



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

Reģ.nr. 90010248231; Smilšu ielā 1-512, Rīgā, LV-1919
tālrunis: (+371) 6708 3650; e-pasts: info@fdp.gov.lv; mājaslapa: http://fdp.gov.lv

Council meeting minutes Nr. 3 (55)

Rīga

5 April 2022

Chairwoman:

Chairwoman of Fiscal Discipline Council – I.Šteinbuka

Participants of the meeting:

Vice-Chairman of the Fiscal Discipline Council	M.Hansens
Member of the Fiscal Discipline Council	M.Āboliņš
Member of the Fiscal Discipline Council	A.Jakobsons
Member of the Fiscal Discipline Council	U.Kāsiks
Member of the Fiscal Discipline Council	I.Golsts
<i>Secretariat –</i>	
Fiscal Discipline Council secretary	N.Malnačs
Fiscal Discipline Council macroeconomics expert	V.Zaremba
Fiscal Discipline Council fiscal risks expert	A.Migunovs
Fiscal Discipline Council lawyer-clerk	I.Jansone

Taking minutes:

Fiscal Discipline Council lawyer-clerk

I.Jansone

The meeting starts on April 5, 2022, at 15:00

I.Šteinbuka opens the meeting

Chairwoman of the Fiscal Discipline Council (hereinafter - the Council) I. Šteinbuka opens the meeting and explains to the participants that the Fiscal Discipline Council has received all the necessary documents from the Ministry of Finance as a basis for the Council to prepare an Interim Report of the Stability program for 2022-2025.

Considering that the Council has to prepare and submit this document by 12.00 on Friday, the Council's work will be organized remotely, and the issue will be discussed in a written consultation.

Referring to the abovementioned information, the Council Secretariat will prepare a draft Interim Report (opinion) on Fiscal Discipline Supervision on Latvia's Stability Program for 2022-2025 based on guidelines provided by the Council members. Afterwards, the Secretary of the Council Normunds Malnačs will send an e-mail to the members of the Council requesting comments, additions, opinions on the prepared a draft interim monitoring report (opinion) by 18.00 on 5 April 2022.

The break of the Council meeting is announced until April 7, 2022, 10.00.

On April 7, 2022, the meeting of April 5, 2022, is resumed at 10.00.

1. Fiscal discipline interim report (opinion) on Latvian Stability program 2022-2025

I. Steinbuka thanks all the members of the Council for the opinion expressed in the written consultation and emphasizes that the Council has to evaluate the Stability Program 2022/25 at a time of extreme uncertainty when economic development and fiscal policy are dependent on the result of the war in Ukraine, as well as the adoption dynamics of related sanctions. The possibility of a new Covid-19 outbreak in the autumn also retains the potential to affect public finances. The fiscal indicators of the stability program are based on this year's Macroeconomic forecasts of the Sanction Scenario (March) prepared by the MoF and approved by the Council on 7 March. However, the projections are highly indicative and may deviate significantly from the actual values, as well as there remains an economic downturn possibility with significantly higher inflation.

I. Steinbuka states that several one-off measures that do not affect the SB in the Stability Program 2022/25 are foreseen: (i) COVID-19 pandemic mitigation measures - period 2022-2024; (ii) measures to reduce energy price increases - period 2022; (iii) Defense investments - operating period 2023-2025. In previous years, the Covid-19 pandemic mitigation measures were treated as one-off measures and applied as such. Measures to reduce the rise in energy prices are linked to addressing the social and economic consequences at a time when the energy market is volatile, but the socially and materially unprotected population groups experience temporary difficulties in meeting basic household needs. However, the inclusion of these measures in the one-off measures that do not affect the SB is debatable, as all indications are that the increase in energy prices is steady, so that support may be needed in the coming years. Defense investment is not entirely justified by the definition of a one-off measure, but the Council recognizes that investment in the country's military security is crucial in this historic period, since it ensures the country's territorial security and the physical and material security of its people.

Considering the views expressed by the Council members on this issue (attached), the Council will give its opinion on the inclusion of the above measures in the "one-off" category, which does not affect the structural balance, in autumn, when there is a possibility for greater political, economic and fiscal clarity, as well as adoption of new EU-level guidelines.

Based on the abovementioned information, as well as the comments sent by the members of the Council (attached) which will also be compiled and included in the Interim Report (opinion) on Latvia's Stability Program for 2022/25, the Council **d e c i d e s**:

1.1. To take note of the information on the content proposals of the Fiscal Discipline Supervision Interim Report (Opinion) on the Latvian Stability Program 2022-2025 and authorize the Chairman of the Council I. Šteinbuka together with the Fiscal Discipline Council Secretariat staff to complete and submit the final version of the Interim Report to the Cabinet of Ministers, the Saeima Commission for European Affairs, the Saeima Budget and Finance (Tax) Commission and the Ministry of Finance by April 8.

I.Šteinbuka – for;
M.Hansens – for;
I.Golsts – for;

A.Jakobsons – for;
M.Āboliņš – for;
U.Kāsiks – for.

The meeting is closed on April 7, 2022, at 10.15

Council Chairwoman

I.Šteinbuka

Meeting Secretary

I.Jansone

Visa: Council Secretary

N.Malnačs

I.Jansone
6708 3653; inga.jansone@fdp.gov.lv