



LATVIJAS REPUBLIKAS FISKĀLĀS DISCIPLĪNAS PADOME

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Council Meeting Minutes Nr. 7 (59)

Rīgā

23 November, 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	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 of the Fiscal Discipline Council	I.Jansone
Macroeconomics Expert of the Fiscal Discipline Council	V.Zaremba

Invited:

Head of the EU IFI Secretariat	I.Oliinyk
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Minuted by:

Lawyer of the Fiscal Discipline Council

I.Jansone

Meeting starts on 23 November, 2022 at 14:00.

I.Šteinbuka opens the meeting

Fiscal Discipline Council (Council) chairwoman I.Šteinbuka opens the meeting and announces the agenda.

The meeting is partially remote, the Council discusses the agenda issues via MS Teams.

1. The EU's new economic governance framework

Report: I.Oliinyk

The Chairwomen of the Council introduces the Council members to Inna Oliinyk, head of the EU IFI Secretariat, who has kindly agreed to introduce the new fiscal regulation framework to the Council.

The European Commission has published a report on the orientations of the reform of the EU's fiscal governance system, which envisages a significant reform of the fiscal regulation of the Eurozone. The main goals of the new fiscal regulation are to ensure the expenditure path anchored on debt sustainability. The role of the Independent fiscal institutions (IFI) will increase

as the range of functions expands. The expenditure growth rule will become the only fiscal indicator, which will relate to the debt reduction trajectory. Commission hopes that the new, relatively proportionate system of sanctions will motivate countries to comply with the new regulation. It is planned that the new regulation will already be approved in 2023 and implemented starting from 2024. However, the regulation must be discussed and accepted among the member states. The discussion process is expected to be challenging, as fiscally conservative countries may not agree to a longer debt reduction process returning to Maastricht criterion (60% of GDP). The new EU regulation will most likely create the need to reform Latvia's fiscal regulation as well.

Decided:

- 1.1. Take note of the information provided about the new fiscal regulation.
- 1.2. To instruct the Secretariat to summarize the Council's opinion on the necessary changes to Latvia's fiscal regulation in the context of the new EU fiscal regulation by January 16, 2023 and to organize a discussion with the representatives of the Ministry of Finance.

I.Šteinbuka – votes for;
M.Hansens – votes for;
A.Jakobsons – votes for;
M.Āboliņš – votes for;
U.Kāsiks – votes for.

2. About the draft Monitoring Report No.19

Council members discuss the previously received draft of Monitoring Report No. 19 and after discussion agree to make the following improvements in the summary: change the focus from the macroeconomic data review to issues of fiscal regulation changes, risk analysis and recommendations for the government; appeal the government to implement fiscal policy in accordance with the recommendations of the Council of the EU, focusing on targeted and time-limited fiscal support measures.

Decided:

- 2.1. To instruct the Council Secretariat to supplement the summary of Monitoring Report No. 19 by formulating a summary opinion on what was discussed at the meeting and send it to Council members for coordination.

I.Šteinbuka – votes for;
M.Hansens – votes for;
A.Jakobsons – votes for;
M.Āboliņš – votes for;
U.Kāsiks – votes for.

3. Presentation on the long-term fiscal sustainability report

Report: V.Zaremba

V. Zaremba informs that the purpose of the fiscal sustainability report is to assess the development trends of the general government debt, considering the gradual moving towards social support and health care expenditures to the average level of EU countries. In addition to this, to assess the debt development scenarios in context of expenditures related with Green Transition. V. Zaremba presents the research methodology, hypotheses, research composition and

informs about the obtained results and the possibilities to improve them.

Decided:

3.1. To instruct Viktorija Zaremba to complete the Fiscal Sustainability report for the period 2021-2041., considering that it is an interim report, and in 2023 to get involved in the EU Commission project, developing an extended long-term Fiscal Sustainability report.

I.Šteinbuka – votes for;
M.Hansens – votes for;
A.Jakobsons – votes for;
M.Āboliņš – votes for;
U.Kāsiks – votes for.

Meeting closed on 23 November, 2022 at 16:00.

Chairwoman	I.Šteinbuka
Meeting Secretary	I.Jansone
Council secretary	N.Malnačs

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