

When and How Portugal will overcome the crisis?

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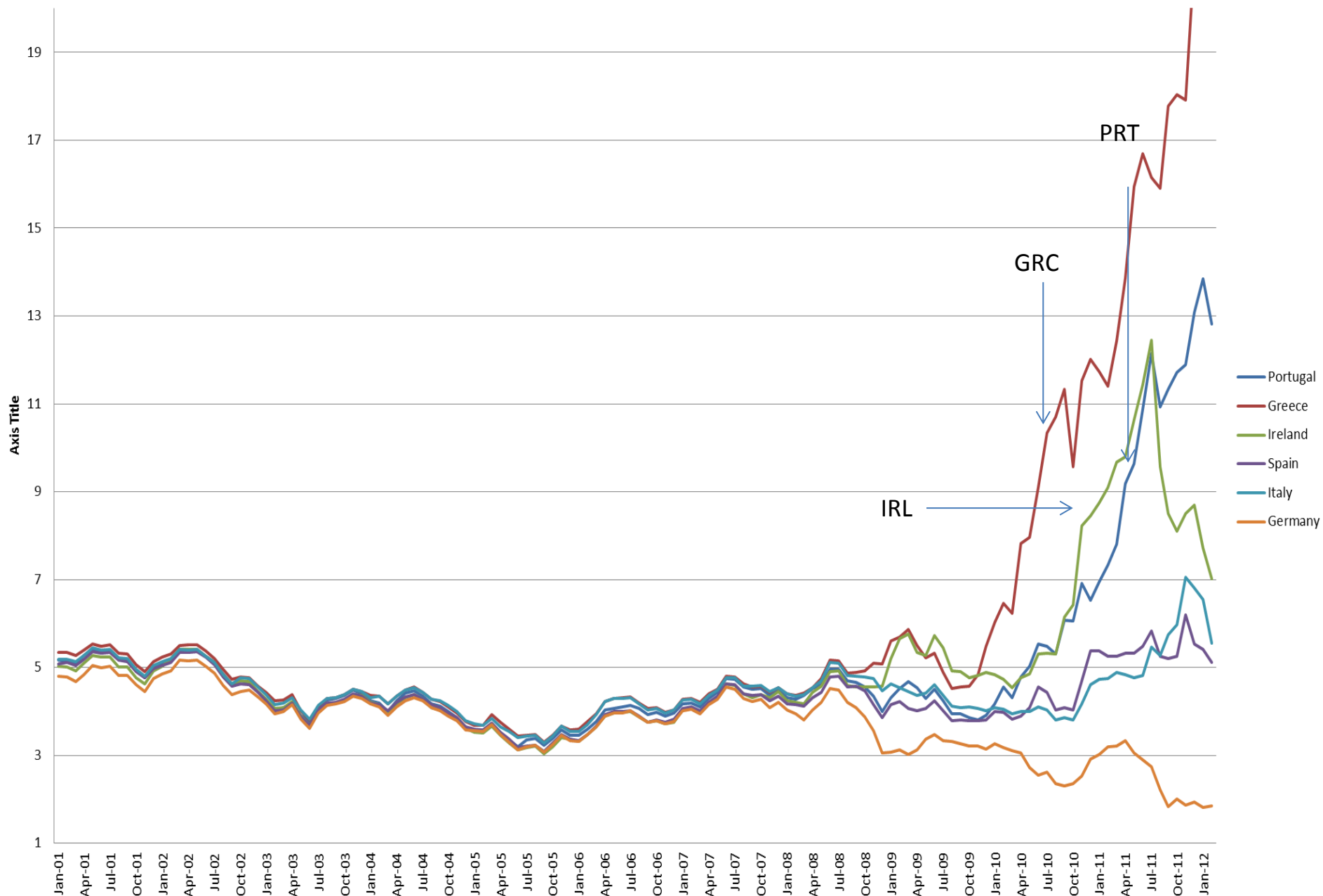
Outline

- What caused the crisis?
- Is the budget and deleveraging program working?
- Is public and private debt sustainable?
- How to increase growth potential?

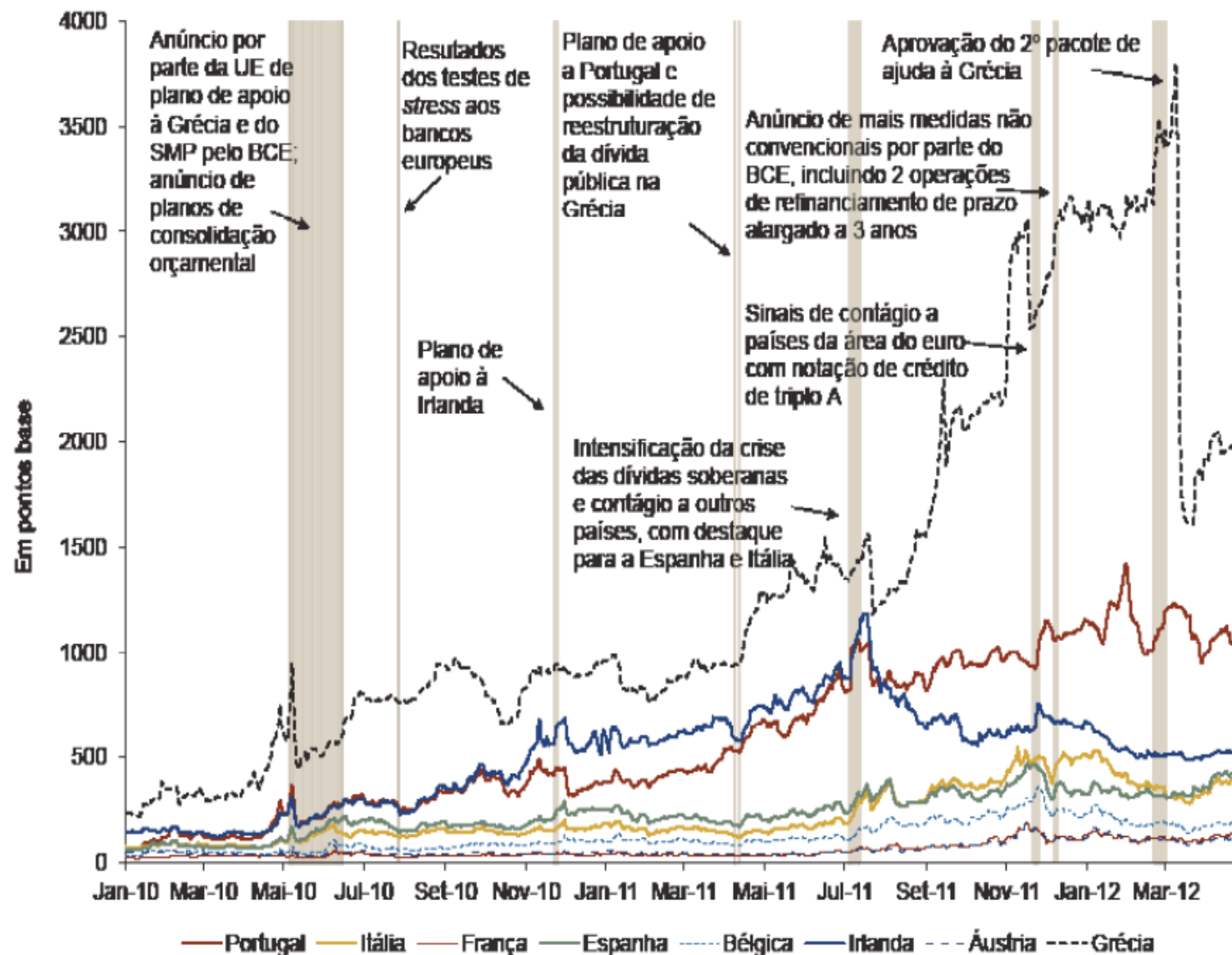
Outline

- What caused the crisis?
 - Macro mismanagement
 - Large resource misallocation
 - Credit boom
 - State overspending
 - How different is from other EA member's crisis
- Is the budget and deleveraging program working?
- Is public and private debt sustainable?
- How to increase growth potential?

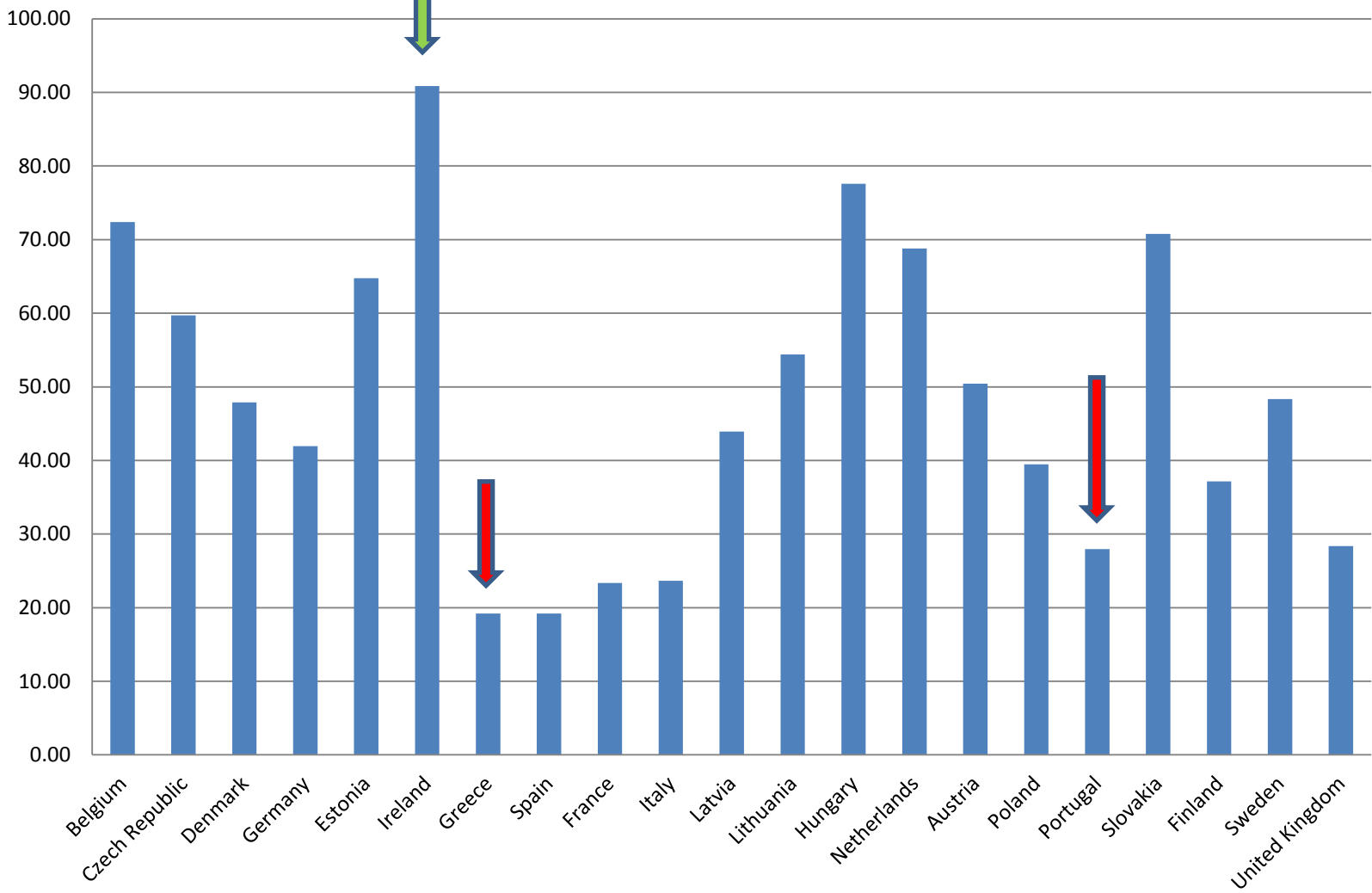
Long-term nominal interest rates



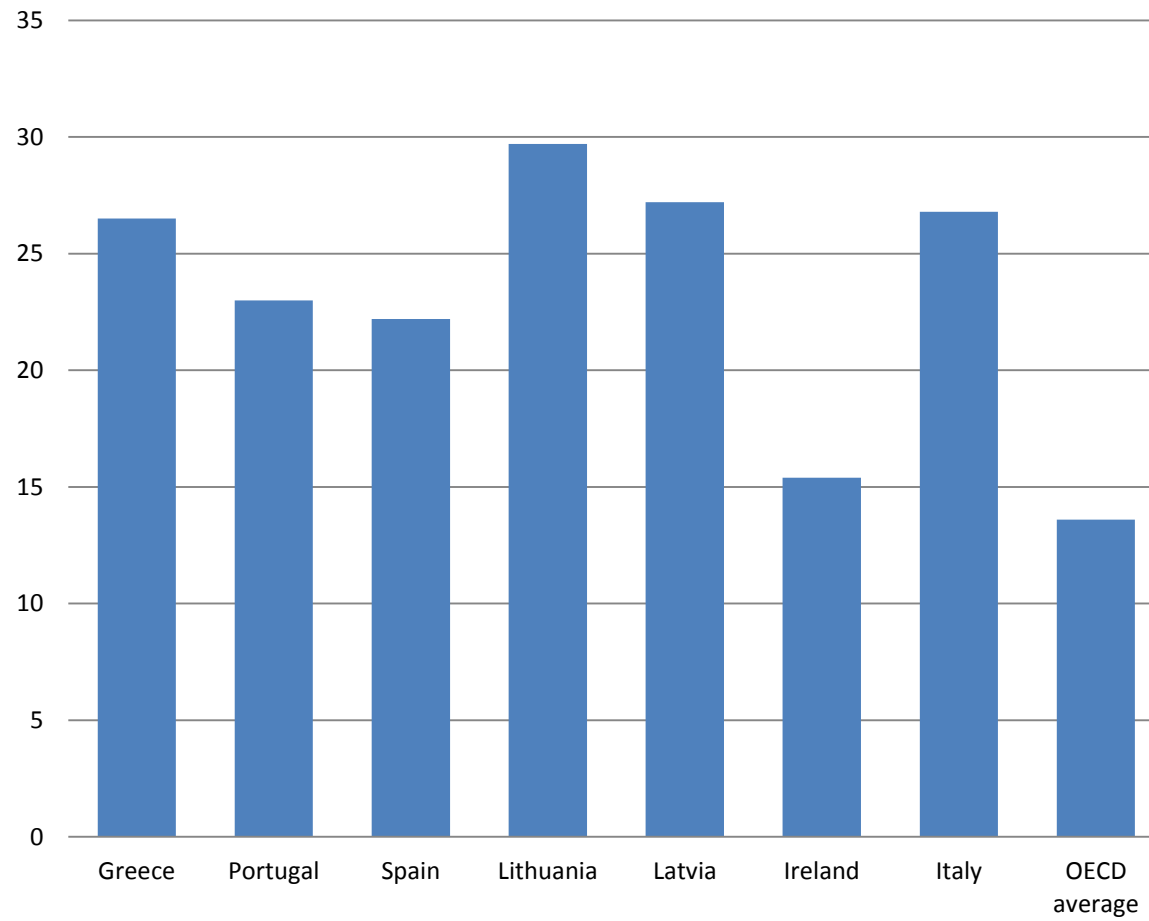
REFERENCIAIS FACE À ALEMANHA DAS TAXAS DE JURO DE DÍVIDA PÚBLICA A 10 ANOS



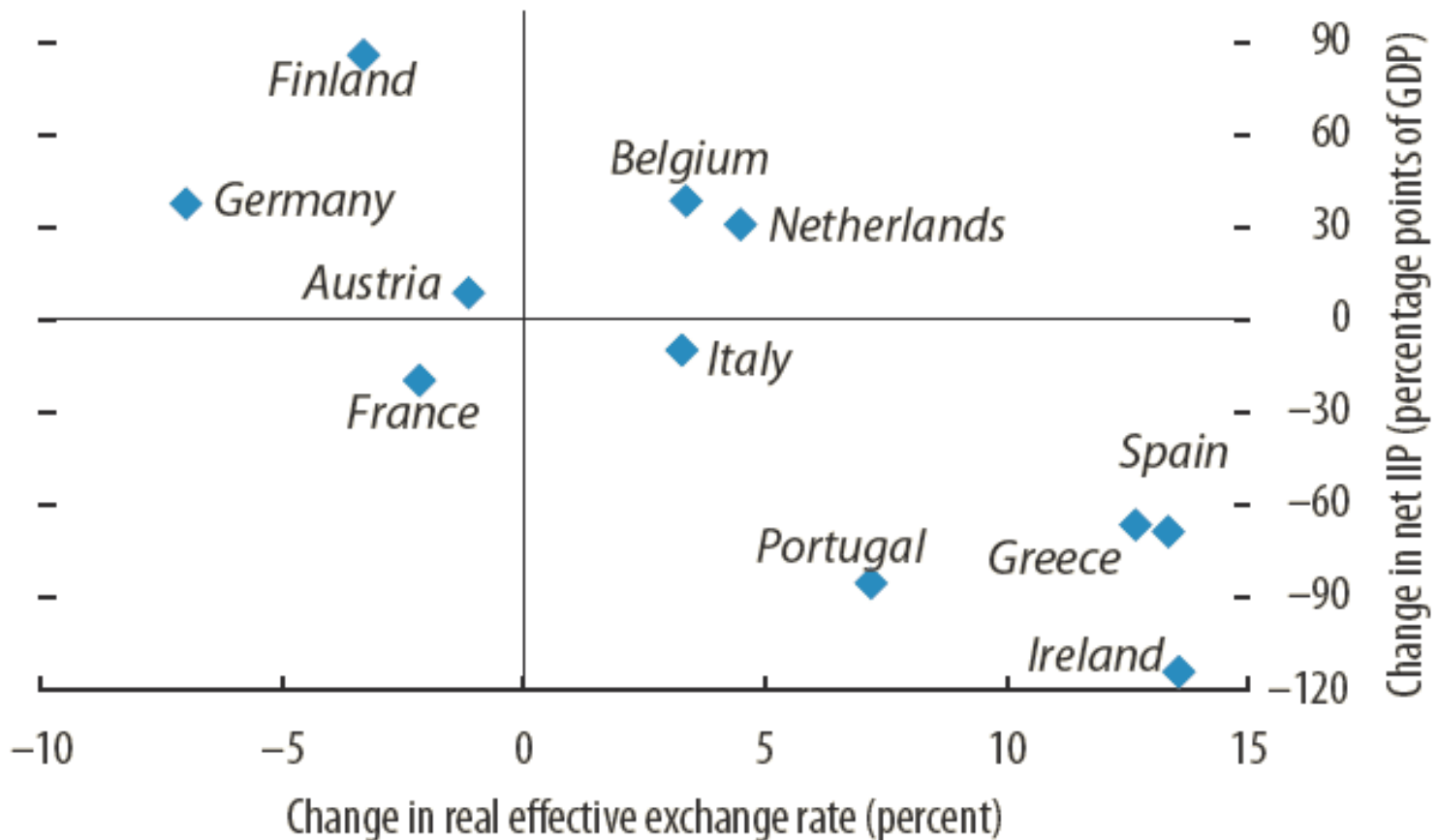
Degree openness (2009)



Informal economy



Change in Real Effective Exchange Rate and International Investment Position, 1998–2010



Gross Debt across Sectors, 1998 and 2010

(In percent of GDP)

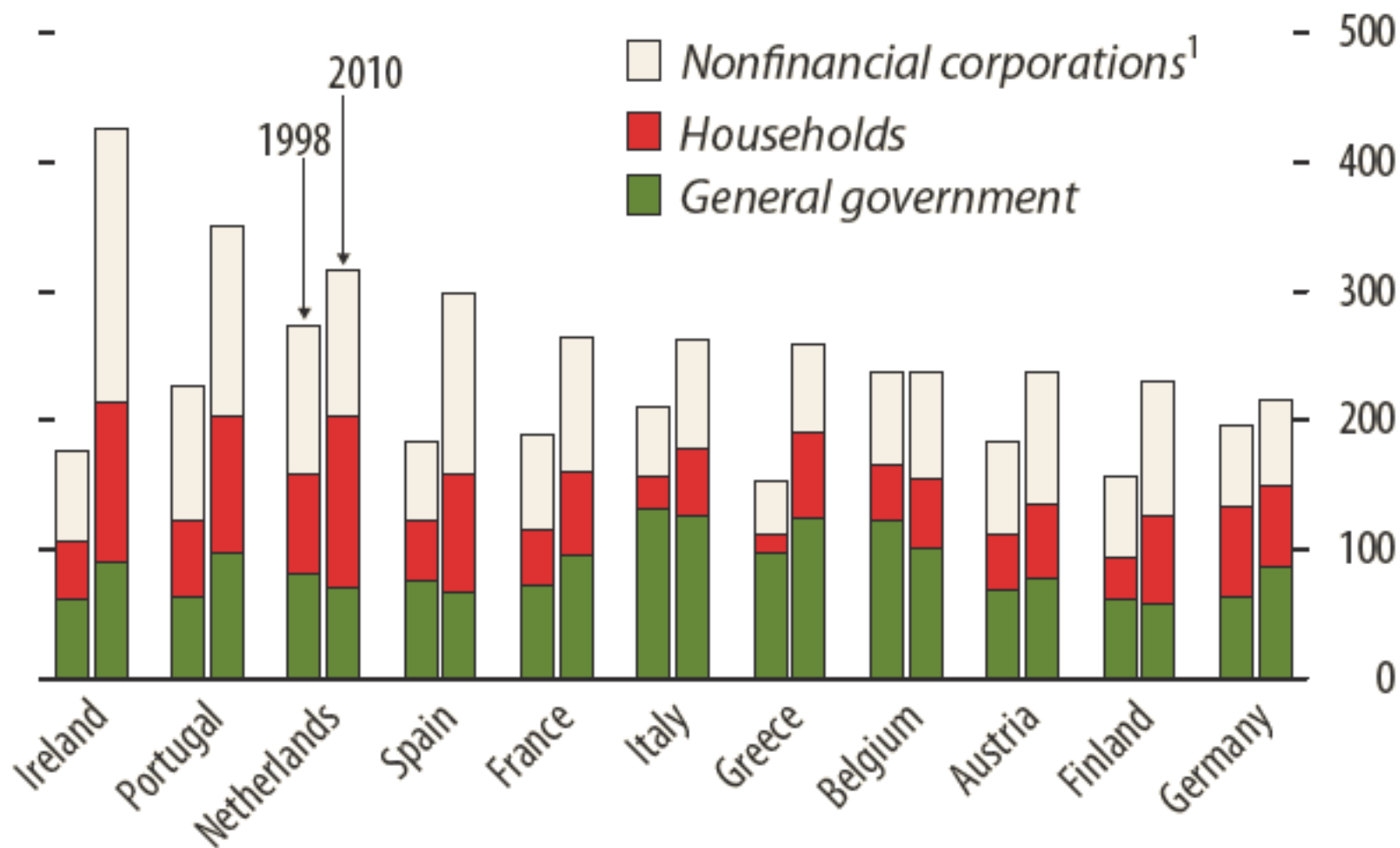
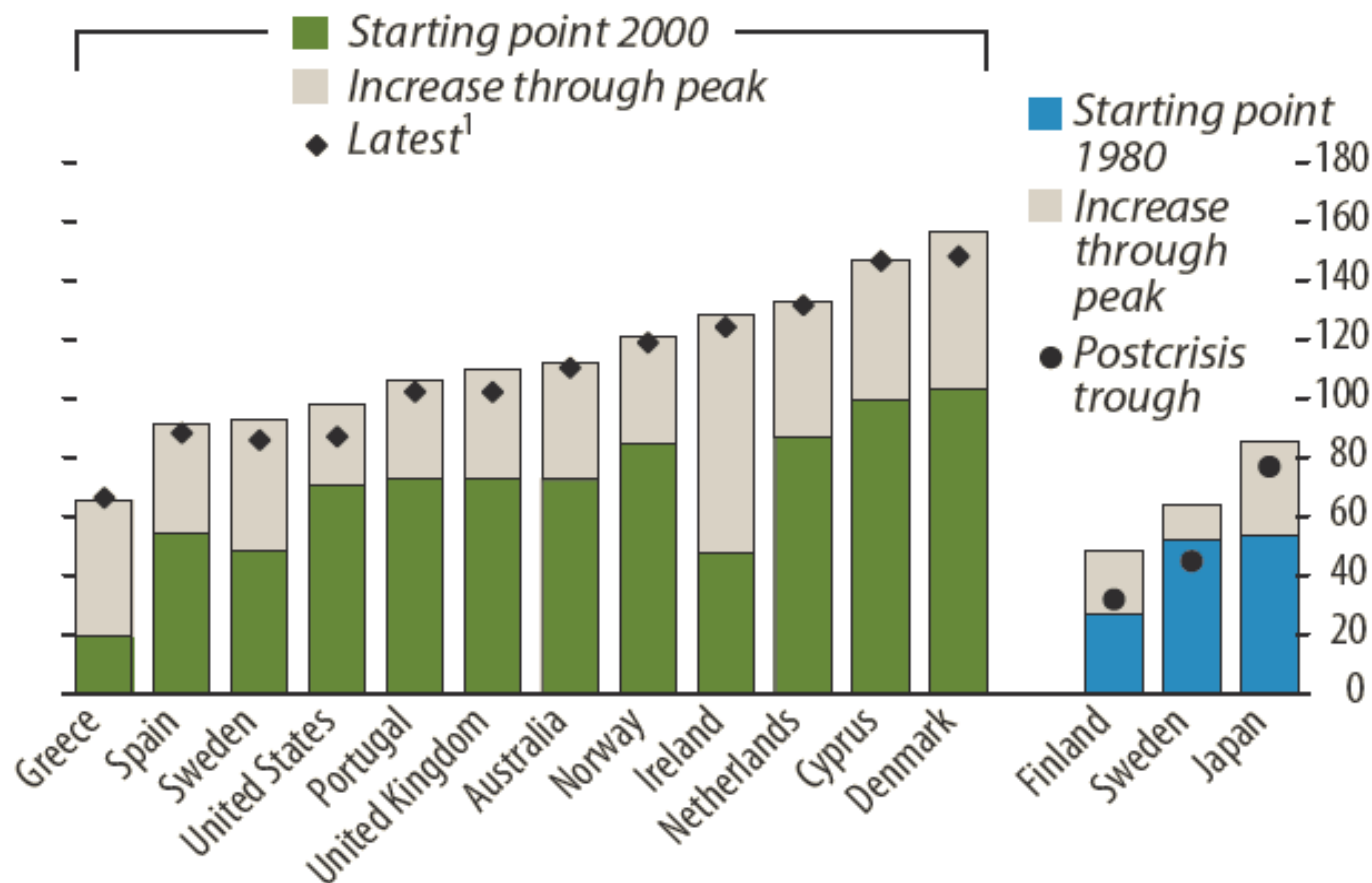


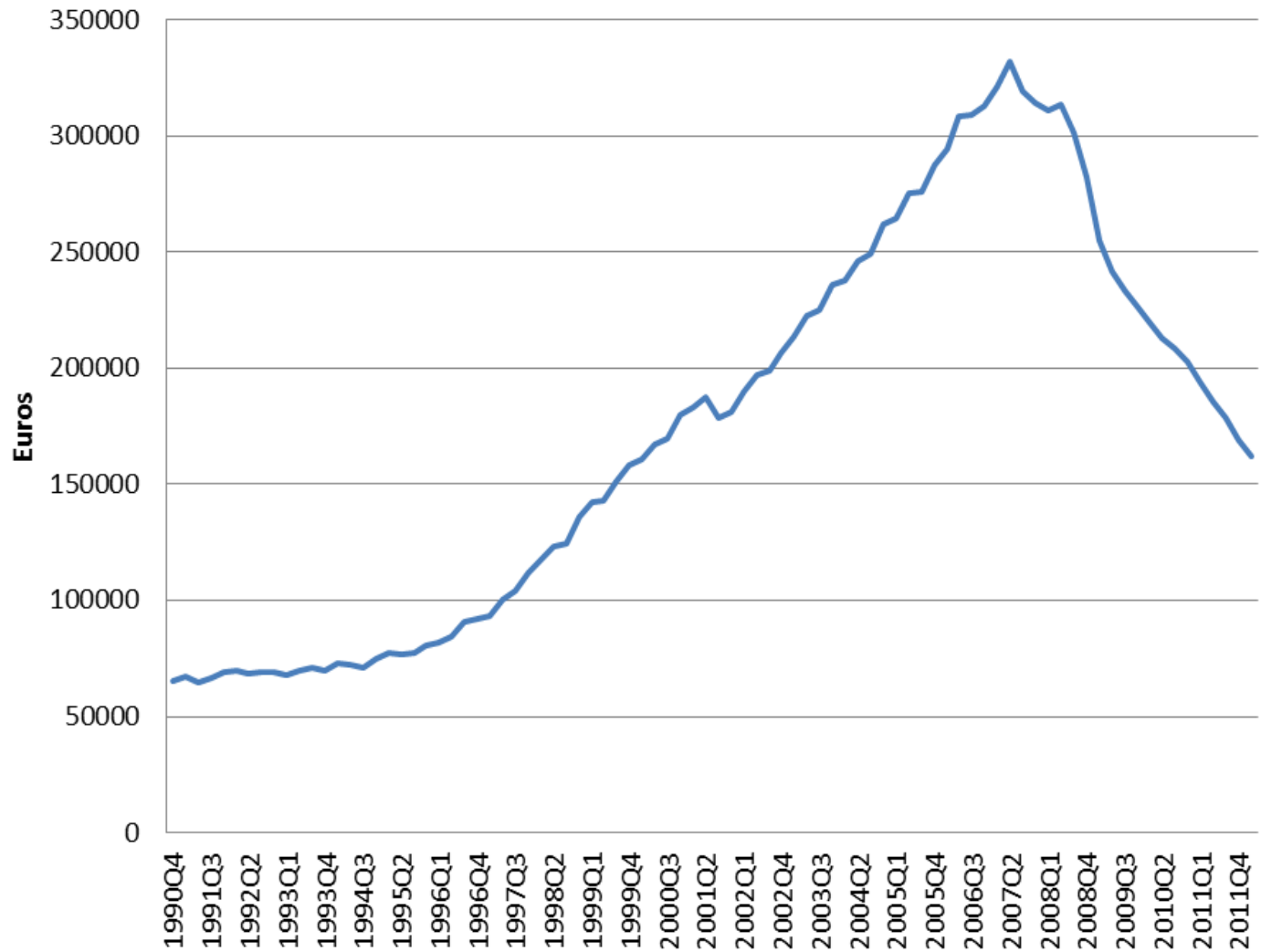
Figure 1.10. Two Household Credit Cycles: 1980s and 2000s
(Gross household debt, in percent of GDP)



Sources: Eurostat; Haver Analytics; national statistics offices; and IMF staff estimates.

