

SHIPPING REVIEW



INTRODUCTION

Since Portugal joined the European Community in 1986 it has become an increasingly service-based economy. Economic growth in Portugal was above the EU average for much of the 1990's but fell back in 2001-08. GDP per capita is around two-thirds of the EU-27 average. Portugal's economy has suffered as a result of the lower-cost producers in Central Europe and Asia attracting foreign direct investment. Like all other European countries, Portugal has felt the impact of the global economic downturn; in 2008 the economy declined 0.1%. Ireland and Portugal have traditionally had strong trade links, particularly in raw materials manufactures such as metal manufactures, minerals and most recently in construction related materials. However since the economic downturn this has had an effect on trade between Ireland and Portugal which in 2008 fell 1% after a 13% fall the previous year. Despite this there are a number of direct shipping links between Ireland and Portugal, transporting food and just in time goods to the markets.

TRAFFIC

Portugal has five major ports with good deep sea and shortsea connections. The Portuguese port sector is under the aegis of the Ministry for Public Works, Transport & Communications, more specifically the Secretary of State for Transport. Within this the Port & Sea Transport Institute are charged with responsibility for investment policy and tariffs, and co-ordination of strategic planning.

Shortsea Shipping Links

Although there are only a few shortsea services between Portugal and Ireland, they are longstanding and successful shortsea links. Portugal has always been a source of raw materials for Ireland, particularly during the building boom in 2006 and 2007. Grace Church (Jenkinson Agencies) offers a service every 10 days to Leixões on a loop to the Mediterranean and the Middle East. The once weekly service provided by MSC

from Dublin to Antwerp with a call at Leixões is no longer in operation. Mac Andrews operates a twice weekly Shortsea lo/lo service between Dublin, Leixões and Lisbon. They also operate a service from Bilbao which connects to Portugal via a rail link from Lisbon to Bilbao.

Port Facilities

The Portuguese coastline is dominated by the Atlantic, all of the major ports of Leixões, Sines and Lisbon have benefited from their geographic location, accessible to the main Atlantic commercial routes and short-sea connections to other EU nations.

Lisbon is the main hub port for cargo from Europe to Portugal. It is a multifunctional port handling all types of cargo including break bulk, cars, containers (both shortsea and deep sea), dry and liquid bulks, general cargo, grain, iron ore, project cargoes, fruit and ro/ro traffic. It has one of the largest silo facilities, capable of storing 200,000 tonnes of cereals. During the first quarter of 2008, the Port of Lisbon handled 7 million tonnes of merchandise, increasing 3.2% compared with the same period in 2007. In 2008, the Port of Lisbon recorded 308 cruise calls and 407,508 passengers; an increase of 34% on the previous year and a national record.¹

Port Leixões has the largest seaport infrastructure in the north of Portugal and is one of the most important ports in the country. It handles 25% of Portuguese foreign trade and 15 million tonnes of commodities annually.² It has 5 km of quays, 55ha of embankments and 120ha of wet area. Leixões has good road and rail access and is equipped with advanced information systems for vessel traffic control and management.

The port of Sines is located on the southwest coast of Portugal, 58 nautical miles south from Lisbon. It is a deepwater port,

Ship	Capacity	Route	Freq.
Gracechurch Crown	900	Dublin - Liverpool - Leixoes - Castellon - Salerno - Piraeus - Limassol - Alexandria - Beirut - Ashdod - Haifa - Mersin	1 every 10 days
Rachael Borchard	900	Dublin - Liverpool - Leixoes - Castellon - Salerno - Piraeus - Limassol - Alexandria - Beirut - Ashdod - Haifa - Mersin	1 every 10 days
Gracechurch Harp	962	Dublin - Liverpool - Leixoes - Castellon - Salerno - Piraeus - Limassol - Alexandria - Beirut - Ashdod - Haifa - Mersin	1 every 10 days
Helgaland	460	Dublin - Liverpool - Greenock - Rotterdam - Leixoes - Lisbon	1/wk
Valazquez	460	Dublin - Liverpool - Greenock - Rotterdam - Leixoes - Lisbon	1/wk

¹ <http://www.portodelisboa.pt>

² <https://www.apdl.pt>

³ <http://www.portodesines.pt>

⁴ www.strategis.ic.gc.ca

wide open to the sea and can facilitate the largest of vessels. The port handles the majority of the country's fuel imports at its liquid bulk, petrochemical and LNG terminals. There are also facilities to handle containers, ro-ro and multipurpose vessels. Current developments at the port include a 17.6 million euro project for the construction of a new railway. In the first quarter of 2009 The Port of Sines handled 5.4 million tonnes or 4% of the total of cargo handled by the Portuguese ports.

