



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 3 November 2023
ECFIN/MV

Ms Līga Kļaviņa
Deputy State Secretary on Financial Policy
Ministry of Finance
1 Smilšu iela
Riga, LV-1919

Dear Ms Kļaviņa,

Thank you for the submission of Latvia's Draft Budgetary Plan (DBP) for 2024, which we received on 1 November.

We are writing to ask for clarifications on the compliance of Latvia's DBP for 2024 with the Council Recommendation of 14 July 2023¹.

The Council recommended Latvia to wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. It also recommended Latvia to ensure prudent fiscal policy, in particular by limiting the nominal increase in nationally financed net primary expenditure in 2024 to not more than 3.0%. The recommendation also called on Latvia to preserve nationally financed public investment and ensure the effective absorption of RRF grants and of other Union funds, in particular to foster the green and digital transitions.

According to a preliminary analysis by my services, the DBP of Latvia results in a nominal increase in nationally financed net primary expenditure (henceforth, net expenditure) in 2024 of 5.4%, which exceeds the maximum recommended growth rate of 3.0% by a large margin. This means that net expenditure is planned to exceed the recommendation by 0.9% of GDP in 2024.

As our preliminary analysis points to a risk of net expenditure exceeding that recommended by the Council, we would like to invite you to provide further information on the drivers of net expenditure in 2024.

We look forward to receiving your views by 10 November, which would allow the Commission to take them into account in its further analysis.

¹ Council Recommendation on the 2023 National Reform Programme of Latvia and delivering a Council opinion on the 2023 Stability Programme of Latvia, OJ C 312, 1.9.2023, p. 10.

Yours sincerely,

Electronically signed

Maarten VERWEY