

Draft Budgetary Plan

2020

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Foreword

The State Budget 2020 is the first budgetary exercise of the XXII constitutional Government. In the previous legislature, the Government delivered on its commitment to improving confidence in the Portuguese economy, creating high-quality jobs, improving household incomes, stabilizing the financial sector and balancing the public finances. The results achieved are of extreme importance given the challenges that lay ahead and considering the uncertainty that defines the current external macroeconomic environment and the increase in economic and financial risks at a global scale.

The Portuguese economy has been growing, in real terms, over the past 22 quarters. This is one of the longest growth periods in the Portuguese democratic era. The economy has been growing at the highest rate on record since the 1990s. Moreover, this has been taking place while the current and capital accounts have hovered around equilibrium. This performance enabled Portugal to resume converge towards the European Union, something that had been absent for 15 years. In 2020, we expect the Portuguese economy to grow above the euro area for the fifth year in a row. This is something unprecedented since Portugal joined the euro area. Between 2016 and 2018, the growth rate of the Portuguese economy was the highest amongst the EU15 bar Ireland.

The improvements that have been taking place are not confined to the realm of economic growth. They extend to the structure of the economy and composition of growth. The Portuguese economy is currently less dependent on domestic consumption (-3 p.p. as a share of GDP between 2014 and 2018). On the contrary, both exports and investment have increased as a share of GDP (+2.9 p.p. in the case of exports, 2015-18; and +2.1 p.p. in the case of investment, in the same period).

The economic recovery has brought with it a significant increase in household incomes (+11.3% in 2015-18). Similarly, the labour market has improved considerably, with an increase of approximately 371,000 jobs between 2015Q3 and 2019Q3, and a very significant reduction of unemployment (-316,000 people, underlying a fall in the unemployment rate from 12.5% in 2015 to 6.4% in 2019, a minimum since 2002).

These improvements stem mainly from efforts made to stabilise the financial sector, to kickstart an investment recovery, to reduce public and private debt, and to balance the public finances.

Portugal has seen a turnaround in credibility of its economy in the eyes of international investors. 10-year sovereign debt yields are currently below 0.4%, an all-time record-low. Spreads to comparable countries have been reducing. Portuguese sovereign debt is currently rated at investment grade by all major rating agencies. Their assessments have converged on the view that the public debt-to-GDP ratio is on a sustainable downward trend (down from 131.2% in 2015 to 118.9% in 2019, a reduction of 12.3 p.p., while it is expected a further reduction to 116.2% of GDP in 2020).

In 2020, the Government forecasts a real GDP growth rate of approximately 2% (1.93%). This projection is based on the expectation of a moderate economic recovery in the euro area, in line with forecasts by international institutions such as the European Commission and the International Monetary Fund.

This anticipated moderate recovery in growth in the euro area - Portugal's main trading partner - should translate into an acceleration of external demand and, therefore, improve Portuguese export prospects for 2020. The acceleration of public investment (from 9.8% in 2019 to 18.1% in 2020) should provide further support to economic growth in the short-run. According to the latest forecasts by the European Commission, in 2020, Portugal is expected to exhibit the highest growth rate in public investment among all Eurozone countries.

In this new legislature, it is important not only to preserve but also, in some cases, to improve on the results achieved thus far. This is key to continuing on a path of sustainable growth, high-quality job creation and the reduction of social inequalities. In view thereof, the 2020 State Budget is organised around four major axes.

First, the Government renews its commitment to promoting economic growth and fiscal consolidation, through sound, balanced public finances. Next year, Portugal is expected to achieve a slightly positive fiscal balance (0.2% of GDP), an unparalleled achievement in the Portuguese democratic period. This is of utmost importance for the resilience of public finances to external risks and cyclical fluctuations.

Second, building on a new set of economic and financial conditions, the Government will take a number of measures aimed at meeting the aspirations of Portuguese citizens, improving their wellbeing and living conditions. A key priority is to strengthen the National Health Service, making it fairer and more inclusive, making sure no one is left behind, while at the same time improving its financial sustainability.

Third, the Government will provide for the reduction of income inequalities and the risk of poverty. Improving welfare policy is thus another Priority in the 2020 State Budget. In doing so, the principles of Social Security sustainability, intergenerational solidarity, and strengthening of social cohesion are paramount.

Finally, the Government will take a determined approach to responding to the demographic challenge the country faces with an important set of policies specifically targeted at the youngest generations.

Such is the commitment to do more and better for the Portuguese people.

Mário Centeno

Minister of State and Finance

1. Introduction

Portugal presented, on October 15 2019, a Draft Budgetary Plan according to a no-policy change scenario, in compliance with Regulation (EU) No. 473/2013 of the European Parliament and of the Council, as described in the Two Pack's implementation specification document published on September 30 2016, whereby a Member State, ruled by a government not enjoying full budgetary powers, must submit such document until the referred date.

Given that national elections were held on October 6 and the Parliament term will fall between October 1st and December 31st, the State Budget proposal for 2020 should be submitted by the Government to the National Parliament within ninety days from the date of his inauguration.

The absence of a State Budget proposal for 2020 is in accordance with the Budgetary Framework Law (Law No. 91/2001, of August 20, as amended and republished by Law No. 41/2014, of 10 July).

Having submitted the State Budget proposal for 2020 to the National Parliament on December 16, the Government now submits an updated Draft Budgetary Plan to the European institutions.

2. Macroeconomic Forecasts

Table 1. Basic Assumptions

	2018	2019	2020
Short-term interest rate (annual average)	-0,3	-0,4	-0,3
Long-term interest rate EA (annual average)	1,3	1,5	1,7
USD/€ exchange rate (annual average)	1,18	1,12	1,12
Nominal effective exchange rate	2,9	-5,2	0,0
World excluding EU, GDP growth	4,0	3,4	3,8
EU GDP growth	2,2	1,5	1,6
Growth of relevant foreign markets	3,1	2,4	3,0
World import volumes, excluding EU	4,5	4,3	4,2
Oil prices (Brent, USD/barrel)	71,5	63,4	57,7

Table 2. Macroeconomic Prospects

	ESA Code	2018	2018	2019	2020
		Level (10 ⁶ euros)	rate of change		
1. Real GDP	B1*g	197 741,1	2,4	1,9	1,9
<i>of which</i>					
2. Potential GDP		194 699,2	1,8	1,9	2,1
3. Nominal GDP	B1*g	203 896,2	4,1	3,4	3,3
Components of real GDP					
4. Private final consumption expenditure	P.3	128 437,4	3,1	2,2	2,0
5. Government final consumption expenditure	P.3	33 148,2	0,9	0,6	0,8
6. Gross fixed capital formation	P.51g	34 088,2	5,8	7,3	5,4
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	1 005,2	0,5	0,6	0,6
8. Exports of goods and services	P.6	84 402,2	3,8	2,5	3,2
9. Imports of goods and services	P.7	83 340,0	5,8	5,2	4,4
Contributions to real GDP growth					
10. Final domestic demand		195 673,8	3,1	2,8	2,4
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	1 005,2	0,1	0,1	0,0
12. External balance of goods and services	B.11	1 062,2	-0,8	-1,1	-0,5

Table 3. Price Developments

	ESA code	2018	2018	2019	2020
		Level	rate of change		
1. GDP deflator		1,03	1,6	1,5	1,4
2. Private consumption deflator		1,03	1,3	1,2	1,2
3. HICP		1,03	1,2	0,4	1,1
4. Public consumption deflator		1,04	1,8	1,7	1,6
5. Investment deflator (GFCF)		1,05	3,0	1,3	1,3
6. Export price deflator (goods and services)		1,05	2,1	0,3	1,0
7. Import price deflator (goods and services)		1,06	2,4	-0,1	0,9

Table 4. Labour Market Developments

	ESA Code	2018	2018	2019	2020
		Level	rate of change		
1. Employment, persons¹		4 914,5	2,3	1,0	0,6
3. Unemployment rate³ (%)		-	7,0	6,4	6,1
4. Labour productivity, persons⁴		40,2	0,1	0,8	1,3
6. Compensation of employees	D.1	91 002,4	5,4	3,8	3,8
7. Compensation per employee		21,5	2,5	2,7	3,2

¹ Occupied population, domestic concept national accounts definition; ² National accounts definition; ³ Harmonised definition, Eurostat; levels; ⁴ Real GDP per person employed; ⁵ Real GDP per hour worked.

Table 5. Sectoral Balances

% GDP	ESA	2018	2019	2020
1. Net lending/net borrowing vis-à-vis the rest of the world	B.9	1,2	0,5	0,2
<i>of which:</i>				
- Balance of goods and services		0,1	-0,8	-1,3
- Balance of primary incomes and transfers		0,1	0,1	0,3
- Capital account		1,0	1,2	1,2
2. Net lending/net borrowing of the private sector	B.9	1,6	0,5	0,0
3. Net lending/net borrowing of general government	EDP B.9	-0,4	-0,1	0,2
4. Statistical discrepancy		:	:	:

3. Budgetary Targets

Table 6. General Government Budgetary Targets

	ESA Code	2019	2020
		% GDP	
Net lending (+) / net borrowing (-) (B.9) by sub-sector¹			
1. General government	S.13	-0,1	0,2
2. Interest expenditure	EDP D.41	3,1	2,9
3. Primary balance²		3,0	3,2
4. One-off and other temporary measures³		-0,5	-0,4
4.a. Of which one-offs on the revenue side: general government		0,0	0,1
4.b. Of which one-offs on the expenditure side: general government		-0,5	-0,5
5. Real GDP growth (%) (=1 in Table 1.a.)		1,9	1,9
6. Potential GDP growth (%) (=2 in Table 1.a.)		1,9	2,1
7. Output gap (% of potential GDP)		1,5	1,3
8. Cyclical budgetary component (% of potential GDP)		0,8	0,7
9. Cyclically-adjusted balance (1-8) (% of potential GDP)		-0,8	-0,5
10. Ciclically-adjusted primary balance (9+2) (% of potential GDP)		2,3	2,5
11. Structural balance (9-4) (% of potential GDP)		-0,3	0,0

¹ TR-TE= B.9; ² The primary balance is calculated as (B.9, item 1) plus (D.41, item 2); ³ A plus sign means deficit-reducing one-off measures.

Table 7. General Government Debt Developments

% of GDP	ESA Code	2019	2020
1. Gross debt¹		118,9	116,2
2. Change in gross debt ratio		-3,3	-2,7
Contributions to changes in gross debt			
3. Primary balance (= item 3 in Table 2.a.)		-3,0	-3,2
4. Interest expenditure (= item 2 in Table 2.a.)	EDP D.41	3,1	2,9
5. Stock-flow adjustment		0,6	1,3
p.m.: Implicit interest rate on debt²		2,6	2,5

¹ As defined in amended Regulation no. 479/2009. ² Proxied by interest expenditure divided by the debt level of the previous year. ³ Stocks of AF.1, AF.2, AF.3 (consolidated for general government), AF.51, AF.52 (only if listed on stock exchange).

Table 8. Contingent Liabilities

% of GDP	2019	2020
Public guarantees	7,3	
Of which: linked to the financial sector	1,3	

4. Expenditure and Revenue Projections under the No-policy Change Scenario

The calculation of the unchanged policy scenario used the assumptions explained in the Public Finance Report 2016, published by the European Commission on December 2016. This means that all the additional effects of the measures that still need to be legislated where neutralized.

Table 9. General Government Expenditure and Revenue Projections at Unchanged Policies Broken Down by Main Components

	ESA Code	2019	2020
General government (S13)		% GDP	
1. Total revenue at unchanged policies	TR	43,3	43,7
of which			
1.1. Taxes on production and imports	D.2	15,2	15,1
1.2. Current taxes on income, wealth, etc	D.5	9,9	9,9
1.3. Capital taxes	D.91	0,0	0,0
1.4. Social contributions	D.61	12,0	12,1
1.5. Property income	D.4	0,8	0,9
1.6. Other¹		5,4	5,7
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)²		34,9	35,0
2. Total expenditure at unchanged policies	TE³	43,4	43,5
of which			
2.1. Compensation of employees	D.1	10,8	10,8
2.2. Intermediate consumption	P.2	5,3	5,4
2.3. Social payments		18,4	18,3
<i>of which Unemployment benefits⁴</i>	D.62+D.632	0,6	0,6
2.4. Interest expenditure	EDP D.41	3,1	2,9
2.5. Subsidies	D.3	0,4	0,4
2.6. Gross fixed capital formation	P.51g	2,0	2,3
2.7. Capital transfers	D.9	1,0	0,9
2.8. Other⁵		2,4	2,5

¹ P.11 + P.12 + P.131 + D.39rec + D.7rec + D.9rec (other than D.91); ² Including those collected by the EU and including an adjustment for uncollected taxes and social contributions (D.995), if appropriate; ³ TR - TE = B.9; ⁴ Includes social benefits other than social transfers in kind (D62) and social transfers in kind via market producers (D632) related to unemployment benefits; ⁵ D29pay+D4pay (other than D41pay) + D5pay + D7pay + P52 + P53 + NP + D8.

5. Expenditure and Revenue Targets

Table 10. General Government Expenditure and Revenue Targets, Broken Down by Main Components

	ESA Code	2019	2020
General government (S13)		% GDP	
1. Total revenue target	TR	43,3	43,8
of which			
1.1. Taxes on production and imports	D.2	15,2	15,2
1.2. Current taxes on income, wealth, etc	D.5	9,9	9,9
1.3. Capital taxes	D.91	0,0	0,0
1.4. Social contributions	D.61	12,0	12,1
1.5. Property income	D.4	0,8	0,9
1.6. Other ¹		5,4	5,7
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)²		34,9	35,1
2. Total expenditure	TE³	43,4	43,5
of which			
2.1. Compensation of employees	D.1	10,8	10,8
2.2. Intermediate consumption	P.2	5,3	5,3
2.3. Social payments	D.62+D.632	18,4	18,3
<i>of which</i> Unemployment benefits ⁴		0,6	0,6
2.4. Interest expenditure (=item 2 in Table 2.a.)	D.41	3,1	2,9
2.5. Subsidies	D.3	0,4	0,4
2.6. Gross fixed capital formation	P.51g	2,0	2,3
2.7. Capital transfers	D.9	1,0	0,9
2.8. Other ⁵		2,4	2,5

¹ P.11 + P.12 + P.131 + D.39rec + D.7rec + D.9rec (other than D.91);

² Including those collected by the EU and including na adjustment for uncollected taxes and social contributions (D.995), if appropriate;

³ TR - TE = B.9;

⁴ Includes social benefits other than social transfers in kind (D62) and social transfers in kind via market producers (D632) related to unemployment benefits;

⁵ D29pay+D4pay (other than D41pay) + D5pay + D7pay + P52 + P53 +NP + D8.

