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# Portugal

# FOOD PROCESSING SECTOR

# Food Processing Ingredients

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**Report Highlights:**
Portugal is in the midst of a political and economic crisis – the recent collapse of the center-left government coincides with the country's need for financial assistance from the European Commission to help restore growth and financial stability. High unemployment, widespread austerity measures and economic uncertainty are having a significant impact on consumption patterns. The macroeconomic conditions in Portugal are leading to a decline in the consumption of higher value added products and in the number of meals taken outside the household. A gradual process of adjustment is already causing a contraction in imports. At the same time Portuguese exports of consumer-ready food products are holding and are expected to expand, increasing its market share mostly in third countries. This presents an opportunity for U.S. exports of food ingredients.

*SECTION I. MARKET SUMMARY*

On April 6th 2011, Portugal requested financial assistance from the European Commission to help restore growth and financial stability. The bail-out, worth 78bn Euros ($115bn), will be in the form of loans from other European countries and the International Monetary Fund (IMF). This follows a gradual process of loss of competitiveness as wages have risen and tariffs on Asian exports into Europe have been reduced. Low growth and high government spending have caused a problem of excessive debt in the country.

A gradual process of adjustment has already started with a contraction in imports and also an increase in exports from 2010. A number of policies on the demand and supply sides of the economy are expected to contribute to the remaining adjustment required. Among these are labor cost adjustments, reforms to increase productivity, and fiscal consolidation measures (in the short term, raising taxes and cutting government spending to improve the current account balance by curbing domestic demand).

Table 1 summarizes the main macroeconomic variables as projected by the IMF in its World Economic Outlook. These only account for the approved fiscal measures, thus excluding the measures proposed in March 2011, which were rejected by Parliament.

**Table 1. Portugal: Real GDP, Consumer Prices, Current Account Balance, and Unemployment**

| | | Projections | |
|---|---|---|---|
| | **2010** | **2011** | **2012** |
| Real GDP growth (%) | 1.4 | -1.5 | -0.5 |
| Consumer Prices[1] (%) | 1.4 | 2.4 | 1.4 |
| Current Account Balance[2] (%) | -9.9 | -8.7 | -8.5 |
| Unemployment (%) | 11.0 | 11.9 | 12.4 |

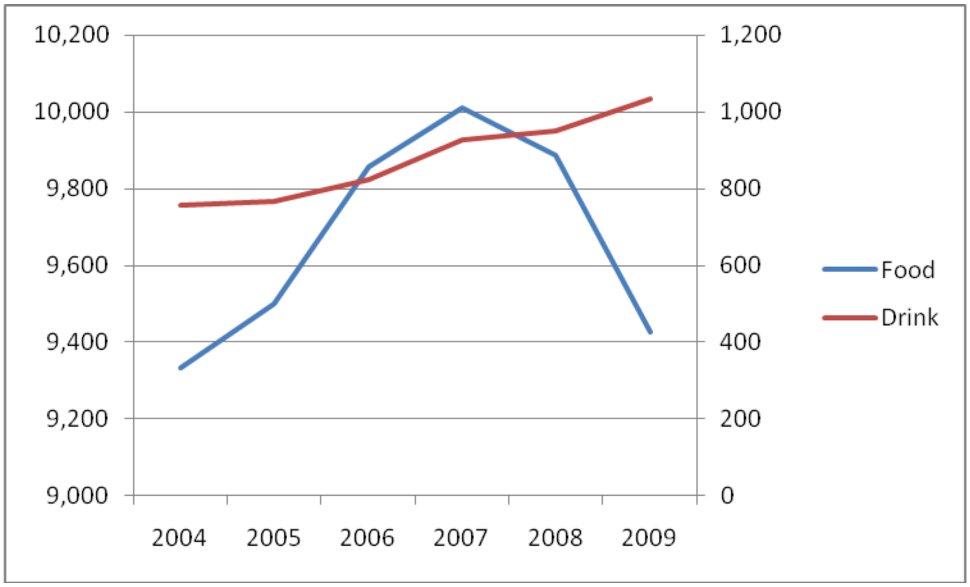
[1]Movements in consumer prices are shown as annual averages
[2]Percent of GDP
Source: IMF World Economic Outlook (WEO)
http://www.imf.org/external/pubs/ft/weo/2011/01/index.htm

**Production and Sales**

According to the National Institute of Statistics (INE) Portugal had 10,461 food and drink companies in 2009 generating a total sales value of over € 10.6 billion and total services value of € 150 Million, corresponding to 7.2 percent of the national GDP in that year.

While the number of companies in the drinks industry has been continuously rising since 2004 the same has not happened to the food sector where a concentration of supply in fewer companies has been occurring (Diagram 1).

**Diagram 1. Number of Food and Drink companies in Portugal**



Source: National Institute of Statistics (INE)

The sector is characterized by the small size of its companies with more than 80 percent and 74 percent of the food and drink companies, respectively, employing less than 10 people (Table 2).

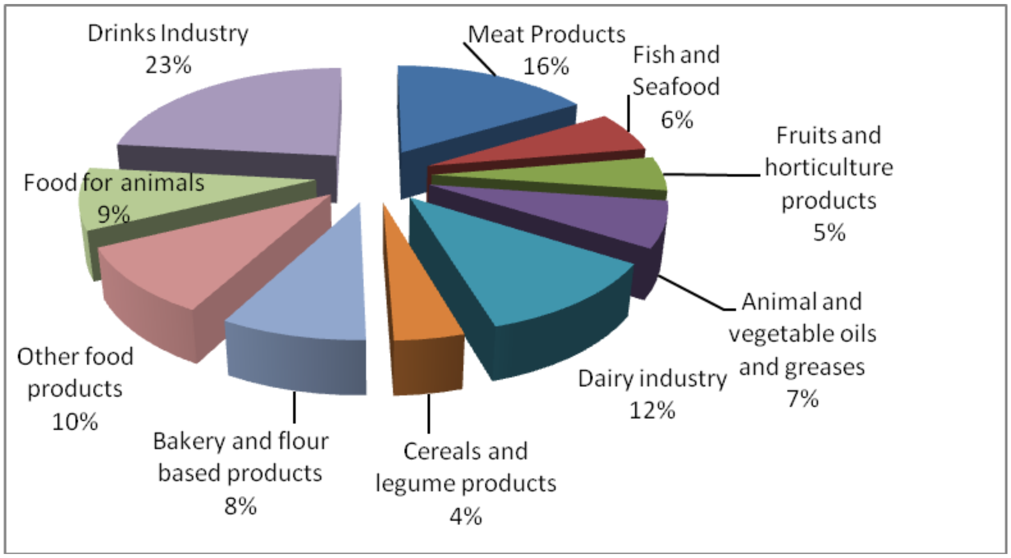
**Table 2. Structure of the sector in 2008**

| 2008 | Companies | | Employees | | Turnover | | Gross Value Added | |
|---|---|---|---|---|---|---|---|---|
| | Number | % | Number | % | Million € | % | Million € | % |
| **Food Industry** | 9,886 | 100.0% | 97,329 | 100.0% | 12,188 | 100.0% | 2,157 | 100.0% |
| less than 10 people | 7,917 | 80.1% | 22,307 | 22.9% | 1,002 | 8.2% | 233 | 10.8% |
| 10 - 49 people | 1,646 | 16.6% | 31,582 | 32.4% | 2,750 | 22.6% | 550 | 25.5% |
| 50 - 249 people | 293 | 3.0% | 29,215 | 30.0% | 5,103 | 41.9% | 803 | 37.2% |
| 250 or more people | 30 | 0.3% | 14,225 | 14.6% | 3,334 | 27.4% | 571 | 26.5% |
| | | | | | | | | |
| **Drinks Industry** | 949 | 100.0% | 14,079 | 100.0% | 2,993 | 100.0% | 665 | 100.0% |
| less than 10 people | 709 | 74.7% | 1,499 | 10.6% | 284 | 9.5% | 44 | 6.6% |
| 10 - 49 people | 191 | 20.1% | 3,988 | 28.3% | 504 | 16.8% | 138 | 20.7% |
| 50 - 249 people | 42 | 4.4% | 4,124 | 29.3% | 642 | 21.4% | 179 | 26.9% |
| 250 or more people | 7 | 0.7% | 4,468 | 31.7% | 1,563 | 52.2% | 304 | 45.8% |

Source: National Institute of Statistics (INE)

Like in previous years, the food industries represented the main activity of the processing industry, (about 14.7 per cent of the processing industry total) despite a 7.8 per cent decrease from 2008. This was a lower decrease than the felt on the total processing industry in 2009 (-15.6 per cent).

