WORKING PAPER

Industrial relations and social dialogue

Portugal: Developments in working life 2023

Authors: Maria da Paz Campos Lima and Paula Carrilho (Centre for Studies for Social Intervention, CESIS)

Research manager: Maria Sedlakova

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European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00

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Introduction

According to Statistics Portugal (INE), the Gross Domestic Product (GDP) increased by 2.3% in 2023. The contribution of domestic demand was significant, although with a slowdown in private consumption and in investment, and the contribution of net external demand remained positive (INE, 2024a). The Portuguese public debt fell to 98.7% of GDP in 2023. It was the first time since 2009 that debt was below 100% of GDP (Banco de Portugal, 2024).

In 2023, the Consumer Price Index (CPI) registered an annual increase of 4.3% (7.8% in 2022). The decrease of CPI reflected the deceleration of energy goods' prices and the exemption of VAT rates of essential food items (INE, 2024b). However, housing prices escalated in 2023. In the third quarter of 2023, the House Price Index (HPI) rose 7.6% year-on-year. The increase in prices of existing dwellings (8.1%) surpassed that of new dwellings (5.8%). Compared to the previous quarter, the HPI increased by 1.8% (3.1% in the second quarter of 2023) (INE, 2023a).

Compared with 2022, employed population in 2023 increased by 2.0% (91.1 thousand), while unemployed population increased by 8.6% (27.5 thousand). The unemployment rate stood at 6.5%. The labour underutilization rate stood at 11.7%.The unemployment rate of young people (aged 16-24) stood at 20.3% (1.2 pp more than in 2022) (INE, 2024c).

The Survey on Living and Income Conditions pointed that around 17% of the population was at-risk-of-poverty in 2022, a percentage estimated after the transfer of social allowances (sickness, disability, unemployment, etc.), which contributed to reduce the risk of poverty (from 21.2% to 17%). The at-risk-of-poverty rate in 2022 corresponded to an annual net income below €7,095 (€591 per month) (INE, 2023a). The increase of this rate was more significant for the young people aged under 18, and affected more women than men (respectively 17.7% and 16.2%). Around 10% of the employed and 46.4% of the unemployed were at-risk-of-poverty in 2022. Inequality in income distribution increased in 2022: the Gini Coefficient reached 33.7%, the S80/S20 ratio reached 5.6 and the S90/S10 ratio reached 9.7 (INE, 2023a).

According to the Ministry of Labour, Solidarity and Social Security (Diário de Noticias, 2 February 2024), the average monthly remuneration increased by 7.2%, to 1,463 euros in 2023. The increase was higher than the average inflation for 2023, 4.3%, measured by the National Statistics Institute (INE). The 7.8% increase of the national minimum wage contributed to this annual variation.

Political context

2023 corresponded to the second year of the mandate of the government of the Socialist Party (PS) with an absolute majority in the parliament. This political majority and the country trajectory of economic growth gave the government the chance of a very stable mandate. Moreover, in power since 2015, following the international bailout under Troika austerity, the prime minister António Costa successive governments reduced the budget deficit and reduced the debt burden, winning praise in Europe for sound fiscal policies.

However, the persistent and asymmetric impacts of inflation in population's living conditions, the escalation of housing costs and the critical situation linked to prolonged budgetary restrictions in education and especially in the health public sector, generated increasing social instability.

In addition, since March 2022, when the government took office, and November 2023, several members of the government resigned, which generated a perception of political instability. On 7 November 2023, the Prime Minister, António Costa presented his resignation to the President of the Republic, following an investigation involving suspicions of influence peddling crimes by his former chief of staff and by the Minister of Infrastructures, among others.

In response, the President of the Republic, Marcelo Rebelo de Sousa decided to dissolve the parliament (after the final approval of the state budget bill for 2024) and called a snap parliamentary election for 10 March 2024 (Público, 7 December). Until than the government remained in place with reduced powers. This was the second time the conservative President of the Republic dissolved the parliament in the middle of a PS government mandate, the first being in December 2021 (Campos Lima and Carrilho, 2022). This decision was the choice of the President of the Republic, insofar neither the Portuguese Constitution nor the law automatically determines the dissolution of the parliament in such circumstances. Moreover, after the prime minister António Costa announced his resignation, the PS defended the appointment of another prime minister to head a new government supported by the socialist parliamentary majority, a proposal not accepted by the President (Jornal de Negócios, 8 November 2023).

As part of the political legacy of the PS government, a comprehensive labour reform, the so-called Decent Work Agenda, was concluded in 2023 – resulting from a long process of discussion initiated with the Green Paper on the Future of Work 2021 [Livro Verde sobre o Futuro do Trabalho 2021]. This labour reform launched by Law No. 13/2023 of 3 April introduced several changes to the Labour Code and related legislation, also ensuring the transposition of the EU Directive on transparent and predictable working conditions and of the EU Directive on work-life balance for parents and carers (to be examined in the following sections).

