Portugal

2016 Country Review

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Country Overview

Country Overview

PORTUGAL

Portugal is located in Southwestern Europe, bordering the North Atlantic Ocean and Spain. The 15th and 16th centuries were the golden age of Portugal, during which Portuguese navigators explored the globe and founded colonies in South America, Africa, and the Far East. Portugal lost much of its wealth and status with the destruction of Lisbon in a 1755 earthquake, occupation during the Napoleonic Wars, and the independence of its wealthiest colony of Brazil in 1822. A 1910 revolution deposed the monarchy, and for most of the next six decades the country was run by repressive governments. Portugal moved from authoritarian rule to parliamentary democracy following the 1974 military coup that overthrew Marcelo Caetano, the successor of the long-running dictatorship of Antonio Salazar. During the next two years almost all Portuguese colonies gained independence. Portugal joined the European Community (now the European Union) in 1986 and has since moved toward greater political and economic integration with Europe. It adopted the euro as its national currency in 2002.

Key Data

Key Data	
Region:	Europe
Population:	10825309
Climate:	Maritime temperate; cool and rainy in north, warmer and drier in south
Languages:	Portuguese
Currency:	1 Euro = 100 cents
Holiday:	Day of Portugal is 10 June (1580), Liberation Day is 25 April (1974)
Area Total:	92080
Area Land:	91640
Coast Line:	1793

Portugal

Country Map

Europe

Regional Map

Chapter 2

Political Overview

History

Portugal's history can be divided into seven broad periods. The first began in the Paleolithic period and extended to the formation of Portugal as an independent monarchy. During this period, Lusitania, the portion of the western Iberian Peninsula known today as Portugal, experienced many waves of conquest and settlement by Iberos, Phoenicians, Greeks, Romans, Swabians, Visigoths and Muslims. Of these successive waves of people, the Romans left the greatest imprint on present Portuguese society.

The second broad period of Portuguese history ran from the founding of the monarchy in 1128 until the disappearance of the House of Burgundy, Portugal's first dynasty, in 1383. During this period, Portugal expanded by re-conquering territory from the Muslims and populating those lands with Christian settlers. Consolidation and economic development were achieved by policies designed to increase agricultural productivity.

The third period began with the founding of the House of Avis, Portugal's second ruling dynasty. During this period, Portugal experienced a dynastic struggle that brought the House of Avis to the throne; a series of wars with Castile that threatened the independence of the kingdom; a social revolution; a second dynastic struggle; and the assertion of royal supremacy over the nobility.

The fourth period began in 1415 when the Portuguese seized Ceuta in Morocco, beginning Portugal's maritime expansion. During this period, Portugal explored the west coast of Africa; discovered and colonized Madeira and the Azores; opened the passage to India around Africa; built an empire in Asia; and colonized Brazil.

The fifth period, one of imperial decline, began with the dynastic crisis of 1580, which saw the demise of the House of Avis. During this period, Portugal was part of the Iberian Union until 1640, when the monarchy was restored and a new dynasty, the House of Bragança, was established. This period included the advent of absolutism in Portugal and ended with the Napoleonic invasions in the early 1800s.

The sixth period, of constitutional monarchy, began with the liberal revolution of 1820, which established a written Portuguese constitution for the first time. This period included a civil war in which "constitutionalists" triumphed over absolutists; Brazil's winning of independence; and the exploration of Portugal's African possessions.

The final period began in 1910 with the downfall of the monarchy and the establishment of the First Republic. This period includes the authoritarian and corporatist republic of António de Oliveira Salazar; the collapse of that regime on April 25, 1974; and the establishment of Portugal's present democratic regime, the Second Republic.

Portugal insisted upon maintaining its colonies into the 1970s. Rebellions in Portuguese-held areas of Indonesia, Angola, Portuguese Guinea and Mozambique, and the increased financial strain placed upon the Portuguese economy due to these rebellions, led to a bloodless military coup in Portugal in April 1974. Shortly thereafter, Portugal granted independence to its remaining African colonies and East Timor.

Note on History: In certain entries, open source content from the State Department Background Notes and Country Guides have been used. A full listing of sources is available in the Bibliography.

Political Conditions

Elections in the 1990s

The Socialist Party, under António Guterres, won 112 seats in the Oct. 1, 1995, parliamentary elections, falling just four seats short of an absolute majority of 116 seats in the 230-seat parliament. The Socialist Party formed a minority government.

Socialist Jorge Sampaio won the February 1996 presidential elections with nearly 54 percent of the vote. Sampaio's election and the local elections held in December 1997 marked the first time since the 1974 revolution that a single party held the position of prime minister, the presidency and a plurality of the municipalities.

In the parliamentary elections of Oct. 10, 1999, the Socialist Party of Prime Minister António Guterres won an additional three seats bringing its total to 115, just short of an absolute majority. The Socialist Party again formed a minority government, with Guterres returning as prime minister. The opposition controlled the remaining seats.

Of the opposition parties, the electoral alliance of the Communist Party and the Greens experienced the greatest electoral improvement, winning two additional seats for a total of 17 seats.

The largest party in opposition was the Social Democratic Party, which lost seven seats from the previous parliamentary term, bringing its total to 81 seats. The People's Party kept its 15 seats, while a new alliance of small radical parties, the Left Bloc, won two seats.

Political issues in the early 2000s

Two major road accidents occurred in March 2001, the first due to a collapsing bridge which killed at least 60, and the second a bus accident apparently due to driver error killing 14. These accidents focused public attention on the poor state of Portugal's infrastructure and poor policing. Public criticism of the government after the bridge collapse forced the public works minister, Coelho, to resign.

In late June 2001, Prime Minister Guterres dramatically changed his cabinet lineup - perhaps in response to continuing criticism of the government's performance. Despite several important accomplishments, including sound employment figures, reduced taxes, and membership in the Economic and Monetary Union (EMU), both the opposition Social Democrats and even members of Guterres' own Socialist Party voiced their dissatisfaction with the government. Furthermore, Portugal's relatively high inflation rate, government spending, and budget deficit drawew the attention of its fellow EMU members.

The major issues the Guterres government faced were reforms of the bureaucracy, the Portuguese health system, the courts, and the electoral system. Portugal also faced the continuing task of improving its economy to the level of other west European countries - all the while keeping within the bounds stipulated by the EU's "stability and growth pact."

Elections in the early 2000s

While parliamentary elections were not due until autumn 2003, a political crisis arose in December 2001 after the Social Democrat Party dramatically defeated the Socialist Party in local council elections. On December 17, the day after the polls, Prime Minister Guterres resigned from his position and on Dec. 28, 2001, President Sampaio dissolved parliament. The decline in popularity for the Socialist Party was largely due to its inability to effectively address Portugal's slow economic growth in 2001, declining foreign investment, a growing deficit (for which the European Union or EU would reprimand Portugal in early 2002), and poor public services.

New parliamentary elections were held on March 17, 2002, between Eduardo Ferro Rodrigues as the Socialist Party leader and Jose Durao Barroso as the Social Democrat leader. While the Social Democrats did not win an outright majority of the vote, only winning 102 of 230 seats, President Sampaio nominated Barroso for the position of Prime Minister. Prime Minister Barroso formed a center-right political coalition with the far-right Popular Party who won 14 seats in the elections, through which they created a majority government.

The political climate after the 2002 elections leading into 2003

Since the shift in political power was primarily due to voters' reaction to the deteriorating economy, the new Barroso-led government was compelled to make swift and viable changes to economy to please both the electorate and the EU.

Despite attempts to advance these changes, in November and December 2002, there were several general strikes held to protest the government's plan to change labor laws. The new set of legislation would make it easier to dismiss underfunctioning employees and deal with the problem of absenteeism. In regard to the latter issue, Portugal had the highest rate of absenteeism of all the countries in the European Union.

In so far as employer-employee relations were concerned, companies expressed the view that workers had too many rights that negatively impact the productivity and profits of business. Joao Mendes Almeida, the president of the Portuguese chamber of commerce and the vice president of Portugal's confederation of industry, observed that there was an assymetry between employers and employees whereby workers were afforded more rights. Mendes Almeida also argued that foreign investment would be more possible if and when labor practices were changed to reflect a less complex and bureaucratic system of operations.

On the other side of the equation, however, experts on labor issues, such as Maria da Paz Camboslima, a lecturer at Portugal's institute for labour and business studies, observed that increased powers for business and employers would be detrimental to traditional low-wage workers in industries such as textiles and manufacturing.

In the first half of 2003, the issue of the impact of changes in the labor legislation continued to be debated. The long-term effects of these laws were yet to be determined.

Political developments in 2004

In July 2004, President Jorge Sampaio appointed Pedro Santana Lopes to be the country's new prime minister. Santana Lopes -- the mayor of Lisbon -- was elected to be the leader of the ruling Social Democrats. He also functioned in government as the Secretary of State for Culture in the early 1990s. Although he worked in the political sphere for two decades, his national experience was not extensive. Nevertheless, as the leader of the ruling party, Santana Lopes was chosen to replace Jose Manuel Durao Barroso who was to become the new head of the European

Commission.

With Durao Barroso going on to lead the European body, President Jorge Sampaio eschewed calls for an early election. Instead, he invited the Social Democrats to form a new government. Like his predecessor, the new prime minister was faced with a recessionary economy.

By late 2004, President Jorge Sampaio decided to dissolve parliament and call early elections in the wake of a resignation by a Youth and Sports Minister Henrique Chaves. Prime Minister Santana Lopes made the announcement about the dissolution of parliament noting that while he respected the president's decision, he disagreed with it. He noted that it was the first time parliament would be dissolved despite having a majority willing and able to govern. The president, however, argued that the government was unstable. According to the constitution, elections had to be held within 60 days of the start of the dissolution procedure.

Parliamentary Elections in 2005

The 2005 parliamentary elections were set for February 20, 2005. the election campaign then officially commenced on February 6, 2005 and the main issues that dominated the campaign included the country's financial situation, unemployment and abortion.

On election day -- February 20, 2005 -- Portugal's opposition left wing, led by the Socialist Party, won a landslide election victory and effectively ousted the governing right wing, led by the Social Democrats, from power. The Socialists, led by Jose Socrates, won 121 seats and an absolute majority in the country's 230-member parliament. The snap election, as intimated above, was called a year ahead of schedule, thus giving Portugal its fourth government in the space of three years.

Outgoing Prime Minister Pedro Santana Lopes, who had held office for only seven months, was forced to deal with the reality that his party suffered a poor showing. Meanwhile, Jose Socrates of the Socialist Party was nominated and chosen to be the new prime minister and head of government. Going forward, the Socialist leader and new head of government [Socrates], would be faced with having to address Portugal's suffering economy and unemployment rate of seven percent. His proposals to revitalize and globalize the eocnomy would soon meet resistance from workers.

Developments in 2005

In May 2005, Portugal admitted that its federal deficit could reach as high as 6.8 percent of its gross domestic product for the year. The problem with this revelation was that Portugal would substantially exceed the deficit ceiling, as dictated by the European Union. In fact, it would mean that Portugal's deficit would be more than double the acceptable level of deficits, which Eurozone rules have set at 3 percent of gross domestic product. Germany, France and Greece have all, at times, hovered around the three percent deficit ceiling, while Italy miscalculated its estimations in previous years. But Portugal's situation has been viewed as more of a challenge because the country has repeatedly contravened against the budgetary rules, and also because the new deficit figures are so much higher than other countries in the European bloc.

In response, financial voices within the European Union called for the loosening of the financial rules within the Eurozone, which are known as the Stability and Growth Pact. The pact was intended to strengthen confidence of the European currency, which could have been affected by extensive spending. However, more recently, several European governments have argued they need to increase spending for the purpose of dealing with slower growth and higher unemployment. Reforming the pact, therefore, is likely to factor highly on the agenda of the European bloc.

Also in May 2005, former Portuguese Prime Minister Antonio Guterres was appointed as the new head of the United Nations refugee agency. Guterres replaced Ruud Lubbers, who was compelled to resign earlier in 2005 when allegations of sexual harassment surfaced (Lubbers has denied these charged).

In July 2005, there was a one-day strike, which was called by public sector workers to protest government proposals to curtail spending while increasing the value-added tax (VAT).

Presidential Elections of 2006

In Portugal's presidential election held on January 22, 2006, Anibal Cavaco Silva claimed victory and became the country's first conservative president since 1974. He was set to replace President Jorge Sampaio who finished two five-year terms in office. President-elect Cavaco Silva garnered 50.6 percent of the vote-share, narrowly avoiding a run-off election. His two Socialist opponents were Manuel Alegre and former Portuguese leader, Mario Soares.

Turnout was low by Portuguese standards at 63 percent of the voting public. The Expresso publication noted that more people abstained from voting than the number of people who voted in favor of Cavaco Silva. As such, some observers said that Cavaco Silva's victory was a marginal one. Meanwhile, a number of Portuguese publications agreed that the election victory represented a validation of Cavaco Silva -- the individual -- rather than validation of conservative values and principles. Indeed, the new president's ideological stance was more center-right than hardcore conservative.

To this end, the Correio de Manha newspaper wrote, "Mr. Cavaco Silva's election confirms there is a sizeable core of the electorate in Portugal who voted not for the party, but for the individual." Likewise, the daily publication, Publico, pointed to Cavaco Silva's personal appeal saying, "The winner was the most enigmatic candidate, the most difficult to categorize." Publico also made note of the new president's 10-year record as prime minister noting that he "won on the strength of his reputation." Publico went on to state that it was not a victory "of his ideas, which he did not set out, nor his policy, which he did not make clear."

The presidency is a largely ceremonial role in Portugal. Nevertheless, the president is charged with the appointment of the prime minister and is responsible for dissolving parliament. As such, smooth relations between the office of the head of state and the head of government are necessary. A conservative president working with a Socialist government could certainly present challenges. It was a theme picked up by two publications, Diario de Noticias as well as Jornal de Noticias, who posed questions about the immediate political future in their headlines following the election. Also, unlike other countries in Europe in which political "cohabitation" has been more common, it is the first case of this sort in Portuguese modern political history. This caveat notwithstanding, the conclusion that Cavaco Silva was positioned to craft his own stance and he was free to work with the Socialist government in a productive manner.

To this end, Cavaco Silva promised to work constructively with the Socialist government. Acknowledging his own governing experience when he served as a prime minister from 1985 to 1995, he said, "I know by my own experience the value of cooperation among government bodies." As an economist, he has said that he would support the Socialist government's policies aimed at globalizing the country's economy.

<u>Recent Developments:</u>

In February 2006, the controversial issue of gay marriage came to the fore when Portuguese officials rejected a request by a lesbian couple to marry. The outcome of the request was not surprising since Portuguese law only provides for marriage between a man and woman. Portuguese law does, however, afford gay couple legal, tax and property rights. A legal challenge in court was expected and lawyers for the gay couple confirmed that they intended to appeal the case. The claim was built on the principle that the Portuguese constitution prohibits discrimination on the basis of sexual orientation. For its part, the Socialist government said that it was not planning on changing legislation on the matter in the near future.

In the spring of 2006, the Portuguese newspaper, Diario de Noticias, reported that the Portuguese army was expected to reduce number of colonels by 25 per cent. The reduction was part of a "transformation" process in the army, according to the estimates provided by the Armed Forces

Officers' Association (AOFA). The shift evoked questions about what type of career development path would be possible in the military. Indeed, it has been this very issue that has caused dissatisfaction and instability in the military.

In June 2006, international business ties took center stage on the political landscape. First, Prime Minister Jose Socrates said that Portugal intended to expand bilateral trade with South Korea over the next few years. The remarks were made at a joint press conference with South Korean Prime Minister Han Myung-sook who was in Portugal for a visit. To this end, Socrates said, "We want to boost our trade relationship with South Korea, increasing the bilateral trade fivefold in the next few years." He also encouraged South Korean investment into Portugal and said that he would support the investment of Portuguese enterprises in South Korea. Prime Minister Han Myung-sook responded by saying that South Korea would advocate cooperation in trade and information technology. Several political, cultural and economic agreements were also signed during Prime Minister Han's visit. Then, later in the month, a Portuguese company, Galp Energia, and Brazil's state-owned oil company, Petrobras, announced that they would start a consortium to explore oil reserves in Portugal. Galp Energia and Petrobras were already ensconced in an oil exploration partnership in Brazil's Santos Basin. In the newly-forged agreement, the two companies were given three years to complete prospecting the exploratory zones. If oil extraction was not started within four years, the consortium would forfeit the government's concession. Galp Energia was supposed to finance the project while Petrobras was to be responsible for the technology. The agreement marked the start of the first offshore oil exploration project in Portugal.

At the close of June 2006, the ruling Socialist Party said that it intended to seek parliament's approval for a law to legalize abortion. The bill was to be presented to parliament before September 15, 2006 -- almost a year after the rejection by judges of their first attempt to get the bill passed. Abortion in Portugal had been deemed illegal except in cases of rape or when a woman's life is at risk. Nevertheless, Portugal's Movement for Legalizing the Voluntary Interruption of Pregnancy managed to successfully collect 15,000 signatures in favor of legalization.

In February 2007, following a referendum in which a majority voted in favor of the proposal to legalize abortion in the first 10 weeks of pregnancy, the government of Portugal said that it would move to make the procedure legal. The new law was endorsed by the president in April 2007.

Meanwhile, March 2007 saw massive protests take place as people rallied against the government's proposed economic and social reforms. It was a repeat of the scene in 2005 when public sector workers demonstrated against the government's reform agenda.

In July 2007, Portugal assumed the presidency of the European Union. Participation in the European bloc remained at the forefront of the political agenda in April 2008 when the new Lisbon Treaty was ratified in the Portuguese parliament. That treaty would later be in jeopardy after Irish ratification failed. See "Foreign Relations" for more details.

Portuguese cultural identity was the dominant topic of discussion in May 2008 when the country's parliament voted in favor of synchronizing the Portugese language with Brazilian practice. The issue struck a chord with some groups who decried the move, saying that it marked a loss of authenticity and demonstrated the country's willingness to concede to Brazil's influence.

Special Entry:

Global credit crisis; effects felt in Europe

Summary:

A financial farrago, rooted in the credit crisis, became a global phenomenon by the start of October 2008. In the United States, after failure of the passage of a controversial bailout plan in the lower chamber of Congress, an amended piece of legislation finally passed through both houses of Congress. There were hopes that its passage would calm jitters on Wall Street and restore confidence in the country's financial regime. However, a volatile week on Wall Street followed, most sharply characterized by a precipitous 18 percent drop of the Dow Jones. With the situation requiring rapid and radical action, a new proposal for the government to bank stakes was gaining steam. Meanwhile, across the Atlantic in Europe, with banks also in jeopardy of failing, and with no coordinated efforts to stem the tide by varying countries of the European Union, there were rising anxieties not only about the resolving the financial crisis, but also about the viability of the European bloc. Nevertheless, European leaders were able to forge an agreement aimed at easing the credit crunch in that region of the world. Following is an exploration, first, of the situation in the United States, and, second, of the situation unfolding in Europe.

Report:

On Sept. 28, 2008, as the United States was reeling from the unfolding credit crisis, Europe's banking sector was also hit by its own woes when the Dutch operations of the European banking and insurance entity, Fortis, was partly nationalized in an effort to prevent its ultimate demise. Radical action was spurred by anxieties that Fortis was too much of a banking and financial giant to be allowed to fail. The Netherlands, Belgium and Luxembourg forged an agreement to contribute more than 11 billion euros (approximately US$16 billion) to shore up Fortis, whose share price fell precipitously due to worries about its bad debts.

A day later, the mortgage lender -- Bradford and Bingley -- in the United Kingdom was nationalized when the British government took control of the bank's mortgages and loans. Left out of the nationalization scheme were the savings and branch operations, which were sold off to Santander of Spain. Earlier, the struggling mortgage lender, Northern Rock, had itself been nationalized. The head of the British Treasury, Alistair Darling, indicated that "big steps" that would not normally be taken were in the offing, given the unprecedented nature of the credit crisis.

On the same day, financial woes came to a head in Iceland when the government was compelled to seize control of the country's third-largest bank , Glitnir, due to financial problems and fears that it would go insolvent. Iceland was said to be in serious financial trouble, given the fact that its liabilities were in gross excess of the country's GDP. Further action was anticipated in Iceland, as a result.

On Sept 30, 2008, another European bank -- Dexia -- was the victim of the intensifying global banking and financial crisis. In order to keep Dexia afloat, the governments of France, Belgium, and Luxembourg convened talks and agreed to contribute close to 6.5 billion euros (approximately US$9 billion) to keep Dexia from suffering a demise.

Only days later, the aforementioned Fortis bank returned to the forefront of the discussion in Europe. Belgian Prime Minister Yves Leterme said he was hoping to locate a new owner with the aim of restoring confidence in Fortis, and thusly, preventing a further downturn in the markets. Leterme said that the authorities were considering takeover bids for the Belgian operations of the company (the Dutch operations were nationalized as noted above.)

By Sept. 5, 2008, one of Germany's biggest banks, Hypo Real Estate, was at risk of failing. In response, German Chancellor Angela Merkel said she would exhaust all efforts to save the bank. A rescue plan by the government and banking institutions was eventually agreed upon at a cost of 50 billion euros (approximately US$70 billion). This agreement involved a higher cost than was previously discussed.

Meanwhile, as intimated above, Iceland was enduring further financial shocks to its entire banking system. As such, the government of Iceland was involved in intense discussions aimed at saving the country's financial regime, which were now at severe risk of collapse due to insolvency of the country's commercial banks.

Meanwhile, on Sept. 4, 2008, the leaders of key European states -- United Kingdom, France, Germany, and Italy -- met in the French capital city of Paris to discuss the financial farrago and to consider possible action. The talks, which were hosted by French President Nicolas Sarkozy, ended without consensus on what should be done to deal with the credit crisis, which was rapidly becoming a global phenomenon. The only thing that the four European countries agreed upon was that there would not be a grand rescue plan, akin to the type that was initiated in the United States. As well, they jointly called for more greater regulation and a coordinated response. To that latter end, President Nicolas Sarkozy said, "Each government will operate with its own methods and means, but in a coordinated manner."

This call came after Ireland took independent action to deal with the burgeoning financial crisis.

Notably, the Irish government decided days earlier to fully guarantee all deposits in the country's major banks for a period of two years. The Greek government soon followed suit with a similar action. These actions by Ireland and Greece raised the ire of other European countries, and evoked questions of whether Ireland and Greece had violated any European Union charters. An investigation by the European Union was pending into whether or not Ireland's guarantee of all savings deposits was anti-competitive in nature.

Nevertheless, as anxieties about the safety of bank deposits rose across Europe, Ireland and Greece saw an influx of new banking customers from across the continent, presumably seeking the security of knowing their money would be safe amidst a financial meltdown. And even with questions rising about the decisions of the Irish and Greek government, the government of Germany decided to go down a similar path by guaranteeing all private bank accounts. For his part, British Prime Minister Gordon Brown said that his government would increase the limit on guaranteed bank deposits from £35,000 to £50,000.

In these various ways, it was clear that there was no concurrence among some of Europe's most important economies. In fact, despite the meeting in France, which called for coordination among the countries of the European bloc, there was no unified response to the global financial crisis. Instead, that meeting laid bare the divisions within the countries of the European Union, and called into question the very viability of the European bloc. Perhaps that question of viability would be answered at a forthcoming G8 summit, as recommended by those participating in the Paris talks.

A week later, another meeting of European leaders in Paris ended with concurrence that no large institution would be allowed to fail. The meeting, which was attended by leaders of euro zone countries, resulted in an agreement to guarantee loans between banks until the end of 2009, with an eye on easing the credit crunch. The proposal, which would apply in 15 countries, also included a plan for capital infusions by means of purchasing preference shares from banks. The United Kingdom, which is outside the euro zone, had already announced a similar strategy.

French President Nicolas Sarkozy argued that these unprecedented measures were of vital importance. The French leader said, "The crisis has over the past few days entered into a phase that makes it intolerable to opt for procrastination and a go-it-alone approach." He also tried to ease growing frustration that such measures would benefit the wealthy by explaining that the strategy would not constitute "a gift to banks."

While these developments were aimed at restoring confidence in the financial regime in Europe, Iceland continued to struggle. Indeed, the country's economy stood precipitously close to collapse. Three banks, including the country's largest one -- Kaupthing -- had to be rescued by the government and nationalized. Landsbanki and Glitnir had been taken over in the days prior. A spokesperson for Iceland's Financial Supervisory Authority said, "The action taken... was a necessary first step in achieving the objectives of the Icelandic government and parliament to ensure the continued orderly operation of domestic banking and the safety of domestic deposits."

With the country in a state of economic panic, trading on the OMX Nordic Exchange was suspended temporarily, although it was expected to reopen on October 13, 2008. Iceland's Prime Minister Geir Haarde said that his country was considering whether to seek assistance from the International Monetary Fund to weather the crisis.

Iceland was also ensconced in a mini-imbroglio with the United Kingdom over that country's decision to freeze Icelandic bank assets. At issue was the United Kingdon's reaction to the unfolding crisis in Iceland, which the British authorities said left deposits by its own citizens at risk. British Prime Minister Gordon Brown particularly condemned the government of Iceland for its poor stewardship of the situation and also its failure to guarantee British savers' deposits (Icelandic domestic deposits, by contrast, had been guaranteed by the country's Financial Supervisory Authority). That said, the United Kingdom Treasury was eventually able to arrange for some British deposits to Kaupthing to be moved under the control of ING Direct. There were also arrangements being made for a payout to Landsbanki's depositors.

In early 2009, according to the European Commission, European banks were in need of as much as several trillion in bailout funding. Impaired or toxic assets factored highly on the European Union bank balance sheets, with credit default swaps on Irish debt running at 355 basis points higher at the time of writing -- the highest rate in Europe and well on its way down the path of Iceland. Anxieties were so high in Dublin that tens of thousands of people took to the streets to protest the growing financial crisis.

Meanwhile, the fallout from the housing bubble was deleteriously affecting the United Kingdom, with anxieties being stoked about whether British banks could at all be saved.

In Spain, unemployment was in double digit territory and industrial production plunged 20 percent from where it was a year earlier. It was anticipated that credit default swaps for Spain, Portugal, Italy and Greece would double over the course of the next year. In other parts of Europe, according to economist Nouriel Roubini, the economies of Ukraine, Belarus, Hungary, Latvia and Lithuania appeared to be on the brink of disaster.

Regarding Ukraine, there were fears that it would might not abide with terms of a loan from the International Monetary Fund and thusly default on its debt. Meanwhile in Poland, the currency was falling and in Russia, even as the rouble fell, the Kremli warned of economic contraction.

Overall, Eastern European countries borrowed heavily from Western European banks. Thus, even if the currencies on the eastern part of the continent collapse, effects will be felt in the western part of Europe as well. For example, Swiss banks that gave billions of credit to Eastern Europe cannot look forward to repayment anytime soon. As well, Austrian banks have had extensive exposure to Eastern Europe, and can anticipate a highly increased cost of insuring its debt.

German Finance Minister Peer Steinbrueck has warned that as many as 16 European Union countries will require assistance. Indeed, his statements suggest the need for a regional rescue effort. Of consideration is the fact that, according to the Maastricht Treaty, state-funded bailouts are prohibited.

By the close of February 2009, it was announced that the banking sectors in Central and Eastern Europe would receive a rescue package of $31 billion, via the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the World Bank. The rescue package was aimed at assisting the survival of small financial institutions and included equity and debt financing, as well as access to credit and risk insurance aimed at encouraging lending.

Also in February 2009, with the global financial crisis intensifying, leaders of European Union countries backed sweeping financial regulations. Included in the package of market reforms were sanctions on tax havens, caps on bonus payments to management, greater hedge fund regulation, and increased influence by the International Monetary Fund. European leaders also backed a charter of sustainable economic activity, that would subject all global financial activities to both regulation and accountability by credit rating agencies.

These moves were made ahead of the Group of 20 summit scheduled for April 2, 2009, in London. It was not known whether other countries outside Europe, such as the United States, Japan, India and China, would support the new and aggressive regime of market regulation. That said, German Chancellor Angela Merkel said in Berlin that Europe had a responsibility to chart this track. She said, "Europe will own up to its responsibility in the world."

<u>Primer on 2009 Parliamentary Elections in Portugal</u>

Parliamentary elections were to be held on September 27, 2009 in Portugal. At issue was the question as to whether or not the Socialist Party would be returned to power as the ruling party of Portugal at a time when the country was experiencing its worse unemployment in twenty years.

For his part, Prime Minister Jose Socrates, the Socialist leader, placed the blame for Portugal's economic challenges on the global economic crisis of 2008. To address Portugal's economic woes, Prime Minister Socrates promised to adhere to an ongoing social and economic reform program, which has not necessarily been positively received by some factions, such as the trade unions. That said, Prime Minister Socrates has committed to pursuing several large public works and infrastructure projects, including a new airport in Lisbon. The program was aimed at stimulating economic growth and addressing the problem of joblessness and was to be funded by private investment.

Opposition leader, Manuela Ferreira Leite, who was hoping to become Portugal's first elected woman prime minister, had her own reform proposal. To that end, she was advocating a deeper and more intense program in a country that has had extremely tough labor laws.

On election day on September 27, 2009, voter turnout was said to be between 57 percent and 62 percent of the electorate. After the polls closed, exit poll data indicated that Portuguese voters decided that stick with the Socialist Party despite the economic troubles facing the country.

Official results showed that Prime Minister Socrates' Socialists had won 36.56 percent of the vote share. By contrast, the center-right opposition Social Democrats garnered 29.09 percent of the vote share. Meanwhile, the far left party, known as the Left Bloc, appeared to have won between nine and 12 percent; the Communist/Green coalition garnered somewhere between eight percent and 12 percent of the vote; the conservative Popular Party had between seven and ten percent of the vote. In terms of seats in parliament, the Socialists did not have an absolute majority that it held after the 2005 elections. Nonetheless, the Socialists had command of a plurality -- 96 seats-- in parliament. The opposition Social Democrats had 78 seats, demonstrating a slight decrease in its support since 2005. The main beneficiary of these shifts in fate from 2005 appeared to be the far-left Left Bloc, which doubled its representation to 16 seats. The Communist/Greens coalition slipped in support and held sway over 15 seats.

For his part, Prime Minister Socrates hailed the election result as a "huge victory" and said, "The Portuguese people made a clear and unambiguous choice that the Portuguese people want the PS to continue to govern Portugal." On the other side of the equation, opposition leader, Ferreira Leite, conceded defeat and promised to be "a responsible opposition." The formation of the new government was yet to be seen.

Special Entry

Greece's Debt Crisis and Impact on the Euro Zone with special emphasis on Portugal

Summary:

Attempts to resolve Greece's economic crisis have been at the forefront of the national agenda. There have also been serious concerns about Greece's economic viability across Europe and internationally. At issue have been deep anxieties about Greece defaulting on its debt, along with subsequent speculation about whether the European Union (EU) and the International Monetary Fund (IMF) would have to step in to prevent such an outcome. By April 2010, the prospects of Greece resolving the matter without help from some transnational body came to a head when the Papandreou administration formally said it would accept the EU-IMF financial rescue package to ensure debt service. But even with this move, Greece's credit rating was downgraded to junk status due to prevailing doubts that it will meet its debt obligations.

Crisis Landscape:

In December 2009, the new Greek head of government, Prime Minister George Papandreou, announced a series of harsh spending cuts in order to address the country's economic woes. He warned that without action such as a hiring freeze on public sector jobs, closure of overseas tourism offices, and decreased social security spending, Greece was at risk of "sinking under its debts." He also said that his country had "lost every trace of credibility" on the economic front and would have to "move immediately to a new social deal."

Fears of a government debt default in Europe emerged in the first week of February 2010, with all eyes focused on Greece. Of concern was the rising cost of insuring Greek debt against default, and fears were rising that a bailout by the International Monetary Fund might be in the offing.

For its part, the Greek government pledged to reduce its budget deficit by three percent of gross domestic product by 2012. That move was welcomed by the European Commission but met with the threat of strikes by Greece's largest union, which has railed against the prospect of austerity measures. By Feb. 10, 2010, the strike by the country's largest public sector union in Greece was going forward. Simultaneously, Prime Minister George Papandreou promised to "take any necessary measures" to reduce Greece's deficit including a freeze on public sector pay, increased taxes and the implementation of changes to the pension system.

The next day, leaders of the European Union said that while Greece had not asked for assistance, they stood ready to help ensure stability within the euro zone. A statement issued from a summit in Brussels read as follows: "We fully support the efforts of the Greek government and their commitment to do whatever is necessary, including adopting additional measures to ensure that the ambitious targets set in the stability program for 2010 and the following years are met." The statement, however, did not specify the nature of such support although there were indications that a loan might be in the offing. Following a meeting of European leaders on Feb. 11, 2010, Austria's Chancellor Werner Faymann explained the need to support fellow European Union member states saying, "It is important to have solidarity." However, he added, "We are not going to give the money as a present, it will be as loans."

Only a few days later, however, the news emerging from Europe was more grim in regards to Greece's situation. As reported by the British publication, the Telegraph, the council of European Union finance ministers issued an ultimatum to Greece, warning that if that country did not comply with austerity measures by March 16, 2010, it would lose sovereign control over its tax and spend policies. The council also warned that the European Union would invoke Article 126.9 of the Lisbon Treaty to take control from Athens and impose requisite cuts. This threat was likely to have more of a practical effect on Greece than an earlier move by the European Union to suspend Greece's voting rights, although both measures indicated a severe blow to Greek sovereignty within the European bloc. From the point of view of the European Union, the verdict was that Greece's austerity plan contained insufficient spending cuts and uncoordinated measures, and compelled the need for such drastic action.

Perhaps not surprisingly, Greece took a different view. Greek Finance Minister George Papaconstantinou argued that his country was "doing enough" to reduce its public deficit from 12 percent to eight percent of GDP in 2010 by undertaking emergency fiscal cuts. Accordingly, Greece has also been reticent about taking further austerity measures, such as an increase in the value added tax or VAT, as well as further public sector wage cuts, which the European Central Bank has said might be necessary. But the rest of Europe was unlikely to receive Greece's claims on faith alone, given the emerging revelations that Wall Street likely helped Greece hide its balance sheets problem for the purpose of advancing euro zone accession.

By the third week of February 2010, as talks in Brussels commenced about the financial crisis in Greece, there was no consensus on the possible path toward helping stabilize the situation in that country. In fact, member states of the European Union appeared divided on the issue. Germany has said it wants to protect its own financial interests by constructing a "firewall" to prevent Greece's debt crisis from spiraling out of control. It was not known if that "firewall" was distinct from, or an actual euphemism for, a bailout for Greece funded by German funds. Certainly, Germany has been careful not to expressly state that it supports some sort of bailout measure for Greece, under the aegis of the European Union , using Germany funds. Indeed, Berlin would have to contend with an outraged domestic reaction, as well as a resistant coalition partner in government whose libertarian inclinations would leave them far from sanguine about such a move.

At the start of March 2010, in the face of pressure from the European Union, the Greek government agreed to a new package of austerity measures, including tax increases and spending cuts, aimed at resolving the budget crisis. The new package was met with approval from the European Union and the International Monetary Fund, who respectively hailed the move as evidence that Greece was taking necessary measures to reduce its precarious debt. The reactions of these two bodies were regarded as crucial, since Greece was hoping for German-funded assistance from the European Union, with the International Monetary Fund in line as an alternative avenue of assistance.

Nevertheless, since the measures included reductions in holiday bonuses paid to civil servants as well as a pension freeze, it effectively raised the ire of public sector workers and trade unions. From their point of view, the financial package would exact a punishing toll on the workers of the country. Not surprisingly, the country was hit by strikes with workers angrily protesting the deficit-cutting government measures detailed above. With schools closed, public transportation, flights and ferries at a halt, and garbage left uncollected, it was clear that the strike was in full-force. On the streets of Athens, striking workers registered discontent, while riot police were deployed across the city.

Regional Considerations:

Also at issue have been the fiscal challenges of Portugal and Spain, which like Greece, have to contend with debt and weakened public finances. One challenge for Spain is the fact that the central government (leaving the social security administration aside) controls only one-third of public sector spending. Accordingly, while the central government can set guidelines for the regional and municipal authorities, it has a fairly limited effect on overall fiscal policy. In Portugal, the government does not command a majority in parliament, effectively complicating the process of implementing fiscal policies, and necessitating broad national consensus on the matter of the country's economic health. Ireland, like Greece, suffers from budget deficits that exceed 12 percent of their economic output. However, Ireland's record in navigating difficult economic times (late 1980s, early 1990s) was believed to be in that country's favor.

Thusly, at the broader level, the European Union has been faced with the moral hazard of having to consider going down a similar path with Spain and Portugal, not to mention other European countries. Clearly, the European Union had no appetite for such a precedent being set in Greece. Not surprisingly, non-euro zone European Union members, such as the United Kingdom and Sweden, were recommending the International Monetary Fund route. They argued that an entity such as the IMF possessed the technocratic acumen and experience to orchestrate and supply a loan bailout to Greece.

Meanwhile, the Fitch ratings agency decided to downgrade Greece's credit rating two notches amidst anxieties that the country will be unable to solve its financial farrago without assistance from external parties. The downgrade was significant since Greece was now at risk of losing its investment grade status, at least according to Fitch. Greece retains marginally higher ratings with Moody's and Standard and Poor's. Earlier, Portugal's credit rating was also downgraded by the Fitch ratings agency over concerns regarding its debt woes. Ironically, the move by Fitch came weeks after Portugal passed an austerity budget aimed at reducing its high budget deficit. At the broader level, the decision to downgrade the credit ratings of both Greece and Portugal, along with attention on the possible rescue package for Greece, renewed anxieties about the problem of heavily indebted economies across the continent.

The situation in these European countries -- specifically on their debt burdens -- has focused attention concomitantly on the European Union where countries of the euro zone share currency but not economic policies, and whose collective fates would be affected by a devalued euro. Indeed, the euro itself has seen its value slide as a result of rising economic anxieties, and questions have once again surfaced regarding its viability.

Last Resort:

By late March 2010, a proposal was advanced to address Greece's debt crisis. The rescue package proposal was intended to be a last resort for Greece, should that country fail to borrow sufficient funds under normal conditions. It would require all euro zone countries to vote unanimously to fund individual loans to Greece, although not all countries would be required to contribute. No actual dollar amount was specified for the possible rescue package although there were suggestions that it would be valued at around 22 billion euro, with the lion's share of the funding being derived from the European Union (EU), and a small remained from the International Monetary Fund (IMF).

On April 10, 2010, euro zone countries agreed to fund up to 30 billion euros -- above the amount originally envisioned -- in emergency loans for debt-hit Greece. The price of the loans would be about five percent and in line with IMF formulas. The loans would not be activated by the euro zone; instead, it would be up to Greece to decide whether or not to avail itself of the funds, which would be co-financed by the IMF, although to what degree was unknown. For its part, Greece has said it does not want to go down the road of such loans, preferring to auction treasury bills. Greece was hoping that the very notion of an EU-IMF rescue package would ease volatile markets and advance an economic recovery, without actually having to activate the loans. However, such a path was viewed as potentially unavoidable, given the fact that Greece has no choice but to finance its debt obligations. As well, there have been the wider considerations at play -- that is, the impact on markets across Europe and the confidence in the euro.

By the close of April 2010, Greece officially requested that the EU-IMF "last resort" loan package be activated in order to deal with its debt-ridden economy and to prevent the unacceptable outcome of default by a sovereign European country. The EU and IMF responded by noting that they believed the details of the rescue plan could be worked through quickly. That being said, since much of the funding for the package would go through the EU, several euro zone countries will have to ratify the use of funds. For example, France would have to garner parliamentary approval for its contribution to Greece's rescue package. In Germany, where -- as discussed above -- the political ramifications of such a plan were expected to be pronounced -- German Chancellor Angela Merkel warned there would be "very strict conditions" attached to her country's contribution of assistance. As well, it was still to be determined how much the IMF would itself finance, along with interest rates by both the IMF and EU. With such hurdles yet to be crossed, it was unlikely that Greece would be in receipt of the much-needed funds until the second week of May 2010.

Meanwhile, Prime Minister George Papandreou expressed confidence in the path going forward. Speaking from the Aegean island of Kastellorizo, he said: "Our partners will decisively contribute to provide Greece the safe harbor that will allow us to rebuild our ship." But the Greek people were not easily assuaged by these words or the EU-IMF rescue package. Instead, they were still railing against the austerity measures enacted by the Greek government with tens of thousands of Greek civil servants taking to the streets to participate in mass strike.

Junk Status:

Further reluctance by Germany to to fund the largest portion of the rescue package for Greece did not help the situation. In fact, with Greece acknowledging that it cannot service its forthcoming debt obligations without the EU-IMF loan, plus the realization that German funds will likely not come quickly, there were escalating fears that Greece could well default by May 19, 2010 -- a significant deadline when billions in bond payments would be due. Although Greek Finance Minister George Papaconstantinou insisted his country would "absolutely and without any doubt" service that debt, prevailing anxieties led another credit rating downgrade for Greece. Indeed, Standard and Poors downgraded Greece's credit rating to junk status. That move, in addition to a slight downgrade to Portugal's debt on the basis of heightened risks, renewed attention to euro zone stability.

Update on Euro Crisis:

In May 2010, the European Union (EU) agreed on a euro stability package valued at 500 billion euros, aimed at preventing the aforementioned Greek debt crisis from deleteriously affecting other countries in the region. Countries within the EU's euro zone would be provided access to loans worth 440 billion euros and emergency funding of 60 billion euros from the EU. As well, the International Monetary Fund (IMF) would earmark an additional 250 billion euros. The European Commission would raise the funds in capital markets, using guarantees from the governments of member states, for the purpose of lending it to countries in economic crisis.

In addition, it was announced that the European Central Bank (ECB) was prepared to participate in exceptional market intervention measures, such as the purchase of euro zone government bonds, for the purpose of shoring up the value and viability of the euro currency.

These moves were aimed at defending the euro, which has seen its value drop precipitously as a result of the Greek debt crisis has gone on, and as anxieties have increased that a similarly disastrous fate could spread to other EU member states, such as Portugal, Spain, Italy and even Ireland. These mostly southern European economies were plagued not only by high deficits but also inherent structural economic weakness.

But even these overtures, as drastic as they might appear, would do little to address Europe's soaring public debt, according to some economic analysts. Indeed, among this core of economists, the argument resided that this rescue package could actually exacerbate the situation. Of concern has been the collective impact of low economic growth, high unemployment, and governments unwilling to take requisite austerity measures to not only decrease spending but also increase productivity. Rather than relying on heavy government spending to spur growth, governments in euro zone countries have opted to decrease their debt levels -- or at least to make the promise of moving in that direction. However, another core of economic analysts has argued that too much debt reduction -- without government stimulus -- could itself stymie economic growth. To this latter end, Daniel Gros of the Center for European Policy Studies warned that "the patient is dead before he can get up and walk."

Vulnerable countries take action:

In a move aimed at addressing its troubling debt, the Spanish government on May 20, 2010, approved an austerity plan. The move was also aimed at soothing fears that Spain would devolve into the same type of debt crisis that had gripped Greece, with deleterious consequences for the value of the euro and the stability of the entire euro zone. A month later in June 2010, the head of the International Monetary Fund, Dominique Strauss-Kahn, was hailing Spain for taking corrective measures to move the country on the path toward economic stability. However, as was the case in Italy (see below) and Greece, the citizenry and unions were railing against the harsh actions.

Italy moved on May 25, 2010 to address its debt challenges by launching its own austerity program on the heels of Spain doing the same. Like Spain, Italy wanted to hold the confidence of international investors and prevent sliding into a Greek-style debt crisis. To these ends, the Italian government of Prime Minister Silvio Berlusconi approved austerity measures worth 24 billion euros for the years 2011-2012. Ultimately, Italy"s government was hoping to reduce its deficit down to below three percent of GDP by 2012. In response, Italian unions took to the streets in protests. Indeed, Italian civilians, particularly those from the public sector, were expected to rail against these moves.

Primer on presidential election in Portugal (Jan. 23, 2011)

A presidential election in Portugal was scheduled to be held on January 23, 2011.

According to the Portuguese Constitution, a candidate contesting the election would require needs a majority of over 50 percent of the vote. Should no candidate cross the necessary majority threshold in the first round of voting, a "run-off" election would follow involving the two candidates garnering the most votes in the first round of voting.

The main candidates contesting the election were:

-Incumbent President Aníbal Cavaco Silva -- a center-right politicians who has served as head of state since 2006 and was backed by the Social Democratic Party, the People's Party, and Hope for Portugal Movement.

- Manuel Alegre, a member of the Assembly of the Republic, who has been supported by the Socialist Party, the Left Bloc, and the Democratic Party of the Atlantic.

- Fernando Nobre, a political independent.

- Defensor de Moura, a member of the Socialist Party who was running as an independent.

- Francisco Lopes, who has been supported by the Communist Party and the Ecologist Party or "The Greens."

- José Manuel Coelho, a member of the New Democracy Party.

Polling indicated that with a heavily split left or left-leaning vote, incumbent President Cavaco Silva was strongly positioned to win the elections. Most polls in late 2010 showed him garnering around 60 percent of the vote. Viewed as a mild-mannered centrist with a background as a professor of economics and experience as a former prime minister, his candidacy was resonating highly with a public worried about Portugal's economic future. Manuel Alegre was the only main contender with polls showing support of around 30.0 percent. Fernando Nobre and Francisco Lopes were significantly trailing with around five percent support respectively, while Defensor Moura was barely tracking a full percentage point of voters' support.

On election day -- Jan. 23, 2011 -- voter turnout was low; however, incumbent President Cacaco Silva was able to pull out a clear majority with 53 percent of the vote count. As expected, his closest rival was Alegre, who secured around 20 percent. The vote result appeared to suggest that the Portuguese citizenry had opted for political stability at a time of economic uncertainty. For his part, President Cavaco Silva said, "I'm a president in favor of stability and consider it very important for Portugal to have political stability to solve its problems."

Indeed, re-elected President Cavaco Silva (of the opposition center-right Social Democratic Party) would have to work with the Socialist government to confront the daunting challenge of leading a country mired by a debt crisis, and on the verge of following the footsteps of Greece and Ireland in seeking financial assistance from the European Union (EU) and the International Monetary Fund (IMF). With Portugal's national debt growing to 82 percent of its gross domestic product (GDP), and with the economy expected to shrink by one percent in 2011 (therefore providing less funds for debt servicing), the Portuguese government was setting forth harsh austerity measures. Those measures would have to be passed in parliament only with President Cavaco Silva's center-right Social Democrats working together with Prime Minister Jose Socrates and the Socialists.

<u>Primer on General Elections (June 5, 2011):</u>

On March 23, 2011, Portuguese Prime Minister Socrates resigned from office as the country's head of government after the opposition rejected his austerity budget proposal. At issue was a budget plan aimed to avoid going down the path traversed by Ireland and Greece in being forced to accept a financial rescue package. Despite the dire state of Portugal's financial affairs, and particularly Portugal's borrowing costs, five opposition parties closed ranks and rejected the budget, which included provisions for tax increases and spending cuts. The opposition parties claimed that the measures were too harsh but Prime Minister Socrates warned that without the adoption of the budget, the country would be headed down the path of political paralysis and economic hardship.

In a televised national address, Prime Minister Socrates said, "Today, every opposition party rejected the measures proposed by the government to prevent that Portugal resort to external aid." He continued, "The opposition removed from the government the conditions to govern." With Prime Minister Socrates presenting his resignation to President Anibal Cavaco Silva only hours after the budget vote, it was clear that Portugal would be headed towards elections.

By the start of April 2011, Portugal had requested a rescue plan or "bailout" to alleviate its debt crisis. Prime Minister Socrates, now acting in a caretaker capacity, said that the request for help had to be made, "to ensure financing for our country, for our financial system and for our economy." Then, in mid-May 2011, financial leaders of the euro zone unanimously approved a 78 billion euro bailout for Portugal, in the interests of the financial stability of all euro zone countries and the European Union as a whole.

Now, on June 5, 2011, Portuguese voters were headed to the polls to vote for a new government. The vote was largely seen as a referendum on Prime Minister Jose Socrates and his Socialist Party. Pre-election polls forecast a close race with the center-right Social Democratic Party, led by Pedro Passos Coelho, slightly ahead of Prime Minister Jose Socrates' Socialists. Once the exit poll data became available, it was clear that the governing Socialists were going down to defeat. Indeed, the Social Democrats won 38.6 percent of the vote share and 105 seats in the 230-seat parliament. Along with its traditional ally, the conservative Democratic and Social Center/Popular Party, which won 24 seats, Coelho would be able to command a healthy parliamentary majority. The Socialists won 73 seats -- 24 less than in the last election.

As intimated here, it was expected that the Social Democrats would form a majority coalition with the conservative Democratic and Social Center/Popular Party. However, that new government would now have to take on the very same task of the outgoing government: that of implementing a harsh austerity program, as a provision of the aforementioned rescue package. To that end, Coelho, who was expected to become the new prime minister, has said that he would make cuts to wasteful state expenditures. However, austerity measures would require far more painful social and fiscal reforms that were unlikely to be popular with the public.

Special Entry

Portugal's Debt Crisis

In mid-May 2011, the International Monetary Fund (IMF) formally approved a rescue or "bailout" package for Portugal, which has been mired by a debt crisis.

Earlier in the year, Portugal followed the footsteps of Greece and Ireland and sought financial assistance from the European Union (EU) and the International Monetary Fund (IMF). With Portugal's national debt growing to 82 percent of its gross domestic product (GDP), and with the economy expected to shrink by one percent in 2011 (therefore providing less funds for debt servicing), the Portuguese government was setting forth harsh austerity measures.

Those measures would have to be passed in parliament with President Cavaco Silva's center-right Social Democrats working together with Prime Minister Jose Socrates and the Socialists.

On March 23, 2011, Portuguese Prime Minister Socrates resigned from office as the country's head of government after the opposition rejected his austerity budget proposal. At issue was a budget plan aimed to avoid going down the path traversed by Ireland and Greece in being forced to accept financial rescue package. Despite the dire state of Portugal's financial affairs, and particularly Portugal's borrowing costs, five opposition parties closed ranks and rejected the budget, which included provisions for tax increases and spending cuts. The opposition parties claimed that the measures were too harsh but Prime Minister Socrates warned that without the adoption of the budget, the country would be headed down the path of political paralysis and economic hardship.

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A European Union summit was set to take start on March 24, 2011, with the objective of implementing a debt crisis plan for the euro zone. Portugal has argued that it should be regarded as a distinct case, noting that its deficit, debt, banking sector, and property markets compared favorably with Ireland and Greece.

By the start of April 2011, Portugal had requested a rescue plan or "bailout" to alleviate its debt crisis. Prime Minister Socrates, now acting in a caretaker capacity, said that the request for help had to be made, "to ensure financing for our country, for our financial system and for our economy." While no actual figure was mentioned at this time, analysts suggested that Portugal would require the equivalent of US$114 billion. Action on Portugal's request was urgent since the country has been paying interest rates at unsustainable levels as it tries to persuade investors to buy its debt.

Meanwhile, banks across Europe found themselves vulnerable to the effects of a potential Portuguese debt servicing default, which would deleteriously affect the euro zone. With these possible consequences in mind, there were high hopes for a rescue package funded by the European Union and the International Monetary Fund. Some assurances on the speed of crafting such a deal were offered by European Commission President Jose Manuel Barroso, who that Portugal's request for a rescue package would be "processed in the swiftest possible manner." Likewise, the IMF indicated that it stood ready to assist Portugal.

As noted above, by mid-May 2011, financial leaders of the euro zone unanimously approved a 78 billion euro bailout for Portugal, in the interests of the financial stability of all euro zone countries and the European Union as a whole. Part of the rescue package for Portugal would be provided by the IMF, as expected. The remainder would be provided by the European Financial Stabilization Mechanism (EFSM). Including the EU, each of the three parties would contribute 26 billion euros.

By June 2011, the debt crisis in Portugal gave rise to political change when Portuguese voters were headed to the polls to vote for a new government. The vote was largely seen as a referendum on aforementioned Prime Minister Jose Socrates and his Socialist Party. Pre-election polls forecast a close race with the center-right Social Democratic Party, led by Pedro Passos Coelho, slightly ahead of Prime Minister Jose Socrates' Socialists. Once the the exit poll data became available, it was clear that the governing Socialists were going down to defeat. Indeed, the Social Democrats won 38.6 percent of the vote share and 105 seats in the 230-seat parliament. Along with its traditional ally, the conservative Democratic and Social Center/Popular Party, which won 24 seats, Coelho would be able to command a healthy parliamentary majority. The Socialists won 73 seats -- 24 less than in the last election.

