



## EUROPEAN COMMISSION

*Brussels, 9.3.2015  
C(2015) 1516 final*

*Dear President,*

*The Commission would like to thank the Assembleia da República for its Opinion concerning the Council Recommendation on the implementation of the broad guidelines for the economic policies of the Member States whose currency is the euro {COM(2014) 401 final}.*

*In its Opinion, the Assembleia da República raises issues linked to the approach followed by the EU in its economic and budgetary governance, the social impact of fiscal consolidation measures and statistical data. The Commission would like to correct some inaccuracies and provide a number of clarifications on these aspects.*

*In recent years, the EU and its Member States have had to address the worst global financial crisis they have ever faced, with a sizeable impact on all the spheres of the economy. At the height of the crisis, the Commission constantly highlighted the importance of pursuing the mutually reinforcing objectives of fiscal consolidation and growth. Fiscal consolidation has never been an end in itself, but rather an imperative and a prerequisite for building solid foundations for growth and restoring confidence. As a response to the crisis, the EU has also built stronger economic and budgetary governance, with a view to equipping itself and its Member States with better tools to detect potential risks early on, prevent the escalation of imbalances and thus avoid another crisis of that scale. The Fiscal Compact and the Banking Union that the Assembleia da República refers to in its Opinion, fully contribute to this effort, with the former being aimed to foster fiscal discipline, and the latter striving for a safer and sounder financial sector for the single market and less financial fragmentation of European markets. Both are key to creating a solid foundation for growth and jobs.*

*Although recovery remains fragile and needs to be strengthened and sustained, a number of signals show that the efforts made over the last years have not been in vain but, on the contrary, are starting to bear fruit. Thus, the emphasis has gradually shifted from addressing the emergencies from the crisis to strengthening the ground for sustainable growth and employment in a post-crisis economy. This is clearly reflected in the political guidelines presented by President Juncker in July 2014, in particular through his Agenda for Jobs, Growth, Fairness and Democratic Change.*

*Ms Maria da Assunção Andrade ESTEVES  
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*The Assembleia da República also stresses the social impact of the fiscal consolidation measures. The Commission would like to underline that the social impact of policies has always been a key factor when designing policies, notably in countries under a macroeconomic adjustment programme, to guarantee that the unavoidable adjustment burden is shared in the most equitable possible way. This close attention to the social impact of measures taken will continue and even be reinforced in the near future. As indicated by President Juncker in his political guidelines, the preparation of social impact assessments in addition to fiscal sustainability assessments should become an integral part of any support and reform programme for Member States whose currency is the euro.*

*As regards the statistical issues – macroeconomic scenario and at-risk-of-poverty rates – mentioned in the Opinion of the Assembleia da República, the Commission would like to indicate that the macroeconomic projections underlying the Council Recommendation were based on the Commission's spring 2014 economic forecast released on 5 May 2014. The Commission published its winter 2015 economic forecast on 5 February 2015. Furthermore the data on poverty are based on Eurostat's figures. There is always a time lag in the availability of data – currently, the latest available data on poverty are 2013 figures.*

*The Commission hopes that these clarifications address the issues raised by the Assembleia da República and looks forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Valdis Dombrovskis  
Vice-President*