

EC technical information¹

On 21 June 2024, the European Commission provided Latvia with technical information - three preliminary guidance tables for the Fiscal and Structural Plan.

This document contains three tables. In line with Art. 9(3) of Regulation (EU) 2024/1263, Tables 1 and 2 provide the minimum level of the structural primary balance ratio necessary to ensure that the headline deficit is maintained below 3% of GDP and that government debt is maintained below 60% of GDP, assuming that there are no additional policy measures beyond an adjustment period of 4 years (Table 1) or 7 years (Table 2). Achieving these minimum levels by the end of the adjustment period implies some fiscal adjustment. Tables 1 and 2 also indicate the impact, if any, of the deficit resilience safeguard described in Art. 8 of Regulation (EU) 2024/1263. Table 3 summarises the main initial conditions and underlying assumptions.

Table 1: Technical information for a plan without extension, Latvia

For a plan without extension (4 years) Latvia	With the deficit resilience safeguard	Without the deficit resilience safeguard
Minimum level for the structural primary balance in 2028 (% of GDP)	-0.1	-1.3
<i>Difference with 2024 structural primary balance (pp. of GDP)</i>	<i>1.2</i>	<i>0.1</i>

Table 2: Technical information for a plan with extension, Latvia

For a plan with extension (7 years) Latvia	With the deficit resilience safeguard	Without the deficit resilience safeguard
Minimum level for the structural primary balance in 2031 (% of GDP)	0.2	-1.1
<i>Difference with 2024 structural primary balance (pp. of GDP)</i>	<i>1.5</i>	<i>0.3</i>

¹ 20.06.2024 , C(2024) 4439 final

Table 3: Main budgetary, macroeconomic and financial variables, Latvia

Budgetary variables: initial conditions	2023	2024
Government budget balance (% of GDP)	-2.2	-2.8
Government debt (% of GDP)	43.6	44.5
Net expenditure growth (%)	8.0	4.9
Structural primary balance (% of GDP)	-1.3	-1.4

Main assumptions for a plan without extension (4 years)	Assumption	Period
Change in the cost of ageing (pp. of GDP)	-0.3	2028-2038
Stock-flow adjustment (% of GDP)	0.1	2025-2038 average
Real GDP growth (%)	1.4	2025-2038 average
Inflation (change in the GDP deflator, %)	2.5	2025-2038 average
Nominal implicit interest rate (%)	3.3	2025-2038 average

Main assumptions for a plan with extension (7 years)	Assumption	Period
Change in the cost of ageing (pp. of GDP)	-0.5	2031-2041
Stock-flow adjustment (% of GDP)	0.1	2025-2041 average
Real GDP growth (%)	1.3	2025-2041 average
Inflation (change in the GDP deflator, %)	2.5	2025-2041 average
Nominal implicit interest rate (%)	3.4	2025-2041 average