¹As of end-September 2011 except for Cyprus (end-December 2010) and Ireland (end-March 2011).

Ireland House Prices



Variación en el precio de vivienda nueva (Base 1996)

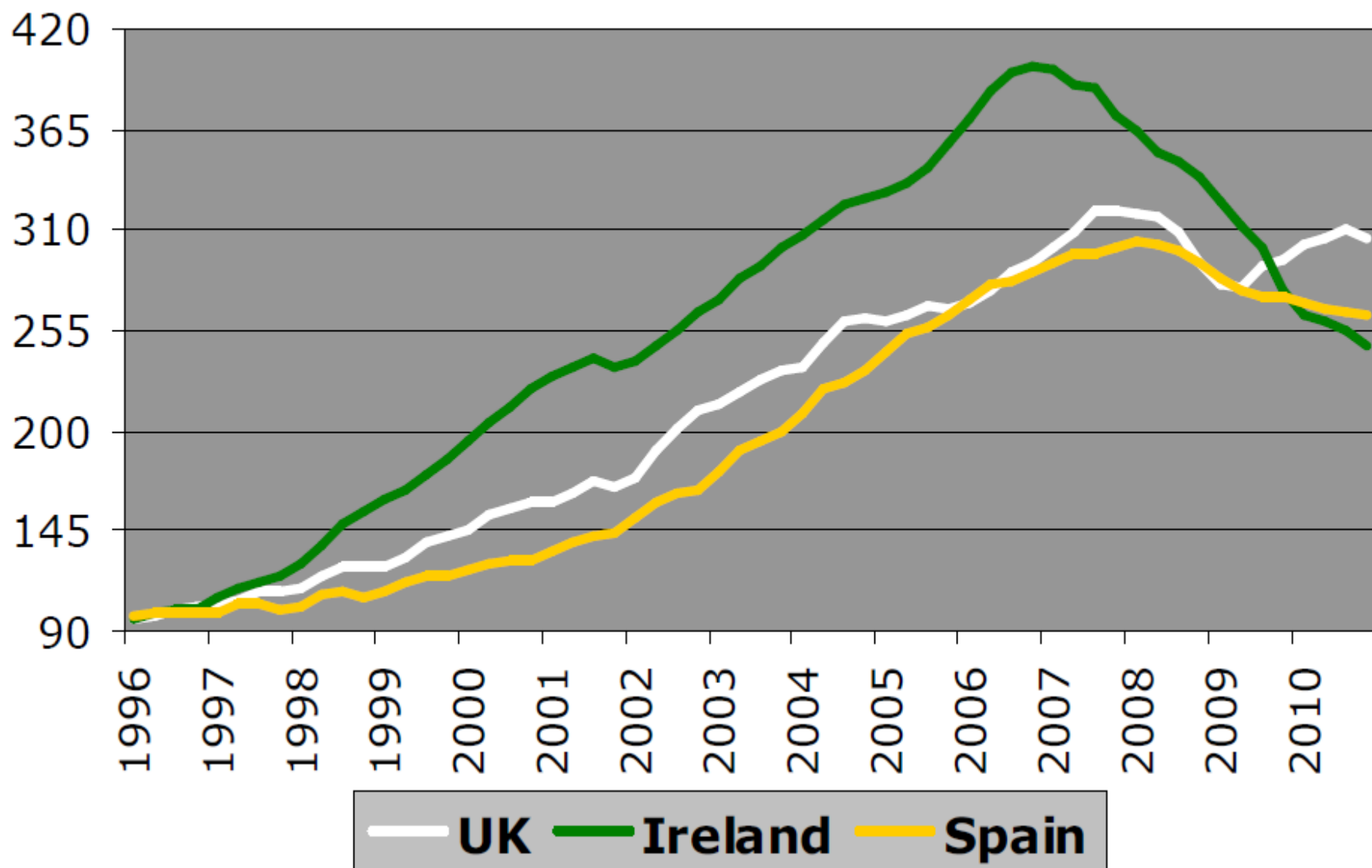


Table 2.1. Sovereign Debt: Market and Vulnerability Indicators*(Percent of WEO projection of 2012 GDP except as noted)*

	Fiscal and Debt Fundamentals			Financing Needs ¹		External Funding	Banking System Linkages			Sovereign Credit ²		Sovereign CDS
	Gross general government debt, 2012 ³	Net general government debt, 2012 ⁴	Primary balance, 2012 ⁵	Gross general government debt maturing plus budget deficit		General government debt held abroad ⁶	Domestic depository institutions' claims on general government ⁷		BIS reporting banks' consolidated international claims on public sector ⁸	Rating (notches above speculative)	Outlook as of Feb. 1, 2012	Five-year as of end-2011 (basis points)
				2012	2013		Percent of 2012 GDP	Percent of depository institutions' consolidated assets				
Australia	24.0	9.5	-2.0	4.9	3.6	10.6	2.5	1.4	2.6	10	Stable	83
Austria	73.9	54.1	-0.9	8.6	8.7	59.2	15.3	4.7	11.4	9	Stable	186
Belgium	99.1	84.2	0.5	19.3	19.5	56.5	23.1	7.3	13.5	7	Negative	311
Canada	84.7	35.4	-3.1	16.1	17.8	16.7	17.8	10.1	3.0	10	Stable	n.a.
Czech Republic	43.9	n.a.	-2.2	12.5	12.6	12.4	17.0	14.3	4.4	6	Stable	174
Denmark	51.3	8.4	-5.5	13.6	11.3	22.8	14.9	3.4	6.9	10	Stable	135
Finland	51.6	-57.1	-2.0	8.6	8.0	44.2	6.3	1.9	12.2	10	Stable	78
France	89.0	83.2	-2.2	18.2	19.5	56.3	16.9	4.1	7.2	9	Stable	220
Germany	78.9	54.1	1.0	8.9	8.5	48.3	21.2	6.7	10.0	10	Stable	102
Greece	153.2	n.a.	-1.0	87.5	28.7	12.4	15.7	-8	Negative	8786
Ireland	113.1	102.9	-4.4	15.3	14.7	65.7	26.8	3.3	4.8	2	Negative	724
Italy	123.4	102.3	3.0	28.7	23.9	48.8	32.0	12.4	9.6	4	Negative	484
Japan	235.8	135.2	-8.9	59.1	59.5	19.2	79.3	24.6	1.8	7	Negative	143
Korea	32.9	31.5	1.6	0.9	0.4	4.5	5.2	3.8	3.5	5	Stable	161
Netherlands	70.1	36.0	-3.2	14.9	16.4	40.4	13.3	3.4	7.8	10	Stable	119
New Zealand	36.0	11.5	-3.8	8.8	11.7	22.4	7.3	4.2	3.7	8	Negative	94
Norway	49.6	-173.7	11.9	-10.1	-6.7	22.3	n.a.	n.a.	6.2	10	Stable	45
Portugal	112.4	110.9	0.1	26.7	19.7	61.5	19.3	5.6	9.6	0	Negative	1082
Slovak Republic	47.1	n.a.	-2.7	11.7	13.6	16.8	16.7	20.7	9.1	5	Stable	300
Slovenia	52.5	n.a.	-3.0	7.9	7.4	29.9	13.7	9.3	8.9	5	Negative	400
Spain	79.0	67.0	-3.6	20.9	21.5	28.4	26.5	7.7	5.9	5	Negative	380
Sweden	35.5	-20.1	-1.1	4.5	1.9	14.7	6.6	2.5	4.2	10	Stable	78
United Kingdom	88.4	84.2	-5.3	14.8	13.9	24.8	8.5	n.a.	2.8	10	Stable	98
United States	106.6	83.7	-6.1	25.8	26.2	29.7	7.1	5.1	3.6	9	Negative	49

Sources: Bank for International Settlements (BIS); Bloomberg L.P.; IMF, International Financial Statistics, Monetary and Financial Statistics, and World Economic Outlook (WEO) databases; BIS-IMF-OECD-World Bank Joint External Debt Hub (JEDH); and IMF staff estimates.

Note: Based on projections in the April 2012 *World Economic Outlook*, which also summarizes the policy assumptions. CDS = credit default swaps.

¹As a percent of WEO projection of GDP for the year indicated.

²Rating as notches above speculative grade is the average of long-term foreign currency debt ratings by Fitch, Moody's, and Standard & Poor's rating agencies, rounded down; outlook is based on the most negative of the three agencies' ratings.

³All liabilities that require the government to make future payments of interest and/or principal to the creditors, including SDRs, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts payable.

⁴Gross debt minus financial assets that are debt instruments; the financial assets are monetary gold and SDRs, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts receivable.

⁵Primary net lending/borrowing balance for general government. Data for Korea are for central government.

⁶Most recent data from JEDH divided by WEO projection of 2012 GDP. JEDH and WEO debt data are incompatible when one set is at market value and the other is nominal. Data for New Zealand are from Reserve Bank of New Zealand.

Investment and GDP growth

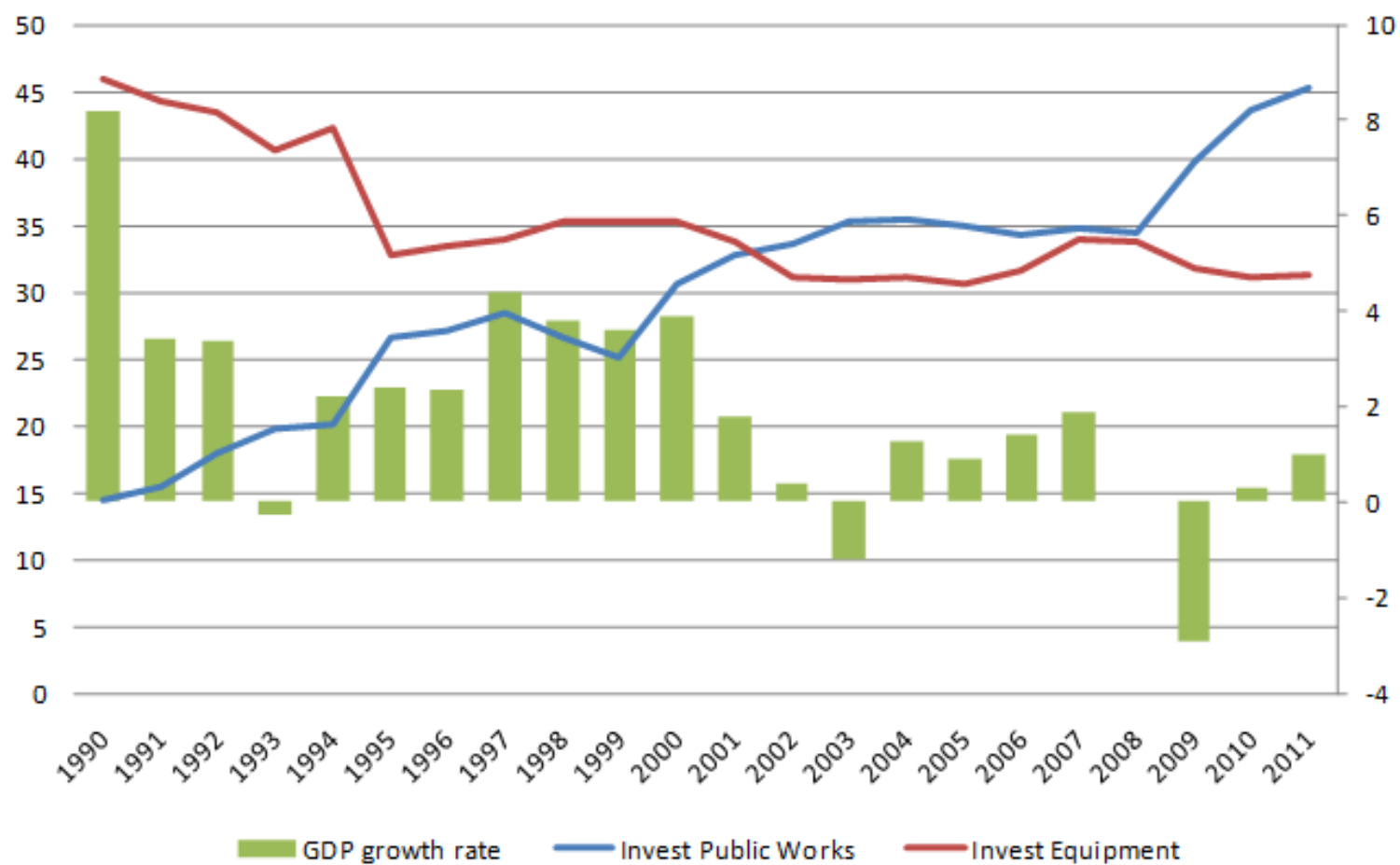


Table 3: Total Public Investment (GFCF in percent GDP)

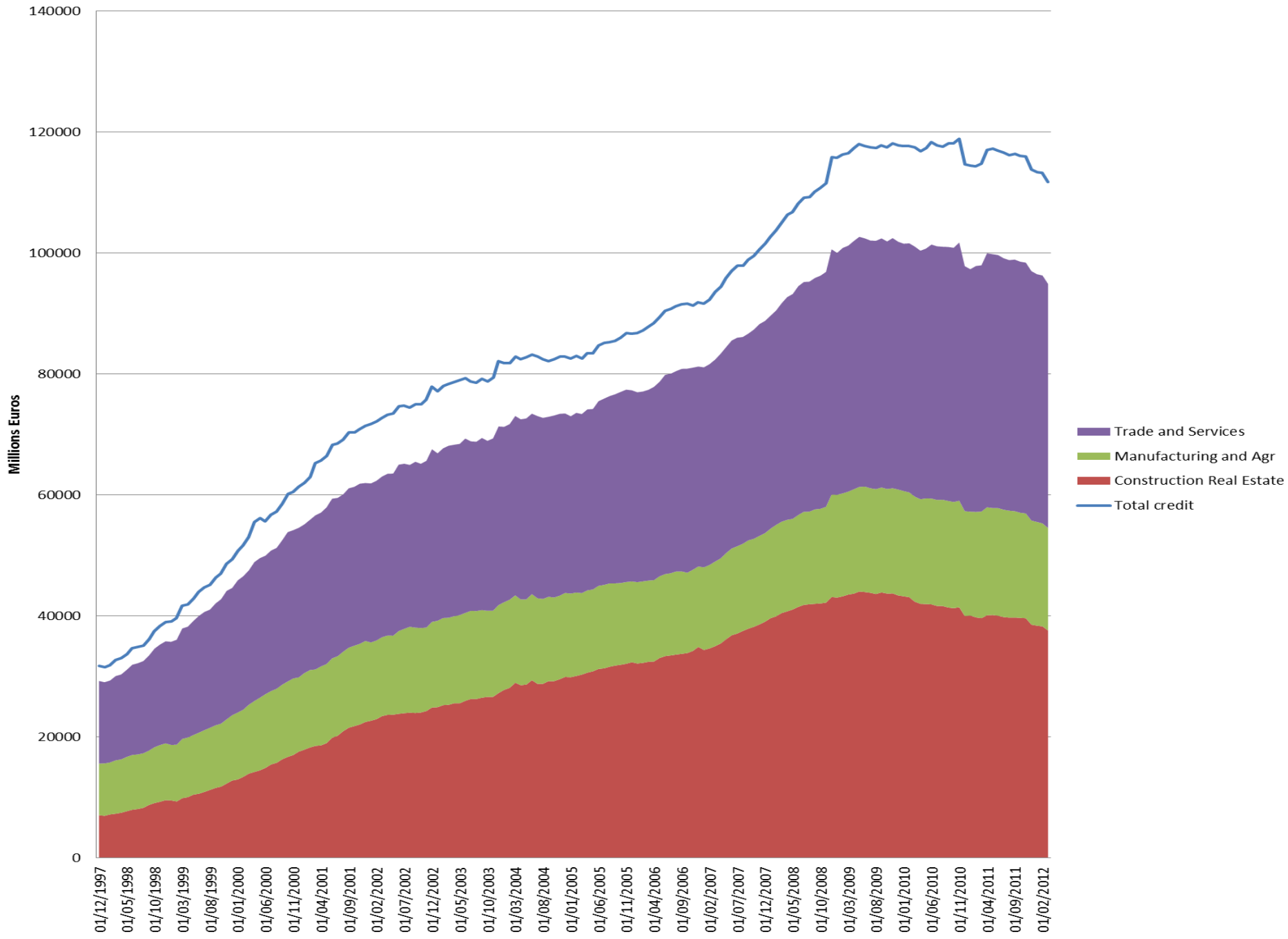
Source: INE, National Accounts and author's estimates

	1985	1990	1995	2000	2005	2008
In the budget	2.5	3.0	3.8	3.8	3.3	2.2
PPPs	0.0	0.0	1.2	3.5	3.0	2.9
Sub-total	2.5	3.0	5.0	7.3	6.3	5.1
Public Enterprises	3.5	3.2	3.0	2.9	4.1	10.2
....Total	6.0	6.2	8.0	10.2	11.4	15.3

