

Draft Budgetary Plan **2021**

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INDEX

Foreword.....	5
1. Macroeconomic Forecasts	6
2. Budgetary Targets.....	8
3. Expenditure and Revenue Projections under the No-police Change Scenario	9
4. Expenditure and Revenue Targets.....	10
5. Description of Discretionary Measures Included in the Draft Budget.....	12
6. Comparison with Stability Programme	13
7. Voluntary tables.....	14
8. Adequacy between Measures in the Draft Budgetary Plan and the Country Specific Recommendations (CSR) approved by the Council.....	15
9. Portuguese Public Finance Council Opinion	59

TABLES

Table 1. Basic Assumptions.....	6
Table 2. Macroeconomic Prospects.....	6
Table 3. Price Developments	6
Table 4. Labour Market Developments	7
Table 5. Sectoral Balances	7
Table 6. General Government Budgetary Targets	8
Table 7. General Government Debt Developments	8
Table 8. Contigent Liabilities	8
Table 9. General Government Expenditure and Revenue Projections at Unchanged Policies Broken Down by Main Components	9
Table 10. General Government Expenditure and Revenue Targets, Broken Down by Main Components .	10
Table 11. Amounts to be excluded from the Expenditure Benchmark	10
Table 12. Classification of the Functions of the Government.....	11
Table 13. Classification of the Functions of the Government.....	12
Table 14. Divergence from Latest Stability Programme ¹	13
Table 15. Assumptions on revenue and expenditure of general government (S.13) in the context of the Recovery and Resilience Facility (RRF).....	14
Table 16. Guarantees adopted/announced in response to COVID-19 outbreak	14
Table 17. Country Specific Recommendations	15
Table 18. Targets Set by the Union's Strategy for Growth and Jobs	44

Foreword

The State Budget for 2021 is the most demanding budgetary exercise of the last several years.

The pandemic crisis has required an unprecedented response by the Portuguese Government. Strengthening our National Health System, tackling the spread of the virus and preserving jobs were absolute priorities from the start, and the Government did not hesitate in deploying large-scale policies to tackle the social and economic consequences of this crisis.

Before the COVID-19 outbreak, the Portuguese economy had been growing for more than 27 consecutive quarters and presented an unprecedented macroeconomic equilibrium: sound public finances - with the first budget surplus in 45 years -, low unemployment and a positive trade balance.

Like the rest of the world, Portugal focused its immediate policy response in reducing transmission rates, strengthening the National Health System and protecting the most vulnerable groups. This effort, however, had a severe impact on business activity: shops were closed, consumption halted, and industrial production fell dramatically. Despite sustainable signs of recovery in the 3rd quarter, we expect a GDP contraction of 8.5% in 2020 - the greatest recession since the beginning of the 20th century.

With the number of new cases increasing consistently, the Government placed maintaining jobs at the top of its priorities. An innovative “short-time work scheme” prevented a rise of the unemployment rate – reducing the impact on private consumption and supporting business recovery.

Additionally, the Government launched the “Social and Economic Stabilization Programme” (PEES), an exceptional economic stimulus package worth more than 5 billion euros (more than 2% of GDP). This unprecedented, time-contained hike in government spending was made possible by Portugal’s acclaimed track record in public finance built over the last 5 years. The fiscal strategy adopted over the last years created room for the current exceptional spending without compromising borrowing conditions for Government, households and businesses.

The macroeconomic outlook presented in this Draft Budgetary Plan foresees a strong recovery in 2021 (+5,4%) and in 2022 (+3,4%). By 2022, the GDP will reach its pre-crisis level. Additionally, the Budget Balance will fall below the -3% threshold.

Moreover, amidst very challenging circumstances, the European Union responded vigorously with unprecedented instruments: for instance, SURE supports employment policies and short-time work schemes and REACT-EU funds the immediate response to the economic consequences of the pandemic.

We also witnessed the approval by the Council of the EU Recovery and Resilience Facility, an unparalleled medium-term financial support programme for the implementation of investments and structural reforms. More than a tool to fight the pandemic and to tackle its asymmetric impacts, the Recovery and Resilience Facility will be instrumental in transforming the European economy and in paving the way to the EU’s twin transition.

Despite the challenges ahead, the Portuguese Government is firmly committed to relaunching the economic activity, nurturing business growth, strengthening the health system and protecting jobs.

The 2021 State Budget intends to steer the economy towards a resilient and fast recovery, leaving no one behind, while safeguarding the sustainability of public finances, and prepare our economy to the unique opportunities created by the climate and digital transition.

João Leão

Minister of State and Finance

1. Macroeconomic Forecasts

Table 1. Basic Assumptions

	2019	2020	2021
Short-term interest rate (annual average)	-0,4	-0,4	-0,4
Long-term interest rate EA (annual average)	1,5	1,7	1,9
USD/€ exchange rate (annual average)	1,12	1,14	1,18
Nominal effective exchange rate	-5,2	2,1	3,2
World excluding EU, GDP growth	3,4	-2,9	5,0
EU GDP growth	1,5	-7,8	5,1
Growth of relevant foreign markets	1,8	-15,1	9,4
World import volumes, excluding EU	4,3	-10,0	6,1
Oil prices (Brent, USD/barrel)	63,8	42,6	45,2

Table 2. Macroeconomic Prospects

	ESA Code	2019	2019	2020	2021
		Level (10 ⁶ euros)	rate of change		
1. Real GDP	B1*g	202 967,9	2,2	-8,5	5,4
<i>of which</i>					
2. Potential GDP		196 040,6	1,5	0,6	1,7
3. Nominal GDP	B1*g	213 301,0	4,0	-7,0	6,3
Components of real GDP					
4. Private final consumption expenditure	P.3	130 977,5	2,4	-7,1	3,9
5. Government final consumption expenditure	P.3	33 301,2	0,7	-0,3	2,4
6. Gross fixed capital formation	P.51g	36 043,7	5,4	-7,4	5,3
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53	1 517,8	0,7	0,1	0,2
8. Exports of goods and services	P.6	87 654,5	3,5	-22,0	10,9
9. Imports of goods and services	P.7	86 531,3	4,7	-17,8	7,2
Contributions to real GDP growth					
10. Final domestic demand		200 322,4	2,6	-5,9	3,9
11. Changes in inventories and net acquisition of valuables	P.52 + P.53	1 517,8	0,0	-0,6	0,1
12. External balance of goods and services	B.11	1 123,3	-0,4	-1,9	1,3

Table 3. Price Developments

	ESA code	2019	2019	2020	2021
		Level	rate of change		
1. GDP deflator		1,05	1,7	1,5	0,9
2. Private consumption deflator		1,04	0,9	0,3	0,9
3. HICP		1,04	0,3	-0,1	0,7
4. Public consumption deflator		1,08	2,6	4,3	0,4
5. Investment deflator (GFCF)		1,08	2,5	0,3	1,1
6. Export price deflator (goods and services)		1,06	0,5	-1,0	0,9
7. Import price deflator (goods and services)		1,07	0,0	-2,2	0,6

Table 4. Labour Market Developments

	ESA Code	2019	2019	2020	2021
		Level	rate of change		
1. Employment, persons¹		4 952,2	0,8	-3,8	1,0
3. Unemployment rate³ (%)		-	6,5	8,7	8,2
4. Labour productivity, persons⁴		41,0	1,4	-4,8	4,3
6. Compensation of employees	D.1	96 201,7	4,6	-0,2	2,6
7. Compensation per employee		22,6	3,5	3,6	1,5

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	2019	2020	2021
1. Net lending/net borrowing vis-à-vis the rest of the world	B.9	1,0	-0,3	0,9
<i>of which:</i>				
- Balance of goods and services		0,2	-1,3	0,1
- Balance of primary incomes and transfers		-0,1	0,1	0,0
- Capital account		0,8	0,9	0,8
2. Net lending/net borrowing of the private sector	B.9	0,9	7,0	5,3
3. Net lending/net borrowing of general government	EDP B.9	0,1	-7,3	-4,3
4. Statistical discrepancy		:	:	:

2. Budgetary Targets

Table 6. General Government Budgetary Targets

	ESA Code	2020	2021
		% GDP	
Net lending (+) / net borrowing (-) (B.9) by sub-sector¹			
1. General government	S.13	-7,3	-4,3
2. Interest expenditure	EDP D.41	2,9	2,6
3. Primary balance ²		-4,3	-1,7
4. One-off and other temporary measures ³		-1,2	0,0
4.a. Of which one-offs on the revenue side: general government		0,0	0,5
4.b. Of which one-offs on the expenditure side: general government		-1,2	-0,5
5. Real GDP growth (%) (=1 in Table 1.a.)		-8,5	5,4
6. Potential GDP growth (%) (=2 in Table 1.a.)		0,6	1,7
7. Output gap (% of potential GDP)		-5,8	-2,4
8. Cyclical budgetary component (% of potential GDP)		-3,1	-1,3
9. Cyclically-adjusted balance (1-8) (% of potential GDP)		-4,2	-3,1
10. Cyclically-adjusted primary balance (9+2) (% of potential GDP)		-1,2	-0,5
11. Structural balance (9-4) (% of potential GDP)		-3,0	-3,1

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	2020	2021
1. Gross debt ¹		134,8	130,9
2. Change in gross debt ratio		17,6	-3,9
Contributions to changes in gross debt			
3. Primary balance (= item 3 in Table 2.a.)		4,3	1,7
4. Interest expenditure (= item 2 in Table 2.a.)	EDP D.41	2,9	2,6
5. Stock-flow adjustment		1,4	-0,2
p.m.: Implicit interest rate on debt ²		2,3	2,1

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.511, AF.52 (only if listed on stock exchange).

Table 8. Contingent Liabilities

% of GDP	2020	2021
Public guarantees	6,4	8,6
Of which: linked to the financial sector	0,0	0,0

3. 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	2020	2021
General government (S13)		% GDP	
1. Total revenue at unchanged policies	TR	42,6	43,1
of which			
1.1. Taxes on production and imports	D.2	14,5	14,7
1.2. Current taxes on income, wealth, etc	D.5	9,3	9,7
1.3. Capital taxes	D.91	0,0	0,0
1.4. Social contributions	D.61	12,4	12,2
1.5. Property income	D.4	0,8	0,8
1.6. Other¹		5,6	5,6
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)²		33,9	34,4
2. Total expenditure at unchanged policies	TE³	49,9	46,7
of which			
2.1. Compensation of employees	D.1	12,0	11,7
2.2. Intermediate consumption	P.2	5,8	5,4
2.3. Social payments		20,6	19,7
of which Unemployment benefits⁴	D.62+D.632	0,8	0,7
2.4. Interest expenditure	EDP D.41	2,9	2,6
2.5. Subsidies	D.3	1,6	0,6
2.6. Gross fixed capital formation	P.51g	2,5	2,6
2.7. Capital transfers	D.9	1,7	1,2
2.8. Other⁵		2,8	2,7

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.

4. Expenditure and Revenue Targets

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

	ESA Code	2020	2021
General government (S13)		% GDP	
1. Total revenue target	TR	42,6	43,5
of which			
1.1. Taxes on production and imports	D.2	14,5	14,5
1.2. Current taxes on income, wealth, etc	D.5	9,3	9,4
1.3. Capital taxes	D.91	0,0	0,0
1.4. Social contributions	D.61	12,5	12,2
1.5. Property income	D.4	0,8	0,5
1.6. Other¹		5,6	6,8
p.m.: Tax burden (D.2+D.5+D.61+D.91-D.995)²		33,9	34,0
2. Total expenditure	TE³	49,9	47,8
of which			
2.1. Compensation of employees	D.1	12,0	11,7
2.2. Intermediate consumption	P.2	5,8	5,7
2.3. Social payments	D.62+D.632	20,5	19,9
<i>of which</i> Unemployment benefits⁴		0,8	0,8
2.4. Interest expenditure (=item 2 in Table 2.a.)	D.41	2,9	2,6
2.5. Subsidies	D.3	1,6	0,9
2.6. Gross fixed capital formation	P.51g	2,5	2,9
2.7. Capital transfers	D.9	1,7	1,2
2.8. Other⁵		2,9	3,0

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	2019	2019	2020	2021
		Level	% GDP	% GDP	% GDP
1. Expenditure on EU programmes fully matched by EU funds revenue		1 112,6	0,5	1,0	1,6
1a. Investment expenditure fully matched by EU funds revenue		660,3	0,3	0,4	0,6
2. Cyclical unemployment benefit expenditure¹		-151,0	-0,1	0,2	0,2
3. Effect of discretionary revenue measures²		-65,2	0,0	0,0	1,1
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	2018
1. General public services	1	7,3
2. Defence	2	0,8
3. Public order and safety	3	1,6
4. Economic affairs	4	3,8
5. Environmental protection	5	0,6
6. Housing and community amenities	6	0,5
7. Health	7	6,3
8. Recreation, culture and religion	8	0,8
9. Education	9	4,5
10. Social protection	10	17,0
11. Total expenditure (=item 2 in Table 4.a)	TE	43,2

