



# Economic Developments in Portuguese-speaking African Countries and Timor-Leste

2017-2018



BANCO DE  
PORTUGAL  
EUROSYSTEM



# Economic developments in Portuguese-speaking African countries and Timor-Leste

2017 | 2018



**BANCO DE PORTUGAL**  
EUROSYSTEM

Lisbon, 2018 • [www.bportugal.pt](http://www.bportugal.pt)



# Índice

Foreword | **5**

## I International environment | **7**

1 Recent developments and outlook | **9**

## II Economic developments in Portuguese-speaking African countries and Timor-Leste | **11**

1 Angola | **13**

2 Cabo Verde | **29**

Box 1 • 20 years of the Exchange Rate Cooperation Agreement  
between Portugal and Cabo Verde | **32**

3 Guinea-Bissau | **47**

4 Mozambique | **61**

5 São Tomé and Príncipe | **77**

6 Timor-Leste | **93**

## III Financial and economic relations | **107**

1 Portugal's economic and financial relations with Portuguese-speaking  
African countries and Timor-Leste | **109**



# Foreword

The publication *Economic developments in Portuguese-speaking African countries and Timor-Leste* has reached its 25<sup>th</sup> edition in 2018. In this publication, Banco de Portugal releases key macroeconomic data for the Portuguese-speaking African countries and Timor-Leste and information on their economic and financial relations with Portugal.

Chapters II and III – focusing respectively on economic developments in the countries under review and economic and financial relations with Portugal – are based on information received up

to the end of July. Chapter I, on the international environment, includes information received subsequently.

We would like to thank the various entities for their cooperation, which was key to the preparation of this report, including the central banks of Angola, Cape Verde, Mozambique, São Tomé and Príncipe and Timor-Leste and the national branch of the Central Bank of West African States in Guinea-Bissau.

October 2018







# I International environment

## 1 Recent developments and outlook



# 1 Recent developments and outlook

**Negative risks** have intensified since mid-2018, leading to a slight downward adjustment of short-term growth prospects of overall economic activity. Dynamics across regions are also expected to become more **uneven**, namely as regards the growth pace and the prevailing financial conditions.

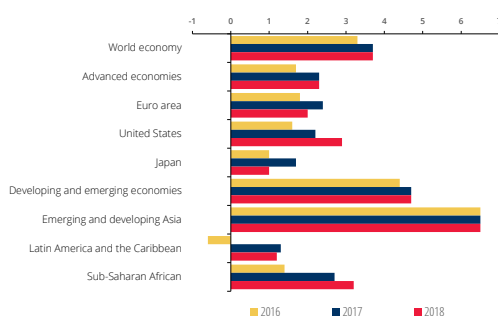
However, positive expectations persist of **moderate, upward inflationary pressures** and of **global growth at a level close to that estimated in 2017**, i.e. the highest since 2010-2011, immediately after the recession driven by the global crisis. Developments in international trade followed a similar pattern over the past decade, but are expected to diverge now, with a more marked downward revision, given expectations that part of the risks may materialise through that channel.

The current situation and the potential escalation of **trade tensions**, in particular between the United States and several other parts of the developed and emerging world, are actually one of the most significant current risks, which have become more marked since the first half of this year. The same holds true for the potential rise of risk aversion regarding **emerging economies**, chiefly those deemed more fragile, which has already materialised in a significant deterioration of **financial conditions** in many cases and may lead to increased capital outflows.

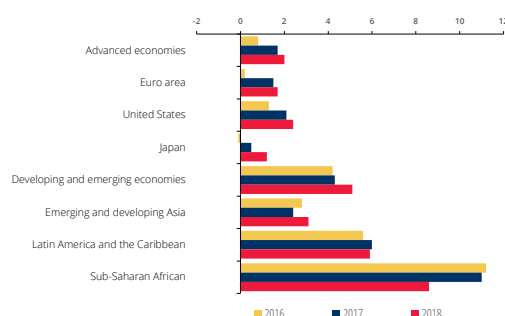
Turning to the **advanced economies**, many are already recovering to levels close to their potential output, despite this remaining constrained by structural factors, such as the ageing population and low productivity growth. Weaknesses such as the still high public and private indebtedness levels, despite stronger liquidity and solvency indicators in the banking system, may therefore gain an increased importance in the presence of tighter financial conditions.

The latter remain largely **accommodative** in most advanced economies, despite the gradual tightening of monetary policy in the United States and prospects of an even more gradual withdrawal of the monetary stimulus in the euro area and Japan. Predominant expectations thus continue to point to subdued and controlled developments towards tighter financial conditions over time, although the possibility of this process being more abrupt has also increased marginally.

**Chart I.1.1 • Real GDP | Annual % change**  
Selected economies



**Chart I.1.2 • Inflation | Year-on-year % change**  
Selected economies



Source: IMF, World Economic Outlook (cut-off date: 12 September 2018).

The renewed fiscal stimulus in the **United States** in 2018 together with the dynamics of the other domestic demand components have supported short-term growth. With unemployment at an 18-year low, inflation is rising moderately, and the announced pace of monetary policy normalisation is not weighing excessively on financial conditions.

By contrast, the **euro area** is slowing down in 2018, more markedly than allowed for at the beginning of the year. The growth pace, however, remains among the highest of the last decade, continuing to benefit from several favourable factors, including the accommodative monetary policy, amid a more subdued upward trend in inflation.

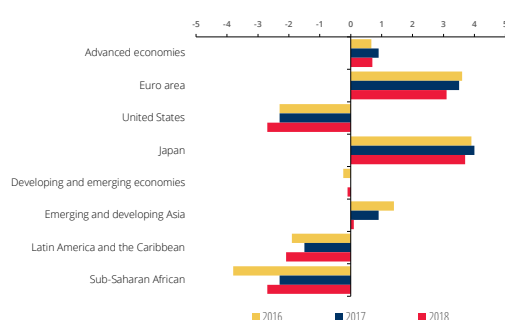
Similarly, **Japan** is cooling off, rather more markedly, with a smaller contribution from both external and domestic demand, including a reduction in the fiscal stimulus. In turn, monetary policy remains strongly accommodative, with the recent change in its framework having a neutral impact and inflation returning to positive territory, albeit close to zero.

**Emerging and developing economies**, as a whole, have shown a number of economic conditions broadly similar to those of the advanced economies, i.e. a slightly upward revision of expected inflationary pressures and a downward revision of short-term growth prospects, while maintaining the pace estimated for 2017 – which is higher than in the previous years – and a greater diversity of situations.

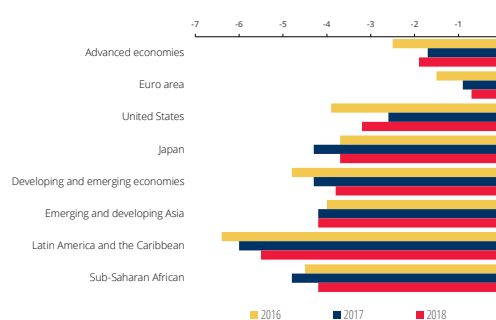
The latter characteristic has chiefly reflected two main factors. On the one hand, the impact of recent trends in **commodity prices**, with oil prices rising markedly, which favours the respective exporters at the expense of importers, contrasting with a far more moderate rise than initially foreseen in non-energy commodities – affecting in particular **sub-Saharan Africa**.

On the other hand, there are different degrees of vulnerability to the **reduction** of international investors' **risk appetite**, chiefly affecting the emerging economies which are considered more fragile, due to their relative weaknesses – such as higher inflation rates, higher external deficit positions, more imbalanced public accounts or more pronounced external indebtedness. This factor, plus domestic aspects, has penalised, particularly, Turkey and Argentina – in the latter, influencing **Latin America and the Caribbean** as a whole, with trade tensions with the United States already weighing on expectations for Mexico.

**Chart I.1.3 • Current account**  
% of GDP | Selected economies



**Chart I.1.4 • Budget balance** | % of GDP  
Selected economies



Source: IMF, World Economic Outlook (cut-off date: 12 September 2018).



## II 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 Km<sup>2</sup>

**Capital city**

Luanda

**Population**

29.8 million (2017; source: UN)

**Currency**

Kwanza (AOA)

The Angolan economy showed signs of a slight recovery in 2017, benefiting from an increase in international oil prices, in particular in the second half of the year. However, pockets of vulnerability persist. Despite declining in the past year, inflation remains high. In spite of a slight correction of the imbalances in the public and external accounts, the economy posted twin deficits for the fourth year in a row. The financial sector faces a challenging environment. At the start of 2018, the Government presented a Macroeconomic Stabilisation Programme to correct the economy's vulnerabilities. In August, the authorities sent a request to the IMF to initiate discussions on the implementation of an economic adjustment programme.



A **new President of the Republic of Angola** took office in 2017, following the general elections in August, in which a new National Assembly was also elected. The Government, which took office in September 2017, presented a **Macroeconomic Stabilisation Programme** in January 2018, with which authorities aim to correct the imbalances of the Angolan economy. The programme envisages fiscal consolidation efforts, greater exchange rate flexibility, reducing the public debt-to-GDP ratio to 60% over the medium term, improving the debt profile, settling domestic payments arrears and an effective implementation of legislation on anti-money laundering and combating terrorist financing.

In April 2018, the national authorities sent a request to the IMF to initiate discussions on an economic programme under the Policy Coordination Instrument, a non-financing tool open to all members seeking to demonstrate their commitment to a reform agenda and to help unlock other sources of funding. In August, the authorities sent a request to the Fund for the implementation of an adjustment programme with the financial support of the Extended Fund Facility, with an initial duration of two years, and the possibility of an extension of one year, if necessary.

After three consecutive years of economic downturn as a result of a drop in international oil prices, the Angolan economy recorded a **modest recovery in 2017**. The oil sector, accounting for around a quarter of GDP (42% in 2013), continued to play a predominant role in terms of exports and public revenue (96% and 52% of the total, respectively, in 2017). The economic cycle in Angola remained inherently dependent on developments in international oil markets. The gradual increase in the price of this commodity, particularly from the second half of 2017 onwards, therefore helped improve the country's economic performance.

**Economic activity expanded by 1% in 2017**, supported, to a large extent, by the performance of the non-oil sector (1.2% growth), which benefited from the easing of exchange restrictions and a (nominal) increase in public expenditure. **Projections for 2018 point to an acceleration in the economic recovery to 2.2%**, boosted by a more favourable external environment, increased production of liquefied natural gas and an improvement in the country's business climate indicators.

**Inflation declined to 26.3% in 2017**, after reaching at the end of 2016 its highest level since 2004. These developments in prices were mostly due to a moderation of food prices (helped by the stabilisation of the kwanza against the US dollar), unchanged fuel prices (which had increased in 2016 following the removal of energy subsidies) and tighter monetary conditions. **This disinflation trend continued in the first half of 2018**, with year-on-year inflation standing at 20.2% in June.

**The current account deficit declined to 4.5% of GDP in 2017**, mostly as a result of an increase of 18% in goods exports, which benefited from rising oil prices. However, although exports of crude oil grew in 2017, these accounted for only 55% of the exported value in 2014, despite an increase of over 5% in oil production during this period. Total imports grew by 16%, although constraints related to foreign exchange shortages persisted. The overall balance, which reached -6% of GDP in 2017, was funded by official foreign exchange reserves, which decreased by 26% from the previous year. **For 2018, the current account balance is expected to improve**, with the deficit projected to decrease by one percentage point and stand at 3.5% of GDP.

**As public finances continued to post a deficit balance in 2017 (-4.7% of GDP)**, this was the **fourth year in a row with twin deficits** in Angola. The drop in oil prices in the past few years had a significant impact on the public accounts balance, shown by developments in revenue as a percentage of GDP, which went from 35% in 2014 to 16% in 2017, and expenditure, which went from 42% to 20% over the same period. The public account deficit in 2017 benefited from a one-off revenue item, amounting to 1% of GDP, related to past tax disputes with oil companies. **The State's General Budget for 2018 projects a decline in the public deficit to 2.5% of GDP**, in line with the objectives set out in the Macroeconomic Stabilisation Programme.



The successive public deficits of the past few years have resulted in a **sustained increase in public debt**, which stood at 64.1% of GDP in 2017, according to the IMF's most recent data. **This debt's external component reached 34.9% of GDP in 2017.**

**The kwanza continued to depreciate in 2017 and at the start of 2018.** The price against the euro – the currency that replaced the US dollar in the currency auctions of Banco Nacional de Angola from the end of 2016 – depreciated by 10.9% in 2017. Under the Macroeconomic Stabilisation Programme, **Banco Nacional de Angola abandoned the peg to the dollar in January 2018**, adopting a more flexible exchange rate regime, which allows the price of the kwanza to fluctuate daily against the euro within a band of  $\pm 2\%$ . The currency has since depreciated by around 30% against the euro and the dollar (figures for May). According to the IMF, following this reform to the foreign exchange regime, the spread for the parallel exchange rate decreased from 150% at the end of 2017 to 90% in March 2018.

The high inflation differentials against the main trading partners have resulted in **a loss in competitiveness in real terms** for the Angolan economy in 2017, with the real effective exchange rate index (EERI) appreciating by 17.6%. However, the strong depreciation of the kwanza at the start of 2018 led to a reversal of this trend.

**Broad money decreased slightly (-0.1%) in 2017**, representing a significant change from the past few years. The main reason for this contraction in liquidity was the decline in net foreign assets (-30% compared with 2016). By contrast, general government financing made the largest contribution to the expansion of liquidity conditions, following a set of Treasury operations at the end of the year.

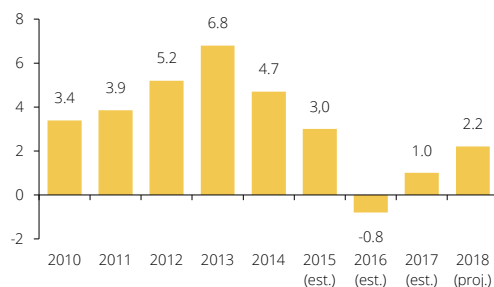
Deteriorating economic conditions in the past few years have **affected the performance of the financial system, which faces significant challenges**. A third of total credit was non-performing at the end of the first half of 2018, compared with 13% at the end of 2016. This deterioration in banks' asset quality led the authorities to create a state-funded asset management company to purchase a considerable share of these non-performing loans, in order to improve banks' balance sheets and contribute to the recovery of the supply of credit to the economy, which has declined in the past few years. The increase in the financial system's capitalisation levels and the improvement in profitability observed in 2018 were particularly significant.

**Table II.1.1 • Main economic indicators**

	2014	2015	2016	2017	2018
			Est.	Est.	Proj.
Real GDP (annual % change)	4.7	3.0	-0.8	1.0	2.2
Inflation (year-on-year % change)	7.5	14.3	41.9	26.3	28.7
Broad money (annual % change)	16.2	11.8	14.3	-0.1	–
Current account (% of GDP)	-3.0	-10.0	-5.1	-4.5	-3.5
Fiscal balance (% of GDP)	-6.6	-3.3	-4.8	-4.7	-2.5
External public debt (% of GDP)	28.4	35.4	45.5	34.9	–

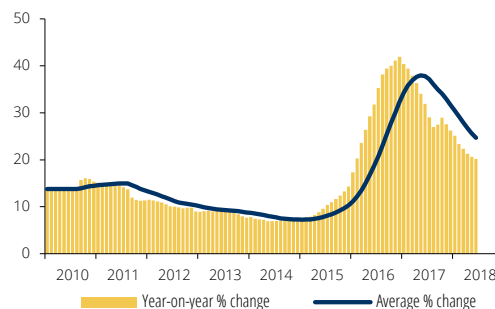
Sources (for the subsequent charts also): Banco Nacional de Angola, Ministry of Finance of Angola, European Central Bank, International Monetary Fund and Organisation for Economic Co-operation and Development.

**Chart II.1.1 • Real GDP | Annual % change**



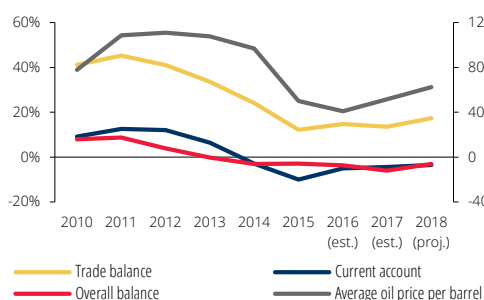
After three years of marked deceleration, the economy showed signs of a slight recovery in 2017, benefiting from a sustained rise in oil prices that began in the second half of the year.

**Chart II.1.2 • Inflation | Annual % change in the CPI**



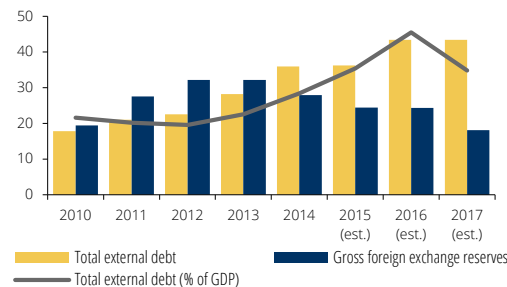
The stabilisation of the kwanza against the US dollar, unchanged fuel prices and the tightening of monetary conditions contributed to a decline in inflation in 2017.

**Chart II.1.3 • External accounts | % of GDP, average oil price per barrel in USD**



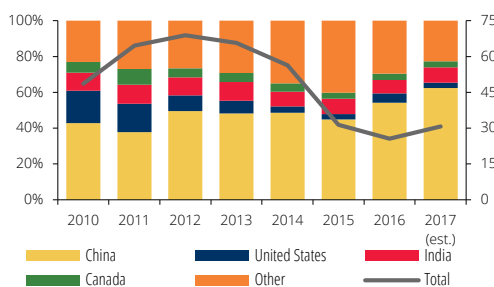
Rising oil prices in 2017 (by 26% for the average price per barrel of Angolan oil) and the negative impact on imports from persistent foreign exchange shortages helped reduce the current account deficit.

**Chart II.1.4 • External public debt and foreign exchange reserves | USD billions**



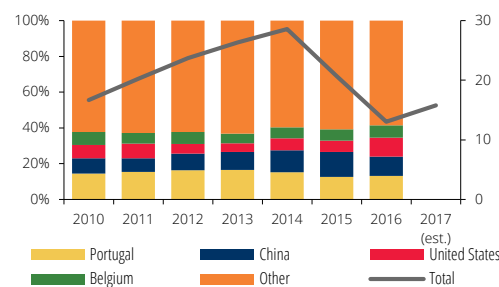
External debt as a percentage of GDP declined to 36% in 2017, despite a slight increase in nominal terms. An improving external environment was still not enough to revert the trend decline in the level of foreign exchange reserves.

**Chart II.1.5 • Crude oil exports**  
Destinations as a percentage, total in USD billions



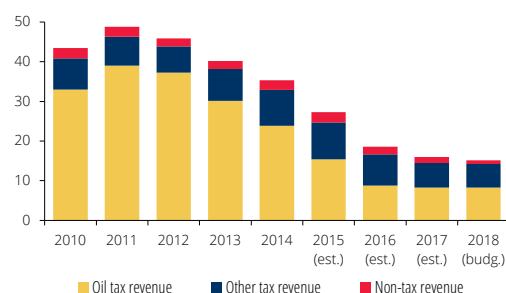
China has strengthened its position as the main destination of crude oil exports from Angola. The value of external sales of this commodity increased by 20% in 2017, benefiting from an increase in the price of oil in international markets.

**Chart II.1.6 • Goods imports | Origins as a percentage, total in USD billions**



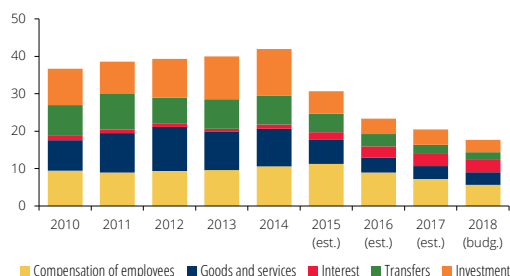
Portugal was again the main supplier of goods to Angola in 2016, after being overtaken by China in the previous year. The value of goods imports is expected to have increased in 2017, although remaining well below the figures seen until 2014.

Chart II.1.7 • Public revenue | % of GDP



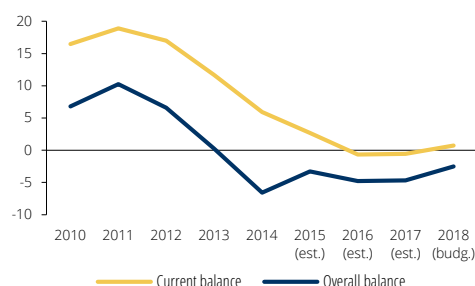
Oil tax revenue accounted for 52% of total public revenue. The trend decline in the State revenue's share of GDP – that began in 2012 – continued.

Chart II.1.8 • Public expenditure | % of GDP



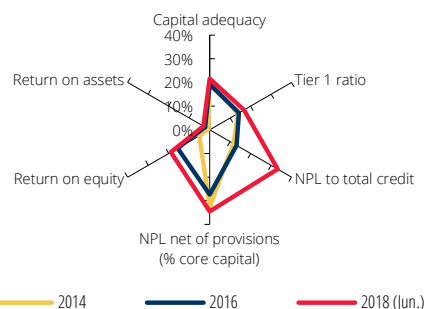
The Angolan authorities responded to the oil price shock by markedly reducing the level of public expenditure. By contrast, however, there was a steady increase in interest charges on public debt, which accounted for 3.4% of GDP in 2017.

Chart II.1.9 • Public accounts | % of GDP



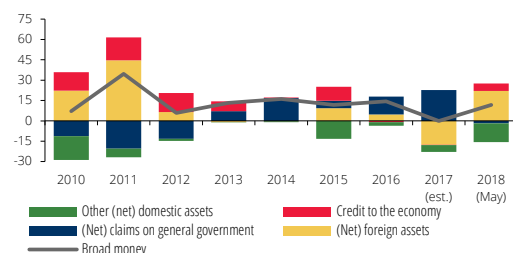
In 2017 public finances posted a negative balance for the fourth year in a row. However, the slight decline observed in the deficit compared with 2016 benefited from a one-off revenue equivalent to 1% of GDP.

Chart II.1.10 • Financial stability indicators



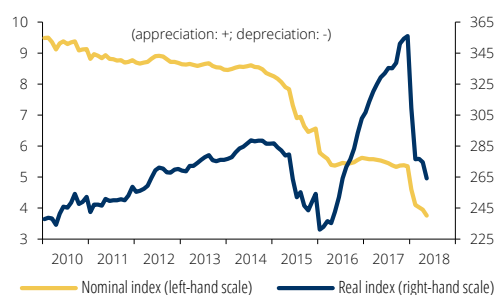
Weakening economic conditions in the past few years have led to a deterioration in asset quality, with non-performing loans reaching a third of total credit at the end of June 2018. The levels of solvency and profitability have shown signs of improvement.

Chart II.1.11 • Liquidity expansion/contraction factors | Changes in % of initial stock of broad money



Albeit slightly, broad money contracted in 2017 for the first time this decade. The main liquidity contraction factor was a decline in net foreign assets.

Chart II.1.12 • Effective exchange rate  
Indexes: 100 = 2000, monthly averages



The strong depreciation of the kwanza, following the reform to the foreign exchange regime introduced at the start of 2018, led to considerable gains in external competitiveness both in nominal and real terms.

Table II.1.2 • Economic indicators

			2013	2014	2015	2016	2017		2018	
						Est.	Proj.	Est.	Proj.	Est.
<b>Produto e preços</b>										
PIB nominal	AOA billions		12,056	12,458	12,321	15,603	20,072	20,656	29,073	–
	EUR billions		94.0	95.4	92.6	86.2	–	110.3	–	–
	USD billions		124.9	126.7	102.6	95.3	121.0	124.5	119.1	–
Real GDP	annual % change		6.8	4.7	3.0	-0.8	1.3	1.0	2.2	–
Oil sector	annual % change		-0.9	-2.6	6.5	-1.7	1.5	0.5	2.3	–
Other sectors	annual % change		10.8	8.0	1.6	-0.4	1.3	1.2	2.1	–
Inflation (CPI-Luanda)	year-on-year % change		7.7	7.5	14.3	41.9	15.8	26.3	28.7	20.2 Jun.
	average annual % change		8.8	7.3	10.3	32.4	–	31.7	–	24.7 Jun.
<b>Public finances</b>										
Total revenue	% of GDP		40.2	35.3	27.3	18.6	18.3	15.8	15.1	–
Oil revenue	% of GDP		30.1	23.8	15.4	8.8	8.4	8.2	8.3	–
Total expenditure	% of GDP		39.9	41.9	30.6	23.4	24.0	20.4	17.6	–
Current expenditure	% of GDP		28.5	29.4	24.7	19.2	19.0	16.3	14.4	–
Capital expenditure	% of GDP		11.4	12.5	6.0	4.1	5.0	4.1	3.2	–
Overall balance (commitment basis)	% of GDP		0.3	-6.6	-3.3	-4.8	-5.7	-4.7	-2.5	–
Overall balance (cash basis)	% of GDP		3.0	-2.4	-2.2	-4.7	-5.7	-5.0	-2.5	–
<b>Money and credit</b>										
Net foreign assets	annual % change		-1.3	-0.6	15.3	7.6	–	-30.1	–	53.3 May
Credit to the economy	annual % change		10.5	0.7	17.7	-1.7	–	-0.2	–	10.5 May
Broad money (M3)	annual % change		13.3	16.2	11.8	14.3	–	-0.1	–	11.8 May
<b>Interest rates</b>										
Credit in national currency <sup>(a)</sup> (180 d)	annual rate		15.1	17.4	15.4	15.8	–	18.7	–	20.8 May
Deposits in national currency (180 d)	annual rate		3.9	4.4	5.2	5.2	–	7.1	–	8.3 May
Deposits in foreign currency (180 d)	annual rate		2.3	2.1	2.5	2.1	–	2.3	–	2.2 May
<b>Financial stability</b>										
Capital adequacy	percentage		19.5	19.9	19.8	19.2	–	18.9	–	21.6 Jun.
Non-performing loans	% of total loans		9.7	11.7	11.6	13.1	–	28.8	–	33.2 Jun.
Return on equity	percentage		10.9	5.0	12.9	15.6	–	14.5	–	18.9 Jun.
<b>Balance of payments</b>										
Exports (current USD)	annual % change		-3.2	-12.5	-43.4	-17.8	15.6	19.0	21.9	–
Imports (current USD)	annual % change		7.8	8.4	-29.1	-27.8	-93.1	16.0	13.6	–
Trade balance	% of GDP		33.6	24.1	12.2	14.7	11.6	13.5	17.4	–
Current account	% of GDP		6.5	-3.0	-10.0	-5.1	-6.1	-4.5	-3.5	–
Foreign reserves (gross)	USD billions		32.2	27.9	24.4	24.4	–	18.1	–	19.5 May
<b>External public debt</b>										
Total external public debt	EUR billions		21.2	27.1	32.7	39.2	–	38.4	–	–
	USD billions		28.2	35.9	36.3	43.4	–	43.4	–	–
	% of GDP		22.6	28.4	35.4	45.5	–	34.9	–	–
<b>Exchange rates</b>										
Bilateral rate EUR/AOA	average rate		128.2	130.6	133.1	181.1	–	187.3	–	274.9 May
Bilateral rate USD/AOA	average rate		96.5	98.3	120.1	163.7	–	165.9	–	232.6 May
Nominal EERI [appreciation: +] <sup>(b)</sup>	annual % change		-2.4	-2.0	-21.0	-14.4	–	-4.8	–	-29.7 May
Real EERI [appreciation: +] <sup>(b)</sup>	annual % change		2.1	3.8	-11.3	19.1	–	17.6	–	-25.8 May

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

Notes: (a) Credit granted to enterprises. (b) Effective exchange rate index (EERI), calculated on the basis of exchange rates applied to the currencies of the four major trading partners over the 2010/14 period.

**Table II.1.3 • Gross domestic product | Current prices, AOA billions**

	2013	2014	2015	2016	2017		2018
				Est.	Proj.	Est.	Proj.
Agriculture	1,195	1,409	1,623	2,217	–	1,263	1,804
Fishing and related products	30	38	47	62	–	458	631
Diamonds and other	95	81	121	150	–	248	341
Oil	5,018	4,412	2,958	3,468	–	5,086	7,086
Manufacturing	884	1,011	1,132	1,393	–	1,181	1,620
Construction	1,109	1,267	1,499	1,981	–	3,568	4,960
Energy	20	25	29	44	–	336	728
Market services	2,813	3,214	3,755	4,807	–	5,736	8,078
Other	892	1,001	1,157	1,481	–	2,781	3,826
Gross domestic product (market prices)	12,056	12,458	12,321	15,603	20,072	20,656	29,073
<b>Memo items:</b>							
Nominal GDPmp (EUR billions)	94.0	95.4	92.6	86.2	–	110.3	–
Nominal GDPmp (USD billions)	124.9	126.7	102.6	95.3	121.0	124.5	119.1
Nominal GDPmp (AOA, annual % change)	9.5	3.3	-1.1	26.6	28.6	32.4	40.7
Real GDP (annual % change)	6.8	4.7	3.0	-0.8	1.3	1.0	2.2
Oil sector	-0.9	-2.6	6.5	-1.7	1.5	0.5	2.3
Other sectors	10.8	8.0	1.6	-0.4	1.3	1.2	2.1

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

**Table II.1.4 • Consumer price index | Per cent**

		Monthly change	Cumulative change	Year-on-year change	Average change
		[1]	[2]	[3]	[4]
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
2015	December	–	14.3	14.3	10.3
2016	December	–	41.9	41.9	32.4
2017	December	–	26.3	26.3	31.7
2016	January	3.4	3.4	17.3	11.1
	February	3.3	6.8	20.3	12.2
	March	3.4	10.5	23.6	13.5
	April	3.1	13.9	26.4	15.0
	May	3.5	17.9	29.2	16.8
	June	3.3	21.7	31.8	18.7
	July	4.0	26.7	35.3	20.8
	August	3.3	30.8	38.2	23.1
	September	2.1	33.6	39.4	25.4
	October	1.8	36.0	40.0	27.8
	November	2.1	38.9	41.1	30.1
	December	2.2	41.9	41.9	32.4
	December (proj.)	–	–	[11.0-13.0]	–
2017	January	2.3	2.3	40.4	34.3
	February	2.6	4.9	39.4	35.8
	March	2.2	7.3	37.8	37.0
	April	2.0	9.4	36.3	37.7
	May	1.8	11.4	34.1	38.0
	June	1.6	13.1	31.9	37.8
	July	1.8	15.1	29.0	37.2
	August	1.7	17.0	27.0	36.1
	September	2.5	20.0	27.5	35.0
	October	3.0	23.6	29.0	34.0
	November	1.0	24.8	27.6	32.9
	December	1.1	26.3	26.3	31.7
	December (proj.)	–	–	15.8	–
2018	January	1.4	1.4	25.1	30.5
	February	1.1	2.5	23.4	29.2
	March	1.4	3.9	22.3	27.9
	April	1.2	5.2	21.3	26.7
	May	1.2	6.4	20.7	25.7
	June	1.2	7.6	20.2	24.7
	December (proj.)	–	–	28.7	–

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 II.1.5 • Balance of payments | USD millions**

	2013	2014	2015	2016	2017		2018
				Est.	Proj.	Est.	Proj.
<b>Current account</b>	8,145	-3,748	-10,273	-4,833	-7,428	-5,574	-4,151
Trade balance	41,916	30,590	12,489	14,048	13,986	16,802	20,682
Exports (f.o.b.)	68,247	59,170	33,181	27,589	31,580	32,600	39,785
Oil sector	66,902	57,642	31,895	26,366	30,220	31,240	38,349
of which: Crude oil	65,611	56,364	31,394	25,578	29,725	30,733	37,642
Diamonds	1,167	1,335	1,066	980	1,132	1,132	1,178
Other	177	193	220	243	228	228	258
Imports (f.o.b.)	26,331	28,580	20,693	13,541	17,594	15,798	19,103
Services and income	-31,646	-32,126	-21,928	-18,428	-20,441	-21,371	-23,861
Services (net)	-21,746	-23,276	-16,020	-13,168	-14,550	-14,927	-15,736
Credit	1,316	1,681	1,256	711	1,139	1,078	1,282
Debit	23,062	24,958	17,276	13,879	-15,689	16,005	17,018
of which: Transportation and travel	4,924	5,628	4,204	-	-	-	-
Construction	5,049	6,673	3,107	-	-	-	-
Technical assistance	9,265	10,050	7,185	-	-	-	-
Income (net)	-9,900	-8,850	-5,908	-5,259	-5,891	-6,444	-8,125
of which: Interest on public debt (debit)	1,090	1,066	1,287	1,809	-	-	-
Dividends and profits (debit)	9,331	7,850	4,292	3,028	-	-	-
Current transfers (net)	-2,124	-2,211	-834	-454	-973	-1,005	-973
<b>Capital and financial accounts</b>	-9,018	-484	6,927	1,373	4,428	-1,933	551
Capital transfers (net)	1	2	6	1	0	6	3
Foreign direct investment (net)	-13,164	-2,331	8,235	1,357	641	1,603	1,804
Other net capital	4,146	1,845	-1,314	16	3,787	-3,542	-1,256
<b>Errors and omissions</b>	658	312	310	0	0	0	0
<b>Overall balance</b>	-214	-3,920	-3,036	-3,459	-3,000	-7,507	-3,600
<b>Financing</b>	214	3,920	3,036	3,459	3,000	7,507	3,600
Change in official reserves (increase: - )	214	3,920	3,036	3,459	3,000	7,507	3,600
<b>Financing gap</b>	0	0	0	0	0	0	0
<b>Memo items:</b>							
Trade balance (% of GDP)	33.6	24.1	12.2	14.7	11.6	13.5	17.4
Current account (% of GDP)	6.5	-3.0	-10.0	-5.1	-6.1	-4.5	-3.5

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

**Table II.1.6 • Goods exports | Products, USD millions; Destinations, % of total**

	2010	2011	2012	2013	2014	2015	2016	2017 Est.	2010 a 2017 Est.
<b>Total exports</b>	50,595	67,310	71,093	68,247	59,170	33,181	27,589	32,600	–
Crude oil	48,629	64,539	68,871	65,611	56,364	31,394	25,578	30,733	–
Refined oil products and gas	722	1052	845	1291	1278	501	789	507	–
Diamonds	976	1205	1159	1167	1335	1066	980	1132	–
Other	267	514	218	177	193	220	243	228	–
<b>Exports by destination<sup>(a)</sup></b>									
South Africa	3,1	2,6	4,2	2,7	3,4	4,3	5,0	4,4	3,5
Canada	5,8	8,7	5,0	5,0	4,6	3,3	3,4	3,5	5,3
China	42,8	37,7	49,6	48,3	48,5	44,8	54,2	62,3	47,3
United States	18,1	15,9	8,7	7,0	3,5	3,1	5,1	3,0	8,9
France	3,7	3,2	1,6	2,0	3,5	5,0	3,5	1,0	2,8
India	10,1	10,7	10,1	10,3	8,3	8,5	7,6	8,6	9,6
Portugal	1,8	2,4	2,5	4,7	3,4	3,8	3,1	0,9	2,9
Taiwan	4,8	8,2	6,1	5,3	4,6	4,5	4,4	4,5	5,6
Other	9,8	10,6	12,2	14,6	20,1	22,7	13,7	11,8	14,1

Sources: Banco Nacional de Angola and Banco de Portugal calculations.

Note: (a) Crude oil exports only.

**Table II.1.7 • Goods imports | Products, USD millions; Origins, % of total**

	2010	2011	2012	2013	2014	2015	2016	2017 Est.	2010 a 2016 Est.
<b>Total imports</b>	16,667	20,228	23,704	26,331	28,580	20,693	13,541	15,798	–
<b>Imports by origin</b>									
South Africa	4.0	3.8	3.8	3.7	3.6	3.7	3.7	–	3.7
Belgium	7.3	6.0	6.7	5.5	6.0	6.4	6.9	–	6.3
Brazil	5.1	4.2	4.4	4.3	4.4	3.8	4.6	–	4.4
China	8.5	7.6	9.2	10.1	12.2	13.8	10.8	–	10.4
United States	7.4	8.2	5.5	4.7	6.8	6.3	10.6	–	6.8
Portugal	14.5	15.4	16.4	16.5	15.3	12.7	13.2	–	15.0
United Kingdom	5.1	2.9	2.4	3.4	4.0	3.1	3.6	–	3.5
Other	48.1	52.0	51.6	51.8	47.7	50.1	46.7	–	49.9

Sources: Banco Nacional de Angola and Banco de Portugal calculations.



**Table II.1.8 • External public debt and foreign exchange reserves | USD millions**

	2013	2014	2015	2016	2017 Est.
<b>Net foreign assets</b>	31,914	30,339	26,386	23,166	16,196
of which: Foreign exchange reserves (gross)	32,213	27,943	24,420	24,353	18,059
<b>External public debt (including arrears)</b>	28,178	35,933	36,279	43,369	43,391
Commercial	18,143	26,474	26,612	33,470	33,535
Banking	16,590	24,005	23,345	30,227	29,371
Enterprises	1,553	2,470	3,267	3,243	4,163
Official bilateral	8,433	7,788	7,906	7,843	7,730
Official multilateral	1,598	1,666	1,756	2,051	2,122
Fees	4	4	4	4	4
<b>Memo items:</b>					
Net foreign assets (% of GDP)	25.5	23.9	25.7	24.3	13.0
Gross foreign exchange reserves (% of GDP)	25.8	22.0	23.8	25.5	14.5
Total external debt (% of GDP)	22.6	28.4	35.4	45.5	34.9

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

Table II.1.9 • Government operations | AOA billions

	2013	2014	2015	2016	2017		2018	
				Est.	Budg.	Est.	I.e. <sup>(a)</sup>	Budg.
<b>1. Total revenue</b>	4,849	4,403	3,367	2,900	3,668	3,253	88.7	4,404
Tax revenue	4,602	4,098	3,042	2,599	3,404	2,947	86.6	4,139
Oil revenue	3,630	2,970	1,898	1,373	1,695	1,703	100.5	2,399
Non-oil revenue	972	1,128	1,144	1,227	1,709	1,244	72.8	1,740
Non-tax revenue	245	303	324	299	264	302	114.6	265
Grants	2	2	1	2	0	4	–	0
<b>2. Total expenditure</b>	4,816	52,21	3,774	3,648	4,808	4,222	87.8	5,129
Current expenditure	3,437	3,666	3,038	3,003	3,813	3,373	88.5	4,190
Compensation of employees	1,155	1,319	1,390	1,397	1,614	1,493	92.5	1,647
Goods and services	1,228	1,249	787	624	1,035	718	69.4	975
Debt interest	99	147	249	470	484	711	146.8	968
Domestic	59	88	143	243	262	388	148.1	451
External	40	60	106	228	222	323	145.3	517
Current transfers	955	950	612	512	680	451	66.3	600
Capital expenditure	1,379	1,555	736	645	995	849	85.3	939
<b>3. Overall balance (commitment basis)</b> [ 1. - 2. ]	32	-819	-407	-748	-1,140	-969	–	-725
<b>4. Change in arrears (net)</b>	324	516	138	22	0	-55	–	0
Domestic	324	516	138	22	0	-55	–	0
External interest	0	0	0	0	0	0	–	0
<b>5. Overall balance (cash basis) [ 3. + 4. ]</b>	356	-303	-269	-726	-1,140	-1,024	–	-725
<b>6. Financing</b>	-356	303	269	726	1,140	1,024	–	725
External financing (net)	183	438	292	1,999	990	530	–	565
Disbursements	380	732	589	2,390	1,564	1,099	–	1,959
Amortisation	-197	-294	-297	-392	-575	-569	–	-1,394
Domestic financing (net)	-539	-134	-23	-1,273	150	494	–	160
<b>Memo item:</b>								
Overall balance, commitment basis (% of GDP)	0.3	-6.6	-3.3	-4.8	-5.7	-4.7	–	-2.5

Sources: Ministry of Finance of Angola and Banco de Portugal calculations.

Note: (a) Level of budget execution (%).

