

Kariņš: More than 10 billion euros will be available to the Latvian economy over the next seven years with an increase in direct payments

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Covid-19

Prime Minister



On Tuesday, 21 July, in Brussels, at the conclusion of one of history's longest summits of leaders of the member states of the European Union (EU), an unprecedented agreement was reached both on the next multiannual EU budget and the European Economic Recovery Fund, providing more than 10 billion euros for the development of Latvia.

This is a unique agreement between the 27 EU Member States on the necessary investments to strengthen the economies of the EU Member States in order to allow Europe and the Member States to recover from the outcomes of the Covid-19 pandemic while continuing economic growth during the next multiannual budget period of 2021-2027. An additional challenge to the EU's overall growth and competitiveness is the reduction in the overall multi-annual budget due to Brexit, which in turn means proportionately less funding available to Member States. Nevertheless, over the course of the negotiations, Latvia has managed to reach a very favourable agreement.

At the end of the summit, Prime Minister Krišjānis Kariņš remarked: "As a result of some very challenging negotiations, we have managed to reach an agreement that is favourable to Latvia's interests. The available European funding will bring the greatest added value to Latvia, if we invest it wisely. The range of options is very wide; however, the basis for our growth is our own work, providing the necessary improvements in various areas such as education, health care, the taxation system and others. A historic agreement has been reached, the rest is in our own hands."

Over the next seven years, a total of almost 10.5 billion euros will be available for the development of the Latvian economy, marking a 39% increase when compared to the current EU multi-annual budget for the period from 2014 to 2020. In addition, it will be possible to borrow around 2.5 billion euros on very favourable terms, if necessary. We will still receive more from the total EU budget than we pay in, receiving an average of 3.6 euros for every euro paid.

Despite the challenges of the pandemic and the reduction in funding available from the EU budget, Latvia has managed to achieve an increase in cohesion and agricultural policies compared to the current period. Special mention should be made of the 40% increase in the total amount of direct payments to Latvia achieved as a result of several years of persistent work. We will therefore be able to additionally invest more than 7 billion euros in innovation, green and digital technologies, infrastructure, and modern growth.

It is also important to note that the agreement provides for an increase in EU funding for the implementation of the Rail Baltica project. In addition, Latvia will have access to significant funding for military mobility, allowing infrastructure to be adapted for military needs.

Tonight, after four days of discussions, the leaders of the Member States reached an agreement on both the next multiannual EU budget and the establishment of a European Economic Recovery Fund to help overcome the consequences of Covid-19. Over the next seven years, the EU will invest a total of 1.85 trillion euros in Member States' economies, with the agreement providing for a multi-annual EU budget of 1.07 trillion euros and for the Economic Recovery Fund of 750 billion euros.

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