As intimated here, it was expected that the Social Democrats would form a majority coalition with the conservative Democratic and Social Center/Popular Party. However, that new government would now have to take on the very same task of the outgoing government: that of implementing a harsh austerity program, as a provision of the aforementioned rescue package. To that end, Coelho, who was expected to become the new prime minister, said that he would make cuts to wasteful state expenditures. However, austerity measures would require far more painful social and fiscal reforms that were unlikely to be popular with the public.

By the start of July 2011, Portugal's gloomy economic farrago was exacerbated by the decision of the credit ratings agency, Moody's, to downgrade Portugal's debt from Baa1 to Ba2 -- effectively "junk status." According to Moody's, the tax increases and spending cuts in Portugal constituted "formidable challenges" and increased risk for that country, thus contributing to the credit agency's decision to downgrade Portugal's debt. Moody's additionally held grave doubts that Portugal would be successful in achieving its deficit reduction target of three percent of GDP by 2013. Moreover, Moody's warned that Portugal could well be in need of a second rescue package before being cleared to again borrow money from financial markets.

The government of Portugal responded by saying that Moody's was disregarding its commitment to austerity measures, which the Portuguese government argued, was "the only way to reverse the course and restore confidence" in Portugal. Portuguese Finance Minister Vítor Gaspar noted that Moody's decision failed to consider the move to implement an extraordinary tax on income, which he characterized as "proof of the government's determination" to meet deficit targets by going well beyond the austerity measures associated with the aforementioned rescue package. Two other major ratings agencies maintained Portugal's rank as BBB – above “junk status.”

In January 2012, the credit ratings agency, Standard & Poor's, downgraded the status of a number of European countries. Portugal's credit rating was cut from BBB- to BB -- "junk status."

In late February 2012, international creditors gave the Portuguese government positive feedback as regards its economic reform efforts aimed at addressing the country's prevailing debt crisis. International inspectors had conducted a review on the implementation of Portugal's economic reforms, with an eye on approving a new tranche of fiscal funds. That review concluded in a positive assessment for Portugal. The the troika -- consisting of the International Monetary Fund (IMF), the European Union (EU) and the European Central Bank (ECB) -- confirmed progress made by Portugal. A joint statement read as follows: "Policies are generally being implemented as planned and economic adjustment is under way. Financial sector reforms and de-leveraging efforts are advancing, while steps are being taken to ensure that credit needs of companies with sound growth prospects are met." Acknowledging the headwinds to be faced, such as decreasing demands for imports as well as high unemployment, the statement noted, "The program is on a good path, but there are still some challenges."

For its part, the Portuguese authorities pledged not to go down the path of Greece in requiring further rescue funds. Portuguese Finance Minister Vitor Gaspar said, "We will not ask for more time or money. The program, from the Portuguese point of view, is bound to be implemented. The limits, the amounts, the goals and the timetables are a part of a contract that we are obliged to fulfill."

In March 2012, public sector workers in Portugal went on strike to protest against the center-right government's harsh austerity measures. Those measures were part of a required reform agenda that Portugal had to implement in order to secure a rescue package that would be used to address the country's debt crisis. While the austerity measures and overall economic reform efforts in Portugal have garnered positive feedback from international creditors (as noted above), the resonance has not been as positive among working people in Portugal.

Indeed, protest action has ensued to register discontent over the reforms, resulting in disruptions to the public transport sector, strains at hospitals, and closures of schools. This particular public sector strike was organized by the country's biggest trade union, the General Confederation of Portuguese Workers, but also attracted youth protesters and leftist activists, all of whom were railing against the government's reforms, which have included job cuts, wage reductions, curtailed benefits, increased taxation, and the privatization of several industries.

Note:

The stability of the euro zone and the European Union has become a major concern in recent years, largely emanating from the Greek debt crisis, but extending regionally. Indeed, in late 2011, there were calls for serious changes to Europe's governing treaties, aimed at ameliorated economic governance for the 17 countries that make up the euro currency bloc.

Included in their proposal were: (1) the creation of a monetary fund for Europe, (2) automatic penalties for countries that exceed European deficit limits, and (3) monthly meetings of European leaders. Meanwhile, the European Stability Mechanism (ESM), which was intended to replace the European Financial Stability Facility in 2013 (an entity intended as a rescue mechanism for struggling European economies), would be advanced earlier in 2012. Ideally, the new treaty would be ratified by all 27 member states of the European Union. However, if concurrence at that level proved impossible, then the 17 states of the euro zone would have to approve it.

Please see the "Economic Conditions" for information about the debt crisis plaguing Europe and the euro zone countries.

Update:

On April 3, 2013, the government of Prime Minister Pedro Passos Coelho -- the head of the center-right Social Democratic Party -- survived a no confidence motion filed by the main opposition Socialist Party. The no-confidence motion was the fourth such motion launched against the government in nine months. In this case, the Socialists were registering their opposition to the austerity policies of Prime Minister Coelho, which they said was not rescuing the country from its economic woes.

Antonio Jose Seguro, the general secretary of the Socialist Party, explained its moves, saying, "The government has failed on all of its goals." He noted that the deficit and public debt in 2012 exceeded the expressed goals of the government, and that the unemployment rate actually increased in 2013. Seguro continued by saying the time had come to "liberate the Portuguese from two more years of this administration that would be a nightmare." Large swaths of the public appeared to want to be liberated from Coelho's policies with widespread anti-austerity protests taking place with regularity in Portugal.

Despite this lofty ambition, and irrespective of the public's outcry against the austerity measures, the dominance of the center-right in parliament ensured the survival of Prime Minister Coelho's government. For his part, Prime Minister Coelho maintained that his government would continue its objective, "to complete the austerity program scheduled until May 2014." He noted that during his tenure at the helm of government, Portugal garnered positive evaluations from the European Union, the International Monetary Fund, and the European Central Bank.

It should be noted that on April 8, 2013, the Portuguese Constitutional Court struck down portions of his austerity budget. The court specifically struck down the budget's provision to suspend holiday bonuses for public sector workers and pensioners.

The court ruling would essentially force the prime minister to find other ways to make necessary spending cuts. To that end, Prime Minister Coelho warned that since unprecedented tax increases were already in the budget, slashes to social security, health care, education, and public enterprises would likely be instituted in the future.

This news was not likely to assuage an angry and frustrated Portuguese public already suffering from record unemployment, who were, therefore, even more reliant on the social safety net of the country. Meanwhile, the political opposition was accusing Coelho of using the court ruling as a justification to move forward with even more draconian cuts to public services.

In the first week of July 2013, the government of Portuguese Prime Minister Pedro Passos Coelho was in crisis when Foreign Minister Paulo Portas and Finance Minister Vitor Gaspar tendered their resignations. Since the elections of 2011, Portugal has been administered by a coalition government. The main partner in the coalition was the center-right Social Democratic Party, led by Pedro Passos Coelho; the junior partner was the conservative Democratic and Social Center/Popular Party, led by Paulo Portas. Together, the two parties commanded a healthy parliamentary majority. But the exits of two major cabinet ministers, particularly the high profile Portas, from the government augured a crisis. Indeed, without Portas' party in the coalition, the prime minister would no longer hold a majority in parliament and would have to call snap elections.

At issue was a row over the imposition of austerity measures, which mandated in exchange for a 2011 bailout package provided by a "troika" of creditors, composed of the International Monetary Fund, the European Commission, and the European Central Bank. That bailout package had been needed to rescue Portugal from a nasty debt-GDP crisis, reminiscent of the Greek debt crisis, which has plagued euro bloc nations in recent years. Mandated austerity measures have become increasingly unpopular among the Portuguese people despite the government's commitment to go forward with them. The dispute triggered the shock exit of Gaspar, followed by the quick appointment of a replacement -- Maria Luis Albuquerque. Portas issued his own resignation in protest of the fact that there was neither discussion nor consensus over the appointment of Albuquerque, who had a known pro-austerity position. For his part, Portas advocated a shift in Portugal's economic path, pointing to the fact that austerity had only served to push Portugal further into recession, driving up unemployment, and sparking mass protests, strikes, and social unrest.

With an eye on preventing his government from collapsing, Prime Minister Pedro Passos Coelho and the Social Democrats entered negotiations with Portas and the Democratic and Social Center/Popular Party in the hopes of reaching a feasible deal that could conceivably preserve the government. Finally, it was announced that Portas would return to the fold with greater power as the new deputy prime minister, and that he would be responsible for both economic affairs and dealing with international lenders. Albuquerque would apparently retain her new ministerial portfolio, although the changes in the government organization suggested that her stances would invariably be challenged by Portas, given his new powers. It was to be seen if this new structure would be sustainable as discussions with international lenders of the terms of their loan went forward.

Note: The strength and unity of the coalition was shown in mid-July 2013 when it defeated a motion of no confidence in parliament. The no-confidence motion was backed by the main opposition Socialists and the two smaller left-wing parties, while the ruling Social Democrats along with the Democratic and Social Center/Popular Party partner CDS-PP voted against the motion.

Primer on 2015 parliamentary elections

Parliamentary elections were expected to be held in Portugal in 2015 with a date ultimately set for Oct. 4, 2015. At stake was the composition of the unicameral "Assembleia da República" (Assembly of the Republic) with its 230 seats. Members of this legislative body are popularly elected by proportional representation in multi-seat constituencies and serve maximum four-year terms. The leader of the party with the most seats in parliament, and control over an outright majority of seats, typically serves as prime minister and forms the government.

Since the 2011 elections, Pedro Mamede Passos Coelho of the center-right Social Democratic Party has served in that capacity. It was to be seen how the political parties of Portugal would fare in 2015. Pre-election polling data indicated a competitive race between the center-right Social Democratic Party and the left-leaning opposition Socialists.

By mid-September 2015, polling data continued to forecast a close race between the two main parties. Indeed, cumulative polling surveys indicated that neither the ruling center-right coalition nor the opposition Socialists, led by Antonio Costa, were positioned to gain an outright majority in parliament.

Nevertheless, the ruling coalition, led by the center-right Social Democratic Party, expressed confidence that it would hold onto power, arguing that in the aftermath of Portugal's debt crisis, which was the dominant theme in the 2011 contest, Portuguese voters would choose stability. Deputy Prime Minister Paulo Portas said in an interview with Reuters News, "I think the Portuguese will have very good sense in who they choose on Oct. 4 and they will avoid any kind of risk of returning to the causes and consequences of what happened in 2011. No society goes through what the Portuguese went through without learning its due lessons and consequences. We had a serious budget deficit and debt problem in 2011." Portas made note of the fact that the ruling coalition had successfully guided the country through the harsh bailout regime and on the road to recovery. As such, he argued that continuing along this path would be best for Portugal as he said, "It is necessary to consolidate the policies that guarantee the growth cycle."

It should be noted that Portas was the leader of the conservative Democratic and Social Center/Popular Party -- the junior partner in the ruling coalition, which was led by the center-right Social Democratic Party and Prime Minister Pedro Passos Coelho. Portas served as a foreign minister in the coalition until 2013 when a power struggle broke out over proposed austerity measures. Portas exited the coalition arguing that the prime minister had made decisions without consultations with other coalition members; he also argued against further stringent austerity measures, which he said were not helping Portugal emerge from recession and its debt crisis. Talks aimed at averting the collapse of the government followed, ad ultimately, the popular Portas returned his party to the fold in the capacity of deputy prime minister. Now two years later, he was part of the outgoing ruling coalition hoping to be re-elected to the helm of power in Portugal.

Of note was the fact that the opposition Socialists were, themselves, predicting a return to power after the 2015 polls on the basis of their promise to end the austerity regime. They were also signaling their lack of interest in a coalition government. It was to be seen if their aspirations would be realized.

The goals of the opposition Socialists appeared more distant in the last week of September 2015 when polling data showed the ruling coalition with a slight lead over them. As before, neither side was likely to attain a majority in parliament; however, the advantage -- small as it was -- appeared to be with the ruling coalition. The Communist-Green alliance was sitting in a distant third place, just ahead of the Left Bloc.

On Oct. 4, 2015, voters went to the polls in Portugal to cast their ballots in the country's parliamentary contest. Once the votes were counted, it was apparent that the ruling coalition -- composed of the center-right Social Democratic Party and its ally, the conservative People's Party -- was on track to be re-elected to power with 104 seats in the 230-seat parliament. The opposition Socialist secured 85 seats, and the Socialists' leader, Antonio Costa, conceded defeat noting that his party "did not reach its objectives."

This result -- a plurality of the vote share -- was a vindication for the government and its stewardship of the Portuguese economy, despite the unpopularity of austerity policies. At the same time, the result was also a reminder that the government had limited support since it failed to secure an outright majority. Thus, when Portuguese President Anibal Cavaco Silva called on Prime Minister Pedro Passos Coelho to start consultations on the formation of a new government, it was with the guidance that the future government be a sustainable one since it would be reliant on other parties for support in order to pass legislation. To this end, the president said, "It is fundamental that a stable and lasting government is formed ... It is up to the political parties ... to show openness to compromise, with a sense of responsibility, to ensure a solution for a sustainable government." With painful reforms on the future legislative agenda, it was to be seen if such compromises -- especially related to further austerity measures -- could actually be advanced.

At the end of October 2015, Portuguese President Anibal Cavaco Silva accepted the new minority government of Prime Minister Pedro Passos Coelho, which included Paulo Portas, the leader of the junior ruling coalition partner -- the conservative Democratic and Social Center/Popular Party. The president's blessing of the minority government was an attempt to inoculate the cabinet from being brought down on a confidence vote in parliament. To that end, the Socialists were already vowing to vote against the new minority Coelho administration. In an interview with the media, a Socialist member of parliament, Ana Catarina Mendes, previewed the party's objections to the incoming government, saying, "It's continuity of past policies without any evolution ... It's a depleted government unable to minimally interact with the society. It is a government without future and well aware of it." Recognizing that it was figuratively on "life support," with a confidence vote looming ahead in the second week of November 2015, the new minority Coelho administration was calling for talks aimed at preserving its tenure. It was to be seen if its message would be persuasive.

Note that if the newly approved minority Coelho administration was to be brought down by parliament, the president would be forced to take one of two paths. One option would be to leave Coelho in place in a caretaker capacity at the helm of an interim government, with fresh elections to be called in early 2015. The second option would be to call on the Socialist leader, Antonio Costa, to try to form a coalition government with left-wing allied parties.

To that end, in the first week of November 2015, it was announced that a left-wing coalition, headed by the center-left Socialists and supported by the Communists, the Left Bloc, and another small leftist party, had been formed, and that it would form the basis of a sustainable government. With the left-wing alliance agreeing to protect employment, pensions and salaries, it was clear that its policy agenda would be a distinct departure from the austerity policy agenda of Coelho's administration.

For his part, Coelho acknowledged that his minority government was effectively on life support. With the left-leaning parties forming an alliance, there was a high possibility that his administration would fall after a vote set for the second week of November 2015 when his legislative program would be voted on in parliament. Should his program fail to be ratified, the Coelho's administration would be brought down. He said in an interview with the media, "If I am not prime minister as of Tuesday it will be because the Socialists did not let me continue...I'll be where I am needed, in government which is the natural place for the one who won the election, but if I am potentially not in government but in opposition, I will assume my responsibilities."

On Nov. 10, 2015, the short-lived center-right government of Coelho collapsed when a coalition of left-leaning parties voted decisively to reject his the prime minister's legislative program. With 123 of 230 members of parliament voting against the Coelho administration, history of sorts was made as it was the first time in almost 40 years that a government has collapsed in the first confidence vote following its election to power. The fall of Prime Minister Coelho's government effectively opened the door for the Socialists to form an alternative government, backed by a cadre of leftist parties in parliament.

Should that option come to pass, it was quite likely that Portugal's austerity agenda would end. Indeed, that was the driving force behind the decision by left-leaning parties, such as the Communists and the Left Bloc, to close ranks with the Socialists and bring down the center-right administration of Coelho, which has touted its economic stewardship credentials by implementing harsh austerity measures as a means to address the country's prevailing debt crisis. It was unclear if the reversal of those austerity measures would allow Portugal to meet its structural adjustment commitments to the European Union.

Nevertheless, the orchestrator of these moves, Socialist leader Antonio Costa, presaged a new direction for Portugal as he said, "The taboo has ended, the wall has been broken. This is a new political framework, the old majority cannot pretend to be what it stopped being."

Note that in the third week of November 2015, President Anibal Cavaco Silva named Antonio Costa -- the Socialist leader -- to be the new prime minister at the helm of a somewhat unstable Socialist government, reliant on the Left Bloc and the far-left Communists for support in parliament. President Silva had the option of leaving in place the centre-right Coelho government in a caretaker capacity; however, the president acknowledged that such a path, given the indecisive outcome of the election, did "not correspond to the national interest." It was to be seen how the incoming Costa government would be able to adhere to Portuga's financial commitments to the European Union while satisfying the leftists in parliament whose support was needed to sustain the new administration.

Primer on presidential election in Portugal

The Portuguese presidential election was set to be held on Jan. 24, 2016. If in that contest no candidate manages to garner an absolute majority of the vote in that round, then a second round of voting would be held on Feb. 14, 2016. With incumbent President Aníbal Cavaco Silva constitutionally barred from contesting a third consecutive term in office, the 2016 election would be an open race. In Portugal, the president is popularly elected for a five-year term.

The main candidates for the presidency in 2016 included Henrique Neto, former member of parliament of the Socialist Party; Candido Ferreira, an Independent,and former member of the Socialist Party; Maria de Belem, former President of the Socialist Party; Marcelo Rebelo de Sousa, former leader of the Social Democratic Party; Antonio de Sampaio da Novoa, an

Independent and former rector of the University of Lisbon; Edgar Silva, a regional legislator from the Assembly of Madeira from the Portuguese Communist Party; Paulo de Morais, an Independent and former deputy mayor of Porto; Jorge Sequeira, a psychologist and university professor; and Marisa Matias, a sociologist and European member of parliament from the European United Left–Nordic Green Left; Vitorino Silva, an Independent.

On Jan. 24. 2016, voters went to the polls in Portugal to select a president. When the votes were counted, it was Marcelo Rebelo de Sousa who secured an outright victory with 52 percent of the vote share, effectively foreclosing the notion of second round. Trailing Rebelo de Sousa in second place was Antonio de Sampaio da Novoa, who took 23 percent, and in third place was Marisa Matias. With a fragile Socialist-led government leading Portugal at the start of 2016, all eye were on the incoming president to act as a statesman, and a mediator, with the nationalist interest in mind.

-- January 2016

Written by Dr. DeniseYoungblood Coleman, Editor in Chief, CountryWatch Inc. Research resources listed in Bibliography. Supplementary sources: Diario de Noticias, Jornal de Noticias, Expresso, Correio de Manha and Publico.

Political Risk Index

Political Risk Index

The **Political Risk Index** is a proprietary index measuring the level of risk posed to governments, corporations, and investors, based on a myriad of political and economic factors. The Political Risk Index is calculated using an established methodology by CountryWatch's Editor-in-Chief and is based on varied criteria* including the following consideration: political stability, political representation, democratic accountability, freedom of expression, security and crime, risk of conflict, human development, jurisprudence and regulatory transparency, economic risk, foreign investment considerations, possibility of sovereign default, and corruption. Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the highest political risk, while a score of 10 marks the lowest political risk. Stated differently, countries with the lowest scores pose the greatest political risk. A score of 0 marks the most dire level of political risk and an ultimate nadir, while a score of 10 marks the lowest possible level of political risk, according to this proprietary index. Rarely will there be scores of 0 or 10 due to the reality that countries contain complex landscapes; as such, the index offers a range of possibilities ranging from lesser to greater risk.

Country	Assessment
Afghanistan	2
Albania	4
Algeria	6
Andorra	9
Angola	4
Antigua	8
Argentina	4
Armenia	4-5
Australia	9.5
Austria	9.5
Azerbaijan	4

Bahamas	8.5
Bahrain	6
Bangladesh	3.5
Barbados	8.5-9
Belarus	3
Belgium	9
Belize	8
Benin	5
Bhutan	5
Bolivia	5
Bosnia-Herzegovina	4
Botswana	7
Brazil	7
Brunei	7
Bulgaria	6
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	3

Cambodia	4
Cameroon	5
Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4
Chile	9
China	7
China: Hong Kong	8
China: Taiwan	8
Colombia	7
Comoros	5
Congo DRC	3
Congo RC	4
Costa Rica	8
Cote d'Ivoire	4.5
Croatia	7
Cuba	4-4.5

Cyprus	5
Czech Republic	8
Denmark	9.5
Djibouti	4.5
Dominica	7
Dominican Republic	6
East Timor	5
Ecuador	6
Egypt	5
El Salvador	7
Equatorial Guinea	4
Eritrea	3
Estonia	8
Ethiopia	4
Fiji	5
Finland	9
Fr.YugoslavRep.Macedonia	5
France	9

Gabon	5
Gambia	4
Georgia	5
Germany	9.5
Ghana	6
Greece	4.5-5
Grenada	8
Guatemala	6
Guinea	3.5
Guinea-Bissau	3.5
Guyana	4.5
Haiti	3.5
Holy See (Vatican)	9
Honduras	4.5-5
Hungary	7
Iceland	8.5-9
India	7.5-8
Indonesia	6

Iran	3.5-4
Iraq	2.5-3
Ireland	8-8.5
Israel	8
Italy	7.5
Jamaica	6.5-7
Japan	9
Jordan	6.5
Kazakhstan	6
Kenya	5
Kiribati	7
Korea, North	1
Korea, South	8
Kosovo	4
Kuwait	7
Kyrgyzstan	4.5
Laos	4.5
Latvia	7

Lebanon	5.5
Lesotho	6
Liberia	3.5
Libya	2
Liechtenstein	9
Lithuania	7.5
Luxembourg	9
Madagascar	4
Malawi	4
Malaysia	8
Maldives	4.5
Mali	4
Malta	8
Marshall Islands	6
Mauritania	4.5-5
Mauritius	7
Mexico	6.5
Micronesia	7

Moldova	5
Monaco	9
Mongolia	5
Montenegro	6
Morocco	6.5
Mozambique	4.5-5
Namibia	6.5-7
Nauru	6
Nepal	4
Netherlands	9.5
New Zealand	9.5
Nicaragua	5
Niger	4
Nigeria	4.5
Norway	9.5
Oman	7
Pakistan	3.5
Palau	7

Panama	7.5
Papua New Guinea	5
Paraguay	6.5-7
Peru	7
Philippines	6
Poland	8
Portugal	7.5
Qatar	7.5
Romania	5.5
Russia	5.5
Rwanda	5
Saint Kitts and Nevis	8
Saint Lucia	8
Saint Vincent and Grenadines	8
Samoa	7
San Marino	9
Sao Tome and Principe	5.5
Saudi Arabia	6

Senegal	6
Serbia	5
Seychelles	7
Sierra Leone	4.5
Singapore	9
Slovak Republic (Slovakia)	8
Slovenia	8
Solomon Islands	6
Somalia	2
South Africa	7
Spain	7.5
Sri Lanka	5
Sudan	3.5
Suriname	5
Swaziland	5
Sweden	9.5
Switzerland	9.5
Syria	2

Tajikistan	4.5
Tanzania	6
Thailand	6.5
Togo	4.5
Tonga	7
Trinidad and Tobago	8
Tunisia	6
Turkey	7
Turkmenistan	4.5
Tuvalu	7
Uganda	6
Ukraine	3.5-4
United Arab Emirates	7
United Kingdom	9
United States	9.5
Uruguay	8
Uzbekistan	4
Vanuatu	7

Venezuela	4
Vietnam	5
Yemen	3
Zambia	4.5
Zimbabwe	3

*Methodology

The Political Risk Index is calculated by CountryWatch's Editor-in-Chief and is based on the combined scoring of varied criteria as follows --

1. political stability (record of peaceful transitions of power, ability of government to stay in office and carry out policies as a result of productive executive-legislative relationship, perhaps with popular support vis a vis risk of government collapse)

2. political representation (right of suffrage, free and fair elections, multi-party participation, and influence of foreign powers)

3. democratic accountability (record of respect for political rights, human rights, and civil liberties, backed by constitutional protections)

4. freedom of expression (media freedom and freedom of expression, right to dissent or express political opposition, backed by constitutional protections)

5. security and crime (the degree to which a country has security mechanisms that ensures safety of citizens and ensures law and order, without resorting to extra-judicial measures)

6. risk of conflict (the presence of conflict; record of coups or civil disturbances; threat of war; threats posed by internal or external tensions; threat or record of terrorism or insurgencies)

7. human development (quality of life; access to education; socio-economic conditions; systemic concern for the status of women and children)

8. jurisprudence and regulatory transparency (the impartiality of the legal system, the degree of transparency within the regulatory system of a country and the durability of that structure)

9. economic conditions (economic stability, investment climate, degree of nationalization of industries, property rights, labor force development)

10. corruption (the degree of corruption in a country and/or efforts by the government to address graft and other irregularities)

Editor's Note:

As of 2015, the current climate of upheaval internationally -- both politically and economically -- has affected the ratings for several countries across the world.

North Korea, Afghanistan, Somalia, and Zimbabwe -- retain their low rankings.

Several Middle Eastern and North African countries, such as Tunisia, Egypt, Libya, Syria, Iraq and Yemen were downgraded in recent years due to political instability occurring in the "season of unrest" sweeping the region since 2011 and continuing today. The worst downgrades affected Syria where civil war is at play, along with the rampage of terror being carried out by Islamist terrorists who have also seized control over part of Syrian territory. Iraq has been further downgraded due to the rampage of Islamist terrorists and their takeover of wide swaths of Iraqi territory. Libya has also been downgraded further due to its slippage into failed state status; at issue in Libya have been an ongoing power struggle between rival militias. Yemen continues to hold steady with a poor ranking due to continued unrest at the hands of Houthi rebels, secessinionists, al-Qaida in the Arabian Peninsula, and Islamic State. Its landscape has been further complicated by the fact that it is now the site of a proxy war between Iran and Saudi Arabia. Conversely, Tunisia and Egypt have seen slight upgrades as these countries stabilize.

In Africa, Zimbabwe continues to be one of the bleak spots of the world with the Mugabe regime effectively destroying the country's once vibrant economy, and miring Zimbabwe with an exceedingly high rate of inflation, debilitating unemployment, devolving public services, and critical food shortages; rampant crime and political oppression round out the landscape. Somalia also sports a poor ranking due to the continuing influence of the terror group, al-Shabab, which was not operating across the border in Kenya. On the upside, Nigeria, which was ineffectively dealing with the threat posed by the terror group, Boko Haram, was making some strides on the national security front with its new president at the helm. Mali was slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. But the Central African Republic was downgraded due to the takeover of the government by Muslim Seleka rebels and a continued state of lawlessness in that country. South Sudan -- the world's newest nation state -- has not been officially included in this assessment;

however, it can be unofficially assessed to be in the vicinity of "3" due to its manifold political and economic challenges. Burkina Faso, Burundi and Guinea have been downgraded due to political unrest, with Guinea also having to deal with the burgeoning Ebola crisis.

In Europe, Ukraine was downgraded due to the unrest facing that country following its Maidan revolution that triggered a pro-Russian uprising in the eastern part of the country. Russia was also implicated in the Ukrainian crisis due to its intervention on behalf of pro-Russian separatists, as well as its annexation of the Ukrainian territory of Crimea. Strains on the infrastructure of southern and eastern European countries, such as Serbia, Croatia, and Hungary, due to an influx of refugees was expected to pose social and economic challenges, and slight downgrades were made accordingly. So too, a corruption crisis for the Romanian prime minister has affected the ranking of that country. Meanwhile, the rankings for Spain, Portugal, Ireland, and Italy were maintained due to debt woes and the concomitant effect on the euro zone. Greece, another euro zone nation, was earlier downgraded due to its sovereign debt crisis; however, no further downgrade was added since the country was able to successfully forge a bailout rescue deal with creditor institutions. Cyprus' exposure to Greek banks yielded a downgrade in its case.

In Asia, Nepal was downgraded in response to continuous political instability and a constitutional crisis that prevails well after landmark elections were held.   Both India and China retain their rankings; India holds a slightly higher ranking than China due to its record of democratic representation and accountability. Increasing violence and political instability in Pakistan resulted in a downgrade for this country's already low rating. Meanwhile, Singapore retained its strong rankings due to its continued effective stewardship of the economy and political stability.

In the Americas, ongoing political and economic woes, as well as crime and corruption have affected the rankings for Mexico , Guatemala, and Brazil. Argentina was downgraded due to its default on debt following the failure of talks with bond holders. Venezuela was downgraded due to its mix of market unfriendly policies and political oppression. For the moment, the United States maintains a strong ranking along with Canada, and most of the English-speaking countries of the Caribbean; however, a renewed debt ceiling crisis could cause the United States to be downgraded in a future edition. Finally, a small but significant upgrade was attributed to Cuba due to its recent pro-business reforms and its normalization of ties with the Unitd States.

Source:

Dr. Denise Youngblood Coleman, Editor in Chief, CountryWatch Inc. www.countrywatch.com

Updated:

2015

Political Stability

Political Stability

The **Political Stability Index** is a proprietary index measuring a country's level of stability, standard of good governance, record of constitutional order, respect for human rights, and overall strength of democracy. The Political StabilityIndex is calculated using an established methodology* by CountryWatch's Editor-in-Chief and is based on a given country's record of peaceful transitions of power, ability of a government to stay in office and carry out its policies vis a vis risk credible risks of government collapse. Threats include coups, domestic violence and instability, terrorism, etc. This index measures the dynamic between the quality of a country's government and the threats that can compromise and undermine stability. Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the lowest level of political stability and an ultimate nadir, while a score of 10 marks the highest level of political stability possible, according to this proprietary index. Rarely will there be scores of 0 or 10 due to the reality that countries contain complex landscapes; as such, the index offers a range of possibilities ranging from lesser to greater stability.

Country	Assessment
Afghanistan	2
Albania	4.5-5
Algeria	5
Andorra	9.5
Angola	4.5-5
Antigua	8.5-9

Argentina	7
Armenia	5.5
Australia	9.5
Austria	9.5
Azerbaijan	5
Bahamas	9
Bahrain	6
Bangladesh	4.5
Barbados	9
Belarus	4
Belgium	9
Belize	8
Benin	5
Bhutan	5
Bolivia	6
Bosnia-Herzegovina	5
Botswana	8.5
Brazil	7

Brunei	8
Bulgaria	7.5
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	4
Cambodia	4.5-5
Cameroon	6
Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4.5
Chile	9
China	7
China: Hong Kong	8
China: Taiwan	8
Colombia	7.5
Comoros	5
Congo DRC	3

Congo RC	5
Costa Rica	9.5
Cote d'Ivoire	3.5
Croatia	7.5
Cuba	4.5
Cyprus	8
Czech Republic	8.5
Denmark	9.5
Djibouti	5
Dominica	8.5
Dominican Republic	7
East Timor	5
Ecuador	7
Egypt	4.5-5
El Salvador	7.5-8
Equatorial Guinea	4.5
Eritrea	4
Estonia	9

Ethiopia	4.5
Fiji	5
Finland	9
Fr.YugoslavRep.Macedonia	6.5
France	9
Gabon	5
Gambia	4.5
Georgia	5
Germany	9.5
Ghana	7
Greece	6
Grenada	8.5
Guatemala	7
Guinea	3.5-4
Guinea-Bissau	4
Guyana	6
Haiti	3.5-4
Holy See (Vatican)	9.5

Honduras	6
Hungary	7.5
Iceland	9
India	8
Indonesia	7
Iran	3.5
Iraq	2.5
Ireland	9.5
Israel	8
Italy	8.5-9
Jamaica	8
Japan	9
Jordan	6
Kazakhstan	6
Kenya	5
Kiribati	8
Korea, North	2
Korea, South	8.5

Kosovo	5.5
Kuwait	7
Kyrgyzstan	5
Laos	5
Latvia	8.5
Lebanon	5.5
Lesotho	5
Liberia	3.5-4
Libya	2
Liechtenstein	9
Lithuania	9
Luxembourg	9.5
Madagascar	4
Malawi	5
Malaysia	8
Maldives	4.5-5
Mali	4.5-5
Malta	9

Marshall Islands	8
Mauritania	6
Mauritius	8
Mexico	6.5-7
Micronesia	8
Moldova	5.5
Monaco	9.5
Mongolia	6.5-7
Montenegro	8
Morocco	7
Mozambique	5
Namibia	8.5
Nauru	8
Nepal	4.5
Netherlands	9.5
New Zealand	9.5
Nicaragua	6
Niger	4.5

Nigeria	4.5
Norway	9.5
Oman	7
Pakistan	3
Palau	8
Panama	8.5
Papua New Guinea	6
Paraguay	8
Peru	7.5
Philippines	6
Poland	9
Portugal	9
Qatar	7
Romania	7
Russia	6
Rwanda	5
Saint Kitts and Nevis	9
Saint Lucia	9

Saint Vincent and Grenadines	9
Samoa	8
San Marino	9.5
Sao Tome and Principe	7
Saudi Arabia	6
Senegal	7.5
Serbia	6.5
Seychelles	8
Sierra Leone	4.5
Singapore	9.5
Slovak Republic (Slovakia)	8.5
Slovenia	9
Solomon Islands	6.5-7
Somalia	2
South Africa	7.5
Spain	9
Sri Lanka	5
Sudan	3

Suriname	5
Swaziland	5
Sweden	9.5
Switzerland	9.5
Syria	2
Tajikistan	4.5
Tanzania	6
Thailand	6
Togo	5
Tonga	7
Trinidad and Tobago	8
Tunisia	5
Turkey	7.5
Turkmenistan	5
Tuvalu	8.5
Uganda	6
Ukraine	3.5-4
United Arab Emirates	7

United Kingdom	9
United States	9
Uruguay	8.5
Uzbekistan	4
Vanuatu	8.5
Venezuela	4.5-5
Vietnam	4.5
Yemen	2.5
Zambia	5
Zimbabwe	3

*Methodology

The Political Stability Index is calculated by CountryWatch's Editor-in-Chief and is based on the combined scoring of varied criteria as follows --

1. record of peaceful transitions of power (free and fair elections; adherence to political accords)

2. record of democratic representation, presence of instruments of democracy; systemic accountability

3. respect for human rights; respect for civil rights

4. strength of the system of jurisprudence, adherence to constitutional order, and good governance

5. ability of a government to stay in office and carry out its policies vis a vis risk credible risks of government collapse (i.e. government stability versus a country being deemed "ungovernable")

6. threat of coups, insurgencies, and insurrection

7. level of unchecked crime and corruption

8. risk of terrorism and other threats to national security

9. relationship with regional powers and international community; record of bilateral or multilateral cooperation

10. degree of economic strife (i.e. economic and financial challenges)

Editor's Note:

As of 2015, the current climate of upheaval internationally -- both politically and economically -- has affected the ratings for several countries across the world. The usual suspects -- North Korea, Afghanistan, and Somalia -- retain their low rankings. The reclusive and ultra-dictatorial North Korean regime, which has terrified the world with its nuclear threats, has exhibited internal instability. Of note was a cut-throat purge of hundreds of high ranking officials deemed to be a threat to Kim Jung-un. Despite their attempts to recover from years of lawlessness, war, and warlordism, both Afghanistan and Somalia continue to be beset by terrorism and turmoil. In Afghanistan, while international forces have seen success in the effort against the terror group, al-Qaida, the other Islamist extremist group, the Taliban, continues to carry out a vicious insurgency using terrorism. In Somalia, while the government attempts to do the nation's business, the terror group, al-Shabab continues to make its presence known not only in Somalia, but across the border into Kenya with devastating results/ Also in this category is Iraq, which continues to be rocked by horrific violence and terrorism at the hands of Islamic State, which has taken over wide swaths of Iraqi territory.

Syria, Libya, and Yemen have been added to this unfortunate echelon of the world's most politically unstable countries. Syria has been mired by the twin hazards of 1. a civil war as rebels oppose the Assad regime; and 2. the rampage of terror being carried out by Islamic State, which also seized control over vast portions of Syrian territory. Meanwhile, the post-Qaddhafi landscape of Libya has devolved into chaos as rival militias battle for control -- the elected government of the country notwithstanding. Rounding out this grim triad is Yemen, which was dealing with a Houthi rebellion, secesionists in the south, as well as the threat of terrorism from al-Qaida in the Arabian Peninsula as well as Islamic State, while also being the site of a proxy war between Shi'a Iran and Sunni Saudi Arabia.

Meanwhile, several Middle Eastern and North African countries, such as Tunisia, Egypt, and

Bahrain were downgraded in recent years due to political instability occurring in the "season of unrest" sweeping the region since 2011 and continuing today. All three of these countries have stabilized in recent years and have been upgraded accordingly. In Bahrain, the landscape had calmed. In Egypt, the secular military-backed government has generated criticism for its crackdown on the Muslim Brotherhood; however, the country had ratified the presidency via democratic elections and were on track to hold parliamentary elections as the country moved along the path of democratization. Perhaps the most impressive story was coming out of Tunisia -- the country whose Jasmine Revolution sparked the entire Arab Spring -- and where after a few years of strife, a new progressive constitution was passed into law and a secular government had been elected to power. Tunisia, Egypt, and Bahrain have seen slight upgrades as these countries stabilize.

In Africa, the Central African Republic was downgraded the previous year due to the takeover of the government by Muslim Seleka rebels. Although the country has been trying to emerge from this crisis, the fact of the matter was that it was difficult to halt the precipitous decline into lawlessness in that country. Zimbabwe has maintained its consistently poor ranking due to the dictatorial regime of Mugabe, who continues to hold a tight grip on power, intimidates the opposition, squashes dissent, and oppresses the white farmer population of the country. Moving in a slightly improved direction is Nigeria, which has sported abysmal ratings due to the government's fecklessness in dealing with the threat posed by the Islamist terror group, Boko Haram. Under its newly-elected government, there appears to be more of a concerted effort to make national security a priority action item. Mali was also slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. Political instability has visited Burkina Faso and Burundi as the leaders of those countries attempted to side-step constitutional limits to hold onto power. In Burundi, an attempted coup ensued but quelled, and the president won a (questionable) new term in office; unrest has since punctuated the landscape. In Burkina Faso, the political climate has turned stormy as a result of a successful coup that ended the rule of the president, and then a putsch against the transitional government. These two African countries have been downgraded as a result.

It should be noted that the African country of South Sudan -- the world's newest nation state -- has not been officially included in this assessment; however, it can be unofficially assessed to be in the vicinity of "3" due to its manifold political and economic challenges. Guinea has endured poor rankings throughout, but was slightly downgraded further over fears of social unrest and the Ebola heath crisis.

In Europe, Ukraine was downgraded due to the unrest facing that country following its Maidan revolution that triggered a pro-Russian uprising in the eastern part of the country. Russia was also implicated in the Ukrainian crisis due to its intervention on behalf of pro-Russian separatists, as well as its annexation of the Ukrainian territory of Crimea. Serbia and Albania were slightly downgraded due to eruptions of unrest, while Romania was slightly downgraded on the basis of corruption charges against the prime minister. Spain, Portugal, Ireland, and Italy were downgraded due to debt woes and the concomitant effect on the euro zone. Greece, another euro zone nation, was downgraded the previous year due to its sovereign debt crisis; however, the country successfully forged a rescue deal with international creditors and stayed within the Euro zone. Greek voters rewarded the hitherto unknown upstart party at the polls for these efforts. As a result, Greece was actually upgraded slightly as it proved to the world that it could endure the political and economic storms. Meanwhile, Germany, France, Switzerland, the United Kingdom, the Netherlands, and the Scandinavian countries continue to post impressive ranking consistent with these countries' strong records of democracy, freedom, and peaceful transfers of power.

In Asia, Nepal was downgraded in response to continuous political instability well after landmark elections that prevails today. Cambodia was very slighly downgraded due to post-election instability that has resulted in occasional flares of violence. Despite the "trifecta of tragedy" in Japan in 2011 -- the earthquake, the ensuing tsunami, and the resulting nuclear crisis -- and the appreciable destabilization of the economic and political terrain therein, this country has only slightly been downgraded. Japan's challenges have been assessed to be transient, the government remains accountable, and there is little risk of default. Both India and China retain their rankings; India holds a slightly higher ranking than China due to its record of democratic representation and accountability. Increasing violence and political instability in Pakistan resulted in a downgrade for this country's already low rating.

In the Americas, Haiti retained its downgraded status due to ongoing political and economic woes. Mexico was downgraded due to its alarming rate of crime. Guatemala was downgraded due to charges of corruption, the arrest of the president, and uncertainty over the outcome of elections. Brazil was downgraded due to the corruption charges erupting on the political landscape, the stalling of the economy, and the increasingly loud calls for the impeachment of President Rousseff. Argentina was downgraded due to its default on debt following the failure of talks with bond holders. Venezuela was downgraded due to the fact that the country's post-Chavez government is every bit as autocratic and nationalistic, but even more inclined to oppress its political opponents. Colombia was upgraded slightly due to efforts aimed at securing a peace deal with the FARC insurgents. A small but significant upgrade was attributed to Cuba due to its recent pro-business reforms and its normalization of ties with the Unitd States. Meanwhile, the United States, Canada, Costa Rica, Panama, and most of the English-speaking countries of the Caribbean retain their strong rankings due to their records of stability and peaceful transfers of power.

In the Pacific, Fiji was upgraded due to its return to constitutional order and democracy with the holding of the first elections in eight years.

In Oceania, Maldives has been slightly downgraded due to the government's continued and rather relentless persecution of the country's former pro-democracy leader - former President Nasheed.

Source:

Dr. Denise Youngblood Coleman, Editor in Chief, CountryWatch Inc. www.countrywatch.com

Updated:

2015

Freedom Rankings

Freedom Rankings

Freedom in the World

Editor's Note: This ranking by Freedom House quantifies political freedom and civil liberties into a single combined index on each sovereign country's level of freedom and liberty. The initials "PR" and "CL" stand for Political Rights and Civil Liberties, respectively. The number 1 represents the most free countries and the number 7 represents the least free. Several countries fall in the continuum in between. The freedom ratings reflect an overall judgment based on survey results.

Country	PR	CL	Freedom Status	Trend Arrow
Afghanistan	6 ?	6	Not Free	
Albania*	3	3	Partly Free	
Algeria	6	5	Not Free	

Andorra*	1	1	Free	
Angola	6	5	Not Free	
Antigua and Barbuda*	3 ?	2	Free	
Argentina*	2	2	Free	
Armenia	6	4	Partly Free	
Australia*	1	1	Free	
Austria*	1	1	Free	
Azerbaijan	6	5	Not Free	
Bahamas*	1	1	Free	
Bahrain	6 ?	5	Not Free ?	
Bangladesh*	3 ?	4	Partly Free	
Barbados*	1	1	Free	
Belarus	7	6	Not Free	
Belgium*	1	1	Free	
Belize*	1	2	Free	
Benin*	2	2	Free	
Bhutan	4	5	Partly Free	
Bolivia*	3	3	Partly Free	

Bosnia-Herzegovina*	4	3	Partly Free	
Botswana*	3 ?	2	Free	
Brazil*	2	2	Free	
Brunei	6	5	Not Free	
Bulgaria*	2	2	Free	
Burkina Faso	5	3	Partly Free	
Burma	7	7	Not Free	
Burundi*	4	5	Partly Free	⇑
Cambodia	6	5	Not Free	⇓
Cameroon	6	6	Not Free	
Canada*	1	1	Free	
Cape Verde*	1	1	Free	
Central African Republic	5	5	Partly Free	
Chad	7	6	Not Free	
Chile*	1	1	Free	
China	7	6	Not Free	
Colombia*	3	4	Partly Free	
Comoros*	3	4	Partly Free	

Congo (Brazzaville)	6	5	Not Free	⇓
Congo (Kinshasa)	6	6	Not Free	⇓
Costa Rica*	1	1	Free	
Cote d'Ivoire	6	5	Not Free	
Croatia*	1 ?	2	Free	
Cuba	7	6	Not Free	
Cyprus*	1	1	Free	
Czech Republic*	1	1	Free	
Denmark*	1	1	Free	
Djibouti	5	5	Partly Free	
Dominica*	1	1	Free	
Dominican Republic*	2	2	Free	⇓
East Timor*	3	4	Partly Free	
Ecuador*	3	3	Partly Free	
Egypt	6	5	Not Free	
El Salvador*	2	3	Free	
Equatorial Guinea	7	7	Not Free	
Eritrea	7	7 ?	Not Free	

Estonia*	1	1	Free	
Ethiopia	5	5	Partly Free	⇓
Fiji	6	4	Partly Free	
Finland*	1	1	Free	
France*	1	1	Free	
Gabon	6	5 ?	Not Free ?	
The Gambia	5	5 ?	Partly Free	
Georgia	4	4	Partly Free	
Germany*	1	1	Free	
Ghana*	1	2	Free	
Greece*	1	2	Free	
Grenada*	1	2	Free	
Guatemala*	4 ?	4	Partly Free	
Guinea	7	6 ?	Not Free	
Guinea-Bissau*	4	4	Partly Free	
Guyana*	2	3	Free	
Haiti*	4	5	Partly Free	
Honduras	4 ?	4 ?	Partly Free	

Hungary*	1	1	Free	
Iceland*	1	1	Free	
India*	2	3	Free	
Indonesia*	2	3	Free	
Iran	6	6	Not Free	⇓
Iraq	5 ?	6	Not Free	
Ireland*	1	1	Free	
Israel*	1	2	Free	
Italy*	1	2	Free	
Jamaica*	2	3	Free	
Japan*	1	2	Free	
Jordan	6 ?	5	Not Free ?	
Kazakhstan	6	5	Not Free	⇓
Kenya	4	4 ?	Partly Free	
Kiribati*	1	1	Free	
Kosovo	5 ?	4 ?	Partly Free ?	
Kuwait	4	4	Partly Free	
Kyrgyzstan	6 ?	5 ?	Not Free ?	

Laos	7	6	Not Free	
Latvia*	2	1	Free	
Lebanon	5	3 ?	Partly Free	
Lesotho*	3 ?	3	Partly Free ?	
Liberia*	3	4	Partly Free	
Libya	7	7	Not Free	
Liechtenstein*	1	1	Free	
Lithuania*	1	1	Free	
Luxembourg*	1	1	Free	
Macedonia*	3	3	Partly Free	⇑
Madagascar	6 ?	4 ?	Partly Free	
Malawi*	3 ?	4	Partly Free	
Malaysia	4	4	Partly Free	
Maldives*	3 ?	4	Partly Free	
Mali*	2	3	Free	
Malta*	1	1	Free	⇓
Marshall Islands*	1	1	Free	
Mauritania	6	5	Not Free	

Mauritius*	1	2	Free	
Mexico*	2	3	Free	
Micronesia*	1	1	Free	
Moldova*	3 ?	4	Partly Free	
Monaco*	2	1	Free	
Mongolia*	2	2	Free	⇑
Montenegro*	3	2 ?	Free ?	
Morocco	5	4	Partly Free	⇓
Mozambique	4 ?	3	Partly Free	
Namibia*	2	2	Free	
Nauru*	1	1	Free	
Nepal	4	4	Partly Free	
Netherlands*	1	1	Free	
New Zealand*	1	1	Free	
Nicaragua*	4	4 ?	Partly Free	
Niger	5 ?	4	Partly Free	
Nigeria	5	4	Partly Free	⇓
North Korea	7	7	Not Free	⇓

Norway*	1	1	Free	
Oman	6	5	Not Free	
Pakistan	4	5	Partly Free	
Palau*	1	1	Free	
Panama*	1	2	Free	
Papua New Guinea*	4	3	Partly Free	
Paraguay*	3	3	Partly Free	
Peru*	2	3	Free	
Philippines	4	3	Partly Free	⇓
Poland*	1	1	Free	
Portugal*	1	1	Free	
Qatar	6	5	Not Free	
Romania*	2	2	Free	
Russia	6	5	Not Free	⇓
Rwanda	6	5	Not Free	
Saint Kitts and Nevis*	1	1	Free	
Saint Lucia*	1	1	Free	
Saint Vincent and Grenadines*	2	1	Free	

Samoa*	2	2	Free	
San Marino*	1	1	Free	
Sao Tome and Principe*	2	2	Free	
Saudi Arabia	7	6	Not Free	
Senegal*	3	3	Partly Free	
Serbia*	2 ?	2	Free	
Seychelles*	3	3	Partly Free	
Sierra Leone*	3	3	Partly Free	
Singapore	5	4	Partly Free	
Slovakia*	1	1	Free	⇓
Slovenia*	1	1	Free	
Solomon Islands	4	3	Partly Free	
Somalia	7	7	Not Free	
South Africa*	2	2	Free	
South Korea*	1	2	Free	
Spain*	1	1	Free	
Sri Lanka*	4	4	Partly Free	
Sudan	7	7	Not Free	

Suriname*	2	2	Free	
Swaziland	7	5	Not Free	
Sweden*	1	1	Free	
Switzerland*	1	1	Free	⇓
Syria	7	6	Not Free	
Taiwan*	1 ?	2 ?	Free	
Tajikistan	6	5	Not Free	
Tanzania	4	3	Partly Free	
Thailand	5	4	Partly Free	
Togo	5	4 ?	Partly Free	
Tonga	5	3	Partly Free	
Trinidad and Tobago*	2	2	Free	
Tunisia	7	5	Not Free	
Turkey*	3	3	Partly Free	⇓
Turkmenistan	7	7	Not Free	
Tuvalu*	1	1	Free	
Uganda	5	4	Partly Free	
Ukraine*	3	2	Free	

United Arab Emirates	6	5	Not Free	
United Kingdom*	1	1	Free	
United States*	1	1	Free	
Uruguay*	1	1	Free	
Uzbekistan	7	7	Not Free	
Vanuatu*	2	2	Free	
Venezuela	5 ?	4	Partly Free	
Vietnam	7	5	Not Free	⇓
Yemen	6 ?	5	Not Free ?	
Zambia*	3	4 ?	Partly Free	
Zimbabwe	6 ?	6	Not Free	

Methodology:
PR and CL stand for political rights and civil liberties, respectively; 1 represents the most free and 7 the least free rating. The ratings reflect an overall judgment based on survey results.

? ? up or down indicates a change in political rights, civil liberties, or status since the last survey.
⇑ ⇓ up or down indicates a trend of positive or negative changes that took place but that were not sufficient to result in a change in political rights or civil liberties ratings of 1-7.

* indicates a country's status as an electoral democracy.

Source:

This data is derived from the latest edition of Freedom House's Freedom in the World 2010 edition.

Available at URL: http://www.freedomhouse.org

Updated:

Reviewed in 2015

Human Rights

Overview of Human Rights in Portugal

Portugal is a constitutional democracy. Recent elections have been considered to be free and fair by international standards. The Portuguese government works to respect the civil and human rights of its citizens; however problems have been reported in recent years. First, the judiciary is slow and thus there is lengthy pretrial detention. Of note has also been the fact that police and prison guards beat and torture suspects and detainees. Also noteworthy has been the fact that prison conditions are harsh. Finally, human trafficking is also a growing concern in the region. That said, in global context, Portugal has a very good human rights record.

Human Development Index (HDI) Rank:

See full list in the Social Overview of the Country Review

Human Poverty Index Rank:

Not Ranked

Gini Index:

38.5

Life Expectancy at Birth (years):

76 years

Unemployment Rate:

7.6%

Population living on $1 a day (%):

N/A

Population living on $2 a day (%):

N/A

Population living beneath the Poverty Line (%):

N/A

Internally Displaced People:

N/A

Total Crime Rate (%):

15.5%

Health Expenditure (% of GDP):

Public: 6.6%

% of GDP Spent on Education:

5.8%

Human Rights Conventions Party to:

• International Convention on the Prevention and Punishment and Punishment of the Crime of Genocide
• International Convention on the Elimination of All Forms of Racial Discrimination
• International Covenant on Civil and Political Rights
• International Covenant on Economic, Social and Cultural Rights
• Convention on the Elimination of All Forms of Discrimination against Women
• Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
• Conventions on the Rights of the Child
• Convention relating to the Status of Refugees
• Rome Statute of the International Criminal Court

*Human Development Index (HDI) is a composite index that measures the level of well-being in 177 nations in the world. It uses factors such as poverty, literacy, life-expectancy, education, gross domestic product, and purchasing power parity to assess the average achievements in each nation. It has been used in the United Nation's Human Development Report since 1993.

