1986–1992 Portugal in the European Communities

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Portugal's accession to the Communities at the same time as Spain had a rapid and very significant impact on the Portuguese economy: trade with Spain, which was artificially restricted due to the customs barriers between the two countries, immediately expanded sharply, to the extent that Spain became Portugal's largest supplier and its second largest customer. Meanwhile, the confidence that Portuguese membership of the EEC instilled in investors led to a steep increase in foreign investment, which until then had been a relatively minor part of total investment in Portugal. Finally, access to the structural funds led to a rise in investment in infrastructure and vocational training, two fields which had been particularly neglected by the Portuguese economy. The effect of these factors, coupled with the favourable state of the European economy at the time, fostered high levels of economic growth in Portugal. This facilitated rapid convergence with the other members of the EEC, in parallel with an intense process of modernisation in a wide range of areas of the economy and society in general.

At the same time, an extensive process of privatisation began that would subsequently allow the State to use the proceeds to cut the public debt, and would create and consolidate powerful economic groupings in industry, power, banking and insurance, telecommunications and highways.

The period was also marked by the economy's adaptation to the achievement of the internal market, particularly the deregulation of capital movements with other countries, which was carried out gradually and was completed by the end of 1992.

This deregulation went hand-in-hand with the development of the financial market, based on the privatisation of nationalised banks and on new private banks that had meanwhile been created.