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**‘Just being heard’?  
Engaging in the  
European Semester in  
the shadow of  
macroeconomic  
surveillance**



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## **'Just being heard'? Engaging in the European Semester in the shadow of macroeconomic surveillance. Case study Portugal**

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## Executive summary

This OSE Research paper analyses the involvement of Portuguese trade union confederations in the 'European' and 'national' cycles of the European Semester in the period between 2014 and 2018. It explores the specificities of national trade unions' involvement (including access channels), strategies followed as well as the resources available and exchanged. It also qualifies trade union's influence on the national agenda setting as well as on the outputs and outcomes of the Semester.

The research used qualitative methods, notably the analysis of scientific literature and secondary sources, including Semester-related EU and national documents as well as documents prepared by trade unions. In addition to desk research, 14 semi-structured interviews were carried out with representatives of the two trade union confederations, of one of the employers' confederations and of national authorities and European bodies (representation of the EU in Portugal) involved in the Semester process.

The period between 2014 and 2018 was still marked by the fact that Portugal was (between 2011 and 2014), under a Memorandum of Understanding (MoU) on Specific Economic Policy Conditionality, and was thus subject to a strong degree of EU pressure. Since then, the country has gained more autonomy vis-à-vis the EU, which led Sabato (2018) to consider Portugal as a country subject to 'moderate to strong' EU pressure. This means that the EU still exerts a considerable degree of pressure on Portugal.

Between 2014 and 2018, five key themes in relation to Portugal emerged from the European Semester policy areas addressed in this study: a) the increase in the minimum wage and its connection to productivity and competitiveness; b) unemployment, including youth and long-term unemployment; c) labour market segmentation; d) the sustainability of the pension system; and e) poverty reduction, and ensuring adequate social assistance coverage, including through the minimum income scheme.

In this context, the representativeness of Portuguese trade unions (in terms of membership) has been falling in recent years and should be considered, in European terms, as low. Portugal is included in the Southern system of industrial relations. The first two years of the period under scrutiny witnessed a weakening of collective bargaining. However, important legislative measures and measures relating to social dialogue were taken especially in 2017 and 2018, following the coming to power of a new government supported by centre-left and left-wing parties (2015-2019). Overall, Portuguese trade union confederations deem their involvement in the European Semester to be useful, even if results suggest that full awareness of the procedures and instruments of the European Semester is limited to a few people at the national trade union confederal level, particularly the Trade Union Semester Liaison Officers (TUSLOs), and to a few top-level leaders. To

a certain extent, the European Semester is seen by Portuguese stakeholders as a continuation of external intervention in Portugal — as was the case at the time of the Memorandum of Understanding. For this reason, CSR's are sometimes perceived as a continued attempt by the Commission to 'boss the country around'.

There are three main channels for access in Portugal: a) the Economic and Social Council (CES), including its Standing Committee for Social Dialogue (CPCS); b) direct communication with the EC/Semester Officers; and c) bilateral meetings with the Government.

Dialogue, at both national and European levels, is seen as important by Portuguese trade unions, but they consider that the process is subverted from the very beginning: trade union confederations, they feel, should not only be informed or consulted but should also be called upon to contribute more actively. Thus, involvement is considered to be better described as 'consultation' than as 'participation'. This, for trade union representatives, represents a key barrier to the process, along with the tight timeframe and deadlines for consultation.

The strategies trade unions embrace for involvement in the procedures of the European Semester are 'insider strategies' adopting, most of all, a reactive standpoint regarding the Semester and its requests. Trade union representatives highlight the efforts they make and their desire to influence the process. However, in their view, their influence is actually low. Here the resources available seem to play a role, as the unions, and other actors, consider that more resources could foster deeper involvement.

The key themes of the Semester correspond, to a great extent, to the key themes addressed in national social dialogue. However, in the specific in-depth case study addressed in the study – the process of increasing the minimum wage in Portugal – the Semester did not play an important role. This was an example of a situation where the parallelism between national themes and the messages of the Semester meant that the latter was given less priority than the national context where 'action takes place'. This was true despite the strong EU pressure regarding this issue over most of the 2014-2018 period, with the issuing of Country-specific Recommendations (CSRs) advocating prudence in setting the minimum wage, to keep it aligned with the objectives of promoting employment and competitiveness. Only in 2018 was there some acknowledgment from the European Commission that minimum wage increases have supported the incomes of low-wage workers and do not seem to have negatively affected job creation, including the creation of jobs for low-skilled workers. The government initiative, which was agreed on with the parties supporting it in Parliament, was in clear conflict with EU messages, including those in the CSRs, and this reduced the unions' scope for action.

The research results indicate the need for caution when analysing the ability of national trade union confederations to influence the European Semester. It seems difficult to establish direct causal links. Taking an optimistic approach, the involvement of Portuguese trade union confederations in the Semester at national and European levels has promoted dialogue and joint reflection, and has thus somehow influenced the process. Overall influence is however thought to be limited and depends on the broader context including, inter alia, the national economy and the positions of the national government and other social partners.

Trade union representatives seem to feel that they have little influence on the outputs and the outcomes of the process, e.g. on the Country reports, on the National Reform Programmes (NRPs) and on the CSRs. They assess that their 'position is just heard'. At the national level, involvement in the Economic and Social Council and in the CPCS is deemed by respondents, mostly other than trade unionists, to be a prerequisite for asserting any influence. Respondents from national authorities reiterated that, over time, some of the concerns expressed by trade unions have been 'welcomed'. From the national authorities' perspective, trade union involvement would probably be more successful if the unions were more pro-active in helping to set the agenda. They would then be better able to directly influence the process and to have their views incorporated in the final outputs/outcomes.

Thus, in order to achieve good-quality and meaningful involvement in the Semester, Portuguese trade unions should consider ways of strengthening their internal and external resources, as well as ways of adopting a more pro-active approach to their involvement.

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## 1. Introduction and setting the scene

The Portuguese case study for the project 'INVOLvement of Trade UNions in the European Semester' (INVOTUNES) aims at analysing the involvement of Portuguese trade union confederations in the European Semester.

This research uses qualitative methods, notably the analysis of scientific literature and secondary sources, including Semester-related EU and national documents <sup>(1)</sup> as well as documents prepared by trade unions. In addition to desk research, 14 semi-structured interviews were carried out with representatives of the two trade union confederations, of one of the employers' confederations and of national authorities and European bodies (representation of the EU in Portugal) involved in the Semester process <sup>(2)</sup>.

This report is structured in three main parts.

