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ECONOMIC DEVELOPMENTS IN PORTUGUESE- SPEAKING AFRICAN COUNTRIES AND TIMOR-LESTE 2014 | 2015



ECONOMIC DEVELOPMENTS IN PORTUGUESE- SPEAKING AFRICAN COUNTRIES AND TIMOR-LESTE

2014|2015



Lisbon, 2015 • www.bportugal.pt

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Foreword

Through the publication *Economic Developments in Portuguese-speaking African Countries and Timor-Leste*, available since 1994, Banco de Portugal aims to contribute to a better understanding of current economic conditions in those countries, focusing both on key macroeconomic data and economic and financial relations with Portugal.

This edition, part of the commemorations of “25 years of cooperation”, has been redesigned. The overview of the current economic conditions in Portuguese-speaking African Countries and Timor-Leste and of these countries’ financial relations with Portugal was prepared on

the basis of information received up to the end of July 2015. In some cases, this information corresponds to estimates and preliminary data which may be revised.

As always, the cooperation of the entities contacted – specifically, the Central Banks of Angola, Cabo Verde, Mozambique, São Tomé and Príncipe and Timor-Leste, and the national branch of the Central Bank of West African States in Guinea-Bissau – was crucial in obtaining the information needed to prepare this report.

September 2015





INTERNATIONAL ENVIRONMENT

Recent developments and outlook

The growth rate of the **global economy** is expected to slow down in 2015, contrary to previous expectations. **Advanced economies** continue to recover slowly, and are forecast to accelerate modestly this year. In contrast, in **emerging and developing economies** the pace of economic growth is expected to cool down – for the fifth consecutive year.

There were several factors behind these developments, either broadly based or national, which in recent months have resulted in **increasing risks of a deterioration of the macroeconomic scenario**, in particular for emerging and developing economies.

Economic transition in China from an investment-based, export-oriented model to a consumption-driven one with lower growth rates, despite being in line with forecasts, has had unexpected cross-border effects. The general fall in commodity prices, especially in metals, is to some extent related to these developments.

Last year was also marked by a sharp **fall in oil prices**. The “shale oil revolution” in the USA and OPEC’s determination – led by Saudi Arabia – not to lose market share have put the price of this commodity under pressure, particularly in the current context of weaker demand.

More recently, the nuclear deal with Iran has fuelled expectations regarding a further increase in supply, which shall continue to depress this commodity’s prices.

Simultaneously, the (highly) accommodative stance of **monetary policy in advanced economies** – the European Central Bank introduced non-standard monetary policy measures for the first time in March this year – has supported the recovery in course in these countries. Nevertheless, expectations pointing to the start of a monetary tightening cycle led by the U.S.A (and followed by the United Kingdom), has been a disturbing factor in the markets, recalling the response to the announcement of the gradual withdrawal of monetary stimulus by the Fed in the summer of 2013.

In view of this particularly challenging environment, emerging and developing economies have suffered considerable exchange rate depreciation, combined with a tightening of financial conditions.

Therefore, some weakening in the pace of growth is expected this year in **emerging and developing Asia**, chiefly due to the slowdown in China and the deterioration in terms of trade in some of the region’s main economies.

Chart 1 • Real GDP

Annual percent change | Selected economies

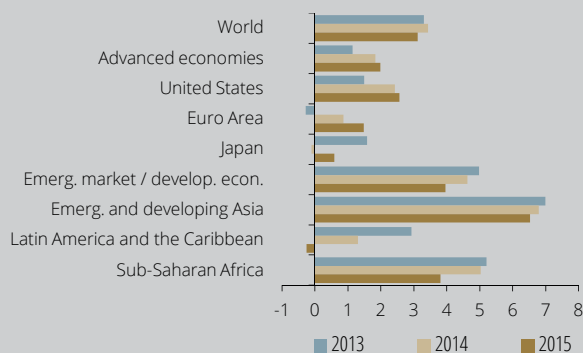
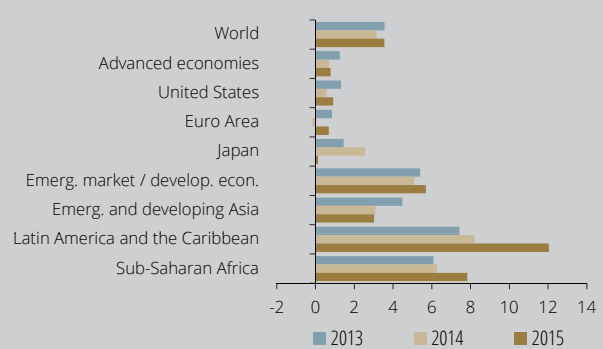


Chart 2 • Inflation

Year-on-year percent changes of the CPI | Selected economies



Source: IMF, World Economic Outlook Database, October 2015.

India, which is benefiting from the recent raft of reforms and the decline in commodity prices, is likely to counter this trend.

Latin America and the Caribbean will probably continue to decelerate significantly, and a slight contraction is forecast this year. Unfavourable developments in commodity markets have penalised most economies, which over the last decade have benefited the most from the “commodities boom”. Brazil, the largest economy in the region, against a background of accumulated imbalances, is affected by the difficult political situation and the slump in consumer and business confidence, with a consequent impact on investment, and should dip into recession this year.

As regards **Sub-Saharan Africa**, economic performance is also expected to be affected by the

fall in commodity prices – particularly oil – and the decline in trade with China, the region's main trading partner. The slowdown forecast for this region however, will not be broadly based – most oil-importing countries will continue to experience solid growth, thus benefitting from the effects of the decrease in the respective energy bill.

Chart 3 • External current account

Percentage of GDP | Selected economies

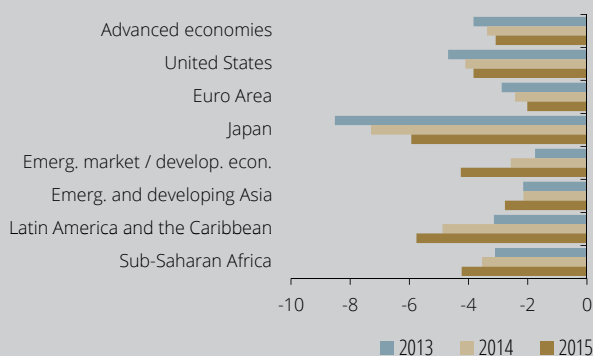
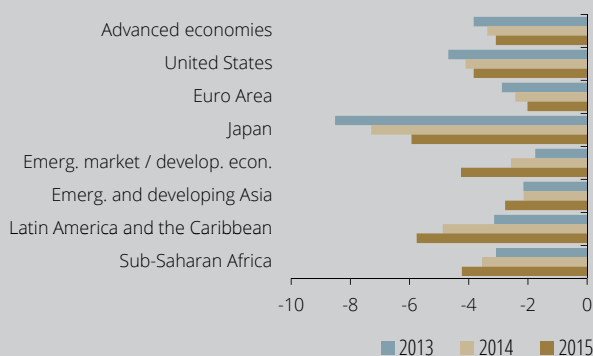
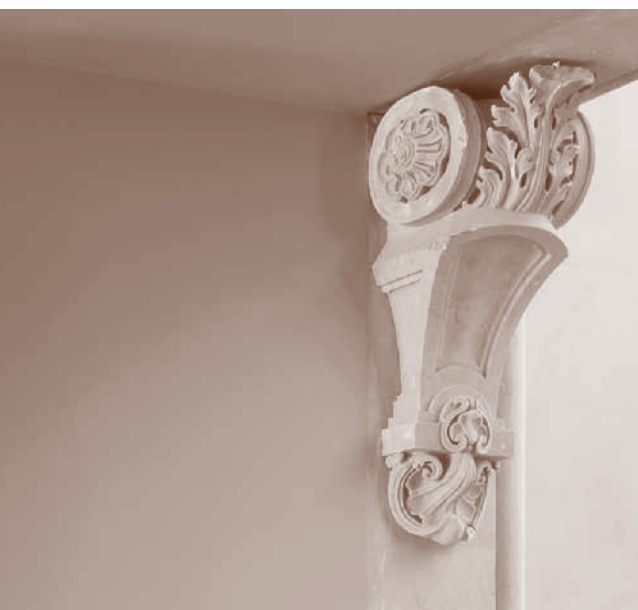


Chart 4 • Fiscal balance

Percentage of GDP | Selected economies



Source: IMF, World Economic Outlook Database, October 2015.



ECONOMIC DEVELOPMENTS IN PORTUGUESE- SPEAKING AFRICAN COUNTRIES AND TIMOR-LESTE

1. Angola
2. Cabo Verde
3. Guinea-Bissau
4. Mozambique
5. São Tomé and Príncipe
6. Timor-Leste

1. ANGOLA

Area: 1,246,700 Km²

Capital city: Luanda

Population: 24.2 million
(2014; source: UN)

Currency: Kwanza (AOA)

The marked fall in oil prices across international markets, which started in the second half of 2014, had a pronounced negative impact on the Angolan economy. That same year, the economic growth trend in place since 2009 slowed, and is likely to slow even further in 2015. For the second time in the past decade, the economy has posted twin deficits, mirroring the importance of oil revenue to achieve a fully balanced set of public and external accounts. In this adverse scenario, the kwanza depreciated, giving rise to inflationary pressures that interrupted the disinflation process started in mid-2011.

The **large weight of the oil sector** in the Angolan economy makes economic activity developments highly conditional on the behaviour of oil prices in international markets. Despite a decrease in the recent past, this sector still accounted for approximately 40 per cent of gross domestic product in 2013 (preliminary estimates indicate 35.4 per cent in 2014).

As such, the **very marked fall in oil prices** that started in the second half of 2014 (in June 2015 the average oil price per barrel was 43 per cent below that seen in the same month one year earlier) caused shockwaves that were felt across the economy.

As in 2013, wealth generated by oil exploitation activities decreased in 2014 (3.5 per cent), largely due to a break in oil production arising from maintenance and repair operations in a number of oil fields between January and May (however, the contribution of the fall in oil prices, as a second-round effect, cannot be ruled out). Despite the sector's negative performance, the **economy grew by 4.4 per cent** (a 2.4 percentage point slowdown from 2013), mainly supported by an expansion in agriculture and energy production. The adjustment in the construction, industry and services sectors stemming from a reduction in private consumption and cuts in public investment led to a **downward revision of growth projections for 2015**, to 3.5 per cent.

External accounts also deteriorated as a consequence of this oil price shock. The decline in the value of exported oil (13.8 per cent in 2014) explains more than three quarters of the reduction in the current account balance, which entered negative territory (-2.9 per cent of GDP) for the first time since 2009 (also marked by a shock generated by the international financial crisis). **Oil prices remain at more than five-year lows, which has worsened the external position in 2015**, with the current deficit projected at 17.6 per cent of GDP. However, the impact of this external imbalance should be alleviated by capital inflows into the country, which are expected to reach 10 per cent of GDP. This would be a strong departure from the past few years, marked by net capital outflows from the country.

The deterioration in external conditions and the greater pessimism about future prospects for the Angolan economy have **put pressure on the**

kwanza. The Angolan authorities have responded by allowing a **gradual devaluation of the currency**, roughly from the end of September 2014, dipping into foreign exchange reserves to smooth rate adjustments. However, in early June 2015, Banco Nacional de Angola allowed a sharper movement in the kwanza rate, which at the end of 5 June had depreciated just over 6 per cent against the US dollar, thus bringing the cumulative depreciation since September 2014 to over 16 per cent (during the same period, the depreciation against the euro – whose rate has also fallen as a result of the strong monetary stimulus provided by the European Central Bank – was less steep, but still reached around 7.5 per cent).

This exchange rate depreciation trend (together with accommodative monetary conditions in the first half of 2015) affected price behaviour, thus interrupting the disinflation process that had started in mid-2011. Since the beginning of 2015 **the inflationary pace has picked up**, thereby reviving the spectre of double-digit inflation, which eventually materialised in July, when the year-on-year inflation rate stood at 10.4 per cent. This corresponded to a 2.9 percentage point increase from December 2014, already above projections for the end of the year (9 per cent).

The oil price shock also had a profound impact on **public finances**, which reached a **deficit of 2.8 per cent of GDP** in 2014. This had not happened since 2009, nor had the deficit in the current external account, thus making this only the second instance of **twin deficits** in the last decade. The expected fall in oil tax revenue, which has accounted for approximately 75 per cent of total government revenue over the past few years, led Angolan authorities to **revise the State Budget for 2015** as early as February. The new version incorporates a downward revision of forecasts for the average oil price per barrel in 2015, which dropped from USD 81 to USD 40, and also an increase in projected inflation, from 7 to 9 per cent, mainly due to the above-mentioned depreciation of the kwanza.

Total revenue projected for 2015 now stands at 35.7 per cent below that initially budgeted, and is expected to fall to 22.5 per cent of GDP, compared with 34.3 per cent in 2014. The necessary adjustment in expenditure as a result of this

tighter fiscal restriction will be mainly achieved at the expense of public investment (which will fall by over 50 per cent), the rationalisation of fuel subsidies (that started in 2014) and a cut in charges on purchases of goods and services. Despite this containment drive, the authorities expect a **general government deficit of 6.8 per cent of GDP in 2015**.

In turn, the deterioration in the public accounts is likely to lead to a **substantial increase in public debt in 2015** which, according to International Monetary Fund projections, should stand close to 57 per cent of GDP (preliminary estimates point to 37.9 per cent in 2014). External debt, which has also followed an upward path over the past few years, stood at 28.1 per cent of GDP in 2014, while an 8 percentage point increase is expected for 2015.

The latest data on the Angolan financial system (for May 2015) point to **adequate solvency**

levels, amid a **decline in profitability** and an **increase in non-performing loans** (since 2011). 2014 was also marked by the application of extraordinary reorganisation measures to Banco Espírito Santo Angola (BESA), following problems associated with the institution's credit portfolio and the failure to recapitalise, as imposed by the regulatory authority. The **high dollarisation of the banking system** – albeit on a downward trend – amid a depreciation of the kwanza also poses some **risks to financial stability**, which may lead to an increase in non-performing loans.

The continued depreciation of the kwanza resulted in **substantial competitiveness gains** in the first half of 2015, as measured by the effective exchange rate index. In July 2015, the **nominal and real depreciation** stood at 17.3 and 12.2 per cent respectively.

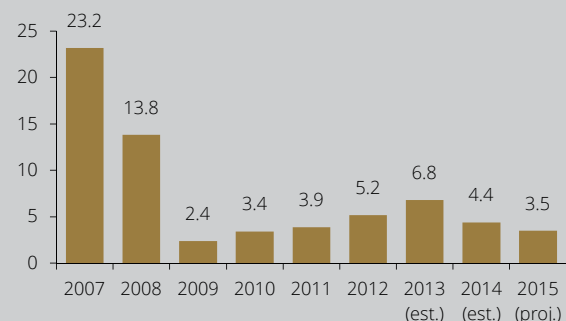
Table 1 • Main economic indicators

	2011	2012	2013	2014	2015
	Est.	Est.	Est.	Est.	Prog.
Real GDP (annual % change)	3.9	5.2	6.8	4.4	3.5
Inflation (year-on-year % change)	11.4	9.0	7.7	7.5	9.0
Broad money (annual % change)	34.6	5.7	13.2	16.2	–
Current account (% of GDP)	12.6	12.2	6.7	-2.9	-17.6
Fiscal balance (% of GDP)	10.2	6.7	0.3	-2.8	-6.8
External public debt (% of GDP)	20.2	19.9	22.7	28.1	36.1

Sources (for the subsequent charts also): Banco Nacional de Angola, Ministry of Finance (Angola), European Central Bank, International Monetary Fund and Organisation for Economic Co-operation and Development.

Chart 5 • Real GDP

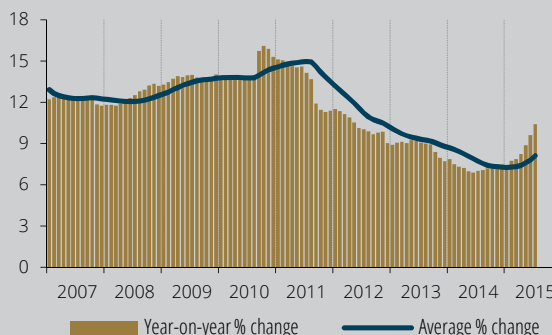
Annual % change



The growth deceleration in 2014 was mainly due to the negative contribution of the oil sector (-3.5 per cent), largely as a result of constraints caused by maintenance operations in a number of oil fields over the first half of the year.

Chart 6 • Inflation

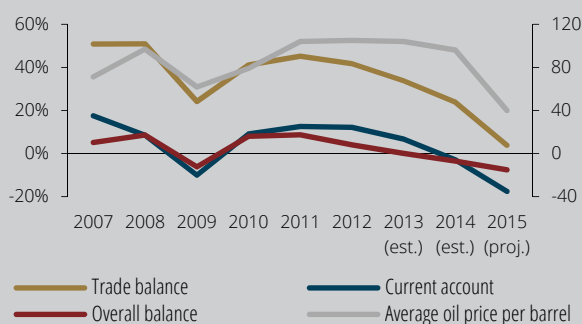
Annual % change of the CPI



The inflationary pace, which had been edging down slowly since 2011 (reaching record lows almost continuously), reversed this trend in early 2015, largely due to a considerable depreciation in the kwanza.

Chart 7 • External accounts

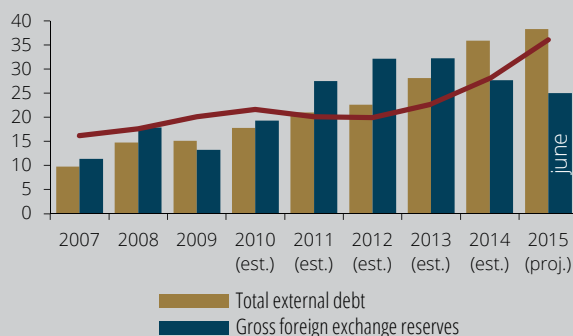
% of GDP, average oil price per barrel in USD



The marked fall in oil prices as of the second half of 2014 led to a strong deterioration in the external accounts, whose developments continue to hinge significantly on the performance of the oil sector.

Chart 8 • External public debt and foreign exchange reserves

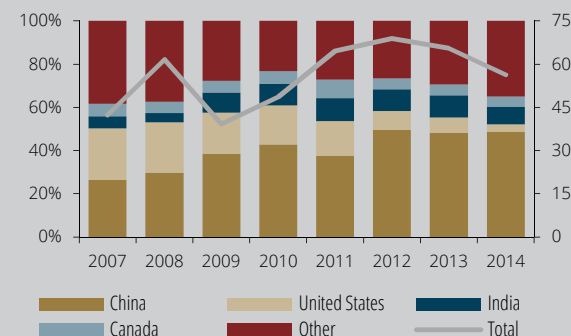
USD billions



External developments have also placed pressure on foreign exchange reserves, which eventually resulted in the imposition of limits to imports of a number of goods. External debt remains on an upward trend.

Chart 9 • Crude oil exports

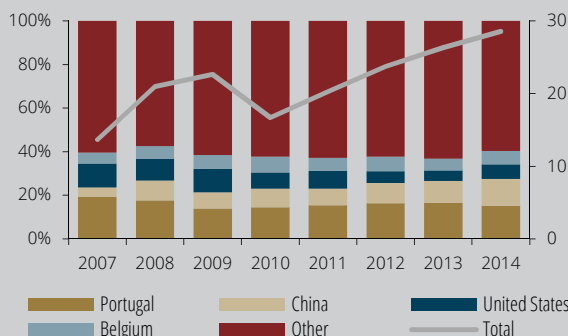
Destinations as a percentage, total in USD billions



Oil exports account for over 95 per cent of total goods sold abroad. China is still the main customer, while, in a significant shift, the United States' share has declined substantially, most likely due to the US 'shale oil revolution'.

Chart 10 • Goods imports

Origins as a percentage, total in USD millions



The (combined) share of the main suppliers has remained relatively stable, with Portugal as the main supplier of goods to Angola. However, over the past few years, the share of goods from China has increased.

Chart 11 • Public revenue

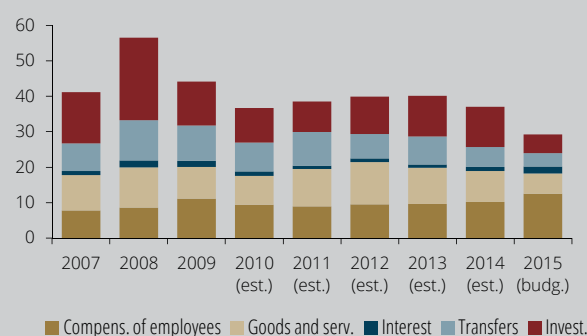
% of GDP



The amount of public revenue collected, which has contracted over the past few years, is expected to decline strongly in 2015, due to the marked reduction forecast for oil revenue (-64.9 per cent). Oil revenue has typically accounted for around three quarters of total public revenue.

Chart 12 • Public expenditure

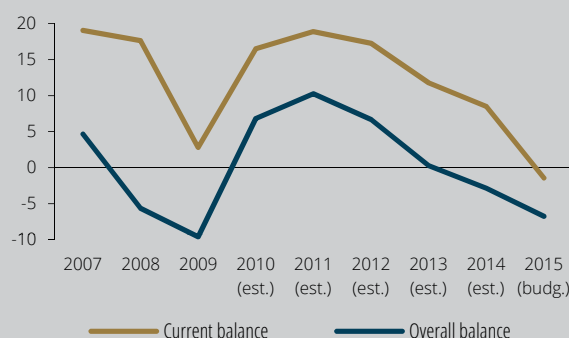
% of GDP



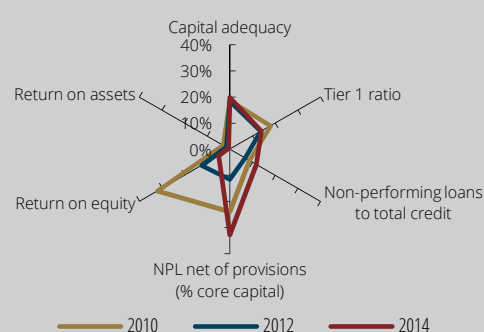
The fall in collected revenue made it necessary to significantly adjust public expenditure, which in 2015 should be achieved mostly at the expense of public investment (falling to less than half of the 2014 value).

Chart 13 • Public accounts

% of GDP



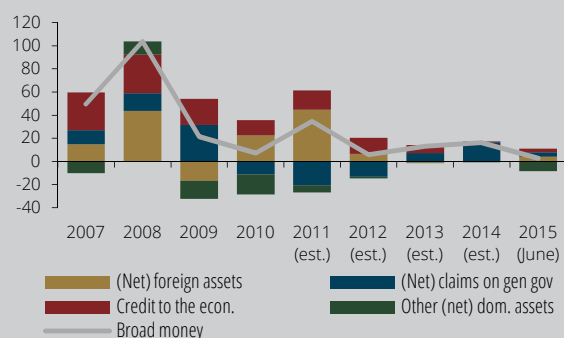
Despite considerable containment efforts, fiscal surpluses seen in the years following the onset of the international financial crisis did not continue into 2014 and should be replaced by a deficit of nearly 7 per cent of GDP in 2015.

Chart 14 • Financial stability indicators

Available data show a substantial increase in non-performing loans over the past few years, together with a reduction in profitability. Nevertheless, the financial system seems to be sufficiently capitalised.

Chart 15 • Liquidity expansion / contraction factors

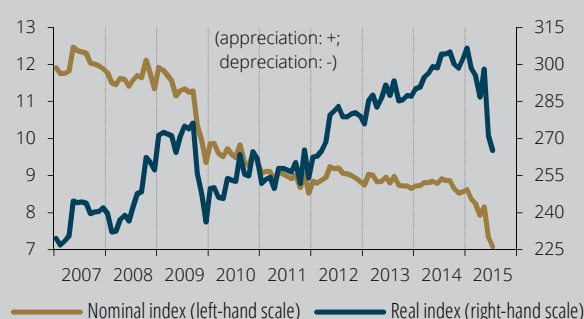
Changes in % of initial stock of broad money



In the first half of 2015, broad money's pace of expansion slowed down significantly. This expansion in liquidity was due to developments in domestic credit and net foreign assets (although the latter's dollar value has declined by around 10 per cent).

Chart 16 • Effective exchange rate

Indexes: 100 = 2000, monthly averages



In early June 2015, the kwanza depreciated by around 6 per cent against the U.S. dollar, due to pressure from a deterioration in the economic outlook (somewhat similarly to 2009/2010).

Table 2 • Economic indicators

			2010	2011	2012	2013	2014		2015	
			Est.	Est.	Est.	Est.	Proj.	Est.	Proj.	Est.
Output and prices										
Nominal GDP	AOA billions		7,580	9,780	10,830	11,984	12,767	12,621	11,942	
	EUR billions		62.5	73.9	88.2	93.5	–	97.1	–	
	USD billions		82.4	104.2	113.5	124.1	130.3	127.9	106.1	
Real GDP	Annual % change		3.4	3.9	5.2	6.8	3.9	4.4	3.5	
Oil sector	Annual % change		-3.0	-5.4	4.5	-1.1	-3.5	-3.5	–	
Other sectors	Annual % change		7.6	9.5	5.5	10.8	7.3	8.2	–	
Inflation (CPI-Luanda)	Year-on-year % change		15.3	11.4	9.0	7.7	[7.0-9.0]	7.5	9.0	10.4 July
	Average annual % change		14.5	13.5	10.3	8.8	–	7.3	–	8.1 July
Public finances										
Total revenue	% of GDP		43.5	48.8	46.7	40.5	37.2	34.3	22.5	
Oil revenue	% of GDP		33.0	39.0	37.9	30.3	26.0	23.5	8.7	
Total expenditure ^(a)	% of GDP		36.7	38.6	40.0	40.2	42.1	37.1	29.3	
Current expenditure	% of GDP		27.0	29.9	29.4	28.7	28.8	25.8	24.0	
Capital expenditure	% of GDP		9.7	8.6	10.6	11.5	13.3	11.3	5.3	
Overall balance (commitment basis)	% of GDP		6.8	10.2	6.7	0.3	-4.9	-2.8	-6.8	
Overall balance (cash basis)	% of GDP		5.8	11.8	9.4	3.0	-4.9	3.1	-6.8	
Money and credit										
Net foreign assets	Annual % change		50.4	71.7	8.2	-1.2	9.8	-0.6	–	6.5 June
Credit to the economy	Annual % change		25.8	27.4	23.9	10.5	7.8	0.7	–	5.6 June
Broad money (M3)	Annual % change		7.1	34.6	5.7	13.2	23.4	16.2	–	2.6 June
Interest rates										
Credit in national currency ^(b) (180 d)	Annual rate		19.0	18.1	15.3	15.1	–	17.4	–	18.5 June
Deposits in national currency (180 d)	Annual rate		10.0	6.7	4.7	3.9	–	4.3	–	3.9 June
Deposits in foreign currency (180 d)	Annual rate		7.2	2.7	2.3	2.2	–	2.3	–	2.1 June
Central bank bills (63 d)	Annual rate		10.0	7.2	4.1	4.0	–	–	–	–
Treasury bills (182 d)	Annual rate		11.6	4.8	3.7	4.6	–	7.1	–	5.0 June
Treasury bonds ^(c) (3 years)	Annual rate		7.0	7.0	7.3	7.3	–	7.3	–	7.3 June
Financial stability										
Capital adequacy	Percentage		18.6	18.5	18.3	19.5	–	19.8	–	20.4 May
Non-performing loans/total loans	Percentage		8.6	2.4	6.8	9.8	–	11.7	–	11.7 May
Return on equity	Percentage		32.1	21.6	12.5	10.9	–	4.9	–	5.6 May
Balance of payments										
Exports (current USD)	Annual % change		23.9	33.0	5.6	-4.0	4.7	-13.3	-52.7	
Imports (current USD)	Annual % change		-26.4	21.4	17.2	11.1	7.5	8.5	-16.4	
Trade balance	% of GDP		41.2	45.2	41.7	33.8	33.1	23.9	3.9	
Current account	% of GDP		9.1	12.6	12.2	6.7	2.2	-2.9	-17.6	
Foreign reserves (gross)	USD billions		19.3	27.5	32.2	32.2	33.9	27.7	–	25.0 June
External public debt										
Total external public debt	EUR billions		13.5	14.9	17.5	21.2	–	27.3	–	
	USD billions		17.8	21.0	22.6	28.2	29.6	35.9	38.3	
	% of GDP		21.6	20.2	19.9	22.7	22.7	28.1	36.1	
Exchange rates										
Bilateral rate EUR/AOA	Average rate		121.3	132.4	122.8	128.2	–	130.0	–	137.2 July
Bilateral rate USD/AOA	Average rate		92.0	93.9	95.4	96.6	–	98.6	–	125.8 July
Nominal EERI [appreciation: +] ^(d)	Annual % change		0.4	-9.2	3.7	-2.1	–	-1.1	–	-17.3 July
Real EERI [appreciation: +] ^(d)	Annual % change		10.9	-3.0	9.9	2.8	–	5.2	–	-12.2 July

Sources: Banco Nacional de Angola, Ministry of Finance (Angola), European Central Bank, International Monetary Fund, Organisation for Economic Co-operation and Development and Banco de Portugal calculations.

Notes: (a) Includes, for all years shown, current and capital expenditure incurred by state-owned enterprises (mainly Sonangol) and now included in the budget (quasi-fiscal operations). (b) Credit granted to enterprises. (c) Bonds issued in AOA but indexed to the USD/AOA exchange rate. (d) Effective exchange rate index (EERI), calculated on the basis of exchange rates applied to the currencies of the four major trading partners over the period 2010-2014.

Table 3 • Gross domestic product

Current prices, AOA billions

	2010	2011	2012	2013	2014		2015
				Est.	Prog.	Est.	Prog.
Primary sector	4,213	5,638	5,936	–	–	–	–
Agriculture, fishing and related products	746	909	1,138	–	–	–	–
Mining and quarrying	3,467	4,730	4,798	–	–	–	–
Oil and gas	3,396	4,641	4,709	–	–	–	–
Other (including diamonds)	71	89	89	–	–	–	–
Secondary sector	1,075	1,346	1,587	–	–	–	–
Manufacturing	464	584	685	–	–	–	–
Electricity and water	10	11	15	–	–	–	–
Construction	602	751	888	–	–	–	–
Tertiary sector	2,103	2,565	3,062	–	–	–	–
Trade and tradable services	1,555	1,896	2,294	–	–	–	–
Non-tradable services	548	669	767	–	–	–	–
Gross domestic product (at factor costs)	7,392	9,549	10,584	–	–	–	–
Indirect taxes and subsidies	188	231	246	–	–	–	–
Gross domestic product (market prices)	7,580	9,780	10,830	11,984	12,767	12,621	11,942
Memo items:							
Nominal GDPmp (EUR billions)	62.5	73.9	88.2	93.5	–	97.1	–
Nominal GDPmp (USD billions)	82.4	104.2	113.5	124.1	130.3	127.9	106.1
Nominal GDPmp (AOA, annual % change)	26.6	29.0	10.7	10.7	6.5	5.3	-5.4
Real GDP (annual % change)	3.4	3.9	5.2	6.8	3.9	4.4	3.5
Oil sector	-3.0	-5.4	4.5	-1.1	-3.5	-3.5	–
Other sectors	7.6	9.5	5.5	10.8	7.3	8.2	–

Sources: Banco Nacional de Angola, International Monetary Fund and Banco de Portugal calculations.

Table 4 • Consumer price index

Per cent

		Monthly change	Cumulative change	Year-on-year change	Average change
		[1]	[2]	[3]	[4]
2000	December		268.4	268.4	325.0
2001	December		116.1	116.1	152.6
2002	December		105.6	105.6	109.0
2003	December		76.6	76.6	98.2
2004	December		31.0	31.0	43.5
2005	December		18.5	18.5	23.0
2006	December		12.2	12.2	13.3
2007	December		11.7	11.7	12.2
2008	December		13.2	13.2	12.5
2009	December		14.0	14.0	13.7
2010	December		15.3	15.3	14.5
2011	December		11.4	11.4	13.5
2012	December		9.0	9.0	10.3
2013	December		7.7	7.7	8.8
2014	December		7.5	7.5	7.3
2013	January	0.6	0.6	8.9	10.1
	February	0.8	1.4	9.1	9.9
	March	0.7	2.1	9.1	9.7
	April	0.6	2.7	9.0	9.6
	May	0.9	3.6	9.2	9.5
	June	0.6	4.3	9.2	9.4
	July	0.5	4.8	9.0	9.3
	August	0.5	5.4	9.0	9.2
	September	0.5	5.9	8.9	9.2
	October	0.4	6.3	8.4	9.1
	November	0.5	6.9	7.9	8.9
	December	0.7	7.7	7.7	8.8
	December (proj.)			9.0	
2014	January	0.8	0.8	7.8	8.7
	February	0.5	1.2	7.5	8.6
	March	0.5	1.8	7.3	8.4
	April	0.5	2.3	7.2	8.3
	May	0.6	2.9	7.0	8.1
	June	0.6	3.5	6.9	7.9
	July	0.6	4.1	7.0	7.7
	August	0.6	4.8	7.1	7.5
	September	0.6	5.4	7.2	7.4
	October	0.7	6.1	7.5	7.3
	November	0.5	6.7	7.5	7.3
	December	0.7	7.5	7.5	7.3
	December (proj.)			[7.0-9.0]	
2015	January	0.7	0.7	7.4	7.2
	February	0.8	1.5	7.7	7.3
	March	0.6	2.1	7.9	7.3
	April	0.9	3.0	8.2	7.4
	May	1.2	4.2	8.9	7.6
	June	1.3	5.5	9.6	7.8
	July	1.3	7.0	10.4	8.1
	December (proj.)			9.0	

Sources: Banco Nacional de Angola, International Monetary Fund and Banco de Portugal calculations.

Notes: [1] month (n) / month (n-1); [2] month (n) / previous December; [3] month (n) / month (n) of the previous year; [4] last 12 months / previous 12 months.

Table 5 • Balança de pagamentos

USD millions

	2010	2011	2012	2013	2014		2015
				Est.	Proj.	Est.	Proj.
Current account	7,506	13,085	13,853	8,348	2,823	-3,722	-18,665
Trade balance	33,928	47,082	47,376	41,903	43,132	30,583	4,088
Exports (f.o.b.)	50,595	67,310	71,093	68,247	71,450	59,170	27,980
Oil sector	49,351	65,591	69,716	66,902	69,513	57,642	26,745
of which: Crude oil	48,629	64,539	68,871	65,611	68,180	56,364	-
Diamonds	976	1,205	1,159	1,167	1,331	1,335	-
Other	267	514	218	177	606	193	-
Imports (f.o.b.)	-16,667	-20,228	-23,717	-26,344	-28,318	-28,587	-23,892
Services and income	-25,984	-32,635	-31,761	-31,431	-40,084	-32,096	-21,359
Services (net)	-17,897	-22,938	-21,339	-21,531	-27,375	-23,246	-17,245
Credit	857	732	780	1,316	802	1,681	1,406
Debit	-18,754	-23,670	-22,119	-22,846	-28,177	-24,928	-18,651
of which: Transportation and travel	-3,237	-3,810	-4,597	-4,926	-	-5,630	-4,539
of which: Construction	-4,643	-7,932	-6,230	-5,049	-	-6,673	-3,586
of which: Technical assistance	-6,158	-9,173	-8,908	-9,265	-	-10,050	-7,856
Income (net)	-8,087	-9,697	-10,422	-9,900	-12,709	-8,850	-4,114
of which: Interest on public debt	-392	-534	-662	-1,090	-	-1,066	-858
of which: Dividends and profits	-7,525	-9,040	-9,722	-9,331	-	-7,850	-3,744
Current transfers (net)	-438	-1,362	-1,762	-2,123	-225	-2,209	-1,394
Capital and financial accounts	-1,137	-3,979	-8,884	-8,209	-1,539	-961	10,659
Capital transfers (net)	1	2	0	0	2	0	0
Foreign direct investment (net)	-4,568	-5,116	-9,639	-13,164	-1,755	-2,331	6,534
In the reporting country (net) ^(a)	-3,227	-3,024	-6,222	-	-1,000	-	-
Abroad (net)	-1,340	-2,093	-3,417	-	-755	-	-
Other net capital	3,430	1,135	755	4,955	214	1,370	4,125
Errors and omissions	240	-17	-326	-55	0	266	0
Overall balance	6,609	9,088	4,643	84	1,284	-4,417	-8,005
Financing	-6,609	-9,088	-4,643	-84	-1,284	4,417	8,005
Change in official reserves (increase: -)	-6,101	-9,054	-4,642	-90	-1,284	4,418	8,005
Exceptional financing ^(b)	-508	-34	-1	6	0	-1	0
Financing gap	-0	0	-0	0	0	0	0
Memo items:							
Trade balance (% of GDP)	41.2	45.2	41.7	33.8	33.1	23.9	3.9
Current account (% of GDP)	9.1	12.6	12.2	6.7	2.2	-2.9	-17.6

Sources: Banco Nacional de Angola, Ministry of Finance (Angola), International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Negative values from 2010 onwards (disinvestment in Angola) mostly reflect the higher weight of the recovery of prior investment by foreign oil companies. (b) Mainly, change in arrears and debt forgiveness or rescheduling.

Table 6 • Goods exports

Products, USD millions | Destinations, % of total

	2007	2008	2009	2010	2011	2012	2013 Est.	2014 Est.	2007 to 2014 Est.
Total exports	44,396	63,914	40,828	50,595	67,310	71,093	68,247	59,170	
Crude oil	42,352	61,666	39,271	48,629	64,539	68,871	65,611	56,364	
Refined oil products and gas	652	792	532	722	1,052	845	1,291	1,278	
Diamonds	1,182	1,210	814	976	1,205	1,159	1,167	1,335	
Other	211	247	212	267	514	218	177	193	
Exports by destination ^(a)									
South Africa	3.9	4.1	3.2	3.1	2.6	4.2	2.7	3.4	3.4
Canada	5.9	5.2	5.4	5.8	8.7	5.0	5.0	4.6	5.7
China	26.4	29.7	38.5	42.8	37.7	49.6	48.3	48.5	40.9
United States	24.0	23.3	19.0	18.1	15.9	8.7	7.0	3.5	14.3
France	5.2	5.0	7.6	3.7	3.2	1.6	2.0	3.5	3.7
India	5.5	4.3	9.4	10.1	10.7	10.1	10.3	8.3	8.7
Portugal	1.0	0.8	0.5	1.8	2.4	2.5	4.7	3.4	2.3
Taiwan	4.2	2.5	2.9	4.8	8.2	6.1	5.3	4.6	5.0
Other	24.0	25.1	13.5	9.8	10.6	12.2	14.6	20.1	16.1

Sources: Banco Nacional de Angola, International Monetary Fund and Banco de Portugal calculations.

Note: (a) Crude oil exports only.

Table 7 • Goods imports

Products, USD millions | Origins, % of total

	2007	2008	2009	2010	2011	2012	2013 Est.	2014 Est.	2007 to 2014 Est.
Total imports	13,661	20,982	22,660	16,667	20,228	23,717	26,344	28,587	
of which: SNA ^(a)	8,590	14,828	22,548	16,667	20,228	23,717	26,344	28,587	
Imports by origin									
South Africa	6.6	3.6	3.9	4.0	3.8	3.8	3.7	3.6	3.9
Belgium	5.0	5.7	6.4	7.3	6.0	6.7	5.5	6.0	6.1
Brazil	7.7	5.1	6.2	5.1	4.2	4.4	4.3	4.4	4.9
China	4.3	9.1	7.4	8.5	7.6	9.2	10.1	12.2	9.1
United States	11.0	10.0	10.7	7.4	8.2	5.5	4.7	6.8	7.6
Portugal	19.3	17.7	14.0	14.5	15.4	16.4	16.4	15.3	15.8
United Kingdom	4.8	4.1	4.4	5.1	2.9	2.4	3.4	4.0	3.8
Other	41.3	44.7	46.9	48.1	52.0	51.7	51.8	47.7	48.8

Sources: Banco Nacional de Angola, International Monetary Fund and Banco de Portugal calculations.

Note: (a) Data from the National Customs Service of Angola.

Table 8 • External public debt and foreign exchange reserves

USD millions

	2010	2011	2012	2013	2014		2015
	Est.	Est.	Est.	Est.	Proj.	Est.	Proj.
1. Net foreign assets	18,326	30,601	32,927	31,923	31,289	30,052	–
of which: Foreign exchange reserves (gross)	19,339	27,514	32,155	32,213	33,931	27,739	–
2. External public debt (including arrears)	17,829	20,992	22,583	28,178	29,578	35,933	38,286
Commercial	10,676	13,125	13,786	18,143	–	26,474	–
Banking	9,882	12,105	12,813	16,590	–	24,005	–
Enterprises	794	1,020	974	1,553	–	2,470	–
Official bilateral	5,816	6,221	6,978	8,433	–	7,788	–
Official multilateral	1,328	1,640	1,813	1,598	–	1,666	–
Fees	8	5	6	4	–	4	–
Memo items:							
Net foreign assets (% of GDP)	22.2	29.4	29.0	25.7	24.0	23.5	–
Gross foreign exchange reserves (% of GDP)	23.5	26.4	28.3	26.0	26.0	21.7	–
Total external debt (% of GDP)	21.6	20.2	19.9	22.7	22.7	28.1	36.1

Sources: Banco Nacional de Angola, International Monetary Fund and Banco de Portugal calculations.

