



China-EU Relations Conference

Lusophone University

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World's Largest Economies (# GDP Ranking) in 2022

Ranking	Economies
1º	United States of America
2º	China
3º	Japan
4º	Germany
5º	India

(...)

50º	Portugal
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China, one of the world's
biggest economies!

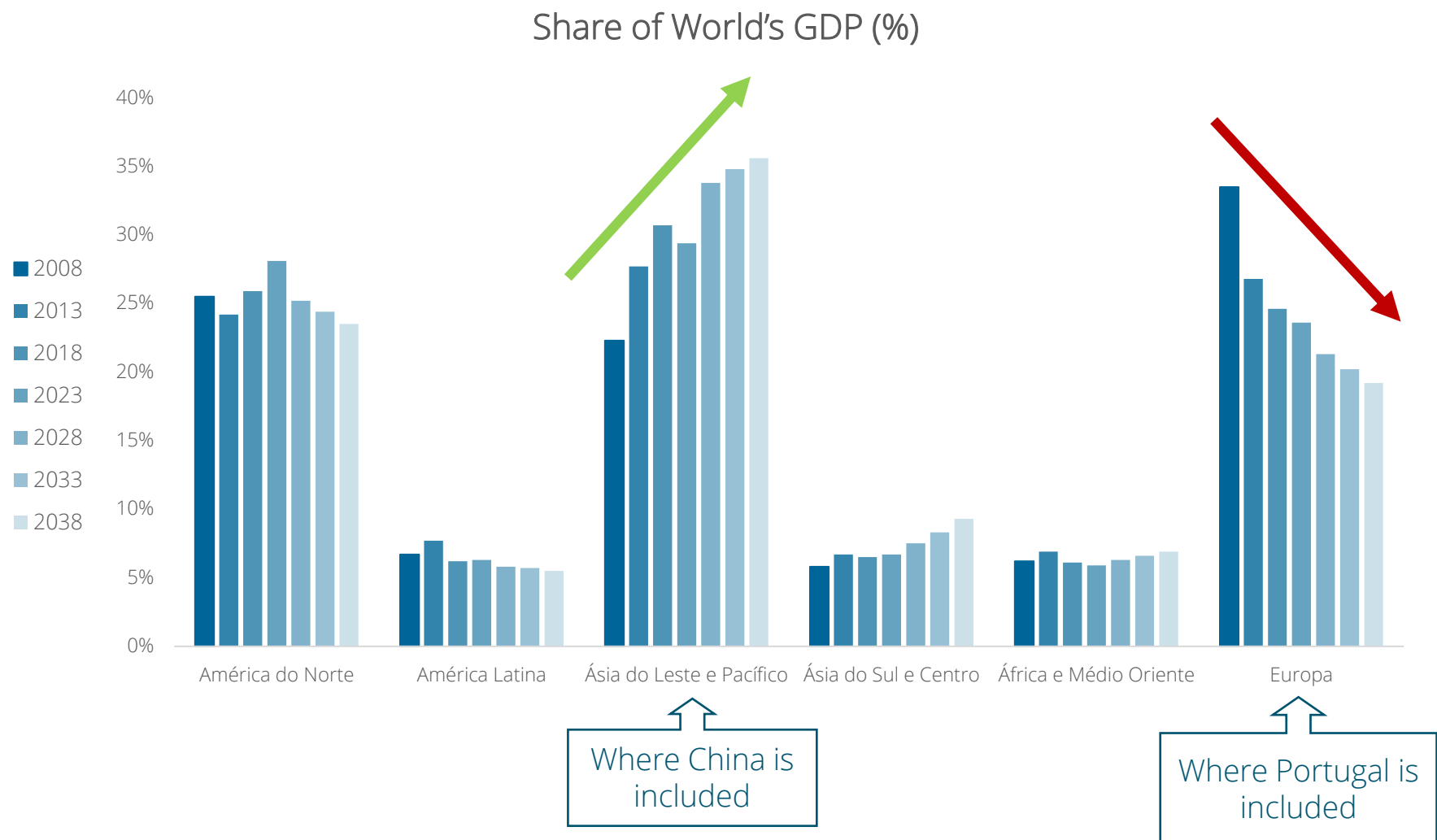
GDP evolution (year-on-year, y/y, rate of change, %)

	2023	2024	2025
World	3,1	3,1	3,2
Euro Area	0,5	0,9	1,7
Portugal*	2,3	1,2	1,8
Spain	2,4	1,5	2,1
France	0,8	1,0	1,7
Germany	-0,3	0,5	1,6
China	5,2	4,6	4,1
EUA	2,5	2,1	1,7
United Kingdom	0,5	0,6	1,6
Japan	1,9	0,9	0,8

Portugal's main
trading partners

China's economy is
more dynamic than
the rest of the world,
than the Eurozone and
than Portugal's main
trading partners.