Following the 'Introduction and setting the scene', Section 2 analyses the access channels for Portuguese trade unions' involvement in the European Semester, as well as the availability and exchange of key resources in the process. Section 3 explores the linkages between the European Semester and national social dialogue and section 4 examines trade unions' strategies for involvement, including the determinants for these strategies. Section 5 then aims at establishing the actual influence of Portuguese trade unions on the agenda-setting, on the outputs and the outcomes of the Semester. Section 6 explores the involvement of national trade unions in the phased increase of the minimum wage. This particular case study selected refers to a specific policy initiative that, during the period under analysis, was repeatedly addressed in Semester documents, in both the EU cycle and the national cycle. Section 7 presents the main conclusions and provides policy recommendations for good-quality and meaningful involvement of Portuguese trade unions in the European Semester.

### *Political background*

The period between 2014 and 2018 was still marked by the fact that Portugal had been under a Memorandum of Understanding on Specific Economic Policy Conditionality (MoU) between 2011 and 2014. The degree of EU pressure in Portugal was therefore described as 'strong' by Stamati and Baeten (2014).

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1. Notably National Reform Programmes, Country reports and Country-specific Recommendations covering the period under review (i 2014-2018).
  2. A detailed list of interviews is available in Annex 1.

On 26 November 2015, the present Socialist government came to power, supported by the left-wing parties, the Communist party, the Greens and the Left Bloc. The basic political thrust of the left-wing alliance was to 'turn the page' on austerity. Since then, Portugal has gained more autonomy vis-à-vis the EU, which led Sabato (2018) to consider Portugal as a country subject to 'moderate to strong' EU pressure. Portugal's exit from the Excessive Deficit Procedure in June 2017 did not bring an end to restrictive fiscal policy however, a result of compliance with economic governance rules (including the Stability and Growth Pact, the Fiscal Compact, Country-specific Recommendations).

Between 2014 and 2018, five key themes in relation to Portugal emerged from the specific European Semester policy areas addressed in this study: a) the increase in the minimum wage and its connection to productivity and competitiveness; b) unemployment, including youth and long-term unemployment; c) labour market segmentation; d) the sustainability of the pension system; and e) poverty reduction, ensuring adequate social assistance coverage, including through the minimum income scheme <sup>(3)</sup>.

The European Commission's 2018 Country report on Portugal notes that, between 2014 and 2017, 65% of all the CSRs addressed to Portugal recorded at least 'some progress' while 35% of these CSRs recorded 'limited' or 'no progress'. Most progress was observed for CSRs related to the reform of labour contracts, some aspects of social assistance as well as reduction in private indebtedness (EC 2018).

In this context, the representativeness of Portuguese trade unions (in terms of membership) has been falling in recent years. Differing figures are provided in different documents, but the two Portuguese trade union confederations – the General Confederation of Portuguese Workers (CGTP-IN) and the General Union of Workers (UGT) – represent approximately 15% of employees. Of these union members, in 2011, between two thirds and three quarters (c.a. 460,000 workers) belonged to the former confederation, and the remainder (c.a. 193,000) to the latter (Perista, Campos Lima and Carrilho 2018). In the European context, the level of representativeness of Portuguese trade unions should be considered as low. In addition, the Portuguese tend to distrust trade unions: according to a recent survey, the people's level of trust in the unions is, on average, 8/20 <sup>(4)</sup>.

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3. A list of Country-specific Recommendations issued to Portugal in the policy areas considered between 2014 and 2018 is available in Annex 2.

4. '*Portugueses confiam mais nos patrões do que nos sindicatos*', *Negócios*, 20/02/2018, available at: <https://www.jornaldenegocios.pt/economia/detalhe/portugueses-confiam-mais-nos-patroes-do-que-nos-sindicatos>

Various measures reconfiguring the institutional framework for collective bargaining have been taken in Portugal, resulting in an individualisation of labour relations and a breakdown of collective bargaining (Campos Lima and Jørgensen 2016). These policy orientations, resulting in a weakening of the sectoral level and decentralisation, are reflected in the dramatic decline in the numbers of collective agreements (Van Gyes and Schulten 2015) and in the coverage of such agreements (Campos Lima and Carrilho 2017).

Important legislative measures and measures relating to social dialogue were however taken in 2017 and 2018, to encourage collective bargaining and reverse the negative impact of the measures adopted following the signature of the MoU. Tripartite agreements widened the scope of national social dialogue, to cover issues such as the development of collective bargaining, modernisation of the labour market and the fight against precariousness and labour market segmentation. Other issues covered related to companies' competitiveness, the economic and social modernisation of the country and the promotion of social stability, equilibrium and cohesion <sup>(5)</sup>. These recent developments are considered positive for national social dialogue throughout the 2014-2018 period.

## **2. The involvement of Portuguese trade unions in the European Semester: access channels and resources exchanged**

### ***2.1 Access channels***

While Portugal was subject to the macroeconomic adjustment programme under the Troika Memorandum of Understanding, i.e. from May 2011 to May 2014, it was exempt from monitoring and assessment by the European Semester for economic policy coordination. This influenced the Portuguese trade unions' involvement in the Semester, which only started with consultation on the 2015 NRP.

A recent CESIS and Eurofound study discovered that both CGTP-IN and UGT consider themselves to be aware of the importance of the European Semester process, and that it really matters to them (Campos Lima 2016).

The interviews suggest that full awareness of the procedures and instruments of the European Semester is limited to a few people at the national trade union confederal level, particularly the TUSLOs, and a few top-level leaders.

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5. For additional details on the contents of the 2017 tripartite agreement please refer to Campos Lima 2017.

Overall, interviewees from Portuguese trade union confederations deem their involvement in the European Semester to be useful. Besides the themes linked to the labour market and to social policy, the issues linked to budget policy were also mentioned as relevant. The specific situation in which the country found itself also meant that involvement in the Semester was useful. After concluding the Adjustment Programme in 2014, Portugal was in a post-programme monitoring phase until 2018. As mentioned by representatives of national and European authorities, the monitoring of key macro-economic variables is important to prevent further crisis periods, enhance external credibility and to regain access to markets. Trade union representatives add that involvement is also important because there is a need to be critical and to object to some of the Semester's messages and recommendations.

There are three main channels for access to the Semester process in Portugal: a) the Economic and Social Council (CES), including its Standing Committee for Social Dialogue (CPCS) <sup>(6)</sup>; b) direct communication with the European Commission/Semester Officers; and c) bilateral meetings with the Government.

The CES plenary includes not only representatives from the government and from trade union and employer confederations, but also representatives from local government and the autonomous regions, from education and equality institutions and from various civil society organisations. The CES is asked to issue an Opinion regarding the NRP. Additionally, the CPCS meets on a regular basis. For these reasons, it should be considered the most important access channel. However, the CES' written position on the NRP has to reflect the opinions of a large number of participants and interests, which is a complex and time-consuming exercise. An *ad-hoc* group was recently established within the CPCS to work specifically on the European Pillar of Social Rights. According to government officials, the purpose of this is to promote greater involvement of social partners in the social themes of the Semester.