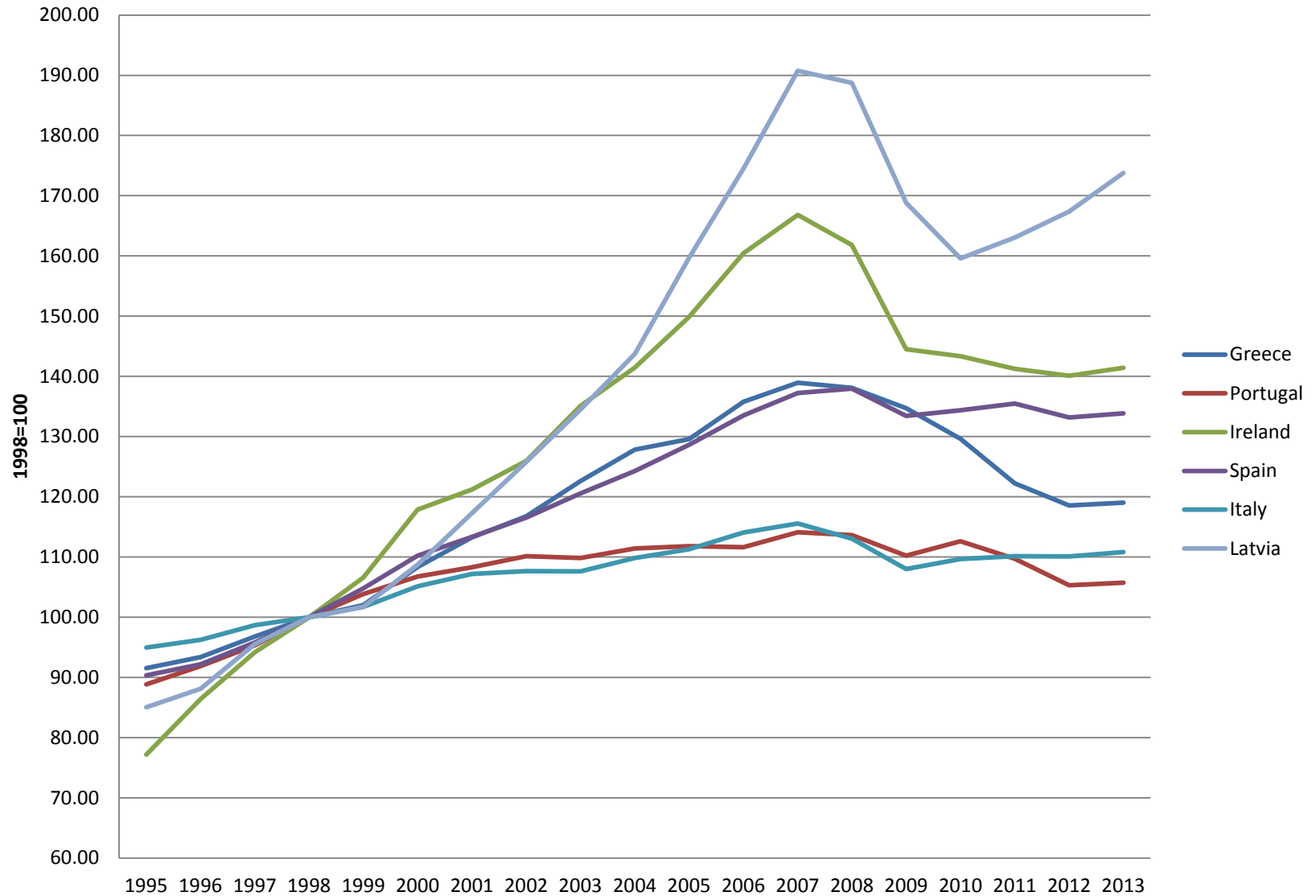
Banking credits



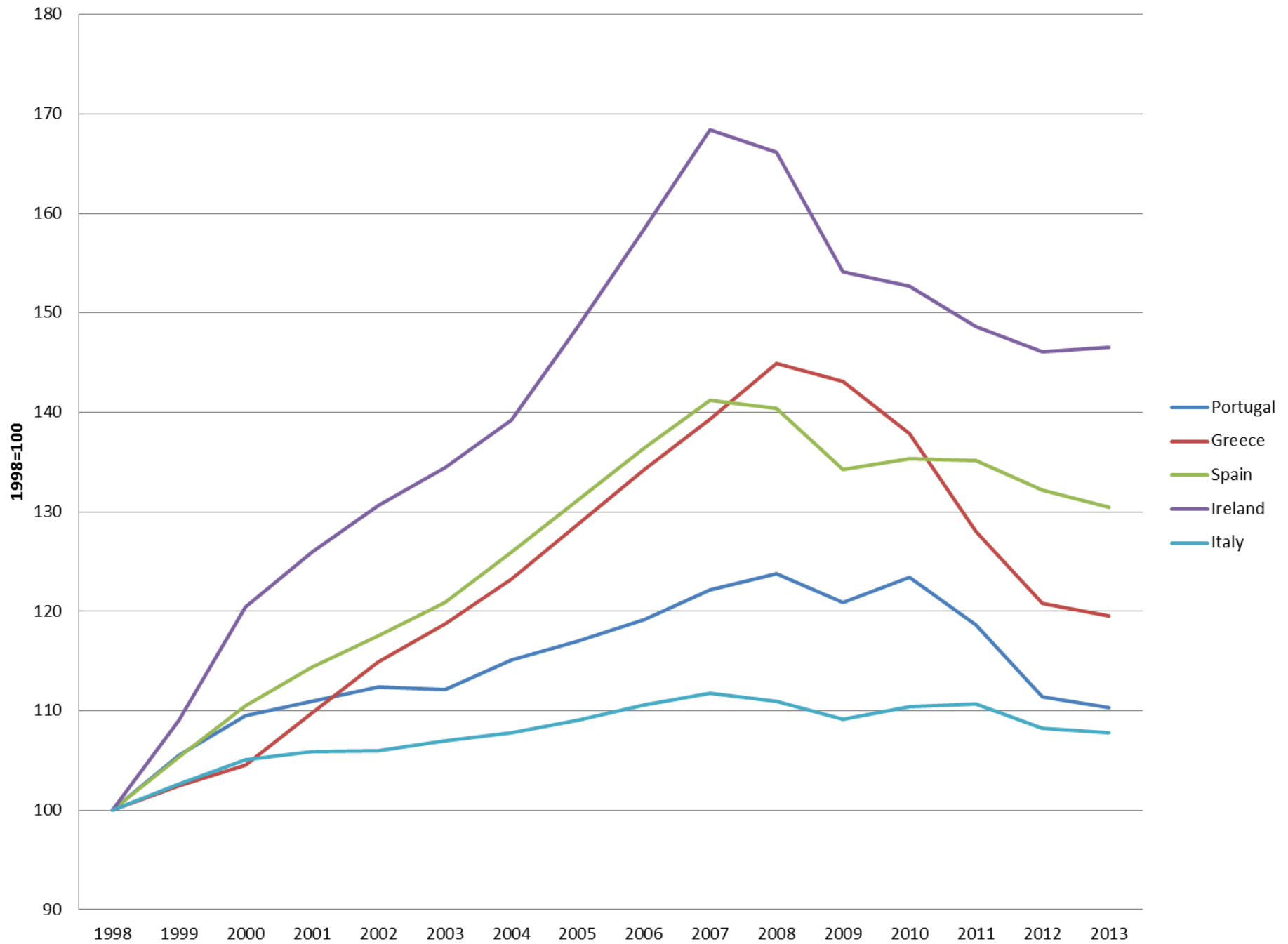
Credit to Corporations



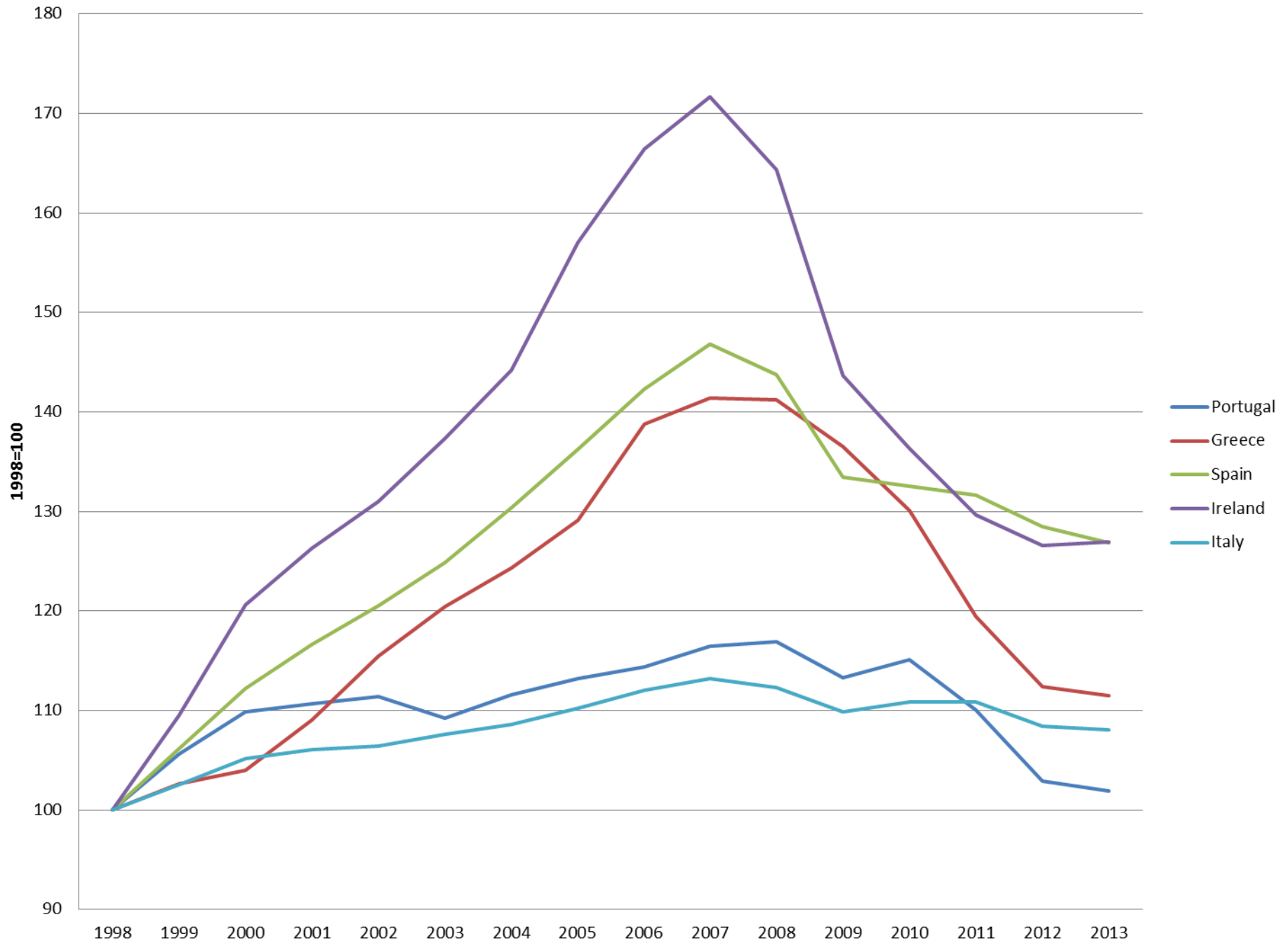
GNI



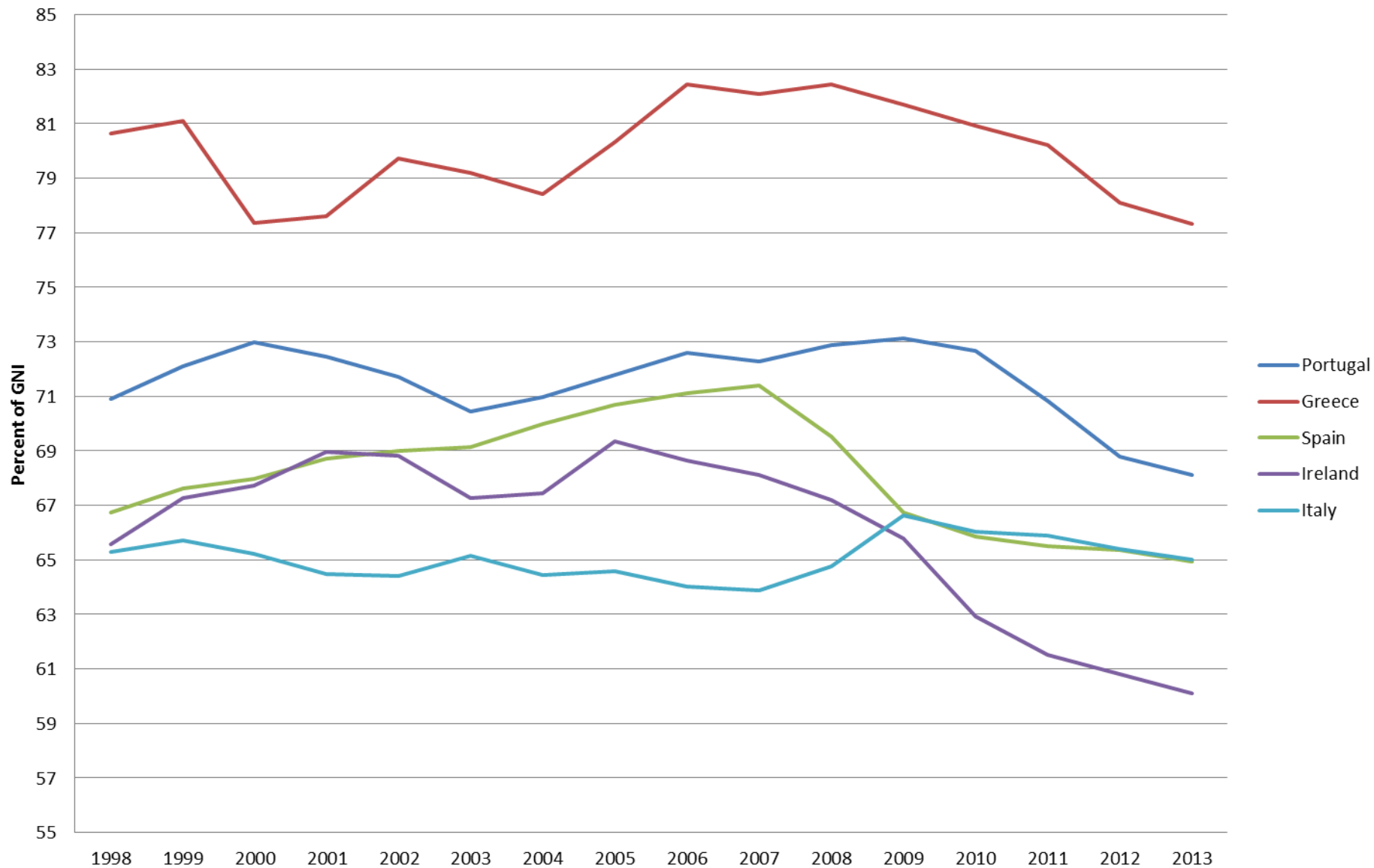
Private Consumption



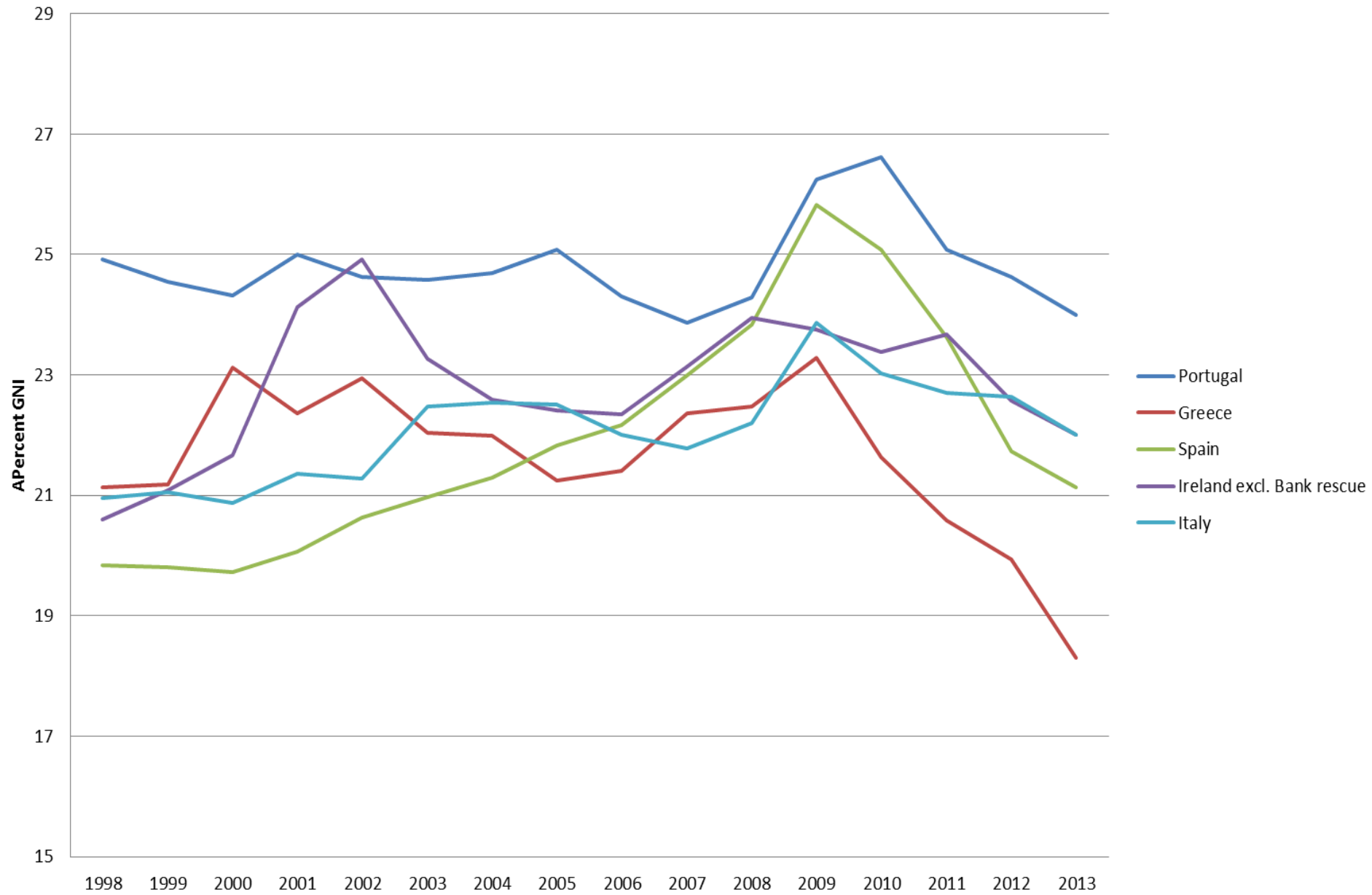
Private Consumption + Inv Housing



Private Consumption and Housing Investment



Government Consumption + Investment



Outline

- What caused the crisis?
- Is the budget and deleveraging program working?
 - Budgetary policies: Program and implementation
 - Financial stability and deleveraging so far
 - What theory tells us about adjustment policies in a currency area
 - Alternatives and sacrifice ratios compared
- Is public and private debt sustainable?
- How to increase growth potential?

Adjustment models for fiscal expansions/credit booms/BOP diseq

- Three problems:
 - Reduce public deficit to make public debt sustainable
 - Deleverage corporate and household sectors
 - Reduce BOP deficit to make external debt sustainable

Adjustment models of BOP

- Monetarist models: Hume model of monetary adjustment of BOP and IMF model
- BOP models of real economy
- DGEMs

“Internal devaluation” in a currency area

- Increase taxes and cut public wages and pensions
 - Reduces gov deficit
 - Reduces wages and costs in nontradables
 - Cut in domestic demand reduces output and creates unemployment
- Make the labor and product markets more flexible, so
 - Reduction in public wages and labor gap leads to reduction in private wages
 - Reduction in rents in the nontradables leads to reduction in output prices, so inputs to tradables become cheaper and improves profits in tradables

Conditions of success: low sacrifice ratio

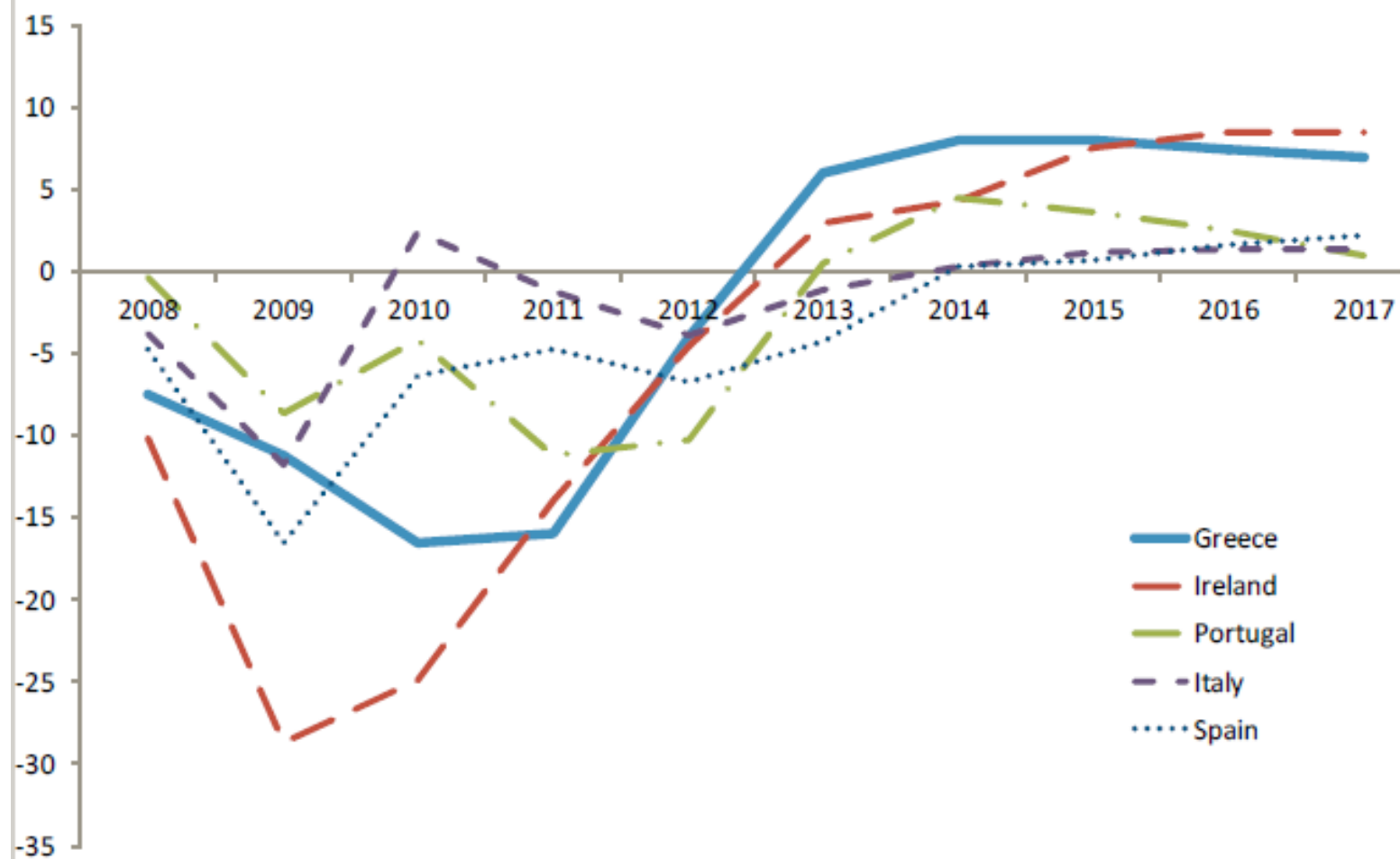
- Supply and demand elasticity of labor has to be high:
 - Otherwise needs large cuts in wages
 - And also large unemployment (**deep recession**)
- Competitive output markets
 - Otherwise prices of nontradables do not decrease
- Mobility of resources to facilitate restructuring
 - Transfer of resources from nontradables to tradables (elasticity of substitution in supply)
- If labor market adjustment takes place by emigration of best workers, the
 - Short-term: labor gap is lower (needs deeper recession)
 - Long-term: curtails potential growth

Real GDP Growth Performance and Projections 2008-2017
(in percent)

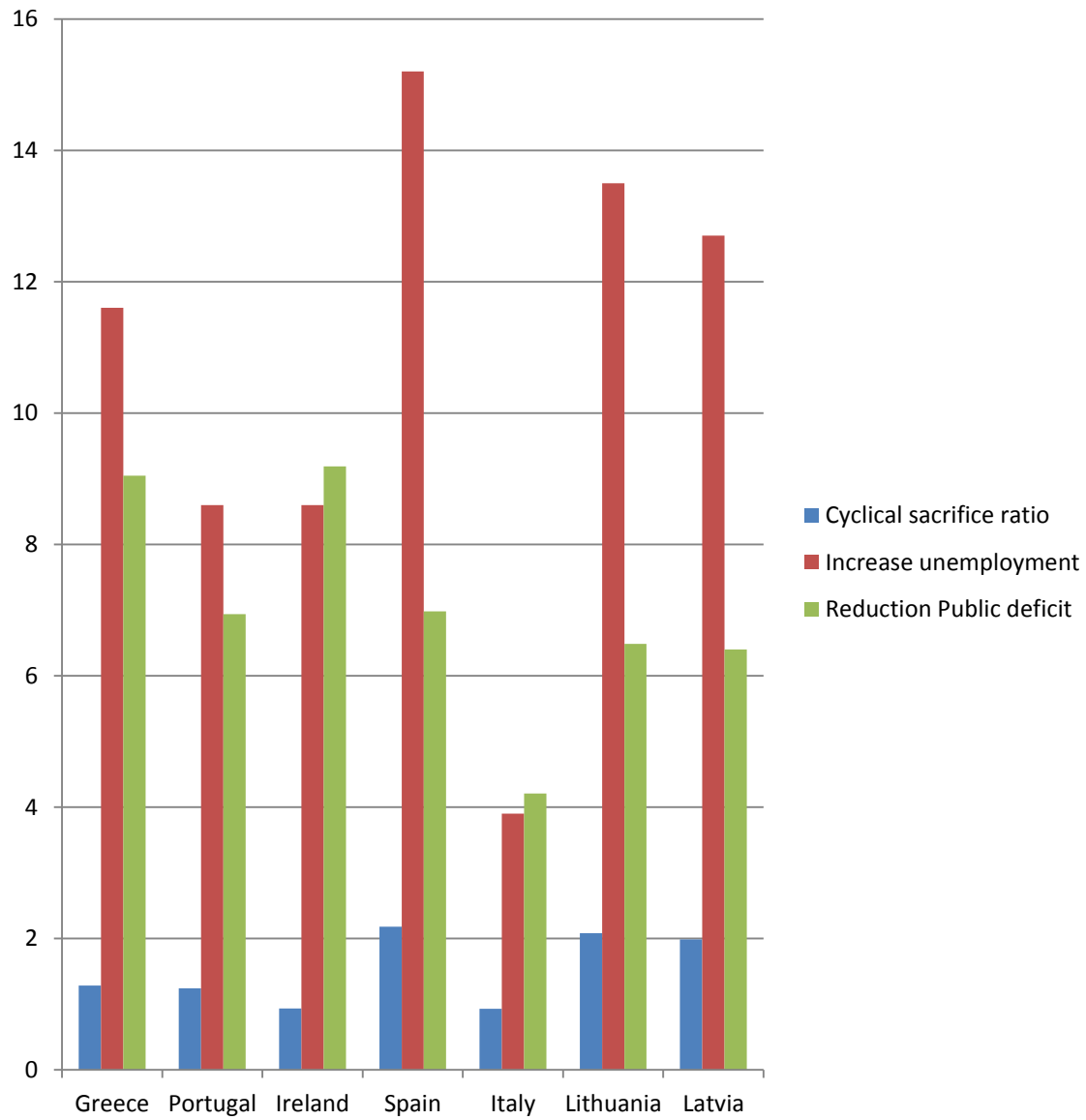


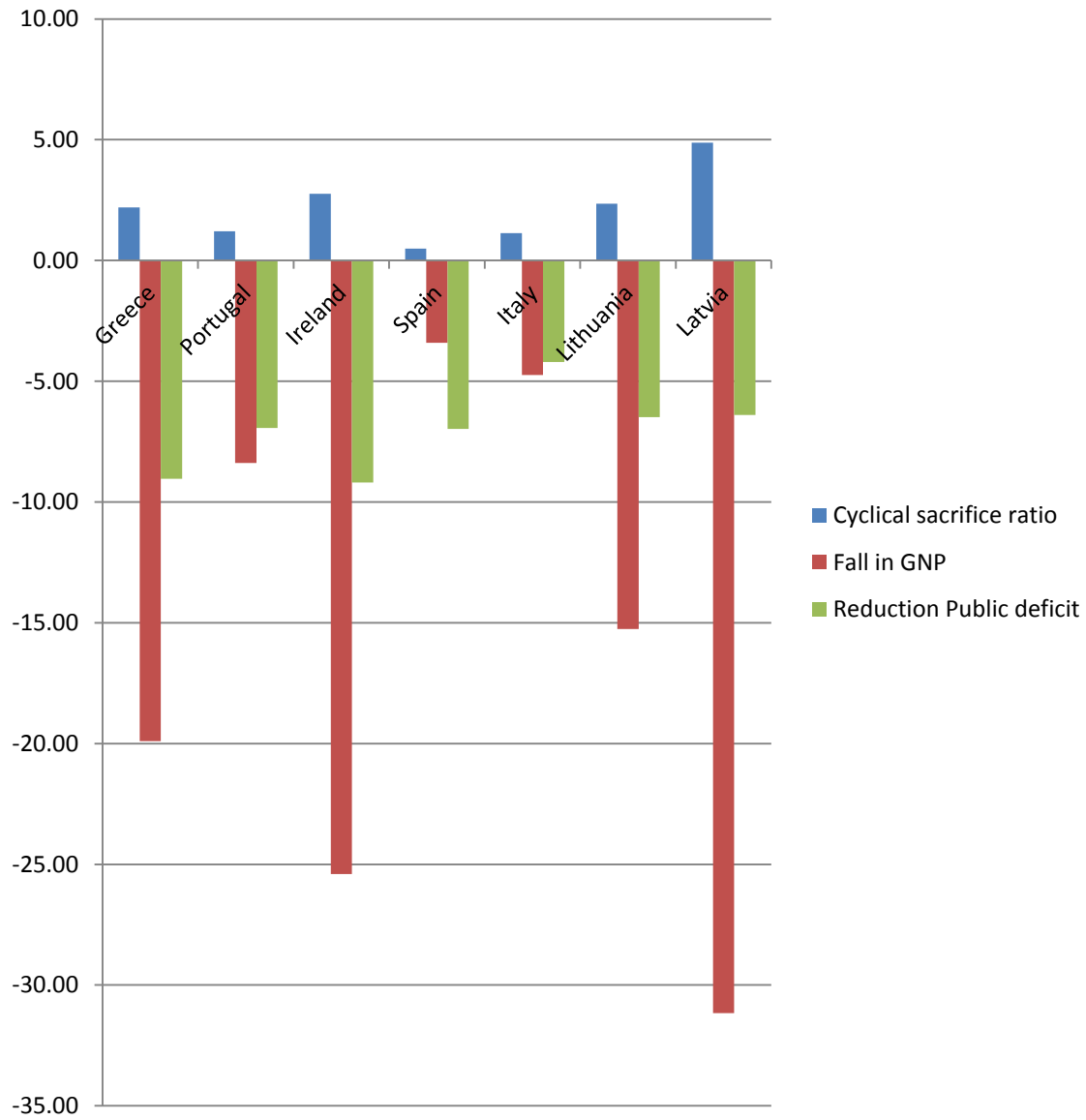
Source: WEO.

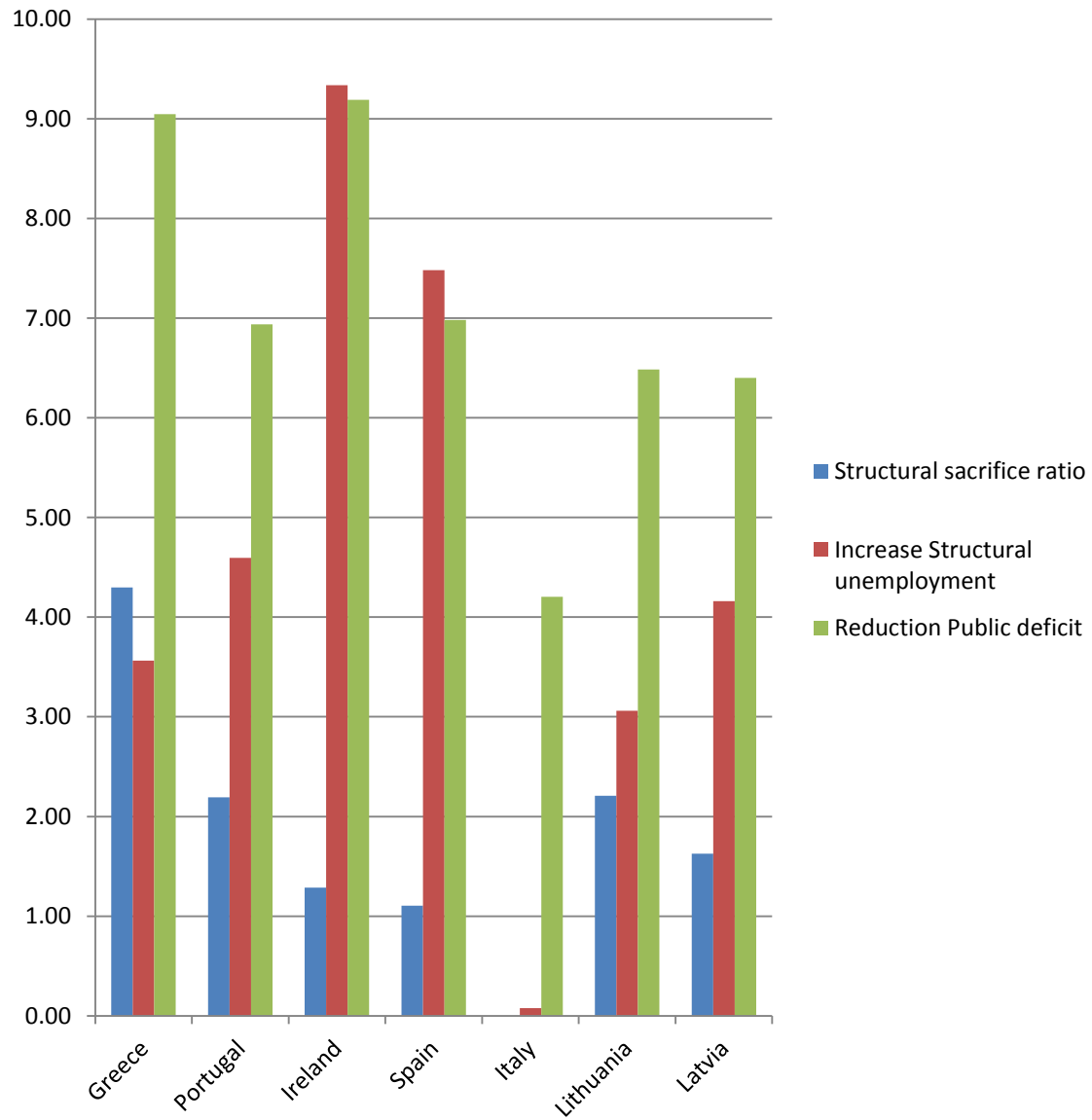
Gross Fixed Capital Investment Growth, 2008-17
(in percent)



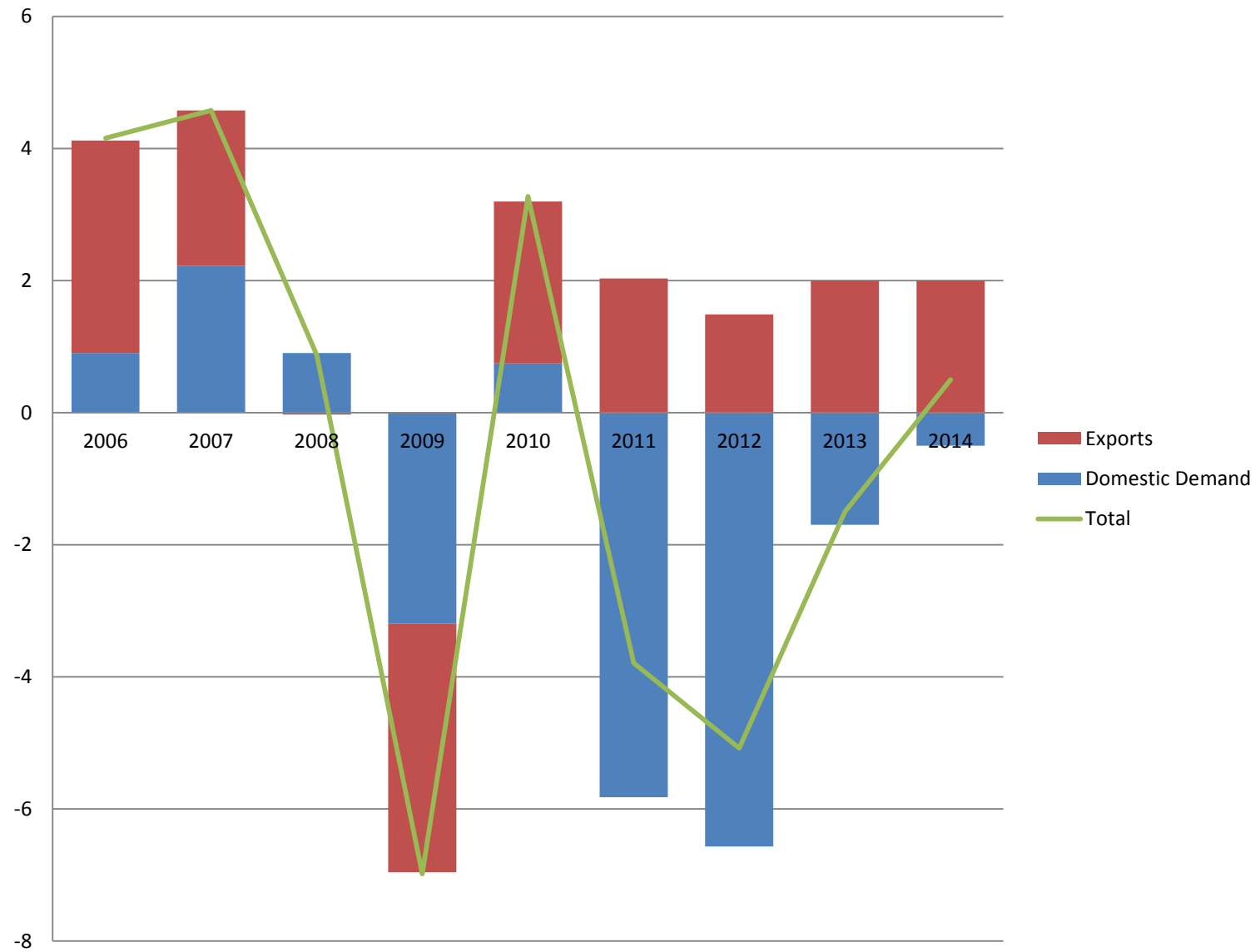
Source: WEO.