Table 11. Amounts to be excluded from the Expenditure Benchmark

	ESA Code	2018	2018	2019	2020
		Level	% GDP	% GDP	% GDP
1. Expenditure on EU programmes fully matched by EU funds revenue		1 085,5	0,5	0,6	0,9
1a. Investment expenditure fully matched by EU funds revenue		533,0	0,3	0,3	0,4
2. Cyclical unemployment benefit expenditure¹		-218,2	-0,1	-0,1	0,0
3. Effect of discretionary revenue measures²		-280,1	-0,1	0,0	0,0
4. Revenue increases mandated by law		0,0	0,0	0,0	0,0

¹ Please detail the methodology used to obtain the cyclical component of unemployment benefit expenditure. It should build on unemployment benefit expenditure as defined in COFOG under the code 10.5;

² Revenue increases mandated by law should not be included in the effect of discretionary revenue measures: data reported in rows 3 and 4 should be mutually exclusive.

Table 12. Classification of the Functions of the Government

% GDP	COFOG code	2017
1. General public services	1	7,5
2. Defence	2	0,9
3. Public order and safety	3	1,7
4. Economic affairs	4	5,2
5. Environmental protection	5	0,6
6. Housing and community amenities	6	0,5
7. Health	7	6,0
8. Recreation, culture and religion	8	0,8
9. Education	9	4,9
10. Social protection	10	17,3
11. Total expenditure (=item 2 in Table 4.a)	TE	45,4

Note: benchmark basis 2011. It is not available the new benchmark basis 2016 .

6. Description of Discretionary Measures Included in the Draft Budget

Table 13. Classification of the Functions of the Government

List of measures	Detailed description	Target (Expenditure/ Revenue component) ESA code	Accounting principle	One-off	Adoption status	Budgetary impact (% GDP)		
						2019	2018	2 020,00
Review of the coefficient of local accommodation in containment zones		D.2	Accrual	No	To be adopted			0,00
Autonomous Taxes		D.5	Accrual	No	To be adopted			-0,01
Extension reduced CIT tax limit to SMEs and to SMEs in inland		D.5	Accrual	No	To be adopted			-0,01
Decarbonization stimulate measures		D.2	Accrual	No	To be adopted			0,01
Tobacco tax refresh and structure change		D.2	Accrual	No	To be adopted			0,00
Young PT		D.5	Accrual	No	To be adopted			-0,01
Children PT deduction increase for families with children below three years old		D.5	Accrual	No	To be adopted			-0,01
Stamp duty		D.2	Accrual	No	Already Adopted	0,02		0,01
VAT reduction		D.2	Accrual	No	Already Adopted	-0,01		-0,01
CIT		D.5	Accrual	No	Already Adopted	-0,01		-0,01
School fees		Other than D.91	Accrual	No	Already Adopted	-0,01		-0,01
BPP guarantee recovery		Other than D.91	Accrual	Yes	To be adopted			0,10
TOTAL MEASURES ON THE REVENUE SIDE						-0,00	-	0,07
Transport Reduction Prices		D.6	Accrual	No	Already Adopted	0,05	0,05	0,01
PROTransP Programme		D.6	Accrual	No	Nxt Adopted			0,01
School Books Reutilization		D.6	Accrual	No	Already Adopted	0,04	0,04	-0,02
"1º Direito" Programme		D.6	Accrual	No	Nxt Adopted			0,06
Careers Unfrozen and Promotions		D.1	Accrual	No	Already Adopted	0,26	0,26	0,24
Careers Revisions		D.1	Accrual	No	Already Adopted	0,06	0,06	0,05
Wages Actualization		D.1	Accrual	No	Nxt Adopted			0,03
Long careers retirement flexibilization		D.6	Accrual	No	Already Adopted	0,05	0,05	0,03
Social Payment for Inclusion		D.6	Accrual	No	Already Adopted	0,07	0,07	0,03
Family Allowance		D.6	Accrual	No	Already Adopted	0,03	0,03	0,01
Solidary Complement for elderly		D.6	Accrual	No	Nxt Adopted	0,02	0,02	0,01
Uniformal caregiver status		D.6	Accrual	No	Already Adopted	-	-	0,01
Parenting Benefits		D.6	Accrual	No	Nxt Adopted	-	-	0,01
Expenditure Review		D.2	Accrual	No	Nxt Adopted			-0,09
National Strategy for the Integration of Homeless People		D.6	Accrual	No	Already Adopted	0,00		0,00
Capital Injection to Novo Banco		D.9	Accrual	Yes	Nxt Adopted			0,30
PI indemnization		D.9	Accrual	Yes	Nxt Adopted			0,04
DTA		D.9						0,10
Judicial Court Decision- Lisbon Municipality		D.9						0,10
Transfer of FSCAM to FDG		D.9						0,04
TOTAL MEASURES ON THE EXPENDITURE SIDE						0,58	0,58	0,99
						TOTAL	-0,6	-0,93

7. Comparison with Stability Programme

Table 14. Divergence from Latest Stability Programme

% of GDP	ESA Code	2018	2019	2020
Target general government net lending/ net borrowing	B.9			
Stability Programme		-0,5	-0,2	0,3
Draft Budgetary Plan		-0,4	-0,1	0,2
Difference		0,0	0,1	0,0
General government net lending projection at unchanged policies	B.9			
Stability Programme		-0,5	-0,2	0,2
Draft Budgetary Plan		-0,4	-0,1	0,2
Difference¹		0,0	0,1	0,0

¹ This difference can refer to both desviations stemming from changes in the macroeconomic scenario and those stemming from the effect of policy measures taken between the submission of the DBP. Differences are expected due to the fact that the no-policy change scenario is defined differently for the purpose of this Code of Conduct with respect to the Stability Programme.

8. Adequacy between Measures in the Draft Budgetary Plan and the Country Specific Recommendations (CSR) approved by the Council

Table 15. Country Specific Recommendations

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
	Achieve the medium-term budgetary objective in 2020, taking into account the allowance linked to unusual events for which a temporary deviation is granted.	Over the last two years, Portugal has achieved a very significant structural adjustment (1.2 p.p.). Portugal will achieve the medium-term budgetary objective (a structural balance) in 2020.
	Use windfall gains to accelerate the reduction of the general government debt ratio.	Since 2016, the public debt ratio has been on a declining trend. In last EDP notification, INE reported that, regarding 2018, it stood at 122.2%. From 2016 to 2018, the public debt ratio decreased almost 10 p.p. The fiscal consolidation effort, conducive to the reduction of the debt as percentage of GDP, is a clear priority of the XXII Constitutional Government. To guarantee this objective, windfall gains will be allocated to the reduction of public debt.
1	Improve the quality of public finances by prioritising growth-enhancing spending while strengthening overall expenditure control, cost efficiency and adequate budgeting, with a focus in particular on a durable reduction of arrears in hospitals.	<p>The Government defined as an objective the improvement of the efficiency and of the control of public administration expenditure. Effectively, Over the last four years, Portugal has undertaken a public spending review exercise, oriented to the formulation and implementation of measures to generate long-lasting improvements of the public expenditure efficiency. This exercise covers a broad range of policies in the fields of Health, Education, Justice, Internal Affairs, Public Procurement and State Assets, SOEs and Human Resources Management.</p> <p>Regarding the Health sector, a capital injection plan was initiated in National Health Service (NHS) entities, reinforcing the model for monitoring its financial performance through the Mission Framework for Sustainability of the Health Budget Program, aiming to reduce debt levels and to set adequate financing.</p> <p>At the same time, the Regional Health Administrations (ARS) have reinforced the permanent monitoring of the performance of public-private health partnerships.</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<p>There is already empirical evidence that these initiatives are producing practical results on what concerns the decrease of the generation of debt in NHS Hospitals.</p> <p>The evolution of arrears (overdue debt by more than 90 days) has been favourable in 2019 and should reach a minimum level in the end of the current year. Arrears have decreased by 114,5 M€, from October 2018 (854,4 M€) to October 2019 (739,9 M€). Yet, these values incorporate the financial bailouts that occurred over that period. The improvements in hospitals' efficiency and the impact of cost-containment measures must be evaluated in terms of evolution of debt generation, i.e., eliminating the effects of bailouts. Particularly, compared to previous years, a substantial reduction in the monthly debt generation suggests a more structural change in hospitals' financial management:</p>
	<p>Improve the financial sustainability of state-owned enterprises, while ensuring more timely, transparent and comprehensive monitoring.</p>	<p>In order to ensure and speed up the financial sustainability of the state-owned enterprise (SOE) sector, the following measures are being taken, under the SOEs reform Action Plan:</p> <ul style="list-style-type: none"> • The in-depth analysis of activity plans and budgets (APBs) of SOEs has been pursued, ensuring a better resource allocation and improved efficiency of public expenditure. A special focus has been given to the analysis of investment plans and the assessment of recruitment needs, increasing compliance between budgetary plans and long run policy objectives; • The monitoring of SOEs has been strengthened, through the analysis of quarterly data aiming to identify and timely correct any deviations from the established objectives on the approved budgets; this process is being implemented gradually and is expected to be fully operational in 2020; • The gradual improvement of the capital structure of SOEs has been maintained, in particular on debt reduction in those companies that have positive operational results and large levels of historical debt; • The process of liquidation of uneconomic or redundant SOEs is well under way (25 SOEs have been wind down in less than two years), avoiding unnecessary structure costs; other SOEs with negative operational results are being either restructured or singled out for liquidation;

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<ul style="list-style-type: none"> <li data-bbox="936 308 2150 416">• The negotiation and implementation of contracts to compensate specific SOE's for the public service obligations they provide is another critical factor that will allow these companies to be profitable or at least in equilibrium on an ongoing basis, without further assistance from the state budget. <p data-bbox="936 432 2150 746">These contracts are especially important for the Transportation sector. Sociedade de Transportes Colectivos do Porto (STCP) had their Public Service Contract designed and implemented in 2019. The negotiations with Metro do Porto, Transtejo/Soflusa and CP – Comboios de Portugal have been finalized and the contracts submitted and approved by the Transportation Authority. These contracts will be subsequently implemented until the end of the year. As for Metro de Lisboa negotiations are well advanced and expected to be finalized shortly. These initiatives will consolidate the setting up of a transparent and economically sound framework for the financial relationship between these SOEs and the State, after the recapitalization effort made in recent years. Recent improvements at the operational level and management has allowed the sector to operate globally with operational profits.</p> <p data-bbox="936 778 2150 927">The apparent deterioration of the financial performance of SOEs in 2018 is largely justified by the differentiated process of accounting of the injected funds in the NHS Hospitals between 2017 and 2018 (in 2017, a revision of the Health Budgetary Programme, thus impacting hospitals financial results; in 2018, capital increases and losses coverage, without affecting hospitals net result).</p> <p data-bbox="936 959 2150 1107">Furthermore, in 2019 it is expected that the SOE sector will resume an improvement trend, given the phasing out of the negative impact due to the correction of imbalances of 2018 and of the previous short-term oriented measures (such as temporary salary freezes and caps on investment). In 2019 and 2020, SOEs expenditure growth will return to its normal pace and, accordingly, the sector is expected to deliver sustained financial improvements.</p> <p data-bbox="936 1139 1144 1166">Healthcare Sector</p> <p data-bbox="936 1198 2150 1310">A new program was launched to address hospital arrears through the introduction of a new governance model with increased annual budgets along with a closer joint monitoring of the Ministry of Finance and Ministry of Health. The latest developments are:</p>

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		<ul style="list-style-type: none"> • In order to reduce hospitals' debt, a five-year liquidation plan has been put into force, regarding the hospitals' arrears to external and internal suppliers in a global amount of 855 M€. Capital injections (333,7 M€) were provided to finance the liquidation assigned to the present year. • Aiming at the approval of the yearly ABP's (Activity Business Plans), which guarantees more autonomy in hiring professionals and undertaking investments, the ABP's for the Health sector are being analysed for the first time by both ACSS and UTAM. Up to this point, five ABP were approved. Despite its early stage, the joint analysis ACSS and UTAM, and subsequent interaction with National Health Service corporate hospitals, has proven to be more thorough and productive, as it combines financial and operational evaluation, providing better information and planning. • In 2018, the "Mission Structure for Sustainability of the Health Budget Programme" (EMSPOS) was created. It launched a series of initiatives, the most relevant a project towards better hospital financing and autonomy, coupled with efficiency-enhancing measures. So far, the EMSPOS has met with the executive boards of all NHS hospitals and has sent to each of them specific recommendations. The EMSPOS has also elaborated an extensive report including an overview of hospital management practices and difficulties, with recommendations of policies to be undertaken at the central level to improve the hospitals' efficiency. <p>This work is expected to be continued by the recently-created Performance Evaluation and Accompaniment Structure (EAAD), a formal structure devoted to the monitoring and evaluation of hospital management practices, which includes members of both the Ministry of Finance and Ministry of Health through their relevant monitoring entities (UTAM, ACSS and DGTF) and is coordinated by the EMSPOS.</p> <p>Among the other initiatives, the EMSPOS has successfully applied to the EU Structural Reforms Support Programme for a project on the evaluation and improvement of the central procurement system for drugs and medical devices; it has elaborated a report on the performance of the primary healthcare financing system, including recommendations for its improvement; it has elaborated a report on healthcare professionals' absenteeism and its causes; and it has elaborated recommendations in various areas, such as the coding and market monitoring for</p>