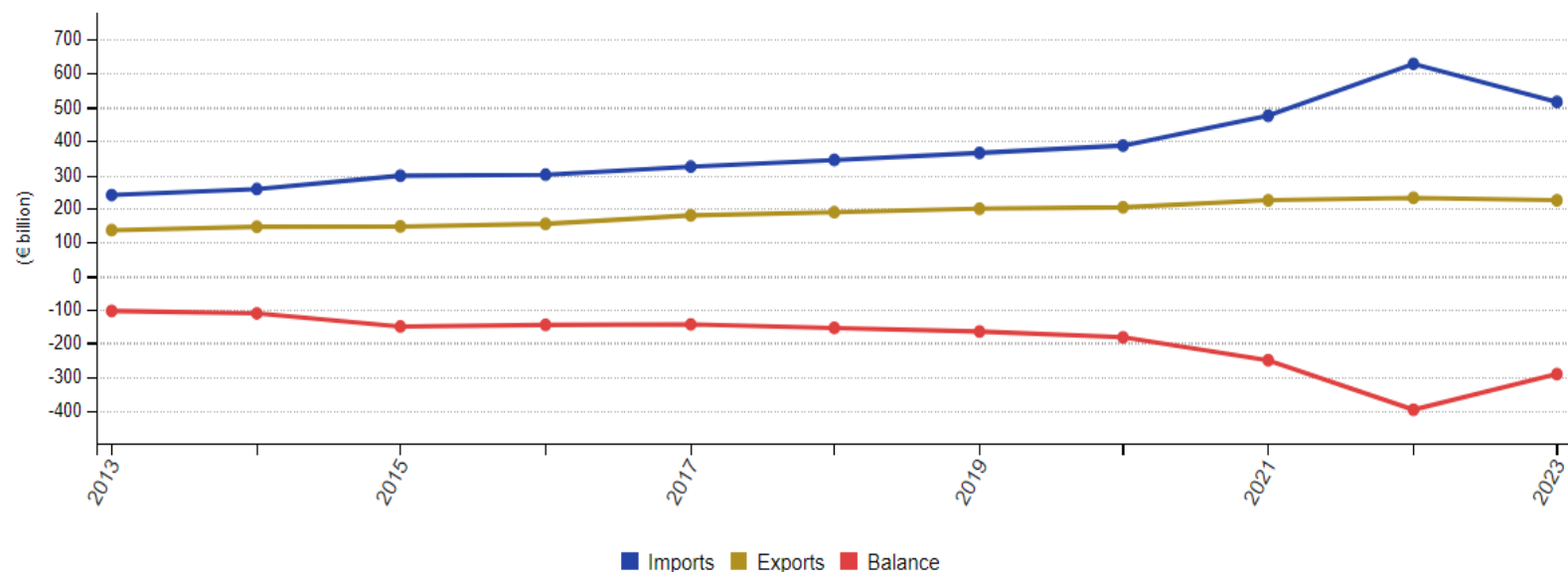
Share of World's GDP(%)



Europe is expected to lose its weight in the world's GDP by 2038, unlike Asia, which is expected to see a sharp increase in its contribution to world GDP!

International trade of goods: UE with China

EU trade in goods with China, 2013-2023



Source: Eurostat (online data code: ext_st_eu27_2020sitc)

The EU has kept a strong economic relation with China, importing more than 600 billion € and exporting more 200 billion € in 2022.

