

# OECD ECONOMIC SURVEYS

## PORTUGAL

ISSN 0376-6438, e-ISSN 1609-7513

February 2017

[Consulta en línea desde MEYSS](#)

<b>Basic statistics of Portugal, 2015</b> .....	7
<b>Executive summary</b> .....	9
The economy is recovering .....	10
Investment is still very low .....	10
Improving skills is crucial for raising prosperity .....	10
<b>Assessment and recommendations</b> .....	13
The economy is progressively recovering and rebalancing .....	14
The outlook is becoming more challenging and vulnerabilities are rising .....	19
Managing limited fiscal space .....	22
Safeguarding financial stability .....	26
Strengthening investment financing .....	29
Improving the business climate to boost investment .....	34
Raising skills .....	42
Making growth more sustainable .....	50
Bibliography .....	52
<b>Annex. Progress in main structural reforms</b> .....	55

### Thematic chapters

<b>Chapter 1. Raising business investment</b> .....	59
Investment remains sluggish and concentrated in non-tradable sectors .....	60
Addressing financing constraints .....	68
Improving the business climate to raise the returns on investment .....	81
<i>Recommendations for raising investment</i> .....	93
Bibliography .....	93
<b>Chapter 2. Raising skills</b> .....	97
Low skills are obstacles to improvements in growth and well-being .....	98
Upskilling the adult population .....	105
Strengthening primary and general secondary education .....	110
Strengthening vocational education and training (VET) .....	121
Maximising incentives for individuals to invest in skills .....	125
<i>Main recommendations for raising skills</i> .....	132
Bibliography .....	132

## Boxes

1. Medium-term uncertainties about the Portuguese economy's growth prospects .....	21
2. Previous state support for banks in Portugal .....	29
3. Portugal's National Reform Programme .....	40
1.1. Knowledge-based capital: Definition and measurement .....	65
1.2. Competition in ports .....	87
2.1. The Portuguese Education System: Main characteristics .....	99
2.2. Dual VET Systems .....	124
2.3. Programmes to Enhance Management Skills .....	129

## Tables

1. Past OECD recommendations on inequality and social benefits .....	18
2. Macroeconomic indicators and projections .....	20
3. Past OECD recommendations on fiscal policy .....	25
4. Past OECD recommendations on financial markets .....	28
5. Past OECD recommendations on improving the business climate .....	41
6. Past OECD recommendations on active labour market policies and education ..	50
2.1. Distribution of caseloads in Public Employment Services .....	109
2.2. The qualification of managers is low .....	127

## Figures

1. Exports have improved .....	14
2. External imbalances have declined .....	15
3. Investment .....	16
4. Well-being outcomes: Better Life Index .....	17
5. Inequality and poverty .....	18
6. Growth and unemployment .....	21
7. Macro-financial vulnerabilities .....	22
8. Low investment and a shrinking labour force have curbed the economy's growth potential .....	23
9. Illustrative public debt paths .....	23
10. Selected issues in public revenues and expenditures .....	24
11. The dependency ratio will rise .....	26
12. Banking sector indicators .....	27
13. Non-performing loans (NPLs) .....	30
14. Financial indicators .....	31
15. Insolvency framework .....	32
16. Performance of the judicial system .....	35
17. Electricity prices .....	37
18. Regulation of services sectors .....	38
19. Minimum wages and labour costs in international comparison .....	40
20. Raising skill levels remains a priority .....	42
21. Learning outcomes can be improved .....	44
22. Student early school leaving rate is high .....	45
23. Allocation of resources in education .....	46
24. Upper-secondary vocational education and training enrolment rates .....	47
25. The labour market remains segmented .....	48

