

# THE ESCUDO ZONE — A FAILED ATTEMPT AT COLONIAL MONETARY UNION (1962-1971)

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## Plan

- 1 — Imperial preference and monetary coordination before the early 1960s
- 2 — The plans for a free trade area and monetary union in the early 1960s
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## Abstract

In 1962, the Portuguese government tried to upgrade the schemes of imperial preference and monetary coordination which already existed between Portugal and its eight overseas provinces into a formal free trade area and monetary union, with a common monetary unit and separate circulating media. This paper analyses the previous arrangements (section 1), the plans put forward in the early 1960s (section 2), the reasons for the practical failure of the system (section 3), and the measures taken by the Portuguese authorities to overcome the problems created by this failure: formal suspension of the free trade area and monetary union in 1971 — as a matter of fact, these would never be resumed (section 4). This led quite naturally, from an economic and financial point of view (although not from a political perspective), to the decolonisation process of the mid-1970s.

## Introduction

The Portuguese colonial empire is long gone. And, of course, its monetary and trade history does not loom large in the history of the international economy. However, I believe it provides an interesting story about how economic forces can defeat political will. This is the theme of the following pages.

In 1962, the Portuguese government tried to upgrade the schemes of imperial preference and monetary coordination which already existed between Portugal and its eight overseas provinces into a formal free trade area and monetary union, with a common monetary unit and separate circulating media. This paper analyses the previous arrangements (section 1), the plans put forward in the early 1960s (section 2), the reasons for the practical failure of the system (section 3), and the measures taken by the Portuguese authorities to overcome the problems created by this failure: formal suspension of the free trade area and monetary union in 1971 — as a matter of fact, these would never be resumed (section 4). This led quite naturally, from an economic and financial point of view (although not from a political perspective), to the decolonisation process of the mid-1970s.

### 1 — Imperial preference and monetary coordination before the early 1960s

Between the 1880s and the end of the First World War, Portugal was able to build, from the remnants of its earlier colonial empires, a significant colonial empire, which would last until the mid-1970s<sup>1</sup>.

What the economic relations between Portugal and its colonies should ideally be was a matter of concern for the Portuguese government and economists throughout the existence of this empire. Opinions put forward ranged from the support of radical integration, that is to say of an attempt to build one single national economy, to the support of radical separation, that is to say of allowing each Portuguese territory to find its own way in the world economy. Practical measures lay, as could be expected, somewhat in between, involving a varying degree of imperial preference and monetary coordination, without imposing either complete free trade or a true monetary union.

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<sup>1</sup> The best known English text on this last Portuguese colonial empire is perhaps the one by Clarence-Smith, 1985. As will be clear from what follows, I disagree with many aspects of Clarence-Smith's view.

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In order to understand these practical measures, several facts must be borne in mind:

(i) The Portuguese territories were located very far from one another (see Table 1).

(ii) The Portuguese territories had very different physical, human and economic sizes (see Table 2). Portugal proper (4% of the area, 40% of the population and 80% of gross domestic product), Mozambique (36% of the area, 30% of the population and 8% of gross domestic product) and Angola (57% of the area, 22% of the population and 7% of gross domestic product) were the territories that had a significant size. The other five territories had only 3% of the area, 8% of the population and 5% of the gross domestic product<sup>2</sup>.

(iii) The Portuguese territories had very different degrees of development (see also Table 2). In 1960, per capita gross domestic product in the colonies ranged from around one half of the Portuguese per capita gross domestic product (in Portuguese India and Macao) to a mere twentieth of the Portuguese per capita gross domestic product (in Portuguese Timor), with the African colonies in an intermediate position, ranging from around one fifth of the Portuguese per capita gross domestic product (in Cape Verde) to slightly less than one tenth of the Portuguese per capita gross domestic product (in Portuguese Guinea). Moreover, even Portugal proper was far from being a highly developed country, its per capita gross domestic product barely exceeding the world average<sup>3</sup>.