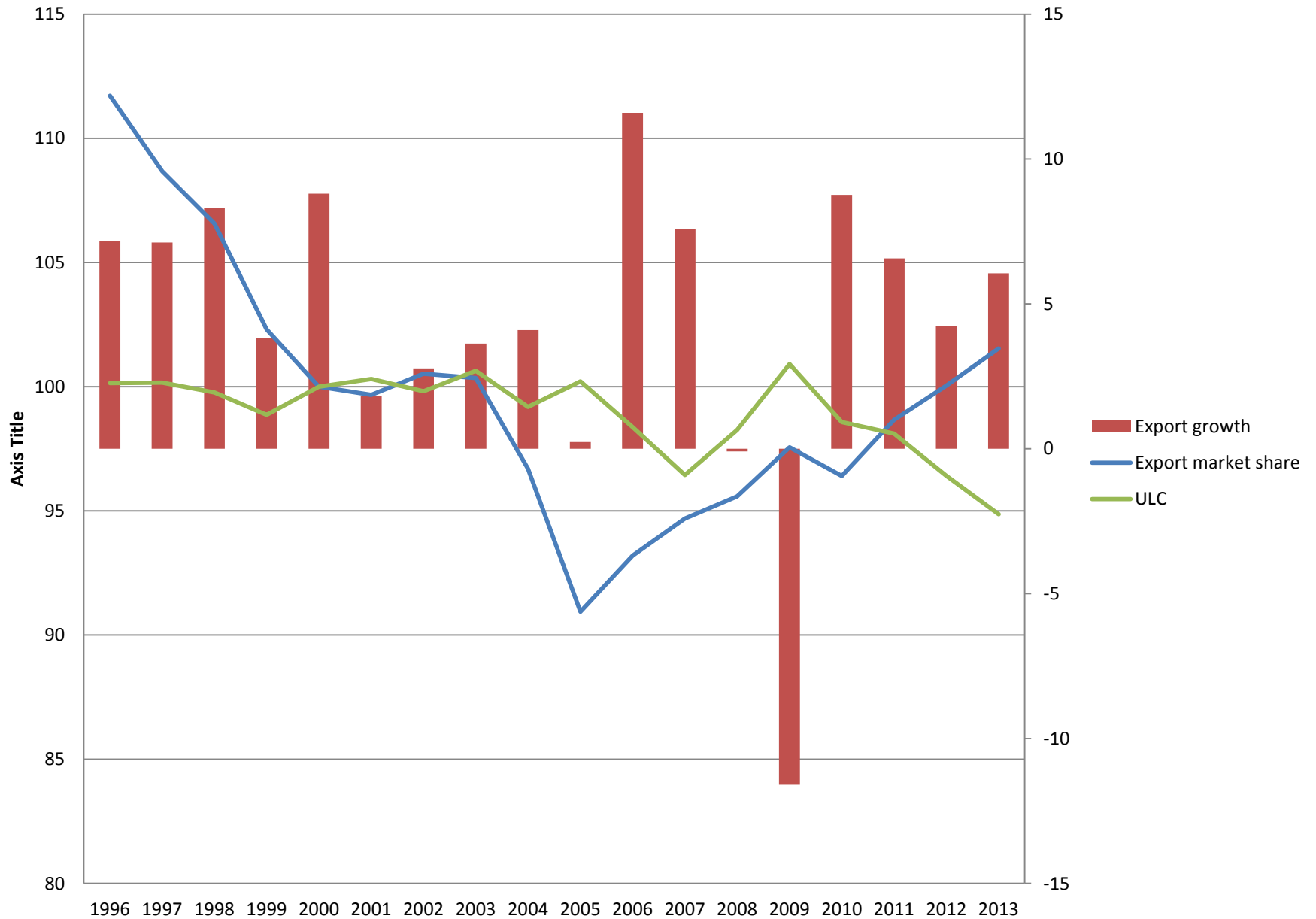




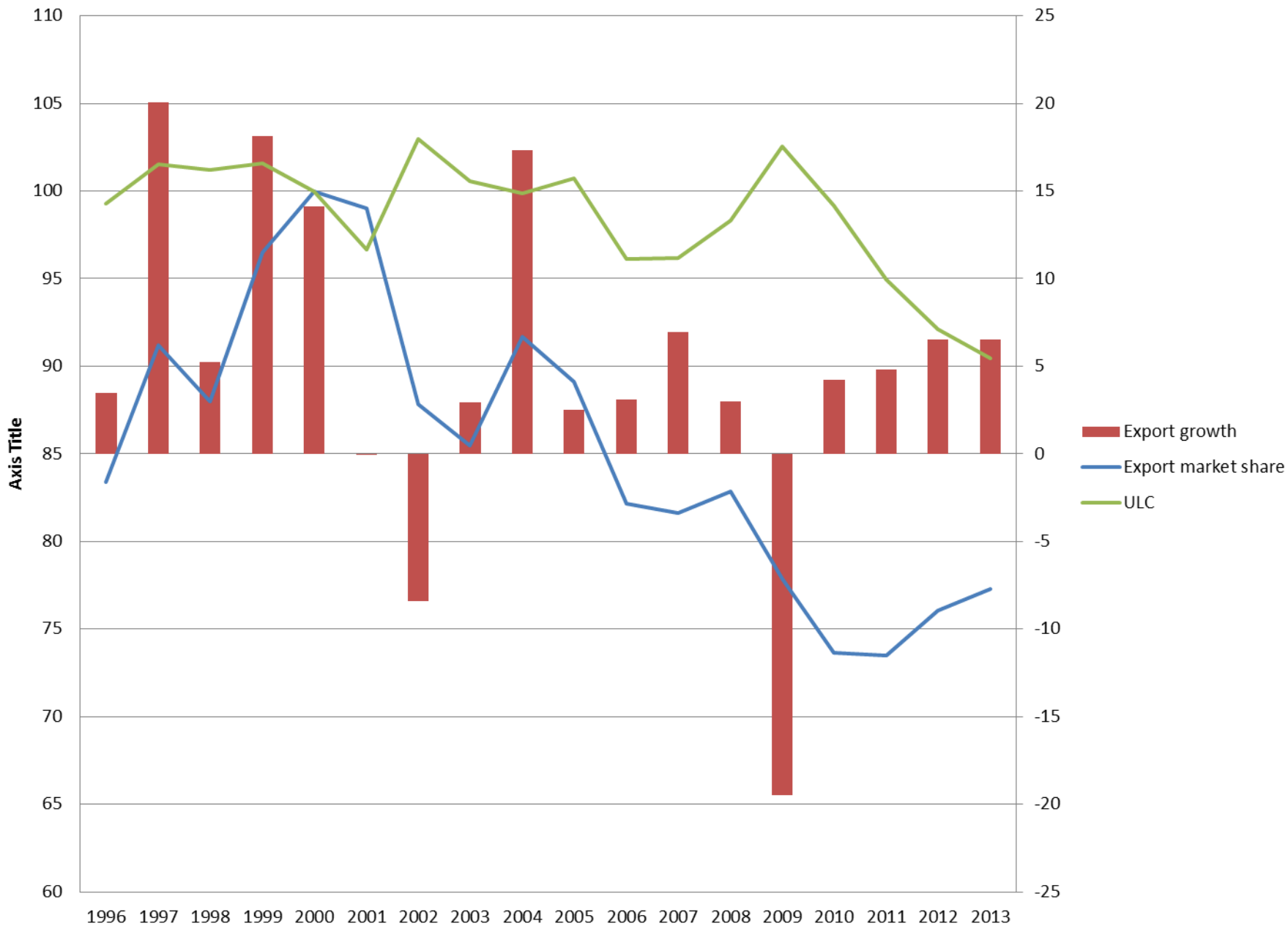
Portugal: Contributions growth



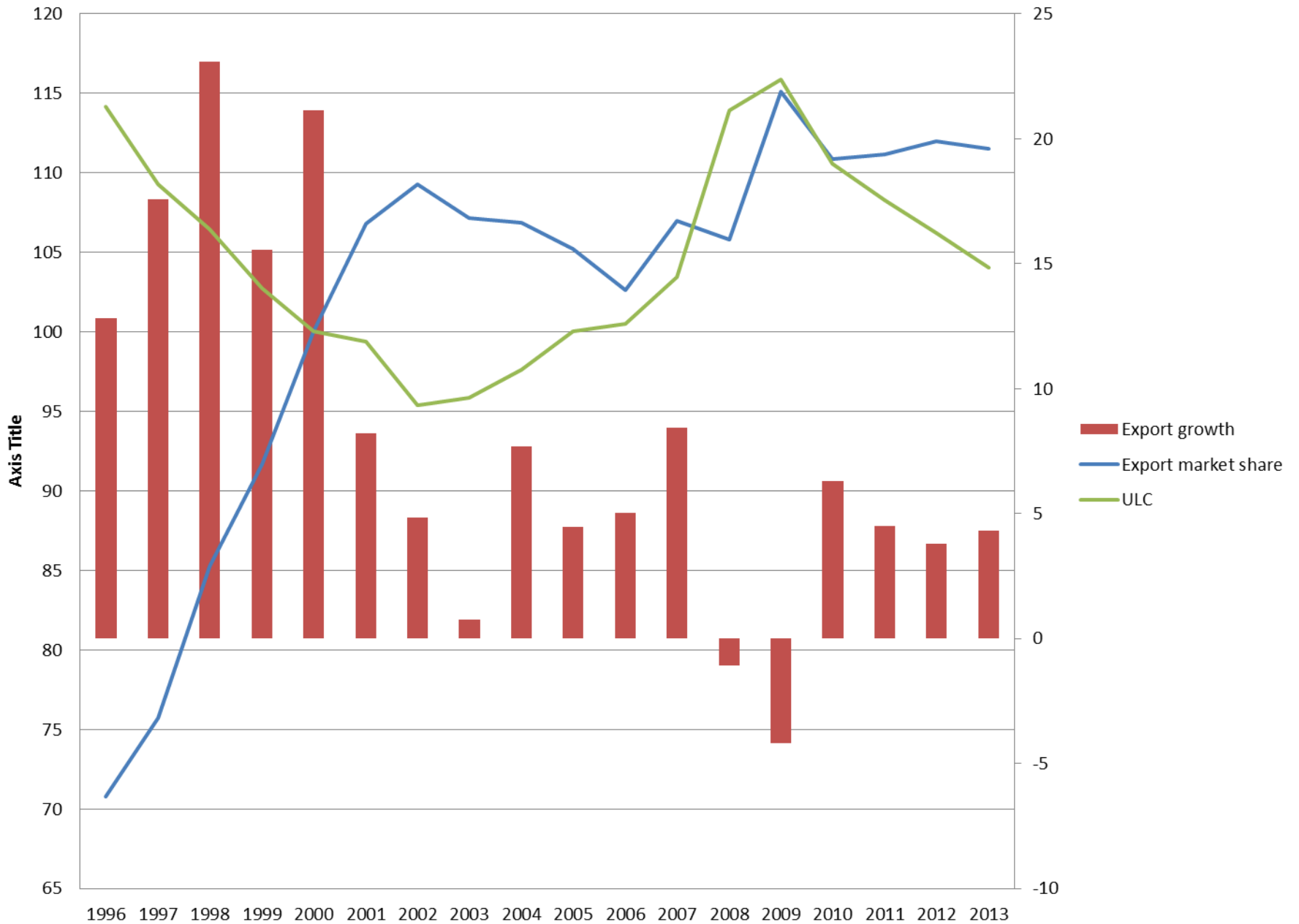
Portugal



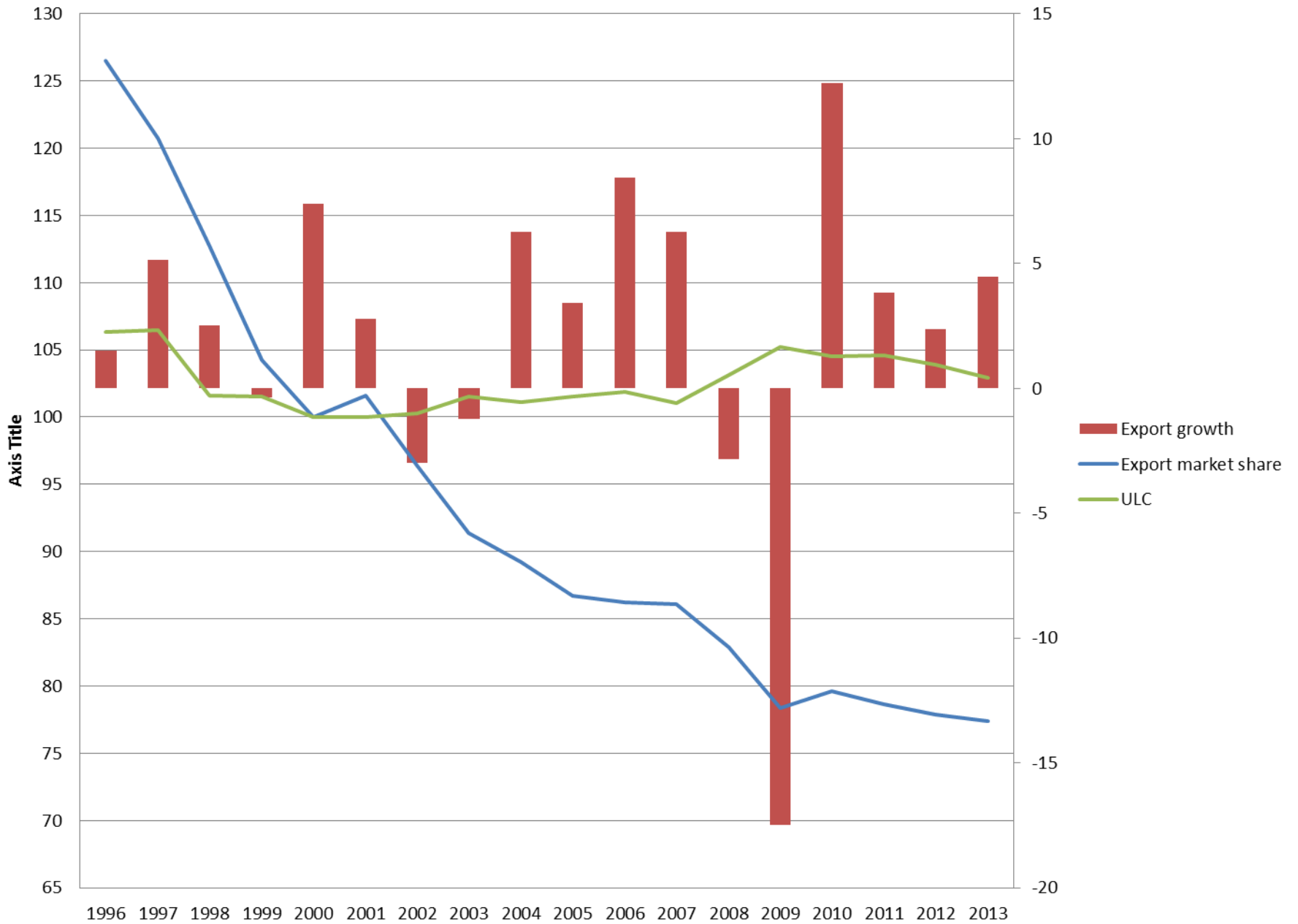
Greece



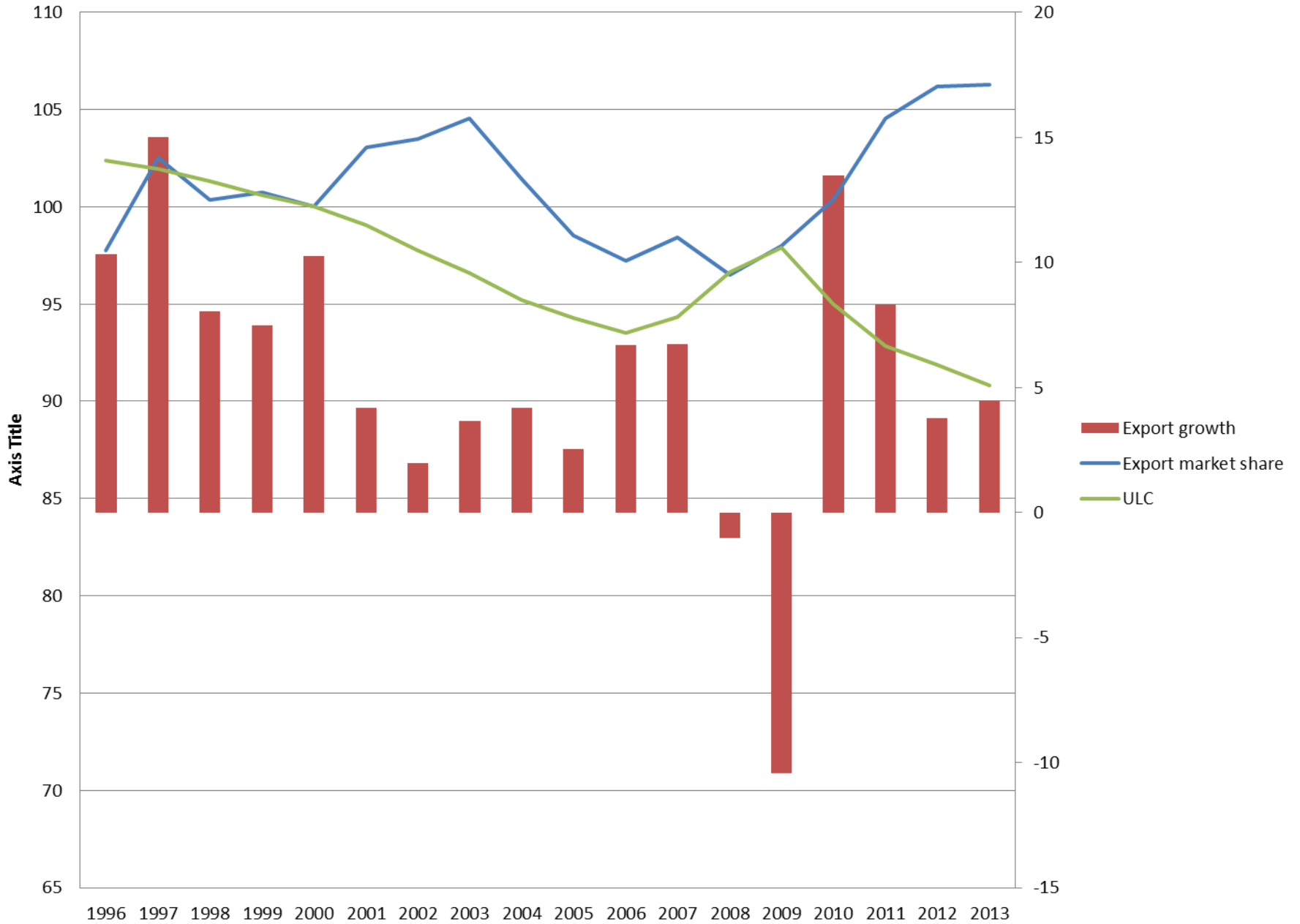
Ireland



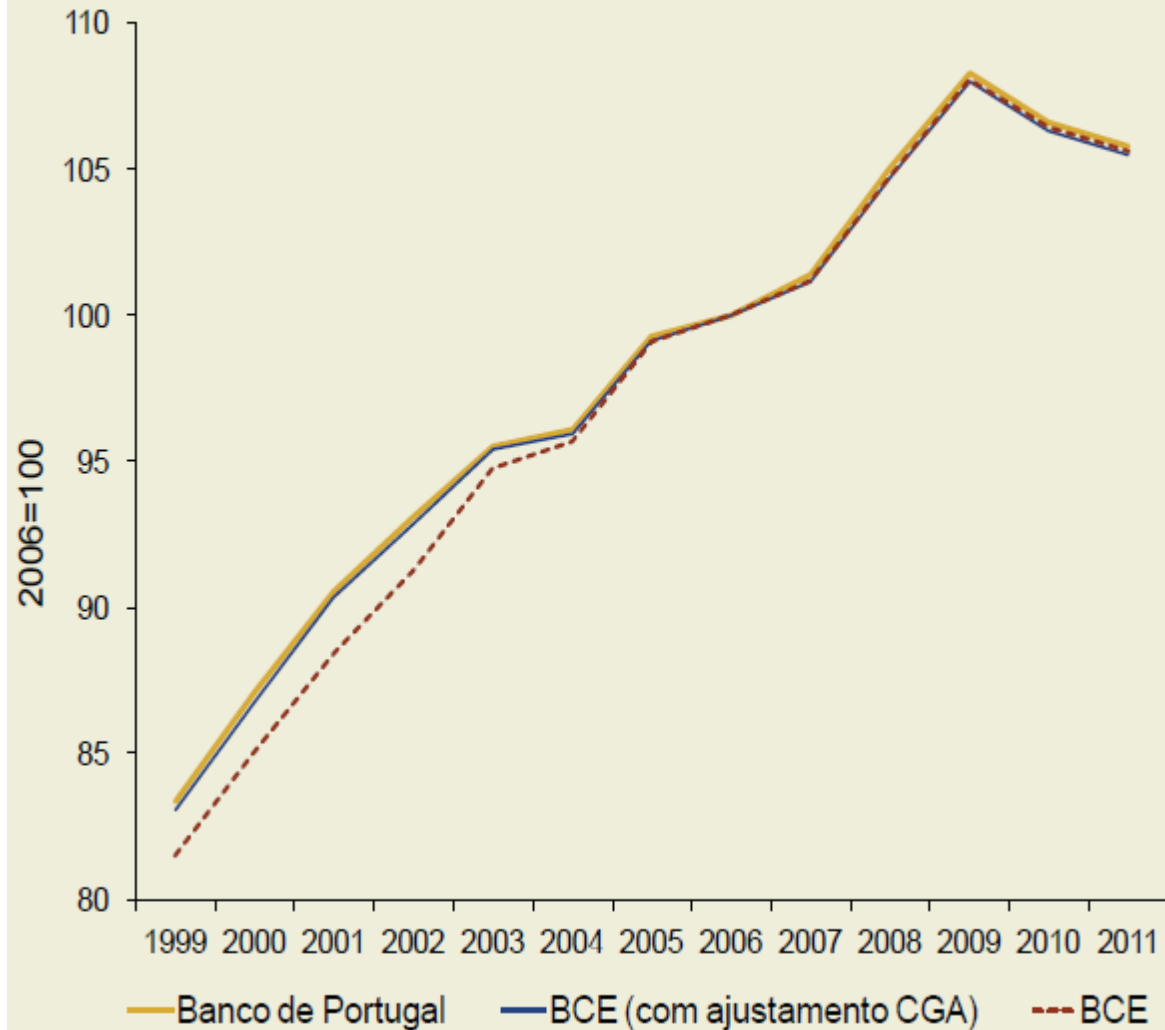
Italy



Spain

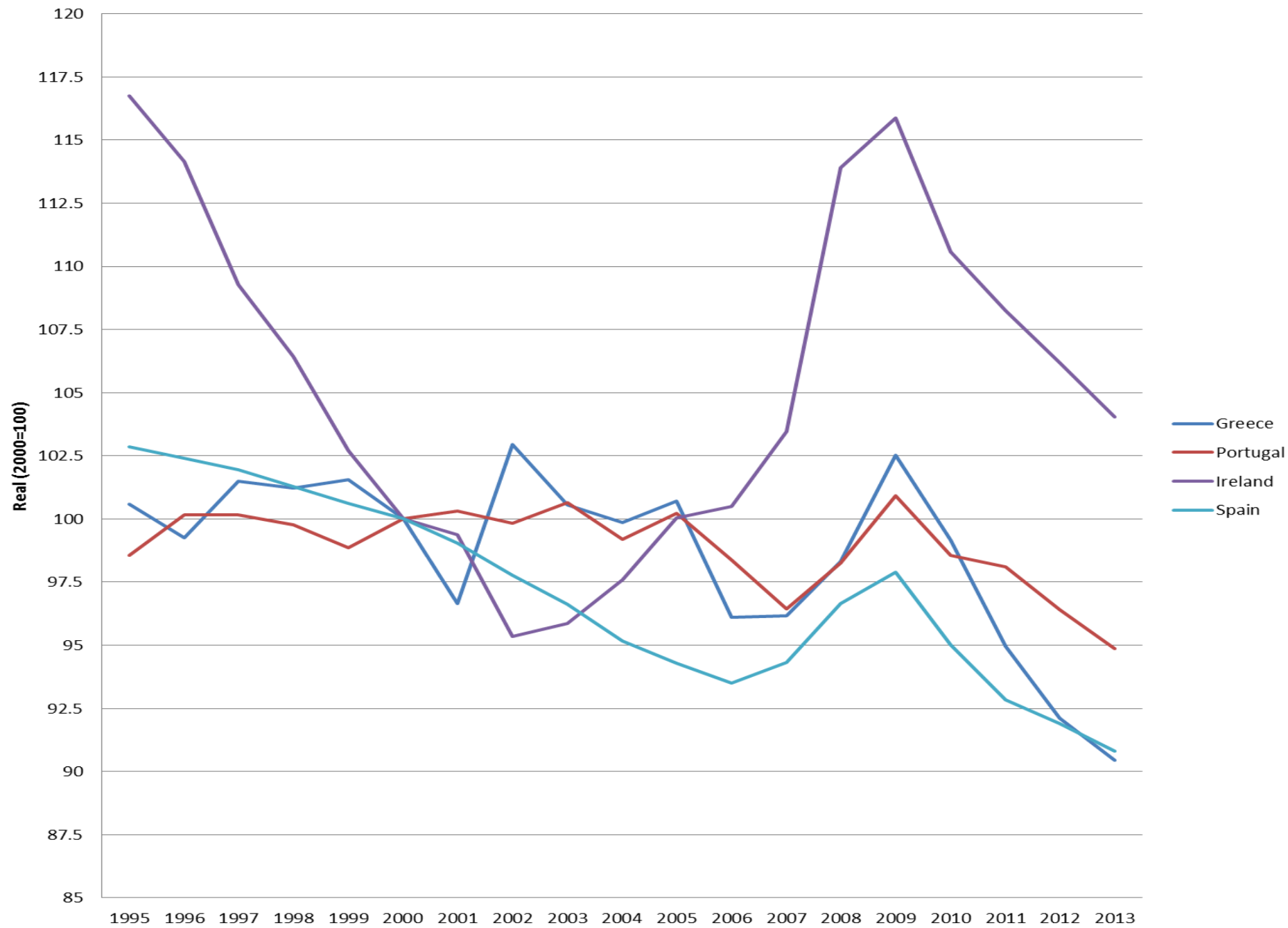


CUSTOS UNITÁRIOS DO TRABALHO EM PORTUGAL | ÍNDICE 2006=100

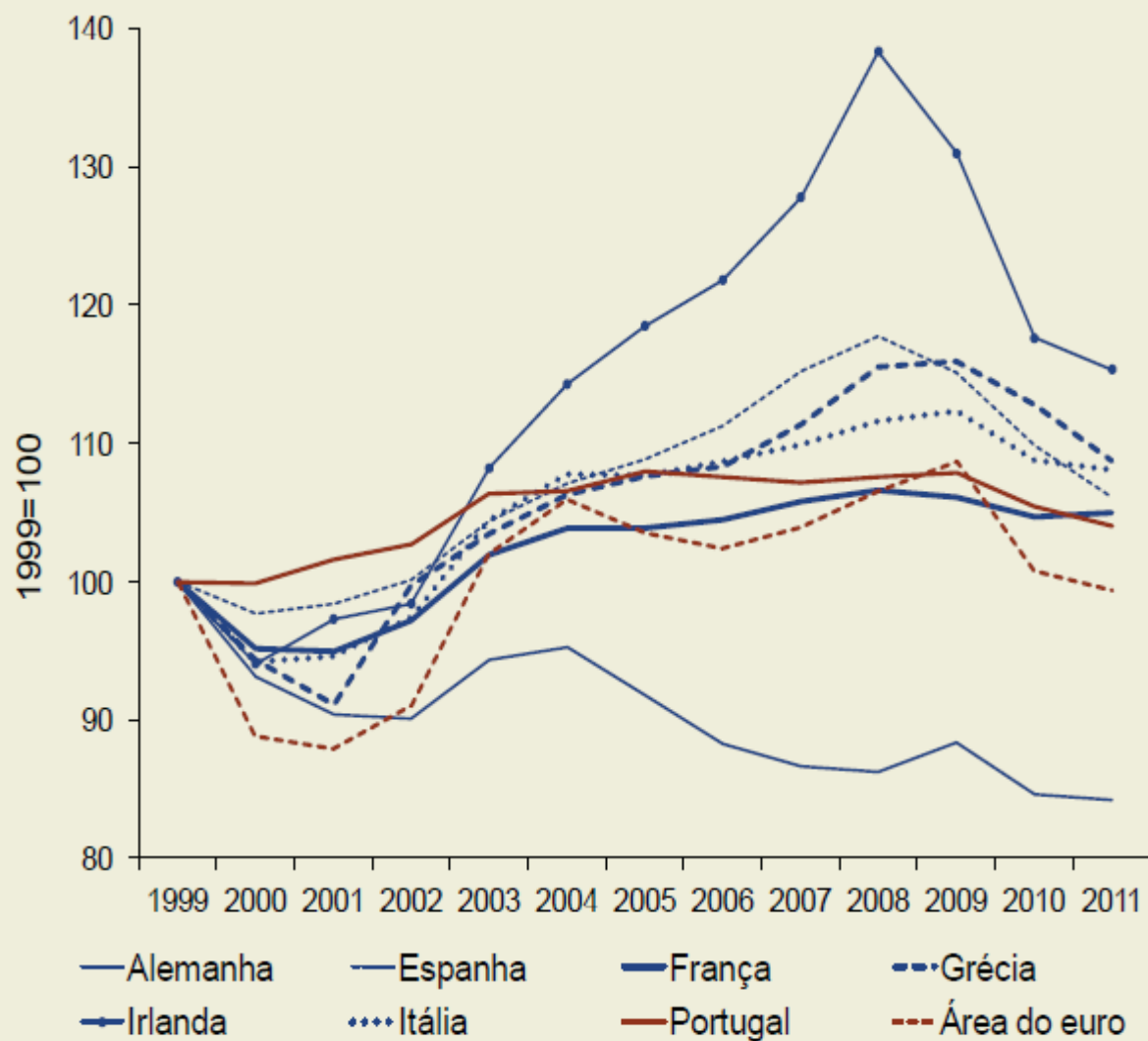


Fontes: BCE, INE e Banco de Portugal.

