



LATVIJAS REPUBLIKAS MINISTRU KABINETS

Unofficial translation from Latvian

19 September 2012
Riga

Order No 441
(Minutes No 50 §30)

On the Latvia's National Euro Changeover Plan

1. Approve the Latvia's National Euro Changeover Plan (hereinafter – the Euro Changeover Plan).

2. To appoint the Ministry of Finance, as well as other ministries and institutions as responsible institutions during the implementation of the Euro Changeover Plan according to Annex 1 thereto "Action Plan for Introduction of the Single European Currency in Latvia" (hereinafter – the Action Plan).

3. Steering committee (established by Order No. 308 "On Establishment of a Steering Committee" of the Cabinet of Ministers, dated 18 July 2005) shall insure the implementation of decisions made by the Coordinating Council for the Changeover to the Single European Currency and supervise the implementation of the euro changeover plan, taking into account the deadlines for implementation set out in the Action Plan.

Amended on 22 January 2013 by Order No 23

4. Working groups subordinated to the Steering Committee shall report to the Steering Committee on the implementation of the Action Plan:

4.1. one year before the euro introduction target date, from 5 January – once in every two months by the fifth date of the second month (on 5 January working groups shall report on the period from 1 August of previous year);

4.2. from the day of introduction of euro, – once in every six months by 10 February and 10 August.

5. The Finance Minister shall report to the Coordination Council or the Changeover to the Single European Currency on the implementation of the Euro Changeover Plan:

5.1. one year before the euro introduction target date, from 15 January, – once in every two months by the fifteenth date of the second month (on 15 January the Finance Minister shall report on the period from 1 August of previous year);

5.2. from the day of introduction of euro, – once in every six months by 27 February and 30 August.

Amended on 22 January 2013 by Order No 23

6. Set 1 January 2014 the euro introduction target date in Latvia.

7. Ministries, their subordinated institutions and other central government institutions shall by 1 October 2012 start necessary procurement procedures for the tasks included in the Action Plan the implementation of which is scheduled to start in the first quarter of 2013.

8. Recognise invalid Order No 148 of the Cabinet of Ministers of 6 March 2006 "On the Latvia's National Euro Changeover Plan" (*Latvijas Vēstnesis*, 2006, No 40; 2007, No 163; 2010, No 49).

Prime Minister

V.Dombrovskis

Minister of Finance

A.Vilks

(Order No 441
of the Cabinet of Ministers
of 19 September 2012)

Latvia's National Euro Changeover Plan

Amended on 22 January 2013 by Order No 23

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ABBREVIATIONS

CSB – Central Statistical Bureau of Latvia
ECB – European Central Bank
ESCB – European System of Central Banks
ECOFIN – Economic and Financial Affairs Council
EC – European Commission
ESA – European National and Regional System of Accounts
MoE – Ministry of Economics of the Republic of Latvia
EMU – Economic and Monetary Union
EU – European Union
EUR – abbreviation of the euro currency
Eurostat – Statistical Bureau of the European Community
FDL – SIA "First Data Latvia"
FCMC – Financial and Capital Market Commission
MoF – Ministry of Finance of the Republic of Latvia
FSWG – Financial System Working Group
LGSI – Lotteries and Gambling Supervisory Inspection
GDP – gross domestic product
PMB – Procurement Monitoring Bureau
MoEd – Ministry of Education and Science of the Republic of Latvia
BoL – Bank of Latvia
LCD – Latvian Central Depository
ECL – Employers' Confederation of Latvia
LIDA – Latvian Investment and Development Agency
LICTA – Latvian Information and Communication Technology Association
ALCB – Association of Latvian Commercial Banks
MoW – Ministry of Welfare of the Republic of Latvia
LP – State joint stock company *Latvijas Pasts*
LFP – Latvian Federation of Pensioners
RoL – Republic of Latvia
LCCI – Latvian Chamber of Commerce and Industry
LTA – Latvian Traders Association
LVL – abbreviation of the lat currency
CoM – Cabinet of Ministers of the Republic of Latvia
ACSM – Advisory Council of Small and Medium-size Merchants
NASDAQ OMX - NASDAQ OMX Riga – Riga Stock Exchange
CRPC – Consumer Rights Protection Centre
ERM II – Exchange Rate Mechanism II
IMF – International Monetary Fund
LALRG – Latvian Association of Local and Regional Governments
MPSWG – Money and Payment System Working Group
NCCWG – Non-financial Corporation and Consumer Working Group
SEA – State Employment Agency
NGO – non-governmental organisations
LNACP – Latvian National Association for Consumer Protection
CRPC – Consumer Rights Protection Centre
RIGIBID – Latvian Interbank Bid Rate
RIGIBOR – Latvian Interbank Offered Rate
SDR – special drawing rights
SEPA – single euro payments area
PACWG – Public Awareness and Communication Working Group
SGP – Stability and Growth Pact

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MoT – Ministry of Transport of the Republic of Latvia
SEUIC – Saeima European Union Information Centre
PUC – Public Utilities Commission
IMF – International Monetary Fund
TARGET 2 – Trans-European Automated Real-time Gross settlement Express Transfer System
MoJ – Ministry of Justice of the Republic of Latvia
i.e. – id est, that is
incl. – included
etc. – et cetera, and other things, and so on, and the like
SAWG – State Administration Working Group
MoEPRD – Ministry of Environmental Protection and Regional Development of the Republic of Latvia
SRS – State Revenue Service
ST – Treasury of the Republic of Latvia
ERM II – Exchange Rate Mechanisms II
SSIA – State Social Insurance Agency
XDR – abbreviation of the International Monetary Fund currency

SUMMARY

Objective of the plan and its maintenance

Latvia's National Euro Changeover Plan (hereinafter – the Plan) has been developed to study timely the measures which should be implemented to ensure successful euro changeover process in Latvia. The measures included in the Plan refer to the private, as well as the public sector. The Plan prescribes euro changeover basic principles and scenario, project tasks, deadlines and fields of accountability. The Plan has been elaborated in compliance with the EU legislation and the RoL laws and regulations.

The Plan may be supplemented if this is required by considerable changes in national macroeconomic, political, administration and other processes. Since the approval of the Plan by the CoM in 2006 it was supplemented and the updated version was approved by CoM Order No 165 of 24 March 2010.

Latvia's steps towards introduction of the euro

On 1 May 2004 Latvia became a Member State of the EU. The Accession Treaty provides for introduction of the European single currency euro reaching therefore highly sustainable convergence level. While preparing for full-pledged participation in the EMU the country should ensure that its currency exchange does not fluctuate over the ERM II limits. To comply with this condition, on 1 January 2005 lat was pegged to euro at the rate EUR 1 = LVL 0,702804, and on 2 May 2005 Latvia joined ERM II.

On the basis of Latvia's Convergence Programme for 2012-2015, providing for medium-term forecasts showing the ability of Latvia in 2012 to comply with other Maastricht criteria, and Latvia's Economic Stabilisation and Growth Revival Programme, the Latvian government with CoM Order No 165 of 24 March 2010 defined 1 January 2014 as the euro changeover target date.

Compliance with Maastricht criteria – road towards the euro area

One year prior to the assessment the following processes are evaluated in relative country within the framework of Maastricht criteria:

1. Price stability – the average annual inflation rate in relevant Member State does not exceed by more than 1,5 percentage points the average indicator of three EU Member States with the best average annual inflation indicator.
2. Financial stability of the Member State – general government budget deficit does not exceed 3% of GDP.
3. Sustainability of public finances – general government debt does not exceed 60% of GDP.
4. Stability reached by the Member State approaching the euro area – long-term interest rates – usually government 10-year bond rates, do not exceed by more than 2 percentage points the average indicator of three EU Member States with the best average annual inflation indicator.
5. Exchange rate stability – at least two-year participation in the ERM II.

The compliance of the state with convergence criteria is important not only in some particular moment, but also in longer term. Therefore, in the assessment of the state the EU

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institutions – EC and ECB – pay special attention to the sustainability of the convergence. In addition to the above mentioned economic convergence, so-called legal convergence was also evaluated. It means that national legislation, incl. legal acts regulating the operations of the central bank, must comply with the provisions of the Treaty on the Functioning of the European Union, as well as by-laws of the ESCB and the ECB Statutes.

The EU legislation on introduction of the euro and Latvian legislation on introduction of the euro

In the EU countries, legal framework of the euro introduction process is regulated by a number of EU Regulations. To ensure introduction of euro in Latvia existing legislative acts of the RoL have to be amended, and new legislative acts have to be developed and adopted. At least one year and a half before the euro introduction day the concept about the legal acts' amendments for the euro changeover (hereinafter – the Concept) has to be adopted. In Latvia it is planned to adopt the Law on Introduction of Euro. The draft of the law has been developed by the MoF together with other ministries and stakeholders represented in euro project working groups in Latvia. It is planned to set basic principles for the transitional period in the law: cash and non-cash exchange procedures, inter alia lats and euro parallel circulation period, dual price display procedure etc. Following the institutional confirmation of the draft law was submitted to the ECB for provision of an opinion.

Management of the euro changeover process

Coordination of euro changeover is provided by the Coordinating Council for the Changeover to the Single European Currency, which is a collegiate and coordinating institution, established to provide coordinated interagency cooperation for successful euro changeover in Latvia. Further implementation of decisions made by the Coordinating Council for the Changeover to the Single European Currency s performed by a Steering Committee that was established by Order No. 308 "On Establishment of a Steering Committee" of Prime Minister, dated 18 July 2005.

Management committee is managed by State Secretary of the Ministry of Finance and it comprises the highest-level officials of the Ministry of Finance, State Chancellery, Bank of Latvia and other authorities. The task of the Steering Committee is implementation of the strategy on euro changeover in compliance with the decisions made by the Coordinating Council for the Changeover to the Single European Currency, control of plan development as well as coordination and management of necessary measures resulting from them.

Preparatory work in specific fields is made by five working groups established within the Steering Committee, in which numerous representatives of governmental and non-governmental organisations are involved. Euro project manager is responsible for the implementation of decisions made by the Steering Committee. Once a half-year euro project manager provides reports to the Coordinating Council for the Changeover to the Single European Currency on work accomplished within the euro changeover project. One year before the target date of euro changeover, reports are submitted once every two months.

Action Plan for Introduction of the Single European Currency in Latvia

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The Action Plan for Introduction of the European Single Currency in Latvia is Annex 1 to the Latvia's National Euro Changeover Plan (hereinafter – the Action Plan). The Action Plan contains concrete euro changeover activities to ensure introduction of cash and non-cash euro, public awareness, to adjust national legislative acts, statistics, accounting, financial instruments and information systems adjustments to euro, as well as consumer rights protection measures. In the Action Plan there are concrete terms and responsible institutions set.

Basic euro changeover principles

The lat exchange to euro is planned so that daily life of Latvian inhabitants will be disturbed as slightly as possible.

Basic principles:

- **efficiency** – costs of all state measures performed should be commensurable with the potential risks in case some measure would not be performed in an adequate scope and quality;
- **orientation towards worst positioned inhabitants** – particular attention should be paid to the part of society with limited access to financial services, for example, people living in remote areas.

To reduce costs related to the currency exchange and to ensure efficient exchange process, it is planned to introduce simultaneously the cash and non-cash euro in Latvia.

Changeover from lat to euro

Parallel circulation period of lats and euro

Two weeks period of parallel circulation of cash lats and euro is envisaged after the euro introduction. Two weeks period of parallel circulation has been set based on experience of other new euro area Member States (Estonia, Slovakia and Slovenia). For example, in Estonia already within two weeks after the euro changeover more than 90% of transactions were done in euro. Two weeks period of parallel circulation will reduce costs and burden of service various providers, for example, trading, transport, public catering, medicine etc., associated with provision of services in two parallel currencies.

Till 14 January 2014 (including) inhabitants will be able to make cash payments in lats and euro. As of 1 January 2014 lats banknotes and coins will be gradually withdrawn from the circulation and replaced with euro. From the euro introduction day non-cash transactions will be performed only in euro.

Cash changeover

Free of charge exchange of banknotes and coins will be performed:

- **one month after the euro introduction day** – in separate places of LP postal service provision;
- **six months after the euro introduction day** – in credit institutions;
- **unlimited period of time after the euro introduction day** – in the Bank of Latvia.

Euro non-cash transactions

On the euro introduction day, all non-cash balances denominated in lats on all accounts of credit institutions and other payment service providers (it refers also to payment cards) will be converted to the euro automatically and free of charge according to the currency exchange rate set by the EU Council (hereinafter – the Council). The sums of other financial mechanisms – shares, loan agreements etc. – expressed in lats will be converted into euro. All transactions and payments will be conducted in euro. The so-called principle of continuity of contracts will be applied to contracts, thus the existing contracts will not have to be replaced with new ones.

The period of dual price display

To ensure timely preparation of the general public – all money users – for the changeover of lats to the euro, to help to understand the value of the new currency and allow inhabitants to follow prices in both currencies, the Plan provides for a dual price display period from 1 October 2013 till 30 June 2014, and it will be binding for all sellers of goods and providers of services in the country. According to the recommendation of the EC of 10 January 2008 (announced with document number K(2007)6912) for measures to facilitate the euro changeover, the recommended dual price display period is a year and a half – starting from the moment when the Council specifies the conversion rate and ending a year after the euro changeover (till 31 December 2014).

Euro introduction costs

Public institutions and market participants – companies, credit institutions, as well as sellers of goods and providers of services – plan and estimate euro changeover costs according to their competences and field of operation. Euro changeover costs of public institutions will be covered from the state budget resources.

In order to ensure accessibility of financial services cash exchange costs of LP will be compensated from state budget funds. In order to comply with basic principles of the Plan (orientation towards worst positioned inhabitants and efficiency of the cash exchange process) the role of LP in the cash exchange process was specified. In the cash exchange process it is planned to involve 302 postal service provision places as in the territory which they serve there are no branches of commercial banks and inhabitants do not have alternatives for cash exchange, and the period for cash exchange in LP was shortened from six months (as it is in credit institutions) to one month.

Information about the euro changeover

All citizens of the state have to receive sufficient and comprehensive information about practical issues regarding the euro changeover – parallel circulation period, changeover period, dual display period, currency exchange rate, procedures for the cash, electronic money and non-cash exchange, design of banknotes and coins, security features, etc. More intensive public awareness campaign is planned from the moment when the Council specifies the conversion rate till the end of the lats and euro parallel circulation period.