As a consequence of these facts:

(a) Portugal and its colonies were far from being an optimal currency area, according to the classical concept introduced by Mundell, 1961. Besides the economic reasons just mentioned, it may

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<sup>2</sup> Data for population and gross domestic product are for 1960, but the ranking of the territories according to these indicators never changed throughout the period of Portuguese rule

<sup>3</sup> It is important to note that, during the second half of the 20th century, Portugal experienced a typical take-off and drive to maturity of its modern economic growth process and became a highly developed country (per capita gross domestic product clearly more than twice the world average in the late 1990s). Meanwhile, Macao also experienced a significant growth spurt and may be reckoned as a small Asian tiger (per capita gross domestic product nearly twice the world average in the late 1990s), whilst Cape Verde was also able to improve its relative position in a world context (per capita gross domestic product approaching the world average in the late 1990s). On the other hand, the other ex-Portuguese African territories (more or less plagued by civil wars) had dismal performances, and none of them is much better off than half a century ago (if the oil effect on the gross domestic product of Angola is ignored). There are no figures for ex-Portuguese India and ex-Portuguese Timor (although it is certain that the latter is in a very bad state after the incidents linked to its separation from Indonesia).

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be stressed that the cultural characteristics of the various territories were very different, although the Portuguese language tended to become a unifying feature between Portugal and the African colonies<sup>4</sup>.

(b) There were no significant economic relations between the Portuguese colonies (see Table 3). Only in the case of Macao did exports to other Portuguese colonies play any significant role in foreign trade (despite declining between 1960 and 1973). Moreover, while Portugal still managed to be the main trading partner of its African colonies (mainly thanks to tariff preferences), it was a secondary trading partner for its Asian colonies (except for Timorese imports).

Understandably, the Asian colonies were allowed to pursue their economic life in the context of the regional spaces into which they were practically integrated: India in the case of Portuguese India; China and Hong Kong in the case of Macao; and Australia, Indonesia, Malaysia and Singapore in the case of Portuguese Timor. In the monetary field, the Indian rupee was adopted as the monetary unit of Portuguese India, and the local 'pataca' played the same role in Macao and Portuguese Timor.

On the contrary, there were attempts to integrate the African colonies, especially those of Western Africa (Cape Verde, Portuguese Guinea, São Tomé and Príncipe and Angola) into a coherent economic space. Mozambique was an intermediate case: its main economic relations were established with South Africa and the British colonies of Southern Africa, but Portugal was a significant economic partner, a situation which did not happen in the case of the Asian colonies.

Besides tariff preference schemes, the attempts to build a Portuguese economic space involved the setting up of a colonial bank, initially based on the model of the French colonial banks. The National Overseas Bank (Banco Nacional Ultramarino — BNU) was created in 1864. For a while, it enjoyed the monopoly of banknote issue and banking activity in the whole Portuguese colonial empire, an institutional fact with little practical effect, because the Portuguese colonial empire was still in the making. In 1901, it would lose its banking monopoly, but remained as the only issuing bank in the whole Portuguese colonial empire. The idea was to have a common monetary circulation in all Portuguese colonies, but practical needs imposed separate circulating media, even though the same name (escudo from 1911 onwards) was used for the monetary unit, except in the Asian colonies. Exchange crises, eventually leading to devaluation of the local currency against the Portuguese escudo and the escudos of other Portuguese colonies, occurred with greater or lesser frequency in almost all Portuguese colonies during the first half of the 20th century. The most severe crisis occurred in the 1920s in Angola and led to

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<sup>4</sup> Concani, Cantonese and Tetum were the current languages of, respectively, Portuguese India, Macao and Portuguese Timor.

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the replacement of BNU by the Bank of Angola (Banco de Angola) as the issuing bank in Angola, as well as a significant devaluation of the Angolan escudo, from then on known as the angolar.<sup>5</sup>

During the 1950s, political considerations complicated the economic relations between Portugal and its colonies. As ‘the winds of change’ began to blow towards decolonisation<sup>6</sup>, the Portuguese government tried to strengthen the links between Portugal and its colonial empire<sup>7</sup>, also in economic terms.