**Table II.1.10 • Monetary survey | AOA billions**

	2013	2014	2015	2016	2017	2017/2016		2018	May 2018/2017	
					Est.	[1]	[2]	May	[1]	[2]
<b>Net foreign assets</b>	3,115	3,097	3,570	3,843	2,687	-30.1	-17.7	4,119	53.3	22.0
USD billions	32	30	26	23	16	-30.1	-0.1	18	9.3	0.0
<b>Banco Nacional de Angola</b>	3,097	2,904	3,361	3,527	2,416	-31.5	-17.0	3,593	48.7	18.0
Net international reserves	3,041	2,800	3,284	3,452	2,227	-35.5	-18.8	3,447	54.8	18.7
Gross reserves	3,145	2,853	3,304	4,040	2,996	-25.8	-16.0	4,544	51.7	23.7
USD billions	32	28	24	24	18	-25.8	-0.1	20	8.2	0.0
Short-term liabilities	-103	-53	-21	-588	-770	30.9	-2.8	-1,097	42.5	-5.0
Other foreign assets (net)	56	105	78	75	190	154.0	1.8	147	-22.9	-0.7
<b>Commercial banks</b>	19	193	209	317	271	-14.4	-0.7	526	94.0	3.9
<b>Net domestic assets</b>	1,283	2,013	2,141	2,686	3,834	42.8	17.6	3,171	-17.3	-10.2
Domestic credit (net)	2,262	3,016	3,821	4,513	5,989	32.7	22.6	6,229	4.0	3.7
Claims on general government (net)	-666	69	352	1,103	2,585	134.4	22.7	2,466	-4.6	-1.8
Credit to the economy	2,927	2,947	3,469	3,411	3,404	-0.2	-0.1	3,764	10.5	5.5
Other domestic assets (net)	-979	-1,003	-1,680	-1,828	-2,155	17.9	-5.0	-3,058	41.9	-13.8
<b>Total assets</b>	4,398	5,110	5,712	6,529	6,522	-0.1	-	7,290	11.8	-
<b>Broad money (M3)</b>	4,398	5,110	5,712	6,529	6,522	-0.1	-	7,290	11.8	-
Money and quasi-money (M2)	4,396	5,103	5,704	6,525	6,518	-0.1	-	7,285	11.8	-
Money	2,587	3,097	3,420	3,854	3,732	-3.2	-	3,847	3.1	-
Currency in circulation	276	340	381	396	419	5.8	-	349	-16.5	-
Demand deposits	2,311	2,757	3,039	3,458	3,313	-4.2	-	3,498	5.6	-
In national currency	1,471	1,905	2,264	2,575	2,404	-6.6	-	2,403	-0.1	-
In foreign currency	840	852	775	883	909	3.0	-	1,095	20.4	-
Quasi-money	1,809	2,007	2,284	2,671	2,786	4.3	-	3,438	23.4	-
Time deposits in national currency	900	1,167	1,258	1,571	1,696	8.0	-	1,747	3.0	-
Time deposits in foreign currency	909	840	1,026	1,100	1,090	-0.9	-	1,691	55.2	-
Other financial instruments	2	7	8	4	4	5.9	-	5	21.1	-

Sources: Banco Nacional de Angola, International Monetary Fund 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 II.1.11 • Interest rates | Annual rates, per cent**

	2013	2014	2015	2016	2017				2018	
	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	May
<b>Deposits</b>										
(in national currency)										
Demand deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Time deposits										
Up to 90 days	3.45	3.50	5.02	6.79	6.04	6.18	6.51	7.31	6.41	7.42
91-180 days	3.89	4.40	5.24	5.20	5.23	5.58	5.40	7.08	8.47	8.27
181-365 days	5.81	4.47	3.88	3.90	3.90	4.13	4.01	4.28	7.68	8.61
Over 1 year	4.95	5.21	4.57	4.81	4.92	4.79	8.01	9.75	9.35	2.12
(in foreign currency)										
Demand deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Time deposits										
Up to 90 days	2.01	1.89	2.26	1.99	2.08	2.08	1.86	1.83	1.87	1.74
91-180 days	2.33	2.05	2.45	2.05	2.10	2.06	2.28	2.35	2.11	2.21
181-365 days	2.79	2.63	3.12	2.86	2.90	2.83	2.88	2.51	2.33	2.36
Over 1 year	4.97	2.61	4.61	4.83	4.86	4.89	4.89	4.95	2.06	0.43
<b>Credit (to enterprises)</b>										
(in national currency)										
Up to 180 days	15.08	17.39	15.41	15.84	15.41	15.72	15.50	18.75	24.50	20.83
181-365 days	13.86	13.88	15.23	19.71	15.41	15.58	15.41	16.03	21.72	22.88
Over 1 year	13.11	13.69	14.84	15.19	15.48	16.36	16.09	13.53	21.61	24.10
(in foreign currency)										
Up to 180 days	11.78	11.41	10.00	25.00	9.93	12.46	8.17	–	17.50	–
181-365 days	12.07	10.64	12.97	8.41	6.68	9.59	8.45	–	9.00	–
Over 1 year	9.83	10.03	9.76	8.71	9.03	9.30	4.83	9.00	8.71	12.33
<b>BNA intervention rates</b>										
Rediscount	10.25	9.75	15.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Reference rate	9.25	9.00	11.00	16.00	16.00	16.00	16.00	18.00	18.00	18.00
Standing facilities										
Liquidity provision facility	10.25	9.75	12.50	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Overnight deposit facility	0.75	1.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>LUIBOR<sup>(a)</sup> overnight</b>	4.71	5.39	11.31	23.35	23.67	22.40	19.70	17.77	20.12	21.02
<b>Memo item:</b>										
Inflation (y-o-y % change)	7.70	7.48	14.27	41.94	37.85	31.89	27.46	26.26	22.33	20.65

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).

**Table II.1.12 • Financial stability indicators | Per cent**

	2013	2014	2015	2016	2017	2018
	Dec.	Dec.	Dec.	Dec.	Dec.	Jun.
<b>Solvency</b>						
Capital adequacy	19.5	19.9	19.8	19.2	18.9	21.6
Tier 1 ratio	14.3	13.9	13.8	14.3	17.6	16.8
<b>Credit risk</b>						
Non-performing loans to total loans	9.7	11.7	11.6	13.1	28.8	33.2
Non-performing loans net of provisions (% of core capital)	22.3	32.8	19.6	27.4	43.2	34.5
Credit in foreign currency (% of total credit)	37.8	27.4	30.8	29.5	25.1	25.0
<b>Profitability</b>						
Return on equity	10.9	5.0	12.9	15.6	14.5	18.9
Return on assets	1.4	0.6	1.7	2.2	2.1	3.0
<b>Liquidity risk</b>						
Loan-to-deposit ratio	63.3	59.9	59.0	51.6	49.3	51.2
Liquid assets/total assets	30.1	33.9	39.7	46.3	33.8	39.5
Foreign currency-denominated liabilities/total liabilities	43.0	33.1	33.6	34.4	33.5	41.0

Sources: Banco Nacional de Angola and International Monetary Fund.

Table II.1.13 • Exchange rates | Average rates

			EERI <sup>(a)</sup> Index 100: 2000	
			Nominal	Real
		EUR/AOA	USD/AOA	
2004		103.9	83.5	11.6
2005		108.6	87.2	11.0
2006		100.9	80.4	11.8
2007		105.1	76.7	11.8
2008		110.4	75.0	11.3
2009		110.7	79.3	10.8
2010		121.9	91.9	9.3
2011		130.7	93.9	8.8
2012		122.7	95.5	8.8
2013		128.2	96.5	8.6
2014		130.6	98.3	8.5
2015		133.1	120.1	7.2
2016		181.1	163.7	5.5
2017		187.3	165.9	5.5
2016	January	169.0	155.6	5.8
	February	174.8	157.6	5.7
	March	176.9	159.4	5.6
	April	186.2	164.2	5.4
	May	187.6	165.9	5.4
	June	186.3	165.9	5.4
	July	183.6	165.9	5.5
	August	186.0	165.9	5.4
	September	186.0	165.9	5.4
	October	182.9	165.9	5.5
	November	179.2	165.9	5.6
	December	174.9	165.9	5.6
2017	January	176.1	165.9	5.6
	February	176.6	165.9	5.6
	March	177.3	165.9	5.6
	April	177.9	165.9	5.6
	May	183.3	165.9	5.5
	June	186.3	165.9	5.5
	July	191.1	165.9	5.5
	August	195.9	165.9	5.4
	September	197.7	165.9	5.3
	October	195.1	165.9	5.4
	November	194.5	165.9	5.4
	December	196.4	165.9	5.3
2018	January	230.4	189.0	4.6
	February	259.5	210.2	4.1
	March	264.2	214.1	4.0
	April	267.9	218.3	3.9
	May	274.9	232.6	3.8

Sources: European Central Bank, International Monetary Fund, Organisation for Economic Co-operation and Development and Banco de Portugal calculations.

Notes: (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 2010/14 period. An increase/decrease in the EERI (nominal or real) corresponds to an appreciation/depreciation of the kwanza.



## 2 Cabo Verde

**Area**

4,033 Km<sup>2</sup>

**Capital city**

Praia

**Populaion**

538 thousand (2017; source: Cabo Verde National Institute of Statistics)

**Currency**

Cabo Verde escudo (CVE)

The pace of economic growth in Cabo Verde picked up slightly in 2017, driven by domestic demand and tourism. The more accommodative policy adopted mid-year, amid contained inflationary pressures, and the acceleration in credit to the economy made a positive contribution. However, the ensuing increase in imports led to a deterioration in the current account. Also on the back of lower inflows into the financial account, foreign exchange reserves declined, and key to the sustainability of the exchange rate peg with the euro. The share of the fiscal deficit in GDP remained virtually unchanged, benefiting from increased tax collection and the extraordinary volume of grants that funded the higher investment expenditure. The stock of public debt decreased, thus reversing the previous trend, largely reflecting the impact of a devaluation of the US dollar against the euro on its external component.

In 2017 Cabo Verde's economy **continued to grow at a sound pace**, to reach 3.9% (3.8% in 2016), boosted by domestic demand, most notably in connection with private consumption, in addition to some momentum in investment and exports, particularly services.

This performance mirrored an upturn in activity in manufacturing, general government, electricity and water, accommodation, food service activities and trade. Conversely, low rainfall had a major impact on the downturn in agricultural crops, which clearly affected aggregate supply.

The rise in demand boosted imports of goods and services, which resulted in an **increase in the current account deficit** to 6.8% of GDP (2.7% in 2016), although offset by an extraordinary amount of official transfers and a further acceleration in tourism revenue. Momentum in demand from tourism chiefly stemmed from the UK market, followed by the German, Belgian, Dutch and French markets. Tourism supply also increased, due to the further improvement of the country's hotel capacity with the construction of small businesses in Santo Antão and Fogo and two larger hotel projects in Sal.

Furthermore, the slight decline in foreign direct investment and the increase in investments abroad by banks and the corporate sector lowered the capital and financial account balance, no longer covering the current deficit.

The negative overall balance **resulted in a decrease in foreign exchange reserves**, which covered 5.9 months of goods and services imports at end-2017 (7.1 months in the previous year). These reserves are key to safeguard the exchange rate peg with the euro, in force since 1998.

The reduction in Banco de Cabo Verde's net foreign assets conditioned the system's external position, **dampening monetary expansion** to 6.6% in 2017 (8.4% in 2016), despite an acceleration in credit to the economy. The momentum in credit to the private sector also mirrors economic activity, together with confidence levels and improved credit conditions, particularly looser bank credit terms and lower costs, also in the wake of rate cuts by Banco de Cabo Verde (BCV) in June 2017.

The rise in lending activities was not sufficient to stem excess liquidity in the system, but seems to have contributed to a slight increase in profitability and credit quality, although the level of non-performing loans remained high: these loans accounted for 14.5% of total credit at the end of 2017 (15.5% at the end of 2016).

Monetary conditions changed against a background of **increasing (but low) inflation rates**, ending the year at 0.3% and 0.8%, year-on-year and on average, respectively. These developments chiefly reflect direct and indirect effects of a rise in commodity prices, particularly energy, with an impact on administered prices of fuel, electricity, water and urban public transport.

Sound economic growth also had a positive impact on tax revenue, not only VAT and taxes on international transactions (due to the increase in imports), but also income taxes. On the revenue side, mention should also be made to exceptional budget support inflows, as a result of the closure of the second Millennium Challenge Account Compact and the increased EU funds (the emergency programme for Santo Antão and the emergency programme for mitigation of drought and the bad agricultural year), as a supplement to budget support from Luxembourg and Portugal.

With the increase in government revenue, it was possible to accommodate higher expenditure, particularly investment expenditure, which included the transfer of assets from the institute for housing development (which is part of the social housing programme, called *Casa para todos*).

The **fiscal deficit rose slightly** (by 0.1 p.p., to 3.2% of GDP), with the general government's financing needs being covered by domestic and external debt. However, public debt followed a downward path in 2017, and its share in GDP dropped to 124% at the end of 2017: 91% in the external component (which decreased due to the impact of the depreciation of the US dollar)



and 33% in the domestic component (which rose, but did not exceed the limits imposed by the State Budget).

Forecasts **for 2018** indicate a further acceleration in economic growth (to 4.3%), with no changes to the trends from the previous year and benefiting from the lagged impact of a more accommodative monetary policy in 2017.

Higher economic activity should put additional pressure on imports and, consequently, on the current account, whose deficit is expected to increase to 9.4% of GDP. However, foreign direct investment and disbursements of external loans to the government should cover the current account and allow for a build-up of foreign exchange reserves (which should cover 5.6 months of scheduled goods and services imports).

The fiscal deficit is expected to remain unchanged from the previous year (3.2% of GDP). Increased tax revenues (including the recovery of arrears) should absorb the fall in grants and rising current expenditure.

The amounts known for 2018 present a slightly different scenario. The current account improved in the course of the first quarter, in the wake of a rise in exports of goods and services and a modest decrease in imports. The slow pace of public investment programme implementation contributed to the positive fiscal balance seen up to March. The lower general government's financing needs have spilled over into a decline in net credit to the central government, which, in turn, contributed to a decrease in broad money up to May. Credit to the economy remained unchanged and Banco de Cabo Verde's foreign exchange reserves have offset the reduction in net foreign assets held by commercial banks.

In 2018 a new Foreign Exchange Act was approved, which liberalises external capital transactions. This turns a de facto practice into a de jure standard.

One of the main external **risks** to Cabo Verde's economy should be the possible increase in global protectionism, which would impact primarily on import prices.

At domestic level, it is worth noting the possibility that the increase in tax revenues may not materialise (most notably, the expected recovery of arrears), the slower pace of implementation of the restructuring plan of the state-owned enterprise sector, a deceleration in the collection of emigrants' deposits (which is key to bank funding) and the maintenance of the current non-performing loan levels.

**Table II.2.1 • Main economic indicators**

	2015	2016	2017	2018
			Est.	Prog .
Real GDP (annual % change)	1.0	3.8	3.9	4.3
Inflation (year-on-year % change)	-0.5	-0.3	0.3	1.0
Broad money (annual % change)	5.9	8.4	6.6	5.3
Current account (% of GDP)	-4.6	-2.7	-6.8	-9.4
Official reserves (months of imports)	6.4	7.1	5.9	5.6
Fiscal balance (% of GDP)	-4.6	-3.1	-3.2	-3.2
Public debt, excluding TCMF <sup>(a)</sup> (% of GDP)	126.0	129.3	124.0	-

Sources: IMF, Banco de Cabo Verde, Ministry of Finance (Cabo Verde) and Cabo Verde National Institute of Statistics.

Note: (a) *Títulos Consolidados de Mobilização Financeira* (consolidated financial mobilisation securities), covered by the resources of an offshore Trust Fund.

### Box 1 • 20 years of the Exchange Rate Cooperation Agreement between Portugal and Cabo Verde

This year marks the 20<sup>th</sup> anniversary of the Exchange Rate Cooperation Agreement (ERCA) between Portugal and Cabo Verde, which was signed on 13 March 1998.

The Agreement was part of a strategy for the liberalisation, opening-up and modernisation of Cabo Verde's economy, including a domestic debt conversion programme, a comprehensive set of privatisations and the progressive liberalisation of current account transactions. At that time, Cabo Verde's authorities agreed a Stand-By Arrangement with the International Monetary Fund (IMF), to further support that strategy.

With the adoption of a fixed exchange rate peg to the euro (initially, to the Portuguese escudo), the ERCA took on the role as promoter of stabilisation, by eliminating exchange rate risk against major markets and aiming for the reduction in inflation and the promotion of greater openness to other countries, particularly Portugal and the European Union, in terms of both trade and investment.

Equally important was the commitment undertaken by Cabo Verde's authorities to adopt macroeconomic policies consistent with the regime, not only in the monetary and financial area, but also on budgetary matters, given their possible impact on external imbalances and consequent pressures on foreign exchange reserves.

With this commitment in mind, and in full acknowledgment of the regime's advantages for Cabo Verde, Portugal provided a short-term credit facility at concessional terms, for the reinforcement of its foreign exchange reserves, when necessary (in operational terms, a threshold for official reserves, corresponding to less than 3 months of scheduled imports of goods and services).

Shared responsibilities were implemented, on the basis of monitoring and technical support structures (a Committee for ERCA and a Unit for Macroeconomic Surveillance) composed of members of both countries, featuring key channels for national decision-makers and providing expert economic and financial assessment skills.

ERCA has been widely acknowledged as very positive, not only by authorities in both countries but also by international bodies, such as the IMF and the World Bank. Cabo Verde has grown and modernised, without recourse to a realignment of the currency peg over the past two decades, which clearly illustrates the regime's adequacy.

The credit facility was used every year up to 2004. Since then, Cabo Verde's authorities have not drawn on the facility, given that reserves have not fallen below the established threshold.

Important progress has also been made toward ERCA's main goals:

To promote economic and financial stability, by:

- bringing inflation down to contained, but fluctuating, levels and progressively more in line with euro area levels;
- reducing budgetary imbalances, a process which was interrupted in the years following the world financial crisis due to the government's decision to strengthen economic growth, but has since been resumed;
- progressively building up foreign exchange reserves, accompanied by changes to the economy's external financing model, with an increasingly greater focus on exports of goods and services and foreign direct investment, rather than transfers.

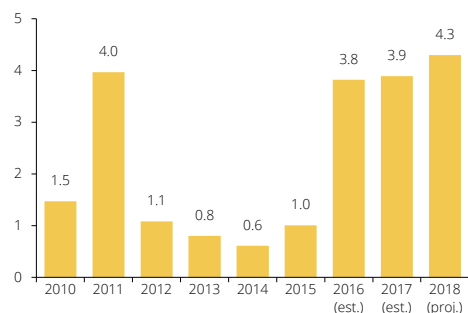
To promote greater openness to other countries:

- exports and imports of goods and services, as a whole, have moved along a clearly upward path since 1998, to nearly 120% of GDP over the past few years;
- increasing and consolidating the weight of European countries in Cabo Verde's exports and imports, as a whole, to approximately 80% of the total;
- marked FDI growth, particularly in the period leading up to the international financial crisis.

These positive developments were also accompanied by the progressive liberalisation of capital movements, which was enshrined in the Foreign Exchange Act approved in 2018. While transposing into law a de facto practice in Cabo Verde, the new Foreign Exchange Act established a framework that requires that Cabo Verde's authorities monitor a wider set of indicators.

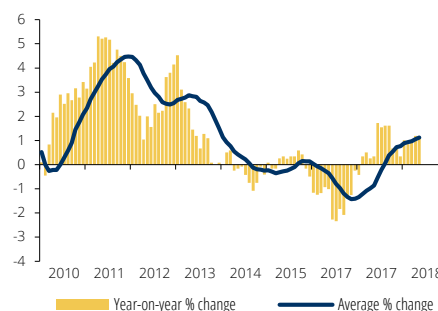
The major challenge for the future is to keep macroeconomic policies in line with the currency peg in this new context, with the regulation and supervision of the financial system taking on added importance.

**Chart II.2.1 • Real GDP | Annual % change**



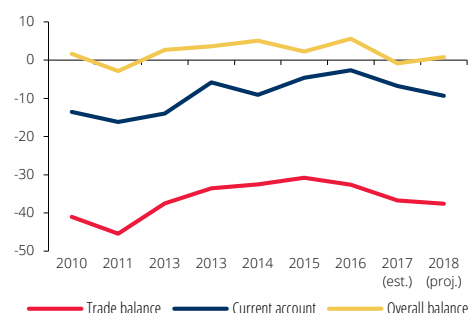
As of 2016 Cabo Verde's economic activity has proceeded at a pace of growth of approximately 4%, mostly due to private consumption but also investment, while tourism revenue continued to perform well.

**Chart II.2.2 • Inflation | Annual % change in the CPI**



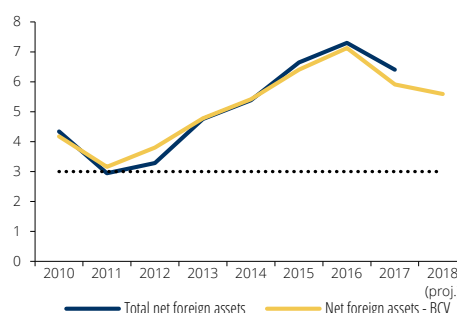
In 2017 inflation returned to positive territory, although remaining at very low levels. This increase mainly reflects the import component, particularly oil products, with an impact on administered prices of fuel, electricity, water and urban public transport.

**Chart II.2.3 • External accounts | % of GDP**



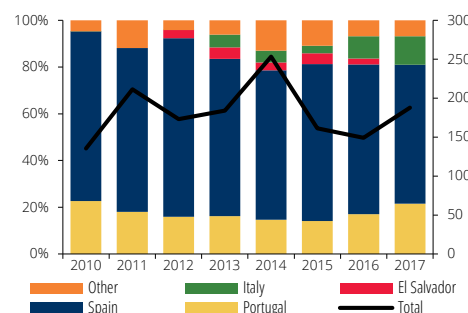
Import growth stemming from increased activity led to an increase in the current account deficit in 2017, despite the extraordinary volume of official transfers and a further acceleration in tourism revenue.

**Chart II.2.4 • Foreign exchange reserves  
Months of goods and services imports**



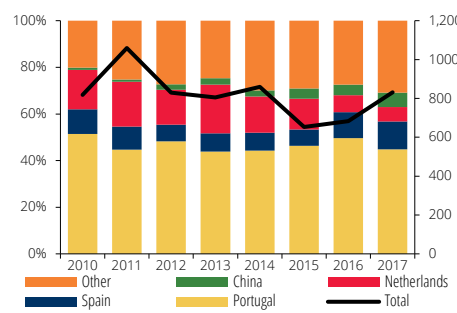
The higher current account deficit and the decline in the financial account surplus (lower FDI and higher investments abroad by banks and the corporate sector) were reflected in a decrease in foreign exchange reserves, thus reversing the upward trend that started in 2011.

**Chart II.2.5 • Goods exports | Destinations as a %, total in USD millions**



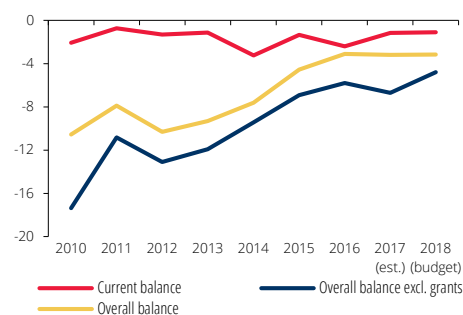
Spain and Portugal continue to be the main markets for Cabo Verde's exports, accounting for around 80% of the total. Despite a reduction in 2017, Spain stands out, particularly as regards sea products, and Portugal continues to follow a recovery path that started in 2016.

**Chart II.2.6 • Goods imports | Origins as a %, total in USD millions**



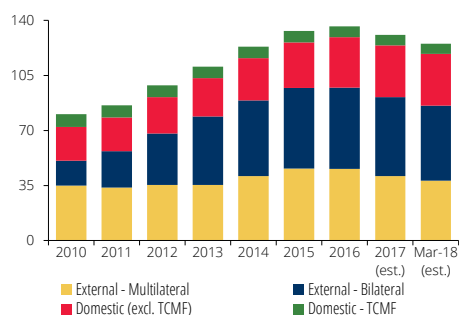
Portuguese products have accounted for approximately half of Cabo Verde's imports since 1998. As has been the case since 2002, the Netherlands and Spain remain the second largest markets for import products, while China has grown considerably over the past few years.

Chart II.2.7 • Public accounts | % of GDP



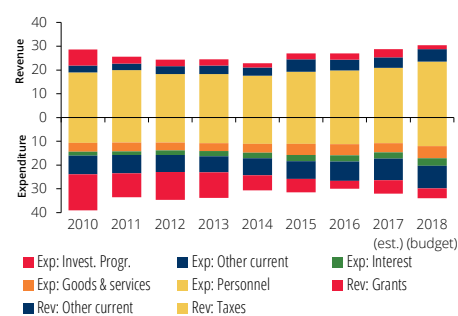
In 2017 the fiscal deficit remained slightly above 3% of GDP, where it stabilised following the expanded public investment programme launched as a response to the international crisis.

Chart II.2.8 • Public debt | % of GDP



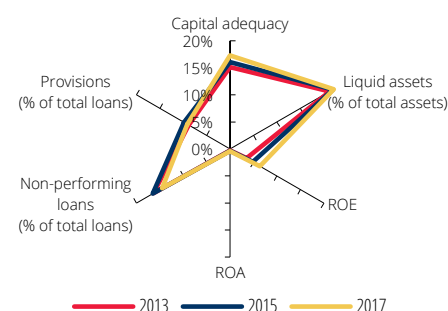
In 2017 public debt decreased, both in nominal terms and as a share of GDP. The external component dropped to 91% of GDP (mostly due to the impact of the depreciation in the US dollar) while domestic debt increased to 33% (although not exceeding the Budget limits).

Chart II.2.9 • Public revenue and expenditure | % of GDP



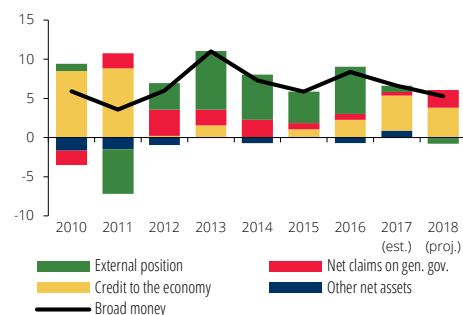
Increased economic activity has boosted tax collection, together with an extraordinary rise in grants in 2017. The pressure from current expenditure combined with higher investment expenditure, thus driving total expenditure up to 32% of GDP.

Chart II.2.10 • Financial stability indicators



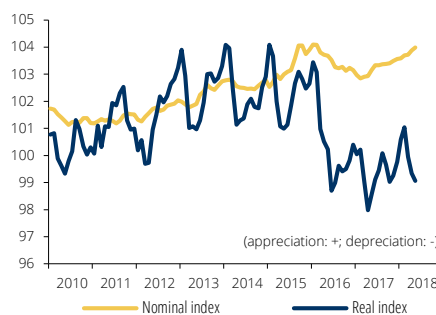
Credit growth (particularly to the private sector) in 2017 contributed to positive developments in financial stability indicators for Cabo Verde's banking system. Solvency, profitability and credit quality improved, although non-performing loan levels remained high.

Chart II.2.11 • Liquidity expansion/contraction factors | Changes in % of initial stock of broad money



Despite an increase in credit to the economy, monetary expansion decelerated in 2017, due to the decrease in the system's net external position (stemming from the reduction in Banco de Cabo Verde's net foreign assets).

Chart II.2.12 • Effective exchange rate Indices 100 = 2000, monthly averages



In nominal effective terms, Cabo Verde's escudo appreciated in the course of 2017, as a result of a depreciation in the Brazilian real against the euro. After a depreciation in the first months of the year, the escudo appreciated in real terms as of May, following the reduction in inflation differentials against its main trading partners.

Table II.2.2 • Economic indicators

			2013	2014	2015	2016	2017		2018	
						Est.	Proj.	Est.	Proj.	Est.
<b>Output and prices</b>										
GDP m.p.	EUR millions		1,394	1,401	1,439	1,482	1,554	1,557	1,630	–
	Real % change		0.8	0.6	1.0	3.8	3.9	3.9	4.3	–
Inflation (CPI)	Y-o-y % change		0.1	-0.4	-0.5	-0.3	1.1	0.3	1.0	1.1 May
	Avg % change		1.5	-0.2	0.1	-1.4	1.0	0.8	1.0	1.1 May
<b>Public finances</b>										
Total revenue	% of GDP		24.5	22.9	26.9	27.0	29.5	28.8	30.4	–
Grants	% of GDP		2.6	1.8	2.4	2.7	3.1	3.5	1.6	20.2 Jun.
Total expenditure	% of GDP		33.8	30.6	31.5	30.0	33.0	32.0	33.9	24.7 Jun.
Overall balance (commitment basis)	% of GDP		-9.3	-7.6	-4.6	-3.1	-3.4	-3.2	-3.2	–
Excluding grants	% of GDP		-11.9	-9.4	-6.9	-5.8	-6.4	-1.2	-4.8	–
Domestic debt	% of GDP		31.6	34.3	36.2	39.1	–	39.6	–	39.3 mar.
of which: TCMF <sup>(a)</sup>	% of GDP		7.4	7.4	7.2	7.0	–	6.6	–	6.3 mar.
<b>Money and credit</b>										
Claims on general government (net)	Annual % change		10.7	12.1	4.0	4.0	13.2	2.4	12.9	-3.9 May <sup>(b)</sup>
Credit to the economy	Annual % change		2.0	-0.1	1.6	3.6	3.2	7.5	6.3	-0.2 May <sup>(b)</sup>
Broad money (M3)	Annual % change		11.0	7.3	5.9	8.4	5.5	6.6	5.3	-0.9 May <sup>(b)</sup>
<b>Interest rates<sup>(b)</sup></b>										
One-year deposits (average of OMLs)	Annual rate		4.3	4.4	4.1	3.8	–	2.9	–	2.6 May
Rediscount	Annual rate		9.8	7.8	7.5	7.5	–	5.5	–	5.5 May
Liquidity provision	Annual rate		8.8	6.8	6.5	6.5	–	4.5	–	4.5 June
Treasury bills (91 days)	Annual rate		2.7	1.5	1.3	0.7	–	0.7	–	1.0 Mar.
<b>Financial stability</b>										
Capital adequacy <sup>(c)</sup>	Percentage		15.1	15.6	16.1	15.5	–	17.3	–	18.4 Mar.
Non-performing loans/total loans	Percentage		16.4	18.7	16.5	15.5	–	14.5	–	16.0 Mar.
Return on equity (ROE)	Percentage		3.5	3.1	4.8	4.2	–	6.4	–	–
<b>Balance of payments</b>										
Exports (current USD)	Annual % change		6.4	37.7	-36.4	-7.5	6.9	26.0	23.9	–
Imports (current USD)	Annual % change		-3.1	6.7	-23.9	4.6	7.0	21.8	31.8	–
Current account	% of GDP		-5.8	-9.1	-4.6	-2.7	-6.7	-6.8	-9.4	–
Excluding official transfers	% of GDP		-9.0	-12.1	-8.0	-5.4	-6.7	-10.6	-12.2	–
Current and capital account	% of GDP		-5.4	-8.7	-3.4	-1.9	-6.0	-5.9	-8.8	–
Official reserves	Months of impor. <sup>(e)</sup>		4.8	5.4	6.4	7.1	7.0	5.9	5.6	5.7 May
<b>External debt</b>										
Total	EUR millions		1,101.0	1,246.6	1,396.8	1,438.9	–	1,418.2	–	1,398.5 Mar.
	% of GDP		79.0	89.0	97.0	97.1	–	91.1	–	85.8 Mar.
	% of exports <sup>(e)</sup>		173.8	185.0	230.0	216.0	–	190.1	–	177.8 Mar.
Debt service	% of exports <sup>(e)</sup>		4.7	4.8	6.3	5.7	–	2.5	–	6.6 Mar.
<b>EXCHANGE RATES (averages)</b>										
EUR/CVE (official market)	Average rate		110.3	110.3	110.3	110.3	110.3	110.3	110.3	110.3 June
USD/CVE (official market)	Average rate		83.1	83.1	99.4	99.7	103.8	97.9	78.3	98.3 June
Nominal EERI (index: 100 = 2000) <sup>(d)</sup>	Annual % change		0.7	0.0	1.1	-0.7	–	-0.3	–	0.4 May <sup>(f)</sup>
Real EERI (index: 100 = 2000) <sup>(d)</sup>	Annual % change		0.1	-0.4	-0.3	-2.2	–	-2.8	–	-0.7 May <sup>(f)</sup>

Sources: Banco de Cabo Verde, Ministry of Finance (Cabo Verde), International Monetary Fund 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 2010-14 period (appreciation: +; depreciation: -); (e) imports and exports of goods and services; (f) change from the previous December.

**Table II.2.3 • Gross domestic product | Current prices, CVE millions**

	2011	2012	2013	2014	2015	2016 Est.	2017 Est.	2018 Proj.
<b>Primary sector</b>	12,214	13,249	13,322	13,089	14,432	14,370	11,527	–
Agriculture, livestock and forestry	10,597	11,660	11,393	10,946	12,005	12,662	9,809	–
Fishing and aquaculture	1,005	1,040	1,334	1,433	1,872	1,162	1,190	–
Mining and quarrying	612	549	595	710	556	545	528	–
<b>Secondary sector</b>	25,666	25,017	26,330	28,212	28,192	27,927	31,316	–
Manufacturing	8,054	8,547	8,916	9,862	10,389	11,514	13,320	–
Electricity, gas and water	2,157	3,268	3,999	4,071	5,234	4,648	5,853	–
Construction	15,455	13,203	13,415	14,278	12,569	11,765	12,142	–
<b>Tertiary sector</b>	89,645	93,464	95,045	94,563	96,043	99,731	105,185	–
Whole. and retail trade; repair of motor vehicles	19,003	18,785	17,278	17,720	16,179	16,020	17,109	–
Accommodation and food service activities	14,038	13,300	14,664	13,105	14,999	15,129	16,112	–
Transportation and storage	5,896	8,651	9,065	8,221	7,260	7,886	9,265	–
Telecommunications and mail	6,245	6,330	6,130	6,122	6,013	5,554	5,126	–
Financial services	5,077	5,237	5,377	5,986	6,138	6,758	7,236	–
Real estate and other services	14,696	15,885	15,897	15,948	16,210	16,654	17,069	–
Corporate services	3,176	3,393	3,489	2,951	4,057	4,354	4,348	–
Public administration	21,514	21,882	23,144	24,510	25,188	27,375	28,919	–
<b>GROSS VALUE ADDED</b>	127,525	131,730	134,697	135,865	138,667	142,028	148,028	–
Taxes and subsidies on products	20,399	18,621	19,026	18,571	20,032	21,354	23,645	–
<b>GROSS DOMESTIC PRODUCT (m.p.)</b>	147,924	150,351	153,723	154,436	158,699	163,381	171,673	179,751
Consumption	120,265	123,619	127,167	128,676	133,410	138,772	150,273	–
Public	27,401	25,963	26,837	28,496	29,918	31,808	32,714	–
Private	92,864	97,656	100,330	100,180	103,491	106,964	117,559	–
Investment	70,277	55,920	48,622	57,148	47,906	58,917	64,001	–
Domestic demand	190,542	179,539	175,789	185,824	181,316	197,689	214,274	–
Exports of goods and services	52,541	60,790	62,246	62,332	71,268	62,871	67,171	–
Overall demand	243,084	240,329	238,035	248,156	252,583	260,561	281,446	–
Imports of goods and services	95,159	89,978	84,312	93,720	93,884	97,179	109,772	–
<b>Memo items:</b>								
Gross domestic savings	27,659	26,732	26,556	25,760	25,289	24,609	21,400	–
Nominal GDPmp (EUR millions)	1,342	1,364	1,394	1,401	1,439	1,482	1,557	1,630
Nominal GDPmp (USD millions)	1,866	1,752	1,850	1,859	1,597	1,639	1,754	2,296
GDP deflator (annual % change)	2.7	0.6	1.4	-0.1	1.7	-0.8	1.1	0.4
Nominal GDP (annual % change)	6.8	1.6	2.2	0.5	2.8	3.0	5.1	4.7
Real GDP (annual % change)	4.0	1.1	0.8	0.6	1.0	3.8	3.9	4.3

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

Table II.2.4 • Consumer price index | Percentages

		Monthly change	Y-o-y change	Average change
		[1]	[2]	[3]
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
2015	December	–	-0.5	0.1
2016	December	–	-0.3	-1.4
2017	December	–	0.3	0.8
2016	January	-0.5	-1.2	0.0
	February	-0.5	-1.3	-0.1
	March	-0.3	-1.2	-0.1
	April	0.0	-0.9	-0.2
	May	0.1	-1.0	-0.4
	June	-1.3	-2.3	-0.6
	July	0.2	-2.3	-0.8
	August	0.6	-1.8	-1.0
	September	0.1	-2.1	-1.2
	October	0.7	-1.3	-1.3
	November	-0.1	-1.3	-1.4
	December	0.8	-0.3	-1.4
	December (proj.)	–	-1.8	-1.6
2017	January	-0.7	-0.4	-1.3
	February	0.3	0.3	-1.2
	March	-0.2	0.5	-1.1
	April	-0.3	0.3	-1.0
	May	0.2	0.3	-0.9
	June	0.1	1.7	-0.5
	July	0.0	1.5	-0.2
	August	0.7	1.6	0.1
	September	0.1	1.6	0.4
	October	-0.3	0.7	0.6
	November	0.0	0.8	0.7
	December	0.4	0.3	0.8
	December (proj.)	–	1.1	1.0
2018	January	0.0	1.0	0.9
	February	0.1	0.8	0.9
	March	0.0	1.0	1.0
	April	-0.1	1.2	1.1
	May	0.1	1.1	1.1
	December (proj.)	–	1.0	1.0

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] past 12 months / 12 previous months.



**Table II.2.5 • Balance of payments | CVE millions**

	2014	2015	2016		2017		2018	
			Est.	Proj.	Q I	Est.	Proj.	Q I
<b>1. Current account</b>	-14,025	-7,292	-4,343	-11,495	-8	-11,692	-16,861	1,800
Trade	-50,277	-48,871	-53,236	-59,345	-14,804	-63,041	-67,590	-12,715
Exports (f.o.b.) <sup>(a)</sup>	21,044	16,024	14,868	16,548	4,424	18,401	18,227	6,143
Imports (f.o.b.)	-71,322	-64,894	-68,105	-75,893	-19,228	-81,442	-85,817	-18,858
Services (net)	21,904	22,086	26,164	26,405	9,522	29,343	28,958	9,051
Exports	53,241	50,940	58,570	60,083	17,647	63,862	68,511	16,781
of which: Transport	9,526	9,478	9,533	-	2,831	9,222	-	2,513
Tourism	32,121	33,182	35,028	36,759	10,992	40,659	47,576	11,319
Imports	-31,337	-28,855	-32,407	-33,678	-8125	-34,519	-39,553	-7,730
of which: Transport	-7,842	-7,602	-8,423	-	-2,324	-9,589	-	-2,169
Tourism	-2,692	-2,325	-3,979	-	-887	-4,098	-	-990
Income (net)	-7,692	-5,751	-6,259	-5,965	-1,588	-6,495	-5,745	-651
Exports	1,165	1,254	2,301	-	574	2,666	-	650
of which: Income f/ the TFP <sup>(b)</sup> (prev. year)	373	414	267	-	0	35	-	0
Imports	-8,857	-7,006	-8,560	-	-2,163	-9,161	-	-1,300
of which: Interest on sched. public debt.	-1,518	-1,734	-1,542	-2,031	-495	-1,756	-1,841	-293
Current transfers	22,039	25,244	28,988	27,410	6,862	28,500	27,516	6,115
Official transfers	4,664	5,395	4,527	-	1,873	6,529	5,129	1,027
Private transfers	17,375	19,850	24,461	-	4,989	21,971	22,387	5,088
of which: Emigrant remittances	16,158	19,679	19,750	-	4,324	18,651	-	4,338
<b>2. Capital and financial account</b>	19,390	13,251	14,290	10,149	-406	8,548	18,311	3,911
Capital account	659	1,884	1,255	1,200	424	1,576	1,112	138
Capital transfers	659	1,884	1,255	1,200	424	1,576	1,112	138
Financial account	18,731	11,367	13,035	8,949	-830	6,971	17,198	3,773
Direct investment	10,557	9359	11,251	10,506	1,923	9,282	12,909	1,636
Portfolio investment	-2,001	-2,089	-4,222	-416	-1,023	-4,040	-4,051	-1,006
Other transactions	10,175	4,098	6,006	-1,141	-1,730	1,730	8,340	3,143
of which: Disburs. of loans to gen. gov.	-18,911	13,074	6,254	-	714	9,420	-	210
Scheduled amortisation	-2,036	-2,484	-2,614	-	-1,071	-3,212	-	-777
<b>3. Errors and omissions</b>	2,481	-2,436	-803	4,581	-930	1,663	0	-1,533
<b>4. Overall balance: (1.)+(2.)+(3.)</b>	7,845	3,524	9,144	3,235	-1,344	-1,482	1,450	4,178
<b>5. Financing</b>	-7,845	-3,524	-9,144	-3,235	1,344	1,482	-1,450	-4,178
Change in official reserves (increase: -)	-7,845	-3,524	-9,144	-3,235	1,344	1,482	-1,450	-4,178
Exceptional financing	0	0	0	-	0	0	-	0
of which: Drawings from ACC Facility <sup>(c)</sup>	0	0	0	-	0	0	-	0
Reimb. of ACC Facility <sup>(c)</sup>	0	0	0	-	0	0	-	0
Change in arrears (increase: +)	0	0	0	-	0	0	-	0
<b>6. Financing gap<sup>(d)</sup>: (4)+(5)</b>	0	0	0	0	0	0	0	0
<b>Memo items:</b>								
Current account (% of GDP)	-9.1	-4.6	-2.7	-6.7	-	-6.8	-9.4	-
Current and capital account (% of GDP)	-8.7	-3.4	-1.9	-6.0	-	-5.9	-8.8	-
Official reserves (in months of imports) <sup>(e)</sup>	5.4	6.4	7.1	7.0	6.3	5.9	5.6	5.8

Fontes: Banco de Cabo Verde, International Monetary Fund 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 between Portugal and Cabo Verde; (d) net borrowing (-)/net lending (+); (e) net foreign assets of Banco de Cabo Verde and imports of goods and services in the year.