*Human Poverty Index Ranking is based on certain indicators used to calculate the Human Poverty Index. Probability at birth of not surviving to age 40, adult literacy rate, population without sustainable access to an improved water source, and population below income poverty line are the indicators assessed in this measure.

*The Gini Index measures inequality based on the distribution of family income or consumption. A value of 0 represents perfect equality (income being distributed equally), and a value of 100 perfect inequality (income all going to one individual).

*The calculation of the total crime rate is the % of the total population which has been effected by property crime, robbery, sexual assault, assault, or bribery (corruption) related occurrences.

Government Functions

The Constitution

Following an interim period of military rule, Portugal's April 2, 1976, constitution established a parliamentary democracy, ending Portugal's previous era of authoritarian rule. The 1976 constitution underwent revisions in 1982, 1989, 1992 and 1997 that strengthened the democratic institutions and eliminated much of the initial Marxist influence on the constitution.

The Branches of Government

The president of Portugal is the head of state, and as such, represents Portugal in its international relations and serves as the commander in chief of the armed forces. The president is directly elected for a five-year term and is limited to two consecutive terms. If no candidate receives more than half of the votes among participating voters, a second election is held three weeks after the first between the two candidates that received the most votes.

The president formally appoints the prime minister and, upon the recommendation of the prime minister, the other members of government. The president typically appoints as prime minister the leader of the party that obtained a majority of seats in parliament or the leader of the majority coalition of parties in parliament. The president can, under certain conditions, dissolve the parliament and call early elections. The president can veto legislation adopted by the parliament; an absolute majority in parliament can override a presidential veto. The president can request the Constitutional Court to rule on the constitutionality of legislation passed by the parliament. The Council of State, a consultative body established by the constitution, advises the president.

Executive power is vested in a government comprised of the prime minister, deputy prime ministers and other ministers. The government is responsible for developing and implementing the domestic and foreign policies of Portugal. The president formally appoints the prime minister, and appoints the other ministers upon the recommendation of the prime minister-designate. Once appointed, the prime minister must present the policy program of the government to the parliament. The parliament can reject the policy program, and thus the president's choice for prime minister, by an absolute majority of its members in a vote of no confidence. The government can request confidence votes in the parliament, and the parliament may, on its own initiative, pass motions of no confidence by an absolute majority of its members against the prime minister, individual ministers or the government as a whole. The government shares the authority to initiate legislation and propose referenda with the parliament.

Legislative authority is vested in the unicameral "Assembleia da República" (Assembly of the Republic or parliament) made up of 230 to 235 members elected according to a proportional representation formula for maximum four-year terms. The parliament has the authority to vote, by an absolute majority, against the president's choice for prime minister. The parliament can also pass motions of censure (no-confidence votes) by an absolute majority of its members against the prime minister, other individual ministers, or the government as a whole. The parliament shares the authority to initiate legislation and propose referenda with the government. The parliament elects, by a two-thirds majority, 10 members of the Constitutional Court.

Judicial authority is vested in a Constitutional Court, Supreme Court, courts of first and second instance, Supreme Administrative Court, other administrative courts, Court of Audit and military courts. The Constitutional Court is made up of 13 justices, of which 10 are elected by the parliament for six-year terms. The Constitutional Court has the authority to rule on the constitutionality of legislation, judicial review.

Government Structure

Names:
conventional long form:
Portuguese Republic
conventional short form:
Portugal
local long form:
Republica Portuguesa
local short form:
Portugal

Type:
Parliamentary democracy

Executive Branch:
Head of state:
Marcelo Rebelo de Sousa elected in presidential election in Jan. 2016. Note that the president is popularly elected for a five-year term.

Note:
The Council of State acts as a consultative body to the president.

Primer on presidential election in Portugal
Jan. 24, 2016 -- first round; Feb. 14, 2016 -- second round --

The Portuguese presidential election was set to be held on Jan. 24, 2016. If in that contest no candidate manages to garner an absolute majority of the vote in that round, then a second round of voting would be held on Feb. 14, 2016. With incumbent President Aníbal Cavaco Silva constitutionally barred from contesting a third consecutive term in office, the 2016 election would be an open race. In Portugal, the president is popularly elected for a five-year term.

The main candidates for the presidency in 2016 included Henrique Neto, former member of parliament of the Socialist Party; Candido Ferreira, an Independent,and former member of the Socialist Party; Maria de Belem, former President of the Socialist Party; Marcelo Rebelo de Sousa, former leader of the Social Democratic Party; Antonio de Sampaio da Novoa, an Independent and former rector of the University of Lisbon; Edgar Silva, a regional legislator from the Assembly of Madeira from the Portuguese Communist Party; Paulo de Morais, an Independent and former deputy mayor of Porto; Jorge Sequeira, a psychologist and university professor; and Marisa Matias, a sociologist and European member of parliament from the European United Left–Nordic Green Left; Vitorino Silva, an Independent.

On Jan. 24. 2016, voters went to the polls in Portugal to select a president. When the votes were counted, it was Marcelo Rebelo de Sousa who secured an outright victory with 52 percent of the vote share, effectively foreclosing the notion of second round. Trailing Rebelo de Sousa in second place was Antonio de Sampaio da Novoa, who took 23 percent, and in third place was Marisa Matias. With a fragile Socialist-led government leading Portugal at the start of 2016, all eye were on the incoming president to act as a statesman, and a mediator, with the nationalist interest in mind.

Head of government:
Note that in November 2015, in the aftermath of elections held in October 2015, President Anibal Cavaco Silva named Antonio Costa -- the Socialist leader -- to be the new prime minister at the helm of a Socialist government, reliant on the Left Bloc and the far-left Communists for support in parliament. See "Election Prime" in the section titled "Legislative Branch" below. The Prime Minister is the leader of the majority party or leader of a majority coalition is usually appointed prime minister by the president; see "Election Primer" below.

Cabinet:
Council of Ministers; formally appointed by the president; based on the recommendation of the prime minister

Note:
To remain in office, the government (prime minister and cabinet) must maintain the support of a majority of members of the "Assembleia da República" (Assembly of the Republic).

Legislative Branch:
Unicameral "Assembleia da República" (Assembly of the Republic):
230 members; popularly elected by proportional representation in multi-seat constituencies; maximum four-year terms

Note:
The Assembly can be dissolved pre-term

Primer on 2015 parliamentary elections in Portugal:
Parliamentary elections were expected to be held in Portugal in 2015 with a date ultimately set for Oct. 4, 2015. At stake was the composition of the unicameral "Assembleia da República" (Assembly of the Republic) with its 230 seats. Members of this legislative body are popularly

elected by proportional representation in multi-seat constituencies and serve maximum four-year terms. The leader of the party with the most seats in parliament, and control over an outright majority of seats, typically serves as prime minister and forms the government.

Since the 2011 elections, Pedro Mamede Passos Coelho of the center-right Social Democratic Party has served in that capacity. It was to be seen how the political parties of Portugal would fare in 2015. Pre-election polling data indicated a competitive race between the center-right Social Democratic Party and the left-leaning opposition Socialists.

By mid-September 2015, polling data continued to forecast a close race between the two main parties. Indeed, cumulative polling surveys indicated that neither the ruling center-right coalition nor the opposition Socialists, led by Antonio Costa, were positioned to gain an outright majority in parliament.

Nevertheless, the ruling coalition, led by the center-right Social Democratic Party, expressed confidence that it would hold onto power, arguing that in the aftermath of Portugal's debt crisis, which was the dominant theme in the 2011 contest, Portuguese voters would choose stability. Deputy Prime Minister Paulo Portas said in an interview with Reuters News, "I think the Portuguese will have very good sense in who they choose on Oct. 4 and they will avoid any kind of risk of returning to the causes and consequences of what happened in 2011. No society goes through what the Portuguese went through without learning its due lessons and consequences. We had a serious budget deficit and debt problem in 2011." Portas made note of the fact that the ruling coalition had successfully guided the country through the harsh bailout regime and on the road to recovery. As such, he argued that continuing along this path would be best for Portugal as he said, "It is necessary to consolidate the policies that guarantee the growth cycle."

It should be noted that Portas was the leader of the conservative Democratic and Social Center/Popular Party -- the junior partner in the ruling coalition, which was led by the center-right Social Democratic Party and Prime Minister Pedro Passos Coelho. Portas served as a foreign minister in the coalition until 2013 when a power struggle broke out over proposed austerity measures. Portas exited the coalition arguing that the prime minister had made decisions without consultations with other coalition members; he also argued against further stringent austerity measures, which he said were not helping Portugal emerge from recession and its debt crisis. Talks aimed at averting the collapse of the government followed, ad ultimately, the popular Portas returned his party to the fold in the capacity of deputy prime minister. Now two years later, he was part of the outgoing ruling coalition hoping to be re-elected to the helm of power in Portugal.

Of note was the fact that the opposition Socialists were, themselves, predicting a return to power after the 2015 polls on the basis of their promise to end the austerity regime. They were also signaling their lack of interest in a coalition government. It was to be seen if their aspirations would be realized.

The goals of the opposition Socialists appeared more distant in the last week of September 2015 when polling data showed the ruling coalition with a slight lead over them. As before, neither side was likely to attain a majority in parliament; however, the advantage -- small as it was -- appeared to be with the ruling coalition. The Communist-Green alliance was sitting in a distant third place, just ahead of the Left Bloc.

On Oct. 4, 2015, voters went to the polls in Portugal to cast their ballots in the country's parliamentary contest. Once the votes were counted, it was apparent that the ruling coalition -- composed of the center-right Social Democratic Party and its ally, the conservative People's Party -- was on track to be re-elected to power with 104 seats in the 230-seat parliament. The opposition Socialist secured 85 seats, and the Socialists' leader, Antonio Costa, conceded defeat noting that his party "did not reach its objectives."

This result -- a plurality of the vote share -- was a vindication for the government and its stewardship of the Portuguese economy, despite the unpopularity of austerity policies. At the same time, the result was also a reminder that the government had limited support since it failed to secure an outright majority. Thus, when Portuguese President Anibal Cavaco Silva called on Prime Minister Pedro Passos Coelho to start consultations on the formation of a new government, it was with the guidance that the future government be a sustainable one since it would be reliant on other parties for support in order to pass legislation. To this end, the president said, "It is fundamental that a stable and lasting government is formed ... It is up to the political parties ... to show openness to compromise, with a sense of responsibility, to ensure a solution for a sustainable government." With painful reforms on the future legislative agenda, it was to be seen if such compromises -- especially related to further austerity measures -- could actually be advanced.

At the end of October 2015, Portuguese President Anibal Cavaco Silva accepted the new minority government of Prime Minister Pedro Passos Coelho, which included Paulo Portas, the leader of the junior ruling coalition partner -- the conservative Democratic and Social Center/Popular Party. The president's blessing of the minority government was an attempt to inoculate the cabinet from being brought down on a confidence vote in parliament. To that end, the Socialists were already vowing to vote against the new minority Coelho administration. In an interview with the media, a Socialist member of parliament, Ana Catarina Mendes, previewed the party's objections to the incoming government, saying, "It's continuity of past policies without any evolution ... It's a depleted government unable to minimally interact with the society. It is a government without future and well aware of it." Recognizing that it was figuratively on "life support," with a confidence vote looming ahead in the second week of November 2015, the new minority Coelho administration was calling for talks aimed at preserving its tenure. It was to be seen if its message would be persuasive.

Note that if the newly approved minority Coelho administration was to be brought down by parliament, the president would be forced to take one of two paths. One option would be to leave Coelho in place in a caretaker capacity at the helm of an interim government, with fresh elections to be called in early 2015. The second option would be to call on the Socialist leader, Antonio Costa, to try to form a coalition government with left-wing allied parties.

To that end, in the first week of November 2015, it was announced that a left-wing coalition, headed by the center-left Socialists and supported by the Communists, the Left Bloc, and another small leftist party, had been formed, and that it would form the basis of a sustainable government. With the left-wing alliance agreeing to protect employment, pensions and salaries, it was clear that its policy agenda would be a distinct departure from the austerity policy agenda of Coelho's administration.

For his part, Coelho acknowledged that his minority government was effectively on life support. With the left-leaning parties forming an alliance, there was a high possibility that his administration would fall after a vote set for the second week of November 2015 when his legislative program would be voted on in parliament. Should his program fail to be ratified, the Coelho's administration would be brought down. He said in an interview with the media, "If I am not prime minister as of Tuesday it will be because the Socialists did not let me continue...I'll be where I am needed, in government which is the natural place for the one who won the election, but if I am potentially not in government but in opposition, I will assume my responsibilities."

On Nov. 10, 2015, the short-lived center-right government of Coelho collapsed when a coalition of left-leaning parties voted decisively to reject his the prime minister's legislative program. With 123 of 230 members of parliament voting against the Coelho administration, history of sorts was made as it was the first time in almost 40 years that a government has collapsed in the first confidence vote following its election to power. The fall of Prime Minister Coelho's government effectively opened the door for the Socialists to form an alternative government, backed by a cadre of leftist parties in parliament.

Should that option come to pass, it was quite likely that Portugal's austerity agenda would end. Indeed, that was the driving force behind the decision by left-leaning parties, such as the Communists and the Left Bloc, to close ranks with the Socialists and bring down the center-right administration of Coelho, which has touted its economic stewardship credentials by implementing harsh austerity measures as a means to address the country's prevailing debt crisis. It was unclear if the reversal of those austerity measures would allow Portugal to meet its structural adjustment commitments to the European Union.

Nevertheless, the orchestrator of these moves, Socialist leader Antonio Costa, presaged a new direction for Portugal as he said, "The taboo has ended, the wall has been broken. This is a new political framework, the old majority cannot pretend to be what it stopped being."

Note that in the third week of November 2015, President Anibal Cavaco Silva named Antonio Costa -- the Socialist leader -- to be the new prime minister at the helm of a somewhat unstable Socialist government, reliant on the Left Bloc and the far-left Communists for support in parliament. President Silva had the option of leaving in place the centre-right Coelho government in a caretaker capacity; however, the president acknowledged that such a path, given the indecisive outcome of the election, did "not correspond to the national interest." It was to be seen how the incoming Costa government would be able to adhere to Portuga's financial commitments to the European Union while satisfying the leftists in parliament whose support was needed to sustain the new administration.

Judicial Branch:
Constitutional Court
Supreme Court of Justice
Judicial Courts of First and Second Instance
Supreme Administrative Court; other administrative courts
Court of Audit
Tax Courts
Military courts

Constitution:
April 25, 1976; revised Oct. 30, 1982; June 1, 1989; Nov. 5, 1992; and Sept. 3, 1997 (to allow popular referenda

Legal System:
Civil law system; the Constitutional Court reviews the constitutionality of legislation; accepts compulsory ICJ jurisdiction, with reservations

Administrative Divisions:
18 districts (distritos, singular - distrito) and 2 autonomous regions* (regioes autonomas, singular - regiao autonoma): Aveiro, Acores (Azores)*, Beja, Braga, Braganca, Castelo Branco, Coimbra, Evora, Faro, Guarda, Leiria, Lisboa, Madeira*, Portalegre, Porto, Santarem, Setubal, Viana do Castelo, Vila Real, Viseu

Political Parties:
As follows--

Democratic and Social Center/Popular Party or CDS/PP [Paulo PORTAS]
Ecologist Party (The Greens) or PEV [Heloisa APOLONIA]
Portuguese Communist Party or PCP [Jeronimo DE SOUSA]
Portugal Ahead Coalition or PAF (includes PSD and CDS/PP)
Social Democratic Party or PPD/PSD [Pedro PASSOS COELHO]
Socialist Party or PS [Antonio COSTA]
The Left Bloc or BE [Catarina Soares MARTINS]
Unitarian Democratic Coalition or CDU [Jeronimo DE SOUSA] (includes Portuguese Communist Party or PCP and Ecologist Party ("The Greens") or PEV)

Note:
Political parties, their leaders, as well as cabinet lists, are subject to sudden changes. The listings offered come from published government sources and reflect the published government data available at the time of writing.

Suffrage:
18 years of age; universal

Principal Government Officials

Leadership and Government of Portugal

Executive Branch:
Head of state:
Marcelo Rebelo de Sousa elected in presidential election in Jan. 2016. Note that the president is popularly elected for a five-year term.

Note:
The Council of State acts as a consultative body to the president.

Primer on presidential election in Portugal

Jan. 24, 2016 -- first round; Feb. 14, 2016 -- second round --

The Portuguese presidential election was set to be held on Jan. 24, 2016. If in that contest no candidate manages to garner an absolute majority of the vote in that round, then a second round of voting would be held on Feb. 14, 2016. With incumbent President Aníbal Cavaco Silva constitutionally barred from contesting a third consecutive term in office, the 2016 election would be an open race. In Portugal, the president is popularly elected for a five-year term.

The main candidates for the presidency in 2016 included Henrique Neto, former member of parliament of the Socialist Party; Candido Ferreira, an Independent,and former member of the Socialist Party; Maria de Belem, former President of the Socialist Party; Marcelo Rebelo de Sousa, former leader of the Social Democratic Party; Antonio de Sampaio da Novoa, an Independent and former rector of the University of Lisbon; Edgar Silva, a regional legislator from the Assembly of Madeira from the Portuguese Communist Party; Paulo de Morais, an Independent and former deputy mayor of Porto; Jorge Sequeira, a psychologist and university professor; and Marisa Matias, a sociologist and European member of parliament from the European United Left–Nordic Green Left; Vitorino Silva, an Independent.

On Jan. 24. 2016, voters went to the polls in Portugal to select a president. When the votes were counted, it was Marcelo Rebelo de Sousa who secured an outright victory with 52 percent of the vote share, effectively foreclosing the notion of second round. Trailing Rebelo de Sousa in second place was Antonio de Sampaio da Novoa, who took 23 percent, and in third place was Marisa Matias. With a fragile Socialist-led government leading Portugal at the start of 2016, all eye were on the incoming president to act as a statesman, and a mediator, with the nationalist interest in mind.

<u>Head of government:</u>
Note that in November 2015, in the aftermath of elections held in October 2015, President Anibal Cavaco Silva named Antonio Costa -- the Socialist leader -- to be the new prime minister at the helm of a Socialist government, reliant on the Left Bloc and the far-left Communists for support in parliament. See "Election Prime" in the section titled "Legislative Branch" below. The Prime Minister is the leader of the majority party or leader of a majority coalition is usually appointed prime minister by the president.

<u>Cabinet:</u>
Council of Ministers; formally appointed by the president; based on the recommendation of the prime minister

Prime Min.
Antonio Luis Santos da COSTA
Min. for the Prime Min.

Eduardo CABRITA
Min. for Administrative Modernization
Maria Manuel Leitao MARQUES
Min. for Agriculture
Capoulas SANTOS
Min. for Culture, Equality, and Citizenship
Joao SOARES
Min. for Economy
Miguel Morais LEITAO
Min. for Education
Margarida MANO
Min. for Employment, Solidarity, & Social Security
Pedro MOTA SOARES
Min. for Environment & Energy
Joao Pedro Matos FERNANDES
Min. for Finance
Mario CENTENO
Min. for Foreign Affairs
Augusto Santos SILVA
Min. for Health
Adalberto Campos FERNANDES
Min. for Infrastructure and Territorial Planning
Pedro Manuel Dias de Jesus MARQUES
Min. for Internal Affairs
John CALVAO DA SILVA
Min. for Justice
Francisca VAN DUNEM
Min. for National Defense
Azeredo LOPES
Min. for the Sea
Ana Paula VITORINO
Min. for Technological Sciences & Superior Education
Manuel HEITOR
Min. of the Presidency
Maria Manuel Leitao MARQUES
Governor, Bank of Portugal
Carlos COSTA
Ambassador to the US
Domingos Teixeira de Abreu Fezas VITAL
Permanent Representative to the UN, New York
Alvaro Jose Costa de MENDONCA E MOURA

-- as of 2016

Leader Biography

Leader Biography

Leadership of Portugal

Executive Branch:

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Cabinet:

Council of Ministers; formally appointed by the president; based on the recommendation of the prime minister

Foreign Relations

General Relations

Portugal is a member of numerous international organizations including the United Nations and many of its specialized and regional agencies, the International Bank for Reconstruction and Development, the International Monetary Fund, the World Trade Organization, and the Organization for Economic Cooperation and Development.

Portugal is also a member of the European Union, the North Atlantic Treaty Organization (NATO), the European Bank for Reconstruction and Development, the Organization for Security and Cooperation in Europe and the Council of Europe. In addition, Spain is a member of the Western European Union.

Portugal's primary foreign policy concerns are relations with the rest of Western Europe, in particular through its membership in the European Union (EU); relations with its fellow NATO members; and relations with the Baltic states and Central and Eastern European states hoping to join the EU.

Regional Relations

The European Union

Summary:

The European Community's original member states were Belgium, Netherlands, Luxembourg, France, Italy and West Germany. Then, in 1973, United Kingdom, Denmark and Ireland joined the grouping. In the 1980s, Greece, Spain and Portugal joined in the 1980s. The European Union was officially established in 1993 under the Maastricht Treaty. Two years later, Austria, Sweden and Finland joined the European bloc. In 2002, the euro was introduced in 12 member states; since then, the euro zone expanded to include 16 countries. In 2004, the new entrants to the EU were the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Bulgaria and Romania joined in 2007. To date, entry talks have been ongoing for Croatia, accession talks have been ongoing for Turkey, and the Former Yugoslav Republic of Macedonia has submitted a request to join. Meanwhile, in 2005, the EU moved in the direction of official endorsement of the body's constitution. Ratification votes against that draft document in various countries (France and Netherlands) have since placed it in doubt. A new Reform Treaty emerged in 2007, which was later known as the Lisbon Treaty because it was signed in the Portuguese capital. It was intended to be the new operational foundation of European Union. Portugal ratified the treaty in the spring of 2008. The Lisbon Treaty's fate was placed in doubt later in 2008 when Irish voters decisively rejected the accord. The Lisbon Treaty's fate was itself placed in doubt in 2008 when Irish voters decisively rejected the accord.

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Portugal joined the European Communities, or EC, on Jan. 1, 1986, after a democratic regime had been established in Portugal in 1976. The most important of the three communities was the European Economic Community which created a common market that abolished tariffs between the member-states. The EC has experienced several episodes of major institutional development since Portugal joined in 1986 including:

- the Single Europe Act of 1986-which sought to create a single market in goods and services

- the Maastricht Treaty of 1992-which renamed the EC to the European Union, also known as the EU, altered relations between the EU's legislative institutions, set a timeline for the adoption of a single EU-wide currency, and established the criteria that the member-states had to meet in order to join the single currency

- the Amsterdam Treaty of 1997-which further altered relations between the EU's institutions

- the launch of the single currency, the euro, in 1999

- proposals for the development of common foreign and security policies within the EU

Prime Minister Guterres was a vigorous proponent of the effort to include Portugal in the first round of countries to join the single currency Economic and Monetary Union, or EMU. In May 1998, the European Council defined the list of countries participating in the EMU: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The euro was launched on Jan. 1, 1999; conversion rates of all EMU member states' currencies to the euro were irrevocably fixed. At present, the euro is only being used as bank money; all other currencies remain in force, as designated euro fractions. The changeover to the euro took place between Jan. 1, 1999, and Jan. 1, 2002. As of Jan. 1, 2002, euro banknotes and coins circulated.

Portugal is also a signatory to the Schengen Agreement of 1990, concerning the free movement of people across the borders of the European Union member states. From 1990 to May 1999, Schengen was an intergovernmental agreement among signatories and was not European Union law. When the Treaty of Amsterdam entered into force on May 1, 1999, the agreement was supposed to become part of EU law; however, various implementation problems are currently being addressed. Not all EU members are signatories to the Schengen Agreement. The United Kingdom and Ireland are not participants in any part of the accord. Greece, Sweden, Denmark and Finland have signed but are not full members. Austria, Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Portugal and Spain are full members. This is supposed to mean the complete removal of internal air, land and sea border controls between the members and cooperation among their respective police forces in criminal matters.

The Treaty of Amsterdam was signed on Oct. 2, 1997; it entered into force on May 1, 1999. The treaty makes significant changes to the way in which the "three pillars" of the European Union will be dealt with in the future. These "three pillars" are first, the single common market; second, common foreign and security policy; and third, justice and home affairs.

The treaty extends the co-decision procedure (in which the European Parliament wields significant amendment and veto powers) to 38 policy areas, that is, most of the policy areas concerning the promotion of the European common market, and therefore, most areas of European Union legislation. It also grants the European Parliament the power to approve or disapprove the choice (made by member governments) of commission president. (The new president, Romano Prodi, was approved under this procedure).

For the Council of Ministers, the treaty extends the areas in which qualified majority voting applies. This makes it less likely for single countries to veto policy proposals. The treaty also moves certain policy areas of the "third pillar" of justice and home affairs, which previously have been decided by intergovernmental bargaining without influence from the commission or the European Parliament, to the "first pillar" of single market issues. This change should increase the policy-making influence of the commission and the European Parliament. The Schengen Accord falls into this category. Finally, the treaty calls for the creation of a "high representative" for common foreign and security policy. Javier Solana, former secretary-general of NATO, has been appointed as the first high representative. To date, this "second pillar" has been a matter of intergovernmental bargaining, though with QMV. The belief is that the EU will have greater international influence if it is able to speak with one voice on matters of foreign policy.

With regard to a "European Security and Defense Identity," in December 1998, British Prime Minister Tony Blair and French President Jacques Chirac issued what became known as the "St. Malo Declaration," stating that the European Union should have the capability to act autonomously in security matters. This has long been a stated objective by various European leaders and has given rise to various failed attempts at security/defense cooperation. Examples include the European Defense Community (done away with at the draft stage) and the less ambitious Western European Union (which includes some NATO and non-NATO members and some EU and non-EU members).

The problems have been the lack of a common foreign policy (without which a common security policy is not possible); the so-called "special relationship" between the U.S. and the U.K.; and the lack of consolidation in the European defense industry. That Prime Minister Blair advocated a common security arrangement within the EU was seen as a major breakthrough. Other NATO members-including, most importantly, the U.S. and hesitantly, Turkey-subsequently supported this at NATO's April 1999 50th anniversary summit.

At the June 1999 EU Summit in Cologne, Germany, EU leaders agreed on a common defense/security program. In brief, the WEU will be incorporated into the EU by the end of 2000. It has been suggested that the new institution will be able to use NATO equipment without necessarily having other NATO members involved. Other NATO members would be consulted, however. Problems could arise because of non-overlapping memberships (see listing below).

Joint Members in the EU, WEU, and NATO:
Belgium, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain, U.K.

EU and NATO Member and WEU Observer:
Denmark

EU Members and WEU Observers:
Austria, Finland, Ireland, Sweden

NATO Members and WEU Associate Members:
Iceland, Norway, Turkey

New NATO Members (as of March 12, 1999) and WEU Associate Members:
Czech Republic, Hungary, Poland

WEU Associate Partners:
Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia

In late 2000, the EU agreed to create a "rapid reaction force" consisting of approximately 60,000 troops to be deployed on humanitarian missions, peacekeeping missions, and in crisis situations, more generally. Serious concerns remain on the part of EU member states and non-EU members of NATO (particularly, the United States and Turkey) about the nature and command of this force - and its compatibility with NATO.

At the end of June 2000, Portugal completed its term as president of the European Union in the six-month rotating presidency. While no major decisions were concluded with respect to the goals of the 2000 IGC, it was under the Portuguese presidency that a possible solution to the Austrian dilemma was devised. Once the far-right Freedom Party was included in the Austrian government, the other 14 members of the EU imposed bilateral sanctions on Austria in protest. Under the Portuguese presidency, a plan to send three "wise men" to review Austria's human rights policies was agreed upon, which led to the end of the bilateral sanctions and the end of a divisive period in the EU.

Throughout 2000, the member states of the EU were engaged in an intergovernmental conference tasked with designing a new treaty that prepares the EU for eventual enlargement that will nearly double the number of member countries in the EU. Enlargement will initially include Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia. Six more countries are expected to follow; they are: Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia. Turkey has also been asked to begin negotiations for future accession to the EU. The larger membership necessarily requires changes in the EU institutions, which were designed for a far smaller number of member states.

In particular, the IGC was focused on three primary institutional decisions. The first issue was how to limit the size of the European Commission, the EU's executive branch, and how to distribute the commission's positions among the member states. Currently, France, Germany, Italy, Spain and the United Kingdom obtain two commission positions each while the other 10 countries each receive one commission position. The second institutional issue concerned reformulating the voting procedure in the Council of Ministers, the EU legislature responsible for representing the member states' governments, to better reflect the population size of the member states. Currently, the smaller states are favored in the Council of Ministers' system of weighted votes. The third issue was altering the treaties to allow for more majority voting, based on weighted votes, in the Council of Ministers. Enlargement will make it more difficult to pass legislation in those issue areas that currently require unanimity in the Council of Ministers by granting even more countries the ability to single-handedly stop changes in EU policy. Treaty changes, which would allow for majority voting in some of these areas, would significantly facilitate the EU's legislative process.

The IGC concluded at a summit in Nice, France with France holding the six-month rotating presidency of the Council of the European Union. While French President Chirac claimed success, many analysts noted that the IGC was the longest and one of the most contentious summits in the EU's history with much of the controversy surrounding the re-weighting of votes in the Council of Ministers. The so-called Franco-German axis was threatened by the French refusal to give up voting power parity with Germany, even though Germany has a substantially larger population and economy. Additionally, large states were pitted against small states as the larger states sought to have the weight of votes more accurately reflect the population size of the member states. In the end, an even more complicated weighting of votes was devised which increased the voting power of the larger states relative to that of the smaller states. In addition to re-weighting, the new rules for calculating a qualified majority, which will go into effect after enlargement, contain two new elements: a qualified majority in the Council of Ministers, according to vote weights, must also represent at least one-half of the member-states and 62 percent of the EU total population.

The other two institutional questions addressed at the Nice Summit concerned the size of the European Commission and increasing the number of policy areas where qualified majority voting in the Council is applied. On the first question, the large states, which currently have two members in the commission, agreed to give up their second member by 2005. Also, agreement was reached to limit the total size of the commission to 27 members after enlargement. On the second question, qualified majority was extended to 39 new policy areas, which means that the vast majority of policy made at the European level is now covered by the qualified majority rule in the Council of Ministers, though countries retain vetoes over certain sensitive issue areas. In addition to agreeing to some institutional reforms, the participants at Nice signed the Charter of Fundamental Rights, which codifies a number of civil, political and social rights for EU citizens. However, the leaders of the 15 member-states did not include the Charter in the Nice Treaty, thereby weakening the charter's legal force.

Portugal is very concerned about the implications for the EU's current structural funds program of the accession of the countries of Central and Eastern Europe, the Baltics, and Mediterranean Europe. The EU provides these monies to its poorer regions to aid in economic development. A gross domestic product per capita of 75 percent or less than the EU average qualifies a region for these funds. A readjustment of the apportionment of these funds taking into account the far poorer areas of the accession candidate countries will likely mean that regions currently receiving these funds will no longer be eligible, or at the least, will see their funding reduced. Portugal has received significant economic development assistance via this program since joining the EU and is very wary of these funds being redirected. How the EU will resolve this issue remains to be seen.

In 2004, accession to the EU by several countries under the aegis of enlargement was accomplished. EU parliamentary elections followed that year.

Portugal admitted that its federal deficit could reach as high as 6.8 percent of its gross domestic product in 2005. The problem with this revelation was that it meant that Portugal would substantially exceed the deficit ceiling, as dictated by the European Union. In fact, it would mean that Portugal's deficit would be more than double the acceptable level of deficits, which Eurozone rules have set at 3 percent of gross domestic product. Germany, France and Greece have, at times, hovered around the 3 percent deficit ceiling, while Italy miscalculated its estimations in previous years. But Portugal's situation has been viewed as more of a challenge because the country has repeatedly contravened against the budgetary rules, and also because the new deficit figures are so much higher than other countries in the European bloc.

In response, financial voices within the European Union have called for the loosening of the financial rules within the Eurozone, which are known as the Stability and Growth Pact. The pact was intended to strenghthen confidence of the European currency, which could have been affected by extensive spending. However, more recently, several European governments have argued they need to increase spending for the purpose of dealing with slower growth and higher unemployment. Reforming the pact, therefore, is likely to factor highly on the agenda of the European bloc.

The year 2006 was thought to focus on ratification of the European constitution. However, Portugal was to hold a referendum only after a final text had been agreed by all 25 member states. (France and Netherlands voted against the constitution in national votes on the matter.) To this end, Prime Minister Jose Socrates said in March 2006, "I don't believe that the constitutional is dead. Europe needs a constitutional treaty in order to go further. If it's not this exact text, we will have to find something."

As noted above in the "Summary," a new Reform Treaty emerged in 2007; it was known as the Lisbon Treaty because it was signed in the Portuguese capital. It was intended to be the new operational foundation of European Union. Portugal ratified the treaty in the spring of 2008. The Lisbon Treaty's fate was placed in doubt later in 2008 when Irish voters decisively rejected the accord. The Lisbon Treaty's fate was itself placed in doubt in 2008 when Irish voters decisively rejected the accord.

Meanwhile, in July 2007, Portugal assumed the presidency of the European Union.

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NOTE: The stability of the euro zone and the European Union has become a major concern in recent years, largely emanating from the Greek debt crisis, but extending regionally. Indeed, in late 2011, there were calls for serious changes to Europe’s governing treaties, aimed at ameliorated economic governance for the 17 countries that make up the euro currency bloc. Included in their proposal were: (1) the creation of a monetary fund for Europe, (2) automatic penalties for countries that exceed European deficit limits, and (3) monthly meetings of European leaders. Meanwhile, the European Stability Mechanism (ESM), which was intended to replace the European Financial Stability Facility in 2013 (an entity intended as a rescue mechanism for struggling European economies), would be advanced earlier in 2012. Ideally, the new treaty would be ratified by all 27 member states of the European Union. However, if concurrence at that level proved impossible, then the 17 states of the euro zone would have to approve it. Please see the "Political Conditions" and the "Economic Conditions" of this Country Review for more details related to these developments.

<u>Other Significant Relations</u>

The United States (U.S.)

Bilateral ties date from the earliest years of the United States. Following the Revolutionary War, Portugal was among the first countries to recognize the United States. On February 21, 1791, President George Washington opened formal diplomatic relations, naming Col. David Humphreys as U.S. minister.

Contributing to the strong ties between the United States and Portugal are the sizable Portuguese communities in Massachusetts, Rhode Island, New Jersey, California, and Hawaii. The latest census estimates that 1.3 million individuals living in the United States are of Portuguese ancestry, with a large percentage coming from the Azores. There are about 20,000 Americans living in Portugal.

The United States encourages a stable and democratic Portugal that is closely associated with the industrial democracies of western Europe and NATO; it has supported Portugal's successful entry into the West European economic and defense mainstream. Although it was a neutral country during World War II, Portugal was a founding member of NATO and has been a strong supporter of transatlantic ties. Portugal's commitment to democratic values is demonstrated by the country's successful transition from authoritarian rule to constitutional democracy and its excellent human rights record.

The defense relationship between the United States and Portugal is excellent, centered on the 1995 Agreement on Cooperation and Defense (ACD). For 50 years, Lajes Air Base in the Azores has played an important role in supporting U.S. military aircraft. Most recent missions are engaged in counter-terrorism and humanitarian efforts, including operations in Afghanistan and Iraq. Portugal defines itself as "Atlanticist," emphasizing its support for strong European ties with the United States, particularly on defense and security issues. Portugal sees its role as host of NATO's "Joint Command Lisbon," located near Lisbon, as an important sign of alliance interest in transatlantic security issues.

U.S.-Portuguese trade is relatively small, with the United States exporting $2.4 billion worth of goods in 2007 and importing an estimated $3.1 billion. While total Portuguese trade has increased dramatically over the last 10 years, the U.S. percentage of Portugal's exports and imports has been growing at a slower rate. The Portuguese Government is seeking to increase exports of textiles and footwear to the United States and is encouraging greater bilateral investment. U.S. firms play significant roles in the pharmaceutical, computer, and retail sectors in Portugal, but their involvement in the automotive manufacturing sector has declined in recent years.

South Korea

In June 2006, Prime Minister Jose Socrates said that Portugal intended to expand bilateral trade with South Korea over the next few years. The remarks were made at a joint press conference with South Korean Prime Minister Han Myung-sook who was in Portugal for a visit. To this end, Socrates said, "We want to boost our trade relationship with South Korea, increasing the bilateral trade fivefold in the next few years." He also encouraged South Korean investment into Portugal and said that he would support the investment of Portuguese enterprises in South Korea. Prime Minister Han Myung-sook responded by saying that South Korea would advocate cooperation in trade and information technology. Several political, cultural and economic agreements were also signed during Prime Minister Han's visit.

Brazil

Also in June 2006, a Portuguese company, Galp Energia, and Brazil's state-owned oil company, Petrobras, announced that they would start a consortium to explore oil reserves in Portugal. Galp Energia and Petrobras were already ensconced in an oil exploration partnership in Brazil's Santos Basin. In the newly-forged agreement, the two companies were given three years to complete prospecting the exploratory zones. If oil extraction was not started within four years, the consortium would forfeit the government's concession. Galp Energia was supposed to finance the project while Petrobras was to be responsible for the technology. The agreement marked the start of the first offshore oil exploration project in Portugal.

Written by Dr. Denise Youngblood Coleman, Editor in Chief, www.countrywatch.com; see Bibliography for research sources.

National Security

External Threats

No nation poses an immediate threat to Portugal 's national security. Portugal is engaged in a minor territorial dispute with Spain, however. The Portuguese government has somewhat passively pursued a longstanding claim to the Spanish border town of Olivenza – Olivença in Portuguese – and the surrounding region. Elements within Portugal, such as the special interest organization known as the Group of Friends of Olivença, have lobbied more aggressively for the return of the disputed territory.

Crime

Portugal has a generally low rate of crime, but is a significant crossroads for international drug trade. Petty theft is fairly common in the nation's major urban centers, but crimes of a more violent nature are rare. Portugal serves as an interim destination for European-bound narcotics, including cocaine from South America, heroin from Southwest Asia, and hashish from North Africa. Petty crimes such as pick pocketing and break-ins are becoming more prevalent in the urban areas. Violent crimes are rare, but they do occur.

Insurgencies

There are no insurgent movements operating inside or outside of Portugal that directly threaten its government or general population. After a long history of autocratic rule, Portugal has enjoyed generally stable political conditions. António de Oliveira Salazar became Prime Minster of Portugal in 1932. He ruled as a dictator until a stroke incapacitated him in 1968. A high-ranking government official and close associate of Salazar, Marcello Caetano, succeeded him. Democratic rule returned to Portugal in April 1974 when a bloodless coup ousted Caetano.

Terrorism

There is no specific threat of terrorism against Portugal. The coordinated bombings of Madrid 's commuter rail system that occurred on March 11, 2004, as well as the generally heightened threat of terrorism in Western Europe, underscore the potential danger of similar attacks in Portugal, however. Portugal is party to all twelve international conventions and protocols pertaining to terrorism.

Defense Forces

Military Data

Military Branches:

Portuguese Army (Exercito Portuguesa), Portuguese Navy (Marinha Portuguesa; includes Marine Corps), Portuguese Air Force (Forca Aerea Portuguesa, FAP)

Eligible age to enter service:

18-30 for voluntary

Mandatory Service Terms:

no compulsory military service, but conscription possible if insufficient volunteers available

Manpower in general population-fit for military service:

N/A

Manpower reaching eligible age annually:

N/A

Military Expenditures-Percent of GDP:

1.29%

Chapter 3

Economic Overview

Economic Overview

Overview

Portugal joined the European Community, now the EU, in 1986 and adopted the euro as its national currency in 2002. Economic integration with the EU contributed to stable and rapid economic growth, largely through increased trade and inflows of the EU funds for infrastructure improvements. As a result, Portugal's GDP growth stood above the EU average for much of the 1990s. But growth has been sluggish since 2001, as the pre-euro adoption boom turned into a post-euro bust. A range of structural problems have depressed productivity growth and undermined the economy's ability to adjust. Rigidities in the labor market and strict regulation have discouraged investment and growth, while competitiveness has suffered from weak productivity, brisk wage growth and above euro-average inflation, reversing the income convergence process. Moreover, the large fiscal and external imbalances that arose from the boom in the run-up to euro-adoption have not been unwound, resulting in large public debt.

The global economic crisis has exacerbated these pre-existing problems, severely affecting the Portuguese economy. Real GDP growth contracted significantly in 2009 due to sharp falls in exports and investment, while unemployment rose substantially. As elsewhere in Europe, the Portuguese government took rapid and supportive measures in response to the crisis, and economic growth was set for a weak recovery in 2010. The Portuguese economy indeed did remain weak in 2010 and was expected to fall back into a recession in 2011, due to strong fiscal consolidation and tight credit conditions. The government recently unveiled a new fiscal tightening package in an effort to increase the credibility of its deficit-reduction targets. The country's goal was to reduce the budget deficit to 4.6 percent of GDP in 2011, although some investors were skeptical of Portugal's ability to meet such targets and cover its sovereign debt. Being strict about implementing consolidation measures and being careful to correct any slippages in order to meet those targets are crucial to reducing the cost of external financing, and avoiding credit contraction. While the Portuguese banking sector has managed to avoid profitability and solvency problems, the deteriorating growth outlook and rising expected loan losses are expected to put pressure on banks' capital cushions. Portugal is considered to be a potential candidate to follow Greece and Ireland in needing to be rescued financially by the European Union and the International Monetary Fund. Looking ahead, a permanent solution to Portugal's fiscal troubles requires boosting exports and the implementation of labor market reforms aimed at raising the economy's growth potential. Addressing long-standing imbalances, - including low productivity, weak competitiveness, and high public debt - also will be key to reducing vulnerabilities and raising the economy's long-term growth potential. In the meantime, though, unemployment – which stood at 10.7 percent in 2010 -

- was set to rise further. In May 2011, Portugal requested a rescue plan or “bailout” to alleviate its debt crisis. Prime Minister Socrates said the request for help had to be made “to ensure financing for our country, for our financial system and for our economy.” While no actual figure was mentioned at the time, analysts suggested that Portugal would require the equivalent of US$114 billion, or 78 billion euros. Action on Portugal's request was urgent since the country has been paying interest rates at unsustainable levels as it tries to persuade investors to buy its debt. Banks across Europe found themselves vulnerable to the effects of a potential Portuguese debt servicing default, which would deleteriously affect the euro zone. With these possible consequences in mind, there were high hopes for a rescue package funded by the European Union and the International Monetary Fund. Overall, for 2011, GDP declined again as the government implemented austerity measures, including a 5 percent public salary cut, a 2 percent increase in the value-added tax, and an extraordinary tax on year-end bonuses to comply with conditions of the EU-IMF financial rescue package that was agreed to in May 2011. But the country did achieve its goal of reducing its budget deficit to about 4.5 percent.

In April 2012, the IMF said that Portugal was making progress on advancing the structural reform agenda in key areas such as the judicial system, and labor and housing markets. The organization said that Portugal’s decision to abandon the fiscal devaluation should pave the way for authorities to continue to seek ways to enhance the reform agenda, including through deeper labor and product market reforms. By the end of April 2012, it was clear that Spain's deteriorating economy was making Portugal's task of riding out its debt crisis even more difficult. On the positive side, bond yields were declining and the country was winning strong marks from official lenders to its bailout. But for Portugal, a renewal of the euro zone crisis in Spain came at a terrible time as the government worked to quell concerns it would need an extension of its current bailout. The country remained the second-most risky euro zone member after Greece, in terms of bond spreads. Portugal was the third euro zone country to seek a bailout, after Greece and Ireland. Looking ahead, Portugal's economy was expected to shrink in 2012 in the biggest slowdown since the 1970s before returning to slight growth in 2013, according to government estimates.

As expected, Portugal’s economy declined again in 2012. Meanwhile, the budget deficit worsened as a sharp reduction in domestic consumption took a bigger bite out of value-added tax revenues and increased unemployment benefits led to greater expenditures than expected. On a positive note, Portugal's economy grew 1.1 percent in the second quarter of 2013 compared with the first quarter, but was still expected to shrink about 2 percent for the year. The growth came on the heels of a 30 percent jump in the sales of telecommunications products, which was led by a 74 percent spike in smartphone sales. In August 2013, Portuguese authorities cited rising exports as the main driver behind Portugal’s posting the strongest growth in the second quarter among the nations of the European Union. As of September 2013 - less than a year before the mid-2014 end of the EU/IMF bailout - some observers were proposing a second, less strict lending program might give Portugal time to spread out further cuts. There was concern that further cuts might hurt the hopeful economic revival the country was experiencing.

Portugal emerged from its longest recession in at least 25 years in the second quarter of 2013 but still contracted for the year. The government reduced the budget deficit from 10.1 percent of GDP in 2009 to 5.1 percent in 2013, lower than the EU-IMF fiscal target of 5.5 percent. Despite these efforts, public debt has continued to grow and, in 2013, stood among the highest in the EU. As a result, the government was expected to have difficulty regaining full bond market financing when the $107 billion EU-IMF bailout expired in May 2014.

In the 2014 first quarter, Portugal's GDP contracted for the first time in a year as exports dropped. Looking ahead, the government forecast the economy would grow 1.2 percent in 2014 and 1.5 percent in 2015. Meanwhile, as of June 2014, Portugal's lenders predicted losses for the year due to a weak economy, low credit demand and depressed loan rates. On the positive side, unemployment in Portugal had dropped to 14.9 percent by March 2014 from its 16.3 percent high in 2013.

Overall, the modest recovery that began in 2013 gathered steam in in 2014 due to strong export performance and a rebound in private consumption. Although austerity measures were instituted to reduce the large budget deficit, they contributed to record unemployment and a wave of emigration not seen since the 1960s. A continued reduction in private- and public-sector debt could weigh on consumption and investment in 2015, holding back a stronger recovery. The government of Pedro Passos Coelho passed legislation aimed at reducing labor market rigidity, and the move - along with sustained fiscal discipline -could make Portugal more attractive to foreign direct investment. Legislative elections in 2015 had the potential to increase the risk of fiscal slippage and undermine investor confidence in Portugal's economy, which has improved over the course of the EU-IMF program. Still, the country needed to reduce the budget deficit from 2014's estimated 4.5 percent of GDP in line with its European commitments.

In August 2015, the IMF reported that Portugal's economic recovery remained on track in 2015, boosted by rising exports and consumption, together with a recent upturn in investment. Real GDP expanded by an estimated 1.5 percent (year-on-year) in the first quarter, and was projected to increase 1.6 percent for the full year. The unemployment rate continued to decline and stood at 13.7 percent at the end of March 2015. Fortunately, recent market volatility related to Greece has had limited impact on Portugal.

Government spending was unchanged in the first quarter of 2015 compared with the previous three months, while household spending rose 0.8 percent and investment climbed 5.3 percent. Imports rose 2 percent and exports fell 0.3 percent. GDP expanded 0.4 percent in the three months through June for a fifth consecutive quarter of growth, according to Bloomberg.

See "Editor's Update" below for more information related to Portugal's request in 2011 for a "rescue package" in dealing with its debt.

Editor's Note:

From 2008 through 2011, Europe has been plagued by a debt crisis, with particularly deleterious effects for euro zone countries. See the Special Entries below for detailed information about this scenario.

Economic Performance

Economic growth remained sluggish in recent years from 2004 to 2007. Growth decelerated further in 2008, and turned to a negative rate in 2009, owing to the global economic crisis, before inching back to positive territory in 2010. It turned negative again in 2011.

According to CountryWatch estimated calculations for 2014:

Real GDP growth rate was: -0.6 percent
The fiscal deficit/surplus as percent of GDP (%) was: -6.7 percent
Inflation was measured at: 1.8 percent

Updated in 2015

**Please note that the figures in our Economic Performance section are estimates or forecasts based on IMF-based data that are formulated using CountryWatch models of analysis.*

Supplementary Sources: Earth Times, Roubini Global Economics, Bloomberg, Reuters, International Monetary Fund and Organisation for Co-operation and Development

1. Special Entry

Summary of 2008 credit crisis

A financial farrago, rooted in the credit crisis, became a global phenomenon by the start of October 2008. In the United States, after failure of the passage of a controversial bailout plan in the lower chamber of Congress, an amended piece of legislation finally passed through both houses of Congress. There were hopes that its passage would calm jitters on Wall Street and restore confidence in the country's financial regime. With the situation requiring rapid and radical action, a new proposal for the government to bank stakes was gaining steam. Meanwhile, across the Atlantic in Europe, a spate of banking crises resulted in nationalization measures for the United Kingdom bank, Bradford and Bingley, joint efforts by the Netherlands, Belgium and Luxembourg to shore up Fortis, joint efforts by France, Belgium, and Luxembourg to shore up Dexia, a rescue plan for Hypo Real Estate, and the quasi-bankruptcy of Iceland's economy. Indeed, Iceland's liabilities were in gross excess of the country's GDP. With further banks also in jeopardy of failing, and with no coordinated efforts to stem the tide by varying countries of the European Union, there were rising anxieties not only about the resolving the financial crisis, but also about the viability of the European bloc.

On Sept. 4, 2008, the leaders of key European states -- United Kingdom, France, Germany, and Italy -- met in the French capital city of Paris to discuss the financial farrago and to consider possible action. The talks, which were hosted by French President Nicolas Sarkozy, ended without consensus on what should be done to deal with the credit crisis, which was rapidly becoming a global phenomenon. The only thing that the four European countries agreed upon was that there would not be a grand rescue plan, akin to the type that was initiated in the United States. As well, they jointly called for greater regulation and a coordinated response. To that latter end, President Nicolas Sarkozy said, "Each government will operate with its own methods and means, but in a coordinated manner."

This call came after Ireland took independent action to deal with the burgeoning financial crisis. Notably, the Irish government decided days earlier to fully guarantee all deposits in the country's major banks for a period of two years. The Greek government soon followed suit with a similar action. These actions by Ireland and Greece raised the ire of other European countries, and evoked questions of whether Ireland and Greece had violated any European Union charters.

Nevertheless, as anxieties about the safety of bank deposits rose across Europe, Ireland and Greece saw an influx of new banking customers from across the continent, presumably seeking the security of knowing their money would be safe amidst a financial meltdown. And even with questions rising about the decisions of the Irish and Greek government, the government of Germany decided to go down a similar path by guaranteeing all private bank accounts. For his part, British Prime Minister Gordon Brown said that his government would increase the limit on guaranteed bank deposits from £35,000 to £50,000.

In these various ways, it was clear that there was no concurrence among some of Europe's most important economies. In fact, despite the meeting in France, which called for coordination among the countries of the European bloc, there was no unified response to the global financial crisis. Instead, that meeting laid bare the divisions within the countries of the European Union, and called into question the very viability of the European bloc. Perhaps that question of viability would be answered at a forthcoming G8 summit, as recommended by those participating in the Paris talks.

A week later, another meeting of European leaders in Paris ended with concurrence that no large institution would be allowed to fail. The meeting, which was attended by leaders of euro zone countries, resulted in an agreement to guarantee loans between banks until the end of 2009, with an eye on easing the credit crunch. The proposal, which would apply in 15 countries, also included a plan for capital infusions by means of purchasing preference shares from banks. The United Kingdom, which is outside the euro zone, had already announced a similar strategy.

French President Nicolas Sarkozy argued that these unprecedented measures were of vital importance. The French leader said, "The crisis has over the past few days entered into a phase that makes it intolerable to opt for procrastination and a go-it-alone approach."

Europe facing financial crisis as banking bail-out looms large

In early 2009, according to the European Commission, European banks may be in need of as much as several trillion in bailout funding. Impaired or toxic assets factor highly on the European Union bank balance sheets. Economist Nouriel Roubini warned that the economies of Ukraine, Belarus, Hungary, Latvia and Lithuania appeared to be on the brink of disaster. Overall, Eastern European countries borrowed heavily from Western European banks. Thus, even if the currencies on the eastern part of the continent collapse, effects will be felt in the western part of Europe as well. For example, Swiss banks that gave billions of credit to Eastern Europe cannot look forward to repayment anytime soon. As well, Austrian banks have had extensive exposure to Eastern Europe, and can anticipate a highly increased cost of insuring its debt. German Finance Minister Peer Steinbrueck has warned that as many as 16 European Union countries would require assistance. Indeed, his statements suggested the need for a regional rescue effort.

