

CFP's position on the macroeconomic scenario underlying the Stability Programme

In accordance with Article 33(4) of the Budget Framework Law (BFL, Law no. 151/2015, of 11 September), "Taking a scenario of unchanged policies as its starting point, the update of the Stability Programme shall specify the Portuguese State's economic policy and budgetary policy measures, setting out in detail their financial effects, the respective timeframe and the justification for the measures." Its time horizon refers to the following four years, comprising the first stage of the budgetary process that will be followed by a second stage - in October - in this case with the presentation of the Draft State Budget for 2023 (cf. article 36 of the BFL). The Stability Programme must be submitted to Parliament by 15 April and sent to the European Commission by the end of April.

The Ministry of Finance requested on 15 March, at 5.35pm, by email, the Opinion of the Portuguese Public Finance Council on the "scenario underlying the Stability Programme 22-26". In the same message it indicated that "the only measures included in this scenario are those of the RRP and those underlying the 2022 State Budget". Thus, and as indicated in the documentation that accompanied this message, this scenario corresponds to a "no-policy change" macroeconomic projection, and therefore, does not constitute a forecast, since it does not incorporate the policy measures to be adopted, contrary to the provisions of the aforementioned article 33(4) of the BFL.

In the light of the above, the Portuguese Public Finance Council considers that the necessary conditions to assess the macroeconomic scenario underlying the document are not fulfilled.

The Portuguese Public Finances Council expects that the XXIII Constitutional Government, which is about to take office, presents an effective Stability Programme at the beginning of the governing cycle, including the required elements (cf. article 33(4) of BFL), which should be the new Government's plan for the legislature and be subject to parliamentary appreciation (in accordance with Article 33(3) of LEO), constituting a true macroeconomic and budgetary programming framework, that outlines, not only the different policy measures, but also the medium-term trends and ceilings for public expenditure associated to those measures. Only in this way will it be a true Stability Programme, a programme to which the Government that is about to take office commits itself to and, consequently, an instrument of political accountability. With this purpose in mind, and to ensure that the deadlines for the delivery of an effective Stability Programme may be met by the next Government, the Portuguese Public Finance Council is naturally ready to shorten the deadlines set in the protocol for the process of endorsement of the macroeconomic forecasts.

Lisbon, 22 March 2022