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

5. 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)	
						2020	2021
Electricity VAT		D.2	Accrual	No	Adopted	-	-0,1
PIT w ithholdings		D.5	Accrual	No	Not Adopted	-	-0,1
Relief from autonomous CIT taxation		D.5	Accrual	No	Not Adopted	-	-0,0
Temporary reduction of VAT gel and masks		D.2	Accrual	No	Not Adopted	-	-0,0
Toll reduction		P.11	Accrual	No	Not Adopted	-	-0,0
Recovery and Resilience Plan Revenue		D.9	Accrual	No	Not Adopted	-	0,2
Instant Lottery "Do Património Cultural		D.2	Accrual	No	Not Adopted	-	0,0
React		Other than D.91	Accrual	No	Not Adopted	-	0,5
BFP guarantee recovery		D.9	Accrual	Yes	Adopted	0,0	0,0
Pré Paid Margins		D.9	Accrual	Yes	Adopted	-	0,5
TOTAL MEASURES ON THE REVENUE SIDE						0,0	1,1
Support measures for employment and resumption of activity		D.3	Accrual	No	Not Adopted		0,46
Extraordinary Support for Workers' Income		D.62+D.63+D.621+D.624+D.631: Social payments, of w hich, where applicable, unemployment benefits including cash benefits and in...	Accrual	No	Not Adopted		0,2
Prophylactic Isolation		D.62+D.63+D.621+D.624+D.631: Social payments, of w hich, where applicable, unemployment benefits including cash benefits and in...	Accrual	No	Not Adopted		0,0
Covid-19 sickness allowance		D.62+D.63+D.621+D.624+D.631: Social payments, of w hich, where applicable, unemployment benefits including cash benefits and in...	Accrual	No	Not Adopted		0,0
Extraordinary increase in pensions		D.62+D.63+D.621+D.624+D.631: Social payments, of w hich, where applicable, unemployment benefits including cash benefits and in...	Accrual	No	Not Adopted		0,0
PPE and other health expenses		P.2	Accrual	No	Not Adopted		0,1
Extraordinary risk allowance for health professionals		D.1	Accrual	No	Not Adopted		0,0
Strengthening public employment, particularly in health and education		D.1	Accrual	No	Not Adopted		0,1
Increase of the Sub threshold. Unemployment		D.62+D.63+D.621+D.624+D.631: Social payments, of w hich, where applicable, unemployment benefits including cash benefits and in...	Accrual	No	Not Adopted		0,0
Extension to the 2nd echelon Nurseries		D.62+D.63+D.621+D.624+D.631: Social payments, of w hich, where applicable, unemployment benefits including cash benefits and in...	Accrual	No	Not Adopted		0,0
Digitizing schools		P.51	Accrual	No	Not Adopted		0,1
MAucher: VAT return catering, accommodation and culture		D.3	Accrual	No	Not Adopted		0,1
Public Investment under the PRR		P.51	Accrual	No	Not Adopted		0,2
Spending Review		P.2	Accrual	No	Not Adopted		-0,1
Novo Banco Recapitalization		D.9	Accrual	Yes	Not Adopted	0,5	0,1
TAP		D.9	Accrual	Yes	Not Adopted	0,6	0,2
Transfer of FGCAM to BP		D.9	Accrual	Yes	Adopted	0,0	-
Judicial Court Decision- Lisbon Municipality		D.9	Accrual	Yes	Not Adopted	-	0,1
SATA guarantee		D.9	Accrual	Yes	Adopted	0,1	-
Guarantees Execution (include COVID-19)		D.9	Accrual	Yes	Not Adopted	-	0,1
TOTAL MEASURES ON THE EXPENDITURE SIDE						1,2	2,0
TOTAL						-1,2	-0,9

6. Comparison with Stability Programme

Table 14. Divergence from Latest Stability Programme¹

% of GDP	ESA Code	2019	2020	2021
Target general government net lending/ net borrowing	B.9			
Stability Programme		-	-	-
Draft Budgetary Plan		0,1	-7,3	-4,3
Difference		-	-	-
General government net lending projection at unchanged policies	B.9			
Stability Programme		-	-	-
Draft Budgetary Plan		0,1	-7,3	-3,6
Difference		-	-	-

¹ Portugal did not present projections in the Stability Programme 2020 (April).

7. Voluntary tables

Table 15. Assumptions on revenue and expenditure of general government (S.13) in the context of the Recovery and Resilience Facility (RRF)

1. Financing to be received from the RRF included in Draft Budgetary Plan				
Millions of national currency	2020	2021	Comment	
RRF grants - cash basis				
RRF grants included in general government revenue projections (accrual basis)		500,0		
RRF loans				
2.1 Expenditure to be financed by grants or loans from the RRF included in Draft Budgetary Plan				
Millions of national currency (accrual basis)	2020	2021	Comment	
RRF-related expenditure included in general government expenditure projections	0,0	500,0		
<i>of which: Compensation of employees D.1</i> <i>of which: Intermediate consumption P.2</i> <i>of which: Social payments D.62+D.632</i> <i>of which: Interest expenditure D.41</i> <i>of which: Subsidies D.3</i> of which: Current transfers D.7 of which: Gross fixed capital formation P.51 of which: Capital transfers D.9 <i>of which: Other (please specify under 'Comment')</i>		500,0		
2.2 RRF-related tax expenditures, acquisition of financial assets and other costs included in DBP				
Millions of national currency	ESA category	2020	2021	Comment
<i>Detail 1 (please specify)</i>				
<i>Detail 2 (please specify)</i>				
<i>Detail 3 (please specify)</i>				

Table 16. Guarantees adopted/announced in response to COVID-19 outbreak

List of measures	Description	Adoption Status	Maximum amount of contingent liability* (% of GDP)	Current take-up (actual contingent liability, % of GDP)
1	Short Term Facility "OECD 2020" - top up State Guarantee to support export credits to temporarily non-marketable risk countries under the STEC	Adopted	0,40%	0,03%
2	Portugal Guarantee schemes related to Covid-19 - State Aid SA.56755 (2020/N) and Portugal COVID-19: Direct grant scheme and loan guarantee scheme - State Aid SA.56873(2020/N)	Adopted	3,30%	2,80%
4	European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) - Council Regulation (EU) 2020/672 of 19 May 2020	Adopted	0,20%	
5	Pan-European Guarantee Fund in response to COVID-19 - The objective of the Guarantee Fund is to respond to the economic impact of the COVID-19 pandemic outbreak by ensuring that SMEs, midcaps, corporates and other eligible entities ⁴ in the participating Member States have sufficient liquidity available to weather the rapidly unfolding crisis.	Adopted	0,10%	
			Total	4,00%
				2,80%

* Any budgetary impact related to expected losses or actual calls should be provided in the standard table 5.1 Description of discretionary measures included in the draft budget (see Code of Conduct, https://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/coc/2014-11-07_two_pack_coc_amended_en.pdf)

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

Table 17. Country Specific Recommendations

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
1	<p>Take all necessary measures, in line with the general escape clause of the Stability and Growth Pact, to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery.</p>	<p>In the fight against the COVID-19 pandemic, the following health measures stand out:</p> <ol style="list-style-type: none"> 1. Order No. 3871/2020 of 30 March aimed to mitigate the impacts of the pandemic on the National Health Service (NHS), consolidating a set of planning actions aimed at increase the number of integrated continuous care responses of the National Integrated Care Network (RNCCI), as well as the implementation of measures to contain possible containment lines, procedures enabling the prevention and proper follow-up of all situations of SARS-CoV-2 infection. 2. Centralised acquisition of 966 invasive mechanical ventilators and their consumables, vital signs monitors, syringes and infusion pumps for a total of EUR 32.4 million. This process is already completed and has strengthened the initial capacity of the NHS, which was initially 1142. 3. Order No. 3219/2020 of 3 March of the Minister of Health determined that all hospital of the NHS, proceed to the immediate acquisition to strengthen their stocks in 20 % of medicines, medical devices and personal protective equipment. <p>In addition to the reinforcement provided for in that Order, a national central reserve of these products was also constituted, called Strategic Reserve of Medicines, Medical Dispositive and Personal Protective Equipment - REM, and the Directorate-General of Health as the national health authority, was responsible for the acquisition of these products. These safeguard and response mechanisms are already in place.</p> <ol style="list-style-type: none"> 4. Strengthening the NHS with human resources, the variation between Dec/19 and Aug/20, shows a growth of 5,009 workers, which includes recruitments with fixed-term contracts, within the framework of the

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>pandemic, through the exceptional regime contained in Article 6 of Decree-Law No. 10-A/2020, of March 13.</p> <p>The pandemic caused by the SARS-CoV-2 virus, in addition to a serious public health emergency that had to be addressed in the health field, has caused numerous economic and social consequences, which have also motivated the adoption of a wide range of exceptional measures.</p> <p>These measures were structured in three distinct phases. An emergency phase, centred on the health response, but which also aimed to support companies and workers in a moment of paralysis of their activity, thus avoiding the irreversible destruction of jobs and productive capacity. A stabilisation phase, which will run until the end of this year, to help families and businesses to overcome the difficulties caused by the pandemic, supporting a sustained recovery in economic activity. And, finally, a phase of economic recovery, aimed at the structural adaptation of the Portuguese economy to a post-COVID reality.</p> <p>Once the most critical phase of the emergency has passed, a framework of interventions has been defined that guarantees a progressive stabilisation in the economic and social planes, balancing them with the new public health requirements.</p> <p>In this context, support measures were recalibrated to encourage a gradual return to professional activity, with an increase in the number of hours worked and the income earned. With the same objective, to boost employment economically, a large number of small works were launched, which were carried out quickly and spread throughout the territory, which could absorb some of the impact of the economic crisis caused by the pandemic.</p> <p>To compensate for the loss of income that has occurred in the meantime, several social benefits have been reinforced and extended, as well as new instruments have been created, such as a stabilisation complement for those who have been on layoff or specific social support for performing arts professionals. Some key elements of the Welfare State were also reinforced, such as the National Health Service, enabling it to better respond to the current pandemic challenge, the public school, modernising it for the digital age, or access to affordable housing.</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>With regard to companies, several support mechanisms have been put in place for both liquidity and capitalisation of the business fabric. In the first case, it is important to highlight the extension of the moratorium on bank credit, the launch of new guaranteed credit lines or the possibility of adjusting payments on account of corporate income tax until the end of the year. In the second case, the creation of a development bank, associated with the constitution of a company capitalisation fund, stands out, along with other measures to encourage the concentration and consolidation of small and medium-sized companies or their placement in the capital market.</p> <p>In order to implement all these economic and social stabilisation measures, changes of an institutional nature were made, with the aim of simplifying and streamlining the performance of the Public Administration and the courts in essential areas to overcome the effects of the pandemic and to accelerate the economic recovery.</p> <p>These measures were framed in an Economic and Social Stabilisation Program (Resolution of the Council of Ministers no. 41/2020 of 4 June) with a time horizon until the end of 2020 and based on four axes: a first axis on themes of a social nature and support for people's income, especially those most affected by the economic consequences of the pandemic; a second axis related to the maintenance of employment and the progressive resumption of economic activity; a third axis focused on support for companies; and, finally, an institutional matrix axis.</p> <p>At this moment, 93% of the adopted measures have already started, of which 18% have already been concluded, and 55% of the established legislative and / or administrative procedures have also been completed. In financial terms, 28% of the approved amount was used.</p> <p>Finally, with the adoption of the Supplementary Budget for 2020, the prior approval of the Court of Auditors was waived for procedures with a contract value of less than EUR 750,000, which was concluded with the publication of Law 27-A/2020 (Article 7). A proposal for a law laying down special public procurement measures is currently under parliamentary consideration.</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>In order to support the economic activity upturn and safeguard jobs, the Government will create, in the State Budget for 2021, a mechanism to return the amount of VAT paid on purchases of goods and services in sectors seriously affected by the pandemic COVID-19 (accommodation, restaurants and culture), for usage in future acquisitions in these same sectors, promoting consumption and recovery in these sectors.</p>
	<p>When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.</p>	<p>The Portuguese government maintains its strong commitment with sound and healthy public finances. In the 2021 State Budget Report, the Ministry of Finance presents a forecast for the 2022 budget deficit already below the threshold of 3% from the Stability and Growth Pact. Furthermore, according with the last European Commission projections, budget deficit in Portugal shall be below the Eurozone average in 2020 and 2021.</p> <p>Since 2016 and until the onset of the COVID-19 crisis, public debt ratio had been on a declining trend - in 2019 it stood at 117.2%, a decrease of almost 14.3 p.p. from 2016. The balanced fiscal position established sound financial foundations that have allowed a better response to the crisis, including through direct savings in debt costs – even in a context of rising stock, interest expenditure in 2020 decreases significantly, with this decrease expected to continue in 2021 (€5.5 billion). Portugal is committed to maintaining a prudent debt management strategy, returning to the debt decreasing path once the COVID-19 pandemic eases.</p>
	<p>Strengthen the resilience of the health system and ensure equal access to quality health and long-term care.</p>	<p>Under the Economic and Social Stabilisation Programme (EEP) and the Supplementary Budget 2020, measures aimed at strengthening the responsiveness and resilience of the health system were envisaged and framed, seeking to ensure quality of response at different levels.</p> <p>1. Strengthening intensive care response capacity</p> <p>The two years objective was to double the capacity of existing invasive mechanical ventilators. However, this investment must be complemented by the infrastructure enlargement that will allow the release of areas provisionally occupied in an emergency context. The new intensive care reference network, proposed by the</p>

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		<p>National Response Monitoring Commission in Intensive Care Medicine (CARMNI), provides for 919 beds, with a ratio of 9.4 beds per 100,000 inhabitants, with the ultimate goal of reaching 11.5 beds per 100,000 inhabitants by 2021.</p> <p>This action involves the realization of infrastructure investments that will allow the expansion of Intensive Care Services in the NHS and the implementation of an information system, which allows the management of the Network effectively and in a timely manner, with indicators that allow the coordination of patient flows, quality analysis and the planning and evaluation of quality improvement interventions.</p> <p>2. Strengthening the responsiveness of the laboratory network</p> <p>As part of the rapid preparation and implementation of the response for COVID-19, in this post-State of Emergency and progressive resumption of activity phase, laboratory diagnosis plays an essential role in the management of COVID-19 cases, including not only early detection and rapid implementation of infection control measures, but also in contributing to the intervention, monitoring and surveillance of the epidemiological situation.</p> <p>Thus, and in conjunction with the Regional Health Administrations and the hospitals/laboratories of the NHS that carry out COVID diagnosis, the National Institute of Health Doctor Ricardo Jorge, IP (INSA), presented a Plan for Expansion of Laboratory Capacity.</p> <p>This Plan aims to:</p> <ul style="list-style-type: none"> • Increase the production capacity of tests in the current diagnostic laboratories of SARS-CoV-2; • Promote the maximization of the use of equipment and infrastructure of the current diagnostic laboratories of SARS-CoV-2; • Expand the current network of SARS-CoV-2 diagnostic laboratories of the NHS;