		2021	2022	2023
Exports	Value (millions of €)	683	629	769
	y/y (%)	+20,4	-8,0	+22,3
Imports	Value (millions of €)	3 944	5 576	5 221
	y/y (%)	+28,6	+41,4	-6,4
Trade Balance (millions of €)		-3 261	-4 947	-4 452

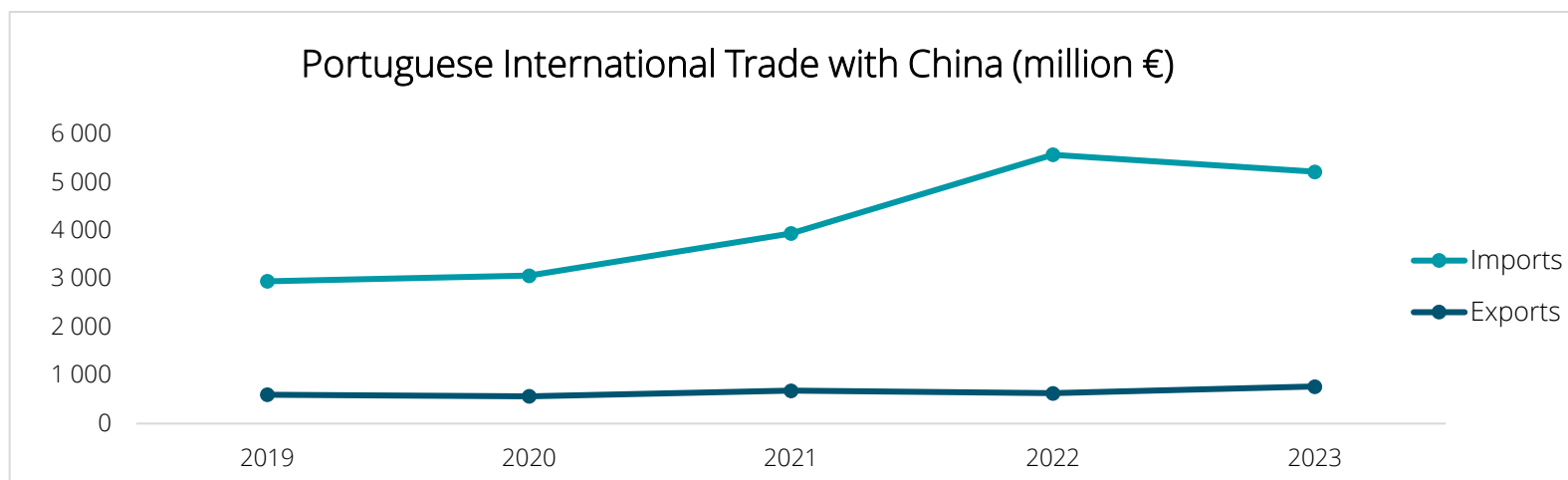
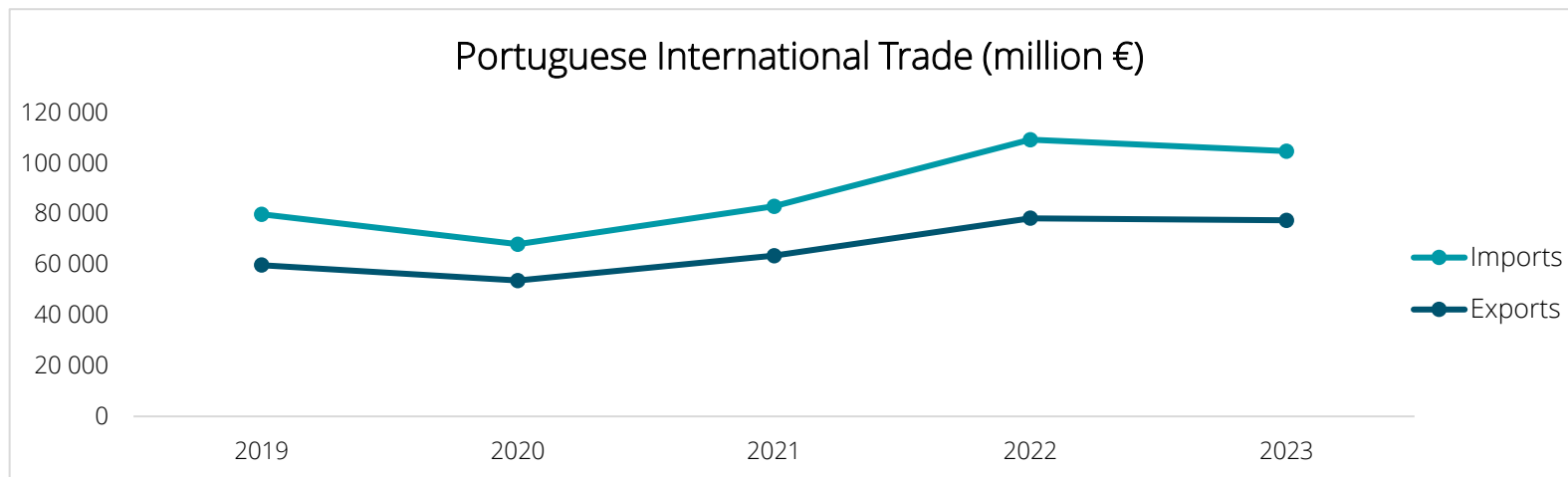
China: More dynamic imports than exports

