

MINISTRY OF FINANCE OF THE REPUBLIC OF LATVIA
COMMUNICATIONS DEPARTMENT

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The government of Latvia acts duly

On Thursday, November 20th, the Government of Latvia has decided about further steps to minimize the expenses of the state budget for 2009 and preparation works for possible attraction of foreign financial assistance if it would be needed in case the effects of global financial crises would affect Latvia more severely.

The minister of finance Atis Slakteris said that the Government has already taken some serious measures to revise the state budget expenditures next year. However, the approach used – the percentage cut of expenses for all sectors proportionally – works only to a certain extent. The minister Slakteris stressed that now it is the time for the Government to work on structural changes that require deeper insight.

At the same time the minister of finance Atis Slakteris pointed out how important in the context of the global financial crises it is for the Government to act duly when it comes to ensuring attraction of foreign financial resources. On October 30th, the minister on behalf of the Republic of Latvia signed a loan agreement for EUR 500 million with European Investment Bank. The minister said that this loan was possible only because the work on it had started well in advance. That is why the Government should act in the same way also when considering future financing needs.

The minister of finance also stated that consultations about possible financial assistance with several international institutions have been carried out already. As a result, today the Latvian Government was informed about the start of formal negotiations with the European Commission. The minister of Finance was also authorized together with the Central Bank of Latvia to start the negotiations procedure with the International Monetary Fund in order to evaluate the possibility to receive a loan in case if such necessity would occur to mitigate the adverse effects of the world financial crisis, boost the economy and ensure the stability of the financial sector.

The Ministry of Finance will carry out the formal negotiations procedure during which the possible amount of the financing and the terms of the loan will be decided. It is planned that the first results of the negotiations could be known during next weeks.

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