



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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Minutes of the extraordinary meeting of the Council No. 5 (57)

Riga

16 September 2022

Chairwoman:

Chairwoman of Fiscal Discipline Council – I.Šteinbuka

Participants of the meeting:

Vice-Chairman of the Fiscal Discipline Council	M.Hansen
Member of the Fiscal Discipline Council	M.Āboliņš
Member of the Fiscal Discipline Council	A.Jakobsons
Member of the Fiscal Discipline Council	I.Golsts
<i>Secretariat –</i>	
Fiscal Discipline Council secretary	N.Malnačs
Fiscal Discipline Council lawyer-clerk	I.Jansone

Invited:

Vice President of the European Commission for An Economy that Works for People	V.Dombrovskis
Head of EU Commission Representation in Latvia	Z.Petre
Deputy head of EU Commission Representation and head of policy unit in Latvia	A.Kužnieks

Taking minutes:

Fiscal Discipline Council lawyer-clerk

I.Jansone

The meeting starts on September 16th, 2022, at 15:00.**I.Šteinbuka opens the meeting**

The Chairwoman of the Fiscal Discipline Council (hereinafter - the Council) I. Šteinbuka opens the meeting and expresses his gratitude to the Executive Vice President of the European Commission, Valdis Dombrovskis, for the opportunity to participate in the meeting of the Fiscal Discipline Council to discuss economic development, the trends of the country's fiscal development and the planned fiscal regulation of the European Union.

1 On the fiscal framework of the current economic situation

V. Dombrovskis reports on the current application of fiscal regulation in the current economic situation. Although the fiscal rules are not valid in 2023, it is necessary to start moving towards a sustainable fiscal policy next year. A broad fiscal stimulus must also be abandoned, the state's

fiscal support/stimulus must be targeted and time-bound. V. Dombrovskis reminded that the excessive deficit procedure, unlike the fiscal rules, is still valid.

In the first half of this year, relatively rapid economic growth was still observed, however, a serious economic slowdown is expected in the second half of the year.

Energy security issues will be very relevant in the coming months. He emphasized that, in the current situation, the strategic direction in Europe, as well as in Latvia, is clear - to give up Russia's fossil fuels as soon as possible and ensure energy independence.

At the same time, he also informed that at the level of the European Union, it is planned to at least temporarily decouple the price of electricity from the price of gas, in fact to carry out a certain reform of the European electricity market in order to reduce these prices. Clearly, difficult times lie ahead. Energy prices remain very high, which is also the main reason for the increase in overall inflation. He added that the European Commission has come up with a new package of proposals for solving the energy crisis. The proposed package envisages measures to reduce electricity consumption, revenue ceilings for those electricity producers whose real costs are below current prices, as well as solidarity contributions. Member States will be able to use revenues that exceed the established ceiling, as well as the solidarity contribution, to help energy consumers reduce their bills. Also, member states will have the opportunity to set regulated electricity prices not only for households, but also for small and medium-sized enterprises.

V. Dombrovskis also noted that it is necessary to work on measures to reduce social inequality and on support for the less protected groups of society, which are especially relevant now, both against the background of the general increase in inflation and as the new heating season approaches. Among other things, he pointed out that the Latvian government has already made a series of decisions in this area.

He also noted that, despite the rapid geopolitical changes, the question of the competitiveness of Latvia's economy in the future is still relevant.

Council member I. Golsts reports on current events about the development of prices of energy resources in Latvia and shares his thoughts on possible solutions in the field of energy in the country. In addition, I. Golsts points out that the new government needs to develop energy policy and effectively implement it. V. Dombrovskis appreciates what he heard and thanks I. Golsts for the information provided.

Attendees discuss about economic development and trends in the development of fiscal discipline.

Taking into account all of the above, the meeting participants conclude that currently, in connection with the high energy prices, it is necessary to continue to provide support to companies and citizens, but at the same time, it is necessary to gradually return to fiscal discipline and the government must develop a new long-term national energy strategy.

Decided:

1.1 Take note of the information provided.

I.Šteinbuka votes for;

M.Hansen votes for;

A.Jakobsons votes for;
M.Aboliņš votes for;
I.Golsts votes for;

The meeting was closed on September 16, 2022, at 17:00.

Council Chairwoman

I.Šteinbuka

Meeting Secretary

I.Jansone

Visa: Council Secretary

N.Malnačš

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