



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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Potential and nominal GDP assessment working group

Minutes No 2

Rīga

9 July 2015

Chairman:

Member of Fiscal Discipline Council – M. Hansen

Participants of the meeting:

Member of Fiscal Discipline Council (participating in teleconference mode)	Ū. Kaasik
Chairman of Fiscal Discipline Council	J. Platais

Invited persons:

Head of Macroeconomic Unit of the Economic Analysis Department, the Ministry of Finance	M. Āboliņš
Head of Monetary Policy Department, the Bank of Latvia	M. Bitāns
Chief Econometrist of the Monetary Research and Forecasting Division, Monetary Policy Department, the Bank of Latvia	A. Meļihovs
Independent fiscal expert	A. Ūbelis

Council secretariat:

Secretary of Fiscal Discipline Council	D. Kalsone
Macroeconomics expert of Fiscal Discipline Council	E. Veide
Fiscal risks expert of Fiscal Discipline Council	E. Ķīlis

Taking minutes:

Macroeconomics expert of Fiscal Discipline Council

E. Veide

Meeting starts at 15:00

M. Hansen opens the meeting

Acting head of the working group M. Hansen opens the meeting and announces the agenda.

1 Approval of the minutes of the previous meeting.

Reporter: M.Hansen

Decision:

1.1 Approve 11 February 2015 Potential and nominal GDP assessment working group (hereinafter – GDP working group) meeting minutes.

M.Hansen votes for;

Ü. Kaasik votes for;
J. Platais votes for.

2 Latest macroeconomic developments and forecasts

Reporter: M. Āboliņš

M. Āboliņš reports on the current macroeconomic situation and latest forecasts by the Ministry of Finance, available at the website of the Ministry of Finance¹.

Tour de table of the meeting participants.

Decisions:

- 2.1 To take note of the Ministry of Finance report on the macroeconomic situation and forecasts.
- 2.2 The GDP working group agrees the Ministry of Finance macroeconomic opinion and calculus as the basis for drafting Latvia's state budget for 2016 and the medium-term budget framework law 2016-2018.

M.Hansen votes for;
Ü. Kaasik votes for;
J. Platais votes for.

3 Estimating output gap and the key indicators to watch

Reporter: M. Hansen

The GDP working group agrees that the development of Latvia's economy can be characterised as generally balanced. Nevertheless, just as in the interim report, the council continues to draw attention to the comparatively sharp constant growth in salaries that can negatively influence competitiveness.

Tour de table of the meeting participants.

Decision:

- 3.1 To take note of the information on the output gap assessments provided the Ministry of Finance and the Bank of Latvia.

M.Hansen votes for;
Ü. Kaasik votes for;
J. Platais votes for.

4 Fiscal policy updates

Reporter: J. Platais

J.Platais reports on the time schedule updates for the 2016 state budget and the medium-term framework for 2016-2018.

Tour de table of the meeting participants.

Decision:

- 4.1 To take note of the fiscal policy updates.

M.Hansen votes for;
Ü. Kaasik votes for;

¹ http://www.fm.gov.lv/files/tausaimnieciba/2015/Macroboard_May.pdf. Examined on 09.07.2015.

J. Platais votes for.

5 Taxes in the Baltic states

Reporter: E.Veide

E.Veide reports on the tax revenue breakdown of the Baltic States.

Tour de table of the meeting participants.

Decision:

5.1 To take note of tax policy issues.

M.Hansen votes for;

Ü. Kaasik votes for;

J. Platais votes for.

6 Government debt

Reporter: M. Hansen

M.Hansen reports on the need to assess the sustainability of public debt in relation to demographic trends in Latvia.

Tour de table of the meeting participants.

Decision:

6.1 To take note of the information on, and necessity of, the assessment of the level of sustainable public debt.

M.Hansen votes for;

Ü. Kaasik votes for;

J. Platais votes for.

7 Macroeconomic model content approval

Reporter: D. Kalsone

D.Kalsone reports that on 3 June 2015 the content of the macroeconomic model (developed by A.Valujevs) was approved.

Tour de table of the meeting participants.

Decision:

7.1 To approve the content of the macroeconomic model.

M.Hansen votes for;

Ü. Kaasik votes for;

J. Platais votes for.

Meeting ends at 17:00.

Head of the meeting

Meeting Secretary

10.07.2015. 9:56

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E. Veide

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M. Hansen

E. Veide