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		<p>medical devices, the development of medical guidelines and reference centre, the revision of the hospital financing scheme, or the creation of a drug management system, among others.</p> <p>Also following the recommendations of EMSPOS, the Ministries of Finance and Health are currently concluding the setup of the management contract to celebrate with hospitals' executive boards, including financial incentives and penalties, based on performance indicators.</p>
2	<p>Adopt measures to address labor market segmentation.</p>	<p>Considering the current pattern of recovery of the labour market, and despite the tendency of growth of permanent contracts, converging with the European average, Portugal still presents a significant labour market segmentation, with the need of reducing the incidence of non-permanent contracts being an important policy objective.</p> <p>For this reason, the Government has elected labour market precariousness and the reduction of segmentation as political priorities.</p> <p>In 2019, the new approach to active labour market policies (ALMPs) continued to be pursued while at the same time a broader agenda was implemented to address precarious work and foster greater balance in labour relations through more dynamism in collective bargaining and reducing the misuse of temporary contracts, bogus self-employment and other atypical forms of labour, supported by measures to strengthen labour market regulation.</p> <p>Following the update of the Green Book on Labour Relations, the extensive discussion process with the social partners and the tripartite agreement signed in 2018, the Council of Ministers approved the Action Plan to Tackle Precariousness and Promote Collective Bargaining (Resolution of the Council of Ministers no.72/2018 of the 6 of June), leading to amendments to the Labour Code (already in force) which intend to limit the legal possibilities of making use of temporary contracts, while at the same time promoting permanent contracts and guaranteeing better access to social protection by precarious workers.</p> <p>A broad set of measures directly targeted towards the creation of sustainable and durable employment, contributing to the reduction of the segmentation levels of the Portuguese labour market, has been adopted:</p>

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		<ul style="list-style-type: none"> • An evaluation of active labour market policies (ALMPs) was carried out which led to changes in the rules and criteria underlying hiring incentives and subsidized traineeships. .«<i>Contrato-Emprego</i>», - a hiring incentive with a strong focus on permanent contracts. • «<i>Prémio Emprego</i>», - a bonus support was created which aims to promote the conversion of traineeship contracts into permanent contracts. • <i>Converte+</i>, creating incentives to convert non-permanent contracts into permanent ones. • To strengthen the inspection of compliance with labour laws, also an important strategy to reduce abusive and illegal use of temporary contracts and other atypical forms of work, the technical and human resources allocated to the Labour Inspection Authority (<i>Autoridade para as Condições do Trabalho</i>) were reinforced and better conditions were put into place to foster a more proficuous articulation between this institution and both Social Security and the Tax Authority. The approval in parliament of legislative initiatives that transferred back to the labour authorities responsibilities related to health and security at work (civil servants) and enlarged the coverage of special mechanisms of recognition of employment contracts to undeclared work also reinforced labour inspectorate attributions. • With recent labour laws revision, from 2021 forward, companies with a use of temporary employment contracts above its sector of activity average will pay "by excessive turnover" an additional contribution to Social Security. • The law that establishes the mechanisms to fight the misuse of self-employment contracts was revised in order to enlarge the coverage of these mechanisms to other forms of work, namely undeclared work such as false internships and false volunteer work (Law no. 55/2017, of 17 July). • Considering that the public service should serve as the prime example of non-precarious work, a programme was launched towards the extraordinary regularization of precarious employment contracts in civil service (PREVPAP), with the view of tackling segmentation and precarious work in the labour market, in particular within public institutions, and the consequence of which was the reduction in fixed-term hiring and in the acquisition of external services (outsourcing).

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		<ul style="list-style-type: none"> • The Government also launched centralized recruitment for cross-cutting areas of Public Administration and undertook a review of several careers (to be reviewed, at least since 2009), to ensure their alignment with the updated skills of the public service workforce, and to manage the Public Administration in an integrated and sustainable manner. • The Government and the majority of the social partners agreed to strengthen the role of labour administration in the context of mediation and conciliation, with additional human resources allocated to the Directorate-General of Employment and Working Relations (DGERT), and also agreed with new measures towards the simplification and modernization of communication procedures related to employment contracts. • In 2019, the measure «<i>Contrato-Geração</i>» was also approved, based on incentives towards the permanent hiring of young unemployed or seeking their first employment and long-term unemployed. • Equally relevant is the focus on an improved articulation between the public employment service and employers in order to identify and promote employment opportunities through new approaches to activation policies, contributing to more sustainable integrations in the labour market. <p>In conclusion, the Government preserves its focus and agenda of fostering quality employment and to fight diverse forms of labour precariousness within a framework of greater dynamism in social dialogue at all levels – from consultation and dialogue with the social partners to collective bargaining.</p>
	<p>Improve the skills level of the population, in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market.</p>	<p>Recognizing the importance of adult education and training policies for the overcome of the qualification deficits in Portugal, particularly in working-age adults, and for the increase in productivity and competitiveness levels, the Government elected the subsequent priorities in the recent and following years:</p> <ul style="list-style-type: none"> • Continue the Qualifica Programme and the Portugal INCoDe2030 Initiative, as well as implementing the National Adult Literacy Plan, in order to continue elevating low qualifications, thereby easing professional reconversions and the return of unemployed persons to the labour market, also by better adjusting qualifying training paths to the needs of the labour market.

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		<p>The Qualifica Programme was launched in 2016 to ensure that (i) 50% of workforce completes secondary education and (ii) a participation rate of adults in lifelong learning actions of 15% by 2020 and 25% by 2025. Between 2016 and 2018, the foundations of the <i>Qualifica</i> Programme were launched, through the expansion and consolidation of the <i>Qualifica</i> Centres network, specializing in adult education and training, reaching the goal of 300 centres enrolled. Additionally, the development of the national system of vocational education and training credits was launched, in line with the modular structure of the National Qualifications Catalogue, and the creation of the “<i>Passaporte Qualifica</i>”, allowing not only the registration of qualifications obtained (in a curriculum logic or passbook), but also the identification of missing skills to complete a given qualification pathway.</p> <p>The <i>Qualifica</i> Portal was also created - a digital platform that aims to be a gateway to the <i>Qualifica</i> Programme - and the process of mobilization and involvement of local partners, professional insertion offices, municipalities and parishes, business associations and companies, social and local partners initiatives was consolidated in order to develop strategies to stimulate the activity of the <i>Qualifica</i> Centres and stabilize the mechanisms of counseling, guidance and referral of adults. Within this framework, in the first 20 months of execution, the <i>Qualifica</i> Programme reached close to 230 thousand registrations, resulting in more than 186 thousand referrals for training offers and recognition, validation and certification of competencies.</p> <ul style="list-style-type: none"> • In 2019, the Government intends to enhance the current capacity of the existing <i>Qualifica</i> Centres network, through the development of strategies to stimulate its activity and launch a new call for the creation of new 50 Centres (ongoing application review), taking into account the network need for readjustment. In this call, it is valued applications from entities that, due to their nature, demonstrate their capacity for territorial coverage, develop their activity in sectors that are deficient in terms of qualification or with low skilled and/or difficult to mobilize publics for qualification. This option emerges from the analysis of the territory's needs, in order to extend the response capability to the whole national territory.

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		<ul style="list-style-type: none"> • In 2019, a new national campaign to publicize the <i>Qualifica</i> Programme was launched, to mobilize adults with low or very low levels of education (lower than secondary education and lower than the 3rd cycle of primary education) and who, having attended training, did not obtain qualification. • The consolidation, mobilization and involvement of local partners (vocational schools, vocational training centres of the public employment service (IEFP, I.P.), vocational integration offices, municipalities and parishes, business associations and enterprises, social partners, local initiatives) to consolidate the system of recognition, validation and certification of competences (RVCC), both scholar and professional, reinforcing the professional RVCC. ANQEP is preparing methodologic orientations to develop RVSS processes unity by unit, in order to support the activity of the <i>Qualifica</i> Centres. Regardless how the adult has obtained the partial certification, it is now possible to complete the qualification through an RVCC process, if it is considered the most appropriate solution. • Fully implement adult counselling, guidance and referral mechanisms through the Qualification Centres. The use of <i>Passaporte Qualifica</i> by the <i>Qualifica</i> Centres is crucial for the quality of counselling and guidance provided. Its use has been made compulsory by ANQEP, in 2019, ensuring that each adult registered in the centre gets the <i>Passaporte Qualifica</i>. In this respect, a passport APP is being developed for mobile devices with internet access. The number of users of the <i>Passaporte Qualifica</i> has increased substantially, reaching 123.446 (as at 31 August 2019). • Continue to improve the instruments of the SIGO system, in particular in the scope of the new functionalities related to the professional RVCC, as well as the integration with the <i>Qualifica</i> Passport and connection to the Europass. • Launch the initiative <i>Qualifica AP</i>, in order to respond to the qualification needs of human resources in Public Administration bodies and services, through the creation of <i>Qualifica AP</i> Centres and the establishment of protocols with existing <i>Qualifica</i> Centres. Beyond the three centres already created, it has been identified coordinators in six governance areas. These coordinators are surveying the

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		<p>qualification needs of the different services, to identify groups of employees that can be integrated into the existing <i>Qualifica AP Centres</i> or into the remaining centres of the network.</p> <p>Between January of 2017 and August of 2019, the <i>Qualifica Centres</i> network achieved the following results:</p> <ul style="list-style-type: none"> - 382.252 registrations; - 314.790 referrals; - 291.650 certifications in the various adult education and training modalities. <p>These data reflects the contribution of the <i>Qualifica Centres</i> network to the achievement of the objectives of the <i>Qualifica Programme</i>.</p> <p>As an additional effort to raise the qualifications of the Portuguese population, the Government will further develop and initiate the implementation of the National Adult Literacy Plan in order to combat illiteracy and develop basic reading and writing skills in adults. The first phase ran from September of 2018 and September of 2019. As expected, the diagnostic of needs and good practices was made by an independent technical team, and workshops were held for mobilise actors and collect information to draft the plan, which is being analysed. This plan will involve articulation with the <i>Qualifica Centres</i> network.</p> <p>In what concerns the reinforcement of digital competences, the National Digital Competencies Initiative e.2030 - Portugal INCoDe.2030 was launched in 2017 with the critical challenge of increasing the number of systematic internet users by 50%, as well as the fraction of digital skills specialists in the labour market by 2030. Its main goal, alongside the generalization of digital literacy with a view to the full exercise of citizenship and inclusion, was the encouragement of employability and training and professional specialisation in technologies and digital applications for the promotion of job qualification. This programme includes training and expertise in technology and digital applications and mobilizing programs in Artificial Intelligence and Advanced Computing, among other emerging areas, in order to respond to growing market demand and to promote qualification in a higher value-added economy, setting the population's intensive preparation for digital areas. Another challenge highlighted at INCoDe.2030 is the</p>

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		<p>need to ensure strong participation in international R&D networks and the production of new knowledge in digital areas.</p> <p>The INCoDe.2030 Programme includes more than 100 actions on 5 axes, including the strengthening of supercomputing capacity in Portugal, networked with Europe, as well as the development of a “National Artificial Intelligence Strategy, AI Portugal 2030”.</p> <p>The programme establishes specific axes for promoting digital inclusion (Axis 1), vocational training of the working population (Axis 3) and job qualification and the creation of greater added-value in the economy (Axis 4). In this context, several initiatives have already been taken to stimulate skills improvement. Notably, are the digital skills training agreements for the retraining of unemployed higher education graduates:</p> <ul style="list-style-type: none"> • Continue to provide ICT (Information and Communication Technologies) training through the SWitCH Programme (including internships in companies), aimed at people already in active life, as part of the retraining of graduates in other areas; • To reinforce and improve the training offer in the area of digital competences in the specific context of Public Administration, namely through the projects "Infoexclusão zero" and "AP Digital 4.0"; • Increase the number of students in TeSP (Professional Technical Superior Courses) courses in the areas of ICET (Information, Communication and Electronic Technologies) and the expansion of courses in PBL (Problem Based Learning) methodologies and the launch of TeSP in the new one-year modality for reconversion and/or lifelong training of assets in collaboration with companies; • Increase the number of graduates in the STEM (Science, Technology, Engineering and Mathematic) areas (or equivalent competencies) for ICT areas; • Encourage the launching of non-degree masters and postgraduates in the digital area, between polytechnic, universities and companies. <p>In order to respond to the needs of individuals and the labour market, ANQEP integrated the 25-hour UFCD: "Digital Literacy-initiation" in the National Qualifications Catalogue (CNQ) level 2 qualifications training references. Its</p>

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		<p>inclusion in CNQ will make it available to all training entities whose publics may benefit from this offer, as well as its integration in various qualification courses.</p> <p>In order to update the key competences framework - basic level, by ANQEP, it is intended to create the “Digital Competence” area to replace the current “Information and Communication Technology” key competences area of the current Standard, whereas:</p> <ul style="list-style-type: none"> • 'Digital competence' was already emerging in the 2006 European Reference Framework of Core Competencies for Lifelong Learning as one of the eight key competences. • The current Council Recommendation on Core Skills for Lifelong Learning explicitly mentions the need to raise the level of basic digital skills, both as a basis for further learning and to enhance skills development in other areas. • The Dynamic Digital Competency Framework (QDRCD) defines 4 levels for each competency: basic, intermediate, advanced and highly specialized. <p>Thus, the UC / UFCD to be built in the area of “Digital Competence” should be defined according to the areas of competence of the QDRCD and incorporate the proficiency levels required in that framework for each certification level (with the necessary adjustments to the typology) audience that integrates the adult qualification modalities.</p> <p>As it is a relevant area in the qualification of adults, especially because of the role it can play as facilitator and enhancer of the development of other competences essential for a better social and professional insertion, its approach should not focus exclusively on performance with computer and its peripherals, but rather in the designs and contexts of its use, since the technologies with which people interact are very varied.</p> <p>The Qualification Needs Anticipation System is an instrument that, based on a quantitative and qualitative methodology, allows the assignment of levels of relevance to all qualifications included in the National Qualifications Catalogue, in all NUT III of mainland Portugal. The relevance produced is information that has effects on the planning and ordering process of the education and training offer network. The SANQ is reviewed every three years,</p>

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		with the next revision scheduled for 2020. This instrument provides for the voluntary participation of CIM / AM in the NUT III level relevance production methodology. By now, 16 of the 23 CIM / AM have already joined SANQ.
	Increase the number of higher education graduates, particularly in science and information technology.	<p>Overall, considering all domains in 2019, it is estimated that half of 20-year-olds with residence in Portugal attend higher education, representing an increase of almost 25% of students compared to 2015 (about 10,000 students between 2015 and 2019). The number of graduates increased by 9.3% between 2015/16 and 2017/18 (latest available data). In 2018/19, 385,247 students enrolled in higher education, 12,494 more than in the previous school year. Thus, the number of subscribers grew by 8% between 2015/16 and 2018/19.</p> <p>With regard specifically to the fields in question, the strategy adopted by Portugal has been based on the promotion of areas relevant to the development of digital skills, including the field of science and information technology, but not only.</p> <p>Along with the consolidation of the National Digital Skills Initiative, INCoDe.2030, in the process of setting initial training vacancies in public higher education, the Government has recommended increasing training provision in areas relevant to the sciences, technologies and fields of digital skills (life sciences, physical sciences, mathematics and statistics, computer science, engineering and related techniques, data sciences).</p> <p>As a result, the number of students placed in study cycles aiming at training in digital competences in the 1st phase of the National Access Competition increases 4% (growth from 6220 to 6486 places) compared to 2018, following the trend of successive growth. This has been evident since 2016. Considering all the entry courses in initial training courses, the number of students enrolled for the first year increases by 60% between 2015/16 and 2018/19 (7858 enrolled for the first year, first time in 2015/16 and 12589 in 2017/18).</p>
	Improve the effectiveness and adequacy of the social safety net.	The XXII Constitutional Government Programme identifies “Demography” and “Inequality” as two of the main challenges for the legislature. For the social protection system, these dimensions generate specific challenges related to an ageing population, the promotion of the birth rate and the fight against poverty and inequalities.

