



EUROPEAN CENTRAL BANK

EUROSYSTEM

Directorate General Secretariat

ECB-UNRESTRICTED

Mr Marco Franco
ask+request-329-51fda0df@asktheeu.org

25 March 2013

Public access request for ECB documents

Dear Mr Franco,

On 29 January 2013, the European Central Bank (ECB) received your request for access to *"1) correspondence regarding the first request of financial help by the Portuguese Government; 2) documents and correspondence (including e-mails) between European institutions and the Portuguese Government related to the memorandum of understanding and its later negotiations; and 3) documents and correspondence regarding communication between the IMF, the European Commission and the European Central Bank"*. On 21 February 2013, in line with Article 7(3) of the Decision of the European Central Bank of 4 March 2004 on public access to European Central Bank documents (ECB/2004/3), the ECB extended the stipulated time limit by which it was to reply to your request by an additional 20 working days, as the request was very wide in scope, covered a long period of time and required consultation with other parties.

As regards point (2) of your request, we would like to inform you that we understand your request as referring to the negotiations on the memorandum of understanding between the Portuguese Government and the European institutions, and its subsequent modifications. As regards point (3) of your request, we understand it as referring to documents and correspondence between the International Monetary Fund (IMF), the European Commission and the ECB, exchanged in the context described above in point (2).

Having examined your request, with regard to point (1), we disclose to you the letter from the Portuguese Prime Minister to the President of the ECB, dated 7 April 2011, requesting financial assistance.

As regards point (2) of your request, we disclose to you the letter from the Portuguese Finance Minister and the Governor of the Banco de Portugal, dated 13 May 2011, communicating the memorandum of understanding to the President of the Eurogroup, the President of the ECOFIN Council, the European Commissioner for Economic and Monetary Affairs, and the President of the ECB.

In addition to the above-mentioned letters, we have identified e-mails falling under points (2) and (3) of your request. These e-mails were exchanged in the period from April 2011 to January 2013. They discuss fiscal, structural and financial sector policy issues in Portugal which relate to your request. In particular, these confidential e-mails relate to measures aimed at ensuring the smooth unwinding of existing

macroeconomic, fiscal and financial imbalances, which should foster an environment that ultimately contributes to restoring investors' confidence in the sustainability of public finances, the stability of the financial sector and the overall growth outlook for the Portuguese economy. From our perspective, these measures are essential to also contribute to the smooth functioning of the monetary policy transmission mechanism, which, in turn, is of overriding importance for the effective conduct of monetary policy.

For all of the above reasons, these confidential e-mails cannot be disclosed, even partially, as they are protected under the second indent of Article 4(1)(a) of Decision ECB/2004/3 ("the financial, monetary or economic policy of the Union or a Member State", i.e. Portugal) and the seventh indent of Article 4(1)(a) of the same decision ("the stability of the financial system in the Union or in a Member State", i.e. Portugal). However, the public information identified in one of these e-mails can be accessed by visiting the appropriate webpage.¹

In addition, all such confidential e-mails are preparatory documents containing various specific drafting suggestions and preliminary views discussing possible options on the above topics and in relation to the memorandum of understanding. They are protected under Article 4(3) of Decision ECB/2004/3 ("documents containing opinions for internal use as part of deliberations and preliminary consultations within the ECB or with NCBs"). Since their disclosure, even in part, would undermine the protected interests stated under the second and seventh indent of Article 4(1)(a), there is no overriding public interest in their disclosure.

In this context, we would like to emphasise that the ECB must be in a position to communicate and exchange pertinent and candid messages with European and national authorities in the euro area in the manner judged to be the most effective for serving the public interest, in terms of fulfilling the ECB's mandate in the context of the troika. If it is required, and is in the best interests of the public, effective and confidential communication must also be possible and should not be undermined by the prospect of disclosure.

Moreover, we would like to draw your attention to the following public information which might be of interest to you:

http://www.ec.europa.eu/economy_finance/assistance_eu_ms/portugal/index_en.htm;

<http://www.imf.org/external/country/PRT/index.htm>;

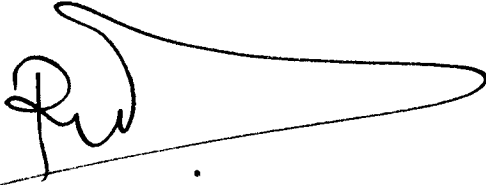
<http://www.bportugal.pt/pt-PT/OBancoeoEurosistema/ProgramaApoioEconomicoFinanceiro/Paginas/Documentos.aspx>.