The LNG (Liquefied Natural Gas) and multipurpose terminals' performance grew by 5% and 14% respectively. During the three first months of 2009, the LNG Terminal was responsible for supplying 70% of the gas consumed in the country, compared with 55% against the same period in 2008.

The Liquid Bulks terminal, which represents nearly 50% of total cargo handled at the port, registered a decrease of 1.7 million tonnes.

The Sines Container Terminal handled 44,911 TEU during the first quarter of 2009 with January witnessing a decrease of 33%; however February and March were more positive, increasing by 12% and 14% respectively³.

Infrastructure

In 2000, the Government of Portugal implemented a port strategy programme to enhance and improve the competitiveness, quality and productivity in national ports and to increase operational efficiency. The funding for this programme came from the private sector as well as national government and was supported by EU money. Over the period 2000-2006, the EU allocated €3.2bn for investment in Portugal's maritime-port sector. The funding was provided to enable Portugal to upgrade its infrastructure, restructure and modernise its technologies & communication systems, develop its logistical capacity and become an integral part of the Trans-European Transport Network⁴. The objective was to provide a more efficient infrastructure to meet business needs, and enhance integration in inter-modal connections. This investment in the port infrastructure is now being realised at terminals across the country.

Following on from a period of investment during 2000-2006 the Port of Lisbon announced in 2007 its new strategic plan. The plan sets out the vision for the port over the next 10 years and highlights key areas where investment and expansion will take place. In April 2008, the Portuguese Government presented the Nova Alcântara project, with an investment of €407mn to improve road and rail links. More significant, however, is the expansion of the Alcântara Container Terminal which will add a further 650,000 TEU capacity to the port by 2013 which will be capable of handling the largest container ships.

The ports of Leixoes, Sines and Setubal are also making significant investments in infrastructure.

In 2004 the Port of Leixões' Strategic Development Plan was approved, setting out a 10 year plan to improve the port's competitiveness. Funding for the plan was provided by the EU allocation of €3.2bn to be invested in Portugal's maritime sector. At present a number of the phases have been completed

including the dredging of the channel to 12m, the replacement of a drawbridge allowing for panamax vessels to enter the port and the construction of a road linking the port to Portugal's motorway network. This will improve congestion in the hinterland and reduce the environmental effects of the ports activities. Other developments yet to be completed are the construction of 300m multi-purpose terminal, the creation of a logistical platform with high speed rail links and a new cruise terminal.

Trade

Portugal has a population of approximately 10.7 million and a geographic area of 92,391 km². As a member of the OECD, IMF and NATO, Portugal enjoys excellent political, economic, diplomatic and commercial relationships worldwide. Nonetheless, Portugal has had slow economic growth since 2001, with an estimated 0.9% GDP growth in 2008, and its GDP per capita trails behind the rest of the EU standing at roughly two-thirds of the EU-27 average in 2008.⁵ While the Portuguese government managed to keep the budget deficit within the Euro zone requirement of 3% of GDP, Portugal suffers from high unemployment and lower average education levels than other EU countries. In the past year foreign direct investment and Portuguese exports have suffered due to a reduction in global demand and tighter financial conditions.⁶ The trend in Irish imports from Portugal support this assumption. Following a period of gradual growth Portuguese imports experienced a sharp decline, dropping by 33% in 2007 to 9% in 2008. The value of Irish exports to Portugal, although relatively small, grew by 2% reaching just under €422 million.

Medical and pharmaceutical products were the main export from Ireland to Portugal by value, worth €136.7 million and accounting for 32% of the value of exports to Portugal in 2008. Public sector demand for medical equipment is strong in Portugal at present due to government initiatives to develop Portuguese healthcare facilities.⁷ Other commodities such as office machines & automatic data processing machines and meat & meat preparations also ranked amongst the highest value exported products each accounting for around 10% of the market share and worth approximately €44 million and €42 million respectively. The volume of exports to Portugal amounted to 172,089 tonnes in 2008 down slightly on the previous year with metalliferous ores and scrap metal by far the largest export commodity accounting for almost 90% of total exports, or 150,966 tonnes.