According to basic principles defined in the Plan – orientation towards worst positioned inhabitants – attention will be specially paid to particular target groups, for Order No 441 of the Cabinet of Ministers of 19 September 2012 "On the Latvia's National Euro Changeover Plan"

example, inhabitants living in regions which are difficult to reach in terms of financial services, pensioners and persons with special needs, representatives of minorities not using information in Latvian, and other target groups of the communication campaign. Professional associations, responsible state institutions, NGOs, unions and social services are all involved in the information campaign oriented towards these groups.

The general euro communication campaign will involve all state administration institutions, as well as the private sector. The main information partners will be ministries, BoL, EC, ECB, credit institutions, Saeima, local governments, NGOs, professional and public associations, merchants, etc. The information campaign will be coordinated by the MoF.

INTRODUCTION

The Plan is aimed at identifying the key euro implementation project tasks in Latvia, their implementation stages and spheres of accountability, as well as defining the euro introduction core principles and scenario to ensure successful introduction of euro in both the private and public sector. The Plan has been elaborated in compliance with the EU legislation and the RoL laws and regulations.

The Plan's target audience comprises employees of the institutions involved in its implementation, participants of project's working groups and managers, as well as each member of the society which will face the currency exchange in Latvia in any form.

Introduction of euro in Latvia

On 20 September 2003, the Latvian nation supported Latvia's accession to the EU and introduction of euro via the positive vote in the referendum. The above commitments of Latvia, as well as other new Member States have been stipulated by the Treaty on the Functioning of the European Union.

On the basis of Latvia's Convergence Programme for 2012-2015, providing for medium-term forecasts showing the ability of Latvia in 2012 to comply with Maastricht criteria, and Latvia's Economic Stabilisation and Growth Revival Programme, the Latvia government with CoM Order No 165 of 24 March 2010 defined 1 January 2014 as the euro introduction target date.

Organisational structure and procedure of euro introduction

In order to ensure effective euro changeover process in Latvia, according to protocol No. 36 58.§ "On Measures to be Taken to Prepare for the Changeover to the Single European Currency in Latvia" of the Cabinet of Ministers, dated 21 June 2005, a Steering Committee was established, the task of which is choice of the strategy on euro changeover, control of plan development as well as coordination and management of necessary measures. This Committee is managed by State Secretary of the Ministry of Finance. Steering Committee comprises the highest-level officials of the Ministry of Finance, State Chancellery, Bank of Latvia and other authorities.

Euro changeover process is supervised by the Coordinating Council for the Changeover to the Single European Currency, to which the Steering Committee once a half-year provides reports on work accomplished. One year before the target date of euro changeover, reports will be submitted once every two months, if the Coordinating Council for the Changeover to the Single European Currency has not decided otherwise. Whereas, euro project manager is responsible for the implementation of decisions made by the Steering Committee, coordination of the activities of the working groups as well as for problem solving concerning euro changeover.

The Steering Committee has identified the most relevant issues to be solved by the public sector for the introduction of the European single currency in Latvia:

- assessment of the effective laws and regulations and drafting new laws and regulations;
- adjustment of the national statistics sector to the changeover of the currency;

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- procurement of euro coins and banknotes, modification of payment systems for handling payments in euro;
- adjustment of money and securities market to the settlements in euro and conversion of financial instruments;
- preparation of individuals and non-financial sector for the introduction of euro;
- public awareness campaigns;
- other issues.

To implement the above, five working groups (see Annex 4) were established under the Steering Committee involving employees of different public institutions and companies as well as representatives of professional associations. The working groups draft proposals within their competence for the Action Plan for implementation of the European single currency in Latvia.

Working Groups	The Main Scope of Activities
State Administration Working Group	Adjustment of regulatory acts related to the introduction of euro, adjustment of statistics, accounting and other state information systems to the introduction of euro, development of guidelines for companies regarding accounting issues.
Money and Payment System Working Group	Issues of euro cash and non-cash introduction, adjustment of payment systems for handling payments in euro.
Financial System Working Group	Money and capital markets, financial instruments, euro changeover issues in the insurance and pension fund sector, public debt denomination issues, adjustment of security systems for handling payments in euro.
Non-financial Corporation and Consumer Working Group	Solving issues related to the impact of the euro introduction on relationship between non-financial corporations and consumers, management of the campaign "Fair euro introducer", development of guidelines for companies regarding the period of dual price display.
Public Awareness and Communication Working Group	Organising and implementation of public awareness campaigns, including development and updating of informative website, maintenance of the euro information help-desk for the needs of individuals and companies.

To ensure a feedback from the general public, representatives of the Steering Committee and the Euro project manager hold consultations with the social partners, representatives of professional associations and NGO. Communication via the mass media on the issues of the euro introduction is ensured by the Public Awareness and Communication Working Group with represented institutions in co-operation with the Euro project manager.

The Action Plan (see Annex 1) includes practical tasks (measures) which should be accomplished by the working groups while preparing for the introduction of the single currency in Latvia. To ensure timely performance of the euro changeover measures for all tasks in the Action Plan start and end dates, as well as responsible and co-responsible institutions have been given:

The Action Plan is updated according to the defined euro introduction target date – 1 January 2014. In case of changes the Action Plan is prepared for re-approval by the CoM.

Since the approval of the Plan by the CoM in 2006 it has been updated and the updated version was approved by the CoM Order No 165 of 24 March 2010.

Information about the funding allocated for the performance of activities and the additionally required funding

While drafting the 2013 state budget, expenditures related to the euro changeover are included in budgets of ministries and other central government institutions, as well as reserved in expenditures for unforeseen events in programme 03 of the budget programme 74 "Measures of the Latvia's National Euro Changeover Plan". In order to reduce the burden on basic functions in the state budget, part of the euro changeover-related expenditures are covered from the European Regional Development Fund, as well as the EC grant for the euro changeover communication measures.

Latvia's steps towards the introduction of euro

On 30 December 2004, with Latvia preparing for a full-fledged participation in the ERM II, the peg rate of lat and euro was fixed at EUR 1 = LVL 0,702804, taking effect on 1 January 2005.

The lat rate against euro was calculated according to the foreign exchange market rates fixed by the ECB on 30 December 2004, applying the SDR currency basket exchange rate formula, similarly as it has been done every day since the beginning of 1994 when lat was pegged to the unit of accounting of the International Monetary Fund (XDR 1 = LVL 0,7997).

As of 2 May 2005, with Latvia joining the ERM II, the Bank of Latvia has been unilaterally limiting the lat exchange rate against euro not above $\pm 1\%$ of the central or peg rate. This means that existing width of the lat fluctuation band against the peg currency (when lat was pegged to the SDR), which is easy to understand and traditional in the financial markets, is thus maintained. Pursuant to the euro introduction criteria, or the so called Maastricht criteria, determining readiness of the Member State for the third stage of the EMU, the Member State has to participate in the ERM II for at least two years, and Latvia complies with this criterion according to the ERM II framework. The objective of the state is to ensure also compliance with other convergence criteria because in order to introduce euro EU Member States have to achieve a high degree of sustainable economic convergence (see Annex 2). It is assessed on the basis of compliance with the Maastricht criteria (see Annex 3).

To decide on Latvia's readiness for the introduction of euro, the EC and the ECB draft convergence reports – an assessment on the country's maturity for participation in the EMU. In accordance with the Treaty on the Functioning of the European Union in addition to the procedure in force in previous years (EC prepares a proposal addressed to the Council for the Order No 441 of the Cabinet of Ministers of 19 September 2012 "On the Latvia's National Euro Changeover Plan")

enlargement, consultations are held with the European Parliament, discussions in the European Council) the Council will have to take into account suggestions of other euro area Member States as well (will be adopted by a qualified majority vote) about euro area enlargement and invitation to Latvia to join the euro area with concrete lat exchange rate against euro and introduce the European single currency as a legal means of payment in the state.

1. CORE PRINCIPLES AND SCENARIO OF THE EURO INTRODUCTION

The changeover to euro is a large-scale project with few alike projects in Latvia's recent history in terms of scope and significance: it is almost as historic as the Referendum of 20 September 2003 and will affect everyone as was the case with the re-introduction of lat.

To represent common interests of Latvia's general public, the above processes will be implemented by:

- the Government;
- state administration institutions;
- local governments;
- BoL;
- FCMC;
- credit institutions;
- LP;
- mass media;
- trade and service provider organisations;
- Social partners, professional associations, NGOs, etc.

1.1. Core principles of the euro introduction

The euro changeover process has to be elaborated in a way causing the least interference with each Latvia's individual's daily routine; hence the most relevant core principles of the euro introduction and their implementation scenario have been identified within the euro changeover project.

Basic principle	Objective
Efficiency	Costs of all state measures performed should be commensurable with the potential risks in case some measure would not be performed in an adequate scope and quality.
Orientation towards worst positioned inhabitants in terms of the access to financial services	Reduce impact of the currency changeover process to the part of society with limited access to financial services, for example, people living in remote areas.

- **efficiency** – costs of all state measures performed should be commensurable with potential risks in case if some measure would not be performed in adequate amount or quality;
- **orientation towards worst positioned inhabitants** – particular attention should be paid to the part of society with limited access to financial services, for example, people living in remote areas.

1.2. Euro introduction scenario

To reduce currency changeover costs and ensure efficient euro introduction process, in Latvia it is planned to introduce cash and non-cash euro simultaneously.

<p>A parallel circulation period of lat and euro</p>	<p>To ensure the continuity of transactions conducted by the general public of Latvia, a two-week period of parallel circulation of cash lat and euro has been envisaged from the euro introduction day until the day euro is acknowledged the sole legal tender in the RoL. The parallel circulation period should not be attributed to non-cash transactions – non-cash balance denominated in lats will be converted into euro on the euro introduction day.</p>
<p>Paying out the change in euro</p>	<p>To accelerate the cash exchange process, starting from the euro introduction day the change for goods and services will be given only in euro.</p>
<p>The free of charge period of lats cash exchange to euro</p>	<p>To provide Latvia's population with euro coins and banknotes, the free of charge exchange will be performed: one month starting from the euro introduction day – in separate places of LP postal service provision; six months starting from the euro introduction day – in credit institutions; unlimited period of time starting from the euro introduction day – in the BoL.</p>
<p>The period of dual price display</p>	<p>Three months prior and six months after the euro introduction day prices of goods and services will be displayed in lats and euro to limit speculative rise in prices of goods and services and to ensure timely preparation of the general public for the currency changeover. The recommended period of dual price display is from the moment when the Council specifies the conversion rate, namely approximately six months before the euro introduction day, till 31 December 2014.</p>
<p>Sources of covering euro introduction costs</p>	<p>The state will not compensate costs incurred by the market players, except the case provided in the draft Law on Introduction of Euro regarding LP. Each market participant shall plan funds necessary for the introduction of euro within the limits of its competence and scope of operation.</p>
<p>Lats changeover to euro</p>	<p>The procedure for the changeover of contracts, cash and non-cash, as well as other means of payments and single-purpose payment instruments (e-tickets, gift cards, etc.) into euro will be prescribed in the Law on Introduction of Euro.</p>

2. LEGAL FRAMEWORK

2.1. EU legislation on the introduction of euro

Treaty on the Functioning of the European Union

In addition to the previous procedure (EC prepares a proposal to the Council for the enlargement, consultations with the European Parliament, discussions in the European Council) the Council will have to take into account suggestions of other euro area member states as well (will be adopted by the qualified majority vote) about the euro area enlargement.

In the EU countries, the euro changeover process is regulated by a number of EU Regulations

I Council Regulation (EC) No. 1103/97 of 17 June 1997 On certain provisions relating to the introduction of the euro

The Regulation refers to all EU countries. The most relevant aspects of the Regulation are as follows:

- The introduction of euro shall not have the effect of altering any term of a legal instrument or of discharging or excusing performance under any legal instrument, nor give a party the right unilaterally to alter or terminate such an instrument;
- The conversion rate shall be adopted as one euro expressed in terms of each of the national currencies of the participating Member States. The rate shall be adopted with six significant figures;
- The conversion rates shall not be rounded or truncated when making conversions;
- The conversion rate shall be used for conversions either way between the euro unit and the national currency units;
- Monetary amounts to be converted from one national currency unit into another shall first be converted into a monetary amount expressed in the euro unit, which amount may be rounded to not less than three decimals and shall then be converted into the other national currency unit;
- Monetary amounts to be paid or accounted for when a rounding takes place after a conversion into the euro units shall be rounded up or down to the nearest cent. If the application of the conversion rate gives a result which is exactly half-way, the sum shall be rounded up.

II Council Regulation (EC) No. 974/98 of 3 May 1998 On the introduction of the euro

The Regulation establishes a general procedure for the replacement of the involved Member State currencies with the euro and defines provisions for the transition period of the euro introduction in the first countries having joined the euro area. The Regulation explains a number of terms used in relation to the Eurosystem (for example, conversion rate, legal instruments, euro unit, transition period, redenomination). It is of importance that the Regulation stipulates that except for the issuing authority and for those persons specifically designated by the national legislation of the issuing Member State, no party shall be obliged to accept more than 50 coins in any single payment.

III Council Regulation (EC) No. 2169/2005 of 21 December 2005 amending Council Regulation (EC) No. 974/98 of 3 May 1998

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On 21 December 2005, **Amendments to the Council Regulation (EC) No. 974/98 were made (Council Regulation No. 2169/2005)** to ensure the introduction of the euro by the new EU Member States. The drafted amendments cancel references to the specific dates, which are replaced by definitions as the specified dates may vary from country to country. The amendments stipulate that the countries may choose the euro introduction scenario and the duration of the transition period. A relevant amendment to the Regulation stipulates that the credit institutions shall exchange their customers' banknotes and coins denominated in the national currency unit of the Member State for banknotes and coins in euro, free of charge, up to a ceiling which may be set by the national laws and regulations.

IV Council Regulation (EC) No. 2866/98 of 31 December 1998 On the conversion rates between the euro and the currencies of the Member States adopting the euro

The Regulation stipulates the conversion rates between the euro and the currencies of the Member States adopting the euro. The Regulation is amended with accession of every new Member State to the euro area.

The Court of Justice Judgement C-19/03

The document provides interpretation of Council Regulation (EC) No. 1103/97 of 17 June 1997 On certain provisions relating to the rounding principles of the sums of money, incl. unit price (tariffs).

