.6	29.6
Oil products	35.6	62.3	10.6	14.9	15.6	52.4
Total exports	106.5	175.4	13.5	27.3	22.3	29.5
Farm and food products . .	16.9	24.4	3.1	14.7	29.4	26.0
Wood and cork	16.8	28.4	4.6	26.8	15.3	32.9
Textile, clothing and foot- wear	35.0	59.4	21.6	29.0	24.7	31.6
Machinery and transport equip- ment	14.6	21.2	3.7	18.0	21.6	23.1
Memorandum item : Exchange rate of escudo against the dollar	43.92	48.90			-14.9	-11.3

* Exclusive of ships and planes.

Source : Centre for Planning Studies.

TABLE VII
Geographical breakdown of foreign trade
(Billion escudos)

	1973	1974	1975	1976	1977	1978	1979
<i>Exports</i>							
Total	45.4	58.0	49.3	55.1	77.7	106.4	176.1
OECD countries *	35.8	45.8	39.3	44.2	61.4	86.2	142.6
OECD Europe	29.5	38.0	34.4	38.9	54.0	75.5	127.1
Germany	3.4	4.6	5.0	5.9	9.2	14.0	21.6
France	2.3	3.4	3.3	4.6	6.2	9.6	17.1
Italy	1.4	1.9	1.6	2.1	2.9	6.1	10.4
United Kingdom	10.8	13.2	10.5	10.2	14.2	19.4	31.4
Other O E C D European countries	11.5	14.7	14.0	16.1	21.6	26.5	46.6
United States	4.4	5.8	3.6	3.7	5.2	7.5	10.8
Other OECD countries.	1.8	2.0	1.4	1.6	2.1	3.1	4.2
Non-OECD countries	9.6	12.2	10.0	10.9	16.3	20.3	33.5
including : OPEC	0.3	0.4	0.9	1.0	1.4	1.5	3.4
Previous Escudo area	6.7	6.4	4.2	2.7	5.0	5.9	—
<i>Imports</i>							
Total	74.8	118.1	99.5	130.9	190.7	230.1	331.9
OECD countries *	57.3	85.1	69.3	93.9	138.7	177.4	243.3
OECD Europe	47.2	69.0	53.0	75.5	109.9	138.7	188.6
Germany	10.8	15.9	11.0	15.2	23.7	31.9	41.8
France	5.2	9.2	7.5	10.9	15.4	20.7	28.4
Italy	3.9	6.3	4.9	6.1	10.2	12.6	17.1
United Kingdom	8.5	10.9	8.7	12.2	19.8	23.2	30.7
Other O E C D European countries	18.8	26.8	20.8	31.0	40.7	50.2	70.6
United States	6.1	11.1	12.3	12.9	19.4	27.1	39.0
Other OECD countries.	4.0	4.9	4.0	5.5	9.4	11.5	15.7
Non-OECD countries	17.5	33.0	30.2	37.0	52.0	52.7	88.7
Including : OPEC	2.7	7.7	11.6	15.2	20.6	27.1	47.9
Previous Escudo area	7.4	12.4	5.1	3.3	2.5	1.5	—

* Including New Zealand since 1975.
Source : National Statistics Institute.

TABLE VIII
Breakdown by nationality of foreign visitors
Thousands

	1973	1974	1975	1976	1977	1978	1979
Total . . .	4 079.7	2 621.8	1 966.4	2 175.4	3 055.4	3 389.3	5 287.4
Germany . . .	209.7	167.2	143.8	150.1	204.2	259.3	286.7
Argentina . . .	—	26.8	22.4	11.9	10.6	12.1	13.4
Belgium . . .	46.3	30.4	27.2	32.1	50.7	46.9	48.2
Brazil . . .	—	65.2	52.7	43.7	35.5	45.0	52.1
Canada . . .	25.0	38.8	22.8	21.7	32.0	36.9	40.7
Spain . . .	2 109.3	1 169.4	856.4	1 049.3	1 599.5	1 755.2	3 514.8
United States .	345.7	217.6	96.1	82.1	141.5	161.5	153.8
France . . .	248.6	152.9	119.1	134.4	172.4	179.6	183.2
Netherlands .	54.1	37.4	39.5	51.6	92.3	111.1	129.8
Italy . . .	80.0	83.7	69.8	66.6	65.4	72.4	70.1
United Kingdom	511.6	383.0	284.6	244.6	292.8	327.9	399.8
Sweden . . .	42.8	31.6	27.3	49.2	61.0	56.3	51.4
Switzerland .	50.0	38.5	23.0	23.2	32.8	31.7	36.0
Other countries	356.7	179.3	181.7	214.9	264.7	293.4	307.4

Source : National Statistics Institute, Tourism Statistics.