In terms of content, trade union confederation representatives consider the interaction with the government to be weak and to be eminently formal. As regards direct communication with the European Commission, trade unions acknowledge that the Commission makes efforts to include social partners in the Semester, e.g. through meetings both in Brussels and in Portugal. This is mentioned as positive but is thought to have had limited usefulness.

Social partners also had the opportunity to share their views on the economy, structural reforms, the State Budget and the NRP with international institutions (the Commission, European Central

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6. The social partners represented in the CPCS are the trade union confederations CGTP-IN (General Confederation of Portuguese Workers) and UGT (General Union of Workers) and the employers' confederations CCP (Confederation of Portuguese Trade and Services), CIP (Confederation of Portuguese Industry) and CAP (Confederation of Portuguese Agriculture).

Bank and International Monetary Fund), as part of the Post-Programme Surveillance events (Campos Lima 2016).

Bilateral meetings with the Government seem to be the least important channel of influence. These meetings take place as part of national social dialogue and extend to issues regarding the European Semester, many of which are already dealt with separately from the Semester.

Trade unions provide different kinds of input to the Semester, at different stages. The most visible inputs regard the 'national' cycle. A CES Opinion on the NRP has been issued, in the form of a written contribution, since 2015. While the UGT has always signed this Opinion, the position of CGTP-IN has varied over the years, as shown by its voting declarations.

During the 'EU' cycle, trade unions consider that, rather than providing input, they receive information either on the Country report or the CSRs, and most of all during the initiatives promoted by the Commission Representation in Portugal. The European Trade Union Confederation (ETUC) makes efforts to promote more active involvement. Portuguese trade unions were also involved in *ex-ante* consultations on the Country reports in Brussels.

The main barrier to the involvement process emphasised by trade union representatives regards the reach of such involvement. During interviews, national authority representatives expressed the government's commitment to boosting social dialogue and involving social partners in all relevant themes. Involvement is deemed important for higher common ownership leading to greater success in the implementation of measures. However, it seems that trade union representatives consider that their actual involvement can be better described as 'consultation' rather than as 'participation'. Thus, they consider that the process is subverted from the start. At key moments, they feel, such as the preparation of the Country reports and of the CSRs (and, nationally, of the NRP and the Stability Programme), trade union confederations should not only be consulted but should also be called upon to contribute actively. Such potential dialogue, at both national and European levels, is deemed important, although the unions are aware that the end results will probably not exactly reflect their concerns. This leads them to consider that 'in the vast majority of cases, usefulness is debatable. The Government, bound to EU's guidelines usually does not reveal openness to solve problems' (TU5).

Another key barrier regards the timeframe and tight deadlines for consultation, particularly for the NRP. Both the interviewees and existing literature (e.g. Campos Lima and Abrantes 2017; Eurofound 2017) note the very limited time that is given to the social partners to issue their opinion in the context of the Economic and Social Council (CES); this has meant that their views cannot be included in the final version of the NRP. This is also acknowledged by national authorities: 'the government should extend the time given to social partners to appreciate the

documents (...) there should be a bigger effort in order that the documents are provided timely' (GOV1). Insufficient time is also identified by Portuguese trade unions as a barrier to involvement in the ETUC's Trade Union Involvement (TU-I) Index (ETUC 2017).

Similar barriers are experienced regarding involvement at European level. While acknowledging the Commission's effort to include social partners in the Semester, respondents expressed the feeling that these are eminently a formality.

### ***2.1 Availability and 'exchange' of key resources***

Legal resources are very important for Portuguese trade unions, as the social partners have a legal right to be involved and consulted regarding the NRP, through the CES. As for political resources, as mentioned above, the trade unions are estimated to cover approximately one out of eight workers in Portugal. The number of unionised workers has obvious impacts on other resources, especially on financial and economic resources. This has been acknowledged, especially by representatives from the national authorities. Contributions from the two confederations are reported to differ in terms of level of detail; this is linked to their differing sizes and estimated level of resources. Additionally, as mentioned, union membership fell during the crisis years: 'We are aware that there is a growing decapitalisation deriving from the decrease of unionisation. (...). There needs to be a recovery in terms of unionisation so that there may be a reinforcement of human resources, etc.' (GOV1).

Greater human resources could also increase cognitive resources: 'Currently it seems that resources are not the same for the two confederations, which is probably connected to their relative dimension. (...) It would be beneficial if trade union confederations invested in skills and human capital. (...) It would also be interesting if trade union confederations developed their own analysis and added some elaboration to their contributions. Of course, we are aware that these organisations face constraints' (GOV3).

Trade union representatives emphasise that internal resources are limited and could usefully be increased. They also stress, however, that even with their current resources, they still meet the requirements for involvement in the European Semester process. According to trade union representatives, there has been little change regarding the internal resources allocated for involvement in the Semester over the period under scrutiny. The channels for influence have remained the same, but the procedures have changed. According to interviewees with government officials, the current office sees the NRP as a strategic medium-term tool stating the country's concerns and priorities. Therefore, they explain, the government wishes to involve and hear key players more consistently.

In this respect, national authorities also emphasise that involvement would be more effective and more in line with their expectations if trade unions were more pro-active regarding agenda-setting. While recognising that a lack of resources may limit their action, interviewees believe that the process could benefit if trade unions promoted, for example, bilateral dialogue with the government and activities linked to specific themes. It would also be helpful if the contributions to the dialogue were more open for discussion and facilitated a common understanding. It seems clear that policy makers would value additional input from the trade unions, backed by enhanced cognitive resources.

The social partners agree that things have improved over the 2014-2018 period. However, it is acknowledged that the current government's choice to present a four-year NRP, rather than NRPs for a one-year period, probably meant that the degree of consultation on the Semester process varied over the years.

### **3. Linkages between the European Semester and national social dialogue**

#### ***3.1 Correspondence between the themes of the European Semester and the themes of national social dialogue***

The key themes of the Semester correspond, to a great extent, to the key themes addressed in national social dialogue. Out of the five themes (detailed in the Introduction), only the issue of unemployment decreased in importance over the period, in parallel to the fall in the unemployment rate. This is reflected, for example, in the CSRs; after the recommendations on unemployment between 2014 and 2017, the CSRs for 2018 did not include this issue. National social dialogue followed the same lines, and unemployment gave way to labour market segmentation, culminating in a tripartite agreement reached in the CPCS, in June 2018, focusing on the fight against precarious work and labour market segmentation, and aiming to promote collective bargaining.