In 2008, the two largest imported commodities from Portugal in terms of value were manufactures of metals and footwear, both worth approximately €15.6 million and representing 11% of the share of Portuguese imports by value. There were significant decreases in imports in electrical machinery, appliances & parts with their value falling from €16 million in 2007 to €12 million in 2008, while textiles increased from €10 million to €12.8 million. Other key commodities imported from Portugal in terms of value include iron and steel, non-metallic mineral manufactures and vegetables and fruit. Non-metallic mineral manufactures also made up the bulk (~56%) of imports measured by volume.

⁵ CIA World Factbook, available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/po.html> (accessed 28/07/09)

⁶ IMF 2008 Article IV Consultation with Portugal, available at: <http://www.imf.org/external/np/sec/pn/2008/pn08128.htm> (accessed 28/07/09)

⁷ Enterprise Ireland – Areas of opportunity in Spain and Portugal, available at: www.enterprise-ireland.com (accessed 28/07/09)

Business Links

Although the Portuguese/Ireland market is relatively small compared to other trading partners within the EU, the relationship between the two is very strong. Portugal attracts Irish exporters due to the nature of the Portuguese and their excellent command of the English language. Additionally, smaller markets such as Portugal present less competition than larger markets, thus enabling stronger business relations with between Portuguese and Irish trading partners. Given the linguistic and cultural ties with Latin America, Portugal also offers a bridge for Irish industry seeking to invest in Central or South America.

As business relations strengthen, Enterprise Ireland offers advice to businesses seeking to invest in Ireland and Portugal. The Portuguese Embassy based in Dublin offers a point of contact for foreign investors and members of the public on issues concerning the two nations.

Portuguese Embassy

Address: Knocksinna House, Knocksinna Foxrock, Dublin 18
Telephone: +3531894416
Fax: +35312892849
Web: <http://www.embaixadaportugal.ie/indexEng.php>

Business Links

AICEP Global Portugal

www.portugalglobal.pt/EN

Doing Business in Portugal (World Bank Group)

www.doingbusiness.org/ExploreEconomies/?economyid=155

Embassy of Ireland in Portugal

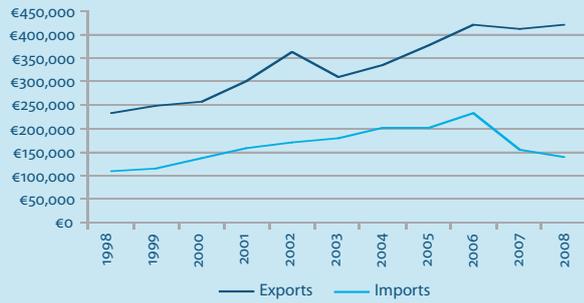
www.embassyofireland.pt

Value of trade between Ireland and Portugal

Period	Exports (€000)	% Change	Imports (€000)	% Change
1998	€233,386		€107,437	
1999	€248,609	7%	€115,690	8%
2000	€256,628	3%	€136,258	18%
2001	€302,333	18%	€158,600	16%
2002	€362,142	20%	€170,253	7%
2003	€309,238	-15%	€179,206	5%
2004	€336,683	9%	€201,737	13%
2005	€380,145	13%	€201,495	0%
2006	€422,633	11%	€231,678	15%
2007	€414,136	-2%	€154,420	-33%
2008	€421,727	2%	€140,805	-9%

Source: CSO

Value of trade between Ireland and Portugal



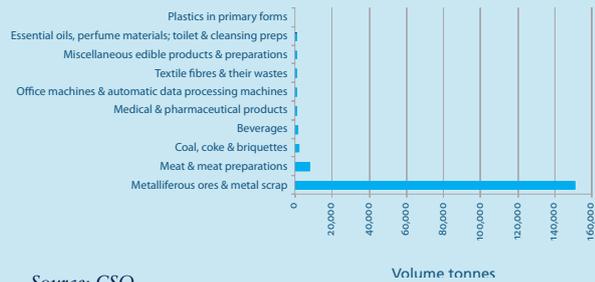
Source: CSO

Value of Commodities Exported to Portugal 2008



Source: CSO

Volume of Commodities Exported to Portugal 2008



Source: CSO

Value of Commodities Imported from Portugal 2008



Source: CSO

Volume of Commodities Imported from Portugal 2008



Source: CSO