



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

Reģ.nr. 90010248231; Smilšu ielā 1-512, Rīgā, LV-1919
tālrunis: (+371) 29178183; e-pasts: info@fdp.gov.lv; mājaslapa: http://fdp.gov.lv

Council Meeting Minutes Nr. 6 (58)

Rīgā

30 September, 2022

Meeting chaired by:

The Chairwoman of the Fiscal Discipline Council I. Šteinbuka

Participants:

Vice-Chairman of the Fiscal Discipline Council	M.Hansens
Member of the Fiscal Discipline Council	I.Golsts
Member of the Fiscal Discipline Council	A.Jakobsons
Member of the Fiscal Discipline Council	M.Āboliņš
Member of the Fiscal Discipline Council	U.Kāsiks
<i>Secretariat –</i>	
Secretary of the Fiscal Discipline Council	N.Malnačs
Lawyer clerk of the Fiscal Discipline Council	I.Jansone
Macroeconomics Expert of the Fiscal Discipline Council	V.Zaremba

Invited representatives of the Ministry of Finance:

Deputy Director of the Fiscal Policy Department of the Ministry of Finance; head of the fiscal management division	I.Blauberga
Ministry of Finance Deputy Director of Economic analysis department, Head of Macroeconomic analysis division	D.Stikuts

Minuted by:

Lawyer-clerk of the Fiscal Discipline Council
Meeting starts on September 30th 2022 at 12:00.

I.Jansone

I.Šteinbuka opens the meeting

I.Šteinbuka informs that the Fiscal Discipline Council received from the Ministry of Finance all the necessary documents and data for the preparing Fiscal Discipline Surveillance Report on the temporary State Budget 2023 and medium-term budgetary framework for 2023-2025 in accordance with article 28, paragraph 6 of the Fiscal Discipline Law.

1. Fiscal discipline Surveillance report

Dainis Stikuts: introduces the participants to the possible risk scenario in macroeconomic development.

Irena Blauberga introduces the main changes in the fiscal policy framework compared to the Stability Program 2022-2025: (i) tells about the trajectory of structural balance normalization 0.5% instead of -1% every year in 2023 and 2024 until 2025 when the structural balances

reaches -0.5% of GDP, (ii) reports on assumptions about one-off support measures, which are planned to include (a) Covid-19 support measures, (b) energy price compensation measures, (c) defense and internal security expenses above the level planned at 2022. The most significant difference compared to the Stability Program 2022-2025 is: to recognize as one-off measures not only investments in defense, but all defense expenses (e.g. ammunition).

I.Šteinbuka thanks the representatives of the MoF for the information provided and suggests the members of the Council to start a discussion on the proposed fiscal framework.

The Council members are discussing and consulting on the methodology of recognition of one-off measures in the context of SGP Vade Mecum. The Council members remind about the decisions taken previously for recognition of one-off measures. Council members discuss about the relevance of current expenditures in case of sharp macroeconomic downward scenario.

The fiscal discipline Surveillance report on the temporary state budget for 2023 and medium term budgetary framework 2023-2025 should be supplemented by the comments of the Council members.

The Council agrees to supplement the Surveillance report with the following:

- (1) Holding in mind, that security should be one of the government's priorities, the Council nevertheless points out that defense and internal security expenses above the level of 2022 cannot be recognized as one-off measures, as they do not meet the criterion of one-off measures in the sense of SGP Vade Mecum. Maintaining consistency of decisions, the Council points out that the similar opinion was expressed in the Surveillance report on Stability Program 2015-2018, and Stability program 2022-2025.
- (2) A risk scenario in macroeconomic development cannot be ruled out, which may lead to more than 2% economic recession in 2023 and slow economic growth in the following years.

I. Šteinbuka thanks all Council members for the opinion expressed during the discussion.

The Fiscal Discipline Surveillance Report on temporary State Budget 2023 and medium-term budgetary framework for 2023-2025 will summarize and include the comments of Council members, as a result of which the **Council decides**:

1.1. To take note of the discussion on the additions to the Fiscal Discipline Surveillance Report and include it in the final version of the report. To authorize the Chairwoman of the Council I. Šteinbuka together with the staff of the Secretariat of the Fiscal Discipline Council to complete the preparation of the final version of the Surveillance report and submission Report to the Saeima of the Republic of Latvia, the Cabinet of Ministers, the Saeima Budget and Finance (Tax) Committee and the Ministry of Finance.

I.Šteinbuka – votes for;

M.Hansens – votes for;

I.Golsts – votes for;

A.Jakobsons – votes for;

M.Āboliņš – votes for;

U.Kāsiks – votes for.

Meeting closed on September 30th , 2022 at 13:00.

Chairwoman

I.Šteinbuka

Meeting Secretary

I.Jansone

Council secretary

N.Malnačs

I.Jansone
6708 3650; inga.jansone@fdp.gov.lv