CIP
CONFEDERAÇÃO EMPRESARIAL
DE PORTUGAL

SPRING 2020 REFORM BAROMETER – PORTUGAL

European Semester - Overall assessment of 2019 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2019) is appropriate.	To some extent	Main critics of CIP regarding the NRP are: absence of tax reforms; lack of ambition on reforms aimed at the capitalization and financing of Portuguese companies, as well as on the reform of the State and Public Administration; there is no clear priority in the allocation of resources to vocational training; we do not share the vision on the way how to fight labour market segmentation.
2.	The Commission's country specific recommendations for your country are appropriate.	To a large extent	
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To a large extent	

Assessment of Country Specific recommendations 2019 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR **1**	Achieve the medium-term budgetary objective in 2020, taking into account the allowance linked to unusual events for which a temporary deviation is granted. Use windfall gains to accelerate the reduction of the general government debt ratio. Improve the quality of public finances by prioritising growth-enhancing spending while strengthening overall expenditure control, cost efficiency and adequate budgeting, with a focus in particular on a durable reduction of arrears in hospitals. Improve the financial sustainability of State-owned enterprises, while ensuring more timely, transparent and comprehensive monitoring.	Important	Mixed	Headline deficit will be lower than the target. According to the Government, medium-term budgetary objective will be achieved in 2020. Debt reduction target in 2019 will be attained and debt reduction benchmark is projected to be met in 2020. Overall expenditure control is effective but not by prioritising growth-enhancing spending: public investment fell short of the budgeted values. Progresses in hospital arrears reduction were eroded by new increases during the second half of the year. Health sector remained sub budgeted in 2019. A more adequate budgeting is foreseen for 2020. No progress in the reduction of tax burden.
CSR **2**	Adopt measures to address labour market segmentation. Improve the skills level of the population, in particular their digital literacy, including by making adult learning more relevant to the needs of the labour market. Increase the number of higher education graduates, particularly in science and information technology. Improve the effectiveness and adequacy of the social safety net.	Important	Mixed	Concerning labour market segmentation, we continue to defend it is necessary to amend the legal regime for individual dismissals associated with open-ended contracts. Despite some progresses in some areas (namely in available finance for professional training) it is still needed a reinforced investment in skills to tackle the opportunities and challenges of technological transformation on the labour market.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR **3**	Focus investment-related economic policy on research and innovation, railway transport and port infrastructure, low carbon and energy transition and extending energy interconnections, taking into account regional disparities.	Important	Unsatisfactory	Investment in rail is delayed and plans are inadequate to ensure competitive and interconnected links to the European network.
CSR 4	Allow for a swifter recovery of the collateral tied to non-performing loans by increasing the efficiency of insolvency and recovery proceedings. Reduce the administrative and regulatory burden on businesses, mainly by reducing sector-specific barriers to licensing. Develop a roadmap to reduce restrictions in highly regulated professions. Increase the efficiency of administrative and tax courts, in particular by decreasing the length of proceedings.	Important	Mixed	NPL have decreased, but progresses on the program to improve the access to capital (Programa Capitalizar) are missing. Progresses on the reduction of administrative burden and on the decreasing the length of court proceedings are slow.

Reform Progress in your Member State in 2019

How would you assess reform progress in 2019, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Unsatisfactory
Labour market	Mixed
Innovation and skills	Mixed
Access to finance and Financial stability	Mixed

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Reform priorities for 2020

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Labour market mismatch and labour mobility	Prioritize vocational training, linking it with the labour market needs, deeply involving business associations and companies.	Yes
Priority 2	Bank lending conditions	Address the need for business to restructure their debt and recapitalize.	Yes
Priority 3	Tax reforms	Reduce the tax burden on companies.	No
Priority 4	Business Environment - Regulatory barriers to entrepreneurship	Implement an effective and transparent impact assessment system. Focus on improving judicial system (namely by capacitation of commercial courts).	Yes
Priority 5	Job protection	Positive advances in labour reforms undertaken in Portugal between 2011 and 2015 must be preserved to safeguard and allow the dynamization and modernization of sectors.	Yes