An analysis of the documentation emerging from national social dialogue reveals the divergence between the CSRs and the views of the Portuguese trade unions – this is particularly striking in CGTP-IN documents. A clear example of this divergence relates to the minimum wage increase (as described in detail in Section 6). Respondents from the employers' organisations agree that the themes of the European Semester are important, although it would be better, they say, if these themes were adjusted more to national dynamics: 'there is some stubbornness regarding some dimensions that the EU deems crucial. We do not say that they are not important' (EMP1).

CES opinions on the NRPs include concerns regarding the CSRs, in relation to the need to combine budget consolidation with economic growth, job creation, working conditions and social cohesion, particularly via income distribution (wages, and pensions, unemployment allowance and other social benefits) and by involving the social partners and collective bargaining.

### ***3.2 Awareness and relevance of European Semester messages for national social dialogue***

It seems clear that the key messages and initiatives of the Semester are important for Portuguese social dialogue. In the words of one respondent: 'It allows us to say 'be aware that the Commission has already considered this or that'' (EMP1). However, it is also clear that, in many cases, the parallelism between national themes and the messages of the Semester mean that the latter is given less priority than the national context where 'action takes place'. For trade unionists, another important issue is the country's autonomy: the European Semester must respect the Treaty provisions stating that the Commission should not interfere with social dialogue at the national level.

From the respondents, it seems evident that awareness of the key themes and messages of the European Semester in relation to social dialogue is very much concentrated: 'there is involvement, most of all, at the central confederal level and especially concentrated in the Research Office. The European Semester is a complex matter and knowledge of intermediate and basic structures is more limited' (TU2).

### ***3.3 Usages made of European Semester in national social dialogue***

Key messages of the European Semester are used both by social partners and public authorities. This is seen as somehow 'part of the game', in the sense that these messages may be used to support arguments. The European Semester is used along with documents from other bodies such as the Organisation for Economic Co-operation and Development (OECD), the International Labour Organisation (ILO), the International Monetary Fund (IMF), etc. According to a representative of the national authorities, 'often the government quotes the Country report regarding Portugal and the CSRs in the documents it produces. A recent example is the document regarding labour market segmentation' (GOV1).

Trade unionists also explain that at particular times, and in relation to certain topics, they refer to messages deriving from the Semester: 'we used the latest recognition by the Commission that the uprate of the minimum wage did not have the terrible impacts that were anticipated to reinforce our position that the minimum wage is important and should allow decent living without being linked only to economic performance and competitiveness' (TU4). However, the Semester may also be referred to with a view to opposing one of its messages. Trade unionists, then, highlight what they deem to be messages reflecting EU interference in national matters, such as collective

bargaining, wage setting or social security. This same idea had already been emphasised in Eurofound studies (e.g. Eurofound 2017).

## 4. Trade unions' strategies for involvement

### 4.1 Strategies for and determinants of involvement

The strategies used for involvement in the procedures of the European Semester are 'insider strategies'. From our analysis of the interviews and of the CGTP-IN contribution to the ETUC Report on 'National Trade Unions Inputs for the Early-Stage Consultation on Country Reports 2018' (ETUC 2018), national trade unions seem mostly to adopt a reactive approach to the Semester. The main strategy seems to be to react: to requests and questions from European or national administrations, or to the requirements stemming from participation in national social dialogue. As mentioned above, the Semester is often subsumed into the national context, and thus not visible in the 'outsider strategies' adopted by trade unions.

Government officials stress that, from the start, in late 2015, the government gave priority to boosting social dialogue and to collective bargaining: it was therefore committed to involving the social partners, not only trade unions but also employers' confederations, in all relevant themes. They also emphasise that union involvement in the discussions and in the search for solutions, as well as inclusion of their contributions, fosters greater ownership and more successful implementation of measures. The government's main expectations of the trade unions, as expressed by government officials, are that they should be open to consultation and ready to actively contribute to discussions.

The participation in the meetings organised by the Commission representation in Portugal was widely referred to and confirmed by the Portuguese European Semester Officer (ESO). The ESO spoke positively of the involvement of social partners in the European Semester in Portugal, including trade union confederations, both in wider and/or fact-finding missions and in bilateral meetings. These meetings take place primarily with the Trade Union Semester Liaison Officers (TUSLOs) and with other representatives specialised in certain thematic areas on which the meeting is focused. As the ESO explained:

*'During the first cycles of the European Semester in Portugal (2014, 2015, 2016) I had the chance to meet the leaders of both confederations, although more regularly with the leader of the CGTP-IN. Other types of interaction occur through the participation of trade union representatives in conferences, workshops and other communication activities, especially those where the Representation of the European Commission/ESO is involved in the organisation'(EC1).*

However, as explained earlier in the text, Portuguese trade union confederations express unfulfilled expectations of the involvement process and ask for improvements, particularly in relation to the 'EU' cycle of the Semester: 'the phase in which we are involved the least is the phase regarding the CSRs. In this phase it seems that things are already more or less defined' (TU2).

During the 'national' cycle, as already mentioned, involvement largely concerns the NRP. One critical issue here are the very short deadlines for consultation. This was reported regarding the whole period under scrutiny, but was felt particularly in 2016, when the 2016 budget was presented later on in the year, because a new government came into office on 26 November 2015 (Campos Lima 2016).

The Trade Union Involvement Index 2017 (calculated by the ETUC, 2018) points to an 'improvable' involvement of trade unions in Portugal, meaning that consultations took place but that the quality of the dialogue should be improved.

#### ***4.2 Mechanisms for 'internal' coordination***

Both Portuguese trade unions value their interaction with the ETUC for the provision of inputs to the European Semester process; in their view, it has enhanced knowledge of the whole European Semester process and allowed them to address its themes in more depth. The establishment of a network of TUSLOs is also seen as a valuable means to gain closer insight into the situation in other countries.

Besides participating in the TUSLO network, Portuguese trade unions contribute to the ETUC reports on 'National Trade Unions Inputs for the Early-Stage Consultation on Country Reports', containing the contributions from national trade union confederations. Every ETUC Report from 2016 to 2018 has included a contribution from CGTP-IN, while a contribution from UGT was only included in the 2016 report.

The trade unions also take part in specific meetings: 'There are meetings where we participate integrated into a delegation. In the last two or three years the ETUC has asked for meetings with DG Employment to discuss country reports. (...) I participated in one of these meetings in 2016. I could not attend a similar meeting this year <sup>(7)</sup> but the organisation was represented' (TU2). Additionally, the CGTP-IN is represented in the ETUC Executive Committee.

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7. Namely in 2018.

Coordination with the ETUC led national trade unions to develop their own structure in order to meet the requirements for involvement in the European Semester process: 'We try to have a team as much flexible as possible according to the type of meeting and respective theme although this is not so that structured, not that formal' (TU4).