**Diagram 2. Share of Sales of the Food and Drink Industries, 2009 (Million Euros)**



Source: National Institute of Statistics (INE)

While the total volume of sales has decreased abruptly following the end of the 2007/08 price spike of food, the interesting thing to note on Table 3 is the dynamics of each of the food industries. The meat, dairy, and fruit and vegetable processing sectors have increased their share in the national total and the latter was the only sub-sector to have increased its sales in absolute value.

**Table 3. Value and Share of Sales of each sector of food and drink companies**

| Turnover | 2008 | | 2009 | |
|---|---|---|---|---|
| | Million € | % | Million € | % |
| **Food and Drinks Industries Total** | 15,048 | 100% | 10,641 | 100% |
| **Food industry*** | 12,055 | 80% | 8,172 | 77% |
| Animal slaughtering, preparation, and conservation of meat and meat products | 2,199 | 15% | 1,738 | 16% |
| Preparation and conservation of fish, crustaceans, and other mollusks | 1,093 | 7% | 634 | 6% |
| Preparation and conservation of fruits and horticulture products | 455 | 3% | 530 | 5% |
| Production of animal and vegetable oils and greases | 1,101 | 7% | 714 | 7% |
| Dairy industry | 1,703 | 11% | 1,224 | 12% |
| Processing of cereals and legume crops; Production of starch paste and flour and like products | 764 | 5% | 429 | 4% |
| Manufacture of bakery products and other flour based products | 1,773 | 12% | 890 | 8% |
| Manufacture of other food products | 1,452 | 10% | 1,052 | 10% |
| Manufacture of food for animals | 1,515 | 10% | 961 | 9% |
| **Drinks Industry** | 2,993 | 20% | 2,469 | 23% |

Source: National Institute of Statistics (INE)

***** the reported total volume of sales of the food industry in 2008 is 12,188 Million Euros but this does not correspond to the sum of the parts. For the effect of comparison of share of sales we preferred to include the sum of the parts.

Table 4 shows that household expenditure on food and beverage is estimated to have increased in 2010, following higher prices of food items.

**Table 4. Household expenditure on food and beverage products**

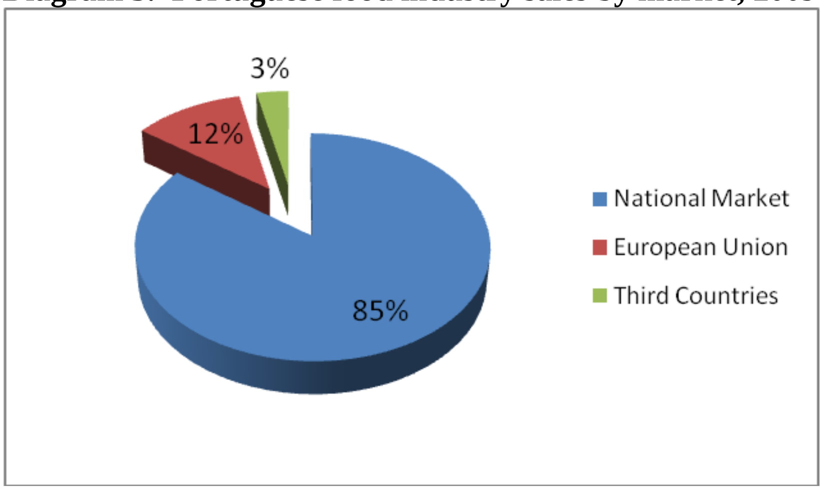
| | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e |
|---|---|---|---|---|---|---|
| *Million Euros* | 17,762 | 18,590 | 19,417 | 20,530 | 20,104 | 20,423 |
| *year-on-year growth(%)* | | 4.7% | 4.5% | 5.7% | -2.1% | 1.6% |

Source: National Institute of Statistics (INE)

**Trade**

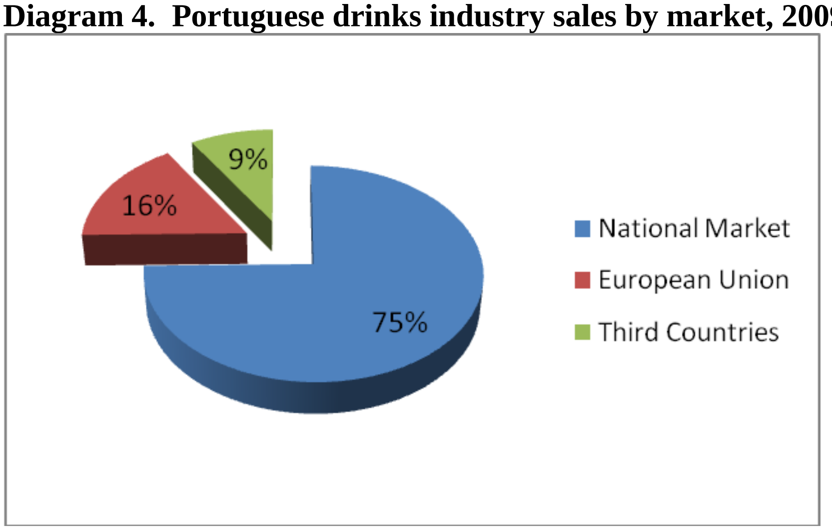
Portugal's food and the drinks industries target mostly the internal market. The country still has a big deficit in terms of food production with 44 per cent of total food consumption in 2009 being imported.

**Diagram 3. Portuguese food industry sales by market, 2009**




Source: National Institute of Statistics (INE)

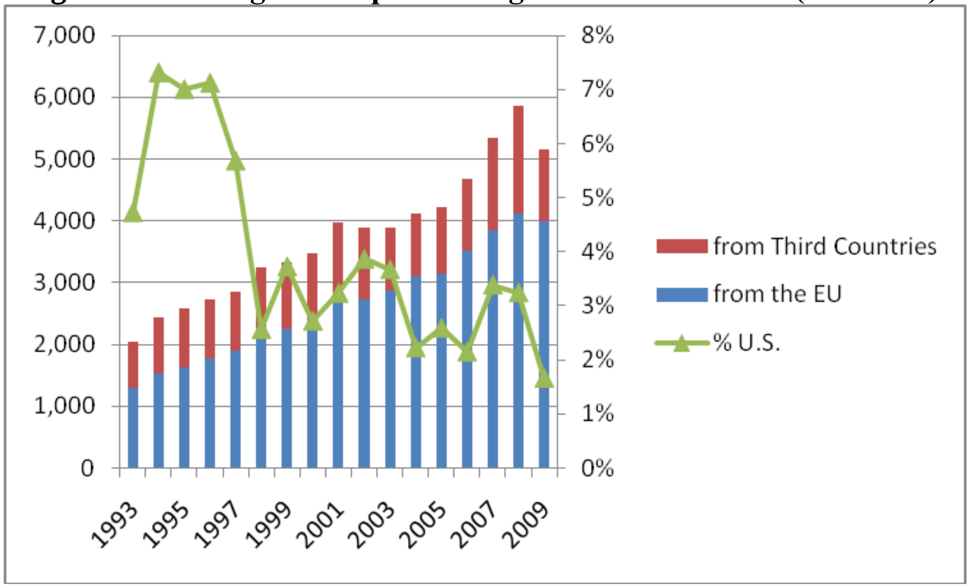
**Diagram 4. Portuguese drinks industry sales by market, 2009**




Source: National Institute of Statistics (INE)

Both imports and exports of food ingredients have been increasing as the country progresses in its integration on the world markets. The value of imports from the U.S. occupies a low share of the total as Portugal has been turning to imports from other EU countries.

