



*Al Presidente  
del Consiglio dei Ministri*

Dear President,

I would like to thank you for the suggestions and recommendations that you and Governor Draghi decided to put forward to the Italian Government, contained in the letter that you sent me last Friday.

The current market situation is indeed extremely serious, revealing a deep confidence crisis in the Euro Area. It is now urgent that all Members States and Institutions responsible for the present and future stability of the Area and its currency take, without any further delay, all the necessary actions, individually and collectively.

As far as Italy and its Government are concerned, I would like to reassure you of our commitment to honor our sovereign signature and of our determination to take all actions required to restore full confidence in the structural equilibrium of the public finance and in the growth potential of our economy.

As you recalled in your letter, we have acted quickly and resolutely by passing last July an emergency budget law that will allow Italy to achieve balance budget by 2014. The Bill also introduced several unprecedented growth enhancing measures.

But we are ready to do more. Following your letter and according to your recommendations, I have immediately announced my Government intention to quickly take the following additional actions:

1. To Front load the measures already passed by Parliament last July in order to achieve balance budget one year earlier, i.e. in 2013. This will be done by accelerating the announced reform of our Welfare system, reinforced by a safeguard clause that will guarantee the required savings, if necessary, through linear cut across all expenditure items in that broad budget category. We stand ready to take any further necessary action.

2. To introduce in our Constitution an explicit Balance budget rule requirement.

3. To reinforce Art. 41 of our Constitution in order to state beyond any doubt the right to complete freedom of economic initiative. This will be complemented by a decree law that will provide widespread liberalization in local services and professional activities.

4. To introduce further liberalization in the labor market in order to substantially increase contractual flexibility at the firm level, and to remove the segmentation of the labor market between permanent and temporary work force.

We intend to proceed with utmost urgency, in order to complete the necessary Parliamentary approval by September for ordinary law bills, and by the end of the year in the cases in which Constitutional changes are required.

Best regards

A handwritten signature in black ink, reading "Silvio Berlusconi". The signature is written in a cursive, flowing style.

Rome, August 7th 2011