At the national level, Portuguese trade unions provide input to the European Semester, mostly at the central confederal level, and especially via the TUSLO-units where the TUSLO is based. As emphasised by interviewees, there is limited knowledge of the European Semester at the grass roots and in the intermediate structures. However, some sectors and/or individual trade unions, for particular reasons, are more directly involved in the process, depending on the specific topic of the contribution.

In both cases, a specific process regarding preparation for the European Semester meetings was mentioned. Based on the agenda and from their own experience, trade union confederations interact with their federations - sometimes more, sometimes less actively depending on the specific topic - so that they can discuss the points on the agenda and also, whenever possible, can add new relevant themes to the agenda.

There are no formal channels for the two trade union confederations to coordinate on the European Semester; rather, sporadic contacts take place. The main forum where both confederations are present is the CES. Both organisations are represented in the CPCS, and there are cases where they are involved together in activities promoted by the national authorities. However, interaction with the government is often bilateral.

Trade union confederations also encounter other actors in various contexts, mainly employers' confederations and some NGOs, and especially within the CES and at the meetings organised by the EC Representation in Portugal. However, rather than specific interaction, there seems to be joint discussion involving different actors. Besides these fora, no interaction between trade union confederations and other actors regarding the Semester was reported, partly because there is an understanding in the trade unions that social dialogue should concern social partners only.

Additionally, interviewees mentioned that trade unions and employers' confederations usually hold very different, even antagonistic, positions regarding the European Semester and the measures included/deriving from it, thus hampering any possibilities for other types of interaction.

Interestingly enough, the national and European authorities seem to place a high value on the interaction between social partners. The national authorities note the richness deriving from interaction, while pointing out that, in this way, it is easier to avoid bias in analysis. They also

emphasise that this interaction boosts the results and the implementation of measures, helping to find solutions which strike a better balance in terms of economic and social cohesion.

The Commission respondents emphasise that the full autonomy of social partners should be respected; common positions, however, would still be useful. As a supranational institution, it would benefit if the positions of different national stakeholders were merged into one sole national position. This is said to lead to efficiency gains regarding the processing of contributions and opinions of each Member State and to greater clarity over national positions on wide-ranging themes such as the economic policy priorities defined annually in the AGS, or the key socio-economic challenges facing the EU, such as demography or economic productivity.

## **5. Influence of Portuguese trade unions in the European Semester**

Respondents seem to agree that it is important to proceed with caution when analysing how much national trade union confederations can influence the European Semester. It seems difficult to establish direct causal links. Some respondents seem to believe that, by promoting dialogue and joint reflection, the involvement of Portuguese trade union confederations in the Semester, at national and European levels, somehow influences it.

In any case, it is clear that influence is thought to be limited, at best, and to depend on the broader context, including, *inter alia*, the national economy and the positions of the national government and other social partners. The Trade Union Involvement Index 2017 (calculated by the ETUC) shows, with regard to the effectiveness of their input, that trade unions in Portugal assess that their 'position is just heard'.

### **5.1 Influence on agenda-setting**

As already mentioned (and explained in further detail in Section 6), from 2014 to 2017 there were CSRs regarding the setting of the minimum wage. Caution was recommended, so that this would not harm employment and competitiveness. This was clearly opposed by the trade unions, even more emphatically when the government and the political parties supporting it reached agreement on a phased increase by 2019, and the periodic reports issued on the subject demonstrated that the measure did not have the negative impacts anticipated by the Commission. This was first acknowledged in the 2018 Country Report and CSRs regarding Portugal (see Section 6).

Another example of possible influence regards the qualification-level of the Portuguese population. Particularly since 2016, when the topic of unemployment became less prominent, the Portuguese social partners have placed additional emphasis on qualifications. CSR 2018 included, for the first time, a recommendation on lifelong learning and on the adaptability of the workforce.

## ***5.2 Influence on the outputs of the process***

Trade union representatives seem to feel that they have little influence on documents, e.g. on the Commission's Country reports and on the NRPs. There is a feeling that influence is, at best, limited as 'the European Commission keeps turning its back to trade union's opinions' (TU5).

Furthermore, as detailed above, the ability of Portuguese trade unions to influence the outputs of the European Semester, particularly in relation to the NRP, is reduced by the short time allotted for consultation in the CES. As a result, in 2016 the NRP submitted by the Government, for example, did not include the CES recommendations (Campos Lima 2016). Additionally, since the activities of the national parliament, the government and the CES on this issue were poorly coordinated in 2017, this hampered the trade unions' ability to influence (Campos Lima and Abrantes 2017). Therefore, according to the trade unions' own assessment, their views have a 'limited' degree of influence in the final NRP (Campos Lima 2016).

## ***5.3 Influence on the outcomes of the process***

Trade union representatives also seem to feel that they have little influence on the CSRs: as one TU respondent explained: 'I am not sure if there is an influence or if it is the data regarding the economy and the labour market that has been proving what we had been arguing for some time, i.e. that the concern expressed by the Commission was not adequate. (...) I am not sure on who is influencing who' (TU6). Another TU representative points out that the 'European Commission has recognised that the increase in the minimum wage did not have the negative impacts they feared. But this does not prevent them from issuing recommendations on this matter. We have the feeling that we are heard, that our arguments are heard but that there is a very limited influence over the documents' (TU2).

According to respondents from both trade unions and the national authorities, Portugal as a Member State has limited influence on the Semester: 'Even the Government's influence on the documents' contents is limited' (TU2). Another respondent agrees: 'I think that the whole country has some deficit of influence at the European level' (GOV3).

At the national level, involvement in the CES and in the CPCS is deemed by respondents, mostly non- trade unionists, to be a prerequisite for asserting any influence. Respondents from national authorities reiterated that, over time, some of the concerns expressed by trade unions have been 'welcomed' and included in different documents. Even if the concrete examples provided are outside the scope of the Semester, this is a process that is deemed to be replicable in the context of the Semester.

The overall assessment of trade unions' involvement in the European Semester cycle, with regard to the design and implementation of policies and reforms, is that this remained stable (CGTP-IN

view) or improved slightly (UGT opinion) in 2017, when compared to previous years. Some progress was made regarding opportunities for dialogue with the European Commission (Campos Lima and Abrantes 2017).

The tripartite debate within the CPCS and formal consultation of Portuguese trade unions and other social partners, often coupled with a social dialogue negotiation process, generally precedes the publication of national legislation (Campos Lima and Carrilho 2017), particularly on topics relevant to the European Semester. Some recent examples are: a) the regularisation of precarious employment relationships in the public administration – PREVPAV Programme (Resolution 32/2017); b) the revision of the criteria and conditions for the extension of collective agreements (Resolution 82/2017); c) the early retirement without penalties option for workers with very long working careers (Decree-Law 126-B/2017); and d) the improvement of social security protection for independent workers (Decree-Law 2/2018).