## **2 — The plans for a free trade area and a monetary union in the early 1960s**

However, the plans put forward in the early 1960s to upgrade the imperial preference and monetary coordination schemes into a free trade area and a monetary union were not really a Portuguese choice. They were an indirect consequence of the early stages of the process of European economic integration. As a matter of fact, when the competing trading blocs of the European Communities and the European Free Trade Association (EFTA) were set up in the late 1950s, Portugal feared exclusion and decided to apply for membership of EFTA. Contrary to some expectations, it was allowed to participate in the negotiations that led to the Stockholm Convention and became one of the original members of EFTA<sup>8</sup>.

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<sup>5</sup> The main text on the evolution of the monetary situation of the Portuguese colonial empire during the 20th century is Estêvão, 1991.

<sup>6</sup> For the time being, the only actual problem concerned Portuguese India, to which the Indian government laid claim as soon as India became independent in 1947. The Portuguese refusal to negotiate sovereignty led to the Indian occupation of Portuguese India in two stages (1954 and 1961). The wars of independence in the African colonies were to begin during the 1960s in Angola (1961), Portuguese Guinea (1962) and Mozambique (1964).

<sup>7</sup> In constitutional terms, this involved a formal declaration of the definitive integration of the colonies into the Portuguese state as overseas provinces (1951). From then on, the expressions ‘colony’ and ‘colonial empire’ were banned from Portuguese legal parlance, being duly replaced by the terms ‘overseas province’ and ‘Overseas’. Portugal proper was called the ‘Metropolis’ [Metrópole] or ‘metropolitan Portugal’.

<sup>8</sup> The evolution of the Portuguese participation in the process of European integration is summarised in Valério, 1998.

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According to the regime of international trade between market economies which prevailed at that time, EFTA needed to be approved in the context of the General Agreement on Tariffs and Trade (GATT). Portugal was not a contracting party, but participation in EFTA forced Portugal to also apply to become a contracting party of GATT. This brought the imperial preference schemes between Portugal and its colonies under scrutiny. In practice, they had to be transformed into a formal free trade area, so that they could be accepted when Portugal became a contracting party of GATT in 1962. All restrictions on trade between the Portuguese colonies were immediately abolished (this was almost irrelevant because of the small trade flows already noticed), quantitative restrictions on the trade between Portugal and each of its colonies were also immediately abolished and plans were put forward to abolish tariffs in the trade between Portugal and each of its colonies until the early 1970s (Decree-Law 44 016 of 8 November 1961).

The monetary implications of free trade schemes were clearly understood by the Portuguese monetary authorities of the early 1960s. Stable exchange rates (1:1 between the escudos of all Portuguese territories<sup>9</sup>) and free convertibility for current operations appeared as necessary conditions. Free capital movements appeared as convenient conditions, although these were impossible to achieve at that moment in time.

However, past experience clearly warned that even free convertibility for current operations was difficult to achieve. Drawing upon international experience after the Second World War, the Portuguese monetary authorities tried to devise two mechanisms that could allow the scheme to work. One was a clearing scheme, based on the model of the European Payments Union, for reducing the amounts of interterritorial means of payment needed. The other was the Monetary Fund of the Escudo Zone (Fundo Monetário da Zona do Escudo — FMZE), based on the model of the International Monetary Fund. The Bank of Portugal (Banco de Portugal) became the central bank of the whole escudo zone. It organised the clearing scheme and managed the FMZE. Each colony retained an exchange fund, managed by its issuing bank (Bank of Angola or BNU). In the event of any exchange fund becoming unable to pay the clearing balances, it was to receive a loan from the FMZE, up to its quota (see Table 4). The interterritorial means of payment might be international means of payment or metropolitan escudos. The international means of payment would be introduced into the system as each colony would use the exchange obtained by means of its transactions with the rest of the world to pay the deficits of its

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<sup>9</sup> The 'patacas' of Macao and Portuguese Timor were formally replaced by local escudos for interterritorial payments schemes, although they remained the current accounting unit.

