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## **Spain**

**Post:** Madrid

### **Portugal Strengthens Cooperation with China and Secures new Access to China's Table Grapes Market**

**Report Categories:**

Fresh Deciduous Fruit

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**Report Highlights:**

Chinese President Xi Jinping's visit to Portugal in early December 2018 concluded several bilateral agreements including a protocol allowing Portugal to export table grapes to China. Given Portugal's low table grape production, Post does not anticipate this new protocol will have an immediate impact on trade. In addition, Portugal agreed to join China's "One Belt, one Road" initiative. This last agreement could have significant implications on the flow of agriculture trade between EU – China.

## **Executive Summary**

Chinese President Xi Jinping visited Portugal in early December 2018. His visit concluded with the signature of several Memorandum of Understanding (MoU) between Portugal and China, including Portugal's agreement to join China's "One Belt, One Road" initiative. In addition, the countries signed a bilateral protocol that will allow Portuguese table grapes access to the Chinese market. Given Portugal's current low production of table grapes, only 1 percent of total EU's table grapes production, Post does not anticipate an immediate impact on agriculture trade.

### **Portugal Strengthens Bilateral Cooperation with China**

Portugal and China have sealed their commitment to strengthen cooperation with 17 bilateral agreements in areas such as economy, trade, science or culture. One of the agreements signed was the Memorandum of Understanding to integrate Portugal into the new "One Belt, One Road," an infrastructure project to connect China with its Asian neighbors and the rest of the continents. The port of Sines, the largest in Portugal, will be part of this initiative to promote the connection between Europe and Asia in sectors such as transport -especially the development of strategic direct connections by air, land and sea-, energy and free trade. Portugal and China also reaffirmed the cooperation with third countries, in regions such as Africa and Latin America, according to the [joint declaration](#) (Portuguese only) signed at the end of the visit. Depending the terms of the agreement, this new arrangement could have a significant impact on the flow of agriculture trade between EU – China.

Regarding agricultural bilateral protocols, Portugal's Minister of Agriculture, Mr. Luís Capoulas Santo, and Ambassador of China to Portugal, Mr. Cai Run, signed a bilateral protocol on phytosanitary requirements allowing Portuguese table grapes exports to China.

In recent years, China has open its market to Portuguese wine, olive oil, and dairy products. Since 2012, Portuguese wine exports to China have increased 61.5 percent in volume, reaching \$25 million in 2017. During the 2012-2017 period, Portuguese dairy products exports grew twenty fold, valued at \$1.6 million in 2017. Conversely, during the same period, Portuguese olive oil exports have declined 80 percent to 69 tons in 2017 and valued at \$400,000. Portugal continues to work closely with the Chinese administration to finalize the protocols to export pork, beef, apple and pear.

### **Portuguese Industry Reactions and Potential Trade Impact**

The Portuguese fruit and vegetable industry welcomed the signature of the protocol on table grapes seeing it as an opportunity to continue opening the Chinese market to other more competitive Portuguese products. According to Portugal's official data, in 2017 Portuguese table grapes production stood at 16,000 MT. Portugal is a net import of table grapes, primarily from Spain. In 2017, Portugal imported 31,717 MT of table grapes and exported 6,404 MT of table grapes mainly to other EU countries, valued at \$12 million.

Due to the Portuguese table grapes production and exports, Post expects that Portugal's table grapes exports to China will not have a major impact on the Chinese market.