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Portugal

Exporter Guide

Annual

2007

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Report Highlights:

This report provides information on Portugal's economic situation, market structure for food products, exporter tips, and best prospects for U.S. food exporters interested in the retail, food processing, and/or hotel, restaurant and institutional (HRI), sectors of the economy.

Includes PSD Changes: No
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[PO]

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SECTION I. PORTUGAL MARKET OVERVIEW

PORTUGAL ECONOMIC TRENDS

	2003	2004	2005	2006	2007*	2008**
ECONOMIC TRENDS						
Inflation (%)	3.3	2.4	2.3	3.1	**2.5**	**2.5**
Unemployment (%)	6.3	6.7	7.6	7.7	**7.7**	**7.5**
GDP at Market Prices (%)	-1.1	1.1	0.4	0.8	**1.0**	**1.1**
GDP per Capita (USD$)	18,311	18,067	17,947	18,465	**18,900**	**19,300**
AGRICULTURAL PRODUCTS IMPORTS ($ Million) (1)						
Total Agricultural, Fish and Forestry Products	6,677	7,467	7,506	8,156	**8,600**	**9,000**
Total U.S. Agricultural, Fish and Forestry Products	292	289	291	237	**290**	**290**
Total Food Products	5,874	6,558	7,037	7,601	**8,000**	**8,500**
Total U.S. Food Products	241	234	236	182	**200**	**220**
Total Fish and Seafood Products	1,065	1,183	1,322	1,499	**1,800**	**2,000**
Total U.S. Fish and Seafood Products	28	41	52	69	**70**	**72**
RETAIL SECTOR (2)						
No. of Retail Stores	25,454	24,918	23,656	23,161	**22,800**	**22,000**
Total Retail Sales ($ Million)	12,538	13,017	13,720	14,289	**14,900**	**16,000**
Retail Sales Share by Type of Store (%)						
Hypermarkets	34.3	32.6	32.0	31.5	**31**	**32**
Supermarkets	49.5	51.5	52.5	54.0	**55**	**56**
Self-Service	7.1	7.3	7.6	7.5	**7**	**7**
Food Shops	0.7	0.6	0.5	0.5	**0.5**	**0**
Grocery Stores	8.4	8.0	7.2	6.7	**6.5**	**6**

(1) GTA
(2) Sector Magazines
(*) Estimates
(**) Forecast

For U.S. firms, Portugal's emergence as a full partner in Europe has meant a stable location open to foreign investment and an increasingly attractive market for exports. Portugal is an independent European market of ten million people that is somewhat under-served by U.S. suppliers and exporters because it is not one of the large European countries. Though not among the leading markets for U.S. agricultural products and despite the fact that Portugal does not rank at the top of the lists of new markets to explore, U.S. exporters should not ignore the Portuguese market.

In Portugal, modern sales techniques still coexist with some traditional practices. Modern sales techniques are generally accepted and effective but traditional values continue to be respected. Many businessmen still consider personal contact and a handshake stronger than a contract, but they will not be offended if a formal contract is requested. Most sales channels cover the entire territory so multiple distributors are generally not necessary. Distribution centers tend to be located in Lisbon in the south and Porto in the north. However, many large importers and wholesalers have branch sales offices and/or sub-agents or dealers in the principal cities and towns, including those of the Portuguese islands of Madeira and the Azores.

As a fully integrated member of the EU, Portugal abides by the rules and regulations governing the EU. If an American exporter is already exporting to any other EU country, then more than likely the exporter already meets most of the requirements for exporting to Portugal. To expedite marketing, U.S. exporters must contact Portuguese importers and/or distributors. The Office of Agricultural Affairs in Madrid is dedicated to helping U.S. exporters access the Portuguese market. Please contact us at:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-915872555
Fax: 34-915872556
email: AgIberia@usda.gov
http://www.embusa.es/

American Embassy, Madrid
Serrano, 75 – Box 20
28006 Madrid
Spain

Market opportunities for U.S. tree nuts, seafood products, high-value consumer foods exist in Portugal. Below are key points regarding the market:

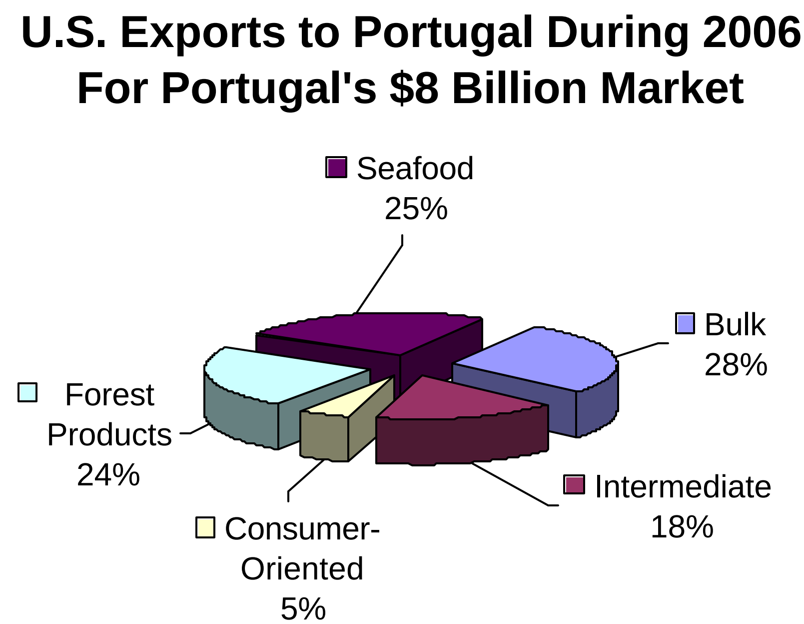
- Portuguese purchasing habits have changed in the last couple of decades: Portuguese super and hypermarket chains as well as European multinational chains like Carrefour, Auchan, Intermarche, El Corte Ingles are developing rapidly.

- Portuguese consumers are willing to pay a higher price if the product invokes health, convenience, etc. benefits. The decisive selling factors are:
    - Price versus quality relationship (70 percent);
    - Be health beneficial (53 percent); and
    - More “natural” (44 percent)

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN PORTUGAL

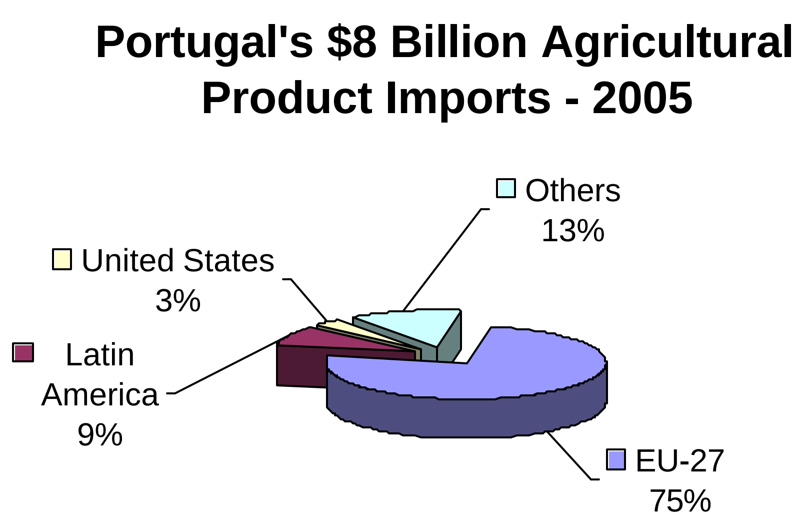
Advantages	Challenges
Portugal is a net importer of food and agricultural products.	Importers still have limited knowledge regarding the quality and supplies of U.S. food and agricultural products.
Domestic distribution systems are efficient.	High marketing costs (advertising, discounts, etc.) are necessary.
Food products in the market are becoming more diversified.	Competition from neighboring EU countries is fierce.
Overall sales of consumer-ready food products have increased substantially in the last years.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Access the Portuguese market through multinational chain like Carrefour, Auchan and El Corte Ingles	Supermarkets and hypermarkets shelf space is extremely expensive.
Consumers are more health conscious, and tastes are becoming more sophisticated.	U.S. suppliers, determined to maintain market share, may need to conduct annual promotion activities.
Greater disposable income and an impulse to buy make Portugal an attractive market.	Importers prefer to take delivery on short notice to avoid storage charges.

Portugal Market for U.S. Agricultural Products



SOURCE: BICO

Competition for Portugal Market for Imported Agricultural Products



SOURCE: Global Trade Atlas

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs

Success in introducing your product in the Portugal market depends on acquiring local representation and making personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade laws, sales contacts, and market development expertise.

While modern sales techniques are becoming more prevalent, many business people still prefer personal contact as a way of doing business rather than just via email, fax or phone. English is a widely spoken second language in Portugal, and U.S. exporters can expect to conduct their meetings with contacts in English.