Table 9 • Government operations

AOA billions

	2010	2011	2012	2013	2014		2015	
	Est.	Est.	Est.	Est.	Budg.	Est.	I.e. ^(a)	Budg.
1. Total revenue	3,295	4,776	5,054	4,849	4,745	4,323	91	2,693
Tax revenue	3,094	4,528	4,826	4,602	4,540	4,090	90	2,476
Oil revenue	2,500	3,817	4,103	3,630	3,313	2,962	89	1,039
Non-oil revenue	594	711	723	972	1,227	1,128	92	1,437
Non-tax revenue	199	246	226	245	205	231	113	215
Grants	2	2	2	2	0	1	–	2
2. Total expenditure ^(b)	2,780	3,774	4,329	4,816	5,375	4,682	87	3,499
Current expenditure	2,046	2,928	3,184	3,437	3,674	3,250	88	2,862
Compensation of employees	714	877	1,031	1,155	1,369	1,295	95	1,488
Goods and services	619	1,031	1,297	1,228	1,431	1,094	76	692
Debt interest	90	95	105	99	128	142	111	231
Domestic	27	56	68	59	69	80	117	138
External	63	38	37	40	59	62	105	94
Transfers and subsidies	624	926	752	955	746	719	96	451
Capital expenditure	733	846	1,145	1,379	1,701	1,432	84	637
3. Overall balance (commitment basis) [1. - 2.]	516	1,002	725	32	-630	-360		-807
4. Change in arrears (net)	-73	150	289	324	0	753		0
Domestic ^(c)	-73	150	289	324	0	–		0
External interest	-0	0	0	0	0	–		0
5. Overall balance (cash basis) [3. + 4.]	443	1,153	1,014	356	-630	393		-807
6. Financing	-443	-1,153	-1,014	-356	630	-393		807
External financing (net)	16	51	218	183	733	254		713
Disbursements	154	186	384	380	1,036	548		1,106
Amortisation	-138	-135	-166	-197	-303	-294		-393
Domestic financing (net)	-459	-1,203	-1,231	-539	-103	-647		94
Bank financing	-324	-826	-432	-597	116	–		–
Non-bank financing (incl. errors and omissions)	-135	-378	-800	58	-219	–		–
Memo item:								
Overall balance, commitment basis (% of GDP)	6.8	10.2	6.7	0.3	-4.9	-2.8		-6.8

Sources: Banco Nacional de Angola, Ministry of Finance (Angola), International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Level of budget execution (%). (b) Includes, for all years shown, current and capital expenditure incurred by state-owned enterprises (mainly Sonangol) and now included in the budget (quasi-fiscal operations). (c) Net of changes in arrears to suppliers (expenditure) and changes in Sonangol's arrears to the Treasury (revenue).

Table 10 • Monetary survey

AOA billions

	2010	2011	2012	2013	2014		2014/2013		2015	Jun. 2015/2014	
		Est.	Est.	Est.	Proj.	Est.	[1]	[2]	Jun.	[1]	[2]
Net foreign assets	1,698	2,916	3,155	3,116	3,422	3,097	-1	-0	3,299	6.5	3.9
USD billions	18	31	33	32	31	30	-6	-	27	-10.1	-
Banco Nacional de Angola	1,683	2,589	3,017	3,097	3,252	2,904	-6	-4	3,134	7.9	4.5
Net international reserves	1,605	2,508	2,954	3,041	3,499	2,806	-8	-5	3,024	7.8	4.3
Gross reserves	1,792	2,622	3,081	3,145	-	2,859	-9	-6	3,060	7.0	3.9
USD billions	19	28	32	32	34	28	-14	-	25	-9.7	-
Short-term liabilities	-186	-114	-127	-103	-	-53	-48	1	-36	-32.4	0.3
Other foreign assets (net)	78	81	63	56	-247	99	78	1	110	11.6	0.2
Commercial banks	14	327	138	19	170	193	891	4	165	-14.6	-0.6
Net domestic assets	1,031	757	728	1,280	2,005	2,013	57	17	1,942	-3.5	-1.4
Domestic credit (net)	1,782	1,682	1,705	2,260	3,047	3,016	33	17	3,374	11.9	7.0
Claims on general government (net)	106	-454	-943	-666	-108	69	-	17	264	281.4	3.8
Credit to the economy	1,676	2,136	2,648	2,926	3,155	2,947	1	0	3,111	5.6	3.2
Other domestic assets (net)	-751	-925	-977	-980	-1,042	-1,003	-2	-1	-1,432	-42.7	-8.4
Total assets	2,728	3,673	3,883	4,397	5,427	5,110	16	-	5,241	2.6	-
Broad money (M3)	2,728	3,673	3,883	4,397	5,427	5,110	16	-	5,241	2.6	-
Money and quasi-money (M2)	2,626	3,521	3,749	4,395	5,375	5,103	16	-	5,233	2.5	-
Money	1,700	2,156	2,272	2,585	-	3,097	20	-	3,082	-0.5	-
Currency in circulation	172	208	244	276	-	340	23	-	290	-14.6	-
Demand deposits	1,528	1,947	2,028	2,309	-	2,757	19	-	2,792	1.3	-
in national currency	733	959	1,062	1,470	-	1,905	30	-	2,044	7.3	-
in foreign currency	795	988	966	839	-	852	2	-	748	-12.2	-
Quasi-money	926	1,365	1,477	1,810	-	2,007	11	-	2,152	7.2	-
Time deposits in national currency	409	602	721	902	-	1,167	29	-	1,177	0.9	-
Time deposits in foreign currency	517	763	756	908	-	840	-7	-	974	16.0	-
Other financial instruments	102	152	134	2	52	7	242.6	-	8	15.7	-

Sources: Banco Nacional de Angola, International Monetary Funds and Banco de Portugal calculations.

Notes: [1] Percentage changes from the end of the previous year. [2] Changes in % of initial stock of broad money (liquidity expansion/contraction factors).

Table 11 • Interest rates

Annual rates, per cent

	2010	2011	2012	2013	2014				2015	
	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
Deposits										
(in national currency)										
Demand deposits	2.4	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Time deposits										
Up to 90 days	8.2	4.3	3.1	3.3	3.4	3.9	4.1	4.0	3.3	3.2
91-180 days	10.0	6.7	4.7	3.9	4.5	4.5	4.3	4.3	4.2	3.9
181-365 days	6.8	5.6	4.9	5.1	6.0	5.5	5.7	5.6	4.5	4.3
Over 1 year	1.7	8.6	7.0	5.6	4.9	1.5	5.0	4.9	5.2	5.4
(in foreign currency)										
Demand deposits	0.1	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Time deposits										
Up to 90 days	2.3	2.4	1.8	2.1	2.0	2.1	1.9	1.9	1.6	1.7
91-180 days	7.2	2.7	2.3	2.2	1.8	1.8	2.3	2.3	1.8	2.1
181-365 days	2.7	3.7	2.7	2.9	2.6	3.3	3.6	3.4	2.5	2.6
Over 1 year	1.1	3.9	3.1	5.0	4.8	5.0	5.0	4.4	2.4	2.6
Credit (to enterprises)										
(in national currency)										
Up to 180 days	19.0	18.1	15.3	15.1	15.5	15.1	17.6	17.4	19.0	18.5
181-365 days	18.2	16.0	14.4	13.9	13.9	14.2	13.2	13.9	13.7	13.4
Over 1 year	23.7	17.7	15.1	13.1	12.9	13.2	12.8	13.7	14.0	13.8
(in foreign currency)										
Up to 180 days	14.8	10.2	8.9	11.8	14.5	12.5	11.4	11.4	13.6	8.8
181-365 days	8.7	10.0	11.5	12.1	13.1	10.4	10.4	10.6	11.0	12.0
Over 1 year	9.9	10.4	11.3	9.8	10.3	10.0	9.7	10.0	8.4	8.6
BNA intervention rates										
Rediscount	25.0	20.0	20.0	15.0	10.0	10.0	9.8	9.8	10.0	10.5
Reference rate	–	10.5	10.3	9.8	9.3	9.3	8.8	9.0	9.3	9.8
Standing facilities										
Liquidity provision facility	–	12.5	11.5	10.3	10.0	10.0	9.8	9.8	10.0	10.5
Overnight deposit facility	–	2.0	1.5	0.8	1.5	1.8	1.8	1.8	0.0	0.0
LUIBOR ^(b) overnight	17.1	6.4	6.2	4.7	3.2	2.9	3.9	6.1	6.2	11.3
Central bank bills										
14 days	7.0	–	–	–	–	–	–	–	–	–
28 days	8.5	–	–	–	–	–	–	–	–	–
63 days	10.0	7.2	4.1	4.0	–	–	–	–	–	–
91 days	10.8	–	–	–	–	–	–	–	–	–
182 days	11.6	6.8	5.1	–	–	–	–	–	–	–
364 days	13.7	–	–	–	–	–	–	–	–	–
Treasury bills										
63 days	–	–	–	–	–	–	–	–	–	3.5
91 days	10.8	3.9	3.4	3.6	3.8	3.6	4.8	6.4	5.8	4.4
182 days	11.6	4.8	3.7	4.6	4.1	4.4	5.2	7.1	6.7	5.0
364 days	13.7	5.2	5.1	–	5.1	5.4	6.1	7.5	8.1	7.0
Treasury bonds ^(a)										
1 year	–	–	–	–	–	–	–	–	–	–
2 years	–	–	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
3 years	7.0	7.0	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3
4 years	7.0	7.3	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
5 years	7.0	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8
6 years	–	8.0	–	–	–	–	–	–	–	–
Memo item:										
Inflation (y-o-y % change)	15.3	11.4	9.0	7.7	7.3	6.9	7.2	7.5	7.9	9.6

Source: Banco Nacional de Angola.

Notes: (a) Luanda Interbank Offered Rate (weighted average rate of liquidity-providing operations without collateral, applied by banks in the interbank money market). (b) Treasury bonds issued in AOA but indexed to the USD/AOA exchange rate.

Table 12 • Financial stability indicators

Per cent

	2010	2011	2012	2013	2014	2015
	Dec.	Dec.	Dec.	Dec.	Dec.	May
Solvency						
Capital adequacy	18.6	18.5	18.3	19.5	19.8	20.4
Tier 1 capital to risk weighted assets	17.9	14.3	13.6	14.3	13.9	14.7
Credit risk						
Non-performing loans to total loans	8.6	2.4	6.8	9.8	11.7	11.7
Non-performing loans net of provisions (% of core capital)	24.0	2.8	11.6	22.3	32.8	29.4
Credit in foreign currency (% of total credit)	64.9	50.9	42.7	37.8	27.4	27.8
Profitability						
Return on equity	32.1	21.6	12.5	10.9	4.9	5.6
Return on assets	3.0	2.6	1.6	1.4	0.6	0.7
Liquidity risk						
Loan-to-deposit ratio	60.6	59.5	65.5	63.3	59.9	59.0
Liquid assets/total assets	32.0	28.1	26.3	30.1	33.9	40.2
Foreign currency-denominated liabilities/total liabilities	53.7	53.6	50.7	43.0	33.1	31.6

Source: Banco Nacional de Angola and International Monetary Fund.

Table 13 • Exchange rates

Average rates

			EERI ^(a) Index: 100 = 2000		
		EUR/AOA	USD/AOA	Nominal	Real
2000		9.5	9.9	100.0	100.0
2001		20.2	21.8	46.4	114.9
2002		42.9	43.3	23.2	119.3
2003		86.1	74.3	13.3	133.5
2004		104.3	83.4	11.9	164.6
2005		108.4	87.2	11.3	188.3
2006		101.2	80.4	12.1	221.6
2007		105.4	76.7	12.0	237.8
2008		110.8	75.0	11.6	244.4
2009		111.2	79.6	11.0	264.7
2010		121.3	92.0	9.6	254.4
2011		132.4	93.9	9.0	255.8
2012		122.8	95.4	9.0	274.9
2013		128.2	96.6	8.8	286.3
2014		130.0	98.6	8.8	298.7
2013	January	129.7	95.9	8.7	276.0
	February	125.3	96.0	9.0	285.3
	March	122.3	96.0	9.0	287.7
	April	125.4	96.0	8.8	282.8
	May	124.4	96.2	8.8	286.5
	June	125.1	96.3	9.0	291.6
	July	127.2	96.5	8.8	287.5
	August	127.0	96.4	9.0	293.4
	September	131.3	97.4	8.7	285.3
	October	133.3	97.0	8.7	285.8
	November	132.1	97.4	8.7	287.5
	December	134.6	97.6	8.7	287.1
2014	January	132.2	97.6	8.7	290.1
	February	133.0	97.6	8.7	290.9
	March	134.0	97.6	8.8	294.9
	April	134.6	97.6	8.8	296.5
	May	133.0	97.7	8.8	299.2
	June	133.0	97.6	8.8	298.6
	July	129.9	97.9	8.9	304.2
	August	128.4	97.6	8.9	304.2
	September	124.6	98.3	8.9	305.1
	October	125.9	99.6	8.7	300.2
	November	126.1	101.5	8.5	298.4
	December	125.1	103.1	8.6	302.1
2015	January	117.9	104.5	8.6	306.6
	February	119.4	106.3	8.4	298.5
	March	116.4	108.3	8.2	295.6
	April	120.7	109.3	7.9	286.9
	May	120.3	110.3	8.2	298.1
	June	134.7	122.2	7.3	271.1
	July	137.2	125.8	7.1	265.2

Sources: Banco Nacional de Angola, European Central Bank, Organisation for Economic Co-operation and Development and Banco de Portugal calculations.

Note: (a) Effective exchange rate index, calculated on the basis of official exchange rates applied to the currencies of the four main trading partners over the period 2010-2014. An increase/decrease in the EERI (nominal or real) corresponds to an appreciation/depreciation of the kwanza.

2. CABO VERDE

Área: 4,033 Km²

Capital city: Praia

Population: 0.5 million
(2014; source: ONU)

Currency: CV Escudo (CVE)

Economic growth in Cabo Verde in 2014 was slowed by the weak economic recovery in Europe and the indirect effect of the ebola outbreak on the African mainland. The consequent fall in gross revenue from tourism led to the deterioration of the external current account. However, the resurgent FDI, repayment of external loans granted by the banks and disbursements of foreign public loans helped to strengthen foreign exchange reserves. In the absence of inflationary pressures, the central bank was able to maintain an accommodative monetary stance, aimed at boosting credit to the economy. The limited economic activity affected public revenue, forcing new containment of the investment programme in order to sustain the State's financing needs, but not without increasing public debt..

The weak economic recovery in Europe and the indirect effect of the ebola outbreak on the African mainland slowed economic developments in Cabo Verde in 2014. However, moderately buoyant private investment, including foreign direct investment (FDI) and especially tourism-related private investment, appears to have led to a **slight acceleration of economic growth**, from 1 per cent in 2013 to 1.8 per cent in 2014.

The principal consequence of the unfavourable external environment is the fall in gross tourism revenue, arising from a lower number of visitors from EU countries and the downward price adjustments by tourism operators, as an attempt to respond to the adverse developments. This fall in exports of services, complemented by the increase in distributed income from foreign investments, led to an **increase in the current account deficit** to 7.8 per cent of GDP (4.5 per cent in 2013). However, it is also important to highlight the positive behaviour of goods exports (which grew 35 per cent), principally sea products and re-exports, and emigrant remittances, which recovered from the fall of the previous year, driven mainly by remittances originating in EU countries.

The resumption of FDI, the repayments of external loans granted by the banks and State indebtedness (despite slowing down from previous years) covered the current deficit and allowed the **accumulation of foreign exchange reserves**. The stock of external reserves rose to EUR 421 million at the end of the year, corresponding to 5.5 months of goods and services imports for the year (well above the 5.0 months projected initially).

The increase in the central bank's net foreign assets and the growth of credit to general government led to monetary expansion of 7.3 per cent in 2014, falling short of the 11 per cent of 2013. **This was due to the fall in credit to the economy**, reflecting the commercial banks' tight credit policy and the lack of projects with satisfactory fulfilment guarantees.

With inflation negative for most of the year, due mainly to falling prices of international oil and food products, and with the system's

strengthened consolidated external position (supporting the exchange rate peg that Cabo Verde has maintained with the euro since 1998), Banco de Cabo Verde (BCV) continued to **adopt less restrictive monetary conditions** during 2014. In an attempt to stimulate credit to the private sector, the central bank cut its intervention rates (225 basis points in total on the key policy rate and deposit facility rate, the latest reduction in February 2015) and the reserve requirement coefficient (300 basis points, to 15 per cent).

In parallel, in order to increase the effectiveness of the transmission mechanism, BCV introduced refinements to its intervention instruments: increased target for the outstanding stock of central bank securities, restoration of daily access to permanent facilities, imposition of the requirement to maintain at least 20 per cent of the required minimum reserves in BCV, among others. The banks however remain affected by excess liquidity, mainly in regard to profitability, due to a combination of low availability of investment opportunities (and low rates from those available) versus the cost of funding (namely keeping the rates on emigrants' deposits unchanged) and the increase in non-performing loans (which represented 18.7 per cent of total loans at the end of 2014, rising to 20.5 in March 2015). However, the banking system as a whole has shown increased solvency, with the capital adequacy ratio reaching 15.6 per cent at the end of 2014 (above the 10 per cent set by the regulator).

Weak economic growth **has also limited the consolidation capacity of the public finances**. Despite the introduction of tax reforms, the weak economic activity shown by certain sectors was reflected negatively in tax collection, principally corporate income tax (mainly trade, communications and civil construction) and VAT (charged by customs, also related to the fall in the price of oil products). Furthermore, grants declined year-on-year, due to a smaller number of donors and lower levels of aid, as well as delays in disbursements. The pressure exercised by current expenditure, across all categories, forced the authorities to undertake additional containment of the investment

programme. Including delays in the launch of certain projects, the public investment programme recorded a budget execution level of 70 per cent versus the amounts forecast.

As a result of these developments, the **budget deficit fell** year-on-year, reaching 7.3 per cent of GDP in 2014 (below the 8.1 per cent budgeted and 9.4 per cent for 2013). The general government's total financing needs, which also include onlending and other financial asset operations, rose to 10.4 per cent of GDP (13.5 per cent in 2013), and were covered by public debt.

The Cabo-Verdian State's debt maintained the upward trend begun in 2009, with external debt increasing in 2014 to 87.5 per cent of GDP and domestic debt to 26.7 per cent of GDP (excluding Consolidated Financial Mobilisation Securities, covered by the resources of the Cabo Verde Trust Fund, established in 1998).

In 2015 private investment and consumption should become economic drivers for Cabo Verde, leading to an acceleration of growth. Fiscal revenues are expected to grow, not sufficiently however to offset the projected increase in expenditure (both current and investment spending), which should lead to a deterioration in the budget deficit.

Greater economic activity will include an increase of imports, and therefore the worsening of the external current deficit, despite the recovery of tourism revenue (to which the instability in northern Africa will contribute) and the positive performance of emigrant remittances. The surplus in the capital and financial account, which is expected to be supported by the State's indebtedness (but was caused by FDI in the implementation up to March), will allow a further but less pronounced accumulation of foreign exchange reserves. The strengthened external position has supported monetary expansion, due to an increase in credit to general government and the ongoing decline in credit to the economy, a trend that is expected to reverse by the end of the year.

The most significant risks to the scenario for 2015 still relate to the potential ongoing economic stagnation in the EU, with a possible impact on tourism revenue, FDI and emigrant remittances. Regarding internal constraints, the pressure from public finances and general government debt and developments in the commercial banks' financial situation must continue to be closely monitored.

Table 14 • Main economic indicators

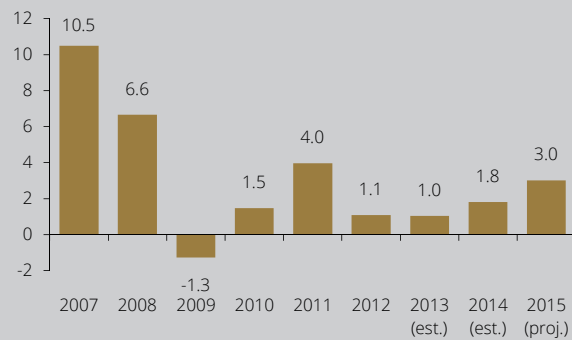
	2012	2013	2014 Est.	2015 Prog.
Real GDP (annual % change)	1.1	1.0	1.8	3.0
Inflation (year-on-year % change)	4.1	0.1	-0.4	2.0
Broad money (annual % change)	6.0	11.0	7.3	3.8
Current account (% of GDP)	-13.3	-4.5	-7.8	-9.3
Official reserves (months of imports)	3.8	4.8	5.5	5.1
Fiscal balance (% of GDP)	-10.3	-9.4	-7.3	-8.6
Public debt, excluding TCMF ¹ (% of GDP)	98.7	109.1	121.6	–

Sources (for the subsequent charts also): International Monetary Fund, Banco de Cabo Verde, Ministry of Finance and Planning (Cabo Verde) and Cabo Verde National Institute of Statistics.

Notes: 1 TCMF – "Títulos Consolidados de Mobilização Financeira", consolidated financial mobilisation securities, covered by the resources of a Trust Fund established offshore.

Chart 17 • Real GDP

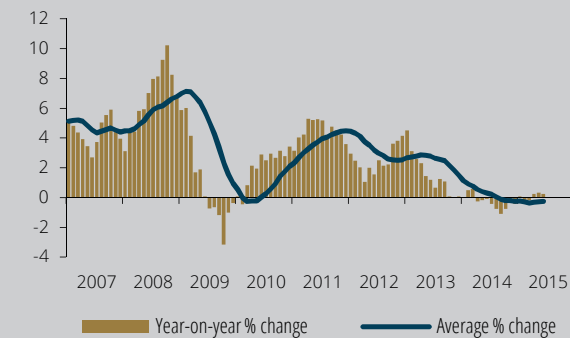
Annual % change



Economic growth in Cabo Verde has remained at limited levels, due to the difficult external conditions. The slight acceleration in 2014 was driven by moderate private investment activity, which should continue into 2015.

Chart 18 • Inflation

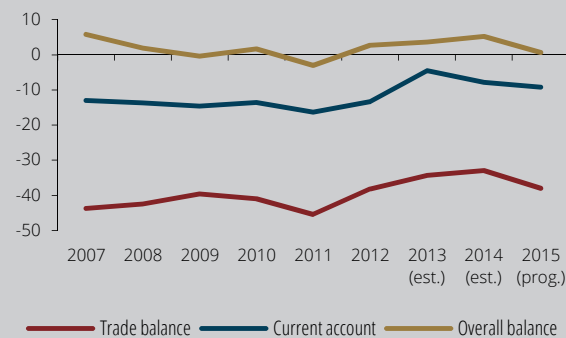
Annual % change of the CPI



The falling international prices of oil and food products were reflected internally with the inflation rate reaching negative values during 2014 (both on average and year-on-year).

Chart 19 • External accounts

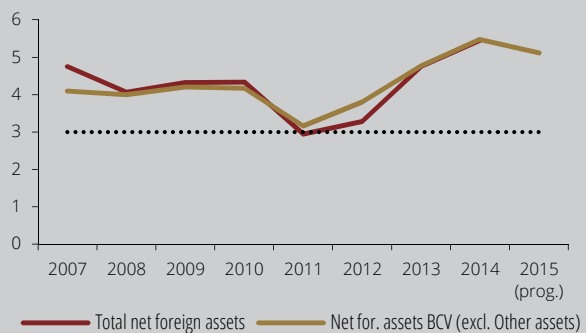
% of GDP



The trade balance remains the main external imbalance for Cabo Verde's economy. However, the deterioration of the current deficit in 2014 arose from the fall in the services account surplus and from the increase of the income account deficit.

Chart 20 • Foreign exchange reserves

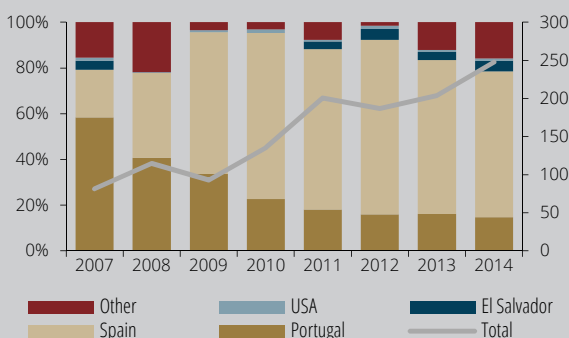
Months of goods and services imp.



The inflows from foreign direct investment, from repayment of foreign borrowing granted by the banks and from disbursements of external public debt have allowed a new strengthening of foreign exchange reserves in 2014, maintaining the rising trend.

Chart 21 • Goods exports

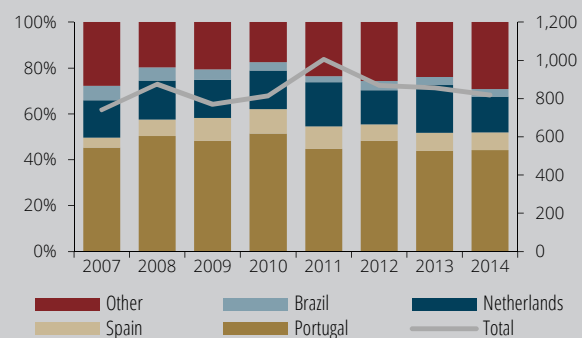
Destinations as a %, total in USD millions



In recent years, Spain has become the main market for Cabo Verde's exports, absorbing sea products for the most part. Portugal continues as the second destination, although decreasing its share.

Chart 22 • Goods imports

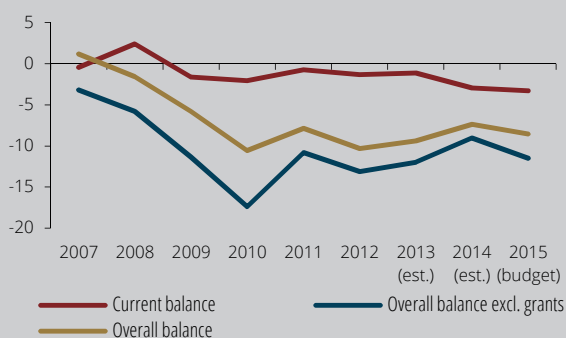
Origins as a %, total in USD millions



The appetite and preference for Portuguese products has kept Portugal as the origin of 40 to 50 per cent of all Cabo Verde's imports. The Dutch and Spanish markets follow in relative terms, accounting for 16 and 8 per cent respectively.

Chart 23 • Public accounts

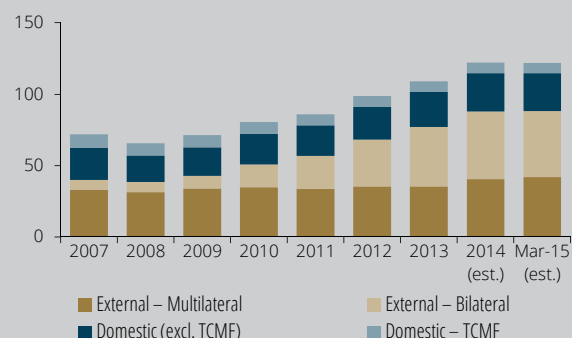
% of GDP



After the deliberately expansionist cycle of budgetary policy which followed the international crisis, Cabo Verde has pursued a slow but gradual downward path for the budget deficit, despite having a deteriorating current deficit.

Chart 24 • Public debt

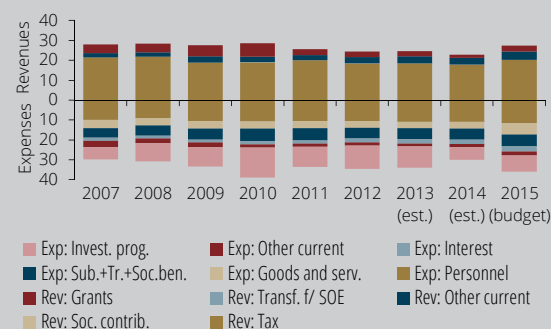
% of GDP



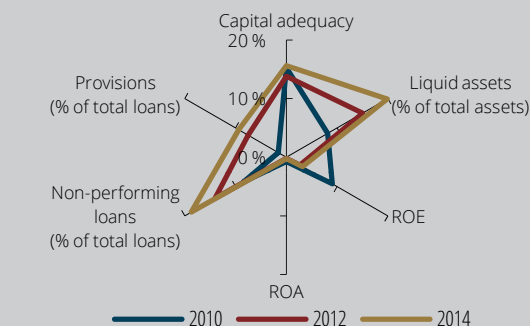
The maintenance of high budget deficits has resulted in an ongoing increase in public debt, principally externally (mainly bilateral debt) but also resorting to internal indebtedness (from the banks).

Chart 25 • Public revenues and expenses

% of GDP



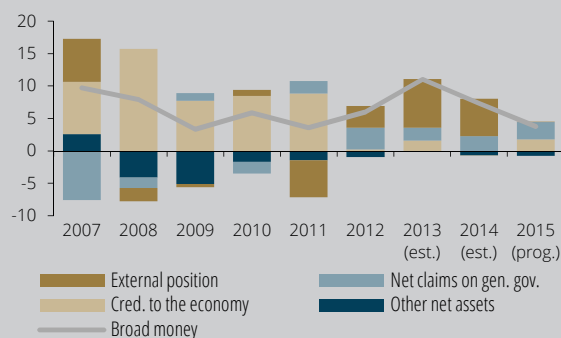
Despite the efforts to increase the effectiveness of the tax administration, the collection of taxes has struggled to offset the fall in grants. In contrast, current expenditure has proportionally increased.

Chart 26 • Financial stability indicators

The decreasing profitability of Cabo Verde's banking sector has become evident over the last few years, accompanied by the deterioration of the credit quality ratios. However, the system as a whole has also shown growth in its assets and solvency.

Chart 27 • Liquidity expansion/Contraction factors

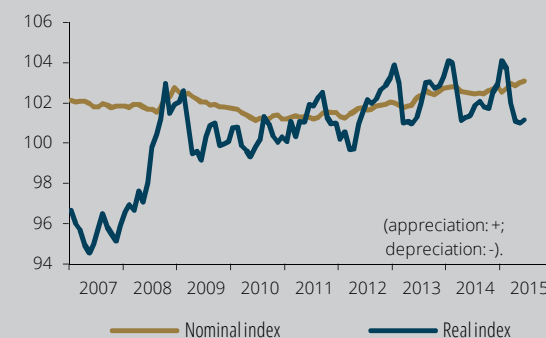
Changes in % of initial stock of broad money



The weak performance of credit to the economy has become a key feature since 2012, in contrast to previous years. Broad money growth has above all been the result of the external position (foreign exchange reserves) and the net credit to general government.

Chart 28 • Effective exchange rate

Indexes 100 = 2000, monthly averages



The progressive nominal appreciation of Cabo Verde's escudo reflects the devaluation of the Brazilian real versus the euro, with which Cabo Verde's currency maintains a currency peg (its other principal partners – Portugal, Spain and the Netherlands – belong to the euro area).

Table 15 • Economic indicators

			2010	2011	2012	2013	2014		2015	
			Est.	Est.	Est.	Est.	Prog.	Est.	Prog.	Est.
Output and prices										
GDP m.p.	EUR millions		1,257	1,342	1,364	1,384	1,484	1,410	1,470	
	Real % change		1.5	4.0	1.1	1.0	3.0	1.8	3.0	
Inflation (CPI)	Y-o-y % change		3.4	3.6	4.1	0.1	2.5	-0.4	2.0	0.3 Jun.
	Avg % change		2.1	4.5	2.5	1.5	2.0	-0.2	1.5	-0.2 Jun.
Public finances										
Total revenue	% of GDP		28.6	25.6	24.4	24.7	27.3	22.8	27.4	
Grants	% of GDP		6.8	2.9	2.8	2.6	3.2	1.7	2.9	
Total expenditure	% of GDP		39.0	33.5	34.7	34.1	35.2	30.3	35.9	
Overall balance (commitment basis)	% of GDP		-10.6	-7.9	-10.3	-9.4	-8.1	-7.3	-8.6	
Excluding grants	% of GDP		-17.4	-10.8	-13.1	-12.0	-11.3	-9.0	-11.5	
Domestic debt	% of GDP		29.5	29.1	30.6	31.8		34.1		33.6 Mar.
of which: TCMF ^(a)	% of GDP		8.2	7.7	7.6	7.5		7.3		7.0 Mar.
Money and credit										
Claims on general government (net)	Annual % change		-10.3	12.7	20.3	10.7	19.2	12.1	13.5	-8.2 May ^(b)
Credit to the economy	Annual % change		12.0	11.8	0.3	2.0	12.1	-0.1	2.8	-3.2 May ^(b)
Broad money (M3)	Annual % change		5.9	3.6	6.0	11.0	7.6	7.3	3.8	-2.6 May ^(b)
Interest rates ^(b)										
One-year deposits (average of the OMLs)	Annual rate		4.5	4.2	3.8	4.3		4.3		4.3 May
Rediscount	Annual rate		7.5	7.5	9.8	9.8		7.8		7.5 May
Liquidity provision	Annual rate		7.3	7.3	8.8	8.8		6.8		6.5 May
Treasury bills (91 days)	Annual rate		3.9	4.1	4.2	2.7		1.5		1.3 Apr.
Financial stability										
Capital adequacy ^(c)	Percentage		15.3	13.9	13.8	15.1		15.6		15.0 Mar.
Non-performing loans/total loans	Percentage		8.4	11.8	14.1	16.4		18.7		20.5 Mar.
Return on equity (ROE)	Percentage		9.1	5.6	2.7	3.5		3.2		0.7 Mar.
Balance of payments										
Exports (current USD)	Annual % change		46.0	56.0	-13.5	7.9	7.7	35.0	-12.7	
Imports (current USD)	Annual % change		6.2	29.5	-19.6	-2.6	14.0	6.1	4.1	
Current account	% of GDP		-13.5	-16.3	-13.3	-4.5	-9.2	-7.8	-9.3	
Excluding official transfers	% of GDP		-19.9	-20.0	-16.7	-7.6	-10.9	-10.7	-9.3	
Current and capital account	% of GDP		-11.1	-15.6	-12.6	-4.2	-9.0	-7.3	-8.9	
Official reserves	Months of imports ^(e)		4.2	3.2	3.8	4.8	5.0	5.5	5.1	5.1 May
External debt										
Total	EUR millions		638.8	762.5	928.7	1,069.8		1,234.1		1,295.2 Mar.
	% of GDP		50.8	56.8	68.1	77.3		87.5		88.1 Mar.
	% of exports ^(e)		133.1	134.5	151.4	162.9		181.8		182.6 Mar.
Debt service	% of exports ^(e)		4.7	4.1	4.6	4.4		4.6		1.3 Mar.
Exchange rates (averages)										
EUR/CVE (official market)	Average rate		110.3	110.3	110.3	110.3	110.3	110.3	110.3	110.3 Jun.
USD/CVE (official market)	Average rate		83.3	79.3	85.8	83.1	83.0	83.1	90.0	99.0 Jun.
Nominal EERI (Index: 100 = 2000) ^(d)	Annual % change		-0.6	0.3	0.5	0.7		0.0		0.3 Jun. ^(f)
Real EERI (Index: 100 = 2000) ^(d)	Annual % change		0.2	0.7	2.2	0.1		-0.4		-1.7 Jun. ^(f)

Sources: Banco de Cabo Verde, Ministry of Finance and Planning (Cabo Verde), IMF and Banco de Portugal calculations.

Notes: (a) Títulos Consolidados de Mobilização Financeira (consolidated financial mobilisation securities); (b) Monthly averages (corresponding to December for annual figures); (c) Regulatory capital/risk-weighted assets; (d) Effective exchange rate index (EERI), calculated on the basis of official exchange rates applied to the currencies of Cabo Verde's four main trading partners over the period 2010/14 (appreciation: +; depreciation: -); (e) Imports and exports of goods and services; (f) Change from the previous December.

Table 16 • Gross domestic product

Current prices, CVE millions

	2008	2009	2010	2011	2012	2013 Est.	2014 Est.	2015 Proj.
Primary sector	11,455	12,077	11,780	12,215	13,249	13,374	12,324	
Agriculture, livestock and forestry	9,655	10,043	9,705	10,598	11,659	11,607	10,317	
Fishing and aquaculture	786	1,260	1,367	1,005	1,040	1,309	1,547	
Mining and quarrying	1,014	774	708	612	550	458	460	
Secondary sector	24,252	25,400	24,440	25,668	25,018	24,872	25,171	
Manufactured products	6,526	6,689	7,528	8,054	8,547	8,858	8,150	
Electricity, gas, water	1,318	2,126	1,939	2,158	3,268	4,133	4,257	
Construction	16,408	16,585	14,973	15,456	13,203	11,881	12,764	
Tertiary sector	80,513	81,783	84,749	89,645	93,463	95,491	96,767	
Whole. & retail trade; repair of motor vehicles	15,541	16,834	17,609	19,002	18,785	16,854	16,300	
Accommodation and food service activities	15,334	13,883	14,781	14,038	13,300	13,564	13,429	
Transportation and storage	4,712	4,653	4,792	5,896	8,651	10,015	9,731	
Telecommunications and mail	6,749	7,035	6,254	6,246	6,330	6,740	7,255	
Financial services	6,016	5,316	5,120	5,077	5,238	5,284	5,571	
Real estate and other services	13,472	13,517	14,604	14,696	15,885	16,597	16,781	
Corporate services	2,509	2,598	2,570	3,176	3,392	3,486	3,663	
Public administration	16,180	17,947	19,019	21,514	21,882	22,951	24,037	
Gross value added	116,220	119,260	120,969	127,528	131,730	133,737	134,262	
Taxes and subsidies on products	18,479	16,621	17,598	20,400	18,622	18,902	21,259	
Gross domestic product (m.p.)	134,699	135,881	138,567	147,928	150,352	152,639	155,521	162,100
Consumption	104,604	111,548	112,863	120,269	123,620	126,872	126,597	
Public	22,739	24,708	25,536	27,401	25,963	27,123	26,725	
Private	81,865	86,840	87,327	92,868	97,657	99,749	99,871	
Investment	65,376	59,501	66,024	70,277	55,920	45,662	51,790	
Gross fixed capital formation	57,285	52,337	62,625	69,128	52,844	43,645	47,744	
Public	14,828	14,403	23,935	19,236	22,320	21,017	15,083	
Private	42,457	37,934	38,690	49,892	30,524	22,628	32,660	
Changes in inventories	8,091	7,164	3,399	1,149	3,076	2,017	4,046	
Domestic demand	169,980	171,049	178,887	190,546	179,540	172,534	178,387	
Exports of goods and services	43,242	36,699	40,059	46,555	55,541	58,386	61,130	
Overall demand	213,222	207,748	218,946	237,101	235,081	230,920	239,516	
Imports of goods and services	78,523	71,867	80,379	89,173	84,729	78,281	83,995	
Memo items:								
Gross domestic savings	30,095	24,333	25,704	27,659	26,732	25,767	28,924	
Nominal GDPmp (EUR millions)	1,222	1,232	1,257	1,342	1,364	1,384	1,410	1,470
Nominal GDPmp (USD millions)	1,788	1,712	1,664	1,866	1,752	1,837	1,872	1,801
GDP deflator (annual % change)	3.5	2.2	0.5	2.7	0.6	0.5	0.1	1.2
Nominal GDP (annual % change)	10.4	0.9	2.0	6.8	1.6	1.5	1.9	4.2
Real GDP (annual % change)	6.6	-1.3	1.5	4.0	1.1	1.0	1.8	3.0

Sources: Cabo Verde National Institute of Statistics, Banco de Cabo Verde, IMF and Banco de Portugal calculations.

Table 17 • Consumer price index

Per cent

		Monthly change	Year-on-year change	Average change
		[1]	[2]	[3]
2001	December	–	4.1	3.3
2002	December	–	3.0	1.9
2003	December	–	-2.3	1.2
2004	December	–	0.6	-1.9
2005	December	–	1.8	0.4
2006	December	–	5.8	4.8
2007	December	–	4.0	4.4
2008	December	–	6.7	6.8
2009	December	–	-0.4	1.0
2010	December	–	3.4	2.1
2011	December	–	3.6	4.5
2012	December	–	4.1	2.5
2013	December	–	0.1	1.5
2014	December	–	-0.4	-0.2
2013	January	-0.2	4.5	2.7
	February	-0.7	3.1	2.7
	March	-0.5	2.6	2.8
	April	0.2	2.3	2.9
	May	0.0	1.4	2.8
	June	0.0	1.2	2.8
	July	0.5	0.7	2.6
	August	0.4	1.3	2.6
	September	0.4	1.1	2.5
	October	-0.2	0.1	2.2
	November	-0.2	0.0	1.9
	December	0.5	0.1	1.5
	December (proj.)	–	2.2	3.3
2014	January	-0.3	0.0	1.1
	February	-0.2	0.5	0.9
	March	-0.4	0.6	0.8
	April	-0.7	-0.3	0.6
	May	0.1	-0.2	0.4
	June	0.1	-0.1	0.3
	July	0.2	-0.4	0.2
	August	0.1	-0.7	0.1
	September	0.1	-1.1	-0.1
	October	0.1	-0.7	-0.2
	November	0.4	-0.1	-0.2
	December	0.2	-0.4	-0.2
	December (proj.)	–	2.5	2.0
2015	January	0.2	0.1	-0.2
	February	-0.4	-0.2	-0.3
	March	-0.4	-0.2	-0.4
	April	-0.3	0.3	-0.3
	May	0.2	0.3	-0.3
	June	0.0	0.3	-0.2
	December (proj.)	–	2.0	1.5

Sources: Banco de Cabo Verde and Banco de Portugal calculations.

Notes: [1] month (n)/month (n-1); [2] month (n)/month (n) of the previous year; [3] last 12 months/previous 12 months.

