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International Monetary Fund  
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### **Joint Statement at the Conclusion of a Staff Visit to Latvia**

A joint team from the International Monetary Fund (IMF) and the European Commission (EC) visited Riga during December 7–14 to continue discussions with the Latvian authorities on their preparation of the 2011 draft budget.

At the end of the staff visit, IMF mission chief Mark Griffiths and EC mission chief Gabriele Giudice made the following joint statement:

“We have had constructive discussions with the Latvian government on the 2011 budget. Program partners, including the EC and the IMF, agreed with the Latvian authorities in November that the 2011 budget should include LVL 280 million high-quality measures that will deliver lasting deficit reduction, sufficient to bring the general government deficit below the program’s 2011 ceiling of 6 percent of GDP. The agreed adjustment would also keep Latvia on track to meet its medium-term goals of stabilizing public debt and reducing the 2012 general government deficit significantly below 3 percent of GDP, in line with the government ambition to adopt the euro by 2014 while promoting balanced growth.

“The draft budget as approved by the Latvian government and submitted to the Saeima has made clear progress towards this goal. However, a few key issues remain open. The Fund and EC teams estimate that additional high-quality structural measures of at least LVL 50 million will still be needed to achieve the agreed adjustment in 2011. The teams have also urged the authorities to ensure that the budget provides adequate funding for the social and health safety nets, public works jobs, and job training to alleviate the impact of the crisis on the most vulnerable part of the population, while also limiting the scope for ad hoc spending increases during the year. In addition, a number of adopted measures should be followed by further steps to clarify their operational aspects or, as in the case of the increase in minimum wage, to mitigate side effects on employment.

Washington, D.C. 20431 • Telephone 202-623-7100 • Fax 202-623-6772 • [www.imf.org](http://www.imf.org)

Brussels, B-1049 – Telephone +32 2 296 52658 – [ec.europa.eu/economy\\_finance](http://ec.europa.eu/economy_finance)

“Program partners look forward to further constructive discussions with the authorities. Provided progress is made on these issues, a joint IMF and EC fourth review mission could take place in January.”

Further information on Latvia and the IMF is available at:

<http://www.imf.org/external/country/LVA/index.htm>

Further information on Latvia and the EC is available at:

[http://ec.europa.eu/economy\\_finance/eu/countries/latvia\\_en.htm](http://ec.europa.eu/economy_finance/eu/countries/latvia_en.htm)