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		<ul style="list-style-type: none"> • Evaluate the need/adequacy of investment in equipment and infrastructure of current and new diagnostic laboratories of SARS-CoV-2; • Define and promote criteria for the use, clinical and technical, of the available viral RNA research tests. <p>3. Activity recovery plan</p> <p>Due to the epidemiological situation caused by SARS-CoV-2 infection and in the face of an exponential increase in the number of cases in Portugal, in March 2020, the NHS suspended the scheduled non-urgent care activity in order to ensure the readiness, adequacy and safety of the response to COVID-19.</p> <p>In the context of economic and social stabilization, it is necessary to strengthen the NHS in order to respond to the care needs of the Portuguese. Thus with was established a plan to:</p> <ul style="list-style-type: none"> • Increase hospital consultations, focusing on the most expected specialties, by increasing the ceiling for payment for additional internal production to teams from 55 % to 95 % of the value of the first consultation; • Increase surgeries, by increasing the maximum limit of payment for additional internal production to teams, from 55 % to 75 % of the value of episodes grouped into DRG's, applicable to all situations where the maximum guaranteed response times are exceeded, focusing on specialties and procedures with higher lists of enrolees for surgery. <p>4. Strengthening Human Resources</p> <p>The country's current epidemiological situation has increased the response requirements of the NHS, and as such, the human resources needs, both for the direct provision of care and for the provision of indirect care, in order to ensure the adoption of appropriate measures to ensure the prevention, containment and mitigation of COVID-19.</p> <p>The Government adopted a set of exceptional and temporary measures to respond to this pandemic through Decree-Law No. 10-A/2020 of 13 March. However, this objective of strengthening health professionals and</p>

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		<p>improving response in the NHS had already been assumed by the Government, through the Resolution of the Council of Ministers No. 198/2019 of 27 December, which approved the reference framework for new recruitment, setting the number of up to 8 400 health professionals in 2020 and 2021, distributed by all professional groups.</p> <p>The PEES reinforced this objective by the establishment of a plus 2995 legal employment relations in the context of a pandemic, without prejudice to hiring of health professionals under specific procedures to meet the needs of direct care and support services, where possible, conferring stability in employment.</p> <p>The Government, in 2020, authorized the opening of public procedures for the recruitment of 1,385 medical specialists, and it is therefore expected to hire up to 911 specialists in the hospital areas, 39 specialists in the field of public health and 435 in the area of general and family medicine. The 1,385 jobs in competition represent a 13% increase over the number of doctors who have recently completed their training, seeking to attract more medical professionals to the NHS.</p> <p>The competition for the recruitment of 220 medical specialists for mobility was also opened. Although these professionals are already linked in the NHS, this competition allows the fixation of physicians in health units and specialties in need.</p> <p>Following the promotion by the Government of the strengthening of intensive care medicine, by increasing the number of beds and the capacity of mechanical ventilation, the Ministry of Health authorized the opening of a recruitment procedure aimed at filling the 48 (forty-eight) jobs for the area of Intensive Medicine.</p> <p>It is important to highlight the positive evolution of human resources in the NHS since 2015, with 20,641 more new professionals, distributed among the different professional groups in the NHS.</p> <p>5. Decrease in arrears in the NHS</p> <p>As part of the preparation of the 2020 Budget, the Government increased the initial allocation of the NHS budget by more than EUR 941 million. However, considering the effort that was required to NHS as well as its suppliers, it</p>

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		<p>was set to reduce overdue payments, and thereby ensure that economic activity linked to care provision would not be penalised with overdue payments. Thus, in 2020 measures were taken to continue the financial rebalancing of the NHS, in particular hospitals, namely:</p> <ul style="list-style-type: none"> • Increased monthly funding of EPE Hospitals by about 65.8M€; • In March, it was determined the application of 256.4M€ for the payment of debt to external suppliers, due to more than 90 (ninety) days. • In May, it was determined the anticipation of 166,4M€ to regularize late payments, through Order 622/2020/SEO. <p>These measures have enabled late payments and overdue debt in the NHS to record the lowest figures since there are consolidated data on these indicators (2012).</p>
2	Support employment and prioritise measures to preserve jobs.	<p>Throughout 2019 and in the first months of 2020, we continued to invest in a new approach to active labour market policies and, simultaneously, to implement a broader agenda to combat precarious work and foster a greater balance in labour relations, with the objective of preserving jobs and contributing to the improvement of their quality. Greater dynamism in collective bargaining and a reduction in the misuse of non-permanent contracts, false self-employment and other atypical forms of work were promoted, not only with the strengthening of labour market regulations, but also with the contribution of active employment policy instruments calibrated in order to promote sustainable job creation.</p> <p>Following the updating of the Green Paper on Labour Relations, the extensive debate process with the social partners and the tripartite agreement signed in 2018, the Program of Action to combat precariousness and promote collective bargaining was approved by the Council of Ministers, leading the amendments to the Labour Code (in force since October 2019) that limit the legal possibilities for recourse to non-permanent employment contracts, while promoting open-ended employment and reinforcing access to social protection by precarious workers.</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>Thus, in the recent period, a wide range of measures were directly adopted to create sustainable and long-lasting jobs, contributing to the reduction of the segmentation levels of the Portuguese labour market:</p> <ul style="list-style-type: none"> • Changes to the rules and criteria underlying incentives for hiring and supported internships, which redefined the orientation and proportionality of these measures, reinforcing their role in creating effective, qualified and sustainable employment. • As a result, almost 90% of employment contracts supported under the Employment Contract measure (Ordinance 34/2017) are open-ended contracts, a proportion that approaches 95% in the case of young people; at the same time, around 10,000 conversions from internship contracts to open-ended employment contracts have been supported so far, through the Employment Award of the Professional Internships measure (Ordinance 131/2017) and; the Converte + measure (Ordinance 323/2019) made it possible to support the conversion of almost 27,800 fixed-term employment contracts to permanent employment contracts. • The recent changes to the labour legislation, which came into force in October 2019, following a social consultation agreement, reinforced the incentives for permanent hiring, with the reduction of the maximum duration of fixed-term contracts to the historic minimum two years, with the introduction of more demanding renewal rules (renewals cannot exceed the period of the initial contract) and with the elimination of the justification of being young looking for the 1st job or long-term unemployed to hire on a fixed-term basis; but also with the introduction of a maximum of six renewals to the temporary work contracts (there was no limit), with the guarantee that the temporary workers benefit from the first day of the rules of the collective contracts of the companies where they are placed, with the guarantee that temporary workers are always informed of the reason why they resort to their work, so that they can better defend their rights and the introduction of a rule that obliges user companies to integrate temporary workers in case of irregularities in the contract between the company temporary worker and the user company.

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<ul style="list-style-type: none"> • Enforcement of labour laws was strengthened as an important strategy to reduce the misuse and illegal use of temporary contracts and other atypical forms of work. The technical and human resources allocated to the Authority for Working Conditions (ACT) were reinforced, creating better conditions to foster a more fruitful articulation between ACT, Social Security and the Tax Authority. The approval by Parliament of legislative initiatives for transferring responsibilities related to health and safety at work (civil servants) to the labour authorities and for expanding the coverage of special mechanisms for the recognition of undeclared work contracts, also reinforced the tasks of the labour inspection. • The law recognizing the existence of an employment contract and the procedural mechanisms to combat the hiding of subordinate employment relationships has been revised, expanding the coverage of these mechanisms to other forms of work, namely undeclared work, false internships and false voluntary work (Law No. 55/2017, of 17 July). • Considering that the public service should serve as an example of non-precarious work, the program for the extraordinary regularization of precarious bonds in the Public Administration (PREVPAP) was continued, with a view to combating segmentation and precarious work in the labour market, in particular within public institutions and which resulted in the reduction of fixed-term contracts as well as the acquisition of external services. • The Government also launched centralized recruitment for transversal areas of Public Administration and carried out a review of several careers that had to be reviewed, at least since 2009, in order to guarantee the adequacy to the most current skills of workers in public functions, and to manage the Public Administration workforce in an integrated and sustainable manner. • The Government and most of the social partners agreed to strengthen the role of labour regulation in the context of mediation and conciliation, with additional human resources allocated to the Directorate-General

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		<p>for Employment and Labour Relations (DGERT), and also agreed with new measures to simplify and modernise communication procedures related to employment contracts.</p> <ul style="list-style-type: none"> • Equally relevant is the focus on improving the articulation between the public employment service and employers, in order to identify and promote employment opportunities through new approaches to activation policies, contributing to a greater sustainability of integrations in the labour market. <p>However, in mid-March 2020, the exceptional situation resulting from the SARS-CoV-2 coronavirus pandemic resulted in a serious public health emergency, requiring an immediate and robust health response. The socio-economic consequences of this pandemic have also motivated the adoption of a wide range of exceptional and temporary measures to support the maintenance of employment and income.</p> <p>In this sequence and within the framework of stabilisation of the economy, the Council of Ministers approved, on June 4, 2020, the Economic and Social Stabilisation Program (PEES), with a time horizon until the end of 2020, based on four axes, being the first precisely that related to the maintenance of employment and the progressive resumption of economic activity.</p> <p>The following measures stand out, among others:</p> <ul style="list-style-type: none"> ○ Extraordinary Measure to Support Workplace Maintenance (simplified lay-off) - financial support per worker, attributed to the company and destined exclusively to the payment of wages. The worker is entitled to support corresponding to 2/3 of his normal gross remuneration, or the value of RMMG corresponding to his normal working period, and cannot exceed 3 RMMG. Social Security supports 70% of the support amount up to a limit of 1,333.5 euros per worker and the Employer the remaining 30%.

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		<ul style="list-style-type: none"> ○ Extraordinary Incentive to the Normalization of Business Activity, this is an extraordinary financial incentive, aimed at employers, to support the normalization of business activity, that is, after the application of the so-called “simplified layoff” or the extraordinary plan of formation. ○ Extraordinary support for the progressive resumption of activity, which applies to employers of a private nature, including those in the social sector, who have been affected by the COVID -19 disease pandemic and who are, as a result, in a business crisis situation, that is, with a break in billing equal to or greater than 40%. The employer can access the extraordinary support to the progressive resumption of activity with temporary reduction of the normal working period of all or some of its workers. ○ The Ativar.pt Incentive, which consists of financial support for employers who enter into permanent or fixed-term employment contracts, for a period equal to or greater than 12 months, with unemployed enrolled in the IEFP, with the obligation to provide professional training to contracted workers. ○ Professional re-qualification in higher education, which consists of short initial training in polytechnic higher education, in which it is intended to support the insertion of 10,000 young people and adults, including unemployed and lay-off people, in short initial training in higher polytechnic education (cTESPs) in conjunction with employers. ○ Support for Hiring Highly Qualified Human Resources - RHAQ (graduates, masters, doctors), adapted to the specificities of the interior territories, allowing the creation of 654 new highly qualified jobs (graduates, masters and doctorates). ○ Reinforcement of the installed capacity of the labour inspection, to face the challenges raised by COVID-19, with the introduction of the transitional possibility of ACT requesting inspectors from other bodies and with the empowerment of ACT to proceed with the suspension of labour processes dismissal with evidence of illegality.

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	<p>Guarantee sufficient and effective social protection and income support.</p>	<p>The previous legislature was marked by a strengthening of social protection across all areas of Social Security:</p> <ul style="list-style-type: none"> • Pensions and supplements grew by 19% between 2015 and 2020, with the automatic annual pension update mechanism in force since January 1, 2016 having been restored and all pensions below 1.5 IAS were updated above the inflation; all pensions between 1.5 IAS and 6 IAS updated according to inflation and extraordinary update for pensioners with pensions up to 1.5 IAS in August 2017, August 2018, January 2019 and May 2020. It was created an extraordinary supplement for minimum pensions, with a view to incorporating the value of extraordinary increases (from 2017 to 2019) in minimum pensions for pensioners with income below 1.5 IAS, which have also been updated extraordinarily since then, similar to pensions lower. • In October 2017, early retirement without penalty in the value of pensions, was established for those who have very long contributory careers or started their contributory career at a very young age, and the universe of covered pensioners was extended from October 2018, within the scope of the reassessment of the regime of early pensions due to flexibility, with discussion in the context of social consultation. This universe of people now has access to the pension without the penalties applicable in the previous regime. In 2020, the application of the sustainability factor to the calculation of old-age pensions for workers with fast-wear or high-pain professions was eliminated. • There has been an increase in support for the long-term unemployed (DLD), through an increase in the income threshold to be considered as a resource for access to the subsequent unemployment benefit, for beneficiaries who, cumulatively: <ul style="list-style-type: none"> ○ Have started unemployment benefits at age 52 or older; ○ The initial unemployment benefit has been exhausted; ○ Meet the conditions for access to early retirement due to long-term unemployment.

