

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.AG/W/13

15 November 1968

Special Distribution

Agriculture Committee

Original: French

PORTUGAL

Information Supplied in Reply to the Questionnaire COM.AG/9

Contents

	<u>Page</u>
<u>General remarks</u>	
1. Position of agriculture in the economy of the European territories of Portugal	2
2. Factors affecting agriculture	4
3. General agrarian policies	5
4. Foreign trade in agricultural products	6
Dairy products	COM.AG/W/13/Add.1
Grains	COM.AG/W/13/Add.2
Beef and veal	COM.AG/W/13/Add.3
Other meats	COM.AG/W/13/Add.4
Fruit and vegetables	COM.AG/W/13/Add.5
Vegetable oils and oil seeds	Not available
Unmanufactured tobacco	Not available
Wines	COM.AG/W/13/Add.8

GENERAL REMARKS1. POSITION OF AGRICULTURE IN THE ECONOMY OF THE EUROPEAN TERRITORIES OF PORTUGAL

According to the national accounts, gross national product grew by nearly Esc 9,000 million from 1964 to 1966 (at factor cost and 1963 prices), representing an expansion by about 9.9 per cent at an average annual rate of approximately 5 per cent.

Table 1GROSS NATIONAL PRODUCT, AT FACTOR COST

Sector	1964	1965	1966 ^{1/}
	In Esc million, at 1963 prices		
Agriculture, forestry and fishery	17,694	18,802	16,590
Agriculture	13,863	15,257	13,064
Forestry, hunting, etc.	2,794	2,670	2,710
Fishery	1,037	875	816
Extraction industries	441	449	376
Manufacturing industries	28,587	31,510	33,968
Electricity, gas and water	2,283	2,449	2,649
Building	4,474	5,054	5,758
Miscellaneous services	34,068	35,373	37,070
GROSS DOMESTIC PRODUCT, AT FACTOR COST	87,547	93,637	96,411
GROSS NATIONAL PRODUCT, AT FACTOR COST	88,049	94,257	96,786

^{1/} Provisional data.

The increase in gross national product is basically due to expanding production by manufacturing industries, and to the favourable trend in tertiary activities.

For the three-year period under consideration it is difficult to identify any trend for that part of the product resulting from agriculture.

According to national accounts, product from the agricultural sector grew by approximately Esc 561 million between 1953 and 1964, representing an increase of 3.5 per cent at a cumulative annual rate of 1 per cent. The increase was not uniform over the whole period considered; there were phases of contraction and others of expansion, including from 1959 to 1964 a period of growth by about 6.3 per cent, at an annual rate of 1.8 per cent.

This slow expansion is reflected in the relatively modest contribution of agriculture, forestry and animal husbandry to gross domestic product, as may be seen from Table 2 below.

Table 2

CONTRIBUTION OF AGRICULTURE TO NATIONAL PRODUCT

(In percentage terms)

	CONTRIBUTION TO GDP				CONTRIBUTION TO GDP GROWTH		
	1953-1955	1959-1961	1962-1964	1965	1953-1964	1959-1964	1959-1965
GROSS AGRICULTURAL PRODUCT	29.2	22.9	20.5	18.8	0.2	4.3	5.3
GROSS NON-AGRICULTURAL PRODUCT	70.8	77.1	79.5	81.2	99.8	95.8	94.7

The contribution of the agricultural sector to the increase in total labour productivity over the period 1953-1964 was 13.8 per cent, of which only 7.3 per cent represented a direct contribution by the sector, whereas the remaining 6.5 per cent resulted from the shift of agricultural population towards other economic sectors.

The relative stagnation in agricultural product is a serious obstacle to more rapid development, to the extent that better productivity can no longer match the increase in internal demand.

Nevertheless, a breakdown of agricultural product shows substantial progress in certain branches of this primary sector.