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		<p>An active and healthy ageing of the population is one of the main civilizational attainments, in conjunction with other positive developments such as the reduction of mortality, the increase in the average life expectancy, a significant increase of the health care and the reinforcement of the social protection systems. However, specific challenges in the long run are still present and have to be safeguarded, including the reconfiguration of the social risks and their incidence.</p> <p>The sustainability of the Social Security System and the rebuilt of confidence in the system are fundamental guiding principles to reinforce and guarantee stronger intergenerational solidarity and social cohesion. The valorisation of pensions and the protection of the elderly are structural elements of public intervention.</p> <p>In 2020, the mechanism for regular pension update will allow for an increase of pensions by 6 IAS. The lower pensions (up to 2 IAS) will benefit for an increase in real terms for three consecutive years (2018 to 2020). This update, taking effect in January 2020, will provide for an increase in real income for the majority of pensioners.</p> <p>Besides the reinstatement of the mechanism for regular pension update, the reference value of the Solidarity Complement for the Elderly (CSI) was reinstated, implying the reversal of the reductions applied since 2013.</p> <p>From 2020 on, the CSI will be strengthened through the progressive increase of the reference value of this social benefit til reaching the poverty line. This measure is expected to reinforce transfers for the most deprived pensioners in more than 14 million € over the next year, in line with the Strategy for Active and Healthy Ageing.</p> <p>During 2020, the government will also assess the allocation rules of the CSI, in particular the non-consideration, until the second level of income, of the income of the descendants, when testing the financial means of the applicant.</p> <p>The policy of income reinstatement followed during the last four years, in parallel with the positive evolution of the labour market, has led to a generalised improvement of household income. This has contributed to the reduction of the number of people in poverty or social exclusion and to mitigate inequalities.</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<p>Still, Portugal has a long way to go in the continued improvement of standards of living. In this context, the gradual increase of the Minimum Wage contributes to mitigate the incidence of poverty amongst the working population.</p> <p>Since the last legislature, increases in the minimum wage have become an important instrument to fight inequalities and eradicate in-work poverty. For 2020, the Government will set the minimum wage at 635 €, with the aim to reach 750 € by the end of the legislature. Taking the two legislatures together, the minimum wage will have increased from 550 € to 750 €, which corresponds to an increase close to 50%.</p>
3	<p>Focus investment-related economic policy on research and innovation, railway transport and port infrastructure, low carbon and energy transition and extending energy interconnections, taking into account regional disparities.</p>	<p>Economic policy is oriented to the main structural constraints of the country, such as the need to increase the value added and technological/knowledge intensity in the productive sector (priority given to research and innovation in areas of smart specialization); to meet the new societal challenges and the need to speed up the transition to a low carbon economy; to strengthen the skills and qualifications of workers and entrepreneurs (unsophisticated business strategies); to reduce the context costs (reduce bureaucracy in public services, improve access to finance, improve transport and logistics networks, and facilitate access to export markets).</p> <p>The support of the Structural Funds to the Competitiveness and Internationalization is significantly aligned with the CSR, mainly with support for R&D in areas of smart specialization for different territories; the enhancing of scientific and technological knowledge and its transfer for use in industry; strengthening high skilled entrepreneurship and adopting more developed business strategies; making more innovative investments that strengthen the competitiveness and internationalization (to increase exports and their value added); increasing investment in the energy transition and circular economy; enhancing the SMEs access to debt capital and improving the capitalization conditions of the companies; job creation, in particular, skilled employment and training of unemployed and employed people; increasing investment in rail transport (particularly in the development of TEN-T), in ports and logistics modernization.</p> <p>The reprogramming of Portugal 2020, approved in December 2018, reinforced the financial provisions to maintain the support to innovative business investment, which is essential to increase the productivity and the international</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<p>competitiveness and to change the specialization profile of the economy. At the same time, it increased support to stimulate business investment in low-density territories, promoting the job creation and attractiveness of these territories and, thereby, the territorial cohesion.</p> <p>With a focus on tradable and internationalized sectors, the supported projects contributed to the internationalization of the Portuguese economy and to the increase the exports, which have been, in recent years, an important engine of economic growth. In 2018 they accounted for 43% of GDP (an increase of 14 pp in 10 years), with the coverage rate of imports reaching over 100% since 2012, which means a positive behaviour of balance of goods and services, that traditionally has a deficit position¹.</p> <p>The main results by September 2019 were:</p> <ul style="list-style-type: none"> • 14 583 companies under enterprise investment EFSI support (more than 6 thousand companies in internationalization actions), which means an eligible investment of 9 458 M€; • 3 645 projects of R&D and transfer of knowledge approved, in priority areas of smart specialization; • 783 companies supported in cooperation projects with research institutions, to promote the transfer and valorisation of knowledge; • 571 km in railway transport supported. <p>An important element for the development of the Portuguese economy implies, among other things, the modernization of the national rail network and the safeguarding of the public rail service. This modernization impacts on the quality of service and availability of connections to ports, to Spain and the rest of Europe, contributing to enhanced connectivity and integration with the Iberian and European markets. All of which supports the internationalization of the Portuguese economy.</p> <p>Ferrovia 2020 is the investment plan to develop the national rail system, enhancing network capacity, reducing transport costs, decreasing times and routes and improving safety and reliability.</p>

¹ GEE, Economic activity indicators, constant prices values.

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		<p>This program is mainly funded through PT 2020 and Connecting Europe Facility (CEF) and it is fully implemented in the four main rail corridors: international north corridor, international south corridor, north-south corridor and other complementary corridors.</p> <p>In total, more than 200 km of railway lines are under construction, involving an investment of over 170 million €.</p> <p>Completed Works: Northern Line: Alfarelos/ Pampilhosa and Valadares/ Gaia; Beira Alta Line: Luso-Trezói; Minho Line: Nine/ Viana do Castelo section; Douro Line: Caíde/ Marco section.</p> <p>Works in progress: Minho Line: Viana do Castelo/ Valença section; International North Corridor: Beira Baixa Line: Covilhã-Guarda and Beira Alta Line: Guarda/ Cerdeira section; International South Corridor: Elvas-Border and the line to be built between Évora North and Elvas: Freixo/ Alandroal section.</p> <p>Works to be taken: International South Corridor, line to be built between Évora North and Elvas: Évora Norte / Freixo and Alandroal /East Line.</p> <p>Tendering for works launched in 2017-2019: North-South Corridor: Northern Line - Espinho/ Gaia section; International North Corridor - Beira Alta Line: Pampilhosa/ Mangualde Section and Concordância da Pampilhosa; Additional corridors: West Line - Meleças/ Torres Vedras section.</p> <p>At the same time, a rolling stock investment program is under development, with an investment of 45 M€ over four years to recover rolling stock that has been resting for many years and which will strengthen CP's fleet in the short term and thereby improve service to the population.</p> <p>In addition, the tender for the acquisition of 22 compositions for the regional service in Douro, Oeste and Alentejo (12 bi-mode self-propelled and 10 electric self-propelled) is underway to be delivered in 2023/2024 and for an investment of around 168 million €.</p> <p>Finally, and as a short-term response, CP rented 4 UTD592 units from RENFE.</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<p>This investment is being made in tandem with the hiring of 120 employees for CP and 67 employees for EMEF in addition to the employees required to replace those who have ceased links with the company for causes not attributable to the organisation, which are added to the hires made in recent years.</p> <p>In what concerns the energy interconnections, in particular electricity interconnections, Portugal has been promoting initiatives aimed at reinforcing it at the level of the Iberian Peninsula in order to reinforce current capacity for further integration into the European energy market. Thus, contacts were maintained with the Kingdom of Spain and the Republic of France on strengthening energy interconnections within the framework of the Energy Union in order to ensure a further integration of the Iberian Peninsula into the internal energy market. It was also approved the Development and Investment Plan of the Electricity Transport Network for the period 2018-2027 (PDIRT-E), which, among other important infrastructures, foresees the construction of a new electrical interconnection between Portugal (Minho) and Spain (Galicia). In addition, the “Feasibility Study of the Electrical Interconnection between the Portuguese Republic and the Kingdom of Morocco” on the potential construction of an electrical interconnection between the two countries is being concluded. The results of this study are expected to be presented by the end of 2019.</p> <p>The concern to ensure the focus of the economic policy is also reflected in the strategic planning work for the next decade. In this context, it should be noted that, under the Agreement between the 21st Constitutional Government and the largest opposition party and as mentioned in the National Reform Program, the thematic agendas for the 2030 Strategy include the focus of economic policy in the following 4 areas:</p> <ul style="list-style-type: none"> • People first: a better demographic balance, more inclusion, less inequality - people in the centre of our concerns in order to promote a more inclusive and less unequal society, to face the demographic challenges, but also with a strong investment in improving the skills of the population, to address the primary inequalities; • Innovation and qualification as drivers of development, based on the triple qualification of companies, human resources and institutions, as well as the promotion of the Knowledge Society;

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<ul style="list-style-type: none"> • A country externally competitive and internally cohesive, intended to a renewed vision of the territory, with effective interventions to different challenges such as the competitiveness of urban networks; the Atlantic coastline projection; the promotion of the specific potential of low-density territories; and the reinforcement of the Iberian market; • A sustainable country that values its endogenous resources, integrating several key policy areas to pursuit the goal to achieve a decarbonized society and economy, which efficiently uses and maximizes the potential of its endogenous resources. <p>For the areas identified in the CSR the agendas of the “Innovation and qualification as drivers of development”; “A country externally competitive and internally cohesive”; and “A sustainable country that values its endogenous resources” are particularly important.</p>
4	<p>Allow for a swifter recovery of the collateral tied to non-performing loans by increasing the efficiency of insolvency and recovery proceedings.</p>	<p>The reform of the insolvency law (Decree-Law no. 79/2017, of 30 June) has restricted the access of non-insolvent companies to the special revitalization procedure. It directs them to the insolvency procedure, where the amendments that were introduced provide for greater celerity in the verification and credit recovery stages and greater transparency in the liquidation, through the introduction of the rule on electronic auctions - the two phases diagnosed as more problematic in the insolvency procedure.</p> <p>With regard to the recovery of companies, Law no. 6/2018 provides for the creation of the figure of Enterprise Recovery Mediator (ERM), who will be a possible intervener in proceedings under the Extrajudicial Business Recovery Regime (EBRR), with technical qualification and relevant professional experience in the area of management or business advisory, being previously accredited by IAPMEI and also attending specific training for the development of this activity.</p> <p>The main task of the ERM is to provide technical assistance to companies in EBRR proceedings, notably in the context of negotiations with their creditors, with the aim of reaching an out-of-court restructuring agreement to enable their recovery.</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<p>A set of legal and technological measures that will facilitate the transfer of credit portfolios and their recognition in court proceedings is under preparation. Among the measures envisaged are: the creation of a one-stop shop for the Tax Authorities and Social Security for the articulated management of public credits and participation in restructuring processes, and the granting of incentives, namely of a fiscal nature, to diversify the instruments of investment in SMEs.</p> <p>Regarding efficiency in insolvency proceedings, the Government approved Decree-Law no. 42/2019, which relates to processes and procedures related to mass credit assignment operations using appropriate technological means. The streamlining of the market in credit portfolio transactions significantly contributes to the improvement of corporate financing conditions and the reduction of non-performing credit levels. This creates a simplified regime for the assignment of loan portfolios, exempting the processors from acquiring credit in each of the cases in which the acquired credit is being required and simplifying the associated registration operations.</p> <p>Increasing potential growth in the national economy therefore continues to be pursued through a development strategy that guarantees debt sustainability and diversification of funding sources by companies. In execution since 2016, the Capitalizar Programme aims to: i) improve the access conditions for financing small and medium-sized enterprises, with a more diversified supply of financing instruments; (ii) strengthen the financial autonomy of companies by stimulating taxation on equity financing; and (iii) boost the regeneration of economically viable enterprises by promoting preventive action at an early stage using new recovery instruments. For this, a set of measures was designed through which it intends to act in the following strategic domains: Leverage of Financing and Investment; Taxation; Business Restructuring; Administrative Simplification and Systemic Framework; and, lastly, stimulating the Capital Market.</p> <p>To date, the <i>Capitalizar</i> Program has an implementation level of 94%, corresponding to 79 out of 84 measures. Implementation throughout 2019 has led to the following efforts:</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<ul style="list-style-type: none"> • Continued dynamization of the financial instruments available to the economy and acceleration of new instruments in the conceptualization stage, the stimulation of the Portuguese venture capital market and support to export companies in order to optimize their potential value, to reach the recipients for which they were designed and thus maintain the current business investment recovery. • Operationalization of new financial instruments in the scope of corporate restructuring, through the provision to the Portuguese economy of funds (new money, providing better funding conditions obtained from international financial institutions), namely companies that have recently restructured their debt and face high bank financing costs. • Launch of a financing line to promote the implementation of reverse capital operations, i.e. the acquisition of SME holdings convertible in the medium term into loans once the business objectives initially defined by SMEs have been met; and SIMFE as an investment vehicle, which should be in the stock exchange, thus allowing SMEs to access the capital market without loss of full control of the company. • Implementation of an articulated management mechanism of public credits, through the establishment of a single point of contact - Single Desk - between the Tax Authority and Social Security to participate in a coordinated way in business restructuring processes, with a view to their effectiveness. • Launching and dissemination of the Early Warning Mechanism, providing a tool to support decision making and anticipation of business intervention, through which managers are given an easy-to-read analysis and practical suggestions for action on the economic and financial situation of your company. • Launch of an Information Centralization Portal (Financing Portal) with information on Credit Facilities backed by the National Mutual Guarantee scheme, Venture Capital, Business Angels, Credit Insurance and Tax Benefits. This portals targets user such as entrepreneurs and other relevant actors in seeking and supplying financing with public support. • Consolidation and implementation of the widening of the mandate of Development Financial Institution (IFD) functions through wholesale intermediary operations in the financing of commercial banking (on-lending and arrangement operations), implementation and management of financial instruments financed