Actors and institutions

Social partners

One of the most significant changes provided by Law no. 13/2023 of 3 April [Decent Work Agenda] concerns the new rules on the freedom of association in trade unions and collective bargaining rights for economically dependent self-employed. This amendment to the Labour Code establishes that economically dependent self-employed will be entitled to benefit from collective agreements in force within the same sector, profession, and region (Article 10, paragraphs 1 and 2). Moreover, the law establishes that they have the following rights: to the be represented by trade unions and work councils (comissões de trabalhadores); to negotiate through trade unions specific collective agreements for self-employed; and to benefit from collective agreements already existing and from administrative extension of collective agreements or arbitration decisions and consequent minimum working conditions (Article 10-A, paragraph 1). However, these rights require further specific regulations (Article 10-A, paragraph 2), which has not been implemented so far (Lamelas and Rita, 2023a; Ribeiro, 2023).

Social dialogue bodies or frameworks

The Law no. 13/2023 [Decent Work Agenda] introduced new rules extending the rights to information of workers representatives and trade unions. This law extended Work Councils (Article 424, Paragraph 1 j) **information** rights about details of the algorithms or other artificial intelligence systems that affect decision-making on employment access, maintenance, and working conditions. This includes parameters, criteria, rules, and instructions covering profiling and professional activity control. The law also added this measure to the list of trade union representatives' rights of **information and consultation** at workplace level (Article 466, Paragraph d). In both cases the violation of these provisions constitutes a serious offense (Abrantes and Dias, 2023; Lamelas and Rita, 2023; Ribeiro, 2023).

On the other hand, the law extends – making it explicit – the right to trade union activity in companies where unions do not have affiliated members (Article 460, paragraph 2). This prerogative includes their right to hold workplace meetings (Article 461), to be provided with a meeting place by the employer (Article 464), and to post and distribute union information (Article 465). Moreover, the unjustifiable non-compliance by the employer, impeding union activity at the workplace (with affiliates or without) is considered a very serious offense. (Article 460, paragraph 3).

Other working life related institutions

With Law 13/2023 of 3 April, the article 9 of the Decree-Law 260/2009 of 25 September is amended establishing the possibility of data interconnection between the Authority for Working Conditions (Autoridade para as Condições de Trabalho – ACT), the Institute for Social Security (Institute for Social Security – ISS), the Tax and Customs Authority (Autoridade Tributária e Aduaneira AT), the Institute of Registration and Notary Affairs (Instituto dos Registos e Notariado – INR), Work Compensation Fund (Fundo de Compensação do Trabalho – FCT) and Guarantee Fund for Work Compensation (Fundo de Garantia de Compensação do Trabalho – FGCT). This measure aims to facilitate a better monitoring of employment and working conditions cross checking information from various sources, including from fiscal authorities.

Developments in collective bargaining

Changes to the collective bargaining structures and frameworks

In addition to the new rules on right of representation and collective bargaining for economically dependent self-employed [see Section **Social Partners**], the Law 13/2023 of 3 April amending the Labour Code introduced various measures concerning the legal framework of collective bargaining (Lamelas and Rita, 2023).

First, this law stipulates that the *favor laboratoris* principle applies to the provisions of the Labour Code concerning the use of algorithms, artificial intelligence, and related matters, particularly in the context of work on digital platforms (Article 3, paragraph 3 o). This means that collective agreements cannot establish less favourable rules concerning those matters, than those set by the Labour Code (Abrantes and Dias, 2023).

This law extends the state's responsibility to promote the conditions for improving collective bargaining coverage in order to encompass the maximum number of workers and employers, established by the Labour Code, that it is the state duty to provide policy incentives, measures favouring companies that have signed recently collective agreements to access public support or financing, including European funds, public procurement procedures and fiscal incentives (Article 485, paragraph 2).

Also, the new regulations on employment status and contracts [see section **Regulations on employment status and contracts**] extend, under certain conditions, the scope of collective bargaining. One of the most important innovations is the new Article 12-A referring to the *Presumption of employment contract within the scope of digital platform*. According to this article (paragraph 9), in cases where an employment contract is considered to exist, the Labour Code rules that are compatible with the nature of the performed activity will apply, namely the provisions on accidents at work, termination of the contract, prohibition of unjustified dismissal, minimum wage, holidays, limits on normal working hours, equality, and non-discrimination (Moreira, 2023a). Also, a new clause regarding *Outsourcing of services* (Article 498-A) determines that in case of acquisition of external services from a third party to carry out activities corresponding to the purpose of the acquiring company, the collective agreement that binds the beneficiary of the activity is applicable to the service provider, when it is more favorable to him/her (Lambelho, 2023).

Furthermore, there is a significant change of the Labour Code regarding ***procedural rules concerning the termination of collective agreements and arbitration***. First, a complaint for the termination of a collective agreement [denúncia] that lacks economic justification, or reasons of a structural nature or maladjustments of the collective agreement, is invalid, securing the continuation of the collective agreement in question (Article 500, paragraph 2 and 4). Secondly, it adds a new modality to the existing forms – voluntary arbitration, mandatory and necessary arbitration, and arbitration to suspend the period of ultra validity (after expiring) of collective agreements – the 'Arbitration to assess the complaint for termination of a collective agreement' (Article 501-A). This new modality gives the possibility to a party not interested in reviewing the agreement, to request the President of the Economic and Social Council (CES), an arbitration of the termination grounds of a collective agreement, providing for the reasons to be syndicated by an independent entity, that is, by an arbitration court. If the court concludes that the complaint grounds are unfounded, the termination will have no effect (Article 500-A, paragraph 4). Moreover, the legislation grants any of the parties (trade unions or employers' associations), in certain circumstances, the right to request the 'necessary arbitration' (art. 501-A, paragraphs 11 and 12), during the period of validity of the agreement, in which case, the collective agreement remains in force, until the arbitration decision is published (Amado, 2023; Reis, 2023).