European Union backs financial regulation overhaul

With the global financial crisis intensifying, leaders of European Union countries backed sweeping financial regulations. Included in the package of market reforms were sanctions on tax havens, caps on bonus payments to management, greater hedge fund regulation, and increased influence by the International Monetary Fund. European leaders also backed a charter of sustainable economic activity, that would subject all global financial activities to both regulation and accountability by credit rating agencies.

These moves were made ahead of the Group of 20 summit scheduled for April 2, 2009, in London. It was not known whether other countries outside Europe, such as the United States, Japan, India and China, would support the new and aggressive regime of market regulation. That said, German Chancellor Angela Merkel said in Berlin that Europe had a responsibility to chart this track. She said, "Europe will own up to its responsibility in the world."

Leaders forge $1 trillion deal at G-20 summit in London

Leaders of the world's largest economies, known as the "G-20," met in London to explore possible responses to the global financial crisis. To that end, they forged a deal valued at more than US$1 trillion.

Central to the agreement was an infusion of $750 billion to the International Monetary Fund (IMF), which was aimed at helping troubled economies. Up to $100 billion of that amount was earmarked to assist the world's very poorest countries -- an amount far greater than had been expected. In many senses, the infusion of funding to the IMF marked a strengthening of that body unseen since the 1980s.

In addition, the G-20 leaders settled on a $250 billion increase in global trade. The world's poorest countries would also benefit from the availability of $250 billion of trade credit.

After some debate, the G-20 leaders decided to levy sanctions against clandestine tax havens and to institute strict financial regulations. Such regulations included tougher controls on banking professionals' salaries and bonuses, and increased oversight of hedge funds and credit rating agencies. A Financial Stability Board was to be established that would work in concert with the IMF to facilitate cross-border cooperation, and also to provide early warnings regarding the financial system.

Aside from these measures, the G-20 countries were already implementing their own economic stimulus measures at home, aimed at reversing the global recession. Together, these economic stimulus packages would inject approximately $5 trillion by the end of 2010.

United Kingdom Prime Minister Gordon Brown played host at the meeting, which most concurred went off successfully, despite the presence of anti-globalization and anarchist protestors. Prime Minister Brown warned that there was "no quick fix" for the economic woes facing the international community, but he drew attention to the consensus that had been forged in the interest of the common good. He said, "This is the day that the world came together to fight back against the global recession, not with words, but with a plan for global recovery and for reform and with a clear timetable for its delivery."

All eyes were on United States President Barack Obama, who characterized the G-20 summit as "a turning point" in the effort towards global economic recovery. He also hailed the advances agreed upon to reform the failed regulatory regime that contributed to the financial crisis that has gripped many of the economies across the globe. Thusly, President Obama declared the London summit to be historic saying, "It was historic because of the size and the scope of the challenges that we face and because of the timeliness and the magnitude of our response."

Ahead of the summit, there were reports of a growing rift between the respective duos of France and Germany and the United States and the United Kingdom. While France and Germany were emphasizing stricter financial regulations, the United States and the United Kingdom were advocating public spending to deal with the economic crisis. Indeed, French President Nicolas Sarkozy had threatened to bolt the meeting if his priority issues were not addressed. But such an end did not occur, although tensions were existent.

To that end, President Obama was hailed for his diplomatic skills after he brokered an agreement between France and China on tax havens. The American president played the role of peacemaker between French President Sarkozy and Chinese Premier Hu Jintao, paving the way for a meeting of the minds on the matter of tax havens.

French President Nicolas Sarkozy said the concurrence reached at the G-20 summit were "more than we could have hoped for." President Sarkozy also credited President Obama for the American president's leadership at the summit, effusively stating: "President Obama really found the consensus. He didn't focus exclusively on stimulus ... In fact it was he who managed to help me persuade [Chinese] President Hu Jintao to agree to the reference to the ... publication of a list of tax havens, and I wish to thank him for that."

Meanwhile, German Chancellor Angela Merkel also expressed positive feedback about the success of the summit noting that the new measures would give the international arena a "clearer financial market architecture." She noted the agreement reached was "a very, very good, almost historic compromise." Finally, Chancellor Merkel had warm words of praise for President Obama. "The American president also put his hand into this," said Merkel.

Note: The G-20 leaders agreed to meet again in September 2009 in New York to assess the progress of their agenda.

2. Special Entry

Greece's Debt Crisis and Impact on the Euro Zone

Summary:

Attempts to resolve Greece's economic crisis have been at the forefront of the national agenda. There have also been serious concerns about Greece's economic viability across Europe and internationally. At issue have been deep anxieties about Greece defaulting on its debt, along with subsequent speculation about whether the European Union (EU) and the International Monetary Fund (IMF) would have to step in to prevent such an outcome. By April 2010, the prospects of Greece resolving the matter without help from some transnational body came to a head when the Papandreou administration formally said it would accept the EU-IMF financial rescue package to ensure debt service. But even with this move, Greece's credit rating was downgraded to junk status due to prevailing doubts that it will meet its debt obligations.

Crisis Landscape:

In December 2009, the new Greek head of government, Prime Minister George Papandreou, announced a series of harsh spending cuts in order to address the country's economic woes. He warned that without action such as a hiring freeze on public sector jobs, closure of overseas tourism offices, and decreased social security spending, Greece was at risk of "sinking under its debts." He also said that his country had "lost every trace of credibility" on the economic front and would have to "move immediately to a new social deal."

Fears of a government debt default in Europe emerged in the first week of February 2010, with all eyes focused on Greece. Of concern was the rising cost of insuring Greek debt against default, and fears were rising that a bailout by the International Monetary Fund might be in the offing.

For its part, the Greek government pledged to reduce its budget deficit by three percent of gross domestic product by 2012. That move was welcomed by the European Commission but met with the threat of strikes by Greece's largest union, which has railed against the prospect of austerity measures. By Feb. 10, 2010, the strike by the country's largest public sector union in Greece was going forward. Simultaneously, Prime Minister George Papandreou promised to "take any necessary measures" to reduce Greece's deficit including a freeze on public sector pay, increased taxes and the implementation of changes to the pension system.

The next day, leaders of the European Union said that while Greece had not asked for assistance, they stood ready to help ensure stability within the euro zone. A statement issued from a summit in Brussels read as follows: "We fully support the efforts of the Greek government and their commitment to do whatever is necessary, including adopting additional measures to ensure that the ambitious targets set in the stability program for 2010 and the following years are met." The statement, however, did not specify the nature of such support although there were indications that a loan might be in the offing. Following a meeting of European leaders on Feb. 11, 2010, Austria's Chancellor Werner Faymann explained the need to support fellow European Union member states saying, "It is important to have solidarity." However, he added, "We are not going to give the money as a present, it will be as loans."

Only a few days later, however, the news emerging from Europe was grimmer in regards to Greece's situation. As reported by the British publication, the Telegraph, the council of European Union finance ministers issued an ultimatum to Greece, warning that if that country did not comply with austerity measures by March 16, 2010, it would lose sovereign control over its tax and spend policies. The council also warned that the European Union would invoke Article 126.9 of the Lisbon Treaty to take control from Athens and impose requisite cuts. This threat was likely to have more of a practical effect on Greece than an earlier move by the European Union to suspend Greece's voting rights, although both measures indicated a severe blow to Greek sovereignty within the European bloc. From the point of view of the European Union, the verdict was that Greece's austerity plan contained insufficient spending cuts and uncoordinated measures, and compelled the need for such drastic action.

Perhaps not surprisingly, Greece took a different view. Greek Finance Minister George Papaconstantinou argued that his country was "doing enough" to reduce its public deficit from 12 percent to eight percent of GDP in 2010 by undertaking emergency fiscal cuts. Accordingly, Greece has also been reticent about taking further austerity measures, such as an increase in the value added tax or VAT, as well as further public sector wage cuts, which the European Central Bank has said might be necessary. But the rest of Europe was unlikely to receive Greece's claims on faith alone, given the emerging revelations that Wall Street likely helped Greece hide its balance sheets problem for the purpose of advancing euro zone accession.

By the third week of February 2010, as talks in Brussels commenced about the financial crisis in Greece, there was no consensus on the possible path toward helping stabilize the situation in that country. In fact, member states of the European Union appeared divided on the issue. Germany has said it wants to protect its own financial interests by constructing a "firewall" to prevent Greece's debt crisis from spiraling out of control. It was not known if that "firewall" was distinct from, or an actual euphemism for, a bailout for Greece funded by German funds. Certainly, Germany has been careful not to expressly state that it supports some sort of bailout measure for Greece, under the aegis of the European Union , using Germany funds. Indeed, Berlin would have to contend with an outraged domestic reaction, as well as a resistant coalition partner in government whose libertarian inclinations would leave them far from sanguine about such a move.

At the start of March 2010, in the face of pressure from the European Union, the Greek government agreed to a new package of austerity measures, including tax increases and spending cuts, aimed at resolving the budget crisis. The new package was met with approval from the European Union and the International Monetary Fund, who respectively hailed the move as evidence that Greece was taking necessary measures to reduce its precarious debt. The reactions of these two bodies were regarded as crucial, since Greece was hoping for German-funded assistance from the European Union, with the International Monetary Fund in line as an alternative avenue of assistance.

Nevertheless, since the measures included reductions in holiday bonuses paid to civil servants as well as a pension freeze, it effectively raised the ire of public sector workers and trade unions. From their point of view, the financial package would exact a punishing toll on the workers of the country. Not surprisingly, the country was hit by strikes with workers angrily protesting the deficit-cutting government measures detailed above. With schools closed, public transportation, flights and ferries at a halt, and garbage left uncollected, it was clear that the strike was in full-force. On the streets of Athens, striking workers registered discontent, while riot police were deployed across the city.

Regional Considerations:

Also at issue have been the fiscal challenges of Portugal and Spain, which like Greece, have to contend with debt and weakened public finances. One challenge for Spain is the fact that the central government (leaving the social security administration aside) controls only one-third of public sector spending. Accordingly, while the central government can set guidelines for the regional and municipal authorities, it has a fairly limited effect on overall fiscal policy. In Portugal, the government does not command a majority in parliament, effectively complicating the process of implementing fiscal policies, and necessitating broad national consensus on the matter of the country's economic health. Ireland, like Greece, suffers from budget deficits that exceed 12 percent of their economic output. However, Ireland's record in navigating difficult economic times (late 1980s, early 1990s) was believed to be in that country's favor.

Thusly, at the broader level, the European Union has been faced with the moral hazard of having to consider going down a similar path with Spain and Portugal, not to mention other European countries. Clearly, the European Union had no appetite for such a precedent being set in Greece. Not surprisingly, non-euro zone European Union members, such as the United Kingdom and Sweden, were recommending the International Monetary Fund route. They argued that an entity such as the IMF possessed the technocratic acumen and experience to orchestrate and supply a loan bailout to Greece.

Meanwhile, the Fitch ratings agency decided to downgrade Greece's credit rating two notches amidst anxieties that the country will be unable to solve its financial farrago without assistance from external parties. The downgrade was significant since Greece was now at risk of losing its investment grade status, at least according to Fitch. Greece retains marginally higher ratings with Moody's and Standard and Poor's. Earlier, Portugal's credit rating was also downgraded by the Fitch ratings agency over concerns regarding its debt woes. Ironically, the move by Fitch came weeks after Portugal passed an austerity budget aimed at reducing its high budget deficit. At the broader level, the decision to downgrade the credit ratings of both Greece and Portugal, along with attention on the possible rescue package for Greece, renewed anxieties about the problem of heavily indebted economies across the continent.

The situation in these European countries -- specifically on their debt burdens -- has focused attention concomitantly on the European Union where countries of the euro zone share currency but not economic policies, and whose collective fates would be affected by a devalued euro. Indeed, the euro itself has seen its value slide as a result of rising economic anxieties, and questions have once again surfaced regarding its viability.

Last Resort:

By late March 2010, a proposal was advanced to address Greece's debt crisis. The rescue package proposal was intended to be a last resort for Greece, should that country fail to borrow sufficient funds under normal conditions. It would require all euro zone countries to vote unanimously to fund individual loans to Greece, although not all countries would be required to contribute. No actual dollar amount was specified for the possible rescue package although there were suggestions that it would be valued at around 22 billion euro, with the lion's share of the funding being derived from the European Union (EU), and a small remained from the International Monetary Fund (IMF).

On April 10, 2010, euro zone countries agreed to fund up to 30 billion euros -- above the amount originally envisioned -- in emergency loans for debt-hit Greece. The price of the loans would be about five percent and in line with IMF formulas. The loans would not be activated by the euro zone; instead, it would be up to Greece to decide whether or not to avail itself of the funds, which would be co-financed by the IMF, although to what degree was unknown. For its part, Greece has said it does not want to go down the road of such loans, preferring to auction treasury bills. Greece was hoping that the very notion of an EU-IMF rescue package would ease volatile markets and advance an economic recovery, without actually having to activate the loans. However, such a path was viewed as potentially unavoidable, given the fact that Greece has no choice but to finance its debt obligations. As well, there have been the wider considerations at play -- that is, the impact on markets across Europe and the confidence in the euro.

By the close of April 2010, Greece officially requested that the EU-IMF "last resort" loan package be activated in order to deal with its debt-ridden economy and to prevent the unacceptable outcome of default by a sovereign European country. The EU and IMF responded by noting that they believed the details of the rescue plan could be worked through quickly. That being said, since much of the funding for the package would go through the EU, several euro zone countries will have to ratify the use of funds. For example, France would have to garner parliamentary approval for its contribution to Greece's rescue package. In Germany, where -- as discussed above -- the political ramifications of such a plan were expected to be pronounced -- German Chancellor Angela Merkel warned there would be "very strict conditions" attached to her country's contribution of assistance. As well, it was still to be determined how much the IMF would itself finance, along with interest rates by both the IMF and EU. With such hurdles yet to be crossed, it was unlikely that Greece would be in receipt of the much-needed funds until the second week of May 2010.

Meanwhile, Prime Minister George Papandreou expressed confidence in the path going forward. Speaking from the Aegean island of Kastellorizo, he said: "Our partners will decisively contribute to provide Greece the safe harbor that will allow us to rebuild our ship." But the Greek people were not easily assuaged by these words or the EU-IMF rescue package. Instead, they were still railing against the austerity measures enacted by the Greek government with tens of thousands of Greek civil servants taking to the streets to participate in mass strike.

Junk Status:

Further reluctance by Germany to fund the largest portion of the rescue package for Greece did not help the situation. In fact, with Greece acknowledging that it cannot service its forthcoming debt obligations without the EU-IMF loan, plus the realization that German funds will likely not come quickly, there were escalating fears that Greece could well default by May 19, 2010 -- a significant deadline when billions in bond payments would be due. Although Greek Finance Minister George Papaconstantinou insisted his country would "absolutely and without any doubt" service that debt, prevailing anxieties led another credit rating downgrade for Greece. Indeed, Standard and Poor’s downgraded Greece's credit rating to junk status. That move, in addition to a slight downgrade to Portugal's debt on the basis of heightened risks, renewed attention to euro zone stability.

Update on Euro Crisis:

In May 2010, the European Union (EU) agreed on a euro stability package valued at 500 billion euros, aimed at preventing the aforementioned Greek debt crisis from deleteriously affecting other countries in the region. Countries within the EU's euro zone would be provided access to loans worth 440 billion euros and emergency funding of 60 billion euros from the EU. As well, the International Monetary Fund (IMF) would earmark an additional 250 billion euros. The European Commission would raise the funds in capital markets, using guarantees from the governments of member states, for the purpose of lending it to countries in economic crisis.

In addition, it was announced that the European Central Bank (ECB) was prepared to participate in exceptional market intervention measures, such as the purchase of euro zone government bonds, for the purpose of shoring up the value and viability of the euro currency.

These moves were aimed at defending the euro, which has seen its value drop precipitously as a result of the Greek debt crisis has gone on, and as anxieties have increased that a similarly disastrous fate could spread to other EU member states, such as Portugal, Spain, Italy and even Ireland. These mostly southern European economies were plagued not only by high deficits but also inherent structural economic weakness.

But even these overtures, as drastic as they might appear, would do little to address Europe's soaring public debt, according to some economic analysts. Indeed, among this core of economists, the argument resided that this rescue package could actually exacerbate the situation. Of concern has been the collective impact of low economic growth, high unemployment, and governments unwilling to take requisite austerity measures to not only decrease spending but also increase productivity. Rather than relying on heavy government spending to spur growth, governments in euro zone countries have opted to decrease their debt levels -- or at least to make the promise of moving in that direction. However, another core of economic analysts has argued that too much debt reduction -- without government stimulus -- could itself stymie economic growth. To this latter end, Daniel Gros of the Center for European Policy Studies warned that "the patient is dead before he can get up and walk."

Meanwhile, the economic crisis in Europe was spreading to the domestic political sphere in Germany. With the German cabinet of Chancellor Merkel poised to approve that country's part in the euro rescue deal, German voters issued a punishing blow to Merkel's conservatives in the state elections in North Rhine-Westphalia. The voters' reaction appeared to register discontent over the German federal government's decision. Germans, according to polling data, were already incensed over funding of the bailout plan for Greece. That separate package was also approved by the government and parliament.

Italy takes action:

Italy moved on May 25, 2010 to address its debt challenges by launching its own austerity program on the heels of Spain doing the same. Like Spain, Italy wanted to hold the confidence of international investors and prevent sliding into a Greek-style debt crisis. To these ends, the Italian government of Prime Minister Silvio Berlusconi approved austerity measures worth 24 billion euros for the years 2011-2012. The plan also included measures to reduce public sector pay, institute a freeze on new recruitment, and reduce both public sector pensions and local government spending. Moreover, the government would take action against tax avoidance -- a serious problem in Italy as well as Greece.

These measures together were measured in value at the equivalent of 1.6 percent of GDP. Ultimately, Italy''s government was hoping to reduce its deficit down to below three percent of GDP by 2012. In response, Italian unions took to the streets in protests. Indeed, Italian civilians, particularly those from the public sector, were expected to rail against these moves.

Spain takes action --

In a move aimed at addressing its troubling debt, the Spanish government on May 20, 2010, approved an austerity plan. The move was also aimed at soothing fears that Spain would devolve into the same type of debt crisis that has been gripping Greece, with deleterious consequences for the value of the euro and the stability of the entire euro zone. The plan aimed to reduce a deficit of 11 percent of GDP to six percent by 2011, and would include a five percent reduction of public sector salaries, other spending cuts, and reform of the labor market. Indeed, labor market reform was intended to reduce its high rate of unemployment, which has been exacerbated by certain regulations.

The proposal, which was unveiled by Prime Minister Jose Luis Rodriguez Zapatero, was expected to be condemned by the Spanish people as well as the unions, who were already dealing with economic challenges in their daily lives and an unemployment rate of 20 percent. On the other hand, the austerity plan was likely to be applauded by the European Union, which was anxiously awaiting action by structurally weak European economies.

A month later in June 2010, the head of the International Monetary Fund, Dominique Strauss-Kahn, was hailing Spain for taking corrective measures to move the country on the path toward economic stability. Strauss-Kahn expressed confidence in Spain's economic recovery, saying, "I am really confident in the medium and long-term prospects for the Spanish economy, providing the efforts that have to be made will be made." Strauss-Kahn also implored the Spanish citizenry to support the Zapatero government's austerity plan.

Meanwhile, there were prevailing fears in the financial markets that Spain would yet need international financial assistance. In order to demonstrate the claims of progress, Spain has said it would publish the results of "stress tests" on its banks.

Debt crisis in Portugal

In mid-May 2011, the International Monetary Fund (IMF) formally approved a rescue or "bailout" package for Portugal, which has been mired by a debt crisis.

Earlier in the year, Portugal followed the footsteps of Greece and Ireland and sought financial assistance from the European Union (EU) and the International Monetary Fund (IMF). With Portugal's national debt growing to 82 percent of its gross domestic product (GDP), and with the economy expected to shrink by one percent in 2011 (therefore providing less funds for debt servicing), the Portuguese government was setting forth harsh austerity measures.

Those measures would have to be passed in parliament with President Cavaco Silva's center-right Social Democrats working together with Prime Minister Jose Socrates and the Socialists.

On March 23, 2011, Portuguese Prime Minister Socrates resigned from office as the country's head of government after the opposition rejected his austerity budget proposal. At issue was a budget plan aimed to avoid going down the path traversed by Ireland and Greece in being forced to accept financial rescue package. Despite the dire state of Portugal's financial affairs, and particularly Portugal's borrowing costs, five opposition parties closed ranks and rejected the budget, which included provisions for tax increases and spending cuts. The opposition parties claimed that the measures were too harsh but Prime Minister Socrates warned that without the adoption of the budget, the country would be headed down the path of political paralysis and economic hardship.

In a televised national address, Prime Minister Socrates said, "Today, every opposition party rejected the measures proposed by the government to prevent that Portugal resort to external aid." He continued, "The opposition removed from the government the conditions to govern." With Prime Minister Socrates presenting his resignation to President Anibal Cavaco Silva only hours after the budget vote, it was clear that Portugal would be headed towards elections.

A European Union summit was set to take start on March 24, 2011, with the objective of implementing a debt crisis plan for the euro zone. Portugal has argued that it should be regarded as a distinct case, noting that its deficit, debt, banking sector, and property markets compared favorably with Ireland and Greece.

By the start of April 2011, Portugal had requested a rescue plan or "bailout" to alleviate its debt crisis. Prime Minister Socrates, now acting in a caretaker capacity, said that the request for help had to be made, "to ensure financing for our country, for our financial system and for our economy." While no actual figure was mentioned at this time, analysts suggested that Portugal would require the equivalent of US$114 billion. Action on Portugal's request was urgent since the country has been paying interest rates at unsustainable levels as it tries to persuade investors to buy its debt.

Meanwhile, banks across Europe found themselves vulnerable to the effects of a potential Portuguese debt servicing default, which would deleteriously affect the euro zone. With these possible consequences in mind, there were high hopes for a rescue package funded by the European Union and the International Monetary Fund. Some assurances on the speed of crafting such a deal were offered by European Commission President Jose Manuel Barroso, who that Portugal's request for a rescue package would be "processed in the swiftest possible manner." Likewise, the IMF indicated that it stood ready to assist Portugal.

As noted above, by mid-May 2011, financial leaders of the euro zone unanimously approved a 78 billion euro bailout for Portugal, in the interests of the financial stability of all euro zone countries and the European Union as a whole. Part of the rescue package for Portugal would be provided by the IMF, as expected. The remainder would be provided by the European Financial Stabilization Mechanism (EFSM). Including the EU, each of the three parties would contribute 26 billion euros.

By June 2011, the debt crisis in Portugal gave rise to political change when Portuguese voters were headed to the polls to vote for a new government. The vote was largely seen as a referendum on aforementioned Prime Minister Jose Socrates and his Socialist Party. Pre-election polls forecast a close race with the center-right Social Democratic Party, led by Pedro Passos Coelho, slightly ahead of Prime Minister Jose Socrates' Socialists. Once the the exit poll data became available, it was clear that the governing Socialists were going down to defeat. Indeed, the Social Democrats won 38.6 percent of the vote share and 105 seats in the 230-seat parliament. Along with its traditional ally, the conservative Democratic and Social Center/Popular Party, which won 24 seats, Coelho would be able to command a healthy parliamentary majority. The Socialists won 73 seats -- 24 less than in the last election.

As intimated here, it was expected that the Social Democrats would form a majority coalition with the conservative Democratic and Social Center/Popular Party. However, that new government would now have to take on the very same task of the outgoing government: that of implementing a harsh austerity program, as a provision of the aforementioned rescue package. To that end, Coelho, who was expected to become the new prime minister, said that he would make cuts to wasteful state expenditures. However, austerity measures would require far more painful social and fiscal reforms that were unlikely to be popular with the public.

3. Special Entry

The Greek debt crisis; effects on the euro zone, and the establishment of the European Financial Stability Facility

In recent years, a debt crisis has raged across the euro zone countries of the European Union (EU). In 2010, Greece stood as "ground zero" of the crisis, evoking deep anxieties about that country defaulting on its debt. Anxieties also increased that a similarly disastrous fate could spread to other EU member states, such as Portugal, Spain, Italy and even Ireland. These mostly southern European economies were plagued not only by high deficits but also inherent structural economic weakness, which could affect other countries in the euro zone in something of a contagion.

To stave off such a possibility, in 2010, the EU, in concert with the International Monetary Fund (IMF), agreed on a euro stability package, aimed at preventing the Greek debt crisis from deleteriously affecting other countries in the region. In addition, the European Central Bank (ECB) was prepared to participate in exceptional market intervention measures, such as the purchase of euro zone government bonds, for the purpose of shoring up the value and viability of the euro currency.

A year later in 2011, the Greek debt crisis was ongoing and Athens was in negotiations with the EU and the IMF to receive another tranche of its rescue package. Given the concerns about Greece's "highly uncertain growth prospects," as well as the prevailing burden of debt servicing and ultimate solvency, attention refocused on strategies to address the crisis. One option that surfaced was the restructuring of Greece's debt. In addition, there was the need for subsequent rescue loans for Greece.

In mid-July 2011, at an emergency euro zone summit, German Chancellor Angela Merkel cast the notion of another rescue package for Greece in some degree of doubt when she said that there would be no "spectacular" measures aimed at resolving Greece's debt crisis, such as the restructuring of Greek debt. The German chancellor made it clear that there needed to be a concrete plan for a second Greek rescue package, if there was any hope that the debt crisis in that country would be prevented from spreading across the euro zone. Ultimately, though, concurrence was reached on July 21, 2011, with a rescue package plan. The plan provides for the Germany-endorsed position that private lenders, including banks, would have to do their part in contributing to the package. Any measures that would allow Greece easier repayment terms could be viewed by credit rating agencies as acknowledgment that its borrowing was unsustainable -- and therefore, "partial default."

Greece was not the only country affected by the debt crisis. Already Ireland was the recipient of a rescue package and there was speculation that a second rescue package might be needed before the country could be cleared to return to capital markets. In Italy, that country was also dealing with economic challenges regarding stunted growth and an inability to reduce its dangerously high debt-to-GDP ratios -- one of the worst in the euro zone at 120 percent. In Italy's case, the notion of a rescue package was impossibly unaffordable, and raised expectation that Italy would not escape default. Spain was in a similar situation and was hoping that its austerity program (like the one being implemented in Italy) would help that country navigate its difficult economic waters. General expectations were that Spain might barely escape default because its debt-to-GDP ratio -- while poor -- was still better than that of Italy.

With the international community concerned about Europe's ability to solve its sovereign debt crisis, and the fear of financial contagion spreading across highly-indebted fellow euro zone member states, German Chancellor Angela Merkel and French President Nicolas Sarkozy were scheduled to meet on Aug. 16, 2011. The two European leaders were expected to discuss the situation and to work on effectively managing the euro zone. The decision for the two leaders to meet came as financial markets reacted negatively to the climate of insecurity sweeping over Europe. It was clear that investors had doubts about the ability of European governments to deal with the debt crisis, despite the funding of several rescue packages to the most imperiled economies of the euro zone.

Hopes for a comprehensive plan to address the situation were dashed after the meeting when the two European leaders emerged from the meeting and stressed the need for "true economic governance" for the euro zone. Merkel and Sarkozy championed closer economic and fiscal policy in the euro zone, such as the notion of budget measures included in the constitutions of euro zone member states. They called for a tax on financial transactions to raise more revenues. Investors reacted to these declarations by deeming them insufficient, and with economic analysts dismissing the plan as a missed opportunity. In fact, there had been warnings that Germany's demands for austerity would do little to aid in the thrust for economic recovery across Europe.

By the close of September 2011, the Bundestag, or lower house of parliament in Germany approved the expansion of a rescue fund for Europe's heavily indebted countries, known as the European Financial Stability Facility. The issue has been an extremely contentious one, with the participants of the global economy anxious for action to be taken in response to the debt crisis, but with German stakeholders incensed that they would be the major contributors to the rescue fund that would benefit countries, such as Greece. Indeed, the debt crisis in Europe has led to instability in the international markets and political imbroglios across the euro zone.

As Europe’s largest economy, Germany's ratification of the rescue fund for the euro zone was a crucial step on the road to stabilization. The scenario evoked political ramification for German Chancellor Angela Merkel; while Chancellor Merkel received the necessary support in the parliament to approve the bailout fund, the measure left her ruling coalition weakened and could well negatively affect her grip on power in Germany in the future.

Regardless of the domestic political ramifications, the German ratification of the expansion of the European Financial Stability Facility breathed necessary life into the euro stabilization entity. With Austria and Finland also reaching agreements on the matter, only Slovakia was left to approve the measure. In the case of Austria, the approval in that country's parliament came after vituperative debate, with strong disapproval emanating from the right wing of that Austrian parliament. In Finland, approval required more than debate for passage. Finland was seeking collateral as security for its contribution to the euro zone bailout fund, which Greece -- as the main beneficiary -- agreed to provide. With this agreement forged, Finland agreed to withdraw its objections and move forward.

But concurrence on the expansion of the European Financial Stability Facility from Slovakia was not expected to come easily. Instead, one member of the coalition government warned that it would block approval in that country. In a nod to Slovaks who eschew the notion of a less wealthy Central European country having to pay for the mistakes of the more wealthy Greeks, the Freedom and Solidarity Party of Slovakia -- a participant in Prime Minister Radicova's coalition government -- had promised to oppose the move. With Slovakia positioned to be the main holdout in a scheme intended to stabilize the entire euro zone, there were high hopes for a compromise. Nevertheless, on Oct. 11, 2011, the parliament of Slovakia voted down the euro zone bailout expansion plan. Since the vote was also linked to a confidence motion, the center-right government of Prime Minister Iveta Radicova was also toppled in the vote, making the Slovakian government the latest political casualty in the economic debt crisis rocking Europe. A new vote took place two days later, and with support from the left wing opposition, the proposed expansion of the euro zone rescue fund was ratified, and a schedule for snap elections was secured.

Meanwhile, representatives of the International Monetary Fund, the European Union, and the European Central Bank, were set to review Greece's progress in reducing debt levels, and to make a decision on the release of the latest installment of bailout funds for that country. However, before a decision could be made, the finance ministers from the euro zone put the metaphoric "brakes" on the decision-making. After hours of talks in Luxembourg, the finance ministers from the 17-nation euro zone urged Greece to take on greater austerity measures and warned that banks in region should prepare for further challenges.

With a delay on the decision on releasing the latest tranche of bailout funds for Greece, it was yet to be seen if the IMF, EU, and ECB would ultimately recommend the release of bailout funds for Greece. Some deadlines of significance included mid-October 2011, when the decision would finally be made, and the actual release of funds to come (pending approval) at the close of October 2011. However, the current scenario suggested that Greece might not receive its needed installment of rescue funds until November 2011. To that end, as October 2011 entered its final week, finance ministers of the euro zone finally approved the tranche of rescue funds needed for Greece to escape disastrous default. The International Monetary Fund would also have to sign off on the release of the bail out money, but all expectations were that Athens would receive the much-needed funds by mid-November 2011.

In the backdrop of these developments have been fears that a Greek default could spark another banking crisis. The sense of anxiety was only exacerbated by news that the Franco-Belgian bank, Dexia, was in emergency talks, and that the credit ratings agency, Moody's, was considering downgrading the bank due to exposure to Greek debt.

Should Greece fail to service its debt commitments, there would be deleterious effects for the euro zone, European banks, and at the international level, there could be a seriously damaging influence on the global economy. Chairman of the euro zone finance ministers (known as the euro group), Prime Minister Jean-Claude Juncker of Luxembourg, foreclosed the possibility of a debt default by Greece, while simultaneously warning that Greece's private sector creditors should anticipate further losses on their Greek sovereign debt holdings – indeed, greater than the 21 percent "haircut" that was previously agreed upon months earlier.

It should be noted that there was a growing chorus of complaints about the slow and protracted political response to the debt crisis and concomitant euro zone challenges, which was largely due to the EU's institutional structure. As October 2011 entered its second week, French President Nicolas Sarkozy and German Chancellor Angela Merkel were pledging to do whatever was necessary to protect European banks from the debt crisis. That plan included the recapitalizing of European banks. The two European leaders also agreed to a plan that would amend the euro zone's operational structure to avoid the challenges detailed above. Notably, there would be accelerated economic coordination in the euro zone. Moreover, President Sarkozy and Chancellor Merkel concurred on addressing Greece's debt problems, and the need to restore market confidence.

By the start of December 2011, the leaders of the two biggest players in the euro zone -- French President Nicolas Sarkozy and German Chancellor Angela Merkel -- issued a joint call for serious changes to Europe's governing treaties, aimed at ameliorated economic governance for the 17 countries that make up the euro currency bloc. French President Sarkozy and German Chancellor Merkel met for talks on the matter in Paris as the euro zone countries continue to grapple with the regional debt crisis, emanating from Greece but extending across the euro bloc.

Included in their proposal were: (1) the creation of a monetary fund for Europe, (2) automatic penalties for countries that exceed European deficit limits, and (3) monthly meetings of European leaders. The proposal entailed compromises by both European leaders. President Sarkozy had to accept the notion of automatic sanctions for countries in violation of debt limit rules, while Chancellor Merkel had to accept that the European Court of Justice will not be empowered with the power of veto over budgets. Meanwhile, the European Stability Mechanism (ESM), which was intended to replace the European Financial Stability Facility in 2013, would be advanced earlier in 2012.

President Sarkozy said that they were looking to March 2012 to complete negotiations on the new treaty. Ideally, the new treaty would be ratified by all 27 member states of the European Union. However, if concurrence at that level proved impossible, then the 17 states of the euro zone would have to approve it. It should also be noted that European Council President Herman Van Rompuy has said that tougher budget rules for the euro zone may not require changing any existing European Union treaties. To that

President Sarkozy emphasized the imperative that such a crisis not re-emerge in the future. He said, "We are conscious of the gravity of the situation and of the responsibility that rests on our shoulders." For her part, Chancellor Merkel said her country, working in concert with France, was "absolutely determined" to maintain a stable euro. She also advocated for "structural changes which go beyond agreements."

While the new measures would certainly go a long way to addressing the issue of improved economic governance in the euro zone, they did not deal with the question of how many euro zone countries would deal with their debt challenges in a climate of low growth. Nevertheless, in the short run, the steadfast and unified message of intent by the two European leaders was, at least. expected to calm markets and facilitate lower borrowing costs for debt-ridden economies such as Italy, Spain, and Portugal.

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At the start of July 2011, Portugal's gloomy economic farrago was exacerbated by the decision of the credit ratings agency, Moody's, to downgrade Portugal's debt from Baa1 to Ba2 -- effectively "junk status." According to Moody's, the tax increases and spending cuts in Portugal constituted "formidable challenges" and increased risk for that country, thus contributing to the credit agency's decision to downgrade Portugal's debt. Moody's additionally held grave doubts that Portugal would be successful in achieving its deficit reduction target of three percent of GDP by 2013. Moreover, Moody's warned that Portugal could well be in need of a second rescue package before being cleared to again borrow money from financial markets.

The government of Portugal responded by saying that Moody's was disregarding its commitment to austerity measures, which the Portuguese government argued, was "the only way to reverse the course and restore confidence" in Portugal. Portuguese Finance Minister Vítor Gaspar noted that Moody's decision failed to consider the move to implement an extraordinary tax on income, which he characterized as "proof of the government's determination" to meet deficit targets by going well beyond the austerity measures associated with the aforementioned rescue package. Two other major ratings agencies maintained Portugal's rank as BBB – above “junk status.”

In January 2012, the credit ratings agency, Standard & Poor’s, downgraded the status of a number of European countries. Among the many country's seeing their credit ratings affected was Portugal, whose credit rating was cut from BBB- to BB -- "junk status."

Standard & Poor's also downgraded the European Union bailout fund -- the European Financial Stability Facility's (EFSF) -- from AAA to AA+. It should be noted that the decision to downgrade the EFSF was in keeping with the collective downgrades of individual European countries discussed above, since the rating is based on the ratings of the countries that guarantee the bailout fund. Should the EFSF obtain additional guarantees, it could recapture its AAA rating.

These developments made several countries the latest casualties in the ongoing sovereign debt crisis affecting Europe, and particularly, the countries of the euro zone. For its part, Standard & Poor's explained that it had taken these measures in response to the failed attempts by the leaders of the euro zone to deal with the ongoing debt crisis. Standard & Poor's released a statement that read as follows: "Today's rating actions are primarily driven by our assessment that the policy initiatives that have been taken by European policy makers in recent weeks may be insufficient to fully address ongoing systemic stresses in the euro zone."

The credit ratings agency went further and accused euro zone leaders of being unable to properly diagnose the causes of the crisis. Specifically, Standard & Poor's argued that the plan being advanced by leaders of the euro zone -- to limit governments' future borrowing -- was based upon an inaccurate understanding of the debt crisis. Standard & Poor's contention was that the challenge was not so much excessive borrowing, as much as it involved trade deficits and a loss of competitiveness by certain euro zone economies, including Italy and Spain.

In late February 2012, international creditors gave the Portuguese government positive feedback as regards its economic reform efforts aimed at addressing the country's prevailing debt crisis. International inspectors had conducted a review on the implementation of Portugal's economic reforms, with an eye on approving a new tranche of fiscal funds. That review concluded in a positive assessment for Portugal. The the troika -- consisting of the International Monetary Fund (IMF), the European Union (EU) and the European Central Bank (ECB) -- confirmed progress made by Portugal. A joint statement read as follows: "Policies are generally being implemented as planned and economic adjustment is under way. Financial sector reforms and de-leveraging efforts are advancing, while steps are being taken to ensure that credit needs of companies with sound growth prospects are met." Acknowledging the headwinds to be faced, such as decreasing demands for imports as well as high unemployment, the statement noted, "The program is on a good path, but there are still some challenges."

For its part, the Portuguese authorities pledged not to go down the path of Greece in requiring further rescue funds. Portuguese Finance Minister Vitor Gaspar said, "We will not ask for more time or money. The program, from the Portuguese point of view, is bound to be implemented. The limits, the amounts, the goals and the timetables are a part of a contract that we are obliged to fulfill."

In March 2012, public sector workers in Portugal went on strike to protest against the center-right government's harsh austerity measures. Those measures were part of a required reform agenda that Portugal had to implement in order to secure a rescue package that would be used to address the country's debt crisis. While the austerity measures and overall economic reform efforts in

Portugal have garnered positive feedback from international creditors (as noted above), the resonance has not been as positive among working people in Portugal.

Indeed, protest action has ensued to register discontent over the reforms, resulting in disruptions to the public transport sector, strains at hospitals, and closures of schools. This particular public sector strike was organized by the country's biggest trade union, the General Confederation of Portuguese Workers, but also attracted youth protesters and leftist activists, all of whom were railing against the government's reforms, which have included job cuts, wage reductions, curtailed benefits, increased taxation, and the privatization of several industries.

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Update (as of 2013):

On April 3, 2013, the government of Prime Minister Pedro Passos Coelho -- the head of the center-right Social Democratic Party -- survived a no confidence motion filed by the main opposition Socialist Party. The no-confidence motion was the fourth such motion launched against the government in nine months. In this case, the Socialists were registering their opposition to the austerity policies of Prime Minister Coelho, which they said was not rescuing the country from its economic woes.

Antonio Jose Seguro, the general secretary of the Socialist Party, explained its moves, saying, "The government has failed on all of its goals." He noted that the deficit and public debt in 2012 exceeded the expressed goals of the government, and that the unemployment rate actually increased in 2013. Seguro continued by saying the time had come to "liberate the Portuguese from two more years of this administration that would be a nightmare." Large swaths of the public appeared to want to be liberated from Coelho's policies with widespread anti-austerity protests taking place with regularity in Portugal.

Despite this lofty ambition, and irrespective of the public's outcry against the austerity measures, the dominance of the center-right in parliament ensured the survival of Prime Minister Coelho's government. For his part, Prime Minister Coelho maintained that his government would continue its objective, "to complete the austerity program scheduled until May 2014." He noted that during his tenure at the helm of government, Portugal garnered positive evaluations from the European Union, the International Monetary Fund, and the European Central Bank.

It should be noted that on April 8, 2013, the Portuguese Constitutional Court struck down portions of his austerity budget. The court specifically struck down the budget's provision to suspend holiday bonuses for public sector workers and pensioners.

The court ruling would essentially force the prime minister to find other ways to make necessary spending cuts. To that end, Prime Minister Coelho warned that since unprecedented tax increases were already in the budget, slashes to social security, health care, education, and public enterprises would likely be instituted in the future.

This news was not likely to assuage an angry and frustrated Portuguese public already suffering from record unemployment, who were, therefore, even more reliant on the social safety net of the country. Meanwhile, the political opposition was accusing Coelho of using the court ruling as a justification to move forward with even more draconian cuts to public services.

Nominal GDP and Components

Nominal GDP and Components					
	2011	**2012**	**2013**	**2014**	**2015**
Nominal GDP (LCU billions)	176.167	168.398	169.395	173.044	177.524
Nominal GDP Growth Rate (%)	-2.0914	-4.4098	0.5919	2.154	2.589
Consumption (LCU billions)	115.961	111.610	111.065	114.245	117.989
Government Expenditure (LCU billions)	34.983	31.177	32.304	32.255	33.312
Gross Capital Formation (LCU billions)	32.764	26.466	24.526	25.732	26.084
Exports of Goods & Services (LCU billions)	60.410	63.504	67.059	69.057	73.164

	2011	2012	2013	2014	2015
Imports of Goods & Services (LCU billions)	67.952	64.359	65.559	68.245	73.024

Population and GDP Per Capita

Population and GDP Per Capita					
	2011	**2012**	**2013**	**2014**	**2015**
Population, total (million)	10.558	10.515	10.457	10.394	10.404
Population growth (%)	-0.1419	-0.4073	-0.5516	-0.6025	0.0962
Nominal GDP per Capita (LCU 1000s)	16,685.60	16,015.03	16,199.19	16,648.48	17,063.05

Real GDP and Inflation

Real GDP and Inflation					
	2011	**2012**	**2013**	**2014**	**2015**
Real Gross Domestic Product (LCU billions 2005 base)	176.167	169.071	166.357	167.841	170.460
Real GDP Growth Rate (%)	-1.8271	-4.0278	-1.6051	0.8921	1.560
GDP Deflator (2005=100.0)	100.000	99.602	101.826	103.100	104.144
Inflation, GDP Deflator (%)	-0.2693	-0.3980	2.233	1.251	1.013

Government Spending and Taxation

Government Spending and Taxation					
	2011	**2012**	**2013**	**2014**	**2015**
Government Fiscal Budget (billions)	88.048	81.611	84.818	84.729	85.018
Fiscal Budget Growth Rate (percentage)	-5.5654	-7.3108	3.930	-0.1049	0.3411
National Tax Rate Net of Transfers (%)	42.619	42.851	45.242	44.504	44.760
Government Revenues Net of Transfers (LCU billions)	75.080	72.161	76.637	77.012	79.459
Government Surplus(-) Deficit(+) (LCU billions)	-12.9680	-9.4500	-8.1810	-7.7170	-5.5590
Government Surplus(+) Deficit(-) (%GDP)	-7.3612	-5.6117	-4.8295	-4.4596	-3.1314

Money Supply, Interest Rates and Unemployment

Money Supply, Interest Rates and Unemployment					
	2011	**2012**	**2013**	**2014**	**2015**
Money and Quasi-Money (M2) (LCU billions)	173.587	162.856	164.245	165.652	169.940
Money Supply Growth Rate (%)	0.0432	-6.1819	0.8529	0.8566	2.589
Lending Interest Rate (%)	6.738	6.721	7.066	6.937	8.860
Unemployment Rate (%)	12.677	15.526	16.183	13.894	12.269

Foreign Trade and the Exchange Rate

Foreign Trade and the Exchange Rate					
	2011	**2012**	**2013**	**2014**	**2015**
Official Exchange Rate (LCU/$US)	0.7187	0.7779	0.7529	0.7525	0.8988
Trade Balance NIPA ($US billions)	-10.4940	-1.0994	1.993	1.080	0.1552
Trade Balance % of GDP	-4.2812	-0.5078	0.8857	0.4695	0.0786
Total Foreign Exchange Reserves ($US billions)	20.801	22.658	17.589	19.701	15.979

Data in US Dollars

Data in US Dollars					
	2011	**2012**	**2013**	**2014**	**2015**
Nominal GDP ($US billions)	245.119	216.488	224.983	229.948	197.510
Exports ($US billions)	84.055	81.639	89.065	91.766	81.401
Imports ($US billions)	94.549	82.738	87.072	90.686	81.246

Energy Consumption and Production Standard Units

Energy Consumption and Production Standard Units					
	2011	**2012**	**2013**	**2014**	**2015**
Petroleum Consumption (TBPD)	257.896	231.437	238.407	242.458	245.643
Petroleum Production (TBPD)	5.177	5.282	7.056	6.921	7.264
Petroleum Net Exports (TBPD)	-252.7191	-226.1553	-231.3505	-235.5369	-238.3794
Natural Gas Consumption (bcf)	183.073	159.624	153.691	141.437	149.340
Natural Gas Production (bcf)	0.0000	0.0000	0.0000	0.0000	0.0000
Natural Gas Net Exports (bcf)	-183.0730	-159.6238	-153.6909	-141.4366	-149.3403
Coal Consumption (1000s st)	4,078.55	5,372.67	4,896.90	4,566.28	4,647.26
Coal Production	0.0000	0.0000	0.0000	0.0000	0.0000

	2011	2012	2013	2014	2015
(1000s st)					
Coal Net Exports (1000s st)	-4078.5520	-5372.6656	-4896.8958	-4566.2800	-4647.2564
Nuclear Production (bil kwh)	0.0000	0.0000	0.0000	0.0000	0.0000
Hydroelectric Production (bil kwh)	11.425	5.566	13.591	15.016	15.767
Renewables Production (bil kwh)	12.832	13.748	15.742	15.944	17.141

Energy Consumption and Production QUADS

Energy Consumption and Production QUADS					
	2011	**2012**	**2013**	**2014**	**2015**
Petroleum Consumption (Quads)	0.5507	0.4942	0.5091	0.5177	0.5245
Petroleum Production (Quads)	0.0111	0.0114	0.0151	0.0151	0.0124
Petroleum Net Exports (Quads)	-0.5396	-0.4828	-0.4939	-0.5026	-0.5121
Natural Gas Consumption (Quads)	0.1867	0.1628	0.1568	0.1443	0.1523
Natural Gas Production (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Natural Gas Net Exports (Quads)	-0.1867	-0.1628	-0.1568	-0.1443	-0.1523
Coal Consumption (Quads)	0.0816	0.1075	0.0979	0.0913	0.0929
Coal Production (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Coal Net Exports (Quads)	-0.0816	-0.1075	-0.0979	-0.0913	-0.0929
Nuclear Production (Quads)	0.0000	0.0000	0.0000	0.0000	0.0000
Hydroelectric Production (Quads)	0.1142	0.0557	0.1359	0.1502	0.1577
Renewables Production (Quads)	0.1283	0.1375	0.1574	0.1594	0.1714

World Energy Price Summary

World Energy Price Summary					
	2011	**2012**	**2013**	**2014**	**2015**
Petroleum-WTI ($/bbl)	95.054	94.159	97.943	93.112	48.709
Natural Gas-Henry Hub ($/mmbtu)	3.999	2.752	3.729	4.369	2.614
Coal Thermal-Australian ($/mt)	121.448	96.364	84.562	70.130	57.511

CO2 Emissions

CO2 Emissions					
	2011	**2012**	**2013**	**2014**	**2015**
Petroleum Based (mm mt C)	12.303	11.040	11.373	11.566	11.718
Natural Gas Based (mm mt C)	2.970	2.590	2.493	2.295	2.423
Coal Based (mm mt C)	2.337	3.079	2.806	2.617	2.663
Total CO2 Emissions (mm mt C)	17.610	16.709	16.673	16.478	16.804

Agriculture Consumption and Production

Agriculture Consumption and Production					
	2011	**2012**	**2013**	**2014**	**2015**
Corn Total Consumption (1000 metric tons)	2,379.20	2,482.38	2,466.88	2,636.17	2,372.51
Corn Production (1000 metric tons)	808.798	829.171	845.441	947.374	882.959
Corn Net Exports (1000 metric tons)	-1570.4029	-1653.2094	-1621.4376	-1688.7936	-1489.5537
Soybeans Total Consumption (1000 metric tons)	628.036	587.529	775.319	749.973	657.830
Soybeans Production (1000 metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Soybeans Net Exports (1000 metric tons)	-628.0360	-587.5290	-775.3190	-749.9733	-657.8296

	2011	2012	2013	2014	2015
Rice Total Consumption (1000 metric tons)	191.532	216.070	188.887	143.060	125.372
Rice Production (1000 metric tons)	182.573	184.097	168.226	162.036	152.260
Rice Net Exports (1000 metric tons)	-8.9585	-31.9734	-20.6606	18.976	26.888
Coffee Total Consumption (metric tons)	48,522.00	50,179.00	51,596.00	53,587.26	49,462.63
Coffee Production (metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Coffee Net Exports (metric tons)	-48522.0000	-50179.0000	-51596.0000	-53587.2572	-49462.631
Cocoa Beans Total Consumption (metric tons)	65.000	81.000	331.000	331.000	336.887
Cocoa Beans Production (metric tons)	0.0000	0.0000	0.0000	0.0000	0.0000
Cocoa Beans Net Exports	-65.0000	-81.0000	-331.0000	-331.0000	-336.8867

	2011	2012	2013	2014	2015
(metric tons)					
Wheat Total Consumption (1000 metric tons)	1,279.35	1,404.14	1,150.40	1,039.02	858.525
Wheat Production (1000 metric tons)	58.501	59.312	87.862	87.688	77.442
Wheat Net Exports (1000 metric tons)	-1220.8462	-1344.8237	-1062.5328	-951.3309	-781.0825

World Agriculture Pricing Summary

World Agriculture Pricing Summary					
	2011	**2012**	**2013**	**2014**	**2015**
Corn Pricing Summary ($/metric ton)	291.684	298.417	259.389	192.881	169.750
Soybeans Pricing Summary ($/metric ton)	540.667	591.417	538.417	491.771	390.417
Rice Pricing Summary ($/metric ton)	458.558	525.071	473.989	425.148	386.033
Coffee Pricing Summary ($/kilogram)	5.976	4.111	3.076	4.424	3.526
Cocoa Beans Pricing Summary ($/kilogram)	2.980	2.392	2.439	3.062	3.135
Wheat Pricing Summary ($/metric ton)	316.264	313.242	312.248	284.895	203.177

Metals Consumption and Production

Metals Consumption and Production

	2011	2012	2013	2014	2015
Copper Consumption (1000 mt)	9,017.60	7,703.10	8,190.79	11,149.26	9,544.23
Copper Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Copper Net Exports (1000 mt)	-9017.5970	-7703.1000	-8190.7910	-11149.2560	-9544.2296
Zinc Consumption (1000 mt)	16,338.10	15,835.99	16,584.02	14,214.16	12,559.72
Zinc Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Zinc Exports (1000 mt)	-16338.0970	-15835.9880	-16584.0230	-14214.1620	-12559.716
Lead Consumption (1000 mt)	6,941.36	8,547.46	14,895.78	11,285.81	9,338.04
Lead Production (1000 mt)	5,953.77	4,952.85	3,977.99	3,147.97	2,913.22

	2011	2012	2013	2014	2015
Lead Exports (1000 mt)	-987.5844	-3594.6010	-10917.7954	-8137.8478	-6424.8154
Tin Consumption (1000 mt)	555.959	540.467	415.553	490.731	447.766
Tin Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Tin Exports (1000 mt)	-555.9590	-540.4670	-415.5530	-490.7312	-447.7660
Nickel Consumption (1000 mt)	304.923	328.219	508.991	400.763	317.005
Nickel Production (1000 mt)	0.0000	0.0000	0.0000	0.0000	0.0000
Nickel Exports (1000 mt)	-304.9230	-328.2190	-508.9910	-400.7630	-317.0048
Gold Consumption (kg)	3,041.01	5,090.53	7,140.05	12,512.43	10,821.04
Gold Production (kg)	8,563.29	8,829.46	9,119.62	9,731.33	9,391.61
Gold Exports (kg)	5,522.28	3,738.93	1,979.57	-2781.0925	-1429.4251

	2011	2012	2013	2014	2015
Silver Consumption (mt)	57,016.00	27,985.00	54,276.25	64,592.06	52,408.83
Silver Production (mt)	73,677.52	74,745.70	85,351.97	92,723.04	86,239.99
Silver Exports (mt)	16,661.52	46,760.70	31,075.72	28,130.98	33,831.16

World Metals Pricing Summary

World Metals Pricing Summary					
	2011	**2012**	**2013**	**2014**	**2015**
Copper ($/mt)	8,828.19	7,962.35	7,332.10	6,863.40	5,510.46
Zinc ($/mt)	2,193.90	1,950.41	1,910.26	2,160.97	1,931.68
Tin ($/mt)	26,053.68	21,125.99	22,282.80	21,898.87	16,066.63
Lead ($/mt)	2,400.81	2,064.64	2,139.79	2,095.46	1,787.82
Nickel ($/mt)	22,910.36	17,547.55	15,031.80	16,893.38	11,862.64
Gold ($/oz)	1,569.21	1,669.52	1,411.46	1,265.58	1,160.66
Silver ($/oz)	35.224	31.137	23.850	19.071	15.721

Economic Performance Index

Economic Performance Index

The Economic Performance rankings are calculated by CountryWatch's editorial team, and are based on criteria including sustained economic growth, monetary stability, current account deficits, budget surplus, unemployment and structural imbalances. Scores are assessed from 0 to 100 using this aforementioned criteria as well as CountryWatch's proprietary economic research data and models.