- Portugal's **16th largest customer**
- Portugal's **5th largest supplier** (1st outside the European Union)

Portugal's international trade with China: # as a customer and as a supplier.

	# Ranking as a Customer	#Ranking as a Supplier
2019	13º	6º
2020	14º	6º
2021	14º	6º
2022	17º	4º
2023	16º	5º

International trade of goods: Portugal with China

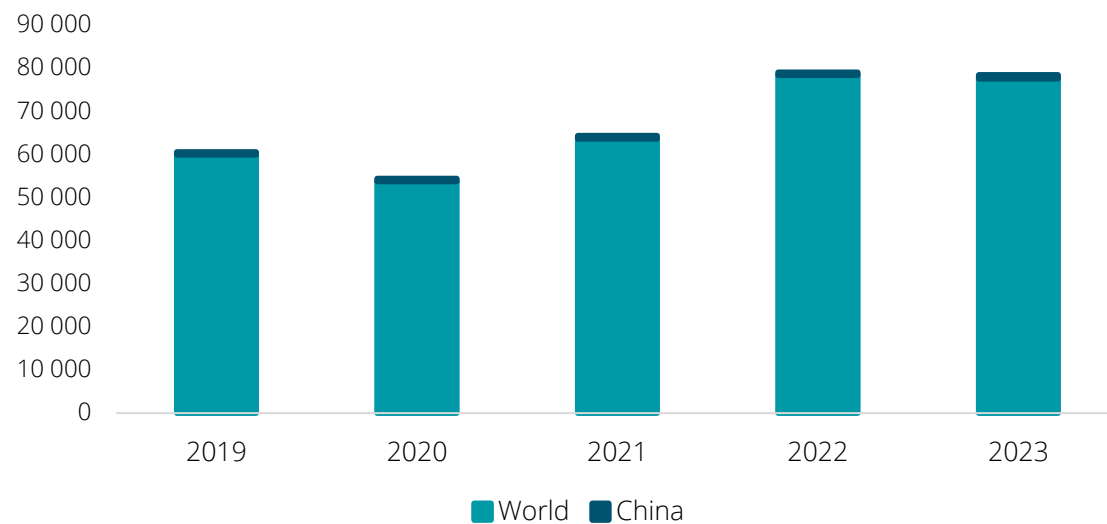


Even with the adverse International context, commercial relations with China remained strong

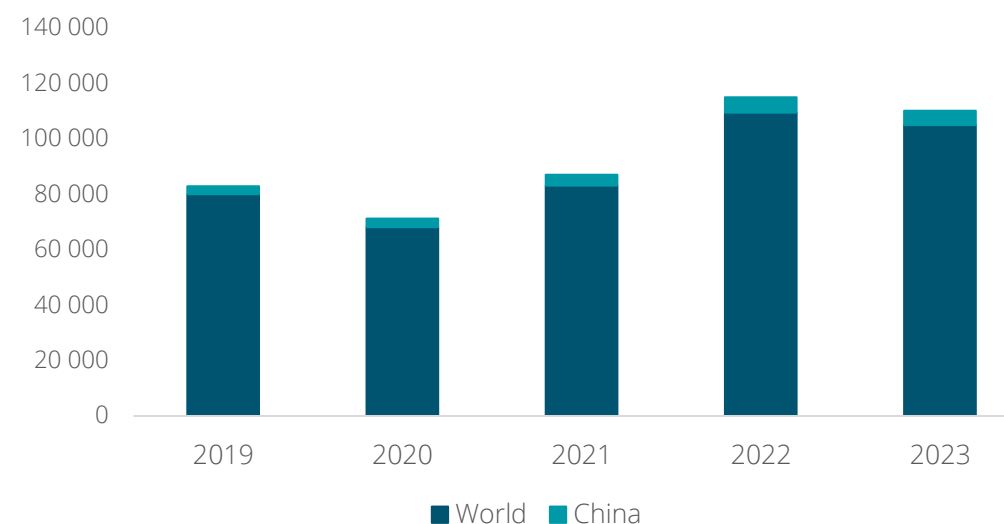
Weight of trade with China in Portugal's international trade