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		<p>by other European support programs (e.g. COSME) and the use of other sources of funding to carry out their tasks (e.g. EIB, European Strategic Investment Fund - ESIF).</p> <ul style="list-style-type: none"> • Implementation of the restructuring of financial entities within the scope of the Ministry of Economy, which act as facilitators of access to credit and capital by companies, ensuring greater efficiency and coherence of public performance in this area through the optimization of the instruments available. • IFD launched a Post-Restructuring, Modernization and Capitalization Loan Facility, structured to improve access to finance for companies that are recently subject to debt restructuring plans that have prospects of economic viability. This line is based on a 100 million € loan agreement between the Council of Europe Development Bank (CEB) and the IFD. <p>Finally, it is important to highlight the importance of maintaining access to finance in the context of non-performing loans, insolvency and recovery processes. From January 2016 until 31 August 2019, 72 thousand mutual guarantee loans were established, totaling 8.2 billion €. Thus, it is estimated that 1.1 million jobs were supported for 69,000 companies, of which 86% are micro or small enterprises. In parallel, there are 16 active venture capital funds and 59 business angels funded.</p>
	<p>Reduce the administrative and regulatory burden on businesses, mainly by reducing sector-specific barriers to licensing.</p>	<p>Different measures contribute to reduce the regulatory burden on businesses:</p> <ul style="list-style-type: none"> • Implementation of the «How Much Does It Cost?» tool, by adopting a methodology for assessing the economic and competitive impact of legislative acts proposed by members of the Government, focused on the variation of administrative burdens on businesses, thus ensuring the existence of a real regulatory framework that promotes the reduction of global and sectoral administrative burdens. In 2018, with the Resolution of the Council of Ministers no. 74/2018, of 8 of June, this model of prior legislative impact assessment became definitive, and started to be applied to draft bills approved by the Government and to quantify the impacts not only on businesses but also on citizens. Data from the 2018 legislative impact assessment reports show that in the case of companies, out of 114 reports, 8 reduced the burden on business, 40 maintained the burden, 15 reported an increase and 51 detected no burden on business. Overall, a decrease in charges of around

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<p>18 million € was quantified. Out of the 80 reports on impact on citizens, 6 reduced charges, 23 maintained charges, 4 reported increases and 23 detected no charges.</p> <ul style="list-style-type: none"> • Publication of Decree-Law no. 87/2018 of 31 October, simplifying the completion of Annexes A and I of the Statement of Simplified Business Information / Informação Empresarial Simplificada(IES), concerning the accounting elements of businesses. Estimated decrease in business costs by 5.235 million €. • Publication of Decree-Law no. 52/2018, of June 25, which creates the online certificate of Legal Entities and which aims to exempt certain entities from requesting a paper certificate in order to prove their registration in the National Register of Legal Entities. Decrease in charges between 9.656 million € and 17.781 million €. <p>The Simplex Programme enacts the Government's strategy of administrative simplification and modernization. The 2018 edition of the Programme (Simplex+) had an execution rate of 83%. The European Commission has shown interest in the Simplex Programme, thus requesting EY to develop an impact assessment study, <i>ex-ante</i> and <i>ex-post</i>, of 40 measures from the 2017 and 2018 editions. The study identified and quantified monetary savings of 267.8 million € and time savings of 17.9 million hours.</p> <p>The 2019 edition of the Programme iSimplex, rooted in five basic principles (once only, share and reuse, digital by default, behavioural insight and emerging technologies), includes the following measures that aim towards the reduction of administrative and regulatory burdens for businesses:</p> <ul style="list-style-type: none"> • Single Salary Declaration – Merge of the two existing monthly declarations of salaries and benefits paid that companies have to deliver to Social Security and to the Tax Authority, avoiding the duplication of information. • Pre-filled VAT declaration – Extension of the pre-filled periodic VAT declarations. • Social Security and Wage Funds 3 in 1 – Create a single platform to provide information to the Social Security, Wage Fund and Wage Guarantee Fund, regarding the celebration, modification and termination of work contracts.

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		<ul style="list-style-type: none"> • Express Way for Investment – Creation of a simplified procedure for analysing and authorizing investment projects that are particularly relevant, ensuring that they are approved by several intervening entities. • Simplified Social Security Form – Simplification of the Social Security form attached to the revenue declaration, removing irrelevant information. • Simplified Company Information – Use the available data to pre-fill the forms of fiscal information by companies, removing irrelevant information. • Construction and Real Estate Authority Once Only – Enable the access to information of other public administration agencies by the Construction and Real Estate Authority, exempting companies from providing such information, necessary to fulfil legal obligations. • Portugal 2030: Simplifying the Future – Simplify the access to European funding by reducing the amount of information demanded from beneficiaries. • New Generation Citizen Spots – Improve the Citizen Spots by adapting them to the needs of citizens and reshaping the services provided. • eCompensa – Development of a legal framework for certified web platforms for multilateral voluntary compensation of credits by companies. • Licensing procedures' integration in the Entrepreneur Desk (single point) – Aims to improve business environment and reduce businesses' burdens related with information obtainment and diversified digital services' submittal in public portals, by simplifying licensing procedures and gathering all services in a single point of contact. While launching the Portuguese public services portal ePortugal, it was also launched the first version of the "Online Business Desk", which already has 298 services available, and the "Plataforma do Mar", which provides a single point of access to all information and licensing processes related to the sea activities.

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
	<p>Develop a roadmap to reduce restrictions in highly regulated professions.</p>	<p>A new website (https://lnkd.in/gmWaCym) was launched on December 28, 2017 at the entrepreneur's desk regarding the recognition of professional qualifications. This will make available information on regulated professions in Portugal and on the procedures for the recognition of professional qualifications under Directive 2005/36/EC.</p> <p>Under Directive 2006/123/EC (on services in the internal market), a study was carried out by the Competition Authority on potential restrictions on the access to and exercise of a set of regulated professions, where the degrees of constraint in each profession were evaluated (covering the lawyer, notary, solicitor, court official, enforcement agent, technical engineer, certified accountant and pharmacist professions) and the underlying public interest motivations considered. This study is being considered, in order to determine its implementation and respective measure.</p> <p>The conclusions of the AdC / OECD Project were presented on 6 July 2018 at a joint public event, with the OECD presenting its report containing a set of pro-competitive recommendations entitled "OECD Competitive Impact Assessments: Portugal" (http://www.oecd.org/daf/competition/portugal-project-of-valuation-competition.htm), and the AdC presented the strategic lines of its "Plan of Action for Legislative and Regulatory Reform", adopted following OECD recommendations, containing proposals for pro-competitive legislative and regulatory reform that represent benefits estimated at around of 380 million € per year for the Portuguese economy (http://www.concorrenca.pt/vPT/Noticias_Eventos/Comunicados/Paginas/Comunicado_AdC_201809.aspx).</p> <p>The AdC has been taking steps to implement its Action Plan, which aims to promote and monitor the implementation of the necessary pro-competitive legislative and regulatory reforms in the two sectors evaluated, with the public decision-maker, seeking to contribute to the promotion of productivity and competitiveness of the sectors in the Portuguese economy.</p> <p>Also worth recalling, the AdC adopted and published its "Guidelines for the Evaluation of the Impact of Public Policies" in July 2018 (http://www.concorrenca.pt/vPT/Estudos_e_Publicacoes/Linhas_Orientacao).</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		/Paginas/Learn-of-Evaluation-of-Application-of-Primary-Policies-Public_Basics.aspx).
	<p>Increase the efficiency of administrative and tax courts, in particular by decreasing the length of proceedings.</p>	<p>To bring justice closer to the citizens, to ensure the quality of the justice public service, by facilitating the access to information, increasing transparency, communication and outreach to the users of the justice services as well as enhancing the quality of the services provided are goals that have been met.</p> <p>The focus on improving the capacity to respond of the Administrative and Tax Courts was maintained in 2017, with more openings for judges in these courts, as well as the implementation of the one-stop shop of the administrative and tax courts and the introduction of the digital processing as a preferred form of procedure. Measures to streamline the courts were also reinforced, especially by strengthening both the judiciary, by opening up courses for the judiciary and for the Public Prosecution and by strengthening the court officials' board of staff. Bearing in mind that we are facing an indicator that benefits from all the measures implemented in the justice sector, it is worth highlighting the reduction of the disposition time by 115 days, since 2015. It should also be highlighted the work carried out under the Simplex programme, for the implementation of a national consumer arbitration network, which would promote the out-of-court resolution of consumer disputes, enabling many conflicts between companies and consumers to be settled out of court, quickly and in a way that tends to be free of charge.</p> <p>In 2019, the analysis and monitoring of the design of the judicial organisation continues, with adjustments in the structure of both the judicial and the administrative and tax courts, in accordance with the monitoring and assessment carried out, in order to ensure the effectiveness of the response and the sustainability of the procedural pendency.</p> <p>The Government shall continue to implement measures, such as the establishment of the Digital Justice Services Platform on the Internet (e-Justice), the introduction of user information mechanisms, in particular in the service of documents, indicating the expected average duration of the ongoing procedure, and the implementation of the</p>

#	2019 Recommendations	Measures and state of play/ Description of direct relevance
		<p>Tribunal + model, by creating a centralised front office to facilitate the access to information in the court and offer a more friendly environment to users and professionals in the sector. Furthermore, a quality assessment of the system on the access to the law will be promoted, with the implementation of measures that shall remove constraints and ensure more effectiveness in the access to the law.</p> <p>Last but not least, the implementation of the re-qualification measures comprised in the Multi-Annual Strategic Plan for the Requalification and Modernisation of the Courts Network shall begin to be implemented through the Infrastructure and Justice Equipment Programming Law.</p> <p>The Government will continue to implement several legislative measures to reform the administrative and tax justice in order to promote efficiency, swiftness and reduce the red tape within the framework of the organisation and operation of the administrative and tax jurisdiction.</p> <p>To this end, teams of magistrates have been set up to recover the pendency, amendments in the judicial organisation have been introduced, through the specialisation of the first instance courts as concerns the subject matter, and the administrative and management mechanisms of the courts are being strengthened, in particular, the regime on the organisation and operation of the High Council of the Administrative and Tax Courts. Finally, the administrative and tax procedural laws have been amended to enhance simplification and the procedural aggregation (Laws Nos. 118/2019 of 17 September and 114/2019 of 12 September and 81/2018 of 15 October).</p>

Table 2. Targets Set by the Union's Strategy for Growth and Jobs

National 2020 headline targets	Measures	Targets (state of play 2018)
Employment rate target: 75%	<p>To achieve this target, the Portuguese Government is putting in place a comprehensive strategy which integrates different sectorial policy measures, such as education, Social Security and employment, namely:</p> <ul style="list-style-type: none"> • New framework for active labour market policy measures, promoting permanent contracts, with a focus on young people looking for their first job and those struggling to enter the job market, such as those in long and very long-term unemployment, and those with lower skills; • Exceptional support to employment, following rise in Minimum Wage; • Update the minimum wage; • Ensure early identification of Young NEET through the reinforcement of the Public Employment Service and through Informative Campaigning (Youth Guarantee Programme); • Development of a one-stop-shop for employment and of individual coaching during job-search activities; • Contract-Generation Programme; • Qualifica Programme, to improve the qualification of adult population. 	<p>The Portuguese employment rate, for the population between 20 and 64 years was in 2018 of 75.4%.</p> <p>In the third quarter of 2019, the rate is 76.6 % .</p>
Research and development target: 2.7%-3.3% of GDP	In order to ensure that the R&D investment objectives, which include the creation of around 25,000 skilled jobs in the	Total public and private R&D expenditure amounted to 1.4% of GDP in 2018 and recovered to the highest

National 2020 headline targets	Measures	Targets (state of play 2018)
	<p>2018-2030 period, are met, a number of measures are under way, including:</p> <ul style="list-style-type: none"> • The Scientific Employment Stimulation Program, which encouraged the hiring between January 2017 and June 2019 of approximately 5166 new contracts for researchers and PhD professors resulting from the opening of more than 6100 competitions or other mechanisms for the recruitment of doctorates; • Strengthening the role of scientific institutions in business innovation by setting up 21 Collaborative Laboratories and encouraging data sharing to meet the objectives of knowledge sharing with the entrepreneurial fabric and promoting scientific employment in enterprises; • Reinforced support for advanced training, with the number of PhD scholarships from about 950 scholarships in 2015 to about 1900 grants in 2019; • Launch and facility install of the “International Atlantic Research Center - AIR Center”; • Approval of the National Space Strategy, “Portugal Espaço 2030”, which includes the definition and approval of a “Space Law”, establishing the regime of access and exercise of space activities and the 	<p>absolute levels of 2009 and 2010, having increased by around 519 million € between 2015 and 2018. Increased R&D expenditure it was mainly significant in companies, with growth of 35% between 2015 and 2018 and now accounting for more than half of national R&D spending.</p> <p>The number of companies with R&D activities benefiting from tax breaks to hire PhD researchers has increased by 37% since 2015, including around 290 companies in 2017.</p> <p>The number of researchers in the working population has grown to 8.9 ‰ in 2018 (compared to 8.6 ‰ in 2017; 8.0 ‰ in 2016 and 7.4 ‰ in 2015).</p> <p>The number of researchers in companies increased around 3% between 2018 and 2017 and 35% between 2015 and 2018.</p> <p>The European Innovation Scoreboard 2019 (Panel of Innovation), published on June 17 by the European Commission, reinforces Portugal's ranking as one of the innovative countries, moving to the first country of the “Moderate Innovators” Group, a few tenths from for the group of the Strong Innovators.</p>