	Bank stability risk	Monetary/ Currency stability	Government Finances	Empl./ Unempl.	Econ.GNP growth or decline/ forecast
	0 - 100	0 - 100	0 - 100	0 - 100	%
North Americas					
Canada	92	69	35	38	3.14%
United States	94	76	4	29	3.01%
Western Europe					
Austria	90	27	30	63	1.33%
Belgium	88	27	19	23	1.15%
Cyprus	81	91	16	80	-0.69%
Denmark	97	70	45	78	1.20%
Finland	89	27	41	33	1.25%

France	87	27	18	27	1.52%
Germany	86	27	22	21	1.25%
Greece	79	27	5	24	-2.00%
Iceland	90	17	2	34	-3.04%
Italy	85	27	37	24	0.84%
Ireland	92	27	11	10	-1.55%
Luxembourg	99	27	28	66	2.08%
Malta	77	27	41	51	0.54%
Netherlands	91	27	26	74	1.30%
Norway	98	44	10	76	1.08%
Portugal	77	27	13	20	0.29%
Spain	83	27	9	3	-0.41%
Sweden	94	72	54	32	1.23%
Switzerland	97	86	55	77	1.53%
United Kingdom	85	12	9	37	1.34%
Central and Eastern Europe					
Albania	44	60	33	6	2.30%
Armenia	45	59	49	30	1.80%

Azerbaijan	56	4	84	99	2.68%
Belarus	59	21	83	98	2.41%
Bosnia and Herzegovina	34	68	69	N/A	0.50%
Bulgaria	58	75	88	49	0.20%
Croatia	69	68	94	9	0.18%
Czech Republic	80	89	29	70	1.67%
Estonia	72	90	66	92	0.80%
Georgia	36	60	53	56	2.00%
Hungary	70	66	26	54	-0.16%
Latvia	67	100	65	44	-3.97%
Lithuania	65	91	87	79	-1.65%
Macedonia (FYR)	53	69	56	2	2.03%
Moldova	23	36	81	67	2.50%
Poland	74	74	38	12	2.72%
Romania	62	56	70	62	0.75%
Russia	73	18	90	8	4.00%
Serbia	48	49	52	5	1.97%

Montenegro	39	27	73	1	-1.70%
Slovak Republic	80	62	30	14	4.06%
Slovenia	81	27	36	65	1.12%
Ukraine	41	11	57	N/A	3.68%
Africa					
Algeria	57	18	96	7	4.55%
Angola	49	1	97	N/A	7.05%
Benin	19	91	20	N/A	3.22%
Botswana	68	58	76	N/A	6.33%
Burkina Faso	16	91	13	N/A	4.41%
Burundi	2	91	6	N/A	3.85%
Cameroon	26	91	91	N/A	2.58%
Cape Verde	52	87	4	N/A	4.96%
Central African Republic	9	91	32	N/A	3.18%
Chad	22	91	89	N/A	4.42%
Congo	52	87	87	N/A	12.13%
Côte d'Ivoire	25	91	82	28	2.98%
Dem. Republic					

Congo	4	91	47	N/A	5.44%
Djibouti	31	76	50	N/A	4.47%
Egypt	37	20	24	69	5.01%
Equatorial Guinea	82	91	85	N/A	0.94%
Eritrea	1	3	1	18	1.81%
Ethiopia	6	45	8	N/A	6.96%
Gabon	64	91	96	N/A	5.36%
Gambia	8	48	86	N/A	4.82%
Ghana	9	11	69	N/A	4.50%
Guinea	10	7	91	N/A	3.03%
Guinea-Bissau	5	91	46	N/A	3.47%
Kenya	20	41	59	N/A	4.11%
Lesotho	13	40	12	N/A	2.98%
Liberia	12	73	74	N/A	5.92%
Libya	73	2	94	N/A	5.22%
Madagascar	4	22	24	N/A	-1.02%
Malawi	7	25	55	N/A	5.96%
Mali	20	91	82	N/A	5.12%

Mauritania	15	13	93	N/A	4.58%
Mauritius	65	52	56	55	4.10%
Morocco	37	72	48	26	3.23%
Mozambique	12	23	71	N/A	6.45%
Namibia	40	39	62	N/A	1.70%
Niger	10	91	21	N/A	4.41%
Nigeria	30	6	61	N/A	6.98%
Rwanda	21	40	68	N/A	5.39%
Sao Tome & Principe	1	61	100	N/A	3.40%
Senegal	24	91	63	N/A	3.44%
Seychelles	60	67	97	N/A	4.01%
Sierra Leone	5	10	39	N/A	4.77%
Somalia	2	38	59	N/A	3.19%
South Africa	61	37	70	N/A	2.59%
Sudan	16	5	73	N/A	5.52%
Swaziland	32	44	79	N/A	1.09%
Tanzania	15	45	32	N/A	6.17%
Togo	8	91	92	N/A	2.56%

Tunisia	50	61	44	39	4.00%
Uganda	11	17	54	N/A	5.59%
Zambia	29	20	49	N/A	5.84%
Zimbabwe	0	8	16	N/A	2.24%
South and Central America					
Argentina	66	3	80	36	3.50%
Belize	47	76	80	N/A	1.00%
Bolivia	32	51	61	81	3.99%
Brazil	71	47	78	11	5.50%
Chile	78	25	92	73	4.72%
Columbia	47	52	34	47	2.25%
Costa Rica	60	42	39	57	3.45%
Ecuador	43	76	75	64	2.51%
El Salvador	35	76	67	N/A	1.04%
Guatemala	46	59	58	N/A	2.52%
Honduras	27	47	58	N/A	2.00%
Mexico	69	42	52	61	4.07%
Nicaragua	23	49	42	N/A	1.75%

Panama	66	76	72	45	5.00%
Paraguay	35	46	66	16	5.27%
Peru	59	66	75	22	6.33%
Suriname	58	26	81	59	4.02%
Uruguay	70	26	27	N/A	5.71%
Venezuela	55	1	28	13	-2.63%
Caribbean					
Antigua & Barbuda	72	76	15	N/A	-2.01%
Bahamas	74	76	45	87	-0.50%
Barbados	67	76	33	15	-0.50%
Bermuda	N/A	N/A	N/A	N/A	N/A
Cuba	45	76	18	95	0.25%
Dominica	53	76	65	N/A	1.40%
Dominican Republic	54	39	43	4	3.50%
Grenada	63	76	48	N/A	0.80%
Guyana	28	56	17	N/A	4.36%
Haiti	11	27	89	N/A	-8.50%
Jamaica	42	9	85	19	-0.28%

St Lucia	55	76	67	N/A	1.14%
St Vincent & Grenadines	49	76	95	N/A	0.50%
Trinidad & Tobago	82	37	77	72	2.13%
Middle East					
Bahrain	84	76	62	91	3.48%
Iran	51	19	40	58	3.01%
Iraq	48	9	8	N/A	7.27%
Israel	87	62	12	48	3.20%
Jordan	41	51	3	N/A	4.10%
Kuwait	96	4	99	N/A	3.10%
Lebanon	63	54	2	N/A	6.00%
Oman	76	16	88	N/A	4.71%
Qatar	99	16	83	N/A	18.54%
Saudi Arabia	76	8	98	N/A	3.70%
Syria	61	24	40	N/A	5.00%
Turkey	75	23	27	60	5.20%
United Arab Emirates	96	24	98	94	1.29%

Yemen	28	2	78	N/A	7.78%
Asia					
Afghanistan	17	70	74	N/A	8.64%
Bangladesh	13	43	25	N/A	5.38%
Bhutan	24	55	5	N/A	6.85%
Brunei	78	19	99	75	0.48%
Cambodia	18	67	42	N/A	4.77%
China	54	90	19	68	11.03%
Hong Kong	89	76	14	82	5.02%
India	31	38	34	35	8.78%
Indonesia	42	46	37	31	6.00%
Japan	88	89	6	71	1.90%
Kazakhstan	62	13	76	42	2.40%
Korea North	18	65	23	N/A	1.50%
Korea South	83	63	22	85	4.44%
Kyrgyz Republic	24	15	84	88	4.61%
Laos	17	54	7	N/A	7.22%
Macao	91	76	14	82	3.00%

Malaysia	68	65	44	90	4.72%
Maldives	44	55	17	N/A	3.45%
Mongolia	33	5	77	93	7.22%
Myanmar	3	41	72	N/A	5.26%
Nepal	3	14	25	N/A	2.97%
Pakistan	19	15	31	41	3.00%
Papua New Guinea	75	50	11	N/A	7.96%
Philippines	30	48	53	43	3.63%
Singapore	93	75	63	40	5.68%
Sri Lanka	38	22	10	N/A	5.50%
Taiwan	84	88	35	89	6.50%
Tajikistan	6	6	60	97	4.00%
Thailand	56	64	90	96	5.46%
Turkmenistan	51	53	68	N/A	12.00%
Uzbekistan	40	10	60	100	8.00%
Vietnam	25	12	20	N/A	6.04%
Pacific					
Australia	96	63	31	46	2.96%

Fiji	46	53	3	N/A	2.06%
Marshall Islands	27	76	46	N/A	1.08%
Micronesia (Fed. States)	N/A	N/A	N/A	N/A	N/A
New Caledonia	96	73	51	52	2.00%
New Zealand	98	73	51	52	2.00%
Samoa	34	88	64	N/A	-2.77%
Solomon Islands	14	71	1	N/A	3.36%
Tonga	26	57	38	N/A	0.60%
Vanuatu	33	58	47	N/A	3.80%

Source:

CountryWatch Inc. www.countrywatch.com

Updated:

This material was produced in 2010; it is subject to updating in 2012.

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Chapter 4

Investment Overview

Foreign Investment Climate

Foreign Investment Assessment

The Portuguese government encourages foreign direct investment. Indeed, the government promotes foreign investment in Portugal via a government agency called "Investimentos, Comercio e Turismo" (ICEP). As well, the government has tried to create a simple registration process for potential foreign investors. For example, foreign investors on the Portuguese mainland only have to register with ICEP within thirty days from the day they make their investment. Foreign investors in Madeira or the Azores have to register with the regional secretariat of planning and finance. Foreigners are generally allowed to participate in a range of economic sectors, although certain strategic sectors require approval by the government. (Note: these include health related and the arms industry). Also, Portugal restricts non-EU investment in certain sectors as well.

Agriculture and Industry

Agricultural products: grain, potatoes, olives, grapes; sheep, cattle, goats, poultry, beef, dairy products; Industries: textiles and footwear; wood pulp, paper, and cork; metalworking; oil refining; chemicals; fish canning; wine; tour

Import Commodities and Import Partners

Imports - commodities: machinery and transport equipment, chemicals, petroleum, textiles, agricultural products; Imports - partners: Spain 29.1%, Germany 14.7%, France 9.9%, Italy 6.4%, UK 4.9%, Netherlands 4.6%

Export Commodities and Export Partners

Exports - commodities: clothing and footwear, machinery, chemicals, cork and paper products, hides; Exports - partners: Spain 22.7%, Germany 15.2%, France 12.9%, UK 10.5%, US 5.8%, Italy 4.8%, Belgium 4.6%

Ports and Harbors

Aveiro, Funchal (Madeira Islands), Horta (Azores), Leixoes, Lisbon, Porto, Ponta Delgada (Azores), Praia da Vitoria (Azores), Setubal, Viana do Castelo

Telephone System

General assessment: Portugal's telephone system has achieved a state-of-the-art network with broadband, high-speed capabilities and a main line telephone density of 53%; domestic: integrated network of coaxial cables, open-wire, microwave radio relay, and domestic satellite earth stations; international: country code - 351; 6 submarine cables; satellite earth stations - 3 Intelsat (2 Atlantic Ocean and 1 Indian Ocean), NA Eutelsat; tropospheric scatter to Azores; note - an earth station for Inmarsat (Atlantic Ocean region) is planned

Internet Users

3.6 million according to recent estimates; on the increase

Labor Force

Labor force: 5.4 million in recent years in the following arenas: agriculture 10%, industry 30%, services 60%

Legal System and Considerations

There is a civil law system; the Constitutional Tribunal reviews the constitutionality of legislation. Foreign investors should note that the Portuguese legal system is slow and cumbersome with cases taking years, if not decades, to be resolved. That said, the country accepts binding arbitration of investment disputes. It is also a member of the International Center for the Settlement of Investment Disputes (ICSID), also known as the Washington Convention and/or the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards.

Corruption Perception Ranking

According to Transparency International's Corruption Perception Index (included in this Country Review), Portugal is one of the least countries in the world.

Cultural Considerations

Western norms dominate, however, formalized forms of address are advised. For example, one should always address people by their title and last name until invited to do otherwise.

Country Website (s)

N/A

Foreign Investment Index

Foreign Investment Index

The Foreign Investment Index is a proprietary index measuring attractiveness to international investment flows. The Foreign Investment Index is calculated using an established methodology by CountryWatch's Editor-in-Chief and is based on a given country's economic stability (sustained economic growth, monetary stability, current account deficits, budget surplus), economic risk (risk of non-servicing of payments for goods or services, loans and trade-related finance, risk of sovereign default), business and investment climate (property rights, labor force and laws, regulatory transparency, openness to foreign investment, market conditions, and stability of government). Scores are assigned from 0-10 using the aforementioned criteria. A score of 0 marks the lowest level of foreign investment viability, while a score of 10 marks the highest level of foreign investment viability, according to this proprietary index.

Country	Assessment
Afghanistan	2

Albania	4.5
Algeria	6
Andorra	9
Angola	4.5-5
Antigua	8.5
Argentina	5
Armenia	5
Australia	9.5
Austria	9-9.5
Azerbaijan	5
Bahamas	9
Bahrain	7.5
Bangladesh	4.5
Barbados	9
Belarus	4
Belgium	9
Belize	7.5
Benin	5.5

Bhutan	4.5
Bolivia	4.5
Bosnia-Herzegovina	5
Botswana	7.5-8
Brazil	8
Brunei	7
Bulgaria	5.5
Burkina Faso	4
Burma (Myanmar)	4.5
Burundi	4
Cambodia	4.5
Cameroon	5
Canada	9.5
Cape Verde	6
Central African Republic	3
Chad	4
Chile	9
China	7.5

China: Hong Kong	8.5
China: Taiwan	8.5
Colombia	7
Comoros	4
Congo DRC	4
Congo RC	5
Costa Rica	8
Cote d'Ivoire	4.5
Croatia	7
Cuba	4.5
Cyprus	7
Czech Republic	8.5
Denmark	9.5
Djibouti	4.5
Dominica	6
Dominican Republic	6.5
East Timor	4.5
Ecuador	5.5

Egypt	4.5-5
El Salvador	6
Equatorial Guinea	4.5
Eritrea	3.5
Estonia	8
Ethiopia	4.5
Fiji	5
Finland	9
Former Yugoslav Rep. of Macedonia	5
France	9-9.5
Gabon	5.5
Gambia	5
Georgia	5
Germany	9-9.5
Ghana	5.5
Greece	5
Grenada	7.5
Guatemala	5.5

Guinea	3.5
Guinea-Bissau	3.5
Guyana	4.5
Haiti	4
Holy See (Vatican)	n/a
Hong Kong (China)	8.5
Honduras	5.5
Hungary	8
Iceland	8-8.5
India	8
Indonesia	5.5
Iran	4
Iraq	3
Ireland	8
Israel	8.5
Italy	8
Jamaica	5.5
Japan	9.5

Jordan	6
Kazakhstan	6
Kenya	5
Kiribati	5.5
Korea, North	1
Korea, South	9
Kosovo	4.5
Kuwait	8.5
Kyrgyzstan	4.5
Laos	4
Latvia	7
Lebanon	5
Lesotho	5.5
Liberia	3.5
Libya	3
Liechtenstein	9
Lithuania	7.5
Luxembourg	9-9.5

Madagascar	4.5
Malawi	4.5
Malaysia	8.5
Maldives	6.5
Mali	5
Malta	9
Marshall Islands	5
Mauritania	4.5
Mauritius	7.5-8
Mexico	6.5-7
Micronesia	5
Moldova	4.5-5
Monaco	9
Mongolia	5
Montenegro	5.5
Morocco	7.5
Mozambique	5
Namibia	7.5

Nauru	4.5
Nepal	4
Netherlands	9-9.5
New Zealand	9.5
Nicaragua	5
Niger	4.5
Nigeria	4.5
Norway	9-9.5
Oman	8
Pakistan	4
Palau	4.5-5
Panama	7
Papua New Guinea	5
Paraguay	6
Peru	6
Philippines	6
Poland	8
Portugal	7.5-8

Qatar	9
Romania	6-6.5
Russia	6
Rwanda	4
Saint Kitts and Nevis	8
Saint Lucia	8
Saint Vincent and Grenadines	7
Samoa	7
San Marino	8.5
Sao Tome and Principe	4.5-5
Saudi Arabia	7
Senegal	6
Serbia	6
Seychelles	5
Sierra Leone	4
Singapore	9.5
Slovak Republic (Slovakia)	8.5
Slovenia	8.5-9

Solomon Islands	5
Somalia	2
South Africa	8
Spain	7.5-8
Sri Lanka	5.5
Sudan	4
Suriname	5
Swaziland	4.5
Sweden	9.5
Switzerland	9.5
Syria	2.5
Tajikistan	4
Taiwan (China)	8.5
Tanzania	5
Thailand	7.5-8
Togo	4.5-5
Tonga	5.5-6
Trinidad and Tobago	8-8.5

Tunisia	6
Turkey	6.5-7
Turkmenistan	4
Tuvalu	7
Uganda	5
Ukraine	4.5-5
United Arab Emirates	8.5
United Kingdom	9
United States	9
Uruguay	6.5-7
Uzbekistan	4
Vanuatu	6
Venezuela	5
Vietnam	5.5
Yemen	3
Zambia	4.5-5
Zimbabwe	3.5

Editor's Note:

As of 2015, the global economic crisis (emerging in 2008) had affected many countries across the world, resulting in changes to their rankings. Among those countries affected were top tier economies, such as the United Kingdom, Iceland, Switzerland and Austria. However, in all these cases, their rankings have moved back upward in the last couple of years as anxieties have eased. Other top tier countries, such as Spain, Portugal, Ireland, and Italy, suffered some effects due to debt woes and the concomitant effect on the euro zone. Greece, another euro zone nation, was also downgraded due to its sovereign debt crisis; however, Greece's position on the precipice of default incurred a sharper downgrade than the other four euro zone countries mentioned above. Cyprus' exposure to Greek bank yielded a downgrade in its case. Slovenia and Latvia have been slightly downgraded due to a mix of economic and political concerns but could easily be upgraded in a future assessment, should these concerns abate. Meanwhile, the crisis in eastern Ukraine fueled downgrades in that country and neighboring Russia.

Despite the "trifecta of tragedy" in Japan in 2011 -- the earthquake, the ensuing tsunami, and the resulting nuclear crisis -- and the appreciable destabilization of the economic and political terrain therein, this country has only slightly been downgraded. Japan's challenges have been assessed to be transient, the government remains accountable, and there is little risk of default. Both India and China retain their rankings; India holds a slightly higher ranking than China due to its record of democratic representation and accountability.

There were shifts in opposite directions for Mali and Nigeria versus the Central African Republic, Burkina Faso, and Burundi. Mali was slightly upgraded due to its efforts to return to constitutional order following the 2012 coup and to neutralize the threat of separatists and Islamists. Likewise, a new government in Nigeria generated a slight upgrade as the country attempts to confront corruption, crime, and terrorism. But the Central African Republic was downgraded due to the takeover of the government by Seleka rebels and the continued decline into lawlessness in that country. Likewise, the attempts by the leaders of Burundi and Burkina Faso to hold onto power by by-passing the constitution raised eybrows and resulted in downgrades.

Political unrest in Libya and Algeria have contributed to a decision to marginally downgrade these countries as well. Syria incurred a sharper downgrade due to the devolution into de facto civil war and the dire security threat posed by Islamist terrorists. Iraq saw a similar downgrade as a result of the takeover of wide swaths of territory and the threat of genocide at the hands of Islamist terrorists. Yemen, likewise, has been downgraded due to political instability at the hands of secessionists, terrorists, Houthi rebels, and the intervention of external parties. Conversely, Egypt and Tunisia saw slight upgrades as their political environments stabilize.

At the low end of the spectrum, devolving security conditions and/or economic crisis have resulted in countries like Pakistan, Afghanistan, Somalia, and Zimbabwe maintaining their low ratings.

The United States continues to retain its previous slight downgrade due to the enduring threat of default surrounding the debt ceiling in that country, matched by a conflict-ridden political climate. In the case of Mexico, there is limited concern about default, but increasing alarm over the security situation in that country and the government's ability to contain it. In Argentina, a default to bond holders resulted in a downgrade to that country. Finally, a small but significant upgrade was attributed to Cuba due to its recent pro-business reforms and its normalization of ties with the Unitd States.

Source:

CountryWatch Inc. www.countrywatch.com

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2015

Corruption Perceptions Index

Corruption Perceptions Index

Transparency International: Corruption Perceptions Index

Editor's Note:

Transparency International's Corruption Perceptions Index is a composite index which ranks countries in terms of the degree to which corruption is perceived to exist among public officials. This index indicates the views of national and international business people and analysts about the levels of corruption in each country. The highest (and best) level of transparency is indicated by the number, 10. The lower (and worse) levels of transparency are indicated by lower numbers.

Rank	Country/Territory	CPI 2009 Score	Surveys Used	Confidence Range
1	New Zealand	9.4	6	9.1 - 9.5

2	Denmark	9.3	6	9.1 - 9.5
3	Singapore	9.2	9	9.0 - 9.4
3	Sweden	9.2	6	9.0 - 9.3
5	Switzerland	9.0	6	8.9 - 9.1
6	Finland	8.9	6	8.4 - 9.4
6	Netherlands	8.9	6	8.7 - 9.0
8	Australia	8.7	8	8.3 - 9.0
8	Canada	8.7	6	8.5 - 9.0
8	Iceland	8.7	4	7.5 - 9.4
11	Norway	8.6	6	8.2 - 9.1
12	Hong Kong	8.2	8	7.9 - 8.5
12	Luxembourg	8.2	6	7.6 - 8.8
14	Germany	8.0	6	7.7 - 8.3
14	Ireland	8.0	6	7.8 - 8.4
16	Austria	7.9	6	7.4 - 8.3
17	Japan	7.7	8	7.4 - 8.0
17	United Kingdom	7.7	6	7.3 - 8.2
19	United States	7.5	8	6.9 - 8.0

20	Barbados	7.4	4	6.6 - 8.2
21	Belgium	7.1	6	6.9 - 7.3
22	Qatar	7.0	6	5.8 - 8.1
22	Saint Lucia	7.0	3	6.7 - 7.5
24	France	6.9	6	6.5 - 7.3
25	Chile	6.7	7	6.5 - 6.9
25	Uruguay	6.7	5	6.4 - 7.1
27	Cyprus	6.6	4	6.1 - 7.1
27	Estonia	6.6	8	6.1 - 6.9
27	Slovenia	6.6	8	6.3 - 6.9
30	United Arab Emirates	6.5	5	5.5 - 7.5
31	Saint Vincent and the Grenadines	6.4	3	4.9 - 7.5
32	Israel	6.1	6	5.4 - 6.7
32	Spain	6.1	6	5.5 - 6.6
34	Dominica	5.9	3	4.9 - 6.7
35	Portugal	5.8	6	5.5 - 6.2
35	Puerto Rico	5.8	4	5.2 - 6.3
37	Botswana	5.6	6	5.1 - 6.3

37	Taiwan	5.6	9	5.4 - 5.9
39	Brunei Darussalam	5.5	4	4.7 - 6.4
39	Oman	5.5	5	4.4 - 6.5
39	Korea (South)	5.5	9	5.3 - 5.7
42	Mauritius	5.4	6	5.0 - 5.9
43	Costa Rica	5.3	5	4.7 - 5.9
43	Macau	5.3	3	3.3 - 6.9
45	Malta	5.2	4	4.0 - 6.2
46	Bahrain	5.1	5	4.2 - 5.8
46	Cape Verde	5.1	3	3.3 - 7.0
46	Hungary	5.1	8	4.6 - 5.7
49	Bhutan	5.0	4	4.3 - 5.6
49	Jordan	5.0	7	3.9 - 6.1
49	Poland	5.0	8	4.5 - 5.5
52	Czech Republic	4.9	8	4.3 - 5.6
52	Lithuania	4.9	8	4.4 - 5.4
54	Seychelles	4.8	3	3.0 - 6.7
55	South Africa	4.7	8	4.3 - 4.9

56	Latvia	4.5	6	4.1 - 4.9
56	Malaysia	4.5	9	4.0 - 5.1
56	Namibia	4.5	6	3.9 - 5.1
56	Samoa	4.5	3	3.3 - 5.3
56	Slovakia	4.5	8	4.1 - 4.9
61	Cuba	4.4	3	3.5 - 5.1
61	Turkey	4.4	7	3.9 - 4.9
63	Italy	4.3	6	3.8 - 4.9
63	Saudi Arabia	4.3	5	3.1 - 5.3
65	Tunisia	4.2	6	3.0 - 5.5
66	Croatia	4.1	8	3.7 - 4.5
66	Georgia	4.1	7	3.4 - 4.7
66	Kuwait	4.1	5	3.2 - 5.1
69	Ghana	3.9	7	3.2 - 4.6
69	Montenegro	3.9	5	3.5 - 4.4
71	Bulgaria	3.8	8	3.2 - 4.5
71	FYR Macedonia	3.8	6	3.4 - 4.2
71	Greece	3.8	6	3.2 - 4.3

71	Romania	3.8	8	3.2 - 4.3
75	Brazil	3.7	7	3.3 - 4.3
75	Colombia	3.7	7	3.1 - 4.3
75	Peru	3.7	7	3.4 - 4.1
75	Suriname	3.7	3	3.0 - 4.7
79	Burkina Faso	3.6	7	2.8 - 4.4
79	China	3.6	9	3.0 - 4.2
79	Swaziland	3.6	3	3.0 - 4.7
79	Trinidad and Tobago	3.6	4	3.0 - 4.3
83	Serbia	3.5	6	3.3 - 3.9
84	El Salvador	3.4	5	3.0 - 3.8
84	Guatemala	3.4	5	3.0 - 3.9
84	India	3.4	10	3.2 - 3.6
84	Panama	3.4	5	3.1 - 3.7
84	Thailand	3.4	9	3.0 - 3.8
89	Lesotho	3.3	6	2.8 - 3.8
89	Malawi	3.3	7	2.7 - 3.9
89	Mexico	3.3	7	3.2 - 3.5

89	Moldova	3.3	6	2.7 - 4.0
89	Morocco	3.3	6	2.8 - 3.9
89	Rwanda	3.3	4	2.9 - 3.7
95	Albania	3.2	6	3.0 - 3.3
95	Vanuatu	3.2	3	2.3 - 4.7
97	Liberia	3.1	3	1.9 - 3.8
97	Sri Lanka	3.1	7	2.8 - 3.4
99	Bosnia and Herzegovina	3.0	7	2.6 - 3.4
99	Dominican Republic	3.0	5	2.9 - 3.2
99	Jamaica	3.0	5	2.8 - 3.3
99	Madagascar	3.0	7	2.8 - 3.2
99	Senegal	3.0	7	2.5 - 3.6
99	Tonga	3.0	3	2.6 - 3.3
99	Zambia	3.0	7	2.8 - 3.2
106	Argentina	2.9	7	2.6 - 3.1
106	Benin	2.9	6	2.3 - 3.4
106	Gabon	2.9	3	2.6 - 3.1
106	Gambia	2.9	5	1.6 - 4.0

106	Niger	2.9	5	2.7 - 3.0
111	Algeria	2.8	6	2.5 - 3.1
111	Djibouti	2.8	4	2.3 - 3.2
111	Egypt	2.8	6	2.6 - 3.1
111	Indonesia	2.8	9	2.4 - 3.2
111	Kiribati	2.8	3	2.3 - 3.3
111	Mali	2.8	6	2.4 - 3.2
111	Sao Tome and Principe	2.8	3	2.4 - 3.3
111	Solomon Islands	2.8	3	2.3 - 3.3
111	Togo	2.8	5	1.9 - 3.9
120	Armenia	2.7	7	2.6 - 2.8
120	Bolivia	2.7	6	2.4 - 3.1
120	Ethiopia	2.7	7	2.4 - 2.9
120	Kazakhstan	2.7	7	2.1 - 3.3
120	Mongolia	2.7	7	2.4 - 3.0
120	Vietnam	2.7	9	2.4 - 3.1
126	Eritrea	2.6	4	1.6 - 3.8
126	Guyana	2.6	4	2.5 - 2.7

126	Syria	2.6	5	2.2 - 2.9
126	Tanzania	2.6	7	2.4 - 2.9
130	Honduras	2.5	6	2.2 - 2.8
130	Lebanon	2.5	3	1.9 - 3.1
130	Libya	2.5	6	2.2 - 2.8
130	Maldives	2.5	4	1.8 - 3.2
130	Mauritania	2.5	7	2.0 - 3.3
130	Mozambique	2.5	7	2.3 - 2.8
130	Nicaragua	2.5	6	2.3 - 2.7
130	Nigeria	2.5	7	2.2 - 2.7
130	Uganda	2.5	7	2.1 - 2.8
139	Bangladesh	2.4	7	2.0 - 2.8
139	Belarus	2.4	4	2.0 - 2.8
139	Pakistan	2.4	7	2.1 - 2.7
139	Philippines	2.4	9	2.1 - 2.7
143	Azerbaijan	2.3	7	2.0 - 2.6
143	Comoros	2.3	3	1.6 - 3.3
143	Nepal	2.3	6	2.0 - 2.6

146	Cameroon	2.2	7	1.9 - 2.6
146	Ecuador	2.2	5	2.0 - 2.5
146	Kenya	2.2	7	1.9 - 2.5
146	Russia	2.2	8	1.9 - 2.4
146	Sierra Leone	2.2	5	1.9 - 2.4
146	Timor-Leste	2.2	5	1.8 - 2.6
146	Ukraine	2.2	8	2.0 - 2.6
146	Zimbabwe	2.2	7	1.7 - 2.8
154	Côte d´Ivoire	2.1	7	1.8 - 2.4
154	Papua New Guinea	2.1	5	1.7 - 2.5
154	Paraguay	2.1	5	1.7 - 2.5
154	Yemen	2.1	4	1.6 - 2.5
158	Cambodia	2.0	8	1.8 - 2.2
158	Central African Republic	2.0	4	1.9 - 2.2
158	Laos	2.0	4	1.6 - 2.6
158	Tajikistan	2.0	8	1.6 - 2.5
162	Angola	1.9	5	1.8 - 1.9
162	Congo Brazzaville	1.9	5	1.6 - 2.1

162	Democratic Republic of Congo	1.9	5	1.7 - 2.1
162	Guinea-Bissau	1.9	3	1.8 - 2.0
162	Kyrgyzstan	1.9	7	1.8 - 2.1
162	Venezuela	1.9	7	1.8 - 2.0
168	Burundi	1.8	6	1.6 - 2.0
168	Equatorial Guinea	1.8	3	1.6 - 1.9
168	Guinea	1.8	5	1.7 - 1.8
168	Haiti	1.8	3	1.4 - 2.3
168	Iran	1.8	3	1.7 - 1.9
168	Turkmenistan	1.8	4	1.7 - 1.9
174	Uzbekistan	1.7	6	1.5 - 1.8
175	Chad	1.6	6	1.5 - 1.7
176	Iraq	1.5	3	1.2 - 1.8
176	Sudan	1.5	5	1.4 - 1.7
178	Myanmar	1.4	3	0.9 - 1.8
179	Afghanistan	1.3	4	1.0 - 1.5
180	Somalia	1.1	3	0.9 - 1.4

Methodology:

As noted above, the highest (and best) level of transparency with the least perceived corruption is indicated by the number, 10. The lower (and worse) levels of transparency are indicated by lower numbers.

According to Transparency International, the Corruption Perceptions Index (CPI) table shows a country's ranking and score, the number of surveys used to determine the score, and the confidence range of the scoring.

The rank shows how one country compares to others included in the index. The CPI score indicates the perceived level of public-sector corruption in a country/territory.

The CPI is based on 13 independent surveys. However, not all surveys include all countries. The surveys used column indicates how many surveys were relied upon to determine the score for that country.

The confidence range indicates the reliability of the CPI scores and tells us that allowing for a margin of error, we can be 90% confident that the true score for this country lies within this range.

Note:

Kosovo, which separated from the Yugoslav successor state of Serbia, is not listed above. No calculation is available for Kosovo at this time, however, a future corruption index by Transparency International may include the world's newest country in its tally. Taiwan has been listed above despite its contested status; while Taiwan claims sovereign status, China claims ultimate jurisdiction over Taiwan. Hong Kong, which is also under the rubric of Chinese sovereignty, is listed above. Note as well that Puerto Rico, which is a United States domain, is also included in the list above. These inclusions likely have to do with the size and fairly autonomous status of their economies.

Source:

Transparency International's Corruption Perception Index; available at URL: http://www.transparency.org

Updated:

Uploaded in 2011 using most recent ranking available; reviewed in 2015.

Competitiveness Ranking

Competitiveness Ranking

Editor's Note:

The Global Competitiveness Report's competitiveness ranking is based on the Global Competitiveness Index (GCI), which was developed for the World Economic Forum. The GCI is based on a number of competitiveness considerations, and provides a comprehensive picture of the competitiveness landscape in countries around the world. The competitiveness considerations are: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation. The rankings are calculated from both publicly available data and the Executive Opinion Survey.

Country/Economy	GCI 2010 Rank	GCI 2010 Score	GCI 2009 Rank	Change 2009-2010
Switzerland	1	5.63	1	0
Sweden	2	5.56	4	2
Singapore	3	5.48	3	0
United States	4	5.43	2	-2
Germany	5	5.39	7	2
Japan	6	5.37	8	2
Finland	7	5.37	6	-1
Netherlands	8	5.33	10	2
Denmark	9	5.32	5	-4

Canada	10	5.30	9	-1
Hong Kong SAR	11	5.30	11	0
United Kingdom	12	5.25	13	1
Taiwan, China	13	5.21	12	-1
Norway	14	5.14	14	0
France	15	5.13	16	1
Australia	16	5.11	15	-1
Qatar	17	5.10	22	5
Austria	18	5.09	17	-1
Belgium	19	5.07	18	-1
Luxembourg	20	5.05	21	1
Saudi Arabia	21	4.95	28	7
Korea, Rep.	22	4.93	19	-3
New Zealand	23	4.92	20	-3
Israel	24	4.91	27	3
United Arab Emirates	25	4.89	23	-2
Malaysia	26	4.88	24	-2
China	27	4.84	29	2

Brunei Darussalam	28	4.75	32	4
Ireland	29	4.74	25	-4
Chile	30	4.69	30	0
Iceland	31	4.68	26	-5
Tunisia	32	4.65	40	8
Estonia	33	4.61	35	2
Oman	34	4.61	41	7
Kuwait	35	4.59	39	4
Czech Republic	36	4.57	31	-5
Bahrain	37	4.54	38	1
Thailand	38	4.51	36	-2
Poland	39	4.51	46	7
Cyprus	40	4.50	34	-6
Puerto Rico	41	4.49	42	1
Spain	42	4.49	33	-9
Barbados	43	4.45	44	1
Indonesia	44	4.43	54	10
Slovenia	45	4.42	37	-8

Portugal	46	4.38	43	-3
Lithuania	47	4.38	53	6
Italy	48	4.37	48	0
Montenegro	49	4.36	62	13
Malta	50	4.34	52	2
India	51	4.33	49	-2
Hungary	52	4.33	58	6
Panama	53	4.33	59	6
South Africa	54	4.32	45	-9
Mauritius	55	4.32	57	2
Costa Rica	56	4.31	55	-1
Azerbaijan	57	4.29	51	-6
Brazil	58	4.28	56	-2
Vietnam	59	4.27	75	16
Slovak Republic	60	4.25	47	-13
Turkey	61	4.25	61	0
Sri Lanka	62	4.25	79	17
Russian Federation	63	4.24	63	0

Uruguay	64	4.23	65	1
Jordan	65	4.21	50	-15
Mexico	66	4.19	60	-6
Romania	67	4.16	64	-3
Colombia	68	4.14	69	1
Iran	69	4.14	n/a	n/a
Latvia	70	4.14	68	-2
Bulgaria	71	4.13	76	5
Kazakhstan	72	4.12	67	-5
Peru	73	4.11	78	5
Namibia	74	4.09	74	0
Morocco	75	4.08	73	-2
Botswana	76	4.05	66	-10
Croatia	77	4.04	72	-5
Guatemala	78	4.04	80	2
Macedonia, FYR	79	4.02	84	5
Rwanda	80	4.00	n/a	n/a
Egypt	81	4.00	70	-11

El Salvador	82	3.99	77	-5
Greece	83	3.99	71	-12
Trinidad and Tobago	84	3.97	86	2
Philippines	85	3.96	87	2
Algeria	86	3.96	83	-3
Argentina	87	3.95	85	-2
Albania	88	3.94	96	8
Ukraine	89	3.90	82	-7
Gambia, The	90	3.90	81	-9
Honduras	91	3.89	89	-2
Lebanon	92	3.89	n/a	n/a
Georgia	93	3.86	90	-3
Moldova	94	3.86	n/a	n/a
Jamaica	95	3.85	91	-4
Serbia	96	3.84	93	-3
Syria	97	3.79	94	-3
Armenia	98	3.76	97	-1
Mongolia	99	3.75	117	18

Libya	100	3.74	88	-12
Dominican Republic	101	3.72	95	-6
Bosnia and Herzegovina	102	3.70	109	7
Benin	103	3.69	103	0
Senegal	104	3.67	92	-12
Ecuador	105	3.65	105	0
Kenya	106	3.65	98	-8
Bangladesh	107	3.64	106	-1
Bolivia	108	3.64	120	12
Cambodia	109	3.63	110	1
Guyana	110	3.62	104	-6
Cameroon	111	3.58	111	0
Nicaragua	112	3.57	115	3
Tanzania	113	3.56	100	-13
Ghana	114	3.56	114	0
Zambia	115	3.55	112	-3
Tajikistan	116	3.53	122	6
Cape Verde	117	3.51	n/a	n/a

Uganda	118	3.51	108	-10
Ethiopia	119	3.51	118	-1
Paraguay	120	3.49	124	4
Kyrgyz Republic	121	3.49	123	2
Venezuela	122	3.48	113	-9
Pakistan	123	3.48	101	-22
Madagascar	124	3.46	121	-3
Malawi	125	3.45	119	-6
Swaziland	126	3.40	n/a	n/a
Nigeria	127	3.38	99	-28
Lesotho	128	3.36	107	-21
Côte d'Ivoire	129	3.35	116	-13
Nepal	130	3.34	125	-5
Mozambique	131	3.32	129	-2
Mali	132	3.28	130	-2
Timor-Leste	133	3.23	126	-7
Burkina Faso	134	3.20	128	-6
Mauritania	135	3.14	127	-8

Zimbabwe	136	3.03	132	-4
Burundi	137	2.96	133	-4
Angola	138	2.93	n/a	n/a
Chad	139	2.73	131	-8

Methodology:

The competitiveness rankings are calculated from both publicly available data and the Executive Opinion Survey, a comprehensive annual survey conducted by the World Economic Forum together with its network of Partner Institutes (leading research institutes and business organizations) in the countries covered by the Report.

Highlights according to WEF --

- The United States falls two places to fourth position, overtaken by Sweden and Singapore in the rankings of the World Economic Forum's Global Competitiveness Report 2010-2011
- The People's Republic of China continues to move up the rankings, with marked improvements in several other Asian countries
- Germany moves up two places to fifth place, leading the Eurozone countries
- Switzerland tops the rankings

Source:

World Economic Forum; available at URL: http://www.weforum.org

Updated:

2011 using most recent ranking available; reviewed in 2015.

Taxation

The Portuguese corporate tax is 25 percent (22.5 percent in Madeira, 17.5 percent in Azores), although this rate is usually increased as a result of a municipal surcharge of up to ten percent. Special rates apply to income generated in Portugal and attributable to non-residents. Capital gains are calculated minus losses arising on tangible fixed assets, and are taxed as part of normal income. If the taxpaying entity reinvests the sale proceeds within two tax years following a measurable profit, the gain is deferred.

There is also a value-added tax (VAT or IVA) that is collected on products arriving from outside of the European Union (EU). The VAT rate is 21 percent, with reduced rates of 12 percent and five percent in specific arenas. In Madeira and the Azores, the respective VAT rates (normal and reduced) are 15 percent, 8 percent and 4 percent.

For individuals, progressive rates up to 42 percent apply.

Due to specific tax laws, Portuguese importers benefit from importing United States products from secondary EU countries, before arrival within Portugal. Specifically, by enacting the strategy of importation via a secondary EU country, payment of the VAT is deferred until the given imports are sold. At the same time, many Portuguese importers purchase products by EU countries, and circumvent the entire process entirely.

NOTE:

Tax rates are subject to change and reflect only information available at the time of writing.

Stock Market

The Securities Market Commission regulates Portugal's Stock Market, the Lisbon and Oporto Exchange (BVLP). Bonds, shares, warrants, investment trust units, and participation bonds are all traded on the Lisbon and Oporto Exchange.

There are no restrictions imposed upon foreign investors, although both issuer and the securities to be listed, regardless of whether they may be international or local, must adhere to all relevant legal prerequisites.

By the end of the 1990s, Portugal's stock exchanges had 125 listed companies.

For more information about the Lisbon and Oporto Exchange, see URL: http://www.bvl.pt/index_i.html.

Partner Links

Partner Links

Chapter 5

Social Overview

People

Cultural Ethos and National Identity

History plays an integral role in the cultural ethos and national identity of Portugal. In particular, Portugal's achievements on the global stage during the Age of Discovery is of paramount importance. Several cultural symbols recall this period in Portuguese history, most particularly in the form of the national flag, which was adopted in 1911. The flag features an armillary sphere -- an ancient astronomical device used for maritime navigation -- and is intended to illustrate Portugal's role in global exploration.

History in Portugal also fondly recalls King Sebastian, who was killed in Morocco in the 16th century and who was supposed to repel the Spaniards who held sway at the time, and restore Portugal to sovereignty. There is, as a result, a grand sense of "Sebastianismo" in Portogese culture, which embodies a hopefulness for a new day to dawn, mixed with the anxiety that such a moment may never arrive in reality. Sebastianismo is present in the lyrics of the Portuguese "fado" or song that expresses longing, and the hopeful nostaligia in what is known in Portugal as "saudade."

Cultural Demography

The vast majority of Portugal's estimated total population of approximately 10.7 million is ethnic Portuguese, living on the mainland (Iberian mainland), as well as on the Azores and the Madeira Islands. Ethnically, the Portuguese people can be considered to be a fairly homogenous people. Approximately 100,000 Africans from former colonies are also residents, who immigrated in the 1970s. There are also small numbers of Jews, Roma and Eastern European immigrants.

Portuguese is the official language and is part of the Romance language family.

Roman Catholicism is the predominant religion. About 94 percent of the population is nominally Roman Catholic; there are also Protestant denominations and other religions represented.

Human Development

Primary education (age 6-12) and junior high school (age 13-15) are free and compulsory, but because many children begin working at an early age, primary education is all the education that many children receive. Senior high school (age 16-17) have academic and vocational components. Twelfth grade (age 18) prepares young people for university and technical college. The estimated literacy rate for those over age 15 is 87 percent. About 4.4 percent of GDP is spent on educational expenditures.

Infant mortality rate has greatly improved in the last few decades -- in 1992, the estimated rate was 10 per 1,000 live births, while in the early 2000s, the estimated rate was 5.84 per 1,000 live births. Life expectancy is on average 76 years (72 years of age for males and 80 years of age for females), according to recent estimates.

Access to education, sanitation, water, and health is regarded to be very good. That being said, there is an uneven provision of health care; indeed, the health care available ranges from high quality to a somewhat more moderate level prevalent in the developing world. Although 11.3 percent of GDP is spent on health expenditures in this country, many Portuguese, especially those living in rural areas, are not able to enjoy liberal health benefits provided for in legislation.

One notable measure used to determine a country's quality of life is the Human Development Index (HDI), which has been compiled annually since 1990 by the United Nations Development Programme (UNDP). The HDI is a composite of several indicators, which measure a country's achievements in three main arenas of human development: longevity, knowledge and education, as well as economic standard of living. In recent rankings of 169 countries, the HDI placed Portugal in the very high human development category, at 40th place.

Note: Although the concept of human development is complicated and cannot be properly captured by values and indices, the HDI, which is calculated and updated annually, offers a wide-ranging assessment of human development in certain countries, not based solely upon traditional economic and financial indicators.

Written by Dr. Denise Youngblood Coleman, Editor in Chief, www.countrywatch.com; see Bibliography for research sources.

Human Development Index

Human Development Index

Human Development Index (Ranked Numerically)

The Human Development Index (HDI) is used to measure quality of life in countries across the world. The HDI has been compiled since 1990 by the United Nations Development Programme (UNDP) on a regular basis. The HDI is a composite of several indicators, which measure a country's achievements in three main arenas of human development: longevity, education, and economic standard of living. Although the concept of human development is complicated and cannot be properly captured by values and indices, the HDI offers a wide-ranging assessment of human development in certain countries, not based solely upon traditional economic and financial indicators. For more information about the methodology used to calculate the HDI, please see the "Source Materials" in the appendices of this review.

Very High Human Development	High Human Development	Medium Human Development	Low Human Development
1. Norway	43. Bahamas	86. Fiji	128. Kenya
2. Australia	44. Lithuania	87. Turkmenistan	129. Bangladesh
3. New Zealand	45. Chile	88. Dominican Republic	130. Ghana
4. United States	46. Argentina	89. China	131. Cameroon
5. Ireland	47. Kuwait	90. El Salvador	132. Myanmar (Burma)
6. Liechtenstein	48. Latvia	91. Sri Lanka	133. Yemen
7. Netherlands	49. Montenegro	92. Thailand	134. Benin
8. Canada	50. Romania	93. Gabon	135. Madagascar

9. Sweden	51. Croatia	94. Surname	136. Mauritania
10. Germany	52. Uruguay	95. Bolivia	137. Papua New Guinea
11. Japan	53. Libya	96. Paraguay	138. Nepal
12. South Korea	54. Panama	97. Philippines	139. Togo
13. Switzerland	55. Saudi Arabia	98. Botswana	140. Comoros
14. France	56. Mexico	99. Moldova	141. Lesotho
15. Israel	57. Malaysia	100. Mongolia	142. Nigeria
16. Finland	58. Bulgaria	101. Egypt	143. Uganda
17. Iceland	59. Trinidad and Tobago	102. Uzbekistan	144. Senegal
18. Belgium	60. Serbia	103. Micronesia	145. Haiti
19. Denmark	61. Belarus	104. Guyana	146. Angola
20. Spain	62. Costa Rica	105. Namibia	147. Djibouti
21. Hong King	63. Peru	106. Honduras	148. Tanzania
22. Greece	64. Albania	107. Maldives	149. Cote d'Ivoire
23. Italy	65. Russian Federation	108. Indonesia	150. Zambia
24. Luxembourg	66. Kazakhstan	109. Kyrgyzstan	151. Gambia
25. Austria	67. Azerbaijan	110. South Africa	152. Rwanda

26. United Kingdom	68. Bosnia and Herzegovina	111. Syria	153. Malawi
27. Singapore	69. Ukraine	112. Tajikistan	154. Sudan
28. Czech Republic	70. Iran	113. Vietnam	155. Afghanistan
29. Slovenia	71. The former Yugoslav Republic of Macedonia	114. Morocco	156. Guinea
30. Andorra	72. Mauritius	115. Nicaragua	157. Ethiopia
31. Slovakia	73. Brazil	116. Guatemala	158. Sierra Leone
32. United Arab Emirates	74. Georgia	117. Equatorial Guinea	159. Central African Republic
33. Malta	75. Venezuela	118. Cape Verde	160. Mali
34. Estonia	76. Armenia	119. India	161. Burkina Faso
35. Cyprus	77. Ecuador	120. East Timor	162. Liberia
36. Hungary	78. Belize	121. Swaziland	163. Chad
37. Brunei	79. Colombia	122. Laos	164. Guinea-Bissau
38. Qatar	80. Jamaica	123. Solomon Islands	165. Mozambique
39. Bahrain	81. Tunisia	124. Cambodia	166. Burundi
40. Portugal	82. Jordan	125. Pakistan	167. Niger

41. Poland	83. Turkey	126. Congo RC	168. Congo DRC
42. Barbados	84. Algeria	127. Sao Tome and Principe	169. Zimbabwe
	85. Tonga		

Methodology:

For more information about the methodology used to calculate the HDI, please see the "Source Materials" in the appendices of this Country Review.

Reference:

As published in United Nations Development Programme's Human Development Report 2010.

Source:

United Nations Development Programme's [Human Development Index](http://hdr.undp.org/en/statistics/) available at URL: http://hdr.undp.org/en/statistics/

Updated:

Uploaded in 2011 using ranking available; reviewed in 2015

Life Satisfaction Index

Life Satisfaction Index

Life Satisfaction Index

Created by Adrian G. White, an Analytic Social Psychologist at the University of Leicester, the "Satisfaction with Life Index" measures subjective life satisfaction across various countries. The data was taken from a metastudy (see below for source) and associates the notion of subjective happiness or life satisfaction with qualitative parameters such as health, wealth, and access to basic education. This assessment serves as an alternative to other measures of happiness that tend to rely on traditional and quantitative measures of policy on quality of life, such as GNP and GDP. The methodology involved the responses of 80,000 people across the globe.