**Diagram 5. Portuguese Imports of Agricultural Products (€ Million)**




Source: National Institute of Statistics (INE)

Portugal's competitive food processing sector should be an important target for U.S. food-ingredient exporters. The sector is modern and innovative paying special attention to the quality, safety, and traceability of the food products it produces. Some of the main advantages and challenges faced by U.S. exporters of food ingredients and products are shown in Table 5.

**Table 5. Advantages and Challenges facing U.S. products in Portugal**

| Advantages | Challenges |
|---|---|
| Portugal is a net importer of food and agricultural products. U.S. food and agricultural products have a good reputation for quality. | U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads. |
| Good network of agents and importers to help get product into the market. Portugal is also a good gateway to export to Portuguese speaking countries in Africa. | Importers prefer to take delivery on short notice to avoid storage charges. High marketing costs with advertising, discounts, etc. U.S. suppliers may need to conduct promotion activities. |
| Portuguese exports of consumer-ready food products are holding and are expected to expand. This is an opportunity for U.S. exports of food ingredients. | Household disposable income is getting lower as the economic crisis unfolds in the country. |
| Consumers are more health conscious and demand has been growing for value-added products, convenience foods and functional foods. | EU labeling, traceability, and packaging laws and a reluctance to purchase products containing genetically modified ingredients can be a challenge. |
| Favorable dollar exchange rate. | Competition from neighboring EU countries is fierce. |

## *SECTION II. ROAD MAP FOR MARKET ENTRY*

### *A. Entry Strategy*

Success in introducing your product in the Portuguese market depends on acquiring local representation and making personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade laws, sales contacts, and market development expertise. Good contacts are important for the exporter to be aware of future contracts and participate in tenders. Having a distributor that is appointed on an exclusive basis is ideal.

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

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

**Food Standards and Regulations**

U.S. processed food exporters face additional challenges in the Portuguese market because of the EU labeling and traceability regulations. Any product that contains genetically modified ingredients must be labeled so that the consumer can distinguish the product. Since Portuguese consumers are not familiar with genetically modified ingredients, food processors, retailers and the HRI sector may be reluctant to purchase these products.

For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standards Report (FAIRS) and the FAIRS Export Certificate Report for the EU at: http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp. Also, please check the U.S. Mission to the European Union web page at http://www.useu.be/agri/expguide.html for helpful information on exporting U.S. food and agricultural products into the EU.

**Import and Inspection Procedures**

Portugal uses the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment (that is, members of the World Trade Organization (WTO) and countries with which the EU has signed trade agreements) including the United States. However, the EU has negotiated free-trade agreements, providing in many cases tariff-free access to the European market, which can leave the U.S. exporter at a disadvantage.
The local importer is responsible to the Portuguese Government of imported food products when they enter Portuguese territory. Therefore, the Portuguese agent/importer should guide you through the whole process to market your product in Portugal.

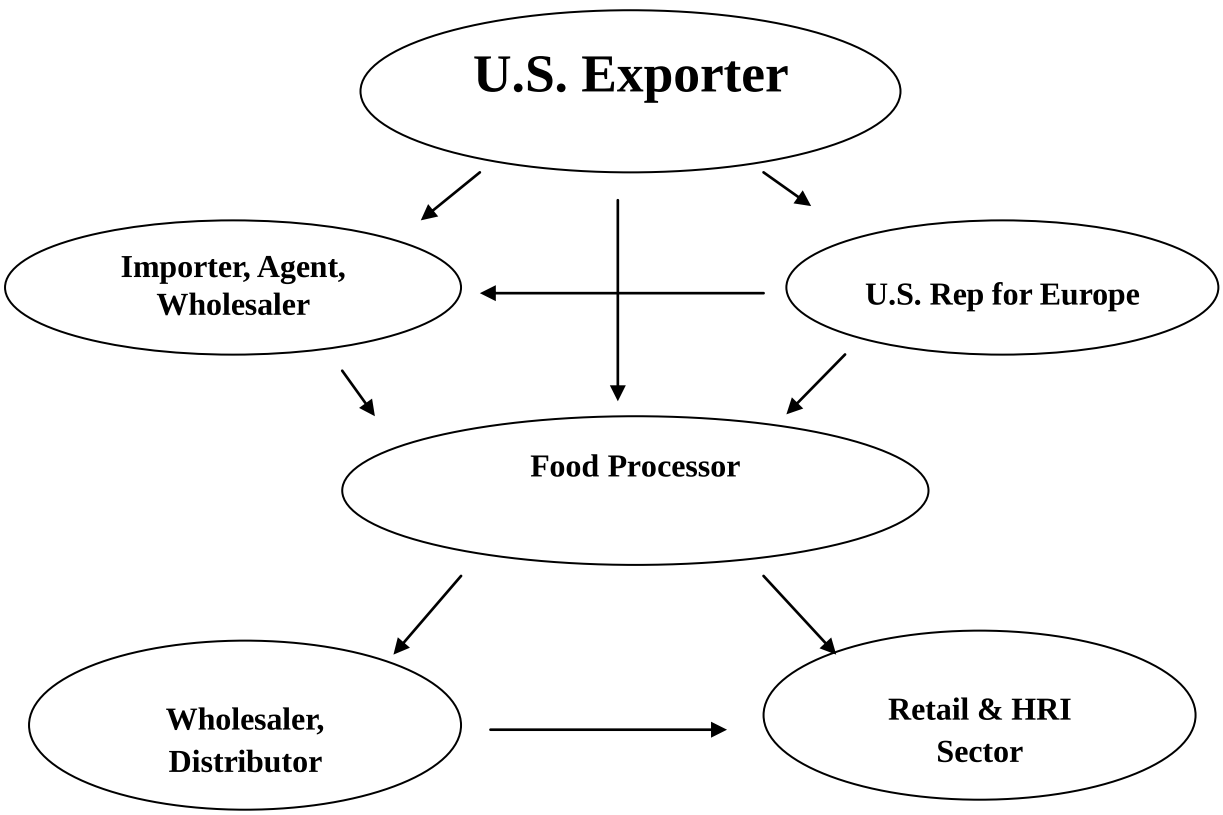
The following documents are required for ocean or air cargo shipments of food products to Portugal:

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

Most food products require an Import Certificate issued by the competent Portuguese authority. However, the Import Certificate is obtained by the Portuguese importer and/or the agent involved in the business and is intended for tariff classification purposes. Please keep in mind that if the product you are exporting into Portugal does not comply with EU harmonized regulations, Portuguese customs or health authorities may not allow entry of the product.

*B. Market Structure*

**Diagram 6 – Market Structure**



*C. Company Profiles*

Portugal has a wide range of food-processing sectors, many of them importing food ingredients.