ULC



EVOLUÇÃO DO ÍNDICE CAMBIAL EFETIVO DEFLACIONADO PELOS CUSTOS UNITÁRIOS DO TRABALHO RELATIVOS - COMPARAÇÃO INTERNACIONAL | ÍNDICE 1999=100



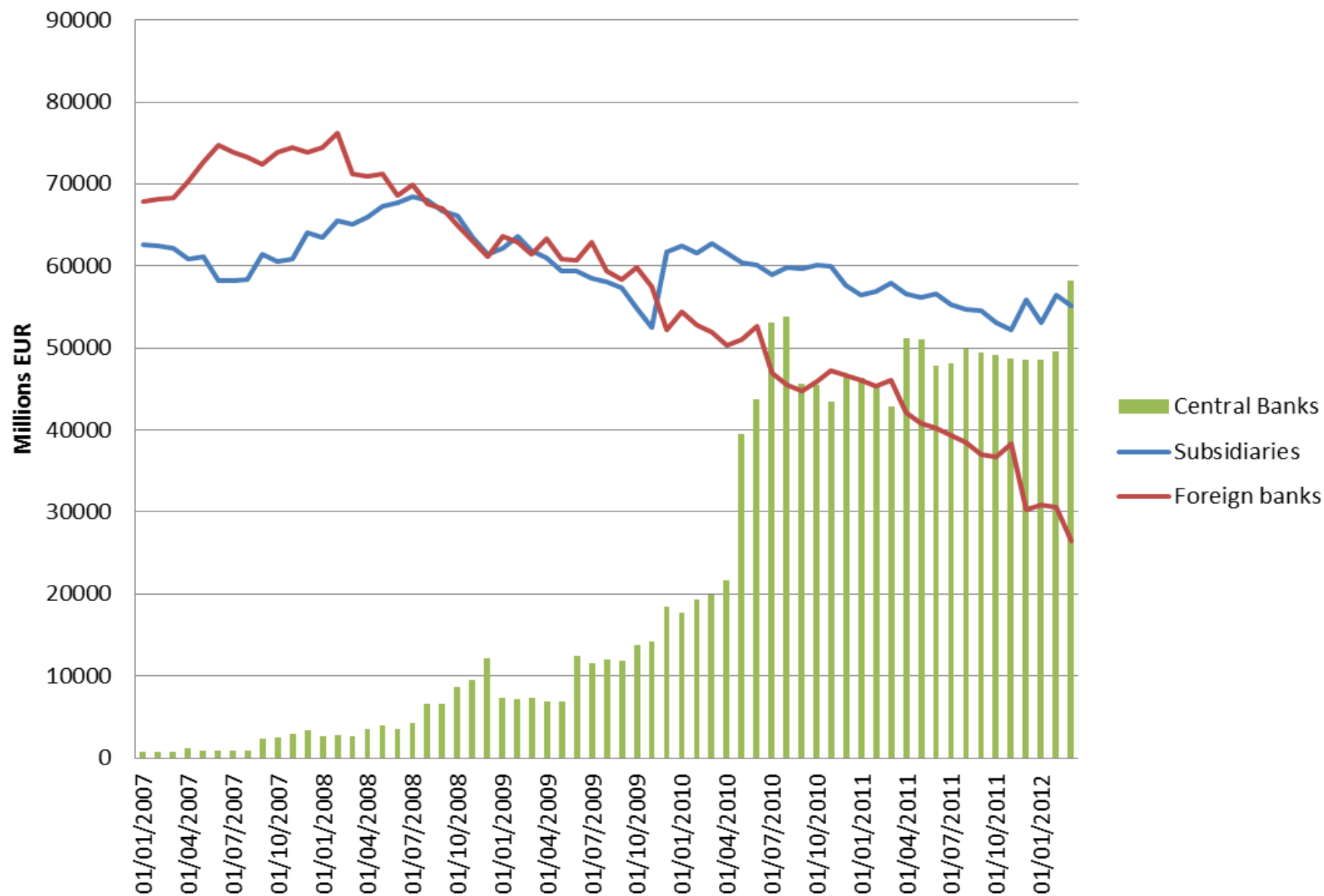
Conclusions: source of problems

- Portugal: large level of Government Consumption and Investment, with Households that had a large investment in housing in the 1990s up until 2006 and decreased savings rates, enterprise sector oriented towards non-tradables by gov incentives with low productivity levels
- Greece: large increase in Public Expenditures and Debt, pulling the economy to non-tradables, extremely underdeveloped tradable sector and large problems with informality
- Spain: housing boom and bust complemented by a large increase in Government Consumption and Investment programs

- Ireland: credit and housing boom-bust, but had a substantial improvement in Export markets and productivity in the mid-1990s to 2002. Very open and low level of informality.
- Italy: Dramatic loss of Export markets in the 1996-2006 period and dramatic loss in convergence levels. High levels of Public Debt. Serious institutional problems and high level of informality.

Crisis, Contagion and Desintermediation

Financing of Portuguese Banks



Claims of Foreign Private Banks on Portugal

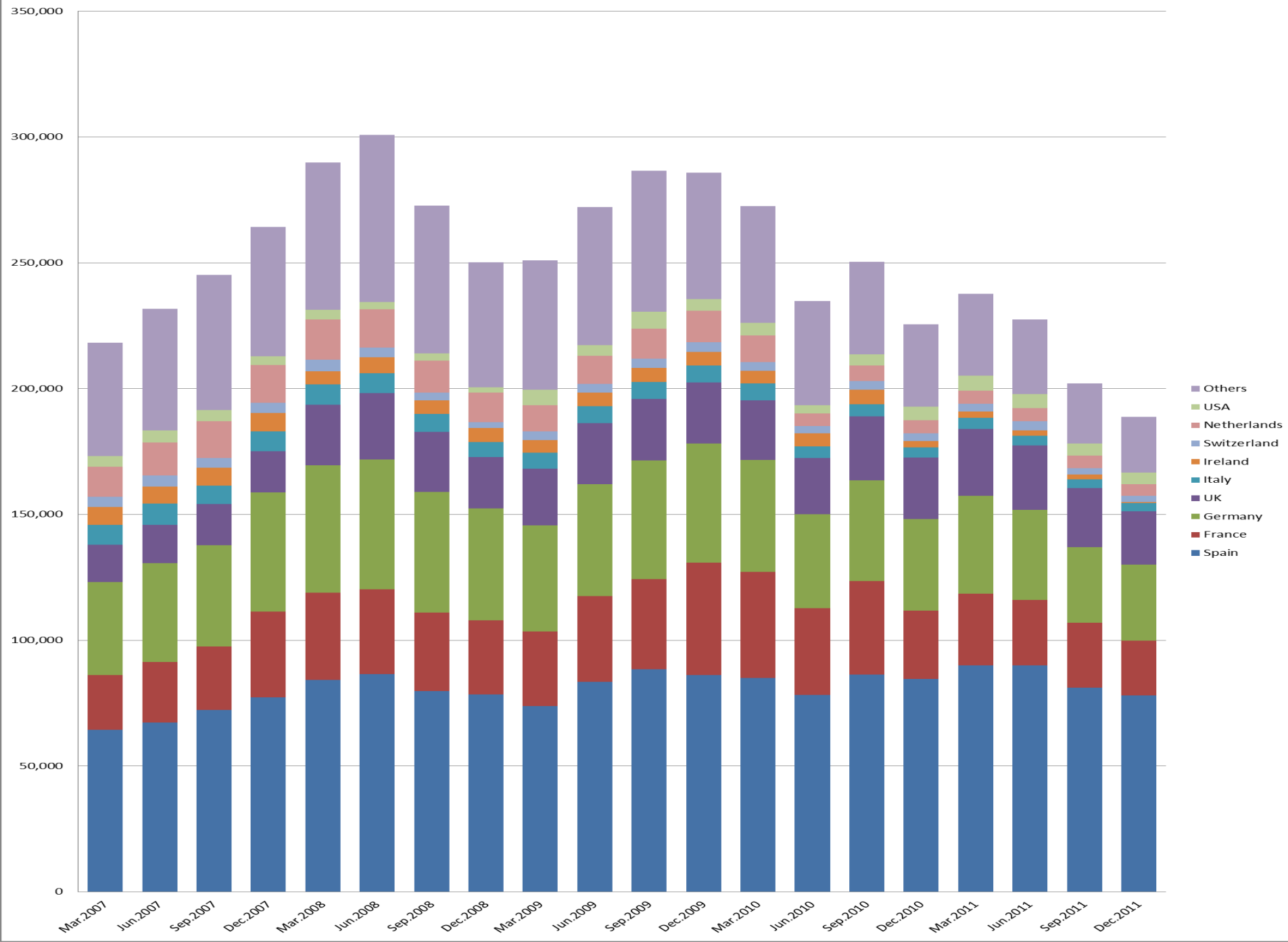
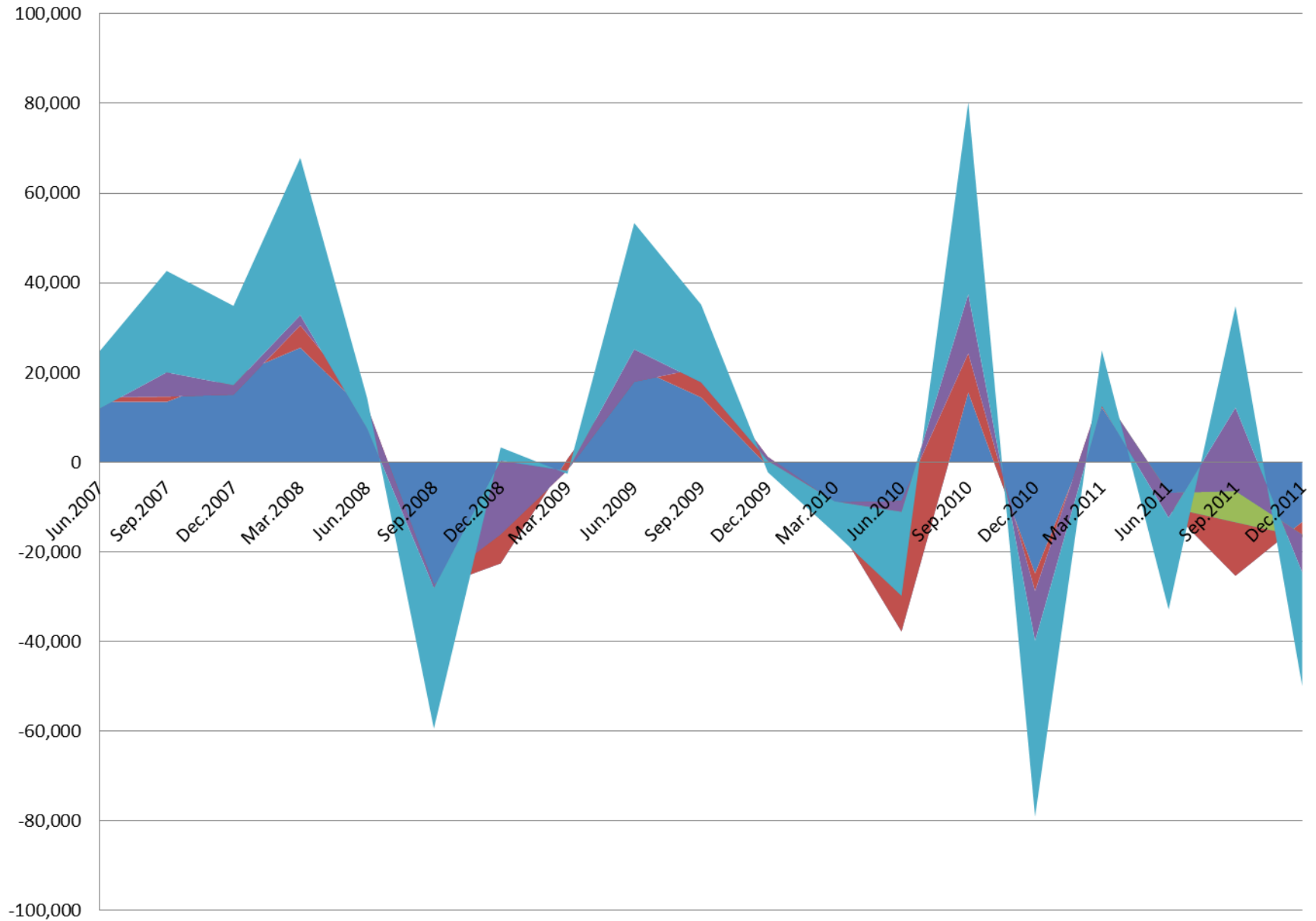


Chart Title

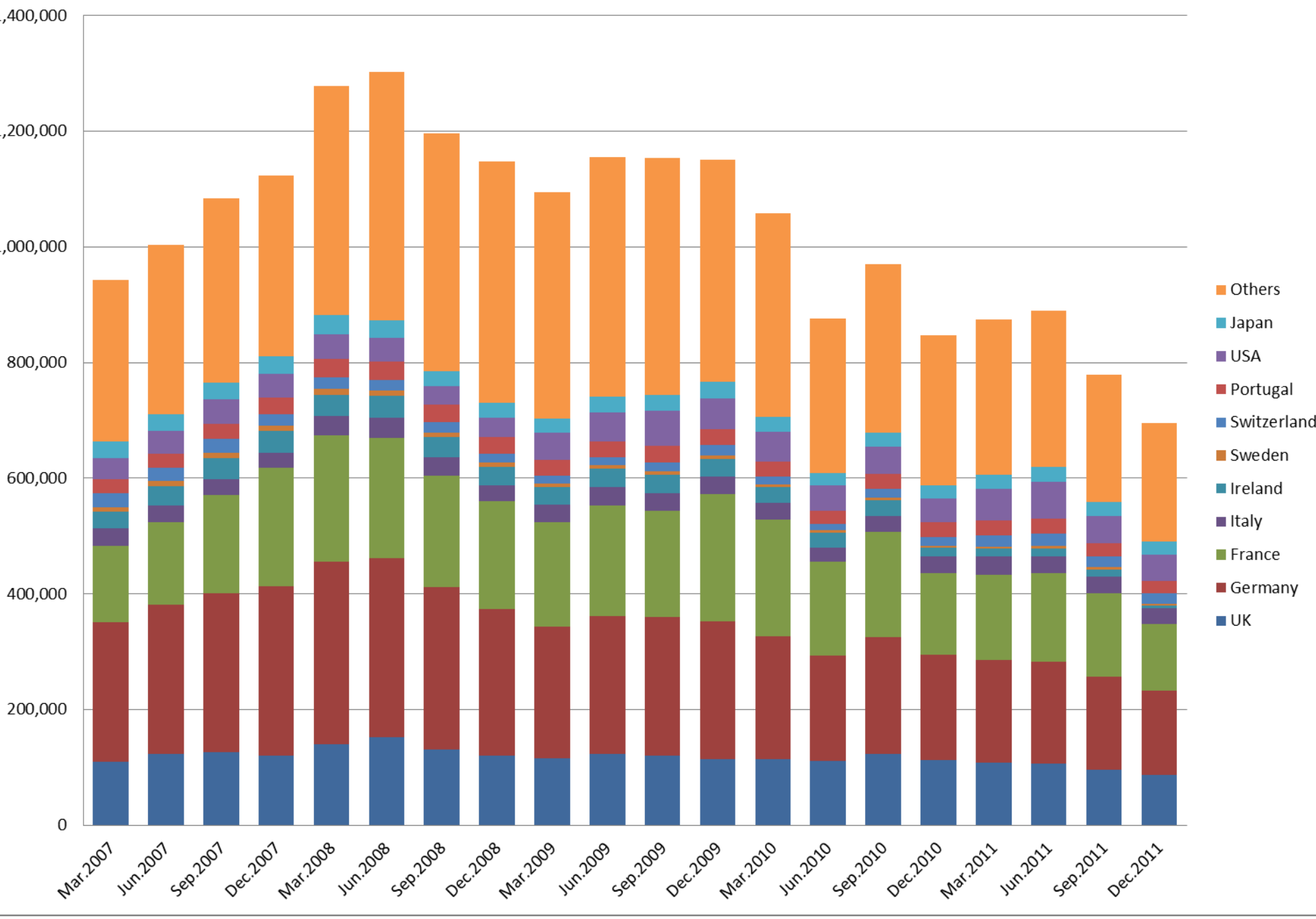
Private banks ECB ESFM Gov securities Corporate trade



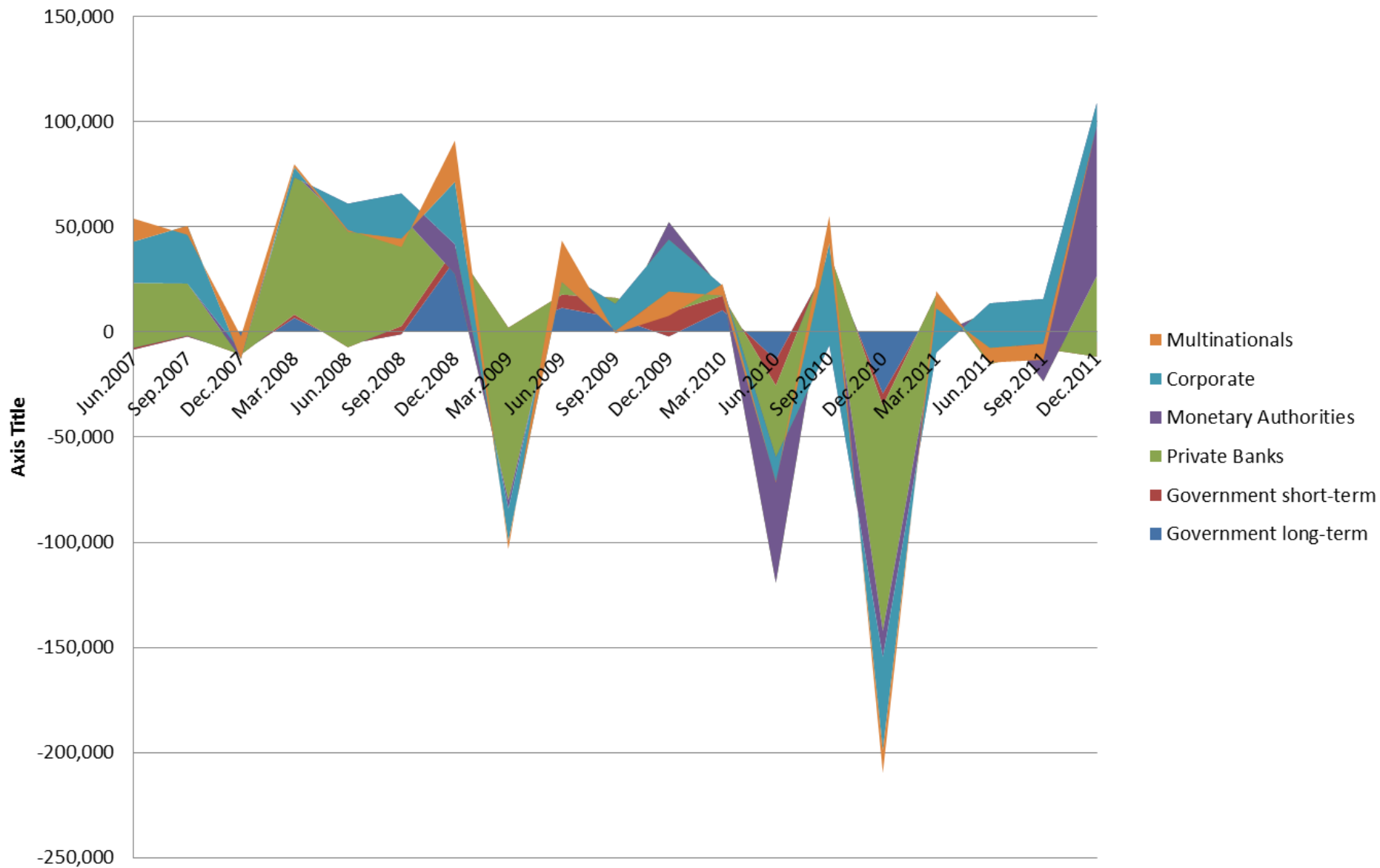
Total claims on Portugal: flows				
		2010	2011	2008-2011
Government: Public Debt		0	1,590	20,277
Long-term		0	6,863	17,131
Short-term		0	-5,273	3,146
Banks		-60,227	1,250	-64,022
Private banks		-60,227	-36,703	-112,020
Monetary Authorities		0	37,953	47,998
Corporations and others		0	-2,024	-1,823
Long-term		0	-4,881	-3,200
Short-term		0	2,857	1,377
Total		-60,227	3,593	-41,149

	Ratios and Balance Sheets 5 Major Banks											
1st Quarter 2011												
	Core Tier I	Tier I	ROE	Bad debts	Net profits	Financial margin	Banking product	Commissions	Clients resources	Deposits	Credits	Ratio leverage
Santander Totta	10.7	11.2	10.6	1.6 (1.6)	69	164	246	104	25,838	17,200	32,377	188.2
CGD	8.3	9.0	5.6	3.3 (4.5)	84	369	703	125	67,374	60,406	85,900	142.2
BES	7.9	8.8	3.2	2.2 (5.2)	72	271	525	190	56,013	30,545	51,652	169.1
BCP	6.7	9.2	6.6	3.3 (7.5)	90	402	658	195	66,605	44,867	75,315	167.9
BPI	9.0	9.4	8.3	2.1 (2.8)	45	160	280	73	32,400	18,543	30,338	163.6
Total				4.9	360	1,366	2,412	687	248,230	171,561	275,582	160.6
Variation					-31.3	7.3	-2.5	1.2	0.3	6.2	0.6	
1st Quarter 2012												
	Core Tier I	Tier I	ROE	Bad debts	Net profits	Financial margin	Banking product	Commissions	Clients resources	Deposits	Credits	Ratio leverage
Santander Totta	11.1	12.1	6.0	2.5 (2.6)	31	140	307	88	26,222	18,774	30,404	161.9
CGD	9.6	9.2	1.3	4.0 (6.9)	9	385	732	118	71,150	65,000	82,839	127.4
BES	9.4	9.6	0.5	3.0 (7.2)	12	295	571	206	56,013	35,959	50,984	141.8
BCP	9.2	9.3	6.6	5.1 (10.7)	41	318	677	170	66,120	48,830	71,243	145.9
BPI	9.4	9.4	9.0	2.7 (3.8)	39	160	291	73	31,400	18,914	28,400	150.2
Total				7.2	131	1,297	2,579	655	250,905	187,477	263,870	140.7
Variation					-63.6	-5.1	6.9	-4.6	1.1	9.3	-4.2	

Claims of Foreign Banks on Spain

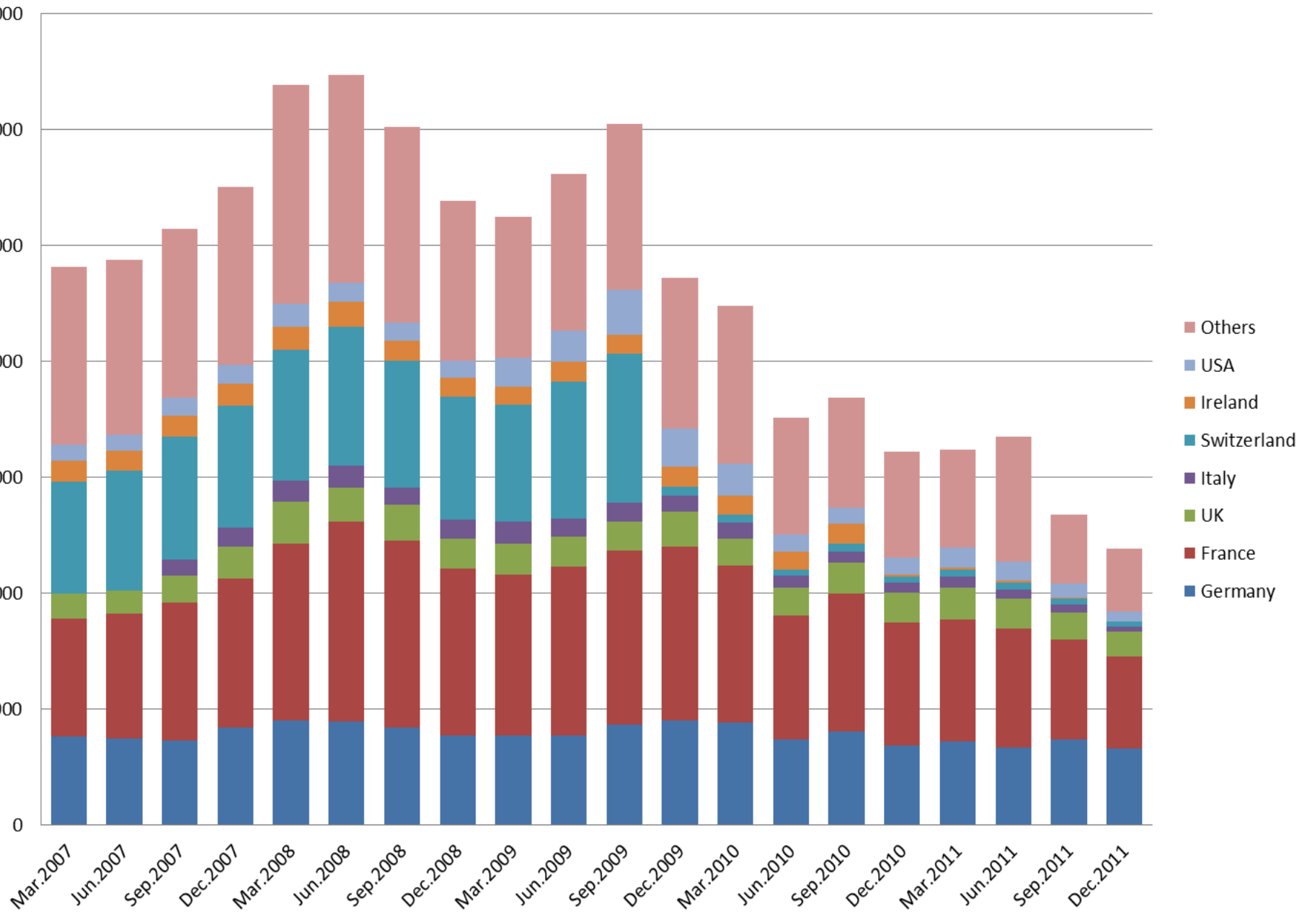


Claims against Spain:flows

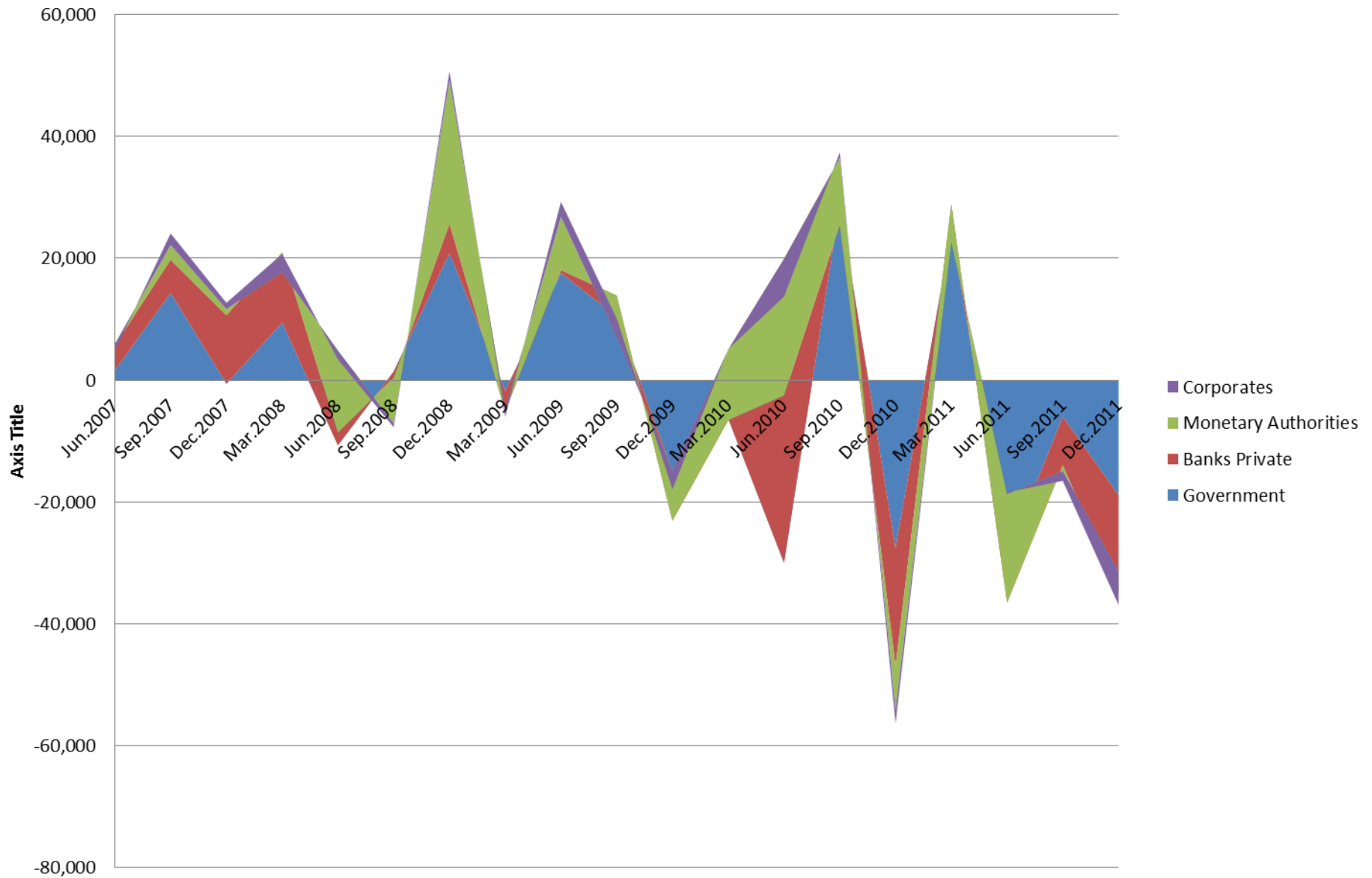


Total claims on Spain: flows			
		2010	2011
Government: Public Debt		-5,478	-17,255
Long-term		1,342	-8,834
Short-term		-6,820	-8,421
Banks		-294,007	-33,600
Private banks		-304,142	-150,497
Monetary Authorities		10,135	116,897
Corporations and others		-11,895	-32,555
Long-term		-11,742	-30,194
Short-term		-153	-2,361
FDI		7,073	-6,194
Total		-304,306	-89,603