Large importers and wholesalers have branch sales offices and/or sub-agents or dealers in the principal cities and towns, with main offices concentrated in Porto and Lisbon. Typically, food products are imported by an importer, broker and/or a distributor.

General Consumer Tastes and Preferences

The traditional Portugal diet is the co-called “Mediterranean Diet”, which is based on seafood, meat, vegetables, salads, fresh fruits, olive oil and wine, is being challenged. As consumers have less time for food preparation, the Portugal market is increasingly characterized by a trend towards more novelties and specialties, less basic foodstuffs, more “natural” and delicatessen foods, more prepared and ready to eat products favoring convenience. Consumers are also increasingly responding to high quality and attractive packaging. Influenced by constant advertising in the daily and weekly press and TV, consumers tend to follow fashionable trends, use new products and adopt new consumption habits. Increasing travel abroad by Portuguese, as well as a growing influx of foreign tourists into Portugal, is also increasing demand for new products and an interest in ethnic foods, in particular. In addition, Portugal consumers are health conscious about food. Problems or potential problems concerning food safety are widely publicized and usually receive immediate attention from government agencies.

Food Standards and Regulations

For more information on food standards and regulations (FAIRS) and the certificates required to export to Portugal, please consult the latest reports at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp. Also, please check the U.S. Mission to the European Union Web page at http://www.useu.be/agri/expguide.html, which may also have information to guide you on exporting into the EU.

Portugal Market Access Reports

We have also developed Portugal Market Access reports for fishery products, tree nuts products and pulses products, which can be found at the following address: http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

General Import and Inspection Procedures

Portugal uses the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment (that is, members of the World Trade Organization (WTO) and countries with which the EU has signed trade agreements) including the United States. However, the EU has negotiated free-trade agreements, providing in many cases tariff-free access to the European market, which can leave the U.S. exporter at a disadvantage.

The local importer is the first responsible to the Portuguese Government of imported food products when they enter Portuguese territories. Therefore, the Portuguese agent/importer should guide you through the whole process to market your product in Portugal.

The following documents are required for ocean or air cargo shipments of food products to Portugal:

Bill of Lading and/or Airway Bill
Commercial Invoice
Phytosanitary Certificate and/or Health Certificate when applicable
Import Certificate

> Most food products require an Import Certificate issued by the competent Portuguese authority. However, the Import Certificate is obtained by the Portuguese importer and/or the agent involved in the business and is intended for tariff classification purposes.

Please keep in mind that if the product you are exporting into Portugal does not comply with EU harmonized regulations, Portuguese customs or health authorities may not allow entry of the product.

For more information on import and inspection procedures in Portugal, please see Food Standards and Regulations within this report.

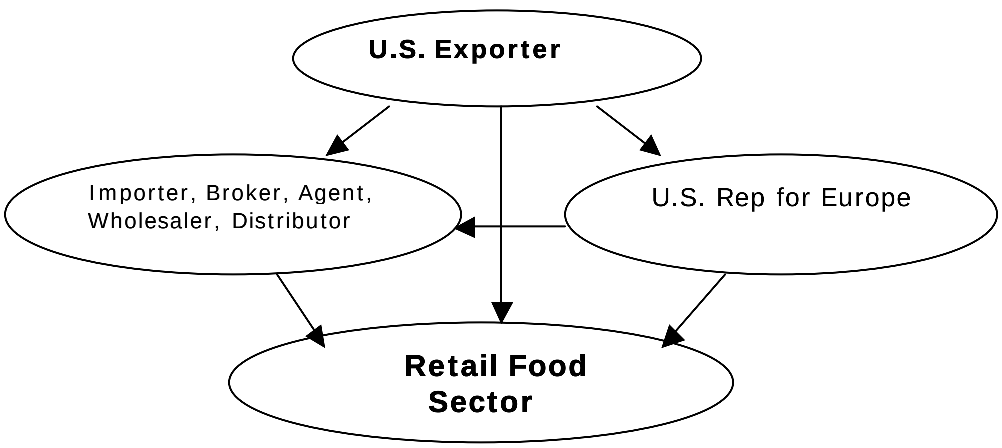
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

The Portugal retail food market is diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with the traditional corner grocery stores and open-air markets, even though the total number of retail outlets has decreased significantly in the last decade.

- In Portugal, hyper and supermarkets account for 60 percent of total food sales.
- There is increasing competition in the scope and range of product offerings, including ready-to-eat and/or ready-to-cook foods, take away meals, and home delivery and the prices and services retailers offer consumers.
- An increasing supply of imported products has intensified competition among suppliers and retailers.
- EU Member States are the first suppliers of imported consumer-ready products, including seafood.