Rank	Country	Score
1	Denmark	273.4
2	Switzerland	273.33
3	Austria	260
4	Iceland	260
5	The Bahamas	256.67
6	Finland	256.67
7	Sweden	256.67
8	Iran	253.33
9	Brunei	253.33
10	Canada	253.33
11	Ireland	253.33
12	Luxembourg	253.33
13	Costa Rica	250

14	Malta	250
15	Netherlands	250
16	Antiguaand Barbuda	246.67
17	Malaysia	246.67
18	New Zealand	246.67
19	Norway	246.67
20	Seychelles	246.67
21	Saint Kitts and Nevis	246.67
22	United Arab Emirates	246.67
23	United States	246.67
24	Vanuatu	246.67
25	Venezuela	246.67
26	Australia	243.33
27	Barbados	243.33
28	Belgium	243.33
29	Dominica	243.33
30	Oman	243.33
31	Saudi Arabia	243.33

32	Suriname	243.33
33	Bahrain	240
34	Colombia	240
35	Germany	240
36	Guyana	240
37	Honduras	240
38	Kuwait	240
39	Panama	240
40	Saint Vincent and the Grenadines	240
41	United Kingdom	236.67
42	Dominican Republic	233.33
43	Guatemala	233.33
44	Jamaica	233.33
45	Qatar	233.33
46	Spain	233.33
47	Saint Lucia	233.33
48	Belize	230
49	Cyprus	230

50	Italy	230
51	Mexico	230
52	Samoa	230
53	Singapore	230
54	Solomon Islands	230
55	Trinidad and Tobago	230
56	Argentina	226.67
57	Fiji	223.33
58	Israel	223.33
59	Mongolia	223.33
60	São Tomé and Príncipe	223.33
61	El Salvador	220
62	France	220
63	Hong Kong	220
64	Indonesia	220
65	Kyrgyzstan	220
66	Maldives	220
67	Slovenia	220

68	Taiwan	220
69	East Timor	220
70	Tonga	220
71	Chile	216.67
72	Grenada	216.67
73	Mauritius	216.67
74	Namibia	216.67
75	Paraguay	216.67
76	Thailand	216.67
77	Czech Republic	213.33
78	Philippines	213.33
79	Tunisia	213.33
80	Uzbekistan	213.33
81	Brazil	210
82	China	210
83	Cuba	210
84	Greece	210
85	Nicaragua	210

86	Papua New Guinea	210
87	Uruguay	210
88	Gabon	206.67
89	Ghana	206.67
90	Japan	206.67
91	Yemen	206.67
92	Portugal	203.33
93	Sri Lanka	203.33
94	Tajikistan	203.33
95	Vietnam	203.33
96	Bhutan	200
97	Comoros	196.67
98	Croatia	196.67
99	Poland	196.67
100	Cape Verde	193.33
101	Kazakhstan	193.33
102	South Korea	193.33
103	Madagascar	193.33

104	Bangladesh	190
105	Republic of the Congo	190
106	The Gambia	190
107	Hungary	190
108	Libya	190
109	South Africa	190
110	Cambodia	186.67
111	Ecuador	186.67
112	Kenya	186.67
113	Lebanon	186.67
114	Morocco	186.67
115	Peru	186.67
116	Senegal	186.67
117	Bolivia	183.33
118	Haiti	183.33
119	Nepal	183.33
120	Nigeria	183.33
121	Tanzania	183.33

122	Benin	180
123	Botswana	180
124	Guinea-Bissau	180
125	India	180
126	Laos	180
127	Mozambique	180
128	Palestinian Authority	180
129	Slovakia	180
130	Myanmar	176.67
131	Mali	176.67
132	Mauritania	176.67
133	Turkey	176.67
134	Algeria	173.33
135	Equatorial Guinea	173.33
136	Romania	173.33
137	Bosnia and Herzegovina	170
138	Cameroon	170
139	Estonia	170

140	Guinea	170
141	Jordan	170
142	Syria	170
143	Sierra Leone	166.67
144	Azerbaijan	163.33
145	Central African Republic	163.33
146	Republic of Macedonia	163.33
147	Togo	163.33
148	Zambia	163.33
149	Angola	160
150	Djibouti	160
151	Egypt	160
152	Burkina Faso	156.67
153	Ethiopia	156.67
154	Latvia	156.67
155	Lithuania	156.67
156	Uganda	156.67
157	Albania	153.33

158	Malawi	153.33
159	Chad	150
160	Côte d'Ivoire	150
161	Niger	150
162	Eritrea	146.67
163	Rwanda	146.67
164	Bulgaria	143.33
165	Lesotho	143.33
166	Pakistan	143.33
167	Russia	143.33
168	Swaziland	140
169	Georgia	136.67
170	Belarus	133.33
171	Turkmenistan	133.33
172	Armenia	123.33
173	Sudan	120
174	Ukraine	120
175	Moldova	116.67

176	Democratic Republic of the Congo	110
177	Zimbabwe	110
178	Burundi	100

Commentary:

European countries, such as Denmark, Iceland, Finland, Sweden, Switzerland, Austria resided at the top of the ranking with highest levels of self-reported life satisfaction. Conversely, European countries such as Latvia, Lithuania, Moldova, Belarus and Ukraine ranked low on the index. African countries such as Democratic Republic of Congo, Zimbabwe and Burundi found themselves at the very bottom of the ranking, and indeed, very few African countries could be found in the top 100. Japan was at the mid-way point in the ranking, however, other Asian countries such as Brunei and Malaysia were in the top tier, while Pakistan was close to the bottom with a low level of self-identified life satisfaction. As a region, the Middle East presented a mixed bad with Saudi Arabians reporing healthy levels of life satisfaction and Egyptians near the bottom of the ranking. As a region, Caribbean countries were ranked highly, consistently demonstrating high levels of life satisfaction. The findings showed that health was the most crucial determining factor in life satisfaction, followed by prosperity and education.

Source:

White, A. (2007). A Global Projection of Subjective Well-being: A Challenge To Positive Psychology? Psychtalk 56, 17-20. The data was extracted from a meta-analysis by Marks, Abdallah, Simms & Thompson (2006).

Uploaded:

Based on study noted above in "Source" ; reviewed in 2015

Happy Planet Index

Happy Planet Index

The Happy Planet Index (HPI) is used to measure human well-being in conjunction with environmental impact. The HPI has been compiled since 2006 by the New Economics Foundation. The index is a composite of several indicators including subjective life satisfaction, life expectancy at birth, and ecological footprint per capita.

As noted by NEFA, the HPI "reveals the ecological efficiency with which human well-being is delivered." Indeed, the index combines environmental impact with human well-being to measure the environmental efficiency with which, country by country, people live long and happy lives. The countries ranked highest by the HPI are not necessarily the ones with the happiest people overall, but the ones that allow their citizens to live long and fulfilling lives, without negatively impacting this opportunity for either future generations or citizens of other countries. Accordingly, a country like the United States will rank low on this list due to its large per capital ecological footprint, which uses more than its fair share of resources, and will likely cause planetary damage.

It should be noted that the HPI was designed to be a counterpoint to other well-established indices of countries' development, such as Gross Domestic Product (GDP), which measures overall national wealth and economic development, but often obfuscates the realities of countries with stark variances between the rich and the poor. Moreover, the objective of most of the world's people is not to be wealthy but to be happy. The HPI also differs from the Human Development Index (HDI), which measures quality of life but not ecology, since it [HPI] also includes sustainability as a key indicator.

Rank	Country	HPI
1	Costa Rica	76.1
2	Dominican Republic	71.8
3	Jamaica	70.1
4	Guatemala	68.4
5	Vietnam	66.5

6	Colombia	66.1
7	Cuba	65.7
8	El Salvador	61.5
9	Brazil	61.0
10	Honduras	61.0
11	Nicaragua	60.5
12	Egypt	60.3
13	Saudi Arabia	59.7
14	Philippines	59.0
15	Argentina	59.0
16	Indonesia	58.9
17	Bhutan	58.5
18	Panama	57.4
19	Laos	57.3
20	China	57.1
21	Morocco	56.8
22	Sri Lanka	56.5
23	Mexico	55.6

24	Pakistan	55.6
25	Ecuador	55.5
26	Jordan	54.6
27	Belize	54.5
28	Peru	54.4
29	Tunisia	54.3
30	Trinidad and Tobago	54.2
31	Bangladesh	54.1
32	Moldova	54.1
33	Malaysia	54.0
34	Tajikistan	53.5
35	India	53.0
36	Venezuela	52.5
37	Nepal	51.9
38	Syria	51.3
39	Burma	51.2
40	Algeria	51.2
41	Thailand	50.9

42	Haiti	50.8
43	Netherlands	50.6
44	Malta	50.4
45	Uzbekistan	50.1
46	Chile	49.7
47	Bolivia	49.3
48	Armenia	48.3
49	Singapore	48.2
50	Yemen	48.1
51	Germany	48.1
52	Switzerland	48.1
53	Sweden	48.0
54	Albania	47.9
55	Paraguay	47.8
56	Palestinian Authority	47.7
57	Austria	47.7
58	Serbia	47.6
59	Finland	47.2

60	Croatia	47.2
61	Kyrgyzstan	47.1
62	Cyprus	46.2
63	Guyana	45.6
64	Belgium	45.4
65	Bosnia and Herzegovina	45.0
66	Slovenia	44.5
67	Israel	44.5
68	South Korea	44.4
69	Italy	44.0
70	Romania	43.9
71	France	43.9
72	Georgia	43.6
73	Slovakia	43.5
74	United Kingdom	43.3
75	Japan	43.3
76	Spain	43.2
77	Poland	42.8

78	Ireland	42.6
79	Iraq	42.6
80	Cambodia	42.3
81	Iran	42.1
82	Bulgaria	42.0
83	Turkey	41.7
84	Hong Kong	41.6
85	Azerbaijan	41.2
86	Lithuania	40.9
87	Djibouti	40.4
88	Norway	40.4
89	Canada	39.4
90	Hungary	38.9
91	Kazakhstan	38.5
92	Czech Republic	38.3
93	Mauritania	38.2
94	Iceland	38.1
95	Ukraine	38.1

96	Senegal	38.0
97	Greece	37.6
98	Portugal	37.5
99	Uruguay	37.2
100	Ghana	37.1
101	Latvia	36.7
102	Australia	36.6
103	New Zealand	36.2
104	Belarus	35.7
105	Denmark	35.5
106	Mongolia	35.0
107	Malawi	34.5
108	Russia	34.5
109	Chad	34.3
110	Lebanon	33.6
111	Macedonia	32.7
112	Republic of the Congo	32.4
113	Madagascar	31.5

114	United States	30.7
115	Nigeria	30.3
116	Guinea	30.3
117	Uganda	30.2
118	South Africa	29.7
119	Rwanda	29.6
120	Democratic Republic of the Congo	29.0
121	Sudan	28.5
122	Luxembourg	28.5
123	United Arab Emirates	28.2
124	Ethiopia	28.1
125	Kenya	27.8
126	Cameroon	27.2
127	Zambia	27.2
128	Kuwait	27.0
129	Niger	26.9
130	Angola	26.8
131	Estonia	26.4

132	Mali	25.8
133	Mozambique	24.6
134	Benin	24.6
135	Togo	23.3
136	Sierra Leone	23.1
137	Central African Republic	22.9
138	Burkina Faso	22.4
139	Burundi	21.8
140	Namibia	21.1
141	Botswana	20.9
142	Tanzania	17.8
143	Zimbabwe	16.6

Source: *This material is derived from the Happy Planet Index issued by the New Economics Foundation (NEF).*

Methodology: *The methodology for the calculations can be found at URL:* http://www.happyplanetindex.org/

Status of Women

Gender Related Development Index (GDI) Rank:

26th out of 140

Gender Empowerment Measure (GEM) Rank:

21st out of 80

Female Population:

5.2 million

Female Life Expectancy at birth:

80 years

Total Fertility Rate:

1.4

Maternal Mortality Ratio (2000):

5

Total Number of Women Living with HIV/AIDS:

670-2,300

Ever Married Women, Ages 15-19 (%):

6%

Mean Age at Time of Marriage:

24

Contraceptive Use Among Married Women, Any Method (%):

N/A

Female Adult Literacy Rate:

Approximately 87 %

Combined Female Gross enrollment ratio for Primary, Secondary and Tertiary schools:

97%

Female-Headed Households (%):

20%

Economically Active Females (%):

51.8%

Female Contributing Family Workers (%):

70%

Female Estimated Earned Income:

$12,853

Seats in Parliament held by women (%):

Lower or Single House: 19.1%
Upper House or Senate: N/A

Year Women Received the Right to Vote:

1931 (partial recognition)
1976 (full recognition)

Year Women Received the Right to Stand for Election:

1931 (partial recognition)
1976 (full recognition)

*The Gender Development Index (GDI) is a composite index which measures the average achievement in a country. While very similar to the Human Development Index in its use of the same variables, the GDI adjusts the average achievement of each country in terms of life expectancy, enrollment in schools, income, and literacy in accordance to the disparities between males and females.

*The Gender Empowerment Measure (GEM) is a composite index measuring gender inequality in three of the basic dimensions of empowerment; economic participation and decision-making, political participation and decision-making, and power over economic resources.

*Total Fertility Rate (TFR) is defined as the average number of babies born to women during their reproductive years. A TFR of 2.1 is considered the replacement rate; once a TFR of a population reaches 2.1 the population will remain stable assuming no immigration or emigration takes place. When the TFR is greater than 2.1 a population will increase and when it is less than 2.1 a population will eventually decrease, although due to the age structure of a population it will take years before a low TFR is translated into lower population.

*Maternal Mortality Rate is the number of deaths to women per 100,000 live births that resulted from conditions related to pregnancy and or delivery related complications.

*Economically Active Females are the share of the female population, ages 15 and above, whom supply, or are able to supply, labor for the production of goods and services.

*Female Contributing Family Workers are those females who work without pay in an economic enterprise operated by a relative living in the same household.

*Estimated Earned Income is measured according to Purchasing Power Parity (PPP) in US dollars.

Global Gender Gap Index

Global Gender Gap Index

Editor's Note:

The Global Gender Gap Index by the World Economic Forum ranks most of the world's countries in terms of the division of resources and opportunities among males and females. Specifically, the ranking assesses the gender inequality gap in these four arenas:

1. Economic participation and opportunity (salaries and high skilled employment participation

levels)
2. Educational attainment (access to basic and higher level education)
3. Political empowerment (representation in decision-making structures)
4. Health and survival (life expectancy and sex ratio)

	2010 rank	2010 score	2010 rank among 2009 countries	2009 rank	2009 score	2008 rank	2008 score	2007 rank
Country								
Iceland	1	0.8496	1	1	0.8276	4	0.7999	4
Norway	2	0.8404	2	3	0.8227	1	0.8239	2
Finland	3	0.8260	3	2	0.8252	2	0.8195	3
Sweden	4	0.8024	4	4	0.8139	3	0.8139	1
New Zealand	5	0.7808	5	5	0.7880	5	0.7859	5
Ireland	6	0.7773	6	8	0.7597	8	0.7518	9
Denmark	7	0.7719	7	7	0.7628	7	0.7538	8
Lesotho	8	0.7678	8	10	0.7495	16	0.7320	26
Philippines	9	0.7654	9	9	0.7579	6	0.7568	6
Switzerland	10	0.7562	10	13	0.7426	14	0.7360	40
Spain	11	0.7554	11	17	0.7345	17	0.7281	10

South Africa	12	0.7535	12	6	0.7709	22	0.7232	20
Germany	13	0.7530	13	12	0.7449	11	0.7394	7
Belgium	14	0.7509	14	33	0.7165	28	0.7163	19
United Kingdom	15	0.7460	15	15	0.7402	13	0.7366	11
Sri Lanka	16	0.7458	16	16	0.7402	12	0.7371	15
Netherlands	17	0.7444	17	11	0.7490	9	0.7399	12
Latvia	18	0.7429	18	14	0.7416	10	0.7397	13
United States	19	0.7411	19	31	0.7173	27	0.7179	31
Canada	20	0.7372	20	25	0.7196	31	0.7136	18
Trinidad and Tobago	21	0.7353	21	19	0.7298	19	0.7245	46
Mozambique	22	0.7329	22	26	0.7195	18	0.7266	43
Australia	23	0.7271	23	20	0.7282	21	0.7241	17
Cuba	24	0.7253	24	29	0.7176	25	0.7195	22
Namibia	25	0.7238	25	32	0.7167	30	0.7141	29
Luxembourg	26	0.7231	26	63	0.6889	66	0.6802	58
Mongolia	27	0.7194	27	22	0.7221	40	0.7049	62

Costa Rica	28	0.7194	28	27	0.7180	32	0.7111	28
Argentina	29	0.7187	29	24	0.7211	24	0.7209	33
Nicaragua	30	0.7176	30	49	0.7002	71	0.6747	90
Barbados	31	0.7176	31	21	0.7236	26	0.7188	n/a
Portugal	32	0.7171	32	46	0.7013	39	0.7051	37
Uganda	33	0.7169	33	40	0.7067	43	0.6981	50
Moldova	34	0.7160	34	36	0.7104	20	0.7244	21
Lithuania	35	0.7132	35	30	0.7175	23	0.7222	14
Bahamas	36	0.7128	36	28	0.7179	n/a	n/a	n/a
Austria	37	0.7091	37	42	0.7031	29	0.7153	27
Guyana	38	0.7090	38	35	0.7108	n/a	n/a	n/a
Panama	39	0.7072	39	43	0.7024	34	0.7095	38
Ecuador	40	0.7072	40	23	0.7220	35	0.7091	44
Kazakhstan	41	0.7055	41	47	0.7013	45	0.6976	32
Slovenia	42	0.7047	42	52	0.6982	51	0.6937	49
Poland	43	0.7037	43	50	0.6998	49	0.6951	60
Jamaica	44	0.7037	44	48	0.7013	44	0.6980	39
Russian Federation	45	0.7036	45	51	0.6987	42	0.6994	45

France	46	0.7025	46	18	0.7331	15	0.7341	51
Estonia	47	0.7018	47	37	0.7094	37	0.7076	30
Chile	48	0.7013	48	64	0.6884	65	0.6818	86
Macedonia, FYR	49	0.6996	49	53	0.6950	53	0.6914	35
Bulgaria	50	0.6983	50	38	0.7072	36	0.7077	25
Kyrgyz Republic	51	0.6973	51	41	0.7058	41	0.7045	70
Israel	52	0.6957	52	45	0.7019	56	0.6900	36
Croatia	53	0.6939	53	54	0.6944	46	0.6967	16
Honduras	54	0.6927	54	62	0.6893	47	0.6960	68
Colombia	55	0.6927	55	56	0.6939	50	0.6944	24
Singapore	56	0.6914	56	84	0.6664	84	0.6625	77
Thailand	57	0.6910	57	59	0.6907	52	0.6917	52
Greece	58	0.6908	58	85	0.6662	75	0.6727	72
Uruguay	59	0.6897	59	57	0.6936	54	0.6907	78
Peru	60	0.6895	60	44	0.7024	48	0.6959	75
China	61	0.6881	61	60	0.6907	57	0.6878	73
Botswana	62	0.6876	62	39	0.7071	63	0.6839	53

Ukraine	63	0.6869	63	61	0.6896	62	0.6856	57
Venezuela	64	0.6863	64	69	0.6839	59	0.6875	55
Czech Republic	65	0.6850	65	74	0.6789	69	0.6770	64
Tanzania	66	0.6829	66	73	0.6797	38	0.7068	34
Romania	67	0.6826	67	70	0.6805	70	0.6763	47
Malawi	68	0.6824	68	76	0.6738	81	0.6664	87
Paraguay	69	0.6804	69	66	0.6868	100	0.6379	69
Ghana	70	0.6782	70	80	0.6704	77	0.6679	63
Slovak Republic	71	0.6778	71	68	0.6845	64	0.6824	54
Vietnam	72	0.6776	72	71	0.6802	68	0.6778	42
Dominican Republic	73	0.6774	73	67	0.6859	72	0.6744	65
Italy	74	0.6765	74	72	0.6798	67	0.6788	84
Gambia, The	75	0.6762	75	75	0.6752	85	0.6622	95
Bolivia	76	0.6751	76	82	0.6693	80	0.6667	80
Brueni Darussalem	77	0.6748	77	94	0.6524	99	0.6392	n/a
Albania	78	0.6726	78	91	0.6601	87	0.6591	66

Hungary	79	0.6720	79	65	0.6879	60	0.6867	61
Madagascar	80	0.6713	80	77	0.6732	74	0.6736	89
Angola	81	0.6712	81	106	0.6353	114	0.6032	110
Bangladesh	82	0.6702	82	93	0.6526	90	0.6531	100
Malta	83	0.6695	83	88	0.6635	83	0.6634	76
Armenia	84	0.6669	84	90	0.6619	78	0.6677	71
Brazil	85	0.6655	85	81	0.6695	73	0.6737	74
Cyprus	86	0.6642	86	79	0.6706	76	0.6694	82
Indonesia	87	0.6615	87	92	0.6580	93	0.6473	81
Georgia	88	0.6598	88	83	0.6680	82	0.6654	67
Tajikistan	89	0.6598	89	86	0.6661	89	0.6541	79
El Salvador	90	0.6596	90	55	0.6939	58	0.6875	48
Mexico	91	0.6577	91	98	0.6503	97	0.6441	93
Zimbabwe	92	0.6574	92	95	0.6518	92	0.6485	88
Belize	93	0.6536	93	87	0.6636	86	0.6610	94
Japan	94	0.6524	94	101	0.6447	98	0.6434	91
Mauritius	95	0.6520	95	96	0.6513	95	0.6466	85
Kenya	96	0.6499	96	97	0.6512	88	0.6547	83

Cambodia	97	0.6482	97	104	0.6410	94	0.6469	98
Malaysia	98	0.6479	98	100	0.6467	96	0.6442	92
Maldives	99	0.6452	99	99	0.6482	91	0.6501	99
Azerbaijan	100	0.6446	100	89	0.6626	61	0.6856	59
Senegal	101	0.6414	101	102	0.6427	n/a	n/a	n/a
Suriname	102	0.6407	102	78	0.6726	79	0.6674	56
United Arab Emirates	103	0.6397	103	112	0.6198	105	0.6220	105
Korea, Rep.	104	0.6342	104	115	0.6146	108	0.6154	97
Kuwait	105	0.6318	105	105	0.6356	101	0.6358	96
Zambia	106	0.6293	106	107	0.6310	106	0.6205	101
Tunisia	107	0.6266	107	109	0.6233	103	0.6295	102
Fiji	108	0.6256	108	103	0.6414	n/a	n/a	n/a
Guatemala	109	0.6238	109	111	0.6209	112	0.6072	106
Bahrain	110	0.6217	110	116	0.6136	121	0.5927	115
Burkina Faso	111	0.6162	111	120	0.6081	115	0.6029	117
India	112	0.6155	112	114	0.6151	113	0.6060	114
Mauritania	113	0.6152	113	119	0.6103	110	0.6117	111

Cameroon	114	0.6110	114	118	0.6108	117	0.6017	116
Nepal	115	0.6084	115	110	0.6213	120	0.5942	125
Lebanon*	116	0.6084	n/a	n/a	n/a	n/a	n/a	n/a
Qatar	117	0.6059	116	125	0.5907	119	0.5948	109
Nigeria	118	0.6055	117	108	0.6280	102	0.6339	107
Algeria	119	0.6052	118	117	0.6119	111	0.6111	108
Jordan	120	0.6048	119	113	0.6182	104	0.6275	104
Ethiopia	121	0.6019	120	122	0.5948	122	0.5867	113
Oman	122	0.5950	121	123	0.5938	118	0.5960	119
Iran	123	0.5933	122	128	0.5839	116	0.6021	118
Syria	124	0.5926	123	121	0.6072	107	0.6181	103
Egypt	125	0.5899	124	126	0.5862	124	0.5832	120
Turkey	126	0.5876	125	129	0.5828	123	0.5853	121
Morocco	127	0.5767	126	124	0.5926	125	0.5757	122
Benin	128	0.5719	127	131	0.5643	126	0.5582	123
Saudi Arabia	129	0.5713	128	130	0.5651	128	0.5537	124
Côte d'Ivoire*	130	0.5691	n/a	n/a	n/a	n/a	n/a	n/a
Mali	131	0.5680	129	127	0.5860	109	0.6117	112

Pakistan	132	0.5465	130	132	0.5458	127	0.5549	126
Chad	133	0.5330	131	133	0.5417	129	0.5290	127
Yemen	134	0.4603	132	134	0.4609	130	0.4664	128
Belarus	n/a	n/a	n/a	34	0.7141	33	0.7099	23
Uzbekistan	n/a	n/a	n/a	58	0.6913	55	0.6906	41

*new country 2010

Commentary:

According to the report's index, Nordic countries, such as Iceland, Norway, Finland, and Sweden have continued to dominate at the top of the ranking for gender equality. Meanwhile, France has seen a notable decline in the ranking, largely as a result of decreased number of women holding ministerial portfolios in that country. In the Americas, the United States has risen in the ranking to top the region, predominantly as a result of a decreasing wage gap, as well as higher number of women holding key positions in the current Obama administration. Canada has continued to remain as one of the top ranking countries of the Americas, followed by the small Caribbean island nation of Trinidad and Tobago, which has the distinction of being among the top three countries of the Americans in the realm of gender equality. Lesotho and South African ranked highly in the index, leading not only among African countries but also in global context. Despite Lesotho still lagging in the area of life expectancy, its high ranking was attributed to high levels of female participation in the labor force and female literacy. The Philippines and Sri Lanka were the top ranking countries for gender equality for Asia, ranking highly also in global context. The Philippines has continued to show strong performance in all strong performance on all four dimensions (detailed above) of the index. Finally, in the Arab world, the United Arab Emirates held the highest-rank within that region of the world; however, its placement near the bottom of the global list highlights the fact that Arab countries are generally poor performers when it comes to the matter of gender equality in global scope.

Source:

This data is derived from the latest edition of The Global Gender Gap Report by the World Economic Forum.

Available at URL:

http://www.weforum.org/en/Communities/Women%20Leaders%20and%20Gender%20Parity/Gende

Updated:

Based on latest available data as set forth in chart; reviewed in 2014

Culture and Arts

Culture and Arts of Portugal

Cultural Ethos and National Identity

History plays an integral role in the cultural ethos and national identity of Portugal. In particular, Portugal's achievements on the global stage during the Age of Discovery is of paramount importance. Several cultural symbols recall this period in Portuguese history, most particularly in the form of the national flag, which was adopted in 1911. The flag features an armillary sphere -- an ancient astronomical device used for maritime navigation -- and is intended to illustrate Portugal's role in global exploration.

History in Portugal also fondly recalls King Sebastian, who was killed in Morocco in the 16th century and who was supposed to repel the Spaniards who held sway at the time, and restore Portugal to sovereignty. There is, as a result, a grand sense of "Sebastianismo" in Portugese culture, which embodies a hopefulness for a new day to dawn, mixed with the anxiety that such a moment may never arrive in reality. Sebastianismo is present in the lyrics of the Portuguese "fado" or song that expresses longing, and the hopeful nostaligia in what is known in Portugal as "saudade."

Literature

In national literature, the most renowned work is an epic poem about the great Portuguese explorer, Vasco da Gama, known as Os Lusíadas , written by Luís de Camões. Following Spanish rule when Portugal returned to sovereignty, Sister Mariana Alcoforada's Lettres Portugaises or Portuguese Letters were the premier works of national literature. The 19th century saw the golden age of Portuguese literature with writers such as Júlio Dinis, Camilo Castelo Branco, and José Maria Eça de Queirós when themes of social critique and satire were strongly present in their themes. In the 20th century, realism in literature was found in the short pastoral stories of Manuel Torga, the novels of Aquilino Ribeiro, and epic stories such as Ferreira de Castro's Emigrantes . In terms of modernist literature, Fernando Pessoa has been one of the great writers of Portugal. Contemporary realists include José Saramago, the Nobel Prize for Literature winner in 1998, and Lobo Antunes.

Visual Arts

The most important visual art forms in Portugal are manifest in architecture, ceramics, and folk arts. Designs by artisans -- such as the rugs made in Arraiolas, embroideries of Madeira, filigree jewelry of Porto, and regional pottery are also the main expressions of Portuguese visual arts.

Performance Arts

As noted above, the "fado" is a uniquely Portuguese song, reflecting history and cultural ethos. It plays a core role in Portuguese performance traditions. In addition, Portugal has seen a revival of folk dances known as "ranchos folklóricos."

Etiquette

Cultural Dos and Taboos

1. A warm handshake with direct eye contact is the customary form of greeting. Men will need to

wait for a woman to extend her hand first if she wants her hand shaken. Friends and relatives will often greet each other with a kiss and/or a hug. Women kiss on both cheeks when greeting each other.

2. Always address people by their title and last name until invited to do otherwise. First names are appropriate among friends and younger people only. Always wait for your counterpart to initiate the use of first names or the use of the familiar forms of address.

3. Sports, culture, literature, dance music and travel make excellent topics of conversation. The visitor may wish to avoid initiating topics that concerning religion, politics or things of a personal nature.

4. Note that business is not usually discussed at social dinners, although business dinners at restaurants do occur frequently. Know the difference between a social occasion and a business lunch and expect differences in conversation accordingly.

5. There are many gestures used in daily conversation. Their significance may vary from region to region, so observe local behaviors, and ask if you are unsure. The A-O.K. gesture (making a circle of the first finger and thumb) and pointing with fingers are considered to be rude.

6. Try not to stand with your hands on your hips, as this will be perceived as a sign you are angry. While such aggressive stances are normal in North America, they do not translate well elsewhere.

7. If invited to dinner it is fine to bring a gift for the host or hostess. Exotic flowers in an impressive bouquet (not roses), expensive and imported chocolates, cognacs, whiskey and other upper tier brands of liquor make fine gifts. If you receive a gift, you should open it immediately and offer your thanks.

8. If you are invited out to lunch or dinner, be certain to reciprocate; however, do not mention that you "owe" the other person the favor.

9. Dining is formal in the Continental style with diners keeping wrists on the table and elbows off the table. The fork should remain consistently in the left hand and the right hand should be used in the right hand. The "fork flip-over" from left-to-right, common in North American usage, is inappropriate in Europe. Pay compliments to your host (and to the waiters in a restaurant).

10. The Portuguese are very conscious of self-presentation as it goes along with their concern for projecting an impression of good social position. Dress is generally casual but fashionable and one should always dress with good taste. Business attire is somewhat more orthodox, including suits for both men and women. Shorts should be confined to private homes and are not generally worn on the street.

Travel Information

Please Note

This is a generalized travel guide and it is intended to coalesce several resources, which a traveler might find useful, regardless of a particular destination. As such, it does not include travel warnings for specific "hot spot" destinations.

For travel alerts and warnings, please see the United States Department of State's listings available at URL:
http://travel.state.gov/content/passports/english/alertswarnings.html

Please note that travel to the following countries, based on these warnings, is ill-advised, or should be undertaken with the utmost precaution:

Afghanistan, Algeria, Burundi, Cameroon, Central African Republic, Chad, Colombia, Democratic Republic of Congo, Djibouti, El Salvador, Eritrea, Ethiopia, Guinea, Honduras, Iraq, Iran, Lebanon, Liberia, Libya, Mali, Mauritania, Mexico, Nepal, Niger, Nigeria, North Korea, Pakistan, Palestinian Territories of West Bank and Gaza, Philippines areas of Sulu Archipelago, Mindanao, and southern Sulu Sea, Saudi Arabia, Sierra Leone, Somalia, South Sudan, Sudan, Syria, Ukraine, Venezuela, and Yemen.

International Travel Guide

Checklist for Travelers

1. Take out travel insurance to cover hospital treatment or medical evacuation. Overseas medical costs are expensive to most international travelers, where one's domestic, nationalized or even private health insurance plans will not provide coverage outside one's home country. Learn about "reciprocal insurance plans" that some international health care companies might offer.
2. Make sure that one's travel insurance is appropriate. If one intends to indulge in adventurous activities, such as parasailing, one should be sure that one is fully insured in such cases. Many traditional insurance policies do not provide coverage in cases of extreme circumstances.

3. Take time to learn about one's destination country and culture. Read and learn about the place one is traveling. Also check political, economic and socio-cultural developments at the destination by reading country-specific travel reports and fact sheets noted below.
4. Get the necessary visas for the country (or countries) one intends to visit - but be aware that a visa does not guarantee entry. A number of useful sites regarding visa and other entry requirements are noted below.
5. Keep in regular contact with friends and relatives back at home by phone or email, and be sure to leave a travel itinerary.
6. Protect one's personal information by making copies of one's passport details, insurance policy, travelers checks and credit card numbers. Taking copies of such documents with you, while leaving another collection copies with someone at home is also good practice for travelers. Taking copies of one's passport photograph is also recommended.
7. Stay healthy by taking all possible precautions against illness. Also, be sure to take extra supplies of prescription drugs along for the trip, while also taking time to pack general pharmaceutical supplies, such as aspirin and other such painkillers, bandages, stomach ailment medication, anti-inflammatory medication and anti-bacterial medication.
8. Do not carry illicit drugs. Understand that the punishment for possession or use of illegal drugs in some countries may be capital punishment. Make sure your prescription drugs are legal in the countries you plan to visit.
9. Know the laws of one's destination country and culture; be sure to understand the repercussions of breaking those laws and regulations. Often the transparency and freedoms of the juridical system at home is not consistent with that of one's destination country. Become aware of these complexities and subtleties before you travel.
10. For longer stays in a country, or where the security situation is volatile, one should register one's self and traveling companions at the local embassy or consulate of one's country of citizenship.
11. Women should take care to be prepared both culturally and practically for traveling in a different country and culture. One should be sure to take sufficient supplies of personal feminine products and prescription drugs. One should also learn about local cultural standards for women, including norms of dressing. Be aware that it is simply inappropriate and unsafe for women to travel alone in some countries, and take the necessary precautions to avoid risk-filled situations.
12. If one is traveling with small children, one should pack extra supplies, make arrangements with the travel carrier for proper seating that would adequately accommodate children, infants or toddlers. Note also that whether one is male of female, traveling with children means that one's hands are thus not free to carry luggage and bags. Be especially aware that this makes one vulnerable to pickpockets, thieves and other sorts of crime.
13. Make proper arrangements for accommodations, well in advance of one's arrival at a destination. Some countries have limited accommodation, while others may have culturally distinctive facilities. Learning about these practicalities before one travels will greatly aid the enjoyment of one's trip.
14. Travel with different forms of currency and money (cash, traveler's checks and credit cards) in

anticipation that venues may not accept one or another form of money. Also, ensuring that one's financial resources are not contained in one location, or by one person (if one is traveling with others) can be a useful measure, in the event that one loses a wallet or purse.
15. Find out about transportation in the destination country. In some places, it might be advisable to hire a local driver or taxi guide for safety reasons, while in other countries, enjoying one's travel experience may well be enhanced by renting a vehicle and seeing the local sights and culture independently. Costs may also be prohibitive for either of these choices, so again, prior planning is suggested.

Tips for Travelers

• Medical insurance: make sure you are fully covered for medical treatment, hospitalization and medical evacuation to your home country. Take your valid NHS medical card - British nationals need to show this to qualify for free emergency only medical assistance in Poland.

• Check with your embassy, consulate, or appropriate government institution related to travel before traveling.

• Travel insurance: make sure you are fully covered for unexpected losses or expenses (e.g. cancelled flights, lost luggage, lost passport, stolen cash or credit cards). Keep passport, money, tickets and valuables in a safe place out of sight. Be alert. There is a serious risk of robbery at main railway stations, on all trains, and on public transport to and from the airports. Busy street, tourist sites and areas around the main hotels are also popular with thieves.

• Visas: Get a visa if you intend to work in Poland. Don't work without a valid work permit.

• Funds: check Polish customs regulations before bringing in or taking out funds in excess of 5,000 Euros (approximately £3,000). Declare the currency to Customs on arrival. It is advisable to get a Customs declaration even if you are importing less than 5,000 Euros. Some banks require a Customs statement when you are opening a bank account. Change money at banks or legal foreign exchange offices called Kantor.

• Driving: Don't drink and drive. Permitted alcohol levels are very low and in practice equal zero tolerance. Make sure your documents are in order when coming to Poland by road. Drivers must carry at all times a valid driving licence, identification document, insurance and car registration papers. Apply for international driving permits. Drive carefully. Roads and the standard of driving are not good.

• Enter next of kin details into the back of your passport.

• Public transport: Don't travel on public transport without a ticket. The ticket must be punched immediately after boarding the bus or tram. On the metro, ticket punchers are located on the wall before you cross the line ticket zone.

• Dual nationals: Nationals who also hold Polish nationality should enter and leave Poland on a Polish passport. Dual nationals should be aware that the level of consular assistance.

• Don't get involved with drugs. The penalties for drug trafficking, smuggling and possession are severe.

• Identification documents. It is obligatory to carry original identification documents in Poland. Photocopies are not recognized as a proof of identity. Keep your documents on you, but not in a visible or obvious place.

• Book a hotel room prior to arrival. Increasing numbers of tourists are visiting Poland and the hotels in major cities are usually booked in advance.

• Climate. Polish winters are long and hard. Summers can be extremely hot and visitors can run the risk of dehydration.

Note: This information is directly quoted from the United Kingdom Foreign and Commonwealth Office.

Sources: *United Kingdom Foreign and Commonwealth Office*

Business Culture: Information for Business Travelers

It is customary to greet by shaking hands in Poland. A businesswoman should not be surprised if a Polish man kisses her hand upon introduction, at subsequent meetings or saying goodbye. Visiting businessmen are not expected to kiss a Polish woman's hand, but may simply shake hands. Business cards are the norm in Poland and are generally given to each person present in a meeting. As Poles tend to bring more than one person to their meetings, visitors should bring plenty of business cards. It is not necessary to have business cards printed in Polish.

Business attire is generally formal, including a suit and tie for men, and a suit or dress for women. Casual wear, including jeans, is suitable for informal occasions, but more formal dress is usually customary for visiting or entertaining in the evening. Flowers, always an odd number, are the most common gift among friends and acquaintances. Sunday is the traditional day for visiting family and friends in Poland.

Sources: *United States Department of State Commercial Guides*

Online Resources Regarding Entry Requirements and Visas

Foreign Entry Requirements for Americans from the United States Department of State
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1765.html

Visa Services for Non-Americans from the United States Department of State
http://travel.state.gov/visa/visa_1750.html

Visa Bulletins from the United States Department of State
http://travel.state.gov/visa/frvi/bulletin/bulletin_1360.html

Visa Waivers from the United States Department of State
http://travel.state.gov/visa/temp/without/without_1990.html - new

Passport and Visa Information from the Government of the United Kingdom
http://www.bia.homeoffice.gov.uk/

Visa Information from the Government of Australia
http://www.dfat.gov.au/visas/index.html

Passport Information from the Government of Australia
https://www.passports.gov.au/Web/index.aspx

Passport Information from the Government of Canada
http://www.voyage.gc.ca/preparation_information/passport_passeport-eng.asp

Visa Information from the Government of Canada
http://www.voyage.gc.ca/preparation_information/visas-eng.asp

Online Visa Processing by Immigration Experts by VisaPro
http://www.visapro.com

Sources: United States Department of State, United Kingdom Foreign and Commonwealth Office, Government of Australia: Department of Foreign Affairs and Trade, Government of Canada Department of Foreign Affairs and International Trade

Useful Online Resources for Travelers

Country-Specific Travel Information from United States
http://travel.state.gov/travel/cis_pa_tw/cis/cis_1765.html

Travel Advice by Country from Government of United Kingdom
http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/

General Travel Advice from Government of Australia
http://www.smartraveller.gov.au/zw-cgi/view/Advice/General

Travel Bulletins from the Government of Australia
http://www.smartraveller.gov.au/zw-cgi/view/TravelBulletins/

Travel Tips from Government of Australia
http://www.smartraveller.gov.au/tips/index.html

Travel Checklist by Government of Canada
http://www.voyage.gc.ca/preparation_information/checklist_sommaire-eng.asp

Travel Checklist from Government of United Kingdom
http://www.fco.gov.uk/en/travelling-and-living-overseas/staying-safe/checklist

Your trip abroad from United States Department of State
http://travel.state.gov/travel/tips/brochures/brochures_1225.html

A safe trip abroad from United States Department of State
http://travel.state.gov/travel/tips/safety/safety_1747.html

Tips for expatriates abroad from United States Department of State
http://travel.state.gov/travel/living/residing/residing_1235.html

Tips for students from United States Department of State
http://travel.state.gov/travel/living/studying/studying_1238.html http://travel.state.gov/travel/tips/broc

Medical information for travelers from United States Department of State
http://travel.state.gov/travel/tips/health/health_1185.html

US Customs Travel information
http://www.customs.gov/xp/cgov/travel/

Sources: United States Department of State; United States Customs Department, United Kingdom Foreign and Commonwealth Office, Foreign and Commonwealth Office, Government of Australia; Government of Canada: Department of Foreign Affairs and International Trade

Other Practical Online Resources for Travelers

Foreign Language Phrases for Travelers
http://www.travlang.com/languages/
http://www.omniglot.com/language/phrases/index.htm

World Weather Forecasts
http://www.intellicast.com/
http://www.wunderground.com/
http://www.worldweather.org/

Worldwide Time Zones, Map, World Clock
http://www.timeanddate.com/
http://www.worldtimezone.com/

International Airport Codes
http://www.world-airport-codes.com/

International Dialing Codes
http://www.kropla.com/dialcode.htm
http://www.countrycallingcodes.com/

International Phone Guide
http://www.kropla.com/phones.htm

International Mobile Phone Guide
http://www.kropla.com/mobilephones.htm

International Internet Café Search Engine
http://cybercaptive.com/

Global Internet Roaming
http://www.kropla.com/roaming.htm

World Electric Power Guide
http://www.kropla.com/electric.htm

http://www.kropla.com/electric2.htm

World Television Standards and Codes
http://www.kropla.com/tv.htm
International Currency Exchange Rates
http://www.xe.com/ucc/

Banking and Financial Institutions Across the World
http://www.123world.com/banks/index.html

International Credit Card or Automated Teller Machine (ATM) Locator
http://visa.via.infonow.net/locator/global/
http://www.mastercard.com/us/personal/en/cardholderservices/atmlocations/index.html

International Chambers of Commerce
http://www.123world.com/chambers/index.html

World Tourism Websites
http://123world.com/tourism/

Diplomatic and Consular Information

United States Diplomatic Posts Around the World
http://www.usembassy.gov/

United Kingdom Diplomatic Posts Around the World
http://www.fco.gov.uk/en/about-the-fco/embassies-and-posts/find-an-embassy-overseas/

Australia's Diplomatic Posts Around the World
http://www.dfat.gov.au/missions/
http://www.dfat.gov.au/embassies.html

Canada's Embassies and High Commissions
http://www.international.gc.ca/ciw-cdm/embassies-ambassades.aspx

Resources for Finding Embassies and other Diplomatic Posts Across the World
http://www.escapeartist.com/embassy1/embassy1.htm

Safety and Security

Travel Warnings by Country from Government of Australia
http://www.smartraveller.gov.au/zw-cgi/view/Advice/

Travel Warnings and Alerts from United States Department of State
http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html
http://travel.state.gov/travel/cis_pa_tw/pa/pa_1766.html

Travel Reports and Warnings by Government of Canada
http://www.voyage.gc.ca/countries_pays/menu-eng.asp
http://www.voyage.gc.ca/countries_pays/updates_mise-a-jour-eng.asp

Travel Warnings from Government of United Kingdom
http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/
http://www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country/?action=noTravelAll#noTravelAll

Sources: United Kingdom Foreign and Commonwealth Office, the United States Department of State, the Government of Canada: Department of Foreign Affairs and International Trade, Government of Australia: Department of Foreign Affairs and Trade

Other Safety and Security Online Resources for Travelers

United States Department of State Information on Terrorism
http://www.state.gov/s/ct/

Government of the United Kingdom Resource on the Risk of Terrorism
http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1044011304926

Government of Canada Terrorism Guide
http://www.international.gc.ca/crime/terrorism-terrorisme.aspx?lang=eng

Information on Terrorism by Government of Australia
http://www.dfat.gov.au/icat/index.html

FAA Resource on Aviation Safety
http://www.faasafety.gov/

In-Flight Safety Information for Air Travel (by British Airways crew trainer Anna Warman)
http://www.warman.demon.co.uk/anna/inflight.html

Hot Spots: Travel Safety and Risk Information
http://www.airsecurity.com/hotspots/HotSpots.asp

Information on Human Rights
http://www.state.gov/g/drl/hr/

Sources: The United States Department of State, the United States Customs Department, the Government of Canada, the Government of United Kingdom, the Government of Australia, the Federal Aviation Authority, Anna Warman's In-flight Website, Hot Spots Travel and Risk Information

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Diseases/Health Data

Please Note: Most of the entry below constitutes a generalized health advisory, which a traveler might find useful, regardless of a particular destination.

As a supplement, however, the reader will also find below a list of countries flagged with current health notices and alerts issued by the Centers for Disease Control and Prevention (CDC). Please note that travel to the following countries, based on these 3 levels of warnings, is ill-advised, or should be undertaken with the utmost precaution:

Level 3 (highest level of concern; avoid non-essential travel) --

Guinea - Ebola
Liberia - Ebola
Nepal - Eathquake zone
Sierra Leone - Ebola

Level 2 (intermediate level of concern; use utmost caution during travel) --

Cameroon - Polio
Somalia - Polio
Vanuatu - Tropical Cyclone zone
Throughout Middle East and Arabia Peninsula - MERS ((Middle East Respiratory Syndrome)

Level 1 (standard level of concern; use practical caution during travel) -

Australia - Ross River disease
Bosnia-Herzegovina - Measles
Brazil - Dengue Fever
Brazil - Malaria
Brazil - Zika
China - H7N9 Avian flu
Cuba - Cholera
Egypt - H5N1 Bird flu
Ethiopia - Measles
Germany - Measles
Japan - Hand, foot, and mouth disease (HFMD)
Kyrgyzstan - Measles
Malaysia -Dengue Fever
Mexico - Chikungunya
Mexico - Hepatitis A
Nigeria - Meningitis
Philippines - Measles
Scotland - Mumps
Singapore - Hand, foot, and mouth disease (HFMD)
South Korea - MERS ((Middle East Respiratory Syndrome)
Throughout Caribbean - Chikungunya
Throughout Central America - Chikungunya
Throughout South America - Chikungunya
Throughout Pacific Islands - Chikungunya

For specific information related to these health notices and alerts please see the CDC's listing available at URL:
http://wwwnc.cdc.gov/travel/notices

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Health Information for Travelers to Portugal

The preventive measures you need to take while traveling in Western Europe depend on the areas you visit and the length of time you stay. For most areas of this region, you should observe health precautions similar to those that would apply while traveling in the United States.

Travelers' diarrhea**,** the number one illness in travelers, can be caused by viruses, bacteria, or parasites, which can contaminate food or water. Infections may cause diarrhea and vomiting (*E. coli*, *Salmonella*, cholera, and parasites), fever (typhoid fever and toxoplasmosis), or liver damage (hepatitis). Make sure your food and drinking water are safe. (See below.)

A certificate of yellow fever vaccination may be **required** for entry into certain of these countries if you are coming from countries in tropical South America or sub-Saharan Africa. (There is no risk for yellow fever in Western Europe.) For detailed information, see Comprehensive Yellow Fever Vaccination Requirements (<http://www.cdc.gov/travel/yelfever.htm).>

Tickborne encephalitis, a viral infection of the central nervous system, occurs chiefly in Central and Western Europe. Travelers are at risk who visit or work in forested areas during the summer months and who consume unpasteurized dairy products. The vaccine for this disease is not available in the United States at this time. To prevent tickborne encephalitis, as well as Lyme disease, travelers should take precautions to prevent tick bites (see below).

CDC Recommends the Following Vaccines (as Appropriate for Age):

See your doctor at least 4-6 weeks before your trip to allow time for shots to take effect.

• Hepatitis A or immune globulin (IG). You are not at increased risk in Northern, Western, and Southern Europe, including the Mediterranean regions of Italy and Greece.
• Hepatitis B, if you might be exposed to blood (for example, health-care workers), have sexual contact with the local population, stay longer than 6 months in Southern Europe, or be exposed through medical treatment.
• As needed, booster doses for tetanus-diphtheria. Hepatitis B vaccine is now recommended for all infants and for children ages 11-12 years who did not complete the series as infants.

All travelers should take the following precautions, no matter the destination:

• Wash hands often with soap and water.
• Because motor vehicle crashes are a leading cause of injury among travelers, walk and drive defensively. Avoid travel at night if possible and always use seat belts.
• Always use latex condoms to reduce the risk of HIV and other sexually transmitted diseases.
• Don't eat or drink dairy products unless you know they have been pasteurized.

• Don't share needles with anyone.
• Never eat undercooked ground beef and poultry, raw eggs, and unpasteurized dairy products. Raw shellfish is particularly dangerous to persons who have liver disease or compromised immune systems. (Travelers to Western Europe should also see the information on Bovine Spongiform Encephalopathy ["Mad Cow Disease"] and New Variant Creutzfeldt-Jakob Disease [nvCJD] at URL <http://www.cdc.gov/travel/madcow.htm.)>

Travelers to rural or undeveloped areas should take the following precautions:

To Stay Healthy, Do:

• Drink only bottled or boiled water, or carbonated (bubbly) drinks in cans or bottles. Avoid tap water, fountain drinks, and ice cubes. If this is not possible, make water safer by BOTH filtering through an "absolute 1-micron or less" filter AND adding iodine tablets to the filtered water. "Absolute 1-micron filters" are found in camping/outdoor supply stores.
• Eat only thoroughly cooked food or fruits and vegetables you have peeled yourself. Remember: **boil it, cook it, peel it, or forget it.**
• Protect yourself from insects by remaining in well-screened areas, using repellents (applied sparingly at 4-hour intervals), and wearing long-sleeved shirts and long pants tucked into boots or socks as a deterrent to ticks.
• To prevent fungal and parasitic infections, keep feet clean and dry, and do not go barefoot.

To Avoid Getting Sick:

• Don't eat food purchased from street vendors. Do not drink beverages with ice.
• Don't handle animals (especially monkeys, dogs, and cats), to avoid bites and serious diseases (including rabies and plague).

What You Need To Bring with You:

• Insect repellent containing DEET (diethylmethyltoluamide), in 30%-35% strength for adults and 6%-10% for children. The insecticide permethrin applied to clothing is an effective deterrent to ticks.
• Over-the-counter antidiarrheal medicine to take if you have diarrhea.
• Iodine tablets and water filters to purify water if bottled water is not available. See Food and Water Precautions and Travelers' Diarrhea Prevention (<http://www.cdc.gov/travel/foodwatr.htm)> and Risks from Food and Drink (<http://www.cdc.gov/travel/food-drink-risks.htm)> for more detailed information about water filters.
• Sunblock, sunglasses, hat.
• Prescription medications: make sure you have enough to last during your trip, as well as a copy of the prescription(s).

After You Return Home:

If you become ill after your trip-even as long as a year after you return-tell your doctor where you have traveled.

For More Information:

Ask your doctor or check the CDC web sites for more information about how to protect yourself against diseases that occur in Western Europe, such as:

For information about diseases-

Carried by Insects
Lyme disease

Carried in Food or Water
Bovine spongiform encephalopathy ("mad cow disease") *Escherichia coli* diarrhea Hepatitis A Typhoid Fever

Person-to-Person Contact
Hepatitis B HIV/AIDS - Prevention - HIV-Infected Travelers

For more information about these and other diseases, please check the Diseases (<http://www.cdc.gov/travel/diseases.htm)> section and the Health Topics A-Z (<http://www.cdc.gov/health/diseases.htm).>

Note:

Portugal is located in the Western Europe health region.

Sources:

The Center for Disease Control Destinations Website:
<http://www.cdc.gov/travel/destinat.htm>

Chapter 6

Environmental Overview

Environmental Issues

General Overview:

Portugal has some natural resources, although these do not include energy resources, and the soil quality is marginal. This latter factor contributes most heavily to the bulk of Portugal 's environmental challenges. Because the soil has been overworked, a large degree of soil erosion has occurred. Other problems include discharges that adversely affect water supplies and wetlands; serious air pollution in urban, industrialized areas; and ineffective treatment of toxic waste.