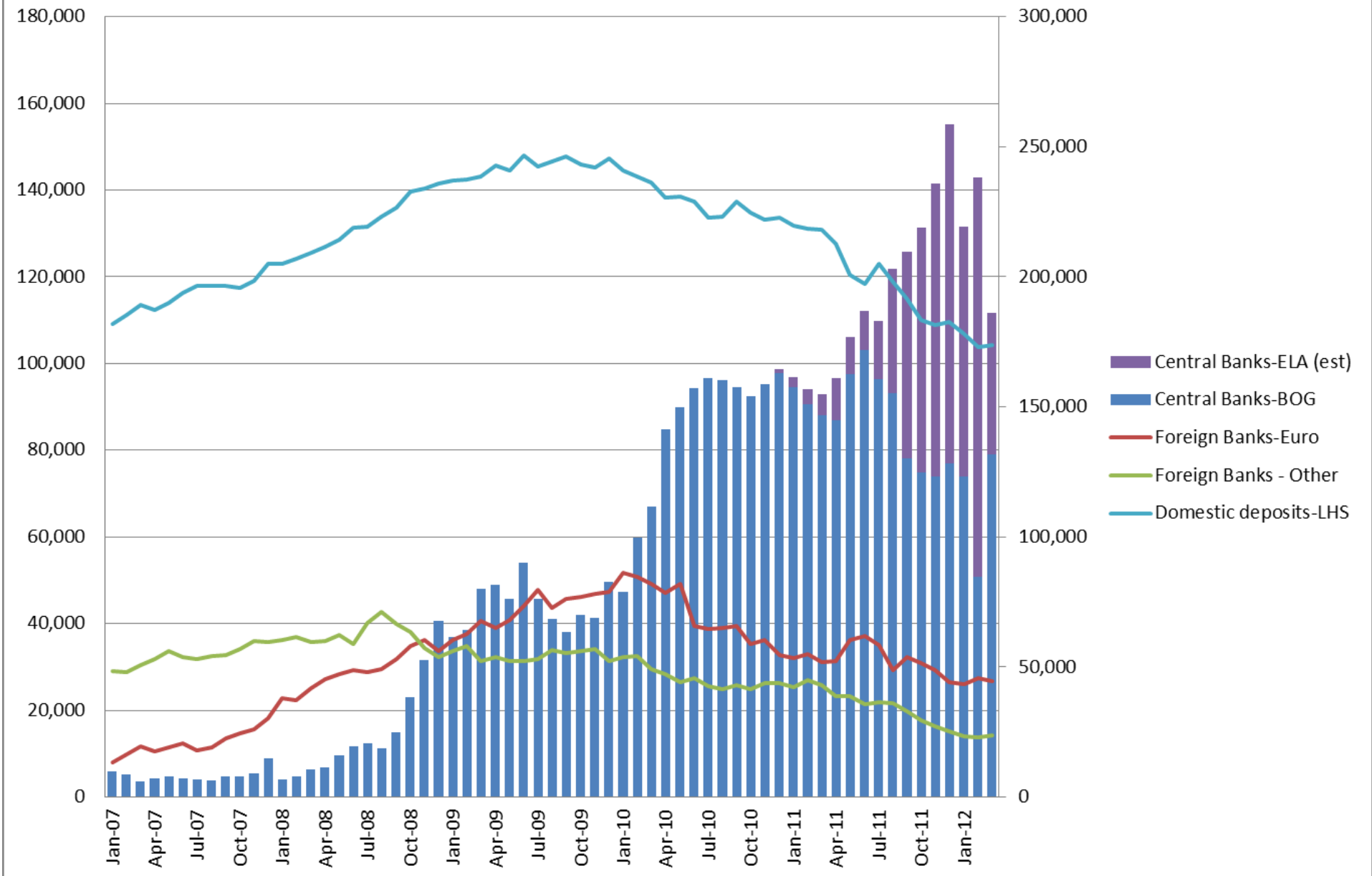
Claims of Foreign Banks on Greece



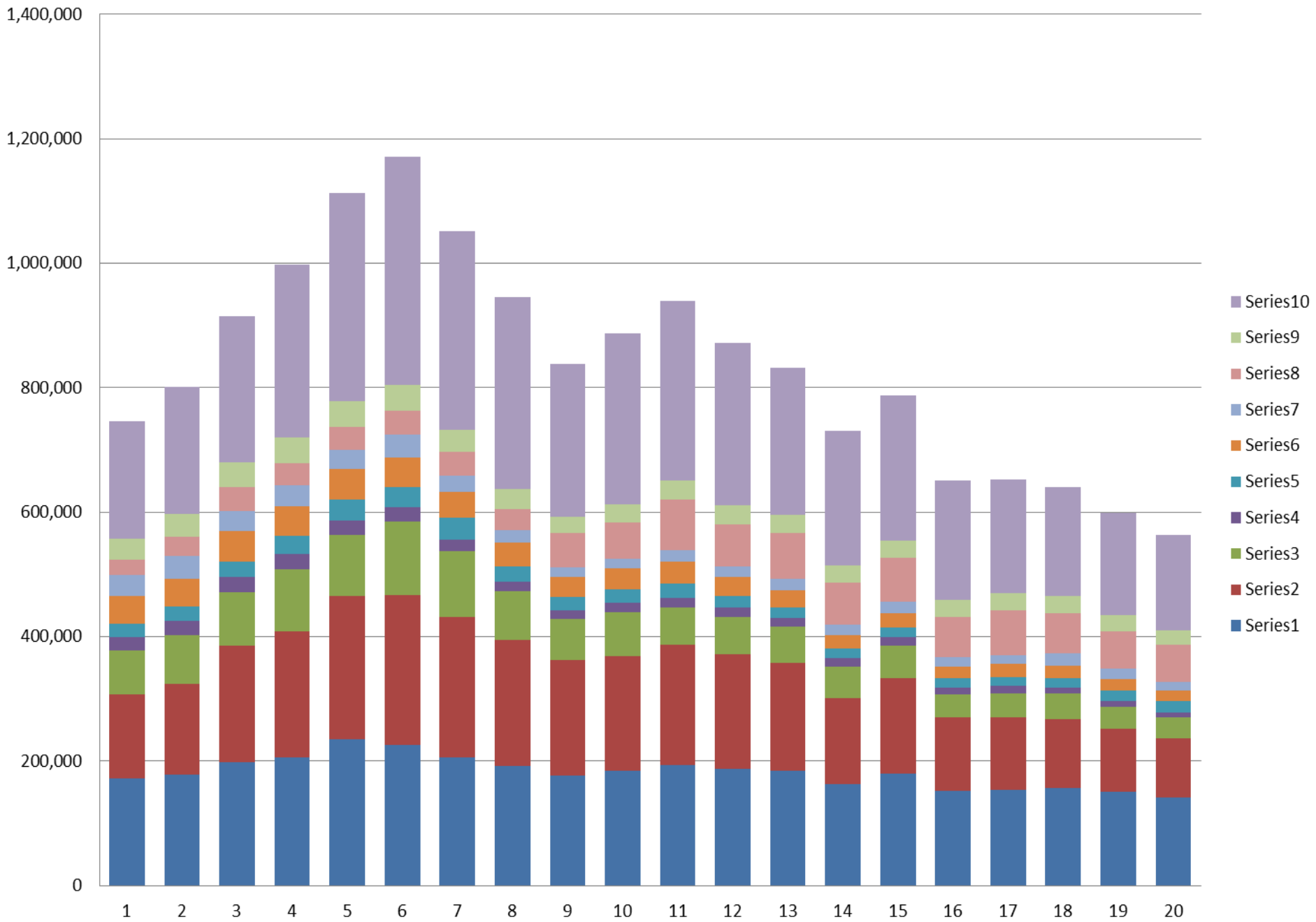
External financing of Greece: flows



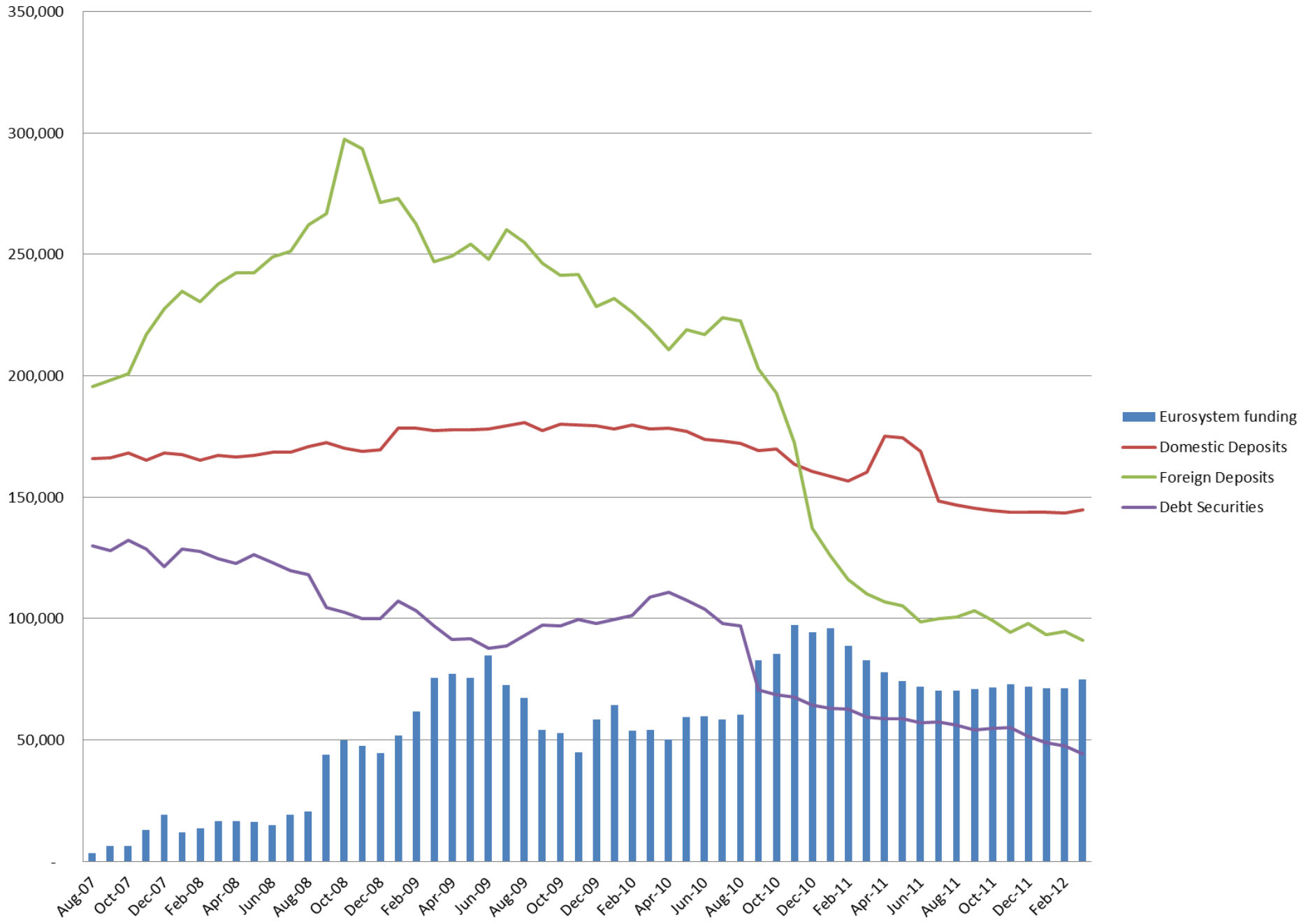
Financing Greek Banks



Claims of Foreign Banks on Ireland



Irish Domestic Banks Liabilities



Exposure to Public Debt and Banks of the Peripheral Countries, end of 2011, MEUR					
	Greece	Portugal	Ireland	Spain	Total
Public Debt, Total, Nominal Value, BE	355.6 (259.6)	184.3	169.3	735.0	1,348.2
Percent of GDP	165.3(120.5)	107.8	108.2	68.5	68.5
Owned by Domestic Banks	66.6	31.6	40.1	246.6	384.9
Owned by Foreign Banks	58.0	9.2	7.2	54.9	129.3
Other Institutions	144.0	283.8	286.3	7.2	721.2
ECB	55.0	31.0	22.0	47.0	155.0
Other Official Institutions	32.0	0.0	0.0	0.0	32.0
Loans of Eurosystem to Domestic Banks	154.0	61.0	114.5	207.0	536.5
Total Exposure	209.0	92.0	136.5	254.0	691.5
Percent of GDP	71.6	35.7	73.2	19.3	33.2
Exposure of Foreign Banks					
Gross values	87,865	139,307	415,880	513,406	1,156,459
Percent of GDP	40.9	81.5	265.8	47.8	71.6
Germany	24,328	22,285	70,326	107,777	224,716
France	29,109	16,095	24,853	84,957	155,013
United Kingdom	8,070	15,650	104,221	63,663	191,604
Spain		57,546	6,063		63,608
Italy	1,698	2,352	12,858	19,873	36,781
USA	3,193	3,354	43,868	34,256	84,671
Japan			17,634	16,002	33,636
External Debt (Gross)					
Value	371,023	401,075	531,889	1,541,524	2,845,510
Percent of GDP	172.5	234.5	340.0	143.6	176.1
International Investment Position					
Value	-213,459	-177,323	-147,513	-935,230	-1,473,525
Percent of GDP	-99.2	-103.7	-94.3	-87.1	-91.2
Memo: GDP	215	171	156	1,073	1,616

German claims on other Euro area member states (end of 2011)¹⁾

in Euro billion

	Monetary financial institutions	Non-financial corporations and households	General government	Total
Austria	85.8	108.6	3.1	197.5
Belgium	43.8	97.0	0.8	141.7
Cyprus	5.9	3.2	0.2	9.3
Estonia	0.3	0.3	0.0	0.6
Finland	33.6	28.2	0.7	62.5
France	222.6	328.2	9.5	560.3
Greece	25.3	6.5	3.9	35.7
Ireland	82.8	74.2	45.5	202.5
Italy	125.2	88.0	20.6	233.8
Luxembourg	220.7	362.4	1.9	585.0
Malta	7.0	13.3	0.0	20.2
Netherlands	159.7	251.5	7.5	418.6
Portugal	16.8	10.4	4.2	31.3
Slovakia	3.1	7.6	0.2	10.9
Slovenia	2.9	2.5	0.4	5.8
Spain	127.5	137.1	9.9	274.4
Total	1 162.9	1 518.8	108.4	2 790.1
GIIPS ²⁾	377.5	316.1	84.0	777.7

1) Does not include claims of the Deutsche Bundesbank.– 2) Greece, Ireland, Italy, Portugal and Spain.

Source: Deutsche Bundesbank

Outline

- What caused the crisis?
- Is the budget and deleveraging program working?
- Is public and private debt sustainable?
 - How to define sustainability
 - Main scenarios
- How to increase growth potential?

Rule of sustainability

A country's public debt will grow continually higher as a percentage of GDP (*i.e.* will be unsustainable) whenever the primary budget surplus as a share of GDP does not offset the burden of debt service as the economy grows. Formally, and ignoring currency effects on external debt holdings, debt will grow according to:

$$\Delta d_t = -pb_t + \frac{(i_t - g_t)}{(1 + g_t)} d_{t-1}$$

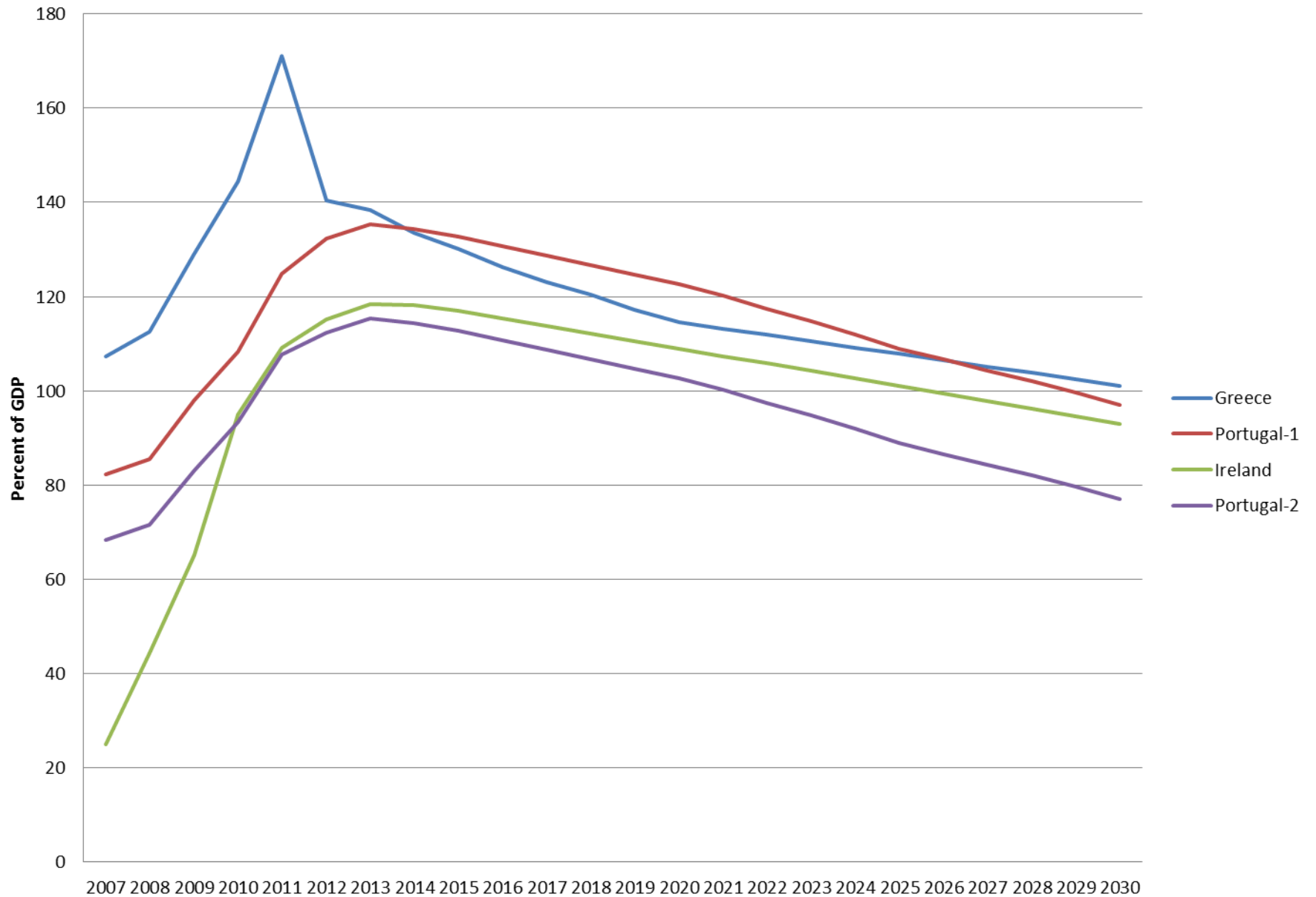
where d is public debt (D) as a share of GDP; pb is the primary budget balance as a share of GDP (*i.e.* it excludes debt service); i is the effective interest rate on the public debt, g is the rate of nominal economic growth, and t refers to time.

To stabilize the Debt over GDP the primary surplus should be equal to the difference between interest rate and GDP growth rate (in real or nominal terms, both)

Macroeconomic Desequilibria									
	Government Deficit				Public Debt				Primary balance
	2010	2011	2012	2020	2010	2011	2012	2020	2013-2030
Portugal	-9.8	-4.2[-7.3]	-4.5	-3.0	93.3	107.8	112.4[135.3]	102.7 [122.7]	3.0
Greece	-10.5	-7.6	-6.0	-3.0	144.5	165.3	122.6	84.9 [96.5]	3.2
Spain	-9.3	-6.6	-5.9	-3.0	60.1	69.6	73.0	71.5	1.0
Ireland	-31.3	-10.3	-8.6	-1.0	94.9	108.1	114.3	99.5	2.0
Italy	-4.6	-4.0	-2.3	-1.0	118.4	120.5	119.9	108.0	2.3
Euro-17	-6.2	-4.1	-3.4	-2.0	85.6	88.0	90.4	81.2	0.0

Macroeconomic Desequilibria											
	Current Account Deficit				Net International Investment				Current Account less interest	Potential GDP	GDP gr 2000-2012
	2010	2011	2012	2020	2010	2011	2012	2020	2013-2030		
Portugal	-9.8	-5.2	-2.8	3.0	-107.3	-103.2	-108.7	-82.0	3.0	1.5	0.2
Greece	-11.8	-8.3	-6.1	3.0	-89.4	-97.7	-103.8	-95.0	3.2	2.6	1.8
Spain	-4.5	-4.1	-4.1	2.0	-87.1	-88.6	-88.9	-72.0	1.0	2.2	1.9
Ireland	-0.7	1.2	2.3	4.0	-92.1	-90.9	-88.6	-70.1	2.0	3.2	2.4
Italy	-4.2	-3.5	-3.3	-1.0	-22.9	-28.8	-32.1	-28.0	2.3	1.6	0.4
Euro-17	-0.5	-0.7	-0.7	0.5	-10.5	-11.2	-11.9	-9.0	0.0	2.0	1.3