**Table 6. Some of the Highest Turnover Food Industry Companies in Portugal**

| NAME | Sub-sector | Region | Turnover (Euros) | # Employees |
|---|---|---|---|---|
| LACTOGAL - PRODUTOS ALIMENTARES, S.A. | Dairy | Porto | 686,574,204 | 1775 |
| SOVENA PORTUGAL - CONSUMER GOODS, S.A. | Edible Oils | Oeiras | 565,792,249 | 260 |
| UNICER - BEBIDAS, S.A. | Drinks | Matosinhos | 451,092,422 | 1090 |
| SCC - SOCIEDADE CENTRAL DE CERVEJAS E BEBIDAS, S.A | Drinks | Vila Franca de Xira | 389,924,578 | 823 |
| SUMOL + COMPAL, MARCAS, S.A. | Drinks | Oeiras | 231,952,792 | 1300 |
| SOVENA OILSEEDS PORTUGAL, S.A | Edible Oils | Oeiras | 225,061,419 | 124 |
| REFRIGE - SOCIEDADE INDUSTRIAL DE REFRIGERANTES, S.A. | Drinks | Palmela | 188,546,690 | 426 |
| DANONE PORTUGAL, S.A. | Dairy | Lisboa | 171,882,293 | 283 |
| SIDUL AÇUCARES, UNIPESSOAL LDA | Sugar | Loures | 147,738,053 | 209 |
| CARNES DO CONTINENTE - INDÚSTRIA E DISTRIBUIÇÃO DE CARNES S.A | Meat Products | Matosinhos | 133,588,595 | 536 |
| SOGRAPE VINHOS, S.A. | Drinks | Vila Nova de Gaia | 127,679,464 | 560 |
| RAÇÕES VALOURO, S.A. | Animal Feed | Lourinhã | 117,138,153 | 135 |
| LUSIAVES - INDÚSTRIA E COMÉRCIO AGRO-ALIMENTAR, S.A. | Poultry | Figueira da Foz | 109,404,851 | 509 |
| FROMAGERIES - BEL PORTUGAL, S.A. | Dairy | Lisboa | 107,851,382 | 615 |
| NOVADELTA - COMÉRCIO E INDÚSTRIA DE CAFÉS, S.A | Coffee | Campo Maior | 106,610,397 | 398 |
| RIBERALVES - COMERCIO E INDUSTRIA DE PRODUTOS ALIMENTARES, S.A. | Fish Products | Torres Vedras | 103,592,991 | 110 |
| KRAFT FOODS PORTUGAL - PRODUTOS ALIMENTARES, UNIPESSOAL, LDA. | Consumer Ready | Amadora | 102,617,979 | 34 |
| CEREALIS - PRODUTOS ALIMENTARES, S.A. | Baking Industry | Maia | 95,580,143 | 328 |
| RAR - REFINARIAS DE AÇÚCAR REUNIDAS, S.A. | Sugar | Porto | 95,158,770 | 237 |
| SICASAL - INDÚSTRIA E COMÉRCIO DE CARNES, S.A. | Meat Products | Mafra | 94,441,662 | 648 |
| CEREALIS - MOAGENS, S.A. | Milling Industry | Maia | 92,240,807 | 193 |
| SUGALIDAL - INDUSTRIAS DE ALIMENTAÇÃO, S.A | Tomato Processing | Benavente | 91,495,247 | 400 |
| NOBRE ALIMENTAÇÃO, S.A. | Meat Products | Rio Maior | 88,782,413 | 770 |

Source: Portuguese Entrepreneurial Association (AEP)

*D. Sector Trends*

The Portuguese food industry has been adapting to an open market, while at the same time changing its production structures to face increasingly demanding environment legislation. A growing number of companies adopt hazard analysis and critical control point (HACCP) systems and choose to be certified according to internationally recognized quality and safety standards. Communication with consumers has been perfected and the information included on labels is in many cases more detailed than what is legally demanded.

Some of the current most important market drivers are:

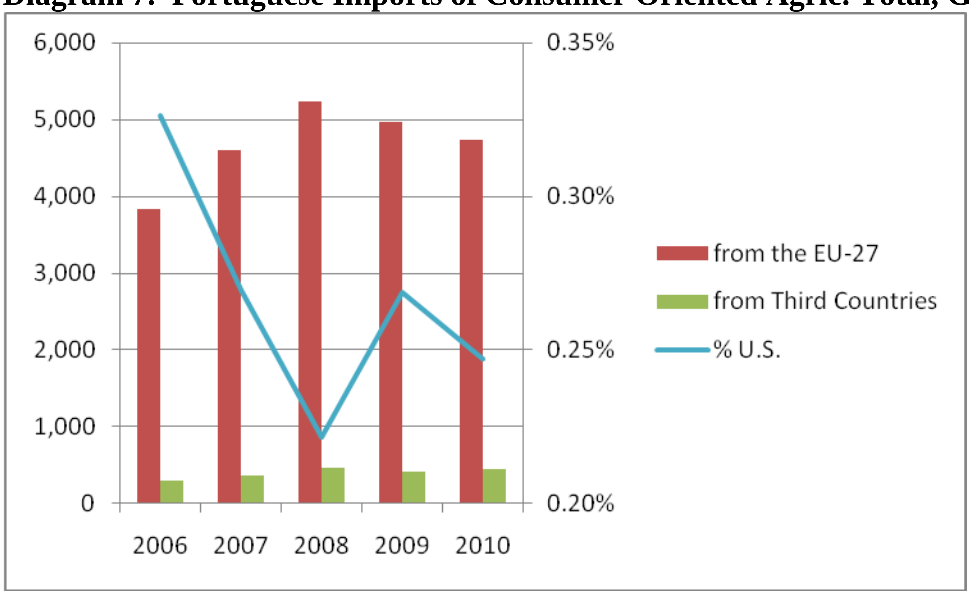
- The macroeconomic conditions that the country is living in are leading to a fall in the consumption of higher value added products and in the number of meals taken outside the household. Imports of consumer oriented agricultural products have decreased for the second consecutive year in 2010 (Diagram 7).

- At the same time Portuguese exports of consumer-ready food products are holding and are expected to expand, increasing its market share mostly in third countries (Diagram 8). This is an opportunity for U.S. exports of food ingredients.

- Demanding labeling and traceability requirements are forcing consolidation of all levels of the food chain.

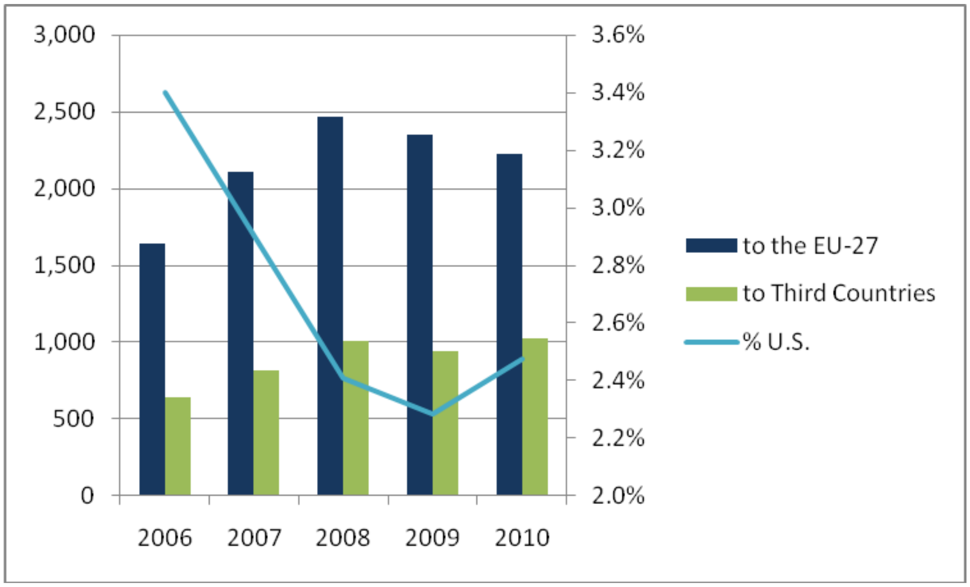
- Consumers have become more health conscious: problems concerning food safety are widely publicized and usually receive immediate attention from government agencies.