Furthermore, we would like to draw your attention to the fact that, in line with Article 10 of Decision ECB/2004/3, "documents released in accordance with this Decision shall not be reproduced or exploited for commercial purposes without the ECB's prior specific authorisation. The ECB may withhold such authorisation without stating reasons".

¹ http://www.igcp.pt/fotos/editor2/2011/Boletim_Mensal/04BolMensal.pdf

Finally, and for the sake of good order, we would like to inform you that, in line with Article 7(2) of Decision ECB/2004/3, "in the event of total or partial refusal, the applicant may, within 20 working days of receiving the ECB's reply, make a confirmatory application asking the ECB's Executive Board to reconsider its position".

Yours sincerely,

A handwritten signature in black ink, consisting of a stylized 'P' followed by a long, sweeping horizontal line that ends in a small loop.

Pierre van der Haegen
Director General
Secretariat

A handwritten signature in black ink, featuring a stylized 'R' followed by a series of loops and a final horizontal stroke.

Roman Schremser
Senior Adviser
Secretariat

Enclosures

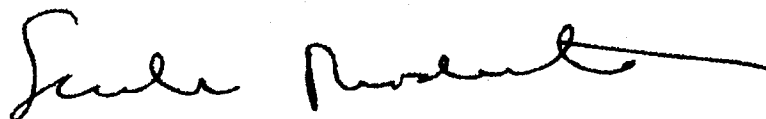
Encl. 1



REPRESENTAÇÃO PERMANENTE
DE PORTUGAL
JUNTO DA UNIÃO EUROPEIA
BRUXELAS

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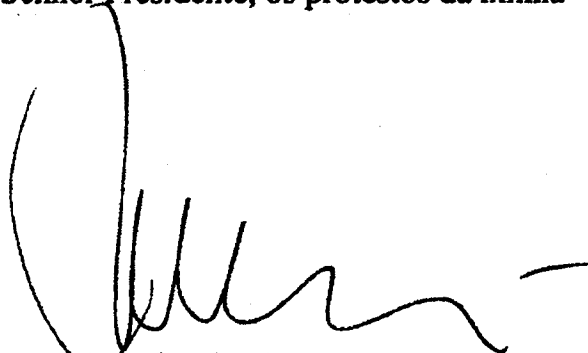
Bruxelas, 8 de Abril de 2011



Junto remeto cópia de uma carta dirigida a V. Ex^a. pelo
Primeiro Ministro de Portugal.

O original será remetido logo que recebido nesta
Representação Permanente.

Queira aceitar, Senhor Presidente, os protestos da minha
elevada consideração.



Manuel Lobo Antunes
Embaixador Representante Permanente

A Sua Excelência
Senhor Jean Claude Trichet
Presidente do Banco Central Europeu

O Primeiro Ministro

Lisboa, 7 de Abril de 2011

Exmo. Senhor,

No dia 23 de Março o Parlamento português rejeitou a proposta apresentada pelo Governo de revisão anual do Programa de Estabilidade e Crescimento para 2011-2014 (PEC 2011-2014), a qual tinha merecido o apoio expresso da Comissão Europeia e do Banco Central Europeu, a par da manifestação de confiança dos nossos parceiros europeus. Por motivo da rejeição do PEC, abriu-se em Portugal uma crise política: o Governo apresentou a sua demissão e o Presidente da República dissolveu o Parlamento, tendo marcado novas eleições para o dia 5 de Junho.

Esta situação veio agravar, subitamente, e de forma muito séria, a situação financeira do País: o *rating* da República baixou abruptamente; as taxas de juro no mercado de dívida pública subiram para níveis elevadíssimos em todos os prazos; acentuaram-se as dificuldades do Estado no acesso ao financiamento em condições de normalidade; e, ao mesmo tempo, os bancos portugueses, bem como importantes empresas nacionais, viram o seu *rating* baixar substancialmente, com prejuízo para a sua capacidade de financiamento e para o financiamento de toda a economia portuguesa.