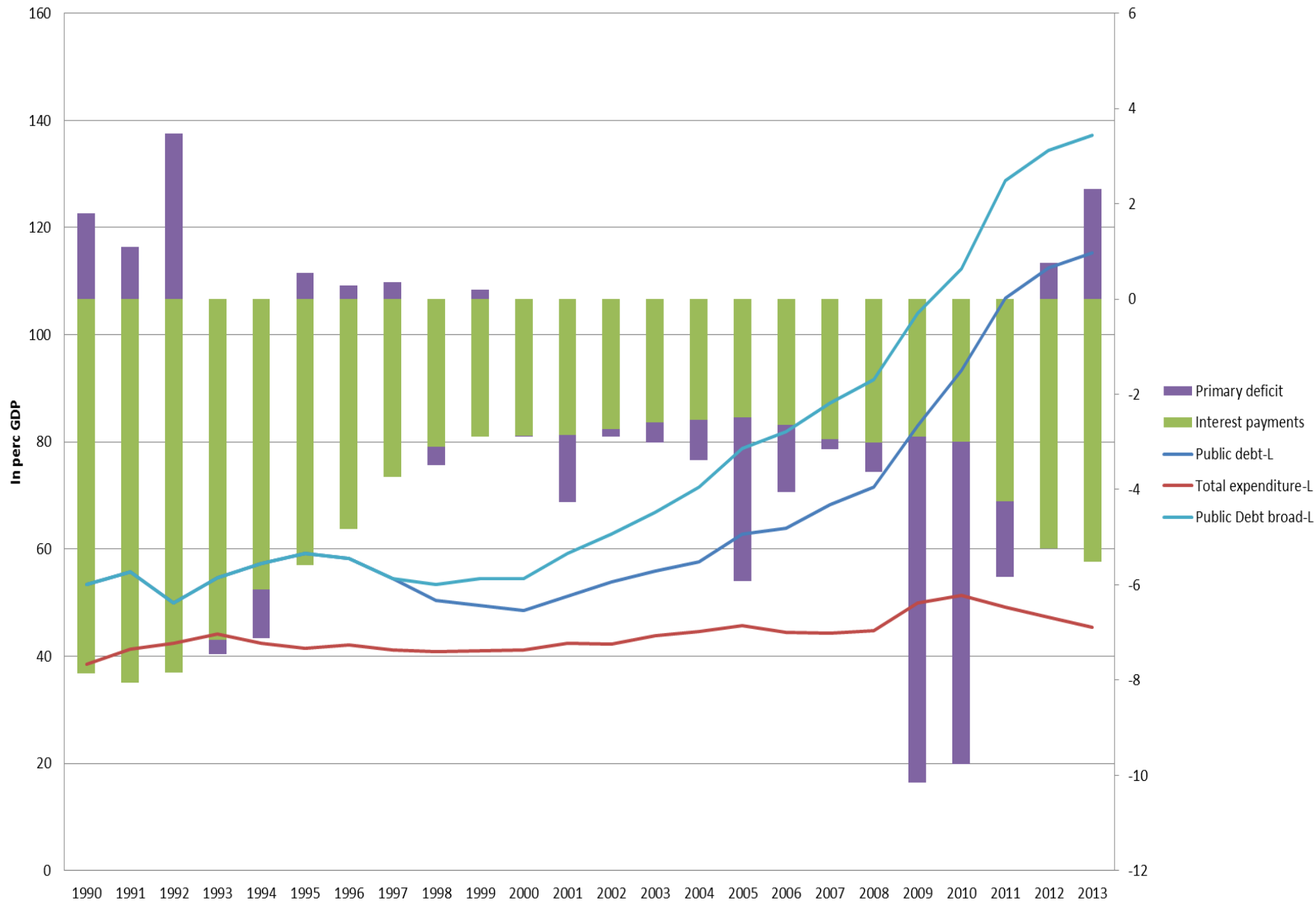
Public Debt Sustainability



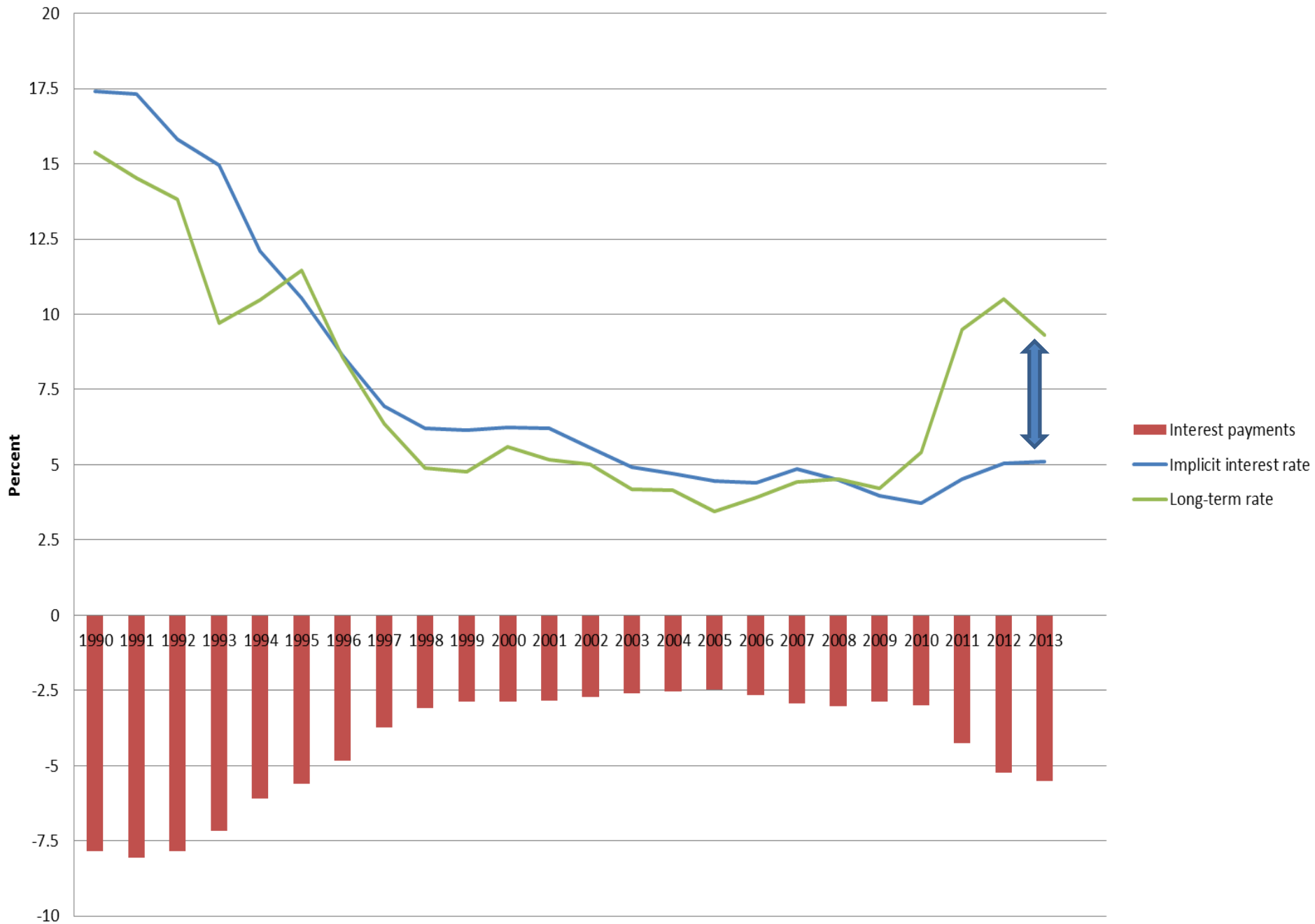
External Debt Sustainability



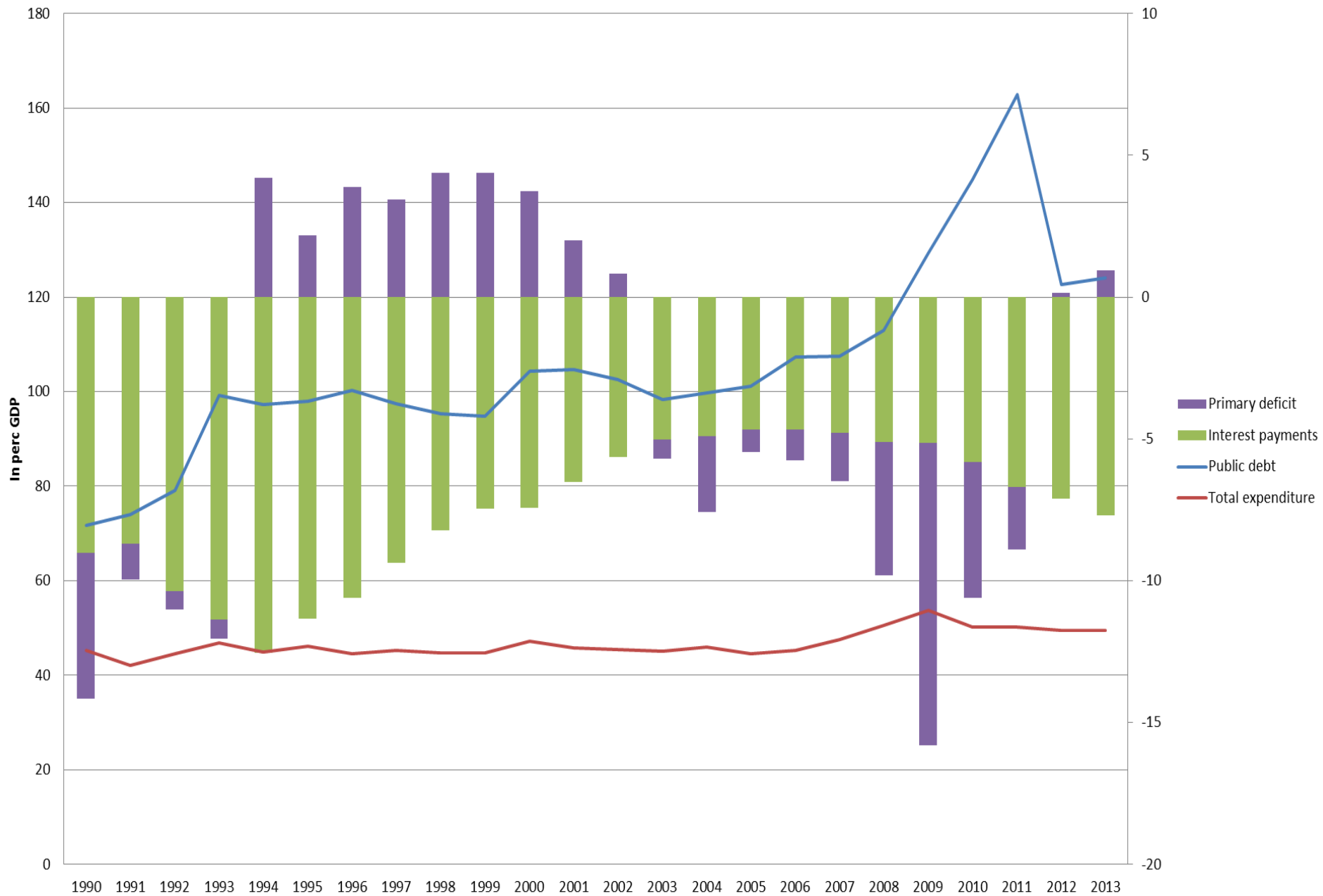
Portugal



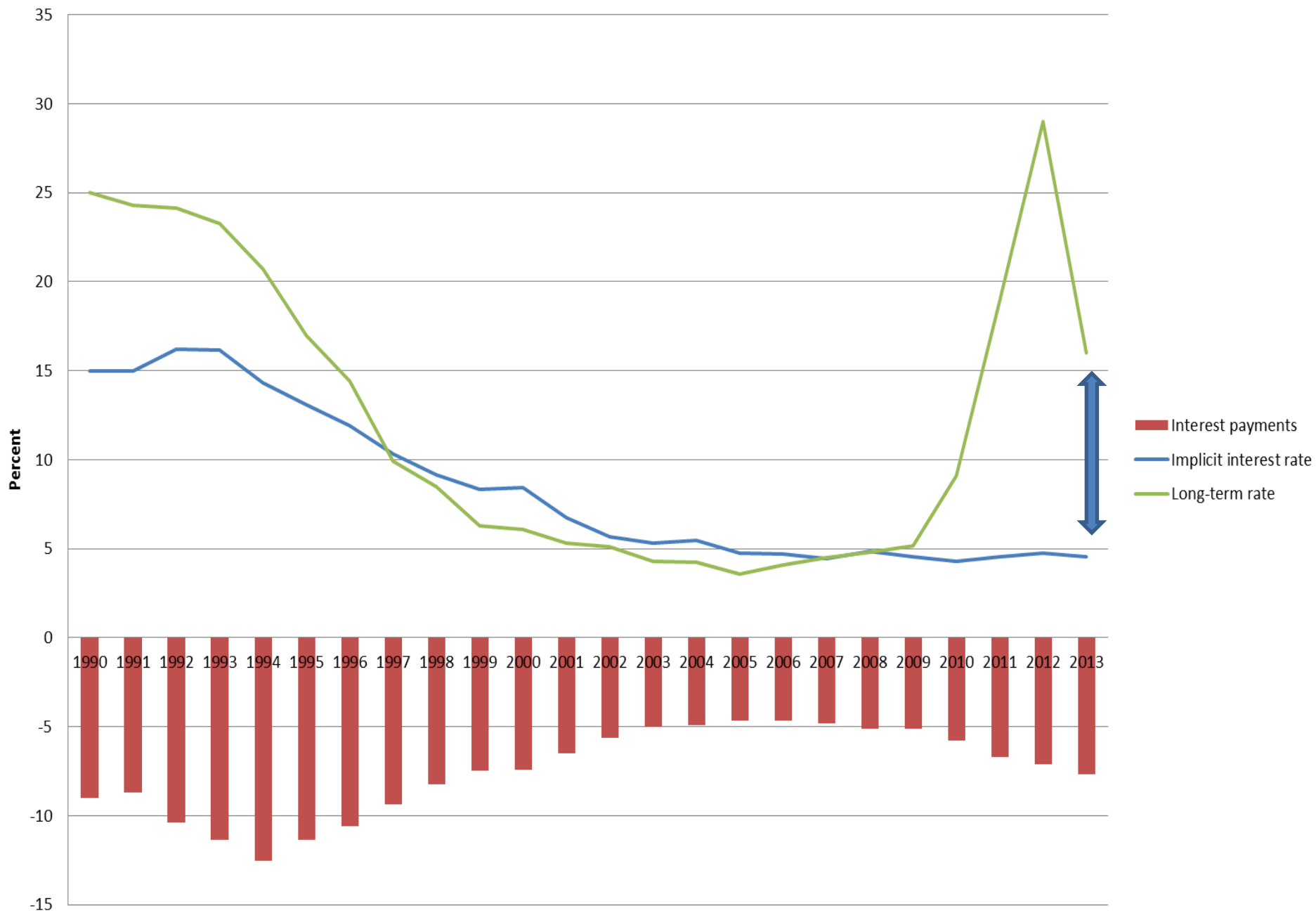
Portugal: Interest Rates Public Debt



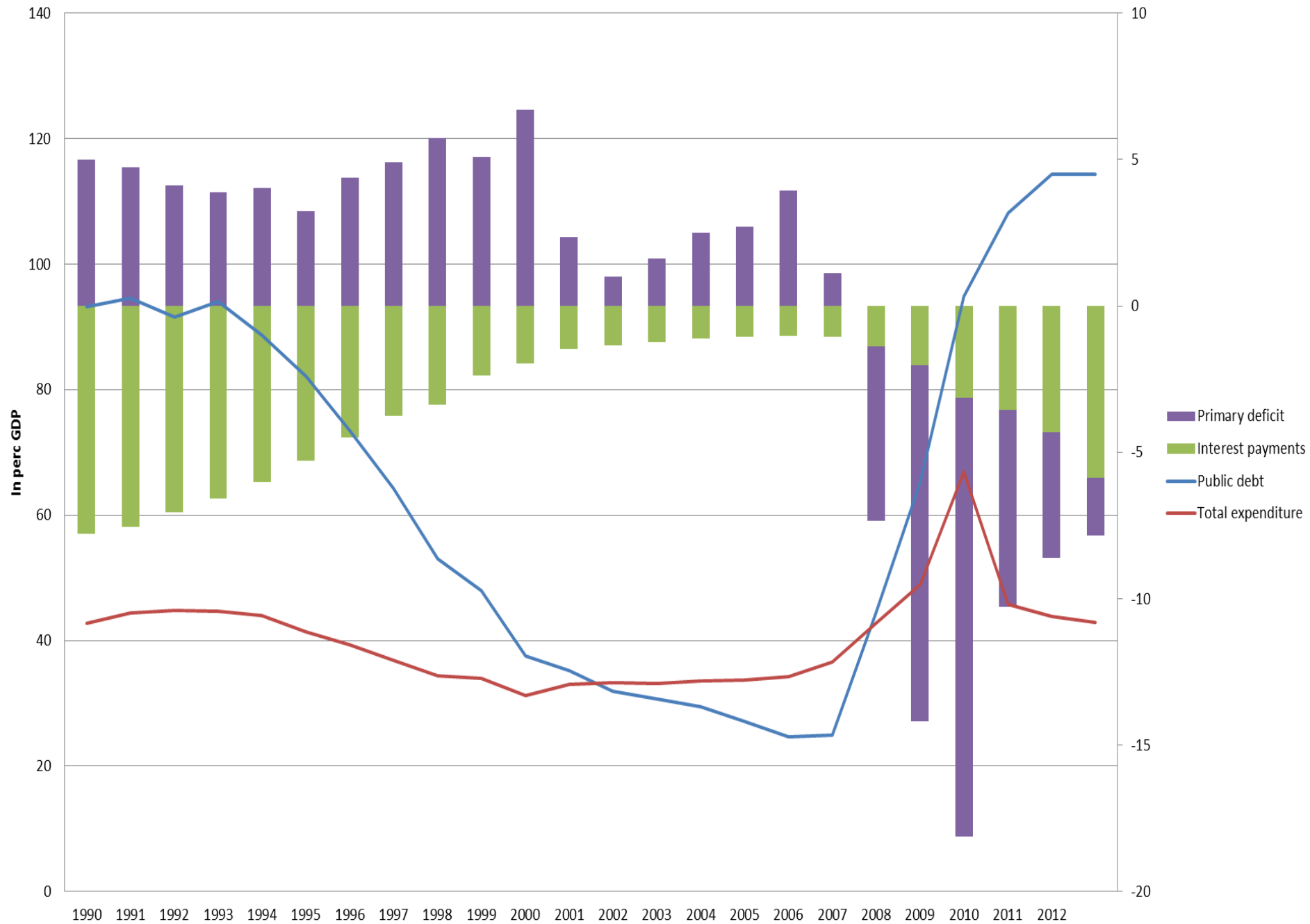
Greece



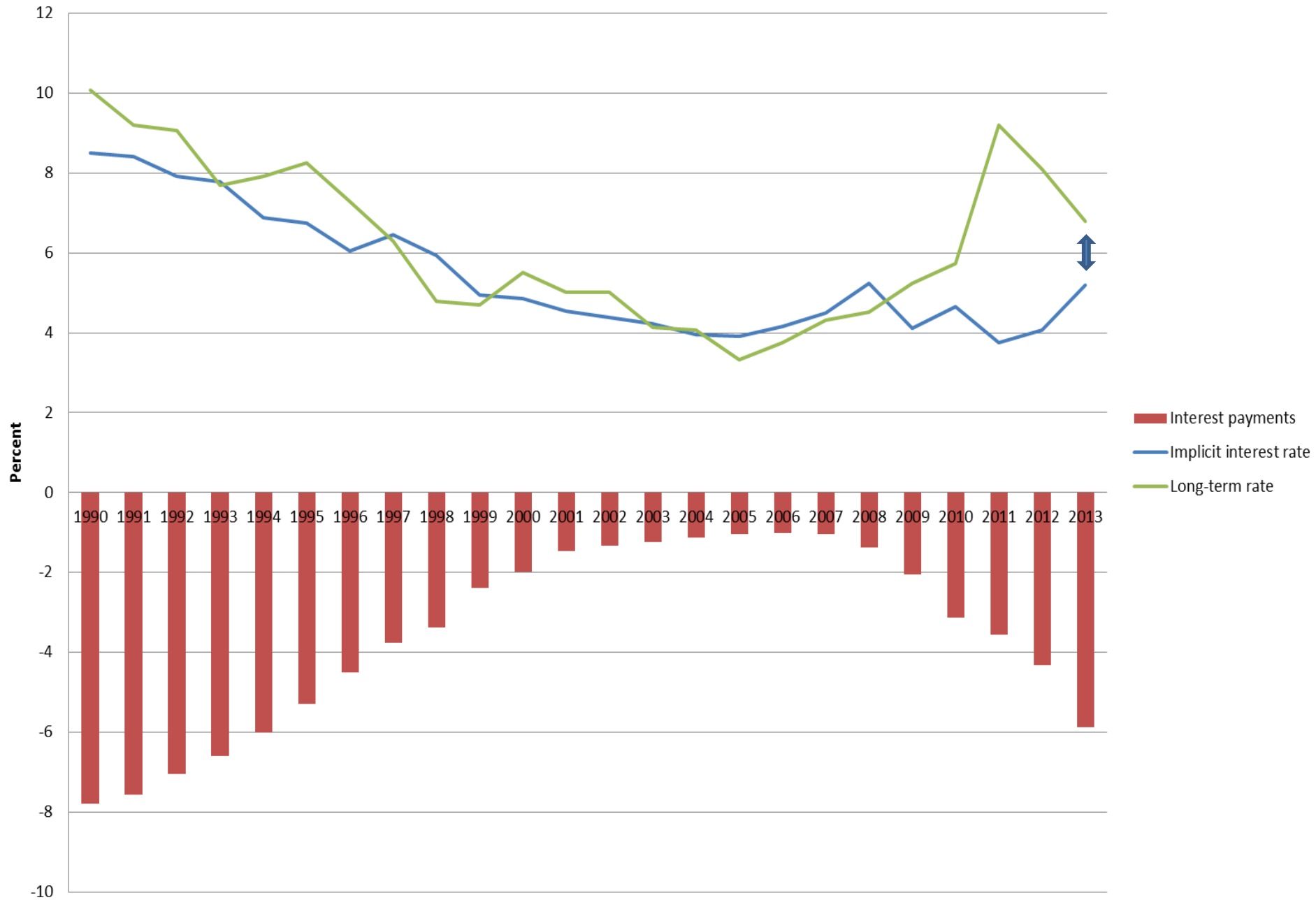
Greece: Interest Rates Public Debt



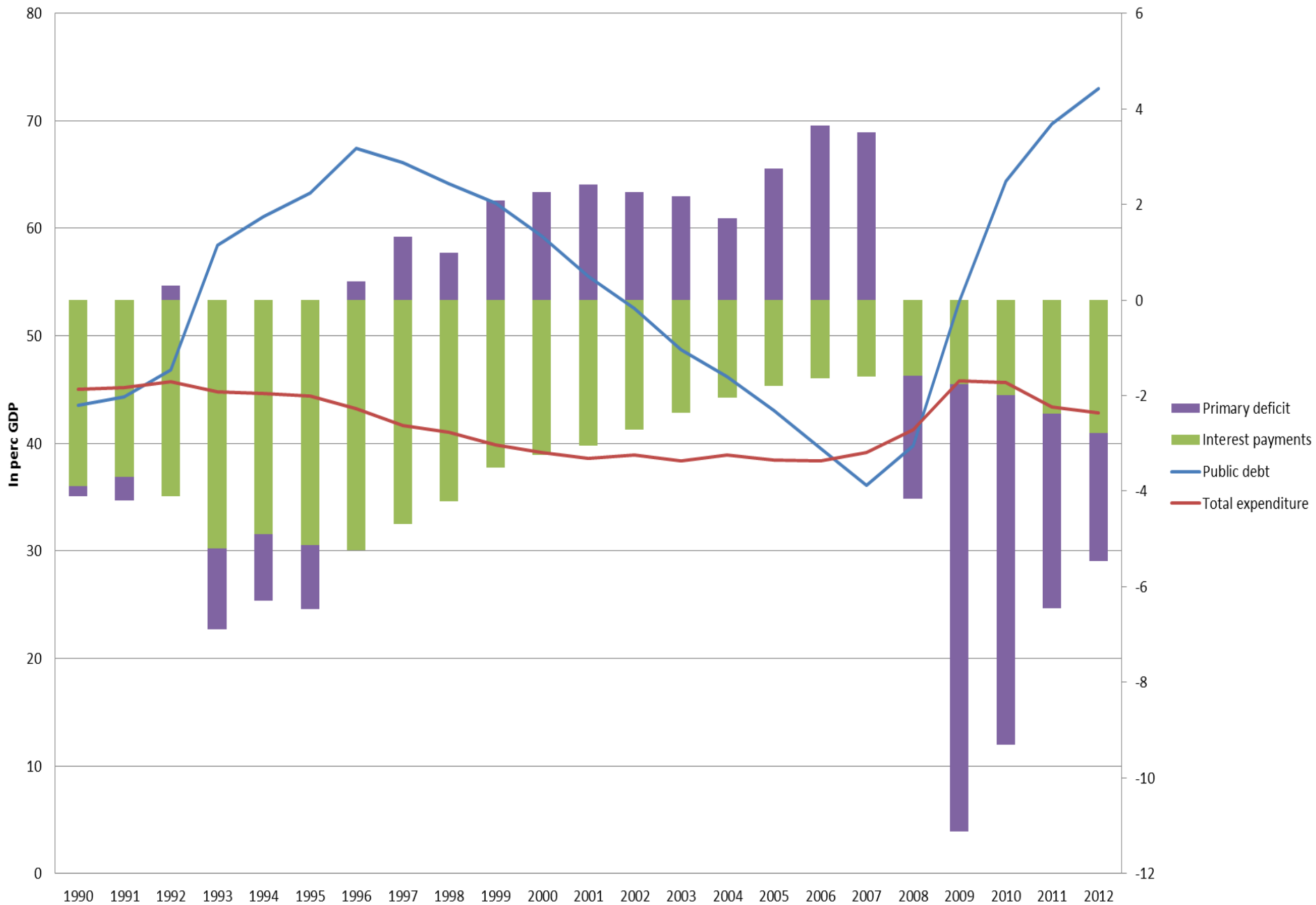
Ireland



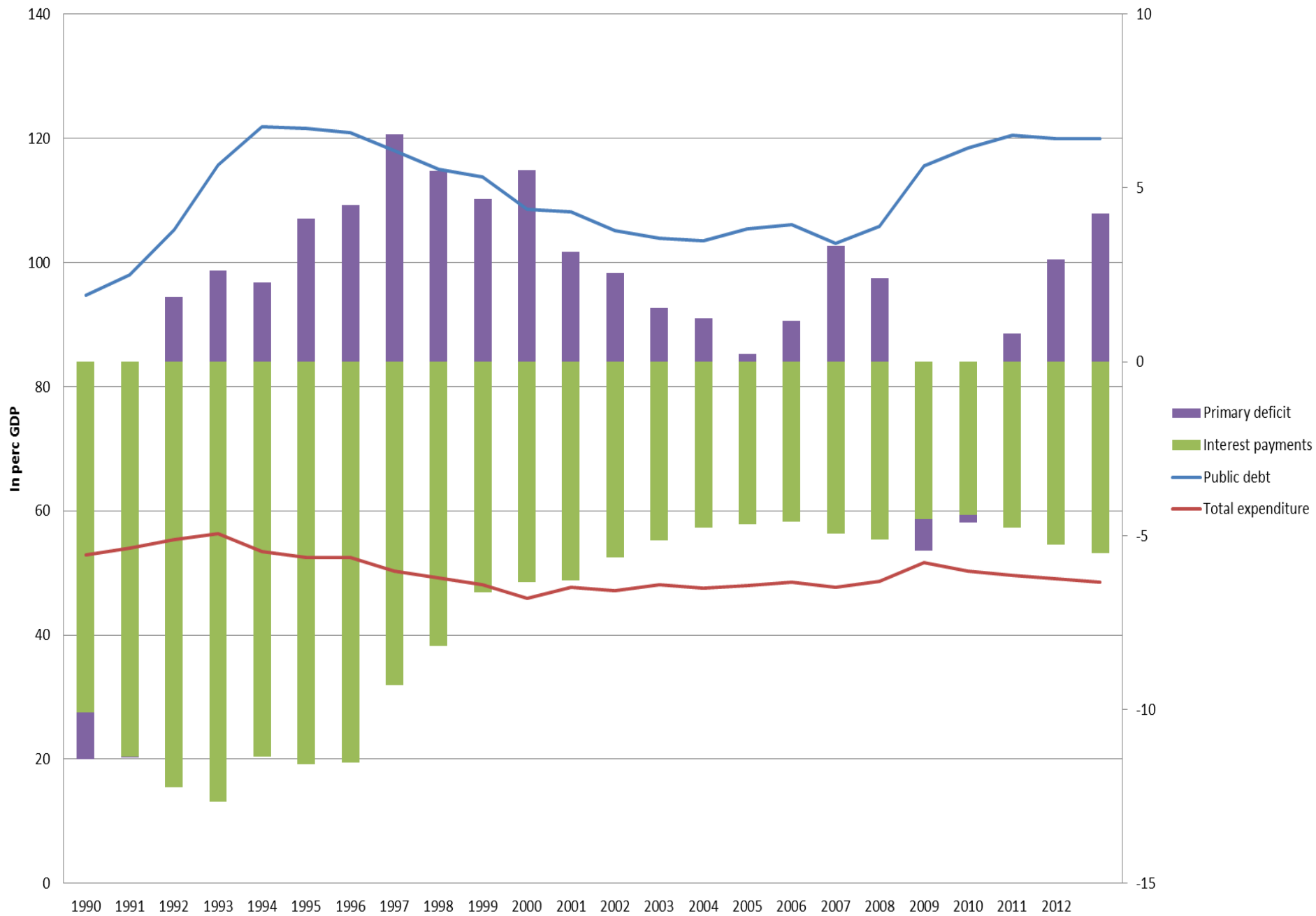
Ireland: Interest Rates Public Debt



Spain

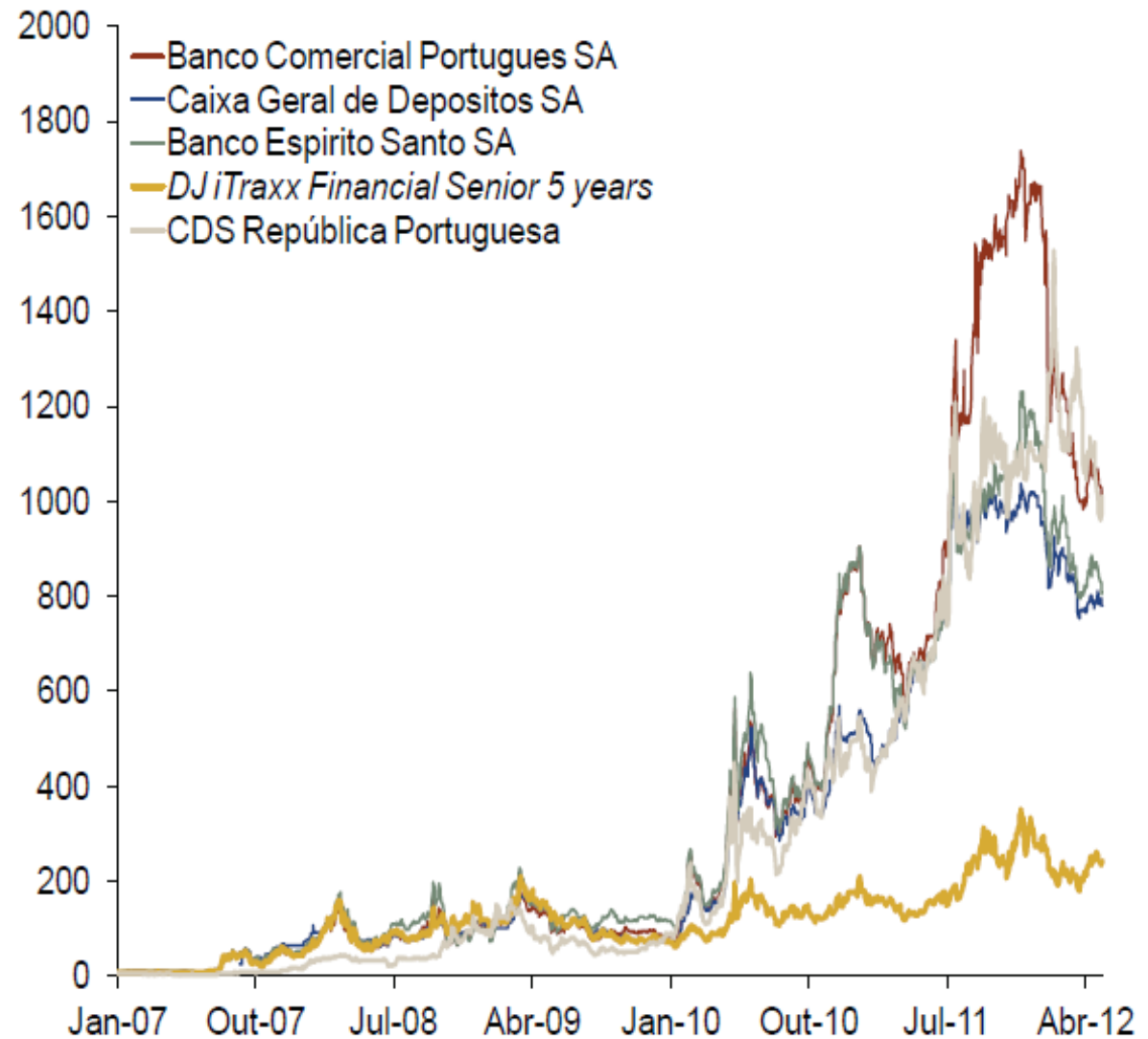


Italy



Banks

CREDIT DEFAULT SWAP SPREADS DE BANCOS PORTUGUESES (5 ANOS SENIOR)

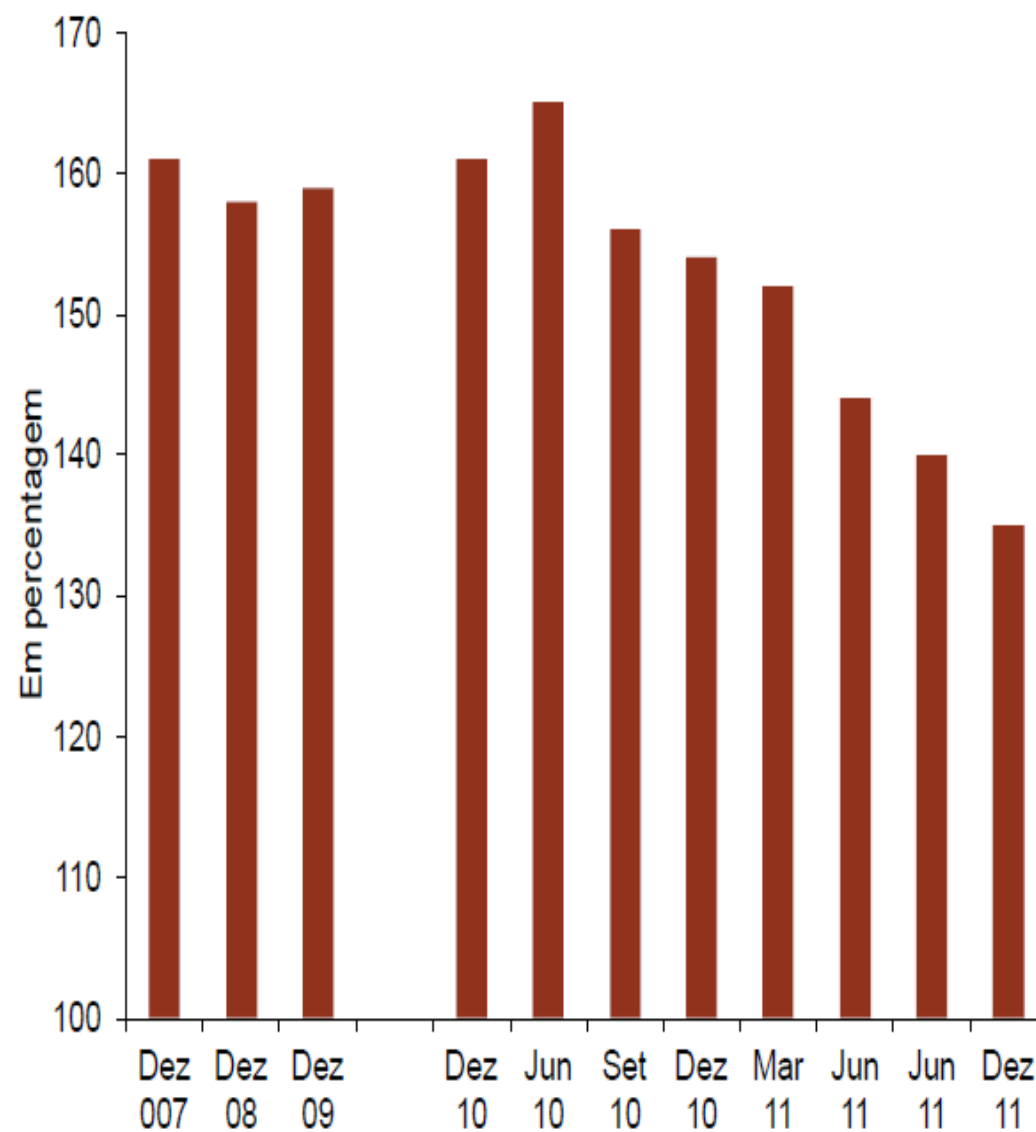


Fontes: Bloomberg e Thomson Reuters.

