

VALDIS DOMBROVSKIS
Vice-President of the European Commission

PIERRE MOSCOVICI
Member of the European Commission

Brussels, 25th October 2016

Dear Minister,

Thank you for the submission of Portugal's Draft Budgetary Plan (DBP) for 2017, which we received on 17 October.

For 2017, the Commission preliminarily projects a slight improvement of the structural balance compared to 2016, which (if confirmed) would point to a risk of significant deviation from the recommended improvement of at least 0.6% of GDP. The worse picture compared to the DBP presented by Portugal is related to a less optimistic macroeconomic scenario projected by the Commission and to the fact that some announced measures are not sufficiently specified.

In view of these risks and discrepancies between the Draft Budgetary Plan and the Commission's preliminary analysis, we would welcome further information on how Portugal will ensure compliance with the recommended effort for 2017, as committed to in the reasoned request of 18 July 2016. In addition and to further support our assessment, it would be useful to receive details on the assumptions underlying the projection of revenues from all taxes and social security contributions and transfers. This would include updated information on tax execution in 2016 and specification of the expected yields of the recently introduced tax settlement scheme.

The Commission seeks to continue a constructive dialogue with Portugal in order to come to a final assessment. We would welcome your views by Thursday, 27 October 2016, close of business, to allow the Commission to take these into account in its further analysis. Our services stand ready to assist you in this process.

Yours sincerely,



Valdis Dombrovskis



Pierre Moscovici

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