TABLE IX
Breakdown of total energy requirements

	1961	1970	1973	1978
Total energy requirements (MTOE) .	3.47	6.15	7.60	9.56
of which : %				
Solid fuels	21.6	12.8	7.8	5.2
Oil	49.0	64.4	70.5	68.7
Hydro-electric and geothermal . . .	29.4	22.8	21.8	26.0

Source : International Energy Agency.

(Total energy requirements are defined as domestic production, plus imports, less exports, less marine bunkers, less the increase in stocks.)

TABLE X

Investment programme in the electrical energy sector
(Main production centres)

Situation	Characteristic	Put in service	Investment (1980 prices)		(Current prices, including general costs and interests)	
			10 ⁹ écus	10 ⁶ US \$	10 ⁹ écus	10 ⁶ US \$
Alqueva	Hydro-electric 3 × 130 MW	1988/89	13.6	272	31.3	626
Alto Lindoso	Hydro-electric 750 MW	1985/86	12.1	242	29.4	588
Torrao	Hydro-electric 140 MW	1985	3.3	66	6.5	130
Sines (2nd ph)	Coal 2 × 300 MW	1986/87	28.3	566	64.1	1,282
Rio Maior	Lignite 100 to 150 MW	1986	7.6	152	16.7	334
Matosinhos	Gas turbines 2 × 104 MW	1983/84	2.6	52	4.4	88

Source : Electricidade de Portugal.

TABLE XI

Investment programme of public companies (1980-1984)
(Prices of 1980 / 10³ esc.)