Data on collective bargaining

The slight decline of the coverage of collective agreements in force continued in 2022, although exceeding 80% of all employees in the private sector and state-owned companies. Nevertheless, in absolute terms there was an increase of the workers covered between 2020 and 2022. This high coverage of collective agreements in force continues to be predominantly secured by sector level collective agreements (CCT) negotiated between unions and employers' associations, which accounted for 83% of the workers covered by agreements in 2022. Other multiemployer agreements not negotiated with employers' associations (ACT), typical of the banking and insurance sector, accounted for 4.7% of the workers covered by agreements; while only 3.5% of the workers covered by agreements, were covered by single employer company agreements (AE). Basically, this distribution remained stable over the years. A last group with a share of around 9% of the workers covered refers to administrative decisions.

Table 1: Evolution of the coverage of collective agreements in force 2015-2022 – whole economy except public administration

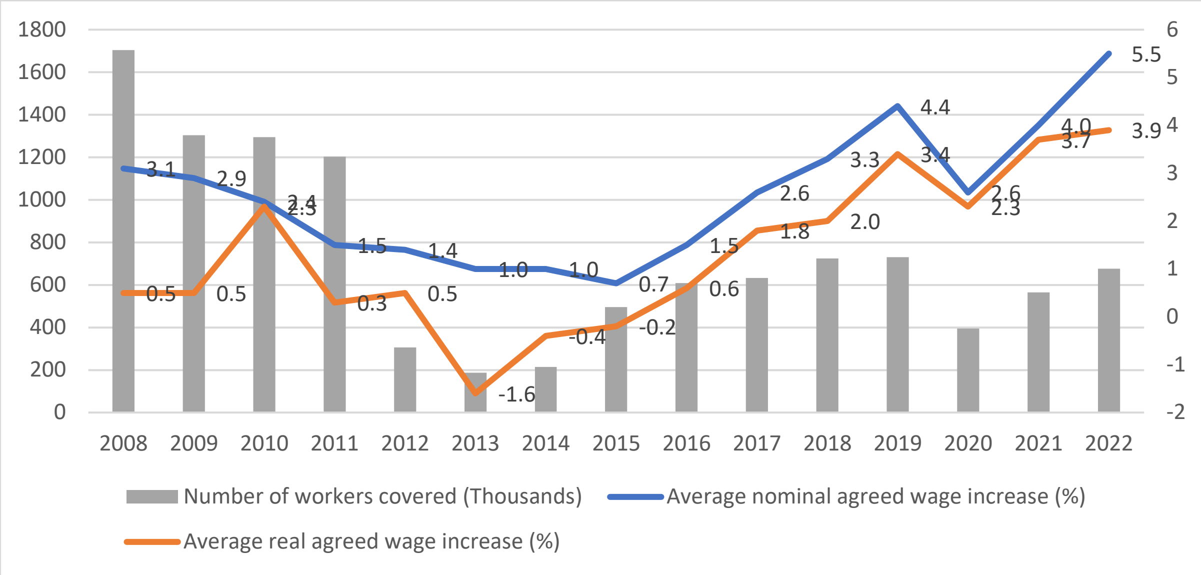
	2015	2016	2017	2018	2019	2020	2021	2022
Total coverage %	88.5	87.5	86.5	86.2	85.1	84.2	84.0	83.3
No. of workers covered (thousands)	2245	2312	2395	2481	2494	2445	2455	2622
Coverage of CCT %	82.6	82.7	82.5	83.6	83.3	82.4	82.8	83.0
Coverage of ACT %	4.4	4.4	4.5	4.4	4.2	4.9	4.8	4.7
Coverage of AE %	3.5	3.5	3.6	3.5	3.7	3.7	3.7	3.5
Coverage of PRT %	9.5	9.5	9.5	8.5	8.8	9.1	8.7	8.9

Source: GEP/MTSSS (2022), Séries Cronológicas/Quadros de Pessoal 2011-2021*;* and GEP/MTSSS (2023), Quadros de Pessoal 2022; authors calculations.

Collectively agreed pay outcomes and wage-setting mechanism

According to the data estimated by the General-Directorate of Employment and Labour Relations (DGERT) of the Ministry of Labour, the average nominal agreed wage increase in 2022 by 5.5% allowed a real agreed wage increase (having into account observed past inflation) by 3.9%. However, only around 675,500 workers, out of the 2, 621,977 workers covered by agreements in force, that is 25.8% were covered by updated collective agreements including wage increases.