**Diagram 7. Portuguese Imports of Consumer Oriented Agric. Total, Group 32 (US$ Million)**




Source: Global Trade Atlas (GTA)

**Diagram 8. Portuguese Exports of Consumer Oriented Agric. Total, Group 32 (US$ Million)**

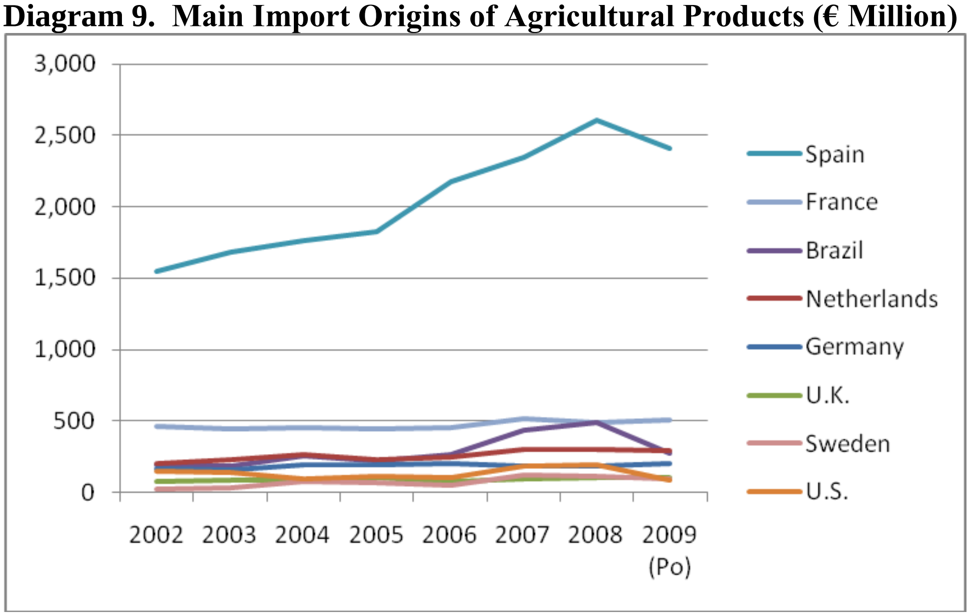



Source: Global Trade Atlas (GTA)

*SECTION III. COMPETITION*

U.S. exporters face competition from EU countries that benefit from the Common Market, and face lower transportation costs and difficulties in shipping mixed or smaller container loads. This is true for agricultural products (Diagram 9) and for food products (Diagram 10).

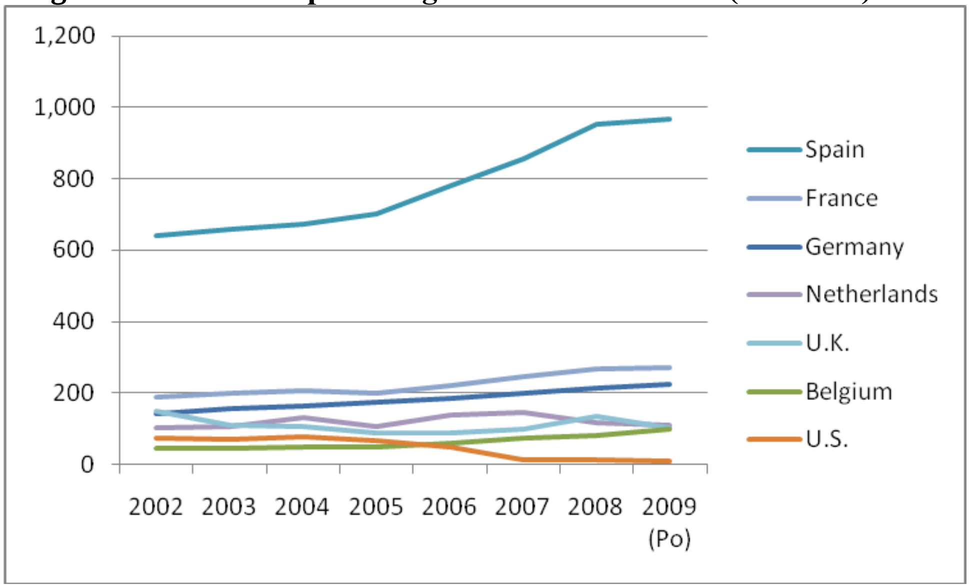
**Diagram 9. Main Import Origins of Agricultural Products (€ Million)**




Source: National Institute of Statistics (INE)

EU countries also use the same labeling, traceability, and packaging laws. Its products are in most cases free of genetically modified ingredients.

**Diagram 10. Main Import Origins of Food Products (€ Million)**

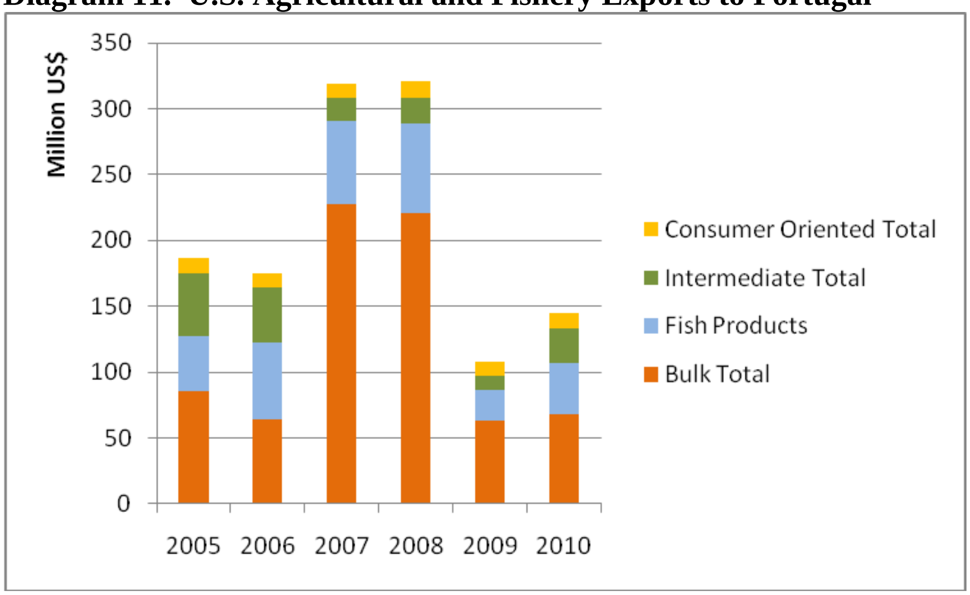



Source: National Institute of Statistics (INE)

*SECTION IV. BEST PRODUCT PROSPECTS*

Following rebounding world commodity prices U.S. exports of agricultural and food products to Portugal have recovered in 2010 (Diagram 11).

**Diagram 11. U.S. Agricultural and Fishery Exports to Portugal**




Source: FAS – BICO

Bulk products continue to be the most important in value as Portugal has a chronic deficit of cereals and protein crop products. This means wheat, coarse grains, and products of the soybean complex will always be among the most important U.S. exports to Portugal (Table 7 and 8).

**Table 7. U.S. Exports of Bulk Products to Portugal**

| | January - December | | | | |
|---|---|---|---|---|---|
| | Values in Thousands of dollars | | | | |
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Product | Value | Value | Value | Value | Value |
| **Bulk Total** | **64,067** | **227,356** | **221,004** | **62,893** | **68,007** |
| Tobacco | 11,880 | 45,719 | 34,827 | 42,569 | 27,502 |
| Wheat | 1,630 | 38,937 | 34,234 | 8,435 | 18,920 |
| Soybeans | 46,590 | 117,461 | 117,595 | 8,864 | 13,639 |
| Coarse Grains | 13 | 15,833 | 23,481 | 37 | 3,741 |
| Peanuts | 249 | 813 | 1,312 | 721 | 1,616 |
| Pulses | 1,904 | 794 | 1,853 | 1,426 | 1,394 |
| Cotton | 1,580 | 7,273 | 6,831 | 421 | 713 |
| Other Bulk Commodities | 221 | 526 | 834 | 420 | 482 |
| Rice | 0 | 0 | 37 | 0 | 0 |

Source: FAS – BICO

**Table 8. U.S. Exports of Intermediate Products to Portugal**

| | January - December | | | | |
|---|---|---|---|---|---|
| | Values in Thousands of dollars | | | | |
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Product | Value | Value | Value | Value | Value |
| **Intermediate Total** | **41,784** | **17,580** | **19,832** | **10,583** | **26,477** |
| Soybean Meal | 0 | 3 | 7 | 0 | 11,372 |
| Planting Seeds | 5,310 | 3,184 | 5,789 | 4,921 | 6,619 |
| Other Intermediate Products | 1,102 | 2,220 | 3,877 | 5,115 | 5,355 |
| Feeds & Fodders | 30,318 | 9,021 | 9,743 | 0 | 2,886 |
| Hides & Skins | 423 | 383 | 219 | 297 | 171 |
| Sugar, Sweeteners, Bev Bases | 292 | 299 | 178 | 53 | 31 |
| Live Animals | 195 | 146 | 0 | 66 | 21 |
| Vegetable Oils (Ex Soybean) | 4,145 | 2,324 | 17 | 132 | 21 |
| Soybean Oil | 0 | 0 | 3 | 0 | 0 |

Source: FAS – BICO

Tree nuts, and in particular almonds and walnuts, are some of the most valuable U.S. exports to Portugal. Its share is higher than 50% of all consumer oriented products exported by the U.S. and it is rising (Table 9).