Table 18 • Balance of payments

CVE millions

	2011	2012	2013	2014		2015		
	Est.	Est.	Est.	Proj.	Q I	Est.	Proj.	Q I
1. Current account	-24,093	-20,059	-6,937	-15,106	-1,318	-12,082	-15,024	-1,439
Trade balance	-67,206	-57,393	-52,531	-60,866	-11,560	-50,971	-61,525	-14,712
Exports (f.o.b.) ^(a)	16,759	15,699	16,398	17,642	4,969	22,140	20,936	3,941
Imports (f.o.b.)	-83,965	-73,092	-68,929	-78,509	-16,529	-73,111	-82,461	-18,653
Services	20,448	21,546	28,601	31,426	7,013	24,205	28,162	8,031
Exports	45,749	51,925	56,003	57,558	13,469	52,705	57,259	16,069
of which: Transport	11,749	10,805	11,219		2,525	9,510		3,011
Tourism	27,851	33,799	36,716	40,247	9,145	33,255	36,414	11,181
Imports	-25,300	-30,378	-27,402	-26,133	-6,456	-28,500	-29,097	-8,038
of which: Transport	-8,953	-8,589	-7,020		-1,498	-7,428		-3,211
Tourism	-4,579	-4,343	-3,728		-626	-2,664		-500
Income	-5,798	-6,406	-5,394	-6,065	-1,870	-7,763	-7,079	-1,681
Exports	1,124	1,068	1,122	1,158	129	1,009		133
of which: Income f/ the TF ^(b) (prev. year)	486	373	373	373	0	373		0
Imports	-6,922	-7,474	-6,517	-7,222	-1,999	-8,772		-1,815
of which: Interest on sched. public debt	-805	-1,151	-1,407	-1,433	-376	-1,518	-1,500	-466
Current transfers	28,463	22,194	22,388	20,399	5,099	22,448	25,418	6,923
Official transfers	5,535	5,084	4,689	2,757	998	4,594		1,878
Private transfers	22,928	17,109	17,698	17,642	4,101	17,853		5,045
of which: Emigrant remittances	13,381	14,446	13,762		3,453	14,846		4,264
2. Capital and financial account	22,115	23,608	12,669	20,399	225	19,690	16,150	2,219
Capital account	985	1,122	533	441	386	659	628	649
Capital transfers	985	1,122	533	441	386	659	628	649
Financial account	21,130	22,486	12,136	19,958	-161	19,031	15,522	1,570
Direct investment	8,312	8,615	4,536	4,411	-1,815	8,426	6,667	2,199
Portfolio investment	0	-1,694	-2,257	0	-236	-1,484		-396
Other transactions	12,818	15,565	9,857	15,547	1,889	12,089		-234
of which: Disburs. of loans to gen. gov.	16,043	19,473	17,787	18,635	5,804	13,583		2,373
Scheduled amortisation	-1,778	-1,947	-1,811	-1,985	-611	-1,637		-882
3. Errors and omissions	-2,454	477	-231	0	511	483	-0	191
4. Overall balance: (1)+(2)+(3)	-4,432	4,026	5,502	5,293	-583	8,091	1,127	971
5. Financing	4,432	-4,026	-5,502	-5,293	583	-8,091	-1,127	-971
Change in official reserves (increase: -)	3,676	-4,026	-5,502	-5,293	583	-8,091	-1,127	-971
Exceptional financing	756	0	0	0	0	0	0	0
of which: Drawings from ACC Facility ^(c)	0	0	0	0	0	0	0	0
Reimb. of ACC Facility ^(c)	0	0	0	0	0	0	0	0
Change in arrears (increase: +)	756	0	0	0	0	0	0	0
6. Financing GAP ^(d) : (4)+(5)	0	0	0	0	0	0	0	0
Memo items:								
Current account (% of GDP)	-16.3	-13.3	-4.5	-9.7	-	-7.8	-9.3	-
Current and capital account (% of GDP)	-15.6	-12.6	-4.2	-9.4	-	-7.3	-8.9	-
Official reserves (in months of imports) ^(e)	3.2	3.8	4.8	5.0	4.3	5.5	5.1	5.1

Sources: Banco de Cabo Verde, IMF and Banco de Portugal calculations.

Notes: (a) Includes sales of fuel to ships and re-exports; (b) Offshore fund (Trust Fund) to support the conversion of domestic debt; (c) Exchange Rate Cooperation Agreement (*Acordo de Cooperação Cambial*) between Portugal and Cabo Verde; (d) Net lending (+)/net borrowing (-); (e) Net foreign assets of Banco de Cabo Verde and imports of goods and services in the year.

Table 19 • Goods exports

Destinations as a percentage of total exports

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2006 to 2014
El Salvador	6.4	3.9	0.0	0.0	0.0	3.5	4.9	3.4	4.5	3.2
Spain	27.3	20.9	37.2	62.0	72.6	70.2	76.3	67.4	63.9	60.4
USA	1.4	1.4	0.4	0.9	1.6	0.5	1.3	1.1	1.1	1.0
France	0.0	0.0	0.0	2.9	0.6	6.2	0.0	3.4	0.2	1.7
Netherlands	0.6	0.2	0.5	0.5	0.3	0.2	0.2	0.2	0.3	0.3
Portugal	49.8	58.3	40.6	33.6	22.7	18.0	16.0	16.2	14.7	24.8
Other	14.5	15.3	21.3	0.1	2.2	1.4	1.3	8.4	15.3	8.5

Sources: Banco de Cabo Verde, IMF and Banco de Portugal calculations.

Table 20 • Goods imports

Origins as a percentage of total exports

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2006 to 2014
Germany	1.1	1.4	1.6	2.3	0.4	0.5	1.0	1.4	0.6	1.1
Brazil	6.4	6.3	5.7	4.5	3.7	2.7	4.0	3.6	3.3	4.3
Spain	5.6	4.5	7.3	9.8	10.6	9.9	7.2	7.9	7.6	8.0
USA	1.4	1.2	0.9	1.0	1.6	0.9	5.3	1.2	1.2	1.6
Netherlands	11.2	16.3	17.0	16.7	16.8	19.1	15.0	20.9	15.6	16.8
Portugal	50.2	45.2	50.3	48.3	51.4	44.7	48.2	43.8	44.3	47.2
Other	24.1	25.1	17.3	17.3	15.4	22.0	19.3	21.2	27.4	21.0

Sources: Banco de Cabo Verde, IMF and Banco de Portugal calculations.

Table 21 • Public debt

CVE millions

	2008	2009	2010	2011	2012	2013	2014	Mar. 15
				Est.	Est.	Est.	Est.	Est.
Total external debt	51,880	58,210	70,433	84,074	10,2404	11,7962	13,6080	14,2821
Multilateral creditors	42,248	46,185	48,274	49,777	53,261	54,159	62,912	67,987
Bilateral creditors	9632	12,026	22,159	34,297	49,143	63,803	73,168	74,834
Government	7375	9846	13,369	18,131	21,800	23,993	25,143	26,400
Other	2257	2179	8790	16,166	27,343	39,810	48,025	48,434
Total domestic debt	36,492	38,519	40,907	43,106	45,934	48,556	52,977	54,503
of which: Treasury bills	3005	1730	600	1550	680	682	193	685
Treasury bonds	20,182	23,870	27,369	28,609	32,254	34,870	39,619	40,626
Banking system	13,421	14,379	15,162	17,236	17,429	20,939	25,961	26,784
Non-banking system	11,682	12,752	14,356	14,482	17,117	16,228	15,628	16,330
TCMF ^(a)	11,389	11,389	11,389	11,389	11,389	11,389	11,389	11,389
(% of GDP)								
Total external debt	38.5	42.8	50.8	56.8	68.1	77.3	87.5	88.1
Total domestic debt (excluding TCMF)	18.6	20.0	21.3	21.4	23.0	24.3	26.7	26.6
TCMF	8.5	8.4	8.2	7.7	7.6	7.5	7.3	7.0
Total domestic debt (including TCMF)	27.1	28.3	29.5	29.1	30.6	31.8	34.1	33.6
(% of exports of goods and services)								
Total external debt	97.3	128.4	133.1	134.5	151.4	162.9	181.8	182.6
Medium and long-term debt service	4.6	5.5	4.7	4.1	4.6	4.4	4.6	1.3

Sources: Banco de Cabo Verde, Ministry of Finance and Planning (Cabo Verde), IMF and Banco de Portugal calculations.

Notes: (a) Títulos Consolidados de Mobilização Financeira (consolidated financial mobilisation securities).

Table 22 • Government operations

CVE millions

	2011	2012	2013	2014				2015		
			Est.	Budg.	Q 1	Est.	I.e. ^(a)	Budg.	Q 1	I.e. ^(a)
1. Total revenue	37,915	36,688	37,716	44,623	8,210	35,408	79.3	44,448	9,427	21.2
1.1. Current revenue	33,573	32,486	33,692	39,346	7,984	32,800	83.4	39,694	8,790	22.1
Taxes	29,581	27,573	28,099	32,692	6,726	27,464	84.0	32,666	7,531	23.1
Income taxes	8,678	8,616	8,596	9,572	2,110	8,051	84.1	9,284	2,657	28.6
Taxes on goods and services	13,840	12,512	13,136	16,159	3,216	12,848	79.5	15,838	3,398	21.5
of which: VAT	11,603	10,405	10,522	12,893	2,536	10,150	78.7	12,370	2,762	22.3
Taxes on international trans.	6,228	5,778	5,700	6,129	1,208	5,754	93.9	6,669	1,303	19.5
Other taxes	835	668	668	832	191	811	97.4	876	174	19.9
Social contributions	37	41	43	17	10	55	325	218	12	5.4
Transfers (Public Administration)	0	0	0	0	3	0	–	0	0	–
Other revenue	3,956	4,872	5,550	6,637	1,245	5,280	79.6	6,811	1,247	18.3
1.2. Grants	4,342	4,203	4,024	5,241	226	2,608	49.8	4,753	637	13.4
1.3. Transf. f/ state owned entrep. ^(b)	0	0	0	36	0	0	0.0	0	0	–
2. Total expenditure ^(c)	49,545	52,108	51,982	57,662	10,204	47,122	81.7	58,234	10,126	17.4
2.1. Current expenditure ^(d)	34,660	34,445	35,436	43,694	7,968	37,322	85.4	45,050	9,085	20.2
of which: From invest. projects	5,800	4,668	4,471	8,372	706	5,283	63.1	8,689	942	10.8
Compensation of employees	15,644	15,886	16,601	18,486	4,129	16,904	91.4	18,855	4,198	22.3
Goods and services	5,328	4,995	5,064	8,396	729	5,140	61.2	9,228	998	10.8
Interest	2,276	2,858	3,383	4,200	743	3,444	82.0	4,185	1,009	24.1
of which: Domestic debt	1,425	1,715	1,878	2,266	368	1,910	84.3	2,269	536	23.6
External debt	852	1,142	1,438	1,838	376	1,518	82.6	1,820	466	25.6
Subsidies	994	274	101	170	31	107	62.7	103	21	20.2
Transfers	4,368	4,057	4,075	5,371	862	4,394	81.8	5,481	1,031	18.8
Social benefits	3,798	3,918	4,150	3,986	1,047	4,315	108.3	4,170	1,128	27.0
Other expenditure	2,251	2,457	2,062	3,085	216	2,324	75.3	3,027	410	13.5
of which: Scholarships	465	565	568	584	75	598	102.4	584	101	17.4
2.2. Investment programme	14,885	17,663	16,546	13,968	2,235	9,801	70.2	13,184	1,042	7.9
3. Non-financial assets: (3.1-3.2)	27	79	55	198	-66	-314	-158.9	104	27	26.1
3.1. Purchase of non-financial assets	97	81	68	198	6	76	38.1	232	29	12.5
3.2. Sale of non-financial assets	70	2	14	1	73	389	–	128	2	–
4. Current balance: (1.1-2.1)	-1,086	-1,960	-1,744	-4,348	16	-4,522	–	-5,356	-295	–
5. Overall balance excl. grants: (1-2-3-1.2)	-15,998	-19,702	-18,345	-18,477	-2,153	-14,009	–	-18,644	-1,364	–
6. Overall balance (commitment basis): (1-2-3)	-11,657	-15,499	-14,321	-13,237	-1,927	-11,401	–	-13,891	-727	–
7. Financing	11,657	15,499	14,321	13,236	324	11,401	–	13,891	808	–
7.1. Financial assets	-5,350	-3,509	-6,311	-8,244	-1,083	-4,736	–	-6,756	-1,561	–
Loan repay. to state ow. enterp.	58	0	128	354	0	126	–	352	11	–
Loans to state owned enterprises	-5,362	-2,465	-5,629	-7,652	-1,072	-4,771	–	-7,032	-1,544	–
Shares and other equity	-46	-1,044	-810	-500	-12	-119	–	-408	-47	–
Other financial assets	0	0	0	-446	0	27	–	332	19	–
7.2. Financial liabilities	17,007	19,008	20,632	21,480	1,407	16,137	–	20,646	2,369	–
External (net)	14,237	17,751	19,692	17,257	2,317	14,607	–	14,647	1,643	–
Disbursements	16,052	19,474	21,515	19,319	2,929	16,643	–	17,046	2,525	–
Amortisation	-1,815	-1,723	-1,823	-2,062	-611	-2,036	–	-2,399	-882	–
Domestic (net)	2,770	1,257	940	4,224	-910	1,530	–	5,999	726	–
Banking system	2,143	3,859	2,350	3,186	2,021	3,071	–	3,833	23	–
Other	627	-2,602	-1,409	1,037	-2,931	-1,541	–	2,166	703	–
8. Financing gap/discrepancy ^(e) : (6+7)	0	0	0	-0	-1,603	0	–	0	81	–

Sources: Banco de Cabo Verde, Ministry of Finance and Planning (Cabo Verde), IMF and Banco de Portugal calculations.

Notes: (a) Level of budget execution (%); (b) Share of capital expenditure of public enterprises (usually to finance infrastructures related to the activities of these enterprises); (c) Includes expenditure on arrears and expenditure that is not classified; (d) Includes values to settle in 2014; (e) Net borrowing (+)/net lending (-).

Table 23 • Monetary survey

CVE millions

	2010	2011	2012	2013		2013 / 2012		2014		2014 / 2013		2015		2015p / 2014		2015	
				Est.	[1]	[2]		Prog.	Est.	[1]	[2]	Prog.		[1]	[2]	March	May
External position	29,417	23,060	26,958	36,168	34.2	7.5	38,619	44,061	44,061	21.8	5.8	44,182	0.3	0.1	0.1	46,020	46,170
Foreign assets (net)	33,686	26,810	28,312	38,101	34.6	8.0		46,038	46,038	20.8	5.8					47,959	48,079
Banco de Cabo Verde	32,505	28,837	32,861	38,360	16.7	4.5		46,461	46,461	21.1	6.0					47,443	47,357
Net foreign assets	32,427	28,752	32,778	38,280	16.8	4.5	43,652	46,371	46,371	21.1	5.9	47,497	2.4	0.8	0.8	47,342	47,256
Other assets (net)	78	86	83	80	-3.8	-0.0		91	91	13.3	0.0					102	101
Commercial banks	1,181	-2,028	-4,550	-259	-94.3	3.5		-423	-423	63.6	-0.1					516	722
Medium and long-term liabilities	-4,269	-3,750	-1,354	-1,933	42.8	-0.5		-1,977	-1,977	2.3	-0.0					-1,939	-1,909
Domestic assets (net)	82,245	92,589	95,633	99,912	4.5	3.5	107,773	101,944	101,944	2.0	1.5	107,326	5.3	3.7	3.7	99,673	101,435
Total domestic credit	100,330	112,326	116,452	120,795	3.7	3.5	137,204	123,782	123,782	2.5	2.2	130,247	5.2	4.4	4.4	123,429	124,438
Net claims on general government	16,848	18,992	22,851	25,285	10.7	2.0	30,131	28,357	28,357	12.1	2.3	32,190	13.5	2.6	2.6	28,380	29,560
of which: on Central gov.	5,954	8,362	12,186	14,362	17.9	1.8	17,872	17,436	17,436	21.4	2.3					17,659	19,039
invest. in TCMF ^(a)	11,597	10,802	11,192	11,192	0.0	0.0	11,499	11,192	11,192	0.0	0.0					11,192	11,192
Credit to the economy	83,481	93,334	93,601	95,510	2.0	1.6	107,073	95,425	95,425	-0.1	-0.1	98,057	2.8	1.8	1.8	95,050	94,878
Public enterprises	174	863	824	865	5.0	0.0		840	840	-2.9	-0.0					1,856	1,926
Private sector	83,307	92,471	92,777	94,645	2.0	1.5		94,585	94,585	-0.1	-0.0					93,194	92,952
Credit to NMFI	0	0	0	0	-	-	0	0	0	-	-	0	-	-	-	0	0
Other items (net)	-18,085	-19,737	-20,820	-20,883	-0.3	-0.1	-29,431	-21,838	-21,838	-4.6	-0.7	-22,921	-5.0	-0.7	-0.7	-23,756	-23,003
Total assets	111,662	115,649	122,590	136,080	11.0	-	146,392	146,005	146,005	7.3	-	151,507	3.8	-	-	145,693	147,605
Broad money	111,662	115,649	122,590	136,080	11.0	11.0	146,392	146,005	146,005	7.3	7.3	151,507	3.8	3.8	3.8	145,693	147,605
Base money	25,922	24,439	32,574	38,427	18.0	4.8	43,201	45,778	45,778	19.1	5.4					44,559	43,672
Currency in circulation	8,514	8,376	7,886	8,216	4.2	0.3	9,125	8,707	8,707	6.0	0.4					7,949	8,166
Demand deposits in national currency	35,050	31,113	33,187	39,566	19.2	5.2	45,024	45,467	45,467	14.9	4.3					43,941	43,602
Quasi-money	68,098	76,159	81,517	88,298	8.3	5.5	92,243	91,831	91,831	4.0	2.6					93,804	95,837
Total liabilities	111,662	115,649	122,590	136,080	11.0	-	146,392	146,005	146,005	7.3	-	151,507	3.8	-	-	145,693	147,605

Sources: Banco de Cabo Verde, IMF and Banco de Portugal calculations.

Notes: (a) Offshore fund (Trust Fund) to support the conversion of domestic debt by issuing Títulos Consolidados de Mobilização Financeira (consolidated financial mobilisation securities).

[1] Change from the end of the previous year; [2] Changes in percentage of the initial stock of broad money (expansion/contraction).

Table 24 • Interest rates

Annual rates, per cent

	2008	2009	2010	2011	2012	2013	2014				2015	
	Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	May
Lending rates												
7-30 days	11.6	13.0	13.9	9.3	11.5	12.5	11.8	13.3	13.4	11.9	11.7	11.3
31-90 days	11.8	12.1	11.6	9.4	11.7	11.3	10.9	13.6	11.4	10.5	12.1	10.5
91-180 days	10.2	11.3	11.8	9.0	10.1	11.2	10.6	10.8	11.4	11.3	10.0	10.2
181 days-1 year	9.3	9.3	9.0	9.5	9.3	9.0	9.4	9.1	9.0	8.5	8.7	8.9
1-2 years	11.8	10.7	10.1	10.1	10.0	10.4	10.5	10.7	11.6	11.5	11.4	10.4
2-5 years	11.2	10.8	10.0	10.1	10.2	10.5	10.7	10.8	10.9	10.9	10.7	10.9
5-10 years	10.3	10.2	10.2	9.6	9.5	9.5	9.7	9.7	9.8	9.8	9.9	9.9
Over 10 years	10.4	10.1	9.8	9.2	8.8	8.9	8.8	8.8	9.1	8.8	8.8	8.8
Overdraft	15.4	15.0	15.7	16.3	16.3	17.9	18.0	17.9	16.2	16.9	16.9	17.0
Deposit rates												
Residents												
7-30 days	3.1	3.0	2.9	2.9	3.3	4.4	2.0	2.5	2.6	2.6	2.5	2.5
31-90 days	2.8	3.4	3.4	3.4	4.1	4.3	4.2	3.3	2.9	2.9	2.9	2.9
91-180 days	3.9	4.3	4.1	4.0	4.1	4.2	3.7	3.7	3.4	3.5	3.4	3.6
181 days-1 year	4.1	4.1	4.5	4.2	3.8	4.3	4.3	4.3	4.3	4.3	4.3	4.3
1-2 years	4.2	4.5	4.1	4.7	4.9	4.9	4.9	4.8	4.8	4.7	4.7	4.6
Non-residents												
7-30 days	2.2	1.6	3.0	3.0	2.1	4.0	2.3	2.6	2.6	2.6	2.4	2.4
31-90 days	3.8	1.8	2.9	3.1	4.1	3.7	2.8	2.5	2.3	2.2	2.0	1.9
91-180 days	4.0	3.5	3.9	3.8	3.8	3.8	3.8	3.5	3.3	2.7	2.7	2.8
181 days-1 year	4.2	4.0	3.9	4.0	3.4	4.1	4.2	3.9	4.0	3.9	4.0	4.0
1-2 years	4.1	4.6	4.7	4.7	5.1	4.8	5.1	4.9	4.9	4.8	4.8	4.8
Emigrants												
7-30 days	3.4	3.5	3.5	3.5	1.8	4.3	2.5	2.6	2.6	2.6	2.5	2.5
31-90 days	3.4	3.5	3.5	3.5	5.6	4.5	3.4	3.3	3.0	3.1	3.0	3.4
91-180 days	4.1	4.1	4.1	4.2	4.0	4.3	3.7	4.6	3.7	3.8	3.8	3.8
181 days-1 year	4.3	3.7	4.1	4.2	3.7	4.2	4.1	4.2	4.2	4.2	4.2	4.2
1-2 years	4.3	4.4	4.9	5.0	5.5	5.4	5.4	5.1	5.1	5.0	4.4	4.9
Reference rates												
BCV instruments												
Rediscount	7.5	7.5	7.5	7.5	9.8	9.8	8.3	8.3	7.8	7.8	7.5	7.5
Liquidity provision	8.3	8.3	7.3	7.3	8.8	8.8	7.3	7.3	6.8	6.8	6.5	6.5
Liquidity absorption	2.8	2.8	1.8	1.8	3.3	1.0	1.0	1.0	0.5	0.5	0.3	0.3
TRM (14 days)	5.3	5.3	4.3	4.3	5.8		0.6	0.7	0.6	0.6	0.4	0.3
Treasury bills												
91 days	3.4	3.6	4.0	4.1								
182 days				4.2				1.6				
364 days					4.5							
Memo item:												
Inflation (y-o-y % change)	6.7	-0.4	3.4	3.6	4.1	0.1	0.6	-0.1	-1.1	-0.4	-0.2	0.3

Sources: Banco de Cabo Verde and Banco de Portugal calculations.

Notes: Lending and deposit rates shown refer to effective interest rates by calculating average rates weighted by the amounts of credit/investments regarding lending/deposit operations applied to residents, non-residents and emigrants.

Table 25 • Financial stability indicators

Percentage	2010	2011	2012	2013	2014	Mar. 2015
Solvency						
Capital adequacy ¹	15.3	13.9	13.8	15.1	15.6	15.0
Tier1/risk-weighted assets	14.0	13.3	13.5	13.7	14.4	15.0
Asset quality²						
Non-performing loans/total loans	8.4	11.8	14.1	16.4	18.7	20.5
Impairment/non-performing loans	73.1	57.0	53.7	51.6	48.8	44.4
Provisions/non-performing loans	18.9	19.0	53.5	53.9	50.2	46.3
Return						
Return on equity (ROE)	9.1	5.6	2.7	3.5	3.2	0.7
Return on assets (ROA)	0.7	0.4	0.2	0.3	0.2	0.1
Interest margin/gross income	76.1	76.2	75.5	75.3	71.6	73.8
Non-interest expenses/gross income	67.0	68.5	76.5	78.1	82.0	85.5
Liquidity³						
Liquid assets/total assets	8.1	7.1	15.0	21.2	19.9	21.7
Liquid assets/short-term liabilities	10.5	9.7	21.1	27.9	24.4	26.8
Other indicators						
General government deposits/total deposits	9.5	7.6	9.7	11.4	13.5	13.7
Emigrant deposits/total deposits	34.9	37.1	37.1	33.4	32.9	33.2
Private sector credit/total deposits	79.2	86.0	79.1	67.5	61.5	60.6
Personnel costs/operating costs	49.0	49.9	50.1	48.4	48.2	51.1
Interest spread, 1 to 2 years (asset – liability)	5.9	5.5	5.2	5.5	6.8	6.7
Interest spread, 1 to 2 years (emigrant deposits – euro area deposits)	2.2	1.8	2.9	3.8	4.2	3.5

Sources: Banco de Cabo Verde and Banco de Portugal calculations

Notes: (1) Regulatory capital/risk-weighted assets; (2) In accordance with IFRS/IAS definitions, (3) Liquid assets include cash-in-vault and marketable securities and short-term liabilities include demand deposits.

Table 26 • Exchange rates

Average rates

		EERI ^(a) Index: 100 = 2000	
		Nominal	Real
	USD/CVE		
2001	123.2	100.9	99.9
2002	117.3	101.9	99.2
2003	97.8	103.1	98.1
2004	88.7	103.3	94.1
2005	88.6	102.4	91.4
2006	87.9	102.0	93.7
2007	80.6	101.9	95.6
2008	75.3	101.9	99.2
2009	79.4	102.1	100.5
2010	83.3	101.4	100.3
2011	79.3	101.4	101.3
2012	85.8	101.7	101.5
2013	83.1	102.2	102.3
2014	83.1	102.6	102.3
<hr/>			
2013	January	83.1	102.0
	February	82.5	101.9
	March	85.0	101.8
	April	84.8	101.8
	May	84.9	101.9
	June	83.6	102.2
	July	84.3	102.4
	August	82.8	102.6
	September	82.7	102.5
	October	80.9	102.4
	November	81.7	102.6
	December	80.5	102.7
2014	January	80.9	102.8
	February	80.8	102.8
	March	79.8	102.7
	April	79.8	102.6
	May	80.2	102.5
	June	81.1	102.5
	July	81.4	102.5
	August	82.8	102.5
	September	85.3	102.5
	October	87.0	102.6
	November	88.4	102.7
	December	89.3	102.8
2015	January	94.6	102.5
	February	97.1	102.7
	March	101.6	103.0
	April	102.5	102.8
	May	98.8	103.0
	June	99.0	103.1

Sources: Banco de Cabo Verde and Banco de Portugal calculations.

Notes: (a) Effective exchange rate index (EERI), calculated on the basis of official exchange rates applied to the currencies of Cabo Verde's four main trading partners over the period 2010-2014 (appreciation: +; depreciation: -).

3. GUINEA-BISSAU

Area: 36,125 Km²

Capital: Bissau

Population: 1.8 million
(2014; source: UN)

Currency: CFA franc (XOF)

The installation of a democratically elected government enjoying strong popular support was crucial to improving economic conditions in 2014. These political developments have renewed optimism, which led to the resumption of support from traditional donors, contributing to an improvement in external accounts. As for public finances, the deficit worsened slightly, which is partly explained by one-off expenditures (incurred with the elections). The economy slipped into deflation in the first half of the year, but the start of 2015 seems to point to a reversal of this trend. Owing to the return of political instability this summer, the projections for 2015 need to be interpreted with caution.

2014 was marked in Guinea-Bissau by the legislative and presidential elections which took place in April and May, resulting in the installation of a government with considerable support both domestically – as proven by unanimous approval in the Parliament of the Strategic Plan for 2014-2018 and the State Budgets for 2014 and 2015 – and internationally.

The stabilisation of the political situation was crucial to an **improvement in economic conditions**, which had deteriorated considerably in the previous two years. The negative economic performance was also worsened by a drop in the international price of cashew nuts, Guinea-Bissau's main export (which accounted for approximately 80 per cent of total exports in 2014).

Another important achievement in 2014 – also resulting from the political stabilisation – was the funding obtained from the International Monetary Fund (IMF) under the Rapid Credit Facility agreed in November, allowing the country to meet its funding needs for the rest of that year. This support from the IMF also acted as a catalyst for the **resumption of support from development partners**, which had been suspended in the period leading up to the elections.

The renewed commitment of Guinea-Bissau's government to pursuing an **ambitious reform agenda** aimed at putting the country back on the path of development – interrupted in the previous two years – was praised internationally, as demonstrated by the success of the Brussels roundtable on 25 March 2015, when the country's development partners committed USD 1.5 billion to the programme the government is planning to implement over the next decade (estimated to reach USD 2.1 billion).

In July 2015, the national authorities agreed to a new programme with the IMF, under the Extended Credit Facility, which is mainly aimed at supporting their efforts to successfully implement their Strategic Plan.

However, these positive developments were overshadowed by the return of **political uncertainty in the summer of 2015**. Consequently, the projections for this year need to be interpreted with caution.

An improving domestic situation in 2014, together with a good cashew nut harvest and favourable developments in the price of this commodity, led to the **economy expanding by 2.9 per cent**, compared with 0.9 per cent in 2013. For 2015, the initial outlook was even more optimistic, pointing to economic growth of 4.7 per cent, boosted by construction and telecommunications (as in 2014) and the implementation of an ambitious public investment programme.

Weak domestic demand in the first half of 2014 and a drop in food and oil prices helped **maintain the overall downward trend in prices** observed since mid-2011. Consequently, the year-on-year inflation rate stood at 0.1 per cent in December, unchanged from December 2013. In turn, the average inflation rate stood at -1 per cent in 2014, 1.7 percentage points below that of 2013. The economic recovery and the upturn in income are expected to bring inflation back to positive territory this year. The year-on-year inflation rate is expected to stand at 2 per cent and the average rate at 1.3 per cent (the first months of this year already seem to show an upward trend in the general price level).

The **external accounts improved considerably in 2014**, although the (merchandise) trade deficit worsened, standing at 4.3 per cent of GDP (2.6 per cent in 2013). This was due to a strong rise in imports (20.3 per cent), which offset the increase in exports supported by the positive developments in the market for cashew nuts. On the other hand, the resumption of support from traditional donors gave rise to a marked increase in grants, which were **crucial to a decrease in the current account deficit** – 1.8 per cent of GDP in 2014, compared with 4.5 per cent in 2013. Regarding the capital and financial accounts, the country had access to approximately USD 5.24 million (around 2.8 billions of CFA francs) in emergency assistance from the IMF in November 2014 and issued Treasury Bills totalling 15 billions of CFA francs (2.7 per cent of GDP) to regional investors. This funding allowed the country to **repay practically all domestic and external arrears**. For 2015, terms of trade are expected to improve, as the increase in the price of cashew nuts is expected to continue. This is projected to

result in a decrease in the trade deficit (despite the pressure stemming from an increase in imports, particularly of capital goods). Were they to materialise, these developments would result in a slight correction of the external current deficit to 1.6 per cent of GDP.

After government revenue collapsed mainly as a result of the political situation of the previous years, forcing the national authorities to take considerable expenditure-containment measures, **revenue collection increased considerably in 2014** (95.2 per cent). This was not only due to the support of development partners, but also to important improvements in the efficiency of tax collection. Total revenue thus went from 10.6 and 10.3 per cent of GDP in 2012 and 2013, respectively, to 19.3 per cent in 2014. This marked rise funded a **considerable increase in government expenditure**, of around 86.6 per cent (in addition to the repayment of arrears, in particular salaries of teachers and healthcare professionals which had accumulated in previous years). Investment expenditure – which is very dependent on the financial support obtained by the country – and expenses incurred with the elections also

increased. Together, these two factors resulted in a **slight increase (of 0.4 percentage points) in the public deficit, which stood at 2 per cent of GDP**. For 2015, the deficit is expected to stand at 2.2 per cent, mainly due to an increase in planned public investment.

The **stability of the financial system was severely affected** by the developments of the past few years. The difficulties felt by producers of cashew nuts and the political instability led to a surge in non-performing loans (from 6.4 per cent in 2012 to 25.7 per cent in June 2014). Bank capitalisation levels also declined over the same period.

Broad money grew considerably in 2014 (31 per cent), due almost entirely to the accumulation of foreign exchange reserves.

Finally, Guinea-Bissau's economy **became more competitive** (both in nominal and real terms), measured by the effective exchange rate index, to a large extent owing to the appreciation of the Indian rupee against the CFA franc throughout 2014.

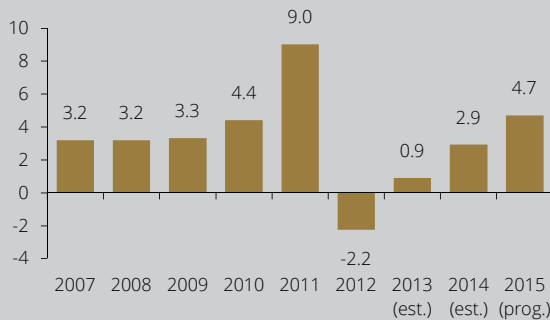
Table 27 • Main economic indicators

	2011	2012	2013	2014	2015
	Est.	Est.	Est.	Est.	Proj.
Real GDP (annual % change)	9.0	-2.2	0.9	2.9	4.7
Inflation (year-on-year % change)	3.4	1.7	-0.1	-0.1	2.0
Broad money (annual % change)	39.1	-6.0	14.8	31.0	10.9
Current account (% of GDP)	-1.3	-7.8	-4.5	-1.8	-1.6
Fiscal balance (% of GDP)	-0.5	-2.1	-1.6	-2.0	-2.2
External public debt (% of GDP)	26.9	28.2	28.2	29.6	–

Sources (for the subsequent charts also): BCEAO National Directorate for Guinea-Bissau, Ministry of Economy and Finance of Guinea-Bissau, National Statistics Institute of Guinea-Bissau, European Central Bank and International Monetary Fund.

Chart 29 • Real GDP

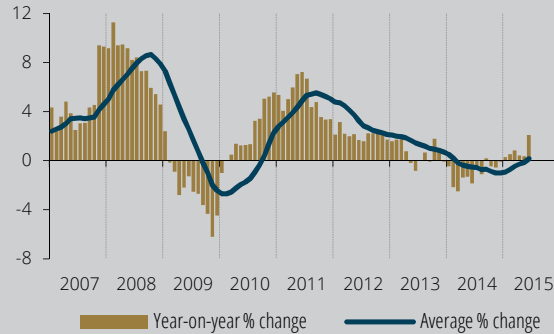
Annual % change



The stabilisation of the political situation in Guinea-Bissau, as a result of the legislative and presidential elections that took place in the first half of 2014, was crucial to a recovery in economic activity in the country and to improve prospects.

Chart 30 • Inflation

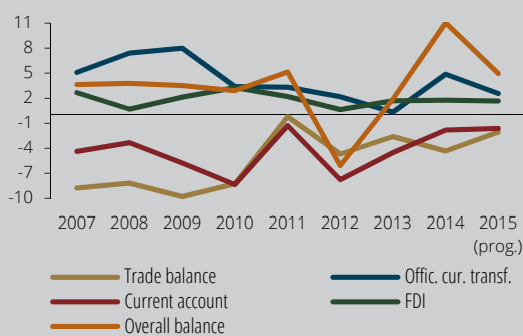
Annual % change of the CPI



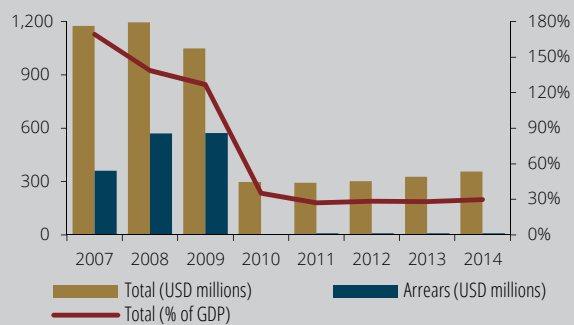
The economy has suffered from deflation, due to a continuing downward trend in the general price level. This behaviour is explained by domestic factors (weak domestic demand) and external factors (a drop in food and oil prices).

Chart 31 • External accounts

% of GDP



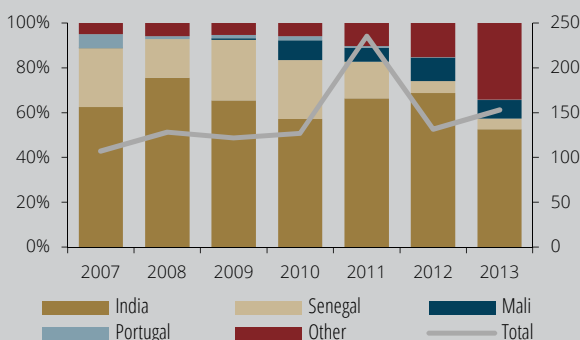
The political stabilisation resulted in a resumption of support from Guinea-Bissau's development partners, which explains to a large extent the improvement seen in the external accounts in 2014. The recovery in FDI has not yet been sufficient to reach the levels seen before 2012.

Chart 32 • External public debt

Guinea-Bissau's external debt has remained relatively stable since its marked reduction following the debt relief initiatives under the HIPC (Highly Indebted Poor Countries) and the MDRI (Multilateral Debt Relief Initiative).

Chart 33 • Goods exports

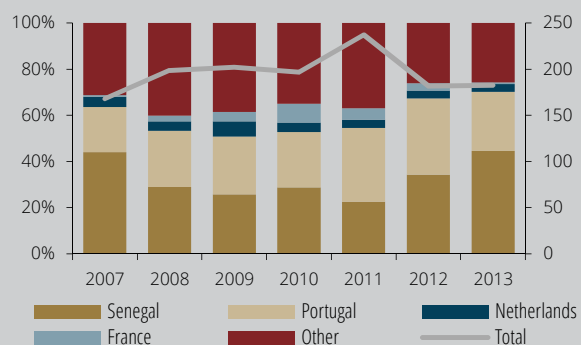
Destinations as a %, total in USD millions



India is the main destination for Guinea-Bissau's exports. Lack of diversification in the export sector leaves the country exposed to the conditions of the market for cashew nuts (favourable developments in the international price and a good harvest explain the peak seen in 2011).

Chart 34 • Goods imports

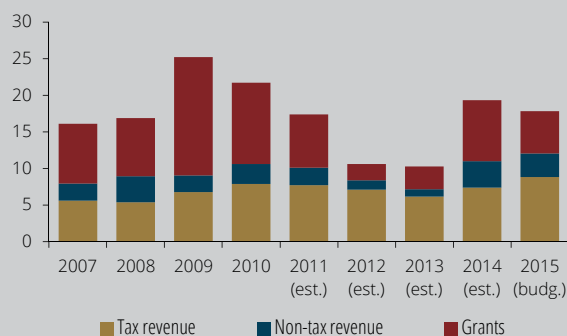
Origins as a %, total in USD millions



Portugal is Guinea-Bissau's second largest supplier, only surpassed by Senegal, which, like Guinea-Bissau, is part of the West African Economic and Monetary Union.

Chart 35 • Government revenue

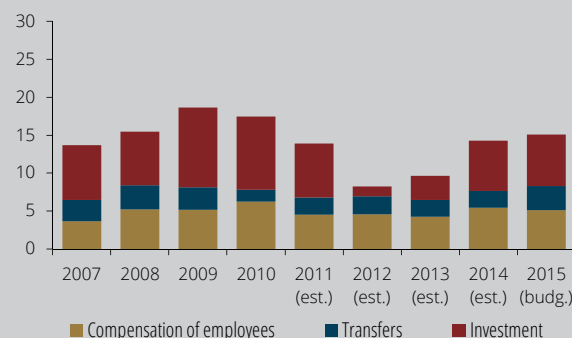
% of GDP



With tax revenue of around seven per cent of GDP, Guinea-Bissau is the country in Sub-Saharan Africa with the smallest proportion of tax revenue to output. Grants are an important source of government revenue.

Chart 36 • Government expenditure

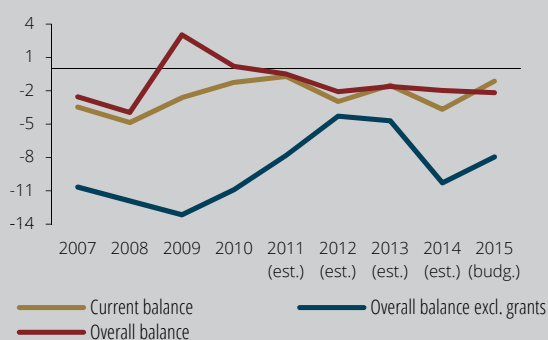
% of GDP



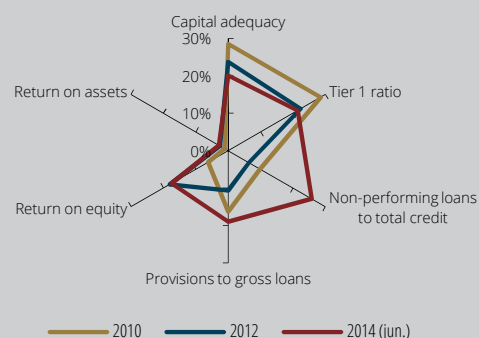
Investment expenditure, funded to a large extent through grants, is dependent on support from development partners.

Chart 37 • Public accounts

% of GDP



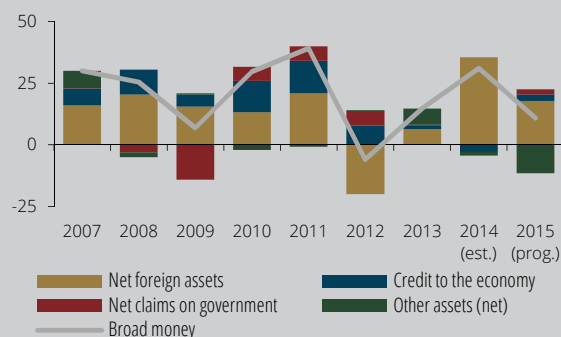
Support from development partners in 2014 funded a marked increase in government expenditure, which is partly due to the elections and the inclusion of expenditure hitherto excluded from the budget.

Chart 38 • Financial stability indicators

Deteriorating economic conditions, due to a drop in the international price of cashew nuts in 2012 and 2013 and political instability, resulted in a substantial increase in non-performing loans.

