



EUROPEAN COMMISSION
DIRECTORATE GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 19 October 2018

Dear Mr Mourinho Félix,

We would like to thank you for the submission of Portugal's Draft Budgetary Plan (DBP) for 2019, which we received on 16 October. In line with the provisions of Article 7 of Regulation (EU) No. 473/2013, we are writing to ask for clarifications on the compliance of Portugal's planned fiscal effort in 2019 with the requirements of the preventive arm of the Stability and Growth Pact.

The DBP plans a nominal rate of growth of net primary government expenditure of 3.4%, which exceeds the recommended maximum increase of 0.7%. The planned structural effort in 2019 amounts to 0.3% of GDP at face value, which once recalculated by the Commission services according to the commonly agreed methodology amounts to 0.2% of GDP. This effort is below the 0.6% of GDP required in the Council recommendation of 13 July 2018.

We would thus welcome further information on the precise composition of the structural effort and expenditure developments envisaged in the DBP to see how to avoid the risk of a significant deviation from the recommended fiscal adjustment both in 2019 and over 2018 and 2019 together.

The European Commission seeks to continue a constructive dialogue with Portugal in order to come to a final assessment. We would welcome your views by 22 October 2018, close of business, to allow the European Commission to take them into account before it provides its formal Opinion on your DBP.

My services stand ready to assist your services in this process.

Yours sincerely,

Marco Buti

Mr Ricardo Mourinho Félix
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