**Table 9.  U.S. Exports of Consumer Oriented Products to Portugal**

| | January - December | | | | |
|---|---|---|---|---|---|
| | Values in Thousands of dollars | | | | |
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Product | Value | Value | Value | Value | Value |
| **Consumer Oriented Total** | **11,327** | **10,718** | **12,420** | **10,858** | **11,444** |
| Tree Nuts | 5,609 | 4,673 | 5,841 | 5,619 | 6,496 |
| Other Consumer Oriented | 2,284 | 2,726 | 1,531 | 2,282 | 2,298 |
| Snack Foods | 460 | 679 | 723 | 717 | 880 |
| Processed Fruit & Vegetables | 903 | 323 | 1,743 | 648 | 744 |
| Pet Foods | 1,117 | 1,134 | 1,061 | 448 | 416 |
| Breakfast Cereals | 96 | 223 | 194 | 242 | 240 |
| Fruit & Vegetable Juices | 98 | 191 | 95 | 483 | 149 |
| Dairy Products | 193 | 293 | 105 | 233 | 123 |
| Red Meats, FR/CH/FR | 235 | 311 | 989 | 54 | 38 |
| Wine and Beer | 139 | 140 | 19 | 15 | 35 |
| Poultry Meat | 32 | 16 | 42 | 4 | 12 |
| Fresh Vegetables | 0 | 0 | 18 | 0 | 12 |
| Red Meats, Prep/Pres | 0 | 4 | 0 | 0 | 0 |
| Eggs & Products | 70 | 0 | 0 | 0 | 0 |
| Nursery Products | 91 | 4 | 58 | 111 | 0 |

Source: FAS – BICO

Fish products are very promising products to export to Portugal.  The country has one of the highest per capita consumption levels of fish in the world and its relationship with cod is inextricable from national history and local culture.  Moreover, Portuguese companies have successfully been processing Pacific cod for internal consumption and re-export into Latin America in recent years (Table 10).

**Table 10.  U.S. Exports of Fish Products to Portugal**

| | January - December | | | | |
|---|---|---|---|---|---|
| | Values in Thousands of dollars | | | | |
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Product | Value | Value | Value | Value | Value |
| **Fish Products** | **58,047** | **63,434** | **67,416** | **23,731** | **38,489** |
| Other Edible Fish & Seafood | 55,628 | 58,592 | 61,319 | 21,630 | 36,831 |
| Salmon Whole or Eviscerated | 1,065 | 4,488 | 5,757 | 1,347 | 1,543 |
| Roe & Urchin (Fish Eggs) | 790 | 286 | 328 | 357 | 115 |
| Salmon Canned | 0 | 57 | 0 | 0 | 0 |
| Crab & Meat | 85 | 11 | 12 | 42 | 0 |
| Surimi (Fish Paste) | 478 | 0 | 0 | 356 | 0 |

Source: FAS – BICO

**Table 11. Products present in the market that have good sales potential**

| HS Code | Product Category | 2010 Market Size (US$ Million) | 2010 Portuguese Imports (US$ Million) | 5 Year Average Import Growth (%) | Import Tariff Rate | Key Constraints | Attraction for U.S. Exporters |
|---|---|---|---|---|---|---|---|
| 1001 | Wheat | 352 | 338 | -7% | * | Price sensitivity. | Portugal is a net importer of grains. |
| 1005 | Corn | 486 | 339 | 6% | * | GM legislation | Portugal is a net importer of grains and oilseeds for feed consumption. |
| 120100 | Soybeans | 364 | 375 | -17% | * | Price sensitivity and volatility. Competition from Brazil. GM legislation. | Portugal is a net importer of grains and oilseeds for feed consumption. |
| 120810 | Soybean Meal | 1 | 5 | 40% | * | Price sensitivity and volatility. Competition from Brazil and Argentina. | Portugal is a net importer of feed raw materials. |
| 1507 | Soybean Oil | 56 | 116 | 656% | * | Price sensitivity and volatility. Competition from Brazil and Argentina. | Food and Biodiesel Market. |
| 120600 | Sunflower Seeds | 151 | 67 | 131% | * | Competition from Israel, Argentina and China. | Good reputation of U.S. produced confectionary sunflower seeds. |
| 713 | Pulses | 42 | 59 | -6% | * | Strong competition from Canada and Argentina. | Domestic consumption of pulses is high in Portugal, particularly for dry edible beans, an important component of the Portuguese diet. Portuguese companies also process and re-export dry edible beans. |
| 802 | Nuts | 236 | 42 | -6% | * | Aflatoxin controls. | Domestic consumption of tree nuts is increasing due to their utilization in the confection industry. |
| 303 | Frozen Fish | 526 | 413 | -25% | * | Heavy competition from other EU Member States and domestic suppliers. | Good reputation and reliability of U.S. producers. New market opening up for re-exports to Brazil after processing in Portugal. |

* Please see 2011 EU Common Customs Tariff for the conventional rate of duties (%) and the WTO tariff quotas to be opened by the competent Community authorities (Annex 7).

*SECTION V.  POST CONTACT AND FURTHER INFORMATION*

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

**Foreign Agricultural Service**
American Embassy, Madrid American Embassy, Madrid
PSC 61, Box 20 C/ Serrano, 75
APO AE 09642 28006 Madrid
Tel. +34-91 587 2555 Spain
Fax: +34-91 587 2556
Email: AgMadrid@usda.gov
http://spanish.madrid.usembassy.gov/

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

**Trade Associations**

**APED-Associação Portuguesa de Empresas de Distribuição**
(Portuguese Association of Distribution Companies)
Campo Grande, 285-5º
1700-096 Lisboa
Tel: +351-21-751-0920
Fax: +351-21-757-1952
www.aped.pt

**ARESP-Associação da Restauração e Similares de Portugal**
(Portuguese Associations for HRIs Sector)
Av. Duque d'Avila, 75
1000 Lisboa
Tel. +351-21-352-7060
Fax: +351-21-354-9428
Email: aresp@aresp.pt
www.aresp.pt

**FIPA-Federação das Indústrias Portuguesas Agro-Alimentares**
(Federation of the Agro-Food Portuguese Industries)
Av. António José de Almeida, 7-2º

1000-042 Lisboa
Tel: +351-21-793-8679
Fax: +351-21-793-8537
Email: info@fipa.pt
www.fipa.pt

## Government Agencies

**ASAE - Autoridade da Segurança Alimentar e Económica**
(Food Safety and Economic Authority)
Av. Conde de Valbom, 98
1069-185 Lisboa
Tel. +351-217 983 600
Fax: +351-217 983 654
Email: correio.asae@asae.pt
www.asae.pt

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

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

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

**Other Related Reports:**

| Report number | Title | Date released |
|---|---|---|
| LINK | Exporter Guide Annual 2011 - Portugal | 03/23/2011 |
| LINK | EU-27 Food and Agriculture Import Regulations | |

These reports can be accessed through the FAS website http://gain.fas.usda.gov/Pages/Default.aspx.