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balance of payments towards Portugal proper<sup>10</sup>. The metropolitan escudos would be introduced into the system as the FMZE would provide each colony with the loans needed to cover those deficits of its balance of payments towards Portugal proper that exceeded the positive balances in relation to the rest of the world<sup>11</sup>. These measures were formalised by Decree-Law 44 703 of 17 November 1962.

Thus, the measures taken in the early 1960s established a situation of a common monetary unit and separate circulating media among the existing Portuguese territories, with stable and formally irrevocable exchange rates. The question was: were the clearing system and the FMZE enough to guarantee the irrevocability clause?

### 3 — The scheme at work

Of course, the answer was No. Structural external payments problems would lead either to open or disguised devaluation or to the collapse of the free trade scheme. Table 5 summarises the evolution of the balances of payments of the escudo zone, Portugal and the Portuguese colonial empire between 1964 and 1972. The escudo zone always had a positive balance in relation to the rest of the world. The colonial empire clearly contributed to this result more than Portugal proper. However, the positive balance that Portugal enjoyed in relation to its colonial empire ensured an overall positive balance for Portugal and brought eventual problems of external payments to the colonial empire as a whole during the second half of the 1960s.

Unfortunately, the Bank of Portugal did not publish breakdowns of data by territory. According to the preamble of Decree-Law 478/71 of 6 November 1971, the main payments problems occurred in Angola from the beginning, and in Mozambique towards the end of the 1960s. This does not mean that other territories had no problems, as inspection of the foreign trade figures suggests. It was just a matter of scale. Portugal could pay for the relatively small deficits of Cape Verde, Guinea, São Tomé and

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<sup>10</sup> Mozambique also received gold from South Africa as part of an agreement for recruiting Mozambican workers for South African gold mines. Remittances from these emigrants to Mozambique were paid in gold to the BNU and in Mozambican escudos to the beneficiaries in Mozambique. Thus, Mozambique also introduced some gold into the system. On this matter, see [Leite, 1990](#).

<sup>11</sup> Theoretically, metropolitan escudos would also be introduced into the system in the event of Portugal proper running up a payments deficit with its colonies, but, of course, everybody knew this was a purely hypothetical situation.

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Príncipe, Macao and Timor, by means of the FMZE without much trouble. Paying for the deficits of Angola and Mozambique was just too much.

The immediate solution was disguised devaluation, or, to be more precise, multiple exchange rates, achieved by means of a list of priorities for interterritorial payments. Priority payments were settled at sight at the 1:1 exchange rate. Non-priority payments were settled after longer or shorter delays at the same exchange rate. Of course, this meant that the beneficiaries of the delayed payments (called just 'delayed' [atrasados] in popular parlance) suffered a practical devaluation of their assets corresponding to the interest that had been foregone.

#### **4 — The suspension of the free trade area and monetary union in 1971**

Nearly one decade of 'delayed' payments brought the system to the verge of collapse. Decree-Law 471/71 of 6 November 1971 tried to bring some remedy to the situation.

Meanwhile, the internal and international background to the system had changed considerably:

(i) Firstly, there was the colonial war. While, in the early 1960s, the Portuguese public opinion had accepted, and even supported, the idea of some sacrifices in order to maintain a 'multicontinental Portugal', a seemingly endless war, which appeared impossible to win, was now undermining any popularity that the overseas endeavour might have enjoyed.

(ii) Secondly, the international monetary system was undergoing significant changes. While, in the early 1960s, the move had been towards abiding by the Bretton Woods rules, the world was now living through the death throes of the Bretton Woods system, in the wake of the declaration of the inconvertibility of the dollar (August 1971).

(iii) Last but not least, the process of European integration was also changing. After the Hague summit in 1969, it was clear that Great Britain would become a member of the European Communities, and EFTA would cease to be a comfortable shelter for a country such as Portugal, looking for a double life, one as a (peripheral) member of a European free trade area, the other as a (leading) member of a colonial (free trade) area. Negotiations with the European Communities were already being held, and would lead to an association scheme, similar to the one granted to the other EFTA members, from 1973 onwards.