National 2020 headline targets	Measures	Targets (state of play 2018)
	<p>establishment of a space agency, “Portugal Space”, in close coordination with the European Space Agency, ESA, and taking on a new and innovative form in Europe in the form of an “ESA Hub”;</p> <ul style="list-style-type: none"> • Support for the hiring of PhD researchers by companies under tax incentives for R&D activities; • Effective simplification of procurement for goods and services, simplifying the Public Procurement Code for the pursuit of R&D activities, with the establishment of new rules applicable to the activity of scientific and academic institutions; • Launch of the “National Artificial Intelligence Strategy - AI Portugal 2030”; • Install of the “PERIN-Portugal in Europe Research and Innovation Network” to promote national participation in the European Research and Innovation Framework Program, as well as future Digital and Space programs, among others; • Approval and funding of the “GoPortugal - Global Science and Technology Partnerships Portugal” Program; • Strengthening support for clinical academic centers, bringing together health care units, 	

National 2020 headline targets	Measures	Targets (state of play 2018)
	<p>biomedical R&D center and medical and health schools, with their own legal regime and specific funding and evaluation procedures;</p> <ul style="list-style-type: none"> • Strengthening the financing conditions for clinical and translational research by setting up the Biomedical Research and Innovation Agency, with shared funding between the State (FCT and INFARMED) and the private sector. 	
Greenhouse gas emissions target: -1% (compared with 2005 emissions)	<p>Portugal committed to carbon neutrality in 2050 and developed the 2050 Carbon Neutrality Roadmap that achieves this goal by pointing out the emission reduction trajectory and the options and policies for decarbonizing the national economy. In line with this objective, the National Energy and Climate Plan ambitiously reinforces the targets for 2030, aiming to achieve between 45% and 55% reduction of greenhouse gas emissions, compared to 2005, 47% of renewable energy in gross final energy consumption and a reduction in energy consumption which translates into a 35% energy efficiency target. These goals build on what has been achieved so far, deepening the focus on renewable energy sources, energy efficiency, clean transport, clean industrial processes, waste management and carbon sinks.</p> <p>Portugal is currently the European country with the fourth highest share of renewable energy in electricity generation</p>	-18% (2017 data)

National 2020 headline targets	Measures	Targets (state of play 2018)
	<p>(up to 55%) and has committed to phase-out coal power generation by 2030.</p> <p>To this end, the progressive elimination of tax exemptions (excise duties and carbon taxes) on coal for electricity generation has also begun.</p> <p>The bet on renewable energy resulted in the launch of the first auction of solar capacity which resulted in record bids of € 14 / MWh and a demand for projects six times above auctioned capacity, confirming the potential and competitiveness of renewable energy sources.</p> <p>Measures were also taken to promote public transport. In this context, the launch of tenders for the extension of the Lisbon, Oporto Metro lines, the renewal of Soflusa and CP's fleet, as well as the support for the acquisition of high environmental performance vehicles for public transport fleets. With the PART - Tariff Reduction Support Program, it was possible to reduce the price of social passes, making public transport more affordable, while allowing additional savings for families.</p> <p>Active mobility was promoted through the development of the Cyclable Active Mobility Plan and electric mobility, with the reinforcement of the incentive to purchase electric vehicles and the maintenance of a favourable tax regime.</p>	

National 2020 headline targets	Measures	Targets (state of play 2018)
	<p>Currently, Portugal is the fourth country in Europe with the largest share of electric vehicle sales.</p> <p>In the area of financing, the Environmental Fund stands out as a State instrument for the pursuit of the objectives of sustainable development, contributing to the fulfilment of national and international objectives and commitments, namely those related to climate change, water resources, waste management and nature conservation and biodiversity. Through the Environmental Fund and the recycling of the proceeds from emission allowance auctions which are one of its main sources of revenue, it was possible to secure, by 2019 (until September), the disbursement of 175 million € to support climate action projects and measures.</p> <p>Finally, an highlight to the signing, in July 2019, of the Letter of Commitment for Sustainable Finance in Portugal by the main public and private actors of the financial sector in Portugal.</p>	
Renewable energy target: 31%	To achieve this goal, the Portuguese Government is implementing a comprehensive strategy that integrates different sectoral policy measures to strengthen the production and consumption of renewable energy sources, namely:	28.1% (2017 data)

National 2020 headline targets	Measures	Targets (state of play 2018)
	<ul style="list-style-type: none"> • Reinforcing the weight of electricity production from non-subsidized renewable sources, in particular solar, by introducing an auctioning mechanism for the allocation grid capacity. The result was the approval of 22 solar plant projects (806 MW), a set of new projects in the final phase of licensing (517 MW) and the holding of the first auction at the end of the first half of 2019 (1400 MW); • Promotion of over-equipment of wind farms; • Promotion of self-consumption of electricity from renewable energy sources; • Strengthening energy recovery from biomass. 	
Energy efficiency: absolute level of primary energy consumption of 22.5 Mtoe	<p>To achieve this goal, the Portuguese Government is implementing a comprehensive strategy that integrates different sectoral policy measures to promote reduction and efficient use of energy, namely:</p> <ul style="list-style-type: none"> • Public Administration, through the promotion of calls for the financing of actions to promote energy efficiency in public infrastructures, and the launch of the new Energy Efficiency Barometer (ECO.AP), as a key tool to promote energy efficiency in public administration; 	22.8 Mtep (2017 data)

National 2020 headline targets	Measures	Targets (state of play 2018)
	<ul style="list-style-type: none"> • National Rehabilitation Fund, in order to rehabilitate degraded buildings and thus improve the building park; • Efficient House Program, aiming to improve the comfort and energy consumption of houses and residential buildings; • Financial Instrument for Urban Rehabilitation and Revitalization (IFRRU) for financing the regeneration of built heritage in urban areas; • Business and Industry-oriented Innovation, Technology and Circular Economy Fund (FITEC) • Rehabilitate to Rent' Programme, which promotes the rehabilitation of buildings; • Launching of calls for the financing of energy efficiency promotion actions for the various sectors of activities within the Energy Efficiency Fund; • Electric mobility, by strengthening the charging infrastructure and supporting the modernization and decarbonisation of Government vehicles fleets through the purchase of electric vehicles; • Public transport with the objective of promoting decarbonization-inducing modal shift through the strengthening of supply and quality of service and financial support for the decarbonisation of public 	

National 2020 headline targets	Measures	Targets (state of play 2018)
	<p>passenger transport fleets (Subway, Road and Maritime);</p> <ul style="list-style-type: none"> Promoting Active Mobility. <p>Transition to a circular economy to promote an economic process based on the circulation of resources (material and energy).</p>	
Early school leaving target: 10%	In the context of quality assurance in vocational education and training in agreement with the EQAVET Framework, the model created by ANQEP was launched in January and February 2019. Following this, a large number (over 400) of education and training entities has joined the process and is currently implementing its quality assurance systems in alignment with EQAVET.	11.8%
Tertiary education target: 40%	<p>According with the Council of Ministers Resolution No. 25/2018, which approved the guidelines for a technological and business innovation strategy for Portugal, 2018-2030, more relevant than reaching a 40% percentage of higher education graduates in the 30-34 age group by 2020 is to reach by 2030 a level of 60% of the 20-year-old participating in higher education and a 50% level of graduates in the 30-34 age group.</p> <p>These goals have been pursued through on the adoption of the following measures:</p>	<p>Percentage of higher education graduates in the 30-34 age group by 2018 – 33.5%.</p> <p>In 2019, it is estimated that half of 20-year-old living in Portugal attend higher education, representing an increase of almost 25% of students when compared to 2015 (about 10,000 students between 2015 and 2019).</p> <p>The number of graduates increased 9.3% between 2015/16 and 2017/18 (latest data available).</p>

National 2020 headline targets	Measures	Targets (state of play 2018)
	<ul style="list-style-type: none"> • Democratisation of access to higher education, betting on the increase of public higher education students by creating better access conditions for students with economic needs (the budget for Social Action scholarships has been increased by 21% since 2015, reaching 144 M € in 2019 and about 80,000 beneficiaries); or special needs (conditions for access to higher education for students with special educational needs have been broadened and, in practice, exempt from tuition fees) and adults with professional experience (conditions for crediting professional experience have been extended in the attendance of CTeSP and established professional masters), and promoting territorial cohesion by making more vacancies available to the interior institutions; • Launch of the National Higher Education Housing Plan, mobilising efforts to provide housing solutions during university attendance to meet the needs of real estate market pressure, aiming to double the existing offer of 15,370 beds, in a period of 10 years, with an increase of 12 thousand beds already in the next 4 years; 	<p>In 2018/19, 385,247 students enrolled in higher education, 12,494 more than in the previous school year. Thus, the number of subscribers grew by 8% between 2015/16 and 2018/19.</p>

National 2020 headline targets	Measures	Targets (state of play 2018)
	<ul style="list-style-type: none"> • Reduction of tuition fees borne by students in public higher education, thereby reducing their attendance costs; • Reinforcement of short courses in higher education (CTeSP), either through funding allocated to its development or through attendance academic incentives, which have been better articulated between these short cycles and graduate degrees; • Approval of the legal regime for distance learning creating for the first time the regulation of this type of training offer with the aim of graduating about 50,000 graduates by 2030. 	
<p>Target on the reduction of population at risk of poverty or social exclusion in number of persons: -200,000</p>	<p>Reinforcement of social protection transversal to all areas of social safety net:</p> <ul style="list-style-type: none"> • Pensions and complements were increased by 14%; • Reinforcement of support for the long-term unemployed; • Recovery of the annual update of social support index (IAS), with impact on the calculation of pensions and various social benefits; • Increase of Family and child allowance; • Creation of the new Social Benefit for Inclusion; 	<p>-543 000 persons</p>

National 2020 headline targets	Measures	Targets (state of play 2018)
	<ul style="list-style-type: none"> • Phased replacement of the reference value of the Social Inclusion Income (RSI) that was in force before the reduction operated in 2013; • In the last 4 years, the budget of the Solidarity Complement for the Elderly (CSI) was increased by 34%; • Increase in the value of the special increase for disability and increase in the monthly amount of the 3rd person assistance allowance; • Social Protection through the protocols with the private institutions of social solidarity financing Programme increased 16% between 2015 and 2019. 	

9. Portuguese Public Finance Council Opinion



Previsões macroeconómicas subjacentes à Proposta de Orçamento do Estado para 2020

Parecer do Conselho das Finanças Públicas

n.º 03/2019

13 de dezembro de 2019

O Conselho das Finanças Públicas é um órgão independente, criado pelo artigo 3.º da Lei n.º22/2011, de 20 de maio, que procedeu à 5.ª alteração da Lei de Enquadramento Orçamental (Lei n.º 91/2001, de 20 de agosto, republicada pela Lei n.º 37/2013, de 14 de junho). A versão final dos Estatutos do CFP foi aprovada pela Lei n.º 54/2011, de 19 de outubro.

O CFP iniciou a sua atividade em fevereiro de 2012, com a missão de proceder a uma avaliação independente sobre a consistência, cumprimento e sustentabilidade da política orçamental, promovendo a sua transparência, de modo a contribuir para a qualidade da democracia e das decisões de política económica e para o reforço da credibilidade financeira do Estado.

INTRODUÇÃO

Este Parecer incide sobre as previsões macroeconómicas subjacentes à Proposta de Orçamento do estado para 2020 (POE/2020), enquadrando-se no “Protocolo entre o Ministério das Finanças e o Conselho das Finanças Públicas sobre a elaboração de parecer relativo às previsões macroeconómicas subjacentes ao Programa de Estabilidade e à Proposta de Orçamento do Estado”, celebrado a 6 de fevereiro de 2015.

De acordo com o estabelecido no referido Protocolo, o Governo comunicou formalmente ao Conselho das Finanças Públicas (CFP) no dia 28 de outubro que a POE/2020 seria apresentada à Assembleia da República no dia 16 de dezembro (dia “D” para efeitos do calendário incluído na secção 5 do Protocolo).

O CFP recebeu a 20 de novembro uma versão de trabalho das previsões macroeconómicas num cenário de políticas invariantes. Dada a sua natureza e conteúdo, o CFP cumpriu a etapa 3 do processo, enviando a 25 de novembro um documento técnico opcional não publicado como primeira reação ao cenário tendencial. A 2 de dezembro o Ministério das Finanças (MF) remeteu ao CFP um conjunto de argumentos em resposta às questões levantadas.

Uma nova versão das previsões macroeconómicas no cenário de políticas invariantes foi enviada ao CFP a 3 de dezembro juntamente com as previsões macroeconómicas no cenário programático, isto é, considerando o impacto das medidas de política previstas pelo Governo na POE/2020, não especificando, contudo, essas medidas. No dia 5 de dezembro decorreu uma reunião entre as equipas do MF e do CFP na qual a primeira fez uma apresentação sumária dos dois cenários e dos esclarecimentos referidos.

Houve posteriormente um conjunto de interações técnicas com o MF tendo a versão final do cenário macroeconómico sido enviada a 11 de dezembro. Este Parecer incide sobre os valores considerados pelo MF para as hipóteses externas e técnicas e para as previsões macroeconómicas subjacentes a esse cenário. O Quadro 1 apresenta os principais indicadores que resultam da informação mais recente transmitida pelo MF ao CFP até à data de fecho deste Parecer.

A metodologia e o processo de análise utilizados neste Parecer estão descritos no Protocolo acima referido. Para proceder à análise das previsões macroeconómicas subjacentes à POE/2020 o CFP recorreu aos seguintes meios:

- a) Análise das previsões pelos técnicos do CFP;
- b) Comparação com as previsões e projeções disponíveis realizadas por instituições de referência: Banco de Portugal (BdP), CFP, Fundo Monetário Internacional (FMI), Comissão Europeia (CE), e Organização para a Cooperação e Desenvolvimento Económico (OCDE);
- c) Informação estatística mais recente, produzida pelas autoridades estatísticas nacionais – Instituto Nacional de Estatística (INE) e BdP;
- d) Esclarecimentos técnicos verbais e escritos prestados pelo MF relativamente às previsões apresentadas.