Commission Recommendation of 10 January 2008 on measures to facilitate future changeovers to the euro (notified under document number C(2007) 6912)

The EC Recommendation provides additional practical measures that should be performed by the Member States which are going to join the euro area, including:

- ensuring provision of professional information to non-financial companies about accounting and tax issues;
- recommendation for dual price display six months prior to the euro changeover day and no longer than a year after the euro changeover day;
- recommendation for the reduction of cash holdings;
- organisation of fair price conversion measures.

The above legislation ensures secure and sound legislative framework and, based on it, the euro introduction process will be organised in Latvia.

2.2. Laws and regulations on the introduction of euro in Latvia

According to Clause J1.3 of the Action Plan, a Concept was drafted. On 29 May 2012 the Concept was approved by the CoM (Minutes No 30 Paragraph 42). For uniform implementation of the Concept the MoF in cooperation with the MoJ will develop guidelines.

I Law on Introduction of Euro

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It has been envisaged to adopt the Law on Introduction of Euro stipulating core provisions for the introduction of euro. The draft law has been drafted by the MoF in cooperation with other institutions involved in euro project working groups on the basis of the Concept and issues referring to the euro changeover and requiring a general regulation (see Annex 1). In issues referring to local governments during drafting the Law on Introduction of Euro the MoEPRD cooperated.

The draft Law on Introduction of Euro has been promulgated in the meeting of State Secretaries on 7 June 2012 (Minutes No 23 Paragraph 6). Following the institutional confirmation of the draft law was submitted to the ECB for provision of an opinion. It is planned to submit the draft law to the CoM for further submission to the Saeima in the end of 2012. It is expected that the draft law will be adopted and become effective a year prior to the euro introduction day, namely, in the beginning of 2013.

II Law on the Bank of Latvia

To ensure full compliance of the Law on the Bank of Latvia of the RoL with the Treaty on the Functioning of the European Union, and the ESCB and ECB Statutes, the Bank of Latvia introduced amendments to the Law on the Bank of Latvia, stipulating the integration of the Bank of Latvia into the Eurosystem. Also this draft law was submitted together with the Law on Introduction of Euro to the ECB for provision of an opinion.

2.3. The principle of continuity of contracts

The Law on Introduction of Euro provides the principle of continuity of legal instruments. Thus all contracts (including contracts with credit institutions, etc.) will also be subject to the principle of continuity meaning that it will not be necessary to amend or replace existing contracts with new ones.

3. FINANCIAL MARKET

3.1. Financial market instruments

I General issues

The contractual amounts of financial derivative transactions denominated in lats and other initiated outstanding transactions denominated in lats will be converted to euro according to the conversion rate set by the Council. All amounts of an outstanding legal instrument will be converted according to the conversion rate set by the Council and rounding principles provided in the draft Law on Introduction of Euro, unless the contracting parties agree otherwise. Total amount of an outstanding legal instrument will be made of converted units and their cannot exceed the initial total amount of the legal instrument in lats that is converted to euro according to the conversion rate set by the Council and rounding principles provided in the draft Law on Introduction of Euro.

Several changes related to information systems have been planned in the financial instrument accounting system. After the introduction of euro, financial instruments will be traded in euro, and changes will be made in the trading systems to ensure that.

To reduce administrative costs related to the introduction of euro, businesses will be allowed within 30 months after the euro changeover to register with the commercial register their amendments to company statutes arising as a result of the change of currency in the country. Financial market participants will be allowed to register changes related to the introduction of euro in documents regulating their financial services together with the first amendments referring to other issues, but no later than 12 months after the euro introduction day.

II Equity securities

The nominal value of shares and equity of limited liability companies will be expressed in the whole euro. The nominal value of shares of joint stock companies will be expressed in euro and euro cents. A differing approach will be applied because taking into account the principle of maintaining proportionality of members of denomination of equity capital stocks (shares) of capital companies from lats to whole euro can require considerable increase in the equity capital of a capital company or reduction in case of a joint stock company. In expressing the nominal value of equity capital stocks (shares) in euro and euro cents the rounding principles provides in the draft Law on Introduction of Euro should be complied with.

In order to ensure protection of minority shareholders of capital companies, it will be provided that as a result of rounding the remaining value will be paid to members of capital companies (shareholders) in proportion to the shares they own. At the same time members of capital companies (shareholders) will have the right to decide on transferring the remaining value to reserves of the capital company.

A right will be stipulated six months prior to the euro changeover day (namely, from the day when the Council decides on the lats conversion rate against euro) to found such capital companies where the nominal value of an equity stock (share) is expressed in euro equivalent. Such a procedure will ensure more successful transition of capital companies from Order No 441 of the Cabinet of Ministers of 19 September 2012 "On the Latvia's National Euro Changeover Plan"

lats to euro reducing the number of capital companies which need to take actions to replace lats with euro.

III Debt securities

To secure investor claims and reduce the possibility of changes in the issuer's liabilities after the re-denomination of debt securities, the nominal value of debt securities irrespective of the amount (e.g. LVL 100, LVL 1 000) will be set to one cent after the conversion to the euro. Thus it will be possible to set the nominal value in whole numbers.

The number of debt securities held by an investor will be obtained by dividing the total nominal amount of the issue held by each individual investor, expressed in lats, by the set conversion rate. The obtained nominal amount will be multiplied by 100, thus it will be possible to express the nominal amount of debt securities held by each individual investor in cents. Where obtained amount will contain fractions of cents, those from 0,5 euro cent upwards will be rounded up to 1 cent whereas those less than 0,5 cent will be discarded.

The rounding and re-denomination of Latvian government securities will be performed on the basis of general principles applicable to debt securities.

To reduce the potential losses of issuers and investors resulting from the re-denomination of debt securities denominated in lats with variable rate (pegged to RIGIBOR), the Law on Introduction of Euro will stipulate the interest rate recalculation principle where the variable interest rate is pegged to an index ceasing to exist when the euro has been introduced.

The debt securities variable interest rate will be repegged from RIGIBOR to EURIBOR. Upon mutual agreement between the parties, it will be possible to replace the lats money market index with another equivalent money market index. In case the lats money market index is replaced the lender will not be allowed to increase the interest rate bound to the lats money market index or worsen other lending provisions stipulated in the contract between the lender and the borrower. The index repeg will be performed at the next planned fixation change of the variable interest rate following the euro changeover day. The parties will be able to agree on other moment of interest rate change providing it is no later than the next planned fixation change of the variable interest rate following the euro introduction day.

3.2. Bank of Latvia and financial institutions

The BoL has been participating in the ESCB since Latvia's accession to the EU; upon the changeover to the euro the BoL will become a member of the Eurosystem. Preparing for the introduction of the euro, representatives of the Bank of Latvia participate in the working groups established for the changeover to the euro as well as cooperate with credit institutions, governmental institutions and organisations involved in the euro changeover project.

I Cash changeover from lats to euro

One of the tasks of the BoL is to ensure timely delivery of euro cash to credit institutions and to facilitate smooth cash changeover in Latvia.

In order to ensure timely availability of cash euro, prior to the introduction of euro the BoL organises supply of euro banknotes from the ESCB. The BoL also organises the development of euro coin design, selection of the mint in a competition where Latvian euro coins will be minted, as well as minting and delivery of these coins. In order to ensure in a timely manner necessary cash euro amount for the needs of Latvian credit institutions and their customers in the end of 2013, the BoL has to announce the competition for euro coin minting possibilities within the last six months of 2012, as well as to sign a Memorandum of Understanding with euro area Member States and the EC on the beginning of euro coin development and necessary preparatory work.

Lats cash changeover will be carried out mostly through credit institutions, automated teller machines, trade network, service providers, etc. During the parallel circulation period of lats and euro traders will have to accept both lats and euro banknotes and coins. The BoL will organise special training course for cashiers of credit institutions, paying special attention to security features of the euro banknotes and coins.

The action plan of the BoL on the introduction of euro provides for detailed tasks for the introduction of cash and non-cash euro, including advanced delivery of euro (frontloading) and subordinated advanced delivery of euro (second phase of frontloading). The aim of these measures is to ensure the provision of euro cash for market participants everywhere in Latvia. Pursuant to the ECB preconditions, euro coins and banknotes delivered to credit institutions and their customers during the frontloading and second phase of frontloading must not be publicly circulated before the euro introduction day. Within the framework of frontloading money will be supplied to credit institutions and their clients according to mutual contracts. They will inter alia provide sanctions against offenders of contractual provisions, including for releasing the cash euro, which was supplied within the framework of frontloading, in free circulation before the euro changeover day. The BoL will also check how the money, which was supplied within the framework of frontloading, is stored. There will be a notice on the package of the starter-kit, which will be sold to inhabitants before the euro introduction day, stating that coins will be valid only after the euro introduction day. It should be taken into account that there will be the Latvian design on coins and officially they will not be valid before the euro introduction day. Frontloading to credit institutions will start one month before the euro introduction day, and the second phase of frontloading will commence 15 days before the euro introduction day. To simplify the cash exchange process the BoL will prepare and spread out starter-kits of euro coins.

To ensure timely distribution of euro banknotes to the public, all automated teller machines in the country will be reprogrammed from the lats to euro dispensing regime starting from the euro changeover day. For this purpose, timely software modification will be made, ensuring remote reprogramming of automated teller machines for blocking the dispensing of lats and ensuring the dispensing of euro. The older generation automated teller machines that do not have such options will be switched off on the euro introduction day and filled with euro to resume operating a little later. After the euro introduction day lats banknotes will not be issued.

II Withdrawal of lats banknotes and coins from circulation

Lats banknotes and coins will be withdrawn from circulation and replaced with euro as of the euro introduction day. The BoL evaluates possibilities to reduce gradually the amount of nominal banknotes in the circulation shortly prior the euro introduction day.

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Banknotes and coins, which will be withdrawn from circulation, will be stored by the BoL separately from stocks of euro banknotes and coins. The BoL will prepare a strategy for gradual destroying of lats banknotes and coins and will ensure implementation of the strategy.

III Euro non-cash transactions

On the euro introduction day, all non-cash balances denominated in lats on accounts as well electronic money balances will be converted to euro, and (as of this moment) all lats transactions and payments will be conducted in euro. As of the euro introduction day, all settlements in BoL payment systems will be made in euro only.

On 19 November 2007 Latvia joined the unified EMU euro settlement system TARGET2¹, creating the TARGET2 component system TARGET2-Latvija. On the euro introduction day account balances of the BoL real-time settlement system for the euro will be exchanged to euro and transferred to the accounts opened in TARGET2-Latvija. Mutual settlements between credit institutions resulting from monetary policy transactions, financial market settlements, final settlements of other payment systems, as well as large-scale and urgent payments will be done in TARGET2.

Customer non-cash payments, namely domestic payments currently made by government institutions, large companies, small and medium-sized enterprises, traders and consumers in lats will be made in euro as of the euro changeover day. Such payments will be made in accordance with the Single euro payments area² (SEPA) requirements gradually implementing SEPA requirements in all payment stages. SEPA requirements also apply to direct debit and card payments. Introduction of SEPA card framework requirements in Latvia will be completed by 31 December 2012, but SEPA direct debit payments will be introduced by 1 January 2015.

IV Changes in BoL's monetary operations and foreign exchange reserve management

By the time of the introduction of euro, monetary policy instruments and procedures for monetary operation performance will be agreed, central bank's foreign reserve management system will be adjusted to comply with ECB requirements.

V Preparing statistics

Before the introduction of euro the BoL will adopt new rules for drafting statistical reports according to requirements for euro area countries and collection of relevant statistical information will be started by the introduction of euro. The BoL will recalculate data timelines, prepare new metadata descriptions and introduce necessary amendments to statistical databases and publications.

¹ TARGET2 real-time settlement system is used by central banks of EMU Member States together with the ECB to implement common monetary policy and facilitate fluent operations of the euro payment system. The main advantage of TARGET2 is joint technical platform ensuring equal conditions for all TARGET2 Member States. The system TARGET2-Latvija provides for an efficient, fast and secure infrastructure for payments in the euro using deposits held in the Bank of Latvia. Together with participants from Latvia the TARGET2 euro payments in real time will be made by more than 1 000 finance institutions all over the Europe. More than 50 800 financial institutions will be available through the system.

² Single euro payments area (SEPA) is an area of EU countries, Iceland, Lichtenstein, Monaco, Norway and Switzerland where consumers, businessmen and other participants of the economy disregarding their location will be able to conduct and make payments in euro between countries and within one country according to single main conditions, rights and duties. Order No 441 of the Cabinet of Ministers of 19 September 2012 "On the Latvia's National Euro Changeover Plan"

VI Credit Register

On the euro introduction day the BoL will ensure conversion of existing liabilities of customers and customers' warrantors dominated in lats and included in the Credit Register to euro.

4. PUBLIC SECTOR

4.1. Conversion of central government budget revenue and expenditure

All government budget revenue and expenditure, including all amounts of government claims and liabilities incurred prior to the introduction of euro in Latvia, will be converted from lats to euro in line with the regulations governing the drafting of budget proposals.

After the Council approves the currency conversion rate, namely approximately six months before the euro introduction day, pricelists for direct state administration institution services will be submitted to the CoM for approval.

4.2. Statistics

I The CSB

No later than three months prior to the introduction of euro the CSB will submit to the CoM for approval statistical reports and questionnaire forms where as of the euro changeover the procedure for showing value indices will change. Statistical information about the reporting year before the introduction of euro, as well as about the last quarter of 2013 will be requested in the currency which will be the legal tender in respective reporting period, namely in lats. The CSB will start collecting statistical information in euro (monthly and quarterly data and later also annual data) after the introduction of euro. Individual statistical observations where during the period of dual circulation of lats and euro collection of information in lats and euro is likely or necessary will be set according the Action Plan. In addition guidelines will be developed for processing of statistical data during the period of dual circulation of lats and euro and training of CSB employees involved in data collection, summary and re-calculation will be carried out.

The CSB according to the Action Plan will develop guidelines for re-calculation of statistical data time-lines and will carry out necessary re-calculations in CSB databases. Conversion of statistical data will be subject to general rounding principals without transfer to whole euro. In publications of statistical data which will be issued after the euro introduction day all data to be published in value indices will be displayed in euro.

The procedure for dissemination of statistical data (press reports, statistical publications, internet databases and other online sources) during the period of dual display and after the euro introduction day will be set in the publication plan and it will be published on the CSB website thus ensuring coordinated activities of statistics producers, as well as it will provide a possibility to data users to get acquainted with it.