Figure 1: Average agreed nominal and real wage increases (%) and number of workers covered by agreed wage updates (2008 -2022) – whole economy except public administration.



Source: DGERT/MTSSS (2023a) and author calculations.

In contrast, in the first and second quarters of 2023, the nominal agreed wage increases hardly compensated for the observed inflation, and in the third quarter the average agreed nominal increase by 7.1% represented a real decrease by 0.7% (data for the fourth quarter and for year 2023 is not yet available). In total, around 645, 361 workers benefited from nominal agreed wage updates, in these three quarters of 2023.

Table 2: Average agreed nominal and real wage increases set by collective agreements quarterly signed in 2021, 2022 and 2023) – whole economy except public administration.

	2021 Agreed Wage Increase		2022 Agreed Wage Increase		2023 Agreed Wage Increase	
	Nominal	Real	Nominal	Real	Nominal	Real
1st Quarter	2.3%	2.1%	3.7%	3.2%	5.6%	0.4%
2nd Quarter	4.8%	4.7%	4.6%	2.9%	7.9%	0.3%
3th Quarter	2.7%	2.6%	7.4%	5.7%	7.1%	-0.7%

Source: DGERT/MTSSS (2022b, 2023b), Variação ponderada das Remunerações – Relatórios de 2021, 2022 e 2023; and authors calculations.

Collective bargaining and inflation

On 9 October 2022, the government and social partners (with the exception of CGTP) concluded a tripartite agreement, the *Medium-Term Agreement for Improving Income, Wages and Competitiveness*, for the period 2023-2026, comprising guidelines on wage policy. This agreement assumed a medium-term inflation forecast of 2% per year (European Central Bank) and medium-term productivity growth of 1.5% for the period 2023-2026 (macroeconomic scenario of the state budget for 2022 and 2023; and Stability Programme). It set the overall target of increasing the average nominal wage by 20%, between 2022 and 2026, corresponding to a rise by an average of 4.8% per year until the end of 2026 (increase of 5.1% in 2023; 4.8% in 2024; 4.7% in 2025; and 4.6% in 2026). The agreement provided for tax deductions (up to 50%) for companies, when complying with at least one of the following conditions: have a dynamic collective bargaining (signed or renewed collective agreements less than three years before); increase wages in line with the tripartite agreement targets; and reduce the difference between the 10% higher paid jobs and the 10% lower paid ones (launched by Law 24-D/2022 of 30 December 2022). This tripartite agreement was signed by the government and all the social partners represented at the CPCS, except for CGTP.

Although the collective agreements updating wages in 2023 covered only around 25% of the workers in the private sector (see previous section), the increase in the average remuneration of all the employees declared to Social Security increased by 7.2%, well above the 5.1% benchmark established in the tripartite agreement. The increase of the national minimum wage to 760 euros (by 7.8%) in 2023 contributed to the annual variation (Diário de Noticias, 2 February 2024).

The persistence of inflation led to an amendment, signed by the social partners on 7 October 2023, *Reinforcing the Medium-Term Agreement for Improving Income, Wages and Competitiveness* (CES, 2023), which revised the target for wage increase for 2024 from 4.8% to 5%. On the other hand, this commitment reformulated the measure concerning fiscal benefits to companies. It extended those benefits to all companies increasing the effective nominal remunerations by at least 5%, even when collective agreements covering them (signed less than 3 years) set increases below; it extended the benefits to companies increasing wages of corporate bodies, who were previously excluded; and it extended also the fiscal benefits to companies covered by extension ordinances of collective agreements (Policy Watch: PT-2022-42/3007).

However, the largest trade union confederation (CGTP) and the largest employer confederation (CIP) did not sign this agreement. For CGTP the level of the increase should be much higher and for CIP the measures compensating employers for the wage increase are insufficient. CGTP claimed a general and significant increase in salaries by a minimum of 15%, never less than €150 and opposed to the overall wage increase by 5% foreseen, and to the minimum wage increase to €820 and criticized the tax exemptions for employers (CGTP, 2023a; 2023, b).

UGT trade union signed the agreement highlighting the favorable conditions for wage increases observed in the 1st half of the year, with the Portuguese economy already registering a growth of 2.4%, well above the government's forecast of 1.3% for the entire year, with an external surplus of 2.1 billion euros and the creation of employment with more 70.7 thousand jobs, compared to 2022 (UGT, 2023).

Developments in governmental responses to inflation

Since January 2023, some specific measures were updated and other were launched to respond to the increasing inflation for citizens, workers and businesses, notably:

- Measures to **support business to stay afloat,** through the access to finance[i]
- Measures to **prevent social hardship**, with focus on the protection of vulnerable groups[ii]
- Specific measures **addressing inflation increase.**[iii]

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[i] Eurofound (2023), Extraordinary support to renting, case **PT-2023-1/3035** – measures in Portugal, EU PolicyWatch; Eurofound (2023), Tax incentives for salary increase, case **PT-2023-1/3008 (updated)** – measures in Portugal, EU PolicyWatch.