26. Employment protection remains high .....	49
27. Green-growth indicators: Portugal .....	51
1.1. Investment .....	60
1.2. Low investment has curbed potential growth and labour productivity .....	61
1.3. Portugal's merchandise exports by sectors and destinations .....	63
1.4. Distribution of investment across selected sectors .....	64
1.5. Investment in knowledge-based capital .....	65
1.6. Employment by enterprise size class .....	66
1.7. Young firms experience faster productivity growth .....	67
1.8. Start-up rates are low and a large share of SMEs are mature .....	67
1.9. The allocation of capital has deteriorated over time .....	68
1.10. Corporate non-financial sector debt .....	69
1.11. The most pressing issues and the perceived importance of access to finance ...	70
1.12. Credit developments and financial fragmentation .....	71
1.13. Non-performing loans (NPLs) .....	71
1.14. Investment by sector in four euro area countries .....	73
1.15. Insolvency framework .....	78
1.16. Rate of capacity utilisation in manufacturing and investment rate of non-financial corporations .....	81
1.17. Determinants of cost-competitiveness in tradable sectors .....	82
1.18. Regulation of professional services .....	83
1.19. Electricity prices .....	84
1.20. Regulation of the transport sector .....	86
1.21. Minimum wages and labour costs in international comparison .....	88
1.22. Developments in cost competitiveness and export performance .....	90
1.23. Performance of the judicial system .....	91
2.1. Portugal needs to continue to improve skills .....	98
2.2. Education attainment has improved but private returns remain high .....	100
2.3. Labour productivity is low .....	101
2.4. Unemployment statistics .....	102
2.5. Skills are facing rising demand and improve workers' labour market prospects .....	103
2.6. Labour market segmentation is high .....	104
2.7. More effort needs to be put in upskilling the labour force .....	106
2.8. Structure of public spending on active labour market programmes (ALMP) .....	108
2.9. Employers' social security contributions are high .....	110
2.10. Selected indicators of education performance .....	111
2.11. Early school leaving rate and targets .....	112
2.12. Grade repetition is too commonly used and entails high costs .....	113
2.13. Allocation of resources in education .....	115
2.14. The student-teacher ratio is low .....	116
2.15. Teachers' skills need to be improved .....	117
2.16. Relationship between students' participation in higher education and socio-economic status .....	119
2.17. Average returns to costs ratio of government investment in tertiary education ..	120
2.18. Enrolment is low in areas of reduced unemployment .....	121
2.19. Upper-secondary vocational education and training enrolment rates .....	122

2.20. Returns to skills by occupational group . . . . .	125
2.21. Management skills are low. . . . .	127
2.22. Professional management is scarcely used . . . . .	128
2.23. Diffusion of selected ICT tools and activities in enterprises. . . . .	128
2.24. Doctorate holders work primarily in the education sector . . . . .	130
2.25. Only a small share of SMEs collaborates on innovation with higher education or research institutions. . . . .	131

# OECD ECONOMIC SURVEYS

## SWEDEN

ISSN 0376-6438, e-ISSN 1609-7513

February 2017

[Consulta en línea desde MEYSS](#)

<b>Executive summary</b> .....	9
<b>Assessment and recommendations</b> .....	13
Inclusive and green growth fosters well-being .....	14
Risks are mainly related to global economic developments .....	22
Macroeconomic policies are stimulating the economy .....	22
Growth is green but challenges remain .....	28
Housing shortages affect economic performance and well-being .....	30
Keeping income inequality low is increasingly challenging .....	32
More gender equality would enhance economic performance and well-being ...	41
Bibliography .....	48
<b>Annex. Progress in structural reform</b> .....	54

### Thematic chapters

<b>Chapter 1. Income, wealth and equal opportunities in Sweden</b> .....	59
Inequality fell to a historical low in the 1980s .....	62
Combining equity with economic efficiency .....	71
Absorbing the increasing supply of low-skilled workers is challenging .....	75
Rent control comes with a high social cost and no obvious benefits .....	81
Top incomes, wealth and equal opportunity .....	86
Recommendations to contain the rise in inequality .....	88
Bibliography .....	88
<b>Chapter 2. Fighting gender inequality</b> .....	93
Reducing gender inequality lifts economic performance and well-being .....	94
The economic potential of women is not fully harnessed .....	104
Segregation and stereotypes in education and the labour market need to be fought .....	113
Female entrepreneurship should be promoted further .....	115
Recommendations on fighting gender inequality .....	117
Bibliography .....	117

### Boxes

1. Contributions to potential output growth .....	19
2. Immigration and population structure .....	21
3. The monetary policy framework, the Goodfriend-King report and the inflation target .....	24
4. The fiscal policy framework and the budget target .....	27

1.1. Income measures .....	61
1.2. Structural changes and inequality .....	71
2.1. Sweden is a leader in gender equality .....	95
2.2. Gender inequality in well-being .....	103
2.3. Gender quotas on company boards in Norway .....	112

