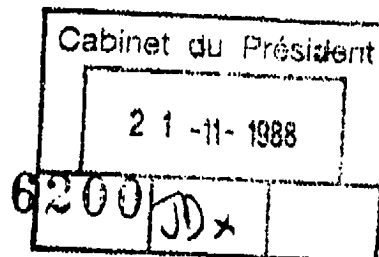


Banco de Portugal
Governador

Mr. Jacques Delors
Chairman
Committee for the Study
of the Economic and Monetary Union



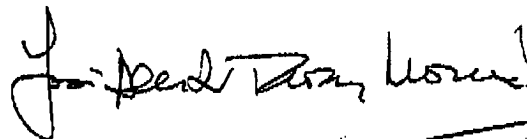
November, 15th 1988

Dear Mr. Chairman,

As agreed in our last meeting, I am pleased to send you herewith our answers to the questionnaire proposed by Governor Hoffmeyer.

Should you find it necessary we will be happy to provide any clarifications on the matters covered by the questions.

Yours sincerely,



José Alberto Tavares Moreira

COUNTRY: PORTUGAL

Major instruments and policy measures to be applied in connection with the gradual realisation of the Economic and Monetary Union

Instrument/policy measure	Who makes the decision?1	Can under present provisions policies decisions be: *)			Can the decision-making power be transferred to Community bodies without changes in national legislation?
		communicated prior to implementation?	taken after consultation?	taken after co-ordination?	
Monetary policy					
- Change in central bank interest rates	CB(GOV) 2)	YES	YES	YES	NO
- Credit policy	CB(GOV) 2)	YES	YES	YES	NO
- Reserve requirements	CB(GOV) 2)	YES	YES	YES	NO
- Open market operations	CB	YES	YES	YES	NO
- Financing of government deficits	GOV(CB) 3)	YES	YES	YES	NO
- Government debt management	GOV(CB) 3)	YES	YES	YES	NO
Exchange rate policy					
- Change in central rates	GOV(CB) 3)	4)	4)	4)	NO
- Change in intervention margins	GOV(CB) 3)	4)	4)	4)	NO
- Change in intervention credit mechanisms	GOV(CB) 3)	4)	4)	4)	NO
- Intervention policy	CB	YES	YES	YES	NO
- Management of official reserves	CB(GOV)	YES	YES	YES	NO
Fiscal policy					
- Direct taxes	P	5)	YES	NO	NO
- Taxation of interest and capital income	P	5)	YES	NO	NO
- Indirect taxes	P	5)	YES	NO	NO
- Budget balance targets	GOV	5)	YES	YES	NO
Other policy instruments and measures (specify)					
- Incomes Policy	GOV	5)	YES	?	NO
-					
-					

1) Please specify: CB Governor, Central Bank Board, Minister, Cabinet, Parliament.

2) Decisions taken by the Banco de Portugal in its quality of monetary authority under the guidelines set by The Finance Minister.

3) Decisions taken by the Government in close agreement with the Central Bank.

4) When Portugal participates in the EMS/ERM, the answer would be YES.

5) Government proposals can be notified when tabled.

*) Assuming full confidentiality is assured.