II Other institutions summarizing statistics

Other institutions which collect, summarise and publish data provided in the national statistical information programme shall make modifications to the instructions for statistical report forms and preparation thereof, data collection and summary, re-calculation of databases, evaluation of re-calculations and data publishing, as well as training of employees involved in these processes individually according to the above mentioned guidelines developed by the CSB.

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4.3. Changes in state administration information systems

Several changes will be introduced in information systems used by the public sector (hereinafter – public IS) upon the changeover to the euro in Latvia. After the introduction of euro central and local government IS will have to ensure financial data input in euro, provide financial data for the period before the euro introduction day, as well as the conversion of lats and euro when processing financial data. According to the Action Plan all IS should be adjusted to euro by 1 September 2013 when the final stage of system adjustment should be started – testing. According to adjustment plans of the following two institutions the State Revenue Service shall complete the IS development by 1 October 2013 and the State Social Insurance Agency shall complete the IS development by 1 November 2013. Procurements or maintenance contract prolongation procedures related to public IS should be started no later than on 1 October 2012 in order to conclude all contracts in the beginning of 2013. Adjusting of public IS will be financed from state budget funds as well as the European Regional Development Fund.

Central and local government IS will be adjusted in order to implement the above said actions. Central and local governments will have to ensure continuity of public IS during the period of dual circulation of lats and euro. Therefore in order to ensure adjustment of IS to euro under the supervision of the MoEPRD and MoF the following measures will be performed:

- study IS in central and local government institutions where financial data are accumulated in databases;
- ensure organisational support for adjusting IS;
- evaluate necessary amount of resources for adjusting IS;
- adjust IS to the introduction of euro according to regulatory requirements.

4.4. Accounting for the government budget execution in euro

Particular attention will be paid to the accounting systems of public institutions that prepare invoices on behalf of the state (fines, duties, taxes etc). The control function will be implemented in order to monitor the accounting for the invoices drafted in lats which will be paid for in euro (also the outstanding invoices).

To ensure successful payments and accounting for the execution of government budget in euro, the ST in cooperation with the BoL according to the Action Plan have performed all relevant technical measures to ensure involvement of the ST in the settlement system of the BoL.

Already since 9 November 2010 existing information systems of the ST ensure processing of SEPA loan transfers using electronic clearing systems in payments, therefore the ST does not foresee difficulties with adjusting the system to the changeover from lats to euro. In order to ensure accounting of state budget execution in euro, the ST according to the internal action plan for the introduction of euro will identify necessary changes in information systems, request and introduce technical changes in information systems, carry out testing of information systems. State budget institutions will make necessary changes in their

information systems in order to ensure preparation of payment documents according to SEPA requirements.

5. CONSUMER RIGHTS PROTECTION

For a successful changeover to euro, close cooperation of involved institutions as well as implementation of measures in line with the Action Plan is required.

5.1. Dual display of goods and services prices

To prevent potential breach of consumer rights and to reduce a speculative rise in goods and services prices, the Law on Introduction of Euro will state the period of dual display of prices and the period of parallel circulation of the lats and the euro according to the Plan.

The MoE will draft amendments to CoM Regulation No 178 of 18 May 1999 "Procedure for Displaying Prices of Goods and Services" in order supplement it with information about the dual display period when prices of goods and services should be displayed in lats and euro according to the procedure provided in regulatory enactments. In view of the fact that the dual display period will be set in the Law on the Introduction of Euro, the Regulation will provide for particular requirements for price display in trading places during the dual display period specifying the existing price display procedure and information that is mandatory on the price tag in two currencies.

The CRPT, based on the Law on the Introduction of Euro and expected amendments to CoM Regulation No 178 of 18 May 1999, will develop guidelines for non-financial corporations for correct price calculation and display.

Dual price display principles and period will be equally binding to the public and private sector. Public institutions and agencies should prepare amendments to paid service pricelists and informative materials where the currency exchange rate will be displayed in two currencies.

In order to avoid a speculative rise in prices, one year prior to and after the euro changeover day the monitoring of goods and services prices will be carried out. In order to ensure the price monitoring the MoE will make procurement and conclude an outsourcing contract. During the dual display period – three months prior to and six months after the euro changeover day – compliance with requirements for price display and conversion will be ensured by the CRPT in cooperation with public consumer rights protection organizations.

5.2. Control mechanism of price rounding for goods and service prices

To protect consumer rights successfully and to prevent unfair price rounding, e.g. setting a higher price in euro than in lats or charging extra for paying in euro, control mechanisms for accurate price display will be developed under the supervision of the Steering Committee, applying the correct currency convergence rate.

The MoE in cooperation with CRPC and NGO representatives will organise an action "Fair euro introducer". Businesses with accurate calculations and respective display of prices in euro will be awarded a sticker "Fair euro introducer".

According to the Action Plan the MoE and MoF in cooperation with Euro Team lecturers as well as involving field experts will organise training seminars for NGO representatives on consumer rights and training seminars for businesses. Euro Team is an EC established net of lecturers, which covers all EU Member States outside the euro area, and it comprises also representatives of Latvia. The scope of Latvian euro lecturers includes economic experts from state administration institutions, lecturers from universities and NGO representatives.

6. PRIVATE NON-FINANCIAL SECTOR

6.1. Accounting

I Procedure for accounting changeover to euro

In order to stipulate a single procedure for accounting changeover to euro the Law on the Introduction of Euro and, if required, additional accounting-related regulatory enactments will regulate:

- operations to be carried out after the introduction of euro in accounting with justifying documents where the measurement is lat, euro or another currency, with accounting registers and financial statements;
- procedure for re-calculations from lats and other foreign currencies to euro;
- rounding procedure in justifying documents, accounting registers and financial statements;
- procedure for carrying out and registration of operations with cash registers in the transition period when along with euro and cents cash will be accepted and paid also in lats and santims.

In order to ensure better understanding of these norms the Euro Project State Administration Working Group and Non-financial Corporation and Consumer Working Group will develop a number of additional guidelines.

II Justifying documents and accounting registers

Justifying documents where the measurement is lat, euro or another currency and which by the euro introduction day will not be used for entries in accounting registers, if they refer to the period after the introduction of euro, will have to be registered in accounting registers using euro as a measurement. According to the situation in accounting registers on the euro introduction day the balance of each accounting account will have to be re-calculated from lats to equivalent in euro according to the conversion rate set by the Council.

III Individual and consolidated annual statements

Annual statements should be prepared in the currency which is in official circulation in the Member State in the end of the reporting year. Annual statements on reporting years that end on the euro introduction day or after that should be prepared in euro. In the first annual statement, which is prepared in euro, indicators of the previous year should be provided as comparable indicators in euro according to the conversion rate set by the Council.

IV Changes in the currency exchange rate setting procedure after the introduction of euro

According to the existing procedure each working day the BoL shall set a number of foreign currency exchange rates to lat. These exchange rates shall become effective on the next working day and used according to the procedure stipulated by RoL regulatory enactments (re-evaluation of foreign assets for accounting, customs tax calculation needs etc.). The existing procedure ensures also that currency exchange rates for the current working day are available at the beginning of the working day (published in *Latvijas Vēstnesis*, on the website of the BoL, in newspapers, sent by e-mail).

Simultaneously with the introduction of euro in Latvia and accession of the BoL to the Eurosystem the BoL will also move over to the ECB currency exchange rate setting procedure. In the Eurosystem only the ECB sets the euro reference rate to the main currencies in the world. In order to ensure successful transition to the new procedure necessary amendments will be introduced in relevant RoL regulatory enactments.

6.2. Taxes

Adjustments in the tax field are mainly related to specifying regulatory enactments providing regulation regarding the currency of tax payments. It will be evaluated whether special regulations are necessary for cases when after the introduction of euro tax and fee debt payments for previous periods or re-calculations for previous periods will have to be made.

I Making tax, fee and other state specified payments after the introduction of euro

After the introduction of euro tax, fee and other tax-related payments shall be calculated and made in euro and cents.

After the euro changeover taxpayers making payments for taxation periods before the euro changeover day shall convert the amounts provided in the tax statement according to the conversion rate set by the Council and rounding principles provided in the Law on Introduction of Euro.

In cases when after the euro changeover taxpayers submit tax declarations or changes to the tax declaration for the taxation period before the euro introduction day and according to provisions of the Law on Introduction of Euro the amounts of taxes (fees) or other state specified payments to be made to the state budget are provided in lats, at the moment when the payment is done it shall be converted according to the conversion rate set by the Council and rounding principles provided in the Law on Introduction of Euro.

In cases when after the euro changeover taxpayers submit tax declarations or changes to the tax declaration for the taxation period before the euro introduction day and according to provisions of the Law on Introduction of Euro where the tax amount to be repaid from the state budget is provided in lats, the tax administration when repaying the overpaid amount shall convert it according to the conversion rate set by the Council and rounding principles provided in the Law on Introduction of Euro.

Additional payments set as a result of controls (checks, audits) carried out by the tax administration for the taxation period before the euro changeover shall be converted according to the conversion rate set by the Council and rounding principles provided in the Law on Introduction of Euro and provided in euro in the administrative act adopted after the euro introduction day.

Besides, according to the Law on Introduction of Euro in legal instruments (for example, decision on tax audit (inspection) results, decision on the extension of the payment term) adopted but not executed by the euro introduction day references to lats shall be considered as references to euro. Therefore it is not necessary to re-adopt the legal instruments. Payments provided in the above said legal instruments shall be converted

according to the conversion rate set by the Council and rounding principles provided in the Law on Introduction of Euro.

II Excise tax marking on cigarette packing

According to regulatory enactments the maximum retail price shall be indicated on cigarette packing. After the introduction of euro in Latvia when marking cigarettes with excise tax marking and releasing them in free circulation or handing over for consumption the price indicated on the excise tax marking shall be in euro.

However, it will be not necessary to take out of circulation cigarettes that will be marked with excise tax marking where the maximum retail price will be indicated in lats and will be in trading places before the euro changeover and beginning of the period of dual display of prices, namely three months before the euro changeover day. In this case technical aspects of displaying the maximum retail price in euro will be set as simple as possible not increasing administrative burden on traders and they will be stipulated in the Law on Excise Tax.

6.3. Single-purpose payment instruments

For convenience of customers a number of companies in Latvia issue single-purpose payment instruments, for example – stamps, phone cards, prepaid mobile phone cards, fuel cards, parking payment cards, public transport e-tickets, gift cards, etc. Providers of respective services will perform measures to ensure adjustments of necessary equipment to handle payments in euro.

On many single-purpose payment instruments the price of the service is indicated in lats. Within the framework of the euro introduction project in cooperation with the issuers of single-purpose payment instruments and related controlling state administration institutions regulatory enactments regulating operations of respective commercial companies will be identified in order to determine where amendments need to be introduced due to the currency changeover in Latvia. General principles for the single-purpose payment instrument currency changeover are included in the draft Law on Introduction of Euro. The above said institutions and associations of companies will develop informative guidelines to ensure operation of single-purpose payment instruments after the euro changeover day.

6.4. Retail trade

In order to facilitate the introduction of cash euro, the draft Law on the Introduction of Euro will provide that from the euro introduction day the cash change should be paid out in euro, except in cases provided in EU law³ stating that except for the issuing authority and for those persons specifically designated by the national legislation of the issuing Member State, no party shall be obliged to accept more than 50 coins in any single payment.

³ Article 11. Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro. OJ L 139, 11.5.1998, p. 1 [reviewed: June 29, 2012]. Available: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:1998R0974:20110101:LV:PDF>. Order No 441 of the Cabinet of Ministers of 19 September 2012 "On the Latvia's National Euro Changeover Plan"

7. COMMUNICATION

It is important to achieve public awareness of the euro introduction to ensure that the changeover from lats to the new currency proceeds in a manner that the consumers can follow. To that end, the Public Awareness and Communication Working Group has developed a Communication Strategy for public information about the introduction of cash and non-cash euro in Latvia. The strategy defines key communication thesis as well as identifies risks which might arise due to a number of practical reasons. On the basis of key principles defined in the strategy, within the framework of the Action Plan a Communication Action Plan has been developed (see Annex 1).

The strategy provides for a state-organised public awareness campaign. During its development and implementation, it is necessary to obtain a detailed picture of the public understanding of and attitude towards the introduction of euro as well as underlying factors. According to the euro changeover basic principles particular attention will be paid to inform remotely positioned part of society in terms of access to financial services about cash and non-cash euro changeover issues.

Key principles and topics of the communication campaign

- Uniform design and slogan;
- Principles and scenario of the euro changeover incorporated in the Plan;
- Security features of euro banknotes and coins;
- Conversion rate of the euro and the lats.

7.1. Communication goals

The main goal – to facilitate successful process of the introduction of euro, to inform inhabitants about the introduction of euro and to explain the process of the introduction of euro to general public. To achieve this goal each member of the public must receive comprehensive information about the changeover from lat, the current legal tender, to euro; practical issues relating to currency exchange; changes in the daily routine of the public related to the euro changeover and changes in the Latvian monetary policy and the national economy in general.

7.2. Institutions involved in the implementation of the communication strategy

The Communication Strategy has been developed by the Euro Project Public Awareness and Communication Working Group. The major communication partners of the campaign are the EC, the ECB, the Saeima and ministries and their subordinated institutions, BoL, local governments, etc. All state administration institutions as well as the private sector, for example, trade companies and service providers will be indirectly or directly involved in the implementation of the Strategy and Action Plan.

Together with the communication measures implemented by the Government, the BoL will also implement a communication campaign to inform citizens about the euro changeover aspects within the competence of the BoL.

All individual and group efforts spared to get and disseminate information about the euro changeover shall be supported. Within the framework of the Communication Strategy Action Plan special attention will be paid to gathering and informing secondary information sources to achieve a megaphone effect or a situation when several voices repeat the same announcement therefore reaching wider public.

It is planned to increase the public awareness level regarding the euro through publications in the press about the euro changeover process and related changes. Advertisements will be made and debates will be organised on the TV and radio. Special attention will be paid also to the dissemination of information in the social media, for example, twitter.com, facebook.com, draugiem.lv. A significant task will be the development of informative brochures for consumers and non-financial corporations. All informative broadcasts and published materials about the introduction of euro in Latvia will be prepared in Latvian and Russian.

A help-desk telephone line on euro changeover issues "Euro info" (phone 67211111) was set up for the general public, as well an informational website www.eiro.lv was created. The phone number and website address will be indicated not only at the end of each broadcast on the TV and radio, but also in published advertisements and informative brochures.

