

SPRING 2012 REFORM BAROMETER – PORTUGAL

		Level			Rank			Gap		Areas of Action
		2010	2011	Change	2010	2011	change	EU top 5	Gap ¹	
Pillar I	1 GDP per capita (Purchasing Power Parity- PPP)	19765	19687	-0,4%	24	24	0	NL AT IE SE DK	-39%	
	2 GDP per capita (€ at 2000 prices)	14838	14562	-1,9%	22	22	0	DK IE SE NL AT	-58%	
	3 Labour productivity per hour worked (PPP)	21,7	21,8	0,3%	23	24	-1	NL BE FR IE DE	-52%	
	4 Labour productivity per person employed (PPP)	42580	42863	0,7%	24	24	0	IE BE AT FR NL	-38%	
	5 Private investment (excluding non residential, %GDP)	3,9	4,5	0,6	21	20	1	SK AT BE IT CZ	-3,9	
	6 Industrial activity (% total value added)	17,4	17,5	0,1	22	22	0	SK CZ IE RO HU	-12,9	
	7 R&D expenditure (% GDP) *	1,6	1,6	0,0	17	19	-2	FI SE DK DE AT	-1,6	
	8 Operating surplus (% total value added)	37,2	36,0	-1,3	23	26	-3	BG GR RO LT IE	-19,2	
Pillar II	9 Current Account (% GDP)	-9,7	-7,6	2,1	30	30	0	SE DK NL LU DE	-13,3	
	10 Export market share (gain from 2000)	-3,6	-1,3	2,3	20	19	1	LT RO HU BG CZ	-64,5	
	11 Net export contribution to GDP	0,6	4,0	3,4	18	1	17	PT IE GR SK HU	1,0	
	12 Relative yearly gain in global trade share (% total trade)	-0,11	-0,07	0,0	27	30	-3	EE LT LV BG CZ	-0,17	
	13 Relative unit labour cost (gain from 2000)	2,8	2,9	0,2	14	16	-2	DE SE AT PL GR	9,9	
	14 High-tech exports (% total exports) **	6,3	3,7	-2,6	21	31	-10	MT LU HU IE CY	-26,3	
Pillar III	15 Employment rate (% working age population)	65,6	64,7	-0,9	24	25	-1	AT NL LU DE CY	-5,7	
	16 Employment rate 15-24 (% population 15-24)	28,5	27,6	-1,0	18	19	-1	NL DK AT DE UK	-25,8	
	17 Employment rate 55-64 (% population 55-64)	49,2	48,3	-0,9	15	17	-2	SE DE DK UK FI	-12,3	
	18 Annual hours worked (per capita)	1960	1968	0,4%	4	2	2	PL PT CZ GR HU	0%	
	19 Labour participation (% working age population)	78,5	78,3	-0,1	8	8	0	SE DK NL PT DE	-1,4	
	20 Working age population (as % total population)	66,8	66,7	-0,1	22	22	0	SK PL CY LT RO	0,9	
	21 Unemployment rate (% labour force)	10,5	11,1	0,6	24	25	-1	AT NL LU DK MT	5,7	
Pillar IV	22 Gross debt - general government (% GDP)	93,3	101,6	8,2	25	27	-2	EE BG LU RO SE	79,0	
	23 Net debt - general government (% GDP)*	-68,0	-66,6	1,4	25	23	2	EE DK BG RO SE	-72,0	
	24 Government budget balance (% GDP)	-9,8	-5,8	3,9	27	24	3	HU SE EE LU FI	-4,4	
	25 Primary balance (% GDP)	-6,8	-1,6	5,2	27	14	13	HU SE DE EE IT	-4,0	
	26 Tax burden (% GDP)	34,8	36,0	0,0	16	18	-2	BG LT LV RO SK	8,1	
	27 Highest marginal tax rate, individual rate (%)	45,9	46,5	0,0	23	23	0	BG CZ LT RO SK	17	
	28 Public investment (% total public expenditure)	7,8	5,3	-0,3	14	24	-10	RO PL BG LV LT	-9,6	
Pillar V	29 Net foreign assets (% GDP) *	113,9	112,0	-1,9	26	27	-1	LU NL CY BE DE	187,8	
	30 Net financial assets, households (% GDP) *	124,1	123,4	-0,7	8	9	-1	BE IT MT NL CY	-47,5	
	31 Net financial liabilities, non financial corporations (% GDP)*	-163,0	-163,1	-0,1	24	24	0	SK DE NL GR DK	102,7	
	32 Regulatory tier 1 capital to risk weighted assets *	7,9	8,3	0,4	31	32	-1	EE BE MT LU RO	-6,6	
	33 Non performing loans to total gross loans	3,2	3,6	0,4	11	9	2	FI LU SE AT BE	-8,3	
	34 Loans to private sector (% GDP) *	165,8	163,8	-2,0	20	20	0	RO SK PL CZ LT	112,0	
	35 Bank liabilities (%GDP) *	274,3	282,6	8,3	17	19	-2	RO SK PL LT BG	202	

■ Five best

■ Lowest third

1. Percentage points, when not indicated otherwise

* 2009/ 2010 data

** 2008/ 2009 data

A methodological note can be found in the report or [here](#).