Market Structure:



For more information on the Portugal Retail Food Sector, please consult http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp for the latest retail sector reports for Portugal.

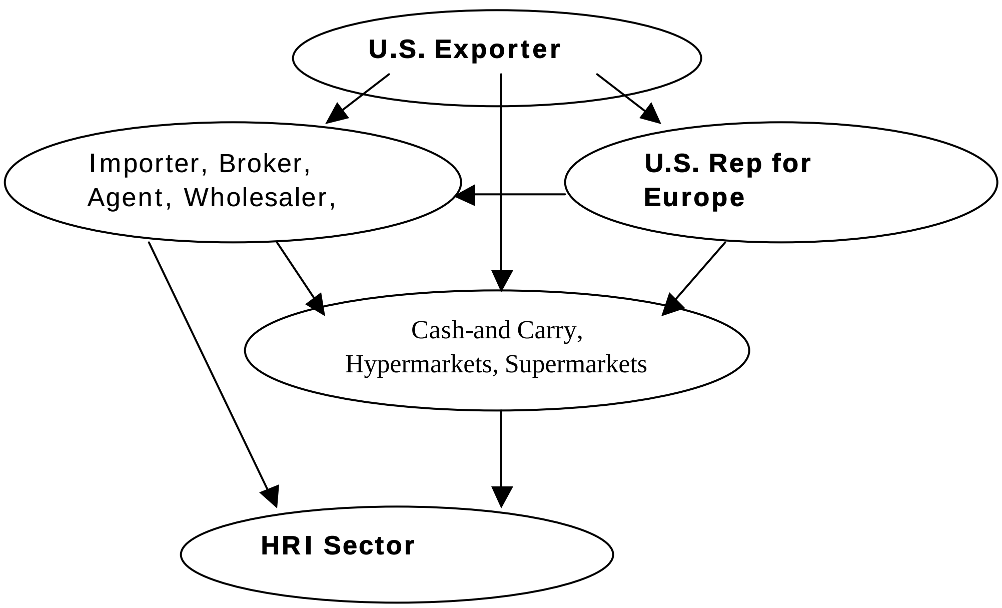
HRI Sector

The HRI sector expanded significantly during the mid 80's and 90's and into 2006, as a result of the profound social and economic changes unleashed upon Portugal's accession to the European Union (EU) in 1986. The expansion is not yet complete, nor has it slowed much over the years, so we expect that the sector will be of growing interest to some U.S. exporters.

Synopsis of the HRI sector:

- Portugal is becoming one of the top tourism destinations in Europe with the number of tourists increasing every year, boosting demand for meals in the HRI sector;
- Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing; and,
- Consumption of ready-to-eat/take away food continues to grow as consumers substitute home-cooked for convenience and timesaving. Most hyper and supermarket chains now offer ready-to-eat/take away food, and there is an increasing number of food outlets specializing in take-away food, ranging from barbecue to more traditional meals.

Market Structure:



For more information on the Portugal HRI Sector, please consult the HRI sector report for Portugal at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

Food Processing Sector

The Portugal food-processing sector has modernized and expanded significantly during the last couple of decades. With integration into the European Union in 1986, the Portugal food-processing sector began a profound modernization in order to adapt to new EU requirements. Portugal now has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food-ingredient exporters.

The Portugal food-processing sector in summary:

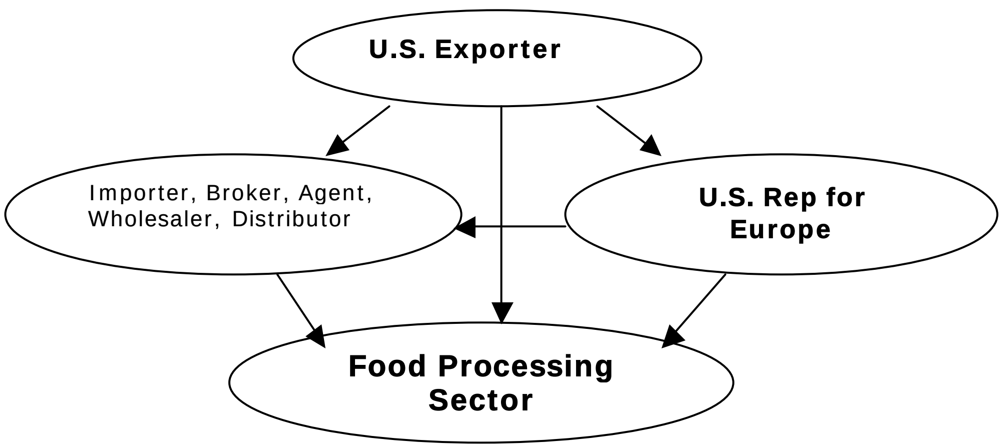
- Modern, with special attention to the quality, safety, and traceability of the food products it produces.