A situação criada exige uma resposta célere e decidida, que minimize os riscos para Portugal e para a Zona Euro e que garanta o financiamento do Estado português, do seu sistema financeiro e da economia portuguesa.

Nestas condições, venho, em nome do Governo da República Portuguesa, apresentar um pedido formal de assistência financeira. O Governo português

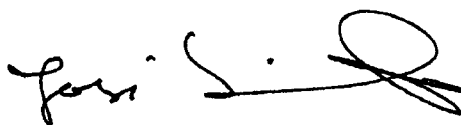
O Primeiro Ministro

declara-se inteiramente disponível para encetar de imediato, com as instituições, o diálogo quanto aos termos e condições dessa assistência financeira. Para o efeito, gostaríamos que considerassem a situação política que actualmente se verifica em Portugal.

As autoridades portuguesas saúdam a disponibilidade para uma cooperação positiva e célere, prontamente manifestada pela Comissão Europeia e pelo Banco Central Europeu, e reafirmam o seu empenhamento num diálogo que salguarde os interesses de Portugal, da moeda única e do projecto europeu.

Com os melhores cumprimentos,

O Primeiro-Ministro,



(José Sócrates)

Sr. Jean Claude Trichet
Presidente do Banco Central Europeu

C/c Sr. José Manuel Durão Barroso
Presidente da Comissão Europeia
Herman Von Rompuy
Presidente do Conselho Europeu
Sr. Jean Claude Juncker
Presidente do Eurogrupo
Sr. Dominique Strauss-Kahn
Director Executivo do Fundo Monetário Internacional

(Courtesy translation)

April 2011

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Lisbon, 7 April 2011

Excellency,

On March 23rd the Portuguese Parliament rejected the Government's annual update of the Stability and Growth Programme for 2011-2014. This Programme had received the explicit welcome and support of the European Commission, of the European Central Bank as well as of the Heads of State or Government of the Euro Area.

The rejection of the Programme resulted in a political crisis in Portugal: the Government presented its resignation; the President of the Republic dissolved Parliament and called for elections on 5th June.

This situation rapidly and seriously worsened the financial conditions of the Country: the rating of the Portuguese Republic was reduced abruptly; the market interest rates of public debt climbed to extremely high levels in all maturities; Government access to financing under normal conditions deteriorated further; concurrently, the Portuguese banking sector as well as major national companies had their ratings substantially lowered, thus seriously undermining their financing capacity as well as that of the whole economy.

The situation thus created requires a swift and determined response. One which will minimize the risks for Portugal and for the Euro Area and that will guarantee financing conditions for the Portuguese Government, for the financial system and for the economy as a whole.

Therefore, on behalf of the Government of the Portuguese Republic, I formally present a request of financial assistance. The Portuguese Government is fully available to immediately initiate consultations, with the European Institutions, as to the terms and conditions of this financial assistance. We would request that these terms and conditions take into consideration the current political situation in Portugal.

The Portuguese authorities welcome the readiness for a constructive and speedy cooperation promptly stated by the European Commission and the European Central Bank, and reiterate its commitment to a dialogue which will safeguard the interests of Portugal, of the single currency and of the European project.

Yours sincerely,

/s/

José Sócrates
The Prime Minister

HE Mr. José Manuel Durão Barroso
President of the European Commission

HE Mr. Herman von Rompuy
President of the European Council

HE Mr. Jean Claude Juncker
President of the Eurogroup

HE Mr. Jean Claude Trichet
President of the European Central Bank

HE Mr. Dominique Strauss-Khan
Managing Director of the International Monetary Fund



MINISTÉRIO DAS FINANÇAS E DA ADMINISTRAÇÃO PÚBLICA
GABINETE DO MINISTRO DE ESTADO E DAS FINANÇAS



Banco de Portugal

EUROSISTEMA

Lisboa, 13th May, 2011

17 Mai 2011

PRESIDENT SENT

12 Mai 2011

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RECEIPT

Mr Jean-Claude Juncker
President
Eurogroup

Mr György Matolcsy
President
Council of the European Union (ECOFIN)

Mr Olli Rehn
Commissioner
European Commission

Mr Jean-Claude Trichet
President
European Central Bank

Dear Sir,

1. Against the background of the structural challenges facing the Portuguese economy and contagion from the sovereign debt crisis in other euro area countries, financial conditions facing the Portuguese sovereign and banks have sharply worsened. To restore market confidence and to raise the potential of our economy to generate socially balanced growth and employment we are proposing a far-reaching reform programme, backed by substantial international financing to meet balance of payments needs.