#### Tables

1. Macroeconomic indicators and projections .....	16
2. A number of earlier OECD recommendations have been followed .....	18
3. Shocks which would affect economic performance .....	22
1.1. Commonly used equivalence scales .....	61
1.2. Structural contributions to increasing inequality .....	71
2.1. Gender wage gaps across sectors .....	110

#### Figures

1. Economic growth is robust .....	15
2. Swedes enjoy a high quality of life .....	17
3. The shortage of rental housing is acute in Stockholm .....	18
4. Labour, capital and productivity all contribute to growth .....	19
5. Unemployment is declining .....	20
6. Some groups are struggling to access employment .....	20
7. Migration rejuvenates the population .....	21
8. Inflation is still below target .....	23
9. Housing prices are soaring .....	25
10. The underlying budget balance is projected to turn negative .....	28
11. Environmental performance is strong .....	29
12. Residential construction has not kept up with population growth .....	31
13. Inequalities have been widening, but remain low .....	33
14. The income distribution has widened since the 1990s .....	35
15. Falling absolute poverty and low deprivation .....	36
16. Structural change increased inequalities .....	37
17. Low demand for low-skilled workers, but increasing supply .....	38
18. Intergenerational mobility still high, despite rising top incomes .....	40
19. Swedish women's employment rate is high .....	41
20. Taxes on second earners and childcare costs are low .....	43
21. The gender wage gap is close to the OECD average .....	44
22. Less than one third of company board members are women .....	45
23. Parental leave is fairly generous .....	47
24. Gender segregation across occupations is high .....	48
25. Education choices vary widely across genders .....	48
26. Only a third of sole-proprietor enterprises are owned by women .....	49
1.1. Inequalities have been widening since the 1990s, but remain low .....	60
1.2. A secular decline in inequality reversed around 1980 .....	62
1.3. Rising female employment boosted equity after World War II .....	63
1.4. Inequality trends before and after taxes and transfers .....	64
1.5. The income distribution has widened since the 1990s .....	65
1.6. Relative incomes fell while purchasing power increased in the lower part of the distribution .....	66

1.7. The incidence of material deprivation is low in Sweden .....	67
1.8. Structural change increased inequalities .....	70
1.9. The evolution of the shares of productive spending and distortionary taxation	73
1.10. The employment rate is high .....	73
1.11. Countries with low gross earnings inequality also tend to have higher social spending .....	74
1.12. Employment opportunities for the low-skilled are limited .....	75
1.13. Migrants have lower education and literacy than natives .....	76
1.14. Non-labour immigration is high .....	77
1.15. Employment protection is relatively strict .....	80
1.16. Owner occupied housing .....	82
1.17. Overcrowded housing is fairly common in the bottom 20% of the income distribution .....	83
1.18. Rental regulations lead to long queues .....	84
1.19. Non-EU migrants are likely to live in overcrowded housing .....	85
1.20. Rising top incomes contributed strongly to widening inequality .....	86
1.21. Income mobility is high in general .....	87
2.1. Gender equality is associated with high GDP per capita .....	95
2.2. Swedish women's employment rate is high .....	97
2.3. Taxes on second earners and childcare costs are low .....	98
2.4. The foreign-born female employment rate is low compared to natives .....	99
2.5. Gender equality is associated with low income inequality .....	102
2.6. Gender equality favours work-life balance .....	102
2.7. Women score higher than men on many well-being dimensions .....	104
2.8. Girls outperform boys in education .....	105
2.9. Many women work part time, often involuntarily .....	106
2.10. Women spend more time than men in unpaid work .....	107
2.11. Parental leave is fairly generous .....	108
2.12. The gender wage gap is close to the OECD average .....	110
2.13. Less than one third of company board members are women .....	111
2.14. Women are under-represented in management .....	113
2.15. Gender segregation across occupations is high .....	114
2.16. Education choices vary widely across genders .....	114
2.17. Only a third of sole-proprietor enterprises are owned by women .....	115

# OECD ECONOMIC SURVEYS

## ITALY

ISSN 0376-6438, e-ISSN 1609-7513

February 2017

[Consulta en línea desde MEYSS](#)