[ii] Eurofound (2023), Financial support for the cost of rent, case **PT-2023-12/3173** – measures in Portugal, PolicyWatch; Eurofound (2023), Temporary interest rate subsidy for housing loans, case **PT-2023-12/3183** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Reducing the effects of interest rate increases on housing credit, case **measure PT-2022-48/3055 (updated)** - measures in Portugal, EU PolicyWatch;

[iii] Eurofound (2023), Mid-term wage increase in public administration by 1%, case **PT-2023-16/3187** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Extraordinary support scheme for costs incurred in agricultural production, case **PT-2022-1/3062** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Support for electricity and gas costs borne by companies, case **PT-2023-1/3060** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Support to the social sector, case **PT-2022-41/3058 (updated)** - measures in Portugal, EU PolicyWatch; Eurofound (2023), New credit line for companies, case **PT-2022-41/3057 (updated)**- measures in Portugal, EU PolicyWatch; Eurofound (2023), New credit line for companies, case P**T-2022-41/3057 (updated)** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Strengthening the programme "Support for gas-intensive industries", case **PT-2022-41/3056 (updated)** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Adherence to the regulated tariff for the sale of natural gas, case **PT-2022-37/3050** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Freezing of public transport prices, case **PT-2023-1/3049**-measures in Portugal, EU PolicyWatch; Eurofound (2023), Reduction of VAT on electricity supply, case **PT-2022-43/3048 (updated)** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Limitation of the increase of the rents for 2023, case **PT-2023-1/3031** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Subsidy for food support, case **PT-2023-20/3199** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Financial support for vulnerable families, case **PT-2023-13/3204** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Pluriannual agreement for the valorization of Public Administration Workers, case **PT-2023-1/3006** - measures in Portugal, EU PolicyWatch; Eurofound (2023), Medium-Term Agreement for Improving Income, Wages and Competitiveness, case **PT-2022-42/3007 (updated)** - measures in Portugal, EU PolicyWatch.

Labour disputes and industrial action

Data on industrial action

After a clear decline in 2020 industrial action increased in the Portugal in 2021 and 2022 in the private sector, increasing the number of strikes and number of working days lost (GEP/MTSSS, 2023).

Table 3: Strikes - Working days lost per 1,000 employees (%) and top 4 reasons (2017-2022) – (does not include public administration

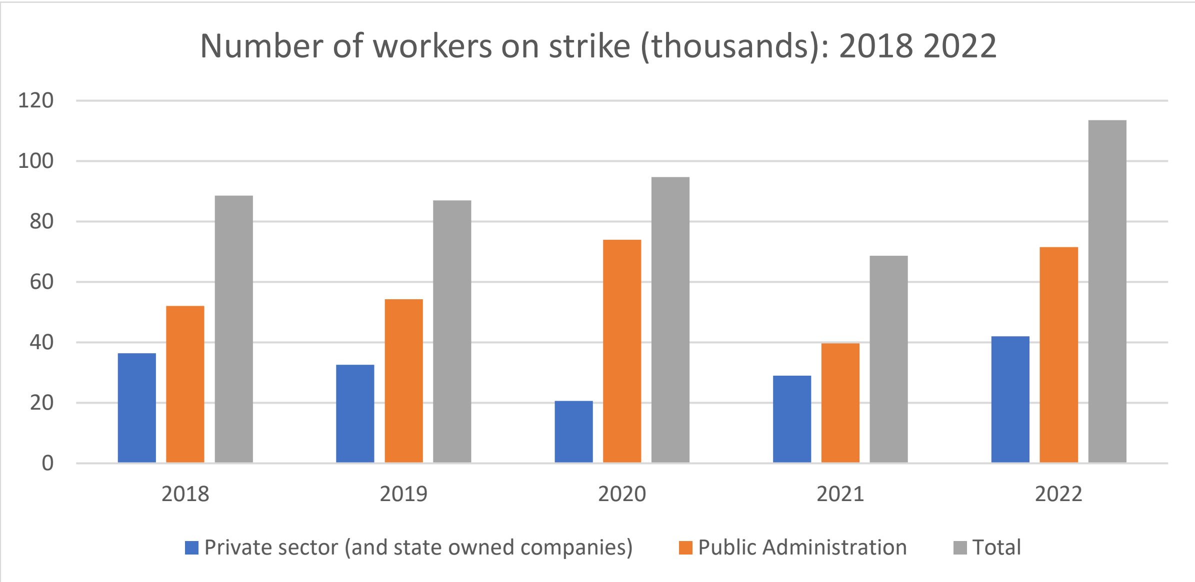
	2018	**2019**	**2020**	**2021**	**2022**
Working days lost per 1,000 employees (%)	18.5	19.7	8.9	11.6	16.2
Number of strikes	144	147	103	157	166
Top four reasons for strikes:					
Wages (%)	28.7	49.2	38.1	46.1	50.5
Working Conditions (%)	13.8	11.2	16.9	22.0	20.5
Company statute (%)					
Collective regulation (%)	22.6		7.9	10.2	5.2
Employment and Training (%)	4.5				2.5

Note: Does not include strikes in public administration.

Source: GEP/MTSSS (2023), Greves 2022, and data of previous annual reports for the period 2018 to 2022.

