



EUROPEAN CENTRAL BANK

EUROSYSTEM

COURTESY TRANSLATION

Jean-Claude TRICHET

President

Mr Diogo Feio
Member of the European Parliament
European Parliament
60 Rue Wiertz
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Questions on the visit of a European Central Bank official to Portugal

Dear Mr Feio,

Thank you for your letter related to the alleged visit of a senior European Central Bank (ECB) official to Portugal, which was passed on to me by Ms Bowles, Chair of the Economic and Monetary Affairs Committee, under cover of a letter dated 1 December 2010.

The ECB did not dispatch one of its senior officials to meet with either the Portuguese Prime Minister or senior government officials in Portugal in late September. Senior ECB officials met with senior Portuguese government officials in the context of the regular meetings held in Brussels, in particular the ECOFIN Council and Eurogroup meetings. On all occasions the ECB called on all governments, including the Portuguese authorities, to take the necessary and decisive action in the fields of fiscal policy and structural reform.

I welcome the fiscal consolidation and structural measures approved in November and December 2010 respectively by the Portuguese authorities. All these measures are necessary to restore public debt to a sustainable path and to support long-term GDP growth. I strongly recommend that the Portuguese authorities continue to take further action with regard to the implementation of much-needed structural reforms.

In this respect, I have already expressed in a previous reply to you that the challenges faced by Portugal relate to improving competitiveness and boosting long-term growth. Product and labour market reforms should therefore be targeted at increasing competition, especially in the non-traded sector, reducing the duality of the labour market and enhancing the flexibility of the wage formation process. A wage moderation strategy will also be very important to address the sharp rise in the unemployment rate brought about by the crisis.

Yours sincerely,

[signed]