**Table II.2.6 • Goods exports | Destinations as a percentage of total exports**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009 to 2017
El Salvador	0.0	0.0	3.5	4.9	3.4	4.5	2.5	0.0	0.0	2.4
Italy	0.0	0.0	0.0	0.1	5.5	5.1	3.3	9.5	12.2	4.2
Netherlands	0.5	0.3	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.3
Portugal	33.6	22.7	18.0	16.0	16.2	14.7	14.1	17.0	21.5	18.3
Spain	61.9	72.6	70.1	76.3	67.4	63.9	67.2	64.2	59.4	67.0
USA	0.9	1.6	0.5	1.3	1.1	1.1	1.8	1.3	2.9	1.4
Other	3.0	2.8	7.7	1.4	6.4	10.5	10.7	7.7	3.7	6.4

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

**Table II.2.7 • Goods imports | Destinations as a percentage of total exports**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009 to 2017
Brazil	4.5	3.7	2.7	4.0	3.6	3.3	3.8	3.5	3.1	3.5
China	1.1	1.0	1.0	2.3	2.8	2.7	4.4	4.6	6.1	2.8
Italy	3.1	1.7	4.5	1.6	1.5	1.3	1.7	1.6	5.7	2.6
Netherlands	16.7	16.8	19.2	15.0	20.9	15.6	13.1	7.3	6.2	14.8
Portugal	48.3	51.4	44.7	48.2	43.8	44.3	46.3	49.6	44.8	46.7
Spain	9.8	10.6	9.9	7.2	7.9	7.6	7.1	11.1	12.0	9.3
Other	16.4	14.7	18.0	21.7	19.6	25.3	23.7	22.4	22.0	20.3

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

**Table II.2.8 • Public debt | CVE millions**

	2011	2012	2013	2014	2015	2016 Est.	2017 Est.	Mar. 18 Est.
Total external debt	84,101	102,412	121,401	137,453	154,015	158,663	156,376	154,205
Multilateral creditors	49,737	53,053	54,154	63,362	72,667	74,382	70,375	68,417
Bilateral creditors	34,363	49,359	67,247	74,092	81,348	84,281	86,000	85,788
Government	18,197	22,017	25,288	26,108	30,428	31,639	32,028	31,839
Other	16,166	27,343	41,959	47,983	50,920	52,643	53,973	53,948
Total domestic debt	43,106	45,934	48,556	52,977	57,387	63,960	67,952	70,591
of which: Treasury bills	1,550	680	682	193	0	0	1,489	2,855
Treasury bonds	28,609	32,254	34,870	39,619	44,197	50,625	53,012	54,284
Banking system	17,236	17,429	20,939	25,961	27,067	31,404	35,105	36,604
Non-banking system	14,482	17,117	16,228	15,628	18,931	21,168	21,459	22,599
TCMF <sup>(a)</sup>	11,389	11,389	11,389	11,389	11,389	11,389	11,389	11,389
(% of GDP)								
Total external debt	56.9	68.1	79.0	89.0	97.0	97.1	91.1	85.8
Total domestic debt (excluding TCMF)	21.4	23.0	24.2	26.9	29.0	32.2	32.9	32.9
TCMF	7.7	7.6	7.4	7.4	7.2	7.0	6.6	6.3
Total domestic debt (including TCMF)	29.1	30.6	31.6	34.3	36.2	39.1	39.6	39.3
(% of exports of goods and services)								
Total external debt	134.5	153.9	173.8	185.0	230.0	216.0	190.1	177.8
Medium and long-term debt service	4.2	4.3	4.7	4.8	6.3	5.7	2.5	6.6

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

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

**Table II.2.9 • Government operations | CVE millions**

	2014	2015	2016	2017				2018		
				Budg.	Q I	Est.	I.e. <sup>(a)</sup>	Budg.	Q I	I.e. <sup>(a)</sup>
<b>1. Total revenue</b>	35,327	42,677	44,107	50,538	11,711	49,388	97.7	54,561	11,426	20.9
1.1. Current revenue	32,540	38,916	39,694	45,304	10,081	43,354	95.7	51,636	10,666	20.7
Taxes	27,060	30,516	32,275	37,407	8,505	35,909	96.0	42,328	9,076	21.4
Income taxes	7,747	9,669	10,050	11,590	2,396	11,297	97.5	13,196	2,618	19.8
Taxes on goods and services	12,870	14,047	14,940	17,475	4,302	16,845	96.4	20,211	4,577	22.6
of wich: VAT	10,170	11,293	11,986	13,784	3,479	13,365	97.0	16,258	3,680	22.6
Taxes on international trans.	5,754	6,082	6,813	7,637	1,671	7,224	94.6	8,269	1,686	20.4
Other taxes	688	719	472	705	136	544	77.1	651	196	30.0
Social contributions	56	46	56	59	15	60	102	66	17	26.2
Transfers (Public Administration)	0	197	94	273	1	118	43.3	490	0	0.0
Other revenue	5,424	8,157	7,270	7,564	1,560	7,267	96.1	8,753	1,573	18.0
1.2. Grants	2,787	3,761	4,413	5,234	1,630	6,034	115.3	2,925	760	26.0
<b>2. Total expenditure</b>	47,240	50,024	49,026	56,535	10,974	54,859	97.0	60,925	11,130	18.3
2.1. Current expenditure <sup>(b)</sup>	37,549	41,068	43,613	48,931	10,385	45,349	92.7	53,614	10,787	20.1
of which: From invest. projects	5,498	6,735	7,213	8,314	822	6,510	78.3	9,316	1,068	11.5
Compensation of employees	17,175	17,530	18,411	20,817	4,478	18,623	89.5	21,672	4,890	22.6
Goods and services	5,747	7,433	7,563	9,124	889	6,563	71.9	9,217	1,163	12.6
Interest and other charges	3,444	4,134	4,223	4,709	1,108	4,532	96.2	5,496	902	16.4
of which: Domestic debt	1,910	2,374	2,455	2,590	593	2,684	103.6	3,268	609	18.6
External debt	1,518	1,724	1,748	2,005	495	1,791	89.3	2,126	293	13.8
Subsidies	107	161	167	233	35	110	47.5	253	27	10.9
Transfers	4,389	4,755	4,895	5,973	1,022	5,879	98.4	6,933	1,255	18.1
Social benefits	4,348	4,735	5,165	5,458	1,298	5,541	101.5	5,700	1,481	26.0
Other expenditure	2,339	2,320	3,189	2,617	493	2,691	102.8	4,343	703	16.2
of wich: Scholarships	598	579	592	639	121	639	100.1	632	133	21.0
2.2. Investment programme	9,691	8,956	5,413	7,605	589	9,510	125.1	7,311	343	4.7
<b>3. Non-financial assets: (3.1-3.2)</b>	-150	-118	159	-205	-159	-9	4.5	-667	12	-1.7
3.1. Purchase of non-financial assets	160	166	197	278	4	159	57.2	329	26	7.7
3.2. Sale of non-financial assets	310	284	38	483	163	168	34.8	997	14	1.4
<b>4. Current balance: (1.1.-2.1.)</b>	-5,009	-2,152	-3,919	-3,627	-304	-1,995	-	-1,978	-122	-
<b>5. Overall balance excl. grants: (1.-2.-3.-1.2.)</b>	-14,550	-10,991	-9,491	-11,027	-733	-11,496	-	-8,622	-476	-
<b>6. Overall balance (commitment basis): (1-2-3)</b>	-11,763	-7,229	-5,077	-5,793	897	-5,462	-	-5,697	284	-
<b>7. Financing</b>	11,763	7,229	5,077	5,793	495	6,092	-	5,697	-985	-
7.1. Financial assets	-5,036	-5,092	-6,715	-6,683	-339	-1,154	-	-10,175	-108	-
Loan repay. to state ow. enterp.	129	273	313	303	8	4,565	-	224	6	-
Loans to state owned enterprises	-5,037	-3,929	-5,575	-5,960	-382	-5,277	-	-7,462	0	-
Shares and other equity	-101	-1,457	-1,481	-1,108	0	-442	-	-4,015	-114	-
Other financial assets	-28	21	28	82	36	0	-	1,078	0	-
7.2. Financial liabilities	16,799	12,321	11,793	12,475	833	7,246	-	15,872	-878	-
External (net)	15,605	10,579	4,454	8,198	-618	6,208	-	11,795	-560	-
Disbursements	17,641	13,011	7,068	11,882	453	9,420	-	15,642	217	-
Amortisation	-2,036	-2,432	-2,614	-3,684	-1,071	-3,212	-	-3,847	-777	-
Domestic (net)	1,194	1,742	7,338	4,277	1,451	1,038	-	4,076	-317	-
Banking system	4,062	147	4,386	4,061	1,323	747	-	4,052	-1,457	-
Other	-2,868	1,595	2,952	216	128	291	-	24	1,140	-
<b>8. Financing gap/discrepancy<sup>(c)</sup>: (6+7)</b>	0	0	0	0	1,391	630	-	0	-702	-

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

Notes: (a) Level of budget execution (%); (b) Includes values to settle in 2017 and 2018; (c) Net borrowing (+)/net lending (-).

**Table II.2.10 • Monetary survey | CVE millions**

	2013	2014	2015	2016		2016 / 2015		2017		2017 / 2016		2018		2018p / 2017		2018
				Est.		[1]	[2]	Proj.	Est.	[1]	[2]	Proj.	[1]	[2]		
External position	36,168	44,061	49,950	59,264		18.6	6.0	61,110	60,600	2.3	0.8	59,333	-2.1	-0.7		59,952
Foreign assets (net)	38,101	46,038	51,915	60,936		17.4	5.8	-	62,325	2.3	0.8	-	-	-		61,391
Banco de Cabo Verde	38,360	46,461	50,079	59,773		19.4	6.3	-	57,184	-4.3	-1.5	-	-	-		59,916
Net foreign assets	38,280	46,371	49,998	59,692		19.4	6.3	63,476	57,103	-4.3	-1.5	58,429	2.3	0.7		59,802
Other assets (net)	80	91	81	81		0.0	0.0	-	81	0.0	0.0	-	-	-		114
Commercial banks	-259	-423	1,836	1,163		-36.7	-0.4	-	5,141	342.1	2.4	-	-	-		1,475
Medium and long-term liabilities	-1,933	-1,977	-1,966	-1,672		-14.9	0.2	-	-1,724	3.1	0.0	-	-	-		-1,439
Domestic assets (net)	99,912	101,944	104,637	108,245		3.4	2.3	115,621	117,968	9.0	5.8	128,692	9.1	6.0		117,097
Total domestic credit	120,795	123,782	126,413	131,083		3.7	3.0	138,357	139,328	6.3	4.9	150,178	7.8	6.1		137,858
Net claims on gen. gov.	25,285	28,357	29,494	30,685		4.0	0.8	34,746	31,431	2.4	0.4	35,483	12.9	2.3		30,217
of wich: on central gov.	14,362	17,436	17,387	21,598		24.2	2.7	-	23,542	9.0	1.2	-	-	-		22,610
on the Trust Fund <sup>(a)</sup>	11,192	11,192	11,192	11,192		0.0	0.0	-	11,192	0.0	0.0	-	-	-		11,192
Credit to the economy	95,510	95,425	96,919	100,398		3.6	2.3	103,611	107,897	7.5	4.5	114,694	6.3	3.8		107,641
State-owned enterprises	865	840	3,153	3,344		6.1	0.1	-	4,287	28.2	0.6	-	-	-		5,212
Private sector	94,645	94,585	93,766	97,055		3.5	2.1	-	103,610	6.8	3.9	-	-	-		102,429
Credit to NMFIs	0	0	0	0		-	-	0	0	-	-	0	-	-		0
Other items (net)	-20,883	-21,838	-21,776	-22,838		-4.9	-0.7	-22,736	-21,361	6.5	0.9	-21,485	-0.6	-0.1		-20,761
Total assets	136,080	146,005	154,586	167,510		8.4	-	176,731	178,568	6.6	-	188,025	5.3	-		177,049
Broad money	136,080	146,005	154,586	167,510		8.4	8.4	176,731	178,568	6.6	6.6	188,025	5.3	5.3		177,049
Base money	38,427	45,778	46,749	56,433		20.7	6.3	-	56,631	0.4	0.1	-	-	-		56,372
Currency in circulation	8,216	8,707	8,967	9,207		2.7	0.2	-	9,298	1.0	0.1	-	-	-		8,598
Demand deposits in national currency	39,566	45,467	47,503	54,309		14.3	4.4	-	65,601	20.8	6.7	-	-	-		66,225
Quasi-money	88,298	91,831	98,116	103,993		6.0	3.8	-	103,670	-0.3	-0.2	-	-	-		102,226
Total liabilities	136,080	146,005	154,586	167,510		8.4	-	176,731	178,568	6.6	-	188,025	5.3	-		177,049

Sources: Banco de Cabo Verde, International Monetary Fund 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] change from broad money at the end of the previous year (liquidity expansion/contraction factors).

**Table II.2.11 • Interest rates | Annual rates, per cent**

	2012	2013	2014	2015	2016	2017				2018		
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	May	Jun.
<b>Lending rates</b>												
7-30 days	11.5	12.5	11.9	10.2	10.4	11.1	10.4	7.6	9.4	10.7	10.2	-
31-90 days	11.7	11.3	10.5	11.0	9.4	8.9	10.3	10.6	8.3	7.9	9.0	-
91-180 days	10.1	11.2	11.3	10.7	9.3	9.9	9.1	9.1	9.3	9.6	8.1	-
181 days-1 year	9.3	9.0	8.5	9.5	7.9	7.7	7.4	6.9	6.9	6.7	7.3	-
1-2 years	10.0	10.4	11.5	9.6	10.3	10.5	9.9	10.0	9.4	7.8	8.9	-
2-5 years	10.2	10.5	10.9	10.5	10.4	10.4	10.3	10.1	10.0	10.0	9.9	-
5-10 years	9.5	9.5	9.9	9.6	9.2	9.4	9.3	9.4	9.4	9.4	9.4	-
Over 10 years	8.8	8.9	8.8	8.5	8.6	8.6	8.6	8.8	8.7	8.6	8.6	-
Overdraft	16.3	17.9	16.2	15.2	17.1	17.4	17.2	16.7	15.9	16.2	15.8	-
<b>Deposit rates</b>												
Residents												
7-30 days	3.3	4.4	2.6	2.1	2.1	1.4	1.3	1.3	1.3	1.3	1.3	-
31-90 days	4.1	4.3	2.9	2.8	2.5	2.5	2.2	2.8	1.9	1.9	1.7	-
91-180 days	4.1	4.2	3.5	3.5	3.2	2.6	2.5	2.4	2.4	2.6	2.8	-
181 days-1 year	3.8	4.3	4.4	4.1	3.8	3.7	3.4	3.2	2.9	2.6	2.6	-
1-2 years	4.9	4.9	4.7	4.6	4.1	4.0	3.8	3.5	3.3	3.1	3.1	-
Non-residents												
7-30 days	2.1	4.0	2.6	2.2	1.9	0.3	0.3	0.3	0.3	1.0	0.3	-
31-90 days	4.1	3.7	2.2	1.9	1.4	1.0	1.1	0.9	1.7	1.3	1.3	-
91-180 days	3.8	3.8	2.7	3.1	2.0	1.7	1.4	1.2	1.1	0.9	1.0	-
181 days-1 year	3.4	4.1	3.9	3.7	3.4	3.1	2.9	2.5	2.3	2.1	2.1	-
1-2 years	5.1	4.8	4.7	4.6	4.1	3.9	3.6	3.2	2.9	2.6	2.6	-
Emigrants												
7-30 days	1.8	4.3	2.6	2.1	2.0	1.4	1.4	1.4	1.4	1.4	1.5	-
31-90 days	5.6	4.5	3.1	3.0	2.8	2.6	2.7	2.5	2.2	2.1	2.0	-
91-180 days	4.0	4.3	4.0	3.7	3.4	3.1	2.7	2.4	2.3	2.2	2.2	-
181 days-1 year	3.7	4.2	4.2	4.1	4.0	3.9	3.7	3.4	3.3	3.0	2.9	-
1-2 years	5.5	5.4	5.0	4.7	4.2	4.0	3.9	3.5	3.3	2.9	2.9	-
<b>Reference rates</b>												
BCV instruments												
Rediscount	9.8	9.8	7.8	7.5	7.5	7.5	5.5	5.5	5.5	5.5	5.5	5.5
Liquidity provision	8.8	8.8	6.8	6.5	6.5	6.5	4.5	4.5	4.5	4.5	4.5	4.5
Liquidity absorption	3.3	1.0	0.5	0.3	0.3	0.3	0.1	0.1	0.1	0.1	0.1	0.1
TRM (14 days)	5.8	-	0.6	0.3	0.3	0.3	0.8	1.5	1.5	1.5	-	-
Treasury Bills												
91 days	-	-	-	-	-	-	-	-	-	-	-	-
182 days	-	-	-	-	-	-	-	-	-	1.0	-	-
364 days	4.5	-	-	-	-	-	-	-	-	-	-	-
<b>Memo item:</b>												
Inflation (y-o-y % change)	4.1	0.1	-0.4	-0.5	-0.3	0.5	1.7	1.6	0.3	1.0	1.1	-

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

Notes: Lending and deposit rates shown refer to the 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 II.2.12 • Financial stability indicators | Per cent**

	2013	2014	2015	2016	2017	2018 Mar.
<b>Solvency</b>						
Capital adequacy <sup>(a)</sup>	15.1	15.6	16.1	15.5	17.3	18.4
Tier1/risk-weighted assets	13.7	14.4	14.8	15.5	16.4	17.4
<b>Asset quality<sup>(b)</sup></b>						
Non-performing loans/total loans	16.4	18.7	16.5	15.5	14.5	16.0
Impairment/non-performing loans	51.6	48.8	54.4	58.3	64.1	59.2
Provisions/non-performing loans	53.9	52.4	59.5	60.5	63.0	57.9
<b>Profitability</b>						
Return on equity (ROE)	3.5	3.1	4.8	4.2	6.4	–
Return on assets (ROA)	0.3	0.2	0.4	0.3	0.4	–
Interest margin/gross income	75.3	71.8	73.1	76.7	77.0	82.9
Non-interest expenses/gross income	68.4	72.5	66.9	67.7	60.2	60.2
<b>Liquidity<sup>(c)</sup></b>						
Liquid assets/total assets	21.2	19.9	21.9	23.6	22.1	22.9
Liquid assets/short-term liabilities	27.9	24.4	26.8	28.5	26.6	27.4
<b>Other indicators</b>						
General government deposits/total deposits	11.4	13.5	12.6	14.5	15.8	16.5
Emigrant deposits/total deposits	33.4	32.9	33.3	32.1	31.5	31.6
Credit to the private sector/total deposits	67.5	61.5	59.5	55.6	55.8	54.7
Personnel costs/operating costs	55.3	54.8	56.6	58.9	58.3	59.6
Interest spread, 1 to 2 years (asset - liability)	5.5	6.8	5.0	6.2	6.1	4.7
Interest Spread, 1 To 2 Years (Emigrant Deposits - Euro Area Deposits)	3.8	4.2	4.1	4.0	3.2	2.8

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

Notes: (a) Regulatory capital/risk-weighted assets; (b) in accordance with IFRS/IAS definitions; (c) liquid assets include cash-in-vault and marketable securities, and short-term liabilities include demand deposits.

**Table II.2.13 • Exchange rates | Average rates**

		EER <sup>(a)</sup> Index: 100:2000		
		USD/CVE	Nominal	Real
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
2015		99.4	103.3	102.3
2016		99.7	103.5	100.4
2017		97.9	103.2	99.3
2016	January	101.6	104.1	103.4
	February	99.5	104.1	103.1
	March	99.5	103.8	101.0
	April	97.3	103.7	100.5
	May	97.4	103.7	100.2
	June	98.2	103.5	98.7
	July	99.6	103.3	99.0
	August	98.3	103.2	99.6
	September	98.4	103.3	99.4
	October	99.9	103.1	99.5
	November	102.1	103.2	99.8
	December	104.6	103.2	100.4
2017	January	104.0	103.0	100.0
	February	103.5	102.9	100.2
	March	103.1	102.9	99.0
	April	103.0	102.9	98.0
	May	99.9	103.2	98.6
	June	98.3	103.3	99.1
	July	95.9	103.3	99.4
	August	93.5	103.4	100.1
	September	92.5	103.4	99.7
	October	93.7	103.4	99.0
	November	94.0	103.5	99.3
	December	93.3	103.6	99.8
2018	January	90.6	103.6	100.6
	February	89.2	103.7	101.0
	March	89.4	103.7	99.9
	April	89.7	103.9	99.3
	May	93.1	104.0	99.1

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 2010-14 period (appreciation: +; depreciation: -).







## 3 Guinea-Bissau

**Area**

36,125 Km<sup>2</sup>

**Capital city**

Bissau

**Populaion**

1.9 million (2017; source: UN)

**Currency**

CFA franc (XOF)

Economic activity in Guinea-Bissau remained robust in 2017, benefiting to a large extent from a new record high in the international price of cashew nuts. Economic growth helped the public finances improve significantly. The external accounts deteriorated as a result of an increase in goods imports and a decrease in income from fishing licences. Inflation continued to slow down. The financial system still faced significant challenges. The adjustment programme signed with the IMF in 2015 has been implemented satisfactorily and has been extended for one more year.

The broad consensus achieved in April 2018 to form a government offered prospects of **normalisation in the political situation** in Guinea-Bissau. The establishment of the new government made it possible for the National People's Assembly to resume, holding its first session after two and a half years of interruption. The next general election is scheduled for November 2018.

In addition, the macroeconomic adjustment programme signed with the IMF in July 2015 under the Extended Credit Facility (ECF) has been implemented satisfactorily. In order to ensure macroeconomic stability during the electoral period, support the programme of reforms and investment in key infrastructures and address balance of payments financing needs, Guinea-Bissau's authorities asked the IMF to extend the **ECF for one more year** (until July 2019) **and to increase the respective financial support** (by an amount equivalent to one-third of the amount initially approved). The request was accepted by the IMF in June 2018.

**The strong economic performance of the past few years continued**, with GDP expanding by 5.9% in 2017. Despite the decline in agricultural production throughout the year, the sector benefited from a considerable increase in international cashew prices, which rose more than 39% from 2016, resulting in an increase in disposable income in the primary sector. This increase in income had a positive effect on the performance of the rest of the economy, particularly construction, which was the main driver of the expansion. In 2018 **Guinea-Bissau's economy is expected to continue to grow, although at a slightly more moderate pace (5.3%)**, as progress is made in the supply of electricity and business climate indicators improve.

**Inflation extended its downward trend that started in the second half of 2016**. The depreciation of the US dollar against the euro (to which the CFA franc is pegged) is expected to have helped mitigate the impact of the increase in international oil prices in 2017. Consequently, the average inflation rate declined to 0.8% at the end of 2017, compared with 1.7% in the same period a year earlier (prices decreased by 1.2% year-on-year in 2017). **The average inflation rate is expected to accelerate to 2% in 2018**, mainly reflecting oil price developments.

**The current account deteriorated compared with 2017, recording a deficit of 0.5% of GDP** (compared with a surplus of 1.3% in 2016). Despite a significant increase in the price of cashew nuts, Guinea-Bissau's main export, the drop in the production of this good resulted in a decline of 15% in the quantity exported, which limited the positive impact on the trade balance. In parallel, imports of goods increased by 21%, boosted by the purchase of construction materials, exceeding the 16% increase observed in goods exports. The drop in income from fishing licences – owing to a lack of progress in the ongoing negotiations with the European Union – was another key factor contributing to the external current deficit. In turn, the debt relief from Taiwan – to the amount of 25 billion CFA francs (3.2% of GDP) – helped the **overall balance turn positive (3% of GDP)**, strengthening foreign exchange reserves. **The outlook for 2018 points to a further deterioration in the current account to -3.2% of GDP**, reflecting a forecast of unfavourable developments in the terms of trade – as a result of the expected behaviour of cashew and oil prices – and a rise in imports due to an increase in public investment and economic growth.

**Public finances improved considerably in 2017, although still posting a deficit balance (-1.3% of GDP)**. The decline of 3.4 percentage points compared with the 2016 deficit was mostly the result of an increase in government revenue (of 28% compared with 2016), which benefited from economic growth and the measures to improve the efficiency of the tax administration implemented under the adjustment programme signed with the IMF. The increase of 55% in the support provided by development partners also made a positive contribution to developments in revenue in 2017. On the expenditure side (which rose by 6% from 2016), public investment, with

growth of 29% in 2017 – mostly funded through grants – and an increase in expenditure related to the purchase of goods and services (83% higher than in 2016) were particularly relevant. The improvement in public accounts led to a decline in public debt from 53.3% to 50.1% of GDP in 2017, according to the IMF's most recent data. **The implementation of investment projects is expected to result in a worsening of the public deficit for 2018 to 2.5% of GDP**, although this still complies with the fiscal convergence criterion set out within the West African Economic and Monetary Union (WAEMU), which establishes a limit of 3% of GDP for the fiscal deficit.

**The difficulties faced by the financial system in the past few years persist.** Given high non-performing loans (amounting to 35.3% of total credit at the end of 2017), the WAEMU's Banking Commission established a high level of provisioning for credit institutions (21.9% of total credit). This deterioration in asset quality has considerably affected banks' ability to lend, while hampering the sector's profitability. There is still legal uncertainty regarding the voiding of the two bank bailouts of 2015.

**In 2017 broad money expanded at a pace similar to that of the previous year (8.1%).** However, this expansion coexisted with a contraction in domestic credit, reflecting a decline in funding to the economy and credit to the public sector from domestic banks.

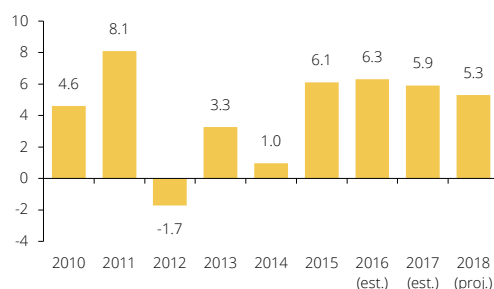
The appreciation of 6.3% in the CFA franc against the Indian rupee – the main destination for Guinea-Bissau's exports – led to an appreciation in the nominal effective exchange rate index in 2017, which resulted in a **slight loss of nominal competitiveness**. In real terms, however, there was a competitiveness gain owing to the inflation differentials between Guinea-Bissau and its main trade partners.

**Table II.3.1 • Main economic indicators**

	2014	2015	2016	2017	2018
		Est.	Est.	Est.	Prog .
Real GDP (annual % change)	1.0	6.1	6.3	5.9	5.3
Inflation (year-on-year % change)	-0.1	2.4	1.6	-1.2	–
Broad money (annual % change)	29.2	24.8	8.8	<b>8.1</b>	4.1
Current account (% of GDP)	0.6	1.9	1.3	-0.5	-3.2
Fiscal balance (% of GDP)	-2.6	-3.0	-4.7	-1.3	-2.5
External public debt (% of GDP)	33.9	30.7	43.3	47.7	–

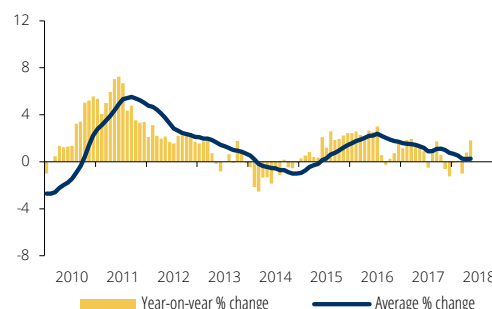
Sources (for the subsequent charts also): BCEAO National Directorate for Guinea-Bissau, Ministry of Economy and Finance of Guinea-Bissau, National Statistics Institute of Guinea-Bissau, European Central Bank and International Monetary Fund.

**Chart II.3.1 • Real GDP | Annual % change**



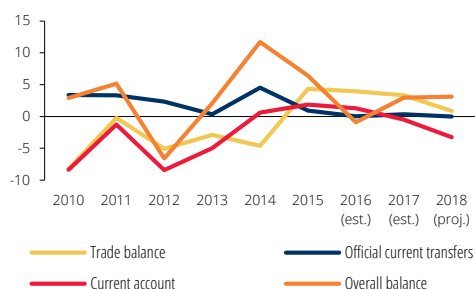
The economy continued to perform well in 2017, the third year in a row with growth of around 6%. The increase in income in the agricultural sector contributed to the expansion of the other economic sectors, in particular construction.

**Chart II.3.2 • Inflation | Annual % change in the CPI**



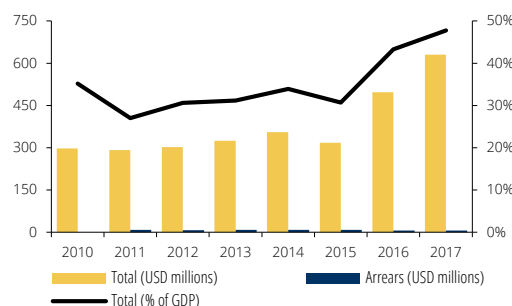
Inflation continued to follow a downward trend, despite the increases observed in the international prices of oil and cashew nuts. However, developments in oil prices may contribute to an increase in inflation in the short term.

**Chart II.3.3 • External accounts | % of GDP**



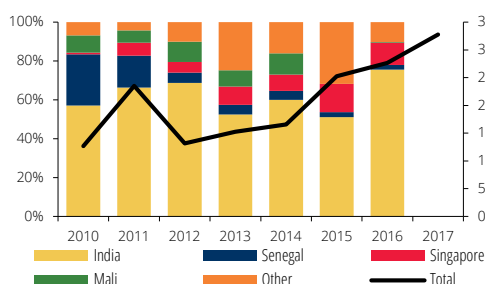
The current account posted a deficit balance in 2017, reflecting an increase in goods imports and a decrease in income from fishing licences.

**Chart II.3.4 • External debt**



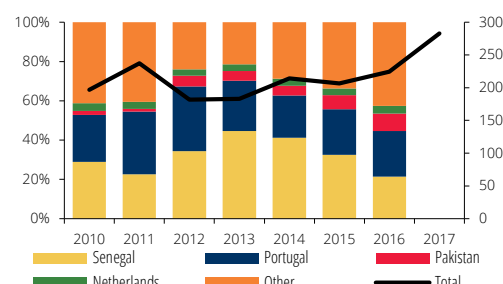
Following a period of relative stability around figures close to 30% of GDP, the external debt followed an upward path for the past two years, standing at around 47.7% of GDP at the end of 2017.

**Chart II.3.5 • Goods exports | Destinations as a %, total in USD millions**



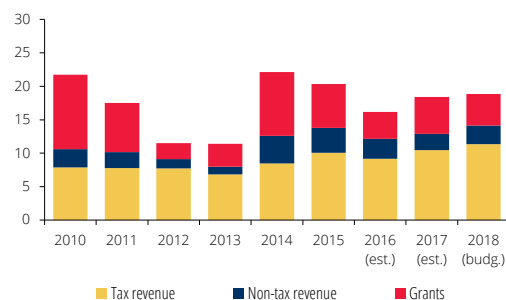
India is clearly the main destination of Guinea-Bissau's exports (as an importer of cashew nuts), while Singapore gained in importance as a trade partner in the past few years. The export sector has had a good performance in the recent past.

**Chart II.3.6 • Goods imports | Origins as a %, total in USD millions**



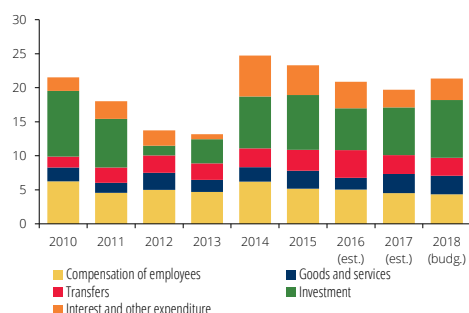
Portugal continues to be an important country of origin of Guinea-Bissau's goods imports, alternating as its main supplier with Senegal, Guinea-Bissau's partner at the WAEMU.

Chart II.3.7 • Public revenue | % of GDP



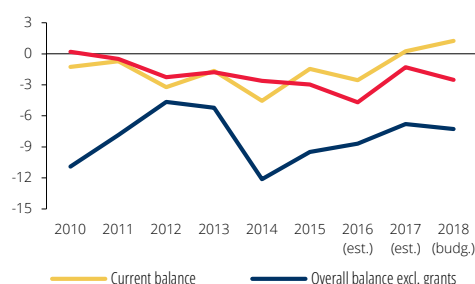
The share of public revenue in GDP increased by 2.3 percentage points in 2017, benefiting from a good economic performance and an increase in tax collection. The support of development partners also made a positive contribution to this outcome.

Chart II.3.8 • Public expenditure | % of GDP



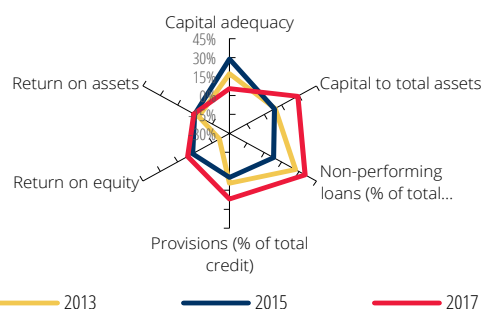
Public investment in key infrastructures increased considerably in 2017. By contrast, expenditure with current transfers was contained, in particular to Eletricidade e Águas da Guiné-Bissau (the public electricity and water utility).

Chart II.3.9 • Public accounts | % of GDP



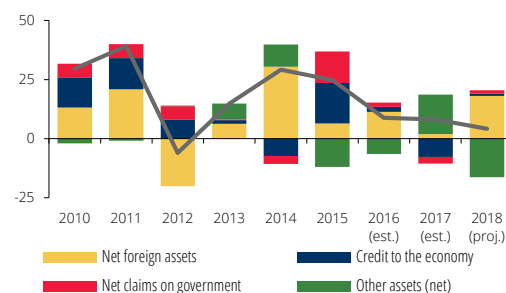
The public deficit improved considerably in 2017, with the most significant contribution coming from developments in revenue. Implementing the public investment programme – which is essential to increasing the economy's potential output – is expected to result in a worsening of the deficit for 2018..

Chart II.3.10 • Financial stability indicators



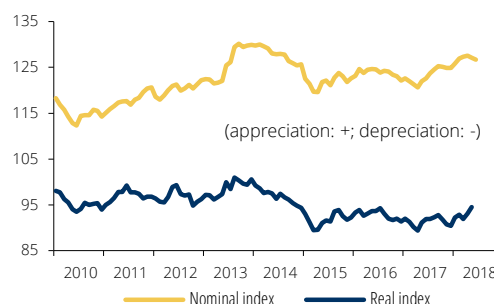
Guinea-Bissau's financial system faces serious challenges as a result of the high level of non-performing loans (35.3% at the end of 2017). A final court ruling on the voiding of the bank bailouts of 2015 has not yet been handed down.

Chart II.3.11 • Liquidity expansion/ contraction factors | Changes in % of initial stock of broad money



The pace of monetary expansion (8.1%) remained relatively stable compared with 2016 (8.8%). Domestic credit contracted, with credit to the economy and to the general government declining by 7.7% and 2.8% respectively..

Chart II.3.12 • Effective exchange rate  
Indexes: 100 = 2000, monthly averages



Guinea-Bissau's economy lost nominal competitiveness in 2017, as a result of the CFA franc appreciating against the Indian rupee. However, when developments in prices are taken into account, the effective exchange rate index depreciated (gain in real competitiveness).

Table II.3.2 • Economic indicators

		2013	2014	2015	2016	2017		2018	
				Est.	Est.	Proj.	Est.	Proj.	Est.
<b>Output and prices</b>									
Nominal GDP	XOF billions	516.7	520.1	614.4	693.0	734.1	778.7	826.5	-
	EUR millions	787.6	792.9	936.6	1,056.5	1,119.1	1,187.1	1,260.0	-
Real GDP	annual % change	3.3	1.0	6.1	6.3	5.0	5.9	5.3	-
Inflation (Consumer Price Index)	year-on-year % change	-0.1	-0.1	2.4	1.6	-	-1.2	-	1.8 May
	average annual % change	0.7	-1.0	1.4	1.7	2.6	0.8	2.0	0.3 May
<b>Public finances</b>									
Total revenue	% of GDP	11.4	22.1	20.3	16.2	17.3	18.4	18.8	-
Total expenditure	% of GDP	13.2	24.7	23.3	20.9	19.2	19.7	21.4	-
Overall balance	% of GDP	-1.8	-2.6	-3.0	-4.7	-1.9	-1.3	-2.5	-
Overall balance excluding grants	% of GDP	-5.2	-12.1	-9.5	-8.7	-6.0	-6.8	-7.3	-
<b>Money and credit</b>									
Net claims on government	annual % change	2.6	-28.6	209.0	11.3	78.4	-17.1	11.3	-
Credit to the economy	annual % change	3.6	-20.7	77.8	6.9	-31.8	-25.3	4.5	-
Broad money (M2)	annual % change	14.8	29.2	24.8	8.8	4.5	8.1	4.1	-
<b>Interest rates</b>									
Deposit, 6 months to 1 year	annual rate	4.5	3.7	3.3	3.5	-	-	-	-
Lending, 6 months to 1 year	annual rate	9.4	9.1	8.5	9.1	-	-	-	-
<b>Financial stability</b>									
Capital adequacy	percentage	17.3	25.8	28.9	4.8	-	5.5	-	-
Non-performing loans	% of total loans	27.0	39.4	8.2	10.8	-	35.3	-	-
Return on equity	percentage	-21.2	-13.6	2.0	8.4	-	6.3	-	-
<b>Balance of payments</b>									
Exports f.o.b.	annual % change	20.8	11.4	62.2	8.5	-	6.1	-	-
Imports f.o.b.	annual % change	2.8	22.6	22.2	9.5	-	14.7	-	-
Current account	% of GDP	-5.0	0.6	1.9	1.3	-0.6	-0.5	-3.2	-
Current account excluding official transfers	% of GDP	-5.4	-3.9	1.0	1.2	-0.6	-0.8	-3.2	-
<b>External debt</b>									
Total stock	USD millions	326.0	356.7	318.6	505.5	-	638.7	-	-
	% of GDP	31.2	33.9	30.7	43.3	-	47.7	-	-
	% of exports <sup>(a)</sup>	170.6	167.7	110.4	161.9	-	189.1	-	-
Debt service	% of exports <sup>(a)</sup>	0.9	1.5	2.2	2.7	-	3.5	-	-
<b>Exchange rates</b>									
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	494.1	494.4	591.4	593.0	-	582.0	-	542.0 Jun.
Nominal EERI (Index: 100 = 2000) <sup>(b)</sup>	annual % change	6.3	-3.3	-2.4	-0.4	-	2.3	-	1.5 Jun.
Real EERI (Index: 100 = 2000) <sup>(b)</sup>	annual % change	4.5	-6.1	-2.3	-1.0	-	-1.0	-	4.5 May

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 in the 2010/14 period.