7.3. Target groups

The target audience for the communication strategy is all cash and non-cash users in Latvia. In order to ensure public awareness of the Plan and to promote public understanding about euro changeover issues, it is planned to provide information based on the target groups.

It is planned to target communication measures towards the following target groups – households, pensioners and vulnerable social groups, pupil and students, representatives of the public sector, journalists, commercial entities, representatives of credit institutions, opinion leaders, tourists, investors, coin collectors, general public. According to basic principles of the euro changeover (orientation towards worst positioned inhabitants in terms of access to financial services) particular attention will be paid to inhabitants who are more difficult to reach by means of the mass media (e.g., pensioners, persons with special needs, representatives of ethnic minority groups who do not use information in Latvian, etc.).

In view of the fact that persons in prisons and those released from prisons are part of the community who might find it difficult to obtain information on the euro changeover by other means, special informational activities are planned within the framework of the Communication Strategy to be carried out in places of confinement and departments of the State Probation Service, including in libraries and departments of these institutions informative materials will be placed about the euro changeover in Latvian and Russian.

7.4. Public surveys

Within the framework of the euro changeover project a number of surveys will be carried out in order to follow the public opinion. These surveys allow finding out the level of public awareness about cash and non-cash euro and attitude towards the euro changeover. Surveys will be carried out according to content requirements of the institutions involved in the euro changeover process (MoF, BoL, MoE, CRPC, etc.) organising one survey procurement. It is planned that as soon as Latvia will conclude a Partnership and Grant Agreement with the EC and the ECB on co-financing for communication measures and cooperation, respective EC co-financing will be also provided to surveys.

Information obtained as a result of surveys will be used to forward the euro communication strategy in the direction of the most topical public issues, to develop guidelines for solving the problems identified in surveys and to control the achievement of communication goals.

In order to find out attitude of the general public towards the introduction of euro and understanding of individual aspects of this process in 2011 two surveys were carried out: EC Eurobarometer survey "Introduction of the Euro in the More Recently Acceded Member States" (August 2011)⁴ and the survey carried out by Ltd "Factum" at the request of the BoL "Money and Bank System in Latvia" (May 2011). Results of the Ltd "Factum" have been summarised in Annex 1 to the Communication strategy⁵.

7.5. Communication activities schedule, deadlines

Three phases have been envisaged in the Communication Action Plan:

- **I phase or preparation period: 24 months before the euro introduction day – six months before the euro introduction day.** During the period from 1 January 2012 till 30 June 2012 the Steering Committee continues to implement euro changeover measures, whose performance does not depend on the euro changeover date, such as presenting benefits from the euro in the EU and Latvia to the population, carrying out a study of attitude towards the introduction of euro and explaining results of studies, providing information on the experience of other countries related to the euro introduction etc. During this period it is planned to build basis for the partnership in the intensive communication phase – addressing and rising interest of potential partners, presenting campaign's progress and agreement on the forms of cooperation. During this period multiplier environment trainings will be carried out, as well as all public procurements which are necessary to ensure communication will be made, including for questionnaires, training means, updating of websites, media information, ensuring work of the help-desk telephone, etc. It is expected to close the phase within six months before the introduction of euro, namely on 30 June 2013.
- **II phase or intensive period: six months before the euro introduction day – two weeks after the euro introduction day.** During the period from 1 July 2013 till 14 January 2014 (end of the period of parallel circulation of two currencies) it is planned to provide actively

⁴ Eurobarometer surveys about the introduction of euro. [reviewed: July 22, 2012]. Available: http://ec.europa.eu/public_opinion/topics/euro_en.htm.

⁵ Euro Changeover Communication Strategy in Latvia. [reviewed: June 29, 2012]. Available: <http://www.eiro.lv/faili/struktura/OE85A3399563001338794335.pdf>.

information about identification signs of the new currency, value of banknotes, price stability, currency exchange rate, possibilities to exchange money, dual circulation period and dual price display principles and process, money security measures. Emphasis will be put on practical cash and non-cash issues. During this period professional environment trainings and additional informative forums will be organised in regions of Latvia.

- **III phase or final period: *two weeks after the euro introduction day – 12 months after the euro introduction day.*** During this period it is expected to evaluate the euro changeover process, inform the public about money security measures, organise a final questionnaire, etc.

After the end of III phase each institution will provide information about euro within its competence.

Action Plan for Introduction of the Single European Currency in Latvia ⁶

Table 1.1

No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
J. LEGAL FRAMEWORK (SAWG)							
J1	Studying and ensuring the legal framework for the euro change-over	SAWG					
J1.6		SAWG	Coordinate with the ECB the draft Law on Introduction of Euro, amendments to the Law on the Bank of Latvia and the Law on Prevention of Conflict of Interest in Activities of Public Officials	18.07.2012	16.11.2012	MoF	BoL
J1.7		SAWG	Submit to the CoM the draft Law on Introduction of Euro, amendments to the Law on the Bank of Latvia and the Law on Prevention of Conflict of Interest in Activities of Public Officials	16.11.2012	27.11.2012	MoF	BoL
J1.8		SAWG	Organise negotiations with the ECB on further status of CoM Regulation No 564 of 26 July 2005 "On rendering the name of the single currency of the EU in Latvian"	01.06.2012	01.01.2013	MoF	MoJ
J2	Adjustment of laws and	SAWG					

⁶ Implemented tasks of Annex 1 to the Plan are summarised in the end of the document, in Table 1.2. After the edition of implemented points numbering in Annex 1 is not changed.

No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
	regulation to the euro						
J2.1		SAWG	Adjust laws	01.06.2012	01.10.2013	Ministries	–
J2.1.1		SAWG	Introduce amendments to all laws related to the euro changeover	01.06.2012	01.07.2013	Ministries	–
J2.1.2		SAWG	Submit to the CoM and Saeima a single package of draft laws in which it is not necessary to know the conversion rate	01.07.2013	01.08.2013	MoF	Ministries
J2.1.3		SAWG	Submit to the CoM and Saeima a single package of draft laws in which it is necessary to know the conversion rate in order to develop amendments	01.07.2013	01.10.2013	MoF	Ministries
J2.2		SAWG	Adjust regulatory enactments CoM	01.06.2012	01.07.2016	Ministries	–
J2.2.1		SAWG	Introduce amendments to CoM regulatory enactments which are essential for provision of legal certainty regarding the euro changeover	01.06.2012	01.07.2013	Ministries	–
J2.2.2		SAWG	Submit to the CoM regulatory enactments which are essential for provision of legal certainty regarding the euro changeover	01.07.2013	01.10.2013	Ministries	–
J2.2.3		SAWG	Develop and submit to the CoM amendments to regulatory enactments which are not essential for provision of legal certainty regarding	01.07.2013	01.07.2016	Ministries	–

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			the euro changeover				
J2.3		SAWG	Adjust regulations of the FCMC and regulations of the BoL	01.06.2012	01.10.2013	FCMC, BoL	–
J2.4		SAWG	Provide methodological administration of adjusting binding regulations of local government	01.06.2012	01.01.2014	MoEPRD	–
J2.4.1		SAWG	Consult and inform local government about necessary amendments to binding regulations and other decisions, as well as about estimated dates for validation of amendments	01.06.2012	01.01.2014	MoEPRD	–
J2.4.2		SAWG	Develop methodological guidelines for adjusting binding regulations of local governments that will be available on the MoEPRD homepage	01.06.2012	01.07.2013	MoEPRD	–
J3	Conversion of lat to euro	SAWG					
J3.6		SAWG	Develop guidelines for the implementation of the Conception	01.06.2012	01.02.2013	MoF	MoJ
Sk CASH (MPSWG)							
Sk1	Procurement and front-loading of euro coins and banknotes	MPSWG					
Sk1.2		MPSWG	Announce a competition on euro coins minting possibilities	10.09.2012	20.11.2012	LB	–

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
Sk1.3		MPSWG	Determine the winner of the competition (mint) and conclude a contract on euro coins minting possibilities	20.11.2012	10.01.2013	BoL	–
Sk1.4		MPSWG	Prepare samples of euro coins and make trial coinage	10.01.2013	01.08.2013	BoL	–
Sk1.5		MPSWG	Mint and deliver euro coins to the BoL	01.08.2013	01.03.2014	BoL	–
Sk1.6		MPSWG	Agree with the ESCB on procurement of banknotes and delivery to the BoL	01.10.2012	01.12.2013	BoL	–
Sk1.7		MPSWG	Plan and organise front-loading of euro banknotes to credit institutions	01.01.2012	01.01.2014	BoL	Credit institutions
Sk1.8		MPSWG	Plan and organise the second phase of euro banknote and coin front-loading to the clients of credit institutions	01.01.2012	01.01.2014	BoL	Credit institutions
Sk1.9		MPSWG	Organise measures in the Bank of Latvia related to the withdrawal of lats from circulation	01.06.2012	For an unlimited period	BoL	–
Sk1.10		MPSWG	Organise measures related to the withdrawal of lats from circulation	01.06.2013	01.07.2014	BoL	Credit institutions
Sk2	Euro cash change-over and exchange of lats according to the euro introduction scenario	MPSWG					
Sk2.1		MPSWG	Develop time schedule for the BoL,	01.01.2013	01.07.2013	BoL	Credit institutions,

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			credit institutions and LP for the euro changeover day (1 January – holiday)				LP
Sk2.2		MPSWG	Prepare ATMs and cash processing machines for handling euro	01.01.2013	01.01.2014	BoL, credit institutions	Card processing service, equipment supply companies
Sk2.3		MPSWG	Exchange cash lats to euro in credit institutions free of charge	01.01.2014	30.06.2014	Credit institutions	BoL
Sk2.4		MPSWG	Exchange cash lats to euro in separate places of LP postal service provision free of charge	01.01.2014	31.01.2014	LP	–
Sk 2.5		MPSWG	Exchange cash lats to euro in the BoL free of charge	01.01.2014	For an unlimited period	BoL	–
Be. NON-CASH (MPSWG)							
Be1	Preparing large-value payment systems for handling payments in euro	MPSWG					
Be1.2		MPSWG	Prepare infrastructure of real-time payment systems of the BoL for the euro changeover	01.01.2013	01.01.2014	BoL	Credit institutions, LCD, ST
Be2	Preparing retail payment systems for handling payments in euro	MPSWG					
Be2.2		MPSWG	Prepare the clearing system of the BoL for payments in euro	01.01.2013	01.01.2014	BoL	Credit institutions, ST

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
Be2.3		MPSWG	Prepare the card payment system and related infrastructure for payments in euro	01.07.2012	01.01.2014	MoF	Credit institutions, card processing service, equipment supply companies
Be2.4		MPSWG	Prepare the payment system of the LP and related infrastructure for payments in euro	01.12.2012	01.01.2014	MoT	LP
Be2.5		MPSWG	Prepare the direct debit, regular payment system and systems of other payments and related infrastructure for payments in euro	01.07.2012	01.01.2015	MoF	Credit institutions, providers of direct debit, regular payment etc. services and related companies
Be3	Reducing the number of outstanding initiated payments	MPSWG					
Be3.1		MPSWG	Determine and implement measures to reduce the number of outstanding payments	01.07.2013	01.01.2014	MoF, BoL, MoT	Credit institutions, ST, card processing service, providers of direct debit, regular payment etc. services and related companies
Be4	SEPA introduction	MPSWG					
Be4.2		MPSWG	Introduce SEPA credit transfers	28.01.2008	01.01.2014	Credit institutions	ST, LP, credit institutions, LDDK
Be4.3		MPSWG	Introduce SEPA direct debit payments	02.11.2009	31.12.2014	Credit institutions	LP, LDDK

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
Be4.4		MPSWG	Introduce SEPA payment framework card	01.01.2008	31.12.2012	Credit institutions	LTA
Be4.7		MPSWG	Introduce SEPA direct debit payment infrastructure	01.05.2009	01.01.2013	Itella Information	Credit institutions, LDDK
Be4.8		MPSWG	Ensure SEPA communication	28.01.2008	31.12.2014	MoF, BoL	ST, LP, credit institutions, providers of payment processing infrastructure, LICTA, LDDK, ACSMM, LTA, CRPC
Be4.9		MPSWG	Ensure maintenance of SEPA creditor identifier in the RoE	28.01.2008	01.01.2014	MoJ	RoE, ALCB
Fi FINANCIAL INSTRUMENTS (FSWG)							
Fi1	Ensuring trading in financial instruments (measure of value - euro)	FSWG					
Fi1.1		FSWG	Introduce changes in trading systems to ensure changeover to euro	01.01.2013	01.01.2014	NASDAQ OMX	–
Fi2	Preparing financial instruments accounting and settlement systems for the euro change-over	FSWG					
Fi2.1		FSWG	Introduce changes in financial instrument	01.01.2013	01.01.2014	LCD	MoF, BoL

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			accounting and settlement systems to ensure changeover to euro				
Fi5	Redenomination of financial instruments from lats to euro	FSWG					
Fi5.1	Redenomination of debt securities	FSWG					
Fi5.1.2		FSWG	Evaluate the need to develop subordinated regulatory enactments for redenomination of debt securities. If necessary, develop and approve subordinated regulatory enactments	01.05.2012	01.07.2013	MoF	NASDAQ OMX, LCD
Fi5.2	Redenomination of capital securities	FSWG					
Fi5.2.2		FSWG	Evaluate the need to develop subordinated regulatory enactments for redenomination of capital securities. If necessary, develop and approve subordinated regulatory enactments	01.05.2012	01.07.2013	MoF	NASDAQ OMX, LCD
Fi5.3	Development of principles for redenomination of other financial instruments and	FSWG					

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
	contracts						
Fi5.3.1		FSWG	Implement necessary measures to comply with general basic principles of redenomination regarding state budget loans and state guarantees	01.07.2013	01.01.2014	MoF, ST	–
St. STATISTICS (SAWG)							
St1	Reorganisation of statistical data processing	SAWG					
St1.1		SAWG	Identify statistical observations entailing inevitable duplication of the volume of information to be collected in the dual circulation period of lat and euro and assess potential costs	01.07.2012	01.01.2013	MoE	CSB
St1.2		SAWG	Specify guidelines for fulfilling statistical forms	01.07.2012	01.12.2013	MoE	CSP
St1.3		SAWG	Develop guidelines for recalculation and publishing of time series	01.07.2012	01.12.2013	MoE	CSB
St1.4		SAWG	Train the staff working with statistical data collection and processing systems	01.01.2013	01.01.2014	MoE	CSB, institutions collecting and processing statistical data
St2	Reorganisation of the statistical data dissemination system	SAWG					
St2.1		SAWG	Develop a plan for recalculation and	01.01.2013	01.09.2013	MoE	CSB, institutions