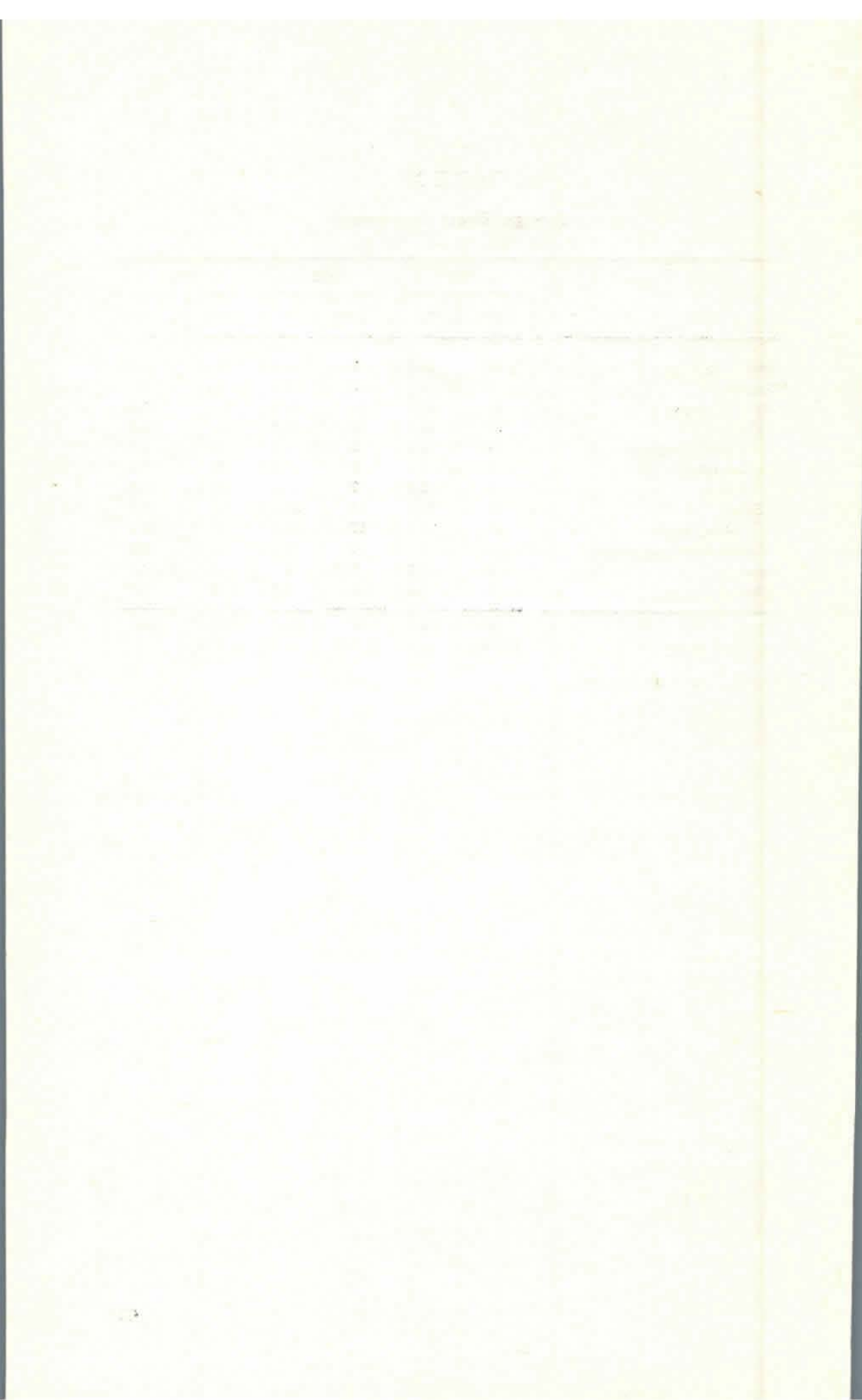
Sectors	Investment in 1980	Investments					1980	1981-1984
		1981	1982	1983	1984	Total 1981-1984		
Mining	820.0	5 465.5	8 751.6	2 793.9	740.5	17 751.5	0.9	4.3
Manufacturing	34 893.7	29 680.1	30 081.3	32 427.3	13 553.5	105 742.2	36.5	25.8
Energy	26 400.0	33 375.0	41 500.0	43 125.0	42 625.0	160 625.0	27.6	39.2
Transport and communication	31 329.1	30 761.4	29 404.7	31 103.2	27 284.7	118 554.0	32.8	28.9
Others	2 084.6	3 004.9	2 774.4	781.5	435.2	6 996.0	2.2	1.8
Total	95 527.4	102 286.9	112 512.0	110 230.9	84 638.9	409 668.7	100.0	100.0

Source : Ministério das Finanças e do Plano.

TABLE XII
Foreign direct investment
(in million US dollar)

	1977		1978		1979	
	Value	%	Value	%	Value	%
United States	16	28.0	7	11.3	10	10.9
Canada	1	1.8	2	3.2	0	0
OECD Europe	38	66.6	51	82.3	74	80.4
EEC	21	36.7	31	50.0	38	41.3
United Kingdom	4	7.0	3	4.8	4	4.3
Germany	5	8.8	7	11.3	9	9.8
France	7	12.3	7	11.3	19	20.7
EFTA	17	29.8	18	29.0	33	35.9
Switzerland	17	29.8	17	27.4	26	28.3
Other OECD countries	0	0	0	0	3	3.2
Japan	1	1.8	0	0	1	1.1
Other countries	1	1.8	2	3.2	7	7.6
Total	57	100.0	62	100.0	92	100.0
(million esc.)	(2 180)		(2 772)		(4 492)	

Source : Bank of Portugal.



Biographies of Members of the Working Group

M. Robert LAUCOURNET.

Senator for Haute-Vienne; Socialist Party; born July 22, 1921; educated at the Faculty of Law at Lyon and Poitiers and at the School of Political Science; degree in law; insurance broker; Mayor of Isle since 1953; County Councillor; Vice-Chairman of the Senate; Commissary at the Committee on Finances for Accommodation; Treasurer of the North Atlantic Assembly; Leader of the French Delegation; Chairman of the Working group of the Economic Committee on Portugal; first elected to the Senate in 1968.