Furthermore, as mentioned above, the years 2017 and 2018 saw changes in the national social dialogue processes and outcomes in the context of tripartite concertation, widening the scope of issues negotiated and agreed upon, and generating debates with strong involvement of the social partners, irrespective of tensions and disagreements, which clarified their views and priorities.

Finally, we should highlight the unions' specific influence on the process of increasing the minimum wage: 'at the national level influence on the documents is higher than at the European level. The NRP is not comparable to other documents. The government includes things in the NRP that go against European indications as is the case of the minimum wage' (TU2). This will be discussed in more detail in the next section.

## **6. The involvement of Portuguese trade unions in the phased process of increasing the minimum wage**

### **6.1 Description**

The statutory minimum wage (*retribuição mínima mensal garantida*, RMMG) was frozen between 2010 and 2014 at EUR 485/month, under Portugal's Economic Adjustment Programme. In late November 2015, a new government took office in Portugal. A policy debate then emerged on a phased increase of the minimum wage up to EUR 600/month in 2019. This debate is of utmost importance, since in the third quarter of 2015 no less than 32% of Portuguese employees earned EUR 600/month or less.

In absolute terms, the minimum wage remains low when compared to the EU average. However, it is high when compared to Portuguese average and median wage levels (amounting to 47.2%

and 65.3% of the average and median wage, respectively, in 2016). Recent increases led to a substantial rise in the number of employees covered by the minimum wage, from 12.6% in January 2010 to 17.2% in October 2014 and up to 22.9% in March 2018 (GEP/MTSSS 2018: 65).

### ***6.2 Messages and recommendations from the European Semester and degree of EU pressure***

Over most of the 2014-2018 period, there was strong EU pressure regarding this issue, with CSRs recommending prudence in setting the minimum wage, so as to keep it aligned with the objectives of promoting employment and competitiveness. 2018 however represents a turning point. The 2016 and 2017 Country reports and the 2017 CSRs, had already touched on possible positive impacts of the increase in the (minimum) wage on aggregate demand. Both the 2018 Country report and the document on the 2018 CSRs recognise that minimum wage increases have supported the incomes of low-wage workers and do not seem to have negatively affected job creation, including that of low-skilled workers.

National legislation determining the increases in the minimum wage has emphasised the need to take account of the general employment situation, as well as productivity trends, inflation and competitiveness. However, it also highlights the premise – included in the Government's Programme – that economic recovery with strong stimulus to employment must go hand in hand with efforts to restore household income, and that the concept of decent work should be core to any income policy.

### ***6.3 Key steps in the social dialogue process***

During the period under scrutiny, the minimum wage increased from EUR 485/month in January 2014 to EUR 580/month in 2018. Also during this period, three agreements were signed between the government and the social partners (except for CGTP-IN). The second of these agreements approved the monitoring, in the tripartite committee, of the impacts of the increase of the minimum wage, with the presentation, by the government, of reports to be issued every three months.

### ***6.4 Awareness and relevance of messages of the Semester and extent to which these correspond to the actors' preferences***

The actors involved in national social dialogue are fully aware of the messages and recommendations issued by the European Semester regarding the process of increasing the minimum wage. As previously mentioned, there has been intense EU pressure on the subject, and the issue itself has domestic importance that goes beyond the Semester.

All stakeholders agree on the importance of the EU recommendations. A different matter, however, is whether they concur with the messages. The trade unions emphasised that, contrary

to the recommendations regarding the minimum wage, no negative impacts on employment and on unemployment had been observed; rather, employment grew and unemployment fell. They also opposed the messages transmitted by the EU that the minimum wage is high compared to the mean/median wage and that it promotes wage compression:

*'it is not the increase of the minimum wage by itself that causes wage compression. There is nearly no dynamic regarding the overall increase of salaries, there is blockage regarding collective bargaining. It is also deceiving the idea that the minimum wage is too high regarding the mean wage. Wage compression by the non-update of overall salaries causes this' (TU3).*

Other social partners also acknowledge that the core of the issue are the low salaries: 'we were very critical regarding the adjustment programme applied in Portugal. One of the criticisms regarded the focus on the imposition of bottlenecks to the internal market both via taxes and wage restraint. We said from the start that this revealed a poor knowledge of the Portuguese economy' (EMP2).

Government representatives also highlight the importance of the monitoring reports, and the evidence they have been providing which supports a point contrary to the Commission's position. Finally, an additional issue was raised by trade unions regarding this process: that there was an attempt from the European Commission to interfere in national social dialogue.

### ***6.5 Perceived links and use of the messages of the Semester in national social dialogue***

Our research demonstrates that, regarding this particular case study, there were no obvious links between national social dialogue and the Semester. It seems that, to a certain extent, the European Semester is still seen as a continuation of external intervention in Portugal, as was the case at the time of the Memorandum of Understanding. Throughout the period under scrutiny, attempts were made via the European Semester to prevent the updating of the minimum wage. Such recommendations were seen by many Portuguese stakeholders as an attempt by the Commission – one of the institutions of the Troika – to continue 'bossing the country around'.

*'The negotiations between the government elected in 2015 and the social partners, on the phased increases of the minimum wage during the 2015-2019 legislature, supported by quarterly monitoring reports, acted as a counterweight to the arguments presented by the European Commission in the Semester process. As a trade union respondent explained: The way social partners have discussed, in misalignment with Commission recommendations, shows that, in decisive moments and regarding decisive themes, social partners could reach an agreement even if this agreement was not in line with EC recommendations' (TU6).*

Thus, for some respondents, the domestic and EU processes are seen as relatively autonomous, also because increases in the minimum wage were already a standard point for social dialogue and preceded the European Semester.

Few political messages, therefore, make direct reference to the Semester, partly because although some messages are also used in the Semester, it is easier for people to identify with the national context. Trade unions sometimes make use of the messages by reacting against them, upholding the country's autonomy and stating that some decision-making should be exclusively national. Depending on the themes and on the stages in the discussion, social partners use the messages of the European Semester when these suit their purposes.

### **6.6 The outputs and outcomes of social dialogue**

The sections above make it clear that European Semester guidance and recommendations on increases in the minimum wage correspond only minimally to the outputs and outcomes of national social dialogue. However, this does not mean that trade unions express satisfaction with the outputs and outcomes of the social dialogue process, or that they feel they have influenced the outputs and/or the outcomes of the process.