CENÁRIO MACROECONÓMICO SUBJACENTE À POE/2020

O cenário macroeconómico subjacente à Proposta de Orçamento de Estado para 2020 (POE/2020) prevê um crescimento da economia de 1,9% em 2019. Esta **previsão do MF para 2019**, encontra-se em linha com as projeções para a economia portuguesa das instituições consideradas no Quadro 2, as quais variam entre os 1,9% do Fundo Monetário Internacional (FMI), do CFP e da

Quadro 1 – Previsões macroeconómicas subjacentes à POE/2020

	2018	2019	2020
PIB real e componentes (variação, %)			
PIB	2,4	1,9	1,9
Consumo privado	3,1	2,2	2,0
Consumo público	0,9	0,6	0,8
Investimento (FBCF)	5,8	7,3	5,4
Exportações	3,8	2,5	3,2
Importações	5,8	5,2	4,4
Contributos para a variação real do PIB (p.p.)			
Procura interna	3,2	3,0	2,4
Exportações líquidas	-0,8	-1,1	-0,5
Preços (variação, %)			
Deflador do PIB	1,6	1,5	1,4
Deflador do consumo privado	1,3	1,2	1,2
Deflador do consumo público	1,8	1,7	1,6
Deflador do investimento (FBCF)	3,0	1,3	1,3
Deflador das exportações	2,1	0,3	1,0
Deflador das importações	2,4	-0,1	0,9
IHPC	1,2	0,4	1,1
PIB nominal			
Variação (%)	4,1	3,4	3,3
Mercado de trabalho (variação, %)			
Taxa de desemprego (% pop. ativa)	7,0	6,4	6,1
Emprego	2,3	1,0	0,6
Remuneração média por trabalhador	2,5	2,6	2,8
Produtividade aparente do trabalho	0,1	0,8	1,3
Financiamento da economia e sector externo (% PIB)			
Cap./nec. líquida de financiamento face ao exterior	1,2	0,5	0,2
Balança de bens e serviços	0,1	-0,8	-1,3
Balança de rend. primários e transferências	0,1	0,1	0,3
Balança de capital	1,0	1,2	1,2
Cap./nec. líquida de financiamento do sector privado	1,6	0,5	0,0
Cap./nec. líquida de financiamento das AP	-0,4	-0,1	0,2
Desenvolvimentos cíclicos			
PIB potencial (variação, %)	1,8	1,9	2,1
Hiato do produto (% PIB potencial)	1,6	1,5	1,3
Pressupostos			
Procura externa (variação, %)	3,1	2,4	3,0
Taxa de juro de curto prazo (média anual, %)	-0,3	-0,4	-0,3
Taxa de câmbio EUR-USD (média anual)	1,18	1,12	1,12
Preço do petróleo (Brent, USD/barril)	71,5	63,4	57,7

Fonte: MF – Informação comunicada a 11 de dezembro de 2019.

Organização para a Cooperação e Desenvolvimento Económico (OCDE), e os 2,0% da Comissão Europeia (CE) e do Banco de Portugal (BdP). A contribuir para a desaceleração antecipada pelo MF para 2019 estará, tanto o contributo mais modesto da procura interna (3,0 p.p. em 2019 vs. 3,2 p.p. em 2018), como o contributo mais negativo das exportações líquidas (-1,1 p.p. em 2019 vs. -0,8 p.p. em 2018). A diminuição do contributo da procura interna segue o sentido já perspetivado pelo CFP, pela OCDE e pela CE. A dinâmica de desaceleração da procura interna este ano ficará a dever-se, no cenário do MF, à redução da taxa de crescimento do consumo privado (2,2% vs. 3,1% em 2018) e do consumo público (0,6% vs. 0,9% em 2018), uma vez que o ritmo de crescimento da Formação Bruta de Capital Fixo (FBCF) deverá registar um aumento (7,3% vs. 5,8% em 2018). As instituições consideradas para comparação pelo CFP antecipam uma evolução destas três componentes em sentido igual ao apresentado no cenário macroeconómico do MF. As exportações líquidas no cenário do MF apresentam um contributo

para o crescimento do PIB real mais negativo em 2019 do que o verificado em 2018, por via da desaceleração das exportações de bens e serviços (-1,3 p.p.) mais acentuada do que o previsto para as importações (-0,6 p.p.). O contributo das exportações líquidas de importações no cenário do MF para 2019 é mais negativo que o esperado pela CE, pelo CFP e pela OCDE, uma vez que estas instituições esperam abrandamentos das exportações menos pronunciados do que o MF, que, ao mesmo tempo, antevem uma desaceleração das importações de bens e serviços mais acentuada do que a subjacente ao cenário incluído na POE/2020.

Quadro 2 – Projeções e previsões para a economia portuguesa

Ano Instituição e publicação Data de publicação	2018	2019						2020				
		BdP out19	CFP out19	FMI out19	CE nov19	OCDE nov19	MF dez19	CFP out19	FMI out19	CE nov19	OCDE nov19	MF dez19
PIB real e componentes (variação, %)												
PIB	2,4	2,0	1,9	1,9	2,0	1,9	1,9	1,7	1,6	1,7	1,8	1,9
Consumo privado	3,1	2,3	2,1	-	2,3	2,1	2,2	1,9	-	2,0	2,2	2,0
Consumo público	0,9	0,5	0,7	-	0,8	0,5	0,6	1,2	-	0,8	0,6	0,8
Investimento (FBCF)	5,8	7,2	7,6	-	6,5	6,9	7,3	5,2	-	4,8	1,2	5,4
Exportações	3,8	2,3	2,7	4,0	2,7	2,7	2,5	3,1	4,0	2,7	1,1	3,2
Importações	5,8	4,6	4,6	5,9	4,6	4,9	5,2	4,0	5,5	3,9	1,4	4,4
Contributos para o crescimento do PIB real (p.p.)												
Procura interna	3,2	-	2,7	-	2,8	2,9	3,0	2,1	-	2,3	1,9	2,4
Exportações líquidas	-0,8	-	-0,8	-	-0,8	-0,9	-1,1	-0,4	-	-0,6	-0,2	-0,5
Preços (variação, %)												
Deflator do PIB	1,6	-	1,3	1,3	1,4	1,1	1,5	1,1	1,5	1,5	0,5	1,4
Deflator do consumo privado	1,3	-	1,0	-	0,5	0,8	1,2	1,1	-	1,2	0,5	1,2
Deflator do consumo público	1,8	-	1,8	-	4,3	1,2	1,7	1,1	-	3,6	0,6	1,6
Deflator da FBCF	3,0	-	1,5	-	2,0	1,8	1,3	1,0	-	1,6	1,2	1,3
Deflator das exportações	2,1	-	1,0	-	1,6	0,5	0,3	1,0	-	0,9	0,8	1,0
Deflator das importações	2,4	-	0,8	-	1,5	0,3	-0,1	0,9	-	0,9	1,0	0,9
IHPC	1,2	0,4	0,3	0,9	0,3	0,3	0,4	0,6	1,2	1,1	0,5	1,1
PIB nominal												
Variação (%)	4,1	-	3,3	3,2	3,4	3,0	3,4	2,8	3,1	3,3	2,2	3,3
Nível (mil M€)	203,9	-	210,6	210,5	210,8	210,1	210,8	216,4	217,1	217,7	214,8	217,8
Mercado de trabalho (variação, %)												
Taxa de desemprego (% pop. ativa)	7,0	6,4	6,2	6,1	6,3	6,5	6,4	6,0	5,6	5,9	6,4	6,1
Emprego	2,3	0,9	1,2	1,3	1,0	0,9	1,0	0,6	1,0	0,5	0,7	0,6
Remuneração média por trabalhador	2,5	-	3,0	-	3,2	1,9	2,6	2,4	-	2,8	1,6	2,8
Produtividade aparente do trabalho	0,1	-	0,7	-	1,0	1,1	0,8	1,1	-	1,2	1,1	1,3
Sector externo (% PIB)												
Capacidade líquida de financiamento	1,2	0,5	0,4	-	0,8	-	0,5	0,0	-	0,6	-	0,2
Balança corrente	0,1	-	-0,3	-0,6	-0,4	-1,2	-	-0,8	-0,7	-0,7	-1,0	-
Balança de bens e serviços	0,1	-0,7	-0,6	-	-0,7	-0,7	-0,8	-1,0	-	-1,2	-1,0	-1,3
Balança de rend. primários e transf.	0,1	-	0,3	-	0,3	-0,5	0,1	0,2	-	0,5	-0,1	0,3
Balança de capital	1,0	-	0,7	-	1,2	-	1,2	0,8	-	1,2	-	1,2
Desenvolvimentos cíclicos												
PIB potencial (variação, %)	-	-	2,0	-	1,8	1,7	1,9	2,2	-	1,9	1,6	2,1
Hiato do produto (% PIB potencial)	-	-	1,6	0,4	1,7	-1,8	1,5	1,1	0,4	1,5	-1,7	1,3
Finanças públicas (% PIB)												
Saldo orçamental	-0,4	-	0,1	-0,2	-0,1	-0,1	-0,1	0,3	0,1	0,0	0,0	0,2

Fontes: 2018: INE. 2019-2020: BdP - Boletim Económico, outubro 2019; CFP - Finanças Públicas: Situação e Condicionantes 2019-2023 (Atualização), outubro 2019; FMI - World Economic Outlook, outubro 2019; CE - Autumn 2019 Economic Forecast, novembro 2019; OCDE - Economic Outlook No. 106, novembro 2019; MF - POE/2020, dezembro 2019.

Para 2020, o MF antecipa uma estabilização da taxa de crescimento PIB real em 1,9%, em resultado da expectativa de diminuição do contributo da procura interna em 0,6 p.p. para 2,4 p.p., compensada por um contributo menos negativo das exportações líquidas (-0,5 p.p. vs. -1,1 p.p. em 2019). A dinâmica prevista pelo MF para o PIB real compara com as projeções coligidas no Quadro 2, balizadas entre os 1,6% do FMI e os 1,8% da OCDE.

No cenário do MF, o abrandamento previsto para o contributo da procura interna dever-se-á quer à desaceleração esperada para o ritmo de crescimento do consumo privado (-0,2 p.p.), quer à redução mais substancial da taxa de variação da FBCF (-1,9 p.p.), uma vez que o consumo público deverá acelerar 0,2 p.p. face à previsão para 2019 (0,6%). A dinâmica prevista pelo MF para estas três componentes está em linha com a trajetória esperada pelo CFP e pela CE, antevendo a OCDE um abrandamento da taxa de crescimento da FBCF, mas uma ligeira aceleração do consumo público em 2020. Note-se, no entanto, que o MF tem a previsão mais otimista de todas as instituições no que se refere ao crescimento da FBCF em 2020 (+0,2 p.p. face à projeção mais elevada no Quadro 2). Relativamente à evolução das exportações líquidas, o cenário do MF subjacente à POE/2020 prevê que o contributo menos negativo no próximo ano derive de uma aceleração da taxa de crescimento das exportações (3,2% vs. 2,5% em 2019), acompanhada de um abrandamento do ritmo de crescimento das importações de bens e serviços (4,4% vs. 5,2% em 2019). Tal como o MF, todas as instituições do Quadro 2 antecipam uma desaceleração das importações, não existindo, no entanto, convergência quanto à evolução esperada para as exportações de bens e serviços: o CFP antecipa uma aceleração, o FMI e a CE uma estabilização e a OCDE perspetiva um abrandamento.

O deflator do PIB, de acordo com o MF, deverá registar uma desaceleração de 1,5% em 2019 para 1,4% em 2020, traduzindo sobretudo a aceleração do deflator das importações no próximo ano. No que se refere ao deflator do PIB, as instituições consideradas no Quadro 2 divergem quanto ao sentido que esta variável deverá tomar, uma vez que o CFP e a OCDE esperam um abrandamento da sua taxa de crescimento, enquanto o FMI e a CE esperam uma aceleração da mesma, em 2020. Trajetória diferente deverá registar o Índice Harmonizado de Preços no Consumidor (IHPC), com o MF a prever uma aceleração de 0,4% em 2019, para 1,1% em 2020. A generalidade das instituições consideradas aponta, tal como o MF, para um robustecimento da taxa de crescimento do IHPC, sendo a projeção do FMI a mais elevada, com uma taxa de inflação esperada de 1,2%, e a da OCDE a mais conservadora prevendo uma taxa de inflação de 0,5% para 2020.

Como resultado dos desenvolvimentos enunciados para o PIB real e para o deflator do produto, o MF espera um abrandamento da taxa de variação do PIB nominal em 0,1 p.p. para 3,3% em 2020 motivada, em exclusivo, pela perspetiva de abrandamento do crescimento do deflator implícito do PIB. Esta previsão encontra-se alinhada com a tendência das projeções das instituições consideradas, uma vez que todas antecipam uma desaceleração desta variável em 2020.

O mercado de trabalho, de acordo com o MF, deverá prosseguir a trajetória de recuperação, perspetivando-se uma diminuição da taxa de desemprego de 6,4% em 2019 para 6,1% em 2020. Esta evolução traduzirá uma dinâmica positiva de criação de emprego, ainda que se preveja uma desaceleração das taxas de crescimento deste indicador de 1,0% em 2019 para 0,6% em 2020. O desempenho esperado para o mercado de trabalho pelo MF encontra-se globalmente alinhado

com as projeções das entidades consideradas no comparador, na medida em que todas elas esperam uma diminuição da taxa de desemprego de 2019 para 2020. A taxa de crescimento da remuneração média por trabalhador (nominal) no cenário do MF deverá acelerar de 2,6% em 2019 para 2,8% em 2020. Em termos reais, e usando o IHPC como deflator, o MF espera, no entanto, um abrandamento da remuneração média real por trabalhador de 2,2% em 2019 para 1,7% em 2020. As instituições selecionadas antecipam uma desaceleração da taxa de variação da remuneração média por trabalhador (nominal) entre 2019 e 2020, ficando, ainda assim, o valor do MF enquadrado com as projeções destas quer para 2019, quer para 2020. Em termos reais, a remuneração média por trabalhador prevista pelo MF encontra-se também balizada pelas perspetivas das instituições referidas tanto em 2019 como em 2020.