Chart 39 • Liquidity expansion/contraction factors

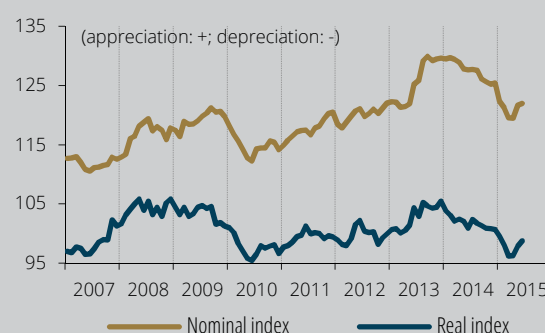
Changes in % of initial stock of broad money



Broad money grew by 31 per cent in 2014, almost exclusively due to a reinforcement of foreign exchange reserves. Domestic credit experienced a contraction, owing to a decrease of 8.2 per cent in the volume of funding provided to the economy.

Chart 40 • Effective exchange rate

Indexes: 100 = 2000, monthly averages



2014 saw a sharp nominal and real depreciation in the effective exchange rate index, mainly explained by an appreciation of 9.5 per cent of the Indian rupee against the CFA franc.

Table 28 • Economic indicators

		2010	2011	2012	2013	2014		2015	
			Est.	Est.	Est.	Prog.	Est.	Prog.	Est.
Output and prices									
Nominal GDP	XOF billions	419.7	520.8	547.2	572.0	505.6	595.5	636.3	
	EUR millions	639.9	793.9	834.2	872.1	770.8	907.8	970.0	
Real GDP	Annual % change	4.4	9.0	-2.2	0.9	2.7	2.9	4.7	
Inflation (Consumer Price Index)	Year-on-year % change	5.6	3.4	1.7	-0.1	2.8	-0.1	2.0	2.1 Jun.
	Average % change	2.3	5.0	2.1	0.7	2.5	-1.0	1.3	0.2 Jun.
Public finances									
Total revenue	% of GDP	21.7	17.4	10.6	10.3	14.2	19.3	17.8	
Total expenditure	% of GDP	21.5	17.9	12.7	11.9	17.8	21.3	20.0	
Overall balance	% of GDP	0.2	-0.5	-2.1	-1.6	-3.7	-2.0	-2.2	
Overall balance excl. grants	% of GDP	-10.9	-7.8	-4.3	-4.7	-8.1	-10.3	-8.0	
Money and credit									
Net claims on government	Annual % change	-	183.3	88.6	2.6	-25.8	0.7	23.1	33.4 May ^(c)
Credit to the economy	Annual % change	56.4	48.3	27.2	3.6	19.4	-8.2	10.8	11.5 May ^(c)
Broad money (M2)	Annual % change	29.6	39.1	-6.0	14.8	-4.8	31.0	10.9	29.8 May ^(c)
Interest rates									
Deposit (1-year)	Annual rate	3.0	3.0	3.0	3.0	-	3.0	-	
Lending (1-year)	Annual rate	11.0	11.0	11.0	11.0	-	11.0	-	
Financial stability									
Capital to risk-weighted assets	Percentage	28.5	22.3	23.7	22.7	-	20.1 ^(d)	-	
Non-performing loans/total loans	Percentage	9.8	6.5	6.4	11.6	-	25.7 ^(d)	-	
Return on equity	Percentage	6.2	17.7	18.0	17.9	-	17.5 ^(d)	-	
Balance of payments									
Exports f.o.b.	Annual % change	14.8	57.9	-41.4	20.8	8.2	7.6	30.6	
Imports f.o.b.	Annual % change	7.7	8.3	-19.1	2.8	14.1	14.5	14.5	
Current account	% of GDP	-8.3	-1.3	-7.8	-4.5	-4.9	-1.8	-1.6	
Current account excl. official transfers	% of GDP	-11.7	-4.6	-9.9	-4.9	-7.0	-6.7	-4.2	
External debt									
Total stock	USD millions	298.2	293.1	302.7	326.0	-	356.7	-	
	% of GDP	35.2	26.9	28.2	28.2	-	29.6	-	
	% of exports ^(a)	174.7	104.9	197.7	170.6	-	173.6	-	
Debt service	% of exports ^(a)	5.8	0.3	0.5	0.9	-	1.6	-	
Exchange rates									
Bilateral rate EUR/XOF (official market)	Average rate	656.0	656.0	656.0	656.0	-	656.0	-	656.0 Jun.
Bilateral rate USD/XOF (official market)	Average rate	495.0	477.5	510.5	494.1	-	494.4	-	588.2 Jun.
Nominal EERI (Index: 100 = 2000) ^(b)	Annual % change	-4.7	5.5	1.3	6.2	-	-3.2	-	-2.8 Jun. ^(c)
Real EERI (Index: 100 = 2000) ^(b)	Annual % change	-4.6	2.9	0.5	5.5	-	-4.5	-	-1.9 Jun. ^(c)

Sources: BCEAO National Directorate for Guinea-Bissau, Ministry of Economy and Finance of Guinea-Bissau, National Statistics Institute of Guinea-Bissau, European Central Bank, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Exports of goods and services; (b) Effective Exchange Rate Index (EERI), calculated on the basis of official exchange rates applied to the currencies of Guinea-Bissau's four main trading partners over the period from 2010 to 2013; (c) Changes from the previous December; (d) Figures for June 2014.

Table 29 • Gross domestic product

Current prices, billions of CFA francs

	2010	2011	2012	2013 Est.	2014 Est.	2015 Prog.
Primary sector	188.3	231.8	254.4	267.8	272.9	290.1
Agriculture, forestry and fishing	188.3	231.8	254.4	267.8	272.9	290.1
Secondary sector	53.4	66.1	78.9	81.2	86.7	94.8
Industry ^(a)	48.7	63.2	75.2	77.4	82.3	89.9
Construction	4.7	2.9	3.6	3.8	4.4	4.9
Tertiary sector	154.5	194.5	187.4	198.2	209.9	223.6
Trade, restaurants and hotels	75.4	102.1	97.2	100.3	104.7	111.3
Transportation and communication	16.8	22.0	26.4	27.3	29.0	30.7
Public administration	45.9	50.2	41.5	42.9	46.2	49.7
Other services	16.5	20.2	22.2	27.9	29.9	31.9
Gross Domestic Product (at factor cost)	396.2	492.4	520.7	547.3	569.5	608.5
Indirect taxes and subsidies	23.5	28.4	26.5	24.7	26.0	27.8
Gross Domestic Product (at market prices)	419.7	520.8	547.2	572.0	595.5	636.3
Consumption	455.2	514.0	571.3	584.4	611.5	623.9
Public	57.5	58.7	61.6	49.2	64.5	63.7
Private	397.7	455.3	509.8	535.2	547.0	560.2
Investment	28.1	33.8	27.5	26.6	35.2	54.6
Gross fixed capital formation	27.2	32.4	27.4	26.5	35.1	54.5
Public	18.1	19.4	14.8	13.3	21.3	38.0
Private	9.1	13.0	12.6	13.2	13.8	16.5
Changes in inventories	0.9	1.4	0.1	0.1	0.1	0.1
Domestic demand	483.4	547.8	598.8	611.0	646.7	678.4
Exports of goods and services	84.5	133.4	78.2	94.4	101.6	132.7
Overall demand	567.8	681.2	677.0	705.4	748.3	811.1
Imports of goods and services	148.1	160.4	129.8	133.4	152.8	174.9
Memo items:						
Gross domestic savings	-35.5	6.8	-24.2	-12.4	-16.0	12.4
Nominal GDPmp (USD millions)	848.0	1,090.7	1,071.8	1,157.7	1,204.5	1,080.4
GDPmp deflator (annual % change)	3.1	13.8	7.5	3.6	1.1	2.0
Nominal GDPmp (annual % change)	7.6	24.1	5.1	4.5	4.1	6.8
Real GDPmp (annual % change)	4.4	9.0	-2.2	0.9	2.9	4.7

Sources: BCEAO National Directorate for Guinea-Bissau, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Includes electricity and water.

Table 30 • Consumer price index

Per cent

		Monthly change	Cumulative change	Year-on-year change	Average change
		[1]	[2]	[3]	[4]
2000	December		16.7	16.7	8.6
2001	December		-1.8	-1.8	3.3
2002	December		2.5	2.5	1.8
2003	December		0.7	0.7	-5.0
2004	December		2.9	2.9	0.9
2005	December		0.3	0.3	3.4
2006	December		3.2	3.2	2.0
2007	December		9.3	9.3	4.6
2008	December		6.6	6.6	7.9
2009	December		-4.5	-4.5	-2.4
2010	December		5.6	5.6	2.3
2011	December		3.4	3.4	5.0
2012	December		1.7	1.7	2.1
2013	December		-0.1	-0.1	0.7
2014	December		-0.1	-0.1	-1.0
2013	January	0.1	0.1	1.6	2.1
	February	0.3	0.4	1.7	2.0
	March	0.0	0.4	2.1	2.0
	April	-0.4	-0.0	0.7	1.9
	May	0.4	0.4	-0.2	1.7
	June	-0.2	0.2	-0.8	1.4
	July	0.6	0.7	0.0	1.3
	August	0.8	1.6	0.6	1.2
	September	-0.4	1.2	-0.1	1.0
	October	0.6	1.8	1.8	0.9
	November	-0.5	1.3	1.0	0.8
	December	-1.4	-0.1	-0.1	0.7
2014	January	-0.3	-0.3	-0.5	0.5
	February	-1.4	-1.7	-2.1	0.2
	March	-0.4	-2.1	-2.5	-0.2
	April	0.8	-1.3	-1.4	-0.4
	May	0.5	-0.8	-1.3	-0.4
	June	-0.8	-1.6	-1.9	-0.5
	July	2.0	0.4	-0.5	-0.6
	August	0.2	0.6	-1.1	-0.7
	September	0.9	1.5	0.2	-0.7
	October	-0.1	1.4	-0.5	-0.9
	November	-0.6	0.8	-0.6	-1.0
	December	-0.9	-0.1	-0.1	-1.0
2015	January	0.1	0.1	0.3	-1.0
	February	-1.2	-1.1	0.5	-0.7
	March	-0.1	-1.2	0.8	-0.5
	April	0.4	-0.8	0.4	-0.3
	May	0.4	-0.4	0.4	-0.2
	June	1.0	0.6	2.1	0.2

Sources: BCEAO National Directorate for Guinea-Bissau, National Statistics Institute of Guinea-Bissau and Banco de Portugal calculations.

Notes: [1] month (n) / month (n-1); [2] month (n) / previous December; [3] month (n) / month (n) of the previous year; [4] last 12 months / previous 12 months.

Table 31 • Balance of payments

Billions of CFA francs

	2010	2011	2012	2013	2014		2015
				Est.	Prog.	Est.	Prog.
Current account	-35.0	-6.6	-42.5	-25.9	-25.0	-10.8	-10.4
Excluding official transfers	-49.2	-23.9	-54.4	-27.8	-35.6	-39.8	-26.7
Trade balance	-34.6	-1.0	-25.7	-14.8	-29.3	-25.8	-13.1
Exports (f.o.b.)	62.7	112.3	67.1	75.5	77.3	82.8	111.3
Imports (f.o.b.)	-97.3	-113.3	-92.8	-90.3	-106.6	-108.6	-124.4
Services	-29.0	-26.0	-25.9	-24.3	-23.0	-25.4	-26.9
Income	-1.1	-8.7	-16.9	-4.0	-4.3	-4.2	-4.3
of which: Scheduled interest	-0.2	-0.7	-0.3	-0.1	-1.8	-1.3	-1.1
Current transfers	29.7	29.1	26.0	17.1	31.6	44.6	33.9
Public	14.2	17.3	11.9	1.9	10.6	29.0	16.3
of which: Balance of payments support grants	14.2	12.4	11.9	1.9	10.6	23.3	10.6
Private	15.5	11.8	14.1	15.3	21.0	15.6	17.6
of which: Remittances	10.8	10.5	12.4	14.8	–	15.3	15.8
Capital and financial account	49.4	35.7	14.1	31.7	37.2	71.6	41.9
Capital account	490.4	27.0	15.9	15.8	12.3	26.5	26.3
Capital transfers	490.4	27.0	15.9	15.8	12.3	26.5	26.3
of which: Debt relief	454.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	-441.0	8.7	-1.8	15.9	24.9	45.1	15.6
Public administration – Medium / long-term loans	-450.7	9.8	7.6	12.4	14.5	20.8	12.3
of which: Disbursements	4.7	10.2	7.6	12.5	16.7	23.7	37.3
of which: Amortisation	-455.4	-0.4	-0.0	-0.1	-2.2	-2.9	-25.0
Other assets (net)	9.7	-1.1	-9.3	3.5	10.4	24.3	3.3
of which: Foreign direct investment	13.7	11.4	3.5	9.7	9.0	10.5	10.6
of which: Other investment – Other sectors	-4.0	-12.5	-12.8	-6.2	0.4	13.8	-7.5
Errors and omissions	-2.1	-2.3	-4.8	5.0	0.0	5.0	0.0
Overall balance	12.2	26.8	-33.2	10.8	12.2	65.8	31.5
Financing	-12.2	-26.8	33.2	-10.8	-12.2	-65.8	-31.5
Change in official reserves (increase: - Y ^(a))	-12.2	-26.8	33.2	-10.8	-12.2	-65.8	-31.5

Sources: BCEAO National Directorate for Guinea-Bissau, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Includes the effects of exchange rate fluctuations.

Table 32 • Goods exports

By country of destination, as a percentage of total

	2007	2008	2009	2010	2011	2012	2013	2007 to 2013
China	0.0	0.2	0.2	0.9	0.7	0.8	1.7	0.7
Côte d'Ivoire	0.1	0.0	0.3	0.0	0.5	0.4	2.8	0.7
India	62.5	75.5	65.5	57.2	66.4	68.7	52.5	63.9
Mali	0.0	0.0	0.8	8.9	6.3	10.5	8.3	5.5
Portugal	6.2	1.3	1.5	1.7	0.7	0.1	0.1	1.4
Senegal	26.2	17.4	26.9	26.2	16.3	5.4	4.8	16.7
Singapore	1.5	2.1	0.0	0.8	6.7	5.5	9.5	4.3
Togo	0.0	0.0	0.0	0.0	0.0	5.4	8.4	2.1
Vietnam	0.0	0.0	0.0	0.0	0.3	0.0	7.3	1.2
Other	3.5	3.5	4.8	4.2	2.1	3.2	4.6	3.5

Sources: BCEAO National Directorate for Guinea-Bissau and Banco de Portugal calculations.

Table 33 • Goods imports

By country of origin, as a percentage of total

	2007	2008	2009	2010	2011	2012	2013	2007 to 2013
Brazil	1.5	2.7	3.7	3.4	2.5	1.3	1.0	2.3
Côte d'Ivoire	5.6	6.3	3.0	1.3	0.4	0.4	0.2	2.3
Spain	1.6	1.9	4.1	1.3	2.8	1.8	1.9	2.2
France	0.8	2.6	4.2	8.2	5.0	3.3	0.7	3.7
Netherlands	4.4	4.1	6.5	4.0	3.5	3.3	3.5	4.2
Pakistan	0.9	0.2	0.7	2.0	1.4	5.4	4.9	2.2
Portugal	19.5	24.2	24.9	24.0	32.0	33.0	25.5	26.5
Senegal	44.2	29.0	25.9	28.8	22.6	34.4	44.6	32.1
Thailand	5.9	6.9	2.7	0.8	1.0	0.1	0.1	2.3
Other	15.7	22.1	24.4	26.2	28.8	17.0	17.6	22.1

Sources: BCEAO National Directorate for Guinea-Bissau and Banco de Portugal calculations.

Table 34 • External public debt

USD millions

	2010	2011	2012	2013	2014
Medium and long-term debt	297.1	292.0	301.7	325.0	355.7
Multilateral creditors	125.1	113.7	135.0	152.7	183.6
Bilateral creditors	171.9	178.2	166.7	172.2	172.1
Short-term debt	1.1	1.1	1.1	1.0	1.0
Total external debt	298.2	293.1	302.7	326.0	356.7
of which: Arrears	0.0	8.1	7.6	7.9	7.9
Scheduled medium and long-term debt service	9.9	0.9	0.8	1.6	3.2
Principal	7.7	0.6	0.6	0.6	0.6
Interest	2.2	0.3	0.2	1.1	2.6
(% of exports of goods and services)					
Total external debt	174.7	104.9	197.7	170.6	173.6
Scheduled medium and long-term debt service	5.8	0.3	0.5	0.9	1.6
Principal	4.5	0.2	0.4	0.3	0.3
Interest	1.3	0.1	0.1	0.6	1.3
(% of GDP)					
Total external debt	35.2	26.9	28.2	28.2	29.6

Sources: BCEAO National Directorate for Guinea-Bissau, International Monetary Fund and Banco de Portugal calculations.

Table 35 • Government operations

Billions of CFA francs

	2010	2011	2012	2013	2014		2015	
		Est.	Est.	Est.	Budg.	Est.	I.e. ^(a)	Budg.
1. Total revenue	91.2	90.7	58.1	58.9	71.6	115.0	160.6	113.5
1.1. Current revenue	44.6	52.6	46.0	41.1	49.0	65.5	133.7	76.8
Non-tax revenue	11.5	12.3	7.1	5.7	7.3	21.4	293.2	20.6
of which: Fishing licences	5.2	7.1	0.2	0.0	0.0	0.0	–	–
Tax revenue	33.1	40.3	38.9	35.4	41.7	44.2	106.0	56.2
1.2. Grants	46.6	38.1	12.1	17.8	22.6	49.5	219.0	36.8
of which: Projects	35.4	25.7	3.1	13.8	12.0	26.2	218.3	26.1
of which: Budget support	11.2	12.4	9.1	4.0	10.6	23.3	219.8	10.7
2. Total expenditure	90.4	93.3	69.5	68.0	90.1	126.9	140.8	127.3
2.1. Current expenditure	49.9	56.3	62.3	49.7	59.5	87.4	146.9	84.1
Compensation of employees	26.2	23.6	25.1	24.3	25.0	32.3	129.2	32.5
Transfers	6.7	11.8	12.8	12.6	14.0	13.3	95.0	20.2
Scheduled debt interest	1.1	0.4	0.1	0.4	0.6	2.7	450.0	5.5
Other expenditure	15.9	20.5	24.2	12.5	19.9	39.1	196.5	25.9
2.2. Capital expenditure	40.5	37.0	7.2	18.3	30.6	39.5	129.1	43.2
3. Current balance: (1.1.) - (2.1.)	-5.3	-3.7	-16.3	-8.6	-10.5	-21.9	–	-7.3
4. Overall balance excl. grants: (1.) - (2.) - (1.2.)	-45.8	-40.7	-23.5	-26.9	-41.1	-61.3	–	-50.6
5. Overall balance: (1.) - (2.) (commitment basis)	0.8	-2.6	-11.4	-9.2	-18.5	-11.8	–	-13.8
6. Change in arrears	-7.7	-3.5	3.5	9.7	0.0	-1.8	–	-9.0
6.1. Domestic	-7.7	-3.5	3.5	9.7	0.0	-1.8	–	-8.1
6.2. External	0.0	0.0	0.0	0.0	0.0	0.0	–	-0.9
7. Items in transit, errors and omissions	-1.9	-3.2	-5.8	-9.9	0.0	-0.7	–	0.0
8. Overall balance: (5.) + (6.) + (7.) (cash basis)	-8.9	-9.3	-13.7	-9.4	-18.5	-14.3	–	-22.8
9. Financing	14.4	12.6	13.7	9.4	18.5	16.1	–	18.0
9.1. Domestic (net)	7.2	3.5	9.0	4.9	4.0	3.4	–	4.2
of which: Banking system	7.2	3.5	9.0	4.9	4.0	3.4	–	4.4
9.2. External (net)	7.2	9.1	4.6	4.5	14.5	12.7	–	13.8
of which: Disbursements	4.7	9.4	5.1	4.6	16.7	13.1	–	15.7
of which: Amortisation	-451.5	-0.4	-0.5	-0.1	-2.2	-2.9	–	-1.9
of which: Debt relief	454.0	0.0	0.0	0.0	0.0	2.5	–	0.0
10. Financing gap ^(b)	5.6	3.2	0.0	0.0	0.0	1.8	–	-4.7

Sources: BCEAO National Directorate for Guinea-Bissau, Ministry of Economy and Finance of Guinea-Bissau, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Level of budget execution: as a percentage of budgeted amounts; (b) Net borrowing (-)/net lending (+).

Table 36 • Monetary survey

Billions of CFA francs

	2010	2011	2012	2013	2014		2014/2013		2015	May 2015/2014		2015
					Prog.	Est.	[1]	[2]		[1]	[2]	
Net foreign assets	93.3	119.3	84.5	94.9	79.8	160.7	69.4	35.2	208.5	29.8	19.5	204.1
Central Bank	64.4	95.4	65.0	72.1	61.3	135.5	88.0	33.9	201.4	48.6	26.9	172.9
Commercial banks	28.9	23.9	19.5	22.8	18.5	25.2	10.4	1.3	7.1	-71.6	-7.4	31.2
Total domestic credit	38.0	61.7	85.4	88.3	95.6	82.9	-6.0	-2.8	97.2	17.2	5.8	94.6
Net claims on government	4.0	11.2	21.1	21.7	16.1	21.9	0.7	0.1	29.1	33.4	3.0	26.9
Credit to the economy	34.0	50.5	64.2	66.6	79.5	61.1	-8.2	-2.9	68.1	11.5	2.9	67.7
Other assets (net)	-6.7	-7.7	-7.1	3.8	2.5	1.2	-69.3	-1.4	12.0	934.1	4.4	-27.2
Total assets	124.6	173.3	162.8	186.9	177.9	244.8	31.0	-	317.8	29.8	-	271.4
Broad money (M2)	124.6	173.3	162.8	186.9	177.9	244.8	31.0	-	317.8	29.8	-	271.4
Currency in circulation	64.1	85.5	83.4	90.9	91.5	151.8	66.9	-	209.2	37.8	-	168.3
Demand deposits	49.3	63.4	53.8	72.3	86.4*	70.4	-2.7	-	80.8	14.8	-	103.1*
Quasi-money/time deposits	11.1	24.3	25.6	23.7		22.6	-4.5	-	27.8	22.9	-	
Total liabilities	124.6	173.3	162.8	186.9	177.9	244.8	31.0	-	317.8	29.8	-	271.4

Sources: BCEAO National Directorate for Guinea-Bissau, International Monetary Fund and Banco de Portugal calculations.

Notes: [1] Percentage change from the end of the previous year; [2] Changes in percentage of initial stock of broad money (liquidity expansion/contraction factors).

*The figure shown corresponds to the amount of demand deposits and quasi-money/time deposits.

Table 37 • Interest rates

Annual rates, per cent

	2010	2011	2012	2013	2014
	Dec.	Dec.	Dec.	Dec.	Dec.
Deposits					
Time deposits:					
Up to 90 days	1.5	1.5	1.5	1.5	1.5
91-180 days	1.8	1.8	1.8	1.8	1.8
181-365 days	3.0	3.0	3.0	3.0	3.0
Credit					
Up to 90 days	13.0	12.0	12.0	12.0	12.0
90-180 days	8.0	10.0	10.0	10.0	10.0
181-365 days	11.0	11.0	11.0	11.0	11.0
Overdraft on demand deposits	18.0	18.0	18.0	15.0	15.0
Central Bank operations					
Banking system					
Discount rate	3.3	3.3	3.0	2.5	2.5
Reserve ratio	7.0	7.0	5.0	5.0	5.0
Memo item:					
Inflation (y-o-y % change)	5.6	3.4	1.7	-0.1	-0.1

Sources: BCEAO National Directorate for Guinea-Bissau and International Monetary Fund.

Table 38 • Financial stability indicators

Per cent

	2010	2011	2012	2013	2014
	Dec.	Dec.	Dec.	Dec.	Jun.
Solvency					
Capital to risk-weighted assets	28.5	22.3	23.7	22.7	20.1
Tier 1 capital to risk weighted assets	28.5	22.3	22.3	23.1	21.4
Credit risk					
Non-performing loans to total credit	9.8	6.5	6.4	11.6	25.7
Provisions to gross loans	16.3	13.0	10.7	11.6	19.0
Profitability					
Return on equity	6.2	17.7	18.0	17.9	17.5
Return on assets	1.1	2.5	2.6	2.9	2.9
Liquidity risk					
Loan-to-deposit ratio	56.7	58.6	78.9	72.5	82.0
Deposit-to-asset ratio	33.1	35.6	45.9	56.2	59.2
Liquid assets to total assets	22.2	30.0	34.3	25.2	34.0

Sources: BCEAO National Directorate for Guinea-Bissau and International Monetary Fund.

Table 39 • Exchange rates

Average rates

			EER ^(a) Index: 100 = 2000		
		EUR/XOF	USD/XOF	INR/XOF	
					Nominal Real
2000		656.0	711.6	15.9	100.0 100.0
2001		656.0	732.9	15.5	100.8 99.8
2002		656.0	696.9	14.3	103.7 101.7
2003		656.0	581.5	12.5	109.1 99.0
2004		656.0	528.3	11.7	111.8 99.5
2005		656.0	527.6	12.0	110.7 98.7
2006		656.0	523.1	11.6	112.1 98.3
2007		656.0	479.5	11.6	111.9 98.3
2008		656.0	448.2	10.3	116.7 104.2
2009		656.0	472.2	9.8	119.2 103.4
2010		656.0	495.0	10.8	114.8 97.7
2011		656.0	477.5	10.1	117.6 99.4
2012		656.0	510.5	9.6	120.1 99.7
2013		656.0	494.1	8.5	125.4 102.8
2014		656.0	494.4	8.1	127.5 101.8
2013	January	656.0	493.7	9.1	122.2 100.7
	February	656.0	491.0	9.1	122.2 100.9
	March	656.0	506.1	9.3	121.3 100.1
	April	656.0	504.0	9.3	121.4 100.5
	May	656.0	505.1	9.2	121.9 101.4
	June	656.0	497.4	8.5	125.2 104.4
	July	656.0	501.6	8.4	125.9 102.9
	August	656.0	492.9	7.8	129.2 105.2
	September	656.0	491.5	7.7	129.9 104.7
	October	656.0	481.1	7.8	129.2 104.3
	November	656.0	486.2	7.8	129.5 104.4
	December	656.0	478.7	7.7	129.6 105.5
2014	January	656.0	482.0	7.8	129.5 103.9
	February	656.0	480.2	7.7	129.7 103.1
	March	656.0	474.5	7.8	129.4 102.1
	April	656.0	474.9	7.9	128.8 102.5
	May	656.0	477.7	8.1	127.7 102.1
	June	656.0	482.6	8.1	127.6 100.9
	July	656.0	484.5	8.1	127.7 102.4
	August	656.0	492.6	8.1	127.5 101.7
	September	656.0	508.5	8.3	126.1 101.4
	October	656.0	517.6	8.4	125.7 100.9
	November	656.0	525.9	8.5	125.2 100.9
	December	656.0	532.0	8.5	125.4 100.7
2015	January	656.0	564.5	9.1	122.3 99.6
	February	656.0	577.9	9.3	121.2 98.0
	March	656.0	605.2	9.7	119.5 96.2
	April	656.0	608.6	9.7	119.5 96.3
	May	656.0	588.3	9.2	121.7 97.9
	June	656.0	585.0	9.2	121.9 98.8

Sources: BCEAO National Directorate for Guinea-Bissau, European Central Bank, International Monetary Fund and Banco de Portugal calculations.
 Notes: (a) Effective Exchange Rate Index (EERI), calculated on the basis of official exchange rates applied to the currencies of Guinea-Bissau's four main trading partners over the period from 2010 to 2013. An increase/decrease in the EERI (nominal or real) corresponds to an appreciation/depreciation of the CFA franc.

4. MOZAMBIQUE

Area: 799,380 Km²

Capital city: Maputo

Population: 25.0 million
(2014; source: Mozambique National Institute of Statistics)

Currency: Metical (MZN)

Growth in Mozambique continued at a rate over 7 per cent in 2014, driven mainly by mining and quarrying, agriculture and trade, along with a contribution from large-scale projects. The current account deficit continued to be high, due to large imports of goods and services, although at a lower level than in the previous year. Foreign direct investment (despite declining) and the external indebtedness of the State and the private sector have partly offset current account financing needs. Intervention by Banco de Moçambique to sustain the metical has hampered the build-up of official reserves. With inflation under control, the monetary policy stance has remained accommodative, allowing for an expansion of credit to the economy and to general government, which had been subject to pressures on expenditure.

Economic growth in Mozambique remained robust in 2014, reaching 7.2 per cent, driven mainly by mining and quarrying, agriculture and trade, as well as by the impact of the expansionary budgetary policy (on sectors such as construction). Growing more than 7 per cent for the fourth consecutive year, the Mozambican economy is one of the most buoyant in sub-Saharan Africa, with average real growth of 7.5 per cent over the past ten years, considerably above 5.8 per cent in the region as a whole.

Mozambique has been receiving consistent support from the IMF throughout its economic stabilisation process, and is currently implementing a three-year programme under the Policy Support Instrument, signed in July 2013.

After two years of a fast pace of investment, gross fixed capital formation declined somewhat in 2014 in Mozambique (in nominal and real terms), chiefly reflecting the low phase of the investment cycle in some large-scale projects, but remaining at a significant level (corresponding to approximately 30 per cent of GDP). Economic activity in 2014 has thus been buoyed by consumption, especially private consumption.

The stability of the metical's exchange rate against the currencies of its main economic partners (in particular South Africa) over a large part of the year, the maintenance of administered prices (fuel, transportation, electricity, gas and water) and low food prices (considering the increase in domestic agricultural production) made it possible to **reduce the inflation rate** in 2014. Last year had the lowest inflation rates of the past 15 years, standing at the end of December at 1.1 and 2.3 per cent in year-on-year and average terms respectively. With this trend extending into the first months of 2015, the Mozambican year-on-year inflation rate reached negative values in April and May.

In the absence of relevant inflationary pressures, Banco de Moçambique extended into 2014 the **easing of its monetary policy stance** begun in 2011, reducing the lending facility

rate to 7.5 per cent in December (-0.75 p.p.) and keeping the deposit facility rate and the reserve requirement ratio unchanged (at 1.5 and 8 per cent respectively). Such policy has made it possible to further inject liquidity into the banking system, with monetary expansion rising to 22.2 per cent (16.3 per cent in 2013), chiefly reflecting the buoyant supply of credit to the economy (mainly for investment). **Financial stability indicators** show a well capitalised, robust, profitable and resilient banking system, with low levels of non-performing loans.

At the end of the year, the central bank intervened in the foreign exchange market to sustain the **metrical's exchange rate**, in view of the shortage of US dollars in the market due to: (i) declining international prices of primary goods exported by Mozambique and the resulting decrease in the value of exports, (ii) the slowdown in foreign direct investment (FDI), (iii) high level of imports not related to large-scale projects and (iv) slight increase in demand for USD by private economic agents in the period around general elections (on 15 October). Some of these factors have continued throughout 2015, which, due to the declining degree of central bank intervention in the market, has put pressure on the metical towards effective nominal depreciation, along with a similar behaviour in real terms.

The intervention in the foreign exchange market in late 2014 was reflected in a decline in the central bank's international reserves, which covered 3.1 months of imports of goods and services at end 2014 (3.3 months in 2013), implying a **deterioration of the overall balance of the Mozambican balance of payments**, in spite of the smaller current account deficit. In effect, the improvement in the goods account (chiefly due to lower large-scale project imports) and the services account (smaller debits related to construction and transportation services) has led to a reduction in the current account deficit to 33.2 per cent of GDP (38.8 per cent in 2013). In spite of an increase in inflows due to the rise in indebtedness by the State and the private sector, the decline in foreign direct investment, in parallel with the decrease in the capital account, has led to a strong deterioration of the

capital and financial account surplus (to 32.5 per cent of GDP), dragging the overall balance to negative values, which had not occurred since 2005.

The State's recourse to external indebtedness was due to higher financing needs in 2014, reflected in an **increase in the budgetary deficit**, which rose to 7.8 per cent of GDP (4.6 per cent in 2013). The pressure of compensation of employees (new hiring and wage growth), general elections related-expenditures (goods and services and other current expenditure) and the inclusion in the budget of part of a project of *Empresa Moçambicana de Atum* – EMATUM (which includes a component related to national defence, with fishing vessels helping to patrol the coastal zone), have led to a 4.4 p.p. increase in expenditure to 41.5 per cent of GDP. The good performance of revenue, however, with strong income tax collection (including the collection of capital gains taxes relating to the sale of assets held by oil companies) and on consumption (greater efficiency and effectiveness of tax collection), in spite of delays in the disbursement of grants (which reached a budget execution level of 79 per cent).

Similarly to the previous year, **general government debt grew** to almost 47 per cent of GDP in 2014, which was mainly due to a rise in the external component (to approximately 40 per

cent of GDP). The debt sustainability analysis undertaken by the IMF / World Bank considered that the risk of debt distress was moderate.

For 2015 the pace of growth is expected to remain high (around 7 per cent), chiefly based on the activity of services sectors, including transportation and communication. The budgetary deficit is expected to shrink to 5.5 per cent of GDP, mainly as a result of the disappearance of one-off factors that put pressure on expenditure in 2014 (elections and budgeting of EMATUM's project). The rise in imports related to large-scale projects will imply an increase in the current account deficit. Banco de Moçambique will maintain its monetary policy stance in 2015, reducing the frequency and magnitude of interventions in the foreign exchange market in order to try to restore the foreign exchange reserves stock. The resulting depreciation of the metical may put pressure on domestic prices, mainly observed in the year-on-year inflation rate, even though in a rather restricted manner.

The main risks for the scenario outlined for 2015 are related to the possible continued decline in the international prices of exported goods, with a wide-ranging impact on the Mozambican economy. Any budget risks related to public enterprises and public-private partnerships must be closely monitored.

Table 40 • Main economic indicators

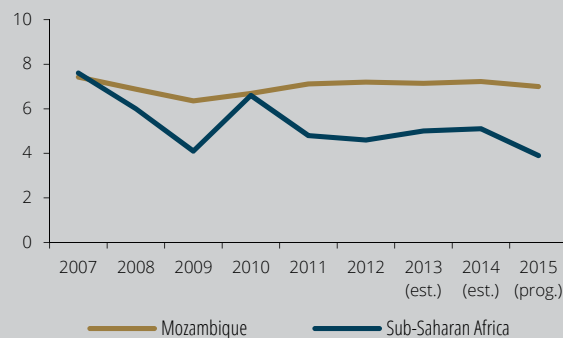
	2012	2013 Est.	2014 Est.	2015 Prog.
Real GDP (annual % change)	7.2	7.1	7.2	7.0
Inflation (year-on-year % change)	2.2	3.0	1.1	5.5
Broad money (annual % change)	29.4	16.3	22.2	17.1
Current account (% of GDP)	-41.0	-38.8	-33.2	-39.0
Official reserves (months of imports ^(a))	2.7	3.3	3.1	2.7
Fiscal balance (% of GDP)	-3.8	-4.6	-7.8	-5.5
Public debt (% of GDP)	36.7	42.1	46.8	–

Sources (for the subsequent charts also): IMF, Banco de Moçambique, Mozambique National Budget Directorate and Mozambique National Institute of Statistics.

Note: (a) Prospective.

Chart 41 • Real GDP

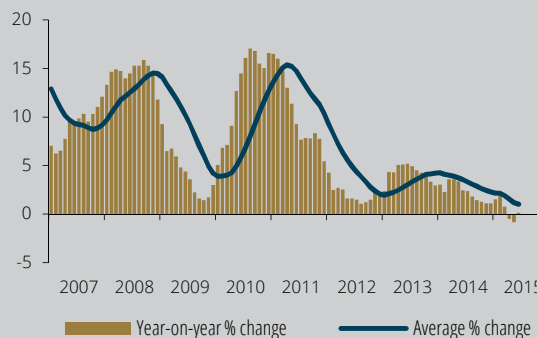
Annual % change



Mozambique has shown a sustained high pace of growth (always above 6 per cent since 2001), and has been one of the most buoyant economies in sub-Saharan Africa, with real growth clearly above the average in the region since 2011.

Chart 42 • Inflation

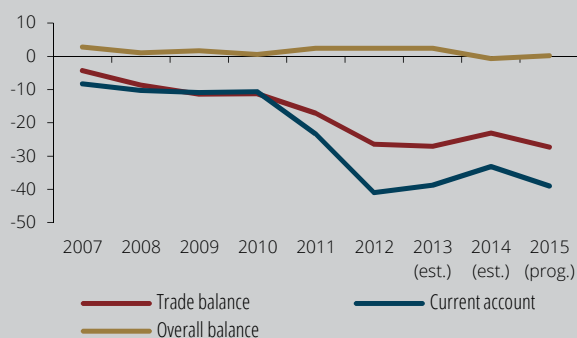
Annual % change of the CPI



Inflation showed a downward trend in 2014, benefiting from the metical's stability against the currencies of its main trading partners over a large part of the year, the maintenance of administered prices and low food prices.

Chart 43 • External accounts

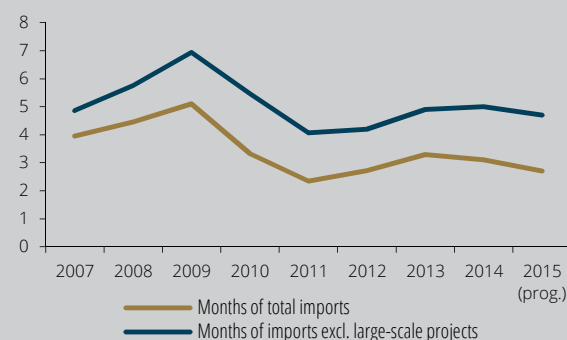
% of GDP



Investments in natural resources sectors have maintained the current account deficit at high values since 2011, with the resulting increase in imports (of goods and services), but have been financed through FDI flows.

Chart 44 • Foreign exchange reserves

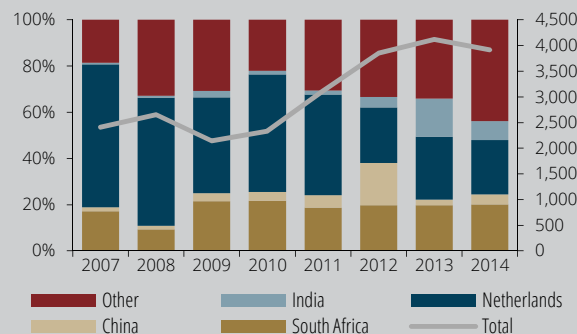
Months of goods and services imports



The shortage of and increased demand for USD at the end of 2014 have put pressure on the respective exchange rate, forcing Banco de Moçambique to intervene in the foreign exchange market, supplying USD and undermining the foreign reserve stock.

Chart 45 • Goods exports

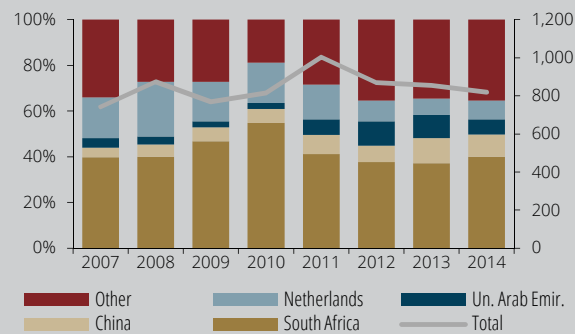
Destinations as a %, total in USD millions



South Africa and the Netherlands continue to be the main destination markets for Mozambican exports, in spite of a gradual diversification of recipient markets.

Chart 46 • Goods imports

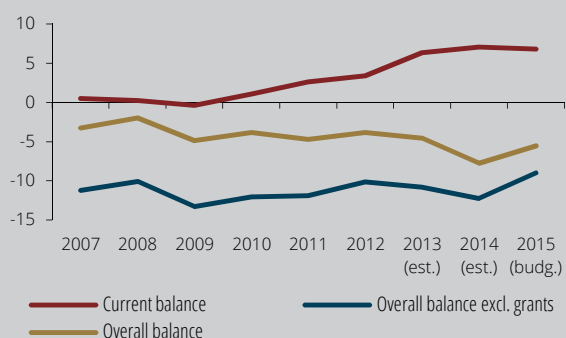
Origins as a %, total in USD millions



Similarly to exports, South African and Dutch products are the main Mozambican imports, accounting for around 40 per cent of the total. China has been gaining market share, reaching 8 per cent in 2014.

Chart 47 • Public accounts

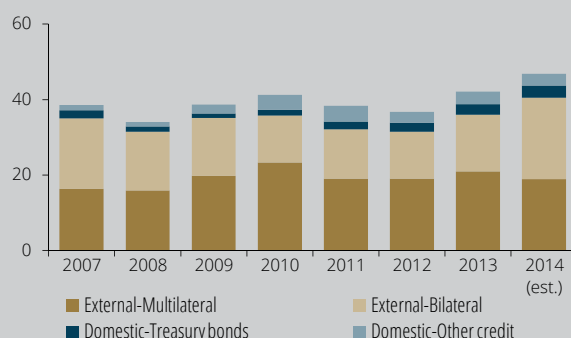
% of GDP



The general elections and the inclusion of an investment project in the budget dragged the budgetary deficit to unexpected figures in 2014. The gradual increase in tax revenue, however, has maintained the current balance on an upward trend.