According to official sources, the number of workers on strike in public administration outnumbered largely the number of workers in strike in the private sector and increased sharply in 2022.

Figure 2: Number of workers on strike (thousands) in the private sector (and state-owned companies) and in public administration (2018 -2022)



Source: GEP/MTSSS (2023), Greves 2022 and data of previous annual reports (2018 to 2021) concerning strikes in the private sector (and state owned companies); and data DGAEP(2023), Estatísticas do emprego público – Informação sobre greves concerning strikes in public administration; authors calculations.

According to the General Directorate of Administration and Public Employment (DGAEP), in 2023 around 63,000 workers went on strike in public administration, participating in the public sector general strikes of 17 March and of 27 October 2023, although this participation might be underestimated, because in the first case only 61% of the public entities inquired by DGAEP responded and in the second case 57%.

According to DGAEP, strike notices in public administration increased by 174% between January and November 2023 compared to the same period in 2022, totaling 811. Most strikes were registered in the education sector, with 620 notices, corresponding to around 75% of the total strikes, followed by health (57), justice (52) and local administration (37).

Data from the Directorate-General for Employment and Labor Relations (DGERT) show that a total of 1,279 strike notices were communicated by the private and state business sectors, between January and November 2023, an increase of 48% compared to the same period.

In the public sector, the conflicts related to wage updates, opposing the wage increases of 3.6% proposed by the government as being too small (Campos Lima and Carrilho, 2023). In public sectors, such as education and healthcare, the conflicts related not to wage increases but were also against the lack of career prospects and full recognition of seniority rights, against the intensification of work and excessive overtime hours needed to tackle labour shortage in these sectors. The largest conflict involving strikes and massive demonstrations took place in education: among other demands, schoolteachers claimed the recovery of 6 years of seniority frozen by Portuguese authorities between 2011 and 2017 and complained against the working conditions in particular overtime excessive hours. In both sectors, the trade unions criticised budgetary restrictions affecting both the capacity and quality of the National Health Service and of public education, and the problems of labour shortage resulting from the lack of attractiveness for doctors, nurses, and teachers in terms of wages, stability and working conditions.

Developments in working time

Changes to legislation in working time and work-life balance

In 2023, the main changes concerning working time were implemented by the Law 13/2023 of 3 April. Some changes concern the coverage by collective agreements of economically dependent self-employed (Article 10), and others concern platform workers who (Article 12-A) benefit from the maximum limits of normal working hours established by Labour Code, if the employment relationship is recognised. Other changes are largely linked to the transposition into the internal legal order of the EU Directive on transparent and predictable working conditions and of the EU Directive on work-life balance for parents and carers, notably:

- Workers with informal care responsibilities (Article 101-A) are entitled to part-time work and to flexible working time (articles 101-B and 101-C)) and are not obliged to perform overtime work (article 101-G).
- The employer is obliged to inform the worker about the weekly and daily normal working hours, but also about the regime of overtime work and shift work that applies (Article 106).
- The right to telework is extended to workers with children, regardless of their age, with disability, chronic illness, or oncological disease living in the same household (Article 166-A).
- Workers with children up to three years of age or, regardless of their age, with disability or chronic illness, and workers with children between 3 and 6 years of age, when the other parent cannot assist the child, are exempted from: the regime of 'group adaptability' (adptabilidade grupal) of working time (Article 206), and the regime of working time group accounts (Article 208) .
- When overtime surpasses 100 hours per year, the compensation is paid at the hourly rate with the following additions: 50% for the first hour and 75% per hour or subsequent fraction, on a business day; and 100% for each hour or fraction thereof, on a rest weekly day or on a holiday (Article 268).

Bargaining outcomes

According to the Annual Report on the Evolution of Collective Bargaining 2022 (CRL/MTSSS, 2023) **–** the most recent report focusing on collective agreements qualitative updates **–** the maximum limits of the normal period of working time established by the collective agreements signed in 2022 are similar to those of previous years. That is, most collective agreements (50% - 30 out of 60) adopt a maximum duration of 40 hours, which coincides with the legal limit (article 203 of the Labour Code), and around 35% (21 out of 60) determine a weekly duration of less than 40 hours for all workers. Education and insurance and public municipal companies (usually 35 hours) continue to figure in this second group, in addition to others sectors.

Additionally, clauses on part-time work have been increasing in collective agreements and present a wide range of solutions, within the limits set by the law. Several collective agreements prioritise part-time for certain groups of workers due to their family situation, illness, or reduced capacity of the worker (sector collective agreement in retail between ACA/CESP – BTE 1/2022). Some agreements limit the number of part-time workers in the same company: the sector agreement in retail between ACIRO/CESP (BTE 21/2022) establishes that the maximum number of part-time workers per company is three, not considering "accountants and cleaners". In the company agreement between T.S.T.-Transports Sul Tejo/SITRA (BTE 35/2022), the ratio of part-time workers may not exceed 10% of the number of professionals in each professional category.

According to the same report (CRL/MTSSS, 2023), 17% of the 240 collective agreements signed in 2022 included provisions on working time adaptability (27 agreements) and on bank of hours (17 agreements).