**Table II.3.3 • Gross domestic product | Current prices, billions of CFA francs**

	2013	2014	2015	2016	2017		2018
				Est.	Proj.	Est.	Proj.
<b>Primary sector</b>	228.0	214.2	290.0	323.8	–	383.9	–
Agriculture, forestry and fishing	228.0	214.2	290.0	323.8	–	383.9	–
<b>Secondary sector</b>	74.5	75.1	75.9	87.7	–	98.4	–
Agri-food	59.9	58.9	60.5	72.3	–	75.5	–
Industry <sup>(a)</sup>	8.1	9.1	9.7	10.6	–	12.1	–
Construction	6.5	7.1	5.7	4.8	–	10.7	–
<b>Tertiary sector</b>	197.0	207.0	210.6	238.3	–	242.8	–
Trade, restaurants and hotels	111.3	111.8	109.4	133.8	–	126.0	–
Transportation and communication	26.3	27.0	29.8	30.5	–	32.5	–
Public administration	43.4	53.1	54.3	56.0	–	65.8	–
Other services	26.2	25.8	26.9	27.8	–	28.3	–
FISIM (financial intermed. servs. indirectly measured)	-10.2	-10.6	-9.8	-9.8	–	-9.8	–
<b>Gross domestic product (at factor cost)</b>	499.6	496.4	576.5	649.8	–	725.1	–
Indirect taxes and subsidies	17.1	23.8	37.8	43.2	–	53.6	–
<b>Gross domestic product (at market prices)</b>	516.7	520.1	614.4	693.0	734.1	778.7	826.5
<b>Consumption</b>	520.8	538.8	597.7	681.6	–	–	–
Public	65.5	91.9	91.6	84.8	–	–	–
Private	455.4	446.9	506.1	596.9	–	–	–
<b>Investment</b>	34.8	39.6	45.8	44.9	–	–	–
Gross fixed capital formation	29.4	34.3	40.4	39.6	–	–	–
Public	15.8	20.5	24.2	21.3	–	–	–
Private	13.7	13.8	16.2	18.3	–	–	–
Changes in inventories	5.3	5.3	5.3	5.3	–	–	–
<b>Domestic demand</b>	555.6	578.4	643.5	726.5	–	–	–
<b>Exports of goods and services</b>	94.4	105.2	170.7	185.2	–	–	–
<b>Overall demand</b>	650.1	683.6	814.2	911.7	–	–	–
<b>Imports of goods and services</b>	133.4	163.5	199.8	218.7	–	–	–
<b>Memo items:</b>							
Gross domestic savings	-4.2	-18.7	16.7	11.4	–	–	–
Nominal GDPmp (USD millions)	1,045.7	1,052.0	1,038.8	1,168.6	1,166.0	1,337.9	1,561.8
GDPmp deflator (annual % change)	-0.9	-0.3	11.3	6.1	0.9	6.1	0.8
Nominal GDPmp (annual % change)	2.3	0.7	18.1	12.8	5.9	12.4	6.1
Real GDPmp (annual % change)	3.3	1.0	6.1	6.3	5.0	5.9	5.3

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

Notes: (a) Includes electricity and water.

**Table II.3.4 • Consumer price index | Per cent**

		Monthly change	Cumulative change	Year-on-year change	Average change
		[1]	[2]	[3]	[4]
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
2015	December	–	2.4	2.4	1.4
2016	December	–	1.6	1.6	1.7
2017	December	–	-1.2	-1.2	0.8
2016	January	0.1	0.1	2.4	1.6
	February	-1.0	-0.9	2.6	1.8
	March	-0.4	-1.3	2.3	1.9
	April	0.2	-1.1	2.2	2.0
	May	0.9	-0.2	2.6	2.2
	June	0.9	0.7	2.5	2.2
	July	1.6	2.2	3.0	2.4
	August	-0.8	1.4	0.6	2.2
	September	-0.6	0.7	-0.3	2.0
	October	0.5	1.3	0.3	1.9
	November	0.2	1.5	0.7	1.8
	December	0.1	1.6	1.6	1.7
2017	January	-0.3	-0.3	1.1	1.6
	February	-0.3	-0.6	1.9	1.5
	March	-0.3	-0.9	1.9	1.5
	April	-0.4	-1.3	1.4	1.4
	May	0.8	-0.5	1.3	1.3
	June	0.5	0.0	0.9	1.2
	July	0.1	0.1	-0.5	0.9
	August	0.6	0.7	0.9	0.9
	September	0.2	0.9	1.7	1.1
	October	-0.6	0.3	0.6	1.1
	November	-1.0	-0.7	-0.6	1.0
	December	-0.5	-1.2	-1.2	0.8
2018	January	0.9	0.9	-0.1	0.7
	February	-0.2	0.7	0.1	0.5
	March	-1.4	-0.7	-1.0	0.3
	April	1.4	0.7	0.8	0.2
	May	1.9	2.6	1.8	0.3

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 II.3.5 • Balance of payments | Billions of CFA francs**

	2013	2014	2015	2016	2017		2018
					Proj.	Est.	Proj.
<b>Current account</b>	-25.8	3.1	11.5	8.9	-4.3	-3.8	-26.7
Excluding official transfers	-27.7	-20.5	5.9	8.6	-4.3	-6.6	-26.7
Trade balance	-14.8	-23.9	26.8	27.5	9.8	26.1	7.1
Exports (f.o.b.)	75.5	82.0	149.2	164.0	179.1	190.7	180.6
of which: Cashew nuts	60.9	68.1	129.1	161.7	177.4	188.4	173.2
Imports (f.o.b.)	90.3	105.9	122.4	136.5	169.3	164.6	173.6
Services	-24.2	-34.4	-55.9	-61.0	-48.4	-59.3	-60.5
Income	-4.0	18.5	15.1	17.6	14.0	1.6	7.5
Current transfers	17.1	42.9	25.5	24.7	20.3	27.8	19.2
Public	1.9	23.6	5.6	0.3	0.0	2.8	0.0
Private	15.3	19.3	19.9	24.5	20.3	25.0	19.2
<b>Capital and financial account</b>	31.7	51.7	46.9	6.2	27.0	26.9	52.6
Capital account	15.8	27.4	35.4	29.6	30.3	64.2	39.2
Financial account	15.9	24.3	11.5	-23.4	-3.3	-37.3	13.4
General government - Medium/long-term loans	12.4	10.2	8.6	9.6	14.4	-15.5	21.3
of which: Disbursements	12.5	13.1	10.0	13.5	15.4	12.7	25.1
Amortisation	-0.1	-2.9	-1.4	-3.9	-1.0	-28.2	-3.8
Other assets (net)	3.5	14.1	2.9	-33.0	-17.7	-21.8	-7.9
of which: Foreign direct investment	9.7	12.9	9.6	14.0	8.9	21.6	22.9
Other investment – Other sectors	-6.2	1.2	-6.7	-47.0	-26.6	-43.4	-30.8
<b>Errors and omissions</b>	5.0	6.1	-19.1	-21.4	0.0	0.0	0.0
<b>Overall balance</b>	10.9	60.9	39.3	-6.4	22.6	23.1	25.9
<b>Financing</b>	-10.9	-60.9	-39.3	6.4	-22.6	-23.1	-25.9
Change in official reserves (increase: - ) <sup>(a)</sup>	-10.9	-63.9	-39.3	6.4	-22.6	-23.1	-28.1
Debt relief	0.0	3.0	0.0	0.0	0.0	0.0	0.0
Extended Credit Facility – Augmentation	0.0	0.0	0.0	0.0	0.0	0.0	2.2

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 II.3.6 • Goods exports | By country of destination, as a percentage of total**

	2010	2011	2012	2013	2014	2015	2016	2010 to 2016
China	0.9	0.7	0.8	1.7	2.7	14.2	0.7	3.9
Côte d'Ivoire	0.0	0.5	0.4	2.8	0.0	0.0	0.0	0.4
India	57.2	66.4	68.7	52.5	60.0	51.2	75.6	62.5
Mali	8.9	6.3	10.5	8.3	10.8	0.0	0.3	5.0
Portugal	1.7	0.7	0.1	0.1	1.0	0.0	0.0	0.4
Senegal	26.2	16.3	5.4	4.8	4.6	2.5	2.4	7.5
Singapore	0.8	6.7	5.5	9.5	8.5	14.5	11.5	9.3
Togo	0.0	0.0	5.4	8.4	0.0	0.0	0.0	1.4
Vietnam	0.0	0.3	0.0	7.3	3.6	5.9	4.0	3.4
Other	4.2	2.1	3.2	4.6	8.7	11.7	5.5	6.2

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

**Table II.3.7 • Goods imports | By country of origin, as a percentage of total**

	2010	2011	2012	2013	2014	2015	2016	2010 to 2016
Brazil	3.4	2.5	1.3	1.0	0.8	0.8	0.4	1.4
Côte d'Ivoire	1.3	0.4	0.4	0.2	0.3	0.3	0.8	0.5
Spain	1.3	2.8	1.8	1.9	3.9	3.3	2.2	2.5
France	8.2	5.0	3.3	0.7	1.3	0.9	0.7	2.7
Netherlands	4.0	3.5	3.3	3.5	3.6	3.4	3.9	3.6
Pakistan	2.0	1.4	5.4	4.9	5.0	7.3	8.9	5.2
Portugal	24.0	32.0	33.0	25.5	21.5	23.2	23.1	25.8
Senegal	28.8	22.6	34.4	44.6	41.2	32.4	21.5	31.4
Thailand	0.8	1.0	0.1	0.1	0.5	1.0	1.6	0.8
Other	26.2	28.8	17.0	17.6	22.0	27.3	37.0	26.0

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

**Table II.3.8 • External debt | USD millions**

	2013	2014	2015	2016	2017
<b>Medium and long-term debt</b>	325.0	355.7	317.7	496.5	629.6
Multilateral creditors	152.7	183.6	173.8	406.7	505.6
Bilateral creditors	172.2	172.1	143.9	89.8	124.0
<b>Short-term debt</b>	1.0	1.0	0.8	8.9	9.1
<b>Total external debt</b>	326.0	356.7	318.6	505.5	638.7
of which: Arrears	7.9	7.9	8.3	5.7	5.8
<b>Scheduled medium and long-term debt service</b>	1.6	3.2	6.4	8.3	11.7
Principal	0.6	0.6	2.9	5.2	3.2
Interest	1.1	2.6	3.6	3.1	8.5
<b>(% of exports of goods and services)</b>					
<b>Total external debt</b>	170.6	167.7	110.4	161.9	189.1
<b>Scheduled medium and long-term debt service</b>	0.9	1.5	2.2	2.7	3.5
Principal	0.3	0.3	1.0	1.7	0.9
Interest	0.6	1.2	1.2	1.0	2.5
<b>(% of GDP)</b>					
<b>Total external debt</b>	31.2	33.9	30.7	43.3	47.7

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

**Table II.3.9 • Government operations | Billions of CFA francs**

	2013	2014	2015	2016	2017		2018	
				Est.	Budg.	Est.	I.e. <sup>(a)</sup>	Budg.
<b>1. Total revenue</b>	58.9	115.0	125.0	112.0	127.1	143.3	112.7	155.7
1.1. Current revenue	41.1	65.5	84.8	84.3	97.1	100.4	103.4	116.8
Non-tax revenue	5.7	21.4	22.9	20.8	28.4	19.1	67.3	22.8
Tax revenue	35.4	44.2	61.9	63.5	68.6	81.3	118.5	94.0
1.2. Grants	17.8	49.5	40.1	27.6	30.1	42.9	142.5	39.0
Projects	13.8	26.2	34.5	27.4	30.1	40.1	133.2	0.0
Budget support	4.0	23.3	5.6	0.3	0.0	2.8	–	39.0
<b>2. Total expenditure</b>	68.0	128.7	143.3	144.5	141.2	153.3	108.6	176.6
2.1. Current expenditure	49.7	89.2	93.7	102.0	93.8	98.4	104.9	106.5
Compensation of employees	24.3	32.3	31.8	34.8	34.9	35.1	100.6	35.9
Goods and services	9.0	11.0	16.2	12.0	15.3	21.9	143.1	22.4
Transfers	12.6	14.5	18.9	28.3	28.8	21.5	74.7	21.9
Scheduled debt interest	0.4	2.7	4.6	5.1	3.1	4.1	132.3	6.5
Other expenditure	3.5	28.7	22.1	21.9	11.7	16.0	136.8	19.8
2.2. Capital expenditure	18.3	39.5	49.5	42.5	47.4	54.9	115.8	70.1
Domestic financing	0.0	0.2	4.9	1.6	2.0	2.2	110.0	6.0
External financing	18.3	39.2	44.6	40.9	45.4	52.7	116.1	64.1
<b>3. Current balance: (1.1.) - (2.1.)</b>	-8.6	-23.7	-8.9	-17.7	3.3	2.0	–	10.3
<b>4. Overall balance excl. grants: (1.) - (2.) - (1.2.)</b>	-26.9	-63.1	-58.4	-60.1	-44.2	-52.9	–	-60.0
<b>5. Overall balance: (1.) - (2.) (commitment basis)</b>	-9.2	-13.7	-18.3	-32.5	-14.1	-10.1	–	-20.9
<b>6. Change in arrears</b>	9.7	-1.8	-6.1	-1.5	-4.4	-3.1	–	-3.0
6.1. Domestic	9.7	-1.8	-5.2	-2.1	-3.8	-2.4	–	-3.0
6.2. External	0.0	0.0	-0.9	0.6	-0.6	-0.8	–	0.0
<b>7. Items in transit, errors and omissions</b>	-9.9	-0.7	1.6	4.3	2.0	1.3	–	0.0
<b>8. Overall balance: (5.) + (6.) + (7.) (cash basis)</b>	-9.4	-16.2	-22.7	-29.7	-16.5	-11.9	–	-23.9
<b>9. Financing</b>	9.4	16.2	22.7	29.7	16.5	11.9	–	23.9
9.1. Domestic (net)	4.9	3.4	21.8	26.6	5.1	10.8	–	21.2
9.2. External (net)	4.5	12.8	0.9	3.0	11.4	1.1	–	2.7
of which: Disbursements	4.6	13.1	2.1	6.4	15.4	4.1	–	5.6
Amortisation	-0.1	-3.3	-1.1	-3.4	-3.9	-28.1	–	-2.9
Debt relief	0.0	3.0	0.0	0.0	0.0	25.1	–	0.0
<b>10. Financing gap<sup>(b)</sup></b>	0.0	0.0	0.0	0.0	0.0	0.0	–	0.0

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 II.3.10 • Monetary survey | Billions of CFA francs**

	2013	2014	2015	2016	2017	2017/2016		2018	Proj. 2018/2017	
				Est.	Est.	[1]	[2]	Proj.	[1]	[2]
<b>Net foreign assets</b>	94.9	151.8	167.4	201.5	207.9	3.2	2.0	272.0	30.8	18.1
Central bank	72.1	120.3	159.5	153.1	176.2	15.1	7.0	223.6	26.9	13.4
Commercial banks	22.8	31.6	7.9	48.4	31.6	-34.7	-5.1	48.4	53.2	4.7
<b>Total domestic credit</b>	88.3	68.3	141.8	153.7	119.2	-22.4	-10.5	127.6	7.0	2.4
Net claims on government	21.7	15.5	47.9	53.3	44.2	-17.1	-2.8	49.2	11.3	1.4
Credit to the economy	66.6	52.8	93.9	100.4	75.0	-25.3	-7.7	78.4	4.5	1.0
<b>Other assets (net)</b>	3.8	21.3	-7.7	-27.3	27.2	-199.6	16.6	-30.7	-212.9	-16.3
<b>Total assets</b>	186.9	241.5	301.4	327.9	354.3	8.1	-	369.0	4.1	-
<b>Broad money (M2)</b>	186.9	241.5	301.4	327.9	354.3	8.1	-	369.0	4.1	-
Currency in circulation	90.9	151.9	194.6	224.2	233.5	4.1	-	252.1	8.0	-
Deposits	96.0	89.5	106.8	103.8	120.8	16.4	-	116.9	-3.2	-
<b>Total liabilities</b>	186.9	241.5	301.4	327.9	354.3	8.1	-	369.0	4.1	-

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).

**Table II.3.11 • Interest rates | Annual rates, per cent**

	2013	2014	2015	2016	2017	2018
	Dec.	Dec.	Dec.	Dec.	Dec.	May
<b>Deposits</b>						
Up to 1 month	4.75	4.80	4.81	4.32	-	-
1 to 3 months	4.70	4.55	4.71	4.74	-	-
3 to 6 months	3.69	4.33	4.15	3.62	-	-
6 months to 1 year	4.53	3.66	3.33	3.50	-	-
1 to 2 years	4.56	4.50	3.25	3.62	-	-
2 to 5 years	5.31	4.50	3.52	5.27	-	-
5 to 10 years	5.00	-	-	-	-	-
Not determined	4.25	3.64	3.50	3.66	-	-
<b>Credit</b>						
Up to 1 month	9.68	11.48	11.06	8.71	-	-
1 to 3 months	9.90	9.45	9.12	8.01	-	-
3 to 6 months	9.85	9.48	9.46	8.81	-	-
6 months to 1 year	9.36	9.06	8.47	9.09	-	-
1 to 2 years	9.09	9.26	10.09	10.59	-	-
2 to 5 years	8.97	9.35	9.83	10.56	-	-
5 to 10 years	8.71	5.89	8.73	8.36	-	-
Over 10 years	3.10	7.56	7.76	3.00	-	-
<b>Central bank operations</b>						
Banking system						
Discount rate	2.50	2.50	2.50	2.50	2.50	2.50
Reserve ratio	5.00	5.00	5.00	5.00	3.00	3.00
<b>Memo item:</b>						
Inflation (y-o-y % change)	-0.1	-0.1	2.4	1.6	-1.2	1.8

Sources: BCEAO National Directorate for Guinea-Bissau.

**Table II.3.12 • Financial stability indicators | Per cent**

	2013	2014	2015	2016	2017
	Dec.	Dec.	Dec.	Dec.	Dec.
<b>Solvency</b>					
Capital adequacy	17.3	25.8	28.9	4.8	5.5
Capital to total assets	9.5	11.5	8.8	3.5	28.9
<b>Credit risk</b>					
Non-performing loans (% of total credit)	27.0	39.4	8.2	10.8	35.3
Provisions (% of total credit)	9.4	15.7	4.8	6.2	21.9
<b>Profitability</b>					
Return on equity	-21.2	-13.6	2.0	8.4	6.3
Return on assets	-3.2	-1.4	0.2	1.0	0.9
<b>Liquidity risk</b>					
Loan-to-deposit ratio	86.0	85.2	93.1	96.6	90.1
Deposit-to-asset ratio	76.5	75.0	69.0	55.7	55.9
Liquid assets to total assets	58.2	62.2	68.3	57.3	58.9

Sources: International Monetary Fund.

Table II.3.13 • Exchange rates | Average rates

			EER <sup>(a)</sup> base 100: 2000				
			EUR/XOF	USD/XOF	INR/XOF	Nominal	Real
2004			655.96	528.28	11.67	111.85	101.02
2005			655.96	527.57	11.97	110.81	100.36
2006			655.96	523.13	11.56	112.22	99.99
2007			655.96	479.50	11.63	111.99	99.47
2008			655.96	448.19	10.34	116.88	105.50
2009			655.96	472.15	9.76	119.38	101.73
2010			655.96	494.96	10.83	114.91	95.30
2011			655.96	477.45	10.13	117.77	97.00
2012			655.96	510.54	9.57	120.24	96.70
2013			655.96	494.09	8.47	125.66	98.49
2014			655.96	494.41	8.10	127.73	96.76
2015			655.96	591.45	9.22	121.84	91.75
2016			655.96	593.01	8.82	123.82	92.87
2017			655.96	582.02	8.94	123.25	91.27
2016	January	655.96	604.01	8.96	123.13	93.32	
	February	655.96	591.33	8.66	124.65	93.88	
	March	655.96	590.95	8.83	123.80	92.65	
	April	655.96	578.50	8.70	124.45	93.11	
	May	655.96	579.93	8.67	124.64	93.65	
	June	655.96	584.16	8.68	124.56	93.66	
	July	655.96	592.61	8.82	123.84	94.22	
	August	655.96	585.05	8.74	124.24	93.08	
	September	655.96	585.05	8.77	124.11	91.99	
	October	655.96	594.92	8.92	123.36	91.64	
	November	655.96	607.42	8.98	123.04	92.01	
	December	655.96	622.17	9.17	122.10	91.36	
2017	January	655.96	618.01	9.07	122.56	91.98	
	February	655.96	616.33	9.20	121.95	91.29	
	March	655.96	613.91	9.33	121.34	90.17	
	April	655.96	611.73	9.48	120.64	89.37	
	May	655.96	593.20	9.20	121.93	91.15	
	June	655.96	584.16	9.06	122.62	91.92	
	July	655.96	569.85	8.84	123.73	91.88	
	August	655.96	555.57	8.68	124.55	92.26	
	September	655.96	550.53	8.54	125.30	92.73	
	October	655.96	557.98	8.57	125.12	91.74	
	November	655.96	558.83	8.62	124.89	90.75	
	December	655.96	554.21	8.62	124.86	90.41	
2018	January	655.96	537.67	8.45	125.80	92.21	
	February	655.96	531.23	8.24	126.92	92.84	
	March	655.96	531.74	8.17	127.32	91.92	
	April	655.96	534.34	8.13	127.55	93.07	
	May	655.96	555.33	8.22	127.05	94.50	
	June	655.96	561.70	8.29	126.68	–	

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 in the 2010/14 period. An increase/decrease in the EERI (nominal or real) corresponds to an appreciation/depreciation of the CFA franc.



## 4 Mozambique

**Area**

799,380 Km<sup>2</sup>

**Capital city**

Maputo

**Population**

29.7 million (2017; source: UN)

**Currency**

Metical (MZM)

Overall, the macroeconomic environment in Mozambique evolved favourably in 2017 and early 2018, although significant risks persist. The pace of growth stabilised, with private investment and net exports making positive contributions. The sharp increase in coal exports supported the improvement seen in the external position, despite the decline in support from foreign investors, lenders and donors. The appreciation of the metical, together with a tightening of monetary policy, led to a marked slowdown in the inflationary pace. Nevertheless, high real interest rates are expected to have contributed to a considerable contraction in credit to the economy and a deterioration in credit quality. By contrast, the banking system's solvency and profitability indicators have evolved positively. Progress has also been made in consolidating public finances, according to official data from Mozambique, which has led to a stabilisation in the public debt-to-GDP ratio.

The Mozambican economy continued to show **signs of recovery** in 2017 and early 2018, following the strong impact, in the two previous years, of a series of adverse shocks that affected economic growth, led to nominal instability and boosted fiscal and external imbalances. This recovery trend is now visible in several areas, from an interruption in the economic slowdown to the marked drop in the inflationary pace, as well as a strengthening of the external position, an improvement of several of the main financial stability indicators and progress in fiscal consolidation. However, several **weaknesses** also persist in Mozambique's economic environment, in particular a decline in a number of the economy's sources of financing – specifically foreign direct investment and bank credit to the private sector – and an increase in the external debt-to-GDP ratio.

The revelation, at the start of 2016, that external public debt would have to be revised to include very substantial items that were not previously recognised was one of the main shocks which at the time led to a negative bias in the macroeconomic environment – and resulted in the immediate suspension of the adjustment programme signed with the IMF (which has since expired) and the subsequent decline in support from foreign investors, lenders and donors. Other relevant adverse shocks that were observed prior to 2017 were a drop in international commodity prices, repeated natural disasters, worsening security conditions and the need to apply resolution measures to two banks.

All these areas have since recorded **favourable developments** – partly reflecting the efforts made by the Mozambican authorities in the monetary, prudential and fiscal spheres (as well as in domains that are not strictly economic, but are nevertheless relevant to the country's economic performance). Examples of this are the recovery in commodity prices and the agreement signed by the two main political powers, which is expected to normalise security conditions in the centre of the country (although conditions have since worsened in the north of Mozambique) – and a resumption of the authorities' contact with private foreign creditors and the IMF.

The pace of **economic growth** in 2017 is expected to have been close to the figure estimated for 2016 (3.7% and 3.8% respectively), i.e. considerably less than in the years prior to the negative shocks but above expectations and with a tendency to accelerate – benefiting from positive contributions from net exports and, especially, private investment (for the first time since 2014). At sectoral level, coal mining was particularly relevant, as the main factor behind the nominal increase of 92% in the GVA in mining and quarrying – with the other secondary sector components and financial and real estate activities also performing strongly.

The increase in coal production – together with the rise in international coal prices – also had a considerable impact on the **external accounts**, boosting goods exports to the highest nominal value ever recorded (USD 4.7 billion in 2017). The same happened with the coverage of imports (90.5%), even though these increased for the first time since 2014, affected by higher fuel prices. Indeed, the behaviour of goods imports, the increase in the debt burden and the level of grants remaining below half of the amount received up to 2014 were not enough to offset the impact of exports and the drop in services imports (partly related to the conclusion of certain projects), which resulted in the current account deficit reaching the lowest level since 2010 (20.2% of GDP, against 35.0% in 2016).

This last result and a slight recovery in external financing (although considerably below pre-2015 levels, with FDI, in particular, falling to a post-2010 low) would result in the first overall balance surplus since 2013 – leading to a marked increase in foreign exchange reserves (which went from a level equivalent to 2.6 months of total imports at the end of 2016 to 4.5 months a year later and 4.3 months in June 2018). The improvement in the external position also led to a considerable expansionary **impact on monetary accounts**, but this effect was offset by the performance of domestic credit in 2017: net claims on government (which experienced a contraction equivalent to 3.1% of the initial stock of broad money) and, in particular, credit to the economy (which saw a



considerable drop, equivalent to 9.7% of the initial stock of broad money, after 14 years of expansion) – trends that would extend into the first half of 2018, although rather more moderately.

This resulted in a considerable slowdown in the pace of liquidity expansion (only 4.6% in 2017 – and an additional 0.8% up to June 2018 – after five years of double-digit growth). These developments also reflected, in particular, the significant tightening of monetary policy adopted by Banco de Moçambique from September 2016 to April 2017, aimed at **controlling inflation** – which reached a twenty-year peak in November 2016 (a year-on-year rate of change of 26.3%). The tight monetary policy, the rebalancing of the foreign exchange market as a result of the improvement in the external position (with phases of significant effective nominal appreciation of the metical, which are expected to have affected the external price competitiveness, but have anchored the disinflation process) and the stabilisation of the supply of certain food products effectively sustained an almost continuous slowdown in inflation, whose year-on-year rate fell to 5.6% in December 2017 and 2.3% in April 2018 (slightly accelerating thereafter until June).

The sharp decline in inflation made it possible for the monetary authority to begin a gradual and prudent reversal of the tightening in April 2017, which resulted in a cumulative reduction in its new policy rate by 600 basis points until July 2018. This downward path was accompanied by the other interbank rates and, for the most part, by the rates offered to customers – although these remain very high in real terms, contributing to a decline in credit to the economy observed since late 2016 and unfavourable developments in non-performing loans: 12.6% of total credit in December 2017 (and 12.9% in April 2018), against 5.7% a year earlier (and 3.2% in 2014). Despite the deteriorating credit quality, the **banking system** overall has seen a considerable improvement in the main solvency and profitability indicators, following the more challenging phase of 2015-16.

While monetary policy gradually became less restrictive, **fiscal policy** is expected to have moved in the opposite direction, thus also contributing to macroeconomic stabilisation. According to official data from Mozambique, published in the General State Account for 2017, the overall fiscal balance is even expected to have been practically nil (0.1% of GDP) – mainly supported by a one-off collection of income taxes (capital gains for the partial sale of rights to natural gas exploitation in one of its blocks), but also by primary expenditure restraint across the board (excluding compensation of employees), with its execution expected to have stood 12.4% below the budgeted amount. Also according to official data from Mozambique, the fiscal performance of 2017 resulted in a slight decline in the public debt-to-GDP ratio, after the sharp increases seen in 2014-16, related to the process concerning the previously unrecognised debt.

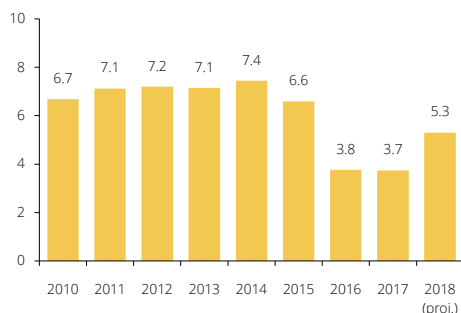
**Table II.4.1 • Main economic indicators**

	2015	2016	2017 Est.	2018 Proj.
Real GDP (annual % change)	6.6	3.8	3.7	5.3
Inflation (year-on-year % change)	10.6	23.7	5.6	6.5
Broad money (annual % change)	26.1	10.1	4.6	7.7
Current account (% of GDP)	-38.6	-35.0	-20.2	-16.9
Net official reserves (months of imports)	2.5	2.6	4.5	–
Overall fiscal balance (% of GDP)	-5.7	-3.5	0.1	-3.9
Public debt (% of GDP)	61.3	89.8	89.5	–

Sources (for the subsequent charts also): International Monetary Fund, Banco de Moçambique, Mozambique Ministry of Economy and Finance and Mozambique National Institute of Statistics.

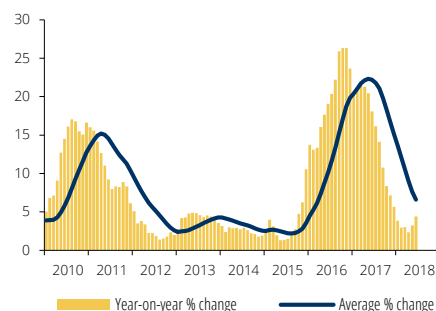
1. According to the most recent IMF report (from February 2018, following a technical mission in December), an overall deficit was still projected for 2017, partly owing to arrears in external debt.

**Chart II.4.1 • Real GDP | Annual % change**



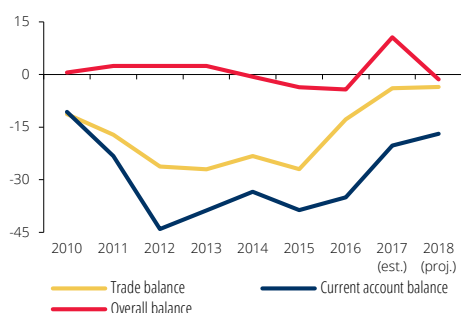
The impact of the adverse shocks observed in 2015 and 2016 may have already been absorbed to a large extent in 2017, with important contributions from private investment and net exports. A recovery is now projected from 2018 onwards.

**Chart II.4.2 • Inflation | Annual % change in the CPI**



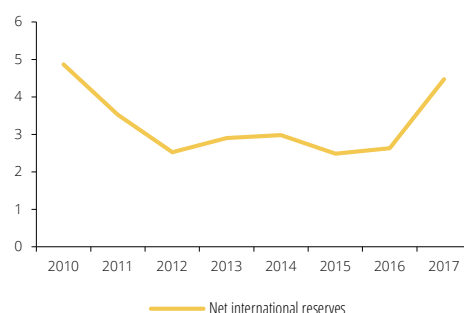
The impact of the adverse shocks observed in 2015 and 2016 may have already been absorbed to a large extent in 2017, with important contributions from private investment and net exports. A recovery is now projected from 2018 onwards.

**Chart II.4.3 • External accounts | % of GDP**



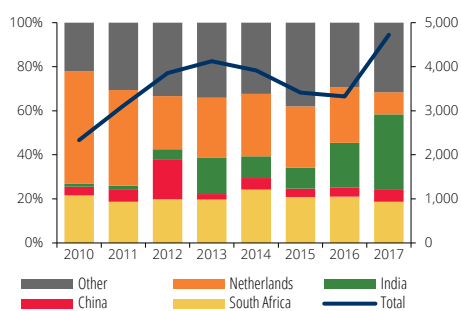
A sharp increase in coal exports, together with a drop in services imports, led to a new reduction in external imbalances in 2017, despite the decline in support from foreign investors, lenders and donors.

**Chart II.4.4 • Foreign exchange reserves  
Months of goods and services imports**



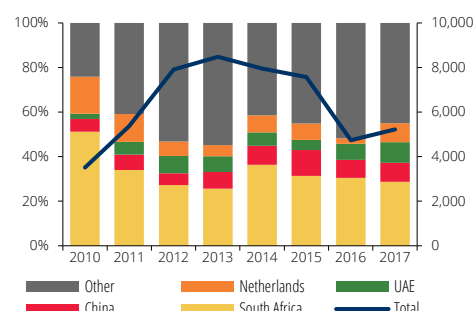
The decline in the external current account deficit in 2017 and a modest recovery in the financial account surplus led to an increase in foreign exchange reserves, which was key to mitigating pressures on the metical.

**Chart II.4.5 • Goods exports | Destinations as a %, total in USD millions**



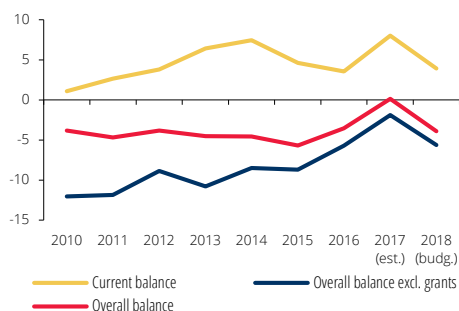
Accompanying the growing share of coal in total goods exports, India became the main importer of Mozambican goods in 2017, more to the detriment of the Netherlands than South Africa.

**Chart II.4.6 • Goods imports | Origins as a %, total in USD millions**



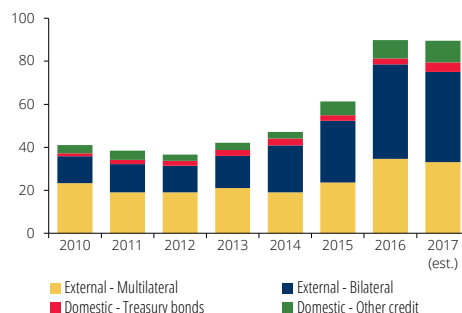
The traditional and diversified predominance of South Africa persists, although far from the level observed in 2010, while the share of the UAE – as suppliers of fuel – has increased, as well as that of the Netherlands, once again close to a bilateral balance.

**Chart II.4.7 • Public accounts | % of GDP**



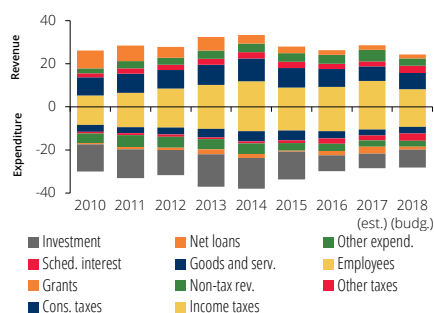
According to official data from Mozambique (General State Account), the process of fiscal consolidation strengthened in 2017. An overall surplus was even reached, although the budget for 2018 already points in the opposite direction.

**Chart II.4.8 • Public debt | % of GDP**



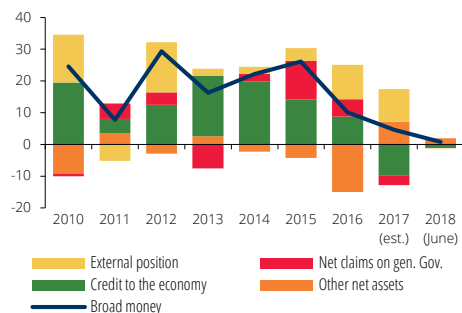
After the significant worsening observed in 2015 and 2016, reflecting the recognition of the external debt that had previously been omitted from official records in Mozambique, fiscal consolidation is expected to have resulted in a stabilisation of the debt-to-GDP ratio.

**Chart II.4.9 • Public revenue and expenditure | % of GDP**



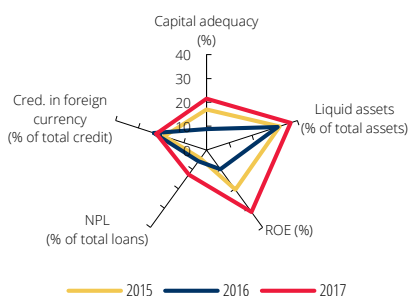
The good performance of income taxes and the general containment of primary expenditure are expected to have played a key role in 2017 in offsetting the steady decline in consumption taxes and, even more, grants.

**Chart II.4.10 • Liquidity expansion/contraction factors | Changes in % of initial stock of broad money**



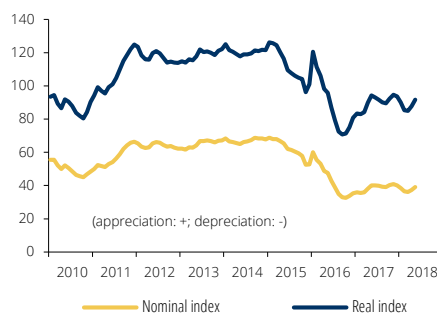
After several years of accelerated growth, the pace of liquidity expansion slowed down substantially, reflecting the tightening of monetary policy, which is expected to have had a strong impact on credit to the economy, only partly offset by the strengthening of the external position.

**Chart II.4.11 • Financial stability indicators**  
Percentage



In 2017 further financial consolidation resulted in a considerable improvement of the capital adequacy and profitability indicators, although accompanied by a deterioration in credit quality, in parallel with rising real interest rates.

**Chart II.4.12 • Effective exchange rates**  
Indexes: 100 = 2001, monthly averages



The improvement in the external position and the tightening of monetary policy, which was later gradually reversed, are expected to have resulted in a strengthening of the metical from the end of 2016 onwards, anchoring the disinflationary process, but reversing part of the price competitiveness gains of the previous two years.

Table II.4.2 • Economic Indicators

		2013	2014	2015	2016	2017		2018	
					Est.	Proj.	Est.	Proj.	Est.
<b>Output and prices</b>									
GDPmp	EUR millions	12,144	13,043	13,953	9,936	10,623	11,227	12,118	–
	Annual % change	7.1	7.4	6.6	3.8	7.2	3.7	5.3	–
Inflation (CPI)	Year-on-year % ch.	3.5	1.9	10.6	23.7	5.6	5.6	6.5	4.4 Jun.
	Average % change	4.3	2.6	3.6	19.9	5.6	15.1	6.7	6.6 Jun.
<b>Public finances</b>									
Total revenue	% of GDP	32.5	33.4	28.0	26.3	25.3	28.5	24.2	–
Total expenditure	% of GDP	37.0	37.9	33.7	29.8	31.5	28.4	28.1	–
Overall balance	% of GDP	-4.5	-4.5	-5.7	-3.5	-6.2	0.1	-3.9	–
Overall balance excluding grants	% of GDP	-10.8	-8.5	-8.7	-5.7	-8.0	-1.9	-5.6	–
<b>Money and credit</b>									
Net claims on general government	Annual % change	-23,869.0	366	361.6	-78.2	–	-27.8	153.8	-18.5 Jun.
Credit to the economy	Annual % change	30.5	28.3	19.3	12.6	–	-13.7	6.8	-8.7 Jun.
Broad money (M3)	Annual % change	16.3	22.2	26.1	10.1	–	4.6	7.7	7.5 Jun.
<b>Interest rates</b>									
Deposit (1-year)	Annual rate	9.1	9.1	9.4	12.7	–	18.0	–	17.3 Mar.
Lending (1-year)	Annual rate	20.3	20.8	19.1	28.0	–	28.0	–	26.7 Mar.
<b>Financial stability</b>									
Capital adequacy <sup>(a)</sup>	Percentage	16.9	15.1	17.0	8.8	–	21.5	–	20.2 Apr.
Non-performing loans <sup>(b)</sup> / total loans	Percentage	2.9	3.2	4.3	5.7	–	12.6	–	12.9 Apr.
Return on equity (ROE)	Percentage	21.0	21.6	20.4	9.9	–	32.0	–	35.6 Apr.
<b>Balance of payments</b>									
Goods exports (in USD)	Annual % change	6.9	-5.0	-12.8	-2.5	62.0	42.0	6.5	21.0 Q I
Goods imports (in USD)	Annual % change	7.3	-6.2	-4.7	-37.5	109.5	10.4	6.1	7.1 Q I
Current account	% of GDP	-38.8	-33.5	-38.6	-35.0	-51.1	-20.2	-16.9	–
Current account excl. official transfers	% of GDP	-45.5	-39.7	-42.1	-39.0	–	-24.3	–	–
Official reserves	Months of imports <sup>(d)</sup>	2.9	3.0	2.5	2.6	–	4.5	–	4.3 Jun.
<b>Public debt</b>									
External debt	EUR millions	4,212	5,815	7,397	8,188	–	7,919	–	–
	% of GDP	36.0	40.8	52.3	78.6	–	75.0	–	–
	% of exports <sup>(e)</sup>	121.6	152.3	195.4	228.9	–	176.2	–	–
Domestic debt	EUR millions	722	907	1281	1169	–	1527	–	–
	% of GDP	6.2	6.4	9.1	11.2	–	14.5	–	–
<b>Exchange rates</b>									
EUR/MZM (official market)	Average rate	39.71	40.77	42.41	69.16	–	71.65	–	70.88 May
USD/MZM (official market)	Average rate	29.91	30.69	38.28	62.57	–	63.61	–	60.00 May
USD/MZM (parallel market)	Average rate	31.50	32.89	42.14	67.35	–	65.36	–	61.15 May
Nominal EERI (Index 100 = 2001) <sup>(c)</sup>	% change <sup>(f)</sup>	8.0	0.7	-22.2	-32.7	–	13.3	–	-2.7 May
Real EERI (Index 100 = 2001) <sup>(c)</sup>	% change <sup>(f)</sup>	7.4	-0.6	-16.9	-20.0	–	15.9	–	-2.1 May

Sources: Banco de Moçambique, International Monetary Fund, Organisation for Economic Co-operation and Development, Mozambique Ministry of Economy and Finance, 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 in the 2010/14 period (appreciation: +; depreciation: -); (d) Imports of goods and services for the year (or the previous year for intra-annual figures); (e) Exports of goods and services; (f) Change from the previous December.