<b>Basic statistics of Italy, 2015 or latest year available</b> .....	8
<b>Executive summary</b> .....	9
The economy is recovering .....	10
Despite ambitious reforms, doing business remains complicated, thus hindering productivity .....	10
Reforming education and active labour market policies will improve inclusiveness .....	10
<b>Assessment and recommendations</b> .....	13
The economy is recovering gradually from a deep and long recession .....	17
Reforms to improve the business environment and increase productivity .....	38
Reforms to boost inclusive and sustainable growth .....	56
References .....	70
<b>Annex. Progress in structural reforms</b> .....	73

### Thematic chapters

<b>Chapter 1. Promoting a private investment renaissance</b> .....	81
Speeding up insolvency procedures .....	86
Enhancing competition and improving regulation .....	89
Encouraging innovation and investment in knowledge-based assets .....	94
Addressing bank lending constraints .....	102
Boosting alternative sources of finance .....	107
Policy recommendations .....	113
References .....	113
<b>Chapter 2. Enhancing employability and skills to meet labour market needs</b> .....	117
The Italian labour market faces several challenges .....	119
Labour market reforms to boost employability .....	126
Raising skills that match labour market needs .....	137
Policy recommendations .....	149
References .....	149
<b>Boxes</b>	
1. Main elements of the Industry 4.0 Plan .....	26
2. Fighting poverty .....	59
1.1. Knowledge-based capital .....	85
1.2. Main elements of Italy's bankruptcy regime .....	89
1.3. Main elements of Italy's Industry 4.0 Plan .....	99



1.4. Italy's patent box .....	100
1.5. The development of a distressed debt market in Japan .....	108
1.6. The Yozma Fund and the origins of the Israeli venture capital industry .....	112
2.1. Defining and measuring skills, mismatch and shortages .....	128
2.2. The probability of being mismatched .....	130
2.3. Employment protection legislation and qualification mismatch: Evidence from the "Fornero reform" .....	133
2.4. The Good School Reform .....	139
2.5. Learning from well-performing dual-VET Systems in OECD countries .....	142

#### Tables

1. Main elements of the reform programme .....	15
2. Macroeconomic indicators and projections .....	25
3. Low probability events that could lead to major changes in the outlook .....	26
4. Impact of permanently lowering employers' social security contributions .....	31
5. Past OECD recommendations on fiscal issues .....	32
6. Past OECD recommendations on financial issues .....	37
7. Within industry productivity growth is low .....	39
8. Past OECD recommendations on public administration reforms .....	43
9. Past OECD recommendations on product markets .....	49
10. Past OECD recommendations on innovation .....	53
11. Government measures to promote alternative sources of finance .....	56
12. Past OECD recommendations on increasing female participation in the labour market .....	60
13. Past OECD recommendations on the labour market .....	63
14. Past OECD recommendations on education .....	66
2.1. Marginal effects from logit regressions .....	130

#### Figures

1. Output and productivity growth are recovering .....	14
2. Italy's well-being outcomes are mixed .....	16
3. Regional dispersion in well-being is high .....	17
4. Private consumption is driving the recovery .....	18
5. Labour market participation rates are increasing .....	19
6. The unemployment rate is declining .....	20
7. Export is not adding to the recovery as in past recoveries .....	21
8. The Jobs Act and social security contribution (SSC) exemptions have jolted the labour market .....	22
9. Confidence has declined but remains high while bank loan disbursements keep falling .....	23
10. The crisis hit investment hard and the productive capital stock is falling .....	24
11. The public debt to GDP ratio has stabilised .....	27
12. The public debt path is uncertain .....	27
13. Value-added tax (VAT) collection is low .....	29
14. Non-cash payments are low in Italy .....	30
15. Social security contributions are high .....	31
16. Capital ratios exceed thresholds whereas return on assets is low .....	33
17. The stock of non-performing loans is large .....	34
18. Italian banks' share price has suffered .....	35