The preamble of Decree-Law 478/71 of 6 November 1971 included a discussion of the various possibilities of monetary regimes for the whole of the Portuguese territory, concluding that the existing

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system should be maintained, although some measures were needed to avoid the accumulation of 'delayed' payments.

(a) Firstly, it dismissed the possibility of a single currency, by explaining the absence of suitable conditions for an optimal currency area, although the expression was not used:

"The single currency is a solution that has impressed public opinion, because of its apparent ease, and tempted politicians, who consider it better suited to our characteristic of being a unitary state. However, in the context of the country's geographical, political and socio-economic realities and possibilities, it might condemn the overseas provinces to stagnation, through the effect that the specialists call a 'monetary vacuum', consisting of the total rarefaction of the means of payment in more underdeveloped areas, which tend to accumulate in those areas that are clearly developing. Among territories separated by thousands of kilometres, with such different degrees of development, with the typical phenomena of the 'metropolitan rooting' of the population strata with higher saving capacity, with the specific problems of budget policy, prices and balance of payments, [...] and facing war situations on several fronts, it would indeed be impossible to expect any other outcome."

(b) After this, it turned to the possibility of allowing the overseas provinces to pay their debts to Portugal in their own currencies, that is to say of introducing overseas escudos as interterritorial means of payment. But, of course, "[...] the accumulation by the metropolitan economy of deferred purchasing power over the provinces" would merely amount to a disguise of the 'delayed' payments, that is to say a disguise of the disguised multiple exchange rates, by forcing upon some economic agents assets that they did not wish to hold, because they were neither international means of payment, nor even convertible into internal (from the point of view of Portugal proper) means of payment at face value. This was a political impossibility, as the text rather confusedly recognises.

(c) Next, the possibility of the devaluation of the escudos of the territories experiencing permanent difficulties in external payments was discussed. However, according to the preamble, "[...] we do not believe that the devaluation of the escudo of Angola or Mozambique against the metropolitan escudo will restore the balances of payments of the provinces to equilibrium", for several reasons: (i) export supply was rigid and most exports were faced with buyers' markets; (ii) import demand was also rigid, because most imports were either basic goods or capital goods needed for the economic development of the territories; (iii) the risk of larger flights of capital was unavoidable. Moreover, the inflationary effects would worsen the already difficult political situation in the territories at war.

(d) Lastly, the multiple exchange regime was criticised for the same reasons that condemned devaluation. It could be added that it would also break the Bretton Woods rules that the Portuguese

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government wished to respect, even if the international monetary system was already in a state of disarray.

Having thus rejected the purely monetary solutions, there remained only the trade and exchange control solution, which was adopted: tariff and non-tariff barriers to Portuguese exports to the colonies were increased, and exchange controls on private transfers from the colonies to Portugal were introduced, as a surrogate for the previous list of priorities. Although these measures were deemed to be provisional, so that the free trade area arrangement with the GATT could be preserved, there could be but little hope of any reversal of the situation in the foreseeable future.

The only strictly monetary measure taken at the same time, was a rescaling of the Monetary Fund of the Escudo Zone (see Table 4). Total quotas were doubled and the additional capital was awarded to Angola and Mozambique as a breathing space for their exchange funds. In practice, the existing 'delayed' payments were absorbed by this loan, and renewed accumulation had to be prevented by the trade barriers and exchange controls.

Figures for the balance of payments in 1971 and 1972 (see Table 5) show the results of these measures (and of the restrictions already introduced before they were enacted). The main change in relation to the figures for previous years is a change in the sign of the balances of relations between Portugal and its colonial empire. A comparison of the figures for external trade in 1970 and 1973 (see Table 3) shows that this was not merely a matter of balancing: Angolan and Mozambican imports from Portugal were actually being reduced, although total imports (from the rest of the world) and exports were booming. Slowly but surely, the Portuguese colonial empire was drifting away from the mother country from an economic point of view. This could be officially deemed as provisional, but reality would prove this to be different. The reduction of the positive balances in the relations with the colonial empire was acceptable from a Portuguese perspective, because the relations with the rest of world ensured comfortable surpluses. As soon as the first oil shock changed this picture in late 1973, the colonial empire became an unbearable burden. Two years later all political links had been severed<sup>12</sup>.