**Table II.4.3 • Gross Domestic Product | Current prices, MZM millions**

	2013	2014	2015	2016	2017	2018
				Est.	Est.	Proj.
<b>Primary sector</b>	116,129	120,982	135,754	155,412	171,037	-
Agriculture and livestock	108,734	113,213	126,251	138,821	153,763	-
Fishing	7,395	7,768	9,503	16,591	17,274	-
<b>Secondary sector</b>	81,860	99,790	116,236	135,777	200,073	-
Mining and quarrying	15,230	23,894	30,309	42,957	82,609	-
Manufacturing	41,591	47,821	53,917	59,806	72,619	-
Electricity, water and gas (prod. and supply)	16,301	17,116	18,296	18,614	26,676	-
Construction	8,737	10,960	13,714	14,399	18,168	-
<b>Tertiary sector</b>	239,075	262,154	286,791	332,894	358,205	-
Trade and repairs	56,305	61,523	66,501	80,253	89,160	-
Accommodation and food	10,134	10,973	12,999	13,504	13,855	-
Transport and storage	43,075	39,781	41,274	47,196	51,416	-
Information and communication	16,494	17,858	19,051	19,880	20,863	-
Financial services	22,442	24,459	27,436	33,754	41,192	-
Real estate, renting	31,498	31,124	34,098	36,776	45,397	-
Public administration	25,271	31,291	37,462	44,381	45,432	-
Education	33,972	42,271	46,821	56,163	57,590	-
Healthcare and social work	7,922	10,497	11,296	13,593	14,352	-
Other	-8,038	-7,623	-10,145	-12,605	-21,052	-
<b>Gross Domestic Product (at factor costs)</b>	437,064	482,926	538,782	624,083	729,315	-
Indirect taxes	45,169	48,851	52,895	63,033	75,148	-
<b>Gross Domestic Product (m.p.)</b>	482,233	531,777	591,677	687,117	804,464	991,655
<b>Consumption</b>	478,223	510,726	558,828	683,389	745,918	-
Public	115,101	138,592	157,807	194,588	205,153	-
Private	363,123	372,134	401,021	488,801	540,765	-
<b>Investment</b>	262,667	294,406	268,182	261,917	315,634	-
Gross Fixed Capital Formation	189,791	228,937	189,089	154,470	197,854	-
Changes in inventory	72,875	65,469	79,092	107,447	117,780	-
<b>Domestic demand</b>	740,890	805,132	827,010	945,306	1,061,553	-
<b>Exports of goods and services</b>	146,451	177,397	190,616	252,787	327,554	-
<b>Overall demand</b>	887,341	982,529	1,017,626	1,198,093	1,389,106	-
<b>Imports of goods and services</b>	405,108	450,752	425,947	510,977	584,643	-
<b>Memo items:</b>						
Gross domestic savings	4,010	21,051	32,849	3,727	58,545	-
Nominal GDPmp (USD millions)	16,123	17,327	15,457	10,981	12,646	14,343
GDPmp deflator (annual % change)	3.9	2.6	4.4	11.9	12.9	17.1
Nominal GDPmp (annual % change)	11.3	10.3	11.3	16.1	17.1	23.3
Real GDPmp (annual % change)	7.1	7.4	6.6	3.8	3.7	5.3

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

**Table II.4.4 • Consumer price index | Percentages**

		Monthly change	Year-on-year change	Average change
		[1]	[2]	[3]
2005	December	–	13.1	7.0
2006	December	–	8.1	13.6
2007	December	–	12.1	9.2
2008	December	–	11.8	14.5
2009	December	–	3.0	4.2
2010	December	–	16.6	12.7
2011	December	–	6.1	10.4
2012	December	–	2.0	2.6
2013	December	–	3.5	4.3
2014	December	–	1.9	2.6
2015	December	–	10.6	3.6
2016	December	–	23.7	19.9
2017	December	–	5.6	15.1
2016	January	4.8	13.7	4.5
	February	1.0	13.1	5.3
	March	0.3	13.3	6.1
	April	1.4	16.1	7.3
	May	0.3	17.6	8.7
	June	0.8	19.1	10.2
	July	1.2	20.4	11.7
	August	1.8	22.2	13.4
	September	3.3	25.9	15.3
	October	2.4	26.3	17.1
	November	1.8	26.3	18.8
	December	2.5	23.7	19.9
2017	January	2.2	20.6	20.4
	February	1.2	20.9	21.1
	March	0.8	21.6	21.7
	April	1.1	21.3	22.1
	May	-0.4	20.4	22.3
	June	-1.2	18.1	22.2
	July	-0.5	16.2	21.8
	August	0.0	14.1	21.1
	September	0.2	10.8	19.8
	October	0.2	8.4	18.3
	November	0.7	7.2	16.7
	December	1.1	5.6	15.1
2018	January	0.4	3.8	13.6
	February	0.4	2.9	12.1
	March	1.0	3.0	10.6
	April	0.4	2.3	9.0
	May	0.5	3.3	7.6
	June	-0.1	4.4	6.6

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 II.4.5 • Balance of payments | USD millions**

	2013	2014	2015	2016	2017		2018	
					Proj.	Est.	Proj.	Q 1
<b>Current account</b>	-6,253	-5,797	-5,968	-3,846	-9,105	-2,558	-2,425	-966
Excluding official transfers	-7,341	-6,884	-6,508	-4,286	–	-3,072	–	-965
Trade balance	-4,357	-4,035	-4,163	-1,405	-7,071	-498	-509	-261
Exports (f.o.b.)	4,123	3,916	3,413	3,328	4,107	4,725	5,031	1,182
of which: Megaprojects	2,196	2,440	2,057	2,414	2,340	3,415	4,125	–
Imports (f.o.b.)	-8,480	-7,952	-7,577	-4,733	-11,178	-5,223	-5,540	-1,443
of which: Megaprojects	-1,934	-1,487	-917	-771	-5,087	–	-1,147	–
Services	-3,259	-2,932	-2,306	-2,701	-2,297	-2,331	-1,544	-557
Balance of primary income	-59	-202	-300	-261	-574	-412	-560	-228
of which: Public debt interest (debit)	-49	-76	-128	-235	-114	-307	-307	–
Dividends and interest from megaprojects	-42	-46	-13	-18	-218	-59	-124	–
Balance of secondary income (current transfers)	1,421	1,372	802	520	837	683	188	81
Official transfers	1,088	1,087	540	440	–	515	–	0
Private transfers	333	285	262	81	–	168	–	81
<b>Capital and financial accounts</b>	6,624	5,700	5,342	3,374	9,623	3,888	2,232	876
Capital account	423	375	288	206	378	196	283	53
Financial account	6,202	5,325	5,054	3,167	9,245	3,691	1,949	823
of which: Direct Investment (net)	6,175	4,902	3,867	3,093	7,376	2,293	1,771	245
<b>Errors and omissions</b>	25	-20	58	4	0	12	0	17
<b>Overall account</b>	396	-117	-568	-468	518	1,341	-193	-73
<b>Financing</b>	-396	117	568	468	-575	-1,341	193	73
Change in official reserves (increase: -)	-393	120	600	501	-542	-1,327	-244	73
Use of IMF funds (net)	-3	-3	-32	-33	-33	-14	-33	0
Exceptional financing	0	0	0	0	0	0	470	0

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

**Table II.4.6 • Goods exports | Destinations as a percentage of total exports**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009 to 2017
South Africa	21.4	21.6	18.7	19.8	19.7	24.2	20.9	21.0	18.7	20.6
China	3.5	3.9	5.4	18.2	2.5	5.2	3.9	4.3	5.3	6.0
Spain	1.5	1.7	2.7	1.5	1.8	1.5	0.8	2.0	1.7	1.7
United States	1.9	0.9	0.8	2.5	3.6	1.4	1.7	2.9	1.1	1.9
India	2.6	1.5	1.8	4.5	16.5	9.9	9.4	20.1	34.3	12.9
Netherlands	41.6	51.0	43.5	24.1	27.3	28.4	27.9	25.3	10.0	28.7
Portugal	1.5	4.7	1.4	0.5	2.5	1.4	0.9	1.0	0.5	1.4
United Kingdom	1.3	0.2	3.2	4.9	1.0	5.4	2.5	1.8	4.5	3.0
Singapore	1.3	0.5	0.3	1.8	0.0	1.9	4.2	4.2	2.9	2.0
Zimbabwe	3.4	3.2	2.5	2.4	2.0	2.5	2.6	1.3	1.2	2.2
Other	19.8	10.9	19.7	19.7	23.3	18.4	25.3	16.0	19.8	19.6

Sources: Banco de Moçambique and Banco de Portugal calculations.

**Table II.4.7 • Goods imports | Origins as a percentage of total imports**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009 to 2017
South Africa	35.5	51.2	34.0	27.2	25.7	36.4	31.4	30.5	28.7	32.1
China	4.6	5.7	7.0	5.3	7.5	8.5	11.5	8.0	8.6	7.7
United Arab Emirates	2.0	2.4	5.6	7.7	7.0	6.0	4.5	7.3	9.2	6.1
United States	3.6	0.5	2.8	11.9	2.2	2.0	1.6	2.3	1.9	3.5
India	6.5	1.1	5.6	2.9	3.7	4.1	4.2	6.3	7.8	4.5
Japan	3.8	5.5	3.5	2.2	2.6	3.5	3.2	2.1	2.2	3.0
Netherlands	13.0	16.5	12.6	6.6	4.9	7.6	7.4	2.4	8.5	8.1
Portugal	3.8	8.0	4.2	4.0	5.7	5.7	4.7	5.9	4.2	5.1
United Kingdom	0.8	0.6	4.2	6.4	3.2	1.5	1.3	2.1	0.6	2.6
Singapore	1.8	0.0	0.7	0.6	7.4	1.4	2.0	6.5	1.7	2.6
Other	24.8	8.4	19.9	25.2	30.1	23.3	28.1	26.6	26.3	24.7

Sources: Banco de Moçambique and Banco de Portugal calculations.



**Table II.4.8 • Public debt | USD millions**

	2013	2014	2015	2016	2017
				Est.	Est.
<b>External debt</b>	5,798	7,068	8,081	8,626	9,486
Multilateral creditors	3,383	3,291	3,640	3,791	4,179
Bilateral creditors	2,415	3,777	4,441	4,835	5,308
OECD countries	581	679	1,012	978	1,101
Other countries	1,834	3,098	3,429	3,857	4,206
<b>Domestic debt</b>	994	1,102	1,400	1,232	1,829
Central Bank <sup>(a)</sup>	100	95	91	485	588
Other banks and financial institutions <sup>(b)</sup>	281	266	475	166	370
Treasury bonds	446	568	408	304	558
Other <sup>(c)</sup>	167	173	426	277	313
<b>Total public debt</b>	6,792	8,169	9,481	9,858	11,315
<b>External debt service</b>	143	156	291	347	–
Principal	85	87	176	195	–
Interest	58	68	115	151	–
			(% of GDP)		
<b>Total public debt</b>	42.1	47.1	61.3	89.8	89.5
External debt	36.0	40.8	52.3	78.6	75.0
Domestic debt	6.2	6.4	9.1	11.2	14.5
			(% of exports of goods and services)		
<b>External debt</b>	121.6	152.3	195.4	228.9	176.2
<b>External debt service</b>	3.0	3.4	7.0	9.2	–

Sources: Banco de Moçambique, Mozambique Ministry of Economy and Finance and Banco de Portugal calculations.

Notes: (a) Includes Government debt to reinforce the exchange rate balance; (b) Treasury bill flows only occurring in cash operations; (c) Loans related to fuel subsidies, debt of public companies, fees and leasing operations resulting from the construction of public buildings.

Table II.4.9 • Government operations | MZM billions

	2013	2014	2015	2016	2017			2018		
					Budg.	Est.	I.e. <sup>(a)</sup>	Budg.	Est.	I.e. <sup>(a)</sup>
<b>1. Total revenue</b>	156.55	177.36	165.45	180.44	200.38	229.53	114.5	240.23	106.08	44.2
1.1. Current revenue	126.32	156.24	147.57	165.60	186.33	213.22	114.4	222.86	100.23	45.0
Non-tax revenue	18.78	21.24	23.69	28.60	32.27	43.14	133.7	32.84	12.01	36.6
Tax revenue	107.54	135.01	123.88	136.99	154.07	170.09	110.4	190.02	88.22	46.4
Income taxes	49.39	63.20	53.43	63.78	69.41	96.89	139.6	81.67	44.67	54.7
Consumption taxes	44.87	56.21	53.10	56.37	66.32	53.82	81.2	74.80	29.98	40.1
Taxes on international trade	9.74	11.45	12.64	12.34	15.25	12.03	78.9	17.99	7.04	39.2
Other taxes	3.54	4.14	4.70	4.50	3.09	7.34	237.5	15.56	6.53	42.0
1.2. Grants	30.23	21.12	17.88	14.84	14.05	16.30	116.0	17.37	5.85	33.7
<b>2. Total expenditure</b>	178.29	201.54	199.12	204.82	249.58	228.45	91.5	278.83	116.16	41.7
2.1. Current expenditure	95.43	116.60	120.22	141.09	156.45	148.73	95.1	184.04	82.20	44.7
Compensation of employees	49.52	59.83	64.90	77.84	85.89	85.09	99.1	92.41	47.26	51.1
Goods and services	18.86	25.11	26.93	22.97	27.15	22.02	81.1	30.12	10.26	34.1
Transfers and subsidies	15.40	18.36	19.86	23.52	23.42	22.47	96.0	27.09	8.51	31.4
Scheduled debt interest	3.97	5.23	7.76	16.31	18.57	18.02	97.0	33.20	15.95	48.0
Other expenditure	7.68	8.08	0.77	0.45	1.43	1.13	79.1	1.23	0.22	17.8
2.2. Capital expenditure	72.30	75.74	76.39	50.27	65.98	54.37	82.4	81.40	22.82	28.0
Domestic financing	34.01	44.03	42.68	23.63	28.03	23.07	82.3	33.69	10.45	31.0
External financing	38.29	31.71	33.72	26.64	37.95	31.30	82.5	47.71	12.37	25.9
2.3. Net lending	10.56	9.20	2.51	13.47	27.15	25.35	93.4	13.39	11.14	83.2
<b>3. Current balance: (1.1-2.1)</b>	30.89	39.64	27.35	24.51	29.88	64.50	–	38.82	18.03	–
<b>4. Overall balance excl. grants: (1-2-1.2)</b>	-51.97	-45.30	-51.55	-39.23	-63.25	-15.23	–	-55.98	-15.93	–
<b>5. Overall balance: (1-2)</b>	-21.74	-24.18	-33.68	-24.39	-49.20	1.07	–	-38.60	-10.08	–
<b>6. Financing</b>	21.74	24.18	33.68	24.39	49.21	-1.07	–	38.60	10.08	–
6.1. Domestic (net)	-2.47	1.60	8.38	-1.20	10.26	-36.47	–	8.46	5.15	–
6.2. External (net)	24.21	22.58	25.30	25.58	38.95	35.40	90.9	30.14	4.92	16.3
Disbursements	26.75	25.76	31.00	36.94	50.80	43.36	85.3	43.49	10.17	23.4
Amortisation	-2.55	-3.18	-5.70	-11.35	-11.85	-7.96	67.2	-13.35	-5.25	39.3
<b>7. Financing gap (b)</b>	0.00	0.00	0.00	0.00	0.00	0.00	–	0.00	0.00	–

Sources: Banco de Moçambique, Mozambique Ministry of Economy and Finance and Banco de Portugal calculations.

Notes: (a) Level of budget execution, %; (b) Net borrowing (-) / net lending (+).

**Table II.4.10 • Monetary survey | MZM billions**

	2013	2014	2015	2016	2017 Est.	2017/2016		2018 Proj	2018		jun18/dec17	
						[1]	[2]		Mar.	Jun.	[1]	[2]
<b>Net foreign assets</b>	100.0	104.8	115.3	151.5	189.3	24.9	10.3	188.5	199.4	189.3	0.0	0.0
Central Bank	85.7	91.5	91.8	116.8	172.9	48.0	15.3	152.4	177.4	167.6	-3.0	-1.4
Foreign assets	97.1	103.6	113.7	145.2	196.0	35.0	13.9	–	200.5	190.8	-2.7	-1.4
Foreign liabilities	-11.3	-12.0	-21.9	-28.4	-23.1	-18.4	1.4	–	-23.1	-23.1	0.0	0.0
Commercial banks	14.3	13.3	23.6	34.7	16.4	-52.7	-5.0	36.1	22.0	21.6	31.8	1.4
<b>Net domestic assets</b>	116.4	159.7	218.1	215.6	194.8	-9.7	-5.7	225.3	191.1	197.9	1.6	0.8
Total domestic credit	137.6	185.7	255.4	302.8	255.6	-15.6	-12.9	317.0	261.4	251.3	-1.7	-1.1
Net claims on general Gov.	-14.0	-8.9	23.3	41.5	29.9	-27.8	-3.1	76.0	32.4	28.9	-3.6	-0.3
Credit granted	57.4	74.0	85.2	127.9	215.4	68.4	23.8	–	233.8	235.4	9.3	5.2
Deposits	-71.4	-82.9	-61.9	-86.5	-185.5	114.5	-27.0	–	-201.4	-206.6	11.4	-5.5
Credit to the economy	151.7	194.6	232.1	261.4	225.7	-13.7	-9.7	241.0	229.0	222.4	-1.4	-0.8
National currency	117.3	155.1	188.9	200.9	175.9	-12.5	-6.8	186.0	176.5	172.7	-1.8	-0.8
Foreign currency	34.4	39.5	43.3	60.5	49.8	-17.6	-2.9	55.0	52.5	49.8	-0.1	0.0
<b>Other items (net)</b>	-21.2	-26.0	-37.3	-87.2	-60.8	30.3	7.2	-91.7	-70.3	-53.4	12.2	1.9
<b>Total assets</b>	216.4	264.5	333.5	367.2	384.1	4.6	–	413.8	390.5	387.2	0.8	–
<b>Broad money (M3)</b>	216.4	264.5	333.5	367.2	384.1	4.6	4.6	413.8	390.5	387.2	0.8	0.8
Base money	47.5	57.6	73.9	99.9	104.6	4.7	–	107.0	106.2	108.9	4.2	–
Currency in circulation	22.7	27.3	30.0	36.3	36.3	0.1	–	–	31.9	34.6	-4.6	–
Demand deposits	123.3	154.3	188.4	207.2	209.1	0.9	–	–	212.1	207.9	-0.6	–
Quasi-money	70.4	82.9	115.1	123.7	138.8	12.2	–	–	146.5	144.7	4.3	–
<b>Total liabilities</b>	216.4	264.5	333.5	367.2	384.1	4.6	–	413.8	390.5	387.2	0.8	–

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

Notes: [1] Percentage change from the previous period; [2] Percentage change relative to the stock of broad money at the end of the previous period (liquidity expansion/contraction factors).

**Table II.4.11 • Interest rates | Annual rates, Per cent**

	2013	2014	2015	2016	2017	2018	
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.
<b>Deposit</b>							
Up to 180 days	8.5	8.4	9.1	12.0	18.1	16.2	–
181 to 365 days	9.1	9.1	9.4	12.7	18.0	17.3	–
1 to 2 years	6.1	7.7	6.8	8.8	14.0	14.0	–
<b>Lending</b>							
Up to 180 days	19.8	20.4	18.0	28.5	28.9	26.7	–
181 to 365 days	20.3	20.8	19.1	28.0	28.0	26.7	–
1 to 2 years	21.1	21.0	18.7	27.7	28.5	27.0	–
<b>Reference rates</b>							
Standing liquidity provision facility	8.3	7.5	9.8	23.3	20.5	19.0	18.0
Treasury bills (91 days)	5.2	5.4	7.5	24.1	23.8	17.2	16.0
IMM (up to 7 days, unsecured)	3.4	3.1	5.4	23.2	21.0	–	16.2

Sources: Banco de Moçambique.

**Table II.4.12 • Financial stability indicators | Per cent**

	2013	2014	2015	2016	2017	2018 Apr.
<b>Solvency</b>						
Capital adequacy <sup>(a)</sup>	16.9	15.1	17.0	8.8	21.5	20.2
Tier 1 / risk-weighted assets	16.0	13.6	15.6	14.2	20.8	19.5
<b>Asset quality</b>						
Non-performing loans <sup>(b)</sup> / total loans	2.9	3.2	4.3	5.7	12.6	12.9
Loans in foreign currency / total loans	21.9	22.2	24.8	28.8	25.0	25.9
<b>Return</b>						
Return on equity (ROE)	21.0	21.6	20.4	9.9	32.0	35.6
Return on assets (ROA)	2.0	2.1	2.0	0.7	2.6	3.4
Net interest margin/gross income	55.6	55.4	52.7	65.0	71.2	72.6
Operational costs/gross income	65.3	62.4	62.8	67.8	56.4	57.2
<b>Liquidity</b>						
Liquid assets <sup>(c)</sup> / total assets	30.7	28.2	32.2	31.3	37.0	38.4
<b>Other indicators</b>						
Private sector credit / total deposits	78.3	82.1	76.9	80.5	64.7	63.2
Personnel costs / operating costs	47.6	47.1	46.9	43.4	45.9	44.7
Interest spread, 1-2 years (lending - deposit)	15.0	13.3	11.8	18.9	14.5	–

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 II.4.13 • Metical (MZM) exchange rates | Average rates**

		EUR/MZM			USD/MZM					ZAR/MZM	ITCE <sup>(a)</sup> base 100:2001	
		Official (Of)	Open (Op)	Op/Of (%)	Official (Of)	Parallel (Pa)	Open (Op)	Pa/Of (%)	Op/Of (%)	Open	Nom.	Real
2006		32.18	31.38	-2.47	24.98	26.93	26.03	7.82	4.18	3.77	65.80	97.60
2007		35.57	35.02	-1.55	25.56	26.64	25.84	4.24	1.09	3.67	63.72	98.15
2008		35.72	35.49	-0.65	24.17	25.15	24.30	4.05	0.52	2.98	71.12	116.41
2009		38.95	37.25	-4.37	26.71	29.24	27.52	9.47	3.03	3.33	64.18	104.66
2010		45.44	43.63	-3.99	32.99	35.65	33.96	8.09	2.95	4.65	49.46	87.57
2011		40.46	40.47	0.02	29.06	31.04	29.07	6.81	0.03	4.04	56.57	105.72
2012		36.05	36.48	1.19	28.10	29.45	28.40	4.82	1.07	3.47	64.21	117.55
2013		39.71	39.97	0.65	29.91	31.50	30.10	5.31	0.65	3.13	65.07	118.45
2014		40.77	41.65	2.15	30.69	32.89	31.35	7.15	2.16	2.89	67.07	120.54
2015		42.41	44.27	4.40	38.28	42.14	39.98	10.07	4.45	3.12	61.39	110.91
2016		69.16	69.69	0.77	62.57	67.35	63.06	7.63	0.77	4.34	41.15	85.83
2017		71.65	71.63	-0.03	63.61	65.36	63.58	2.74	-0.05	4.78	38.67	89.77
2016	January	49.25	50.31	2.16	45.34	50.64	46.32	11.69	2.15	2.84	60.03	120.58
	February	52.94	54.36	2.69	47.68	53.50	48.96	12.21	2.69	3.11	55.58	111.51
	March	54.73	56.01	2.34	49.27	57.67	50.44	17.04	2.37	3.28	53.14	106.09
	April	59.27	59.83	0.95	52.26	59.90	52.76	14.62	0.95	3.62	48.73	98.15
	May	62.58	62.70	0.19	55.40	62.91	55.51	13.56	0.20	3.60	47.57	95.86
	June	68.42	68.59	0.25	60.92	66.01	61.08	8.36	0.26	4.06	42.88	86.94
	July	73.01	73.39	0.52	65.96	71.06	66.31	7.73	0.53	4.61	38.90	79.29
	August	80.00	80.44	0.55	71.37	78.97	71.77	10.65	0.56	5.22	34.97	72.60
	September	85.70	86.14	0.51	76.50	78.08	76.89	2.06	0.51	5.47	33.03	70.77
	October	85.46	85.94	0.56	77.58	79.35	78.01	2.28	0.56	5.60	32.61	71.32
	November	81.89	81.97	0.10	75.88	76.19	75.95	0.41	0.10	5.46	33.70	75.10
	December	76.62	76.60	-0.03	72.70	73.90	72.68	1.65	-0.03	5.25	35.43	80.78
2017	January	75.13	75.15	0.03	70.75	73.59	70.78	4.01	0.05	5.22	35.91	83.45
	February	74.89	74.76	-0.17	70.42	73.52	70.26	4.40	-0.23	5.33	35.55	82.99
	March	73.58	73.54	-0.06	68.88	69.28	68.74	0.58	-0.20	5.33	35.87	84.10
	April	70.68	70.67	-0.01	65.93	66.51	65.92	0.88	-0.02	4.91	38.09	89.97
	May	68.19	68.12	-0.10	61.68	62.69	61.65	1.64	-0.05	4.65	40.08	94.27
	June	67.91	67.88	-0.05	60.47	63.20	60.44	4.51	-0.05	4.69	40.07	93.06
	July	70.08	70.04	-0.06	60.85	62.83	60.84	3.25	-0.02	4.63	39.88	91.67
	August	72.41	72.41	0.00	61.34	63.75	61.33	3.93	-0.02	4.63	39.32	90.03
	September	73.08	73.09	0.02	61.35	63.32	61.35	3.21	0.00	4.66	39.05	89.54
	October	71.82	71.83	0.01	61.11	62.05	61.11	1.54	0.00	4.46	40.23	92.26
	November	71.38	71.37	-0.01	60.80	61.83	60.80	1.69	-0.01	4.32	40.95	94.68
	December	70.69	70.70	0.01	59.77	61.71	59.74	3.25	-0.05	4.55	40.15	93.65
2018	January	72.27	72.23	-0.06	59.24	62.19	59.23	4.98	-0.02	4.86	38.52	90.05
	February	75.44	75.45	0.01	61.10	64.01	61.52	4.76	0.69	5.17	36.60	85.28
	March	76.49	76.51	0.03	62.04	63.03	62.04	1.60	0.00	5.24	36.13	84.91
	April	74.41	74.41	0.00	60.59	62.33	60.59	2.87	0.01	5.02	37.42	87.74
	May	70.88	70.89	0.01	60.00	61.15	60.00	1.92	0.00	4.79	39.07	91.71

Sources: Banco de Moçambique, Moçambique National Institute of Statistics, Organisation for Economic Co-operation and Development 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 in the 2010/14 period (appreciation: +; depreciation: -).





## 5 São Tomé and Príncipe

**Area**

997 Km<sup>2</sup>

**Capital city**

São Tomé

**Population**

208.8 thousand (2018; source: São Tomé and Príncipe National Institute of Statistics – 2018 Census)

**Currency**

Dobra (STD)

Economic growth in São Tomé and Príncipe, while positive, continues to be insufficient to achieve a sustained reduction in the prevailing levels of poverty. Investment in infrastructure is taking a long time to materialise and the mobilisation of external resources to this end has been lower than expected. Inflation picked up in 2017, as a combined result of adverse weather conditions and the considerable increase in the tax burden implemented to meet the agreed fiscal targets in the adjustment programme signed with the IMF in 2015 under the Extended Credit Facility. Tourism remains the main source of external revenue, but maintaining this momentum requires modernising the country's support infrastructure (airport, hotels), diversifying the tourism activities and attracting new visitors. The banking sector shows slight signs of progress but the levels of non-performing loans and the lack of profitability of most banks are a cause for concern.

**In 2017 estimates for economic growth in São Tomé and Príncipe point to a level similar to that of previous years, at around 4 per cent**, which is still not enough to reduce the level of poverty and create the employment needed to accommodate the young people that are added each year to the working population. Tourism is the most dynamic sector in the economy, which emphasises the need to modernise the country's support infrastructure (airport, transport networks). Expected public investment (expanding and modernising the airport, renovating the road network, modernising the electricity sector) may lead to a new economic momentum in the tourism sector and the economy overall. In 2015 the country signed an agreement with the IMF under the Extended Credit Facility, aimed at eliminating the macroeconomic imbalances and implementing a number of structural reforms.

**In 2017 there was a steepening of the price trend**, which, since the middle of 2016, had reversed the disinflationary momentum observed since the adoption of the new exchange rate regime. The unfavourable weather conditions seen in the second quarter of 2017 – which considerably affected vegetable and fish prices – and a sharp increase in the tax burden (indirect taxes, in particular customs duties) made a significant contribution to this behaviour. At the end of 2017 inflation stood at 7.7% (year-on-year). Given that the effects of these factors increasing inflation have waned in 2018 (with inflation at 6.6% in June of this year), a possible return to the disinflationary path seen between 2008 and 2015 should not be ruled out.

Imports increased considerably from previous years, which is somewhat in contradiction with the moderation in economic growth and the stagnation of customs revenue. One of the factors behind this increase was an oil price hike, together with imports of capital goods related to oil exploitation (which tend to be exempt from customs taxes). Exports of goods (cocoa) and services (mostly tourism) improved somewhat, partially offsetting the fall in official transfers, while the **current account deficit worsened** (from 6.5 to 8.2% of GDP). The financial account benefited from an increase in direct investment flows (also associated with oil exploitation). By contrast, short-term capital outflows continued, resulting in an overall deficit of 2.5% of GDP.

Against this background, the **level of foreign exchange reserves continued to decline in 2017**, although the central bank increased the restrictions imposed on commercial banks in their access to foreign currency. In the first months of 2018, a grant from China and a payment related to an oil exploitation contract led to a modest recovery in reserves, which remain slightly above the three-month threshold, the benchmark specified in the Economic Cooperation Agreement signed with Portugal in 2009.

Owing to the small scale of the private sector, the constraints set out in the adjustment programme signed with the IMF in 2015 and the conditions arising from the foreign exchange regime in force since 2010 (the euro peg), **public finances are a key determinant of the economy's behaviour**. Indeed, given that an increase in public expenditure – unless it is previously funded by external sources – exerts considerable pressure on reserves, the Santomean authorities have aimed to remain suitably prudent in terms of fiscal management. However, the inflexibility of current expenditure – specifically public sector salaries – and the difficulty implementing measures that increase revenue mean that budgetary restraint is basically achieved at the expense of public investment.

Greater restraint adopted in 2017 resulted in the **domestic primary deficit (the main benchmark for budgetary policy) improving from 4.0 to 2.3%**, although it still remains below the target of 1.8% set in the programme agreed with the IMF.

**Public revenue remained below budget forecasts** both for current public revenue (a level of execution of 83.3%) and grants (a level of execution of less than 65%), which suggests a slight tendency to overestimate the tax authorities' operational capability and reflects the difficulties of generating tax revenue in an economy with a high degree of informality. Authorities are making efforts to implement a value added tax as early as 2019, in order to broaden the tax base and make it fairer. In addition, the legal enforcement of authorities over large tax payers – including state-owned enterprises – has been increasing.



**The conduct of fiscal policy was also affected by difficulties obtaining external financing for public expenditure:** the levels of loans obtained in 2017 from international institutions and other entities to cover public investment projects decreased to €1.5 million (compared with €30.3 million in 2015). This decline affected the implementation of infrastructure projects, which are crucial for boosting economic growth.

At the same time, the **willingness of development partners to continue to support the Santomean state through grants also declined:** the overall amount of grants received in 2017 was around 10% lower than that of the previous year. Particularly significant was the fact that the World Bank discontinued its direct support of the budget in 2017 and that the amount provided by the European Union decreased.

Despite the borrowing restrictions, external public debt increased as a result of disbursements by Portugal and Angola. However, the increase in nominal GDP and developments in the exchange rate against the US dollar (the currency in which most of the external debt is denominated) led to a slight easing of the external public debt-to-GDP ratio, which declined to 75% at the end of 2017, after coming close to 90% in 2015.

The behaviour of the monetary aggregates of the Santomean economy in the past two years has been affected by a **strong decline in net foreign assets**, together with a **virtual stagnation of credit**, owing to a lack of dynamism of the economy and the difficulties faced by the banking sector. On aggregate terms, these institutions have experienced slight improvements in non-performing loans, but their level of profitability is still virtually nil. In order to avoid a recurrence of the situations seen in the recent past, which led to the closure of two institutions, supervisory authorities have increased their intervention in banks and have requested that these institutions maintain higher capitalisation levels.

**The exchange rate stability ensured by the current regime continued to be observed**, although, in the past two years, the effective exchange rate index has exhibited some fluctuations as a result of the unstable behaviour of the Angolan currency, which is part of the currency basket of this index. Trade flows with this country mostly comprise oil imports denominated in US dollars. Consequently, the depreciation of the kwanza did not have a significant impact in terms of external competitiveness for the Santomean economy.

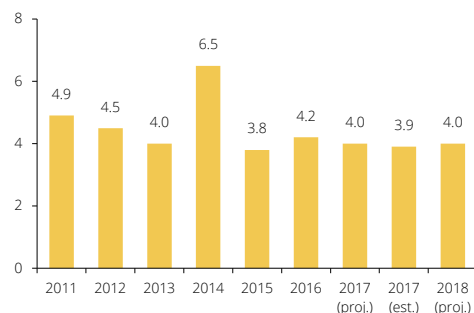
**A monetary reform was carried out at the start of 2018, with the introduction of a new series of dobra banknotes and coins**, with a face value equivalent to 1/1,000 of the value of the previous banknotes and coins. The new banknotes have modern features in terms of quality and security and were well received by the public, with the cash changeover proceeding smoothly.

**Table II.5.1 • Main economic indicators**

	2013	2014	2015	2016	2017		2018
	Est.	Est.	Est.	Est.	Proj.	Est.	Proj.
Real GDP (annual % change)	4.0	6.5	3.8	4.2	4.0	3.9	4.0
Inflation (year-on-year % change)	7.1	6.4	4.0	5.1	6.0	7.7	6.0
Broad money (% change)	15.7	16.8	13.1	-4.8	-0.2	-0.4	12.6
Current account (% of GDP)	-23.4	-21.4	-13.0	-6.5	-11.3	-8.2	-6.8
Overall fiscal balance (% of GDP)	-2.0	-4.1	-7.5	-4.2	-4.5	-2.6	0.3
Domestic primary balance (% of GDP)	-2.6	-2.7	-3.0	-4.0	-1.7	-2.3	-1.3
External public debt (% of GDP)	75.9	74.9	87.0	78.9	-	75.0	-

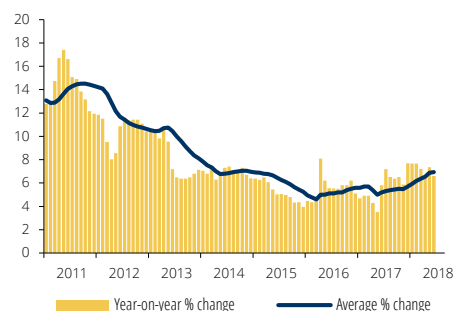
Sources (for the subsequent charts also): Banco Central de São Tomé e Príncipe, Ministry of Finance (São Tomé e Príncipe), International Monetary Fund and Banco de Portugal calculations.

**Chart II.5.1 • Real GDP | Annual % change**



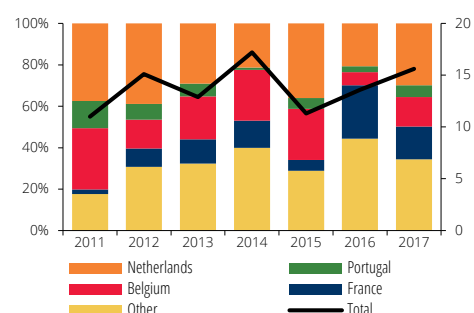
Economic growth fell short of expectations. Public investment projects did not materialise (due to difficulties mobilising external resources), which remains a constraint on economic activity.

**Chart II.5.2 • Inflation | Annual % change in the CPI**



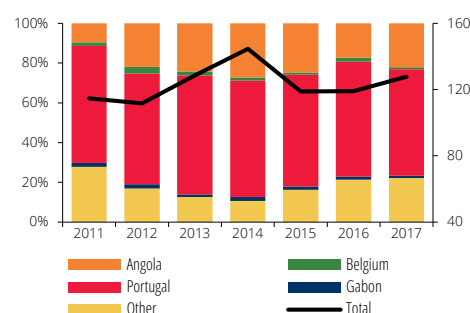
The pick-up in inflation in 2016 and 2017 reflected the effects of a rise in food prices as a result of weather conditions and an increase in the tax burden (in 2017). These effects will tend to fade away over the course of this year.

**Chart II.5.3 • Goods exports | Destinations as a %, total in USD millions**



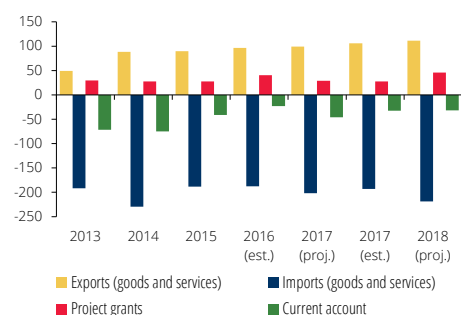
Exports continued to recover, despite the drop in the price of cocoa (the main export). The Netherlands once again became the top export destination, with Portugal also moving up in the hierarchy of importers.

**Chart II.5.4 • Goods imports | Origins as a %, total in USD millions**



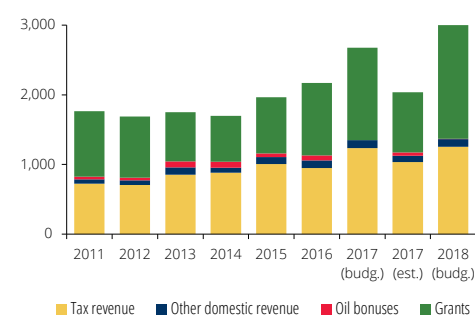
Following the fall observed in 2015, the value of imports increased again last year. The increase in oil prices and imports of capital goods – specifically those related to oil exploitation – contributed to this increase.

**Chart II.5.5 • External accounts | USD millions**



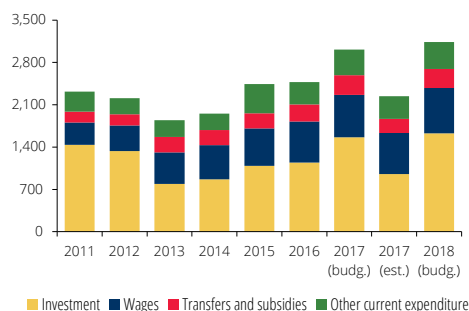
The current account deficit worsened slightly, given that the increases observed in exports of goods and services were not enough to offset the rise in imports and the reduction in transfers (notably official transfers – grants).

**Chart II.5.6 • Public revenue | Millions of new dobra**



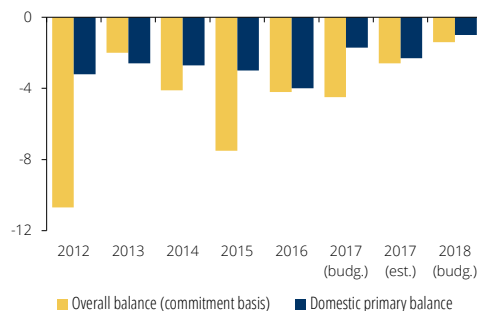
Customs revenue (traditionally the main source of tax revenue) recovered from 2016, but did not reach the levels observed from 2013 to 2015, despite the strong increase in the respective rates. Grants also recorded a significant fall.

**Chart II.5.7 • Public expenditure | Millions of new dobra**



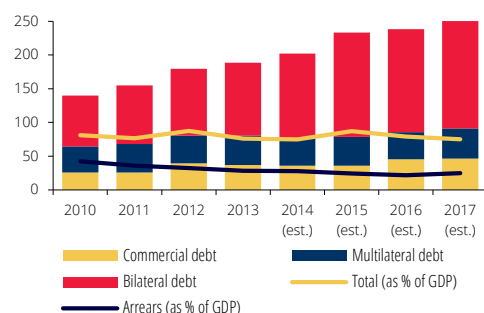
Public expenditure was significantly contained due to resource constraints and following an attempt to comply with the agreed budgetary targets. The public investment component recorded the highest fall, although there were also cuts to subsidies and transfers.

