



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

## **Case study Portugal**

### ***Executive summary***

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#### **Authors:**

***Pedro Perista, Centre for Studies for Social Intervention (CESIS)***

***Heloísa Perista, Centre for Studies for Social Intervention (CESIS)***

The 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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**Contact addresses:** Pedro Perista and Heloísa Perista, Centro de Estudos para a Intervenção Social (CESIS, Centre for Studies for Social Intervention). CESIS website: [www.cesis.org](http://www.cesis.org)  
Emails: [pedro.perista@cesis.org](mailto:pedro.perista@cesis.org); [heloisaperista@cesis.org](mailto:heloisaperista@cesis.org)

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