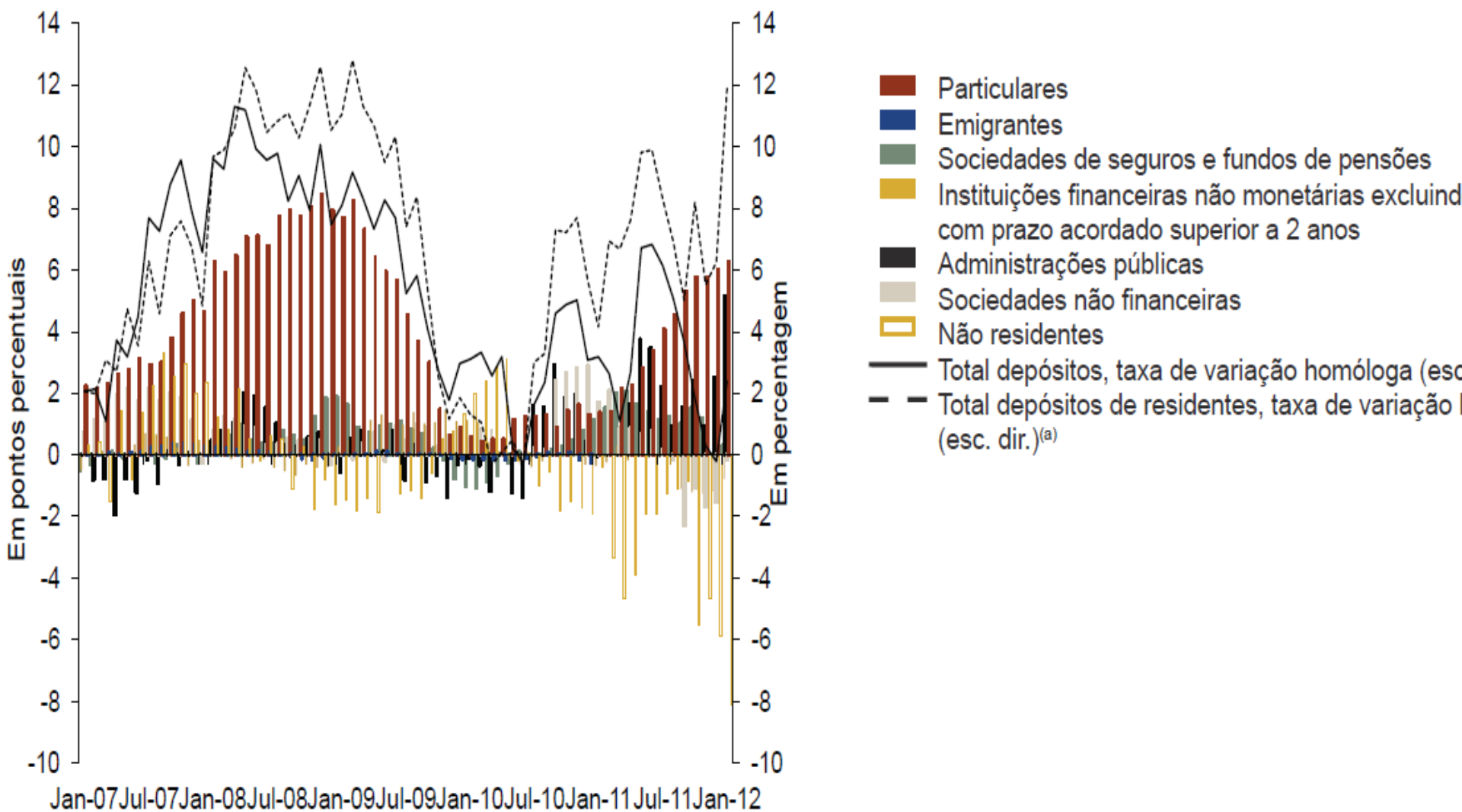
Nota: Última observação: 4 maio de 2012.

All Portuguese banks are still under distress

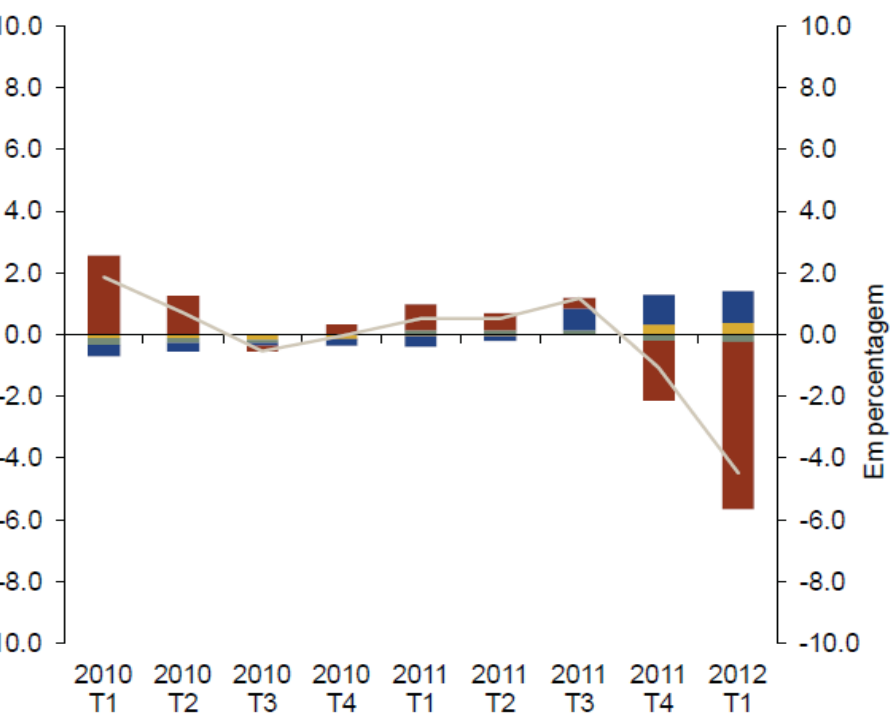
RÁCIO ENTRE CRÉDITO E DEPÓSITOS DOS OITO MAIORES GRUPOS BANCÁRIOS RESIDENTES



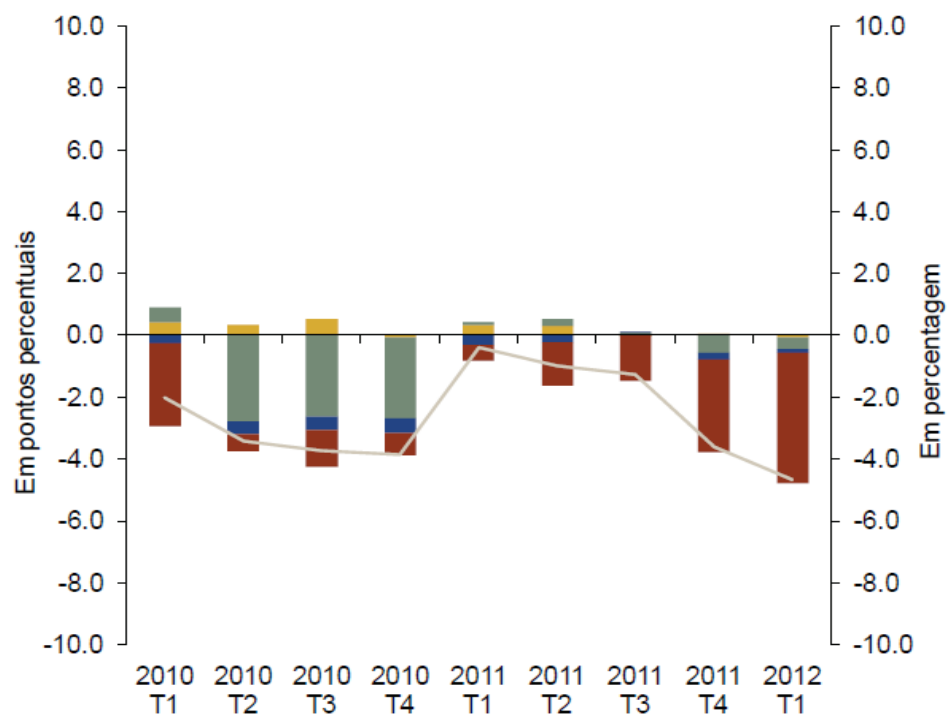
DEPÓSITOS BANCÁRIOS | TAXAS DE VARIAÇÃO HOMÓLOGA EM PORCENTAGEM E CONTRIBUTOS POR SETOR INSTITUCIONAL



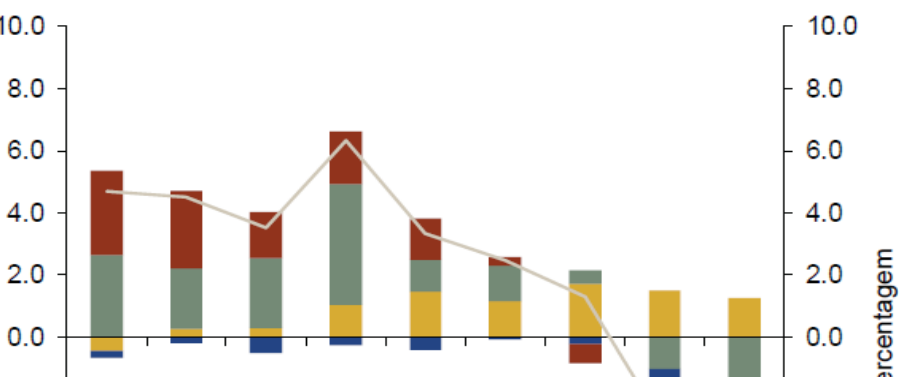
MICRO-EMPRESAS



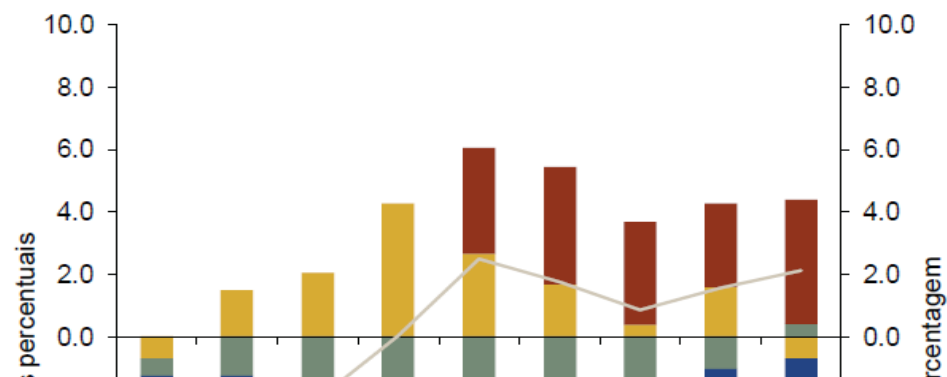
PEQUENAS EMPRESAS



MÉDIAS EMPRESAS



GRANDES EMPRESAS



Outline

- What caused the crisis?
- Is the budget and deleveraging program working?
- Is public and private debt sustainable?
- How to increase growth potential?
 - Structural reforms required
 - What theory tells us about economic development in high intermediate developed
 - Political economy lessons and credibility
 - We will get to a higher growth path?

Present situation and need for more growth oriented policies

- Major restructuring of private economic structure is taking place (**good news**)
 - High level of bankruptcy in nontradables (e.g. Construction, real estate, retail trade and restaurants)
 - Rate of insolvencies almost doubled in the last 12 months
 - Almost all large construction companies are in trouble
 - Large number of enterprises (large and SMEs) are now increasing exports or starting to export to compensate for decline in domestic markets

Financing problem

- However, there are signs of lack of financing for SMEs, even sound and efficient and with good order books
- Why?
 - Banks claim they need to deleverage (troika) and lack resources
 - Banks claim lending to them is too risky
 - Interest rates to this segment has increased substantially (from 4 to 8%)

Banks problem

- Funding side
 - ECB liquidity at 1% (problem of collateral) [banks had sold most of gov bonds to foreigners to finance credit boom)
 - Attract deposits at 3-5% (term deposits)
- Uses side
 - Invest in gov bonds at 4-9% (profit margin of 3-8 p.p. – huge)
 - Lend to large (monopoly) enterprises with low risk and without access to foreign funds (e.g. EDP placed bonds at 3years-6%)
 - Almost all mortgages are priced with large losses (Euribor plus 100-250 b.p.)
 - Lending to PPPs and public enterprises at low rates also locked-in
 - Provisioning of bad loans and asset recovery

Growth enhancing measures

- Redirect and intensify use of EU funds (2-3% GDP)
 - Need to speed up process for change of programs in Brussels (6 months even in fast track)
 - Need to create exceptional competition regime like in the financial crisis (DG Comp)
- Use these funds plus special regime for banks with state aid in recapitalization for
 - Financing SMEs in tradable sectors and for exports, especially targeted to
 - Set-up or expand in new foreign markets, with large diversification
 - Investment in machinery and equipment
 - Financing current capital (input financing) based on book orders
- Provide guarantees for external trade
- Funds given with market tests (competitive bidding)

Fiscal devaluation

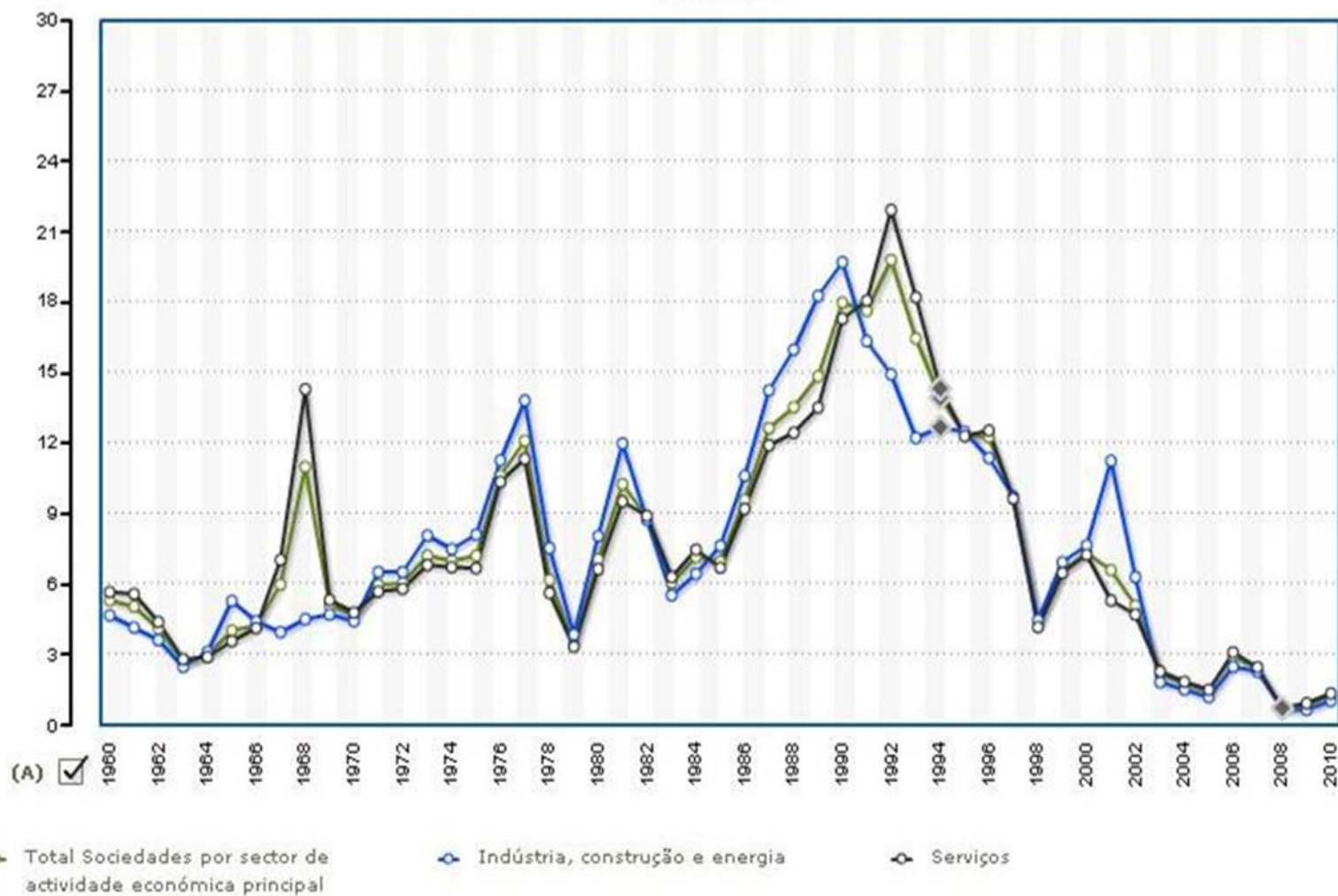
- Cut non-productive resources in public sector and
- Allocate resources to decrease taxes on labor
- Models show this will have a substantial impact on employment and growth

Facilitate and promote restructuring

- Need massive reallocation from
 - nontradables to tradables
 - Non-productive to productive enterprises
- Make the process of ... more efficient and speedy
 - Closing businesses
 - Opening businesses
- More flexible labor and product markets
- Training, technical assistance, Business TA and factor mobility
- Attract FDI
- Promote export markets

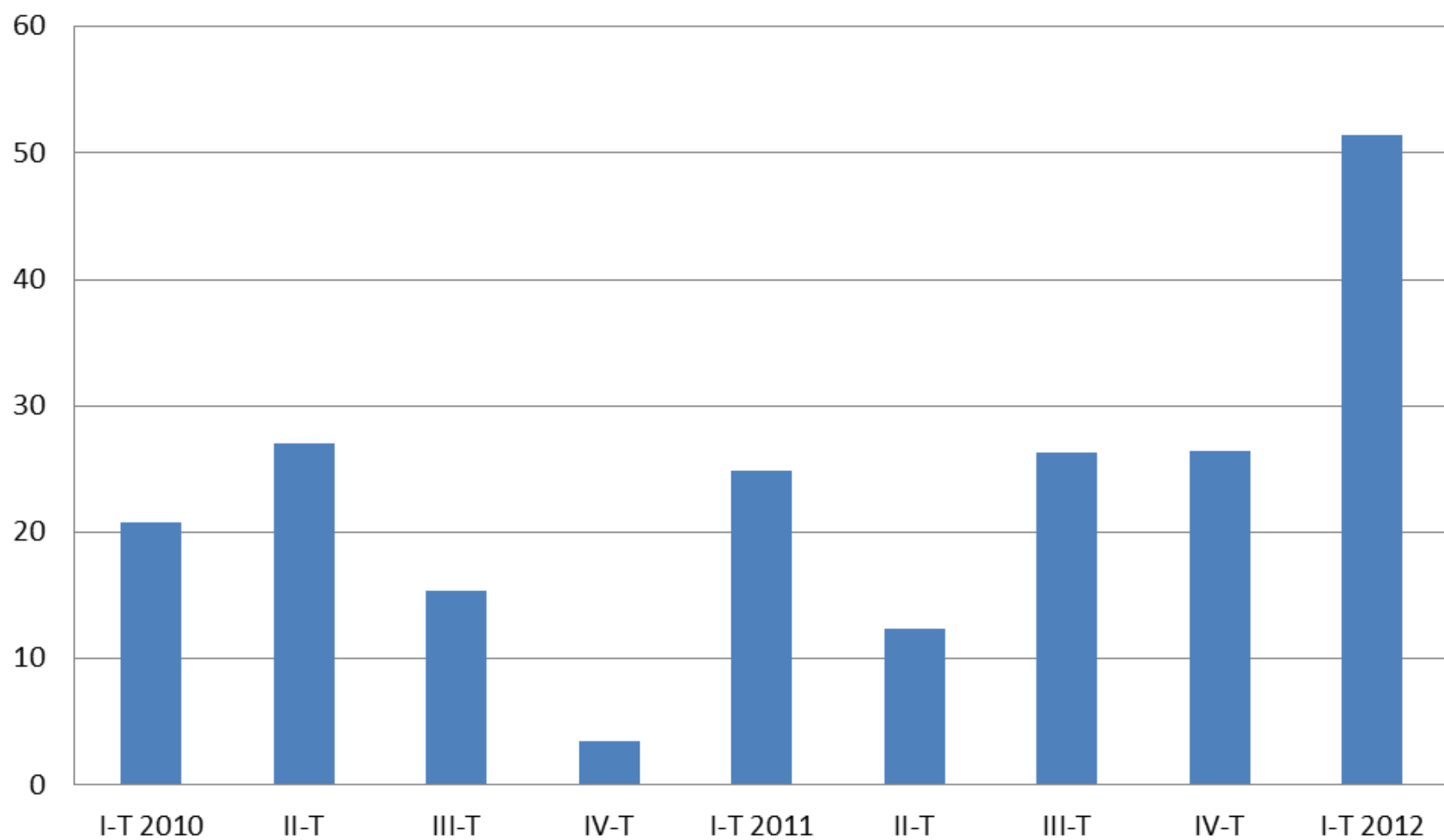
Número de sociedades constituídas por número de sociedades dissolvidas: total e por sector de actividade económica principal

(A) Sociedade



Fontes/Entidades: INE-DGPJ/MJ, PORDATA

Declared Insolvencies (rate of change)



Declared Insolvencies

Agriculture and
fishing
1%

Transportation
4%

Hotels and
restaurants
7%

Others
2%

Services
14%

Construction
19%

Manufacturing
21%

Trade
32%

Crisis sectors:

- Construction and real estate
- Trade
- Clothing, shoes
- Manufacturing linked with construction
- Manufacturing durable consumer goods

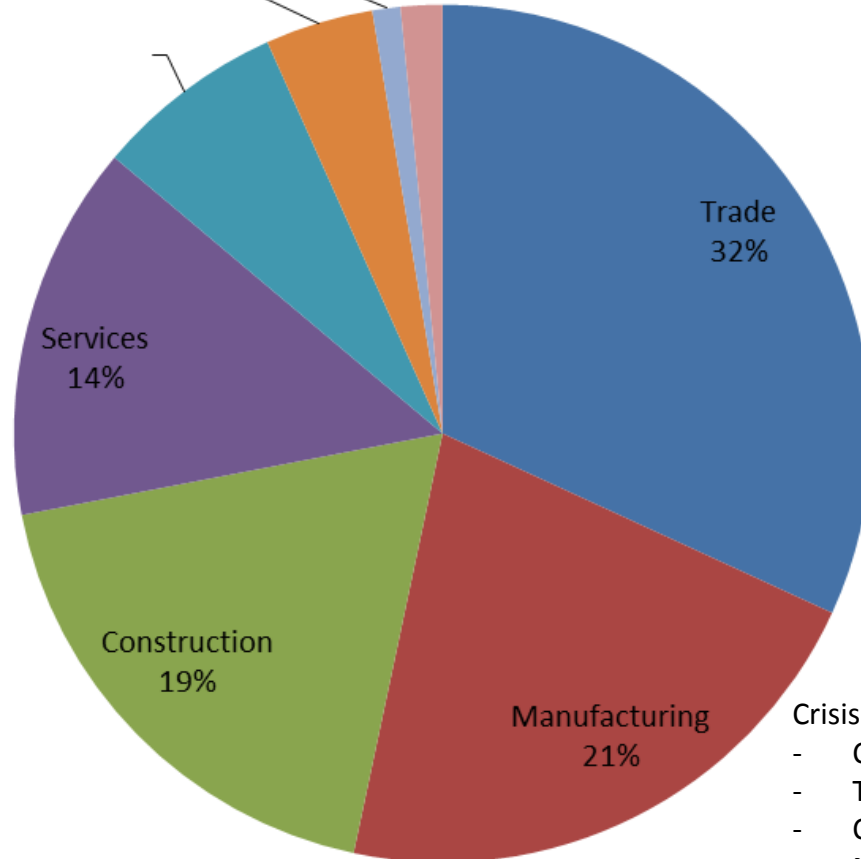
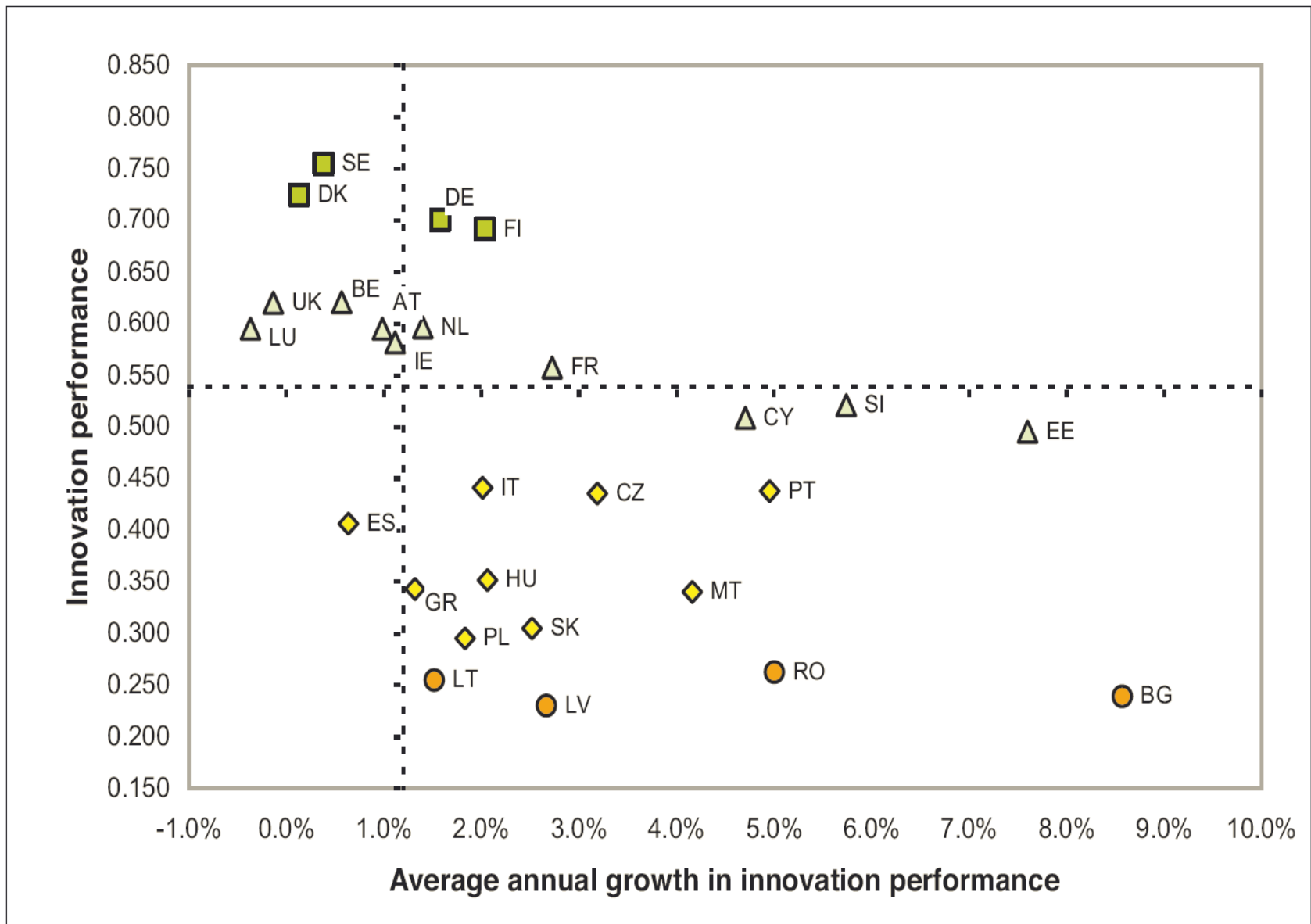
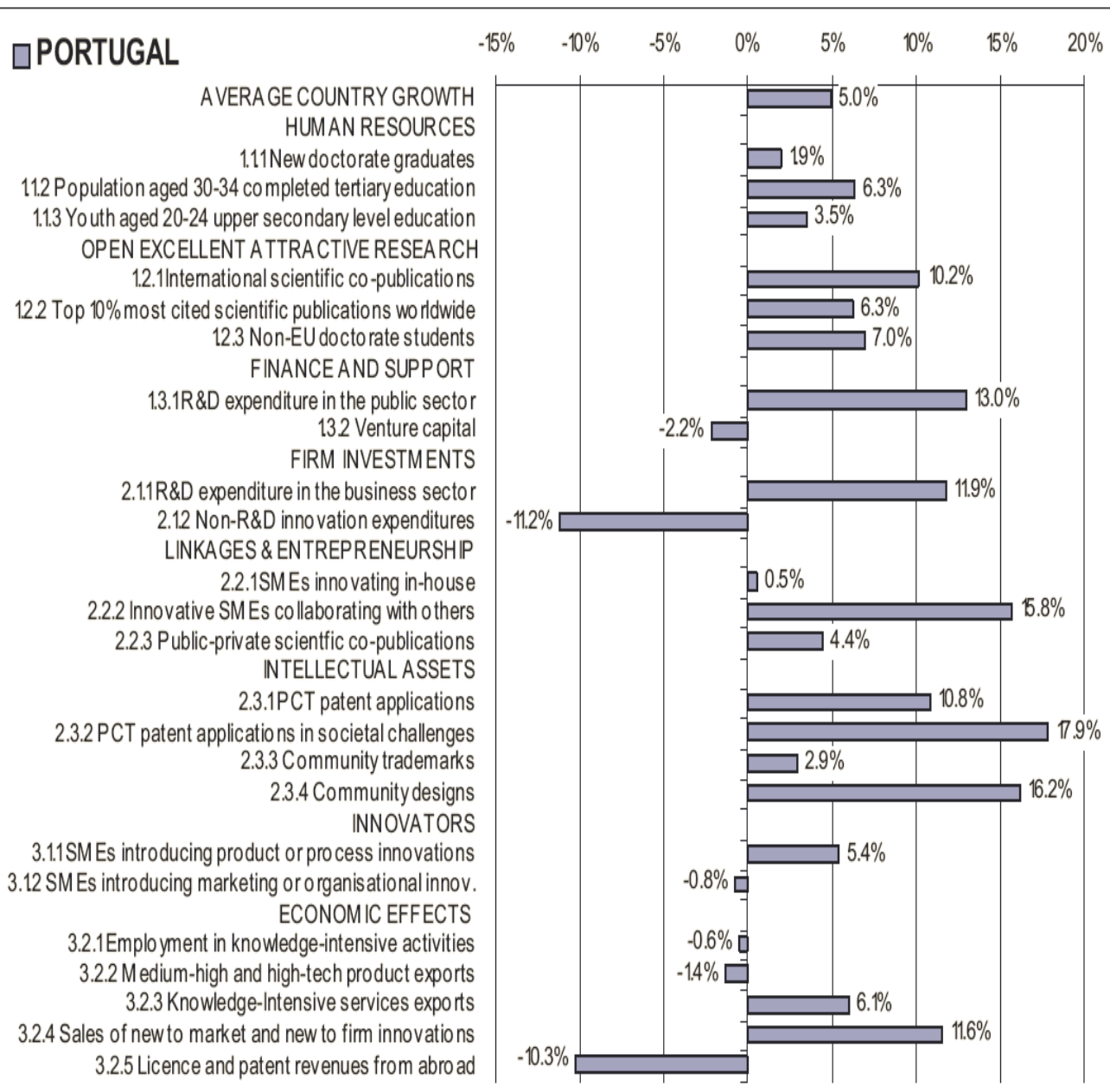


FIGURE 5: CONVERGENCE IN INNOVATION PERFORMANCE



Colour coding matches the groups of countries identified in Section 3.1. Average annual growth rates as calculated over a five-year period. Total growth can be derived by multiplying the average annual growth rate by 4. The dotted lines show EU27 performance and growth.



Annual average growth per indicator and average country growth