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<sup>12</sup> There only remained the administration of Macao, because China rejected the Portuguese offer of an immediate takeover (Portuguese administration was to last until 1999), and a conflict with Indonesia over East Timor, because Indonesia profited from the collapse of the Portuguese administration, due to a civil war, to invade and annex the territory (the conflict was also resolved in 1999, with the people of East Timor voting for independence in a referendum, and Indonesia handing over the administration of the territory to the United Nations after some unpleasantness caused by its hesitation and the resistance to this).

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**Table 1 — Distances between the capital cities of the various Portuguese territories**

Unit — km

—	Lisbon	Praia	Bissau	S. T.	Luanda	L. M. *	Goa	Macao	Díli
Lisbon (Portugal)	—	3000	3060	4530	6000	8190	4970	11000	14430
Praia (Cape Verde)	3000	—	930	3400	4780	7370	7080	13770	16570
Bissau (P. Guinea)	3060	930	—	2480	3870	6480	6460	13280	15730
São Tomé (STP)	4530	3400	2480	—	1410	2620	7550	11500	12320
Luanda (Angola)	6000	4780	3870	1410	—	2620	7550	11500	12320
L. M. * (Mozamb.)	8190	7370	6480	4030	2620	—	6160	10220	10000
Goa (Port. India)	4970	7080	6460	5470	7550	6160	—	6850	9650
Macao	11000	13770	13280	12050	11500	10220	6850	—	3680
Díli (Port. Timor)	14430	16570	15730	13510	12320	10000	9650	3680	—

\* Lourenço Marques. Now known as Maputo.

**Table 2 — Portugal and its colonies in 1960**

Source — Area and population from the Anuário Estatístico (Statistical Yearbook), 1960 edition. Gross domestic product and per capita gross domestic product are calculations based on macroeconomic data provided by the same source.

territory	Area (square km)	population (thousand inhabitants)	gross domes- tic product * (million escudos)	per capita gross domes- tic product * (escudos)
Portugal	89 000	8 851	88 994	10 055
Cape Verde	4 033	202	413	2 044
Port. Guinea (Guinea-Bissau)	36 125	521	467	896
São Tomé and Príncipe	964	64	115	1 798
Angola	1 246 700	4 830	8 191	1 690
Mozambique	783 030	6 604	9 156	1 386
P. India (Goa, Damão and Diu) **	4 194	626	2 938	4 693
Macao	16	169	900	5 326
Portuguese Timor (East Timor)	14 925	517	244	471

\* These figures must be regarded as educated guesses, except in the case of Portugal proper.

\*\* From the late 18th century onwards, Portuguese India had consisted of five territories. Two of them (Dadrá and Nagar-Aveli) had been occupied by India in 1954. Goa, Damão and Diu were occupied by India in 1961. Portugal recognised Indian sovereignty over its former Indian territories as part of its decolonisation process in 1974.

### Table 3 — Foreign trade of Portuguese territories

Source — Anuário Estatístico — Volume II Ultramar (Statistical Yearbook — Volume II Overseas), various editions.

