Common position regarding to the non-application of a fine and the partial suspension of EU funds to Portugal

Following the Council meeting of Economic and Financial Affairs – ECOFIN of the last 12th July, where the process of sanctions against Portugal for failing the fiscal targets was opened, which recommendation was approved today by the European Commission, and taking into consideration the possibility of the decision to be taken in September to suspend partially the EU funds to Portugal, the signatory Portuguese Social Partners (UGT, CIP, CCP, CAP, CTP) salute the recommendation of the European Commission to not apply a fine to Portugal regarding the excessive deficit procedure and consider:

1) That, despite of this positive decision, there is still the issue regarding the suspension of the EU funds to be handled, that would be profoundly unfair (and possibly discriminatory), forgetting the enormous contribution to fiscal consolidation made by Portugal over the past few years, now underlined by the Commission, and to which all the Portuguese contributed, especially workers and businesses, and whose strategy was praised by the European bodies.

2) It is not about abandoning the objectives of the adjustment and the fiscal consolidation, but to make them achievable. Make them achievable means to reconcile financial and fiscal policies with growth and stabilization policies, taking into account the evolution of the European economy. In this context, the efforts pursued in recent years should be valorised.

3) The signatory Social Partners always cooperated, despite all the difficulties and the economic, social and political costs, for the creation of essential conditions for development, namely confidence, dialogue, cohesion and social peace.

4) The country needs stability and predictability for the future, so it can continue the economic recovery path, job creation and financial consolidation, which was proposed in close correlation with the European Commission.

5) The EU funds represent for Portugal an important lever for investment; whether public or private, and that, over the past decades, have contributed decisively to the modernization, both structural and economical, of economy of the country

6) At a time where public investment, via state budget, by the well known budget constraints, is deeply conditioned, the EU funds represent for national economic agents, but also for local governments, regional governments and the State itself, an essential and central source to its modernization and to the qualification of the Portuguese business and human resources.

7) In a scenario of an anemic economical growth and deep social challenges, Europe needs to give a clear signal of confidence to its Member States, but above all, it has to be able to set policies that lead to economical growth and social cohesion in the European territory. Portugal must thus be worthy of a clear support of the European authorities, and not of decisions whose effects would have a very negative impact for the country.

8) The decision to apply the suspension of the EU funds, even partially, to Portugal would be deeply unfair and counterproductive for the objectives they propose themselves, even forgetting the negative impact they will have on the confidence of people, businesses and even the financial markets, jeopardizing the process of economic growth and threatening the fulfilment of the goals that the European Union wants to see achieved.

In that sense, the signatory Social Partners, following the non-application of a fine recommended today by the European Commission, demand that the ECOFIN follows this recommendation, and that a similar decision should be taken regarding the eventual suspension of the EU funds to Portugal and demand Europe to assume itself again as a space in which convergence, cohesion, solidarity and social progress are the priorities.

Lisbon, the 27th of July 2016

(Translation of the responsibility of UGT-P, the official version is the Portuguese version)