The two Portuguese trade union confederations have clearly differing positions on this point. As aforementioned, the UGT signed all the agreements reached within the social dialogue, while CGTP-IN opted not to sign. National authority representatives stressed that the UGT has made conciliation a priority, while the CGTP has been calling for an update to the minimum wage which goes beyond the increase contained in the parliamentary agreement. Obviously, this affects the way in which the confederations express their satisfaction and perceive their influence.

Trade Union representatives highlight the efforts made and their desire to influence. However, they have a fairly negative view of how much they have achieved. In the words of a trade union respondent:

*'The change in the Commission's and in the employers' representatives' discourse was mandatory because reality proved it wrong (...). We consider that our greatest influence is outside social dialogue. I give you a concrete example. There are a number of companies where, through on-site vindication, we already managed to negotiate 600 euro as the 'minimum wage' which proves that our vindication is not only fair but also possible' (TU3).*

However, the outsider view of respondents from national authorities, from other social partners and from the European Commission is that the unions do indeed exert influence, even if it may sometimes prove difficult to establish precise links. Thus, representatives from national authorities stressed that suggestions received during the social dialogue are included in revised versions of

the documents, and that, although the example of the minimum wage may not be positive, there are other clear signs of influence.

In the words of an employer: 'There is some result regarding the interventions by trade unions. I am not sure how much of this derives from their participation in national meetings and how much from their participation at the ETUC' (EMP1). In the words of a European Semester Officer:

*'It is hard to establish a direct causal link. However, I believe that, by promoting dialogue and joint reflexion, the direct contacts between Portuguese trade union confederations and the European Commission have somehow influenced the result of the initiatives and standings of the European Commission related to the European Semester in Portugal and in the rest of the EU' (EC1).*

Summing-up, it seems clear that the trade unions' influence on the specific process of increasing the minimum wage was determined by the government's proposal. This was agreed on with the parties supporting it in Parliament, which thus decreased the unions' room for manoeuvre.

### ***6.7 Added value, shortcomings and limitations of the interaction between the European Semester and national social dialogue***

For most stakeholders, the linking of the European Semester to national social dialogue has added value. In Europe as a whole, the Semester is deemed to promote greater consistency between national and European policies, as this interaction is an integral part of the EU policy coordination process established by Member States as a common goal. National authorities emphasise that the Semester is starting to be accepted as a normal procedure and constitutes a source of reliable information. In the particular case under study, it is deemed to have made the discussions even more demanding and technically more robust.

Additionally, it is believed that, if the Semester had not referred to the minimum wage, the Portuguese administration, the government and social partners might not have been so interested in building indicators able to demonstrate that the updating of the minimum wage does not harm employment growth.

For trade union representatives, however, and as previously noted, the link was not that valuable as, for the entire period under scrutiny, the recommendations ran counter to their views. This was partly because the issue was already entrenched in national social dialogue and preceded the European Semester. Furthermore, the two processes seem to have been kept separate, partly due to the notion that national autonomy on this issue should be preserved and respected, especially when data supports arguments contrary to those defended by the Commission.

## 7. Conclusions and policy recommendations

### 7.1 Conclusions

The key themes related to Portugal emerging from the specific segments of the European Semester focused on by this study, between 2014 and 2018, largely correspond to the key themes addressed in national social dialogue. The key messages and the initiatives of the Semester are important for Portuguese social dialogue. However, it is clear that, in many cases, the parallelism between national themes and the messages of the Semester meant that the Semester was subsumed into the national context, where 'the action takes place'.

Overall, Portuguese trade union confederations deem their involvement in the European Semester to be useful. The strategies they adopt for involvement in the procedures of the European Semester are 'insider strategies'. Our research demonstrated that Portuguese trade unions seem mostly to adopt a reactive standpoint regarding the Semester. Their main strategy seems to be to respond to every request for information or views, either from the European or the national administrations, or resulting from participation in national social dialogue.

There are three main channels for access in Portugal: a) the Economic and Social Council (CES), including the Standing Committee for Social Dialogue (CPCS); b) direct communication with the EC/Semester Officers; and c) bilateral meetings.

The most visible inputs provided by trade unions are to the Semester's 'national' cycle. The CES is asked to issue an Opinion regarding the NRP, thus providing trade union confederations with significant 'legal resources', although the timings and deadlines are significant constraints in an already complex process. Overall, interaction with the government is described as weak and eminently formal.

As regards direct communication with the Commission, trade unions acknowledge that it does make efforts to include social partners in the Semester, though their involvement is even more limited than with national bodies.

Dialogue on the Semester, at both national and European levels, is seen as important by Portuguese trade unions, but they consider that the process is subverted from the very beginning: trade union confederations, they feel, should not only be informed or consulted but should also be called upon to contribute more actively, even if, from the start, they are aware that the end results will probably not fully reflect their views.

Interestingly enough, from the national authorities' perspective, trade union involvement would probably be more successful if the unions were more pro-active in helping to set the agenda. They would then be better able to directly influence the process and to have their views incorporated in the final outputs/outcomes. From this standpoint, the strategies adopted by Portuguese trade unions lack effectiveness.

The research results indicate the need for caution when analysing the ability of national trade union confederations to influence the European Semester. Taking an optimistic approach, the involvement of Portuguese trade union confederations in the Semester at national and European levels has promoted dialogue and joint reflection, so has somehow influenced the process. In any case, overall influence is clearly thought to be limited, and to depend on the broader context, which includes, *inter alia*, national macro-economic indicators and the positions of the national government and other social partners.

As the strategy adopted by Portuguese trade unions seems to be eminently reactive, the institutional context clearly influences the possibilities for involvement. In the same way, the degree of EU pressure during the period under scrutiny, most often exerted in ways contrary to trade union views, led them to try and be more involved as a means to counteract some of the Semester's messages and recommendations.

As regards the level of influence, trade union representatives highlight the efforts they make and their desire to influence. However, in their view, their influence is low. Here the resources available seem to play a role, as the unions consider that they have insufficient resources for deeper involvement.

However, respondents from the national authorities, from other social partners and from the European Commission believe that the unions do indeed influence the process, although it may sometimes prove difficult to establish the exact links. In the specific case of the process of increasing the minimum wage, the salience of the Semester did not play a significant role, except perhaps regarding the development of monitoring indicators. The government initiative, which was agreed on with the parties supporting it in Parliament, was in clear conflict with EU messages, including those in the CSRs, and this reduced the unions' scope for action.

## ***7.2 Policy recommendations for good-quality and meaningful involvement in Portugal***

From the research undertaken regarding Portuguese trade union involvement in the European Semester, the following policy recommendations for good-quality and meaningful involvement can be put forward.