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		<ul style="list-style-type: none"> • The extraordinary financial support for the long-term unemployed, in force since March 2016 with the State Budget Law (OE) of that year and following the Laws of OE 2017 and OE 2018, continues; the period after which the unemployed can have access to support was reduced in 2018, allowing to safeguard the maintenance of income to the DLD. • Resumption of the annual update of the Social Support Index (IAS), with an impact on the calculation of pensions and various social benefits - Social Unemployment Allowance, Disease Allowance, Death Allowance, etc. The IAS was updated 0.5% above the inflation rate between 2017 and 2019, helping to ensure the recovery of the purchasing power of all beneficiaries of benefits based on the IAS. In 2020, the annual updating of the Social Support Index (IAS) continued under the terms of the law, with a 0.7% impact on the calculation of pensions and various social benefits. • Family allowance, to promote increased birth rates: <ul style="list-style-type: none"> ○ Increase in the increase for single parents (from 20% to 35%); ○ Since 2017, more than 100,000 children between 12 and 36 months, from the first three levels, have benefited from significant increases annually, representing annual increases compared to 2015 between 852 and 1,380 euros; ○ Replacement of the 4th income bracket up to 36 months in 2017, with a new update made in 2018; ○ Increased family allowance for children between four and six years of age in all age groups from 2019; ○ Increase for the second or more children from birth to 36 months; ○ In September 2020, an allowance supplement equal to the base amount of each income bracket was attributed to all beneficiaries of the benefit and, in October 2020, the officious revaluation of

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		<p>household income with significant income losses was carried out as a result of the pandemic, automatically adjusting the benefit under allocation.</p> <ul style="list-style-type: none"> • Creation of the new Social Benefit for Inclusion (PSI), with a view to strengthening the resources of people with disabilities, and the application of the sustainability factor in the convulsion of the old age disability pension was eliminated, avoiding a significant cut in the amounts of these beneficiaries' pensions. In 2019, the extension of protection to children and young people with disabilities was introduced, and the third phase should be concluded with the increase of the provision attributed to children with special education needs and the co-participation of eventual expenses with support products. • The Social Insertion Income (RSI) budget increased by 24% between 2015 and 2020, with the RSI equivalence scale that was in force until 2012 being restored and from 2019, the RSI will also be updated according to with IAS. • Solidarity Supplement for the Elderly (CSI) registered an increase of 23% between 2015 and 2020, having seen an increase in reference values in 2016, with an annual update since then, carried out in line with price developments and in harmony with the update of pensions, resulting in a value corresponding to a new annual threshold per elderly person and elderly couple; extension to pensioners in specific early retirement schemes starting in January 2014 (such as the easing of the old-age pension scheme or the early retirement scheme for involuntary long-term unemployment, for example), allowing a complement to their monthly income compared to the level of high penalties when granting the pension and the 2019 extension of the CSI in combating the poverty of disability pensioners who do not benefit from the PSI. <p>Sustained reinforcement of the Social Action budget.</p> <ul style="list-style-type: none"> • Increase in the amounts of the Disability Bonus and the increase in the monthly amount of the 3rd Person Assistance Allowance, benefits that have not been updated since 2009.

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		<ul style="list-style-type: none"> The Social Action budget increased 20% between 2015 and 2020. <p>The pandemic situation, in mid-March 2020, put a greater focus on emergency measures to support income and situations of less protection that still existed. But they also made an important contribution to supporting economic activity and maintaining jobs.</p> <p>The reinforcement of measures aimed at supporting extraordinarily the reduction of the activity of self-employed workers and individual entrepreneurs and the exceptional support to families during the closure of educational establishments during the great confinement of March and April are two of the exceptional measures created. A prophylactic isolation allowance was created, equivalent to the tuberculosis disease allowance, paid from the first day and an amount equal to 100% of the reference remuneration. The sickness benefit was adapted to the exceptional moment experienced and paid from the first day, without the normal period of three days of waiting, and the leave for assistance or child due to isolation was also adapted.</p> <p>Additionally, unemployment benefits were extended extraordinarily beyond the normal concession period until the end of July and those of unemployment benefit, initial and subsequent, until December 2020. Also the RSI benefits were extraordinarily, without the annual evaluation, extended until July.</p> <p>Workers covered by measures to support the maintenance of employment contracts and who, therefore, saw cuts in their normal remuneration, were compensated with the attribution of a stabilisation complement that aimed to compensate them for the income losses suffered.</p> <p>Other groups of the population in situations of greater social fragility, such as the homeless, victims of domestic violence and the elderly, among others, were also covered by the extraordinary support measures in this area, which aimed to complement and reinforce what it was already underway.</p>
	Support the use of digital technologies to ensure equal access to quality education and training and to boost firms' competitiveness.	In global terms, considering all domains, in 2020, it is estimated that more than half of the 20 year olds living in Portugal are attending higher education. The National Access Contest for 2020 has already placed 50,964 students

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>in the academic year 2020-21, representing an increase of 15% compared to 2019 and 21% compared to 2015. With this number, it is expected that in the academic year which now begins about 95 thousand new students will enrol in public and private higher education institutions, including around 73 thousand students in undergraduate courses and integrated master's degrees and more than 9.5 thousand students in short courses of higher scope (i.e., professional higher technical courses, TESP's).</p> <p>With regard specifically to the domains in question, the strategy adopted by Portugal has been based on the promotion of areas relevant to the development of digital skills, among which fall, among others, the domain of science and information technology.</p> <p>Along with the consolidation of the National Digital Skills Initiative, INCoDe.2030, in the process of establishing initial training vacancies in public higher education, the Government has recommended increasing the training offer in areas relevant to the sciences, technologies and fields of digital competences (areas of life sciences, physical sciences, mathematics and statistics, informatics, engineering and related techniques, data sciences).</p> <p>As a result, the number of students placed in study cycles aimed at training in digital skills in the 1st phase of the National Access Contest increases 13% (growth from 6486 to 7344 students) compared to 2019, following the successive growth trend that has been evident since 2016.</p> <p>It is also important to highlight the initiatives developed with focus on updating and converting skills. The UPSkill - Digital Skills & Jobs program, an initiative that aims to reach 3,000 new professionals in this area in three years, officially started in July with the digital signature of the contracts between the 22 entities involved, including companies, higher education institutions and IEFP [Institute of Employment and Professional Training], with 13 companies and 500 trainees in this first phase.</p> <p>On the other hand, in compliance with the Economic and Social Stabilisation Program, procedures are launched for the purchase of computers and connectivity for all students of compulsory education, who attend public schools, in the global amount of 400 M€ (it is estimated that this universality will be achieved during the year 2000).</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>This measure includes the continuous training of teachers, providing them with increased skills in the scope of the use of information and communication technologies in the teaching and learning process, aiming at the transversal integration of technologies in different curricular areas.</p> <p>The measure is also achieved through the provision of digital didactic-pedagogical resources, which allows constant innovation of teaching-learning processes and the dematerialization of resources currently in use, as well as contributing to the increase of students' digital skills and for the gradual expansion of specific educational components in the fields of digital, programming and code and robotics.</p> <p>The Government has taken a series of initiatives in the field of administrative simplification and reduction of contextual costs inherent to the fulfilment of tax obligations, in particular for companies, through the SIMPLEX + Program.</p> <p>Several measures to reduce context costs have already been implemented, such as the creation of a legal framework for replacing paper accounting files with files on electronic media, the interconnection of the various customs computer systems, the use of previously communicated data for pre-filing IES, or the establishment of electronic communications between the Tax Authority and municipalities with regard to plants, permits and municipal licenses. In 2020, new measures continue to be implemented, namely the implementation of automatic VAT, the extension of the automatic PIT, the revision of the declaratory obligations of self-employed workers to social security and the Tax Authority and the automation of various communications between bodies of the Ministry of Justice and the Tax Authority.</p> <p>Since 11 March, the Government has created a Digital Response Group to COVID19, led by the Secretary of State for Digital Transition, to evaluate digitally based measures, using the involvement of public and private agents in an integrated response logic.</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>In the specific context of teleworking, together with AMA, CEGER, telecommunications network operators (as well as its APRITEL association) and some of the main technological companies, there have been created several tools, videos and other content to raise awareness of best practices distance work.</p> <p>In partnership with technological companies, a set of offers of tools to support work were created with the following premises:</p> <ul style="list-style-type: none"> • Free to use for Citizens, Public and Private Organizations and Schools • With proven scalability and service availability • With product / service access portal in Portuguese • With videos or training manuals in Portuguese • With access to support contact <p>Finally, during the pandemic the various players in the entrepreneurial ecosystem were listened in order to understand the best way to help support the difficult phase. To that end, a series of measures aimed precisely at supporting the entrepreneur were reprogrammed. Measures such as the startup voucher that allowed to postpone the moments of evaluating and awarding merit grants, lasting the months of support, or the Mezzanine Funding of FITEC / Portugal Ventures, which reinforces the capital of startups with great potential, while ensuring the protection of invested capital previously.</p>
3	Implement the temporary measures aimed at securing access to liquidity for firms, in particular SMEs.	<p>Throughout 2020, the Government decided to extend the period for complying with several tax obligations and create a flexible tax payment regime to be in force in the second quarter. This regime allowed 174 thousand taxpayers to adhere to tax payment plans reaching almost 1.4 bn euros, which are paid throughout 2020.</p> <p>Throughout the first phases that have elapsed, emergence and containment and stabilization, the launching of State-guaranteed credit lines from the initial moment of the incidence of the pandemic crisis stands out, as a means</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>of not allowing liquidity to stop flowing to companies, in the context of widespread demand reduction. It is worth highlighting the launch i) of the Capitalizar Covid-19 credit lines, with a global allocation of 400 million euros; ii) microcredit lines for tourist companies worth 90 million euros (directly managed by Turismo de Portugal); iii) lines of credit worth € 6.2 billion, already under the temporary state aid scheme promoted by the European Commission; iv) credit facility for micro and small companies worth € 1 billion; v) the 400 million euro facility aimed at medium and mid-cap companies.</p> <p>In response to the COVID-19 pandemic and of supporting companies' liquidity, it was granted a legal credit moratorium (referred to as a public moratorium) on existing loans. The measure was revised, in line with the evolution of economic activity, being the most relevant change its extension until September 30, 2021; simultaneously, companies in the most affected sectors were granted a maturity extension of their credits.</p> <p>In line with the flexibility introduced to State aid rules by the European Commission in the context of COVID-19 and with the objective of mitigating the impact of liquidity shortages in the market, the limits for export credit insurance for markets outside the OECD have been increased, a short-term export credit facility for OECD markets has been created and the introduction of an instrument to cover risks of transactions in goods and services carried out in the domestic market is being analysed.</p>
	<p>Front-load mature public investment projects and promote private investment to foster the economic recovery.</p>	<p>In order to combat the pandemic triggered by the new coronavirus (COVID-19), facilitate economic recovery and stimulate long-term sustainable growth, a set of measures were structured that, through a reorientation of the priorities associated with the mobilization of Policy Cohesion funds (Portugal 2020), sought:</p> <ul style="list-style-type: none"> • <u>In a first phase</u>, with immediate effects, supporting health systems, protecting employment and strengthening firms' liquidity. To this end, within the eligibilities provided by Operational Programs of Portugal 2020, measures were taken to: a) accelerate payments to beneficiaries (from March to August € 1.3 billion were paid to beneficiaries, i.e. + 9% which in the same period); b) the deferral of repayable support benefits by the beneficiaries of the QREN and PT2020 (until the end of September, € 216m in

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>repayments were postponed); c) the eligibility of expenses already incurred and related to activities cancelled due to the COVID-19 pandemic; c) support for business investment, R&D or productive investment aimed at the production of goods to prevent and combat COVID-19 (3 calls related to the response to COVID for companies were launched, with an associated budget of € 251m); d) support to SMEs in adapting to the rules to be observed in the phase of reopening economic activity (launch of the ADAPTAR program, with two calls, in the total amount of 100M €); e) support for the hiring of human resources for social and health institutions (calls for tenders with € 7.8M).</p> <ul style="list-style-type: none"> • <u>In a second phase</u>, support the sustained recover of economic activity, with interventions in the social area and combating poverty, maintaining and boosting employment, supporting companies and the institutional capacity to respond to the crisis. To this end, a reprogramming of Portugal 2020 was promoted, which also made it possible to accommodate some of the measures launched in the first phase and which presented as main lines of strength: <ul style="list-style-type: none"> ✓ Increase support for public investment, in the order of 282 M€, namely in social areas such as school infrastructure (including asbestos removal) and health (UFS and equipment), in sustainable mobility (rolling stock), as well as support still the response COVID-19 (tests and personal protective equipment) and support for socially necessary work in care homes; ✓ Support the School Digitalization Program, in the order of 185 M€, in order to respond to the need, also created by COVID-19, for a greater digitalization of educational processes, either through infrastructural investment in digital equipment and resources or training the actors involved in the educational communities (teachers, students and families); ✓ Increase support for employment, in the order of 190 M€, through internships, support for hiring and maintaining employment, including the creation of a new “investment support mechanism with job maintenance conditions” to support micro and small companies for investments that promote their digital

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>transition (digital machines, equipment and services) and energy (environmentally friendly production processes);</p> <ul style="list-style-type: none"> ✓ Increase support for economic stabilisation, in the order of 340 M€, stimulating private investment through the reorientation of incentive systems for companies to adapt to the new normality created by COVID-19, both in terms of productive investment and in terms of Technological Research and Development. • <u>In the current phase</u>, and in a long-term perspective, promoting economic recovery and adapting the economy to the post-COVID reality¹⁹. To this end, following the approval by the European Council on 21 July 2020 of the European Recovery Plan and the multiannual financial framework for 2021-2027, Portugal is planning the main instruments to support reforms and investments (namely REACT-EU and the Recovery and Resilience Plan), as well as Portugal 2030, (all anchored in a unique Strategy that reflects a vision for the Country and that will frame the structural public policies of the next decade), within the scope of which is expected the realization of robust public investment projects, or the promotion of private investment to stimulate economic recovery. Indeed: <ul style="list-style-type: none"> ✓ In REACT, investments in the areas of health (strengthening of the NHS) and education (universalization of the Digital School), support to SMEs (adaptation / modernisation of establishments, incentives for the digital transition), support for employment and qualifications, as well as investments in the fields of climate and digital transition; ✓ The Recovery and Resilience Plan will include reforms and public investments in three essential areas: <ul style="list-style-type: none"> ○ Climate Transition - sustainable mobility (rolling stock, sustainable transport, improved interconnectivity in metropolitan areas), decarbonisation and circular economy (decarbonisation of industry, bio-waste, circular economy and forest) energy efficiency (in buildings) and renewable energy (hydrogen and renewable gases);