19. Financial system risk has increased over time .....	36
20. The decline in bad debts will be gradual.....	38
21. Labour productivity growth is declining.....	39
22. The productivity of firms at the technological frontier has been declining, contrary to other OECD countries .....	41
23. There is scope to reduce fragmentation in metropolitan areas.....	42
24. Average firm level labour productivity is higher in areas with more efficient public administration .....	44
25. Public administration efficiency raises firm's performance.....	45
26. The impact of increasing public administration efficiency is larger for small firms.....	45
27. EU structural and cohesion funds .....	46
28. Efficiency of insolvency procedures is low .....	47
29. Restrictions to product market competition have eased .....	48
30. R&D spending and the number of researchers are low .....	50
31. Business investment in fixed and knowledge-based capital (KBC) is low .....	51
32. The number of patents is low .....	51
33. Research productivity is high .....	52
34. Tax subsidy rates on R&D expenditures .....	54
35. Debt equity ratio of non-financial corporations is high because of low equity .....	55
36. The poverty rate has increased and remains high, especially for the young .....	57
37. The transfer system is poorly targeted and can do more to reduce poverty .....	58
38. The Jobs Act together with the reduction in social security contributions have tackled labour market duality.....	60
39. The level of skill mismatch is high.....	61
40. Skills of Italians are low across all levels of education.....	62
41. Reducing the jobseeker-to-staff ratio would increase the effectiveness of PES ..	64
42. There are clear improvements in school results but they are still below the OECD average .....	65
43. Tertiary education participation and incentives to invest in high education are low .....	67
44. Green growth indicators for Italy .....	69
1.1. Low investment is dragging down potential output and labour productivity growth .....	82
1.2. Investment has dropped markedly .....	83
1.3. The fall in investment was larger in services and widespread across regions .....	84
1.4. Growth of non-residential capital services .....	85
1.5. Business investment in fixed and knowledge-based capital (KBC) is low .....	86
1.6. Efficiency of insolvency procedures is low .....	87
1.7. Restrictions to product market competition have eased .....	90
1.8. Start-up dynamics .....	91
1.9. Product market restrictions are still high in retail trade .....	92
1.10. Service trade restrictiveness index (STRI).....	93
1.11. R&D spending and the number of researchers are low .....	95
1.12. The number of patents is low .....	96

1.13. Research productivity is high .....	97
1.14. Allocation of National Research Programme funds .....	98
1.15. Share of R&D spending by institutional sectors .....	98
1.16. Tax subsidy rates on R&D expenditures .....	101
1.17. Lending interest rates have fallen but loan disbursements have recovered only slowly .....	102
1.18. Loan disbursement is still on a downward path .....	103
1.19. The stock of non-performing loans is large .....	104
1.20. The decline in bad debts will be gradual .....	106
1.21. Policy measures helped to lower the NPL ratio in Japan .....	108
1.22. Debt equity ratio of non-financial corporations is high because of low equity ..	110
1.23. The venture capital industry is underdeveloped .....	111
2.1. The Jobs Act has made the labour market more flexible and improved the unemployment benefit system .....	118
2.2. Unemployment rates are decreasing, but are still high, especially for youth and the long-term unemployed .....	120
2.3. Too many young in Italy do not work or participate in training or study .....	121
2.4. Non-participation rates are especially high for women and in southern regions .....	122
2.5. The share of temporary contracts is high and the transition rate to permanent contracts low .....	123
2.6. Skills of Italians lag behind those of people in other OECD countries .....	124
2.7. The level of skill mismatch is high .....	125
2.8. High share of under-skilling is associated with low skill levels .....	125
2.9. The share of under-qualified workers is the highest among OECD countries .....	126
2.10. In the South under-skilling prevails in the North over-skilling .....	127
2.11. Gaps in the likelihood of being mismatched explained by worker and job characteristics as compared to a well-matched worker .....	129
2.12. There is a large scope to boost productivity by reducing skill mismatch .....	131
2.13. Over-skilled or over-qualified workers earn less and have lower job satisfaction .....	131
2.14. The Jobs Act together with the exemption of social security contributions have boosted hirings and permanent contracts .....	132
2.15. Estimated impact of the "Fornero reform" on the probability of being well-matched .....	133
2.16. Spending on active labour market policies is low .....	134
2.17. Reducing the jobseeker-to-staff ratio would increase the effectiveness of PES ..	135
2.18. School results have improved but they are still below the OECD average .....	137
2.19. Drop-out rates are high with big geographical dispersion .....	138
2.20. VET in upper-secondary education is well developed in Italy .....	140
2.21. Labour market outcomes of tertiary graduates are unattractive .....	143
2.22. The offer of higher technical VET programmes remains concentrated in most industrialised regions and female participation is low .....	145
2.23. More effort needs to be put in upskilling the labour force .....	146
2.24. The risk of job loss due to automation is high .....	147
2.25. Many adults lack computer skills .....	148