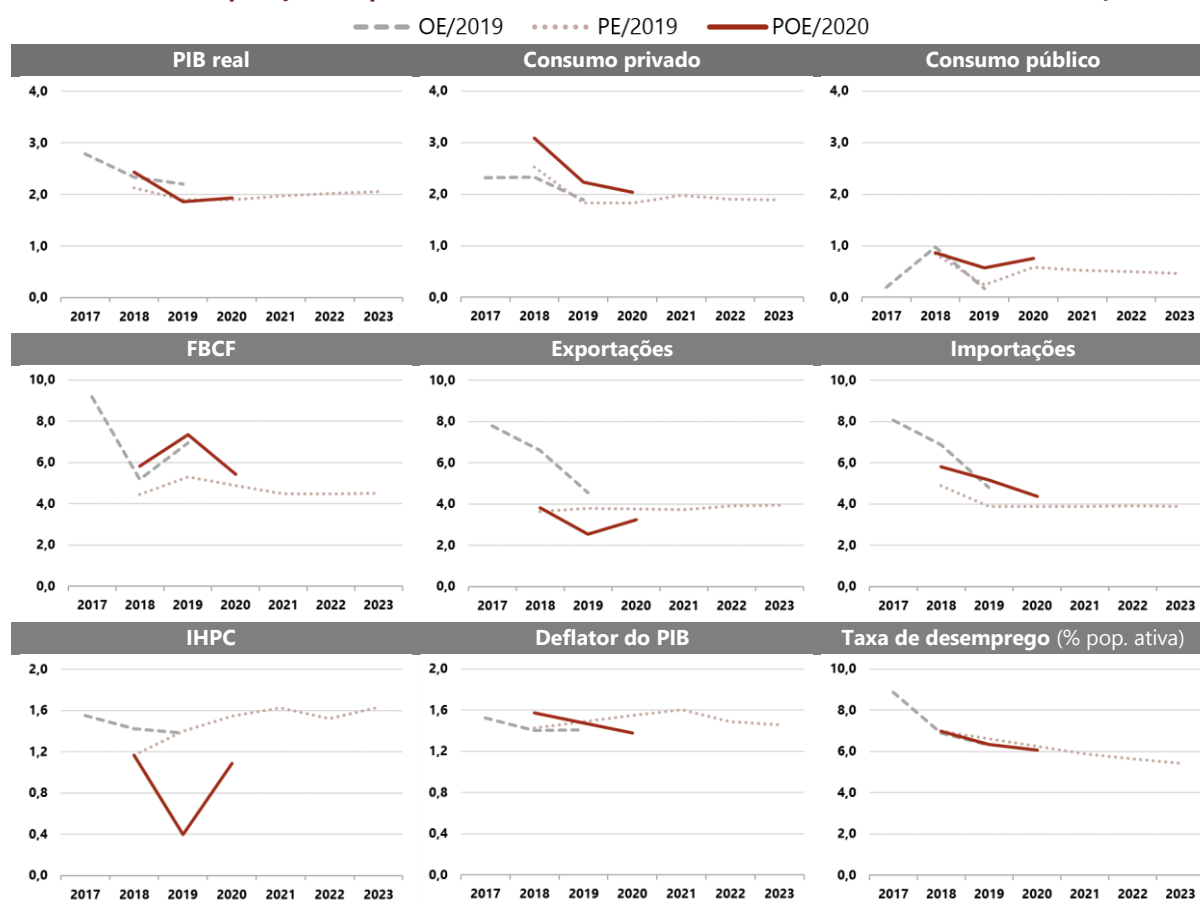
Ainda de acordo com o cenário macroeconómico do MF, a produtividade aparente do trabalho deverá crescer 0,8% em 2019, acelerando para 1,3% em 2020. Esta aceleração enquadra-se na evolução esperada tanto pelo CFP como pela CE para 2019, mas para 2020 o valor previsto pelo MF situa-se ligeiramente acima das projeções das diversas instituições consideradas.

O MF prevê uma degradação da capacidade líquida de financiamento da economia portuguesa, passando de 0,5% do PIB em 2019 para 0,2% do PIB em 2020. Este comportamento resultará, exclusivamente, da perspetiva de redução do saldo da balança de bens e serviços de -0,8% do PIB em 2019 para -1,3% do PIB no próximo ano, uma vez que a balança de rendimentos primários e transferências deverá apresentar uma melhoria de 0,2 p.p. para 0,3% do PIB em 2020, e que o saldo da balança de capital deverá permanecer inalterado em 1,2% do PIB, em 2019 e 2020. Também as instituições consideradas esperam uma degradação da capacidade líquida de financiamento da economia portuguesa entre 2019 e 2020 em resultado, primordialmente, e tal como no cenário do MF, de uma degradação do saldo da balança de bens e serviços.

Conciliação com previsões anteriores do MF

Em 23 de setembro de 2019 o INE disponibilizou novas séries das Contas Nacionais Trimestrais tendo procedido à revisão do ano base, à incorporação de nova informação e a algumas alterações metodológicas. Esta revisão conduziu a uma revisão significativa em alta do nível e da taxa de crescimento do PIB em 2017 e 2018, alterações estatísticas que afetaram de forma materialmente significativa os exercícios de projeção e, por isso, limitam a comparabilidade dos novos cenários macroeconómicos com os realizados anteriormente. Deve, por essa razão, fazer-se uma leitura com as devidas reservas do Gráfico 1, que compara o cenário subjacente à POE/2020 com previsões macroeconómicas do MF anteriores, apresentadas com o PE/2019 e o OE/2019.

Gráfico 1 – Comparação das previsões incluídas na POE/2020, no PE/2019 e no OE/2019 (variação, %)



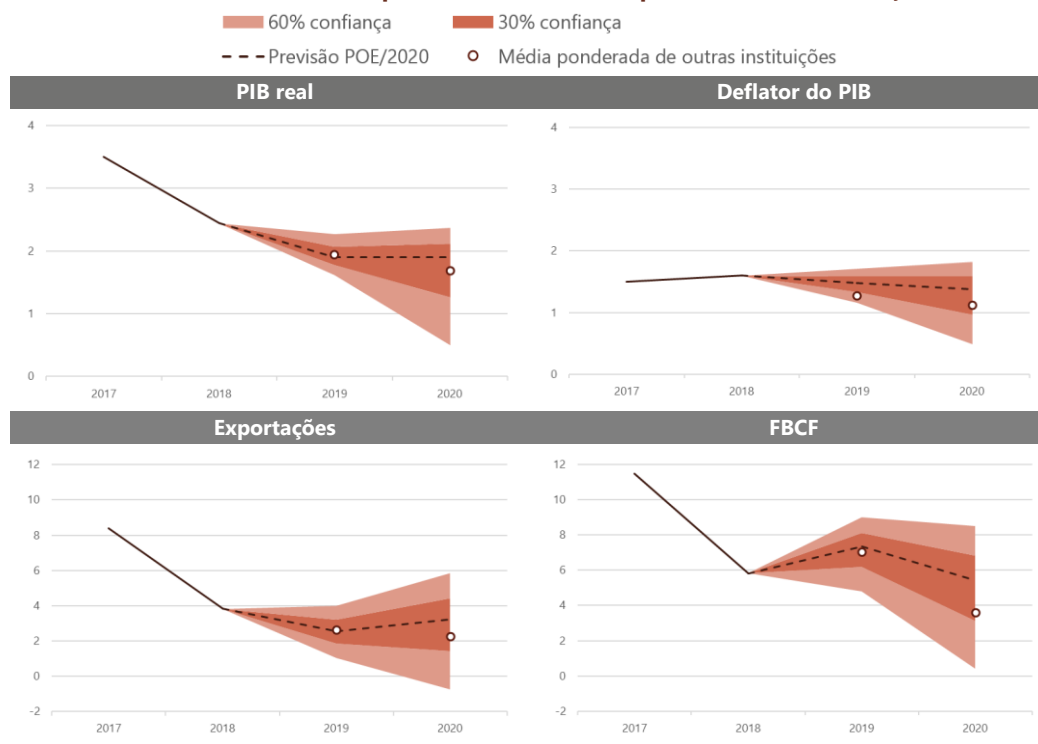
Fonte: MF – POE/2020, PE/2019 e OE/2019.

PRINCIPAIS CONSIDERAÇÕES

O cenário macroeconómico subjacente à POE/2020 aponta para a manutenção do ritmo de crescimento da atividade económica (PIB real) face ao ano anterior. No cômputo geral, o cenário macroeconómico do MF não difere significativamente das projeções para a economia portuguesa das instituições de referência apresentadas no Quadro 2, não obstante a previsão de um ritmo de crescimento do PIB real e FBCF em 2020 ligeiramente mais elevados. Para esse ano, os riscos associados ao cenário são descendentes e sobretudo de natureza externa.

A análise do cenário macroeconómico em apreço é feita ponderando o grau de risco inerente às previsões do MF. De modo a ilustrar esse risco e incerteza, com base na análise do desempenho passado do modelo de previsão do MF, são calculados intervalos de confiança assimétricos associados às previsões (função de densidade probabilidade associada às previsões).¹ Os resultados são apresentados no Gráfico 2.

Gráfico 2 – Intervalos de previsão associados às previsões do MF (variação, %)

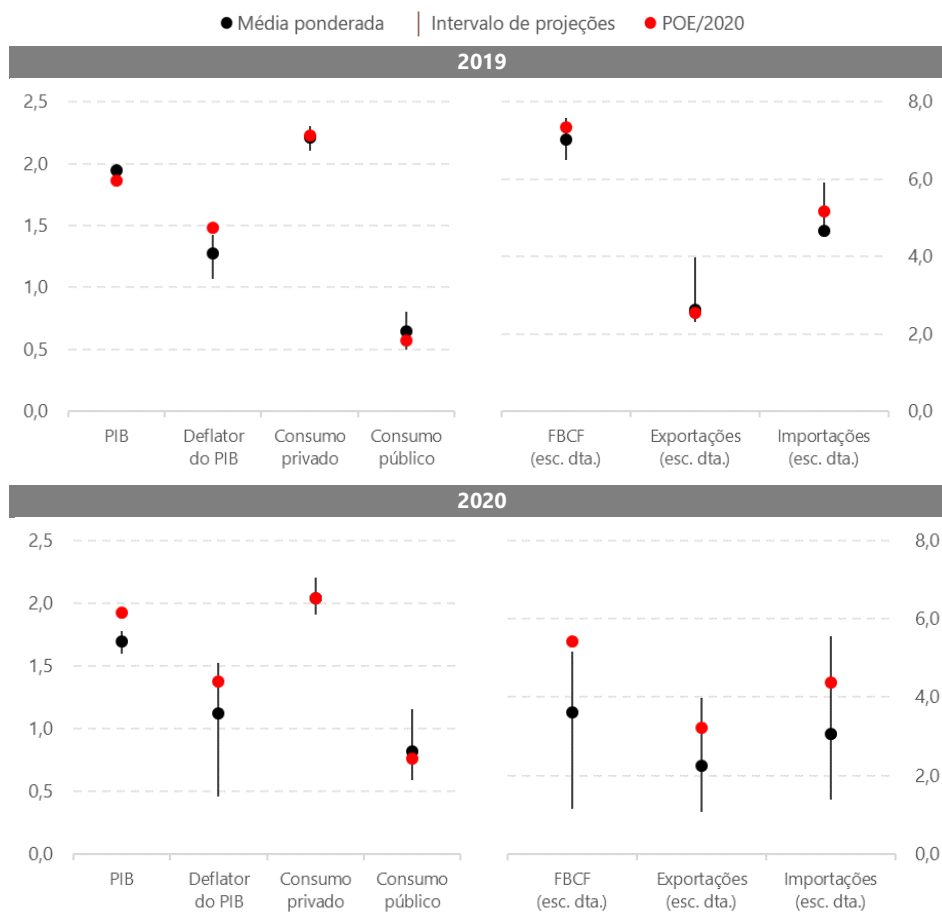


Fonte: POE/2020; CFP – cálculos das bandas de confiança com base nos relatórios do Orçamento do Estado 1997-2019.

Adicionalmente, com base nas projeções para a economia portuguesa de outras instituições (Quadro 2) as previsões macroeconómicas do MF são enquadradas na distribuição de projeções existentes, apresentando-se também a média ponderada (pela incorporação de informação) dessas mesmas projeções (Gráfico 3).

¹ Partindo dos relatórios do Orçamento do Estado publicados no período 1997-2019, o CFP calculou os intervalos de confiança associados às previsões do MF com base nos respetivos erros de previsão, isto é, a diferença entre os valores previstos e os valores observados. Quanto maior é a incerteza relativa a uma determinada previsão, mais ampla é a região de confiança associada a esse ponto (e menos escura a sua tonalidade). Os intervalos de previsão considerados são assimétricos, o que significa que são calculadas probabilidades distintas para a ocorrência de desvios negativos e positivos.

Gráfico 3 – Enquadramento das previsões da POE/2020 (variação, %)



Fonte: POE/2020; cálculos do CFP – a média ponderada das taxas de crescimento apresentadas por outras instituições (BdP, CFP, FMI, CE e OCDE) é calculada ponderando o indicador respetivo de cada instituição (Quadro 2) com a percentagem de informação disponível à data de cada exercício de projeção. A percentagem representa o tempo decorrido entre a publicação das projeções das instituições consideradas e a data de entrega da POE. Para o indicador j da instituição i , o ponderador ($P_{j,i}$) é obtido da seguinte forma: $P_{j,i} = \frac{1 - D_{ji}/360}{P_j}$, em que D_{ji} é o número de dias (num ano de 360 dias) entre a data de entrega da POE e a publicação das projeções da instituição i , e $P_j = \sum_{i=1}^n (1 - D_i/360)$. O intervalo de projeções é definido pela totalidade da amostra das previsões das instituições consideradas no Quadro 2, excluindo as do MF.

Para 2019 o cenário do MF afigura-se como o mais provável na evolução do PIB e da maior parte das suas componentes, estando balizado pelos cenários divulgados até à data de publicação deste Parecer (Quadro 2).

Para 2020, o perfil de manutenção do crescimento real considerado pelo MF comporta riscos descendentes, tendo em conta a incerteza que persiste no panorama económico a nível internacional e a manutenção das tensões comerciais que têm sido prejudiciais para o crescimento dos principais parceiros comerciais de Portugal, aliados à vulnerabilidade da economia portuguesa a choques externos.

CONCLUSÃO

A conclusão desta análise do Conselho das Finanças Públicas tem em conta os princípios do artigo 8.º da lei de enquadramento orçamental (Lei n.º 151/2015, de 11 de setembro): “As projeções orçamentais subjacentes aos documentos de programação orçamental devem basear-se no cenário macroeconómico mais provável ou num cenário mais prudente”. Este mesmo princípio orientador de utilização de previsões realistas para a condução das políticas orçamentais encontra-se também vertido na legislação europeia, em particular no Pacto de Estabilidade e Crescimento e na Diretiva n.º 2011/85/UE do Conselho de 8 de novembro de 2011, que estabelece requisitos aplicáveis aos quadros orçamentais dos Estados-Membros.

Nos termos do número 4 do artigo 4.º do Regulamento n.º 473/2013 do Parlamento Europeu e do Conselho de 21 de maio de 2013, em resultado da análise efetuada às previsões macroeconómicas subjacentes ao Projeto de Plano Orçamental para 2020, **o Conselho das Finanças Públicas endossa as estimativas e previsões macroeconómicas apresentadas.**