	2019	2020	2021	2022	2023
Exports	1,0%	1,1%	1,1%	0,8%	1,0%
Imports	3,7%	4,5%	4,7%	5,1%	5,0%

Portuguese exports to the world and China (millions of €)

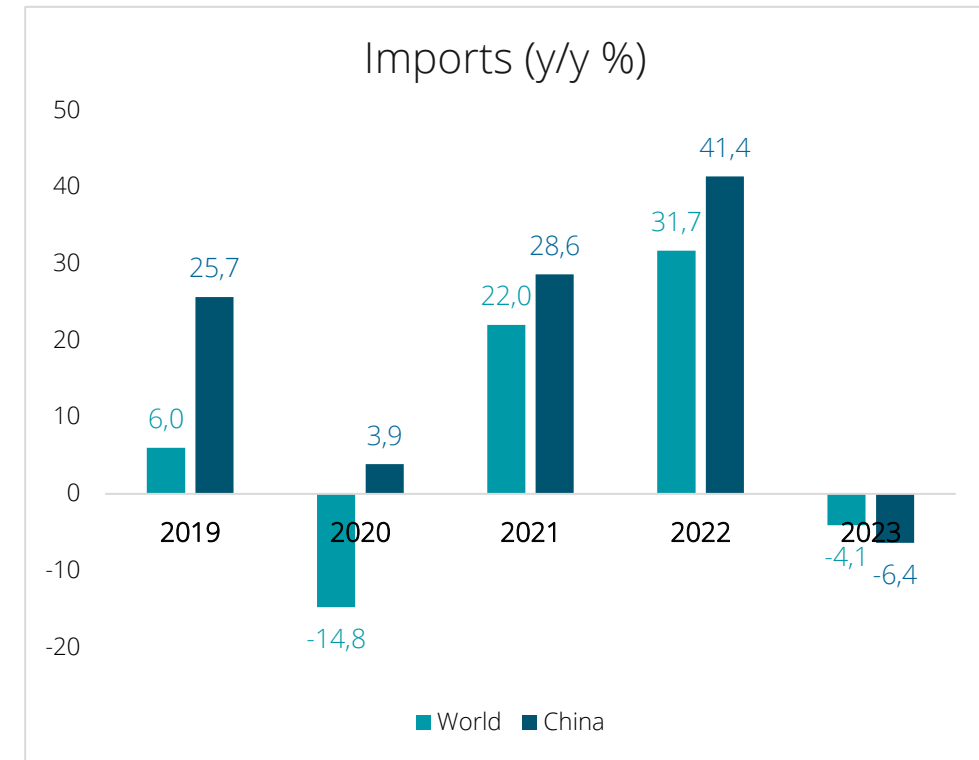
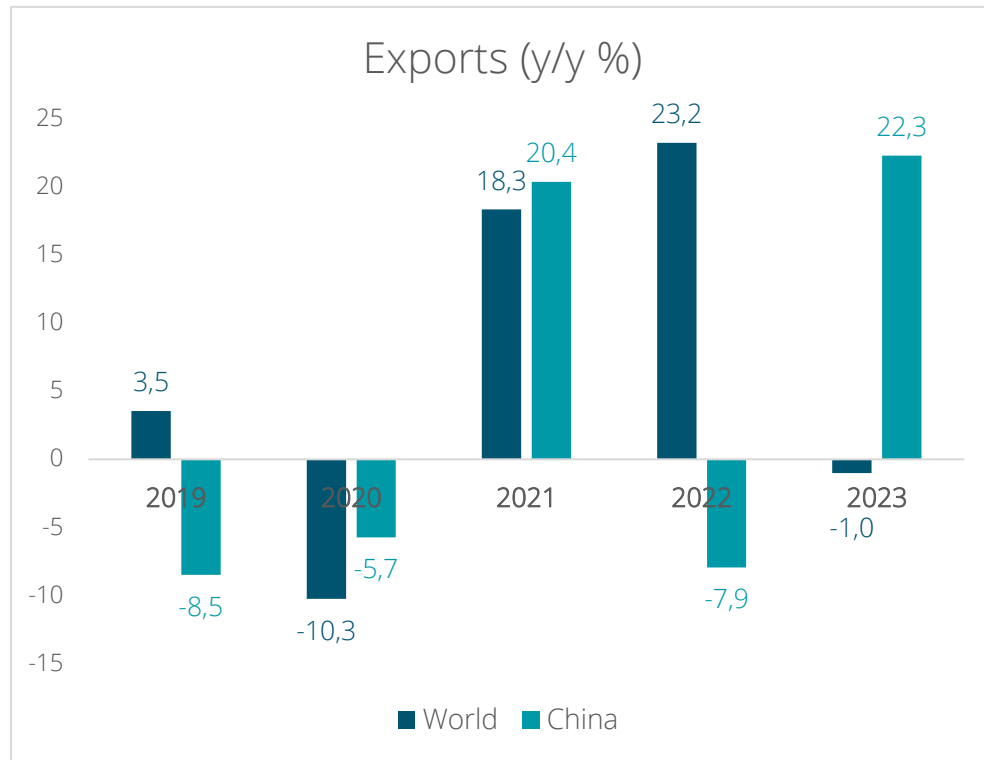