## Annex I. Statistics

### Table A1. Total number and value of sales of food industry companies by business type

| CAE Rev.3 | Designation | Economic Activity Units (UAE) | Value of Sales | | | | Services |
|---|---|---|---|---|---|---|---|
| | | | Total | National Market | European Union | Third Countries | |
| | | # | Euros | | | | |
| **10** | **Food Industry Total** | **1,981** | **8,171,584,448** | **6,956,533,670** | **942,342,753** | **272,708,025** | **95,657,733** |
| 10110 | Livestock slaughter (meat production) | 101 | 734,677,095 | 689,341,258 | 35,140,619 | 10,195,218 | 31,014,903 |
| 10120 | Poultry slaughter (meat production) | 33 | 473,630,126 | 467,401,932 | 5,668,114 | 560,080 | 2,562,086 |
| 10130 | Production of meat products | 141 | 529,505,624 | 449,761,072 | 18,518,077 | 61,226,475 | 8,572,940 |
| 10200 | Preparation and conservation of fish, crustaceans, and mollusks | 93 | 634,114,722 | 448,789,081 | 129,163,426 | 56,162,215 | 14,040,054 |
| 10310 | Preparation and conservation of potatoes | 9 | 81,761,318 | 77,244,818 | 4,516,500 | 0 | 0 |
| 10320 | Production of juices from fruit and vegetable products | 10 | 104,569,179 | 98,607,729 | … | … | … |
| 10391 | Freezing of fruit and vegetable products | 8 | 57,728,595 | 13,277,010 | 43,981,017 | 470,568 | 29,538 |
| 10392 | Drying and dehydration of fruit and vegetable products | 3 | 12,564,858 | … | 11,111,278 | … | 0 |
| 10393 | Production of sweets, jams, jellies, and marmalade | 20 | 8,842,388 | 8,572,597 | 218,338 | 51,453 | … |
| 10394 | Shelling and processing of edible nuts | 23 | 39,265,806 | 19,039,705 | 19,219,662 | 1,006,439 | … |
| 10395 | Preparation and conservation of fruit and vegetables for other processes | 25 | 225,276,646 | 75,036,426 | 119,422,055 | 30,818,165 | … |
| 10411 | Production of raw animal oils and fats | 5 | 11,766,236 | 2,913,763 | 7,115,441 | 1,737,032 | … |
| 10412 | Production of olive oil | 98 | 57,762,592 | 47,722,732 | 9,436,636 | 603,224 | 1,726,646 |
| 10413 | Production of raw vegetable oils (except olive oil) | 10 | 392,841,980 | 357,917,756 | 34,924,224 | 0 | … |
| 10414 | Refining of olive oil, oils and fats | 6 | 216,844,139 | 174,753,925 | 9,598,412 | 32,491,802 | … |
| 10420 | Production of margarines and similar edible fats | 2 | 34,418,062 | 31,000,758 | 3,417,304 | 0 | 0 |
| 10510 | Dairy industry | 76 | 1,223,752,689 | 1,108,533,515 | 99,960,364 | 15,258,810 | 306,430 |
| 10520 | Production of ice-creams and sorbets | 16 | 37,294,260 | 18,626,286 | … | … | … |

| CAE Rev.3 | Designation | Economic Activity Units (UAE) | Value of Sales | | | | Services |
|---|---|---|---|---|---|---|---|
| | | | Total | National Market | European Union | Third Countries | |
| | | # | Euros | | | | |
| 10611 | Milling of cereals | 51 | 274,018,041 | 269,462,674 | 3,627,704 | 927,663 | … |
| 10612 | Husking, whitening and other treatments of rice | 7 | 105,611,465 | 96,937,094 | … | … | 21,250 |
| 10613 | Processing of cereals and legume crops, n.e. | 8 | 49,267,065 | 46,570,961 | … | … | 0 |
| 10620 | Production of starch paste and flour and similar products | 1 | … | … | … | … | 0 |
| 10710 | Bread and pastry baking | 975 | 617,395,521 | 595,388,377 | 21,933,079 | 74,065 | 31,256,856 |
| 10720 | Production of cookies, biscuits, toasts, and conservation pastry | 52 | 203,365,088 | 141,748,362 | 52,400,598 | 9,216,128 | 572,277 |
| 10730 | Production of dough, cuscus and similar products | 4 | 69,120,219 | 64,241,154 | … | … | 0 |
| 10810 | Sugar industry | 7 | 312,637,320 | 164,929,602 | … | … | 2,187,617 |
| 10821 | Production of cocoa and chocolate | 9 | 22,040,829 | 18,306,954 | 1,766,761 | 1,967,114 | 0 |
| 10822 | Production of confectionary products | 25 | 33,651,465 | 27,684,236 | 287,227 | 5,680,002 | … |
| 10830 | Coffee and tea industry | 28 | 325,986,666 | 288,074,110 | 32,395,176 | 5,517,380 | 163,028 |
| 10840 | Production of condiments and seasonings | 18 | 54,234,088 | 31,309,169 | 20,066,318 | 2,858,601 | 30,463 |
| 10850 | Production of pre-cooked meals | 14 | 17,878,588 | 16,782,664 | 947,130 | 148,794 | 0 |
| 10860 | Production of homogenized and dietary food products | 4 | 64,480,611 | 37,174,067 | … | … | 0 |
| 10891 | Production of ferment, yeasts, and adjuvants for the bread and pastry baking | 7 | 21,232,487 | 7,206,512 | 11,073,099 | 2,952,876 | 0 |
| 10892 | Production of gruels, soups and deserts | 7 | 32,996,204 | 19,328,823 | … | … | 0 |
| 10893 | Production of other sundry food products, n.e. | 14 | 96,587,913 | 60,338,256 | 32,504,201 | 3,745,456 | … |
| 10910 | Production of food for breeding stock | 67 | 961,380,959 | 952,295,934 | 8,577,536 | 507,489 | 558,545 |
| 10920 | Production of food for pets | 4 | … | 6,003,982 | 1,403,713 | … | 0 |

Source: National Institute of Statistics (INE)

## Table A2. Production and sales of the main Food Industry products

| Produced Products | | Unit | Quantity Produced 2008 (Rv) | Quantity Produced 2009 | Quantity Sold 2009 | Value of Sales (Euros) |
|---|---|---|---|---|---|---|
| Main Products: | | | | | | |
| | Milk Pasteurized and Ultra pasteurized, not concentrated, without added sugar or other sweeteners, whole and semi-skimmed (6% ≥fat content >1%), in ready packages with liquid content ≤ 2 L | kg | 767,199,164 | 721,130,605 | 729,770,225 | 384,603,517 |
| | Food for breeding stock (except pre-mixes): barn animals | kg | 1,459,917,060 | 1,363,467,155 | 1,329,491,737 | 379,727,226 |
| | Bread without added honey, eggs, cheese or fruit | kg | 263,114,561 | 260,787,333 | 257,339,853 | 375,039,960 |
| | White cane or beet sugar, in solid state | kg | 461,627,537 | 515,026,557 | 486,313,113 | 300,026,568 |
| | Roasted, non decaffeinated coffee | kg | 34,952,869 | 37,014,601 | 36,558,695 | 279,920,767 |
| | Broilers, roosters and whole chickens, fresh or refrigerated | kg | 142,182,817 | 172,380,802 | 167,215,247 | 278,929,810 |
| | Grated or powdered cheeses, blue paste cheeses, and other cheeses | kg | 53,662,675 | 56,100,753 | 56,576,549 | 277,014,345 |
| | Food for breeding stock (except pre-mixes): swine | kg | 1,144,503,221 | 979,625,150 | 971,386,438 | 257,514,822 |
| | Pastry | kg | 58,747,431 | 58,972,520 | 58,040,822 | 238,082,677 |
| | Food for breeding stock (except pre-mixes): cattle | kg | 1,057,867,085 | 951,425,305 | 949,580,128 | 229,889,859 |
| | Swine meats, fresh or refrigerated, except loins, legs, shoulders and cuts thereof, carcasses and half carcasses | kg | 96,616,106 | 101,046,092 | 98,821,205 | 207,982,707 |
| | Curd, cream, yogurts and other fermented products, with aromas or added of fruit, including shell fruits, or cocoa, includes kefir (except powdered, granulated or other solid form) | kg | 98,563,258 | 102,788,302 | 98,779,131 | 206,530,105 |
| | Dry or salted fish | kg | 47,808,669 | 51,260,937 | 37,143,951 | 204,160,569 |
| | Wheat or wheat and rye mix flours | kg | 659,969,541 | 675,720,166 | 655,823,730 | 203,796,862 |
| | Sausages and similar products, of meat, offal or blood, includes food preparations made from such products (except liver and prepared meals) | kg | 67,643,719 | 69,381,723 | 68,427,268 | 203,492,926 |
| | Bagasse and other solid residues, even grinded or in pellets, from the extraction of soybean oil | kg | 606,053,480 | 622,432,400 | 654,090,059 | 200,446,519 |
| | Swine loins, legs, shoulders and cuts thereof, not deboned, fresh or refrigerated | kg | 74,848,528 | 67,461,015 | 65,581,173 | 148,405,057 |
| | Salt water fish, frozen | kg | 50,716,536 | 60,423,062 | 48,083,528 | 146,339,787 |
| | Swine carcasses and half-carcasses (includes suckling pigs and wild boars), fresh or refrigerated | kg | 148,842,679 | 142,422,189 | 65,125,858 | 130,939,472 |
| | Tomato concentrate | kg | 206,404,608 | 184,419,422 | 133,802,335 | 118,163,399 |
| Other food products | | x | x | x | x | **3,400,577,494** |
| | **Total Produced Products** | **x** | **x** | **x** | **x** | **8,171,584,448** |

