

Brussels, 8 April 2011

Statement by the Eurogroup and ECOFIN Ministers

Ministers acknowledged the Portuguese authorities' request for financial assistance. Ministers invited the Commission, the ECB, the IMF and Portugal to set up a programme and take appropriate action to safeguard financial stability.

In the context of a joint EU/IMF programme, the financial assistance package to Portugal should be financed on the European side within the framework provided by the European financial stabilisation mechanism (EFSM) and the European financial stability facility (EFSF).

Euro-area and EU financial support will be provided on the basis of a policy programme which will be supported by strict conditionality and negotiated with the Portuguese authorities, duly involving the main political parties, by the Commission, in liaison with the ECB, and the IMF. The preparations will start immediately to reach a cross-party agreement ensuring that an adjustment programme can be adopted by mid-May and implemented swiftly after the formation of a new government.

The programme will be based on three pillars:

- An ambitious fiscal adjustment to restore fiscal sustainability.
- Growth and competitiveness enhancing reforms by removing rigidities in the product and labour markets and by encouraging entrepreneurship and innovation, allowing for a sustainable and balanced growth and unwinding internal and external macroeconomic imbalances, while safeguarding the economic and social position of its citizens. This should include an ambitious privatisation programme.
- Measures to maintain the liquidity and solvency of the financial sector.

The set of measures announced by the Portuguese authorities on 11 March is a starting point in this regard.

We call on all political parties in Portugal to swiftly conclude an agreement on the adjustment programme and form a new government after the upcoming elections with the ability to fully adopt and implement the agreed fiscal consolidation and structural reform measures. After an agreement has been reached with the Portuguese authorities and supported by the main political parties, the programme will be endorsed by the ECOFIN Council and the Eurogroup, in line with national procedures, on the basis of a Commission and ECB assessment.

The Ministers of the Eurogroup and ECOFIN, the Commission and the ECB are looking forward to ambitious fiscal adjustment, comprehensive structural reforms and measures to safeguard financial stability, that will address the fiscal and structural challenges of the Portuguese economy in a decisive manner. It will thereby also help restore confidence and safeguard financial stability in the euro area.