



PORTUGAL

State of Play – Winter 2017



MACROECONOMIC SITUATION

- Moderate growth in 2016, driven by private consumption and exports

Excessive imbalances

- The net international investment position improved but remains negative
- Private sector debt is slowly declining, but the level of non-performing loans is still high
- Public debt has stabilised but at a high level
- Unemployment keeps falling, but remains elevated
- Labour market remains segmented with a high amount of temporary jobs
- Income inequality has declined, but remains among the highest in the EU



PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

Some progress

- in strengthening incentives for firms to hire through permanent contracts
- in removing regulatory barriers and improving the business environment

Limited progress

- in the implementation of fiscal-structural reforms
- in ensuring that minimum wage is consistent with the objectives of promoting employment and competitiveness across sectors
- in effectively activating long-term unemployed
- in reducing the high stock of non-performing loans and improving access to finance



FISCAL SITUATION

- Excessive deficit, deadline for correction in 2016
- Public debt above the 60% of GDP reference value, to be put on an appropriate downward path
- Draft Budgetary Plan 2017 assessed as at risk of non-compliance with the rules of the Stability and Growth Pact



POLICY HIGHLIGHTS

Socially inclusive education

- Different initiatives aimed at reducing education inequalities and school failure
- Based on more school autonomy the initiatives target specific local needs helping students at risk of school failure
- Together, they also contribute to raising the population's average level of basic skills

More info at

<https://ec.europa.eu/info/strategy/european-semester/european-semester-timeline/analysis-phase>