2. Following up on already announced measures, we believe further comprehensive action is required on three fronts: (i) deep structural reforms to boost potential growth, create jobs, and improve competitiveness (including through fiscal devaluation); (ii) a credible and balanced fiscal consolidation strategy, supported by structural fiscal measures and better fiscal control over PPPs and SOEs; and (iii) efforts to safeguard the financial sector against disorderly deleveraging through market-based mechanisms supported by back-up facilities. As our reform programme is implemented, priority will be given to protecting the most vulnerable groups.

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3. To signal our strong commitment to implementing the ambitious reform programme, we request financing assistance from international partners. We estimate that the support needed for our external financing will be around €78 billion over the next three years. We therefore request support from the European Financial Stability Mechanism and the European Financial Stability Facility which could be drawn over a period of 36 months. The overall total of this support will be €52 billion. We are also sending a parallel request for financial assistance to the IMF for a total amount of €26 billion (SDR 23.7 billion). This arrangement will underpin confidence, support market access and help ensure orderly adjustment and the restoration of sustainable growth. We will draw on these resources in parallel throughout the program period, drawing on the EU/euro-area and IMF financing in a ratio of 2 to 1 following programme approval and for each review period (measured at the programme exchange rate).

4. We are confident that the policies described in the attached Memorandum of Economic and Financial Policies (MEFP) are sufficient to achieve the objectives under the programme. An annexed Memorandum of Understanding (MoU) specifies detailed economic policy measures that will be used as benchmarks for assessing policy performance in the context of the quarterly reviews, in coordination with the IMF and the European Commission, under the financial assistance programme. The reviews will assess progress in the programme's implementation and permit understandings on any additional measures that may be needed to achieve its objectives.

5. In particular, progress in the implementation of the policies under this programme will be monitored through quarterly (and continuous) quantitative performance criteria (PCs) and indicative targets, prior actions, structural benchmarks, quarterly programme reviews, and any consultation clauses (these are detailed in Tables 1 and 2; the attached Technical Memorandum of Understanding (TMU) contains definitions), and through the detailed and specific economic policy criteria in the MoU.

6. The conditionality under the programme provides substantial comfort that the programme will be delivered and that the support will be repaid. We will ensure that the financial assistance in the context of the EFSM and EFSF to be provided to Portugal will be subject to the loan terms and conditions that will protect the EU, the euro-area and EU Member States' financial and legal interests in a non discriminatory way as compared to the assistance provided by the euro-area and the EU to other Member States.

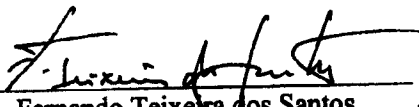
7. The Portuguese Government and Banco de Portugal believe that the policies set forth in the attached MoU are adequate to achieve the objectives of our economic programme. We, nonetheless, stand ready to take additional measures that may be needed to meet the objectives set. We will maintain a close policy dialogue and will consult with the European Commission, the ECB and the IMF prior to the adoption of any such measures and in advance of any necessary revisions to the policies included in the MEFP and the MoU. All available information requested

by the European Commission, the ECB and the IMF to assess implementation of the programme will be provided.

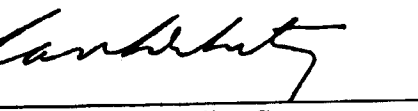
8. We are confident that resolute implementation of our economic programme will help our economy recover and bolster market sentiment. If fiscal consolidation proceeds faster than expected or if market conditions improve significantly during the programme period, we would refrain *pari passu* from drawing on the financing assistance.

9. This letter is copied to Mr. Strauss-Kahn.

Sincerely yours,



Fernando Teixeira dos Santos
Minister of State and Finance



Carlos da Silva Costa
Governor of Banco de Portugal

Attached: Memorandum of Understanding (MoU); Memorandum of Economic and Financial Policies (MEFP);
Technical Memorandum of Understanding (TMU)