

MINUTES SENIOR BOARD MEETING No. 31, 13 September 2017

The five members of the Senior Board held their thirtieth formal meeting on 13 September 2017. The event took place at the CFP headquarters, Praça de Alvalade, n.º 6 – 10.º, in Lisbon, and started at 14h30m. All members attended: Teodora Cardoso, who chaired, Paul De Grauwe, Miguel St. Aubyn, George Kopits and Carlos Marinheiro. Luis Centeno, head of the technical services, was also present.

Before entering in the agenda Teodora Cardoso welcomed the new Senior Board Members and handed them some documents containing relevant information for CFP's work, namely the Code of Conduct, the MoU with the Ministry of Finance regarding the endorsement of macroeconomic scenarios underling the Draft Budget Plans and Stability Programmes and the CFP budget for 2017 and 2018 proposal.

Teodora Cardoso also explained the budgeting process to the new members, in particular the involvement of the Governor of the Bank of Portugal and the President of the Court of Auditors, its history and the particularities arising from the specific nature of the Council.

A brief discussion on documents translation and the difficulties it places to CFP activity took place. Some ideas have been aired on the ways to overcome those difficulties, but decisions have been postponed considering the need for some practical experience.

1. CFP's activity in the remainder of 2017: scheduled reports and public activities

Teodora Cardoso made a brief presentation of the forthcoming reports to be produced in the remainder of the year.

The Board members presented opinions about the advantages and disadvantages of the production of baseline (no policy change) scenarios for the medium term considering that they are easily mistaken as inadequate forecasts. The need to insist on the explanation of the differences between no policy change scenarios and forecasts has been agreed.

Also a brief discussion about the current Portuguese economy condition and its medium term perspectives have also emerged.

2. Guidelines on the forthcoming "Public Finance: Position and Constraints 2017-2021 – update" report

The discussion afore mentioned about the Portuguese economy situation and its outlook paved the way for a debate on the guidelines for the forthcoming "Public Finance: Position and Constraints" report .

The board agreed that the Portuguese economy and public finances outlook seems positive despite the seriousness of risks arising from the external environment, thus providing a good possibility to gain

fiscal space – mainly through debt burden reduction – and to deploy structural changes that could boost growth and well-being in the future.

The board also agreed that a strong stance from the Government is required in order to resist the heavy budgetary pressures facing fiscal policy in 2018 and the years ahead. The pressure to use the early fruits of recovery are substantial and must be contained within reasonable boundaries that will not jeopardize Public Finances sustainability.

The Board also exchanged information and opinions about the situation of the financial sector and agreed that, albeit the improvement, the issue must be flagged as a risk in the form of contingent liabilities.

3. 3. CFP's peer review: state of play

The President of the Senior Board made a brief presentation of the former steps and the current state of play concerning the Peer Review exercise to assess and evaluate CFP performance.

The process is due to start by the end of 2017 and its completion is due by the first half of 2018. OECD advice on the process has been noted and endorsed by the Board considering both its independence and its experience on the subject.