

Portugal PM says austerity rejection a 'huge frustration'
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Portugal's prime minister today vowed to overcome the "huge frustration" posed by the constitutional court's rejection of austerity measures in Lisbon's 2014 budget.

Portugal's highest court yesterday turned down three out of four measures brought in by the centre-right government as part of ongoing cutbacks after the country exited an international bailout two weeks ago.

"The government will not respond in haste to this situation because it is complex and does not have a simple solution. We will announce at the appropriate time how we will overcome this huge frustration," said Pedro Passos Coelho (pic).

"I will never allow decisions, which to me seem incomprehensible, to make us lose what we have achieved with our struggles before now," he said at a ceremony in the north of the country.

The decision by Portugal's constitutional court is expected to cost Lisbon between 500 and 800 million euros, according to media estimates.

The court rejected measures that would cut wages of public employees by more than 675 euros, tax unemployment and sickness benefits and limit widows' pensions.

A few hours before the decision was handed down, Passos Coelho said he couldn't rule out raising taxes to balance the budget if necessary.

The decision comes two weeks after Portugal exited a 78-billion-euro, three-year international bailout programme. – AFP, May 31, 2014

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