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<ul style="list-style-type: none"> ○ Digital Transition - comprehensive reform of public administration, with a particular focus on areas such as health, social security, education and access to justice, aiming at eliminating context costs for citizens and companies. This reform includes investments in generalized training in digital skills, digital equipment and networks (Digital School), as well as in stimulating the digitization of companies and in the training of SMEs, in particular, to allow for increases in competitiveness; ○ Resilience - areas where greater social vulnerabilities are observed (national health system, in social and emergency housing, social equipment and responses, elimination of poverty pockets in metropolitan areas), in stimulating productive potential (strengthening of qualifications and skills for innovation and industrial renewal, as well as qualification of young people and adults, reorientation of the scientific and technological support network for the productive fabric, research and innovation for the sustainability of agriculture, food and agro-industry, capitalisation of companies and financial resilience / Banco de Fomento; and, mobilizing agendas for reindustrialization to reinforce the strategic autonomy of our country and its contribution to this objective at the level of the European Union), as well as in competitiveness and territorial cohesion (increasing capacity of the structuring road network; ALE network in the interior, missing links and cross-border connections). <p>✓ In Portugal 2030, support will be provided for public and private investments within the following thematic agendas:</p> <ul style="list-style-type: none"> ○ 1 - People first: a better demographic balance, greater inclusion, less inequality, aiming to guarantee demographic sustainability and a less unequal society with high levels of inclusion; ○ 2 - Innovation, digitization and qualifications as engines of development, aiming to promote a recovery and an intelligent, sustainable and resilient growth of the Portuguese economy, based on qualifications, knowledge, innovation and digitization, materializing a strategy of intelligent

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>specialization of the Portuguese economy and its regions that also contribute to greater strategic autonomy;</p> <ul style="list-style-type: none"> ○ 3 - Climate transition and resource sustainability, with the aim of promoting an efficient use of resources, valuing the sustainability dimension and enhancing all opportunities associated with them in terms of generating economic value and improving environmental performance, particularly in terms of climate transition terms; ○ 4 - A country that is competitive externally and cohesive internally, with the objective of enhancing external competitiveness and internal cohesion across the entire national territory. <p>In order to encourage companies not to give up on continuing their investments, the Government reinstated the Extraordinary Investment Tax Credit, thus encouraging private investment between July 2020 and June 2021 by allowing the deduction from the CIT of 20 % of investment expenses, with the obligation to maintain jobs during the period of use of the tax credit.</p>
	<p>Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, rail infrastructure and innovation.</p>	<p>Total R&D expenditure in Portugal reached a new historical high of 2,987 M€ in 2019, representing 1.41% of GDP, higher than the 2,771 M€ reached in 2009, according to the IPCTN. The growth of R&D expenditure is particularly expressive in the corporate sector, growing 10% in 2019 (i.e., 144.4 M€) and about 51% since 2015 (when it was 1,037 M€). This growth is associated with an expenditure on R&D by companies that represents 0.74% of GDP (while it was 0.58% in 2015).</p> <p>The increase in private expenditure on R&D reflects the growth of qualified employment in companies and the effort of the private sector to keep up with scientific development and technological capacity installed in Portugal. But the global increase in investment in R&D also reflects the political priority given to scientific and technological development and the “Commitment to Science and Knowledge”, as well as the Government’s “Technological</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>Innovation Strategy” (see resolution of the Council of Ministers 25 / 2018, of March 8), verifying the trend expressed in the National Reform Program regarding the resumption of the convergence process with Europe.</p> <p>Fundamental element of the strategy followed for scientific and technological development in Portugal is the reinforcement of human resources in Science and Technology. The number of researchers in the active population grows to a record high of around 10 researchers per thousand active in 2019 (i.e., 9.6 ‰, when measured full-time, compared to 7.4 ‰ in 2015).</p> <p>These data confirm the dynamism of national companies and the reinforcement of business investment in R&D, according to the trend recently recognized by the European Commission, which placed Portugal in 12th place in the ranking of the most innovative countries in the EU27. In fact, Portugal joined, for the first time in 2020, the group of strongly innovative countries in the European Innovation Scoreboard of the European Commission.</p> <p>Ferrovias 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> <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>Completed Works: Northern Line - Alfarelos/Pampilhosa and Valadares/Gaia; Beira Alta Line – Luso/Trezóis; Minho Line – Nine/Viana do Castelo section; Douro Line – Caide/Marco section; International South Corridor - Elvas/Border</p> <p>Works in progress: Northern Line – Espinho/Gaia section; 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 - Évora North/Elvas section.</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>Works to be taken: International North Corridor - Beira Alta Line - Pampilhosa/Guarda section; 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. In addition, 50 rail coaches were acquired from RENFE to be recovered and put into service, and 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, an investment of around 168 M€.</p> <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 organization, which are added to the hires made in recent years.</p> <p>Portugal committed to achieve carbon neutrality by 2050, placing the country among those who take the lead in the fight against climate change, under the Paris Agreement. In order to fulfil the objectives of decarbonisation and the energy, social and economic transition, the National Energy and Climate Plan 2021-2030 (PNEC 2030), which establishes the goals and objectives, was prepared and approved in conjunction with the RNC2050, and establishes the policies and measures for the 2030 horizon, in particular, for the reduction of GHG emissions (-45% to -55% compared to 2005), the reinforcement of energy efficiency (35% reduction of primary energy consumption), the reinforcement of renewable energies (47% of renewables in gross final energy consumption), the guarantee of security of supply, the development of the internal energy market and of research and innovation initiatives.</p> <p>Portugal's strategy for the next decade, and reflected in the following ones, is based on a combination of several policy options and measures, as well as varied technological options, seeking to find synergies, with emphasis on:</p> <p>Energy Efficiency and Building Renovation:</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<ul style="list-style-type: none"> • Increase the energy performance of economic activities, reducing their energy intensity, through the efficient and rational use of energy and the use of renewable sources. • The renovation of the national park of existing buildings, and the promotion of electrification, is configured as a fundamental measure for the fulfilment of national energy and climate objectives, as well as for the fulfilment of other strategic objectives, such as fight against energy poverty. Rehabilitating and making buildings more energy efficient enhances the achievement of multiple objectives, namely reducing GHG emissions, reducing the country's energy bill and dependence, reducing energy poverty, improving comfort levels and indoor air quality, among others. <p>Reinforcement of installed capacity from renewable sources:</p> <ul style="list-style-type: none"> • Continue to strengthen the weight of electricity production through renewable sources not subsidized through various mechanisms, namely through auctions for the allocation of reception capacity in the network and the implementation of projects under the regime of agreements with network operators. <p>Self-consumption and Energy Communities:</p> <ul style="list-style-type: none"> • Encourage distributed production and self-consumption of energy from renewable sources, enabling citizens, companies and other public and private entities to produce, consume, share, store and sell energy produced from renewable energy sources, participating, thus, actively in the energy transition. In addition to the centralized instruments for the promotion of renewable energies, the decentralized processes (individual or collective self-consumption and energy communities), by their very nature, reinforce social and territorial cohesion, also translating, and in a very expressive, in a reduction of costs with the transmission and distribution networks, reduction of losses and optimization of energy production solutions. <p>Hydrogen and renewable gases:</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<ul style="list-style-type: none"> • Conditions will be created to enable the role that renewable gases, in particular green hydrogen, can play in decarbonizing the various sectors of the economy such as industry and transport, with a view to achieving high levels of incorporation of renewable energy sources in final energy consumption more efficiently. A bet on green hydrogen and renewable gases allows to accelerate the decarbonisation of the electric sector itself, promoting the movement of tending coupling between the Electric System and the Gas System and the collection of the resulting efficiency and economy benefits. <p>The Government will proceed with the phasing-out movement of the exemption from Tax on Petroleum Products and the Carbon Tax in the production of electricity through coal, fuel oil and natural gas.</p>
4	Increase the efficiency of administrative and tax courts.	<p>The focus on improving the response capacity of the Administrative and Tax Courts (TAF) was accelerated, mainly through measures that increased vacancies for judges, the creation of specialized courts since September 1, 2020 and, from October 13, 2020, with the possibility of delivering pleadings of procedural pieces with structured data.</p> <p>These measures are added to others that in recent years have been applied specifically to this jurisdiction with a significant impact on increasing the efficiency and intervention capacity of judges, prosecutors and court officials, especially the automation of the production and dispatch of citations and notifications , the implementation of the “one-stop shop” in all TAFs, recovery of the production of official statistics, dematerialization of communications with Finance and the mandatory electronic processing according to the “digital by default” paradigm in all TAFs (inc. higher instances)).</p> <p>Also noteworthy is the implementation of a national consumer arbitration network that promotes extrajudicial resolution of conflicts between companies and consumers, allowing many to be resolved out of the courts quickly and with a tendency free of charge, especially in this jurisdiction.</p> <p>Initiatives applied to the entire judicial system, realizing the objectives of bringing justice to citizens and guaranteeing the quality of the public service of Justice, facilitating access to information, increasing transparency, communication and access for users of Justice services, also had an impact on TAFs, such as: the availability of</p>

#	2020 Recommendations	Measures and state of play/ Description of direct relevance
		<p>the electronic judicial certificate, dispenses with the mandatory presentation of proof of payment of justice fees and automatic reconciliation, consultation of online cases by citizens, increase in the limit size of the documents submitted by agents, availability of new interfaces - with advanced search functionality, information filtering and decision preparation - for judges (Magistratus) and prosecutors of the MP (MP Codex), opening of courses for the Judiciary and for the Public Ministry and reinforcement of the staff .</p> <p>The Government continues to implement measures, such as the creation of the Digital Platform for Justice Services on the Internet (electronic justice), the introduction of user information mechanisms, in particular in the document service, indicating the expected average duration of ongoing cases, the implementation of the Tribunal + model, creating a centralized office to facilitate access to information in the court and to offer a more friendly environment to users and professionals in the sector. In addition, an evaluation of the quality of the system of access to the law will be promoted, with the implementation of measures that eliminate constraints and ensure greater efficiency in accessing the law.</p> <p>To reform administrative and tax justice, the Government continues to implement legislative measures in order to promote efficiency, speed and the reduction of bureaucracy within the scope of the organization and procedures.</p> <p>To this end, teams of magistrates were created to recover the pending issue, changes were made to the judicial organization, through the specialization of the courts of first instance with regard to the object, and the administrative and management mechanisms of the courts, in particular, were reinvigorated the organization and functioning regime of the Superior Council of the Administrative and Tax Courts. Finally, for simplification and procedural aggregation, the administrative and tax procedural laws were changed (Laws No. 118/2019 of September 17 and 114/2019 of September 12 and 81/2018 of October 15).</p> <p>Official statistics show a positive evolution in recent years: decrease in pending cases, increase in closed cases, decrease in "disposition time", reduction in average duration (since 2015, in 115 days) and increase in the rate of resolution in administrative courts.</p>

Table 18. Targets Set by the Union's Strategy for Growth and Jobs

National 2020 headline targets	Measures	Targets (state of play)
<p>Employment rate target: 75%</p>	<p>The favourable socio-economic situation with positive impacts on the labour market and on income, which lasted until March 2020 and which was enhanced by the public policies implemented, contributed to the achievement of the target in mid-2018 and to its reinforcement in 2019. In 2020 and following the pandemic, the measures implemented contributed to the fact that the decrease was not more accentuated.</p> <p>Thus, in this context for its importance:</p> <ul style="list-style-type: none"> • Active employment and training measures (support for hiring, internships,...) • Policy for innovation and technological development • Entrepreneurship measures and job creation • Measures aimed at maintaining jobs • Policy measures in other areas (education and training, justice, financing, taxation,...) that contribute to the business environment, business confidence and, consequently, to job creation 	<p>The annual data for 2018 and 2019 show that Portugal had already reached the target in 2018 (75.4%), while in 2019 it reached 76.1%.</p> <p>The quarterly data show precisely that the target was reached in the 2nd quarter of 2018, however the consequences of the pandemic have changed the situation, as can be seen from the data for the 2nd quarter of 2020.</p> <p>2018 T1 74.5%</p> <p>2018 T2 75.5%</p> <p>2019 T1 75.6%</p> <p>2019 T2 76.1%</p> <p>2020 T1 75.5%</p> <p>2020 T2 73.5%</p>

National 2020 headline targets	Measures	Targets (state of play)
<p>Research and development target: 2.7%-3.3% of GDP</p>	<p>In order to ensure the fulfilment of the objectives to which it was proposed in terms of investment in R&D, which includes the creation of around 25 thousand qualified jobs in the period 2018-2030, several measures are underway, namely:</p> <ul style="list-style-type: none"> • Scientific Employment Stimulus Program, which encouraged the hiring between January 2017 and July 2020 of about 5,724 new contracts for researchers and doctoral professors resulting from the opening of more than 7,040 competitions or other mechanisms aimed at recruiting doctorates; • Reinforcement of the role of scientific institutions in business innovation, by the establishment of 26 Collaborative Laboratories and by incentives to share data that allow meeting the objectives of sharing knowledge with the business fabric and promoting scientific employment in companies; • Reinforcement of support for advanced training, with the number of doctoral grants growing from about 950 grants in 2015 to about 1900 grants in 2019; • Launch and installation of the “International Atlantic Research Center - AIR Center”; 	<p>Total R&D expenditure, public and private, reached 1.41% of GDP in 2019 and recovered the highest absolute levels in 2009 and 2010, having increased by around 737 million euros between 2015 and 2019. This figure shows an increase of 8% in relation to R&D expenditure in 2018, which represented 1.36% of GDP.</p> <p>The increase in R&D expenditure was mainly expressive in companies, with a 51% growth between 2015 and 2019 and now representing more than half of the national R&D expenditure.</p> <p>The number of researchers in the active population grows to 9.6 ‰ in 2019 (while it was 9.1 ‰ in 2018; 8.6 ‰ in 2017; 8.0 ‰ in 2016 and 7.4 ‰ in 2015).</p> <p>The number of human resources in R&D (ETI) in companies shows a growth of 17% between 2018 and 2019, and of 51% in between 2015 and 2019.</p> <p>The number of researchers in companies has increased by around 15% between 2018 and 2019 and by 65% between 2015 and 2019.</p> <p>According to the European Innovation Scoreboard 2020 (EIS 2020), published on June 23 by the</p>