Chart 48 • Public debt

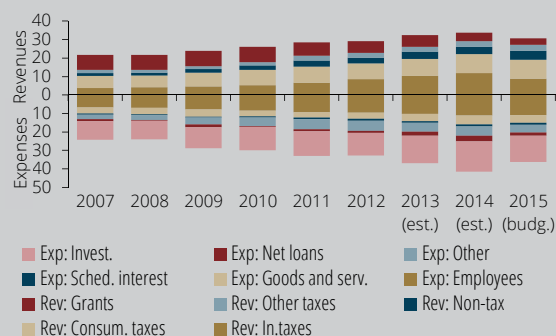
% of GDP



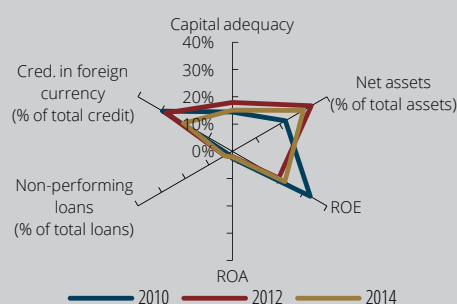
Higher financing needs by the general government have been reflected in an increase in Mozambican public debt in recent years, mainly as regards the external component, which represented around 40 per cent of GDP at the end of 2014.

Chart 49 • Public revenues and expenses

% of GDP



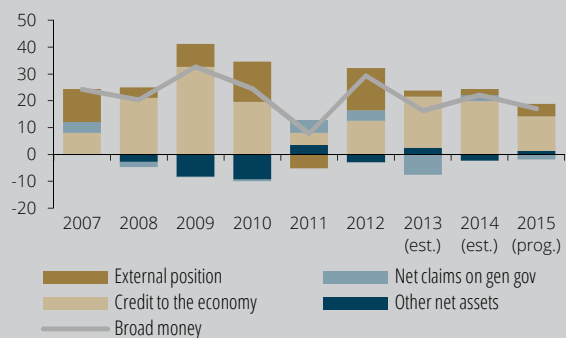
Developments in the budgetary deficit have been determined by the public investment effort, in view of contained growth in current expenditure. The increase in current revenue has more than offset the decline in the disbursement of grants.

Chart 50 • Financial stability indicators

In recent years, the Mozambican banking system has been well capitalised, highly robust, profitable and resilient, showing low levels of non-performing loans.

Chart 51 • Liquidity expansion / contraction factors

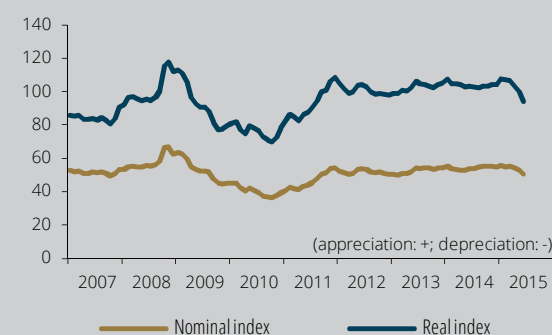
Changes in % of initial stock of broad money



Credit to the economy has been one of the main factors behind liquidity creation in Mozambique. Its performance has led broad money to expand strongly in the past 8 years, growing on average by more than 20 per cent/year.

Chart 52 • Effective exchange rate

Indexes: 100 = 2000, monthly averages



Over a large part of 2014, the metical was clearly stable against the currencies of its most significant trading partners. Due to the decline in interventions by the central bank to defend the currency in 2015, there has been a nominal and real depreciation of the currency.

Table 41 • Economic indicators

			2010	2011	2012	2013	2014		2015	
			Est.	Est.	Est.	Est.	Prog.	Est.	Prog.	Est.
Output and prices										
Nominal GDP	EUR millions		7,588	9,476	11,870	12,144	12,896	13,127	13,550	
Real GDP	Annual % change		6.7	7.1	7.2	7.1	8.3	7.2	7.0	
Inflation (Consumer Price Index)	Year-on-year % change		16.6	5.5	2.2	3.0	6.0	1.1	5.5	0.1 Jun.
	Average % change		12.7	10.4	2.1	4.2	4.6	2.3	4.0	1.0 Jun.
Public finances										
Total revenue	% of GDP		26.2	28.4	29.0	32.5	34.8	33.7	30.7	
Total expenditure	% of GDP		30.0	33.1	32.9	37.0	46.2	41.5	36.2	
Overall balance	% of GDP		-3.8	-4.7	-3.8	-4.6	-11.4	-7.8	-5.5	
Overall balance excluding grants	% of GDP		-12.0	-11.9	-10.1	-10.8	-17.1	-12.3	-9.0	
Money and credit										
Net claims on general government	Annual % change		-6.5	53.6	99.0	-23,869.0	-83.9	36.6	-54.0	100.1 Jun. ^(g)
Credit to the economy	Annual % change		29.3	6.4	18.3	30.5	20.7	28.3	17.5	7.4 Jun. ^(g)
Broad money (M3)	Annual % change		24.6	7.8	29.4	16.3	18.5	22.2	17.1	6.3 Jun. ^(g)
Interest rates										
Deposit (1-year)	Annual rate		12.2	13.4	11.5	9.1		9.1		8.9 Jun.
Lending (1-year)	Annual rate		21.7	23.7	21.4	20.3		20.8		17.9 Jun.
Financial stability										
Capital adequacy ^(a)	Percentage		14.4	17.1	17.9	16.9		15.1		
Non-performing loans ^(b) / total loans	Percentage		1.9	2.6	3.2	2.3		3.3		
Return on equity (ROE)	Percentage		32.9	26.5	19.6	21.0		22.2		
Balance of payments										
Goods exports (in USD)	Annual % change		8.7	33.6	23.7	6.9	19.3	-5.0	2.9	
Goods imports (in USD)	Annual % change		2.6	52.8	47.2	7.3	16.9	-6.2	7.7	
Current account	% of GDP		-10.6	-23.3	-41.0	-38.8	-45.9	-33.2	-39.0	
Current account excl. official transfer ^(c)	% of GDP		-16.4	-29.3	-45.6	-45.5		-39.4		
Official reserves	Months of imports ^(d)		3.3	2.4	2.7	3.3	2.6	3.1	2.7	
	Months of imports ^(e)		4.2	3.0	4.2	4.9	4.4	5.0	4.7	
Public debt										
External debt	EUR millions		2,717	3,040	3,736	4,367		5,315		
	% of GDP		35.8	32.1	31.5	36.0		40.5		
	% of exports ^(f)		113.6	96.0	97.2	118.4		133.0		
Domestic debt	EUR millions		415.0	596.0	624.4	750.3		831.6		
	% of GDP		5.5	6.3	5.3	6.2		6.3		
Exchange rates										
EUR/MZM (official market)	Average rate		45.4	40.3	36.5	39.7		40.8		41.6 Jun.
USD/MZM (official market)	Average rate		33.0	29.1	28.2	29.9		30.7		37.1 Jun.
USD/MZM (parallel market)	Average rate		35.7	31.0	29.5	31.5		31.5		39.6 Jun.
Nominal EERI (Index: 100 = 2000) ^(g)	% change ^(g)		-12.9	38.2	-7.5	8.4		0.7		-8.4 Jun.
Real EERI (Index: 100 = 2000) ^(g)	% change ^(g)		-2.0	39.0	-9.7	7.3		-1.1		-9.4 Jun.

Sources: Banco de Moçambique, IMF, Mozambique National Budget Directorate, Mozambique National Institute of Statistics and Banco de Portugal calculations.

Notes: (a) Regulatory capital/risk-weighted assets; (b) Up to 2013, the calculation of non-performing loans used a definition which did not include all impaired loans; (c) Effective exchange rate index (EERI), calculated on the basis of official exchange rates applied to the currencies of Mozambique's four main trading partners over the period 2010-14 (appreciation: +; depreciation: -); (d) Prospective imports of goods and services; (e) Imports of goods and services, excluding large-scale projects; (f) Exports of goods and services; (g) Change from the previous December.

Table 42 • Gross domestic product

Current prices, MZM millions

	2009	2010	2011	2012	2013	2014	2015
				Est.	Est.	Est.	Prog.
Primary sector	83,779	94,292	100,369	109,287	116,129	122,088	
Agriculture and livestock	80,022	88,347	94,128	102,491	108,734	114,311	
Fishing	3,757	5,946	6,241	6,796	7,395	7,778	
Secondary sector	53,019	60,520	67,760	75,492	81,860	102,342	
Mining and quarrying	4,346	5,557	8,428	13,081	15,230	24,921	
Manufacturing	33,231	36,104	39,299	39,413	41,591	47,663	
Electricity and water	9,889	11,997	12,085	13,841	16,301	18,806	
Construction	5,553	6,862	7,948	9,158	8,737	10,951	
Tertiary sector	141,799	164,571	183,301	210,489	239,075	260,239	
Trade and repairs	27,994	34,791	39,123	47,427	56,305	58,843	
Restaurants and hotels	7,301	8,784	10,779	9,516	10,134	10,772	
Transport and storage	27,832	32,093	30,339	35,746	43,075	46,323	
Information and communication	11,330	12,564	13,787	15,252	16,494	17,459	
Financial services	9,152	11,989	18,113	19,812	22,442	23,942	
Real estate, renting	21,667	23,836	26,054	28,598	31,498	31,132	
Public administration	13,579	16,749	19,324	21,662	25,271	29,030	
Education	20,041	22,202	25,806	31,314	33,972	40,376	
Healthcare and social work	4,790	5,248	6,137	7,624	7,922	10,009	
Other	-1,888	-3,686	-6,161	-6,461	-8,038	-7,646	
Gross Domestic Product (at factor costs)	278,597	319,384	351,430	395,269	437,064	484,670	
Indirect taxes	21,675	25,455	30,262	37,853	45,169	50,863	
Gross Domestic Product (market prices)	300,271	344,839	381,692	433,121	482,233	535,533	591,000
Consumption	290,125	332,479	365,713	427,472	478,224	522,733	
Public	54,299	64,131	76,137	90,282	115,101	136,050	
Private	235,826	268,348	289,576	337,190	363,123	386,683	
Investment	44,099	63,090	97,970	205,221	262,666	251,302	287,226
Gross Fixed Capital Formation	42,340	61,599	82,232	152,145	189,791	158,118	
Changes in inventory	1,759	1,491	15,738	53,076	72,875	93,184	
Domestic demand	334,224	395,569	463,683	632,693	740,890	774,035	
Exports of goods and services	89,990	108,659	127,587	140,228	146,451	162,981	
Overall demand	424,214	504,228	591,270	772,921	887,341	937,016	
Imports of goods and services	123,944	159,389	209,578	339,800	405,108	401,483	
Memo items:							
Gross domestic savings	10,146	12,360	15,979	5,649	4,009	12,800	
Nominal GDPmp (USD millions)	11,243	10,454	13,135	15,344	16,123	17,451	16,593
GDPmp deflator (annual % change)	1.1	7.6	3.3	5.9	3.9	3.6	3.1
Nominal GDPmp (annual % change)	7.5	14.8	10.7	13.5	11.3	11.1	10.4
Real GDPmp (annual % change)	6.4	6.7	7.1	7.2	7.1	7.2	7.0

Sources: Banco de Moçambique, Mozambique National Institute of Statistics, International Monetary Fund and Banco de Portugal calculations.

Table 43 • Consumer price index

Per cent

		Monthly change	Year-on-year change	Average change
		[1]	[2]	[3]
2003	December	2.8	11.4	11.5
2004	December	1.9	9.3	11.4
2005	December	3.9	13.1	7.0
2006	December	2.2	8.1	13.6
2007	December	3.2	12.1	9.2
2008	December	0.9	11.8	14.5
2009	December	2.1	3.0	4.2
2010	December	3.5	16.6	12.7
2011	December	1.3	5.5	10.4
2012	December	1.0	2.2	2.1
2013	December	0.6	3.0	4.2
2014	December	0.6	1.1	2.3
2013	January	1.1	2.3	1.9
	February	1.4	4.3	2.1
	March	0.3	4.3	2.2
	April	0.6	5.1	2.4
	May	-0.4	5.1	2.7
	June	-0.5	5.2	3.0
	July	-0.3	4.9	3.3
	August	-0.5	4.5	3.6
	September	-0.1	4.3	3.9
	October	0.2	4.2	4.1
	November	0.6	3.3	4.1
	December	0.6	3.0	4.2
2014	January	1.1	3.0	4.3
	February	0.7	2.3	4.1
	March	1.5	3.6	4.0
	April	0.6	3.6	3.9
	May	-0.6	3.4	3.8
	June	-1.3	2.5	3.5
	July	-0.4	2.4	3.3
	August	-1.1	1.8	3.1
	September	-0.5	1.4	2.9
	October	0.1	1.3	2.6
	November	0.4	1.1	2.4
	December	0.6	1.1	2.3
2015	January	1.6	1.5	2.2
	February	1.2	2.1	2.1
	March	0.2	0.8	1.9
	April	-0.6	-0.5	1.6
	May	-0.9	-0.8	1.2
	June	-0.4	0.1	1.0

Sources: Banco de Moçambique, Mozambique National Institute of Statistics and Banco de Portugal calculations.

Notes: [1] month (n) / month (n-1); [2] month (n) / month (n) of the previous year; [3] last 12 months / previous 12 months.

Table 44 • Balance of payments

USD millions

	2010	2011	2012	2013	2014		2015		
					Prog.	Est.	Prog.	Q 1	1 st half
Current account	-1,113	-3,056	-6,284	-6,253	-8,007	-5,797	-6,481	-1,298	-2,905
Excluding official transfers	-1,718	-3,848	-6,997	-7,341	–	-6,884	–	-1,422	-3,224
Trade balance	-1,179	-2,250	-4,048	-4,357	-4,990	-4,035	-4,531	-809	-1,861
Exports (f.o.b.)	2,333	3,118	3,856	4,123	4,920	3,916	4,031	823	1,870
of which: Large-scale projects	1,668	2,015	2,173	2,196	3,071	2,440	2,544	531	1,136
Imports (c.i.f.)	-3,512	-5,368	-7,903	-8,480	-9,910	-7,952	-8,562	-1,633	-3,732
of which: Large-scale projects	-900	-1,547	-2,143	-1,934	-3,111	-1,487	-2,516	-292	-576
Services	-506	-1,482	-3,073	-3,259	-3,950	-2,932	-2,546	-655	-1,454
Income	-85	-190	7	-59	-176	-202	-246	-70	-110
of which: Dividends from large-scale projects	0	-157	0	-1	-166	-54	0	0	0
Scheduled interest	-30	-35	-40	-49	–	-76	–	-29	-45
Current transfers	657	866	829	1,421	1,109	1,372	842	236	521
Official transfers	605	792	713	1,088	–	1,087	–	124	319
of which: External grants	605	785	538	460	585	471	551	–	–
Private transfers	52	74	116	333	–	285	–	112	235
Capital and financial account	1,116	3,364	6,748	6,627	8,407	5,665	6,521	898	2,500
Capital account	348	432	456	423	583	372	499	103	215
Financial account	768	2,932	6,292	6,204	7,825	5,293	6,022	795	2,285
Foreign direct investment (net)	790	2,599	5,215	6,175	4,883	4,902	4,048	987	2,050
General government borrowing (net)	468	531	546	1,058	1,776	1,412	942	113	410
Private sector borrowing (net)	-348	-39	516	-92	902	354	1,023	-79	230
Other transactions (net)	-142	-159	14	-937	264	-1,375	10	-227	-405
Errors and omissions	56	17	-87	22	0	26	0	23	21
Overall account	58	322	377	396	400	-106	40	-377	-384
Financing	-58	-322	-377	-396	-400	106	-40	377	384
Change in official reserves	-87	-321	-375	-393	-397	120	-7	398	405
Use of IMF funds (net) ^(a)	18	-2	-2	-3	-3	-14	-33	-21	-21
Exceptional financing	10	0	0	0	0	0	0	0	0
Change in arrears (decrease: -)	0	0	0	0	0	0	0	0	0
Financing gap ^(b)	0	0	0	0	0	0	0	0	0

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Disbursements in 2010 under the Exogenous Shocks Facility arrangement; (b) Net borrowing (-) net lending (+).

Table 45 • Goods exports

Destinations as a percentage of total exports

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2006 to 2014
South Africa	15.2	17.2	9.2	21.4	21.6	18.7	19.8	19.7	20.1	18.3
Belgium	0.1	0.3	0.5	0.7	0.4	0.6	1.1	1.2	1.3	0.8
China	1.4	1.7	1.6	3.5	3.9	5.4	18.2	2.5	4.3	5.3
Spain	1.8	1.5	1.3	1.5	1.7	2.7	1.5	1.8	1.2	1.7
United States	0.3	0.2	0.5	1.9	0.9	0.8	2.5	3.6	1.1	1.5
Netherlands	59.7	61.8	55.5	41.6	51.0	43.5	24.1	27.3	23.5	40.1
India	1.3	0.7	0.8	2.6	1.5	1.8	4.5	16.5	8.2	5.2
Malawi	1.0	0.7	1.4	2.2	1.2	1.5	0.8	1.0	0.6	1.1
Portugal	1.2	1.3	0.8	1.5	4.7	1.4	0.5	2.5	1.1	1.6
Zimbabwe	3.2	2.9	2.1	3.4	3.2	2.5	2.4	2.0	2.3	2.6
Other	14.7	11.7	26.2	19.6	10.0	21.1	24.5	22.1	36.2	21.9

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Table 46 • Goods imports

Origins as a percentage of total imports

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2006 to 2014
South Africa	36.3	32.4	29.1	35.5	51.2	34.0	27.2	25.7	33.1	32.2
China	2.6	3.5	3.9	4.6	5.7	7.0	5.3	7.5	8.0	6.0
United Arab Emirates	2.0	3.4	2.6	2.0	2.4	5.6	7.7	7.0	5.5	5.1
United States	2.2	2.7	4.0	3.6	0.5	2.8	11.9	2.2	1.8	4.0
France	0.8	0.8	0.6	0.8	0.3	1.2	1.4	0.8	0.7	0.9
Netherlands	15.6	14.5	17.4	13.0	16.5	12.6	6.6	4.9	6.9	10.1
India	3.2	4.4	3.6	6.5	1.1	5.6	2.9	3.7	3.8	3.8
Japan	0.6	3.1	3.2	3.8	5.5	3.5	2.2	2.6	3.1	3.0
Portugal	3.3	3.5	2.9	3.8	8.0	4.2	4.0	5.7	5.2	4.7
Other	33.4	31.8	32.8	26.6	8.7	23.5	30.8	40.0	32.0	30.2

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Table 47 • Public debt

USD millions

	2008	2009	2010	2011	2012	2013	2014
	Est.	Est.	Est.	Est.	Est.	Est.	Est.
External debt	3,637	3,948	3,744	4,214	4,829	5,798	7,065
Multilateral creditors	1,836	2,229	2,437	2,505	2,927	3,383	3,292
Bilateral creditors	1,801	1,719	1,307	1,709	1,902	2,415	3,773
Paris Club	824	438	400	674	679	756	908
Other countries	977	1,281	907	1,035	1,224	1,659	2,865
Domestic debt	292	403	572	826	807	996	1,105
Central Bank ^(a)	118	102	91	111	102	101	95
Other banks and financial institutions ^(b)	0	159	168	203	170	282	267
Treasury bonds	167	137	152	273	358	447	570
Other ^(c)	7	6	160	239	177	167	174
Total public debt	3,929	4,351	4,315	5,041	5,636	6,794	8,171
External debt service	49	44	56	73	96	144	175
Principal	31	26	31	39	57	85	100
Interest	18	18	25	34	39	58	75
				(% of GDP)			
Total public debt	34.0	38.7	41.3	38.4	36.7	42.1	46.8
External debt	31.5	35.1	35.8	32.1	31.5	36.0	40.5
Domestic debt	2.5	3.6	5.5	6.3	5.3	6.2	6.3
				(% of exports of goods and services)			
External debt	107.3	117.2	113.6	96.0	97.2	118.4	133.0
External debt service	1.4	1.3	1.7	1.7	1.9	2.9	3.3

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Government debt to reinforce the exchange rate balance; (b) Treasury bill flows only occurring in cash operations; (c) Loans relating to fuel subsidies, debts of public enterprises, leasing operations resulting from the construction of public buildings and fees paid to the Mozambique Stock Exchange.

Table 48 • Government operations

MZM billions

	2010	2011	2012	2013	2014			2015		
					R. Budg.	Est.	I.e. ^(a)	Budg.	1 st half	I.e. ^(a)
1. Total revenue	90.3	108.4	125.8	156.6	183.5	180.4	98.3	181.2	75.7	41.8
1.1. Current revenue	61.6	81.1	98.5	126.3	153.1	156.3	102.1	160.7	70.4	43.8
Non-tax revenue	7.9	12.8	14.0	18.8	20.8	21.3	102.1	27.7	11.2	40.5
Tax revenue	53.7	68.3	84.5	107.5	132.3	135.1	102.1	133.0	59.1	44.5
Income taxes	18.5	24.9	36.8	49.4	59.3	63.1	106.3	51.4	25.9	50.4
Consumption taxes	28.8	33.8	36.9	44.9	56.4	55.9	99.0	61.9	24.6	39.8
Taxes on international trade	5.3	6.7	7.5	9.7	11.1	12.0	107.4	13.3	5.7	42.8
Other taxes	1.1	2.9	3.2	3.5	5.4	4.1	77.2	6.4	2.9	45.4
1.2. Grants	28.3	27.4	27.3	30.2	30.4	24.1	79.3	20.5	5.3	26.0
2. Total expenditure	103.5	126.4	142.4	178.5	243.5	222.0	91.2	213.9	74.3	34.7
2.1. Current expenditure ^(b)	57.9	71.0	83.8	95.7	121.2	118.5	97.7	120.4	57.2	47.5
Compensation of employees	29.1	35.8	41.6	49.5	60.3	59.8	99.2	64.4	32.6	50.6
Goods and services	10.7	11.0	14.3	18.9	26.9	26.0	96.6	24.5	10.4	42.3
Transfers and subsidies	15.4	16.5	18.8	18.8	21.3	21.0	98.8	22.4	10.9	48.4
Scheduled debt interest	2.7	3.5	4.1	4.0	6.1	5.2	85.6	6.9	3.0	44.0
2.2. Capital expenditure	43.7	51.0	53.5	72.3	104.5	87.0	83.3	83.2	15.6	18.7
Domestic financing	20.0	20.4	24.9	34.0	46.3	45.4	98.1	44.9	10.4	23.1
External financing	23.7	30.6	28.5	38.3	58.3	41.7	71.5	38.3	5.2	13.6
2.3. Net lending	1.9	4.4	5.2	10.6	17.8	16.5	92.9	10.4	1.5	14.9
3. Current balance: (1.1-2.1)	3.7	10.1	14.7	30.7	31.9	37.9	–	40.4	13.2	–
4. Overall balance excl. grants: (1-2-1.2)	-41.5	-45.3	-44.0	-52.2	-90.4	-65.7	–	-53.2	-3.9	–
5. Overall balance: (1-2)	-13.2	-17.9	-16.6	-22.0	-60.0	-41.6	–	-32.7	1.4	–
6. Financing	13.2	17.9	16.6	22.0	60.0	41.6	–	32.7	-1.4	–
6.1. Domestic (net) ^{(c), (d)}	-0.1	4.2	2.6	-4.8	6.3	-5.7	-89.8	1.5	-9.5	–
of which: Banking system	-0.7	6.6	5.6	-14.0	–	5.1	–	–	8.9	–
6.2. External (net)	13.2	13.7	14.0	26.8	53.7	47.3	88.0	31.2	8.1	26.0
Disbursements ^(c)	14.3	14.9	15.6	29.3	57.4	50.4	87.8	36.1	9.9	27.4
Amortisation	-1.0	-1.2	-1.6	-2.5	-3.7	-3.1	85.1	-4.8	-1.8	36.4
7. Financing gap ^(e)	0.0	0.0	-0.0	0.0	-0.0	0.0	–	-0.0	-0.0	–

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Level of budget execution, %; (b) Includes other current expenditure; (c) Includes movements related to a government account established abroad with the proceedings of the Moatize coal mine concession; (d) For 2011, includes privatisation receipts; (e) Net borrowing (-) / net lending (+).

Table 49 • Monetary survey

MZM billions

	2010	2011	2012	2013	2014		2014/2013		2015	2015p/2014		2015	2015
				Est.	Prog.	Est.	[1]	[2]	Prog.	[1]	[2]	Mar.	Jun.
Net foreign assets	79.9	73.0	95.7	100.0	124.3	104.8	4.8	2.2	117.1	11.7	4.7	104.9	108.7
Central Bank	57.1	56.9	73.1	85.7	103.1	91.5	6.8	2.7	95.5	4.4	1.5	86.8	95.6
Foreign assets	68.9	66.9	84.2	97.0	113.9	103.6	6.7	3.0	107.3	3.6	1.4	99.6	108.7
Foreign liabilities	-11.8	-10.0	-11.1	-11.3	-10.8	-12.0	6.2	-0.3	-11.8	-1.7	0.1	-12.8	-13.1
Commercial banks	22.8	16.1	22.6	14.3	21.2	13.3	-7.0	-0.5	21.6	62.7	3.1	18.0	13.1
Total domestic credit	80.2	92.6	116.2	137.6	157.3	185.7	34.9	22.2	215.0	15.8	11.1	192.2	209.1
Net claims on general government	-12.2	-5.7	-0.1	-14.0	-25.8	-8.9	36.6	2.4	-13.7	-54.0	-1.8	-11.5	0.0
Credit granted	22.9	37.7	45.5	67.8	-	74.0	9.1	2.9	-	-	-	69.7	82.9
Deposits	-34.3	-43.0	-45.4	-81.8	-	-82.8	1.3	-0.5	-	-	-	-81.1	-82.8
National currency	-32.1	-41.4	-44.1	-79.9	-	-80.5	0.8	-0.3	-	-	-	-78.3	-80.2
Foreign currency	-2.1	-1.6	-1.3	-1.9	-	-2.3	22.7	-0.2	-	-	-	-2.9	-2.6
Earmarked funds	-0.9	-0.3	-0.1	-0.1	-	-0.1	7.4	-0.0	-	-	-	-0.1	-0.1
Credit to the economy	92.4	98.3	116.3	151.7	183.1	194.6	28.3	19.8	228.7	17.5	12.9	203.7	209.1
National currency	65.2	76.5	87.5	117.3	145.2	155.1	32.3	17.5	182.1	17.4	10.2	164.1	165.5
Foreign currency	27.2	21.8	28.8	34.4	37.9	39.5	14.8	2.4	46.6	18.1	2.7	39.6	43.6
Other items (net)	-26.6	-21.8	-25.9	-21.2	-25.2	-26.0	-22.9	-2.2	-22.4	14.0	1.4	-31.6	-36.5
Total assets	133.4	143.8	186.0	216.4	256.5	264.5	22.2	-	309.7	17.1	-	265.5	281.2
Broad money (M3)	133.4	143.8	186.0	216.4	256.5	264.5	22.2	22.2	309.7	17.1	17.1	265.5	281.2
Base money	31.6	34.3	41.1	47.5	55.6	57.3	20.5	4.5	66.7	16.4	3.6	54.4	58.5
Currency in circulation	17.4	17.5	19.7	22.7	27.4	27.3	20.4	-	31.6	15.6	-	24.5	27.1
Demand deposits	73.7	80.1	109.5	123.3	145.0	154.3	25.1	-	175.8	14.0	-	153.8	157.9
Quasi-money	42.3	46.2	56.8	70.4	84.2	82.9	17.7	-	102.3	23.4	-	87.2	96.2
Total liabilities	133.4	143.8	186.0	216.4	256.5	264.5	22.2	-	309.7	17.1	-	265.5	281.2

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Notes: [1] Percentage change from the previous period; [2] Changes in % of initial stock of broad money (liquidity expansion / contraction factors).

Table 50 • Interest rates

Annual rates, per cent

		2009	2010	2011	2012	2013	2014	2015	
		Dec.	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.
Deposits	91 to 180 days	8.8	11.5	12.7	10.2	8.5	8.4	8.3	8.1
	181 to 365 days	10.2	12.2	13.4	11.5	9.1	9.1	8.9	8.9
	1 to 2 years	9.4	14.3	13.2	9.6	6.1	7.7	7.5	6.9
Credit	Up 180 days	18.6	22.0	24.4	20.6	19.8	20.4	18.3	17.7
	181 to 365 days	19.2	21.7	23.7	21.4	20.3	20.8	18.4	17.9
	1 to 2 years	18.8	22.6	24.9	21.0	21.1	21.0	19.9	19.0
Reference rates									
Standing liquidity provision facility		11.5	15.5	15.0	9.5	8.3	7.5	7.5	7.5
Treasury bills (91 days)		9.5	14.7	11.8	2.6	5.2	5.4	5.5	5.6
Unsecured IMM (up to 7 days)		8.0	13.1	11.7	2.9	3.4	3.1	3.3	3.8

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Table 51 • Financial stability indicators

Per cent

	2009	2010	2011	2012	2013 Est.	2014 Est.
Solvency						
Capital adequacy ^(a)	15.1	14.4	17.1	17.9	16.9	15.1
Tier 1/risk-weighted assets	13.0	13.7	16.1	16.9	16.0	13.6
Asset quality						
Non-performing loans ^(b) /total loans	1.8	1.9	2.6	3.2	2.3	3.3
Loans in foreign currency / total loans	32.4	29.5	25.1	28.1	21.9	20.6
Return						
Return on equity (ROE)	36.6	32.9	26.5	19.6	21.0	22.2
Return on assets (ROA)	3.0	2.6	2.5	1.9	2.0	2.1
Net interest margin/gross income	55.7	59.4	64.9	58.9	55.6	55.9
Operational costs/gross income	58.4	59.7	61.3	66.1	65.3	62.6
Liquidity						
Liquid assets ^(c) /total assets	27.9	22.4	27.8	33.4	30.7	30.0
Other indicators						
General government deposits/total deposits	41.2	29.5	34.0	27.3	42.2	34.9
Private sector credit / total deposits	76.0	79.6	77.8	69.9	78.3	82.1
Personnel costs/operating costs	45.9	45.5	47.1	49.1	47.6	47.0
Interest spread, 1-2 years (lending – deposit)	9.4	8.3	11.6	11.3	15.0	13.3

Sources: Banco de Moçambique and Banco de Portugal calculations.

Notes: (a) Regulatory capital/risk-weighted assets; (b) Up to 2013, the calculation of non-performing loans used a definition which did not include all impaired loans; (c) Net assets include deposits with the parent institutions.

Table 52 • Exchange rates

Average rates

		EUR/MZM			USD/MZM					ZAR/MZM	EERI ^(a)	
		Official	Open	Op/Of	Official	Parallel	Open	Pa/Of	Op/Of	Open	Index: 100 = 2000	
		(Of)	(Op)	(%)	(Of)	(Pa)	(Op)	(%)	(%)	Open	Nom.	Real
2000		13,979.9	14,044.8	0.5	15,140.9	15,995.9	15,254.1	5.6	0.7	2187.1	100.0	100.0
2001		18,293.7	18,515.4	1.2	20,455.5	21,145.4	20,706.5	3.4	1.2	2537.1	81.0	86.2
2002		21,896.4	22,370.7	2.2	23,180.4	24,281.3	23,665.4	4.7	2.1	2373.7	77.5	91.6
2003		26,360.4	26,874.1	1.9	23,340.9	24,248.7	23,782.3	3.9	1.9	3187.7	63.1	79.8
2004		27,457.0	27,782.7	1.2	22,130.9	23,165.5	22,581.3	4.7	2.0	3523.4	59.9	82.7
2005		28,337.5	28,576.1	0.8	22,936.3	23,614.4	23,068.4	3.0	0.6	3617.1	58.0	83.3
2006 ^(b)		32.2	31.4	-2.5	25.0	26.9	26.0	7.8	4.2	3.8	53.3	84.0
2007		35.6	35.0	-1.5	25.6	26.6	25.8	4.2	1.1	3.7	51.6	84.4
2008		35.7	35.5	-0.6	24.2	25.2	24.3	4.0	0.5	3.0	57.6	100.0
2009		38.9	37.2	-4.4	26.7	29.2	27.5	9.5	3.0	3.3	52.0	90.5
2010		45.4	43.6	-4.0	33.0	35.7	34.0	8.1	3.0	4.7	40.1	75.8
2011		40.3	40.5	0.5	29.1	31.0	29.1	6.8	0.0	4.0	45.9	91.6
2012		36.5	36.3	-0.6	28.2	29.5	28.4	4.3	0.6	3.5	51.7	100.8
2013		39.7	40.0	0.7	29.9	31.5	30.1	5.3	0.7	3.1	52.7	102.5
2014		40.8	41.5	1.8	30.7	31.5	31.4	2.8	2.2	2.9	54.3	104.0
2013	January	39.5	39.9	0.9	29.8	31.0	30.0	4.1	0.8	3.4	50.3	98.9
	February	40.1	40.7	1.7	30.0	31.5	30.5	4.9	1.7	3.4	49.9	98.8
	March	39.0	39.6	1.7	30.1	31.9	30.6	6.1	1.7	3.3	51.1	100.6
	April	39.1	39.7	1.5	30.1	31.8	30.5	5.8	1.7	3.4	50.9	100.4
	May	38.9	39.0	0.3	30.0	31.7	30.1	5.9	0.3	3.2	52.0	102.5
	June	39.4	39.3	-0.2	29.9	30.8	29.8	3.2	-0.4	3.0	54.2	106.0
	July	39.0	39.1	0.4	29.8	31.4	30.0	5.1	0.4	3.0	54.0	104.5
	August	39.7	39.9	0.3	29.8	31.5	29.9	5.6	0.3	3.0	54.4	104.3
	September	39.8	40.0	0.4	29.9	31.7	30.0	6.0	0.4	3.0	54.1	103.2
	October	40.7	40.7	0.1	29.8	31.7	29.9	6.2	0.1	3.0	53.5	102.2
	November	40.3	40.5	0.4	29.9	31.5	30.0	5.4	0.4	3.0	54.3	104.4
	December	41.0	41.2	0.5	29.9	31.6	30.1	5.5	0.5	2.9	54.4	105.2
2014	January	41.1	41.4	0.9	30.2	32.2	30.4	6.6	0.9	2.8	55.4	107.8
	February	41.9	43.2	3.2	30.6	33.1	31.6	8.2	3.2	2.9	53.9	104.9
	March	42.2	43.4	3.0	30.5	32.7	31.5	7.1	3.1	2.9	53.6	104.9
	April	42.3	43.3	2.5	30.6	32.5	31.3	6.3	2.5	3.0	53.1	104.3
	May	42.1	43.0	2.3	30.6	32.6	31.4	6.2	2.3	3.0	52.7	102.8
	June	41.6	42.6	2.4	30.6	32.5	31.4	6.0	2.4	2.9	53.6	103.1
	July	41.4	41.9	1.2	30.6	32.5	31.0	6.2	1.2	2.9	54.0	102.7
	August	40.6	40.7	0.2	30.5	32.3	30.6	5.9	0.5	2.9	54.6	102.5
	September	39.8	39.6	-0.5	30.6	32.4	30.8	5.9	0.8	2.8	55.4	103.4
	October	39.1	39.6	1.2	30.9	32.8	31.5	6.1	1.9	2.8	55.4	103.5
	November	38.7	39.3	1.5	31.0	33.4	31.6	7.8	1.8	2.9	55.4	104.3
	December	39.0	40.5	4.0	31.6	35.8	33.3	13.3	5.3	2.9	54.8	104.0
2015	January	36.9	38.7	4.8	31.8	35.9	33.4	13.0	5.1	2.9	55.7	107.8
	February	37.0	38.3	3.4	32.6	36.5	34.0	11.9	4.1	2.9	55.0	107.1
	March	36.3	37.9	4.3	32.5	37.0	35.3	13.6	8.4	2.9	55.1	106.5
	April	36.5	38.4	5.2	33.8	37.6	36.0	11.1	6.5	3.0	54.1	103.3
	May	37.9	39.8	5.0	34.0	37.9	36.7	11.5	7.9	3.1	53.0	100.0
	June	41.6	41.4	-0.6	37.1	39.6	38.5	6.7	3.6	3.1	50.2	94.2

Sources: Banco de Moçambique, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Effective exchange rate index (EERI), calculated on the basis of official exchange rates applied to the currencies of Mozambique's four main trading partners over the period 2010-14 (appreciation: +; depreciation: -); (b) A monetary reform was carried out in July 2006 with a conversion rate of 1 to 1,000.

5. SÃO TOMÉ AND PRÍNCIPE

Area: 997 Km²

Capital city: São Tomé

População: 0.2 milion
(2014; source: UN)

Currency: Dobra (STD)

The economic development of São Tomé and Príncipe continues to be strongly conditioned by the reduced size of the economy, the costs caused by insularity and the lack of resources, namely financial. Economic growth in 2014 was slightly higher than in the previous year thanks to better export performance in terms of goods (cocoa) and services (tourism). Greater political stability (as a result of elections in October 2014) is expected to consolidate more dynamic growth, leading to improvements in social and economic well-being.

The Santomean economy showed slightly better growth in 2014 than in the previous year. Real growth in 2014 is estimated to have reached 4.5 per cent, which may be exceeded in 2015 as the perspective for political stability following the parliamentary election in October (resulting in a majority government) and the agreement of a new programme with the IMF for the three-year period 2015-18 could create the conditions necessary for a new growth dynamic, helping to reduce poverty.

The growth rate in 2014 was essentially the result of a **marked increase in the value of cocoa exports** (approximately 39 per cent) and **tourism** (87 per cent). Private consumption also grew moderately, inferred from the behaviour of consumer goods imports, as well as the increase in the public sector payroll. However, investment had little effect (as in 2013), partly due to forecast overseas grants which did not materialise.

Prices continued to show the disinflationary trend which has been observed since the new exchange rate regime was adopted in 2010. At the end of June, annual inflation (year-on-year rate) was at 5.0 per cent, with a forecast rate of 5.2 per cent for the end of 2015. Such behaviour is especially relevant considering it was registered during a period when there was a general election (traditionally a catalyst for significant increases in expenditure) and an appreciation of the US dollar, the currency in which fuel imports are denominated.

Despite the positive behaviour of cocoa and tourism exports in 2014, **the current account deficit worsened noticeably** due to the significant increase in imports (both goods and services), whilst the contribution of transfers, namely official ones, was less important than in the preceding year. The positive result of the capital and financial account in 2014 almost fully offset the current account deficit.

The position of the external accounts was more favourable in the first seven months of 2015, which is reflected in a **marked increase in net international reserves** (approximately 53 per cent since December). This results from a slight slowdown in the value of imports (namely oil goods), in parallel with the disbursements of loans already entered into (from Angola). This

favourable behaviour of the external accounts in 2015 means that Santomean net foreign assets correspond to 6.2 months of the value of programmed imports of goods and services for this year – the highest level in recent years.

In a small economy like that of São Tomé and Príncipe, in which the private sector has little weight, **the management of public finances is especially relevant in determining macroeconomic behaviour**. In recent years (namely since the new exchange rate regime was adopted in 2010) the management of budgetary policy has chiefly focused on maintaining the main macroeconomic balance both internally and externally, which, in general terms, has been achieved.

This concern was generally respected in 2014, with **current public expenditure being contained within budgetary margins**, since the excess in compensation of employees was offset by some savings in terms of transfers and subsidies. However, investment expenditure was well below that forecast in the budget due to expected project grants not materialising, as has happened frequently in the past. The problems of delays in payments remained (whether from the State to suppliers, or from some taxpayers to the Treasury), prolonging a situation the Santomean authorities have been trying to overcome for a long time.

Current public revenue was somewhat below that budgeted (91 per cent executed), namely in terms of indirect taxation (customs duties), which is somewhat contradictory considering the increase in imports. As mentioned above, the actual sum of grants for projects was below expectations, unlike grants directly supporting the budget, which exceeded the forecast amount.

As a result of the behaviour of public revenue and expenditure, **the overall fiscal balance and domestic primary balance were more negative than in the previous year** (-6.4 per cent and -3.6 per cent respectively), with financing mainly from overseas loans, namely a loan granted by the Angolan authorities. As this loan did not have the concessionality level stipulated in the programme entered into with the IMF for the 2012-15 three-year period, the IMF programme was cancelled. However, a new programme

was approved by the IMF in July this year, for USD 6.2 million under the terms of the Fund's Extended Credit Facility (ECF). This programme is set to run from 2015 to 2018.

At the end of last June a **Treasury Bills programme** was launched for public financing and to absorb the liquidity in the banking system.

The **growth in broad money in 2014 was essentially in line with the programme**, although the weight of external assets was greater than that of credit to the economy (which actually fell in absolute terms throughout 2014, recovering in the first half of 2015). The behaviour of lending reflects the problems faced by some local banks (unsatisfactory lending and risk management practices) which obliged the Central Bank

to intervene in two banks in 2014 and 2015. Levels of non-performing loans are a cause for some concern, as they have led to negative returns for the whole banking sector.

Exchange rate stability between the local currency and those of its main trading partners is ensured by the peg to the euro, which has also been the major factor in the disinflation process. Naturally, the peg does not impede fluctuation between the dobra and USD (2014 and 2015 saw an appreciation of the USD); nor does it stop fluctuation against the Angolan kwanza, which is equally relevant, given Angola's importance as a source of Santomean imports (despite being essentially fuels, priced in USD).