Portuguese imports to the world and China (millions of €)



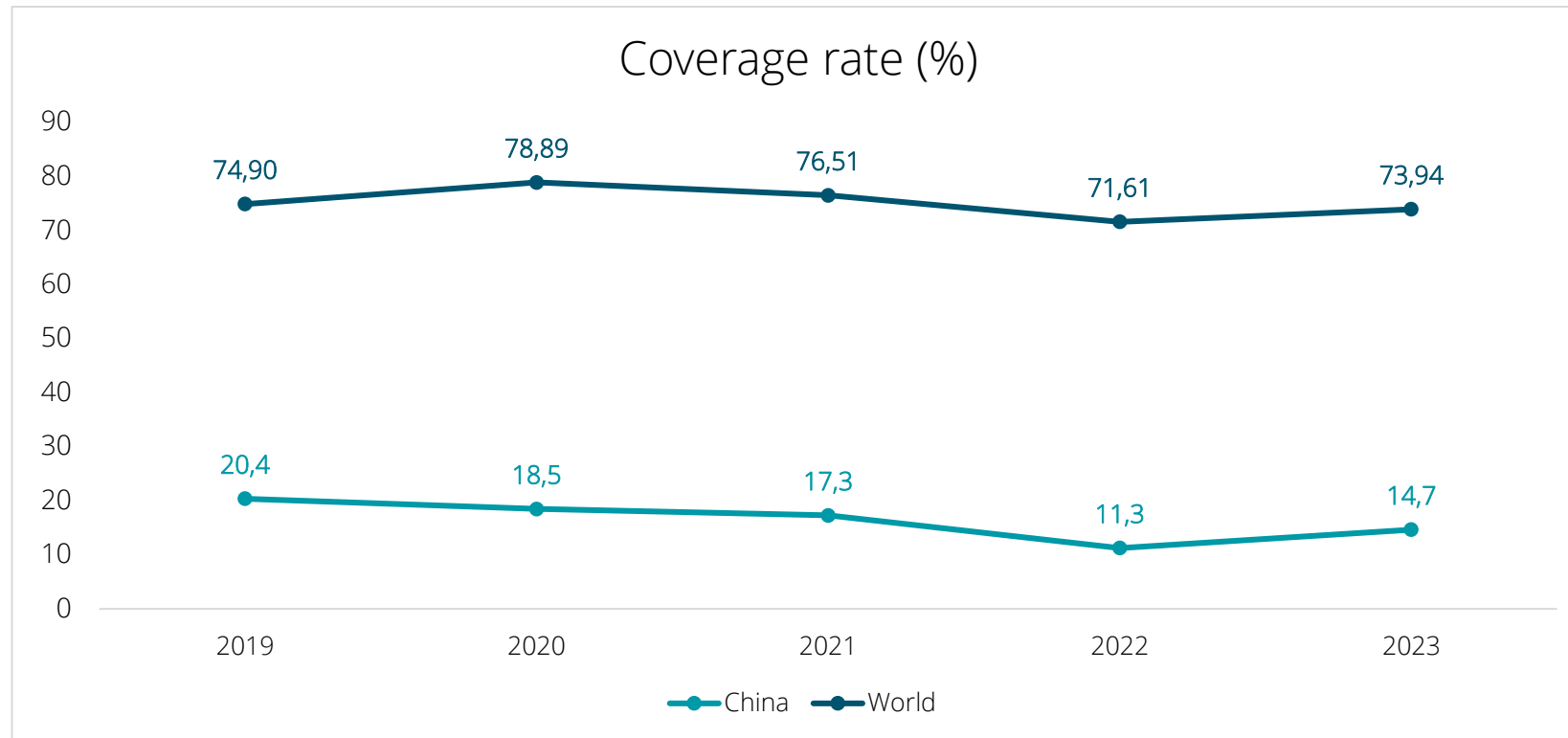
China: with a still very incipient weight, especially in exports!
There is great scope to intensify trade flows in both directions!