Mr. José Angelo FERREIRA CORREIA.

Member of the Assembly of the Republic (Aveiro); Social Democratic Party; born July 18, 1945; studied engineering, business management and social politics; businessman, banker; member of the Political Committee of the Social Democratic Party; Vice-President of the Parliamentary Group of the PSD, Chairman of the Committee on Defence of the Assembly of the Republic; leader of the Portuguese Delegation to the North Atlantic Assembly and member of the Standing Committee; Deputy to the Constitutional Assembly (1975); elected to the Assembly of the Republic in 1976. Since September 1981 Minister of the Interior.

Mr. Gerhard FLÄMIG.

Former member of the Bundestag (Hesse); Social Democratic Party (SPD); born December 19, 1919; qualified typesetter; journalist; 1949-57, local editor, then political editor in Hanau and Offenbach (Main); since 1946, member of the SPD and workers' trade union; 1948, Municipal Councillor and from 1952-57, head of the Municipal Council of Selingenstadt

(Hesse) and « Stadtverordnetenvorsteher » in Offenbach (Main); 1957-64, Mayor of Grossauheim (Main); 1960-64, Deputy of the Kreistag in Hanau; since 1968, member of the Bureau of the « Deutsches Atomforum »; SPD expert on the peaceful use of nuclear energy; 1956-76, member of the Executive Committee of the German section of the Council of European Municipalities; alternate member of the Bundestag Committee on Research and Technology; former member of the Parliamentary Assembly of the Council of Europe and the Assembly of Western European Union (1965-69); former member of the European Parliament (1969-79); Vice-Chairman of the North Atlantic Assembly Scientific and technical Committee (1976-1980); Special Rapporteur of the Economic Committee on Energy Policy (1979-1980); first elected to the Bundestag in 1963.

Mr. Max KUNZ.

Member of the Bundestag (Bavaria); Christian Social Party (CSU); born June 25, 1929; studied at the Higher Technical School of Munich; doctorate in 1957; agricultural engineer; agricultural adviser and teacher in the Free State of Bavaria in Nabburg and Weiden; 1963, head of the « Landwirtschaftsamt » (agricultural administration) and the Agricultural School in Vohenstrauss; since 1969, same positions in Weiden; since 1958, member of the CSU; 1964, regional Vice-Chairman of the CSU in Vohenstrauss; member of the Bundestag Committees on Economic Co-operation and on Food, Agriculture and Forestry; 1975-80, member of the North Atlantic Assembly; first elected to the Bundestag in 1972.

Mr. José Luis do AMARAL NUNES.

Member of the Assembly of the Republic (Porto); Socialist Party (PS); born April 2, 1941; studied law, lawyer; founder of the Socialist Party; 1969, candidate of the Democratic opposition; 1974-77, member of the National Committee of the Socialist Party and member of the Executive Committee of the Party; Vice-Chairman of the Socialist Parliamentary group; former member of the Parliamentary Assembly of the Council of Europe; Vice-President of the Portuguese Delegation to the North Atlantic Assembly; 1975, Deputy to the Constitutional Assembly; elected to the Assembly of the Republic in 1976.

Mr. Marcel REMACLE.