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			publishing of statistical data choosing the period and indicators in order to publish data in two parallel currencies				publishing statistical data
St2.2		SAWG	Recalculate and evaluate indicators in statistical databases	01.01.2013	01.01.2014	MoE	CSB, institutions publishing statistical data
Pn. CONSUMERS AND NON-FINANCIAL CORPORATIONS (NCCWG)							
Pn1	Ensuring protection of consumer rights	NCCWG					
Pn1.2		NCCWG	Identify the most important goods in the consumer basket, following the price developments in retail trade, publishing the data on the internet and in the press, namely, to perform consumer price monitoring	01.01.2013	31.12.2014	MoE	MoF
Pn1.3		NCCWG	Control on regular basis accuracy of prices recalculated by traders and service providers and whether additional amounts are withheld from payments in euro, including compliance with the memorandum "Fair euro introducer"	01.10.2013	30.06.2014	MoE	CRPC
Pn1.4		NCCWG	Specify the responsibility stipulated in regulatory enactments for violations of dual price display requirements	01.06.2012	01.08.2013	MoE	–
Pn1.5		NCCWG	Organise training	01.06.	01.09.	MoE	CRPC,

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			seminars for NGO and CRPC representatives on consumer rights in relation to the euro changeover	2013	2013		LDDK
Pn1.6		NCCWG	Review collective complaints	Constantly		MoE	CRPC
Pn1.7		NCCWG	Consult consumers and merchants	Constantly		MoE	CRPC
Pn1.8		NCCWG	Ensure operation of the CRPC consumer information phone	Constantly		MoE	CRPC
Pn2	Informing non-financial corporations	NCCWG					
Pn2.1		NCCWG	Prepare guidelines for non-financial corporations	01.09.2012	01.02.2013	MoE	–
Pn 2.1.1		NCCWG	Prepare guidelines for non-financial corporations on correct recalculation and display of prices	01.09.2012	01.02.2013	MoE	CRPC
Pn 2.1.2		SAWG	Prepare guidelines on work with cash registers during the dual circulation period	01.09.2012	01.02.2013	MoF	–
Pn 2.1.3		SAWG	Prepare guidelines for accounting during the changeover period from lats to euro	01.09.2012	01.02.2013	MoF	–
Pn 2.1.4		SAWG	Prepare guidelines on tax payment issues during the changeover period from lats to euro	01.09.2012	01.02.2013	MoF	–
Pn 2.1.5		SAWG	Develop guidelines on changeover of single-purpose payment instruments from lats to euro	01.09.2012	01.02.2013	MoF	–
Pn		SAWG	Provide information	01.09.	01.02.	MoF	BoL

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
2.1.6			about application of the euro conversion rate in accounting and other fields	2012	2013		
Pn2.2		NCCWG	Organise professional training seminars for non-financial corporations about the euro changeover process, recalculation of prices, accounting issues etc.	01.06. 2013	01.09. 2013	MoE	MoF, PIAA, LTA, CRPC, LCCI, LDDK
Pn3	Organisation of the campaign "Fair euro introducer"	NCCWG					
Pn 3.1		NCCWG	Organise developing, coordination, signing of the memorandum "Fair euro introducer", organise preparation and sending out of letters, administration of applications for the memorandum, issuing of the mark, organise seminars and control over the execution of the memorandum	01.06. 2013	30.06. 2014	MoE	LDDK, PIAA, LTA, CRPC, LCCI
Is. INFORMATION SYSTEMS (SAWG)							
Is2	Ensuring information system support for the introduction of euro	SAWG					
Is2.1		SAWG	Create an organisational structure of the accounting programme IS change management and ensure IS change	01.01. 2012	01.01. 2014	MoF	–

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			management				
Is2.1.1		SAWG	Develop an action plan to ensure support of accounting programmes (market products) in state administration institutions and municipalities when changing over to the euro	01.01.2012	01.01.2013	MoF	Central government institutions, developers of accounting programme products
Is2.1.2		SAWG	Monitor implementation of the action plan to ensure support of accounting programmes (market products) in state administration institutions and municipalities when changing over to the euro	01.01.2013	01.01.2014	MoF, MoEPRD	Central government institutions, local governments
Is2.2		SAWG	Create an organisational structure of state specialised IS, including individual accounting programmes, and ensure IS change management	01.01.2012	01.01.2014	MoF, MoEPRD	Central government institutions
Is2.2.1		SAWG	Develop an action plan for adjustment of state specialised IS, including individual accounting programmes, managed by state administration institutions, to the euro changeover	01.01.2012	01.06.2012	MoF, MoEPRD	Central government institutions
Is2.2.2		SAWG	Develop a specification of requirements, including a detailed expenditure plan	01.06.2012	01.10.2012	Central government institutions	MoF, MoEPRD
Is2.2.3		SAWG	Continue the maintenance contract or make a procurement, including conclusion	01.10.2012	01.01.2013	Central government institutions	MoF, MoEPRD

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			of a contract				
Is2.2.4		SAWG	Introduce changes	01.01.2013	01.09.2013	Central government institutions	MoF, MoEPRD
Is2.2.5		SAWG	Test changes	01.09.2013	01.12.2013	Central government institutions	MoF, MoEPRD
Is2.2.6		SAWG	Introduce IS changes in operation	01.12.2013	01.01.2014	Central government institutions	MoF, MoEPRD
Is2.2.7		SAWG	Monitor implementation of the action plan to ensure adjustment of state specialised IS to the euro	01.01.2012	01.01.2014	MoF, MoEPRD	Central government institutions
Km. COMMUNICATION ISSUES (PACWG)							
KmV	General information about the euro project	PACWG					
KmV1		PACWG	Provide the mass media with the latest information about euro, euro changeover measures in Latvia, the most important developments in the euro area	Constantly		MoF, BoL	Institutions responsible for the public information
KmV2		PACWG	React to public opinion polls giving comments and disseminating information about the particular issue	Constantly		MoF, BoL	Institutions responsible for the public information
KmV3		PACWG	Prepare and deliver to the mass media (by e-mail, on eiro.lv, in press conferences) electronic informative materials about the euro changeover	Constantly		MoF, BoL	–

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
KmV4		PACWG	Prepare a summary of the Latvia's National Euro Changeover Plan and update it on regular basis	Approval of the Plan by the CoM	1 month after the approval of the updated Plan by the CoM	MoF	–
KmV5		PACWG	Provide ministries, state administration institutions and capital companies with general information, informative materials, popularise www.eiro.lv	Constantly		MoF, BoL	Institutions responsible for the public information
KmV9		PACWG	Update www.eiro.lv	Constantly		MoF	–
KmV10		PACWG	Use the social media: create and update an euro twitter.com account, create a euro section on the portal www.draugiem.lv, publish information on regular basis on the Latvia's page on www.facebook.com	Constantly		MoF	–
KmS	Preparation period: 01.01.2012-30.06.2013	PACWG					
KmS1	Communication planning	PACWG		01.01.2012	30.06.2013	MoF	–
KmS1.2		PACWG	Update the communication strategy	01.01.2012	01.08.2012	MoF	–
KmS1.3		PACWG	Develop a financial plan for the communication strategy	01.01.2012	01.08.2012	MoF	–
KmS1.4		PACWG	Organise cooperation with European institutions regarding co-financing of	01.01.2012	01.04.2013	MoF, BoL	–

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			public information activities				
KmS 1.5		PACWG	Establish a euro communication office	01.07.2012	30.06.2013	MoF	–
KmS2	Prepare and make procurements	PACWG		01.08.2012	30.06.2013	MoF	State Chancellery, MoEd
KmS 2.1		PACWG	Prepare and make a procurement of surveys	01.08.2012	01.01.2013	MoF	–
KmS 2.2		PACWG	Prepare and make a procurement of an informative helpline	01.08.2012	01.01.2013	MoF	–
KmS 2.3		PACWG	Prepare and make a procurement of a public relations conceptual solution for public information	01.08.2012	01.01.2013	MoF	–
KmS 2.4		PACWG	Prepare and make a procurement for updating www.mk.gov.lv	01.08.2012	01.01.2013	State Chancellery	–
KmS 2.5		PACWG	Prepare and make a procurement of methodological materials for teachers	01.09.2012	01.05.2013	MoEd	–
KmS 2.6		PACWG	Prepare and make a procurement for creating of an educating animation movie for children of pre-school age and for pupils of the 1th-12th form	01.09.2012	01.05.2013	MoEd	–
KmS 2.7		PACWG	Prepare and make a procurement of corporative communication and public information measures	01.09.2012	01.03.2013	MoF	–
KmS 2.8		PACWG	Prepare and make a procurement of advertising and technical solution for public information	01.09.2012	01.03.2013	MoF	–

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
KmS 2.9		PACWG	Prepare and make a procurement for making polygraphs for public information	01.10.2012	01.04.2013	MoF	–
KmS 2.10		PACWG	Prepare and make a procurement of a media agency for public information	01.10.2012	30.06.2013	MoF	–
KmS3	Prepare professional environment	PACWG		01.01.2012	30.06.2013	MoF, BoL	–
KmS 3.1		PACWG	Regularly organize lectures involving Euro Team lecturers	01.01.2012	01.01.2014	MoF, EC representation in Latvia	Euro Team lecturers
KmS 3.2		SIKDG	Provide informative materials and training for communicators of EU issues (Europe Direct, EU information points)	01.01.2013	01.02.2014	MoF, BoL, MoFA	Institutions responsible for the public information
KmS 3.3		PACWG	Prepare and deliver to the mass media representative materials, prepare “a press folder”, provide trainings	01.01.2013	01.01.2014	MoF, BoL	Euro Team lecturers
KmS 3.4		PACWG	Provide trainings for librarians on the euro changeover in Latvia and informative materials for libraries	01.01.2013	30.06.2013	MoC, MoF, BoL	Euro Team lecturers
KmS 3.5		PACWG	Provide trainings for heads of local governments, lawyers (possible spokespersons in local governments) on the euro changeover in Latvia	01.01.2013	30.06.2013	MoEPRD, MoF, BoL	LPS, Euro Team lecturers
KmS 3.6		PACWG	Provide trainings for LPF specialists on the euro changeover in Latvia	01.01.2013	30.06.2013	MoW, MoF, BoL	LPF, Euro Team lecturers

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
KmS 3.7		PACWG	Ensure presentation of an educating animation movie and methodological means for teachers	01.06.2013	30.06.2013	MoEd, MoF, BoL	Education boards in local governments and methodological associations of school subjects
KmS 3.8		PACWG	Provide trainings for specialists of youth organisations and youth specialists in local governments on the euro changeover in Latvia	01.03.2013	30.06.2013	MoEd	Youth organisations, youth specialists in local governments, Euro Team lecturers
KmS 3.9		PACWG	Inform about issues that owners of financial instruments should pay special attention to, for example, performance of outstanding initiated transactions after the euro changeover, conversion of managed assets	01.01.2013	30.06.2013	MoF, FCMC	NASDAQ OMX, LCD, BoL
KmI	Intensive period: 01.07.2013-14.01.2014	PACWG					
KmI1	Organise public information activities	PACWG		01.07.2013	14.01.2014	MoF	BoL
KmI 1.1	Organise comprehensive information activities	PACWG		01.07.2013	14.01.2014	MoF	BoL
KmI 1.1.1		PACWG	Informative campaign in the mass	01.07.2013	14.01.2014	MoF	BoL

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			media (TV, radio, thematic pages in national and regional newspapers, internet portals); informative materials in LP service provision places, environmental advertisements				
KmI 1.1.2		PACWG	Placing the euro symbol in Riga city environment	01.09.2013	14.01.2014	MoF	BoL
KmI 1.1.3		PACWG	Informative campaign in the mass media about euro banknotes and coins	01.10.2013	14.01.2014	BoL	In cooperation with the ECB
KmI 1.1.4		PACWG	Organise an ECB exhibition about euro banknotes and coins	01.09.2013	01.11.2013	BoL	In cooperation with the ECB
KmI 1.1.5		PACWG	Include information about euro on EU days in cities. Inform about euro in city festivals in all regions of Latvia	01.01.2013	14.01.2014	MoF	MoEPRD, LALRG, local governments
KmI 1.1.6		PACWG	Organise five informative forums in regions	01.07.2013	01.09.2013	MoF	MoE, BoL
KmI 1.1.7		PACWG	Send an informative letter about the euro changeover to each household in Latvia	01.08.2013	01.09.2013	MoF	–
KmI 1.1.8		PACWG	Send an informative letter about the design of euro banknotes and coins and counterfeiting features and a euro changeover card to each household in Latvia	01.11.2013	01.12.2013	BoL	In cooperation with the ECB
KmI 1.1.9		PACWG	Organise the ceremony of the euro changeover event	31.12.2013	01.01.2014	CoM	MoF
KmI 1.2	Organise informative	PACWG		01.07.2013	14.01.2014	MoF	–

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
	activities for the professional target group						
KmI 1.2.1		PACWG	Prepare a set of information about euro banknotes and coins for visitors of credit institutions. Provide training for specialists about euro banknotes and coins in order to disseminate information further in credit institutions	01.07.2013	14.01.2014	BoL	In cooperation with the ECB
KmI 1.2.2		PACWG	Prepare sets of Latvian euro coins for coin collectors	01.07.2013	14.01.2014	BoL	Organisations of coin collectors
KmI 1.2.3		PACWG	Organise a conference about the euro changeover in Latvia and related ceremonies and events for the mass media	01.01.2013	01.10.2013	BoL	In cooperation with the ECB
KmI 1.2.4		PACWG	Organise seminars for cashiers about counterfeiting features of euro banknotes and coins	01.09.2013	01.12.2013	BoL	In cooperation with the ECB
KmI 1.2.4		PACWG	Provide informative materials about consumer rights regarding euro	01.07.2013	14.01.2014	MoE	CRPC
KmI 1.2.5		PACWG	Provide non-governmental organisations with informative materials about the euro changeover	01.07.2013	14.01.2014	Civic Alliance - Latvia and member organisations	–
KmI 1.3	Organise information activities for special groups of the society	PACWG		01.07.2013	14.01.2014	MoF	–

