

Latvia

**1. National Recovery and Resilience Plans**

<b>Question 1</b>	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Dissatisfied
<b>Question 2</b>	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Dissatisfied
<b>Question 3</b>	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Not confident

## 2. Assessment of Country Specific recommendations 2022 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	In 2023, ensure that the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transition and for energy security, including by making use of the RRF, RePowerEU and other EU funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions. Broaden taxation, including of property and capital, and strengthen the adequacy of healthcare and social protection to reduce inequality.	Important	Mixed	Series of recommendations rises caution: <ul style="list-style-type: none"> <li>• increase the progressivity of taxes: even now labor taxes for high salaries are the highest among the Baltic States!</li> <li>• collect more from capital taxes : especially in the context of the OECD's recent recommendation to introduce inheritance taxes, the question is whether Latvia is ready for this;</li> <li>• cannot agree to the proposal to raise property and capital taxes, which is certainly debatable.</li> </ul>
CSR 2	Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 13 July 2021. Submit the 2021-2027 cohesion policy programming documents with a view to finalising their negotiations with the Commission and subsequently starting their implementation.	Important	Unsatisfactory	The investment inflow to Latvia is delayed : EU public investments from the Recovery and Resilience Plan (RRF) and EU Structural Funds 2021-2027 financing, which until now the government presented as a tool for promoting the economy

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 3	Improve access to finance for small and medium-sized enterprises through public lending and guarantee schemes aimed at facilitating investments of strategic importance, in particular the green transition and regional development.	Important	Mixed	
CSR 4	Reduce overall reliance on fossil fuels and diversify imports of fossil fuels by accelerating the deployment of renewables, ensuring sufficient interconnection capacity, diversifying energy supplies and routes and reducing overall energy consumption through ambitious energy efficiency measures.	Extremely important	Mixed	

### 3. Reform Progress in your Member State in 2022

How would you assess reform progress in 2022, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Mixed
Labour market	Mixed
Innovation and skills	Unsatisfactory
Access to finance and Financial stability	Mixed

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2023 Reform Barometer?

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#### 4. Reform priorities for 2023

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 1</b>	Tax reforms	<p>A tax policy that:</p> <ol style="list-style-type: none"> <li>1) Ensures the competitiveness of labor taxes : total tax costs vs. net at all salary levels at the level of the Baltic States</li> <li>2) Ensures competitive labor costs at the level of the Baltic States: reduction of the number of paid days of the employer's sick leave; the employer's right to pay for higher education without applying additional labor taxes; payment of the employer's student scholarships during the internship, without applying additional labor taxes</li> <li>3) Ensures the small business tax regime and provides simplified tax administration</li> <li>4) Reduces shadow economy (envelope wage economy)</li> </ol>	no
<b>Priority 2</b>	R&D and Innovation	Increase investment into R&D	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<b>Priority 3</b>	Pension and health care reforms	<p>Development of health care system in the following directions:</p> <ul style="list-style-type: none"> <li>• Quality health care available within a reasonable period of time</li> <li>• Predictable and appropriate financing of the health care system</li> <li>• Increasing the efficiency of the healthcare system</li> <li>• Developing digitalization of healthcare, creating an ecosystem</li> </ul>	no
<b>Priority 4</b>	Bank lending conditions	Improve availability of financial resources (incl. competitive interest rates for lending) to enterprises	no
<b>Priority 5</b>	Labour market mismatch and labour mobility	Improve the participation rate in labour market of different socio-economic groups (young parents, pensioners, disabled persons etc.)	no