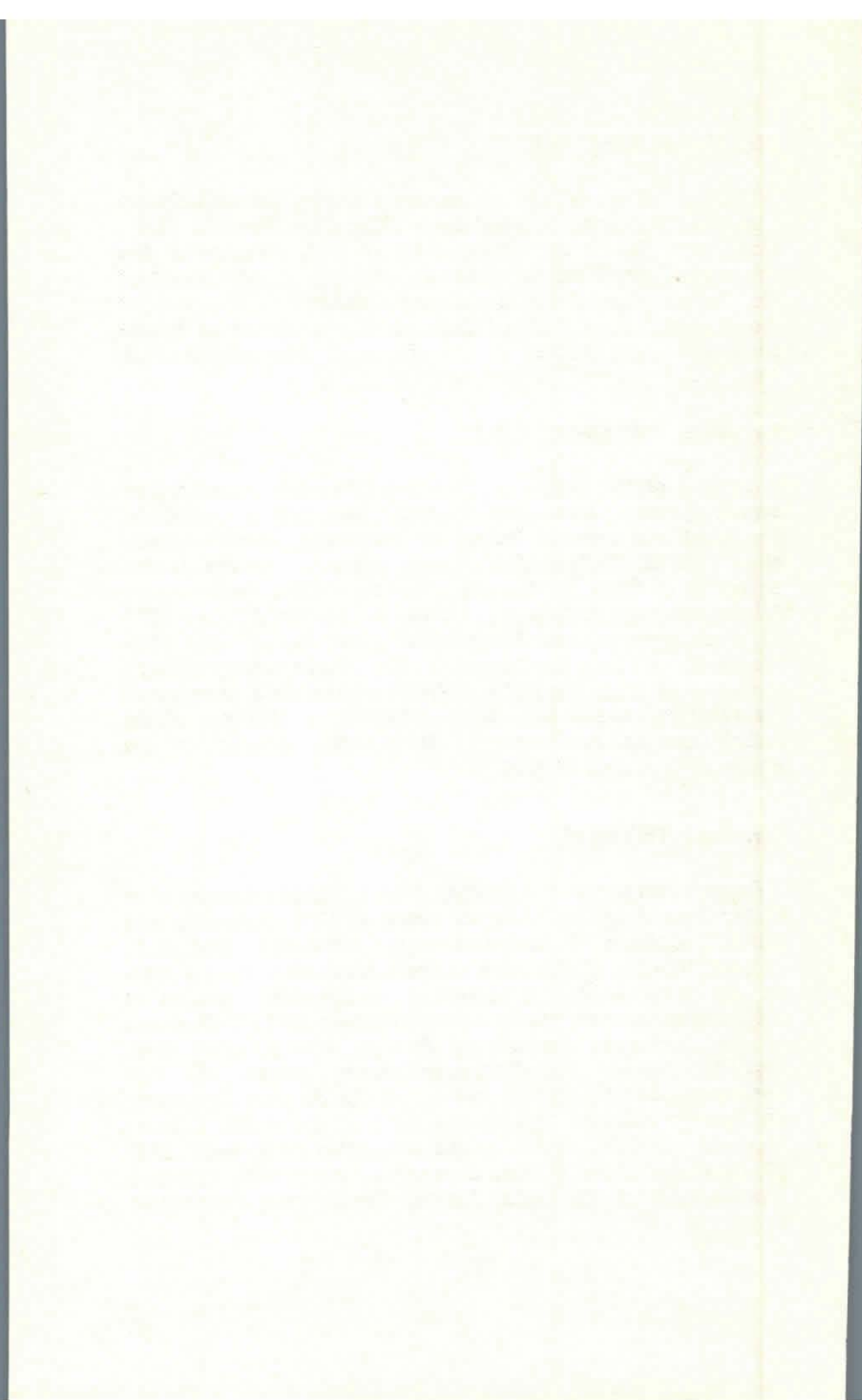
Member of the House of Representatives (Arlon-Marche-en-Famenne-Bastogne); Socialist Party (PS); born May 19, 1929; since 1965, Mayor of Vielsalm; since 1975, member of the Economic Council for the Walloons; 1974-79, Vice-Chairman of the Cultural Council for the French Community; Chairman of the Committee on National Defence of the House of Representatives; first elected to the House of Representatives in 1971.

