

Statement by the Eurogroup

Portugal

The Eurogroup, the European Commission and the ECB welcome the recent confirmation by the Portuguese government of its commitment to ensure a reduction of the public deficit to 4.6% of GDP in 2011, and the draft budget proposal recently released.

The rigorous implementation of this deficit reduction plan will ensure the stabilisation of the public debt ratio as planned.

We also welcome the announcement that the government will step up the structural reform agenda. We invite the Portuguese authorities to further specify such reforms, which shall aim at enhancing potential GDP growth and competitiveness by focusing on removing rigidities in the product and labour markets, including in wage formation, and improving productivity.

We are confident in the ability of the Portuguese government to pass the 2011 budget previously agreed with the main opposition party and to implement the appropriate measures in order to achieve the 2011 deficit target.