

# PORTUGAL

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**Written Statement by the Director-General of GPEARI-MF (Office for Economic Policy and International Affairs - Ministry of Finance),**

**and**

**Alternate Governor for Portugal to the EBRD**

**Mr. Álvaro MATIAS**

Allow me to address you a few preliminary words on the Portuguese economy, which is gradually but steadily recovering. Portugal is back to convergence with Europe, growing above the euro area average. Unemployment is now at one-digit figures, backing down to 2009-levels and with job creation more than doubling the European average. Our public deficit fell down to 2% of GDP in 2016, the lowest level of the last 40 years. Our external current and capital account has been in surplus for five years in a row, reaching almost 2% of GDP in 2016. As a small open economy, we are committed to deepen our engagement with EBRD, which we perceive as a strategic partner and a catalyst for international economic cooperation in the regions where it operates. 2016 was a year of change in international politics, a trend that we should expect to continue on 2017, a year of persisting uncertainties and risks.

In fact, the somewhat disappointing economic growth, coupled with low investment and higher risk aversion have been fuelling inequality concerns, unfulfilled and growing social needs, and a lack of an inclusive and active participation in society in some geographies.

These risks and uncertainties have been fuelling nationalisms and fostering criticism regarding some perceived negative aspects of globalization.

Notwithstanding, we should not lose focus. Challenges today cross borders.

Multilateralism is, and will continue to be, a unique platform for dialogue capable of addressing our common challenges. We have therefore no doubts in remaining deeply committed and binded to multilateralism.

I reflect, for example, on the work that the EBRD has been developing in Chernobyl, most notably the recent landmark achieved with the completion of the Nuclear Safe Confinement. A truly remarkable accomplishment, both on engineering and on multilateralism.

We also note with great satisfaction that the Bank continues to operate on the basis of a solid financial position and thereby delivering strong operational results.

Furthermore, we appreciate the commitment of the Bank in improving its profitability and believe that there might be still some room as regards containing expenditure. Coupled with ongoing efficiency measures to boost flexibility, we would then be better positioned to address much needed transition gaps yet to close in our countries of operations.

I also welcome that the new Transition approach gives us six new angles to look into such gaps. The EBRD has now an updated toolbox, one that should allow it to spot areas where we can add more value and where we can deliver the highest development impact. Cooperation with other key MDBs can also benefit from such fine-tuned assessments, and we appreciate the work the bank continues to undertake in this respect.

Challenges affecting our region are persistent and some new risks are materializing. We should continue to closely pursue reforms in our countries and be cautious about certain worrisome developments in political, social and even civilizational terms in some parts of the world.

Other challenges are today more visible. Particularly in the SEMED region, the recent migration and refugee crisis has shown us the close link between migrations flows and economic development.

The SEMED region has been facing financial constraints coupled with other economic pressures, such as drops in tourism revenues and a decline of trade and investment. Migration flows are very closely linked to the lack of economic development, political uncertainties and a growing pressure, from an also growing, and unsatisfied, demographic base.

This leads us again to the need to boost investment, and to create job opportunities while improving the employability of young graduates. We reaffirm the case on the need to tap into the human potential of the SEMED region, and invite the Bank to be more ambitious in this respect.

Let me finish by expressing our gratitude to all authorities in Cyprus involved in organizing this truly remarkable event.