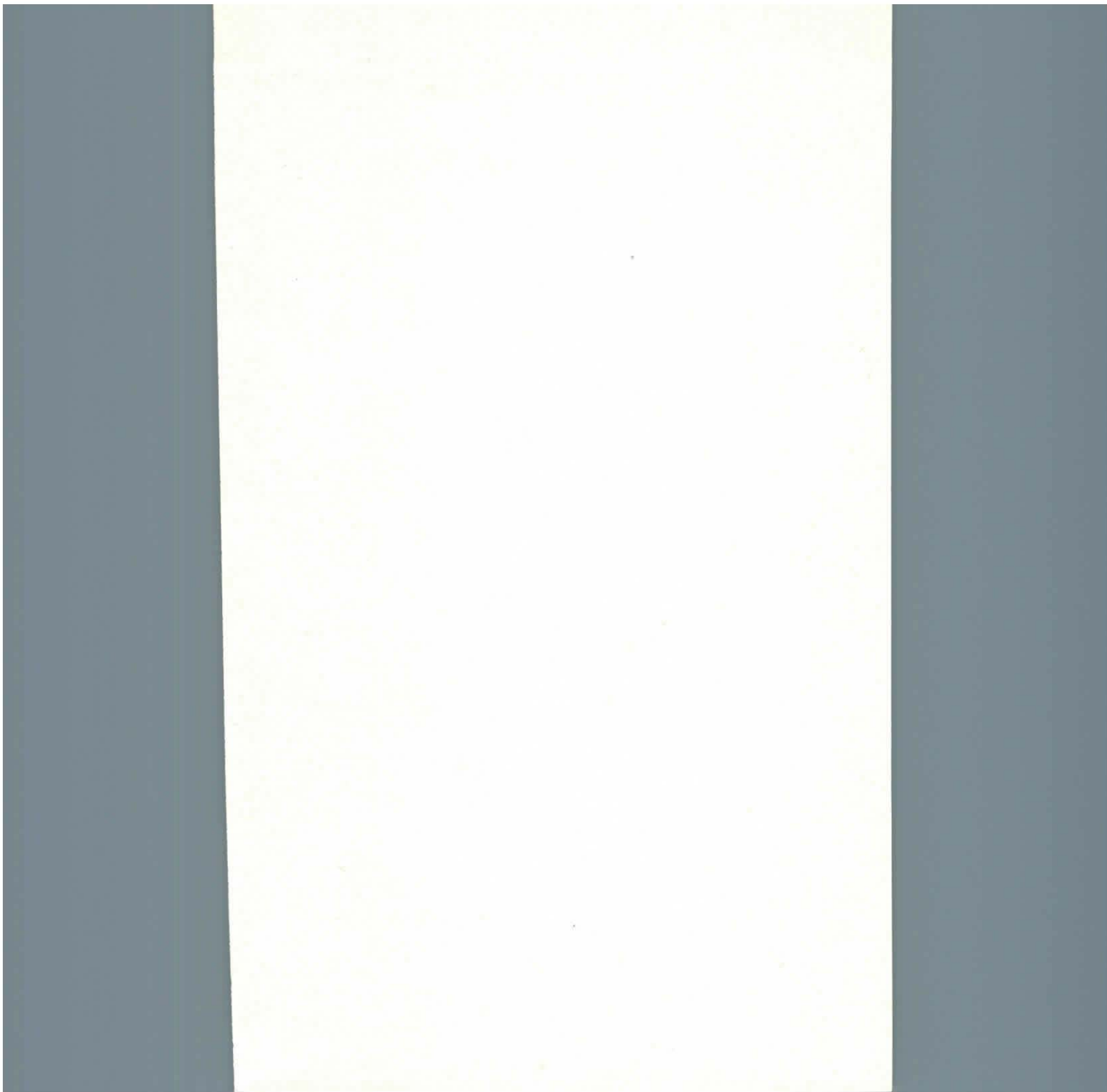
Sir Julian RIDSDALE, C.B.E.