PRIORITIES FOR REFORM IN 2012

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	23	Create conditions to minimize the impact of banks' deleveraging process on credit flows to the private sector.	X	
Priority 2	16	Reduce current public expenditures, focusing on reform of Public Administration and rationalization of public services	X	
Priority 3	1	Focus on improving judicial system, reducing delays in payments and compliance costs of tax system and of environment regulations and simplifying export procedures	X	
Priority 4	9	Introduce more flexibility in labour regulations	X	
Priority 5	17	Aiming at reducing public expenditure in a sustainable way both in public administration and state-owned enterprises, focus should concentrate on redefining the role of the State	X	

Policy areas

1. Business Environment - Regulatory barriers to entrepreneurship
2. Business Dynamics - Start-up conditions
3. R&D and Innovation
4. ICT
5. Competition policy framework
6. Sector specific regulation (telecom, energy)
7. Market integration - Openness to trade and investment
8. Active labour market policies
9. Job protection
10. Labour supply measures for specific groups (older workers, women...)
11. Wage bargaining and wage-setting policies
12. Labour market mismatch and labour mobility
13. Making work-pay: interplay of tax and benefit system
14. Pension and health care reforms
15. Quality of fiscal institutions and budgetary framework
16. Consolidation of public expenditures
17. Public sector efficiency
18. Public investment
19. Tax reforms
20. Access to bond markets
21. Access to equity markets
22. Venture capital and SME financing instruments
23. Bank lending conditions
24. Long term investment instruments

REFORM PROGRESS IN 2011

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?		How do you assess reform progress over the past year? (1 for excellent progress; 5 for no progress) *		(*) Are these priorities properly identified in the National Reform Programme submitted by your government in 2011?	
			Yes	No	Comments	Rank	Yes (*)	No (*)
Priority 1	16	Reduce current public expenditures, focusing on reform of Public Administration	X		Adjustment programme progresses in satisfactory way; gaps are controlled and being corrected	2	X	
Priority 2	23	Create conditions for enterprises to have easier access to finance enabling their recapitalization	X		Weak progress: financing restrictions resulting from the banking sector deleverage are concentrated on private companies	5		X
Priority 3	11	Control wage growth		X	Public sector wages are frozen and private sector wages are contained	2	X	
Priority 4	1	Focus on improving justice system, reducing compliance costs of tax system and of environment regulations procedures and simplifying export procedures	X (simplifying export procedures)	X	Further reforms are foreseen in many areas, but swift and effective implementation is lagging	4	X	
Priority 5	9	Introduce more flexibility in labour regulations	X		Some changes are being introduced in order to increase flexibility (eg, severance payments and working time arrangements)	3	X	

* Please see list of areas on page 2 "reform priorities for 2012"

* Rank of reform progress: 1. Excellent/ no further progress needed; 2. Satisfactory; 3. Mixed; 4. Unsatisfactory; 5. No progress

(*) replies concern the Memorandum of Understanding

"On 19 April 2011, the Portuguese Government submitted a National Reform Programme. The proposed macroeconomic and fiscal scenarios and the policy recommendations have been overtaken by the Memorandum of Understanding" in Council Recommendation of 12 July 2011 (JO C216)

REFORM PROGRESS IN OVERALL POLICY AREAS 2011

	<i>Excellent</i>	<i>Satisfactory</i>	<i>Mixed</i>	<i>Unsatisfactory</i>	<i>No progress</i>
Productivity and investment				x	
International competitiveness			x		
Labour market			x		
Public finances		x			
Financial stability			x		

EUROPEAN SEMESTER

1. Do you believe the European Semester will bring a real change to policy coordination in Europe?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

- (*) 2. Basing your analysis on the National Reform Programme submitted by your government, would you consider that it reveals a greater commitment from your country to this process?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
X				

- (*) 3. Do you believe the National Reform Programme submitted by your government properly reflects the key challenges in your country?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

- (*) 4. The Commission's country specific recommendations for your country are:

<i>Excessively complacent</i>	<i>Slightly too positive</i>	<i>Absolutely appropriate</i>	<i>Slightly too negative</i>	<i>Excessively harsh</i>
			X	

- (*) 5. Are the country-specific recommendations being properly implemented?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

6. Are commitments concerning the euro plus pact properly addressed by your government in the NRP?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
X				

7. Do you believe the Commission recommendations in this area to be appropriate?

<i>Yes, absolutely</i>	<i>To a large extent</i>	<i>To some extent</i>	<i>Not enough</i>	<i>Not at all</i>
	X			

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