

Eurogroup Statement on the Draft Budgetary Plan of Portugal for 2016

Today, the Eurogroup discussed the Draft Budgetary Plan (DBP) of Portugal, submitted on 22 January, on the basis of the Commission's Opinion, which was published on 5 February. We take note that, according to the Commission Opinion, the Portuguese DBP initially planned a significant deviation from the required adjustment path towards the medium-term budgetary objective. We therefore welcome the set of additional fiscal measures publicly announced by the Portuguese authorities on 5 February 2016 following fruitful contacts with the Commission. We note that, according to the Commission Opinion, Portugal's planned structural fiscal effort in 2016, taking into account the measures announced, is between 0.1 and 0.2% of GDP, which implies a difference below 0.5% of GDP with respect to the 0.6% of GDP required to fully comply with the Council recommendation of 14 July 2015. We acknowledge that as a consequence, the DBP submitted by Portugal was not found to be in particularly serious non-compliance with the obligations of the Stability and Growth Pact and no resubmission of the DBP was requested by the Commission.

At the same time, the Eurogroup agrees with the Commission's assessment that, even taking into account those additional measures, the budget remains at risk of non-compliance with the requirements of the SGP. In particular, we note that the macroeconomic scenario for 2016 in the DBP is more optimistic than the Commission 2016 winter forecast. In this context, the Eurogroup welcomes the commitments of the Portuguese authorities to prepare as of now additional measures to be implemented when needed to ensure that the 2016 budget will be compliant with the Stability and Growth Pact. The Eurogroup intends to come back to the implementation of today's commitments by Portugal on the basis of Eurostat validated data for the 2015 budgetary outcome, Portugal's forthcoming Stability Programme and the Commission 2016 spring forecast.