Unit — Million escudos

1960

Cape Verde	exports	306	imports	349
	rest of the world	293	rest of the world	203
	Portugal	12	Portugal	85
	other Portuguese colonies	1	other Portuguese colonies	60
	main trading partner	merchant ships	288	Portugal
Portuguese Guinea	exports	126	imports	322
	Portugal	119	Portugal	183
	rest of the world	5	rest of the world	130
	other Portuguese colonies	2	other Portuguese colonies	8
	main trading partner	Portugal		Portugal
São Tomé and Príncipe	exports	212	imports	135
	rest of the world	145	Portugal	55
	Portugal	67	rest of the world	42
	other Portuguese colonies	1	other Portuguese colonies	38
	main trading partner	Portugal		Portugal
Angola	exports	3 565	imports	3 670
	rest of the world	2 552	rest of the world	1 866
	Portugal	862	Portugal	1 714
	other Portuguese colonies	152	other Portuguese colonies	90
	main trading partner	Portugal		Portugal

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Table 3 — Foreign trade of Portuguese territories (continued)

1960

Mozambique	exports	2 099	imports	3 646
	rest of the world	1 025	rest of the world	2 410
	Portugal	1 008	Portugal	1 043
	other Portuguese colonies	67	other Portuguese colonies	194
	main trading partner	Portugal	Portugal	
Portuguese India	exports	1 033	imports	1 031
	rest of the world	1 025	rest of the world	882
	Portugal	6	Portugal	102
	other Portuguese colonies	1	other Portuguese colonies	46
	main trading partner	Japan	United Kingdom	160
Macao	exports	310	imports	873
	other Portuguese colonies	155	rest of the world	860
	rest of the world	153	Portugal	10
	Portugal	2	other Portuguese colonies	3
	main trading partner	Hong Kong	Hong Kong	543
Portuguese Timor	exports	31	imports	68
	rest of the world	23	rest of the world	51
	Portugal	7	Portugal	14
	other Portuguese colonies	1	other Portuguese colonies	3
	main trading partner	Denmark	Portugal	

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Table 3 — Foreign trade of Portuguese territories (continued)

1970

Cape Verde	exports	48	imports	469
	Portugal	33	Portugal	270
	rest of the world	13	rest of the world	110
	other Portuguese colonies	2	other Portuguese colonies	89
	main trading partner	Portugal	Portugal	
Portuguese Guinea	exports	90	imports	786
	Portugal	79	Portugal	435
	rest of the world	8	rest of the world	304
	other Portuguese colonies	3	other Portuguese colonies	47
	main trading partner	Portugal	Portugal	
São Tomé and Príncipe	exports	237	imports	261
	rest of the world	148	Portugal	132
	Portugal	81	other Portuguese colonies	65
	other Portuguese colonies	8	rest of the world	63
	main trading partner	Portugal	Portugal	
Angola	exports	12 172	imports	10 595
	rest of the world	7 675	rest of the world	6 563
	Portugal	4 173	Portugal	3 728
	other Portuguese colonies	324	other Portuguese colonies	303
	main trading partner	Portugal	Portugal	
Mozambique	exports	4 497	imports	9 302
	rest of the world	2 538	rest of the world	6 403
	Portugal	1 723	Portugal	2 569
	other Portuguese colonies	246	other Portuguese colonies	328
	main trading partner	Portugal	Portugal	

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Table 3 — Foreign trade of Portuguese territories (continued)

1970

Macao	exports	1 215	imports	1 868
	rest of the world	859	rest of the world	1 850
	other Portuguese colonies	225	Portugal	17
	Portugal	131	other Portuguese colonies	≈ 0
main trading partner	Hong Kong	217	Hong Kong	1 215
Portuguese Timor	exports	96	imports	207
	rest of the world	82	rest of the world	94
	Portugal	13	other Portuguese colonies	61
	other Portuguese colonies	≈ 0	Portugal	53
main trading partner	Netherlands	17	Portugal	

1973

Cape Verde	exports	48	imports	833
	Portugal	29	Portugal	438
	rest of the world	18	rest of the world	265
	other Portuguese colonies	1	other Portuguese colonies	130
main trading partner	Portugal		Portugal	
Portuguese Guinea	exports	79	imports	1 077
	Portugal	71	Portugal	600
	rest of the world	6	rest of the world	438
	other Portuguese colonies	2	other Portuguese colonies	39
main trading partner	Portugal		Portugal	

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Table 3 — Foreign trade of Portuguese territories (continued)