National 2020 headline targets	Measures	Targets (state of play)
	<ul style="list-style-type: none"> • Approval of the National Space Strategy, "Portugal Espaço 2030", which includes the definition and approval of a "Space law", establishing the regime for access and exercise of space activities and the establishment of a space agency, "Portugal Space", in close articulation with the European Space Agency, ESA, and assuming in an unprecedented and innovative way in Europe the form of an "ESA Hub"; • Support the hiring of PhD researchers for companies under tax incentives for R&D activities; • Effective simplification of goods and services procurement processes, simplifying the Public Contracts Code for the pursuit of R&D activities, with the setting of new rules applicable to the activity of scientific and academic institutions; • Launch of the "National Artificial Intelligence Strategy - AI Portugal 2030"; • Installation of the "PERIN-Portugal in Europe research and Innovation Network" network, aimed at promoting national participation in the European Research and Innovation Framework Program, as 	<p>European Commission, Portugal joins the group of "strongly innovative" countries, being now the 12th most innovative country in the European Union. This is Portugal's best position ever in this ranking, having risen 6 places compared to the position it held in EIS 2016 (18th place). It should be noted that it is the country where the innovation indicator increased the most between 2015 and 2019.</p>

National 2020 headline targets	Measures	Targets (state of play)
	<p>well as future Digital and Space programs, among others;</p> <ul style="list-style-type: none"> • Approval and financing of the “GoPortugal - global science and Technology Partnerships Portugal” Program; • Strengthening support for clinical academic centres, bringing together health care units, a biomedical R&D centre and medical and health schools, with its own legal regime and specific financing and evaluation procedures; • Reinforcement of the conditions for financing clinical and translational research, creating the Agency for Biomedical Research and Innovation, with funding shared between the State (FCT and INFARMED) and the private sector. 	
Greenhouse gas emissions target: -1% (compared with 2005 emissions)	Portugal assumed carbon neutrality in 2050 and developed the Roadmap for Carbon Neutrality 2050, which achieves this objective, pointing out the trajectory of reducing emissions and the options for policies and measures for the decarbonisation of the national economy. In line with this objective, the National Energy and Climate Plan ambitiously reinforces the targets for 2030, aiming to achieve between	28.1% (data referring to 2017)

National 2020 headline targets	Measures	Targets (state of play)
	<p>45% and 55% reduction in greenhouse gas emissions, compared to 2005, 47% of energy sources renewable energy in the final gross energy consumption and a reduction in energy consumption which translates into a 35% energy efficiency target. These goals are based on what has been achieved so far, deepening the bets already initiated on renewable energies, energy efficiency, clean transport, industrial processes, waste management, carbon sinks.</p> <p>Portugal is currently the European country with the fourth largest share of renewable energy in electricity generation (up to 55%), having been committed to ending electricity production from coal by 2030.</p> <p>To this end, the progressive elimination of tax exemptions (excise duties and carbon tax) on coal for electricity production has also started.</p> <p>The bet on renewable energy, resulted in the launch of the first auction of solar energy capacity, which resulted in record offers of 14 € / MWh and with a demand for projects six times above the auctioned capacity, confirming the potential and competitiveness renewable energy sources.</p> <p>Measures were also taken to promote public transport. In this context, it is worth mentioning the launch of tenders for the expansion of the Metro de Lisboa, Porto lines, the</p>	

National 2020 headline targets	Measures	Targets (state of play)
	<p>renewal of the Soflusa and CP fleet, as well as support for the acquisition of vehicles with high environmental performance for the public transport fleets. With PART - Tariff Reduction Support Program, it was possible to reduce the price of social “passes”, making public transport more accessible, while allowing additional savings for families.</p> <p>Active mobility was promoted, with the development of the Cycle Active Mobility Plan and electric mobility, with the reinforcement of the incentive to purchase electric vehicles and the maintenance of the favourable tax regime. Currently, Portugal is the fourth country in Europe with the largest share of sales of electric vehicles.</p> <p>In the field of financing, the Environmental Fund stands out as an instrument of the State for the pursuit of sustainable development objectives, contributing to the fulfilment of national and international objectives and commitments, namely those related to climate change, water resources, waste and the conservation of nature and biodiversity. Through the Environmental Fund and the recirculation in the national economy of the revenues from the auctioning of allowances that constitute one of its main sources of revenue, it was possible to ensure, in 2019 (until</p>	

National 2020 headline targets	Measures	Targets (state of play)
	<p>September), the execution of 175 million euros in financing measures and projects on climate action.</p> <p>It also refers to the signing, in July 2019, of the Letter of Commitment for Sustainable Finance in Portugal, by the main public and private actors in the financial sector in Portugal.</p>	
Renewable energy target: 31%	<p>To achieve this goal, the Portuguese Government is implementing a comprehensive strategy that integrates different sectoral policy measures, including strengthening the production and consumption of renewable energy sources in the various sectors, namely:</p> <ul style="list-style-type: none"> • Reinforcement of the weight of electricity production through non-subsidized renewable sources, in particular solar, namely through an auction mechanism for the allocation of injection power in the network. This resulted in the allocation of production licenses to approximately 1630 MW of solar photovoltaic under general remuneration (market price) between 2018 and 2019, and the holding of the 1st auction at the end of the 1st semester of 2019 (1400 MW); 	30.3% (data referring to 2018)

National 2020 headline targets	Measures	Targets (state of play)
	<ul style="list-style-type: none"> • Promotion of repowering for wind farms, which resulted in the allocation of production licenses to 35 MW between 2018 and 2019; • Promotion of self-consumption and renewable energy communities; • Reinforcement of the energy from biomass; • Launch of several calls for financing actions to promote innovation and technological development projects and technological demonstration projects in the areas of renewable energy within the scope of the Innovation Support Fund. 	
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 the reduction and efficient use of energy, namely:</p> <ul style="list-style-type: none"> • In 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 (Barómetro ECO.AP), as a fundamental tool to promote energy efficiency in administration public. 	22.6 Mtoe (data for 2018)

National 2020 headline targets	Measures	Targets (state of play)
	<ul style="list-style-type: none"> Launch of several calls for the financing of actions to promote energy efficiency for the various sectors of activities within the scope of the Energy Efficiency Fund. 	
Early school leaving target: 10%	<p>Within the scope of quality assurance in education and vocational training in line with the European Quality Assurance Reference Framework for Vocational Education and Training (EQAVET), the model created by the National Agency for Qualification and Teaching was launched (ANQEP) was launched in January and February 2019. As a result, a large number (more than 400) of education and training entities joined the process and are currently implementing the respective quality assurance systems in line with the EQAVET.</p>	<p>10.6% (in 2019) - if the trend observed in the last three years remains constant, in 2020, we will be in a position to reach the 10% target defined in the Union Strategy (value to be determined in February 2021)</p>
Tertiary education target: 40%	<p>After approval of the Resolution of the Council of Ministers no. 25/2018, which approved the guidelines for a strategy of technological and business innovation for Portugal, 2018-2030, more relevant than reaching a percentage of 40% of graduates in higher education in the 30-34 age group by 2020, it is reaching in 2030 a level of 60% of young people aged 20 who participate in higher education and a level of 50% of graduates in the age group of 30-34 years.</p>	<p>In 2019, half of the 20-year-olds living in Portugal are attending higher education, representing an increase of almost 25% in students compared to 2015 (about 10,000 students between 2015 and 2019). These data confirm an evolution to ensure that 60% of 20 year olds are studying in higher education institutions in 2030.</p>

National 2020 headline targets	Measures	Targets (state of play)
	<p>These goals have been pursued based on the adoption of the following measures:</p> <ul style="list-style-type: none"> • Democratization of access to Higher Education, focusing 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 students with special needs (the conditions of access to higher education for students with special educational needs have been extended and these have, in practical terms, been exempt from tuition fees) and adults with professional experience (the conditions for crediting professional experience in the frequency of CTeSP were extended and professional master's degrees were created), and promoting territorial cohesion by making more places available to institutions in the interior; • Launch of the National Higher Education Accommodation Plan, mobilizing efforts to provide accommodation solutions during university attendance to meet the needs that the pressure from the real estate market imposed, with the horizon of 	<p>The number of graduates shows an increase of about 2% between 2017/18 and 2018/19 and 11% between 2015/16 and 2018/19.</p> <p>Percentage of graduates in higher education in the 30-34 age group in 2018 - 36.2%.</p> <p>In 2019/20, 396,909 students enrolled in higher education, 11,662 more than in the previous academic year.</p> <p>The total number of students enrolled in higher education grew 11% (+39,000 students) between 2015/16 and 2019/20 and 3% between 2018/19 and 2019/20 (from 385 thousand to 397 thousand students in the public and private sectors).</p> <p>The total number of students enrolled for the first time in higher education grew from 119 thousand in 2014/15 to more than 150 thousand in 2019/20, including the more than 9 thousand students in short higher education courses.</p>

National 2020 headline targets	Measures	Targets (state of play)
	<p>doubling the offer of 15,370 beds currently existing, in a period of 10 years, with an increase of 12 thousand beds in the next 4 years;</p> <ul style="list-style-type: none"> • Reduction of tuition fees borne by students in public higher education, thus reducing the respective costs of attendance; • Reinforcement of short training courses in higher education (CTeSP), both through the funding allocated to their development and through academic incentives to attend, which have undergone a better articulation between these short cycles and undergraduate degrees; • Approval of the distance learning legal regime creating for the first time the regulation of this type of training offerings with the aim of training around 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>Among the measures that may have contributed to this evolution of the target, in addition to the favourable socio-economic situation with positive impacts on the labour market and income, the following stand out:</p> <p>Social Insertion Income (RSI) - a measure whose objective is to protect individuals and families who are in extreme</p>	<p>The most recent data, referring to 2019 (2018 earnings), show a reduction of 543 thousand people at risk of poverty or social exclusion, compared to 2008.</p>

National 2020 headline targets	Measures	Targets (state of play)
	<p>poverty, and includes two components: a cash payment to ensure the satisfaction of basic needs, and an insertion program that integrates a contract (set of actions established according to the characteristics and conditions of the applicant's household) aiming at the social, labour and community insertion of individuals and / or members of households.</p> <p>Social Benefit for Inclusion (PSI) - benefit that reformulated social benefits in the area of disability, promoting the improvement of social protection, the fight against poverty and the full participation of people with disabilities, namely in the labour domain. Beneficiaries are nationals and foreigners, refugees and stateless persons who have a disability resulting in a degree of disability equal to or greater than 60%. It consists of three components: the Base Component, the Complement and the Majority.</p> <p>Family allowance for children and young people - cash benefit attributed monthly, with the objective of offsetting family expenses related to the subsistence and education of children and young people. It is intended for children and young people, residing in Portugal or equivalent to residents, whose families do not have movable assets (bank accounts, shares, bonds) of a value greater than a certain amount, at the date of the application; whose families have a reference</p>	

National 2020 headline targets	Measures	Targets (state of play)
	<p>income below the limit value; institutionalized children and youth and youth who do not work, unless the work is provided under an employment contract during school holidays.</p> <p>Old age, survival and disability pensions</p> <p>The old-age pension is an amount paid monthly, designed to protect the beneficiaries of the general Social Security regime, in the old-age situation, replacing work remunerations.</p> <p>The survivor's pension is a cash benefit, attributed monthly, which is intended to compensate the beneficiary's family members for the loss of income from work resulting from the death of the beneficiary.</p> <p>The disability pension is a benefit granted to people who are permanently incapable of work.</p> <p>Complementary Solidarity for the Elderly (CSI) - provision of the solidarity subsystem for the elderly with low resources residing in Portugal, aged or above the normal age of access to the old-age pension of the general social security system. It is a supplement to pre-existing income, the value of which is defined by reference to a threshold fixed annually and its attribution is subject to strict conditions of resources.</p>	

National 2020 headline targets	Measures	Targets (state of play)
	<p>Unemployment benefit - cash benefit, awarded to unemployed beneficiaries to compensate for the lack of remuneration caused by the involuntary loss of employment.</p> <p>It also refers to the updating of the Social Support Index (IAS) - a determining factor in the setting, calculation and updating of most social security benefits and the revaluation of the Minimum Guaranteed Monthly Remuneration (RMMG).</p> <p>In addition to these, there will be a set of other measures that have somehow also contributed to this goal, such as support within the scope of the APMC Operational Program, the exemption from moderating fees for certain audiences, school social action, support within the scope of public transport, among others.</p>	

9. Portuguese Public Finance Council Opinion



Conselho das Finanças Públicas
Portuguese Public Finance Council

Previsões macroeconómicas subjacentes à Proposta de Orçamento do Estado para 2021

9 de outubro de 2020



Parecer
n.º 02/2020

O Conselho das Finanças Públicas é um órgão independente, criado pelo artigo 3.º da Lei n.º 22/2011, 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 iniciativa para a sua criação seguiu-se à publicação do Relatório final do Grupo de Missão para o Conselho Europeu sobre a governação económica da Europa e concretizou-se em outubro de 2010, através de um protocolo entre o Governo, então apoiado pelo Partido Socialista, e o Partido Social Democrata. 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.

Este Parecer foi elaborado com base na informação disponível até ao dia 06 de outubro de 2020.



INTRODUÇÃO

Este Parecer incide sobre as previsões macroeconómicas subjacentes à Proposta de Orçamento do Estado para 2021 (POE/2021), 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 4 de setembro que a POE/2021 seria apresentada à Assembleia da República no dia 12 de outubro (dia “D” para efeitos do calendário incluído na secção 5 do Protocolo).

O CFP recebeu a 25 de setembro uma versão de trabalho das previsões macroeconómicas num cenário de políticas invariantes. A 30 de setembro o Ministério das Finanças (MF) remeteu ao CFP as previsões macroeconómicas no cenário programático, isto é, considerando o impacto das medidas de política previstas pelo Governo na POE/2021. No dia 1 de outubro decorreu uma reunião entre as equipas do MF e do CFP na qual a primeira fez uma apresentação sumária dos dois cenários (de políticas invariantes e programático) e das medidas então subjacentes ao cenário programático.