The Labour Code allows collective agreements to extend the normal working period up to 4 hours a day and 60 hours a week, not exceeding 50 hours a week in each period of two months (article 204, paragraphs 1 and 2 of the Labour Code). The most common formulation in collective agreements continues to be set at two hours a day and 50 hours a week: of the 27 collective agreements signed in 2022 with provisions on working time adaptability, 18 agreements include hourly increases of two hours per day and four agreements include increases between two and four hours a day. Weekly hourly amplitudes oscillate between 38 and 60 hours a week, with 8 agreements with an amplitude under 50 hours (less 50% than in 2021) and 3 agreements with an amplitude between 50 and 60 hours (less 7 agreements than in 2021) (CRL/MTSSS, 2023).

Debates on duration and organisation

The four-days’ work week project remains a main topic of debate in 2023. In June 2023, it became a pilot project in voluntary private companies, that must fulfil specific criteria: no reduction of workers’ wages; involvement of most workers in the experience; effectively reducing weekly working hours, although without stipulating the exact number of hours.

In March 2023, a first report (Gomes and Fontinhas, 2023) emphasised that the interest regarding the 'four-day week' pilot project was expressed mainly by women who hold a leadership position in the company (60%), which contrasts with the prevailing situation in Portugal. Reducing the level of stress among workers and improving their retention are the main reasons for interest in implementing the four-day week. Out of the 99 companies, 46 companies moved to the second phase of the pilot project. The main reasons given by the companies that decided not to move forward to the pilot project were mainly related to macroeconomic conditions, complexity of implementing the measure or the need for a financial investment for its implementation. Additionally, some companies considered that the measure is not the best solution to the company's problems, while others prefer to explore other types of benefits that better fits with the company interests.

The project generated mixed reactions among the social partners. Employer confederations (CCP, CIP and CTP) argued against the possible negative impact of the experience in the context of labour shortages and inflation, pointing also to the premature timing of the experience, while trade the union confederation CGTP rejected a four-day work week with increases in daily working hours in addition to eight hours. Also, the trade union confederation UGT argued that the four days week should not correspond to an increase in daily working hours (Campos Lima and Carrilho, 2023).

In December 2023, the final report of this pilot project was issued. Overall, most voluntary companies (95%) evaluated the project positively. Even so, difficulties have been identified, particularly regarding the definition of productivity metrics, the management of the experiment during the holiday period and the change in organisational culture to avoid time losses. On the workers' side, the first results are also positive: the anxiety index fell by 21%, fatigue by 23%, insomnia or sleep problems by 19%. Symptoms of depression and loneliness reduced by 21% and 14%, respectively. In addition, levels of work exhaustion fell by 19%. The percentage of workers who find it difficult or very difficult to conciliate work and family/personal life decreased from 46% to 8%. 65% of workers stated that they spent more time with their families after the reduction in working hours began.

Other important policy developments

Regulations on employment status and contracts

The Law 13/2023 of 3 April [Decent Work Agenda] amending the Labour Code introduced various significant measures concerning employment status and contracts.

One of the most important innovations was the creation of the Article 12-A with the title *Presumption of employment contract within the scope of digital platform,* which defines the conditions to presume the existence of an employment contract within the scope of digital platforms (Lamelas and Rita, 2023a; 2023b; Moreira, 2023).

According to Article 12-A (paragraph 1), the existence of an employment contract between the provider of service and the digital platform is presumed, when some of the following characteristics fall under the platform's responsibilities:

- establishing the remuneration for the work or its maximum and minimum limits.
- exercising the power of direction and determining specific rules, regarding the way in which the activity provider is presented.
- controlling and supervising the execution of the activity, including in real time, or verifying the quality of the activity, namely through electronic means or algorithmic management.
- restricting the activity provider's autonomy in terms of the organisation of work, especially the choice of working hours or periods of absence, the possibility of accepting or refusing tasks, the use of subcontractors or substitutes, the choice of clients or providing activity to third parties.
- exercising disciplinary power, including exclusion from future platform activities by deactivating the user's account.
- and when the equipment/work instruments used belong to the digital platform or are operated through a leasing contract.

This presumption of employment contract has a wide scope, insofar it does apply also to online *crowdwork* and offline *crowdwork* platforms, as specified in the definition of digital platform (Article12-A, paragraph 2). However, the law does not establish the obligation to convert the contracts of all people who work on digital platforms into employment contracts. A rebuttable presumption in the law aims to facilitate and clarify the distinction between who is a true self-employed worker and who is a false self-employed worker in the scope of platform work. In fact, the presumption provided can be rebutted in general terms, namely if the digital platform proves that the activity provider works with effective autonomy, without being subject to control, management, and disciplinary power (paragraph 4). The digital platform may also claim that the activity is provided to an intermediary of the platform (paragraph 5). In this case, or in the case the activity provider claims that he/she is a subordinate worker of the digital platform intermediary, the presumption of employment contract also applies, with the necessary adaptations, and it is up to the court to determine who the employer is (paragraph 6). In cases where an employment contract is considered to exist, the rules provided by Labour Code that are compatible with the nature of the activity performed will be applied, namely the provisions on accidents at work, termination of the contract, prohibition of unjustified dismissal, minimum wage, holidays, limits on normal working hours, equality, and non-discrimination (Article 12-A, paragraph 9). (Lamelas and Rita, 2023a; 2023b; Moreira, 2023).

