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2013/0195 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

approving the update of the macroeconomic adjustment programme of Portugal

EXPLANATORY MEMORANDUM

Upon a request by Portugal, the Council granted financial assistance to Portugal on 17 May 2011 (Council Implementing Decision 2011/344/EU) in support of a strong economic and reform programme aiming at restoring confidence, enabling the return of the economy to sustainable growth, and safeguarding financial stability in Portugal, the euro area and the EU.

In line with Article 3(10) of Decision 2011/344/EU, the Commission, together with the International Monetary Fund (IMF) and in liaison with the European Central Bank (ECB), has conducted the seventh review to assess the progress on the implementation of the agreed measures as well as their effectiveness and economic and social impact.

Taking into account of intervened information, by proposal [insert reference] the Commission has proposed to amend Decision 2011/344/EU.

An additional decision is necessary following the entry into force of the "two pack" (specifically, Regulation (EU) No 472/2013) which also disciplines how policy conditionality underpinning an economic adjustment programme is to be modified. Regulation (EU) No 472/2013 applies to existing macroeconomic adjustment programmes that are in place as of its entry into force which, as a consequence, requires that adjustments follow the Article 7(5) procedure.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability, and in particular Article 7(5) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Regulation (EU) No 472/2013 applies to Member States already in receipt of financial assistance, including those from the European financial stabilisation mechanism (EFSM) and/or European Financial Stability Facility (EFSF), at the time of its entry into force.

(2) Regulation (EU) No 472/2013 sets rules for the approval of macro-economic adjustment programme for Member States in receipt of such financial assistance, which need to be articulated with the provisions of Regulation (EU) No 407/2010 establishing the EFSM when the concerned Member State receives assistance both from the EFSM and from other sources.

(3) Portugal has been granted financial assistance both from the EFSM by Implementing Decision 2011/344/EU on granting Union financial assistance to Portugal and from the EFSF.

(4) For reasons of consistency the approval of the update of the macroeconomic adjustment programme for Portugal under Regulation (EU) No 472/2013 should be done by reference to the relevant provisions of Implementing Decision 2011/344/EU.

(5) In line with Article 3(10) of Decision 2011/344/EU, the Commission, together with the IMF and in liaison with the ECB, has conducted the seventh review to assess the progress made by Portugal on the implementation of the agreed measures as well as their effectiveness and economic and social impact. As a consequence of this review, somes changes need to be made to the existing macro-economic adjustment programme.

(6) These changes are contained in Decision No [insert reference] amending Implementing Decision 2011/344/EU,

HAS ADOPTED THIS DECISION:

Article 1

The measures specified in Article 3(7) to (9) of Implementing Decision 2011/344/EU to be taken by Portugal as part of its macroeconomic adjustment programme are hereby approved.

Article 2

This Decision is addressed to Portugal.

Article 3

This Decision shall be published in the *Official Journal of the European Union.*

Done at Brussels,

For the Council
The President