



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
ECONOMIC AND FINANCIAL AFFAIRS

The Director-General

Brussels, 27 October 2023
ECFIN/MV

Mr Mindaugas Liutvinskas
Vice-Minister
Ministry of Finance of Lithuania
Lukiškių str. 2
LT-01512 Vilnius

Dear Mr Liutvinskas,

Thank you for the submission of Lithuania's Draft Budgetary Plan (DBP) for 2024, which we received on 13 October.

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

The Council recommended Lithuania 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. Based on the Commission 2023 spring forecast, Lithuania was expected to respect its Medium-term Budgetary Objective (MTO) in 2023. Hence, Lithuania was also recommended to maintain its sound fiscal position in 2024, without the Council setting a quantitative limit to the growth in nationally financed net primary expenditure. The recommendation also called on Lithuania 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 Lithuania confirms that the MTO was met in 2023 but it plans a structural budget balance of -2.0% of GDP in 2024, which implies a departure from the MTO by 1.0% of GDP. At the same time, the headline budget balance is planned to deteriorate from -1.9% of GDP in 2023 to -2.9% in 2024, slightly below the Treaty reference value of -3% of GDP in 2024.

As our preliminary analysis points to a risk of a significant departure from the MTO, we would like to invite you to provide further information on the drivers of the planned departure from the MTO in 2024.

¹ Council Recommendation on the 2023 National Reform Programme of Lithuania and delivering a Council opinion on the 2023 Stability Programme of Lithuania, OJ C 312, 1.9.2023, p. 9.

We look forward to receiving your views by 3 November, which would allow the Commission to take them into account in its further analysis.

Yours sincerely,

Electronically signed

Maarten VERWEY