Current Issues:

-soil erosion
-air pollution caused by industrial and vehicle emissions
-water pollution, especially in coastal areas
-inadequate means of waste disposal

Total Greenhouse Gas Emissions (Mtc):

21.6

Country Rank (GHG output):

49th

Natural Hazards:

-severe earthquakes

Environmental Policy

Regulation and Jurisdiction:

The regulation and protection of the environment in Portugal is under the jurisdiction of the following:

- the Ministry of the Environment, Territorial Planning, and Urban Development
- the Ministry of Agriculture, Rural Development, and Fisheries
- the *Instituto da Conservacao da Natureza* (the Nature Conservation Institute)

Major Non-Governmental Organizations:

- *Associação Portuguesa de Ecologistas/Amigos da Terra* (the Portuguese Association of Ecologists/Friends of the Earth)

International Environmental Accords:

Party to:

- Air Pollution
- Biodiversity
- Climate Change
- Climate Change-Kyoto Protocol
- Desertification
- Endangered Species
- Hazardous Wastes
- Law of the Sea
- Marine Dumping
- Marine Life Conservation
- Ozone Layer Protection
- Ship Pollution
- Tropical Timber 83
- Tropical Timber 94
- Wetlands

Signed but not ratified:

- Air Pollution-Persistent Organic Pollutants
- Air Pollution-Volatile Organic Compounds
- Environmental Modification

Kyoto Protocol Status (year ratified):

2002

Greenhouse Gas Ranking

Greenhouse Gas Ranking

GHG Emissions Rankings

Country Rank	**Country**
1	United States
2	China
4	Russia
5	Japan
6	India
7	Germany
8	United Kingdom

9	Canada
10	Korea, South
11	Italy
12	Mexico
13	France
14	South Africa
15	Iran
16	Indonesia
17	Australia
18	Spain
19	Brazil
20	Saudi Arabia
21	Ukraine
22	Poland
23	Taiwan
24	Turkey
25	Thailand
26	Netherlands

27	Kazakhstan
28	Malaysia
29	Egypt
30	Venezuela
31	Argentina
32	Uzbekistan
33	Czech Republic
34	Belgium
35	Pakistan
36	Romania
37	Greece
38	United Arab Emirates
39	Algeria
40	Nigeria
41	Austria
42	Iraq
43	Finland
44	Philippines

45	Vietnam
46	Korea, North
47	Israel
48	Portugal
49	Colombia
50	Belarus
51	Kuwait
52	Hungary
53	Chile
54	Denmark
55	Serbia & Montenegro
56	Sweden
57	Syria
58	Libya
59	Bulgaria
60	Singapore
61	Switzerland
62	Ireland

63	Turkmenistan
64	Slovakia
65	Bangladesh
66	Morocco
67	New Zealand
68	Oman
69	Qatar
70	Azerbaijan
71	Norway
72	Peru
73	Cuba
74	Ecuador
75	Trinidad & Tobago
76	Croatia
77	Tunisia
78	Dominican Republic
79	Lebanon
80	Estonia

81	Yemen
82	Jordan
83	Slovenia
84	Bahrain
85	Angola
86	Bosnia & Herzegovina
87	Lithuania
88	Sri Lanka
89	Zimbabwe
90	Bolivia
91	Jamaica
92	Guatemala
93	Luxembourg
94	Myanmar
95	Sudan
96	Kenya
97	Macedonia
98	Mongolia

99	Ghana
100	Cyprus
101	Moldova
102	Latvia
103	El Salvador
104	Brunei
105	Honduras
106	Cameroon
107	Panama
108	Costa Rica
109	Cote d'Ivoire
110	Kyrgyzstan
111	Tajikistan
112	Ethiopia
113	Senegal
114	Uruguay
115	Gabon
116	Albania

117	Nicaragua
118	Botswana
119	Paraguay
120	Tanzania
121	Georgia
122	Armenia
123	Congo, RC
124	Mauritius
125	Nepal
126	Mauritius
127	Nepal
128	Mauritania
129	Malta
130	Papua New Guinea
131	Zambia
132	Suriname
133	Iceland
134	Togo

135	Benin
136	Uganda
137	Bahamas
138	Haiti
139	Congo, DRC
140	Guyana
141	Mozambique
142	Guinea
143	Equatorial Guinea
144	Laos
145	Barbados
146	Niger
147	Fiji
148	Burkina Faso
149	Malawi
150	Swaziland
151	Belize
152	Afghanistan

153	Sierra Leone
154	Eritrea
155	Rwanda
156	Mali
157	Seychelles
158	Cambodia
159	Liberia
160	Bhutan
161	Maldives
162	Antigua & Barbuda
163	Djibouti
164	Saint Lucia
165	Gambia
166	Guinea-Bissau
167	Central African Republic
168	Palau
169	Burundi
170	Grenada

171	Lesotho
172	Saint Vincent & the Grenadines
173	Solomon Islands
174	Samoa
175	Cape Verde
176	Nauru
177	Dominica
178	Saint Kitts & Nevis
179	Chad
180	Tonga
181	Sao Tome & Principe
182	Comoros
183	Vanuatu
185	Kiribati
Not Ranked	Andorra
Not Ranked	East Timor
Not Ranked	Holy See
Not Ranked	Hong Kong

Not Ranked	Liechtenstein
Not Ranked	Marshall Islands
Not Ranked	Micronesia
Not Ranked	Monaco
Not Ranked	San Marino
Not Ranked	Somalia
Not Ranked	Tuvalu

* European Union is ranked 3rd
Cook Islands are ranked 184th
Niue is ranked 186th

Global Environmental Snapshot

Introduction

The countries of the world face many environmental challenges in common. Nevertheless, the nature and intensity of problem vary from region to region, as do various countries' respective capacities, in terms of affluence and infrastructure, to remediate threats to environmental quality.

Consciousness of perils affecting the global environment came to the fore in the last third or so of the 20th century has continued to intensify well into the new millennium. According to the United Nations Environment Programme, considerable environmental progress has been made at the level of institutional developments, international cooperation accords, and public participation. Approximately two-dozen international environmental protection accords with global implications have been promulgated since the late 1970s under auspices of the United Nations and other international organizations, together with many additional regional agreements. Attempts to address and rectify environmental problems take the form of legal frameworks, economic instruments, environmentally sound technologies and cleaner production processes as well as conservation efforts. Environmental impact assessments have increasingly been applied across the globe.

Environmental degradation affects the quality, or aesthetics, of human life, but it also displays potential to undermine conditions necessary for the sustainability of human life. Attitudes toward the importance of environmental protection measures reflect ambivalence derived from this bifurcation. On one hand, steps such as cleaning up pollution, dedicating parkland, and suchlike, are seen as embellishments undertaken by wealthy societies already assured they can successfully perform those functions deemed, ostensibly, more essential-for instance, public health and education, employment and economic development. On the other hand, in poorer countries, activities causing environmental damage-for instance the land degradation effects of unregulated logging, slash-and-burn agriculture, overgrazing, and mining-can seem justified insofar as such activities provide incomes and livelihoods.

Rapid rates of resource depletion are associated with poverty and high population growth, themselves correlated, whereas consumption per capita is much higher in the most developed countries, despite these nations' recent progress in energy efficiency and conservation. It is impossible to sequester the global environmental challenge from related economic, social and political challenges.

First-tier industrialized countries have recently achieved measurable decreases in environmental pollution and the rate of resource depletion, a success not matched in middle income and developing countries. It is believed that the discrepancy is due to the fact that industrialized countries have more developed infrastructures to accommodate changes in environmental policy, to apply environmental technologies, and to invest in public education. The advanced industrialized countries incur relatively lower costs in alleviating environmental problems, in comparison to developing countries, since in the former even extensive environmental programs represent a rather minuscule percentage of total expenditures. Conversely, budget constraints, lagged provision of basic services to the population, and other factors such as debt service and militarization may preclude institution of minimal environmental protection measures in the poorest countries.

A synopsis for the current situation facing each region of the world follows:

Regional Synopsis: Africa

The African continent, the world's second-largest landmass, encompasses many of the world's least developed countries. By global standards, urbanization is comparatively low but rising at a rapid rate. More heavily industrialized areas at the northern and southern ends of the continent experience the major share of industrial pollution. In other regions the most serious environmental problems typically stem from inefficient subsistence farming methods and other forms of land degradation, which have affected an increasingly extensive area under pressure of a widely impoverished, fast-growing population. Africa's distribution of natural resources is very uneven. It is the continent at greatest risk of desertification, especially in the Sahel region at the edge of the Sahara but also in other dry-range areas. Yet at the same time, Africa also harbors some of the earth's richest and most diverse biological zones.

Key Points:

Up to half a billion hectares of African land are moderately to severely degraded, an occurrence reflecting short-fallow shifting cultivation and overgrazing as well as a climatic pattern of recurrent droughts.

Soil degradation is severe along the expanse directly south of the Sahara, from the west to the east coasts. Parts of southern Africa, central-eastern Africa, and the neighboring island of Madagascar suffer from serious soil degradation as well.

Africa contains about 17 percent of the world's forest cover, concentrated in the tropical belt of the continent. Many of the forests, however, are severely depleted, with an estimated 70 percent showing some degree of degradation.

Population growth has resulted in continuing loss of arable land, as inefficient subsistence farming techniques affect increasingly extensive areas. Efforts to implement settled, sustainable agriculture have met with some recent success, but much further progress in this direction is needed. Especially in previously uninhabited forestlands, concern over deforestation is intensifying.

By contrast, the African savanna remains the richest grassland in the world, supporting a substantial concentration of animal and plant life. Wildlife parks are sub-Saharan Africa's greatest tourist attraction, and with proper management-giving local people a stake in conservation and controlling the pace of development-could greatly enhance African economies.

Significant numbers of mammal species in parts of northern, southern and eastern Africa are currently threatened, while the biological diversity in Mauritania and Madagascar is even further compromised with over 20 percent of the mammal species in these two countries currently under threat.

With marine catch trends increasing from 500,000 metric tons in the 1950s to over 3,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Water resource vulnerability is a major concern in northeastern Africa, and a moderate concern across the rest of the continent. An exception is central Africa, which has plentiful water supplies.

Many Africans lack adequate access to resources, not just (if at all) because the resources are unevenly distributed geographically, but also through institutional failures such as faulty land tenure systems or political upheaval. The quality of Africa's natural resources, despite their spotty distribution, is in fact extraordinarily rich. The infrastructure needed to protect and benefit from this natural legacy, however, is largely lacking.

Regional Synopsis: Asia and the Pacific

Asia-earth's largest landmass-and the many large and nearly innumerable small islands lying off its Pacific shore display extraordinarily contrasting landscapes, levels of development, and degrees of environmental stress. In the classification used here, the world's smallest continent, Australia, is also included in the Asia-Pacific region.

The Asia-Pacific region is home to 9 of the world's 14 largest urban areas, and as energy use for utilities, industry and transport increases in developing economies, urban centers are subject to worsening air quality. Intense population density in places such as Bangladesh or Hong Kong is the quintessential image many people have of Asia, yet vast desert areas such as the Gobi and the world's highest mountain range, the Himalayas, span the continent as well. Forested areas in Southeast Asia and the islands of Indonesia and the Philippines were historically prized for their tropical hardwood, but in many places this resource is now severely depleted. Low-lying small island states are extremely vulnerable to the effects of global warming, both rising sea levels and an anticipated increase in cyclones.

Key Points:

Asian timber reserves are forecast to be depleted in the next 40 years. Loss of natural forest is irreversible in some areas, but plantation programs to restore tree cover may ameliorate a portion of the resulting land degradation.

Increased usage of fossil fuels in China and other parts of southern Asia is projected to result in a marked increase in emissions, especially in regard to carbon dioxide. The increased usage of energy has led to a marked upsurge in air pollution across the region.

Acidification is an emerging problem regionally, with sulfur dioxide emissions expected to triple by 2010 if the current growth rate is sustained. China, Thailand, India, and Korea seem to be suffering from particularly high rates of acid deposition. By contrast, Asia's most highly developed economy, Japan, has effected substantial improvements in its environmental indicators.

Water pollution in the Pacific is an urgent concern since up to 70 percent of the water discharged into the region's waters receives no treatment. Additionally, the disposal of solid wastes, in like manner, poses a major threat in a region with many areas of high population density.

The Asia-Pacific region is the largest expanse of the world's land that is adversely affected by soil degradation.

The region around Australia reportedly suffers the largest degree of ozone depletion.

The microstates of the Pacific suffer land loss due to global warming, and the consequent rise in the levels of ocean waters. A high-emissions scenario and anthropogenic climate impact at the upper end of the currently predicted range would probably force complete evacuation of the lowest-elevation islands sometime in this century.

The species-rich reefs surrounding Southeast Asia are highly vulnerable to the deleterious effects of coastal development, land-based pollution, over-fishing and exploitative fishing methods, as well as marine pollution from oil spills and other activities.

With marine catch trends increasing from 5,000,000 metric tons in the 1950s to over 20,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Significant numbers of mammal species in parts of China and south-east Asia are currently threatened, while the biological diversity in India, Japan, Australia, the Philippines, Indonesia and parts of Malaysia is even further compromised with over 20 percent of the mammal species in these countries currently under threat.

Water resource vulnerability is a serious concern in areas surrounding the Indian subcontinent.

Regional Synopsis: Central Asia

The Central Asian republics, formerly in the Soviet Union, experience a range of environmental problems as the result of poorly executed agricultural, industrial, and nuclear programs during the Soviet era. Relatively low population densities are the norm, especially since upon the breakup of the U.S.S.R. many ethnic Russians migrated back to European Russia. In this largely semi-arid region, drought, water shortages, and soil salinization pose major challenges.

Key Points:

The use of agricultural pesticides, such as DDT and other chemicals, has contributed to the contamination of soil and groundwater throughout the region.

Land and soil degradation, and in particular, increased salinization, is mostly attributable to faulty irrigation practices.

Significant desertification is also a problem in the region.

Air pollution is prevalent, mostly due to use of low octane automobile fuel.

Industrial pollution of the Caspian Sea and the Aral Sea, as a result of industrial effluents as well as mining and metal production, presents a challenge to the countries bordering these bodies of water.

One of the most severe environmental problems in the region is attributable to the several billion tons of hazardous materials stored in landfills across Central Asia.

Uzbekistan's particular problem involves the contraction of the Aral Sea, which has decreased in size by a third, as a consequence of river diversions and poor irrigation practices. The effect has been the near-total biological destruction of that body of water.

Kazakhstan, as a consequence of being the heartland of the former Soviet Union's nuclear program, has incurred a high of cancerous malignancies, biogenetic abnormalities and radioactive contamination.

While part of the Soviet Union, the republics in the region experienced very high levels of greenhouse gas emissions, as a consequence of rapid industrialization using cheap but dirty energy sources, especially coal.

By contrast, however, there have recently been substantial reductions in the level of greenhouse gas emissions, especially those attributable to coal burning, with further decreases anticipated over the next decade. These changes are partially due to the use of cleaner energy technologies, such as natural gas, augmented by governmental commitment to improving environmental standards.

Regional Synopsis: Europe

Western Europe underwent dramatic transformation of its landscape, virtually eliminating large-scale natural areas, during an era of rapid industrialization, which intensified upon its recovery from World War II. In Eastern Europe and European Russia, intensive land development has been less prevalent, so that some native forests and other natural areas remain. Air and water pollution from use of dirty fuels and industrial effluents, however, are more serious environmental problems in Eastern than in Western Europe, though recent trends show improvement in many indicators. Acid rain has inflicted heavy environmental damage across much of Europe, particularly on forests.

Europe and North America are the only regions in which water usage for industry exceeds that for agriculture, although in Mediterranean nations agriculture is the largest water consumer.

Key Points:

Europe contributes 36 percent of the world's chlorofluorocarbon emissions, 30 percent of carbon dioxide emissions, and 25 percent of sulfur dioxide emissions.

Sulfur and nitrogen oxide emissions are the cause of 30 to 50 percent of Central and Eastern Europe's deforestation.

Acid rain has been an environmental concern for decades and continues to be a challenge in parts of Western Europe.

Overexploitation of up to 60 percent of Europe's groundwater presents a problem in industrial and urban areas.

With marine catch trends increasing from 5,000,000 metric tons in the 1950s to over 20,000,000 metric tons by 2000, there was increasing concern about the reduction in fisheries and marine life, should this trend continue unabated.

Significant numbers of mammal species in parts of western Europe, Eastern Europe and Russia are currently threatened, while the biological diversity on the Iberian Peninsula is even further compromised with over 40 percent of the mammal species in this region currently under threat. As a result, there has been a 10 percent increase in protected areas of Europe.

A major environmental issue for Europe involves the depletion of various already endangered or threatened species, and most significantly, the decline of fish stocks. Some estimates suggest that up to 50 percent of the continent's fish species may be considered endangered species. Coastal fisheries have been over-harvested, resulting in catch limits or moratoriums on many commercially important fish species.

Fortunately, in the last few years, these policies have started to yield measurable results with decreasing trends in marine fish catch.

Recently, most European countries have adopted cleaner production technologies, and alternative methods of waste disposal, including recycling.

The countries of Eastern Europe have made air quality a major environmental priority. This is exemplified by the Russian Federation's addition to the 1995 "Berlin Mandate" (transnational legislation based on resolutions of the Rio Earth Summit) compelling nations to promote "carbon sinks" to absorb greenhouse gases.

On a relative basis, when compared with the degree of industrial emissions emitted by many Eastern European countries until the late 1980s, there has been some marked increase in air quality in the region, as obsolete plants are closed and a transition to cleaner fuels and more efficient energy use takes place.

Regional Synopsis: The Middle and Near East

Quite possibly, the Middle East will exemplify the adage that, as the 20th century was a century fixated on oil, the 21st century will be devoted to critical decisions about water. Many (though far from all) nations in the Middle East rank among those countries with the largest oil and gas reserves, but water resources are relatively scarce throughout this predominantly dry region. Effects of global warming may cause moderately high elevation areas that now typically receive winter "snowpack" to experience mainly rain instead, which would further constrain dry-season water availability. The antiquities and religious shrines of the region render it a great magnet for tourism, which entails considerable economic growth potential but also intensifies stresses on the environment.

Key Points:

Water resource vulnerability is a serious concern across the entire region. The increased usage of, and further demand for water, has exacerbated long-standing water scarcity in the region. For instance, river diversions and industrial salt works have caused the Dead Sea to shrink by one-third from its original surface area, with further declines expected.

The oil industry in the region contributes to water pollution in the Persian Gulf, as a result of oil spills, which have averaged 1.2 million barrels of oil spilt per year (some sources suggest that this figure is understated). The consequences are severe because even after oil spills have been cleaned up, environmental damage to the food webs and ecosystems of marine life will persist for a prolonged period.

The region's coastal zone is considered one of the most fragile and endangered ecosystems of the world. Land reclamation, shoreline construction, discharge of industrial effluents, and tourism (such as diving in the Red Sea) contribute to widespread coastal damage.

Significant numbers of mammal species in parts of the Middle East are currently threatened.

Since the 1980s, 11 percent of the region's natural forest has been depleted.

Regional Synopsis: Latin America and the Caribbean

The Latin American and Caribbean region is characterized by exceedingly diverse landforms that have generally seen high rates of population growth and economic development in recent decades. The percentage of inhabitants residing in urban areas is quite high at 73.4 percent; the region includes the megacities of Mexico City, Sao Paulo, and Rio de Janeiro. The region also includes the world's second-highest mountain range, the Andes; significant expanses of desert and grassland; the coral reefs of the Caribbean Sea; and the world's largest contiguous tropical forest in the Amazon basin. Threats to the latter from subsistence and commercial farming, mineral exploitation and timbering are well publicized. Nevertheless, of eight countries worldwide that still retain at least 70 percent of their original forest cover, six are in Latin America. The region accounts for nearly half (48.3 percent) of the world's greenhouse gas emissions derived from land clearing, but as yet a comparatively minuscule share (4.3 percent) of such gases from industrial sources.

Key Points:

Although Latin America is one of the most biologically diverse regions of the world, this biodiversity is highly threatened, as exemplified by the projected extinction of up to 100,000 species in the next few decades. Much of this loss will be concentrated in the Amazon area, although the western coastline of South America will also suffer significant depletion of biological diversity. The inventory of rainforest species with potentially useful commercial or medical applications is incomplete, but presumed to include significant numbers of such species that may become extinct before they are discovered and identified.

Up to 50 percent of the region's grazing land has lost its soil fertility as a result of soil erosion, salinization, alkalinization and overgrazing.

The Caribbean Sea, the Atlantic Ocean, and the Pacific Ocean have all been contaminated by agricultural wastes, which are discharged into streams that flow into these major waters. Water pollution derived from phosphorous, nitrates and pesticides adversely affects fish stocks, contributes to oxygen depletion and fosters overgrowth of aquatic vegetation. Marine life will continue to be severely compromised as a result of these conditions.

Due to industrial development in the region, many beaches of eastern Latin America and the Caribbean suffer from tar deposits.

Most cities in the region lack adequate sewage treatment facilities, and rapid migration of the rural poor into the cities is widening the gap between current infrastructure capacity and the much greater level needed to provide satisfactory basic services.

The rainforest region of the Amazon Basin suffers from dangerously high levels of deforestation, which may be a significant contributory factor to global warming or "the greenhouse effect." In the late 1990s and into the new millennium, the rate of deforestation was around 20 million acres of rainforest being destroyed annually.

Deforestation on the steep rainforest slopes of Caribbean islands contributes to soil erosion and landslides, both of which then result in heavy sedimentation of nearby river systems. When these sedimented rivers drain into the sea and coral reefs, they poison the coral tissues, which are vital to the maintenance of the reef ecosystem. The result is marine degradation and nutrient depletion. Jamaica's coral reefs have never quite recovered from the effects of marine degradation.

The Southern Cone of Latin America (Argentina, Brazil, Chile, Paraguay, and Uruguay) suffers the effects of greatly increased ultraviolet-B radiation, as a consequence of more intense ozone depletion in the southern hemisphere.

Water resource vulnerability is an increasingly major concern in the northwestern portion of South America.

<u>Regional Synopsis: North America</u>

North American nations, in particular the United States and Canada, rank among the world's most highly developed industrial economies-a fact which has generated significant pollution problems, but also financial resources and skills that have enabled many problems to be corrected. Although efforts to promote energy efficiency, recycling, and suchlike have helped ease strains on the environment in a part of the world where per capita consumption levels are high, sprawling land development patterns and recent preferences many households have demonstrated for larger vehicles have offset these advances.

Meanwhile, a large portion of North America's original forest cover has been lost, though in many cases replaced by productive second-growth woodland. In recent years, attitudes toward best use of the region's remaining natural or scenic areas seem to be shifting toward recreation and preservation and away from resource extraction. With increasing attention on the energy scarcity in the United States, however, there is speculation that this shift may be short-lived. Indeed, the energy shortage on the west coast of the United States and associated calls for energy exploration, indicate a possible retrenchment toward resource extraction. At the same time, however, it has also served to highlight the need for energy conservation as well as alternative energy sources.

Despite generally successful anti-pollution efforts, various parts of the region continue to suffer significant air, water and land degradation from industrial, vehicular, and agricultural emissions and runoff. Mexico, as a middle-income country, displays environmental problems characteristic of a developing economy, including forest depletion, pollution from inefficient industrial processes and dirty fuels, and lack of sufficient waste-treatment infrastructure.

Key Points:

Because of significantly greater motor vehicle usage in the United States (U.S.) than in the rest of the world, the U.S. contribution of urban air pollution and greenhouse gas emissions, especially carbon dioxide, is disproportionately high in relation to its population.

Acid rain is an enduring issue of contention in the northeastern part of the United States, on the border with Canada.

Mexico's urban areas suffer extreme air pollution from carbon monoxide, nitrogen oxides, sulfur dioxide, and other toxic air pollutants. Emissions controls on vehicles are in their infancy, compared to analogous regulations in the U.S.

The cities of Mexico, including those on the U.S. border, also discharge large quantities of untreated or poorly treated sewage, though officials are currently planning infrastructure upgrades.

Deforestation is noteworthy in various regions of the U.S., especially along the northwest coastline. Old growth forests have been largely removed, but in the northeastern and upper midwestern sections of the United States, evidence suggests that the current extent of tree cover probably surpasses the figure for the beginning of the 20^{th} century.

Extreme weather conditions in the last few years have resulted in a high level of soil erosion along the north coast of California; in addition, the coastline itself has shifted substantially due to soil erosion and concomitant landslides.

Agricultural pollution-including nitrate contamination of well water, nutrient runoff to waterways, and pesticide exposure-is significant in various areas. Noteworthy among affected places are California's Central Valley, extensive stretches of the Midwest, and land in the Chesapeake Bay watershed.

Inland waterways, especially around the Great Lakes, have substantially improved their water quality, due to concentrated efforts at reducing water pollution by governmental, commercial and community representatives. Strict curbs on industrial effluents and near-universal implementation of sewage treatment are the chief factors responsible for this improvement.

A major environmental issue for Canada and the United States involves the depletion of various already endangered or threatened species, and most significantly, the decline of fish stocks. Coastal fisheries have been over-harvested, resulting in catch limits or moratoriums on many commercially important fish species. In the last few years, these policies have started to yield measurable results with decreasing trends in marine fish catch.

Due to the decay of neighboring ecosystems in Central America and the Caribbean, the sea surrounding Florida has become increasingly sedimented, contributing to marine degradation, nutrient depletion of the ecosystem, depletion of fish stocks, and diseases to coral species in particular.

Polar Regions

Key Points:

The significant rise in sea level, amounting 10 to 25 centimeters in the last 100 years, is due to the melting of the Arctic ice sheets, and is attributed to global warming.

The Antarctic suffers from a significant ozone hole, first detected in 1976. By 1985, a British scientific team reported a 40 percent decrease in usual regeneration rates of the ozone. Because a sustained increase in the amount of ultraviolet-B radiation would have adverse consequences upon all planetary life, recent environmental measures have been put into effect, aimed at reversing ozone depletion. These measures are projected to garner significant results by 2050.

Due to air and ocean currents, the Arctic is a sink for toxic releases originally discharged thousands of miles away. Arctic wildlife and Canada's Inuit population have higher bodily levels of contaminants such as PCB and dioxin than those found in people and animals in much of the rest of the world.

Global Environmental Concepts

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1. Global Warming and Greenhouse Gases

The Greenhouse Effect:

In the early 19th century, the French physicist, Jean Fourier, contended that the earth's atmosphere functions in much the same way as the glass of a greenhouse, thus describing what is now understood as the "greenhouse effect." Put simply, the "greenhouse effect" confines some of the sun's energy to the earth, preserving some of the planet's warmth, rather than allowing it to flow back into space. In so doing, all kinds of life forms can flourish on earth. Thus, the "greenhouse effect" is necessary to sustain and preserve life forms and ecosystems on earth.

In the late 19th century, a Swedish chemist, Svante Arrhenius, noticed that human activities, such as the burning of coal and other fossil fuels for heat, and the removal of forested lands for urban development, led to higher concentrations of greenhouse gases, like carbon dioxide and methane, in the atmosphere. This increase in the levels of greenhouse gases was believed to advance the "greenhouse effect" exponentially, and might be related to the trend in global warming.

In the wake of the Industrial Revolution, after industrial development took place on a large scale and the total human population burgeoned simultaneously with industrialization, the resulting increase in greenhouse gas emissions could, many scientists believe, be significant enough to have some bearing on climate. Indeed, many studies in recent years support the idea that there is a linkage between human activities and global warming, although there is less consensus on the extent to which this linkage may be relevant to environmental concerns.

That said, some scientists have argued that temperature fluctuations have existed throughout the evolution of the planet. Indeed, Dr. S. Fred Singer, the president of the Science and Environment Policy Project has noted that 3,000-year-old geological records of ocean sediment reveal changes in the surface temperature of the ocean. Hence, it is possible that climate variability is merely a normal fact of the planet's evolution. Yet even skeptics as to anthropogenic factors concur that any substantial changes in global temperatures would likely have an effect upon the earth's ecosystems, as well as the life forms that inhabit them.

The Relationship Between Global Warming and Greenhouse Gases:

A large number of climatologists believe that the increase in atmospheric concentrations of "greenhouse gas emissions," mostly a consequence of human activities such as the burning of fossil fuels, are contributing to global warming. The cause notwithstanding, the planet has reportedly warmed 0.3°C to 0.6°C over the last century. Indeed, each year during the 1990s was one of the very warmest in the 20th century, with the mean surface temperature for 1999 being the fifth warmest on record since 1880.

In early 2000, a panel of atmospheric scientists for the National Research Council concluded in a report that global warming was, indeed, a reality. While the panel, headed by Chairman John Wallace, a professor of atmospheric sciences at the University of Washington, stated that it remained unclear whether human activities have contributed to the earth's increasing temperatures, it was apparent that global warming exists.

In 2001, following a request for further study by the incoming Bush administration in the United States, the National Academy of Sciences again confirmed that global warming had been in existence for the last 20 years. The study also projected an increase in temperature between 2.5 degrees and 10.4 degrees Fahrenheit by the year 2100. Furthermore, the study found the leading cause of global warming to be emissions of carbon dioxide from the burning of fossil fuels, and it noted that greenhouse gas accumulations in the earth's atmosphere was a result of human activities.

Within the scientific community, the controversy regarding has centered on the difference between surface air and upper air temperatures. Information collected since 1979 suggests that while the earth's surface temperature has increased by about a degree in the past century, the atmospheric temperature five miles above the earth's surface has indicated very little increase. Nevertheless, the panel stated that this discrepancy in temperature between surface and upper air does not invalidate the conclusion that global warming is taking place. Further, the panel noted that natural events, such as volcanic eruptions, can decrease the temperature in the upper atmosphere.

The major consequences of global warming potentially include the melting of the polar ice caps, which, in turn, contribute to the rise in sea levels. Many islands across the globe have already experienced a measurable loss of land as a result. Because global warming may increase the rate of evaporation, increased precipitation, in the form of stronger and more frequent storm systems, is another potential outcome. Other consequences of global warming may include the introduction and proliferation of new infectious diseases, loss of arable land (referred to as "desertification"), destructive changes to existing ecosystems, loss of biodiversity and the isolation of species, and concomitant adverse changes in the quality of human life.

International Policy Development in Regard to Global Warming:

Regardless of what the precise nature of the relationship between greenhouse gas emissions and global warming may be, it seems that there is some degree of a connection between the phenomena. Any substantial reductions in greenhouse gas emissions and global warming trends will likely involve systematic changes in industrial operations, the use of advanced energy sources and technologies, as well as global cooperation in implementing and regulating these transformations.

In this regard, the United Nations Framework Convention on Climate Change (UNFCCC) stipulated the following objectives:

1. To stabilize "greenhouse gas" concentrations within the atmosphere, in such a manner that would preclude hazardous anthropogenic intervention into the existing biosphere and ecosystems of the world. This stabilization process would facilitate the natural adaptation of ecosystems to

changes in climate.

2. To ensure and enable sustainable development and food production on a global scale.

*** See section on "International Environmental Agreements and Associations" for information related to international policies related to limiting greenhouse gases and controlling climate change emanating from historic summits at Kyoto, Copenhagen, Doha, and Paris. ***

2. Air Pollution

Long before global warming reared its head as a significant issue, those concerned about the environment and public health noted the deleterious effects of human-initiated combustion upon the atmosphere. Killer smogs from coal burning triggered acute health emergencies in London and other places. At a lower level of intensity motor vehicle, power plant, and industrial emissions impaired long-range visibility and probably had some chronic adverse consequences on the respiratory systems of persons breathing such air.

In time, scientists began associating the sulfur dioxide and nitrogen oxides released from coal burning with significant acid deposition in the atmosphere, eventually falling as "acid rain." This phenomenon has severely degraded forestlands, especially in Europe and a few parts of the United States. It has also impaired some aquatic ecosystems and eaten away the surface of some human artifacts, such as marble monuments. Scrubber technology and conversion to cleaner fuels have enabled the level of industrial production to remain at least constant while significantly reducing acid deposition. Technologies aimed at cleaning the air and curtailing acid rain, soot, and smog may, nonetheless, boomerang as the perils of global warming become increasingly serious. In brief, these particulates act as sort of a sun shade -- comparable to the effect of volcanic eruptions on the upper atmosphere whereby periods of active volcanism correlate with temporarily cooler weather conditions. Thus, while the carbon dioxide releases that are an inevitable byproduct of combustion continue, by scrubbing the atmosphere of pollutants, an industrial society opens itself to greater insolation (penetration of the sun's rays and consequent heating), and consequently, it is likely to experience a correspondingly greater rise in ambient temperatures.

The health benefits of removing the sources of acid rain and smog are indisputable, and no one would recommend a return to previous conditions. Nevertheless, the problematic climatic effects of continually increasing emissions of carbon dioxide and other greenhouse gases pose a major global environmental challenge, not as yet addressed adequately.

3. Ozone Depletion

The stratospheric ozone layer functions to prevent ultraviolet radiation from reaching the earth. Normally, stratospheric ozone is systematically disintegrated and regenerated through natural photochemical processes. The stratospheric ozone layer, however, has been depleted unnaturally as a result of anthropogenic (man-made) chemicals, most especially chlorine and bromide compounds such as chloroflorocarbons (CFCs), halons, and various industrial chemicals in the form of solvents, refrigerants, foaming agents, aerosol propellants, fire retardants, and fumigants. Ozone depletion is of concern because it permits a greater degree of ultraviolet-B radiation to reach the earth, which then increases the incidences of cancerous malignancies, cataracts, and human immune deficiencies. In addition, even in small doses, ozone depletion affects the ecosystem by disturbing food chains, agriculture, fisheries and other forms of biological diversity.

Transnational policies enacted to respond to the dangers of ozone depletion include the 1985 Vienna Convention on the Protection of the Ozone Layer and the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer. The Montreal Protocol was subsequently amended in London in 1990, Copenhagen in 1992 and Vienna in 1995. By 1996, 155 countries had ratified the Montreal Protocol, which sets out a time schedule for the reduction (and eventual elimination) of ozone depleting substances (OPS), and bans exports and imports of ODS from and to non-participant countries.

In general, the Protocol stipulates that developed countries must eliminate halon consumption by 1994 and CFC consumption by 1996, while developing countries must eliminate these substances by 2010. Consumption of methyl bromide, which is used as a fumigant, was to be frozen at the 1995 in developed countries, and fully eliminated in 2010, while developing countries are to freeze consumption by 2002, based on average 1995-1998 consumption levels. Methyl chloroform is to be phased out by 2005. Under the Montreal Protocol, most ODS will be completely eliminated from use by 2010.

4. Land Degradation

In recent decades, land degradation in more arid regions of the world has become a serious concern. The problem, manifest as both "desertification" and "devegetation," is caused primarily by climate variability and human activities, such as "deforestation," excessive cultivation, overgrazing, and other forms of land resource exploitation. It is also exacerbated by inadequate irrigation practices. Although the effects of droughts on drylands have been temporary in the past, today, the productivity and sustainability of these lands have been severely compromised for the long term. Indeed, in every region of the world, land degradation has become an acute issue.

Desertification and Devegetation:

"Desertification" is a process of land degradation causing the soil to deteriorate, thus losing its nutrients and fertility, and eventually resulting in the loss of vegetation, known as "devegetation." As aforementioned, "desertification" and "devegetation" are caused by human activities, yet human beings are also the greatest casualties. Because these forms of land degradation affect the ability of the soil to produce crops, they concomitantly contribute to poverty. As population increases and demographic concentrations shift, the extent of land subject to stresses by those seeking to wrest subsistence from it has inexorably risen.

In response, the United Nations has formed the Convention to Combat Desertification-aimed at implementing programs to address the underlying causes of desertification, as well as measures to prevent and minimize its effects. Of particular significance is the formulation of policies on transboundary resources, such as areas around lakes and rivers. At a broader level, the Convention has established a Conference of Parties (COP), which includes all ratifying governments, for directing and advancing international action.

To ensure more efficacious use of funding, the Convention intends to reconfigure international aid to utilize a consultative and coordinated approach in the disbursement and expenditure of donor funds. In this way, local communities that are affected by desertification will be active participants in the solution-generation process. In-depth community education projects are envisioned as part of this new international aid program, and private donor financing is encouraged. Meanwhile, as new technologies are developed to deal with the problem of desertification, they need to be distributed for application across the world. Hence, the Convention calls for international cooperation in scientific research in this regard.

Desertification is a problem of sustainable development. It is directly connected to human challenges such as poverty, social and economic well-being and environmental protection as well. Broader environmental issues, such as climate change, biological diversity, and freshwater supplies, are indirectly related, so any effort to resolve this environmental challenge must entail coordinated research efforts and joint action.

Deforestation:

Deforestation is not a recent phenomenon. For centuries, human beings have cut down trees to clear space for land cultivation, or in order to use the wood for fuel. Over the last 200 years, and most especially after World War II, deforestation increased because the logging industry became a globally profitable endeavor, and so the clearing of forested areas was accelerated for the purposes of industrial development. In the long term, this intensified level of deforestation is considered problematic because the forest is unable to regenerate itself quickly. The deforestation that has occurred in tropical rainforests is seen as an especially serious concern, due to the perceived adverse effects of this process upon the entire global ecosystem.

The most immediate consequence of deforestation is soil degradation. Soil, which is necessary for the growth of vegetation, can be a fragile and vital property. Organically, an extensive evolution process must take place before soil can produce vegetation, yet at the same time, the effects of natural elements, such as wind and rain, can easily and quickly degrade this resource. This phenomenon is known as soil erosion. In addition, natural elements like wind and rain reduce the amount of fertile soil on the ground, making soil scarcity a genuine problem. When fertile topsoil that already exists is removed from the landscape in the process of deforestation, soil scarcity is further exacerbated. Equally significant is the fact that once land has been cleared so that the topsoil can be cultivated for crop production, not only are the nutrient reserves in the soil depleted, thus producing crops of inferior quality, but the soil structure itself becomes stressed and deteriorates further.

Another direct result of deforestation is flooding. When forests are cleared, removing the cover of vegetation, and rainfall occurs, the flow of water increases across the surface of land. When extensive water runoff takes place, the frequency and intensity of flooding increases. Other adverse effects of deforestation include the loss of wildlife and biodiversity within the ecosystem that supports such life forms.

At a broader level, tropical rainforests play a vital role in maintaining the global environmental system. Specifically, destruction of tropical rainforests affects the carbon dioxide cycle. When forests are destroyed by burning (or rotting), carbon dioxide is released into the air, thus contributing to an intensified "greenhouse effect." The increase in greenhouse gas emissions like carbon dioxide is a major contributor to global warming, according to many environmental scientists. Indeed, trees themselves absorb carbon dioxide in the process of photosynthesis, so their loss also reduces the absorption of greenhouse gases.

Tropical rainforest destruction also adversely affects the nitrogen cycle. Nitrogen is a key nutrient for both plants and animals. Plants derive nitrogen from soil, while animals obtain it via nitrogen-enriched vegetation. This element is essential for the formation of amino acids, and thereby for proteins and biochemicals that all living things need for metabolism and growth. In the nitrogen cycle, vegetation acquires these essential proteins and biochemicals, and then cyclically returns them to the atmosphere and global ecosystem. Accordingly, when tropical rainforest ecosystems are compromised, not only is vegetation removed; the atmosphere is also affected and climates are altered. At a more immediate level, the biodiversity within tropical rainforests, including wildlife and insect species and a wealth of plant varieties, is depleted. Loss of rare plants is of particular concern because certain species as yet unknown and unused could likely yield many practical benefits, for instance as medicines.

As a result of the many challenges associated with deforestation, many environmental groups and agencies have argued for government policies on the sustainable development of forests by governments across the globe. While many countries have instituted national policies and programs aimed at reducing deforestation, and substantial research has been advanced in regard to sustainable and regenerative forestry development, there has been very little progress on an international level. Generally speaking, most tropical rainforests are located in developing and less developed countries, where economic growth is often dependent upon the exploitation of tropical rainforests. Timber resources as well as wildlife hunting tend to be particularly lucrative arenas.

In places such as the Amazon, where deforestation takes place for the construction of energy plants aimed at industrialization and economic development, there is an exacerbated effect on the environment. After forests are cleared in order to construct such projects, massive flooding usually ensues. The remaining trees then rot and decay in the wake of the flooding. As the trees deteriorate, their biochemical makeup becomes more acidic, producing poisonous substances such as hydrogen sulphide and methane gases. Acidified water subsequently corrodes the mechanical equipment and operations of the plants, which are already clogged by rotting wood after the floodwaters rise.

Deforestation generally arises from an economically plausible short-term motivation, but nonetheless poses a serious global concern because the effects go beyond national boundaries. The United Nations has established the World Commission on Forest and Sustainable Development. This body's task is to determine the optimal means of dealing with the issue of deforestation, without unduly affecting normal economic development, while emphasizing the global significance of protecting tropical forest ecosystems.

5. Water Resources

For all terrestrial fauna, including humans, water is the most immediate necessity to sustain life. As the population has increased and altered an ever-greater portion of the landscape from its natural condition, demand on water resources has intensified, especially with the development of industrialization and large-scale irrigation. The supply of freshwater is inherently limited, and moreover distributed unevenly across the earth's landmasses. Moreover, not just demand for freshwater but activities certain to degrade it are becoming more pervasive. By contrast, the oceans form a sort of "last wilderness," still little explored and in large part not seriously affected by human activity. However, coastal environments - the biologically richest part of the marine ecosystem-are experiencing major depletion due to human encroachment and over-exploitation.

Freshwater:

In various regions, for instance the Colorado River in the western United States, current withdrawals of river water for irrigation, domestic, and industrial use consume the entire streamflow so that almost no water flows into the sea at the river's mouth. Yet development is ongoing in many such places, implying continually rising demand for water. In some areas reliant on groundwater, aquifers are being depleted at a markedly faster rate than they are being replenished. An example is the San Joaquin Valley in California, where decades of high water withdrawals for agriculture have caused land subsidence of ten meters or more in some spots. Naturally, the uncertainty of future water supplies is particularly acute in arid and semi-arid regions. Speculation that the phenomenon of global warming will alter geographic and seasonal rainfall patterns adds further uncertainty.

Water conservation measures have great potential to alleviate supply shortages. Some city water systems are so old and beset with leaking pipes that they lose as much water as they meter. Broad-scale irrigation could be replaced by drip-type irrigation, actually enhancing the sustainability of agriculture. In many areas where heavy irrigation has been used for decades, the result is deposition of salts and other chemicals in the soil such that the land becomes unproductive for farming and must be abandoned.

Farming is a major source of water pollution. Whereas restrictions on industrial effluents and other "point sources" are relatively easy to implement, comparable measures to reform hydraulic practices at farms and other "nonpoint sources" pose a significantly knottier challenge. Farm-caused water pollution takes the following main forms:

- Nitrate pollution found in wells in intensive farming areas as a consequence of heavy fertilizer use is a threat to human health. The most serious danger is to infants, who by ingesting high-nitrate water can contract methemoglobinemia, sometimes called "blue baby syndrome," a potentially fatal condition.

- Fertilizer runoff into rivers and lakes imparts unwanted nutrients that cause algae growth and eventual loss of oxygen in the body of water, degrading its ability to support fish and other desirable aquatic life.

- Toxic agricultural chemicals - insecticides, herbicides, and fungicides - are detectable in some aquifers and waterways.

In general, it is much easier to get a pollutant into water than to retrieve it out. Gasoline additives, dry cleaning chemicals, other industrial toxins, and in a few areas radionucleides have all been found in water sources intended for human use. The complexity and long time scale of subterranean hydrological movements essentially assures that pollutants already deposited in aquifers will continue to turn up for decades to come. Sophisticated water treatment processes are available, albeit expensive, to reclaim degraded water and render it fit for human consumption. Yet source protection is unquestionably a more desirable alternative.

In much of the developing world, and even some low-income rural enclaves of the developed world, the population lacks ready access to safe water. Surface water and shallow groundwater supplies are susceptible to contamination from untreated wastewater and failing septic tanks, as well as chemical hazards. The occurrence of waterborne disease is almost certainly greatly underreported.

Marine Resources:

Coastal areas have always been desirable places for human habitation, and population pressure on them continues to increase. Many types of water degradation that affect lakes and rivers also affect coastal zones: industrial effluents, untreated or partially treated sewage, nutrient load from agriculture figure prominently in both cases. Prospects for more extreme storms as a result of global warming, as well as the pervasiveness of poorly planned development in many coastal areas, forebode that catastrophic hurricanes and landslides may increase in frequency in the future. Ongoing rise in sea levels will force remedial measures and in some cases abandonment of currently valuable coastal property.

Fisheries over much of the globe have been overharvested, and immediate conservation measures are required to preserve stocks of many species. Many governments subsidized factory-scale fishing fleets in the 1970s and 1980s, and the resultant catch increase evidently surpassed a sustainable level. It is uncertain how much of the current decline in fish stocks stems from overharvesting and how much from environmental pollution. The deep ocean remains relatively unaffected by human activity, but continental shelves near coastlines are frequently seriously polluted, and these close-to-shore areas are the major biological nurseries for food fish and the smaller organisms they feed on.

6. Environmental Toxins

Toxic chemical pollution exploded on the public consciousness with disclosure of spectacularly polluted industrial areas such as Love Canal near Buffalo, New York. There is no question that pollutants such as organophosphates or radionucleides can be highly deleterious to health, but evidence to date suggests that seriously affected areas are a localized rather than universal problem.

While some explore the possibilities for a lifestyle that fully eschews use of modern industrial chemicals, the most prevalent remediative approach is to focus on more judicious use. The most efficient chemical plants are now able to contain nearly all toxic byproducts of their production processes within the premises, minimizing the release of such substances into the environment.

Techniques such as Integrated Pest Management (IPM) dictate limited rather than broadcast use of pesticides: application only when needed using the safest available chemical, supplemented as much as possible with nontoxic controls.

While heightened public awareness and growing technical sophistication suggest a hopeful outlook on limiting the damage from manmade environmental toxins, one must grant that previous incidents of their misuse and mishandling have already caused environmental damage that will have to be dealt with for many years to come. In the case of the most hazardous radioactive substances, the time scale for successful remediation actually extends beyond that of the recorded history of civilization. Moreover, in this era of high population density and rapid economic growth, quotidian activities such as the transport of chemicals will occasionally, seemingly inevitably result in accidents with adverse environmental consequences.

7. "Islandization" and Biodiversity

With increased awareness regarding the adverse effects of unregulated hunting and habitat depletion upon wildlife species and other aspects of biodiversity, large-scale efforts across the globe have been initiated to reduce and even reverse this trend.

In every region of the world, many species of wildlife and areas of biodiversity have been saved from extinction. Nationally, many countries have adopted policies aimed at preservation and conservation of species, and one of the most tangible measures has been the proliferation of protected habitats. Such habitats exist in the form of wildlife reserves, marine life reserves, and other such areas where biodiversity can be protected from external encroachment and exploitation.

Despite these advances in wildlife and biodiversity protection, further and perhaps more intractable challenges linger. Designated reserves, while intended to prevent further species decline, exist as closed territories, fragmented from other such enclaves and disconnected from the larger ecosystem. This environmental scenario is referred to as "islandization." Habitat reserves often serve as oversized zoos or game farms, with landscapes and wildlife that have effectively been "tamed" to suit. Meanwhile, the larger surrounding ecosystem continues to be seriously degraded and transformed, while within the islandized habitat, species that are the focus of conservation efforts may not have sufficient range and may not be able to maintain healthy genetic variability.

As a consequence, many conservationists and preservationists have demanded that substantially larger portions of land be withheld as habitat reserves, and a network of biological corridors to connect continental reserves be established. While such efforts to combat islandization have considerable support in the United States, how precisely such a program would be instituted, especially across national boundaries, remains a matter of debate. International conservationists and preservationists say without a network of reserves a massive loss of biodiversity will result.

The concept of islandization illustrates why conservation and preservation of wildlife and biodiversity must consider and adopt new, broader strategies. In the past, conservation and preservation efforts have been aimed at specific species, such as the spotted owl and grizzly bear in North America, the Bengal tiger in Southeast Asia, the panda in China, elephants in Africa. Instead, the new approach is to simultaneously protect many and varied species that inhabit the same ecosystem. This method, referred to as "bio-regional conservation," may more efficaciously generate longer-term and more far-reaching results precisely because it is aimed at preserving entire ecosystems, and all the living things within.

More About Biodiversity Issues:

This section is directly taken from the United Nations Environmental Program: "Biodiversity Assessment"

The Global Biodiversity Assessment, completed by 1500 scientists under the auspices of United Nations Environmental Program in 1995, updated what is known (or unknown) about global biological diversity at the ecosystem, species and genetic levels. The assessment was uncertain of the total number of species on Earth within an order of magnitude. Of its working figure of 13 million species, only 13 percent are scientifically described. Ecological community diversity is also poorly known, as is its relationship to biological diversity, and genetic diversity has been studied for only a small number of species. The effects of human activities on biodiversity have increased so greatly that the rate of species extinctions is rising to hundreds or thousands of times the background level. These losses are driven by increasing demands on species and their habitats, and by the failure of current market systems to value biodiversity adequately. The Assessment calls for urgent action to reverse these trends.

There has been a new recognition of the importance of protecting marine and aquatic biodiversity. The first quantitative estimates of species losses due to growing coral reef destruction predict that almost 200,000 species, or one in five presently contributing to coral reef biodiversity, could die out in the next 40 years if human pressures on reefs continue to increase.

Since Rio, many countries have improved their understanding of the status and importance of their biodiversity, particularly through biodiversity country studies such as those prepared under the auspices of UNEP/GEF. The United Kingdom identified 1250 species needing monitoring, of which 400 require action plans to ensure their survival. Protective measures for biodiversity, such as legislation to protect species, can prove effective. In the USA, almost 40 percent of the plants and animals protected under the Endangered Species Act are now stable or improving as a direct result of recovery efforts. Some African countries have joined efforts to protect threatened species through the 1994 Lusaka Agreement, and more highly migratory species are being protected by specialized cooperative agreements among range states under the Bonn Agreement.

There is an emerging realization that a major part of conservation of biological diversity must take place outside of protected areas and involve local communities. The extensive agricultural areas occupied by small farmers contain much biodiversity that is important for sustainable food production. Indigenous agricultural practices have been and continue to be important elements in the maintenance of biodiversity, but these are being displaced and lost. There is a new focus on the interrelationship between agrodiversity conservation and sustainable use and development practices in smallholder agriculture, with emphasis on use of farmers' knowledge and skills as a source of information for sustainable farming.

Perhaps even more important than the loss of biodiversity is the transformation of global biogeochemical cycles, the reduction in the total world biomass, and the decrease in the biological productivity of the planet. While quantitative measurements are not available, the eventual economic and social consequences may be so significant that the issue requires further attention.

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USFWS. 1994. U.S. Fish and Wildlife Service report to Congress, cited in news release 21 July 1994.

Online resources used generally in the Environmental Overview:

Environmental Protection Agency Global Warming Site. URL: http://www.epa.gov/globalwarming

Food and Agriculture Organization of United Nations: Forestry. URL: http://www.fao.org/forestry/site/sofo/en/

Global Warming Information Page. URL: http://globalwarming.org

United Nations Environmental Program. URL: http://www.unep.org/GEO/GEO_Products/Assessment_Reports/

United Nations Global Environmental Outlook. URL: http://www.unep.org/geo/geo4/media/

Note on Edition Dates:

The edition dates for textual resources are noted above because they were used to formulate the original content. We also have used online resources (cited above) to update coverage as needed.

Information Resources

For more information about environmental concepts, CountryWatch recommends the following resources:

The United Nations Environmental Program Network (with country profiles)

<http://www.unep.net/>

The United Nations Environment Program on Climate Change

<http://climatechange.unep.net/>

The United Nations Environmental Program on Waters and Oceans

<http://www.unep.ch/earthw/Pdepwat.htm>

The United Nations Environmental Program on Forestry: "Forests in Flux"

<http://www.unep-wcmc.org/forest/flux/homepage.htm>

FAO "State of the World's Forests"

<http://www.fao.org/forestry/FO/SOFO/SOFO99/sofo99-e.stm>

World Resources Institute.

<http://www.wri.org/>

Harvard University Center for Health and the Global Environment

<http://www.med.harvard.edu/chge/the-review.html>

The University of Wisconsin Center for Sustainability and the Global Environment

http://sage.aos.wisc.edu/

International Environmental Agreements and Associations

International Policy Development in Regard to Global Warming:

Introduction

Regardless of what the precise nature of the relationship between greenhouse gas emissions and global warming may be, it seems that there is some degree of a connection between the phenomena. Any substantial reductions in greenhouse gas emissions and global warming trends will likely involve systematic changes in industrial operations, the use of advanced energy sources and technologies, as well as global cooperation in implementing and regulating these transformations.

In this regard, the United Nations Framework Convention on Climate Change (UNFCCC) stipulated the following objectives:

1. To stabilize "greenhouse gas" concentrations within the atmosphere, in such a manner that would preclude hazardous anthropogenic intervention into the existing biosphere and ecosystems of the world. This stabilization process would facilitate the natural adaptation of ecosystems to changes in climate.

2. To ensure and enable sustainable development and food production on a global scale.

Following are two discusssions regarding international policies on the environment, followed by listings of international accords.

Special Entry: The Kyoto Protocol

The UNFCCC was adopted at the Rio Earth Summit in 1992, and entered into force in 1994. Over 175 parties were official participants.

