

Confederation of International Contractors' Associations (CICA)

Strategic Watch: COVID-19 Overview by country and region (situation at January 20, 2021)

Based on FIEC's COVID-19 Construction Observatory, FIIC's, CIAN's and MEDEFI's and IFAWPCA's data

For more information go to the CICA Website: <http://www.cica.net/cica-covid-19-overview/> and Dropbox: <https://www.dropbox.com/home/Observatory%20COVID-19>

Portugal

Country/Region	General measures	Measures for construction
PORTUGAL		
Lockdown	At the beginning of November 2020, the government re-imposed a partial lockdown . A state of emergency in the face of mounting Covid-19 cases was declared and a curfew introduced in municipalities with high infection rates (cf. OECD) (December 2020).	According to the OECD, construction activities have hardly been affected by the past containment measures (cf. OECD) (December 2020).
Economic outlook	<p>Portugal's government predicted that the country's GDP, projected to fall by 8.5% in 2020 – the worst recession in nearly a century.</p> <p>According to the OECD, Portugal will recover by 1.7% in 2021 and 1.9% in 2022. The pick-up in 2021 will mainly be supported by pent-up demand. Afterwards, a broader recovery is expected to unfold, notably in the most affected sectors such as tourism, under the assumption of an improved sanitary situation as an effective vaccine is deployed. Public debt is expected to reach 139% of GDP in 2022. The fiscal deficit is however projected to decrease in 2021-2022 as the economy rebounds and some discretionary fiscal support is withdrawn (cf. OECD) (December 2020).</p> <p>Exports are expected to increase by 10.9% after a 22% drop in 2020, with investment expected to grow 5.3% after this year's 7.4% fall. In 2019, the economy grew 2.2%, helping Portugal to reach its first budget surplus in 45 years, equivalent to 0.1% of GDP (cf. Euractiv) (22 October).</p>	<p>The Portuguese construction industry expanded by 6.8% in real terms in 2019, driven by public and private sector investments in both building and civil engineering works. However, the outbreak of Covid-19 has severely impacted the industry in 2020. The latest data from Eurostat shows that the country's total gross fixed capital formation declined by 8.7% in the second quarter of 2020, compared to the same period of 2019. This was preceded by a year-on-year growth of 0.2% in the first quarter of 2020. In 2019 overall, it grew by 5.4%, and it grew by 6.2% in 2018.</p> <p>Reflecting the disruptions caused by the pandemic, coupled with the weak outlook for economic growth, GlobalData forecasts the construction industry's growth to decelerate to 2.6% in real terms in 2020, while it is projected to grow at an annual average rate of 2.4% between 2021-2024. This growth will be supported by the government's focus on developing the country's infrastructure. In October 2020, the government announced plans to spend EUR43 billion (US\$48.1 billion) to develop the country's transport and energy infrastructure by 2030 (cf. GlobalData) (November 2020).</p>

Employment	The unemployment rate will peak in 2021 and remain above its pre-crisis level through the end of 2022 (cf. OECD) (December 2020).
Recovery	<p>Portugal's prime minister announced €43 billion of public infrastructure investment, including a high-speed rail link between Lisbon and Porto, to be carried out by 2030. Investments will focus on transport and energy with a total of €21.7 billion earmarked for transport projects and €13 billion directed towards clean energy projects largely centered around hydrogen production. The much-anticipated high-speed rail connection is projected to cost €4.5 billion, with another two billion euros set aside for expansion of deep-water ports in Sines, Leixoes and Lisbon.</p> <p>The plan, already approved by parliament, is due to be implemented from January 1, 2021, financed with €12 billion from the national budget, another €12 billion from European structural funds, €3.3 billion from recovery funds and €14.2 billion from private investment (cf. Euractiv) (22 October).</p>

Other Overviews

- Download the [European Construction Industry Federation's \(FIEC's\) Covid-19 Coverage](#)
- Download the [French Federation of Public Works' \(FNTP\) Covid-19 Coverage](#) (in French only)