O MF comunicou ao CFP, a 6 de outubro, que a versão final do cenário macroeconómico a ser considerado se mantinha a de 30 de setembro. Este Parecer incide sobre os valores considerados pelo MF para as hipóteses externas e técnicas, assim como 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/2021 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/2021

O cenário macroeconómico inscrito na Proposta de Orçamento do Estado para 2021 (POE/2021) prevê uma contração do PIB real de 8,5% em 2020 (Quadro 1). Esta previsão encontra-se balizada pelas restantes projeções das instituições consideradas para comparação pelo CFP, que variam entre os -8,0% do FMI e os -9,8% da CE (Quadro 2).

A contribuir para a contração esperada pelo MF em 2020 estará o contributo negativo da procura interna (-6,6 p.p.) e o desempenho negativo das exportações líquidas (-1,9 p.p.). O contributo negativo da procura interna segue a dinâmica já projetada pelo CFP e pela OCDE nas suas mais recentes projeções. De acordo com o cenário do MF, a contração da procura interna dever-se-á à queda de todas as suas componentes, esperando-se que o consumo privado e a Formação Bruta de Capital Fixo (FBCF) decresçam 7,1% e 7,4%, respetivamente, enquanto o consumo público deverá apresentar uma redução mais moderada (-0,3%). Também as instituições compiladas no Quadro 2 projetam um decréscimo para o consumo privado e para a FBCF divergindo do MF, no entanto, no sentido da evolução do consumo público, uma vez que antecipam um crescimento desta componente quando comparada com o ano anterior. No cenário do MF, as exportações líquidas contribuirão negativamente para o crescimento real da economia portuguesa em 2020, em resultado de uma contração das exportações (-22,0%), mais pronunciada do que a esperada para as importações de bens e serviços (-17,9%). Refira-se que o contributo das exportações líquidas considerado pelo MF se encontra enquadrado pelas projeções das instituições selecionadas no Quadro 2, com a OCDE e o CFP a esperarem contributos desta componente para o crescimento do PIB real de -1,0 p.p. e -2,2 p.p., respetivamente.

Para 2021, o MF prevê uma recuperação da economia portuguesa, esperando que a taxa de crescimento do PIB real se situe em 5,4%, por via dos contributos positivos provenientes, quer da procura interna (4,1 p.p.), quer das exportações líquidas de importações (1,3 p.p.). Quando comparado com as projeções apresentadas no Quadro 2, o ritmo de crescimento previsto pelo MF para o produto real encontra-se balizado entre os 4,8% esperados pelo CFP e os 6,3% perspetivados pela OCDE.

Quadro 1 – Previsões macroeconómicas subjacentes à POE/2021

	2019	2020	2021
PIB real e componentes (variação, %)			
PIB	2,2	-8,5	5,4
Consumo privado	2,4	-7,1	3,9
Consumo público	0,7	-0,3	2,4
Investimento (FBCF)	5,4	-7,4	5,3
Exportações	3,5	-22,0	10,9
Importações	4,7	-17,9	7,2
Contributos para a variação do PIB (p.p.)			
Procura interna	2,7	-6,6	4,1
Exportações líquidas	-0,4	-1,9	1,3
Preços (variação, %)			
Deflador do PIB	1,7	1,5	0,9
Deflador do consumo privado	0,9	0,3	0,9
Deflador do consumo público	2,6	4,3	0,4
Deflador do investimento (FBCF)	2,5	0,4	1,1
Deflador das exportações	0,5	-1,0	0,9
Deflador das importações	0,0	-2,2	0,6
IHPC	0,3	-0,1	0,7
PIB nominal			
Variação (%)	4,0	-7,0	6,3
Mercado de trabalho (variação, %)			
Taxa de desemprego (% pop. ativa)	6,5	8,7	8,2
Emprego	0,8	-3,8	1,0
Remuneração média por trabalhador	3,5	3,4	1,7
Produtividade aparente do trabalho	1,4	-4,8	4,3
Financiamento da economia e sector externo (% PIB)			
Cap./nec. líquida de financiamento face ao exterior	1,0	-0,3	0,9
Balança de bens e serviços	0,2	-1,3	0,1
Balança de rend. primários e transferências	-0,1	0,1	0,0
Balança de capital	0,8	0,9	0,8
Cap./nec. líquida de financiamento do sector privado	0,9	7,0	5,2
Cap./nec. líquida de financiamento das AP	0,1	-7,3	-4,3
Desenvolvimentos cíclicos			
PIB potencial (variação, %)	1,5	0,6	1,7
Hiato do produto (% PIB potencial)	3,5	-5,8	-2,4
Pressupostos			
Procura externa (variação, %)	1,8	-15,1	9,4
Taxa de juro de curto prazo (média anual, %)	-0,4	-0,4	-0,4
Taxa de câmbio EUR-USD (média anual)	1,12	1,14	1,18
Preço do petróleo (Brent, USD/barril)	63,8	42,6	45,2

Fonte: MF – Informação comunicada a 30 de setembro de 2020.

De acordo com o cenário do MF, o contributo positivo da procura interna advirá da recuperação das taxas de crescimento de todas as suas componentes, com principal destaque para a recuperação do ritmo de crescimento da FBCF (5,3% vs. -7,4% em 2020), seguido do crescimento do consumo privado (3,9% vs. -7,1% em 2020) e, por último, da evolução esperada para o consumo público (2,4% vs. -0,3% em 2020). A trajetória prevista pelo MF para o consumo privado e para a FBCF encontra-se em linha com a projetada pelo CFP e pela OCDE, apesar de estas duas entidades anteverem crescimentos mais robustos para estas duas componentes. Já no que respeita ao consumo público, tanto o CFP como a OCDE antevêm decréscimos anuais no próximo ano, divergindo do crescimento previsto no cenário macroeconómico subjacente à POE/2021. As exportações líquidas, de acordo com o MF, deverão contribuir positivamente para o crescimento do PIB real em 2021, como resultado de uma expectativa de crescimento das exportações (10,9%), mais pronunciado do que o antecipado para as importações de bens e serviços (7,2%). Apesar do CFP e da OCDE também perspetivarem a recuperação do comércio internacional, estas instituições antecipam que o contributo das exportações líquidas para o crescimento do produto real deverá permanecer negativo, uma vez que projetam um ritmo de crescimento das importações superior ao das exportações no próximo ano.

Quadro 2 – Projeções e previsões para a economia portuguesa

Ano Instituição Data de publicação	2019 set20	2020						2021				
		FMI abr20	OCDE jun20	CE jul20	CFP set20	BdP out20	MF out20	FMI abr20	OCDE jun20	CE jul20	CFP set20	MF out20
PIB real e componentes (variação, %)												
PIB	2,2	-8,0	-9,4	-9,8	-9,3	-8,1	-8,5	5,0	6,3	6,0	4,8	5,4
Consumo privado	2,4	-	-10,0	-	-8,9	-6,2	-7,1	-	8,2	-	6,9	3,9
Consumo público	0,7	-	3,1	-	3,0	1,2	-0,3	-	-1,2	-	-0,3	2,4
Investimento (FBCF)	5,4	-	-10,6	-	-6,8	-4,7	-7,4	-	8,8	-	5,9	5,3
Exportações	3,5	-	-15,5	-	-22,5	-19,5	-22,0	-	8,2	-	7,5	10,9
Importações	4,7	-	-13,3	-	-17,5	-12,4	-17,9	-	8,6	-	9,3	7,2
Contributos para o crescimento real do PIB (p.p.)												
Procura interna	2,7	-	-8,4	-	-7,1	-	-6,6	-	6,5	-	5,7	4,1
Exportações líquidas	-0,4	-	-1,0	-	-2,2	-	-1,9	-	-0,2	-	-0,9	1,3
Preços (variação, %)												
Deflador do PIB	1,7	-	1,7	-	1,8	-	1,5	-	0,4	-	1,2	0,9
Deflador do consumo privado	0,9	-	-	-	0,9	-	0,3	-	-	-	0,9	0,9
Deflador do consumo público	2,6	-	-	-	2,6	-	4,3	-	-	-	0,6	0,4
Deflador da FBCF	2,5	-	-	-	1,3	-	0,4	-	-	-	1,3	1,1
Deflador das exportações	0,5	-	-0,2	-	-0,8	-	-1,0	-	0,6	-	0,7	0,9
Deflador das importações	0,0	-	-1,4	-	-1,9	-	-2,2	-	0,6	-	-0,2	0,6
IHPC	0,3	-0,2	0,2	0,0	0,1	0,0	-0,1	1,4	0,2	1,2	0,7	0,7
PIB nominal												
Variação (%)	4,0	-	-7,8	-	-7,6	-	-7,0	-	6,7	-	6,1	6,3
Nível (mil. M€)	213,3	-	195,7	-	196,1	-	198,3	-	208,9	-	208,1	226,8
Mercado de trabalho (variação, %)												
Taxa de desemprego (% pop. ativa)	6,5	13,9	11,6	-	10,0	7,5	8,7	8,7	9,6	-	8,8	8,2
Emprego	0,8	-	-5,7	-	-4,0	-2,8	-3,8	-	2,9	-	1,3	1,0
Remuneração média por trabalhador	3,5	-	-	-	0,7	-	3,4	-	-	-	4,0	1,7
Produtividade aparente do trabalho	1,4	-	-	-	-5,5	-	-4,8	-	-	-	3,4	4,3
Sector externo (% PIB)												
Capacidade líquida de financiamento	1,0	-	-	-	-1,3	-0,6	-0,3	-	-	-	-1,4	0,9
Balança corrente	0,2	0,3	-0,2	-	-2,4	-	-1,2	-0,4	-0,1	-	-2,5	0,1
Balança de bens e serviços	0,2	-	-	-	-1,9	-1,9	-1,3	-	-	-	-2,2	0,1
Balança de rend. primários e transf.	-0,1	-	-	-	-0,5	-	0,1	-	-	-	-0,2	0,0
Balança de capital	0,8	-	-	-	1,1	-	0,9	-	-	-	1,1	0,8
Desenvolvimentos cíclicos												
PIB potencial (variação, %)	-	-	-	-	0,3	-	0,6	-	-	-	1,1	1,7
Hiato do produto (% PIB potencial)	-	-	-	-	-6,3	-	-5,8	-	-	-	-2,9	-2,4
Finanças públicas (% PIB)												
Saldo orçamental	0,1	-7,1	-7,9	-	-7,2	-	-7,3	-1,9	-4,7	-	-3,2	-4,3

Fontes: 2019: INE e BdP. 2020-2022: FMI - *World Economic Outlook*, abril 2020; OCDE - *Economic Outlook No 107 (single-hit scenario)*, junho 2020; CE - *Summer 2020 Economic Forecast*, julho 2020; CFP - *Perspetivas Económicas e Orçamentais 2020-2024 (atualização)*, setembro 2020; BdP - *Boletim Económico*, outubro 2020; MF - *Proposta de Orçamento do Estado para 2021*, outubro 2020.

Segundo o MF, o deflator do PIB deverá registar uma desaceleração de 1,5% em 2020 para 0,9% em 2021, traduzindo a desaceleração do deflator do consumo público e a aceleração do deflator das importações. Refira-se que é esperado um movimento semelhante pelas restantes instituições selecionadas no Quadro 2, ficando a previsão do MF para o deflator do PIB contida entre os 0,4% da OCDE e os 1,2% do CFP. Relativamente ao Índice Harmonizado de Preços no Consumidor (IHPC) deverá registar uma dinâmica diferente, prevendo o MF uma aceleração de -0,1% em 2020 para 0,7% em 2021. A generalidade das instituições consideradas também perspetiva uma aceleração da taxa de variação do IHPC, apresentando-se a projeção do FMI como a mais elevada (1,4%) e a da OCDE a mais moderada (0,2%).

Em face das dinâmicas descritas para o produto real e para o deflator do PIB, o MF prevê que o PIB nominal cresça 6,3% em 2021. Esta previsão está em linha com a trajetória das projeções das instituições anteriormente mencionadas.

Após o aumento esperado para a taxa de desemprego em 2020 (8,7% vs. 6,5% em 2019), o MF prevê a redução deste indicador para 8,2% em 2021, traduzindo o crescimento de 1,0% do emprego no próximo ano. A taxa de desemprego esperada pelo MF para este ano enquadra-se nas projeções das entidades consideradas no Quadro 2, com a sua previsão a situar-se entre os 7,5% do BdP e os 13,9% do FMI. Sublinhe-se, no entanto, que a taxa de desemprego prevista pelo MF para 2021 é a mais baixa quando comparada com as presentes nos cenários macroeconómicos das restantes instituições consideradas. A taxa de variação da remuneração média por trabalhador (nominal) apresentada deverá desacelerar de 3,4% em 2020 para 1,7% em 2021. Utilizando o IHPC como deflator, o MF espera, em termos reais, um abrandamento da remuneração média real por trabalhador de 3,5% em 2020 para 1,0% em 2021. A produtividade aparente do trabalho, de acordo com o MF, deverá recuar 4,8% em 2020, sendo esperada uma recuperação de 4,3% em 2021.

A capacidade líquida de financiamento da economia portuguesa, de acordo com o cenário apresentado, deverá tornar-se ligeiramente negativa no ano de 2020 (-0,3% do PIB), regressando a um excedente em 2021 (0,9% do PIB). De acordo com o MF, a recuperação no próximo ano resultará, exclusivamente, de uma perspetiva de robustecimento do saldo da balança corrente (0,1% do PIB vs. -1,2% do PIB em 2020), uma vez que se espera uma ligeira deterioração do saldo da balança de capital (0,8% do PIB vs. 0,9% do PIB em 2020). No que respeita ao saldo da balança corrente, a perspetiva das diversas instituições consideradas é divergente, com o FMI e o CFP a projetarem uma degradação desse indicador entre 2020 e 2021 e a OCDE a antecipar uma ligeira recuperação. Ainda assim, nenhuma dessas instituições espera que o saldo da balança corrente se torne positivo em 2021, contrastando, desse modo, com a previsão subjacente ao cenário macroeconómico divulgado pelo MF com a POE/2021.