Portugal with the world and Portugal with China



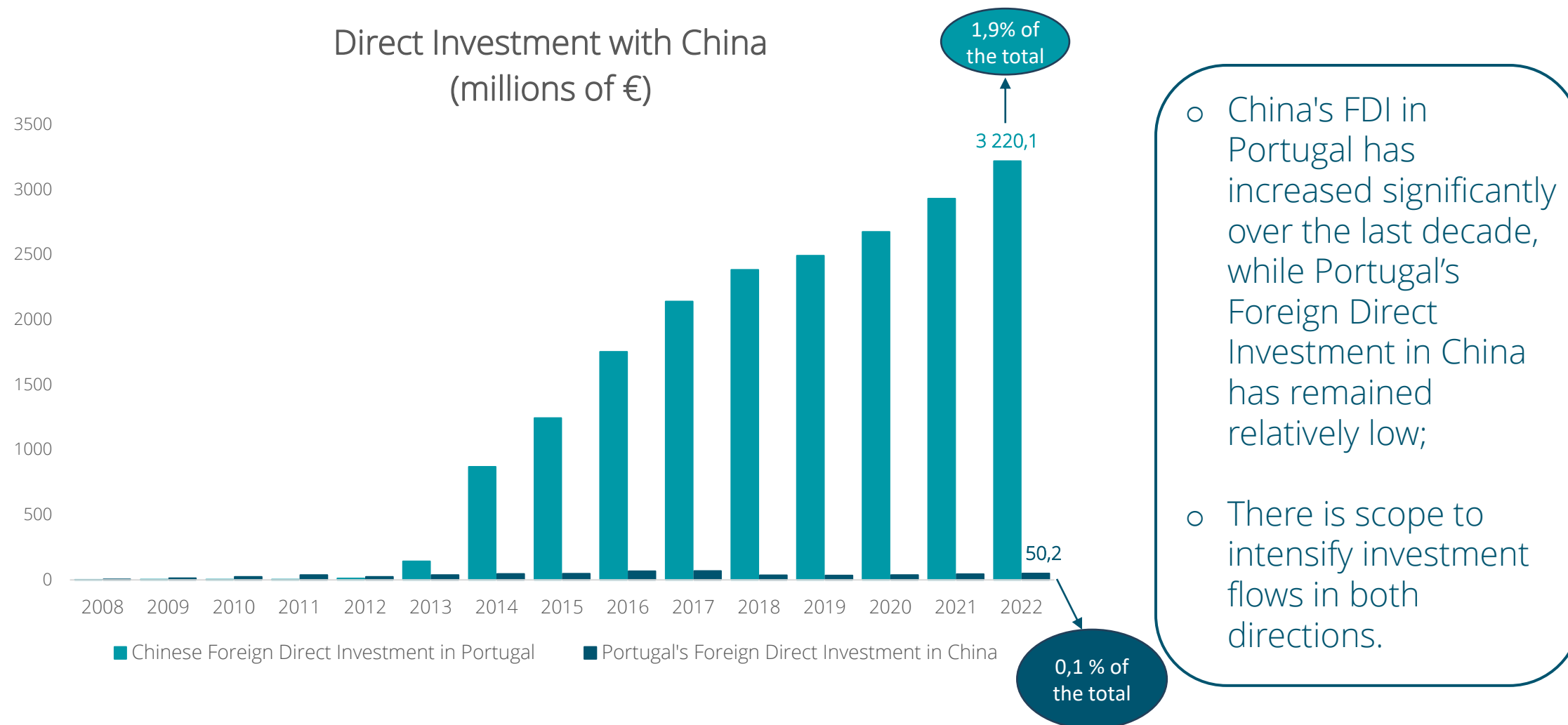
This year Portuguese exports to China have grown significantly!