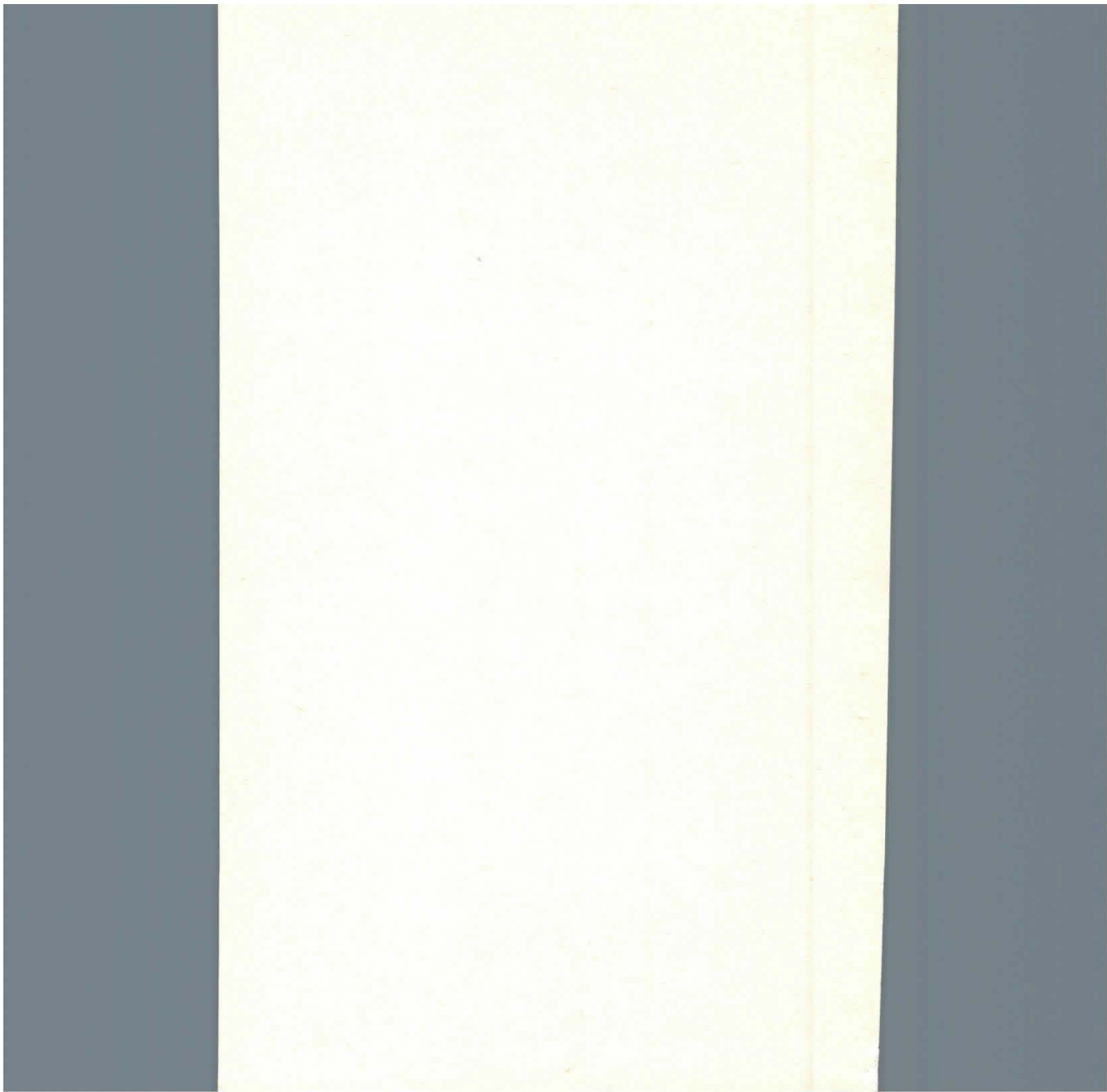
Member of the House of Commons (Harwich, Essex); Conservative Party; born June 8, 1915; educated at Tonbridge, Sandhurst and Oriental School of Languages, London University; 1957-58, Parliamentary Private Secretary to the Under-Secretary of State for Colonial Affairs; 1958-60 Parliamentary Private Secretary to Minister of State for Foreign Affairs; 1962-64, Parliamentary Under-Secretary of State for Air and Vice-President of the Air-Council; 1964, Parliamentary Under-Secretary of State for Defence (RAF); since 1973, member of the Trilateral Commission, Europe-USA-Japan; Chairman of the British-Japanese Parliamentary Group; first elected to the House of Commons in 1954.

