



## GOVERNMENT

- ◆ **The Latvian parliament adopted the medium-term budgetary framework for 2018-2020, which includes commitments to reduce inequality, to increase the minimum wage, to ensure national defense budget at 2 % of gross domestic product (GDP) and to continue measures to improve tax collection.** The legislation lays down fiscal policy principles and the main priorities of the medium-term budget policy. **The GDP forecast at current prices, is EUR 28.36 billion in 2018, EUR 29.98 billion in 2019, and EUR 31.66 billion in 2020. Fiscal security reserve is planned at 0.1 % of GDP in 2018 and 2020 while no fiscal security reserve will be created in 2019.** (RĪGA, Nov 23, BNS)
- ◆ **The Latvian parliament adopted the national budget for 2018 in which revenue is planned at EUR 8.75 billion and expenditure at EUR 8.95 billion. The biggest increase is planned in allocations to health care, and the defense budget will be increased to 2 % of GDP in line with the NATO requirement.** Revenue planned in the 2018 budget is by EUR 725 million higher than this year and expenditure will be by EUR 625 million higher. The steepest rise in allocations next year will be for the priorities - health care, demographic situation, internal and external security and road maintenance. Revenue to the central government basic budget in 2018 is planned at EUR 6.16 billion and expenditure at EUR 6.49 billion which is by 6.6 % or EUR 400 million higher than in 2017. Maximum government debt at the end of 2018 is planned at EUR 10.25 billion, and the GDP forecast for 2018 is EUR 28.3598 billion. The general government budget deficit next year will be at 1 % of GDP. Along with the 2018 national budget, the parliament also adopted amendments to 26 laws and passed two new laws in relation to the national budget. (RĪGA, Nov 24, BNS)

## MACROECONOMICS

- ◆ **In October this year the average level of producer prices in the Latvian industry increased by 3.5 % compared to the same month last year.** The most significant impact on the producer price changes year-on-year was made by the price increase in manufacture of food products, manufacture of wood and of products of wood and cork, except furniture, as well as in waste collection, treatment and disposal activities; materials recovery. Price changes in manufacture of computer, electronic and optical products, as well as in beverage making had the greatest lowering effect. (RĪGA, Nov 22, [CSB](#))
- ◆ **Latvia spent EUR 3.784 billion on social security last year, which is EUR 151 million or 4.2 % more than in 2015,** according to provisional data released today by the Central Statistics Bureau. Expenditure on unemployment rose by 19.2 % to EUR 173.9 million, on sickness and health care by 6.5 % to EUR 932.9 million, and on support for families and children by 6 % to EUR 410.3 million. **In 2016, Latvia's social protection expenditure accounted for 15.2 % of GDP, up 0.3 percentage points from 2015.** (RĪGA, Nov 24, [CSB](#))
- ◆ **Tax burden in Latvia in 2016 has reached 30.2 % of the GDP,** according to the statistics report by tax revenue in the member of the Organization for Economic Cooperation and Development (OECD). **Over the year Latvia's tax-to-GDP ratio rose by 1.2 percentage points from 29 % in 2015.** In 2016 Latvia's tax-to-GDP ratio was the highest. The lowest ratio was registered in 2003 (27.4 %). As reported, the government's aim is to achieve tax-to-GDP ratio at 33 %. Latvia ranked 27th out of 35 OECD countries in terms of the tax-to-GDP ratio in 2016. (RĪGA, Nov 24, [OECD](#))

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