**Chart II.5.8 • Public accounts | % of GDP**



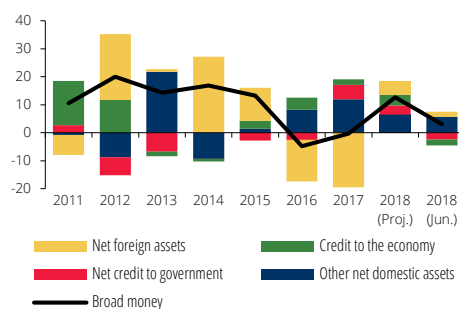
The domestic primary deficit (the main benchmark for budgetary policy) improved: to 2.3% from 4.0% in 2016, which nevertheless was not enough to comply with the established target of 1.7%. The low level of execution in indirect taxes (specifically, customs taxes) was key.

**Chart II.5.9 • External debt | USD millions and % of GDP**



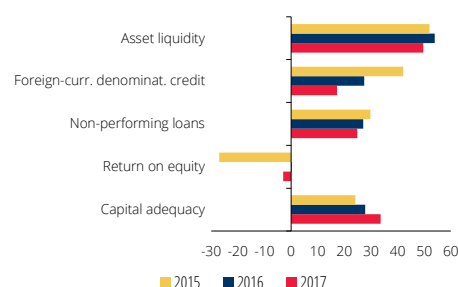
The value of external debt increased slightly (despite compliance with the commitment to limit borrowing to concessional loans). However, the debt-to-GDP ratio improved due to the exchange rate performance (the USD, the currency in which most of the debt is denominated, experienced a depreciation).

**Chart II.5.10 • Liquidity expansion / contraction factors | Changes in % of initial stock of broad money**



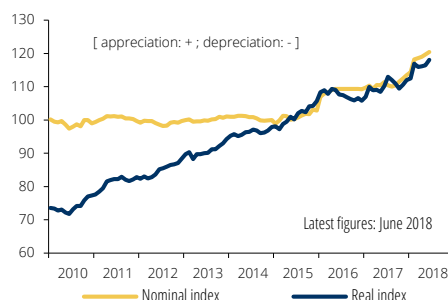
The fall in net foreign assets, which had already been observed in 2016, became more pronounced, and was the main factor behind the stagnation in the stock of broad money. The contribution of credit was practically nil, reflecting the problems seen in the economy and the banking sector.

**Chart II.5.11 • Financial stability | Banking system ratios**



The indicators on the soundness of the banking sector improved slightly, specifically for non-performing loans. However, these institutions remain in a very fragile situation, despite the improvement in the capitalisation levels required by monetary authorities.

**Chart II.5.12 • Effective exchange rate Index: 100 = Dec. 2014, monthly averages**



The pick-up in inflation in São Tomé resulted in an increased appreciation of the real effective exchange rate. Recently, the nominal index has also exhibited some fluctuations owing to the instability of the Angolan currency.

Table II.5.2 • Main economic indicators

			2013	2014	2015	2016	2017		2018	
							Proj.	Est.	Proj.	Est.
<b>Output and prices</b>										
Nominal GDP	Millions of new dobra		5,639	6,443	6,970	7,846	8,300	8,535	9,222	–
	EUR millions		230.2	263.0	284.8	320.2	338.8	348.4	376.4	–
	USD millions		302.9	306.5	315.5	354.2	375.0	392.5	466.1	–
Real GDP	Annual % change		4.0	6.5	3.8	4.2	4.0	3.9	4.0	–
Inflation	y-o-y % change		7.1	6.4	4.0	5.1	6.0	7.7	6.0	6.6 Jun.
	Average % change		8.1	7.0	5.2	5.6	4.0	5.7	6.8	6.9 Jun.
<b>Public finances</b>										
Total revenue	% of GDP		31.0	26.4	28.2	276.4	32.3	23.8	32.9	–
Current revenue	% of GDP		17.0	14.8	15.9	13.5	16.3	13.2	14.8	–
Grants	% of GDP		12.5	10.2	11.5	13.2	16.0	10.1	18.1	–
Total expenditure	% of GDP		33.1	30.4	35.7	31.8	36.8	26.4	34.3	–
of which: Current expenditure	% of GDP		18.7	16.9	19.5	17.0	17.5	15.1	16.4	–
Capital expenditure	% of GDP		14.0	13.4	15.6	14.5	18.8	11.2	17.7	–
Domestic primary balance <sup>(a)</sup>	% of GDP		-2.6	-2.7	-3.0	-4.0	-1.7	-2.3	-1.3	–
Overall balance (commitment basis)	% of GDP		-2.0	-4.1	-7.5	-4.2	-4.5	-2.6	0.3	–
<b>Money and credit</b>										
Net credit to central government	Annual % change		103.3	0.8	28.2	10.9	-10.4	-42.7	4.0	34.2 Jun.
Credit to the economy	Annual % change		-1.7	-1.1	5.4	6.6	3.4	2.5	5.8	-2.5 Jun.
Broad money	Annual % change		15.7	16.8	13.1	-4.8	-0.2	-0.4	12.6	3.0 Jun.
BCSTP reference interest rate	Annual rate		14.0	12.0	10.0	10.0	–	9.0	–	9.0 Jun.
<b>Balance of payments</b>										
Exports f.o.b.	Annual % change		-14.6	33.3	-34.3	20.4	-14.7	14.7	-10.3	–
Imports f.o.b.	Annual % change		15.1	12.4	-17.8	0.2	6.4	7.2	21.6	–
Trade balance	% of GDP		-38.2	-41.6	-34.6	-29.8	-30.7	-28.6	-30.3	–
Services balance	% of GDP		-9.0	-4.4	3.0	-4.1	3.3	6.3	7.4	–
Current account	% of GDP		-23.6	-24.5	-13.0	-6.5	-12.2	-8.2	-6.8	–
BCSTP net foreign assets	EUR millions		52.7	60.2	77.7	72.4	79.1	60.2	64.9	63.8 Jun.
	USD millions		69.4	79.3	85.6	75.8	88.0	70.6	80.3	74.0 Jun.
<b>External public debt</b>										
Total external public debt	USD millions		228.2	243.0	273.2	278.0	–	292.1	–	276.0 Mar.
	% of GDP		75.9	74.9	87.0	78.9	–	75.0	–	62.0 Mar.
<b>Exchange rates</b>										
Exch. rate EUR / New dobra	Average annual rate		24.50	24.50	24.50	24.50	24.50	24.50	24.50	Jul.
Exch. rate USD / New dobra	Average annual rate		18.62	18.59	22.18	22.28	22.05	21.91	19.79	20.51 Jul.
Nominal EERI <sup>(b)</sup> [appreciation: +]	Annual % change		0.9	0.5	0.3	7.7	–	1.8	–	6.8 Jun.
Real EERI <sup>(b)</sup> [appreciation: +]	Annual % change		6.6	5.9	2.8	6.0	–	2.6	–	5.3 Jun.

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance (São Tomé e Príncipe), International Monetary Fund and Banco de Portugal calculations.  
Notas: (a) Domestic primary balance corresponds to 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 exchange rates applied to the currencies of the main trading partners.

**Table II.5.3 • Gross domestic product | Current prices, Millions of new dobra**

	2012	2013	2014	2015	2016	2017
			Est.	Est.	Prov.	Prov.
<b>Primary sector</b>	570	689	751	853	952	–
Agriculture, livestock, hunting and forestry	287	338	345	361	347	–
Fishing	267	334	388	472	582	–
Mining and quarrying	16	17	18	19	23	–
<b>Secondary sector</b>	748	863	1,070	973	1,231	–
Manufacturing	355	406	417	435	533	–
Electricity, gas and water	120	132	128	135	161	–
Construction	273	324	525	402	537	–
<b>Tertiary sector</b>	3,620	3,951	4,476	4,979	5,443	–
Trade	1,340	1,532	1,687	1,778	1,970	–
Accommodation and food	144	170	233	361	415	–
Transportation, storage and communication	612	635	719	852	863	–
Financial activities	121	134	148	160	173	–
Real estate activ., rental and serv. to enterprises	268	304	370	405	459	–
Public admin., defence and social security	407	505	569	631	686	–
Education	205	295	378	391	427	–
Health and social work	51	69	80	82	92	–
Other activities	471	306	291	318	357	–
<b>FISIM (Financial intermed. servs. indirectly measured)</b>	-145	-168	-197	-208	-204	–
<b>Indirect taxes</b>	271	304	342	374	423	–
<b>Gross domestic product m.p.</b>	5,064	5,639	6,443	6,970	7,846	8,535
<b>Exports of goods and services</b>	634	912	1,646	2,004	2,255	2,472
<b>Imports of goods and services</b>	2,761	3,256	4,267	4,137	4,195	4,321
<b>Memo items:</b>						
GDP (real % change)	4.5	4.0	6.5	3.8	4.2	3.9
GDPmp (nominal % change)	19.7	11.4	14.3	8.2	12.6	8.8
Nominal GDP (EUR millions; current prices)	206.7	230.2	263.0	284.5	320.2	348.4
Nominal GDP (USD millions; current prices)	263.6	302.9	306.5	315.5	354.2	392.5

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

**Table II.5.4 • Consumer price index | Per cent**

		Monthly change	Cumulative change	Year-on-year change	Average change
		[1]	[2]	[3]	[4]
2005	December	–	17.2	17.2	17.2
2006	December	–	24.6	24.6	23.1
2007	December	–	27.6	27.6	18.5
2008	December	–	24.8	24.8	32.0
2009	December	–	16.1	16.1	17.0
2010	December	–	12.9	12.9	13.3
2011	December	–	11.9	11.9	14.3
2012	December	–	10.4	10.4	10.6
2013	December	–	7.1	7.1	8.1
2014	December	–	6.4	6.4	7.0
2015	December	–	4.0	4.0	5.2
2016	December	–	5.1	5.1	5.6
2017	December	–	7.7	7.7	5.7
2016	January	0.8	0.8	4.5	4.9
	February	0.2	0.9	4.4	4.8
	March	0.8	1.7	4.7	4.6
	April	1.6	3.4	8.1	5.0
	May	0.5	3.9	6.2	5.0
	June	-0.4	3.4	5.6	5.1
	July	0.2	3.7	5.5	5.1
	August	0.1	3.8	5.5	5.2
	September	0.3	4.1	5.8	5.2
	October	0.4	4.5	5.8	5.4
	November	0.8	5.4	6.2	5.5
	December	-0.2	5.1	5.1	5.6
	December (proj.)	–	–	4.0	4.6
2017	January	0.4	0.4	4.7	5.6
	February	0.3	0.7	4.9	5.7
	March	0.8	1.5	4.9	5.7
	April	1.2	2.7	4.3	5.4
	May	-0.4	2.3	3.5	5.1
	June	1.8	4.1	5.8	5.2
	July	1.6	5.7	7.2	5.3
	August	-0.5	5.2	6.5	5.4
	September	0.2	5.4	6.4	5.4
	October	0.5	5.9	6.5	5.5
	November	0.2	6.1	5.9	5.5
	December	1.5	7.7	7.7	5.7
	December (proj.)	–	–	3.0	4.0
2018	January	0.3	0.3	7.7	5.9
	February	0.3	0.7	7.7	6.2
	March	0.4	1.1	7.2	6.4
	April	0.5	1.6	6.5	6.5
	May	0.4	1.9	7.3	6.9
	June	1.0	3.0	6.6	6.9
	December (proj.)	–	–	6.0	6.8

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance (São Tomé e Príncipe) and Banco de Portugal calculations.

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

**Table II.5.5 • Balance of payments | USD millions**

	2013	2014	2015	2016	2017		2018
		Est.	Est.	Est.	Proj.	Est.	Proj.
<b>1. Current account</b>	-71.5	-75.0	-41.0	-23.0	-45.8	-32.1	-31.7
1.1. Trade balance	-115.7	-127.4	-107.6	-105.5	-115.1	-112.1	-141.3
Exports (f.o.b.)	12.9	17.2	11.3	13.6	11.6	15.6	14.0
of which: Cocoa	5.4	9.2	7.9	8.6	6.4	8.6	11.3
Re-exports	5.9	7.0	2.2	3.2	3.7	4.7	5.1
Imports (f.o.b.)	-128.6	-144.6	-118.9	-119.1	-126.7	-127.7	-155.3
of which: Food	-38.4	-42.5	-34.3	-36.1	-38.9	-35.1	-38.4
Capital goods	-38.5	-30.3	-43.8	-43.9	-28.0	-58.1	-68.3
Fuel	-38.2	-41.1	-31.3	-21.7	-29.1	-27.6	-39.2
1.2. Services	-27.3	-13.6	9.5	14.4	12.3	24.7	34.3
Exports	36.0	71.3	78.6	82.9	87.6	90.2	97.4
of which: Travel and tourism	30.6	56.0	62.2	69.2	73.7	75.3	81.4
Imports	-63.3	-84.9	-69.1	-68.5	-75.3	-65.5	-63.1
of which: Freights and insurance	-20.6	-26.0	-24.5	-25.2	-	-24.4	-
1.3. Income	2.0	6.7	-1.0	1.0	2.2	-4.4	-5.1
Labour income (net)	-0.6	0.2	-0.1	0.3	-	0.6	-
Other net income	2.6	6.5	-0.9	0.7	-	-5.0	-
of which: Scheduled debt interest	-2.3	-2.4	-1.9	-2.8	-	-4.0	-
1.4. Current transfers	69.5	59.3	58.1	67.1	54.8	59.7	80.4
Private transfers (net)	24.6	23.3	18.1	18.6	17.0	18.1	19.1
of which: Emigrants' remittances	26.1	25.2	19.6	17.5	-	18.2	-
Official transfers (net)	44.9	36.0	40.0	48.5	37.8	41.6	61.3
of which: Project grants	29.4	27.9	27.6	40.2	29.0	27.3	45.9
HICP grants	1.9	0.8	6.0	2.9	3.7	3.1	4.2
<b>2. Capital and financial account</b>	34.3	37.5	57.2	-13.4	44.7	31.9	36.9
Financial account	34.3	37.5	57.2	-13.4	44.7	31.9	36.9
Foreign direct investment	10.2	18.9	25.8	20.7	42.9	41.4	50.0
of which: Oil signature bonuses	4.8	0.0	2.4	3.3	0.0	2.3	10.0
Portfolio investment (net)	0.0	0.0	0.3	0.6	0.0	0.6	0.0
Other investment (net)	24.1	18.6	31.1	-34.8	1.8	-10.1	-13.1
Other assets	16.1	15.5	9.5	-19.5	0.0	2.2	-9.5
Public sector (net)	3.1	15.6	26.0	3.3	15.2	0.4	3.5
of which: Disbursements	10.8	16.3	33.5	7.4	17.6	4.6	9.5
Amortisation	-7.7	-0.7	-7.5	-4.1	-2.4	-4.2	-6.0
Private sector (net)	5.0	-12.5	-4.3	-18.6	-13.3	-12.8	-7.1
Commercial banks	10.6	-17.5	9.7	13.8	-0.9	8.8	-0.8
Short-term private capital	-5.6	5.0	-14.0	-32.4	-12.4	-21.6	-6.3
<b>3. Errors and omissions</b>	48.8	47.0	2.3	31.9	0.0	-9.4	0.0
<b>4. Overall balance (1) + (2) + (3)</b>	11.6	9.5	18.5	-4.6	-1.1	-9.6	4.4
<b>5. Financing</b>	-11.6	-9.5	-18.5	4.6	1.1	9.6	-4.4
Change in foreign reserves <sup>(a)</sup> (increase: -)	-9.1	-10.5	-18.2	5.0	1.0	6.6	-5.7
National Oil Account (increase: -)	-3.2	2.3	-0.4	-1.3	-1.4	0.2	-0.1
Use of IMF resources (net)	0.7	-1.4	0.0	0.9	1.6	2.8	1.4
<b>Memo item:</b>							
Current account (% of GDP)	-23.6	-24.5	-13.0	-6.5	-12.2	-8.2	-6.8

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

Note: (a) Excludes National Oil Account flows.

**Table II.5.6 • Goods exports | Destinations as a percentage of total exports**

	2010	2011	2012	2013	2014	2015	2016 (est.)	2017 (est.)
France	0.3	2.3	8.8	11.6	13.2	5.1	25.8	15.8
Belgium	20.2	29.5	13.9	20.7	24.4	24.8	6.3	14.2
Netherlands	10.9	37.4	38.8	29.1	21.4	36.1	20.7	29.9
Portugal	44.4	13.2	7.7	6.2	1.1	5.1	2.8	5.7
Gabon	0.3	1.8	1.1	0.9	0.2	0.5	0.1	0.1
Other	23.9	15.8	29.7	31.5	39.7	28.4	44.3	34.3
<b>Total exports<sup>(a)</sup></b>	<b>10.9</b>	<b>11.0</b>	<b>15.1</b>	<b>12.9</b>	<b>17.2</b>	<b>11.3</b>	<b>13.6</b>	<b>15.6</b>

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance (São Tomé e Príncipe) and Banco de Portugal calculations.

Note: (a) In USD millions.

**Table II.5.7 • Goods imports | Origins as a percentage of total imports**

	2010	2011	2012	2013	2014	2015	2016 (est.)	2017 (est.)
Angola	12.1	9.6	21.9	24.3	27.2	24.7	17.3	22.0
Belgium	1.8	1.7	3.3	1.9	1.7	1.1	1.9	1.0
China	2.4	2.0	1.4	1.6	2.8	3.0	5.2	4.7
France	5.0	2.4	0.6	0.7	0.6	0.3	1.4	2.3
Gabon	5.3	2.0	2.1	1.4	2.0	1.7	1.6	1.2
Japan	1.2	2.5	1.5	1.4	0.4	2.2	2.4	1.0
Netherlands	0.5	0.3	0.4	0.3	0.9	0.8	0.4	0.7
Portugal	60.9	58.9	55.7	59.8	58.5	56.3	57.9	53.6
Other	10.8	20.6	13.1	8.6	5.9	9.9	11.9	13.5
<b>Total imports<sup>(a)</sup></b>	<b>96.2</b>	<b>115.7</b>	<b>111.7</b>	<b>128.6</b>	<b>144.6</b>	<b>118.9</b>	<b>119.1</b>	<b>127.7</b>

Sources: Banco Central de São Tomé e Príncipe, Ministry of Finance (São Tomé e Príncipe) and Banco de Portugal calculations.

Note: (a) In USD millions.



**Table II.5.8 • External public debt | USD millions**

	2011	2012	2013	2014	2015	2016	2017
			Est.	Est.	Est.	Est.	Est.
<b>1. Medium and long-term debt</b>	155.2	179.7	188.6	202.6	239.6	238.8	251.4
of which: Arrears	67.7	81.6	82.7	85.7	72.4	66.6	68.5
1.1 Multilateral debt	42.1	41.0	43.7	41.5	42.7	40.3	44.5
of which: Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BADEA	5.8	5.9	5.8	7.1	9.4	10.5	12.0
AfDB/ADF	2.2	2.1	5.5	5.3	5.3	4.4	6.9
EIB	0.9	0.9	0.6	0.3	0.1	0.0	0.0
IFAD	7.9	8.0	7.7	6.9	6.7	6.4	5.8
IMF	4.9	5.5	6.0	4.6	4.6	4.3	5.9
IDA	14.9	14.1	14.0	14.0	13.8	12.3	11.9
OPEC	5.5	4.5	4.1	3.3	2.8	2.4	2.0
1.2 Bilateral official debt	87.3	99.0	107.7	125.0	154.7	152.7	160.3
of which: Arrears	41.9	41.9	45.5	49.6	49.2	30.8	32.4
1.2.1 Paris Club members	0.9	1.0	1.0	1.1	0.0	0.8	0.8
of which: Arrears	0.0	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	0.0
Belgium	0.9	1.0	1.0	1.1	0.0	0.8	0.8
Spain	0.0	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	0.0
Russia	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.2.2 Other official creditors	86.4	98.0	106.7	124.0	154.7	151.9	159.5
of which: Arrears	41.9	41.9	45.5	49.6	49.2	30.8	32.4
Angola	32.0	32.0	32.0	49.0	63.0	67.5	81.5
Algeria	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	17.3	17.3	18.6	18.8	28.4	18.4	18.4
Former Yugoslavia	8.8	8.8	8.8	8.8	8.8	8.8	0.0
Portugal	28.2	39.8	47.3	47.3	54.5	57.2	59.6
1.3 Commercial debt	25.8	39.5	37.0	35.8	36.1	45.6	46.6
of which: Arrears	25.8	39.7	37.2	36.1	23.2	35.8	36.1
Italian entities	25.8	25.8	24.3	24.3	24.3	24.3	24.3
MSF	–	7.4	6.4	5.4	5.0	4.7	5.1
Other entities	–	6.3	6.3	6.1	6.8	16.6	17.2
<b>2. Short-term debt</b>	27.7	39.8	39.8	39.8	39.4	39.4	40.7
of which: Arrears	17.7	3.4	3.4	7.7	3.4	7.7	1.3
Angola	3.4	3.4	3.4	3.4	3.4	3.4	4.8
Brazil	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Equatorial Guinea	0.0	2.1	2.1	2.1	1.6	1.6	1.7
Nigeria	20.0	30.0	30.0	30.0	30.0	30.0	30.0
<b>Total external public debt (1) + (2)</b>	<b>182.9</b>	<b>219.3</b>	<b>228.2</b>	<b>243.0</b>	<b>273.2</b>	<b>278.0</b>	<b>292.1</b>
of which: Arrears	85.4	85.0	86.1	93.4	75.8	74.3	97.5
<b>Memo items:</b>							
Total external public debt (% of GDP)	76.8	87.5	75.9	74.9	87.0	78.9	75.0
Total arrears (% of GDP)	35.9	32.3	28.4	27.9	24.2	21.8	25.0

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

Table II.5.9 • Government operations | Millions of new dobra

	2013	2014	2015	2016	2017			2018
					Budg.	Est	I.e. <sup>(a)</sup>	Budg.
<b>1. Total revenue</b>	1,750	1,698	1,965	2,168	2,678	2,034	76.0	3,036
1.1. Current revenue	956	951	1,107	1,056	1,350	1,124	83.3	1,365
Tax revenue	854	881	1,006	949	1,237	1,036	83.8	1,253
Direct taxes	282	300	344	377	436	405	92.9	476
Indirect taxes	460	490	550	463	673	524	77.9	656
of which: Customs revenue	398	407	455	371	545	388	71.2	488
Other tax revenue	112	92	112	108	128	107	83.6	122
Non-tax revenue	102	70	101	107	112	88	78.6	111
1.2. Grants	704	657	804	1,038	1,328	860	64.8	1,669
Project grants	509	541	610	891	846	594	70.2	1,402
Other grants (incl. budget support)	173	103	61	81	329	198	60.2	184
Debt relief-related grants	22	13	133	65	154	67	43.5	83
1.3. Oil signature bonuses	90	90	53	74	0	51	–	2
<b>2. Total expenditure</b>	1,864	1,961	2,488	2,494	3,058	2,253	73.7	3,162
2.1. Current expenditure	1,056	1,086	1,356	1,334	1,450	1,287	88.8	1,512
Compensation of employees	521	569	623	684	702	681	97.0	749
Goods and services	216	158	239	249	251	253	100.8	241
Subsidies and transfers	256	245	248	282	326	234	71.8	315
Public debt interest	28	28	52	34	52	43	82.7	50
Other current expenditure	34	86	194	84	119	76	63.9	156
2.2. Capital expenditure	790	865	1,087	1,141	1,562	952	60.9	1,629
With domestic financing	60	58	51	50	445	58	13.0	27
With external financing	730	807	1,036	1,090	1,117	894	80.0	1,602
2.3. HICP Initiative-related expenditure	17	10	45	19	47	15	31.9	22
<b>3. Overall balance (commitment basis) [1] - [2]</b>	-114	-262	-523	-326	-380	-219	57.6	-127
<b>4. Change in arrears [decrease: -]</b>	-22	-22	95	210	0	6	–	0
External arrears (interest)	0	0	0	0	0	0	–	0
Domestic arrears	-22	-22	95	210	0	6	–	0
<b>5. Items in transit, errors and omissions</b>	47	13	-67	86	0	0	–	0
<b>6. Overall balance (cash basis) [3] + [4] + [5]</b>	-89	-271	-495	-30	-380	-213	56.1	-127
<b>7. Financing</b>	89	271	495	30	380	213	56.1	127
7.1. Domestic financing	50	-56	-71	-5	359	101	28.1	1
Net bank credit (excl. NOA <sup>(b)</sup> )	-71	-56	-71	-5	0	101	–	0
Non-bank financing	121	0	0	0	359	0	0.0	1
7.2. External financing	94	282	575	62	-29	103	-355.2	84
Disbursements for current expenditure	0	77	20	32	0	160	–	0
Disbursements for projects	159	238	742	143	150	37	24.7	200
Scheduled amortisation	-64	-33	-187	-112	-179	-94	52.5	-116
7.3. Transfer from/to NOA <sup>(b)</sup> [budget inflows: +]	-56	44	-9	-27	51	9	17.6	42
<b>Memo items:</b>								
Overall balance, commitment basis (% of GDP)	-2.0	-4.1	-7.5	-4.2	-4.5	-2.6	–	-1.4
Domestic primary balance <sup>(c)</sup>	-149	-175	-209	-314	-148	-193	130.4	-93
Domestic primary balance <sup>(c)</sup> (% of GDP)	-2.6	-2.7	-3.0	-4.0	-1.7	-2.3	–	-1.0

Sources: Banco Central de Tomé e Príncipe, Ministry of Finance (São Tomé e Príncipe), International Monetary Fund and Banco de Portugal calculations.  
Notes: (a) Level of budget execution, per cent; (b) National Oil Account (NOA). (c) Domestic primary deficit corresponds to overall balance (commitment basis), excluding grants, oil revenue (signature bonuses and other revenue related to oil exploitation), debt interest and capital expenditure financed by external sources.

**Table II.5.10 • Monetary survey | Millions of new dobra**

	2012	2013	2014	2015	2016	2017		Dec. 17 / Dec. 16		2018		Jun. 18 / Dec. 17	
	Dec.	Dec.	Dec.	Dec.	Dec.	Proj.	Dec.	[1]	[2]	Proj.	Jun.	[1]	[2]
<b>1. Net foreign assets</b>	1,630	1,648	2,230	2,527	2,105	2,001	1,582	-24.9	-19.5	1,709	1,633	3.2	1.9
1.1. Central bank	1,062	1,292	1,474	1,903	1,775	1,717	1,474	-17.0	-11.2	1,590	1,564	6.1	3.4
1.2. Commercial banks	568	356	756	624	330	238	108	-67.3	-8.2	119	69	-36.2	-1.5
<b>2. Net domestic assets</b>	250	501	278	301	586	686	1,099	87.5	19.1	1,310	1,129	2.7	1.1
2.1. Net domestic credit	1,811	1,651	1,630	1,680	1,779	1,915	1,972	10.8	7.2	2,011	1,852	-6.1	-4.5
2.1.1. Net credit to centr. govt.	-123	-250	-252	-303	-336	-272	-196	-41.7	5.2	-283	-263	33.9	-2.5
2.1.1.1. Gross loans to centr. govt.	236	246	258	275	483	430	687	42.2	7.6	798	923	34.3	8.8
2.1.1.2. Deposits of centr. govt.	-359	-496	-510	-578	-819	-703	-883	7.8	-2.4	-1,081	-1,185	34.2	-11.3
2.1.2. Credit to the economy	1,934	1,902	1,882	1,984	2,115	2,187	2,168	2.5	2.0	2,293	2,114	-2.5	-2.0
2.2. Other assets and liabilities	-1,561	-1,152	-1,352	-1,379	-1,193	-1,229	-873	-26.8	11.9	-700	-723	-17.2	5.6
<b>3. Broad money</b>	1,879	2,147	2,508	2,828	2,691	2,687	2,681	-0.4	-	3,019	2,761	3.0	-
3.1. Currency in circulation	173	187	223	247	259	227	295	14.1	-	323	249	-15.7	-
3.2. Deposits in national currency	745	1,175	1,349	1,647	1,639	1,673	1,671	2.0	-	1,959	1,801	7.8	-
3.2.1. Demand deposits	561	872	884	1,184	1,264	1,208	1,283	1.5	-	1,454	1,405	9.5	-
3.2.2. Other deposits	184	303	465	463	375	465	388	3.5	-	505	396	2.2	-
3.3. Deposits in foreign currency	962	785	937	934	794	787	716	-9.8	-	806	711	-0.7	-

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

Notes: [1] Percentage changes from the end of the previous year.[2] Percentage changes in relation to the stock of broad money at the start of the period (expansion / contraction determinants).

**Table II.5.11 • Interest rates | Annual rates, per cent**

	2012	2013	2014	2015	2016	2017				2017	
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.
<b>1. BCSTP reference rate</b>	14.0	14.0	12.0	10.0	10.0	10.0	9.5	9.0	9.0	9.0	9.0
<b>2. Lending rates</b>											
2.1. Credit (91-180 days)	26.0	23.0	23.0	23.5	19.3	20.3	19.1	19.0	19.1	20.3	20.2
2.2. Credit (181 days-1 year)	26.0	23.3	22.9	23.2	19.2	20.1	18.8	18.7	18.7	19.5	19.6
2.3. Credit (over 1 year)	26.5	25.1	24.2	22.8	20.3	21.1	20.0	19.8	19.7	20.2	21.1
<b>3. Deposit rates<sup>(a)</sup></b>											
3.1. Deposits (up to 90 days)	12.2	-	-	-	-	-	-	-	-	-	-
3.2. a. Deposits (91 days-1 year)	13.7	-	-	-	-	-	-	-	-	-	-
3.2. b. Deposits (91-180 days)	-	10.0	7.6	8.0	3.8	5.8	4.0	4.0	4.0	5.0	4.8
3.2. c. Deposits (181 days-1 year)	-	10.1	8.9	6.3	4.2	3.9	3.6	3.6	3.6	3.6	3.5
3.3. Deposits (over 1 year)	12.8	8.0	9.4	6.2	3.9	4.0	3.9	3.9	3.9	4.4	4.6
<b>4. Interest rates on Treasury bills<sup>(b)</sup></b>	-	-	-	6.2	3.0	3.0	-	3.0	3.0	3.0	-

Memo item:

Inflation (year-on-year % change)	10.4	7.1	6.4	4.0	5.1	1.9	5.8	6.4	7.7	7.2	6.6
-----------------------------------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Source: Banco Central de São Tomé e Príncipe.

Notes: Indicative interest rates (calculated on the basis of information provided by banks). (a) The series of deposit rates (term deposits) before and after 2012 are not comparable due to changes in classification. (b) Primary market Treasury Bill interest rates (year or quarter of issuance).

**Table II.5.12 • Financial stability indicators | Per cent**

	2012	2013	2014	2015	2016	2017				2018
	Dec.	Dec.	Dec.	Dec.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.
<b>Capital Adequacy</b>										
Tier 1 ratio	20.3	22.7	22.6	24.1	27.8	34.4	30.1	32.7	33.6	34.9
Percentage of banks w/ ratio $\geq$ 10%	88	75	75	86	100	100	100	100	100	100
Percentage of banks w/ ratio $>$ 6% and $<$ 10%	0	13	0	0	0	0	0	0	0	0
Percentage of banks w/ratio $<$ 6%	13	13	25	14	0	0	0	0	0	0
Capital (net) / Assets	22.7	18.4	20.3	15.5	22.5	24.5	23.9	24.9	24.0	23.8
<b>Asset Quality</b>										
Credit in foreign currency / total credit	57.9	53.9	46.5	42.1	27.5	28.1	25.5	23.4	17.2	16.5
Non-performing loans / total loans	15.4	16.9	19.1	29.8	27.1	28.3	26.0	23.9	24.9	25.4
Liabilities / defaults	39.4	56.3	45.1	68.7	71.0	73.8	73.3	79.5	80.0	80.8
<b>Return</b>										
Return on assets (ROA)	-0.83	-2.10	-3.15	-5.19	0.03	0.27	0.41	0.47	-0.62	0.40
Return on equity (ROE)	-3.27	-9.34	-15.92	-27.05	0.18	1.27	1.94	2.21	-2.98	1.80
Costs / returns	117.8	471.1	164.5	215.9	108.6	92.2	97.3	98.8	112.8	92.0
<b>Liquidity</b>										
Liquid assets / total assets	37.8	40.8	45.8	52.0	54.0	49.5	46.2	46.7	49.7	50.8
Liquid assets / short-term liabilities	61.5	39.6	72.7	72.5	84.6	70.4	67.6	67.4	69.1	68.2
Credit / total liabilities	64.7	56.3	47.3	47.1	47.0	50.8	53.8	54.0	53.1	50.2
Foreign currency-denominated liabilities / total liabilities	30.8	27.0	28.1	30.0	26.6	29.4	29.4	30.1	28.6	27.8
Credit / deposits	101.7	85.8	69.6	63.5	63.5	60.6	62.9	61.9	59.7	57.3

Source: Banco Central de São Tomé e Príncipe.

**Table II.5.13 • Exchange rates | Average rates**

		EUR/New Dobra <sup>(a)</sup>		USD/New Dobra <sup>(a)</sup>		EERI <sup>(b)(c)</sup>	
		Exchange rate	Annual change	Exchange rate	Annual change	Nominal"	Real
2007		18.56	18.7	13.54	8.8	127.9	62.8
2008		21.60	16.4	14.69	8.5	111.0	68.6
2009		22.51	4.2	16.21	10.4	106.2	74.9
2010		24.50	8.8	18.57	14.6	99.9	76.6
2011		24.50	0.0	17.75	-4.4	101.4	84.0
2012		24.50	0.0	19.21	8.2	99.4	87.3
2013		24.50	0.0	18.62	-3.1	100.3	93.0
2014		24.50	0.0	18.59	-3.1	100.8	98.5
2015		24.50	0.0	22.18	19.3	101.1	101.3
2016		24.50	0.0	22.28	0.5	108.9	107.5
2017		24.50	0.0	21.91	-1.7	109.4	106.0
2016	January	24.50	0.0	22.39	6.1	107.0	108.3
	February	24.50	0.0	22.23	2.2	107.9	108.9
	March	24.50	0.0	22.28	-2.0	108.3	107.8
	April	24.50	0.0	21.78	-3.7	109.0	109.3
	May	24.50	0.0	21.80	-0.3	109.3	109.0
	June	24.50	0.0	21.98	0.7	109.3	107.7
	July	24.50	0.0	22.30	-0.7	109.3	107.4
	August	24.50	0.0	22.02	-0.8	109.3	106.9
	September	24.50	0.0	22.01	0.1	109.3	106.3
	October	24.50	0.0	22.37	1.9	109.3	105.9
	November	24.50	0.0	22.84	-0.5	109.3	106.6
	December	24.50	0.0	23.39	2.9	109.3	105.8
2017	January	24.50	0.0	23.25	3.8	109.3	106.0
	February	24.50	0.0	23.19	4.3	109.3	105.9
	March	24.50	0.0	23.11	3.8	109.3	105.0
	April	24.50	0.0	23.07	5.9	109.3	105.0
	May	24.50	0.0	22.35	2.5	109.4	104.4
	June	24.50	0.0	22.00	0.1	109.4	106.2
	July	24.50	0.0	21.47	-3.7	109.5	108.0
	August	24.50	0.0	20.92	-5.0	109.5	107.0
	September	24.50	0.0	20.72	-5.9	109.5	105.9
	October	24.50	0.0	20.89	-6.6	109.5	105.4
	November	24.50	0.0	21.05	-7.8	109.4	105.7
	December	24.50	0.0	20.87	-10.8	109.5	107.0
2018	January	24.50	0.0	20.36	-12.4	114.3	112.5
	February	24.50	0.0	19.97	-13.9	118.2	116.9
	March	24.50	0.0	20.02	-13.4	118.6	116.0
	April	24.50	0.0	20.07	-13.0	119.0	116.1
	May	24.50	0.0	20.87	-6.6	119.6	116.4
	June	24.50	0.0	21.13	-3.9	120.4	118.1
	July	24.50	0.0	21.14	-1.5	–	–

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

Notes: (a) New dobra: in January 2018 the nominal value of the dobra was redenominated, now corresponding to 1/1,000 of the previous value. (b) Effective exchange rate index (EERI), calculated on the basis of exchange rates applied to the currencies of São Tomé and Príncipe's main trading partners.

(c) An increase/decrease in the EERI (nominal or real) corresponds to an appreciation/depreciation of the dobra (Index: 100 = December 2014).





## 6 Timor-Leste

**Area**

14,954 Km<sup>2</sup>

**Capital city**

Dili

**Population**

1.261 million (2018; source: General Directorate of Statistics – Timor-Leste)

**Currency**

US dollar (USD)

The political deadlock that persisted between July 2017 and August 2018 had a large impact on the Timorese economy, given the State's importance to economic activity. The contraction in non-oil GDP in 2017 spilled over into the current year, given that up to the 2018 Budget's approval in September 2018, budgetary implementation operated under a twelfths regime, whereby government investment expenditure was almost fully paralysed. Inflation, which had posted negative changes in 2015 and 2016, returned to positive territory, but remained at subdued levels. Oil revenue performed favourably, benefiting from an increase in this commodity and positive financial results from the Petroleum Fund. Consequently, the value of the Fund rose again, following a decrease in the previous two years.

The program proposed by the minority government emerging from parliamentary elections in July 2017 was not approved. Up to the new elections in May 2018, it functioned as a caretaker government, which adversely conditioned the economic conditions, given that a substantial share of the economic performance hinges on the State's activity. According to the latest estimates on the behaviour of the Timorese economy (excluding the energy sector), **output contracted in 2017 by approximately 5.6 per cent**, and may contract even further in 2018, despite the resumption of normal government operations in the fourth quarter and the launching of projects outlined in the 2018 Budget, which was only approved in September 2018.

Despite a decline in economic activity, prices have followed an upward path since the last quarter of 2017, after a period (end of 2015 to mid-2017) during which inflation turned negative. **Year-on-year inflation stood at 0.8 per cent at the end of 2017, but by July 2018 it had reached 2.5 per cent.** This stemmed chiefly from an increase in the international price of rice (which accounts for a large share in food costs and the consumption basket) and fuels.

**The performance of oil revenue in 2017 was a positive factor**, given that, unlike previous years, sums paid by oil extraction companies rose (by around 60 per cent). This trend was determined by oil price increases, which, in light of the provisions of the oil exploration contracts in force, result in more than proportional tax revenue hikes. A more significant aspect were the financial results from the Petroleum Fund (the second component of oil revenue), which benefited greatly from the valuation in the equity component of the respective portfolio. Unlike the previous two years (and even contrasting to the forecast of the 2017 Budget), oil revenue exceeded drawings from the Fund to the Treasury and, consequently, at the end of 2017, its value had surpassed the peak seen in 2014, to reach USD 16.8 billion (i.e. approximately 10 times more than non-oil GDP). This is unlikely to occur again in 2018, given that the Fund's financial returns will be lower and the resumption in the government's activity will warrant greater financing to be covered by the Fund's resources.

The current account, which up to 2014 had posted sizeable surpluses by virtue of oil revenue, produced in 2016 for the first time a deficit, a scenario that was repeated in 2017, albeit less markedly. **The decline in the current account deficit chiefly resulted from a rise in oil revenue**, while imports increased (due to higher oil and rice costs) and exports of goods decrease slightly, owing to a reduction in the international price of coffee, which accounts for 85 per cent of these exports. Service-related flows also contributed to the reduction in the deficit, as these exports increased by around 23 per cent, while imports fell substantially, as a result of the construction component, amid a stagnation in public investment.

The United States and Germany continued to be the main destination markets for Timorese coffee, while **Indonesia strengthened its position as main country of origin of Timorese imports** (largely due to the supply of fuels) and the countries of origin for imported rice (Vietnam, Thailand) have reinforced their position as suppliers. Conversely, China's share (country of origin of capital and construction goods) decreased in 2017.

Public finances in 2017 were conditioned by the **lack of a government in full command during the second half of the year**, which lasted until August 2018. This limitation resulted in a substantial fall particularly in investment expenditure (to less than half that seen in 2016) but also impacted on current expenditure. Indeed, in the absence of a majority in Parliament that could approve extraordinary transfers from the Petroleum Fund to the Treasury, the government operated under substantial Treasury constraints, which led to the cancellation of projected expenditure and/or payment delays. In 2018 (up to September) these constraints were exacerbated by the twelfths regime.

**Domestic tax revenue in 2017 has been broadly in line with budgeted figures**, except for direct taxes, which reflected lower income levels. Conversely, external grants for project funding increased in 2017, after years of continuous reduction.