Table 3

BREAKDOWN OF AGRICULTURAL PRODUCT

(at 1968 prices)

	Average annual growth rate of product	Contribution to product of the sector (percentages)	
	1953-1964	1954-1958	1960-1964
Vegetable products	0.7	52.1	50.4
Grains	1.9	16.8	12.7
Vegetables	0.9	7.1	7.0
Wines and brandies	0.9	11.2	12.2
Olive oil and olives	0.7	5.3	5.8
Fruit	2.9	6.0	7.2
Horticultural and similar products	1.5	5.2	5.5
Animal products	1.2	31.6	32.3
Meat	0.9	20.5	20.9
Milk and eggs	2.0	9.1	9.4
Wool and other	0.3	2.0	2.0
Forestry products	2.1	14.7	15.8
Timber, etc.	1.7	8.5	8.9
Cork	1.	4.2	4.4
Resins and tanning extracts	7.4	1.2	1.6
Game, etc.	1.6	0.8	0.6

In general, the figures in the above table indicate an increased contribution by livestock and forestry products to agricultural product. Nevertheless, the largest contribution is still that of vegetable products.

2. FACTORS AFFECTING AGRICULTURE

Various factors have affected agriculture in Portugal's metropolitan territory, particularly in the past few years, and have prevented it from reaching the desired level of technical progress and productivity.

This situation is largely attributable to the following factors in combination:

- the size of farms, and the fact that they are scattered over most of the national territory;
- the level of education of the agricultural population;
- the standard of training of entrepreneurs and rural workers;
- the rural exodus which has not been accompanied by any increase in gross agricultural product;
- the decapitalization of farms, which in practice is reflected in a low level of investment;
- the credit system;
- marketing channels;
- insufficient technical assistance;
- cultivation techniques and systems.

3. GENERAL AGRARIAN POLICIES

Despite the difficulties mentioned above, one of the major objectives of the Portuguese Government in the context of its Development Plans, and more particularly the Third Development Plan for the period 1968-1973, is to articulate the agricultural sector in the overall economic and production programmes.

The authorities are fully aware of the nature and significance of the factors mentioned above, and accordingly measures have been taken to stimulate development in the agricultural sector. These include the following:

- agricultural irrigation projects, particularly south of the Tagus;
- fragmentation of rural property in areas where smallholdings predominate;
- vocational training of entrepreneurs and rural workers;
- promotion of farmers' groupings at the production level (group farming) as well as at the level of processing and marketing (agricultural co-operatives);
- the credit policy practised by the Agricultural Improvement Fund which grants long-term financing aid at moderate interest rates to farmers for equipment and reconversion of their undertakings;
- assistance for farm mechanization;
- establishment of the necessary infrastructures (slaughterhouses, warehouses, cold storage facilities, etc.) for the marketing of certain products;
- background studies with a view to the adequate adjustment of cultivation systems to actual land utilization capacity at national level;
- improvement and constant development of Government support for agriculture by means of research, experimental work and publicity.

4. FOREIGN TRADE IN AGRICULTURAL PRODUCTS

If "agricultural products" are considered to be the items falling within the first twenty-four chapters of the Brussels Nomenclature - with the exception of headings 16.04 and 16.05 (preserved fish, crustaceans and molluscs) - statistics of exports from and imports into Portugal's European territories are as follows for the years 1964, 1965 and 1966.

Table 4

IMPORTS FROM AND EXPORTS TO THIRD COUNTRIES

(Esc million)

	Exports			Imports		
	1964	1965	1966	1964	1965	1966
Third countries (total)	11,088	12,371	13,517	18,994	22,901	25,463
Agricultural products	1,663	2,066	2,299	2,329	3,037	3,703
Percentage of total	15.0	16.7	17.0	12.3	13.3	14.5
Non-agricultural products	9,425	10,305	11,218	16,665	19,864	21,760
Percentage of total	85.0	83.3	83.0	87.7	86.7	85.5

Total exports of "agricultural products" include the following products which are of relative importance and of particular interest:

(Esc million)

	Exports		
	1964	1965	1966
Dried leguminous vegetables, shelled	64	79	34
Figs	30	27	23
Nuts, etc.	93	133	127
Horticultural products	286	496	617
Wines, brandies and products thereof	697	820	937
	<u>1,170</u>	<u>1,555</u>	<u>1,738</u>
Percentage in relation to total exports of "agricultural products"	<u>70.4</u>	<u>75.3</u>	<u>75.6</u>