Conciliação com previsões anteriores do MF

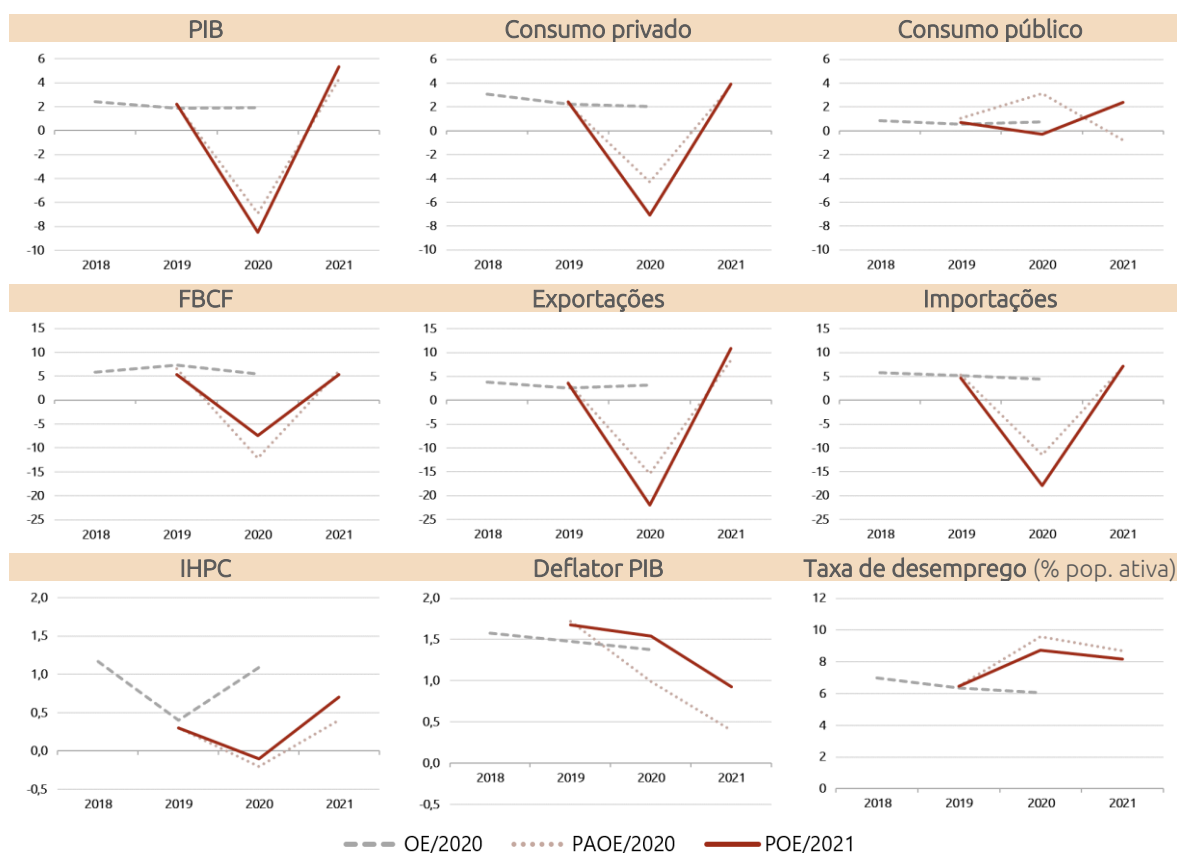
A previsão do MF para a variação do PIB real em 2020 é revista em baixa face ao cenário apresentado na Proposta de Alteração ao Orçamento do Estado para 2020 (PAOE/2020) (revisão em -1,6 p.p. para -8,5%). Note-se que a previsão constante na PAOE/2020 não foi sujeita ao processo de endosso por parte do CFP. A previsão agora em apreço reflete a revisão em baixa de todas as componentes do PIB, à exceção da FBCF, que é revista em alta (Gráfico 1).

Para 2021, face ao anterior documento de programação orçamental, a POE/2021 revê em alta o crescimento do PIB para 5,4% (+1,1 p.p.). Contribui para esta variação do PIB real a revisão em alta das exportações (+2,5 p.p.) e do consumo público (+3,2 p.p.) parcialmente mitigada pela revisão em baixa da FBCF (-0,8 p.p.).

As perspetivas para a inflação são revistas em alta na POE/2021, com a variação dos preços a fixar-se em -0,1% em 2020 e em 0,7% em 2021 (+0,1 p.p. e +0,3 p.p.).

No mercado de trabalho, a taxa de desemprego exhibe um perfil semelhante ao previsto na PAOE/2020, tendo sido revista -0,9 p.p. em 2020 e -0,5 p.p. em 2021, apresentando assim valores de 8,7% e 8,2% da população ativa, respetivamente.

Gráfico 1 – Comparação das previsões incluídas na POE/2021, na PAOE/2020 e no OE/2020 (variação, %)



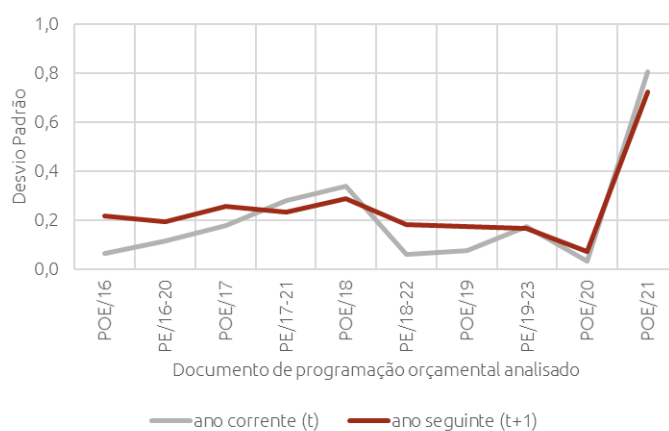
Fonte: MF – POE/2021, PAOE/2020 e OE/2020.

PRINCIPAIS CONSIDERAÇÕES

O cenário macroeconómico subjacente à POE/2021 é marcado pelo atual contexto de elevada incerteza causado pelo impacto da pandemia por COVID-19 na atividade económica. A análise do CFP tem por objetivo verificar se a previsão em apreço se baseia no cenário mais provável ou num cenário mais prudente, de acordo com os princípios do artigo 8.º da Lei de Enquadramento Orçamental (Lei n.º 151/2015, de 11 de setembro), o que requer no presente enquadramento a ponderação de diversos fatores, incluindo o impacto das medidas constantes na POE/2021.

Os períodos de elevada incerteza tendem a ser caracterizados por falta de consenso ou maior dispersão nas projeções.¹ Tal deve-se a um maior número de perspetivas distintas acerca da conjuntura económica entre previsores, que indica que é mais difícil e mais incerta a projeção de desenvolvimentos económicos futuros. Usando o painel habitual de instituições para enquadrar o Parecer do CFP, o Gráfico 2 mostra a evolução da dispersão das projeções para o crescimento do PIB real implícita nos Pareceres desde 2015. A dispersão das projeções, quer para o ano corrente como para o ano seguinte, atingiu no presente Parecer o valor máximo do período considerado.

Gráfico 2 – Dispersão das projeções para o crescimento do PIB real consideradas nos Pareceres do CFP



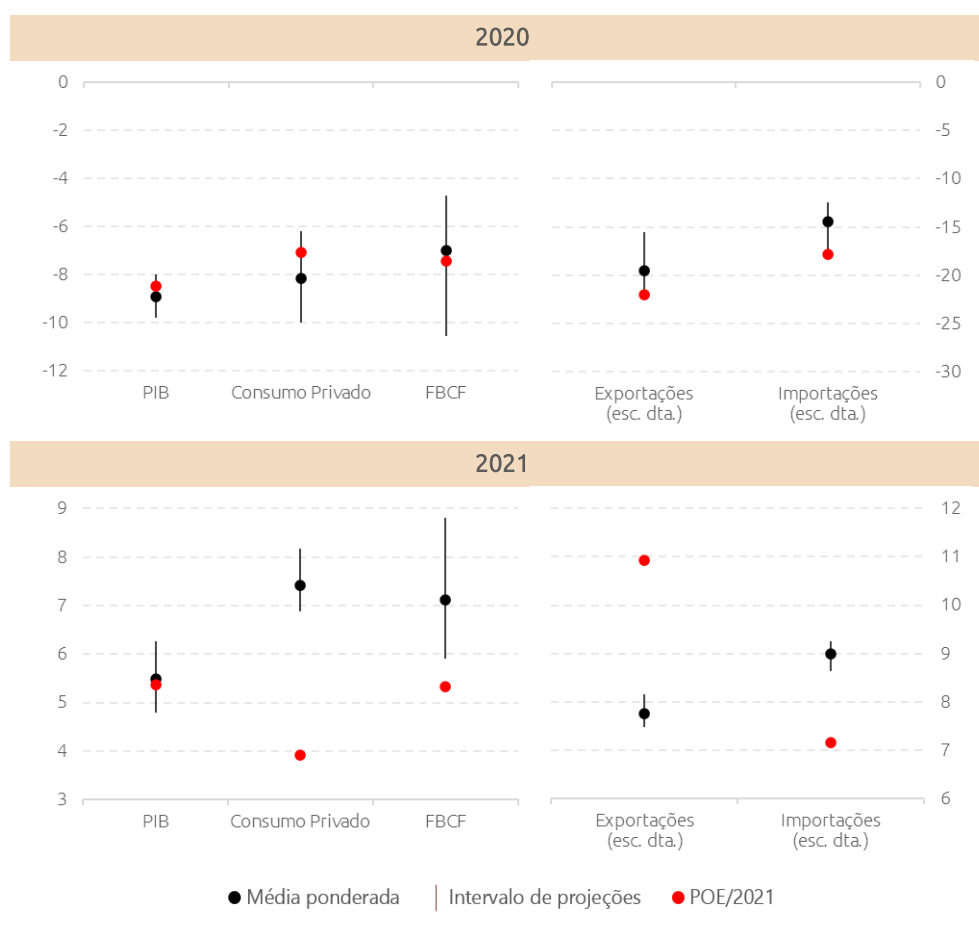
Fonte: BdP, CE, CFP, FMI, OCDE e cálculos do CFP. | Nota: PE – Programa de Estabilidade.

O atual contexto de incerteza histórica e anormalmente elevada, torna difícil a caracterização de um cenário mais provável. Contudo, a importância de um cenário mais prudente é exacerbada, uma vez que os potenciais desvios associados a riscos descendentes do cenário macroeconómico poderão ter um impacto orçamental não negligenciável.

¹ Ver, por exemplo, o artigo *The impact of uncertainty on activity in the euro area*, *ECB Economic Bulletin*, Issue 8/2016, December 2016, pp. 55-72 e as suas referências.

Para 2020 o cenário do MF encontra-se balizado na generalidade das variáveis macroeconómicas, incluindo as determinantes para a dinâmica das finanças públicas (Gráfico 3). Face ao cenário anterior do MF a POE/2021 revê em baixa a atividade económica para 2020. Os riscos globais subjacentes ao cenário do MF não diferem substancialmente dos contemplados nos cenários macroeconómicos de outras instituições. A quebra na atividade económica em 2020 e a subsequente recuperação em 2021 dependem da evolução da pandemia ao longo deste 2.º semestre de 2020 e do sucesso das medidas de mitigação da transmissão do vírus e das medidas económicas de apoio às famílias e às empresas.

Gráfico 3 – Enquadramento das previsões da POE/2021 (variação, %)



Fonte: POE/2021 e cálculos do CFP. | Nota: a média ponderada das taxas de crescimento apresentadas por outras instituições (BdP, CFP, CE, OCDE e FMI) 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: $P_{j,i} = \frac{1 - D_{j,i}/360}{P_j}$, em que $D_{j,i}$ 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 2021, a perspetiva do MF para a recuperação da atividade económica em Portugal (5,4%) está alinhada com as expectativas das principais instituições, incluindo as do CFP (Quadro 2 e Gráfico 3). Importa salientar que o enquadramento é feito com cenários elaborados pelas instituições assinaladas no pressuposto da não intensificação da crise pandémica e de medidas de distanciamento social mais restritivas e que não consideram as medidas de política da POE/2021.

A composição do crescimento em 2021 da POE/2021 difere das perspetivas publicadas pelas restantes instituições e pode representar um risco descendente adicional à dinâmica de recuperação económica. O risco resulta da perspetiva mais otimista para a evolução das exportações, dado o enquadramento atual da procura externa e da evolução do turismo. A dinâmica projetada para as exportações, conjugada com uma redução da elasticidade das importações face à procura global, traduzem-se num contributo esperado positivo da procura externa líquida para o crescimento do PIB (1,3 p.p.) e na expectativa de recuperação do saldo da balança de bens e serviços em 1,4 p.p. para 0,1% do PIB.

Para o crescimento do PIB, este risco está mitigado pela expectativa mais pessimista do MF quanto à dinâmica do consumo privado, bem como pela consideração das medidas de política económica constantes da POE/2021, não consideradas nas demais projeções e previsões. Atendendo à dimensão das novas medidas de suporte à atividade económica e ao rendimento é de esperar um efeito positivo sobre a dinâmica de crescimento. No tocante ao consumo privado, o seu cujo contributo para o crescimento é menor do que o esperado pelas outras instituições consideradas na análise (Gráfico 3). Esta hipótese, se estiver devidamente refletida na receita fiscal (não foi possível ao CFP aferir), poderá contribuir, *ceteris paribus*, para uma perspetiva prudente do saldo das Administrações Públicas.

A evolução prevista pelo MF para a taxa de desemprego, abaixo das restantes projeções conhecidas (Quadro 2 e Gráfico 3), representa também um risco descendente neste cenário com impacto orçamental. A especificidade da contração económica em 2020 e as medidas em vigor de apoio ao emprego, levam à desconexão ou desfasamento entre a evolução da atividade económica e os desenvolvimentos no mercado de trabalho. Para 2021, a criação de emprego está dependente não só da rápida recuperação da economia, como da duração e manutenção das medidas de apoio ao emprego adotadas no atual contexto.

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 à Proposta de Orçamento do Estado para 2021, **o Conselho das Finanças Públicas endossa as estimativas e previsões macroeconómicas apresentadas.**