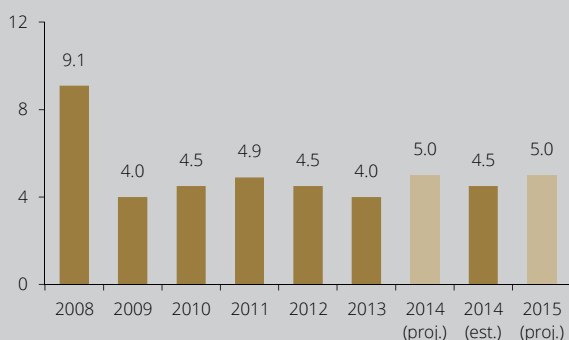
Table 53 • Main economic indicators

	2010	2011	2012	2013	2014		2015
	Est.	Est.	Est.	Est.	Proj.	Est.	Proj.
Real GDP (annual % change)	4.5	4.9	4.5	4.0	5.0	4.5	5.0
Inflation (year-on-year % change)	12.9	11.9	10.4	7.1	6.0	6.4	5.2
Broad money (annual % change)	25.1	10.5	20.0	14.3	10.3	16.5	15.0
Current account (% of GDP)	-43.8	-42.9	-38.0	-27.7	-31.3	-31.8	-30.7
Current and capital account (% of GDP)	-23.1	-25.4	-23.1	-17.9	-18.9	-23.0	-15.0
Overall fiscal balance (% of GDP)	-10.5	-12.6	-10.9	-2.0	-14.6	-6.4	-8.9
Domestic primary balance (% of GDP)	-4.6	-3.0	-3.3	-2.7	-3.0	-3.6	-2.7
External public debt (% of GDP)	81.0	76.8	83.3	75.4	–	72.3	–

Sources (for the subsequent charts also) : Banco Central de São Tomé e Príncipe, Ministry of Finance and Public Administration (São Tomé and Príncipe) and International Monetary Fund.

Chart 53 • Real GDP

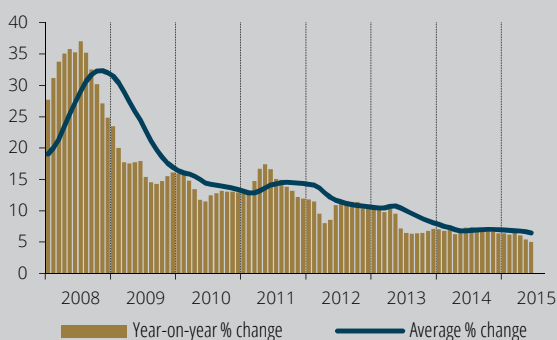
Annual % change



Economic growth in São Tomé and Príncipe improved slightly in comparison with the previous year, helped by the increase in exports of goods (cocoa) and services (tourism). However, growth was lower than forecast.

Chart 54 • Inflation

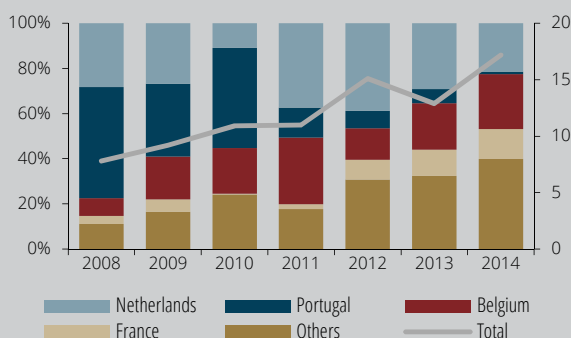
Annual % change of the CPI



The continued fall in inflation since 2008 forms the most positive aspect of the Santomean economy. This trend has continued into 2015, although the inflation rate in São Tomé and Príncipe remains higher than that of its trading partners.

Chart 55 • Goods exports

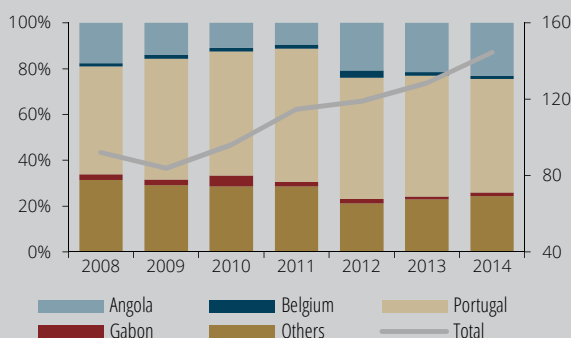
Destinations as a %, total in USD millions



Following the fall registered in 2013, Santomean exports grew significantly in 2014, driven by sales of cocoa. Portugal has become less significant as a Santo-means export market in the last four years.

Chart 56 • Goods imports

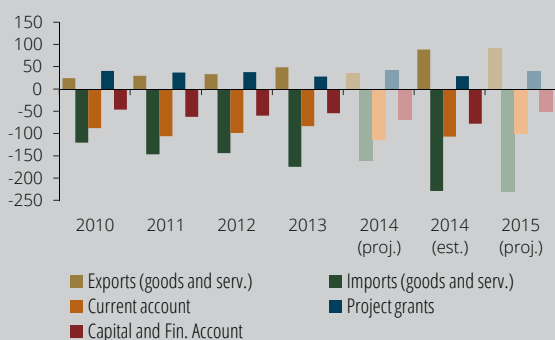
Origins as a %, total in USD millions



The value of imports has grown markedly since 2009. Despite the increase in fuel imports (from Angola), Portugal continues to be the main supplier for São Tomé and Príncipe.

Chart 57 • Balance of payments

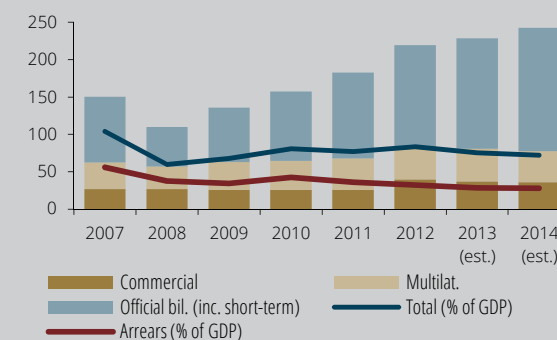
USD millions



Despite the significant increase in exports in 2014, the external current account deficit worsened as a result of the greater increase in imports. Once again, the value of project grants was lower than expected.

Chart 58 • External debt

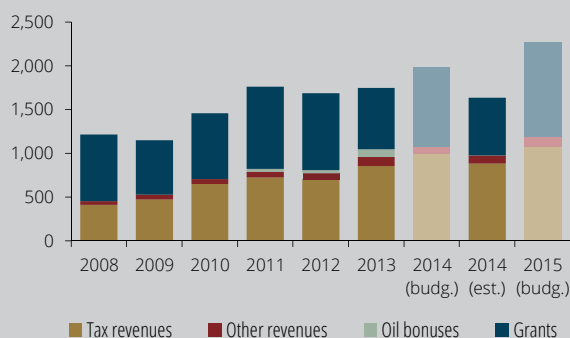
USD millions



The value of external debt has grown moderately in recent years with its ratio to GDP having stabilised at approximately 70 per cent. Arrears are significant and have not shown any downward trends.

Chart 59 • Public revenues

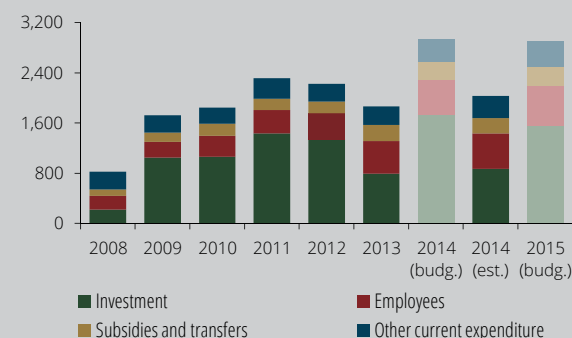
STD billions



The reduced level of grants in 2014 and the absence of oil signature bonuses led to a fall in public revenues in 2014. This is expected to reverse this year.

Chart 60 • Public expenditure

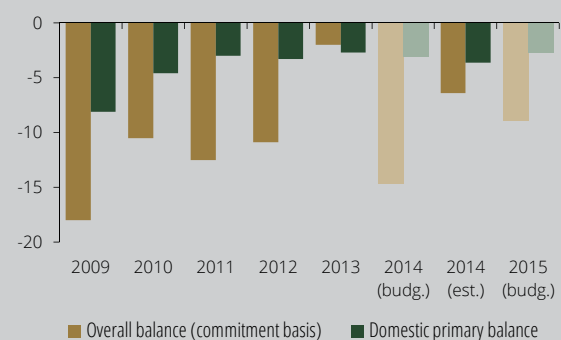
STD billions



As in previous years, investment expenditure in 2014 was well below the amount budgeted (and that executed in 2011 and 2012), partly due to difficulties in securing external financing.

Chart 61 • Budget balance

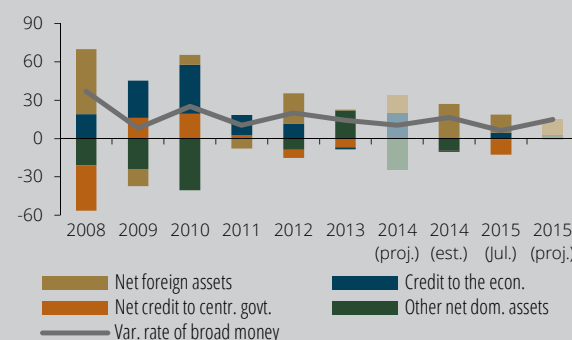
% of GDP



Since the implementation of the new exchange rate regime (2010), the domestic primary deficit (the main reference for budgetary policy) has remained at approximately 3 per cent; a condition considered necessary for the regime to work adequately.

Chart 62 • Liq. expansion/contraction factors

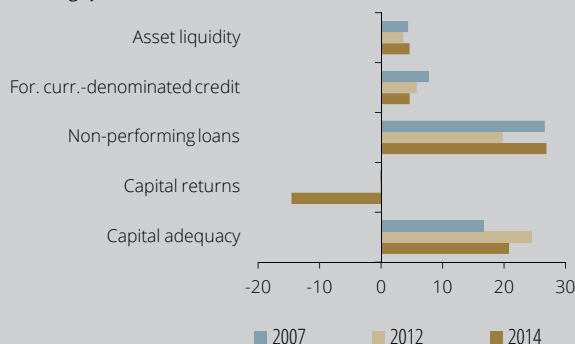
Changes in % of initial stock of broad money



In 2014, the growth of net foreign assets caused a sharper growth in broad money. In the first half of 2015, the effect of that growth in net foreign assets was countered by the increase in government deposits.

Chart 63 • Financial stability indicators

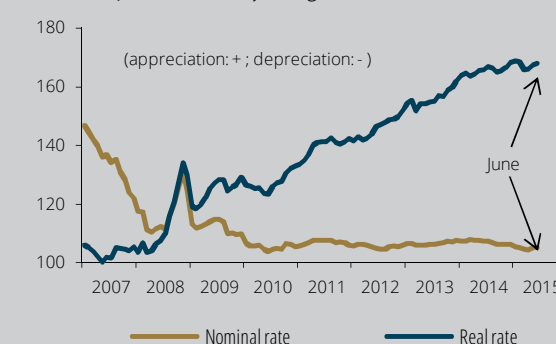
Banking system ratios



Some banks have shown recurring high levels of non-performing loans and negative returns on own funds, which resulted in the need for intervention by BCSTP.

Chart 64 • Effective exchange rate

Index: 100 = Jan. 2001, monthly averages



Nominal exchange rate stability has existed since 2010 (the year in which the currency was pegged to the euro). Despite falling, inflation in São Tomé and Príncipe remains higher than that of its trading partners, harming the competitiveness of the economy.

Table 54 • Economic indicators

			2009	2010	2011	2012	2013	2014		2015	
								Proj.	Est.	Proj.	Est.
Output and prices											
Nominal GDP	STD billions		3,185	3,719	4,376	4,952	5,582	6,524	6,273	7,064	
	EUR millions		141.5	151.8	178.6	202.1	227.8	266.3	256.0	288.3	
	USD millions		196.5	200.2	246.5	259.7	302.6	359.1	337.8	325.6	
Real GDP	Annual % change		4.0	4.5	4.9	4.5	4.0	5.0	4.5	5.0	
Inflation	y-o-y % change		16.1	12.9	11.9	10.4	7.1	6.0	6.4	5.2	5.0 June
	Average % change		17.0	13.3	14.3	10.6	8.1	7.1	7.0	5.8	6.5 June
Public finances											
Total revenue	% of GDP		36.1	39.2	40.3	34.0	31.4	30.5	26.0	32.3	
Current revenue	% of GDP		16.6	19.0	18.0	15.6	17.1	16.5	15.5	16.9	
Grants	% of GDP		19.5	20.2	21.5	17.7	12.6	14.0	10.5	15.3	
Total expenditure	% of GDP		54.1	49.7	52.9	45.0	33.4	45.1	32.4	41.2	
of which: Current expenditure	% of GDP		20.2	20.6	19.4	17.7	18.9	17.9	18.5	18.2	
Capital expenditure	% of GDP		32.9	28.5	32.8	27.0	14.2	26.7	13.8	22.0	
Domestic primary balance ^(a)	% of GDP		-8.1	-4.6	-3.0	-3.3	-2.7	-3.0	-3.6	-2.7	
Overall balance (commitment basis)	% of GDP		-18.0	-10.5	-12.6	-10.9	-2.0	-14.6	-6.4	-8.9	
Overall balance (cash basis)	% of GDP		-18.1	-12.5	-11.2	-9.2	-1.6	-14.6	-4.5	-9.8	
Money and credit											
Net credit to central government	Annual % change		37.7	78.4	63.5	-459.2	-102.7	5.3	-1.3	-0.4	117.8 Jul.
Credit to the economy	Annual % change		39.1	40.0	14.7	9.6	-0.9	22.3	-1.0	-0.7	6.1 Jul.
Broad money	Annual % change		8.2	25.1	10.5	20.3	14.0	10.3	16.5	15.0	6.3 Jul.
BCSTP reference interest rate	Annual rate		16.0	15.0	15.0	14.0	14.0	-	12.0	-	10.0 Jul.
Balance of payments											
Exports f.o.b.	Annual % change		17.9	18.5	0.9	37.3	-14.6	25.9	33.3	2.3	
Imports f.o.b.	Annual % change		-9.1	14.8	20.3	2.9	8.0	0.6	12.4	-11.9	
Trade balance	% of GDP		-74.6	-85.3	-104.7	-104.0	-115.8	-112.8	-127.4	-109.8	
Services balance	% of GDP		-4.4	-5.4	-5.3	-2.6	-3.4	-3.2	-3.9	-8.4	
Current account	% of GDP		-40.1	-43.8	-42.9	-38.0	-27.7	-31.3	-31.8	-30.7	
Current and capital account	% of GDP		3.3	-23.1	-25.4	-23.1	-17.9	-18.9	-23.0	-15.0	
BCSTP net foreign assets	EUR millions		50.9	40.7	36.4	43.3	52.7	55.0	60.1	73.7	
BCSTP net foreign assets	USD millions		73.1	53.7	46.5	56.7	72.1	-	73.7	-	
External public debt											
Total external public debt	USD millions		136.0	157.4	182.9	219.5	228.4	-	242.5	-	
	% of GDP		67.7	81.0	76.8	83.3	75.4	-	72.3	-	
External debt service	% of exports		78.4	35.2	47.5	52.0	78.9	-	-	-	
Exchange rates											
Bil. rate EUR / STD	Average annual rate		22,510	24,500	24,500	24,500	24,500	24,500	24,500	24,500	Aug.
Bil. rate USD / STD	Average annual rate		16,208	18,574	17,754	19,211	18,618	18,169	18,594	21,693	22,064 Aug.
Nominal ^(b) EERI (appreciation: +)	Annual % change		-4.0	-6.1	1.5	-1.4	1.0	-	0.5	-	-2.1 June
Real ^(b) EERI (appreciation: +)	Annual % change		9.7	2.2	9.8	4.6	6.8	-	6.0	-	1.4 June

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance and Public Administration (São Tomé and Príncipe), International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Overall balance (commitment basis), excluding grants, oil revenue (signature bonuses and other), debt interest and capital expenditure financed by external sources. (b) Effective exchange rate index (EERI), calculated on the basis of official exchange rates applied to the currencies of the four main trading partners over the period.

Table 55 • Gross domestic product

Current prices, STD billions

	2009	2010	2011	2012	2013	2014		2015
						Proj.	Est.	Proj.
Primary sector	584	715	892					
Agriculture, livestock, hunting and forestry	371	456	576					
Fishing	194	237	290					
Mining and quarrying	19	22	26					
Secondary sector	550	607	671					
Manufacturing	215	246	281					
Electricity, gas and water	69	73	74					
Construction	266	288	316					
Tertiary sector	2,058	2,412	2,843					
Trade	750	888	1,052					
Accommodation and food	43	52	63					
Transportation, storage and communication	454	488	525					
Financial activities	394	462	542					
Real estate activ., rental and serv. to enterprises	135	155	179					
Public admin., defence and social security	109	128	151					
Education	15	18	21					
Health and social work	9	11	15					
Other activities	149	210	295					
FISIM (Financial intermed. servs. indirectly measured)	-281	-366	-478					
Indirect taxes	273	349	447					
Gross domestic product m.p.	3,185	3,719	4,376	4,952	5,582	6,524	6,273	7,064
Consumption	2,984	3,859	4,253					
Private	2,476	3,313	3,579					
Public	508	546	674					
Investment	1,547	1,802	2,173					
Private	606	710	872					
Public	941	1,092	1,301					
Domestic demand	4,532	5,661	6,427					
Exports of goods and services	318	450	512	629	902	665	1,640	2,029
Overall demand	4,850	6,111	6,939	7,551	9,122	9,429	10,750	11,863
Imports of goods and services	1,665	2,392	2,563	2,599	3,540	2,905	4,477	4,799
Memo items:								
GDPmp (real % change)	4.0	4.5	4.9	4.5	4.0	5.0	4.5	5.0
GDPmp (nominal % change)	18.1	16.8	17.7	13.2	12.7	16.9	12.4	12.6
Nominal GDP (EUR millions; current prices)	141.5	151.8	178.6	202.1	227.8	266.3	256.0	288.3
Nominal GDP (USD millions; current prices)	196.5	200.2	246.5	259.7	302.6	359.1	337.8	325.6

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance and Public Administration (São Tomé and Príncipe), and International Monetary Fund.

Table 56 • Consumer price index

Per cent

		Monthly change	Year-on-year change	Average change
		[1]	[2]	[3]
2004	December		15.2	13.3
2005	December		17.2	17.2
2006	December		24.6	23.1
2007	December		27.6	18.5
2008	December		24.8	32.0
2009	December		16.1	17.0
2010	December		12.9	13.3
2011	December		11.9	14.3
2012	December		10.4	10.6
2013	December		7.1	8.1
2014	December		6.4	7.0
2013	January	0.4	10.4	10.5
	February	0.7	10.5	10.4
	March	-0.3	9.8	10.5
	April	1.7	10.7	10.7
	May	0.3	9.6	10.8
	June	0.2	7.2	10.4
	July	0.2	6.5	10.0
	August	0.5	6.4	9.6
	September	0.3	6.4	9.1
	October	0.6	6.5	8.7
	November	1.0	6.8	8.4
	December	1.5	7.1	8.1
	December (proj.)		8.0	9.0
2014	January	0.3	7.0	7.8
	February	0.5	6.8	7.5
	March	0.2	7.4	7.3
	April	0.7	6.3	7.0
	May	0.9	6.9	6.8
	June	0.6	7.3	6.8
	July	0.3	7.4	6.9
	August	0.2	7.1	6.9
	September	0.2	7.1	7.0
	October	0.8	7.3	7.0
	November	0.5	6.7	7.0
	December	1.2	6.4	7.0
	December (proj.)		6.0	7.1
2015	January	0.3	6.4	6.9
	February	0.3	6.2	6.9
	March	0.5	6.5	6.8
	April	0.3	6.1	6.8
	May	0.3	5.4	6.6
	June	0.1	5.0	6.5
	December (proj.)		5.2	5.8

Sources: BCSTP, Ministry of Finance and Public Administration (São Tomé and Príncipe), IMF and Banco de Portugal calculations.

Notes: [1] month (n)/month (n-1). [2] month (n) / month (n) of the previous year. [3] last 12 months/previous 12 months.

Table 57 • Balance of payments

USD millions

	2009	2010	2011	2012	2013	2014		2015
					Est.	Proj.	Est.	Proj.
1. Current account	-78.8	-87.6	-105.7	-98.8	-83.7	-112.3	-107.4	-99.9
1.1. Trade balance	-74.6	-85.3	-104.7	-104.0	-115.8	-112.8	-127.4	-109.8
Exports (f.o.b.)	9.2	10.9	11.0	15.1	12.9	16.2	17.2	17.6
of which: Cocoa	5.4	4.3	5.3	5.3	5.4	5.1	9.1	10.6
Re-exports	3.0	5.2	5.1	8.8	5.9	9.6	7.0	7.1
Imports (f.o.b.)	-83.8	-96.2	-115.7	-119.1	-128.6	-129.0	-144.6	-127.4
of which: Food	-29.0	-25.5	-33.6	-34.7	-38.4	-35.6	-42.5	-31.5
Capital goods	-30.0	-36.0	-40.2	-36.4	-38.5	-41.1	-30.3	-46.8
Fuel	-14.7	-15.2	-26.6	-28.7	-38.2	-30.9	-41.1	-30.6
1.2. Services	-8.6	-10.9	-13.0	-6.7	-10.2	-11.6	-13.2	-27.5
Exports	10.4	13.4	18.4	17.9	36.1	19.1	71.6	74.7
of which: Travel and tourism	8.3	11.1	15.6	12.6	30.6	14.2	57.3	60.3
Imports	-19.0	-24.3	-31.4	-24.6	-46.3	-30.8	-84.9	-102.2
of which: Freights and insurance	-15.4	-19.2	-23.1	-19.3	-18.8	-22.1	-23.5	-
1.3. Income	-0.3	-0.4	-0.4	-2.2	2.1	-1.5	7.6	8.3
Credit	1.6	1.9	1.9	1.0	-	2.1	-	-
Debit	-1.9	-2.3	-2.3	-3.2	-	-3.6	-	-
of which: Scheduled debt interest	-1.4	-1.6	-1.7	-1.9	-2.3	-1.9	-2.4	-1.4
1.4. Current transfers	4.6	9.0	12.4	14.1	40.1	13.6	25.6	29.1
Private transfers	-0.9	3.0	2.8	4.9	24.6	11.5	23.3	26.9
of which: Emigrants' remittances	2.0	6.4	6.9	6.4	26.1	13.2	25.2	-
Official transfers	5.6	6.0	9.6	9.2	15.5	2.2	2.3	2.2
2. Capital and financial account	71.4	70.3	110.8	103.6	98.2	112.5	105.4	113.9
2.1. Capital account	85.2	41.3	43.0	38.7	29.4	44.6	29.6	51.0
Capital transfers	85.2	41.3	43.0	38.7	29.4	44.6	29.6	51.0
of which: Debt relief	52.8	0.0	3.1	0.0	0.0	0.0	0.0	0.0
Grants to projects	26.1	40.1	36.9	37.3	27.5	42.1	28.8	40.0
2.2. Financial account	-13.7	29.0	67.8	64.9	68.8	67.9	75.8	62.9
General government – Medium/long-term loans	-28.8	12.6	19.9	19.2	2.5	43.2	28.1	33.5
of which: Disbursements	28.6	18.2	29.2	26.1	6.1	47.9	31.5	35.4
Amortisation	-57.4	-5.7	-9.4	-6.9	-3.6	-4.7	-2.1	-1.8
Other assets (net)	32.6	45.0	40.7	51.2	27.2	24.7	11.8	21.3
of which: Foreign direct investment	15.3	50.5	33.9	22.1	10.5	9.7	22.0	17.0
of which: Oil signature bonuses	0.0	0.0	2.0	2.0	5.0	0.0	0.1	0.0
Short-term capital, errors and omissions	-17.6	-28.6	7.2	-5.5	39.1	0.2	35.9	8.1
3. Overall balance: (1) + (2)	-7.3	-17.2	5.1	4.7	14.5	0.2	-2.1	14.0
4. Financing	7.3	17.2	-5.1	-4.7	-14.5	2.1	2.1	-14.0
Change in foreign reserves ^(a) (increase: -)	4.4	14.7	-4.6	-4.5	-12.4	0.9	0.4	-16.0
National Oil Account (increase: -)	2.4	1.9	-0.5	-0.8	-3.2	0.7	2.3	1.9
Use of IMF resources (net)	0.5	0.6	0.0	0.6	1.1	0.5	-0.7	0.1
5. Financing gap: (4) + (5)	0.0	0.0	0.0	0.0	0.0	2.3	0.0	0.0
Memo item:								
Current account (% of GDP)	-40.1	-43.8	-42.9	-38.0	-27.7	-31.3	-31.8	-30.7

Sources: Banco Central de São Tomé e Príncipe, International Monetary Fund and Banco de Portugal calculations.

Note: (a) Excludes National Oil Account.

Table 58 • Goods exports

Destinations as a percentage of total exports

	2006	2007	2008	2009	2010	2011	2012	2013	2014
France	6.5	6.3	3.7	5.5	0.3	2.3	8.8	11.6	13.2
Belgium	14.2	16.8	7.9	18.9	20.2	29.5	13.9	20.7	24.4
Netherlands	26.9	13.3	28.2	26.8	10.9	37.4	38.8	29.1	21.4
Portugal	33.1	44.9	49.2	32.3	44.4	13.2	7.7	6.2	1.1
Gabon	0.8	0.8	0.4	0.7	0.3	1.8	1.1	0.9	0.2
Others	18.6	18.0	10.6	15.8	23.9	15.8	29.7	31.5	39.7
Total exports ^(a)	7.7	6.8	7.8	9.2	10.9	11.0	15.1	12.9	17.2

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance and Public Administration (São Tomé and Príncipe), International Monetary Fund and Banco de Portugal calculations.

Note: (a) In USD millions.

Table 59 • Goods imports

Origins as a percentage of total imports

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Angola	18.3	20.1	22.9	14.8	12.1	9.6	21.9	24.3	27.2
Belgium	4.6	2.3	1.7	1.9	1.8	1.7	3.3	1.9	1.7
China	0.3	1.7	0.9	1.4	2.4	2.0	1.4	1.6	2.8
France	1.1	0.3	0.2	0.7	5.0	2.4	0.6	0.7	0.6
Gabon	3.5	2.2	3.0	2.7	5.3	2.0	2.1	1.4	2.0
Japan	0.7	0.2	0.8	4.4	1.2	2.5	1.5	1.4	0.4
Netherlands	0.8	1.4	0.1	0.4	0.5	0.3	0.4	0.3	0.9
Portugal	63.6	66.2	61.3	56.4	60.9	58.9	55.7	59.8	58.5
Others	7.1	5.6	9.1	17.3	10.8	20.6	13.1	8.6	5.9
Total imports ^(a)	59.2	64.9	92.2	83.8	96.2	115.7	119.1	128.6	144.6

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance and Public Administration (São Tomé and Príncipe), International Monetary Fund and Banco de Portugal calculations.

Note: (a) In USD millions

Table 60 • External public debt

USD millions

	2009	2010	2011	2012	2013 Est.	2014 Est.
1. Medium and long-term debt	122.6	139.7	155.2	179.7	188.6	202.6
of which: Arrears	65.7	69.1	67.7	81.6	82.7	85.7
1.1 Multilateral debt	37.0	38.6	42.1	41.0	43.7	41.5
of which: Arrears	0.0	0.0	0.0	0.0	0.0	0.0
BADEA	4.2	5.1	5.8	5.9	5.8	7.1
AfDB/ADF	2.2	3.2	2.2	2.1	5.5	5.3
EIB	2.1	1.4	0.9	0.9	0.6	0.3
IFAD	5.7	6.5	7.9	8.0	7.7	6.9
IMF	4.4	5.0	4.9	5.5	6.0	4.6
IDA	13.7	13.4	14.9	14.1	14.0	14.0
OPEC	4.7	4.0	5.5	4.5	4.1	3.3
1.2 Bilateral official debt	59.8	75.3	87.3	98.9	107.7	125.1
of which: Arrears	39.9	43.3	41.9	41.9	45.5	49.6
1.2.1 Paris Club members	0.2	0.9	0.9	0.9	1.0	1.1
of which: Arrears	0.0	0.0	0.0	0.0	0.0	0.0
Germany	0.0	0.0	0.0	0.0	0.0	0.0
Belgium	0.2	0.9	0.9	0.9	1.0	1.1
Spain	0.0	0.0	0.0	0.0	0.0	0.0
France	0.0	0.0	0.0	0.0	0.0	0.0
Russia	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Other official creditors	59.6	74.4	86.4	98.0	106.7	124.0
of which: Arrears	39.9	43.3	41.9	41.9	45.5	49.6
Angola	32.0	32.0	32.0	32.0	32.0	49.0
Algeria	1.3	3.1	0.0	0.0	0.0	0.0
China	17.0	17.0	17.3	17.3	18.6	18.8
Former Yugoslavia	8.8	8.8	8.8	8.8	8.8	8.8
Portugal	0.4	13.4	28.2	39.8	47.3	47.3
1.3 Commercial debt	25.8	25.8	25.8	39.7	37.2	36.1
of which: Arrears	25.8	25.8	25.8	39.7	37.2	36.1
Italy	25.8	25.8	25.8	25.8	24.3	24.3
MSF				7.4	6.4	5.4
Others				6.5	6.5	6.4
2. Short-term debt	13.4	17.7	27.7	39.8	39.8	39.8
of which: Arrears	3.4	13.4	17.7	3.4	3.4	7.7
Angola	3.4	3.4	3.4	3.4	3.4	3.4
Brazil	0.0	4.3	4.3	4.3	4.3	4.3
Equatorial Guinea	0.0	0.0	0.0	2.1	2.1	2.1
Nigeria	10.0	10.0	20.0	30.0	30.0	30.0
Total external public debt [1 + 2]	136.0	157.4	182.9	219.5	228.4	242.5
of which: Arrears	69.1	82.5	85.4	85.0	86.1	93.4
Memo items:						
Scheduled external debt service (% of exports of goods and services)	78.4	35.2	47.5	52.0	78.9	–
Total external public debt (% of GDP)	67.7	81.0	76.8	83.3	75.4	72.3
Total arrears (% of GDP)	34.4	42.5	35.9	32.3	28.4	27.9

Sources: BCSTP, Ministry of Finance and Public Administration (São Tomé and Príncipe), IMF and Banco de Portugal calculations.

Table 61 • Government operations

STD billions

	2010	2011	2012	2013	2014		2015
					Budg.	Est.	I.e. ^(a)
1. Total revenue	1,459	1,765	1,685	1,750	1,988	1,634	82.2
1.1. Current revenue	707	787	771	956	1,076	975	90.6
Tax revenue	647	726	704	854	999	881	88.2
Direct taxes	181	235	222	282	300	300	100.1
Indirect taxes	374	355	388	460	569	490	86.1
of which: Customs revenue	312	299	334	398	496	407	82.1
Other tax revenue	91	136	93	112	130	92	71.0
Non-tax revenue	60	61	67	102	77	94	121.7
1.2. Grants	752	942	876	704	912	657	72.0
Project grants	699	817	706	509	778	541	69.5
Other grants (incl. to GSBudget)	20	77	142	173	88	103	117.0
Debt relief-related grants	33	49	28	22	46	13	28.3
1.3. Oil signature bonuses	0	35	39	90	0	2	–
2. Total expenditure	1,847	2,317	2,226	1,864	2,943	2,033	69.1
2.1. Current expenditure	767	851	875	1,056	1,171	1,159	99.0
Compensation of employees	338	369	419	521	542	569	105.0
Goods and services	191	234	198	216	229	230	100.4
Subsidies and transfers	193	181	190	256	304	245	80.6
Public debt interest	16	24	30	28	37	28	75.7
Other current expenditure	29	43	39	34	58	86	148.3
2.2. Capital expenditure	1,060	1,437	1,336	790	1,742	865	49.7
With domestic financing	87	65	74	60	108	58	53.7
With external financing	972	1,373	1,262	730	1,634	807	49.4
2.3. HICP Initiative-related expenditure	21	29	14	17	31	10	32.3
3. Overall balance (commitment basis) [1] - [2]	-389	-552	-540	-114	-955	-399	41.8
4. Change in arrears [decrease: -]	0	59	33	-22	0	89	–
External arrears (interest)	0	0	0	0	0	0	–
Domestic arrears	0	59	33	-22	0	89	–
5. Items in transit, errors and omissions	-77	5	51	47	0	29	–
6. Overall balance (cash basis) [3] + [4] + [5]	-466	-488	-456	-89	-955	-281	29.4
7. Financing	466	488	456	89	955	281	29.4
7.1. Domestic financing	184	11	-86	50	0	-44	–
Net bank credit (excl. NOA) ^(b)	166	11	-86	-71	0	-44	–
Non-bank financing	17	0	0	121	0	0	–
7.2. External financing	246	450	558	94	909	282	31.0
Direct disbursements to the GSBudget	1	1	75	0	0	77	–
Disbursements for projects	293	528	532	159	974	238	24.4
Scheduled amortisation (incl. relief)	-48	-79	-49	-64	-65	-33	50.8
7.3. Transfer from/to NOA ^(b) [entered into GSB: +]	36	27	-15	-56	45	42	93.3
8. Financing gap [6] + [7]	0	0	0	0	0	0	–
Memo items:							
Overall balance, commitment basis (% of GDP)	-10.5	-12.6	-10.9	-2.0	-14.6	-6.4	–
Domestic primary balance (STD billions)	-172	-133	-163	-150	-196	-223	–
Domestic primary balance (% of GDP)	-4.6	-3.0	-3.3	-2.7	-3.0	-3.6	–

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance and Public Administration (São Tomé and Príncipe), International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Level of budget execution, per cent. (b) National Oil Account (NOA). (c) Overall balance (commitment basis), excluding grants, oil revenue (signature bonuses and other), debt interest and capital expenditure financed by external sources.

Table 62 • Monetary survey

STD billions

	2009	2010	2011	2012	2013	2014		Dec. 14/ Dec. 13		2015		July 15/ Dec. 14	
	Dec.	Dec.	Dec.	Dec.	Dec.	Proj.	Dec.	[A]	[B]	July	Proj.	[A]	[B]
1. Net foreign assets	1,279	1,364	1,263	1,630	1,648	1,947	2,230	35.3	27.1	2,581	2,535	15.7	14.0
1.1. Central bank	1,228	998	891	1,062	1,292	1,347	1,474	14.1	8.5	1,965	1,805	33.3	19.6
1.2. Commercial banks	50	367	372	568	356	600	756	112.5	18.6	616	730	-18.5	-5.6
2. Net domestic assets	-145	53	303	250	501	422	278	-44.4	-10.4	80	341	-71.3	-7.9
2.1. Net domestic credit	810	1,466	1,728	1,811	1,651	2,087	1,630	-1.3	-1.0	1,447	1,623	-11.2	-7.3
2.1.1. Net credit to centr. gov.	-280	-60	-22	-123	-250	-237	-252	0.8	-0.1	-549	-246	117.8	-11.9
2.1.1.1. Gross loans to centr. gov.	158	261	267	236	246	229	258	4.7	0.5	333	280	29.3	3.0
2.1.1.2. Deposits of centr. gov.	-438	-321	-290	-359	-496	-466	-510	2.7	-0.6	-883	-526	73.1	-14.9
2.1.2. Credit to the economy	1,090	1,526	1,750	1,934	1,902	2,325	1,882	-1.0	-0.9	1,996	1,869	6.1	4.6
2.2. Other assets and liabilities	-955	-1,412	-1,424	-1,561	-1,152	-1,665	-1,352	17.4	-9.3	-1,367	-1,282	1.2	-0.6
3. Broad money	1,133	1,417	1,566	1,879	2,147	2,369	2,502	16.5	16.5	2,660	2,877	6.3	6.3
3.1. Currency in circulation	149	163	177	173	187	170	220	17.5		200	256	-8.9	
3.2. Demand deposits	718	922	955	1,070	1,404	1,462	1,582	12.6		1,782	1,869	12.7	
3.2.1. In national currency	288	399	493	561	872	823	881	1.0		1,079	1,017	22.5	
3.2.2. In foreign currency	431	524	462	510	532	639	701	31.7		704	852	0.4	
3.3. Other deposits	266	331	434	636	556	738	701	26.0		678	752	-3.2	
3.3.1. In national currency	116	23	53	184	303	435	465	53.1		493	525	6.0	
3.3.2. In foreign currency	150	308	381	452	253	303	236	-6.6		186	227	-21.4	

Sources: Banco Central de São Tomé e Príncipe, International Monetary Fund and Banco de Portugal calculations.

Notes: [A] Percentage changes from the beginning of the period. [B] Percentage changes of the initial stock of broad money (expansion/contraction determinants).

Table 63 • Interest rates

Annual rates, per cent

	2009	2010	2011	2012	2013	2014			2015		
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June
1. BCSTP reference rate	16.0	15.0	15.0	14.0	14.0	12.0	12.0	12.0	12.0	10.0	10.0
2. Lending rates											
2.1. Credit (91-180 days)	31.2	26.8	26.0	26.0	23.0	22.5	22.9	22.7	23.0	23.2	23.4
2.2. Credit (181 days-1 year)	28.7	27.0	26.0	26.0	23.3	22.4	22.5	22.4	22.9	22.9	23.0
2.3. Credit (over 1 year)	28.0	26.7	26.5	26.5	25.1	24.4	23.8	23.9	24.2	24.2	23.6
3. Deposit rates											
3.1. Deposits (up to 90 days)	10.2	11.6	12.2	12.2							
3.2. Deposits (91 days-1 year)	11.3	13.2	13.7	13.7							
3.2. Deposits (91-180 days)					10.0	9.0	8.8	8.3	7.6	5.9	5.7
3.2. Deposits (181 days-1 year)					10.1	8.2	9.6	9.2	8.9	7.0	6.6
3.3. Deposits (over 1 year)	Negotiable	13.9	12.8	12.8	8.0	9.4	9.4	9.4	9.4	6.8	6.5

Memo item:

Inflation (year-on-year % change)	16.1	12.9	11.9	10.4	7.1	7.4	7.3	7.1	6.4	6.5	5.0
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Source: Banco Central de São Tomé e Príncipe.

Notes: Indicative rates (calculated on the basis of raw information provided by banks). The series of deposit rates (term deposits) before and after 2012 are not comparable due to changes in classification.

Table 64 • Financial stability indicators

Per cent

	2012	2013				2014			
	Dec.	Mar.	June	Sep.	Dec.	Mar.	June	Sep.	Dec.
Capital Adequacy									
Tier 1 ratio									
Percentage of banks w/ratio \geq 10%	87.5	87.8	75.0	87.5	75.0	75.0	75.0	75.0	75.0
Percentage of banks w/ratio $> 6\%$ and $< 10\%$	–	–	12.5	0.0	12.5	12.5	12.5	12.5	0.0
Percentage of banks w/ratio $< 6\%$	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	25.0
Capital (net)/Assets	24.4	22.5	20.4	19.6	18.4	18.0	20.5	19.5	20.8
Asset Quality									
Credit in foreign currency/total credit	57.9	54.7	49.8	51.1	53.9	53.3	49.0	44.8	46.5
Non-performing loans/total loans	19.8	24.5	25.9	22.9	23.9	24.9	25.9	26.9	26.9
Liabilities/defaults	39.4	52.6	41.7	47.5	56.5	47.2	44.1	42.0	44.6
Return									
Return on assets (ROA)	-0.0	0.0	-0.5	-1.3	-2.1	-1.4	-1.5	-1.9	-2.9
Return on equity (ROE)	-0.2	-0.0	-2.1	-5.5	-9.3	-6.2	-6.9	-9.0	-14.6
Costs/returns	97.8	102.9	398.8	442.2	471.1	231.7	159.7	156.2	155.8
Liquidity									
Liquid assets/total assets	36.3	38.0	39.3	42.6	40.8	38.4	41.0	43.9	46.2
Liquid assets/short-term liabilities	55.9	57.0	59.8	64.3	68.9	59.3	65.5	69.9	72.7
Credit/total liabilities	135.8	143.6	61.6	59.4	56.3	53.9	53.9	52.0	48.1
Foreign currency-denominated liabilities/total liabilities	58.5	59.6	28.4	53.8	27.0	28.6	26.4	28.4	28.8
Credit/deposits	102.1	100.1	98.4	91.9	85.8	81.6	81.2	77.6	69.7

Sources: Banco Central de São Tomé e Príncipe and International Monetary Fund.

Table 65 • Exchange rates**Average rates**

		EUR/STD		USD/STD		EER ^{(a)(b)}	
		Exchange rate	Annual change	Exchange rate	Annual change	Nominal	Real
2007		18,558	18.7	13,537	8.8	134.6	103.8
2008		21,602	16.4	14,685	8.5	116.9	113.5
2009		22,510	4.2	16,208	10.4	112.2	124.6
2010		24,500	8.8	18,574	14.6	105.4	127.3
2011		24,500	0.0	17,754	-4.4	107.0	139.8
2012		24,500	0.0	19,211	8.2	105.5	146.1
2013		24,500	0.0	18,618	-3.1	106.5	156.1
2014		24,500	0.0	18,594	-3.1	107.0	165.5
2013	January	24,500	0.0	18,858	-1.5	106.4	154.3
	February	24,500	0.0	18,451	-1.2	106.6	155.3
	March	24,500	0.0	19,030	1.8	105.8	151.7
	April	24,500	0.0	18,983	1.2	105.9	154.3
	May	24,500	0.0	19,011	-1.3	105.9	154.2
	June	24,500	0.0	18,723	-5.0	106.3	154.8
	July	24,500	0.0	18,883	-5.8	106.1	155.0
	August	24,500	0.0	18,544	-7.0	106.5	156.9
	September	24,500	0.0	18,511	-3.6	106.7	156.8
	October	24,500	0.0	18,110	-4.8	107.4	158.6
	November	24,500	0.0	18,292	-4.9	107.1	159.8
	December	24,500	0.0	18,026	-4.3	107.5	162.0
2014	January	24,500	0.0	18,120	-3.9	107.4	163.8
	February	24,500	0.0	18,082	-2.0	107.4	164.6
	March	24,500	0.0	17,852	-6.2	107.7	163.6
	April	24,500	0.0	17,872	-5.9	107.7	164.3
	May	24,500	0.0	17,951	-5.6	107.6	165.6
	June	24,500	0.0	18,165	-3.0	107.3	165.8
	July	24,500	0.0	18,126	-4.0	107.3	166.9
	August	24,500	0.0	18,525	-0.1	106.9	166.4
	September	24,500	0.0	19,078	3.1	106.3	165.1
	October	24,500	0.0	19,467	7.5	106.2	165.5
	November	24,500	0.0	19,788	8.2	106.2	166.5
	December	24,500	0.0	20,002	11.0	106.3	168.3
2015	January	24,500	0.0	21,090	16.4	105.3	168.7
	February	24,500	0.0	21,745	20.3	105.1	168.6
	March	24,500	0.0	22,739	27.4	104.5	165.8
	April	24,500	0.0	22,612	26.5	104.3	166.2
	May	24,500	0.0	21,861	21.8	105.2	167.5
	June	24,500	0.0	21,820	20.1	105.1	168.1
	July	24,500	0.0	22,452	23.9	–	–
	August	24,500	0.0	22,189	19.8	–	–

Sources: Banco Central de São Tomé e Príncipe and Banco de Portugal calculations.

