



EUROPEAN CENTRAL BANK
EUROSYSTEM

COURTESY TRANSLATION

Mr Mário David
Member of the European Parliament
European Parliament
60 Rue Wiertz
B-1047 Brussels

Frankfurt am Main, 9 June 2011

L/JCT/11/515

Your letter

Dear Mr David,

Thank you for your letter relating to measures announced by Portugal, which was passed on to me by Sharon Bowles, Chair of the Economic and Monetary Affairs Committee, with a covering letter dated 23 March 2011.

Before coming to your questions on Portugal, let me first recall that the ECB conducts a single monetary policy, in the euro area as a whole – with the clear mandate to maintain price stability over the medium term. This is our primary objective. Therefore, monetary policy decisions are always taken with a focus on the euro area as a whole and with a medium-term orientation, based on the ECB's economic and monetary analysis within the context of its monetary policy strategy. In this context, the monitoring of developments in individual euro area countries serves as one additional input into the analysis underlying the deliberations in the ECB's Governing Council. However, specific national developments may play a role for the conduct of monetary policy only to the extent to which they are assessed by the Governing Council as having an impact on the medium-term outlook and risks for price stability in the euro area as a whole.

As to developments in Portugal, the specific measures announced by the Portuguese government in March 2011 are outdated given that they did not receive parliamentary support.

In the context of the EU/IMF adjustment programme that was finalised on 5 May 2011, and endorsed by the euro area Finance Ministers at the Eurogroup meeting of 16 May, a new set of measures has been decided by

the Portuguese government. These measures are reported on the website of the Portuguese Ministry of Finance¹ and on the website of the Portuguese Government.²

The Governing Council welcomes the economic and financial adjustment programme which was agreed by the Portuguese government following the successful conclusion of the negotiations with the European Commission, in liaison with the ECB, and the International Monetary Fund. The programme contains the necessary elements to bring about a sustainable stabilisation of the Portuguese economy. It addresses in a decisive manner the economic and financial causes underlying current market concerns and will thereby contribute to restoring confidence and safeguarding financial stability in the euro area. The Governing Council welcomes the commitment of the Portuguese public authorities to take all the necessary measures to achieve the objectives of the programme.

Yours sincerely,

[signed]

Jean-Claude Trichet

¹ http://www.min-financas.pt/discursos/default_MF_110505.asp.

² http://www.portugal.gov.pt/pt/GC18/Governo/Ministerios/MF/ProgramaseDossiers/Pages/20110504_MFAP_Doss_Assistencia_Financaira.aspx.