As regards public expenditure, in addition to a fall in the investment component, it should be noted that **only personnel costs rose from the previous year** (albeit to levels below those budgeted), given



that other components (goods and services, transfers and subsidies) decreased. In a number of cases, this was due to Treasury constraints, and in other cases it followed the conclusion of transfer-funded programmes (such as the Oecussi Special Economic Zone project).

Within the scope of multi-annual programming agreed with international financial institutions, **Timor-Leste once again sought external financing** from these entities, but only small amounts (and below those established in the 2017 Budget). A positive aspect of this type of funding is the possibility to coordinate with the technical assistance provided by these entities in infrastructure projects, thereby increasing the monitoring capabilities of Timorese entities.

**The behaviour of the monetary aggregates in Timor is still widely conditioned by government revenue and expenditure flows.** Given that expenditure did not materialise as forecast, there was an increase in government deposit balances and the value of the central bank's net foreign assets in 2017. Credit to the economy (which is negligible in terms of GDP) expanded substantially in 2017 (25 per cent), which was largely reversed in the first half of 2018. This was also the case of broad money, which after increasing by approximately 12 per cent in 2017, dropped by more than 9 per cent in the first half of 2018. This somewhat corresponds to a seasonal pattern, given that payment flows from the government to the private sector tend to be greater towards the end of the year.

The level of financial intermediation is limited in the Timorese economy: the volume of bank deposits corresponds to more than three times that of credit granted by banks. The central bank, together with other entities, is trying to introduce **new banking services conducive to greater financial inclusion**.

In turn, the exchange rate the US dollar (Timor-Leste's official currency) remained broadly stable in 2017 against the Australian dollar and the Indonesian rupiah. However, in the first half of 2018, both currencies depreciated against the US dollar. The combination of these nominal changes with the upturn in Timor-Leste's inflation resulted in the **loss of external competitiveness of the economy**, adding to the negative structural impact from the small size of the market, high red tape costs and a particularly elevated initial price level (as at its independence date, in 2002) compared with neighbouring Southeast Asian countries.

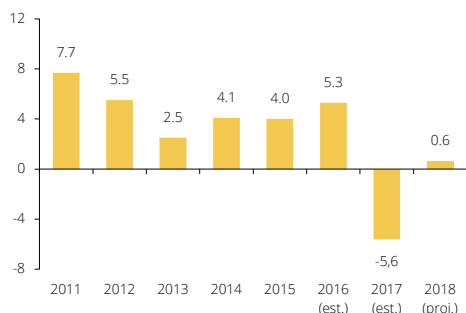
**Table II.6.1 • Main economic indicators**

	2012	2013	2014	2015	2016 Est.	2017 Est.	2018 Proj.
Non-oil GDP (real annual % change)	5.5	2.5	4.1	4.0	5.3	-5.6	0.6
Total GDP (real annual % change)	5.0	-11.0	-26.0	20.9	0.8	-8.0	–
Inflation (year-on-year % change)	9.1	4.0	0.3	-0.7	0.0	0.8	2.5 <sup>(a)</sup>
Broad money (rate of change)	24.8	22.9	20.0	7.0	14.3	12.1	-9.3 <sup>(b)</sup>
Current account (% of non-oil GDP)	229	169	75	13	-32	-17	-28
Fiscal balance (% of non-oil GDP)	-27	-6	-37	-33	-52	-30	-29
Oil revenue (% of non-oil GDP)	332	277	161	61	53	120	32
Petroleum Fund (% of non-oil GDP)	986	1,056	1,137	1,008	931	977	881

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

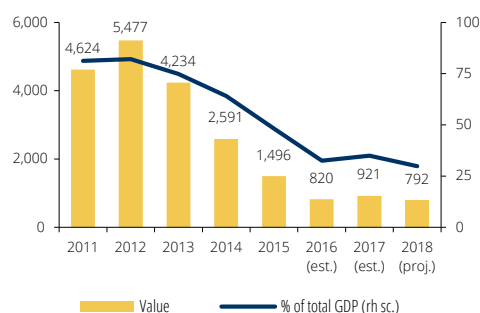
Notes: (a) The inflation figure for 2018 corresponds to the year-on-year rate at the end of July. (b) The figure for 2018 corresponds to the change from December 2017 to June 2018

**Chart II.6.1 • Non-oil GDP | Real annual % change**



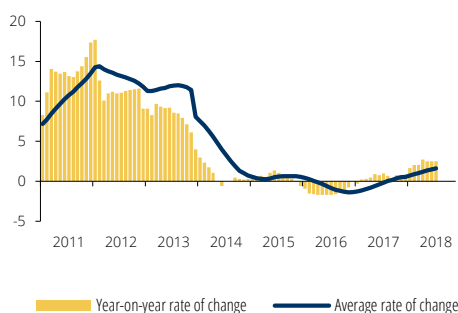
In 2017 non-oil GDP fell markedly, stemming from the impact on the economy of the government's limited room for action, after its program failed to be approved by the Parliament.

**Chart II.6.2 • Oil GDP | USD millions and as a % of total GDP**



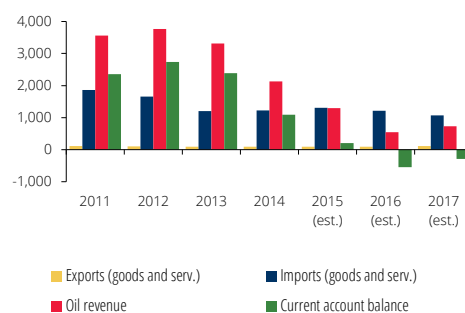
The rise in oil prices in 2017 led to the slight recovery in the oil output's value, but to levels clearly below those seen in the recent past.

**Chart II.6.3 • Inflation | Annual % change in the CPI**



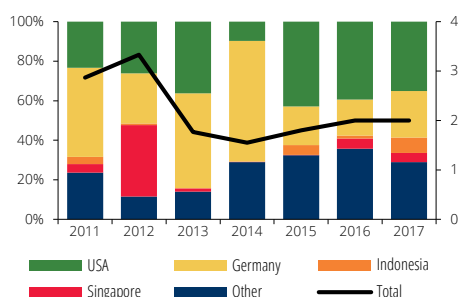
Inflation started to follow a downward path in 2017, thus overcoming the deflation episode seen in 2016. Price increases on rice (accounting for a large share in the CPI) and fuels (both exogenous) made the largest contribution to these developments.

**Chart II.6.4 • External accounts | USD millions**



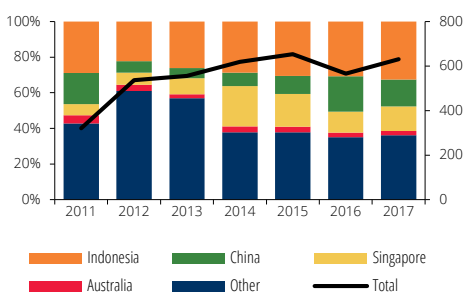
The upturn in oil revenue (both tax revenue and income from Petroleum Fund investments) made it possible to cut the current deficit, despite an increase in imports of food and oil.

**Chart II.6.5 • Goods exports | Destinations as a %, total in USD millions**



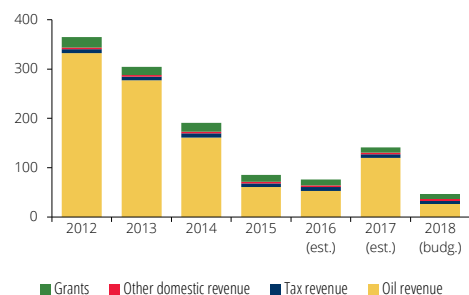
Timor-Leste's exports remained unchanged from the previous year, which is considered a good result in light of the fall in international coffee prices, accounting for around 85% of exports. The USA and Germany continued to be the main destination markets for Timorese coffee.

**Chart II.6.6 • Imports of goods | Origins as a %, total in USD millions**



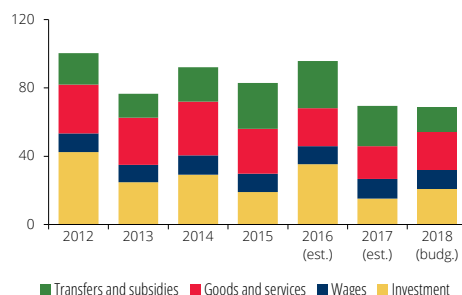
The value of imports rose in 2017, mostly due to increases (price effect) in purchases of food (rice) and fuels from abroad. Indonesia continued to be the main market of origin for Timor-Leste's imports.

**Chart II.6.7 • Public revenue | As a % of non-oil GDP**



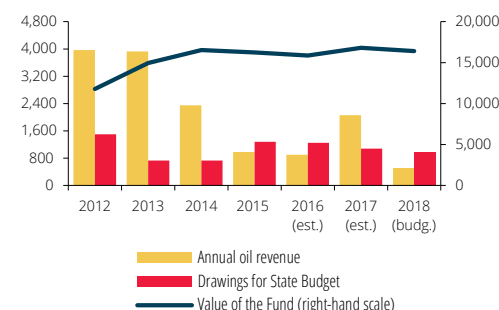
In 2017 Timor-Leste benefited from a substantial increase in oil revenue. This was due to both tax revenue from exploiting its energy resources and, more substantially, from Petroleum Fund investment revenue.

**Chart II.6.8 • Public expenditure | As a % of non-oil GDP**



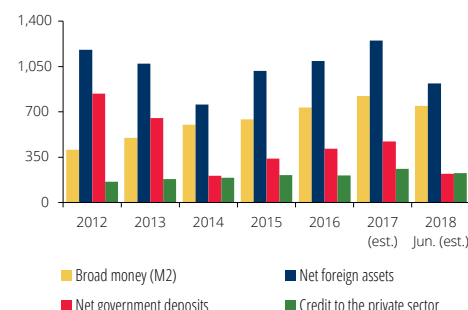
Excluding wages, all expenditure components decreased in 2017, particularly investment, which fell by more than 50%.

**Chart II.6.9 • Petroleum Fund | USD millions**



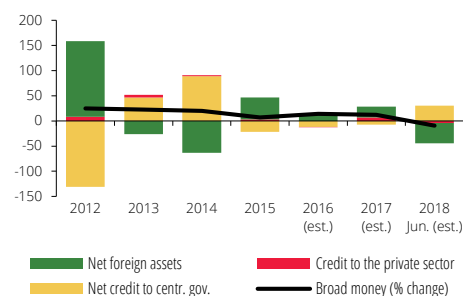
Following decreases in 2015 and 2016, the value of the Petroleum Fund peaked at the end of 2017 (USD 16.8 billion). This was due to its high financial gains and lower State's financing needs.

**Chart II.6.10 • Monetary aggregates | USD millions**



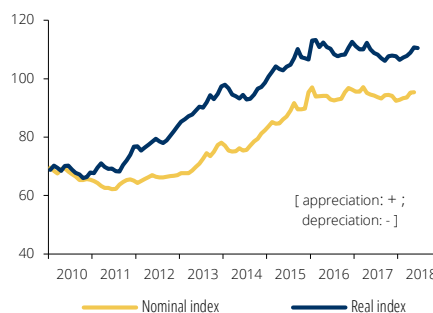
The behaviour of foreign assets and government deposits is strongly affected by transfers between the Petroleum Fund and the Treasury account (as well as its payments abroad).

**Chart II.6.11 • Liq. expansion/contraction factors | Changes in % of initial stock of broad money**



In 2017 broad money increased, fuelled by foreign assets growth and, to a lesser extent, credit growth. However, this momentum was reversed in the first half of 2018, when these aggregates decreased.

**Chart II.6.12 • Effective exchange rate Index: 100 = 2001, monthly averages**



The appreciation of the USD against the currencies of Timor-Leste's main trading partners in the first half of 2018 (unlike that seen in 2017) and the inflation hike in Timor-Leste led to a loss in the country's external competitiveness.

Table II.6.2 • Economic indicators

		2012	2013	2014	2015	2016	2017	2018	
			Est.	Est.	Est.	Est.	Est.	Proj.	
Output and prices									
Non-oil GDP	USD millions	1,194	1,415	1,454	1,609	1,702	1,719	1,863	
	real annual % change	5.5	2.5	4.1	4.0	5.3	-5.6	0.6	
	% of total GDP	17.9	25.1	36.0	51.8	67.5	65.1	70.2	
Total GDP	USD millions	6,671	5,650	4,045	3,104	2,521	2,640	2,655	
	real annual % change	5.0	-11.0	-26.0	20.9	0.8	-8.0	-	
Inflation	y-o-y % change	9.1	4.0	0.3	-0.7	0.0	0.8	2.5	Jul.
	aver. an. % change	11.8	8.1	0.5	0.6	-1.3	0.6	1.6	Jul.
Public finances									
Total revenue	% of non-oil GDP	94	87	74	64	56	49	49	Budg.
Domestic revenue	% of non-oil GDP	12	10	12	11	12	11	10	Budg.
Oil revenue	% of non-oil GDP	332	277	161	61	53	120	32	Budg.
Grants	% of non-oil GDP	21	17	19	14	12	10	10	Budg.
Total expenditure	% of non-oil GDP	122	93	111	97	108	80	78	Budg.
Current expenditure	% of non-oil GDP	58	52	63	64	60	54	47	Budg.
Capital expenditure	% of non-oil GDP	42	25	29	19	35	15	21	Budg.
Overall balance	% of non-oil GDP	-27	-6	-37	-33	-52	-30	-29	Budg.
Petroleum Fund	% of non-oil GDP	986	1,056	1,137	1,008	931	977	881	Budg.
Money and credit									
Net foreign assets <sup>(a)</sup>	USD millions	1,179	1,073	757	1,015	1,092	1,251	918	Jun.
	rate of change <sup>(b)</sup>	71.1	-9.0	-29.5	34.2	7.5	14.5	-26.6	Jun.
Net gov. foreign assets <sup>(c)</sup>	months of imports	91	156	165	169	148	143	136	Jun.
Credit to the economy	USD millions	160	182	192	212	208	259	227	Jun.
	rate of change <sup>(b)</sup>	20.3	13.8	5.3	10.5	-1.9	24.5	-12.5	Jun.
Net government deposits	USD millions	841	651	207	339	416	472	222	Jun.
	rate of change <sup>(b)</sup>	103.6	-22.6	-68.2	63.6	22.7	13.6	-53.0	Jun.
Broad money	USD millions	407	500	600	642	734	823	746	Jun.
	rate of change <sup>(b)</sup>	24.8	22.9	20.0	7.0	14.3	12.1	-9.3	Jun.
Balance of payments									
Exports of goods and services <sup>(d)</sup>	USD millions	103	88	89	92	97	109	115	
Imports of goods and services	USD millions	1,661	1,204	1,286	1,310	1,212	1,068	1,455	
Oil income <sup>(e)</sup>	USD millions	3,967	3,921	2,344	982	896	2,057	689	
Current account	USD millions	2,736	2,391	1,093	204	-544	-284	-523	
	% of non-oil GDP	229.2	168.9	75.2	12.7	-32.0	-16.5	-28.1	
Capital and financial account	USD millions	-2,320	-2,545	-1,364	61	533	532	519	
	% of non-oil GDP	-194.3	-179.8	-93.8	3.8	31.3	30.9	27.9	
Overall balance	USD millions	388	-197	-376	220	-157	263	-4	
	% of non-oil GDP	32.5	-13.9	-25.9	13.7	-9.2	15.3	-0.2	
Exchange rates									
USD / IDR (Indonesia)	average rate	9,384	10,463	11,913	13,387	13,307	13,380	13,997	Jun.
USD / AUD (Australia)	average rate	0.97	1.04	1.11	1.34	1.35	1.31	1.33	Jun.
Nominal EERI (index: 100 = 2001) <sup>(f)</sup>	rate of change <sup>(b)</sup>	3.2	7.6	8.5	12.8	8.5	0.5	0.5	Jun.
Real EERI (index: 100 = 2001) <sup>(f)</sup>	rate of change <sup>(b)</sup>	11.7	15.0	5.2	10.2	5.2	-1.3	1.4	Jun.

Sources: Banco Central de Timor-Leste, Ministry of Finance and General Directorate of Statistics (Timor-Leste), International Monetary Fund and Banco de Portugal calculations.

Notas: (a) Does not include Petroleum Fund assets; (b) Rate of change compared with the previous December; comerciais de Timor-Leste. Apreciação: + / Depreciação: -. (c) Net foreign assets correspond to foreign exchange reserves plus Petroleum Fund assets; (d) Does not include oil/gas exports; (e) Tax revenue from energy resources plus income from Petroleum Fund investments; (f) Effective exchange rate index (EERI) calculated on the basis of the currencies of Timor-Leste's main trading partners. Appreciation: + / Depreciation: -.

**Table II.6.3 • Gross domestic product | Current prices, USD millions**

	2011	2012	2013	2014	2015	2016 Est.	2017 Est.
<b>Output side</b>							
Agriculture, fishing and forestry	232	297	296	298	277	286	–
Mining and quarrying	4,610	5,472	4,227	2,579	1,475	816	–
of wich: Extraction of petroleum and natural gas	4,608	5,471	4,226	2,578	1,473	814	–
Manufacturing, water and electricity	10	10	11	12	16	19	–
Construction	124	137	268	232	274	295	–
Trade and services	492	547	551	569	630	677	–
Trade, transportation, restaurants and hotels	221	239	234	249	291	322	–
Information and communication	56	62	43	22	37	42	–
Financial activities	8	9	11	13	12	14	–
Real estate	116	152	157	177	181	186	–
Professional, scient., technical and admin.	30	37	42	48	50	49	–
Other services	62	49	64	60	60	64	–
Public administration	205	257	308	348	385	415	–
Taxes less subsidies (on products)	13	-4	-5	5	32	35	–
Taxes less subsidies (oil sector)	16	7	9	13	23	5	–
Taxes less subsidies (non-oil sector)	-3	-11	-14	-9	10	30	–
Gross domestic product (total, market prices)	5,682	6,671	5,650	4,045	3,104	2,521	2,640
Gross domestic product (non-oil, market prices)	1,058	1,194	1,415	1,454	1,609	1,702	1,719
Gross domestic product (oil sector, market prices)	4,624	5,477	4,234	2,591	1,496	820	921
<b>Expenditure side</b>							
Consumption	1,626	1,777	1,769	1,889	1,876	1,919	–
Private consumption	685	797	903	941	945	1,005	–
Public consumption	941	981	866	948	931	915	–
Gross investment	828	761	644	666	592	662	–
Gross fixed capital formation	825	732	623	636	571	635	–
Changes in inventories	2	28	22	30	21	27	–
Domestic demand	2,454	2,538	2,413	2,554	2,468	2,581	–
Exports of goods and services	5,525	6,526	5,310	3,898	2,327	1,458	–
Exports of oil goods	5,418	6,423	5,223	3,808	2,235	1,361	–
Exports of non-oil goods and services	108	103	88	89	92	97	–
Overall demand	7,979	9,064	7,724	6,452	4,795	4,039	–
Imports of goods and services	2,297	2,392	2,074	2,407	1,690	1,518	–
Imports of oil goods	897	987	1,044	1,275	786	585	–
Imports of non-oil goods and services	1,400	1,406	1,030	1,132	904	933	–
Gross domestic product (total)	5,682	6,671	5,650	4,045	3,104	2,521	2,640
Gross domestic product (non-oil)	1,058	1,194	1,415	1,454	1,609	1,702	1,719
Gross domestic product (oil sector)	4,624	5,477	4,235	2,591	1,496	820	921
<b>Memo items:</b>							
Non-oil GDP (real % change)	7.7	5.5	2.5	4.1	4.0	5.3	-5.6
Non-oil GDP (% of total GDP)	18.6	17.9	25.1	36.0	51.8	67.5	65.1

Sources: General Directorate of Statistics (Timor-Leste) (2000-16 National Accounts - Dec. 2017), Banco Central de Timor-Leste and Banco de Portugal calculations.

Table II.6.4 • Consumer price index | Em percentagem

		Monthly change	Cumulative change	Year-on-year change	Average change
		[1]	[2]	[3]	[4]
2002	December	-	9.5	9.5	-
2003	December	-	4.2	4.2	7.2
2004	December	-	1.8	1.8	3.2
2005	December	-	0.9	0.9	1.1
2006	December	-	7.3	7.3	3.9
2007	December	-	8.6	8.6	10.3
2008	December	-	7.5	7.5	9.0
2009	December	-	1.8	1.8	0.7
2010	December	-	9.2	9.2	6.8
2011	December	-	17.4	17.4	13.5
2012	December	-	9.1	9.1	11.8
2013	December	-	4.0	4.0	8.1
2014	December	-	0.3	0.3	0.5
2015	December	-	-0.7	-0.7	0.6
2016	December	-	0.0	0.0	-1.3
2017	December	-	0.8	0.8	0.6
2016	January	0.2	0.2	-1.0	0.4
	February	-0.6	-0.4	-1.5	0.2
	March	0.1	-0.3	-1.6	0.1
	April	-0.2	-0.5	-1.7	-0.1
	May	-0.2	-0.7	-1.7	-0.4
	June	0.0	-0.7	-1.7	-0.6
	July	-0.1	-0.8	-1.7	-0.8
	August	-0.1	-0.9	-1.6	-1.0
	September	0.2	-0.7	-1.3	-1.2
	October	-0.1	-0.8	-1.3	-1.3
	November	0.3	-0.5	-0.8	-1.4
	December	0.5	0.0	0.0	-1.3
	December (proj.)	-	-	3.6	1.5
2017	January	-0.1	-0.1	-0.3	-1.3
	February	-0.1	-0.2	0.2	-1.1
	March	0.2	0.0	0.3	-1.0
	April	0.0	0.0	0.5	-0.8
	May	0.2	0.2	0.9	-0.6
	June	-0.1	0.1	0.8	-0.4
	July	0.1	0.2	1.0	-0.2
	August	-0.4	-0.2	0.7	0.0
	September	-0.1	-0.3	0.4	0.2
	October	0.3	0.0	0.8	0.4
	November	0.3	0.3	0.8	0.5
	December	0.5	0.8	0.8	0.6
	December (proj.)	-	-	2.0	1.0
2018	January	0.8	0.8	1.6	0.7
	February	0.3	1.1	2.0	0.9
	March	0.2	1.2	2.0	1.0
	April	0.7	1.9	2.7	1.2
	May	0.0	1.9	2.5	1.3
	June	-0.1	1.8	2.5	1.5
	July	0.1	1.9	2.5	1.6
	December (proj.)	-	-	1.8	1.4

Sources: Banco Central de Timor-Leste, General Directorate of Statistics (Timor-Leste), International Monetary Fund and Banco de Portugal calculations.  
Notes: [1] month (n) / month (n-1); [2] month (n) / Dec. (prev. year); [3] month (n) / month (n) of the previous year; [4] past 12 months / previous 12 months.

**Table II.6.5 • Balance of payments | USD millions**

	2011	2012	2013	2014	2015	2016	2017
				Est.	Est.	Est.	Proj.
<b>Current account</b>	2,352	2,736	2,391	1,093	204	-544	-284
Trade account	-373	-638	-679	-603	-635	-546	-615
Exports <sup>(a)</sup>	29	33	18	16	18	20	17
of which: Coffee	12	32	17	15	17	16	14
Imports	-402	-672	-696	-618	-653	-567	-631
Consumer and intermediate goods	-303	-506	-552	-460	-518	-451	-488
Capital goods	-99	-166	-144	-159	-135	-116	-143
Services	-1,385	-920	-437	-594	-583	-569	-344
Exports	79	69	70	74	74	77	92
of which: Travel	24	21	29	35	51	58	73
Imports	-1,464	-989	-508	-668	-656	-645	-436
of which: Transport	-46	-76	-71	-67	-72	-64	-69
Travel	-49	-73	-40	-93	-86	-102	-121
Construction	-	-276	-160	-200	-157	-245	-80
Primary income (net)	3,577	3,862	3,327	2,134	1,297	544	735
of which: Return on financial investments (net)	312	207	275	316	311	320	312
Other primary income (oil exploitation)	3,247	3,559	3,042	1,817	985	224	422
Secondary income (net)	533	432	179	156	125	26	-61
<b>Capital and financial account</b>	-2,249	-2,320	-2,545	-1,364	61	533	532
Capital account	26	23	20	14	29	47	34
Financial account	-2,275	-2,343	-2,564	-1,378	32	485	499
of which: Investment of oil savings	-2,424	-2,280	-2,556	-1,385	151	690	726
Foreign direct investment (net)	14	51	62	37	30	-7	7
External debt flows	0	0	6	28	11	5	7
<b>Items in transit, errors and omissions</b>	3	79	-7	12	1	70	-78
<b>Overall balance</b>	106	495	-160	-259	266	58	170
<b>Financing</b>	-106	-495	160	259	-266	-58	-170
Change in net foreign assets (increase: - )	-106	-495	160	259	-266	-58	-170
<b>Memo items:</b>							
Current account [% of non-oil GDP]	222.3	229.2	168.9	75.2	12.7	-32.0	-16.5
Current account [% of total GDP]	41.4	41.0	42.3	27.0	6.6	-21.6	-10.8
Oil revenue (b) [% of non-oil GDP]	327.7	332.3	277.0	161.2	61.1	52.7	119.7
Capital and financial account [% of non-oil GDP]	-212.5	-194.3	-179.8	-93.8	3.8	31.3	30.9

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

Notes: Notes: (a) Excluding oil exports, whose share in tax revenue is accounted for under foreign primary income. (b) Includes oil revenue and income from Petroleum Fund financial investments.

**Table II.6.6 • Goods exports<sup>(a)</sup> | As a percentage of the total**

	2010	2011	2012	2013	2014	2015	2016	2017
United States	43.2	23.3	26.1	36.3	9.8	42.9	35.6	29.6
Germany	25.3	45.1	25.4	48.0	60.9	19.5	16.5	19.9
Singapore	9.0	4.2	36.0	1.7	0.1	0.1	5.2	3.9
Indonesia	4.2	3.7	0.9	0.0	0.2	5.1	1.3	6.5
Portugal	4.3	0.9	0.6	0.9	9.1	2.3	1.4	5.7
Australia	4.1	2.3	0.3	3.4	3.0	6.2	2.3	3.2
Japan	3.7	5.4	3.8	6.4	6.2	5.6	2.9	3.3
Other	6.1	15.1	6.9	3.2	10.8	18.3	34.7	27.9
Value of exports <sup>(b)</sup>	27.1	28.7	33.3	17.7	15.5	18.0	20.0	16.6

Sources: Banco Central de Timor-Leste, General Directorate of Statistics (Timor-Leste) and Banco de Portugal calculations.  
Notes: (a) Excluding oil exports. (b) USD millions.

**Table II.6.7 • Goods imports | As a percentage of the total**

	2010	2011	2012	2013	2014	2015	2016	2017
Indonesia	32.2	28.8	22.2	26.1	28.7	30.6	24.1	28.4
China	7.2	17.6	6.5	5.7	7.5	10.0	15.5	13.2
Singapore	15.1	6.3	6.8	9.0	22.6	18.5	9.2	12.0
Vietnam	4.7	2.2	4.6	5.9	6.1	6.5	4.7	5.9
Thailand	1.1	2.4	1.7	1.0	3.7	2.4	1.8	2.8
Malaysia	1.7	4.0	7.7	11.5	6.5	7.2	1.9	2.5
Australia	8.4	4.5	3.5	2.3	3.4	3.1	2.0	2.1
Japan	3.4	1.7	3.5	1.6	2.2	1.4	1.0	1.7
Portugal	2.4	1.4	1.6	1.8	5.7	1.7	1.5	1.0
Other	23.8	30.9	41.9	35.2	13.5	18.6	38.1	30.4
Value of imports <sup>(a)</sup>	245.2	320.6	536.1	555.4	618.5	653.4	566.5	631.4

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



**Table II.6.8 • Government operations | USD millions**

	2012	2013	2014	2015	2016	2017			2018
						Budg.	Est.	I.e <sup>(a)</sup>	Budg.
<b>Total revenue</b>	1,125	1,229	1,070	1,031	949	844	848	100.4	921
<b>Total revenue (excluding grants)</b>	871	990	800	808	744	688	671	97.6	739
Domestic revenue	137	148	167	170	199	206	190	91.9	189
Tax revenue	99	107	124	120	144	145	133	91.4	133
Direct taxes	37	42	53	53	64	65	55	84.3	60
Indirect taxes on goods and services	48	53	57	54	65	66	61	93.7	57
Taxes on international trade and trans.	13	11	13	12	14	15	15	103.4	15
Non-tax revenue	39	41	44	51	47	57	50	88.4	50
Regular drawings from the Petroleum Fund (b)	734	843	632	639	545	482	482	100.0	550
Grants (to projects and infrastructures)	254	239	270	223	205	157	177	112.8	182
<b>Total expenditure</b>	1,451	1,321	1,608	1,559	1,835	1,543	1,370	88.7	1,461
<b>Total expenditure (excl. exp. funded by grants)</b>	1,197	1,082	1,337	1,336	1,630	1,387	1,193	86.0	1,280
Current expenditure	691	731	913	1,029	1,028	1,026	932	90.8	884
Compensation of employees	131	142	163	173	179	209	197	94.4	200
Expenditure on goods and services	342	392	459	423	378	396	328	83.0	422
Current transfers and subsidies	219	197	292	432	471	421	406	96.3	262
Interest	0	0	0	0	0	-	0.1	-	-
Projects funded by external grants	254	239	270	223	205	157	177	112.8	182
Capital expenditure	506	351	425	307	602	361	262	72.5	396
<b>Overall balance</b>	-326	-92	-544	-528	-886	-699	-522	74.6	-540
Statistical discrepancy	-7	9	-1	0	0	0	0	-	0
<b>Net lending/net borrowing</b>	-333	-83	-544	-528	-886	-699	-522	-	-540
<b>Financing</b>	333	83	543	528	885	699	521	-	540
Change in Treasury balances (increase: -)	-428	190	428	-136	155	0	-106	-	42
Drawings from Petr. Fund (above sust. inc.)	761	-113	100	640	700	597	597	-	437
Net flows on external debt	0	6	16	24	31	102	30	-	62
<b>Memo items:</b>									
Petroleum Fund - end-of-year figures	11,775	14,952	16,539	16,218	15,844	15,784	16,799	-	16,412
Petroleum Fund - tax revenue	3,559	3,042	1,817	979	224	263	422	-	317
Petroleum Fund - gross financial income	408	879	527	3	672	475	1,635	-	283
Petroleum Fund - total transf. to Treasury	1,495	730	732	1,279	1,245	1,079	1,079	-	987
Non-oil GDP (USD millions)	1,194	1,415	1,454	1,609	1,702	1,843	1,719	-	1,863
Overall balance (% of non-oil GDP)	-27.3	-6.5	-37.4	-32.8	-52.1	-37.9	-30.4	-	-29.0
Petroleum Fund (% of non-oil GDP)	986.5	1,056.4	1,137.1	1,008.1	931.2	856.4	977.3	-	880.9

Sources: Banco Central de Timor-Leste, Ministry of Finance (Timor-Leste), International Monetary Fund and Banco de Portugal calculations.

Notas: (a) Level of budget execution, per cent; in the case of total revenue and total expenditure, excluding flows of grants and investment funded by grants. (b) Regular drawings from the Petroleum Fund entered in the Budget are calculated according to the Fund's "estimated sustainable income" methodology and do not require legislative approval, as they are deemed fiscal revenue and, as such, are not included in financing.

Table II.6.9 • Monetary survey | USD millions

	2011	2012	2013	2014	2015	2016	2017	Dec. 17 / Dec. 16		2018	Jun. 18 / Dec. 17	
	Dec	Dec	Dec	Dec	Dec	Dec	Dec	[1]	[2]	Jun	[1]	[2]
<b>Net foreign assets</b>	689	1,179	1,073	757	1,015	1,092	1,251	14,5	19,3	918	-26,6	-40,4
Foreign assets	756	1,251	1,091	832	1,099	1,157	1,327	14,7	20,7	1,005	-24,3	-39,1
Banco Central de Timor-Leste	498	884	687	311	438	281	544	93,8	32,0	237	-56,5	-37,4
Commercial banks	259	368	404	521	661	876	783	-10,6	-11,3	768	-1,8	-1,7
Foreign liabilities	-68	-72	-18	-75	-83	-65	-76	17,7	-1,4	-87	13,6	-1,3
Banco Central de Timor-Leste	-14	-12	-12	-11	-11	-14	-11	-23,5	0,4	-11	-1,2	0,0
Commercial banks	-53	-6	-6,1	-64	-73	-50	-65	29,5	-1,8	-76	16,1	-1,3
<b>Net domestic assets</b>	-362	-772	-572	-157	-374	-358	-428	19,5	-8,5	-355	-17,0	8,8
Net claims on government	-413	-841	-651	-207	-339	-416	-472	13,6	-6,9	-222	-53,0	30,4
Gross loans to government	6	0	0	0	0	0	0	-	-	0	-	-
Government deposits	-419	-841	-651	-207	-339	-416	-472	13,6	-6,9	-222	-53,0	30,4
Credit to the economy	133	160	182	192	212	208	259	24,5	6,2	227	-12,5	-3,9
Other assets (net)	-83	-91	-103	-141	-247	-150	-214	42,9	-7,8	-177	-17,5	4,5
<b>Total assets of the banking system</b>	326	407	500	600	642	734	823	12,1	-	746	-9,3	-9,3
<b>Broad money</b>	326	407	500	600	642	734	823	12,1	-	746	-9,3	-
Currency in circulation (coin) <sup>(a)</sup>	4	5	7	10	12	14	15	4,1	-	17	12,6	-
Demand deposits	163	206	273	333	386	450	450	0,0	-	404	-10,2	-
Time deposits and other deposits	160	196	221	257	245	270	358	32,7	-	325	-9,2	-
<b>Memo items:</b>												
Annual rate of change in broad money	10,5	24,8	22,9	20,0	7,0	14,3	12,1	-	-	10,8	-	-
Inflation rate (y-o-y change)	17,4	9,1	4,0	0,3	-0,7	0,0	0,8	-	-	2,5	-	-
Petroleum Fund assets (USD millions)	9,310	11,775	14,952	16,539	16,218	15,844	16,799	6,0	-	16,927	0,8	-
Net gov. foreign assets <sup>(b)</sup> (months of imports)	66	91	156	165	169	148	143	-	-	136	-	-

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

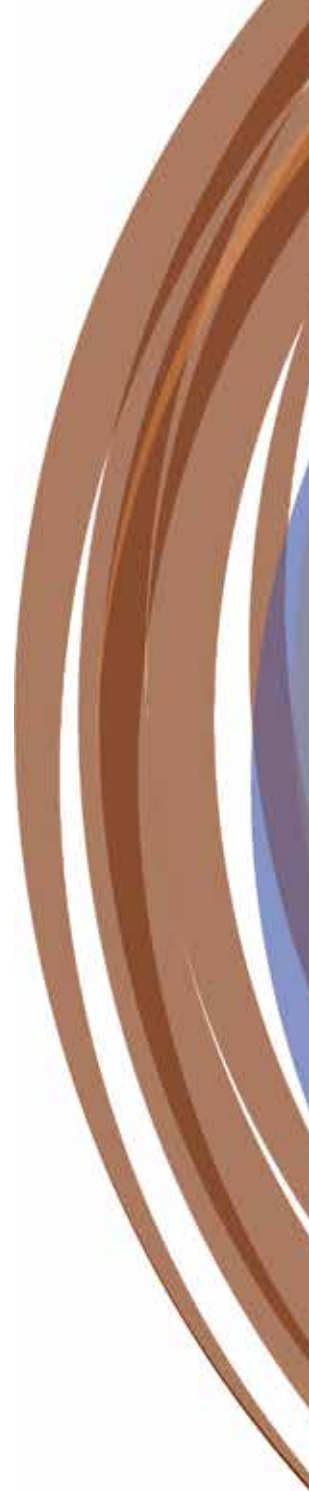
Notes: [1] Percentage changes from the previous period. (a) Currency in circulation only includes coins (centavos, with denominations pegged to the USD) issued by Banco Central de Timor-Leste, excluding USD banknotes, as these are not liabilities of the Timorese banking system. (b) Public foreign assets correspond to the sum of foreign exchange reserves and the value of Petroleum Fund assets.

**Table II.6.10 • Exchange rates | Average rates**

				EERI <sup>(a)</sup>	
		USD / AUD	USD / IDR	EUR / USD	
				Nominal	Real
2007		1.20	9,140	1.37	71.3
2008		1.20	9,690	1.47	71.4
2009		1.28	10,412	1.39	75.1
2010		1.09	9,085	1.33	67.6
2011		0.97	8,777	1.39	63.9
2012		0.97	9,384	1.29	66.0
2013		1.04	10,463	1.33	71.0
2014		1.11	11,913	1.32	77.0
2015		1.34	13,387	1.11	86.9
2016		1.35	13,307	1.11	94.3
2017		1.31	13,380	1.13	94.8
2016	January	1.43	13,893	1.09	98.3
	February	1.40	13,525	1.11	96.0
	March	1.34	13,198	1.11	93.9
	April	1.30	13,177	1.13	92.7
	May	1.36	13,381	1.13	94.1
	June	1.35	13,359	1.12	94.1
	July	1.33	13,120	1.11	92.9
	August	1.31	13,147	1.12	92.6
	September	1.32	13,119	1.12	92.9
	October	1.31	13,017	1.10	93.1
	November	1.33	13,324	1.08	95.3
	December	1.36	13,420	1.05	96.8
2017	January	1.34	13,362	1.06	96.2
	February	1.31	13,338	1.06	95.6
	March	1.31	13,345	1.07	95.6
	April	1.32	13,308	1.07	97.1
	May	1.35	13,319	1.10	95.1
	June	1.33	13,304	1.12	94.6
	July	1.29	13,348	1.15	94.2
	August	1.26	13,340	1.18	93.6
	September	1.25	13,302	1.19	93.2
	October	1.28	13,517	1.18	94.3
	November	1.31	13,524	1.17	94.4
	December	1.31	13,557	1.18	94.1
2018	January	1.26	13,387	1.22	92.4
	February	1.27	13,577	1.24	92.8
	March	1.29	13,760	1.23	93.3
	April	1.30	13,802	1.23	93.5
	May	1.33	14,042	1.18	95.2
	June	1.33	13,997	1.17	95.3

Sources: Banco Central de Timor-Leste, Reserve Bank of Australia, Bank Indonesia and Banco de Portugal calculations.

Notes: (a) Effective exchange rate index (EERI) calculated on the basis of the currencies of Timor-Leste's main trading partners: Indonesia, Australia, Singapore, Portugal and Malaysia. Index: 2001 = 100. Index developments: appreciation: + / depreciation: -.





### III Financial and economic relations



# 1 Portugal's economic and financial relations with Portuguese-speaking African countries and Timor-Leste

Portuguese exports of goods to Portuguese-speaking African countries and Timor-Leste grew by 12.4% in 2017, thus reversing the previous trend. Portuguese imports of goods from these countries continued to follow the path that started in 2014, edging down by 60.8% from 2016. Portuguese direct investment in these countries decreased further, although posting a net positive figure in aggregate terms. The official debt in US dollar terms of Portuguese-speaking African countries to Portugal rose by 9% in 2017, thus bringing a halt to the gradual decline observed since 2014, chiefly as a result of the depreciation of the US dollar against the euro.

Angola retained a prominent place in economic relations with Portugal, being the biggest exporter and importer of goods and affecting aggregate developments in Portuguese direct investment. Of all Portuguese-speaking African countries, Mozambique has accounted for the largest stock of official debt to Portugal since 2015.

**Portugal's trade relations with Portuguese-speaking African countries and Timor-Leste saw mixed developments in 2017**, with exports growing somewhat and thus reversing the previous trend, and imports posting a further significant reduction, along the path that started in 2014. The 12.4% hike in Portuguese exports to Portuguese-speaking African countries and Timor-Leste in 2017 spilled over into a slight increase in the share of these countries, which has now increased to 4.4% of Portuguese exports of goods. Conversely, the decline in Portuguese imports of goods from these countries brought their share in total imported products down to 0.5% (-1 p.p. from 2016, back to levels not seen since 2009).

The Angolan market contributed the most to the momentum of Portuguese **exports** to these countries, with an increase of 19%, countering negative developments in 2015 and 2016. This was accompanied by an upswing in goods destined for Guinea-Bissau (+16%) and Cabo Verde (+3%). The biggest rises were recorded by machinery and equipment, base metals, agricultural products, chemicals, plastics and rubber products, which were all sent to Angola. There was a decrease in the volume of Portuguese goods sent to the other countries in the group, most notably Mozambique (16%).

As in previous years, the decline in Portuguese **imports** of goods from these countries was almost exclusively due to mineral fuels from Angola. Timor-Leste was the only other country from which imports decreased, while the remaining countries saw small increases from 2016, with a noteworthy rise in agricultural products from Mozambique and Cabo Verde.