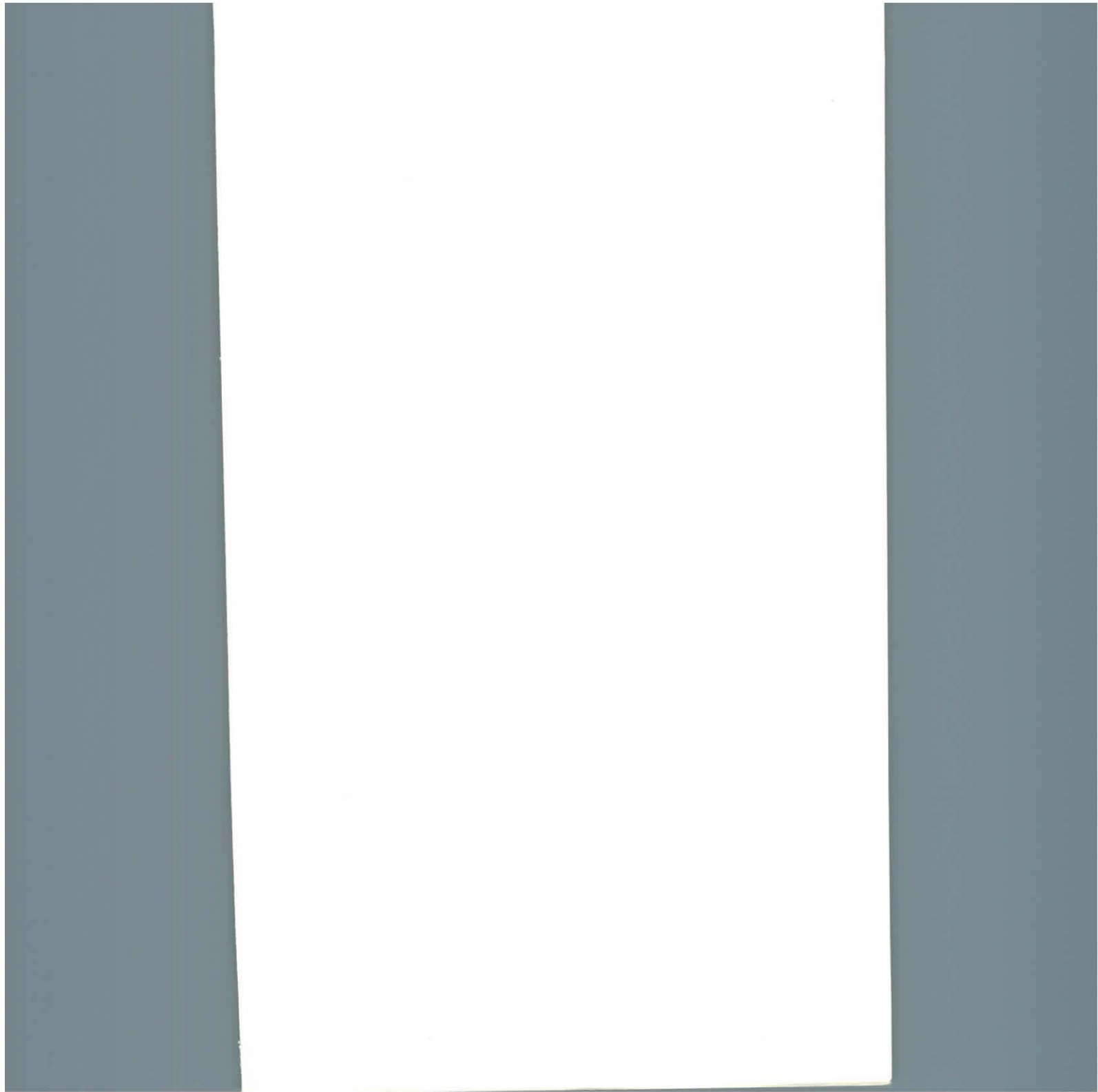
Mr. Paul THYNESS.

Former member of the Storting (Oslo) 1965-80; Conservative Party; born April 10, 1930; educated at Oslo University and Nuffield College, Oxford University; 1950-1953, journalist; 1956-61, Director of Research at the Conservative Party; 1961-65, Secretary of the Conservative parliamentary group; in 1963, State Secretary to the Prime Minister; 1972-77, Chairman of the Norwegian Institute of Foreign Affairs; until 1979, Vice-Chairman of the Norwegian Arms Control and Disarmament Council; former member of the Storting Committee on Foreign Affairs; 1978-80 President of the North Atlantic Assembly; 1973-80, leader of the Norwegian delegation; 1973-77, Chairman of the Military Committee; since 1980, Assistant Administrator of the United Nations Development Programme, New York.









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