In Portugal the food-processing sector:

- Generates about 16 percent of Portugal's total industrial production, accounting for about nine percent of the national gross domestic product and providing an estimated 110,000 jobs;

- Is dominated by even smaller companies—only 11 percent of the 8,500 food processors employ more than 20 people, accounting for about 2/3 of the sector manpower and about 85 percent of the € 12.5 billion in product produced. Just over €1 billion of the final product is exported.

Market Structure:



For more information on the Portugal food processing sector, please consult the food processing sector report for Portugal at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Tree Nuts
Fish and Seafood, fresh and frozen
Forest Products
Pulses

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Portugal, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-91 587 2555
Fax: 34-91 587 2556
Email: AgIberia@usda.gov
http://www.embusa.es/

American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain

Please consult our home page for more information on exporting U.S. food products to Portugal. Importer lists are also available from our office to exporters of U.S. food products. A list of trade associations and useful government agencies is provided below:

PORTUGAL

Trade Associations

APED-Associação Portuguesa de Empresas de Distribuição
(Portuguese Association of Distribution Companies)

Campo Grande, 285-5º
1700-096 Lisboa
Tel: 351-21-751-0920
Fax: 351-21-757-1952
www.aped.pt
ARESP-Associação da Restauração e Similares de Portugal
(Portuguese Associations for HRIs Sector)

Av. Duque d'Avila, 75
1000 Lisboa
Tel. 351-21-352-7060
Fax: 351-21-354-9428
Email: aresp@aresp.pt
www.aresp.pt

FIPA-Federação das Indústrias Portuguesas Agro-Alimentares
(Federation of the Agro-Food Portuguese Industries)

Av. António José de Almeida, 7-2º
1000-042 Lisboa
Tel: 351-21-793-8679
Fax: 351-21-793-8537
Email: info@fipa.pt
www.fipa.pt

Government Agencies

Direcção Geral de Fiscalização e Controlo da Qualidade Alimentar
(General Directorate for Control of Food Quality)
Av. Conde Valbom, 96
1050 LISBOA
Tel. 351-21-798-3600
Fax: 351-21-798-3834
Email: direccao@dgfcqa.min-agricultura.pt
www.dgfcaq.min-agricultura.pt

Direcção Geral da Alfandega e Dos Impostos Especiais sobre o Consumo
(General Directorate for Customs and Special Taxation on Consumption)
Rua da Alfandega, No. 5 r/c
1149-006 Lisboa
Tel. 351-218813700
Fax: 351-218813990
Email: dgaiec@dgaiec.min-financas.pt
www.dgaiec.min-financas.pt

Direcção Geral da Alfandega e Dos Impostos Especiais sobre o Consumo
(General Directorate for Customs and Special Taxation on Consumption)
Direcção de Serviços do Licenciamentos **(Import Certificates)**
R. Terreiro do Trigo
Edif. Alfândega
1149-060 Lisboa
Tel. 351-218814262
Fax 351-218814261
Email: dsl@dgaiec.min-financas.pt
www.dgaiec.min-financas.pt

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov.

APPENDIX I. STATISTICS

Portugal's Key Trade and Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1] **- 2006**	**$8,155 / 3%**
Consumer Food Imports From All Countries($Mil)/U.S. Market Share (%)[1] **2006**	**$76,063 / 2%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%)[1] **- 2006**	**$1,499 / 4%**
Total Population (Millions) / Annual Growth Rate (%) **- 2006**	**10.6 / 3%**
Urban Population (Millions) / Annual Growth Rate (%) **– 2006**	**5.8 / 0.5%**
Number of Major Metropolitan Areas	**2**
Per Capita Gross Domestic Product **- 2006**	**$18,465**
Unemployment Rate (%) **- 2006**	**7.7%**
Per Capita Food Expenditures (Euros) **- 2006**	**€1,208**
Percent of Female Population Employed **- 2006**	**51%**
Exchange Rate (US$1 = 1 Euro) **- 2006**	**€0.73**