Notes: (a) Effective exchange rate index (EERI), calculated on the basis of official rates applied to the currencies of the four main trading partners over the period 2005-09. (b) An increase/decrease in the EERI (nominal or real) corresponds to an appreciation/depreciation of the STD (Index: 100 = January 1999).

6. TIMOR-LESTE

Area: 14,954 Km²

Capital city: Dili

Population: 1.2 million

(2014; source: General Directorate of Statistics of Timor-Leste)

Currency: US dollar (USD)

In 2014, the economy of Timor-Leste (non-oil sector) recovered some of the dynamism lost in 2013. The exploitation of energy resources continued the downward trajectory which started in 2012 as a result of a reduction in production volumes, compounded more recently by the marked fall in the oil price. Despite this, the value of the Petroleum Fund has continued to rise, albeit with a clear deceleration, limiting its capacity to remain the main source of financing for the high levels of public expenditure which have sustained consumption (and consequent imports).

The domestic component of the Timorese economy (which excludes the oil sector) **recovered in 2014** from a slight slowdown registered in 2013. Real growth of the non-oil sector is estimated to have reached 6.6% in 2014, a rate which may continue in 2015. However, oil sector output (responsible for around two-thirds of total GDP) continued to decrease, accentuated by the fall in oil prices, in addition to a drop in actual production in the fields under exploitation, which reached their peak of production in 2012.

In terms of domestic demand the **growth in private consumption** (measured essentially by import behaviour) offset the reduction in public investment. The conclusion of some very large-scale infrastructure projects (namely in the electricity sector) brought about this cutback in investment. The increase in social benefits payments, which have a very important role in terms of disposable income, has been the main factor behind the increasing consumption (as growth in private sector employment remains low).

Economic growth over the last seven years has **essentially relied on the construction, services and public administration sectors**, whilst the role of agriculture and industry has been very small, creating serious difficulties for the implementation of a balanced and sustainable development strategy. This imbalance is especially visible in the ongoing increase in imports, as domestic supply appears incapable of responding to growing levels of demand.

Inflation reached negative levels in the second half of 2014 as a result of imported goods' prices, given that the currencies of the main countries from which Timor-Leste imports (Indonesia, Australia) have depreciated strongly against the USD. Despite this depreciation increasing in 2015, the falling trend in prices appears to have slowed. The combination of currency trends and the continued fall in prices of raw materials and food products internationally could result in new deflation in the second half of this year.

Notwithstanding the marked fall in oil revenues, the **current account continues to have**

a significant surplus, (73% of non-oil GDP) although its balance (in absolute terms and as a percentage of non-oil output) in 2014 was less than half that registered the previous year. Deducting oil revenues, the external balance would clearly be unsustainable, especially as imports remain very high whilst exports (particularly coffee) fell in 2014 (as they had the previous year).

Aware that the current economic model is unsustainable due to the growing role of public expenditure, particularly from the perspective of the swift exhaustion of oil revenues, the Timorese authorities recently approved a **medium-term scenario aimed at containing this dependence and stabilising public expenditure at more sustainable levels**. However, the budget for 2015 (presented half-way through this year by the new government) still has high levels of expenditure, of which only 10% is covered by domestic revenues. On the other hand, the level of income from oil (taxes and income from the Petroleum Fund) forecast for this year will be very difficult to achieve.

However, **recent concerns about the end of oil revenues have not been enough to curb the growth over the last few years of compensation of employees, expenditure on goods and services, and current transfers**. On the other hand, the return on investment in social policies (education, health care, etc.) seems to be slow to materialise, as the qualification of human resources does not match the creation of suitable jobs in the private sector.

As a result, the **management of the financial assets of the Petroleum Fund** (worth approximately 11 times more than non-oil GDP), gain special importance as budgetary resources will increasingly depend on the returns on its investment. However, the current international financial climate makes this target especially difficult to achieve considering the combination of low interest rates and high volatility of the financial markets. The value of assets in the fund were forecast to increase from USD 16.5 billion to USD 18 billion, although this target seems difficult to achieve as at the end of June the increase was USD 400 million.

Monetary variables (broad money, foreign assets and public sector net deposits) **continue to behave somewhat erratically** as a result of the marked impact of transfers between the Petroleum Fund and Treasury account. The balance of public deposits falls significantly when assets are transferred to the Petroleum Fund, which conversely causes a reduction in levels of official foreign exchange reserves, given that the Petroleum Fund's assets are not part of those reserves despite remaining part of East Timor's robust position in terms of external credit. On the other hand, withdrawals from the Petroleum Fund (and subsequent use in payments to the private sector) cause broad money growth spikes.

Credit to the private sector has shown some dynamism, despite continuing to have a low impact (little more than 12% of output). The (official) dollarisation of the economy and

embryonic banking sector inhibit the use of monetary policy as an effective instrument of economic policy. Bank financing essentially takes the form of credit for housing construction and consumer loans as the high interest rates levied (justified by the risk in granting credit) and the absence (or inability to take advantage) of productive investment opportunities result in very low levels of credit used to expand production capacity.

The **dollar has appreciated in value considerably** against the currencies of Timor-Leste's economic partners, resulting in increased competitive disadvantages for the Timorese economy, which is in itself at a disadvantage due to a small internal market and lack of financial resources and suitably qualified workforce.

Table 66 • Main economic indicators

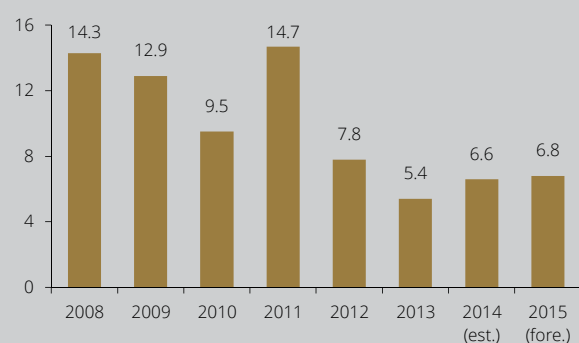
	2010	2011	2012	2013	2014 Est.	2015 For.
Total GDP (real % change)	-1.4	7.9	-10.4	-10.7	-2.8	-12.3
Non-oil GDP (real % change)	9.4	14.7	7.8	5.4	6.6	6.8
Inflation (y-o-y % change) ^(a)	9.2	17.4	11.7	4.0	-0.1	1.1
Broad money (rate of change) ^(b)	10.4	10.1	26.4	23.1	20.2	-23.7
Current account (% of non-oil GDP)	179	209	210	172	73.1	–
Fiscal balance (% of non-oil GDP)	179	220	228	141	67	55
Oil revenue (% of non-oil GDP)	250	308	312	221	155	142
Petroleum Fund (% of non-oil GDP)	738	829	927	1,074	1,104	1,113

Sources (for the subsequent charts): Banco Central de Timor-Leste, Ministry of Finance (Timor-Leste) and International Monetary Fund.

Notes: (a) The inflation figure for 2015 corresponds to the change recorded at the end of July. (b) The broad money figure for 2015 corresponds to the change recorded at the end of June.

Chart 65 • Non-oil GDP

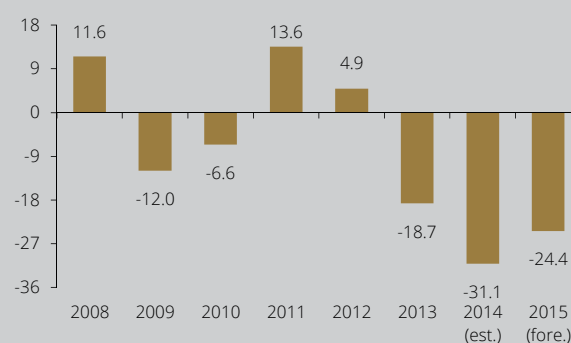
Real annual % change



Economic growth in Timor-Leste (non-oil sector) increased in 2014 in comparison to the previous year, although this is very dependent on the behaviour of public expenditure, which will be unsustainable in the future.

Chart 66 • Oil GDP

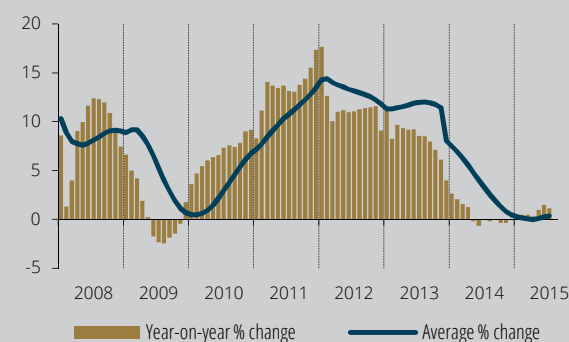
Real annual % change



The combination of the fall in actual production of the Bayu-Undan oil field (principal oil exploitation) with the fall in oil prices has had a strongly negative influence on the GDP of this sector, which has an impact on the rest of the economy through the fall in tax revenues.

Chart 67 • Inflation

Annual % change of the CPI



The appreciation of the US dollar against the currencies of Timor-Leste's commercial partners (suppliers) is bringing about a marked slowdown in inflation, having even reached negative figures in 2014.

Chart 68 • External accounts

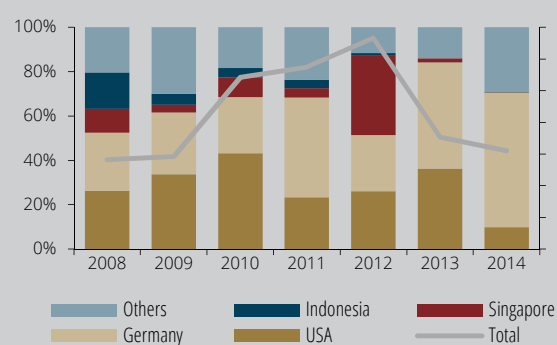
USD millions



Current account surpluses have been falling since 2012 as a result of lower oil revenues and continued high levels of the trade deficit in goods and services, which ought to be repeated in 2015.

Chart 69 • Goods exports

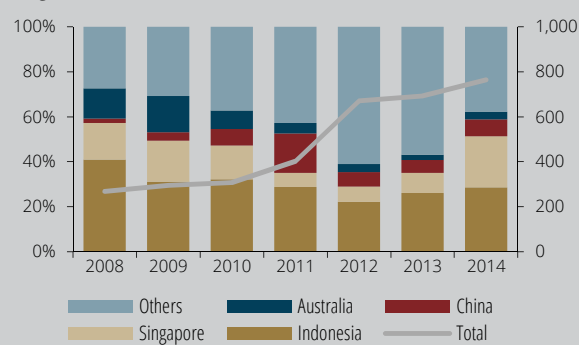
Destinations as a %, total in USD millions



In recent years, Germany has been Timor-Leste's main export partner (especially for coffee), receiving over 60% of exports last year. However, exports by Timor in 2014 were half the value of those in 2012.

Chart 70 • Goods imports

Origins as a %, total in USD millions



After 2012 and 2013, when purchases of equipment altered the structure of imports by country, 2014 saw a return to patterns closer to the norm. However, the total value of imports continued to rise.

Chart 71 • Public revenues

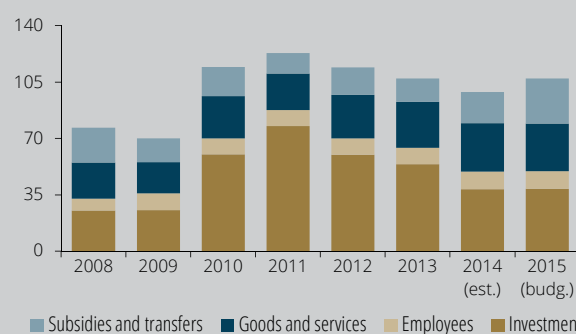
Non-oil GDP %



Public revenues continued the downward trend begun in 2012 as a result of the fall in oil price and exploitation levels. This trend should worsen in 2015 resulting from the sharp drop in the price of energy goods.

Chart 72 • Public expenditure

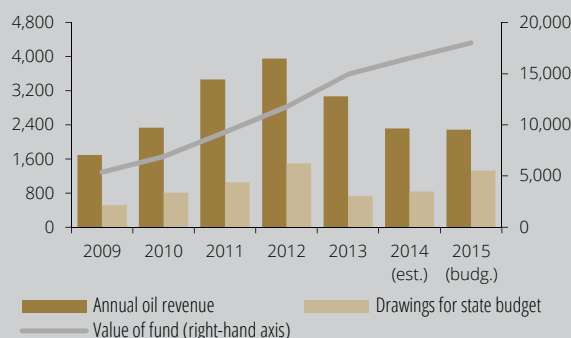
Non-oil GDP %



Major investment projects in infrastructure (2010 to 2012) caused a sharp increase in public expenditure, which remains high, given that the increase in spending on goods and services and transfers offset the fall in investment.

Chart 73 • Petroleum fund

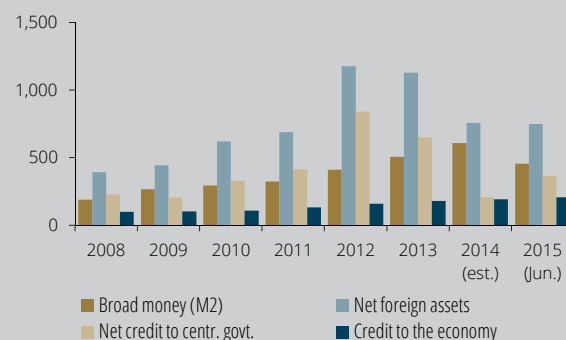
USD millions



The growth of the Petroleum Fund is clearly decelerating as a result of the combination of reduction of oil revenues and increase in value of transfers from the Fund to finance the budget.

Chart 74 • Monetary aggregates

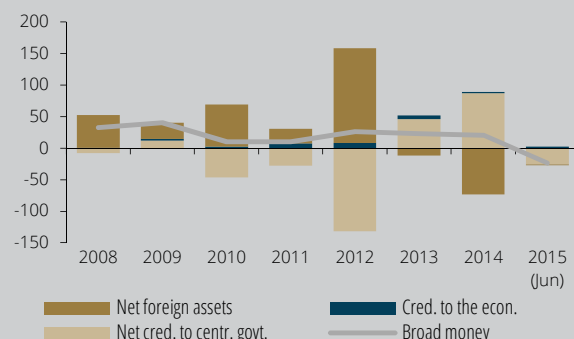
USD millions



The behaviour of monetary variables is highly affected by the transfers between the Petroleum Fund and Treasury account, which indirectly affect money supply. Credit to the private sector continues to rise slowly but consistently.

Chart 75 • Liq. expansion/contraction factors

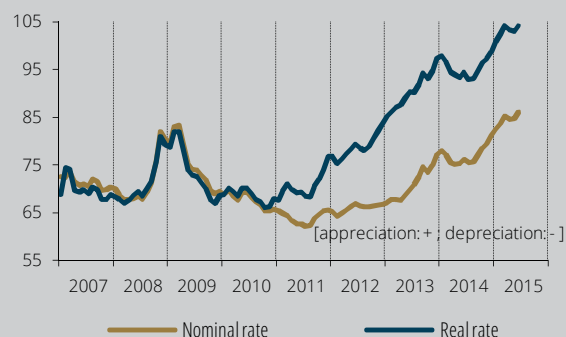
Changes in % of initial stock of broad money



The reduction in Treasury deposits at the end of 2014 (payments to the private sector and abroad) caused a reduction in foreign assets. This situation has been practically reversed as at mid-2015, resulting in a fall in broad money.

Chart 76 • Effective exchange rate

Index: 100 = 2001, monthly averages



The appreciation of the USD, which began in 2011, has become more accentuated. The significant fall in the Indonesian currency (which sharpened recently) boosted this appreciation, damaging the competitiveness of the Timorese economy.

Table 67 • Economic indicators

		2009	2010	2011	2012	2013	2014 Est.	2015 For.
Output and prices								
Gross domestic income	USD millions	2,556	3,295	4,732	4,690	4,175	3,721	3,264
Total GDP	USD millions	3,298	4,068	5,727	5,579	4,641	4,510	3,956
	real % change	-6.7	-1.4	7.9	-10.4	-10.7	-2.8	-12.3
Non-oil GDP	USD millions	818	935	1,123	1,270	1,392	1,499	1,617
	real % change	12.9	9.4	14.7	7.8	5.4	6.6	6.8
Inflation	y-o-y change	1.8	9.2	17.4	11.7	4.0	-0.1	1.1 Jul.
	average % change	0.7	6.8	13.5	11.8	8.1	0.5	0.4 Jul.
Public finances								
Total revenue	% of non-oil GDP	249	293	343	343	248	171	162
Domestic revenue	% of non-oil GDP	8.0	10	10	11	10	11	11
Oil revenue	% of non-oil GDP	207	250	308	312	221	155	142
Other revenue	% of non-oil GDP	34	33	25	20	18	5	10
Total expenditure	% of non-oil GDP	70	114	123	114	107	104	107
Current expenditure	% of non-oil GDP	27	54	45	54	53	65	68
Capital expenditure	% of non-oil GDP	43	60	78	60	54	39	39
Overall balance	% of non-oil GDP	179	179	220	228	141	67	55
Petroleum Fund	% of non-oil GDP	657	738	829	927	1,074	1,104	1,113
Money and credit								
Net foreign assets ^(a)	USD millions	443	622	689	1,179	1,130	758	751 Jun.
	rate of change ^(b)	15.7	40.4	10.8	71.1	-4.2	-33.0	-0.9
	months of imports	4.8	5.9	4.6	8.5	11.1	7.4	7.3
Credit to the economy (priv. s.)	USD millions	104	110	133	160	182	192	209 Jun.
	rate of change ^(b)	5.1	5.8	20.9	20.3	13.8	5.3	8.9
Public sector net deposits	USD millions	206	331	413	841	651	207	366 Jun.
	rate of change ^(b)	-10.4	60.7	24.8	103.6	-22.6	-68.2	76.6
Broad money	USD millions	268	296	326	412	507	610	465 Jun.
	rate of change ^(b)	40.3	10.4	10.1	26.4	23.1	20.2	-23.7
Balance of payments								
Merchandise exports ^(c)	USD millions	15	27	29	33	18	15	
Merchandise imports	USD millions	-337	-307	-402	-672	-696	-764	
Oil income ^(d)	USD millions	1,660	2,331	3,461	3,960	3,325	2,148	
Current account	USD millions	1,285	1,678	2,352	2,668	2,391	1,096	
	% of non-oil GDP	157	179	209	210	172	73	
Capital and financial account	USD millions	-1,243	-1,505	-2,249	-2,242	-2,545	-1,391	
	% of non-oil GDP	-152	-161	-200	-177	-183	-93	
Overall balance	USD millions	39	156	55	422	-197	-376	
	% of non-oil GDP	4.8	16.7	4.9	33.2	-14.1	-25.1	
Exchange rates								
USD / IDR (Indonesia)	average rate	10,412	9,085	8,777	9,384	10,463	11,913	13,302 Jun.
USD / AUD (Australia)	average rate	1.3	1.1	1.0	1.0	1.0	1.1	1.3 Jun.
Nominal EERI (Index: 100 = 2001) ^(e)	rate of change ^(b)	-13.5	-5.3	-0.2	1.9	15.6	5.2	5.8 Jun.
Real EERI (Index: 100 = 2001) ^(e)	rate of change ^(b)	-13.3	-1.0	13.1	4.9	16.4	1.3	5.5 Jun.

Sources: Banco Central de Timor-Leste, Bank Indonesia, Reserve Bank of Australia, Monetary Authority of Singapore, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Does not include Petroleum Fund assets; (b) Rate of change compared with the previous December; (c) Does not include oil/gas exports; (d) Includes payments to the State by energy companies and income from Petroleum Fund investments; (e) Effective Exchange Rate Index (EERI), calculated on the basis of the exchange rates of the main trading partners of Timor-Leste (appreciation: +; depreciation: -).

Table 68 • Gross domestic product

Constant prices (2010), USD millions

	2009	2010	2011	2012	2013	2014 Est.	2015 For.
Agriculture, fishing and forestry	196	191	153	189	190		
Mining and quarrying	3,357	3,135	3,561	3,736	3,037		
of which: Oil and gas	3,355	3,134	3,559	3,735	3,036		
Manufacturing	12	11	10	9	9		
Construction	145	155	237	228	209		
Trade and services	364	410	436	479	466		
Trade (whole and retail)	179	187	204	208	201		
Telecommunications	32	45	60	72	73		
Financial activities	4	3	7	7	8		
Real estate activities	77	84	87	99	94		
Professional, scient., technical and admin. activities	7	25	28	31	30		
Other services	73	66	64	63	60		
Public administration	155	175	197	222	246		
Non-oil Gross Domestic Product (at factor costs)	827	929	1,037	1,100	1,128		
Non-oil Gross Domestic Product (market prices)	854	935	1,023	1,088	1,118	1,192	1,273
Non-oil Gross Domestic Product (current prices)	818	935	1,123	1,270	1,392	1,499	1,617
Total GDP (incl. oil production, constant prices)	4,209	4,068	4,582	4,823	4,154	3,730	3,603
Total GDP (incl. oil production, current prices)	3,298	4,068	5,727	5,579	4,641	4,510	3,956
Consumption	1,316	1,551	1,541	1,721	1,529		
Private consumption	521	637	685	797	826		
Government consumption	796	914	856	924	702		
Gross investment	505	550	759	685	476		
Gross Fixed Capital Formation	504	549	758	660	472		
Changes in inventories	1	1	1	25	4		
Domestic demand	1,821	2,101	2,300	2,406	2,005		
Exports of goods and services (incl. oil and gas)	2,641	3,310	5,293	4,912	3,840		
Overall demand	4,462	5,411	7,593	7,318	5,845		
Imports of goods and services	1,165	1,343	1,866	1,739	1,204		
Memo item:							
Non-oil GDP (% of total GDP)	24.8	23.0	19.6	22.8	30.0	33.2	40.9
Non-oil GDP (real % change)	12.9	9.4	14.7	7.8	5.4	6.6	6.8

Sources: General Directorate of Statistics (Timor-Leste) (2000-2013 National Accounts), International Monetary Fund and Banco de Portugal calculations.

Table 69 • Consumer price index

Per cent

		Monthly change	Year-on-year change	Average change
		[1]	[2]	[3]
2002	December		9.5	
2003	December		4.2	7.2
2004	December		1.8	3.2
2005	December		0.9	1.1
2006	December		7.3	3.9
2007	December		8.6	10.3
2008	December		7.5	9.0
2009	December		1.8	0.7
2010	December		9.2	6.8
2011	December		17.4	13.5
2012	December		11.7	11.8
2013	December		4.0	8.1
2014	December		-0.1	0.5
2013	January	1.4	9.1	11.3
	February	0.6	8.3	11.3
	March	0.6	9.7	11.4
	April	0.4	9.3	11.6
	May	0.7	9.2	11.7
	June	0.3	9.2	11.9
	July	-0.4	8.6	12.0
	August	0.2	8.5	12.0
	September	-0.1	8.0	11.9
	October	0.3	7.1	11.8
	November	0.1	6.1	11.4
	December	-0.1	4.0	8.1
2014	January	0.1	2.7	7.5
	February	0.0	2.1	7.0
	March	0.1	1.6	6.3
	April	0.1	1.3	5.6
	May	-0.8	-0.2	4.8
	June	-0.2	-0.7	4.0
	July	0.2	-0.1	3.3
	August	0.1	-0.2	2.6
	September	0.1	0.0	1.9
	October	-0.1	-0.4	1.3
	November	0.1	-0.4	0.8
	December	0.2	-0.1	0.5
2015	January	0.7	0.5	0.3
	February	0.0	0.5	0.1
	March	0.1	0.5	0.1
	April	-0.1	0.3	-0.0
	May	-0.1	1.0	0.1
	June	0.3	1.5	0.2
	July	-0.1	1.1	0.4

Sources: Banco Central de Timor-Leste, General Directorate of Statistics (Timor-Leste) and Banco de Portugal calculations.

Notes: [1] month (n)/month (n-1); [2] month (n)/month (n) of the previous year; [3] last 12 months/previous 12 months.

Table 70 • Balance of payments

USD millions

	2009	2010	2011	2012	2013	2014 Est.
Current account	1,285	1,678	2,352	2,668	2,391	1,096
Trade account	-323	-280	-373	-638	-679	-749
Exports ^(a)	15	27	29	33	18	15
of which: Coffee	8	17	12	19	10	8
Imports	-337	-307	-402	-672	-696	-764
of which: Consumer and intermediate goods	-279	-257	-303	-506	-552	-606
Capital goods	-56	-50	-99	-166	-144	-159
Services	-776	-961	-1,385	-998	-437	-388
Exports	52	75	79	69	70	74
of which: Travel	16	31	24	21	29	35
Imports	-828	-1,036	-1,464	-1,068	-508	-462
Income	1,933	2,435	3,577	3,873	3,327	2,149
of which: Oil revenue ^(b)	1,660	2,331	3,461	3,960	3,325	2,148
Current transfers	451	484	533	432	180	84
of which: Official grants	444	445	457	395	165	81
Capital and financial account	-1,243	-1,505	-2,249	-2,242	-2,545	-1,391
Capital account	27	31	26	23	20	-3
Financial account	-1,273	-1,536	-2,275	-2,265	-2,564	-1,387
of which: Investment of oil savings	-1,330	-1,509	-2,424	-2,465	-2,556	-1,385
Foreign direct investment	50	55	14	31	37	21
External debt flows	0	0	0	22	17	21
Items in transit, errors and omissions	-3	-17	-48	-4	-43	-81
Overall balance	39	156	55	422	-197	-376
Financing	-39	-156	-55	-422	197	376
Change in net foreign assets (increase: -)	-39	-156	-55	-422	197	376
Memo items:						
	(% of non-oil GDP)					
Oil income ^(b)	203	249	308	312	239	143
Current account	157	179	209	210	172	73
Capital and financial account	-152	-161	-200	-177	-183	-93
Overall balance	5	17	5	33	-14	-25

Sources: Banco Central de Timor-Leste, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) The value of revenue from oil exports is accounted for as income and therefore is not recorded as goods exports; (b) Includes income from Petroleum Fund investments.

Table 71 • Goods exports

Destinations as a percentage of total exports

	2008	2009	2010	2011	2012	2013	2014
United States	26.2	33.8	43.2	23.3	26.1	36.3	9.8
Germany	26.3	27.9	25.3	45.1	25.4	48.0	60.9
Singapore	10.8	3.4	9.0	4.2	36.0	1.7	0.1
Indonesia	16.4	4.9	4.2	3.7	0.9	0.0	0.2
Portugal	6.3	8.9	4.3	0.9	0.6	0.9	9.1
Australia	2.1	3.0	4.1	2.3	0.3	3.4	3.0
Japan	5.0	4.7	3.7	5.4	3.8	6.4	6.2
Other	6.9	13.4	6.1	15.1	6.9	3.2	10.8
Value of exports ^(a)	14.1	14.6	27.1	28.7	33.3	17.7	15.5

Sources: Banco Central de Timor-Leste, International Monetary Fund and Banco de Portugal calculations.

Note: (a) USD millions.

Table 72 • Goods imports

Origins as a percentage of total imports

	2008	2009	2010	2011	2012	2013	2014
Indonesia	40.9	31.2	32.2	28.8	22.2	26.1	28.7
Singapore	16.4	18.1	15.1	6.3	6.8	9.0	22.6
China	2.0	3.9	7.2	17.6	6.5	5.7	7.5
Malaysia	4.4	2.7	1.7	4.0	7.7	11.5	6.5
Vietnam	6.7	11.7	4.7	2.2	4.6	5.9	6.1
Australia	13.3	16.0	8.4	4.5	3.5	2.3	3.4
Japan	2.2	2.6	3.4	1.7	3.5	1.6	2.2
Portugal	1.2	3.2	2.4	1.4	1.6	1.8	5.7
Thailand	2.0	1.1	1.1	2.4	1.7	1.0	3.7
Other	11.0	9.3	23.8	30.9	41.9	35.2	13.5
Value of imports ^(a)	268.6	295.1	307.4	401.9	661.2	696.2	764.2

Sources: Banco Central de Timor-Leste, International Monetary Fund and Banco de Portugal calculations.

Note: (a) USD millions.

Table 73 • Government operations

USD millions

	2010	2011	2012	2013	2014			2015
					Budg.	Est.	l.e. ^(a)	Budg.
Total revenue	2,744	3,854	4,351	3,455	2,564	2,560	100	2,626
Domestic revenue	96	109	138	140	166	160	97	170
Direct taxes	18	28	37	40	45	44	98	46
Indirect taxes	32	51	61	61	75	74	99	79
Other domestic revenue	46	30	39	39	46	42	91	45
Oil revenue ^(b)	2,338	3,461	3,960	3,070	2,213	2,319	105	2,290
Tax revenue from oil exploitation	2,117	3,240	3,559	2,693	1,443	1,817	126	1,374
Income from Petroleum Fund investments	221	221	401	377	770	502	65	916
Grants (to projects and infrastructures)	309	284	254	245	185	81	44	166
Total expenditure	1,070	1,381	1,451	1,492	1,685	1,553	92	1,736
Current expenditure	506	509	691	739	993	974	98	1,107
Compensation of employees	92	112	131	142	177	162	92	178
Expenditure on goods and services	246	254	342	395	480	449	93	475
Current transfers	169	143	219	203	336	292	87	455
Capital expenditure ^(c)	564	872	760	753	692	579	84	629
Overall balance	1,675	2,473	2,900	1,963	879	1,007	115	891
Overall balance (excl. oil revenue)	-664	-989	-1,060	-1,107	-1,334	-1,312	98	-1,400
Financing	664	989	1,060	1,107	1,334	1,208	91	1,400
Change in treasury balances (increase: -)	-147	-70	-478	190	400	444	111	2
Drawings from the Petroleum Fund (sust. income)	650	657	654	730	632	732	116	639
Drawings from the Petroleum Fund (above sust. income)	161	399	841	0	271	100	37	689
Indebtedness (disbursements)	0	0	22	43	31	0	0	70
Other (including errors and omissions)	0	4	21	144	0	-68	-	0
Memo items:								
Non-oil GDP (USD millions)	935	1,123	1,270	1,392	1,609	1,499	-	1,617
Overall balance (% of non-oil GDP)	179	220	228	141	55	67	-	55
Overall balance, excl. oil revenue (% of non-oil GDP)	-71	-88	-83	-80	-83	-87	-	-87
Petroleum Fund (cumulative, USD millions)	6,904	9,310	11,775	14,952	15,639	16,539	-	17,996
Petroleum Fund (% of non-oil GDP)	738	829	927	1,074	972	1,103	-	1,113

Sources: Banco Central de Timor-Leste, International Monetary Fund and Banco de Portugal calculations.

Notes: (a) Level of budget execution, per cent; (b) Includes tax revenue from oil exploitation and income from the Petroleum Fund's financial investments;

(c) Includes investment projects in infrastructures financed by grants from donors.

Table 74 • Monetary survey
USD millions

	2009		2010		2011		2012		2013		2014		2014 Dec./2013 Dec.		2015		2015 June/2014 Dec.	
	Dec.		Dec.		Dec.		Dec.		Dec.		Dec.		[1]	[2]	June		[1]	[2]
Net foreign assets	443		622		689		1,179		1,130		758		-33.0	-73.5	751		-0.9	-1.1
Foreign assets	469		650		756		1,251		1,148		832		-27.5	-62.2	840		0.9	1.3
Banco Central de Timor-Leste	250		406		498		884		687		311		-54.7	-74.1	282		-9.6	-4.9
Commercial banks	219		244		259		368		462		521		12.8	11.6	559		7.2	6.2
Foreign liabilities	-26		-28		-68		-72		-18		-75		315.6	-11.2	-89		19.5	-2.4
Banco Central de Timor-Leste	-12		-12		-14		-12		-12		-11		-6.7	0.2	-11		-2.6	0.0
Commercial banks	-14		-16		-53		-60		-6		-64		942.6	-11.3	-79		23.4	-2.4
Net domestic assets	-174		-327		-362		-767		-623		-148		-76.2	93.7	-286		93.4	-22.7
Net claims on government	-206		-331		-413		-841		-651		-207		-68.2	87.5	-366		76.6	-26.0
Gross loans	1		22		6		0		0		0		-	-	0		-	-
Government deposits	-207		-353		-419		-841		-651		-207		-68.2	87.5	-366		76.6	-26.0
Credit to the private sector	104		110		133		160		182		192		5.3	1.9	209		8.9	2.8
Other assets (net)	-72		-105		-83		-86		-155		-132		-14.5	4.4	-129		-2.6	0.6
Total assets	268		295		326		412		507		610		20.2	-	465		-23.7	-
Broad money (M3)	268		295		326		412		507		610		20.2	-	465		-23.7	-
Currency in circulation (coin) ^(a)	3		3		4		5		7		10		46.3	-	11		8.5	-
Demand deposits	155		138		163		206		279		343		22.9	-	253		-26.2	-
Time deposits and other deposits	111		154		160		201		221		257		16.2	-	201		-21.7	-
Memo items:																		
Broad money rate of change	40.3		10.1		10.5		26.4		23.1		20.2		-	-	-23.7		-	-
Inflation rate (y-o-y rate of change)	1.8		9.2		17.4		11.7		4.0		-0.1		-	-	1.1		-	-
Petroleum Fund assets (USD millions)	5,377		6,904		9,310		11,775		14,952		16,539		-	-	16,863		-	-
Net foreign assets (in months of imports)	4.8		5.9		4.6		8.5		11.1		7.4		-	-	7.3		-	-

Sources: Banco Central de Timor-Leste, International Monetary Fund and Banco de Portugal calculations.

Notas: [1] Percentage change from the previous period. [2] Change in percentage of the initial stock of broad money (liquidity expansion/contraction factors).

(a) The aggregate Currency in circulation only includes coins (centavos, sub denominations of the USD) issued by Banco Central de Timor-Leste, excluding USD banknotes, as these are not liabilities of the banking system of Timor-Leste.

Table 75 • Exchange rates

Average rates

				EERI ^(a)	
		USD/AUD	USD/IDR	EUR/USD	
				Nominal	Real
2007		1.2	9,140	1.4	71.3
2008		1.2	9,690	1.5	71.4
2009		1.3	10,412	1.4	75.1
2010		1.1	9,085	1.3	67.6
2011		1.0	8,777	1.4	63.9
2012		1.0	9,384	1.3	66.0
2013		1.0	10,463	1.3	71.0
2014		1.1	11,913	1.3	77.0
2013	January	1.0	9,723	1.3	67.0
	February	1.0	9,684	1.3	67.7
	March	1.0	9,710	1.3	67.7
	April	1.0	9,723	1.3	67.7
	May	1.0	9,760	1.3	68.6
	June	1.1	9,882	1.3	69.8
	July	1.1	10,073	1.3	70.9
	August	1.1	10,589	1.3	72.6
	September	1.1	11,346	1.3	74.5
	October	1.1	11,367	1.4	73.5
	November	1.1	11,613	1.3	75.0
	December	1.1	12,087	1.4	77.3
2014	January	1.2	12,710	1.3	78.1
	February	1.1	11,952	1.4	77.1
	March	1.1	11,422	1.4	75.4
	April	1.1	11,423	1.4	75.1
	May	1.1	11,537	1.4	75.2
	June	1.1	11,881	1.4	76.2
	July	1.1	11,692	1.4	75.4
	August	1.1	11,709	1.3	75.7
	September	1.1	11,883	1.3	77.0
	October	1.1	12,148	1.3	78.5
	November	1.2	12,162	1.2	79.4
	December	1.2	12,431	1.2	81.3
2015	January	1.2	12,574	1.2	82.4
	February	1.3	12,754	1.1	83.7
	March	1.3	13,064	1.1	85.2
	April	1.3	12,944	1.1	84.5
	May	1.3	13,122	1.1	84.7
	June	1.3	13,302	1.1	86.0

Sources: Banco Central de Timor-Leste and Banco de Portugal calculations.

Notes:(a) Effective Exchange Rate Index (EERI), calculated on the basis of the exchange rates applied to the currencies of the main trading partners of Timor-Leste (appreciation: +; depreciation: -). Index: 100 = 2001.





PORTUGAL'S ECONOMIC AND FINANCIAL RELATIONS WITH PORTUGUESE- SPEAKING AFRICAN COUNTRIES AND TIMOR-LESTE

Portugal's trade and investment relations with Portuguese-speaking African Countries and Timor-Leste were somewhat refrained in 2014, especially as regards imports (that dropped by almost 40 per cent) and Portuguese direct investment in this group of countries (with net disinvestment of EUR 411 million). These countries' official debt to Portugal also declined slightly, heightened by the appreciation of the US dollar against the euro, thus cutting the dollar values of commitments undertaken in the European currency.

In 2014, of the group of six, Angola continued to be Portugal's main partner, clearly accounting for most exports, imports, direct investment and official debt.

Portugal's trade relations with Portuguese-speaking African Countries and Timor-Leste have developed differently in 2014, with **continued export growth** and a **considerable decline in imports**, halting the upward trend followed since 2010. In 2014 Portuguese-speaking African Countries and Timor-Leste maintained their Portuguese export share, absorbing 8 per cent of the total. However, the decline in Portuguese imports from these countries involved a reduction of their share of total products imported by Portugal to 2.8 per cent (4.7 per cent in 2013).

Total goods **exported** by Portugal to the six countries under review increased by 1.8 per cent from 2013, reflecting larger exports to Angola, Cabo Verde and São Tomé and Príncipe. In sectoral terms, the increase in exports occurred mainly in agricultural goods, machinery and equipment and optical and precision instruments, mostly with Angola as destination.

In turn, Portuguese **imports** of goods from these countries declined by almost 40 per cent from 2013, especially due to a decline in relation to Angola but also Mozambique and Cabo Verde. The decrease in imports of mineral fuels from Angola (namely oil, reflecting a price reduction and a lower imported volume) was the main determinant for such decline. Food imports from Mozambique decreased also.

Since 2006 Angola remains the most important market for Portugal's trade relations with Portuguese-speaking African Countries and Timor-Leste, accounting for 97 per cent of Portuguese imports and 83 per cent of exports. Mozambique (8 per cent of exports and 2 per cent of imports) and Cabo Verde (around 5 per cent of exports) are far behind.

The decline in imports led to an increase in Portugal's trade surplus with this group of countries, to EUR 2,304 million (60 per cent more than in 2013). Taking into account also the increased positive balance of the services account, the **aggregate balance of bilateral current accounts** with Portuguese-speaking African Countries and Timor-Leste grew by 9 per cent, to EUR 4,017 million, despite a decrease in income inflows, particularly from investments. Portuguese emigrants in these countries

reduced their remittances, reversing the upward trend shown since 2002, reflecting declines especially from Angola, but also from the other countries, with the exception of Guinea-Bissau. Remittances of these countries' immigrants in Portugal also fell in 2014.

Reversing the trend of the four previous years, in 2014 Portugal recorded negative direct investment in Portuguese-speaking African Countries and Timor-Leste. Based on the most recent figures, last year **Portugal recorded net disinvestments of EUR 411 million in the six countries as a whole**, after investing between EUR 250 million and EUR 430 million from 2010 to 2013. In the past three years Portuguese investment in Portuguese-speaking African Countries and Timor-Leste has run counter to the total for Portugal vis-à-vis the rest of the world, reaching a positive value in 2014, following two years of net disinvestment.

In geographical terms, last year there was an extension of the structure of Portuguese investment in these countries as a whole since 2002, with **transactions with Angola setting the direction and magnitude of investment**. Mozambique continued to play a more marked role as the second most important market for Portuguese investment, followed at a distance by Cabo Verde and São Tomé and Príncipe.

The continuation of **Portuguese disinvestment in the construction sector**, only interrupted in 2013, was joined last year by **disinvestment in services**, namely in financial and insurance activities, resulting in a negative total compared with the group of countries under analysis. Only in the manufacturing sector was there a positive investment flow last year into Portuguese-speaking African Countries and Timor-Leste, with electricity, gas and water and the other sectors as an aggregate also pointing to disinvestment in those areas.

In 2014 **the group of Portuguese-speaking African Countries and Timor-Leste reinforced their investment in Portugal**, reaching EUR 443 million. As a whole, these six countries accounted for almost 10 per cent of foreign investment in Portugal last year, reinforcing their share compared with 2013 (5.5 per cent).

Also in this type of transaction, Angola assumed a dominant role in the aggregate, accounting for almost 99 per cent of the total in 2014, investing in particular in financial and insurance activities. Of the remaining countries, reference should be made to Cabo Verde (with only EUR 5 million, in construction and services) and Mozambique (EUR 0.7 million, in manufacturing), with virtually no investments from Guinea-Bissau, São Tomé and Príncipe and Timor-Leste in Portugal.