Angola remains the most important market for Portugal's trade with Portuguese-speaking African countries and Timor-Leste, accounting for 83% of imports and 75% of exports of goods from this group. It is followed at a considerable distance by Mozambique (12% of imports and 8% of exports) and Cabo Verde (5% and 11%).

The combination of an increase in exports and a decrease in imports from these countries resulted in a 55% hike in trade surplus in 2017, which amounted to EUR 2,053 million. Among the other current account items, only secondary income moved along similar lines to trade balance, posting a 38% increase in its positive balance compared with 2016. Improvements in secondary income stemmed from a 17% rise in Portuguese emigrants' remittances (particularly in Angola) and a 11% reduction in remittances from immigrants of Portuguese-speaking African countries and Timor-Leste in Portugal (most notably to Angola), albeit partly offset by an increase in remittances to Cabo Verde.

The services account and primary income declined by 3% and 38% respectively, due to developments in trade flows with Mozambique (services) and Angola (primary income). Chiefly reflecting trade balance growth, the **aggregate balance of bilateral current accounts** with Portuguese-speaking African countries and Timor-Leste reversed the trend of the previous two years, with an increase in Portugal's surplus by 20%, totalling EUR 3,811 million.

**Portuguese direct investment in Portuguese-speaking African countries and Timor-Leste** decreased further in 2017, but remained in positive territory (EUR 1.9 million), still well below the 2016 figure (EUR 157.5 million). Estimates for 2017 indicate that for the first time since 2014 Portugal may have net direct disinvestment in the rest of the world.

Developments in Portuguese aggregate direct investment with the six countries under review in 2017 were affected by Portuguese disinvestment in Angola (which reached EUR 140 million), back to the path followed in 2014. Among the other countries in the group, only São Tomé and Príncipe also posted net disinvestment (of EUR 2.4 million), as in the two previous years (although clearly above those levels – of approximately EUR 16 million). However, investment in Mozambique (EUR



73 million), Cabo Verde (EUR 54 million), Guinea-Bissau (EUR 4.5 million) and Timor-Leste (EUR 4 million) offset those negative figures. In sectoral terms, there was disinvestment in construction (mostly in Angola, but also in Cabo Verde and São Tomé and Príncipe) and investment in manufacturing (Angola and Mozambique) and services (Cabo Verde, Mozambique, Timor-Leste and Guinea-Bissau). Amounts channelled to services in 2017 (EUR 85 million) were well below those seen in 2016 (EUR 213 million).

**Direct investment flows from Portuguese-speaking African countries and Timor-Leste to Portugal** were negative in 2017 (EUR 108 million), which had not occurred since 2011. This disinvestment was largely due the services sector (particularly Angola, but also Guinea-Bissau), although net disinvestment was also seen in construction (Cabo Verde, São Tomé and Príncipe and Mozambique). Conversely, mention should be made to investment in manufacturing in Portugal, with Angola posting net inflows of EUR 10.7 million in 2017.

The official debt of Portuguese-speaking African countries to Portugal grew in 2017, thus reversing the downward trend that started in 2014. At the end of last year, the direct and Portuguese State-guaranteed debt taken on by these countries totalled USD 2,853 million, which corresponds to a 9% increase from the previous year (USD 231 million). The rise in official debt chiefly resulted from the depreciation of the US dollar against the euro, thus increasing the US dollar value of the commitments undertaken in euros.

The increase in total stock stems from the rise in Portuguese State-guaranteed medium and long-term debt, which halted the gradual decrease seen since 2014. Total direct debt continued to follow the downward path that started in 2009, and which was only interrupted in 2012.

This upswing in official debt in US dollar terms was broadly based across Portuguese-speaking African countries, most notably as regards growth in **Cabo Verde's** debt, which rose by 15% (USD 30 million). In addition to the exchange rate effect, Cabo Verde's State drew more funds from the Portuguese State-guaranteed credit line associated with social housing projects in 2017, thus bringing guaranteed debt up to USD 548 million, which corresponds to 16% growth.

**Angola** also saw an increase in guaranteed debt (of 35%), most notably due to the greater volume of export insurance. This rise drove total debt growth up to USD 869 million, despite a continued reduction in direct debt, as established in the rescheduling agreement signed in 2004 (in force for 25 years).

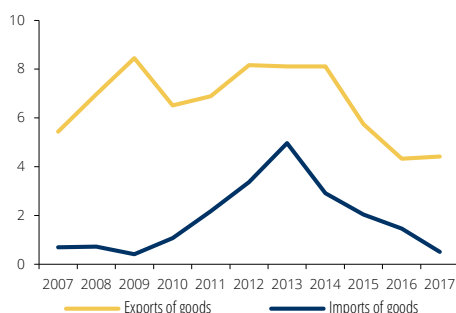
Mozambique continues to post the most substantial official debt to Portugal, accounting for 37% of the total in 2017. The increase in 2017 (4%) stemmed only from the impact of the depreciation of the US dollar against the euro on the stock of guaranteed debt in euros. Amounts due denominated in the contracted currencies decreased – for both direct and Portuguese State-guaranteed debt.

That effect also shaped developments in **São Tomé and Príncipe's** official debt to Portugal, by pushing the amount in US dollar terms up by 3.6% due to the impact of movements in the exchange rate against the euro.

As in the past few years, there was no movement in **Guinea-Bissau's** official debt to Portugal in 2017. Also in this case, the increase in the stock of debt in US dollar terms stemmed exclusively from its depreciation against the euro.

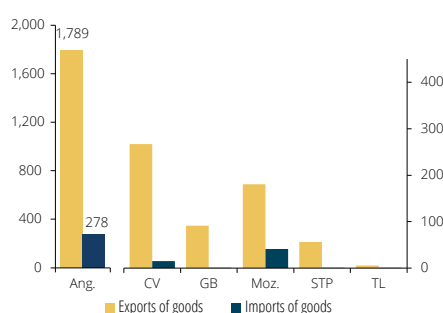
**Timor-Leste** continues to have no official debt to Portugal.

**Chart III.1.1 • Portugal's trade relations with Portuguese-speaking African countries and Timor-Leste | % of total**



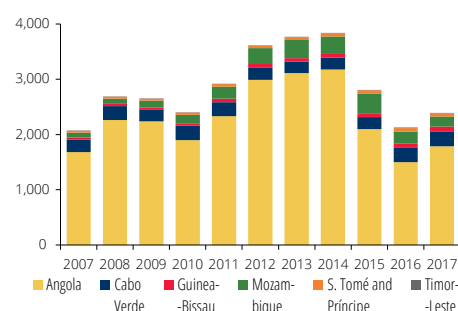
The share of Portuguese exports to Portuguese-speaking African countries and Timor-Leste in total exports rose slightly in 2017, thus reversing the downward trend that started in 2015. Imports of goods from this group of countries continued to edge down, returning to levels similar to those seen in 2009.

**Chart III.1.2 • Portugal's trade relations with Portuguese-speaking African countries and Timor-Leste in 2017 | EUR millions**



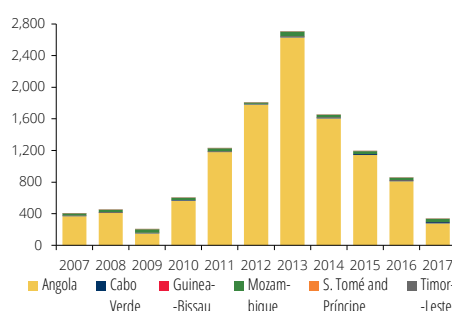
Portugal's trade relations with Portuguese-speaking African countries and Timor-Leste continue to be dominated by the Angolan market, particular in terms of exports. Mozambique and Cabo Verde follow at a great distance.

**Chart III.1.3 • Exports of goods to Portuguese-speaking African countries and Timor-Leste, destinations | EUR millions**



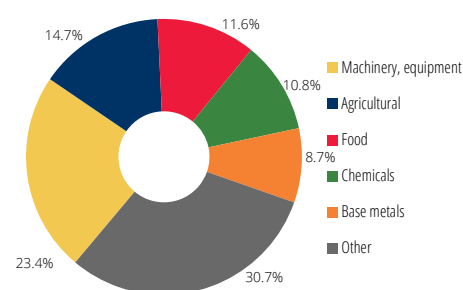
Export growth to Angola made the largest contribution to the increase in Portugal's exports to Portuguese-speaking African countries and Timor-Leste, with Cabo Verde and Guinea-Bissau's markets increasing somewhat.

**Chart III.1.4 • Imports of goods from Portuguese-speaking African countries and Timor-Leste, origins | EUR millions**



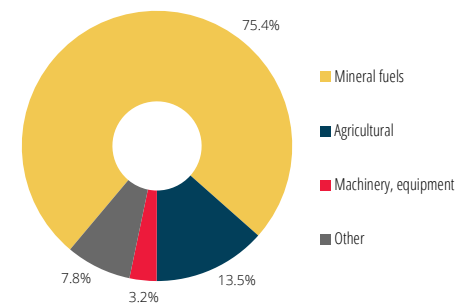
Despite being on a downward path since 2014, Angolan goods still account for the largest share of Portuguese imports from this group of countries, chiefly mineral fuels (crude oil and derivatives).

**Chart III.1.5 • Exports of goods to Portuguese-speaking African countries and Timor-Leste, 2017 | By group of products**



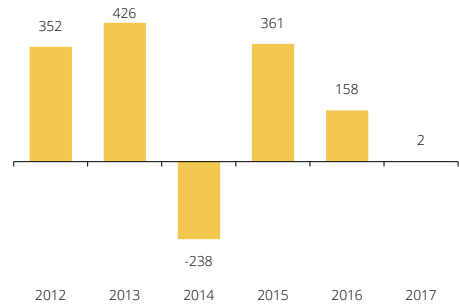
The share of the five major groups of products exported by Portugal to Portuguese-speaking African countries and Timor-Leste (machinery and equipment, agricultural products, food, chemicals and base metals) increased in 2017, and now corresponds to nearly 70% of total Portuguese exports to these countries.

**Chart III.1.6 • Imports of goods from Portuguese-speaking African countries and Timor-Leste | By group of products**



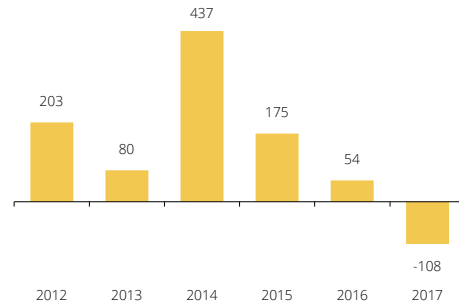
Imports of mineral fuels from Angola dominated Portuguese imports from this group, although their reduction has impacted on its share in the total (down to 75% in 2017, from 91% in 2016). As such, agricultural products from Mozambique (on an upward trend) have seen their importance in the total grow.

**Chart III.1.7 • Portuguese direct investment in Portuguese-speaking African countries and Timor-Leste | EUR millions**



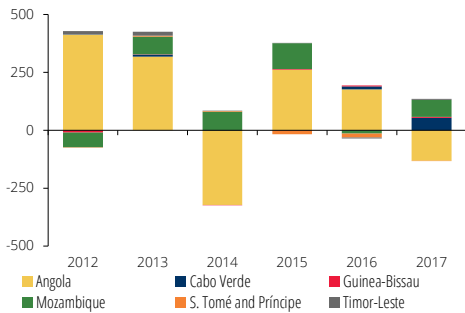
In 2017 Portugal's direct investment in Portuguese-speaking African countries and Timor-Leste decreased further, thus extending the trend of the previous year, but still remaining in positive territory (EUR 2 million).

**Chart III.1.8 • Direct investment of Portuguese-speaking African countries and Timor-Leste in Portugal | EUR millions**



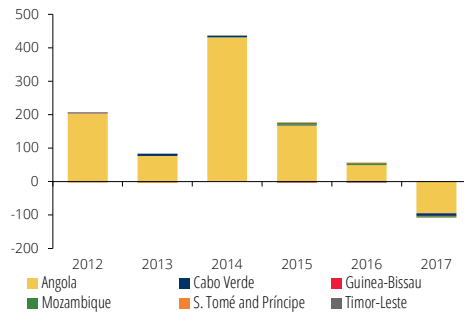
Direct investment of Portuguese-speaking African countries and Timor-Leste in Portugal has followed a downward path since 2015, even entering negative territory in 2017, for the first time since 2011, when there was net disinvestment of a similar magnitude.

**Chart III.1.9 • Portuguese direct investment in Portuguese-speaking African countries and Timor-Leste | By country, EUR millions**



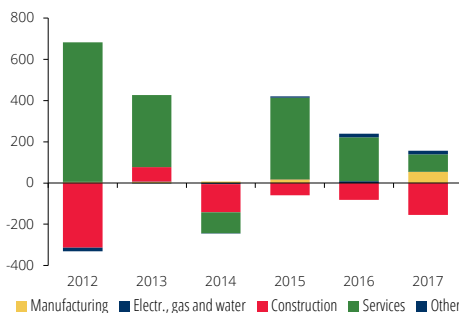
Despite Portugal's net disinvestment, particularly in Angola, positive flows chiefly to Mozambique and Cabo Verde ultimately determined the positive total value. Except for 2016, Portuguese investors' interest in Mozambique has been noteworthy.

**Chart III.1.10 • Direct investment of Portuguese-speaking African countries and Timor-Leste in Portugal | By country, EUR millions**



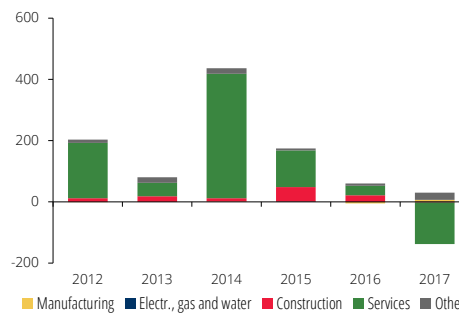
Angola's direct investment in Portugal, which has been continuously decreasing since 2014, entered negative territory in 2017, and accounted for the largest flows among this group of countries. Also in 2017, direct investment transactions from Portuguese-speaking African countries were negative, with Timor-Leste posting a small positive value.

**Chart III.1.11 • Portuguese direct investment in Portuguese-speaking African countries and Timor-Leste | By sector of activity, EUR millions**



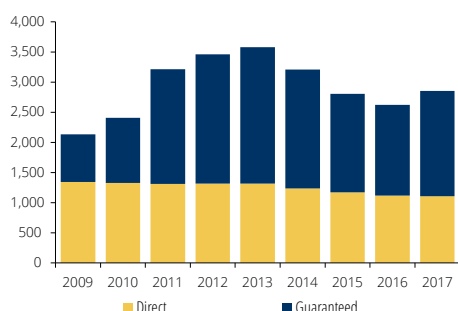
Net disinvestment in the construction sector (moving up since 2015) largely counteracted Portuguese investment in Portuguese-speaking African countries and Timor-Leste in 2017, which was more robust in services and manufacturing.

**Chart III.1.12 • Direct investment of Portuguese-speaking African countries and Timor-Leste in Portugal | By sector of activity, EUR millions**



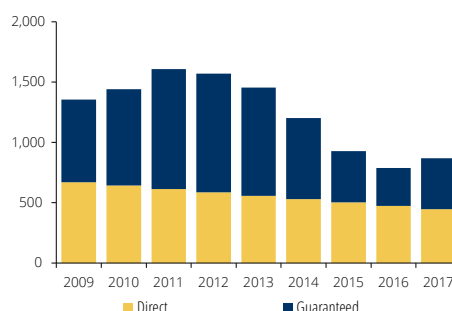
The services sector (particularly in Angola but also in Guinea-Bissau) was behind net disinvestment of Portuguese-speaking African countries and Timor-Leste in Portugal in 2017. The momentum in manufacturing (also in Angola) and activities under 'Other' partly offset the negative values.

**Chart III.1.13 • Official debt of Portuguese-speaking African countries to Portugal**  
USD millions



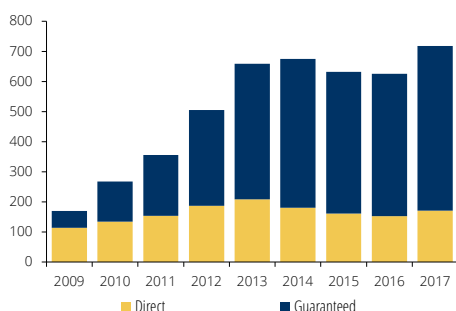
Aggregate official debt of Portuguese-speaking African countries to Portugal increased in 2017, thus reversing the downward trend that started in 2014. This growth was mostly due to the depreciation of the US dollar against the euro, with a rise in US dollar terms of euro-denominated loans.

**Chart III.1.14 • Official debt of Angola to Portugal** | USD millions



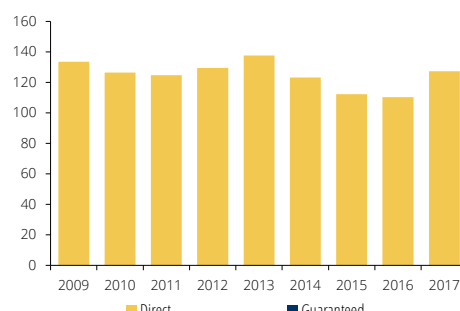
The downward path followed by Angola's official debt to Portugal was interrupted in 2017, after five consecutive years of declining debt. The increase in guaranteed credit was behind official debt growth, despite continuously decreasing direct debt, as established in the rescheduling agreement signed in 2004.

**Chart III.1.15 • Official debt of Cabo Verde to Portugal** | USD millions



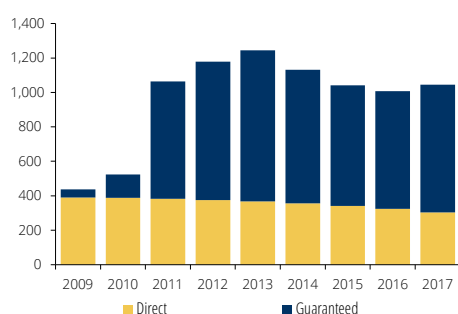
Cabo Verde's official debt to Portugal rose by 15% in 2017, combining the impact of the foreign exchange effect on the stock of euro-denominated debt and a new disbursement of the Portuguese State-guaranteed credit line associated with social housing projects.

**Chart III.1.16 • Official debt of Guinea-Bissau to Portugal** | USD millions



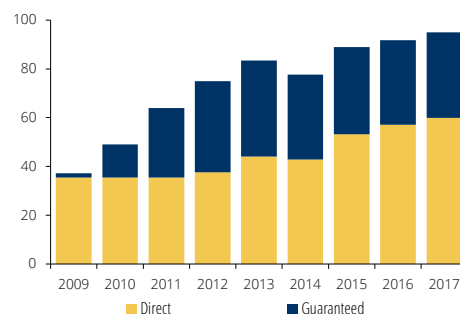
As has been the case since 2012, developments in Guinea-Bissau's official debt to Portugal reflect the performance of the euro against the US dollar, given that all outstanding credits in that country are denominated in euro.

**Chart III.1.17 • Official debt of Mozambique to Portugal** | USD millions



In 2017 Mozambique continued to be the largest debtor to Portugal among these countries. The impact of the foreign exchange effect pushed guaranteed debt in US dollar terms in 2017 upwards. However, outstanding amounts, as regards both direct and guaranteed debt, decreased in the contracted currencies.

**Chart III.1.18 • Official debt of São Tomé and Príncipe to Portugal** | USD millions



São Tomé and Príncipe's official debt to Portugal continued to follow an upward path in 2017 (interrupted only in 2014). However, last year, the increase was only due to the depreciation of the US dollar against the euro.

**Table III.1.1 • 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.
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	3,178	11	215	0	65	35	318	0	57	1	7	1,653	3,839
2015	1,142	2,099	11	215	0	74	38	355	0	57	2	10	1,193	2,810
2016	810	1,502	11	259	0	78	36	215	0	64	1	8	858	2,126
2017	278	1,789	15	267	0	91	41	181	0	56	0	6	336	2,390

Source: Statistics Portugal.

**Table III.1.2 • 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.
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	3.0
2005	0.1	2.6	0.0	0.5	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.1	3.5
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	0.7	5.9	0.0	0.7	0.0	0.1	0.1	0.2	0.0	0.1	0.0	0.0	0.7	7.0
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	8.5
2010	1.0	5.1	0.0	0.7	0.0	0.1	0.1	0.4	0.0	0.1	0.0	0.0	1.1	6.5
2011	2.1	5.5	0.0	0.6	0.0	0.2	0.1	0.5	0.0	0.1	0.0	0.0	2.2	6.9
2012	3.3	6.7	0.0	0.5	0.0	0.2	0.0	0.6	0.0	0.1	0.0	0.0	3.4	8.2
2013	4.8	6.7	0.0	0.4	0.0	0.2	0.1	0.7	0.0	0.1	0.0	0.0	5.0	8.1
2014	2.8	6.7	0.0	0.5	0.0	0.1	0.1	0.7	0.0	0.1	0.0	0.0	2.9	8.1
2015	2.0	4.3	0.0	0.4	0.0	0.2	0.1	0.7	0.0	0.1	0.0	0.0	2.0	5.7
2016	1.4	3.1	0.0	0.5	0.0	0.2	0.1	0.4	0.0	0.1	0.0	0.0	1.5	4.3
2017	0.4	3.3	0.0	0.5	0.0	0.2	0.1	0.3	0.0	0.1	0.0	0.0	0.5	4.4

Sources: Statistics Portugal and Banco de Portugal calculations.

Table III. 1.3 • Portugal/Portuguese-speaking African countries and Timor-Leste: Exports by group of products (Portugal's perspective) | EUR millions

	2016						2017							
	Angola	C. Verde	G.-Bissau	Mozamb.	S. Tomé	Timor-L.	Total	Angola	C. Verde	G.-Bissau	Mozamb.	S. Tomé	Timor-L.	Total
Agricultural	232.78	33.61	5.09	8.14	11.69	0.68	291.99	282.79	38.92	7.34	9.72	12.29	0.89	351.94
Food	198.43	33.05	15.96	18.16	13.52	1.83	280.95	196.46	35.70	16.56	16.15	11.27	2.06	278.20
Mineral fuels	23.56	2.12	28.60	3.14	0.92	0.05	58.39	19.77	2.59	38.12	2.11	0.82	0.02	63.43
Chemicals	168.24	22.41	1.75	17.37	4.82	0.20	214.80	206.44	22.86	2.39	21.12	4.36	0.41	257.58
Plastics, rubber products	87.64	13.97	1.52	9.21	2.83	0.20	115.36	113.48	12.85	1.55	9.32	2.29	0.08	139.57
Leather, leather products	5.85	1.41	0.03	0.73	0.10	0.00	8.13	5.61	1.50	0.03	0.42	0.07	0.00	7.62
Wood, cork	12.38	8.45	0.26	3.81	0.58	0.27	25.75	13.52	5.58	0.36	1.81	1.02	0.02	22.31
Pulp, paper	60.77	7.65	0.58	14.61	0.79	0.81	85.22	54.32	7.40	0.51	16.68	0.83	0.87	80.61
Textile products	15.08	4.86	0.29	2.21	0.79	0.02	23.26	23.25	4.64	0.35	2.82	1.12	0.03	32.20
Clothing	17.15	3.33	0.26	2.43	0.66	0.01	23.84	24.10	2.57	0.26	2.20	0.38	0.02	29.54
Footwear	17.30	1.42	0.09	1.32	0.39	0.00	20.52	18.30	1.08	0.07	1.19	0.29	0.00	20.92
Minerals, ores	51.21	22.83	7.58	10.17	2.28	0.14	94.22	55.03	21.15	8.30	7.42	2.43	0.08	94.41
Base metals	98.56	27.28	3.35	26.00	5.01	0.40	160.59	151.45	30.94	2.65	18.94	3.91	0.12	208.02
Machinery, equipment	360.68	48.70	6.91	74.27	13.38	2.83	506.77	437.78	51.35	7.43	53.28	8.98	0.72	559.54
Motor vehicles and other transport	33.91	8.20	3.75	4.58	2.25	0.05	52.74	35.71	11.11	2.81	2.71	2.01	0.43	54.78
Optical and precision instruments	34.19	4.76	0.33	6.12	1.00	0.10	46.50	40.46	4.92	0.24	3.82	0.58	0.01	50.03
Other products	83.83	14.52	2.09	12.45	3.10	0.62	116.60	110.54	11.94	2.26	10.82	3.72	0.16	139.42
Total	1,501.57	258.57	78.44	214.71	64.11	8.23	2,125.63	1,789.00	267.10	91.21	180.53	56.38	5.91	2,390.13

Source: Statistics Portugal.

**Table III. 1.4 • Portugal/Portuguese-speaking African countries and Timor-Leste: Imports by group of products (Portugal's perspective) | EUR millions**

	Angola	C. Verde	G.-Bissau	Mozamb.	S. Tomé	Timor-L.	Total	Angola	C. Verde	G.-Bissau	Mozamb.	S. Tomé	Timor-L.	Total
Agricultural	6.85	0.03	0.01	25.01	0.00	0.85	32.75	7.37	2.34	0.22	35.02	0.01	0.48	45.44
Food	0.22	0.55	-	7.44	0.05	-	8.26	0.93	0.14	0.00	4.61	0.03	-	5.72
Mineral fuels	784.21	0.27	-	0.00	-	-	784.49	253.14	0.42	-	0.02	-	-	253.58
Chemicals	0.04	0.00	-	0.01	-	0.00	0.05	0.05	0.00	-	0.00	-	-	0.05
Plastics, rubber products	0.05	0.08	-	0.05	-	-	0.17	0.23	0.04	-	0.18	0.00	-	0.45
Leather, leather products	0.00	0.00	-	0.01	-	-	0.01	0.01	0.00	-	0.02	0.00	-	0.03
Wood, cork	2.49	0.00	-	0.01	-	-	2.50	4.48	0.01	-	0.15	0.00	-	4.63
Pulp, paper	0.09	0.00	0.00	0.00	-	0.00	0.09	0.01	0.00	0.00	0.04	0.00	-	0.05
Textile products	0.03	0.00	-	1.75	-	0.01	1.80	0.11	0.01	0.00	0.44	0.00	0.00	0.56
Clothing	0.00	6.12	0.00	0.00	-	-	6.12	0.00	5.63	0.00	0.00	-	0.00	5.64
Footwear	0.01	3.36	-	0.00	-	-	3.37	0.00	3.37	-	0.00	-	-	3.37
Minerals, ores	1.39	0.07	-	0.02	-	-	1.48	1.04	0.00	-	0.00	0.00	-	1.05
Base metals	0.29	0.47	0.09	0.43	0.20	-	1.48	0.59	0.33	0.03	0.46	0.32	-	1.74
Machinery, equipment	11.08	0.25	0.09	0.80	0.00	0.01	12.22	7.94	2.65	0.00	0.21	0.04	0.01	10.85
Motor vehicles and other transport	2.11	0.08	0.01	0.23	0.06	-	2.50	1.34	0.40	-	0.10	0.00	-	1.85
Optical and precision instruments	0.65	0.03	0.05	0.07	0.00	-	0.80	0.86	0.09	-	0.06	0.00	-	1.02
Other products	0.27	0.01	0.00	0.04	0.00	-	0.32	0.11	0.01	-	0.07	0.00	-	0.19
Total	809.78	11.32	0.25	35.88	0.33	0.87	858.43	278.22	15.45	0.26	41.39	0.40	0.49	336.21

Source: Statistics Portugal.

**Table III.1.5 • 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.	Saldo	Total	o.w.: Travel and tourism		Total	o.w.: Remittances			
									Emig.	Immig.		
Angola	2013	3,269.9	2,390.9	879.0	1,076.6	458.7	638.5	333.8	304.3	18.8	2,928.0	2.7
	2014	3,187.5	1,479.8	1,707.7	1,239.6	544.1	198.0	179.0	248.0	13.8	3,324.4	-0.6
	2015	2,108.9	1,063.4	1,045.5	1,111.5	454.1	364.3	343.9	213.1	19.5	2,865.3	-0.1
	2016	1,511.7	750.9	760.9	790.5	264.2	391.7	315.2	205.9	17.5	2,258.3	-0.4
	2017	1,796.4	276.9	1,519.5	836.4	342.5	143.8	449.3	245.1	11.7	2,948.9	-0.3
Cabo Verde	2013	199.2	15.3	183.9	-2.8	-16.5	21.7	-6.7	3.4	13.1	196.1	0.0
	2014	212.7	13.3	199.4	11.1	-11.0	12.6	-14.0	3.0	12.0	209.1	0.4
	2015	212.3	12.0	200.4	13.2	-11.1	14.0	-10.0	1.6	17.0	217.5	0.0
	2016	256.0	14.8	241.2	36.8	0.9	10.6	-12.4	1.7	14.9	276.2	0.1
	2017	265.3	17.9	247.4	36.6	-9.1	12.8	-12.8	2.2	17.6	284.0	0.0
Guinea-Bissau	2013	69.8	1.4	68.4	3.0	0.7	0.6	0.3	0.5	2.6	72.3	0.0
	2014	64.9	0.3	64.7	-1.4	-0.5	-0.5	-3.4	1.6	3.4	59.3	0.0
	2015	73.7	0.2	73.5	-0.3	-1.1	6.6	-1.2	2.6	3.1	78.6	-0.5
	2016	78.5	0.2	78.2	12.6	0.5	0.9	-4.0	2.2	3.2	87.7	0.0
	2017	91.2	1.5	89.7	3.7	1.6	0.1	-3.5	0.9	3.4	90.0	-0.4
Mozambique	2013	327.7	68.2	259.5	71.9	10.6	88.0	-3.8	7.6	10.0	415.6	-17.2
	2014	317.8	45.1	272.8	114.6	41.6	28.3	-14.7	4.6	9.5	400.9	-18.3
	2015	355.0	44.6	310.4	201.0	86.5	168.6	41.4	6.2	9.8	721.3	-24.1
	2016	214.7	38.7	176.0	164.7	41.7	140.0	34.3	6.1	7.9	515.0	-26.1
	2017	181.1	44.6	136.6	108.4	41.3	168.7	24.6	5.5	6.4	438.3	-27.9
São Tomé and Príncipe	2013	50.3	1.4	48.9	1.9	-1.7	-1.5	0.3	0.7	1.0	49.6	-0.9
	2014	56.6	1.3	55.2	2.1	-2.5	0.3	-1.8	0.3	1.2	55.9	-0.9
	2015	57.5	0.5	56.9	-2.3	-4.3	-8.0	-0.3	0.6	1.6	46.3	-1.2
	2016	64.1	0.7	63.4	-2.3	-2.7	-17.1	-0.9	0.5	1.9	43.0	-1.4
	2017	56.4	1.8	54.6	-4.2	-6.5	0.5	-3.8	0.1	1.3	47.1	-1.5
Timor-Leste	2013	7.2	0.6	6.6	3.7	1.6	8.0	0.5	0.3	0.1	18.9	0.0
	2014	7.0	0.7	6.3	6.8	-0.2	-2.8	-10.1	0.2	0.9	0.2	-0.1
	2015	10.1	1.4	8.7	7.4	-0.9	0.4	-8.4	0.2	0.4	8.1	0.0
	2016	8.2	0.7	7.5	9.0	-0.9	-3.4	-7.0	0.1	0.3	6.1	0.0
	2017	5.9	0.4	5.5	5.0	-1.9	-2.2	-6.1	0.3	0.3	2.2	0.0
Total Portuguese-speaking African countries and Timor-Leste	2013	3,924.2	2,477.8	1,446.3	1,154.4	453.3	755.4	324.4	316.9	45.7	3,680.6	-15.5
	2014	3,846.5	1,540.5	2,306.0	1,372.8	571.6	236.0	135.1	257.6	40.9	4,049.8	-19.6
	2015	2,817.5	1,122.1	1,695.4	1,330.4	523.1	545.9	365.4	224.4	51.4	3,937.2	-25.9
	2016	2,133.3	806.0	1,327.3	1,011.4	303.7	522.6	325.1	216.6	45.8	3,186.5	-27.7
	2017	2,396.3	343.0	2,053.3	985.9	367.9	323.6	447.7	254.1	40.8	3,810.5	-30.2

Source: Banco de Portugal.



**Table III.1.6 • Portuguese direct investment in Portuguese-speaking African countries and Timor-Leste** | By sector of activity, EUR millions

		2012	2013	2014	2015	2016	2017
Angola	Manufacturing	-6.9	0.2	-1.1	6.6	2.8	40.9
	Electricity, gas and water	2.7	0.3	-4.8	1.0	7.7	0.6
	Construction	-213.7	110.2	-136.5	-21.5	-15.1	-165.5
	Services	644.6	208.1	-179.6	274.8	183.3	-8.4
	of which: Financial and insurance activities	418.6	230.8	-183.2	233.2	215.4	8.1
	Other	-13.9	-0.6	0.0	-0.1	-1.4	1.4
	<b>Total</b>	412.8	318.2	-322.0	260.8	177.3	-130.9
Cabo Verde	Manufacturing	2.7	1.8	0.0	0.3	-17.7	1.0
	Electricity, gas and water	0.0	0.0	0.0	0.0	0.0	0.0
	Construction	-9.5	-14.3	-10.3	-11.5	9.7	-8.5
	Services	7.0	21.0	12.2	10.6	1.5	58.1
	of which: Financial and insurance activities	10.7	13.5	3.1	7.4	0.5	0.1
	Other	0.9	-	-1.8	0.0	18.5	3.5
	<b>Total</b>	1.0	8.5	0.1	-0.5	12.1	54.0
Guinea-Bissau	Manufacturing	0.5	0.4	-0.5	-2.1	2.7	-0.7
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-10.0	0.1	0.0	0.0	0.0	0.0
	Services	0.1	0.1	0.0	1.3	0.0	0.5
	of which: Financial and insurance activities	-	-	-	1.3	0.0	0.0
	Other	-0.1	-	-	4.6	1.2	4.8
	<b>Total</b>	-9.5	0.6	-0.5	3.9	3.9	4.5
Mozambique	Indústrias transformadoras	7.0	4.0	9.4	13.2	11.1	13.2
	Eletricidade, gás e água	0.0	0.0	0.0	0.0	0.0	0.0
	Construção	-79.2	-28.1	7.0	-22.2	-66.5	20.3
	Serviços	11.9	101.2	64.3	119.2	41.7	31.3
	do qual: Atividades financeiras e de seguros	1.6	88.1	58.9	130.9	50.9	28.4
	Outros	-3.8	-0.3	0.2	1.0	-0.8	7.8
	<b>Total</b>	-64.1	76.8	80.9	111.3	-14.5	72.6
São Tomé and Príncipe	Manufacturing	-	-	0.0	0.0	0.1	0.0
	Electricity, gas and water	-	-	-	0.0	0.5	-0.4
	Construction	-1.2	3.0	1.7	-4.0	-8.7	-1.2
	Services	-0.5	2.2	1.0	-11.8	-8.2	-0.7
	of which: Financial and insurance activities	0.6	0.7	0.9	-0.6	-	0.0
	Other	0.0	-	-	-	-	-
	<b>Total</b>	-1.7	5.1	2.7	-15.8	-16.2	-2.4
Timor-Leste	Manufacturing	-	-	0.0	-0.4	0.0	0.0
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	0.0	-	-	0.0	0.0
	Services	13.7	16.9	0.5	1.5	-5.0	3.9
	of which: Financial and insurance activities	4.3	12.0	0.4	1.9	0.0	0.1
	Other	0.2	-	-	-	-	-
	<b>Total</b>	14.0	16.9	0.6	1.1	-4.9	4.0
<b>Total Portuguese-speaking African countries and Timor-Leste</b>		352.5	426.1	-238.2	360.8	157.5	1.9

Source: Banco de Portugal.

**Table III.1.7 • Direct investment of Portuguese-speaking African countries and Timor-Leste in Portugal | By sector of activity, EUR millions**

		2012	2013	2014	2015	2016	2017
Angola	Manufacturing	-0.4	0.0	0.9	0.0	-9.6	10.7
	Electricity, gas and water	-	-	-	-	0.0	0.1
	Construction	12.3	16.4	6.5	43.4	19.7	10.3
	Services	181.4	41.8	405.3	118.0	33.6	-139.3
	of which: Financial and insurance activities	164.1	34.1	394.3	73.8	21.9	-81.7
	Other	10.7	18.3	18.8	6.1	5.5	23.2
	<b>Total</b>	204.0	76.5	431.5	167.5	49.2	-95.0
Cabo Verde	Manufacturing	-	-	0.0	-	0.0	0.0
	Electricity, gas and water	-	-	-	0.0	0.0	0.0
	Construction	0.4	4.8	3.8	1.3	-2.4	-8.8
	Services	1.3	2.3	0.8	0.9	1.0	1.2
	of which: Financial and insurance activities	0.2	-	-	0.0	0.2	1.4
	Other	0.0	-	-	0.0	-	-
	<b>Total</b>	1.7	7.1	4.5	2.2	-1.4	-7.6
Guinea-Bissau	Manufacturing	-	-	-	-	-	0.1
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	-	0.0	-0.1	0.0	0.0
	Services	-	-	-	-2.1	0.0	-1.2
	of which: Financial and insurance activities	-	-	-	-	-	-
	Other	0.1	-	-	0.0	0.0	-
	<b>Total</b>	0.1	0.0	0.0	-2.2	0.0	-1.1
Mozambique	Manufacturing	0.0	0.4	0.7	0.1	3.9	-3.8
	Electricity, gas and water	-	-	-	1.5	-	-
	Construction	-0.5	-0.8	0.1	3.1	4.4	-1.0
	Services	-1.3	-0.7	-0.1	0.9	-4.3	1.1
	of which: Financial and insurance activities	-1.6	-0.5	0.0	0.3	0.3	0.0
	Other	0.0	0.0	0.0	0.0	1.8	-0.2
	<b>Total</b>	-1.8	-1.0	0.7	5.6	5.8	-4.0
São Tomé and Príncipe	Manufacturing	-	-	-	-	-	-
	Electricity, gas and water	-	-	-	-	0.2	-0.4
	Construction	-0.1	-2.2	-	0.0	0.2	-2.3
	Services	-0.9	-0.1	0.0	2.7	1.2	2.3
	of which: Financial and insurance activities	-	0.1	-	2.1	0.0	0.1
	Other	-	-	-	0.0	0.0	-
	<b>TOTAL</b>	-1.1	-2.3	0.0	2.7	1.6	-0.5
Timor-Leste	Manufacturing	-	-	-	-	-	-
	Electricity, gas and water	-	-	-	-	-	-
	Construction	-	-	-	-0.9	0.0	0.0
	Services	0.0	0.0	0.0	-0.3	-0.7	0.3
	of which: Financial and insurance activities	-	-	0.0	-0.3	-0.9	0.2
	Other	0.0	-	-	0.0	-	-
	<b>Total</b>	0.0	0.0	0.0	-1.1	-0.7	0.3
<b>Total Portuguese-speaking African countries and Timor-Leste</b>		202.9	80.3	436.7	174.6	54.5	-107.8

Source: Banco de Portugal.

Table III.1.8 • 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	2013	558	–	558	897	–	897	1,456	–	1,456
	2014	530	–	530	672	–	672	1,203	–	1,203
	2015	502	–	502	423	3	427	926	3	929
	2016	475	–	475	304	8	312	778	8	787
	2017	447	–	447	413	10	422	859	10	869
Cabo Verde	2013	208	–	208	451	–	451	659	–	659
	2014	181	–	181	494	–	494	675	–	675
	2015	160	1	160	472	–	472	632	1	632
	2016	152	–	152	473	0	473	625	0	625
	2017	170	–	170	547	0	548	718	0	718
Guinea-Bissau	2013	71	66	138	–	–	–	71	66	138
	2014	61	62	123	–	–	–	61	62	123
	2015	53	59	112	–	–	–	53	59	112
	2016	50	61	110	–	–	–	50	61	110
	2017	54	73	127	–	–	–	54	73	127
Mozambique	2013	367	–	367	878	–	878	1,245	–	1,245
	2014	355	–	355	775	–	775	1,131	–	1,131
	2015	341	–	341	699	–	699	1,041	–	1,041
	2016	324	–	324	683	–	683	1,008	–	1,008
	2017	304	–	304	740	0	740	1,044	0	1,044
São Tomé and Príncipe	2013	44	–	44	39	–	39	83	–	83
	2014	43	–	43	35	–	35	78	–	78
	2015	53	–	53	36	–	36	89	–	89
	2016	57	0	57	35	–	35	92	0	92
	2017	60	–	60	35	0	35	95	0	95
Total Portuguese-speaking African countries	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
	2015	1,110	60	1,170	1,630	3	1,633	2,740	63	2,803
	2016	1,058	61	1,119	1,495	8	1,503	2,553	69	2,622
	2017	1,035	73	1,108	1,735	10	1,745	2,770	83	2,853

Source: Ministry of Finance - GPEARI.