Rate of coverage of imports by exports: Portugal with the world and Portugal with China



China: The different dynamism in the two flows (exports and imports) is reflected in the continued low coverage rate.

Foreign Direct Investment (FDI)



Direct Investment, 2022

	Weight	Ranking
FDI - Chinese Direct Investment in Portugal	1,9%	10º
FDI - Portuguese Direct Investment in China	0,1%	39º

- In 2022, China was in the 10th position (33rd in 2012) in the ranking of FDI in Portugal.
- The Portuguese direct investment in China has kept its position in the top 30 ranking of Portugal's investment, the country was in the 35th position in the 2012 ranking and in the 39th, in 2022.

- Strengthening the internationalisation of the Portuguese economy, both through exports and investment, is a critical factor and a fundamental objective to which AEP is strongly committed.
- As Portugal is a small open economy, it is important to **broaden the export base and diversify the destination markets for Portuguese exports and investment**, especially towards more dynamic and large markets. China is an excellent example!
- China is a **market with a wealth of business opportunities** for both sides. The signs are clear that many companies, both Portuguese and Chinese, have realised that this is a promising path to follow.
- Last year, Portuguese exports of goods to China increased by **22,3%** compared to 2022, which contrasts with a decrease of 1% in the total of Portuguese exports. **Even so, China has a very small weight: only 1% of total Portuguese exports of goods.**
- The **value of imports**, on the other hand, **increased much more substantially** than exports, leading to a low coverage rate (only 14,7% in 2023, below the figure recorded in the pre-pandemic year, 2019, of 20,4%).
- With regard to Foreign Direct Investment, in 2022, **China represented around 1,9% of total Foreign Direct Investment in Portugal and around 0,1% of Portugal's total Direct Investment Abroad.**

Belt & Road Initiative (BRI)

- China officially announced the Belt and Road Initiative in 2013. The project aims to connect multiple continents across land and sea. The Economic Belt part of the strategy aims to build and expand land routes for people and commerce across Europe, the Middle East, Central Asia and Asia. Meanwhile, the Maritime Road component consists of plans for expanded sea routes across East Asia, South Asia, the Middle East and Africa.
- The BRI has five priorities: policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond.
- So far, over 200 BRI cooperation agreements have been signed with more than 150 countries and 30 international organizations.



We view this initiative as a way to facilitate and encourage stronger economic relations between China and Portugal!

Example of AEP initiatives in China: NCA - Next Challenge Asia

The Next Challenge Asia Project, co-financed by European Funds, PORTUGAL 2020, aims to **support the internationalization of Portuguese SMEs**, encouraging them to invest in the development of an international business culture, geared to meet the emerging challenges and opportunities of high potential Asian markets, like China.

- The “Next Challenge Asia I” was developed over the course of 2 years and **focused on the promotion of knowledge, capacity building of SMEs and communication with the market of China** through the implementation of 5 major groups of activities, namely:
 - . Prospecting and knowledge of the market and Chinese players;
 - . Next Challenge Asia capacity building program;
 - . Digital strategies and tools for internationalization;
 - . Portugal Premium Events;
 - . Communication and dissemination of results.

Example of AEP initiatives in China: NCA - Next Challenge Asia

The “Next Challenge Asia I” focused on the following sectors:

1) Agrifood Sector

2) Home Sector

3) Construction Materials & Infrastructure (Water and Energy) Sector

Of the set of all the NCA's activities, two involved direct contact with Chinese businessmen and institutions:

- Prospecting and knowledge of the market and chinese players
- Portugal Premium Events

AEP is preparing an “NCA - Next Challenge Asia II” with the aim of following up on what has been achieved and moving forward with new challenges for Portuguese SMEs into the Chinese market.

There is great scope for strengthening the economic relationship
between Portugal and this important market - China!

The business association movement, such as AEP, will continue to
make a very positive contribution.