1973

São Tomé and Príncipe	exports	323	imports	247
	rest of the world	200	Portugal	116
	Portugal	115	rest of the world	69
	other Portuguese colonies	8	other Portuguese colonies	63
main trading partner	Portugal		Portugal	
Angola	exports	19 158	imports	13 268
	rest of the world	13 900	rest of the world	9 407
	Portugal	4 859	Portugal	3 499
	other Portuguese colonies	399	other Portuguese colonies	363
main trading partner	U. S. America	5 380	Portugal	
Mozambique	exports	5 540	imports	11 415
	rest of the world	3 316	rest of the world	8 903
	Portugal	1 973	Portugal	2 195
	other Portuguese colonies	251	other Portuguese colonies	317
main trading partner	Portugal		South Africa	2 315
Macao	exports	2 460	imports	3 714
	rest of the world	1 943	rest of the world	3 686
	Portugal	276	Portugal	28
	other Portuguese colonies	241	other Portuguese colonies	≈ 0
main trading partner	Hong Kong	384	Hong Kong	2 482
Portuguese Timor	exports	162	imports	242
	rest of the world	144	rest of the world	131
	Portugal	16	Portugal	60
	other Portuguese colonies	2	other Portuguese colonies	51
main trading partner	U. S. America	44	Portugal	

**Table 4 — Quotas in the Monetary Fund of the Escudo Zone**

Unit — Thousand escudos.

Decree-Law	44 703 of 17 November 1962	579/71 of 6 November 1971
Cape Verde	60 000	30 000
Portuguese Guinea	140 000	55 000
São Tomé and Príncipe	60 000	30 000
Angola	750 000	1 600 000
Mozambique	450 000	1 250 000
Portuguese India	—	—
Macao	20 000	17 500
Portuguese Timor	20 000	17 500
Total	1 500 000	3 000 000

## Table 5 — Balances of payments

Source — Reports of the Board of Directors of the Bank of Portugal.

Units — Billion escudos.

1964	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
Commodities	-6	1	1
other current	3	2	3
capital account	3	-1	≈ 0
total	≈ 0	2	4
overall balances	Portugal + 2	colonial empire + 2	escudo zone + 4

1965	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-9	2	-1
other current	5	1	3
capital account	3	≈ 0	≈ 0
total	-1	3	2
overall balances	Portugal + 2	colonial empire - 1	escudo zone + 1

1966	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-10	2	-1
other current	9	1	4
capital account	3	≈ 0	≈ 0
total	2	3	3
overall balances	Portugal + 5	colonial empire ≈ 0	escudo zone + 5

The escudo zone

Table 5 — Balances of payments (continued)

1967	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-10	3	-1
other current	10	1	4
capital account	3	-2	≈ 0
total	3	2	3
overall balances	Portugal + 5	colonial empire + 1	escudo zone + 5

1968	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-11	3	-2
other current	10	1	4
capital account	3	≈ 0	≈ 0
total	2	4	2
overall balances	Portugal + 6	colonial empire - 2	escudo zone + 4

1969	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-11	2	-3
other current	12	2	4
capital account	-1	-1	1
total	≈ 0	3	2
overall balances	Portugal + 3	colonial empire - 1	escudo zone + 2

The escudo zone

Table 5 — Balances of payments (continued)

1970	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-15	2	-4
other current	15	1	5
capital account	≈ 0	≈ 0	≈ 0
total	≈ 0	3	1
overall balances	Portugal + 3	colonial empire - 2	escudo zone + 1

1971	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-19	≈ 0	- 5
other current	23	≈ 0	6
capital account	2	-1	≈ 0
total	6	-1	1
overall balances	Portugal + 5	colonial empire + 2	escudo zone + 7

1972	Portugal / / rest of the world	Portugal / / colonial empire	colonial empire / / rest of the world
commodities	-19	2	-3
other current	28	2	5
capital account	-2	-5	≈ 0
total	7	-1	2
overall balances	Portugal + 6	colonial empire + 3	escudo zone + 9