No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
KmI 1.3.1		PACWG	Prepare information about euro in Russian and English	01.07.2013	14.01.2014	MoF	–
KmI 1.3.2		PACWG	Provide information to pupils, students, children – educating movies, informative posters, competitions of essays, erudition, drawings, visits to exhibitions of the EC and the ECB about the EMU and euro banknotes and coins	01.07.2013	14.01.2014	MoEd, BoL	Youth organisations, youth specialists in local governments
KmI 1.3.3		PACWG	Provide information about the euro changeover to people with special needs (with impaired hearing, vision, speech, mental health, physical disorders): interactive games; informative materials, including in Braille; training of specialists representing organisations of people with special needs	01.07.2013	14.01.2014	MoW	Apeirons, Sustento and member organisations, in particular Latvian Association of the Deaf and un Latvian Society of the Blind
KmI 1.3.4		PACWG	Provide information to unemployed: questions – answers on homepages of the MoW, SSIA (the unemployment benefit conversion procedure etc.)	01.07.2013	14.01.2014	MoW	SEA, SSIA
KmI 1.3.5		PACWG	Provide informative materials to prisoners and clients of the State Probation Service	01.07.2013.	14.01.2014.	MoJ	Prison Administration, State Probation Service
KmI 1.3.6		PACWG	Provide informative materials to receivers of social services and assistance	01.07.2013	14.01.2014	MoEPRD, MoW, local governments	NGO maintaining shelters or soup kitchens
KmI		PACWG	Provide information	01.07.	14.01.	MoW,	LPF, other

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
1.3.7			to pensioners, receivers of allowances: questions – answers on homepages of the MoW, SSIA (the pension and allowance conversion procedure etc.)	2013	2014	SSIA	pensioners' organisations, NGO, LP
KmI 1.3.8		PACWG	Provide information to foreign tourists – posters at transport junctions (airport, railway, bus station, port); information prepared by the Latvian Institute in a form of a News Letter for foreign journalists and tourism operators; constantly published information on the Latvia's page on www.facebook.com, informative materials in foreign languages, national tourism portal www.latviatourism.lv	01.07. 2013	14.01. 2014	MoE, MoT, MoFA	Local governments, TDSA
KmI2	On regular basis make surveys about expected impact of the euro change-over on the Latvian population	PACWG		01.01. 2013	14.01. 2014	MoF	MoE
KmI3	Organise operation of the information centre	PACWG		01.01. 2013	31.12. 2014	MoF	–
KmI 3.2		PACWG	Ensure operation of the "Euro info" informative helpline 67211111	01.01. 2013	31.12. 2014	MoF	–
KmI 3.3		PACWG	Provide necessary information about the euro changeover for	01.01. 2013	31.12. 2014	MoF, MoE	BoL, CRPC

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			the operation of the "Euro info" informative helpline and CRPC's helpline				
KmN	Closing period: 15.01.2014-31.12.2014	PACWG					
KmN1	Make survey about the impact of the euro change-over on Latvian population after the introduction of euro	PACWG		15.01.2014	31.12.2014	MoF	–

Table 1.2

Report on Implemented Assignment of Annex 1 to the LNECP

No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
J. JURIDISKIE JAUTĀJUMI (SAWG)							
J1	Studying and ensuring the legal framework for the euro	SAWG					

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
	change-over						
J1.1		SAWG	Collect information on legislation and regulations binding on local governments that need to be amended in relation to the euro changeover	01.11.2005	01.01.2006	MoF	Ministries, FCMC, BoL
J1.2		SAWG	Re-collect information on legislation and regulations binding on local governments that need to be amended in relation to the euro changeover	01.01.2011	01.09.2011	MoF	Ministries, FCMC, BoL
J1.3		SAWG	Draft a concept for adjusting regulatory enactments in relation to the euro changeover	01.01.2012	01.06.2012	MoF	Ministries, FCMC, BoL
J1.4		SAWG	Draft the Law on Introduction of Euro incorporating core principles and scenario of the euro changeover; amendments to the Law on the Bank of Latvia and the Law on Prevention of Conflict of Interest in Activities of Public Officials	01.01.2012	01.06.2012	MoF	MoJ, MoEPRD, BoL
J1.5		SAWG	Submit draft laws which are essential for legal convergence: draft Law on Introduction of Euro, amendments to the Law on the Bank of Latvia and the Law on Prevention of Conflict of Interest in Activities of Public Officials, for consideration and promulgation in the	01.06.2012	05.07.2012	MoF	Ministries, BoL, FCMC

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			meeting of State Secretaries				
J3	Conversion of lats to euro	SAWG					
J3.1		SAWG	Draft operational principles and timetable for the dual circulation period of lats and euro (incorporated in the draft Law on Introduction of Euro)	01.01.2012	01.06.2012	MoF	–
J3.2		SAWG	Draft general principles and procedure for conversion and procedure for all means of payment and single-purpose payment instruments (incorporated in the draft Law on Introduction of Euro)	01.01.2012	01.06.2012	MoF	–
J3.3		SAWG	Develop control principles for the dual circulation period and ensure implementation thereof (incorporated in the draft Law on Introduction of Euro)	01.01.2012	01.06.2012	MoF, FCMC, MoE, MoT, BoL	CRPC
J3.4		SAWG	Introduce general procedure for the transition of accounting from lats to euro and incorporate it in the draft Law on Introduction of Euro	01.01.2012	01.06.2012	MoF	SC, BoL, SRS, FCMC
J3.5		SAWG	Introduce procedure for the cash transaction during the dual circulation period of lats and euro and incorporate it in the draft Law on Introduction of Euro	01.01.2012	01.06.2012	MoF	SRS
Sk. CASH (MPSWG)							

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
Sk1	Procurement and front-loading of euro coins and banknotes	MPSWG					
Sk1.1		MPSWG	Develop the coin design and agree it with the EC	01.06.2006	01.11.2007	BoL	–
Be. NON-CASH (MPSWG)							
Be1	Preparing large-value payment systems for handling payments in euro	MPSWG					
Be1.1		MPSWG	Ensure Latvia's participation in the ESCB TARGET2 system	01.11.2004	01.11.2007	BoL	Credit institutions, LCD, ST
Be2	Preparing retail payment systems for handling payments in euro	MPSWG					
Be2.1		MPSWG	Prepare the clearing system of the Bank of Latvia for handling payments in euro	01.04.2006	01.12.2007	BoL	Credit institutions, ST
Be4	SEPA introduction	MPSWG					
Be4.1		MPSWG	Develop the National SEPA Introduction Plan	01.11.2008	01.12.2009	BoL	MoF, ST, LP, credit institutions, providers of payment processing infrastructure, LICTA, LDDK, ACSMM, LTA, CRPC

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
Be4.5		MPSWG	In cooperation with the ALCB Payment Committee evaluate necessary changes in the clearing system of the BoL and estimated time for implementation thereof so that the system corresponds to SEPA standards	01.01.2008	01.04.2009	BoL	ALCB, ST
Be4.6		MPSWG	Introduce SEPA credit transfer infrastructure	01.02.2009	01.11.2010	BoL	Credit institutions, ST
Fi. FINANCIAL INSTRUMENTS (FSWG)							
Fi3	Completion of initiated outstanding financial instrument transactions	FSWG					
Fi3.1		FSWG	Prepare requirements for completion of initiated outstanding financial instrument transactions and incorporate them in the draft Law on Introduction of Euro	01.01.2012	01.06.2012	FCMC	MoF
Fi4	Reducing administrative costs associated with amendments to documents due to the euro change-over	FSWG					
Fi4.1		FSWG	Set requirements for issuers of financial instruments and pension funds to complete amendments to	01.01.2012	01.06.2012	FCMC	MoF

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			documents no later than within 30 months of the euro changeover				
Fi6	Redenomination of financial instruments from lats to euro	FSWG					
Fi6.1	Redenomination of debt securities	FSWG					
Fi 6.1.1		FSWG	Draft principles for changing and rounding the nominal of debt securities, principles for interest payments, including during the dual circulation period, minimising changes in investor claims and issuer liabilities and incorporate them in the draft Law on Introduction of Euro	01.01. 2012	01.06. 2012	FCMC	MF, ST, NASDAQ OMX, LCD
Fi 6.1.3		FSWG	Draft a procedure for changing the number of conversion days used in interest calculations for government debt securities to that used in the euro area	01.01. 2006	21.04. 2006	FCMC	MF, ST, NASDAQ OMX, LCD
Fi6.2	Redenomination of capital securities	FSWG					
Fi 6.2.1		FSWG	Draft principles for changing and rounding the nominal of capital securities, principles for interest payments, including during the dual circulation period, maintaining proportionality of shareholders' vote	01.01. 2012	01.06. 2012	FCMC	MF, ST, NASDAQ OMX, LCD

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
			and minimising changes in the capital and incorporate them in the draft Law on Introduction of Euro				
Fi7	Replacing Latvian money market indices RIGIBOR and RIGIBID by euro money market indices	FSWG					
Fi7.1		FSWG	Draft a procedure for replacing RIGIBOR and RIGIBID by the euro money market indices in financial instruments and contracts concluded prior to the euro changeover and incorporate them in the draft Law on Introduction of Euro	01.01.2012	01.06.2012	FCMC	MoF, ST, NASDAQ OMX, LCD, BoL, ALCB
Fi8	Redenomination of the central government guarantee portfolio	SAWG					
Fi8.1		SAWG	Draft principles for redenomination of central government guarantee agreements	01.01.2006	01.04.2006	MoF, ST	–
Fi8.2		SAWG	Draft principles for redenomination of central government budget lending agreements	01.01.2006	01.04.2006	MoF, ST	–
Pn. CONSUMERS AND NON-FINANCIAL CORPORATIONS (NCCWG)							
Pn1	Ensuring protection of consumer	NCCWG					

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
	rights						
Pn1.1		NCCWG	Carry out a study about the problems of and changes in non-financial corporations due to the euro changeover – impact of the euro changeover on trade and the problems which consumers face	01.11.2006	01.12.2006	MoE	–
Is. INFORMATION SYSTEMS (SAWG)							
Is1	Study the work amount for information system adjusting to the euro introduction	SAWG					
Is1.1		SAWG	Identify IS containing value expression indicators	01.01.2006.	01.07.2006.	MoEPRD	State administration institutions
Is1.2		SAWG	Repeatedly identify IS containing value expression indicators	01.01.2012	01.07.2012	MoEPRD	State administration institutions
Km. COMMUNICATION ISSUES (PACWG)							
Km1	General information about the euro project	PACWG					
KmV6		PACWG	Design a communication logo	01.01.2006	01.07.2006	MoF, BoL	–
KmV7		PACWG	Develop www.eiro.lv	01.11.2006	01.12.2008	MoF, BoL	–
KmV8		PACWG	Organise an exhibition "Creation of the Euro Coins"	01.01.2006	01.04.2007	BoL	MoF
KmS	Preparation period: 01.01.	PACWG					

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No	Objective	Working group	Measure	Deadline		Responsible institution	Co-responsible institution
				Started	Implemented		
	2012-30.06.2013						
KmS1		PACWG	Communication planning			MoF, BoL	–
KmS 1.1		PACWG	Develop a communication strategy	01.08.2010	01.12.2010	MoF, BoL	–
KmI	Intensive period: 01.07.2013-14.01.2014	PACWG					
KmI3	Organise work of the information centre	PACWG		01.01.2013	31.12.2014	MoF	–
KmI 3.1		PACWG	Set up cooperation with the SEUIC help-desk telephone line 7211111	01.02.2007	01.12.2007	MoF, BoL	SEUIC

Basic Provisions of the Stability and Growth Pact

Implementation of the fiscal policy of the EMU is decentralised. However, an unsound fiscal policy of a Member State may threaten stability and aggravate economic tension in a union with a common system of interest rates. In order to prevent the adverse impact of an unsound fiscal policy on the single European currency and price stability in the EU, in 1997 the European Council adopted the SGP to supplement and elaborate the provisions for the EMU incorporated in the Treaty on European Union, setting restrictions on the budgetary policies implemented by the governments of the EU Member States.

In March 2005 ECOFIN published the 20 March 2005 meeting report on improving the implementation of the Stability and Growth Pact which updated and supplemented the SGP, including the Resolution of the Amsterdam European Council and Council Regulations 1466/97 and 1467/97. The objective of the SGP is to enforce fiscal discipline in the EU Member States and to coordinate the economic and budgetary policies implemented by them, in order to promote successful implementation of the single monetary policy.

Following the global financial crisis the EU started work at the development of a single crisis management policy and economic revival tools, including strengthening SGP provisions. As a result the financial market monitoring framework has been strengthened, financial support tools have been introduced and proposals for strengthening the fiscal and macroeconomic policy have been developed.

I Ensuring Fiscal Discipline

According to the SGP, the EU Member States have to comply with the medium-term budgetary objective of positions close to balance or in surplus. A budgetary position close to balance creates the necessary pre-conditions for price stability and sustainable growth promoting an employment rise in all EU Member States and enabling them to deal with normal cyclical fluctuations in the economy while keeping the government deficit within the reference value of 3% of GDP. The Member States have undertaken the above commitments with the Maastricht Treaty.

Should a Member State fail to comply with the government deficit or debt limits, an excessive deficit procedure is started against this Member State. Further the government debt level will also be of equal importance, because the Council will be entitled to start an excessive deficit procedure also against Member States with the government debt level exceeding 60% of GDP as provided in the Maastricht Treaty.

Within the framework of an excessive deficit procedure the Council makes recommendations to this Member State regarding measures to be taken to terminate fiscal imbalances. Usually the recommendation execution period is one year. The Council may recommend that the Member State implement measures in specific problem areas as well as set the overall amount of measures to be taken as a minimum share of the national GDP, in order to ensure that the excessive deficit is gradually, yet sufficiently quickly reduced.

If the Member State has failed to implement measures to prevent imbalances, the Council has the right to apply sanctions – both fines for euro area countries and other corrective tools for all EU Member States, for example, limited access to the EU Cohesion Fund. Decisions on existence of an excessive deficit and initiating or stopping an excessive deficit procedure are based on reports of governments of relevant Member States on the government debt and deficit data. The reported data are checked before the Eurostat deems them to be correct.