Countering the previous trend, the **official debt of Portuguese-speaking African Countries to Portugal declined in 2014**. The aggregate direct debt and Portuguese State-guaranteed debt taken on by these countries as a whole totalled USD 3,209 million at the end of last year, corresponding to a 10 per cent decline from 2013. The reduction of the official debt was supported by the appreciation of the US dollar against the euro, reducing the dollar value of the commitments undertaken in the European currency.

The decline in the total stock of official debt of this group of countries to Portugal in 2014 stemmed chiefly from a decline in the medium and long-term State-guaranteed debt, halting the growth cycle recorded since 2005. With a similar trend, direct debt extended and steepened the downward trend started in 2009 (only interrupted in 2012).

This decline was broadly based across almost all Portuguese-speaking African Countries, with the exception of **Cabo Verde**. Although slowing down from previous years, this country's official debt to Portugal continued to grow in 2014, extending the upward trend started in 1998. This increase originated in the use of guaranteed credit lines for port and social housing infrastructure projects, with direct debt declining due to the servicing of credits payable.

Angola showed the greatest decline in the stock of official debt to Portugal, with a significant decrease in guaranteed credits (by around 25 per cent from 2013), which added to the contractualised redemption of its direct debt due, as established in the rescheduling agreement signed in 2004. Although clearly on a downward path, Angola's direct debt remained

the most significant of this group of countries (37.5 per cent of the total).

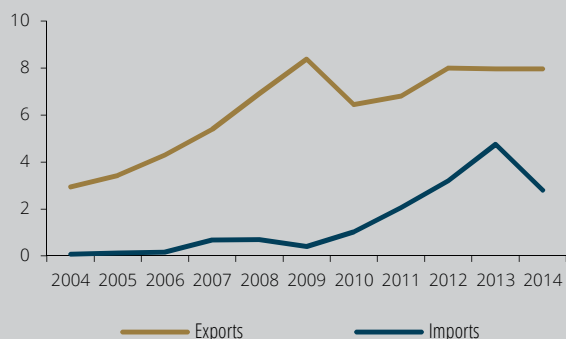
Although also decreasing considerably, Mozambique's official debt to Portugal increased its share of the total for Portuguese-speaking African Countries, increasing to 35.2 per cent in 2014. The reduction of this country's debt reflected especially a lower volume of guaranteed exports and also included consecutive redemptions of direct debt following the restructuring and progressive cancellation agreement signed in July 2008 under the Heavily Indebted Poor Countries Initiative.

Similarly to the past few years, in 2014 there was no movement in **Guinea-Bissau's** official debt to Portugal, with the appreciation of the US dollar against the euro accounting solely for the decline observed, given that all credits are denominated in euro.

In **São Tomé and Príncipe** developments in the euro drove the reduction of the official debt to Portugal, since there were no new disbursements of the credit line with Portugal.

Chart 77 • Portugal's trade relations with Portuguese-speaking African Countries and Timor-Leste

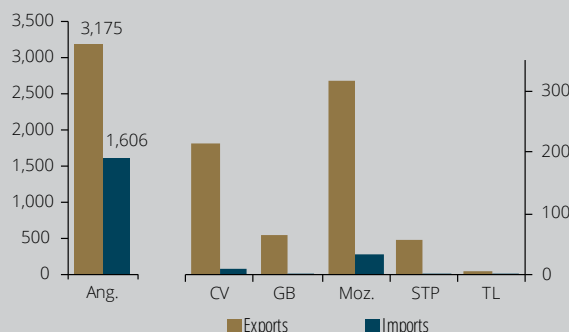
% of total



Reversing the trend recorded since 2010, Portuguese imports from Portuguese-speaking African Countries and Timor-Leste declined in 2014, accounting for 2.8 per cent of total Portuguese imports (4.7 per cent in 2013).

Chart 78 • Portugal's trade relations with Portuguese-speaking African Countries and Timor-Leste in 2014

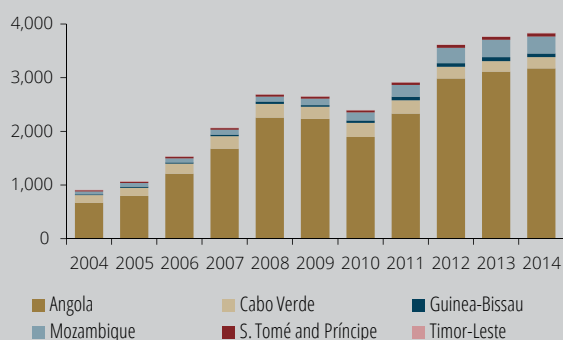
EUR millions



Portugal's trade relations with Portuguese-speaking African Countries and Timor-Leste continued to be dominated by trade with Angola, followed at a great distance by flows recorded with Mozambique and Cabo Verde (especially exports in both).

Chart 79 • Exports to Portuguese-speaking African Countries and Timor-Leste

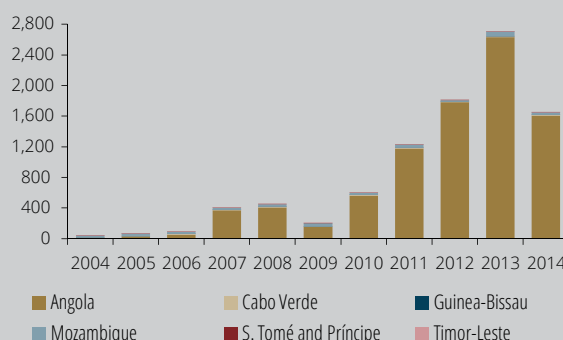
Destinations, EUR millions



The trend of exports from Portugal to these countries is determined by the performance of the Angolan market, growing since 2010. The upward trend of Portuguese exports to Mozambique was also clear.

Chart 80 • Imports from Portuguese-speaking African Countries and Timor-Leste

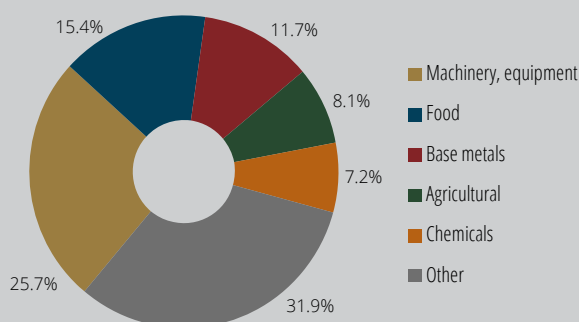
Origins, EUR millions



Even more marked than exports, the share of Angola in total Portuguese imports from Portuguese-speaking African Countries and Timor-Leste is clearly dominant. Only Mozambique, on a much lower scale, recorded values of any significance.

Chart 81 • Exports to Portuguese-speaking African Countries and Timor-Leste in 2014

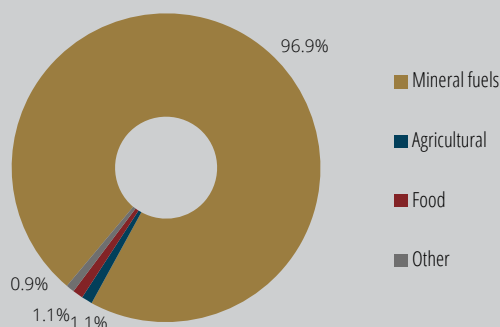
By group of products



The structure of Portuguese exports to Portuguese-speaking African Countries and Timor-Leste shows the importance of three groups of products (machinery and equipment, food and base metals), accounting for over half the total.

Chart 82 • Imports from Portuguese-speaking African Countries and Timor-Leste in 2014

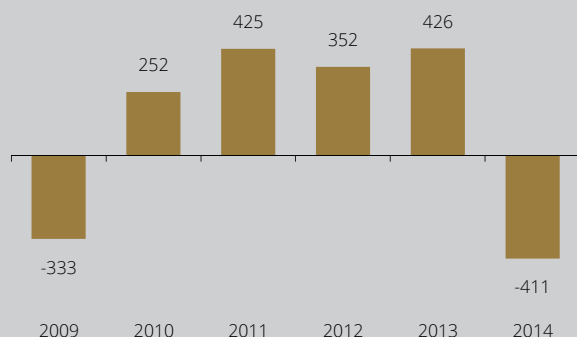
By group of products



Imports of Angolan mineral fuels (oil) accounted for 96.9 per cent of Portuguese imports originating in Portuguese-speaking African Countries and Timor-Leste. These were followed by Mozambican agricultural products and food, each accounting for 1.1 per cent of the total.

Chart 83 • Portuguese investment in Portuguese-speaking African Countries and Timor-Leste

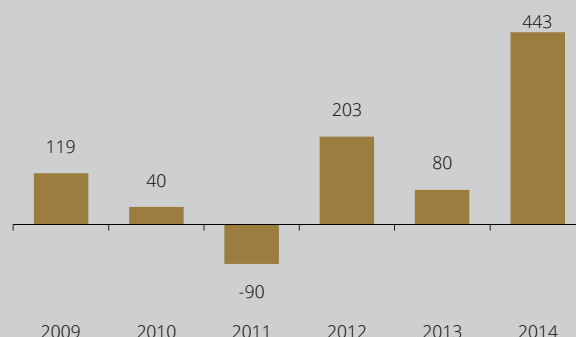
Total annual amounts, EUR millions



Reversing the trend of recent years, in 2014 Portuguese investment in Portuguese-speaking African Countries and Timor-Leste as a whole was negative, corresponding to net disinvestment of EUR 411 million.

Chart 84 • Investment of Portuguese-speaking African Countries and Timor-Leste in Portugal

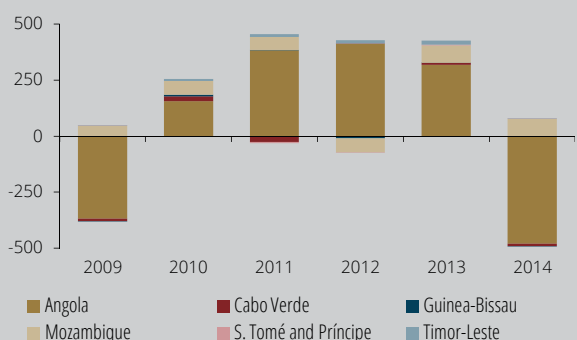
Total annual amounts, EUR millions



In 2014 direct investment from Portuguese-speaking African Countries and Timor-Leste grew considerably compared with the previous year, rising to EUR 443 million, resulting in an increase of these countries' share of the total for Portugal to almost 10 per cent.

Chart 85 • Portuguese investment in Portuguese-speaking African Countries and Timor-Leste

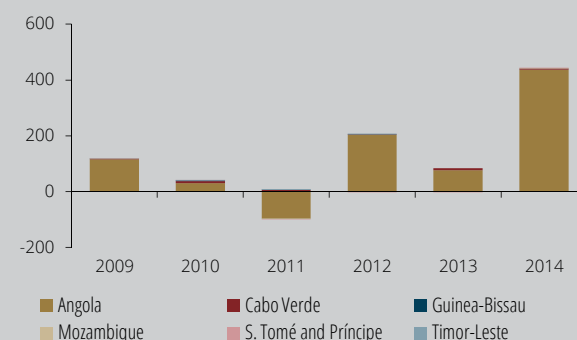
By country, EUR millions



As has been the case since 2002, transactions with Angola set the direction and magnitude of Portuguese investment in this group of countries. Disinvestment in Angola was, however, partly offset by investment especially in Mozambique.

Chart 86 • Investment of Portuguese-speaking African Countries and Timor-Leste in Portugal

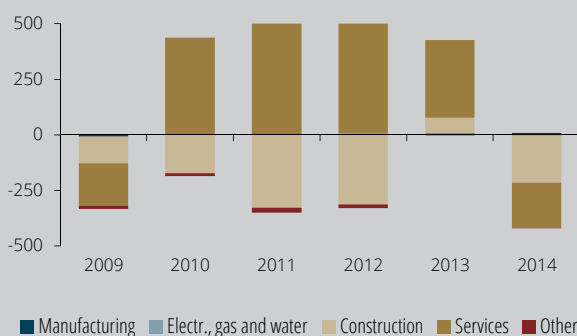
By country, EUR millions



Angola also dominated transactions as regards investment from Portuguese-speaking African Countries and Timor-Leste in Portugal, accounting for around 99 per cent of the total in 2014. In addition, only Cabo Verde and Mozambique show investments of any significance.

Chart 87 • Portuguese investment in Portuguese-speaking African Countries and Timor-Leste

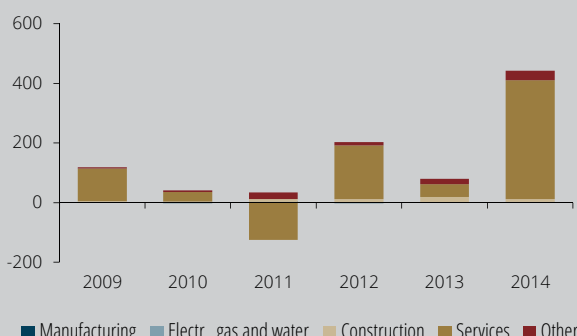
By sector of activity, EUR millions



The trend of Portuguese investment in this group of countries in 2014 stemmed especially from disinvestments in the construction and services sectors, notably in financial and insurance activities.

Chart 88 • Investment of Portuguese-speaking African Countries and Timor-Leste in Portugal

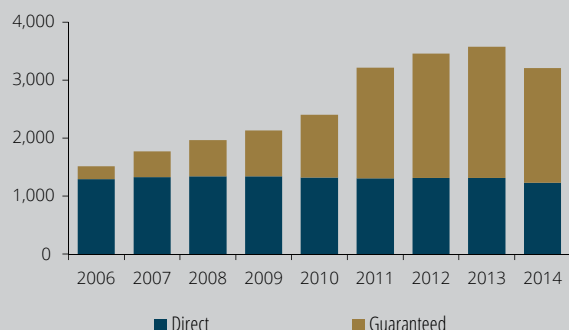
By sector of activity, EUR millions



As in previous years, investment of Portuguese-speaking African Countries and Timor-Leste in Portugal in 2014 was channelled mainly to the services sector, in particular for financial and insurance activities.

Chart 89 • Official debt of Portuguese-speaking African Countries to Portugal

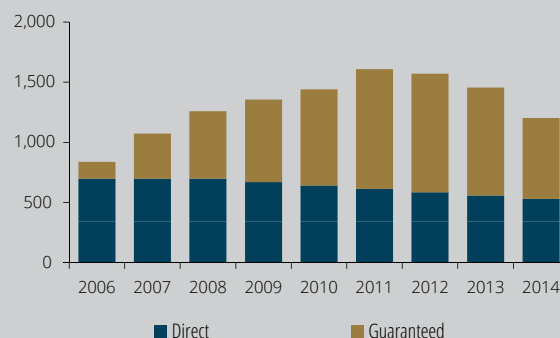
USD million



Reversing the upward trend recorded since 2005, the official debt of Portuguese-speaking African Countries as a whole to Portugal declined in 2014. This decline resulted chiefly from a reduction of Portuguese State-guaranteed debt.

Chart 90 • Official debt of Angola to Portugal

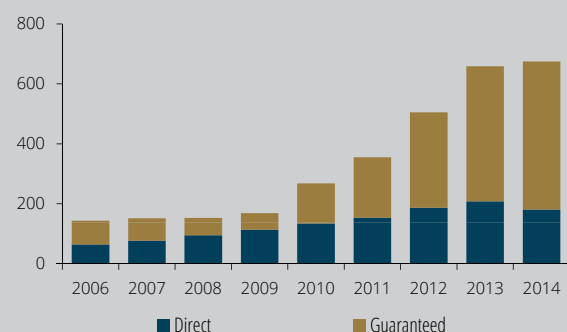
USD million



In 2014 the downward pace of Angola's official debt to Portugal recorded since 2011 accelerated, adding a strong reduction of guaranteed credits to the contractualised redemption of direct debt in the rescheduled agreement signed with Portugal.

Chart 91 • Official debt of Cabo Verde to Portugal

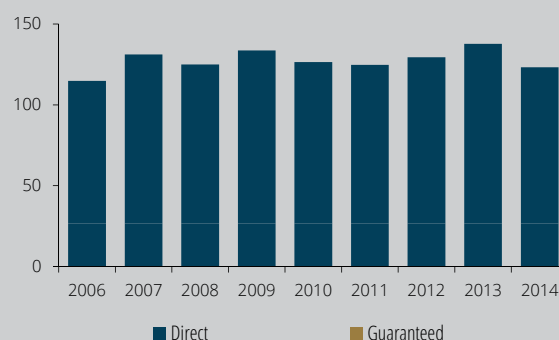
USD million



The upward trend of Cabo Verde's official debt to Portugal, which had started in 1998, continued in 2014, this time only resulting from the growth of the Portuguese State-guaranteed debt, notably the use of concessional credit lines.

Chart 92 • Official debt of Guinea-Bissau to Portugal

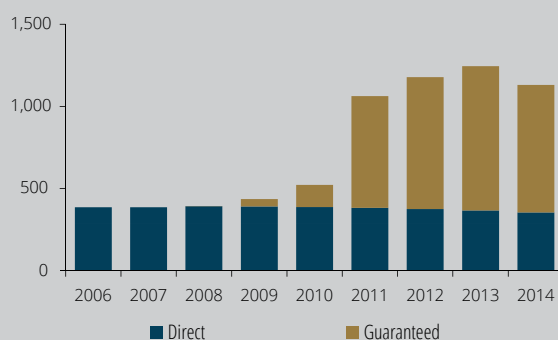
USD million



As in the past few years, Guinea-Bissau's official debt to Portugal did not experience any movement in 2014. Being denominated in euro, debt stock changes only result from the behaviour of the European currency against the US dollar.

Chart 93 • Official debt of Mozambique to Portugal

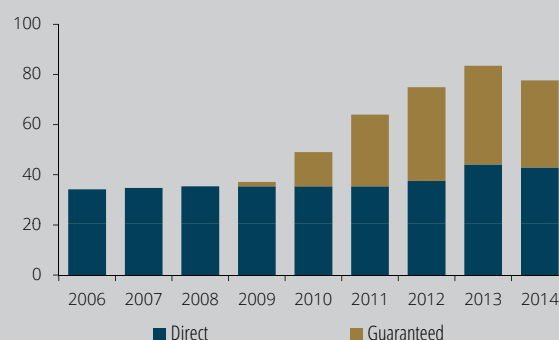
USD million



In 2014 the upward trend of Mozambique's official debt to Portugal was interrupted. As in the case of Angola, the lower volume of guaranteed exports joined the consecutive redemptions of direct debt following the 2008 restructuring agreement.

Chart 94 • Official debt of São Tomé and Príncipe to Portugal

USD million



Developments in São Tomé and Príncipe's official debt to Portugal in 2014 were also chiefly due to the appreciation of the US dollar against the euro, with outstanding amounts keeping the due amounts in the contractualised currency (mostly the euro) virtually unchanged.

Table 76 • Portugal/Portuguese-speaking African Countries and Timor-Leste: Goods imports and exports (Portugal's perspective)

EUR millions

	Angola		Cabo Verde		Guinea-Bissau		Mozambique		S.Tomé and Príncipe		Timor-Leste		Total	
	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.
1996	10	305	8	97	4	22	24	40	0	13			45	476
1997	39	394	9	109	2	25	27	43	0	13			79	584
1998	22	368	9	118	2	16	28	61	1	17			62	580
1999	10	277	10	138	0	17	39	67	4	19			64	517
2000	58	371	10	170	1	28	45	69	9	19			123	657
2001	127	504	9	135	3	23	40	63	3	21			182	745
2002	70	570	9	148	3	21	37	54	0	30	1	1	121	823
2003	2	652	9	137	2	17	38	54	0	25	1	5	52	890
2004	2	671	11	140	1	18	26	55	0	24	1	1	41	909
2005	25	803	7	149	1	24	32	65	0	22	1	1	67	1,064
2006	53	1,210	7	190	1	27	29	73	1	28	1	2	92	1,530
2007	369	1,682	7	228	1	35	26	89	0	33	0	1	403	2,067
2008	408	2,260	9	257	1	40	34	91	0	36	1	2	452	2,687
2009	151	2,236	7	223	1	33	43	120	0	36	1	9	204	2,656
2010	563	1,901	7	262	0	43	29	149	0	43	1	7	602	2,404
2011	1,178	2,330	10	254	0	64	42	217	0	47	1	5	1,231	2,916
2012	1,781	2,989	9	216	0	72	16	287	0	46	0	8	1,807	3,617
2013	2,632	3,113	11	202	0	70	63	328	0	50	1	7	2,707	3,770
2014	1,606	3,175	11	215	0	65	35	318	0	57	1	7	1,653	3,837

Source: Statistics Portugal.

Table 77 • Share of portuguese trade held by Portuguese-speaking African Countries and Timor-Leste

Per cent

	Angola		Cabo Verde		Guinea-Bissau		Mozambique		S.Tomé and Príncipe		Timor-Leste		Total	
	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.
1996	0.0	1.6	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1			0.2	2.5
1997	0.1	1.8	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1			0.3	2.7
1998	0.1	1.6	0.0	0.5	0.0	0.1	0.1	0.3	0.0	0.1			0.2	2.5
1999	0.0	1.2	0.0	0.6	0.0	0.1	0.1	0.3	0.0	0.1			0.2	2.2
2000	0.1	1.4	0.0	0.6	0.0	0.1	0.1	0.3	0.0	0.1			0.3	2.4
2001	0.3	1.8	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1			0.4	2.7
2002	0.2	2.0	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.3	2.9
2003	0.0	2.2	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.1	3.0
2004	0.0	2.2	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.1	2.9
2005	0.0	2.6	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.1	3.4
2006	0.1	3.4	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.2	4.3
2007	0.6	4.4	0.0	0.6	0.0	0.1	0.0	0.2	0.0	0.1	0.0	0.0	0.7	5.4
2008	0.6	5.8	0.0	0.7	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.7	6.9
2009	0.3	7.1	0.0	0.7	0.0	0.1	0.1	0.4	0.0	0.1	0.0	0.0	0.4	8.4
2010	1.0	5.1	0.0	0.7	0.0	0.1	0.0	0.4	0.0	0.1	0.0	0.0	1.0	6.5
2011	2.0	5.4	0.0	0.6	0.0	0.2	0.1	0.5	0.0	0.1	0.0	0.0	2.1	6.8
2012	3.2	6.6	0.0	0.5	0.0	0.2	0.0	0.6	0.0	0.1	0.0	0.0	3.2	8.0
2013	4.6	6.6	0.0	0.4	0.0	0.1	0.1	0.7	0.0	0.1	0.0	0.0	4.7	8.0
2014	2.7	6.6	0.0	0.4	0.0	0.1	0.1	0.7	0.0	0.1	0.0	0.0	2.8	8.0

Sources: Statistics Portugal and Banco de Portugal calculations.

Table 78 • Portugal/Portuguese-speaking African Countries and Timor-Leste: Exports by group of products (Portugal's perspective)
Em milhões de EUR

	2013						2014							
	Angola	C. Verde	G. Bissau	Mozamb.	S.Tomé	Timor-L.	Total	Angola	C. Verde	G. Bissau	Mozamb.	S.Tomé	Timor-L.	Total
Agricultural	217.6	31.5	3.2	9.8	10.3	0.8	273.2	252.0	32.3	3.6	10.9	11.0	0.6	310.3
Food	509.1	29.1	12.5	25.4	12.1	1.6	589.9	508.3	27.3	15.0	25.8	14.0	1.7	592.2
Mineral fuels	30.0	2.2	31.7	2.2	0.8	-	66.9	23.9	1.5	26.0	3.4	0.9	0.0	55.7
Chemicals	223.5	18.9	1.4	20.2	3.7	0.1	267.7	227.1	19.6	1.7	22.6	4.2	0.0	275.3
Plastics; rubber products	148.1	10.5	0.8	14.3	2.1	0.1	175.9	148.3	10.8	1.0	16.6	2.6	0.0	179.2
Leather; leather products	11.3	2.9	0.0	1.0	0.1	0.1	15.3	12.0	2.3	0.0	1.3	0.1	0.0	15.7
Wood; cork	34.1	4.2	0.2	3.6	0.2	0.0	42.2	36.8	5.1	0.2	3.8	0.2	0.0	46.2
Pulp, paper	99.1	6.4	0.5	16.1	0.9	1.2	124.2	96.3	6.7	0.5	15.9	1.1	1.1	121.6
Textile products	41.8	3.3	0.6	3.3	0.5	0.0	49.6	42.6	4.0	0.3	3.4	0.6	0.1	51.0
Clothing	47.5	2.0	0.2	4.0	0.4	0.0	54.1	55.0	2.4	0.5	4.2	1.4	0.0	63.4
Footwear	26.8	0.3	0.0	2.0	0.3	0.0	29.5	27.7	0.4	0.1	2.6	0.3	0.0	31.1
Minerals, ores	116.7	17.3	5.9	9.5	2.5	0.1	152.0	110.8	18.8	5.6	14.8	2.8	0.1	152.9
Base metals	379.6	21.6	2.1	40.6	3.7	0.4	448.0	373.4	24.6	2.2	43.4	4.9	0.3	448.7
Machinery, equipment	791.2	34.3	6.2	121.3	8.0	2.4	963.4	823.6	40.5	4.2	108.7	6.9	1.8	985.7
Motor vehicles, other transport equipment	140.7	5.5	2.0	28.2	2.3	0.0	178.9	120.8	6.1	2.3	17.2	2.6	0.2	149.1
Optical and precision instruments	78.6	3.2	0.2	5.2	0.4	0.0	87.6	89.0	3.5	0.3	6.8	0.6	0.0	100.2
Other products	216.8	9.0	2.2	21.0	1.9	0.5	251.4	227.4	9.2	1.5	17.1	2.4	0.9	258.6
Total	3,112.7	202.0	69.8	327.8	50.3	7.2	3,769.8	3,174.8	215.1	65.1	318.4	56.6	7.0	3,837.0

Source: Statistics Portugal.

Table 79 • Portugal/Portuguese-speaking African Countries and Timor-Leste: Imports by group of products (Portugal's perspective)
EUR millions

	2013							2014						
	Angola	C. Verde	G. Bissau	Mozamb.	S.Tomé	Timor-L.	Total	Angola	C. Verde	G. Bissau	Mozamb.	S.Tomé	Timor-L.	Total
Agricultural	0.3	1.4	0.0	10.2	0.0	0.7	12.6	0.5	0.5	0.0	16.9	0.0	0.9	18.8
Food	0.1	0.3	0.0	49.1	0.0	-	49.6	0.2	0.6	0.0	17.1	0.0	-	17.9
Mineral fuels	2,627.2	0.0	-	0.0	-	-	2,627.2	1,601.5	0.1	0.0	0.0	-	-	1,601.6
Chemicals	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	-	0.0	-	-	0.0
Plastics, rubber products	0.0	0.1	0.0	0.0	0.0	-	0.2	0.0	0.1	0.0	0.0	-	0.0	0.1
Leather, leather products	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-	-	0.0	-	-	0.0
Wood, cork	0.7	0.0	0.0	0.0	-	-	0.8	0.6	0.0	0.0	0.0	-	-	0.6
Pulp, paper	0.0	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	-	0.0	-	0.0	0.0
Textile products	0.0	0.2	0.0	1.5	0.0	0.1	1.8	0.0	0.2	-	0.4	-	-	0.5
Clothing	0.0	3.1	0.0	-	-	-	3.2	0.0	4.3	-	0.0	-	-	4.3
Footwear	0.0	4.0	0.0	-	-	-	4.0	0.0	4.3	-	-	-	0.0	4.3
Minerals, ores	0.4	0.1	0.0	0.0	0.0	-	0.5	0.2	0.0	-	0.0	-	-	0.2
Base metals	0.0	0.3	0.1	0.0	0.0	-	1.4	0.2	0.3	0.2	0.0	0.1	-	0.8
Machinery, equipment	1.1	1.4	0.0	0.6	0.0	0.0	3.2	0.7	0.7	-	0.1	0.1	0.0	1.6
Motor vehicles, other transport equipment	0.6	0.4	0.0	0.0	-	-	1.0	0.8	0.3	0.0	0.2	-	-	1.2
Optical and precision instruments	0.9	0.1	0.0	0.0	0.0	-	1.1	0.7	0.1	0.0	0.1	-	-	0.9
Other products	0.2	0.0	0.0	0.0	0.0	-	0.3	0.2	0.0	0.0	0.0	-	0.0	0.2
Total	2,631.7	11.4	0.2	62.7	0.0	0.8	2,706.9	1,605.7	11.2	0.2	34.9	0.1	0.9	1,653.0

Source: Statistics Portugal.

Table 80 • Current and capital accounts with Portuguese-speaking African Countries and Timor-Leste (Portugal's perspective)

EUR millions

		Current account										Capital account
		Goods			Services		Primary income	Secondary income			Balance	
		Exp.	Imp.	Bal.	Total	o.w.: Travel and tourism		Total	o.w.: Remittances			
									Emig.	Immig.		
Angola	2010	2,013.1	523.3	1,489.8	574.3	241.2	485.9	147.7	134.9	13.5	2,697.6	-1.7
	2011	2,486.3	1,070.1	1,416.2	1,065.4	296.4	849.4	163.5	147.3	12.9	3,494.4	5.6
	2012	3,113.0	1,631.9	1,481.1	977.7	430.2	978.9	279.0	270.7	15.4	3,716.6	6.9
	2013	3,269.9	2,390.9	879.0	1,070.5	458.7	647.5	333.8	304.3	18.8	2,930.9	2.7
	2014	3,184.4	1,479.4	1,705.0	1,240.7	544.1	168.1	180.3	248.0	13.8	3,294.2	-0.5
Cabo Verde	2010	256.2	7.5	248.7	9.8	-14.8	22.5	-26.2	3.1	12.9	254.8	-1.4
	2011	247.9	9.7	238.2	8.3	-22.8	29.9	-6.5	2.8	13.3	269.9	-0.8
	2012	210.9	13.6	197.2	-4.6	-20.9	41.5	-10.2	2.4	14.1	223.8	3.0
	2013	199.2	15.3	183.9	-3.9	-16.5	23.3	-6.7	3.4	13.1	196.6	-0.0
	2014	212.8	13.4	199.4	9.9	-11.0	9.6	-13.7	3.0	12.0	205.2	0.4
Guinea-Bissau	2010	42.7	0.6	42.1	4.7	1.9	5.5	-5.5	0.3	4.8	46.9	-2.5
	2011	64.2	2.1	62.2	5.8	1.8	1.9	-5.3	0.2	4.3	64.5	-1.0
	2012	71.5	2.6	68.9	3.8	1.3	0.1	-3.9	0.2	2.5	68.8	-0.5
	2013	69.8	1.4	68.4	3.0	0.7	0.5	0.3	0.5	2.6	72.2	-0.0
	2014	65.1	0.3	64.8	-1.5	-0.5	-0.2	-3.3	1.6	3.4	59.8	-0.0
Mozambique	2010	150.6	31.2	119.4	35.2	-1.5	60.1	-4.0	2.7	4.5	210.7	-14.6
	2011	216.8	43.1	173.7	51.7	-2.9	68.6	0.0	4.7	5.7	294.1	-14.3
	2012	287.0	26.9	260.2	62.5	-2.7	103.4	5.3	5.0	8.8	431.3	-16.4
	2013	327.7	68.2	259.5	70.2	10.6	89.4	-3.8	7.6	10.0	415.3	-17.2
	2014	318.2	45.1	273.1	109.8	41.6	34.1	-14.0	4.6	9.5	403.1	-18.2
S. Tomé and Príncipe	2010	42.6	1.7	40.8	7.5	2.3	0.2	-1.3	0.1	1.3	47.2	-1.1
	2011	46.5	1.1	45.4	9.7	2.6	-0.1	-0.0	0.3	0.8	55.0	-1.1
	2012	46.1	1.7	44.4	7.4	2.9	-1.3	-1.3	0.3	1.3	49.3	-1.0
	2013	50.3	1.4	48.9	1.6	-1.7	-1.2	0.3	0.7	1.0	49.7	-0.9
	2014	56.6	1.3	55.2	1.2	-2.5	0.0	-1.6	0.3	1.2	54.9	-0.9
Timor- Leste	2010	6.7	0.9	5.8	-4.0	0.4	16.3	-0.0	0.3	0.1	18.0	-0.2
	2011	5.2	0.8	4.3	1.0	0.7	18.4	-5.0	0.4	0.1	18.8	-0.5
	2012	8.1	0.2	8.0	3.2	1.6	16.0	-5.5	0.8	0.1	21.6	-0.5
	2013	7.3	0.6	6.7	3.7	1.6	8.0	0.5	0.3	0.1	18.9	-0.0
	2014	7.0	0.7	6.3	6.7	-0.2	-3.1	-9.8	0.2	0.9	0.1	-0.1
Total Portuguese-speaking African Countries and Timor-Leste	2010	2,511.8	565.2	1,946.6	627.6	229.6	590.5	110.6	141.5	37.1	3,275.3	-21.6
	2011	3,067.0	1,127.0	1,940.0	1,141.9	275.9	968.2	146.7	155.8	37.0	4,196.7	-12.1
	2012	3,736.6	1,676.9	2,059.7	1,050.0	412.4	1,138.5	263.3	279.4	42.0	4,511.6	-8.5
	2013	3,924.2	2,477.8	1,446.4	1,145.2	453.3	767.5	324.4	316.9	45.7	3,683.5	-15.5
	2014	3,844.0	1,540.2	2,303.8	1,367.0	571.6	208.5	138.0	257.6	40.9	4,017.2	-19.4

Source: Banco de Portugal.

Table 81 • Portuguese direct investment in Portuguese-speaking African Countries and Timor-Leste

By sector of activity, EUR millions

		2009	2010	2011	2012	2013	2014
Angola	Manufacturing	-7.7	-9.4	-12.0	-6.9	0.2	-0.7
	Electricity, gas and water	0.1	0.2	0.1	2.7	0.3	-4.8
	Construction	-106.7	-177.5	-266.0	-213.7	110.2	-208.8
	Services	-239.0	353.9	632.4	644.6	208.2	-265.9
	of which: Financial and insurance activities	-258.0	213.3	556.2	450.8	287.9	-268.5
	Other	-15.2	-10.6	29.3	-13.9	-0.6	-0.4
	Total	-368.5	156.7	383.7	412.8	318.2	-480.7
Cabo Verde	Manufacturing	0.0	5.9	3.6	2.7	1.8	0.4
	Electricity, gas and water	-	-	-	0.0	0.0	0.0
	Construction	-14.2	-14.0	-44.4	-9.5	-14.2	-9.8
	Services	4.1	28.3	15.9	7.0	21.0	1.6
	of which: Financial and insurance activities	4.1	28.8	15.0	10.4	20.2	6.2
	Other	0.2	0.2	-1.4	0.9	0.0	-1.8
	Total	-9.9	20.4	-26.3	1.0	8.6	-9.7
Guinea-Bissau	Manufacturing	0.0	2.3	1.6	0.5	0.4	-0.3
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-1.7	-	-	-10.0	0.1	0.0
	Services	-	6.3	0.1	0.1	0.1	0.1
	of which: Financial and insurance activities	-	-	-	0.0	0.0	0.0
	Other	-0.1	-1.0	0.0	-0.1	-	-
	Total	-1.8	7.6	1.7	-9.5	0.6	-0.2
Mozambique	Manufacturing	0.0	2.6	6.9	7.0	4.0	9.9
	Electricity, gas and water	-	0.7	1.4	0.0	0.0	0.0
	Construction	2.7	20.4	-13.6	-79.2	-28.1	7.0
	Services	42.4	38.2	112.9	11.9	101.2	59.7
	of which: Financial and insurance activities	125.8	30.3	108.0	32.1	80.5	56.9
	Other	0.3	0.2	-49.7	-3.8	-0.3	-0.2
	Total	45.4	61.9	57.9	-64.1	76.9	76.5
São Tomé and Príncipe	Manufacturing	-	-	-	-	-	0.0
	Electricity, gas and water	-	-1.0	-	-	-	-
	Construction	-0.4	-0.7	-4.9	-1.2	3.0	1.7
	Services	0.6	0.7	0.6	-0.5	2.2	1.1
	of which: Financial and insurance activities	0.6	0.4	0.5	-0.3	0.5	1.1
	Other	-0.2	-2.2	-0.4	0.0	-	-
	Total	0.0	-3.2	-4.6	-1.7	5.1	2.8
Timor-Leste	Manufacturing	-	-	-	-	-	0.0
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	-	0.0	-	0.0	0.0
	Services	1.7	8.6	12.1	13.7	16.9	0.6
	of which: Financial and insurance activities	1.0	7.9	11.4	13.4	16.7	0.4
	Other	0.0	0.0	0.0	0.2	-	-
	Total	1.7	8.6	12.1	14.0	16.9	0.6
Total Portuguese-speaking African Countries and Timor-Leste		-333.2	252.0	424.5	352.5	426.3	-410.8

Source: Banco de Portugal.

Table 82 • Direct investment of Portuguese-speaking African countries and Timor-Leste in Portugal
By sector of activity, EUR millions

		2009	2010	2011	2012	2013	2014
Angola	Manufacturing	0.1	0.1	2.3	-0.4	0.0	0.9
	Electricity, gas and water	-	-	0.1	-	-	-
	Construction	4.5	-0.5	8.7	12.3	16.4	5.9
	Services	108.7	25.0	-129.6	181.4	41.9	398.7
	of which: Financial and insurance activities	46.8	6.5	-152.1	164.1	34.3	390.2
	Other	2.2	5.3	21.1	10.7	18.3	31.4
	Total	115.6	29.9	-97.4	204.0	76.6	436.9
Cabo Verde	Manufacturing	-	-	-	-	-	-
	Electricity, gas and water	-	-	-	-	-	-
	Construction	0.1	4.5	1.4	0.4	4.9	3.8
	Services	0.1	3.6	3.7	1.3	2.3	1.2
	of which: Financial and insurance activities	0.1	0.0	0.4	0.2	-0.2	0.1
	Other	1.3	0.2	0.7	0.0	-	-
	Total	1.4	8.2	5.8	1.7	7.2	5.0
Guiné-Bissau	Manufacturing	-	-	-	-	-	-
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	-	-	-	-	-
	Services	-	2.1	-	-	-	-
	of which: Financial and insurance activities	-	-	-	-	-	-
	Other	0.0	0.4	0.0	0.1	-	-
	Total	0.0	2.6	0.0	0.1	0.0	0.0
Moçambique	Manufacturing	0.0	-1.5	0.0	0.0	0.4	0.7
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	-	-0.1	-0.5	-0.8	0.1
	Services	1.3	1.0	-0.9	-1.3	-0.6	-0.1
	of which: Financial and insurance activities	-0.1	-0.2	-1.0	-1.6	-0.5	-0.1
	Other	0.0	-0.1	0.6	0.0	-	-
	Total	1.3	-0.6	-0.5	-1.8	-1.0	0.7
São Tomé e Príncipe	Manufacturing	0.0	0.1	-0.1	-	-	-
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	-	-	-0.1	-2.2	-
	Services	0.0	-	0.0	-0.9	-0.1	0.0
	of which: Financial and insurance activities	0.0	-	0.0	-	0.1	0.0
	Other	0.3	0.1	-0.5	-	-	-
	Total	0.3	0.1	-0.6	-1.1	-2.3	0.0
Timor-Leste	Manufacturing	-	-	-	-	-	-
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	-	-	-	-	-
	Services	0.0	0.0	2.2	0.0	0.0	0.0
	of which: Financial and insurance activities	-	0.0	2.2	-	-	-
	Other	-	0.0	0.0	0.0	-	-
	Total	0.0	0.0	2.2	0.0	0.0	0.0
Total Portuguese-speaking African Countries and Timor-Leste		118.6	40.3	-90.5	202.9	80.4	442.7

Source: Banco de Portugal.

Table 83 • Official debt of Portuguese-speaking African Countries to Portugal

USD millions

		Direct debt to the State (1)			Medium and long-term State-guaranteed debt (2)			Official debt (1)+(2)		
		Due	In arrears	Total	Due	In arrears	Total	Due	In arrears	Total
Angola	2010	642		642	799		799	1,441		1,441
	2011	614		614	994		994	1,608		1,608
	2012	586		586	984		984	1,570		1,570
	2013	558		558	897		897	1,456		1,456
	2014	530		530	672		672	1,203		1,203
Cabo Verde	2010	134		134	133		133	268		268
	2011	154		154	202		202	355		355
	2012	187		187	318		318	505		505
	2013	208		208	451		451	659		659
	2014	181		181	494		494	675		675
Guinea-Bissau	2010	74	53	126				74	53	126
	2011	70	55	125				70	55	125
	2012	70	60	129				70	60	129
	2013	71	66	138				71	66	138
	2014	61	62	123				61	62	123
Mozambique	2010	388		388	135		135	523		523
	2011	383		383	680		680	1,063		1,063
	2012	376		376	803		803	1,178		1,178
	2013	367		367	878		878	1,245		1,245
	2014	355		355	775		775	1,131		1,131
S. Tomé and Príncipe	2010	35		35	14		14	49		49
	2011	35		35	29		29	64		64
	2012	38		38	37		37	75		75
	2013	44		44	39		39	83		83
	2014	43		43	35		35	78		78
Total Portuguese-speaking African Countries	2010	1,273	53	1,326	1,081		1,081	2,354	53	2,407
	2011	1,256	55	1,310	1,905		1,905	3,161	55	3,215
	2012	1,256	60	1,316	2,142		2,142	3,398	60	3,458
	2013	1,248	66	1,315	2,265		2,265	3,514	66	3,580
	2014	1,171	62	1,233	1,976		1,976	3,147	62	3,209

Source: Ministry of Finance - GPEARL.