Source: National Institute of Statistics (INE)

## Table A3. Total number and value of sales of Beverage Industry companies by business type

| CAE Rev.3 | Designation | Economic Activity Units (UAE) | Value of Sales | | | | Services |
|---|---|---|---|---|---|---|---|
| | | | Total | National Market | European Union | Third Countries | |
| | | # | Euros | | | | |
| **11** | **Total Beverage Industry** | **279** | **2,469,069,706** | **1,845,410,232** | **403,084,676** | **220,574,798** | **59,213,919** |
| 11010 | Production of distilled alcoholic drinks | 58 | 56,283,896 | 51,548,985 | 2,198,365 | 2,536,546 | 224,690 |
| 11020 | Wine industry | 171 | 932,837,966 | 490,705,810 | 319,500,869 | 122,631,287 | 39,892,666 |
| 11030 | Production of cider and other fermented fruit drinks | 1 | … | … | … | … | 0 |
| 11040 | Production of vermouths and other fermented non-distilled drinks | 0 | 0 | 0 | 0 | 0 | 0 |
| 11050 | Production of beer | 5 | 632,995,753 | 509,281,537 | 38,601,540 | 85,112,676 | 24,871 |
| 11060 | Production of malt | 2 | … | … | … | … | 0 |
| 11071 | Bottling of natural and spring mineral waters | 22 | 251,064,751 | 245,145,619 | 1,559,017 | 4,360,115 | 79,886 |
| 11072 | Production of soft drinks and other non-alcoholic drinks n.e. | 20 | 579,787,541 | 548,209,754 | 26,004,929 | 5,572,858 | 18,991,806 |

Source: National Institute of Statistics (INE)

## Table A4. Production and sales of the main Food Industry products

| Produced Products | Unit | Quantities | | | Value of Sales (Euros) |
|---|---|---|---|---|---|
| | | Produced | | Sold | |
| | | 2008 (Rv) | 2009 | | |
| Main Products: | | | | | |
| Malt beer | l | 814,800,620 | 742,079,530 | 739,571,064 | 629,345,840 |
| Soft drinks | l | 630,391,019 | 678,125,795 | 667,964,076 | 578,633,737 |
| Liqueur wines (Port, Madeira, Moscatel de Setúbal) with alcohol content higher than 15% vol | l | 169,766,589 | 168,962,307 | 134,885,255 | 448,114,324 |
| Mineral and gasified waters, without added sweeteners | l | 1,097,673,064 | 1,107,822,559 | 1,093,664,261 | 249,631,153 |
| Other red and rose wines | l | 138,393,425 | 135,224,194 | 148,243,808 | 193,940,677 |
| V.Q.P.R.D. red and rose wines | l | 63,334,217 | 65,458,937 | 45,185,410 | 111,117,123 |
| V.Q.P.R.D. white wines ("verde" and others) | l | 49,834,115 | 48,750,326 | 41,010,954 | 94,388,423 |
| Other white wines | l | 67,063,051 | 55,092,298 | 54,827,787 | 50,861,744 |
| Wine and grappa brandies | l alc 100% | 14,493,362 | 13,153,714 | 9,911,012 | 26,639,260 |
| Liqueurs and other spirits (includes mixed liqueur, cherry liqueur, bitter almond liqueur, anisette, and others) | l alc 100% | 2,052,698 | 2,189,039 | 2,104,423 | 26,590,835 |
| Quality sparkling wines with alcohol content equal or higher than 8,5% vol | l | 6,356,483 | 4,907,923 | 5,035,374 | 21,367,277 |
| Unroasted malt | kg | … | … | … | … |
| Grape must (except rectified) | l | 4,952,920 | 15,482,879 | 15,244,541 | 7,257,655 |
| Other wines and grape musts (includes concentrated, rectified, fresh and other musts) | l | 2,698,475 | 5,059,945 | 5,136,164 | 2,452,745 |
| Wine making wastes (includes grape bagasse); lees and gross wine scale | kg | 56,326,403 | 53,988,679 | 52,619,600 | 2,296,191 |
| Other waters without added aromas or sweeteners | l | 23,659,485 | 22,842,448 | 22,953,260 | 1,407,059 |
| Rum and other spirit drinks distilled from fermented sugarcane products (includes Madeira sugarcane brandy and tafia) | l alc 100% | 99,160 | 139,686 | 158,467 | 1,344,086 |
| Lees and wastes (dried grains) from the brewing and distilling industries | kg | 58,840,130 | 86,214,099 | 86,214,099 | 1,165,783 |

| Produced Products | | Unit | Quantities | | | Value of Sales (Euros) |
|---|---|---|---|---|---|---|
| | | | Produced | | Sold | |
| | | | 2008 (Rv) | 2009 | | |
| | Other non-alcoholic drinks, not containing milk fat, includes currant syrup | l | 1,437,830 | 1,132,641 | 1,125,847 | 1,056,163 |
| | Brandies obtained from fruit distillation (includes arbutus, pear, plum, fichus, and other fruits) | l alc 100% | … | … | … | … |
| Other beverage industry products | | x | x | x | x | **5,486,164** |
| | **Total Produced Products** | **x** | **x** | **x** | **x** | **2 469 069 706** |
| | | | | | | |

Source: National Institute of Statistics (INE)

### Table A5. Sector characterization in 2008

| 2008 | Companies | | Employees | | Turnover | | Gross Value Added | |
|---|---|---|---|---|---|---|---|---|
| | Number | % | Number | % | Million € | % | Million € | % |
| **Food and Drinks Industries** | 10,835 | 100% | 111,408 | 100% | 15,181 | 100% | 2,822 | 100% |
| Animal slaughtering, preparation, and conservation of meat and meat products | 633 | 6% | 16,814 | 15% | 2,199 | 14% | 332 | 12% |
| Preparation and conservation of fish, crustaceans, and other mollusks | 211 | 2% | 6,668 | 6% | 1,093 | 7% | 151 | 5% |
| Preparation and conservation of fruits and horticulture products | 228 | 2% | 3,020 | 3% | 455 | 3% | 86 | 3% |
| Production of animal and vegetable oils and greases | 500 | 5% | 2,231 | 2% | 1,101 | 7% | 90 | 3% |
| Dairy industry | 439 | 4% | 7,159 | 6% | 1,703 | 11% | 294 | 10% |
| Processing of cereals and legume crops; Production of starch paste and flour and like products | 299 | 3% | 1,913 | 2% | 764 | 5% | 93 | 3% |
| Manufacture of bakery products and other flour based products | 6,875 | 63% | 47,220 | 42% | 1,773 | 12% | 629 | 22% |
| Manufacture of other food products | 573 | 5% | 7,628 | 7% | 1,452 | 10% | 314 | 11% |
| Manufacture of food for animals | 128 | 1% | 3,432 | 3% | 1,515 | 10% | 135 | 5% |
| Drinks Industry | 949 | 9% | 14,079 | 13% | 2,993 | 20% | 665 | 24% |

Source: National Institute of Statistics (INE)