II Economic Policy Coordination

In order to ensure coordination of the economic policies implemented by the EU Member States, every year the Member States having adopted the single European currency have to submit a Stability Programme whose objective is to secure implementation of a sound and responsible budgetary policy to attain and maintain the government budget position close to balance. Member States willing to join the EMU have to submit a Convergence Programme, providing an overview of the planned national policies (budgetary and economic policies). The objective of the economic policy reflected in the Convergence Programme is to ensure compliance with the nominal Maastricht criteria required for euro implementation.

In order to ensure that the information on the planned government measures and planned budgetary position included in the submitted programmes is reasonably credible and accurate, the Member States have to submit the programmes to the EC and the EU Council for evaluation within a specific period of time (no earlier than on 10 October and no later than on 15 December of each year; i.e. after submitting the draft national budget law to the Parliament).

III Prevention of Macroeconomic Imbalances

The multilateral monitoring system which is provided in the Treaty on the Functioning of the European Union has been supplemented since the end of 2011 with special provisions to help detect, prevent and correct macroeconomic imbalances within the EU. A warning mechanism has been introduced, which includes indicative and transparent summary indicators or thresholds, as well as objective and in-depth assessment of the economy in Member States. Exceeding one or more of the thresholds are not necessarily indicative of macroeconomic imbalances, as it can be associated with different economic conditions and economic policy objectives.

If macroeconomic imbalances in the Member State are assessed as serious and undesirable, with potential negative economic and financial impact on the EU economic stability and undermine the functioning of EMU, an excessive imbalance procedure may be initiated against the Member State. It involves issuing recommendations, enhanced supervision and monitoring requirements and – for Member States where the currency is euro, – fines, if appropriate measures to correct macroeconomic imbalances are not taken protractedly.

IV Monitoring of Budget Development

In order to ensure economic growth and sustainability of public finances, as well as to ensure tighter budgetary discipline by monitoring and coordination of budgetary policies in Order No 441 of the Cabinet of Ministers of 19 September 2012 "On the Latvia's National Euro Changeover Plan"

the euro area and the EU, within the framework of the economic policy surveillance and coordination cycle or the European semester all EU Member States shall prepare annual medium-term programmes representing national fiscal policies for the next four years. Euro area countries shall prepare Stability Programmes, while the rest of EU Member States – Convergence Programmes. The European semester provides that these programmes are developed, evaluated by the EC (European Council provides recommendations for each Member State) in the first half of the calendar year, thus giving Member States a possibility to take into account the recommendations in the next year's budget development process.

Maastricht Criteria

In accordance with the Treaty on the Functioning of the European Union, the EC and ECB regularly issue a Convergence Report in order to check whether potential euro area countries have achieved a high and sustainable level of convergence. In order to measure economic convergence, these institutions use a system of analysis based on implementation of the so-called Maastricht criteria.

The main objective of the Maastricht criteria is to ensure that only those EU Member States join the euro area whose economic conditions ensure price stability and effective functioning of the euro area. The convergence criteria have to be met based on the current data, but at the same time compliance with the convergence criteria has a significant role not only at a particular moment but also in a longer period of time. Therefore, when evaluating a Member State, special attention is paid to sustainability of convergence.

Convergence criteria

1. Price stability

One year prior to assessment, the average annual inflation rate in relevant Member State does not exceed by more than 1.5 percentage points the average indicator of three EU Member States with the best average annual inflation indicator.

2. Fiscal developments

- **The general government deficit** does not exceed 3% of GDP.
- **The general government debt** does not exceed 60% of GDP.

As in 2008 the Latvian budget deficit reached 3,5% of GDP the Council took a decision to initiate an excessive deficit procedure⁷. In view of consequences of the global financial crisis and internal imbalances, the Council determined that by 2012 the budget deficit should be reduced below 3%, and the fiscal consolidation budget deficit objective should be not more than 10% of GDP in 2009, 8,5% in 2010 and 6% in 2011 (according to ESA 95 methodology).

3. Exchange rate stability

For at least two years prior to evaluation, the Member State has been able to observe the normal exchange rate fluctuation margins within the ERM II without severe tensions. Within this period, the Member State, at its own initiative, has not devalued the bilateral exchange rate of the national currency against euro.

4. Long-term interest rate developments

Long-term interest rates – usually government 10-year bond rates, do not exceed by more than 2 percentage points the average indicator of three EU Member States with the best average annual inflation indicator.

⁷ Izklāstu skat. Plāna 2.pielikumā.

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Table 3.1

Compliance with Maastricht Criteria in Latvia from 2007 till 2011

	Criterion in 2007	Latvia's achievement in 2007	Criterion in 2008	Latvia's achievement in 2008	Criterion in 2009	Latvia's achievement in 2009	Criterion in 2010	Latvia's achievement in 2010	Criterion in 2011	Latvia's achievement in 2011
General government deficit (% of GDP)	-3,0	-0,4	-3,0	-4,2	-3,0	-9,8	-3,0	-8,2	-3,0	-3,5
General government debt (% of GDP)	60,0	9,0	60,0	19,8	60,0	36,7	60,0	44,7	60,0	42,6
Average annual inflation (%)	2,8	10,1	4,1	15,3	1,5	3,3	2,4	-1,2	3,1	4,2
Long-term interest rate on government securities (%)	6,43	5,28	6,24	6,43	5,93	12,36	5,20	10,34	7,30	5,91
Exchange rate regime	Criterion in 2007, 2008, 2009, 2010 and 2011: Fixed exchange rate against euro and at least two years of participation in ERM II.					Latvia's achievement in 2007, 2008, 2009, 2010 and 2011: Fixed exchange rate against euro since 2005, participation in ERM II since May 2005.				

Source: Treasury, CSB and Eurostat data.

Composition of Working Groups

Table 4.1

Money and Payment System Working Group

Head	
Bank of Latvia Deputy Governor of the Bank of Latvia Mr Andris Ruselis Telephone: 6702 2328 e-mail: andris.ruselis@bank.lv	
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Members	
1.	Association of Latvian Commercial Banks Deputy Chairman of the Payment Cards Committee Head of the Payment Cards Department, GE Money Bank Ms Inese Blekte Telephone: 6702 9029 e-mail: inese.blekte@ge.com
2.	Association of Latvian Commercial Banks Analyst Ms Zanete Glaudina Telephone: 6728 4182 e-mail: zanete.glaudina@bankasoc.lv
3.	Association of Latvian Commercial Banks Chairman of the Payment Committee Head of the Group Payments Support and Operations, Swedbank Mr Mareks Kovalevskis Telephone: 6744 5799 e-mail: mareks.kovalevskis@swedbank.lv
4.	Association of Latvian Commercial Banks Deputy Chairman of the Payment Committee Head of the Payment and Correspondent Relations Department, GE Money Bank Mr Kaspars Kravcuns Telephone: 6702 4724 e-mail: kaspars.kravcuns@ge.com
5.	Treasury Deputy Treasurer Ms Gunta Medne Telephone: 6709 4216 e-mail: gunta.medne@kase.gov.lv

6.	<p>Ministry of Transport Senior Desk Officer of the Electronic Communication and Post Office Division of the Communication Department Ms Inese Pakule Telephone: 6702 8115 e-mail: inese.pakule@sam.gov.lv</p>
7.	<p>State JSC Latvijas pasts Member of the Board Mr Egons Strazdins Telephone: 6760 8507 e-mail: egons.strazdins@pasts.lv</p>
8.	<p>Ministry of Interior Director of the Sector Policy Department Mr Dimitrijs Trofimovs Telephone: 6721 9420 e-mail: dimitrijs.trofimovs@iem.gov.lv</p>
9.	<p>State Chancellery Head of the State Administration Development Department Ms Eva Upite Telephone: 6708 2978 e-mail: eva.upite@mk.gov.lv</p>
10.	<p>Latvian Central Depository Member of the Management Board, Head of the Clearing and Settlement Department Mr Raitis Vancans Telephone: 6721 2431 e-mail: raitis.vancans@nasdaqomx.com</p>

Table 4.2

Financial System Working Group

<p>Head</p> <p>Financial and Capital Market Commission Chairman of the Commission Mr Kristaps Zakulis Telephone: 6777 4800 e-mail: kristaps.zakulis@fktk.lv</p>
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<p>Members</p>

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2.	Association of Latvian Commercial Banks Head of the Corporate Lending Committee Mr Karlis Danevics Telephone: 6721 5571 e-mail: karlis.danevics@seb.lv
3.	State Social Insurance Agency Head of the Funded Pension Scheme Administration Division Ms Ilona Dege Telephone: 6701 3634 e-mail: ilona.dege@vsaa.lv
4.	Latvian Insurers Association Executive Director Mr Juris Dumpis Telephone: 6736 0898 e-mail: office@laa.lv
5.	Ministry of Finance Legal Advisor of the Fiscal Administration Division of the Fiscal Policy Department Ms Ilga Jermacane Telephone: 6709 5429 e-mail: ilga.jermacane@fm.gov.lv
6.	Association of Latvian Commercial Banks Chairman of the Payment Committee Head of the Group Payments Support and Operations, Swedbank Mr Mareks Kovalevskis Telephone: 6744 5799 e-mail: mareks.kovalevskis@swedbank.lv
7.	Association of Latvian Corporate Lending Societies Chairman of the Board Ms Olga Kazackova Telephone: 6723 3458 e-mail: olga.kazachkova@dzks.lv
8.	Association of Latvian Insurance Brokers Chairman of the Board Mr Aigars Krums Telephone: 2833 1901 e-mail: laba_valde@inbox.lv
9.	Treasury Deputy Treasurer Mr Janis Pone Telephone: 6709 4227 e-mail: janis.pone@kase.gov.lv

10.	<p>NASDAQ OMX Riga Senior Trade Specialist Ms Agnija Rogule Telephone: 6721 2431 e-mail: agnija.rogule@nasdaqomx.com</p>
11.	<p>Association of Latvian Commercial Banks Head of the Securities Committee Head of Custody Services, SEB Mr Gatis Simsons Telephone: 6721 5733 e-mail: gatis.simsons@seb.lv</p>
12.	<p>Ministry of Welfare Senior Field Expert in Economic Analysis and Forecasting Issues of the Social Insurance Department Ms Sandra Stabina Telephone: 6702 1551 e-mail: sandra.stabina@lm.gov.lv</p>
13.	<p>Ministry of Agriculture Director of the Budget and Finance Department Mr Janis Snore Telephone: 6702 7283 e-mail: janis.snore@zm.gov.lv</p>
14.	<p>Association of Latvian Commercial Banks Advisor to the President Mr Teodors Tverijons Telephone: 6728 5441 e-mail: teodors.tverijons@bankasoc.lv</p>
15.	<p>Latvian Central Depository Member of the Management Board, Head of the Clearing and Settlement Department Mr Raitis Vancans Telephone: 6721 2431 e-mail: raitis.vancans@nasdaqomx.com</p>
16.	<p>Association of Latvian Commercial Banks Representative of the Investment Companies Committee Mr Raimonds Vesers Telephone: 2922 7916 e-mail: raimonds.vesers@citadele.lv</p>
17.	<p>Bank of Latvia Deputy Head of the Monetary Policy Department Mr Elmars Zakulis Telephone: 6702 2418 e-mail: elmars.zakulis@bank.lv</p>
18.	<p>Association of Latvian Commercial Banks Chairman of the Pension Funds Committee Mr Rudite Zvirgzdina Telephone: 2910 7625 e-mail: rudite@pensiju-fonds.lv</p>

Table 4.3

State Administration Working Group

<u>Head</u>	
Ministry of Finance Deputy State Secretary Ms Arina Andreicika Telephone: 6709 5675 e-mail: arina.andreicika@fm.gov.lv	
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1.	Treasury Treasurer Mr Kaspars Abolins Telephone: 6709 4222 e-mail: kaspars.abolins@kase.gov.lv
2.	State Revenue Service Deputy Director of the Tax Department Ms Inese Bahanovska Telephone: 6702 8815 e-mail: inese.bahanovska@vid.gov.lv
3.	Ministry of Foreign Affairs Deputy Director of the Legal Department, Head of the International Contract Division Ms Ieva Bilmane Telephone: 6701 6290 e-mail: ieva.bilmane@mfa.gov.lv
4.	Bank of Latvia Head of the Statistics Department Mr Agris Caune Telephone: 6702 2301 e-mail: agris.caune@bank.lv
5.	Ministry of Transport Legal Advisor of the Legal Department Mr Agnis Driksna Telephone: 6702 8020 e-mail: agnis.driksna@sam.gov.lv
6.	State Social Insurance Agency Deputy Director Ms Maija Groduma Telephone: 6701 3641 e-mail: maija.groduma@vsaa.lv

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7.	<p>State JSC <i>Latvijas Pasts</i> Director of the Legal Department Ms Anda Jansone Telephone: 6760 8383 e-mail: anda.jansone@pasts.lv</p>
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12.	<p>State Chancellery Deputy Director of the State Administration Development Department Mr Girts Blumers Telephone: 6708 2933 e-mail: girts.blumers@mk.gov.lv</p>
13.	<p>Ministry of Environmental Protection and Regional Development Head of the State Information System Division of the Electronic Administration Department Mr Aigars Laurinovics Telephone: 6777 0309 e-mail: aigars.laurinovics@varam.gov.lv</p>
14.	<p>Bank of Latvia Head of the Legal Department Ms Ilze Posuma Telephone: 6702 2803 e-mail: ilze.posuma@bank.lv</p>
15.	<p>Ministry of Agriculture Director of the Budget and Finance Department Mr Janis Snore Telephone: 6702 7283 e-mail: janis.snore@zm.gov.lv</p>
16.	<p>Central Statistical Bureau Director of the Macroeconomic Statistics Department Ms Dace Tomase</p>

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Table 4.4

Non-financial Corporation and Consumer Working Group

<u>Head</u>	
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2.	Latvian Chamber of Commerce and Industry Deputy Head of the Policy Division

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4.	<p>Latvian Traders Association President Mr Henriks Danusevics Telephone: 6729 7372 e-mail: henriks@lta.lv</p>
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Table 4.5

Public Awareness and Communication Working Group

<u>Head</u>	
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3.	Consumer Rights Protection Centre Head of the Public Relations and Consumer Information Division Ms Sanita Gertmane Telephone: 6738 8622 e-mail: sanita.gertmane@ptac.gov.lv
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7.	State Chancellery Head of the Communications Department Ms Laine Kucinska Telephone: 6708 2905 e-mail: laine.kucinska@mk.gov.lv
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Finance Minister

A.Vilks