

Minister Jānis Reirs and the U.S. Department of the Treasury discuss economic prospects in Latvia and Europe

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News

On Wednesday, 29 January, Minister of Finance Jānis Reirs met with the spokesman for the U.S. Department of the Treasury Mr Geoffrey W. S. Okamoto. During the meeting, the achievements in the economy and the financial sector in Latvia were discussed, as well as the future prospects of the field.

The minister informed that during 2019, since the formation of the government, significant work has been invested in the “overhaul” of the financial sector in Latvia. It has been done in order to strengthen the prevention of money laundering and terrorist financing and to achieve full compliance with international standards in this area. Overall, it is one of the most ambitious reform programmes of the financial sector in Europe. Latvia is committed to providing a stable and transparent financial sector as a basis for sustainable growth and welfare for all the inhabitants of Latvia.

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“Significant progress has been made in implementing the Moneyval recommendations. However, the financial sector is still in the midst of major changes, including both economic transformation to meet climate goals and Europe's ambitions in this area, as well as widespread digitalisation. Domestic and external risks to macroeconomic and financial stability cannot be ignored either. In close cooperation with our international partners in the fight against financial crime, we are determined to continue the progress made”, said Jānis Reirs, Minister of Finance.

The minister pointed out that the most significant negative risks for Latvia so far were mainly related to external factors. Slowing global economic growth, the international trade situation, risks and uncertainties related to Great Britain leaving the European Union and growing instability in geopolitical conflict regions, including the Middle East. All of the above can not only have a negative impact on growth, but also cause drastic fluctuations in commodity prices.

The expected development of the banking environment in Latvia, the reduction of non-resident deposits, as well as the impact on the potential FATF (Work group of financial transactions) “grey list” of Latvia - to Latvia and the region, were also discussed in the meeting.

It should be remembered that Latvia has just received the first recognition from “Moneyval”. After the evaluation of the implemented improvements, it has been concluded that at present Latvia complies or largely complies with all 40 FATF recommendations. It should be emphasised that this is only a technical conformity assessment. The efficiency assessment is expected in February.

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