The Law 13/2023 introduced also various measures **limiting precarious work and protecting employment**. The most relevant changes concern the regime of temporary work, the trial period, and the dismissal regime. This legislation altered significantly the *regime of temporary agency work* reducing the number of renewals of fixed-term temporary agency contracts from six to four (Article 182, paragraph 2); establishing a limit of four years for the total duration of successive temporary employment contracts with different users, concluded with the same employer or company in relationship of domain or group, or common organizational structures with the employer (paragraph 8); and the mandatory conversion into an employment contract for an indefinite period, when the temporary assignment contract exceeds the limit of four years (paragraph 9). This amendment to the Labour Code established that the trial period of 180 days, foreseen for first job seekers and long duration unemployed (Article 112, paragraph 1 b)), in contrast with the standard 90 days that apply to the generality of workers (Article 112, paragraph 1 a)), is reduced or excluded depending on whether the duration of a previous fixed-term contract, concluded with a different employer, was equal to or above 90 days (Article 112, paragraph 5); and depending on whether the duration of a professional internship with a positive evaluation, for the same activity and different employer, was equal to or greater than 90 days, in the last 12 months.

The regime of dismissals was amended in various relevant aspects. This amendment introduced a new clause (Article 338-A) in the Labour Code on the 'prohibition of recourse to outsourcing services' which established limits on subcontracting by forbidding the recourse to outsourcing for one year, after a collective dismissal or any dismissal on the grounds of termination of a job. The amendment increased the value of compensation due in case of expiry of fixed-term employment contracts (Articles 344 and 345) from 18 days to 24 days of basic remuneration and seniority benefits for each full year of seniority. This amendment also increased the compensation provided for collective dismissals (Article 366, paragraph 1), from 12 to 14 days of basic remuneration and seniority benefits for each full year of seniority, also applicable in situations of dismissal due to termination of the job and dismissal due to unsuitability (Articles 372 and 379). It is important to consider, however, that the legislator could have gone further, insofar before the exceptional intervention determined by the Troika in 2011, the compensation for dismissals foreseen by the Labour Code was 30 days per year of seniority (Lambelho, 2023; Lamelas and Rita, 2023b).

Commentary and outlook

2023 was the second year of government by the Socialist Party (PS), which has an absolute majority in the parliament. While this majority and the country's economic growth (by 2.3%) has given the government a very stable mandate, the persistence of inflation, the escalation of housing costs, and the critical situation in the education and health sectors generated increasing social instability. The Consumer Price Index rose by 4.3% (compared with 7.8% in 2022), with a decrease in most product categories, while the House Price Index rose in the third quarter of 2023, by 7.6% year on year.

Compared with 2022, when agreed wage increases covered only around 25% of workers in the private sector, recent data from the first, second and third quarters of 2023 show a similar problem, pointing to the weakness of collective bargaining when it comes to improving real wages. Nevertheless, average nominal remuneration (declared to Social Security) increased by 7.2%. This is well above the 5.1% benchmark for 2023 established by the Medium-Term Agreement for Improving Income, Wages and Competitiveness, signed by the government and the social partners in October 2022. It seems that the most important influence on the general increase in average wages was the increase of the national minimum wage to €760 (by 7.8%) in 2023.

In 2023, Law No. 13/2023 of 3 April, the so-called Decent Work Agenda, entered into force. This legislation includes significant changes to the Labour Code, including new criteria for the recognition of labour contracts within the scope of digital platforms, extension of bargaining rights for economically dependent self-employed, restrictions to temporary agency work and outsourcing, improvements in employment protection, increasing overtime payments, improving work–life balance and working time flexibility, new forms of arbitration, and reinforcement of the powers of labour inspection. This legislation also ensured the transposition of the EU directives on transparent and predictable working conditions and on work–life balance for parents and carers into national law. A pilot project on a four-day week was also launched with the support of the government.

The number of strikes and demonstrations in the public and private sectors increased. In the public education and health sectors, the conflicts related to wages, career prospects, recognition of seniority rights, intensification of work and excessive overtime hours. These strikes were organised not only by established trade unions in those sectors, but also by new emerging unions in the case of teachers and new movements in the case of doctors. Ongoing budgetary restrictions affected both the capacity and service quality of the National Health Service and the education system. Labour shortages increased the career of doctor, nurse and teacher become increasingly unattractive in terms of wages, stability and working conditions. Most of these issues will be up for discussion and on trade unions' agendas again in 2024.

On 7 November 2023, the prime minister, António Costa, announced his resignation following an investigation following allegations of influence-peddling by his former chief of staff, among others. President Marcelo Rebelo de Sousa responded by dissolving the parliament after the final approval of the state budget bill for 2024 and calling a snap parliamentary election for 10 March 2024. Until then, the government will remain in place with reduced powers.

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