Meanwhile, however, many of the larger, more industrialized nations failed to reach the emissions' reduction targets, and many UNFCCC members agreed that the voluntary approach to reducing emissions had not been successful. As such, UNFCCC members reached a consensus that legally binding limits were necessitated, and agreed to discuss such a legal paradigm at a meeting in Kyoto, Japan in 1997. At that meeting, the UNFCCC forged the Kyoto Protocol. This concord is the first legally binding international agreement that places limits on emissions from industrialized countries. The major greenhouse gas emissions addressed in the Kyoto Protocol include carbon dioxide, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and methane.

The provisions of the Kyoto Protocol stipulate that economically advanced nations must reduce their combined emissions of greenhouse gases, by approximately five percent from their 1990 levels, before the 2008-2010 deadline. Countries with the highest carbon dioxide emissions, such as the United States (U.S.), many of the European Union (EU) countries, and Japan, are to reduce emissions by a scale of 6 to 8 percent. All economically advanced nations must show "demonstrable progress" by 2005. In contrast, no binding limits or timetable have been set on developing countries. Presumably, this distinction is due to the fact that most developing countries -- with the obvious exceptions of India and China -- simply do not emit as many greenhouse gases as do more industrially advanced countries. Meanwhile, these countries are entrenched in the process of economic development.

Regardless of the aforementioned reasoning, there has been strong opposition against the asymmetrical treatment assigned to emissions limits among developed and developing countries. Although this distinction might be regarded as unfair in principle, associations such as the Alliance of Small Island States have been vocal in expressing how global warming -- a result of greenhouse gas emissions - has contributed to the rise in sea level, and thus deleteriously affected their very existence as island nation states. For this reason, some parties have suggested that economically advanced nations, upon returning to their 1990 levels, should be required to further reduce their greenhouse gas emissions by a deadline of 2005. In response, interested parties have observed that even if such reductions were undertaken by economically advanced nations, they would not be enough to completely control global warming. Indeed, a reduction in the rate of fossil fuel usage by developing nations would also be necessary to have substantial ameliorative effect on global warming. Indeed, a reduction in the rate of fossil fuel usage by developing nations would also be necessary to have substantial ameliorative effect on global warming.

As such, the Protocol established a "Clean Development Mechanism" which permits developed countries to invest in projects aimed at reducing emissions within developing countries in return for credit for the reductions. Ostensibly, the objective of this mechanism is to curtail emissions in developing countries without unduly penalizing them for their economic development. Under this model, the countries with more potential emissions credits could sell them to other signatories of the Kyoto Protocol, whose emissions are forecast to significantly rise in the next few years. Should this trading of emissions credits take place, it is estimated that the Kyoto Protocol's emissions targets could still be met.

In 1999, the International Energy Outlook projected that Eastern Europe, the former Soviet Union and Newly Independent States, as well as parts of Asia, are all expected to show a marked decrease in their level of energy-related carbon emissions in 2010. Nations with the highest emissions, specifically, the U.S., the EU and Japan, are anticipated to reduce their emissions by up to 8 percent by 2012. By 2000, however, the emissions targets were not on schedule for achievement. Indeed, the U.S. Department of Energy estimates forecast that by 2010, there will be a 34 percent increase in carbon emissions from the 1990 levels, in the absence of major shifts in policy, economic growth, energy prices, and consumer trends. Despite this assessment in the U.S., international support for the Kyoto Protocol remained strong, especially among European countries and island states, who view the pact as one step in the direction away from reliance on fossil fuels and other sources of greenhouse gases.

In 2001, U.S. President, George W. Bush, rejected his country's participation in the Kyoto Protocol, saying that the costs imposed on the global economic system, and especially, on the US, overshadowed the benefits of the Protocol. He also cited the unfair burden on developed nations to reduce emissions, as another primary reasons for withdrawal from the international pact, as well as insufficient evidence regarding the science of global warming. Faced with impassioned international disapproval for his position, the U.S. president stated that his administration remained interested in dealing with the matter of global warming, but would endorse alternative measures to combat the problem, such as voluntary initiatives limiting emissions. Critics of Bush's position, however, have noted that it was the failure of voluntary initiatives to reduce emissions following the Rio Summit that led to the establishment of the Kyoto Protocol in the first place.

In the wake of the Bush administration's decision, many participant countries resigned themselves to the reality that the goals of the Kyoto Protocol might not be achieved without U.S. involvement. Nevertheless, in Bonn, Germany, in July 2001, the remaining participant countries struck a political compromise on some of the key issues and sticking points, and planned to move forward with the Protocol, irrespective of the absence of the U.S. The key compromise points included the provision for countries to offset their targets with carbon sinks (these are areas of forest and farmland which can absorb carbon through the process of photosynthesis). Another compromise point within the broader Bonn Agreement was the reduction of emissions cuts of six gases from over 5 percent to a more achievable 2 percent. A third key change was the provision of funding for less wealthy countries to adopt more progressive technologies.

In late October and early November 2001, the UNFCC's 7th Conference of the Parties met in Marrakesh, Morocco, to finalize the measures needed to make the Kyoto Protocol operational. Although the UNFCC projected that ratification of the Protocol would make it legally binding within a year, many critics noted that the process had fallen short of implementing significant changes in policy that would be necessary to actually stop or even slow climate change. They also maintained that the absence of U.S. participation effectively rendered the Protocol into being a political exercise without any substance, either in terms of transnational policy or in terms of environmental concerns.

The adoption of the compromises ensconced within the Bonn Agreement had been intended to make the provisions of the Kyoto Protocol more palatable to the U.S. In this regard, it failed to achieve its objective as the Bush administration continued to eschew participation in the international accord. Still, however, the Bonn Agreement did manage to render a number of other positive outcomes. Specifically, in 2002, key countries, such as Russia, Japan and Canada agreed to ratify the protocol, bringing the number of signatories to 178. The decision by key countries to ratify the protocol was regarded as "the kiss of life" by observers.

By 2005, on the eve of a climate change conference in London, British Prime Minister Tony Blair was hoping to deal with the problems of climate change beyond the provisions set forth in the Kyoto Protocol. Acknowledging that the Kyoto Protocol could not work in its current form, Blair wanted to open the discussion for a new climate change plan.

Blair said that although most of the world had signed on to Kyoto, the protocol could not meet any of its practical goals of cutting greenhouse gas emissions without the participation of the United States, the world's largest polluter. He also noted that any new agreement would have to include India and China -- significant producers of greenhouse gas emissions, but exempt from Kyoto because they have been classified as developing countries. Still, he said that progress on dealing with climate change had been stymied by "a reluctance to face up to reality and the practical action needed to tackle problem."

Blair also touted the "huge opportunities" in technology and pointed toward the possibilities offered by wind, solar and nuclear power, along with fuel cell technology, eco-friendly biofuels, and carbon capture and storage which could generate low carbon power. Blair also asserted that his government was committed to achieving its domestic goal of reducing carbon dioxide emissions by 20 percent by 2010.

In the United States, President George W. Bush has said that global warming remained a debatable issue and despite conclusions reached by his own Environmental Protection Agency, he has not agreed with the conclusion that global warming and climate change are linked with human activities. Bush has also refused to ratify Kyoto on the basis of its economic costs.

Australia, an ally of the United States, has taken a similarly dim view of the Kyoto Protocol. Ahead of the November 2005 climate change meeting in Canada in which new goals for the protocol were to be discussed, Australia 's Environment Minister, Ian Campbell, said that negotiating new greenhouse gas emission levels for the Kyoto Protocol would be a waste of time. Campbell said, "There is a consensus that the caps, targets and timetables approach is flawed. If we spend the next five years arguing about that, we'll be fiddling and negotiating while Rome burns." Campbell, like the Bush administration, has also advocated a system of voluntary action in which industry takes up new technologies rather than as a result of compelling the reduction of emissions. But the Australian Conservation Foundation (ACF) has called on its government to ratify the Kyoto Protocol, to establish a system of emissions trading, and to set binding limits on emissions. Interestingly, although it did not sign on to Kyoto , Australia was expected to meet its emissions target by 2012 (an 8 percent increase in 1990 levels in keeping with the country's reliance on coal). But this success has nothing to do with new technologies and is due to state-based regulations on land clearing.

Note: The Kyoto Protocol calls for developed nations to cut greenhouse emissions by 5.2 percent of 1990 levels by 2012.

Special Entry: Climate Change Summit in Copenhagen (2009) --

In December 2009, the United Nations Climate Change Summit opened in the Danish capital of Copenhagen. The summit was scheduled to last from Dec. 7-18, 2009. Delegates from more than 190 countries were in attendance, and approximately 100 world leaders, including British Prime Minister Gordon Brown and United States President Barack Obama, were expected to participate. At issue was the matter of new reductions targets on greenhouse gas emissions by 2020.

Despite earlier fears that little concurrence would come from the conference, effectively pushing significant actions forward to a 2010 conference in Mexico City, negotiators were now reporting that the talks were productive and several key countries, such as South Africa, had pledged to reduce greenhouse gas emissions. The two main issues that could still lead to cleavages were questions of agreement between the industrialized countries and the developing countries of the world, as well as the overall effectiveness of proposals in seriously addressing the perils of climate change.

On Dec. 9, 2009, four countries -- the United Kingdom, Australia, Mexico and Norway -- presented a document outlining ideas for raising and managing billions of dollars, which would be intended to help vulnerable countries dealing with the perils of climate change. Described as a "green fund," the concept could potentially help small island states at risk because of the rise in sea level. Bangladesh identified itself as a potential recipient of an assistance fund, noting that as a country plagued by devastating floods, it was particularly hard-hit by climate change. The "green fund" would fall under the rubric of the United Nations Framework Convention on Climate Change, for which developed countries have been committed to quantifying their emission reduction targets, and also to providing financial and technical support to developing countries.

The United Kingdom, Australia, Mexico and Norway also called for the creation of a new legal treaty that would replace the Kyoto Protocol. This new treaty, which could go into force in 2012, would focus largely on the reduction of greenhouse gas emissions by 2020. But Australia went even further in saying that the successor treaty to the Kyoto Protocol, should be one with provisions covering all countries. Such a move would be a departure from the structure of the Kyoto Protocol, which contained emissions targets for industrialized countries due to the prevailing view that developed countries had a particular historic responsibility to be accountable for climate change. More recently, it has become apparent that substantial reductions in greenhouse gas emissions demanded by scientists would only come to pass with the participation also of significant developing nation states, such as China and India. Indeed, one of the most pressing critiques of the Kyoto Protocol was that it was a "paper tiger" that failed to address the impact of the actions of emerging economies like China and India, with its focus on the developed economies.

Now, in 2009, China -- as the world's biggest greenhouse gas emitter -- was responding this dubious distinction by vocalizing its criticism of the current scenario and foregrounding its new commitments. Ahead of the Copenhagen summit, China had announced it would reduce the intensity of its carbon emissions per unit of its GDP in 2020 by 40 to 45 percent against 2005 levels. With that new commitment at hand, China was now accusing the United States and the European Union of shirking their own responsibilities by setting weak targets for greenhouse gas emissions cuts. Senior Chinese negotiator, Su Wei, characterized the goals of the world's second largest greenhouse gas emitter -- the United States -- as "not notable," and the European Union's target as "not enough." Su Wei also took issue with Japan for setting implausible preconditions.

On Dec. 11, 2009, China demanded that developed and wealthy countries in Copenhagen should help deliver a real agreement on climate change by delivering on their promises to reduce carbon emissions and provide financial support for developing countries to adapt to global warming. In so doing, China's Vice Foreign Minister He Yafei said his country was hoping that a "balanced outcome" would emerge from the discussions at the summit. Echoing the position of the Australian government, He Yafei spoke of a draft agreement as follows: "The final document we're going to adopt needs to be taking into account the needs and aspirations of all countries, particularly the most vulnerable ones."

China's Vice Foreign Minister emphasized the fact that climate change was "a matter of survival" for developing countries, and accordingly, such countries need wealthier and more developed countries to accentuate not only their pledges of emissions reduction targets, but also their financial commitments under the aforementioned United Nations Framework Convention on Climate Change. To that end, scientists and leaders of small island states in the Indian Ocean, the Pacific Ocean and the Caribbean Sea, have highlighted the existential threat posed by global warming and the concomitant rise in sea level.

China aside, attention was also on India -- another major player in the developing world and a country with an industrializing economy that was impacting the environment. At issue was the Indian government's decision to set a carbon intensity target, which would slow emissions growth by up to 25 percent by the 2020 deadline. This strong position was resisted by some elements in India, who argued that their country should not be taking such a strong position when developed wealthy countries were yet to show accountability for their previous commitments to reduce greenhouse gas emissions. The matter grew so heated that the members of the opposition stormed out of the parliament in protest as Indian Environment Minister Jairam Ramesh defended the policy. But the political pressure at home in India was leaving the Indian delegation in Copenhagen in a state of chaos as well. In fact, India's top environmental negotiator refused to travel to Copenhagen in protest of the government's newly-announced stance.

China and India were joined by Brazil and South Africa in the crafting of a draft document calling for a new global climate treaty to be completed by June 2010. Of concern has been the realization that there was insufficient time to find concurrence on a full legal treaty, which would leave countries only with a politically-binding text by the time the summit at Copenhagen closed. But Guyana's leader, President Bharrat Jagdeo, warned that the summit in Denmark would be classified as a failure unless a binding document was agreed upon instead of just political consensus. He urged his cohorts to act with purpose saying, "Never before have science, economics, geo-strategic self-interest and politics intersected in such a way on an issue that impacts everyone on the planet."

Likewise, Tuvalu demanded that legally binding agreements emerge from Copenhagen. Its proposal was supported by many of the vulnerable countries, from small island states and sub-Saharan Africa, all of whom warned of the catastrophic impact of climate change on their citizens. Tuvalu also called for more aggressive action, such as an amendment to the 1992 agreement, which would focus on sharp greenhouse gas emissions and the accepted rise in temperatures, due to the impact the rise in seas. The delegation from Kiribati joined the call by drawing attention to the fact that one village had to be abandoned due to waist-high water, and more such effects were likely to follow. Kiribati's Foreign Secretary, Tessie Lambourne, warned that the people of Kiribati could well be faced with no homeland in the future saying, "Nobody in this room would want to leave their homeland." But despite such impassioned pleas and irrespective of warnings from the Intergovernmental Panel on Climate Change that the rise in sea level from melting polar ice caps would deleteriously affect low-lying atolls such as such as Tuvalu and Kiribati in the Pacific, and the Maldives in the Indian Ocean, the oil-giant Saudi Arabia was able to block this move.

Meanwhile, within the developed countries, yet another power struggle was brewing. The European Union warned it would only agree to raise its target of 20 percent greenhouse gas emissions reductions to 30 percent if the United States demonstrated that it would do more to reduce its own emissions. It was unknown if such pressure would yield results. United States President Barack Obama offered a "provisional" 2020 target of 17 percent reductions, noting that he could not offer greater concessions at Copenhagen due to resistance within the United States Congress, which was already trying to pass a highly controversial "cap and trade" emissions legislation. However, should that emissions trading bill fail in the Senate, the United States Environment Protection Agency's declaration that greenhouse gases pose a danger to human health and the environment was expected to facilitate further regulations and limits on power plants and factories at the national level. These moves could potentially strengthen the Obama administration's offering at Copenhagen. As well, President Obama also signaled that he would be willing to consider the inclusion of international forestry credits.

Such moves indicated willingness by the Obama administration to play a more constructive role on the international environmental scene than its predecessor, the Bush administration. Indeed, ahead of his arrival at the Copenhagen summit, President Barack Obama's top environmental advisors promised to work on a substantial climate change agreement. To that end, United States

Environmental Protection Agency Administrator Lisa Jackson said at a press conference, "We are seeking robust engagement with all of our partners around the world." But would this pro-engagement assertion yield actual results?

By Dec. 12, 2009, details related to a draft document prepared by Michael Zammit Cutajar, the head of the Ad-hoc Working Group on Long-Term Cooperative Action, were released at the Copenhagen climate conference. Included in the document were calls for countries to make major reductions in carbon emissions over the course of the next decade. According to the Washington Post, industrialized countries were called on to make cuts of between 25 percent and 40 percent below 1990 levels -- reductions that were far more draconian than the United States was likely to accept. As discussed above, President Obama had offered a provisional reduction target of 17 percent. The wide gap between the released draft and the United States' actual stated position suggested there was much more negotiating in the offing if a binding agreement could be forged, despite the Obama administration's claims that it was seeking greater engagement on this issue.

In other developments, the aforementioned call for financial support of developing countries to deal with the perils of climate change was partly answered by the European Union on Dec. 11, 2009. The European bloc pledged an amount of 2.4 billion euros (US$3.5 billion) annually from 2010 to 2012. Environment Minister Andreas Carlgren of Sweden -- the country that holds the rotating presidency of the European Union at the time of the summit -- put his weight behind the notion of a "legally binding deal." Meanwhile, Yvo de Boer, a top United Nations climate change official, focused less on the essence of the agreement and more on tangible action and effects saying, "Copenhagen will only be a success if it delivers significant and immediate action that begins the day the conference ends."

The division between developed and developing countries in Copenhagen reached new heights on Dec. 14, 2009, when some of the poor and less developed countries launched a boycott at the summit. The move, which was spurred by African countries but backed by China and India, appeared to be geared toward redirecting attention and primary responsibility to the wealthier and more industrialized countries. The impasse was resolved after the wealthier and more industrialized countries offered assurances that they did not intend on shirking from their commitments to reducing greenhouse gases. As a result, the participating countries ceased the boycott.

Outside the actual summit, thousands of protestors had gathered to demand crucial global warming, leading to clashes between police and demonstrators elsewhere in the Danish capital city. There were reports of scattered violence across Copenhagen and more than 1,000 people were arrested.

Nevertheless, by the second week of the climate change summit, hopes of forging a strong deal were eroding as developed and developing nations remained deadlocked on sharing cuts in greenhouse gases, and particularly on the matters of financing and temperature goals. In a bid to shore up support for a new climate change, United States President Barack Obama joined other world leaders in Copenhagen. On Dec. 14, 2009, there was a standoff brewing between the United States and China. At issue was China's refusal to accept international monitoring of its expressed targets for reducing greenhouse gas emissions. The United States argued that China's opposition to verification could be a deal-breaker.

By the close of the summit, the difficult process eventually resulted in some consensus being cultivated. A draft text called for $100 billion a year by 2020 to assist poor nations cope with climate change, while aiming to limit global warming to two degrees Celsius compared with pre-industrial levels. The deal also included specific targets for developed countries to reduce greenhouse gas emissions, and called for reductions by developing countries as a share of their economies. Also included in the agreement was a mechanism to verify compliance. The details of the agreement were supported by President Barack Obama, Chinese Premier Wen Jiabao, Indian Prime Minister Manmohan Singh and Brazilian President Luiz Inacio Lula da Silva.

This draft would stand as an interim agreement, with a legally-binding international pact unlikely to materialize until 2010. In this way, the summit in Copenhagen failed to achieve its central objective, which was to negotiate a successor to the Kyoto Protocol on greenhouse gas emissions.

Editor's Note

In the background of these developments was the growing global consciousness related to global warming and climate change. Indeed, as the Copenhagen summit was ongoing, it was clear there was enormous concurrence on the significance of the stakes with an editorial on the matter of climate change being published in 56 newspapers in 45 countries. That editorial warned that without global action, climate change would "ravage our planet." Meanwhile, a global survey taken by Globescan showed that concern over global warming had exponentially increased from 1998 -- when only 20 percent of respondents believed it to be a serious problem -- to 64 percent in 2009. Such survey data, however, was generated ahead of the accusations by climate change skeptics that some climate scientists may have overstated the case for global warming, based on emails derived in an illicit manner from a British University.

Special Entry: Climate change talks in Doha in Qatar extend life of Kyoto Protocol (2012)

December 2012 saw climate talks ensue in the Qatari city of Doha as representatives from countries across the world gathered to discuss the fate of the Kyoto Protocol, which seeks to minimize greenhouse gas emissions. The summit yielded results with decisions made (1) to extend the Kyoto Protocol until 2020, and (2) for wealthier countries to compensate poorer countries for the losses and damage incurred as a result of climate change.

In regards to the second matter, Malia Talakai of Nauru, a leading negotiator for the Alliance of Small Island States, explained the necessity of the compensation package as follows: "We are trying to say that if you pollute you must help us."

This measure was being dubbed the "Loss and Damage" mechanism, and was being linked with United States President Barack Obama's request for $60 billion from Congress to deal with the devastation caused by Hurricane Sandy months before. The sight of a hurricane bearing down on the northern Atlantic seaboard, along with the reality of the scope of reconstruction, appeared to have illustrated the economic costs of climate change -- not so much as a distant environmental issue -- but as a danger to the quotidian lives of people. Still, there was blame to be placed on the United States and European countries -- some of world's largest emitters -- for failing to do more to reduce emissions.

To that latter end, there was in fact little progress made on the central issue of reducing greenhouse gas emissions. Had those emissions been reduced, there would have been less of a need to financially deal with the devastation caused by climate change. One interpretation was that the global community was accepting the fact that industrialization was contributing to global warming, which had deleterious effects on the polar ice caps and concomitantly on the rise of sea level, with devastating effects for small island nations. Thus, wealthier countries were willing to pay around $10 billion a year through 2020, effectively in "damages," to the poor countries that could be viewed as the "collateral damage" of industrial progress. But damages today could potentially be destruction tomorrow, leaving in place the existential challenges and burdens to be born by some of the world's smallest and least wealthy island countries.

Perhaps not surprisingly, the representative for the small island nation states at the Doha summit responded with ire, characterizing the lack of progress on reducing emissions as follows: "We see the package before us as deeply deficient in mitigation (carbon cuts) and finance. It's likely to lock us on the trajectory to a 3,4,5C rise in global temperatures, even though we agreed to keep the global average temperature rise of 1.5C to ensure survival of all islands. There is no new finance (for adapting to climate change and getting clean energy) -- only promises that something might materialize in the future. Those who are obstructive need to talk not about how their people will live, but whether our people will live."

Indeed, in most small island countries not just in the Pacific, but also the Caribbean and Indian Ocean, ecological concerns and the climate crisis have been dominant themes with dire life and death consequences looming in the background for their people. Small island nations in these region are already at risk from the rise of sea-level, tropical cyclones, floods. But their very livelihoods of fishing and subsistence farming were also at risk as a result of ecological and environmental changes. Increasingly high storm surges can wipe out entire villages and contaminate water supplies. Accordingly, the very existence of island nations, such as Kiribati and Tuvalu, are at severe risk of being obliterated from the map. Yet even with the existential threat of being wiped off the map in the offing, the international community has been either slow or restrictive in its efforts to deal with global warming, climate change, economic and ecological damage, as well as the emerging global challenge of environmental refugees.

A 2012 report from the United Nations Environment Program (UNEP) and the Pacific Regional Environment Program underlined the concerns of small island nations and their people as it concluded that the livelihoods of approximately 10 million people in Pacific island communities were increasingly vulnerable to climate change. In fact, low-lying islands in that region would likely confront losses of up to 18 percent of gross domestic product due to climate change, according to the report. The report covers 21 countries and territories, including Fiji, Kiribati, Samoa and Tonga, and recommended environmental legislation intended to deal with the climate crisis facing the small island countries particularly. As noted by David Sheppard, the director general of the Pacific Regional Environment Program that co-sponsored this study: "The findings... emphasize the need more than ever to raise the bar through collective actions that address the region's environmental needs at all levels."

Regardless of the failures of the summit in Qatar (discussed above), the meeting did facilitate a process starting in 2015, which would bind both wealthy and poor countries together in the mission of forging a new binding treaty that would replace the Kyoto Protocol and tackle the central causes of climate change.

For more information on the threats faced in small island nations by climate change and the measures being undertaken to lobby for international action, please see the Alliance for Small Island States available online at the URL: http://aosis.org/

Special Report

COP 21 summit in Paris ends with historic agreement to tackle climate change; rare international consensus formed on environmental crisis facing the planet (2015) --

In mid-December 2015, the highly-anticipated United Nations climate conference of parties (COP) in Paris, France, ended with a historic agreement. In fact, it would very likely be understood as the most significant international agreement signed by all the recognized countries of the world since the Cold War. Accordingly, the Paris Agreement was being distinguished as the first multilateral pact that would compel all countries across the world to cut its carbon emissions -- one of the major causes of increasing greenhouse gas emissions, which contribute to global warming, and its deleterious effects ranging from the dangerous rise in sea level to catastrophic climate change.

The accord, which was dubbed to be the "Paris Agreement," was the work of rigorous diplomacy and fervent environmental advocacy, and it aimed to address the climate change crisis facing the planet. As many as 195 countries were represented in the negotiations that led to the landmark climate deal. Indeed, it was only after weeks of passionate debate that international concurrence was reached in addressing the environmental challenges confronting the world, with particular attention to moving beyond fossil fuels and reducing greenhouse gas emissions.

The success of the COP 21 summit in Paris and the emergence of the landmark Paris Agreement was, to some extent, attributed to the efforts of France's Foreign Minister Laurent Fabius who presided over the negotiations. The French foreign minister's experience and credentials as a seasoned diplomat and respected statesman paid dividends. He skillfully guided the delegates from almost 200 countries and interest groups along the negotiations process, with ostensibly productive results and a reasonably robust deal to show for it.

On Dec. 12, 2015, French Foreign Minister Fabius officially adopted the agreement, declaring: "I now invite the COP to adopt the decision entitled Paris Agreement outlined in the document. Looking out to the room I see that the reaction is positive, I see no objections. The Paris agreement is adopted." Once Foreign Minister Fabius' gavel was struck, symbolically inaugurating the Paris Agreement into force, the COP delegate rushed to their feet with loud and bouyant cheers as well as thunderous applause.

In general, the Paris Agreement was being hailed as a victory for enviromental activists and a triumph for international diplomats, while at the same time being understood as simply an initial -- and imperfect -- move in the direction of a sustainable future. China's chief negotiator, Xie Zhenhua, issued this message, saying that while the accord was not ideal, it should "not prevent us from marching historical steps forward."

United States President Barack Obama lauded the deal as both "ambitious" and "historic," and the work of strenuous multilateral negotiations as he declared, "Together, we've shown what's possible when the world stands as one." The United States leader acknowledged that the accord was not "perfect," but he reminded the critics that it was "the best chance to save the one planet we have. "

Former United States Vice President Al Gore, one of the world's most well known environmental advocates, issued a lengthy statement on the accompishments ensconced in the Paris Agreement. He highlighted the fact that the Paris Agreement was a first step towards a future with a reduced carbon footprint on Planet Earth as he said, "The components of this agreement -- including a strong review mechanism to enhance existing commitments and a long-term goal to eliminate global-warming pollution this century -- are essential to unlocking the necessary investments in our future. No agreement is perfect, and this one must be strengthened over time, but groups across every sector of society will now begin to reduce dangerous carbon pollution through the framework of this agreement."

The central provisions of the Paris Agreement included the following items:

- Greenhouse gas emissions should peak as quickly as possible, with a move towards balancing energy sources, and ultimately the decrease of greenhouse gases in the second half of this century
- Global temperature increase would be limited to 1.5 degrees Centigrade above pre-industrial levels and would be held "well below" the two degrees Centigrade threshold
- Progress on these goals would be reviewed every five years beginning in 2020 with new greenhouse gas reduction targets issued every five years
- $100 billion would be expended each year in climate finance for developing countries to move forward with green technologies, with further climate financing to be advanced in the years beyond

It should be noted that there both legally binding and voluntary elements contained within the Paris Agreement. Specifically, the submission of an emissions reduction target and the regular review of that goal would be legally mandatory for all countries. Stated differently, there would be a system in place by which experts would be able to track the carbon-cutting progress of each country. At the same time, the specific targets to be set by countries would be determined at the discretion of the countries, and would not be binding. While there was some criticism over this non-binding element, the fact of the matter was that the imposition of emissions targets was believed to be a major factor in the failure of climate change talks in Copenhagen, Denmark, in 2009.

In 2015, the talks faced challenges as several countries, such as China and India, objected to conditions that would stymie economic and development. In order to avoid that kind of landmine, a system Intended Nationally Determined Contributions (INDCs) was developed and formed the basis of the accord. As such, the Paris Agreement would, in fact, facilitate economic growth and development, as well as technological progress, but with the goal of long-term ecological sustainability based on low carbon sources. In fact, the agreement heralded as "the beginning of the end of the fossil fuel era." As noted by Nick Mabey, the head of the climate diplomacy organization E3G, said, "Paris means governments will go further and faster to tackle climate change than ever before. The transition to a low carbon economy is now unstoppable, ensuring the end of the fossil fuel age."

A particular sticking point in the agreement was the $100 billion earmarked for climate financing for developing countries to transition from traditional fossil fuels to green energy technologies and a low carbon future. In 2014, a report by the International Energy Agency indicated that the cost of that transition would actually be around $44 trillion by the mid-century -- an amount that would render the $100 billion being promised to be a drop in the proverbial bucket. However, the general expectation was that the Republican-controlled Senate in the United States, which would have to ratify the deal in that country, was not interested in contributing significant funds for the cause of climate change.

A key strength of the Paris Agreement was the ubiquitous application of measures to all countries. Of note was the frequently utilized concept of "flexibility" with regard to the Paris Agreement. Specifically, the varying capacities of the various countries in meeting their obligations would be anticipated and accorded flexibility. This aspect presented something of a departure from the 1997 Kyoto Protocol, which drew a sharp distinction between developed and developing countries, and mandated a different set of obligations for those categories of countries. Thus, under Kyoto, China and India were not held to the same standards as the United States and European countries. In the Paris Agreement, there would be commitments from all countries across the globe.

Another notable strength of the Paris Agreement was the fact that the countries of the world were finally able to reach consensus on the vital necessity to limit global temperature increases to 1.5 degrees Centrigrade. Ahead of the global consensus on the deal, and as controversy continued to surface over the targeted global temperature limits, the leaders of island countries were sounding the alarm about the melting of the Polar ice caps and the associated rise in seal level. Prime Minister Enele Sopoaga of Tuvalu issued this dismal reminder: "Tuvalu's future … is already bleak and any further temperature increase will spell the total demise of Tuvalu. No leader in this room carries such a level of worry and responsibility. Just imagine you are in my shoes, what would you do?" It was thus something of a victory for environmental advocates that the countries of the world could find cnsensus on the lower number -- 1.5 degrees rather than 2 degrees.

A significant weak point with regard to the Paris deal was a "loss and damage" provision, which anticipates that even with all the new undertakings intended to reduce greenhouse gas emissions and move to a low carbon future, there would nonetheless be unavoidable climate change consequences. Those consequences ranged from the loss of arable land for farmers as well as soil erosion and contamination of potable water by sea water, to the decimation of territory in coastal zones and on small islands, due to the rise in sea level, with entire small island countries being rendered entirely uninhabitable. The reality was that peoples' homes across the world would be destroyed along with their way of life.

With that latter catastrophic effect being a clear and present danger for small island countries, the Association of Small Island States (AOSIS) demanded that the developed world acknowledge its responsibility for this irreversible damage.. Despite the fact that greenhouse gas emissions and the ensuing plague of global warming was, indeed, the consequence of development in the West (the United States and Europe) and the large power house countries, such as Russia, China and India, there was no appetite by those countries to sign on to unlimited liability. Under the Paris Agreement, there was a call for research on insurance mechanisms that would address loss and damage issues, with recommendations to come in the future.

The call for research was being regarded as an evasion of sorts and constituted the weakest aspect of the Paris Agreement. Not surprisingly, a coalition of small island nations demanded a "Marshall

Plan" for the Pacific. Borrowing the term "Marshall Plan" from the post-World War II reconstruction effort, the coalition of Pacific island nation, which included Kiribati, Tuvalu, Fiji, and the Marshall Islands, called for an initiative that would include investment in renewable energy and shoreline protection, cultural preservation, economic assistance for economies in transition, and a plan for migration and resettlement for these countries as they confront the catastrophic effects of the melting of the Polar ice caps and the concomitant rise in sea level. The precise contours of the initiative remained unknown, unspecified, and a mere exercise in theory at the time of writing. Yet such an initiative would, at some point, have to be addressed, given the realities of climate change and the slow motion calamity unfolding each day for low-lying island nations across the world.

As noted by Vice President Greg Stone of Conservation International, who also functions as an adviser to the government of Kiribati, "Imagine living in a place where you know it's going to go away someday, but you don't know what day that wave's going to come over and wash your home away." He added, "It's a disaster we know is going to happen." Meanwhile, the intervening years promised to be filled with hardship for small island nations, such as Kiribati. Stone explained, "For every inch of sea-level rise, these islands lose 10 feet of their freshwater table to saltwater intrusion," Stone explained. "So it's not just about the day the water finally goes over the island; it's also about the day that there's just not enough water left and everyone has to move off the island." Presaging the future for island nations that could face submersion, Stone said, "If you look ahead 50 years, a country like Kiribati could become the first aqueous nation. possibility of migration. That is, they own this big patch of ocean, and they administer it from elsewhere."

Foreign Minister Minister Tony Debrum of the Marshall Islands emerged as the champion advocating on behalf of small island nation states and a loose coalition of concerned countries from the Pacific to the Caribbean, but with support from the United States. He addressed the comprehensive concerns of small island nations regarding the weaknesses of the deal, while simultaneously making clear that the Paris Agreement signified hope for the countries most at risk. In a formal statement, Debrum declared: "We have made history today. Emissions targets are still way off track, but this agreement has the tools to ramp up ambition, and brings a spirit of hope that we can rise to this challenge. I can go back home to my people and say we now have a pathway to survival." Debrum highlighted the imperatives of Pacific island nations, saying, "Our High Ambition Coalition was the lightning rod we needed to lift our sights and expectations for a strong agreement here in Paris. We were joined by countries representing more than half the world. We said loud and clear that a bare-bones, minimalist agreement would not fly. We instead demanded an agreement to mark a turning point in history, and the beginning of our journey to the post-carbon era."

Debrum of the Marshall Islands espoused the quintessential synopsis of the accord and its effects for those most likely to be affected by climate change as he noted, "Climate change won't stop overnight, and my country is not out of the firing line just yet, but today we all feel a little safer."

Editor's Entry on Environmental Policy:

The low-lying Pacific island nations of the world, including Kiribati, Tuvalu, the Marshall Islands, Fiji, among others, are vulnerable to the threats posed by global warming and cimate change, derived from carbon emissions, and resulting in the rise in sea level. Other island nations in the Caribbean, as well as poor countries with coastal zones, were also at particular risk of suffering the deleterious effects of climate change.

Political policy in these countries are often connected to ecological issues, which have over time morphed into an existential crisis of sorts. Indeed, ecological concerns and the climate crisis have also been dominant themes with life and death consequences for the people of island nations in the Pacific. Indeed, the very livelihoods of fishing and subsistence farming remain at risk as a result of ecological and environmental changes. Yet even so, these countries are threatened by increasingly high storm surges, which could wipe out entire villages and contaminate water supplies. Moreover, because these are low lying island nations, the sustained rise in sea level can potentially lead to the terrain of these countries being unihabitable at best, and submerged at worst. Stated in plain terms, these countries are at severe risk of being obliterated from the map and their plight illuminates the emerging global challenge of environmental refugees. In these manifold senses, climate change is the existential crisis of the contemporary era.

Since the time of the 1997 Kyoto Protocol, there have been efforts aimed at extending the life of that agreement, with an eye on minimizing greenhouse gas emissions, and thus minimizing the effects of climate change. Those endeavors have largely ended in failure, as exemplified by the unsuccessful Copenhagen talks in 2009 and the fruitless Doha talks in 2012 respectively. The success of the COP 21 talks in France, with the adoption of the landmark Paris Agreement in 2015, was regarded as the first glimmer of hope. Not only did the Paris Agreement signify the triumph of international diplomacy and global consensus, but it also marked the start of the end of the fossil fuel era, with the path forward toward a low carbon future reliant on greener technologies. Most crucially, the Paris Agreement stood as the first significant response in recent times to the central challenge of climate change and its quotidian effects on the lives of real human beings across the world.

1. Major International Environmental Accords:

General Environmental Concerns

Convention on Environmental Impact Assessment in a Transboundary Context, Espoo, 1991.

Accords Regarding Atmosphere

Annex 16, vol. II (Environmental Protection: Aircraft Engine Emissions) to the 1044 Chicago Convention on International Civil Aviation, Montreal, 1981

Convention on Long-Range Transboundary Air Pollution (LRTAP), Geneva, 1079

United Nations Framework Convention on Climate Change (UNFCCC), New York, 1002

Vienna Convention for the Protection of the Ozone Layer, Vienna, 1985 including the Montreal Protocol on Substances that Depleted the Ozone Layer, Montreal, 1987

Accords Regarding Hazardous Substances

Convention on the Ban of the Import into Africa and the Control of Transboundary Movements and Management of Hazardous Wastes within Africa, Bamako, 1991

Convention on Civil Liability for Damage Caused during Carriage of Dangerous Goods by Road, Rail and Inland Navigation Vessels (CRTD), Geneva, 1989

Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention), Basel, 1989

Convention on the Transboundary Effects of Industrial Accidents, Helsinki, 1992

Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region (Waigani Convention), Waigani, 1995

European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR), Geneva 1957

FAO International Code of Conduct on the Distribution and Use of Pesticides, Rome, 1985

2. Major International Marine Accords:

Global Conventions

Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter (London Convention 1972), London, 1972

International Convention for the Prevention of Pollution from Ships, 1973, as modified by Protocol of 1978 relation thereto (MARPOL 73/78), London, 1973 and 1978

International Convention on Civil Liability for Oil Pollution Damage 1969 (1969 CLC), Brussels, 1969, 1976, and 1984

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International Convention on Oil Pollution Preparedness, Response, and Co-operation (OPRC), London, 1990

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United Nations Convention on the Law of the Sea (UNCLOS), Montego Bay, 1982

Regional Conventions

Convention for the Prevention of Marine Pollution by Dumping from Ships and Aircraft (Oslo Convention), Oslo, 1972

Convention for the Prevention of Marine Pollution from Land-based Sources (Paris Convention), Paris, 1974

Convention for the Protection of the Marine Environment of the North East Atlantic (OSPAR Convention), Paris, 1992

Convention for the Protection of the Marine Environment of the Baltic Sea Area (1974 Helsinki Convention), Helsinki 1974

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Conventions within the UNEP Regional Seas Programme

Convention on the Protection of the Black Sea against Pollution, Bucharest, 1992

Convention for the Protection and Development of the Marine Environment of the Wider Caribbean Region, Cartagena de Indias, 1983

Convention for the Protection, Management, and Development of the Marine and Coastal Environment of the Eastern African Region, Nairobi, 1985

Kuwait Regional Convention for Co-operation on the Protection of the Marine Environment from Pollution, Kuwait, 1978

Convention for the Protection and Development of the Marine Environment and Coastal Region of the Mediterranean Sea (Barcelona Convention), Barcelona, 1976

Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment, Jeddah, 1982

Convention for the Protection of the Natural Resources and Environment of the South Pacific Region, Noumea, 1986

Convention for the Protection of the Marine Environment and Coastal Area of the South-East Pacific, Lima, 1981

Convention for Co-operation in the Protection and Development of the Marine and Coastal Environment of the West and Central African Region, Abidjan, 1981

3. Major Conventions Regarding Living Resources:

Marine Living Resources

Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR), Canberra, 1980

International Convention for the Conservation of Atlantic Tunas (ICCAT), Rio de Janeiro, 1966

International Convention for the Regulation of Whaling (ICRW), Washington, 1946

Nature Conservation and Terrestrial Living Resources

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Convention to Combat Desertification (CCD), Paris 1994

FAO International Undertaking on Plant Genetic Resources, Rome, 1983

International Tropical Timber Agreement, 1994 (ITTA, 1994), Geneva, 1994

Freshwater Resources

Convention on the Protection and Use of Transboundary Watercourses and International Lakes, Helsinki, 1992

4. Major Conventions Regarding Nuclear Safety:

Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (Assistance Convention), Vienna, 1986

Convention on Early Notification of a Nuclear Accident (Notification Convention), Vienna, 1986

Convention on Nuclear Safety, Vienna, 1994

Vienna Convention on Civil Liability for Nuclear Damage, Vienna, 1963

5. Major Intergovernmental Organizations

Commission on Sustainable Development (CSD)

European Union (EU): Environment

Food and Agriculture Organization (FAO)

Global Environment Facility (GEF)

International Atomic Energy Agency (IAEA)

International Council for the Exploration of the Sea (ICES)

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

International Maritime Organization (IMO)

International Monetary Fund (IMF)

International Oil Pollution Compensation Funds (IOPC Funds)

Organization for Economic Co-operation and Development (OECD), Environment Policy Committee (EPOC)

United Nations Children's Fund (UNICEF)

United Nations Development Programme (UNDP)

United Nations Educational, Scientific, and Cultural Organization (UNESCO)

United Nations Environment Programme (UNEP)

United Nations Industrial Development Organization (UNIDO)

United Nations Population Fund (UNFPA)

World Bank

World Food Programme (WFP)

World Health Organization (WHO)

World Meteorological Organization (WMO)

World Trade Organization (WTO)

6. Major Non-Governmental Organizations

Atmosphere Action Network East Asia (AANEA)

Climate Action Network (CAN)

Consumers International (CI)

Earth Council

Earthwatch Institute

Environmental Liaison Centre International (ELCI)

European Environmental Bureau (EEB)

Forest Stewardship Council (FSC)

Friends of the Earth International (FoEI)

Greenpeace International

International Chamber of Commerce (ICC)

International Confederation of Free Trade Unions (ICFTU)

International Planned Parenthood Federation (IPPF)

International Solar Energy Society (ISES)

IUCN-The World Conservation Union

Pesticide Action Network (PAN)

Sierra Club

Society for International Development (SID)

Third World Network (TWN)

Water Environment Federation (WEF)

Women's Environment and Development Organization (WEDO)

World Business Council for Sustainable Development (WBCSD)

World Federalist Movement (WFM)

World Resources Institute (WRI)

World Wide Fund For Nature (WWF)

7. Other Networking Instruments

Arab Network for Environment and Development (RAED)

Global Legislators for a Balanced Environment (GLOBE)

Regional Environmental Center for Central and Eastern Europe (REC)

United Nations Non-Governmental Liaison Service (UN-NGLS)

Appendices

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Methodology Note for Demographic Data:

The demographic numbers for cities and national populations listed in CountryWatch content are derived from the Geoba.se website, which analyzes data from the World Bank. The current demographic numbers displayed on the Countrywatch website are reflective of the latest available estimates.

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-- See also list of News Wires services below, which are also used for research purposes. --

Note on Edition Dates:

The earlier edition dates are noted above because they were used to formulate the original Country Reviews and serve as the baseline for some of the information covered. Later editions have been used in some cases, and are cited as such, while other more recent online resources (cited above) contain recent and ever-updated data sets used for research.

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United States Department of State, Country Commercial Guides. Washington, D.C. United States of America. URL:http://www.state.gov/www/about_state/business/com_guides/index.html

The World Bank, Global Development Finance, Country Tables. 1999 to present. Washington, D.C.: The World Bank.

The World Bank Group, World Development Indicators. 1999 to present. Washington, D.C.: The World Bank.

Yearbook of Tourism Statistics, World Tourism Organization. 1998 to present. Madrid: The World Tourism Organization.

Note on Edition Dates:

The earlier edition dates are noted above because they were used to formulate the original country reviews and serve as the baseline for some of the information covered. Later editions have been used in some cases, and are cited as such, while other more recent online resources (cited above) contain recent and ever-updated data sets used for research.

Methodology Notes for Economic Data:

Estimates by CountryWatch.com of GDP in dollars in most countries are made by converting local currency GDP data from the International Monetary Fund World Economic Outlook to US dollars by market exchange rates estimated from the International Monetary Fund International Financial Statistics and projected out by the CountryWatch Macroeconomic Forecast. Real GDP was estimated by deflating current dollar values by the US GDP Implicit Price Deflator.

Exceptions to this method were used for:

- Bosnia-Herzegovina
- Nauru
- Cuba
- Palau
- Holy See
- San Marino
- Korea, North
- Serbia & Montenegro
- Liberia
- Somalia
- Liechtenstein
- Tonga
- Monaco
- Tuvalu

In these cases, other data and/or estimates by CountryWatch.com were utilized.

Investment Overview

Corruption and Transparency Index. URL: http://www.transparency.org/documents/cpi/2001/cpi2001.html#cpi
<http://www.transparency.org/documents/

Deloitte Tax Guides. URL: http://www.deloittetaxguides.com

Trade Policy Reviews by the World Trade Organization . URL: http://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm#bycountry

United States Department of Energy, Country Analysis Briefs. URL: http://www.eia.doe.gov/emeu/cabs/contents.html

United States Department of State, Background Notes. URL: http://www.state.gov/www/background_notes/index.html

United States Department of State, Country Commercial Guides. 1996-2006. Washington, D.C. United States of America. URL: http://www.state.gov/www/about_state/business/com_guides/index.html

World Bank: Doing Business. URL: http://www.doingbusiness.org

World Bank: Governance Indicators. URL: http://info.worldbank.org/governance

Social Overview

Borden, G.A., Conaway, W.A., Morrison, T. 1994. *Kiss, Bow, or Shake Hands: How to do Business in Sixty Countries.* Holbrook, Massachusetts, 1994.

Center for Disease Control. URL: http://www.cdc.gov

Eldis Country Profiles. URL: http://www.eldis.org/country/index.htm

Ethnologue. URL: http://www.ethnologue.com/

Government of Australia Department of Foreign Affiars and Trade. URL: http://www.dfat.gov.au/geo

Government of Canada Foreign Affairs and International Trade. URL: http://www.voyage.gc.ca/consular_home-e.htm

Library of Congress Country Studies. URL: http://lcweb2.loc.gov/frd/cs/cshome.html

Lonely Planet. URL: http://www.lonelyplanet.com/worldguide/

Steve Kropla's Online Help For World Travelers. URL: http://www.kropla.com/

United Kingdom Ministry of Foreign and Commonwealth Office. URL: http://www.fco.gov.uk/

United Nations Human Development Report. URL: http://www.undp.org/hdro

UNICEF Statistical Database Online. URL: http://www.unicef.org/statis/atoz.html

United States Central Intelligence Agency, World Factbook. 2001. Washington, D.C.: Printing and Photography Group. URL: http://www.cia.gov/cia/publications/factbook/index.html

United States Department of State, Background Notes. URL: http://www.state.gov/www/background_notes/index.html

United States Department of State, Commercial and Business Affairs: Travel Tips. URL: http://www.state.gov/www/about_state/business/cba_travel.html

United States Department of State, Bureau of Consular Affairs. URL: http://travel.state.gov/

World Health Organization. URL: http://www.who.int/home-page/

World News Connection, National Technical Information Service. Springfield, Virginia, USA.

Internet News Service, Xinhua News Agency (U.S.) Inc. Woodside, New York. URL: http://www.xinhuanet.com/english/

Note on Edition Dates:

The earlier edition dates are noted above because they were used to formulate the original country reviews and serve as the baseline for some of the information covered. Later editions have been used in some cases, and are cited as such, while other more recent online resources (cited above) contain recent and ever-updated data sets used for research.

Methodology Notes for the HDI:

Since 1990, the United Nations Development Programme, in concert with organizations across the globe, has produced the Human Development Index (or HDI). According to the UNDP, the index measures average achievement in basic human development in one simple composite index, and produces from this index a ranking of countries. The HDI is a composite of three basic components of human development: longevity, knowledge and standard of living. Longevity is measured by life expectancy. Knowledge is measured by combination of adult literacy and mean years of schooling. Standard of living is measured by purchasing power, based on real GDP per capita (in constant US$) adjusted for differences in international living costs (or, purchasing power parity, PPP). While the index uses these social indicators to measure national performance with regard to human welfare and development, not all countries provide the same level of information for each component needed to compute the index; therefore, as in any composite indicator, the final index is predicated on projections, predictions and weighting schemes. The index is a static measure, and thus, an incomplete measure of human welfare. In fact, the UNDP says itself the concept of human development focuses on the ends rather than the means of development and progress, examining in this manner, the average condition of all people in a given country.

Specifically, the index is calculated by determining the maximum and minimum for each of the three components (as listed above) and then measuring where each country stands in relation to these scales-expressed as a value between 0 and 1. For example, the minimum adult literary rate is zero percent, the maximum is 100 percent, and the reading skills component of knowledge in the HDI for a country where the literacy rate is 75 percent would be 0.75. The scores of all indicators are then averaged into the overall index.

For a more extensive examination of human development, as well as the ranking tables for each participating country, please visit: http://www.undp.org

Note on History sections

In some CountryWatch Country Reviews, open source content from the State Department Background Notes and Country Guides have been used.

Environmental Overview

Environmental Profiles: A Global Guide to Projects and People. 1993. Linda Sobel Katz, Sarah Orrick, and Robert Honig. New York: Garland Publishing.

The Environment Encyclopedia and Directory, 2nd Edition. 1998. London: Europa.

Environmental Protection Agency Global Warming Site. URL: http://www.epa.gov/globalwarming

Food and Agriculture Organization of United Nations: Forestry. URL: http://www.fao.org/forestry/site/sofo/en/

Global Warming Information Page. URL: http://globalwarming.org

Introduction to Global Environmental Issues, 2nd Edition. 1997. Kevin Pickering and Lewis Owen.

London: Routledge.

Trends: Compendium of Data on Global Change. URL: http://cdiac.esd.ornl.gov/trends/emis/em_cont.htm

United Nations Environmental Program. URL: http://www.unep.org/GEO/GEO_Products/Assessment_Reports/

United Nations Global Environmental Outlook. URL: http://www.unep.org/geo/geo4/media/

United States Department of Energy, Country Analysis Briefs. URL: http://www.eia.doe.gov/emeu/cabs/contents.html

World Climate Data Online. URL: http://www.worldclimate.com

World Directory of Country Environmental Studies. 1996. The World Resource Institute.

World Factbook. US Central Intelligence Agency. Washington, D.C.: Printing and Photography Group.

1998-1999 World Resources Guide to the Global Environment by the World Resources Institute. May, 1998.

1998/1999 Yearbook of International Cooperation on Environment and Development. 1998. London: Earthscan Publications.

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Other Sources:

General information has also been used in the compilation of this review, with the courtesy of governmental agencies from this country.

News Services:

CANA Daily Bulletin. Caribbean Media Agency Ltd., St. Michael, Barbados.

Central and Eastern Africa Report, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network for Central and Eastern Africa.

Daily News, Panafrican News Agency. Dakar, Senegal.

PACNEWS, Pacific Islands Broadcasting Association. Suva, Fiji.

Radio Free Europe/Radio Liberty. Washington D.C. USA.

Reuters News. Thomson Reuters. New York, New York. USA.

Southern Africa Report, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network for Southern Africa.

Voice of America, English Service. Washington D.C.

West Africa Report, United Nations Office for the Coordination of Humanitarian Affairs - Integrated Regional Information Network for West Africa. 1998-1999

Note: Some or all these news services have been used to research various sections of this Country Review.

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MLA STYLE OF CITATION

Commentary

For items in a "Works Cited" list, CountryWatch.com suggests that users follow recommended patterns forindentation given in the *MLA Handbook*, 4th edition.

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Basic form, using an Internet protocol:

Author/editor. *Title of Print Version of Work*. Edition statement (if given). Publication information (Place of publication: publisher, date), if given. *Title of Electronic Work*. Medium. Available Protocol (if applicable):Site/Path/File. Access date.

Examples:

Youngblood-Coleman, Denise. *Country Review: France*. 2003. Houston, Texas: CountryWatch Publications, 2003. *Country Review:France*. Online. Available URL: http://www.countrywatch.com/cw_country.asp?vCOUNTRY=61 October, 12, 2003.
Note:
This is the citation format used when the print version is not used in the reference.

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Author/editor. "Part title." *Title of Print Version of Work*. Edition statement (if given). Publication information (Place of publication: publisher, date), if given. *Title of Electronic Work*. Medium. AvailableProtocol (if applicable): Site/Path/File. Access date.

Examples:

Youngblood-Coleman, Denise. "People." *CountryWatch.com: France*. 2003. Houston, Texas: CountryWatch Publications, 2003. *CountryWatch.com: France*. Online. Available URL : http://www.countrywatch.com/cw_topic.asp?vCOUNTRY=61&SECTION=SOCIAL&TOPIC=CLPEO&TYPE=TEXT. October 12, 2003.

Note:
This is the citation format used when the print version is not used in the reference.

For further source citation information, please email: editor@countrywatch.com or education@countrywatch.com.

CountryWatch

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