Trade unions should:

1. Assess how to strengthen their cognitive resources in order to enhance their involvement in the Semester;
2. Consider ways of boosting their organisational resources, particularly by promoting interaction/coordination between the two confederations and with other social partners regarding involvement in the Semester;
3. Ensure that their involvement in the Semester, through the ETUC, is as full and robust as possible;
4. Consider ways of adopting a more pro-active approach to their involvement in the Semester.

National authorities should:

5. Ensure that involvement of social partners is envisaged from the early stages of drafting the documents and throughout the whole process;
6. Carefully consider adequate timings and deadlines for trade unions to present their contributions, especially during the 'national' cycle of the Semester;
7. Draw up a suitable timetable to ensure proper time coordination between the work done by the Parliament, the Government and the Economic and Social Council, ensuring that the work done in one instance can impact the work done elsewhere;
8. Consider the possibility of complying with the recurrent plea from the CES for its Opinion on the NRP to be made mandatory;
9. Establish a process for monitoring and evaluating implementation of the NRP, with the involvement of trade unions and other social partners;
10. Study the possibility of widening the discussion, and requiring an Opinion from the Economic and Social Council on other documents, e.g. the Stability Programme, to be analysed and discussed jointly with the NRP;
11. Set an objective: to boost trade unions' (and employers' organisations') involvement in the European Semester.

European authorities should:

12. Involve the social partners from the early stages of drafting documents and throughout the whole process;
13. Promote greater involvement from national stakeholders, including trade unions, in the overall discussions, so as to come closer to a shared understanding regarding key themes;
14. Set an objective: to boost trade unions' (and employers' organisations') involvement in the European Semester;
15. Maintain and strengthen European financial support to the social partners for capacity building;
16. Use the impetus of the adoption of the European Pillar of Social Rights to strike a proper balance between the dominant focus on macro-economic and budgetary issues and other concerns, thus more comprehensively addressing financial sustainability, economic growth and the promotion of labour and social rights.

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**Annex 1****LIST OF INTERVIEWEES**

<b>Interview no.</b>	<b>Organisation</b>	<b>Date</b>	<b>Mode</b>	<b>Code</b>
1	União Geral de Trabalhadores (UGT)	12/06/2018	face to face	TU1
2	Ministry of Employment, Solidarity and Social Security	12/06/2018	face to face	GOV1
3	Confederação Geral de Trabalhadores Portugueses – Intersindical Nacional (CGTP-IN)	14/06/2018	face to face	TU2
4	European Semester Officer Portugal	14/06/2018	face to face	EC1
5	European Semester Officer Portugal	14/06/2018	face to face	EC2
6	Confederação do Comércio e Serviços de Portugal (CCP)	25/06/2018	face to face	EMP1
7	Confederação do Comércio e Serviços de Portugal (CCP)	25/06/2018	face to face	EMP2
8	Confederação Geral de Trabalhadores Portugueses – Intersindical Nacional (CGTP-IN)	27/06/2018	face to face	TU3
9	Ministry of Employment, Solidarity and Social Security	29/06/2018	face to face	GOV4
10	Strategy and Planning Office of the Ministry of Employment, Solidarity and Social Security	29/06/2018	face to face	GOV2
11	Confederação Geral de Trabalhadores Portugueses – Intersindical Nacional (CGTP-IN)	03/07/2018	face to face	TU5
12	União Geral de Trabalhadores (UGT)	17/07/2018	face to face	TU4
13	União Geral de Trabalhadores (UGT)	17/07/2018	face to face	TU6
14	Ministry of Planning and Infrastructure	31/08/2018	face to face	GOV3

## Annex 2

### Country-specific Recommendations issued to Portugal in the policy areas considered (2014-2018)

Year	Country Specific Recommendations
<b>2014</b>	<ol style="list-style-type: none"> <li>1. Develop by the end of 2014 new comprehensive measures as part of the ongoing pension reform, aimed at improving the medium-term sustainability of the pension system.</li> <li>2. Maintain minimum wage developments consistent with the objectives of promoting employment and competitiveness. Ensure a wage setting system that promotes the alignment of wages and productivity at sectoral and/or firm level. Explore, in consultation with the social partners and in accordance with national practice, the possibility of mutually agreed firm-level temporary suspension of collective agreements. By September 2014, present proposals on mutually agreed firm-level temporary suspension of collective agreements and on a revision of the survival of collective agreements.</li> <li>3. Present, by March 2015, an independent evaluation of the recent reforms in the employment protection system, together with an action plan for possible further reforms to tackle labour market segmentation. Pursue the ongoing reform of active labour market policies and Public Employment Services aimed at increasing employment and labour participation rates, specifically by improving job counselling/job search assistance and activation/sanction systems with a view to reducing long-term unemployment and integrating those furthest away from the labour market. Address the high youth unemployment, in particular by effective skills anticipation and outreach to non-registered young people, in line with the objectives of a youth guarantee. Ensure adequate coverage of social assistance, including the minimum income scheme, while ensuring effective activation of benefit recipients.</li> </ol>
<b>2015</b>	<ol style="list-style-type: none"> <li>1. Improve the medium-term sustainability of the pension system.</li> <li>2. Promote the alignment of wages and productivity, in consultation with the social partners and in accordance with national practices, taking into account differences in skills and local labour market conditions as well as divergences in economic performance across regions, sectors and companies. Ensure that developments relating to the minimum wage are consistent with the objectives of promoting employment and competitiveness.</li> <li>3. Improve the efficiency of public employment services, in particular by increasing outreach to non-registered young people. Ensure effective activation of benefit recipients and adequate coverage of social assistance, in particular the minimum income scheme.</li> </ol>
<b>2016</b>	<ol style="list-style-type: none"> <li>1. Reduce the reliance of the pension system on budgetary transfers.</li> <li>2. In consultation with social partners, ensure that minimum wages are consistent with the objectives of promoting employment and competitiveness across industries.</li> <li>3. Ensure the effective activation of the long term unemployed and improve the coordination between employment and social services. Strengthen incentives for firms to hire through permanent contracts.</li> </ol>
<b>2017</b>	<ol style="list-style-type: none"> <li>1. Strengthen expenditure control, cost effectiveness and adequate budgeting, in particular in the health sector with a focus on the reduction of arrears in hospitals and ensure the sustainability of the pension system.</li> <li>2. Promote hiring on open-ended contracts, including by reviewing the legal framework. Ensure the effective activation of the long-term unemployed. Together with social partners, ensure that minimum wage developments do not harm employment of the low-skilled.</li> </ol>
<b>2018</b>	<ol style="list-style-type: none"> <li>2. Promote an environment conducive to hiring on open-ended contracts, including by reviewing the legal framework in consultation with social partners. Increase the skills level of the adult population, including digital literacy, by strengthening and broadening the coverage of the training component in adult qualification programmes. Improve higher education uptake, namely in science and technology fields.</li> </ol>