(1) Source: Global Trade Atlas

Portugal's Food Imports

Portugal Imports (In Millions of Dollars)	Imports from the World 2004	2005	2006	Imports from the U.S. 2004	2005	2006	U.S Market Share % 2004	2005	2006
CONSUMER-ORIENTED AGRICULTURAL TOTAL	3,220	3,318	3,682	13	12	10	0.40	0.36	0.27
Snack Foods (Excl. Nuts)	281	286	301	0	0	0	0.00	0.00	0.00
Breakfast Cereals & Pancake Mix	77	78	81	0	0	0	0.00	0.00	0.00
Red Meats Fresh/Chilled/Frozen	556	563	712	0	0	0	0.00	0.00	0.00
Red Meats Prepared/Preserved	103	113	126	0	0	0	0.00	0.00	0.00
Poultry Meat	39	48	53	0	0	0	0.00	0.00	0.00
Dairy Products (Excl. Cheese)	315	345	367	0	0	0	0.00	0.00	0.00
Cheese	103	104	132	2	0	0	1.94	0.00	0.00
Eggs & Products	15	18	18	0	0	0	0.00	0.00	0.00
Fresh Fruit	429	441	407	0	0	0	0.00	0.00	0.00
Fresh Vegetables	156	162	203	0	0	0	0.00	0.00	0.00
Processed Fruit & Vegetables	219	225	230	1	1	1	0.46	0.44	0.43
Fruit & Vegetable Juices	51	44	52	2	0	0	3.92	0.00	0.00
Tree Nuts	30	35	35	6	6	6	20.00	17.14	17.14
Wine & Beer	140	124	112	0	0	0	0.00	0.00	0.00
Nursery Products & Cut Flowers	70	71	73	0	0	0	0.00	0.00	0.00
Pet Foods (Dog & Cat Food)	93	89	103	1	1	1	1.08	1.12	0.97
Other Consumer-Oriented Products	545	572	677	2	2	2	0.37	0.35	0.30
FISH & SEAFOOD PRODUCTS	1,249	1,322	1,499	41	52	69	3.28	3.93	4.60
Salmon	17	24	30	0	0	1	0.00	0.00	3.33
Surimi	14	13	18	2	2	2	14.29	15.38	11.11
Crustaceans	152	164	178	0	0	0	0.00	0.00	0.00
Groundfish & Flatfish	568	602	706	37	50	60	6.51	8.31	8.50
Molluscs	105	133	151	0	0	0	0.00	0.00	0.00
Other Fishery Products	394	385	416	0	0	5	0.00	0.00	1.20
AGRICULTURAL PRODUCTS TOTAL	5,639	5,607	6,064	189	181	111	3.35	3.23	1.83
AGRICULTURAL, FISH & FORESTRY TOTAL	7,467	7,506	8,156	285	292	237	3.82	3.89	2.91

Source: GTA

Portugal's Top 15 Food Suppliers

CONSUMER-ORIENTED AGRICULTURAL TOTAL IMPORTS			
($1000)	2004	2005	2006
Spain	1,537,296	1,656,635	1,899,681
France	417,611	390,947	449,096
Germany	282,404	344,151	370,369
Netherlands	245,353	219,333	254,867
Belgium	101,985	99,879	120,283
Italy	127,270	109,829	112,219
Brazil	58,042	64,165	70,650
Ireland	55,466	33,108	57,976
United Kingdom	64,386	52,370	49,764
Denmark	42,674	40,094	45,336
Costa Rica	51,054	35,361	42,065
Chile	20,494	20,324	20,149
Argentina	19,564	24,006	20,124
Ecuador	34,019	42,375	16,303
New Zealand	9,074	15,365	14,370
Other	1,539	1,703	1,393
World	3,220,631	3,318,282	3,682,521

FISH & SEAFOOD PRODUCTS IMPORTS			
($1000)	2004	2005	2006
Spain	495,465	545,300	653,857
Russia	100,519	91,113	118,308
Netherlands	71,100	68,885	90,264
Denmark	77,380	80,019	85,935
United States	41,512	52,297	68,676
Norway	55,692	52,470	57,862
Sweden	89,946	82,033	55,525
France	56,096	52,488	42,638
China	7,185	22,653	29,285
Iceland	47,753	37,417	28,150
South Africa	25,182	22,096	24,004
Mozambique	17,360	25,427	23,317
United Kingdom	20,239	23,524	20,234
India	12,003	15,172	20,036
Germany	17,904	16,358	19,253
Other	113,908	135,015	161,761
World	1,249,244	1,322,267	1,499,105

Source: GTA