Adoption by Latvia of the euro on 1 January 2014

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Following the first dedicated report of the Commission on **Latvia's practical preparations for introducing the euro**, this report assesses further progress made until end of October 2013. It addresses in particular the preparations for the introduction of euro cash, the measures put in place for protecting consumers in the changeover period, such as the "Fair Euro Introducer" campaign, and the communication campaign.

To recall, the Council decided on 9 July 2013 that Latvia fulfils the necessary conditions for the adoption of the euro. Latvia will adopt the euro on 1 January 2014, bringing the **total number of Member States that have adopted the euro to eighteen**. The conversion rate between the Latvian lats and the euro has been irrevocably fixed at 0.702804 Latvian lats to one euro.

Introduction of the euro: **preparations for the cash changeover are well advanced**. The report notes the importance of continuing measures for decreasing lat cash in circulation and stepping up efforts towards the change over day. It considers it very positive that **99.8% of ATMs will distribute euro banknotes** within the first 30 minutes of 1 January 2014. The use of mainly lower denomination banknotes in ATMs is a good practice in this regard.

It is positive that the number of inspectors involved in the **monitoring of dual price display** has been significantly increased. Since January 2013, **prices of 120 frequently purchased products and services** in the most popular points of sales in the seven biggest cities of Latvia have been **monitored.** The compulsory dual display of prices in Latvian lat and euro has started on 1 October 2013 and will last until 30 June 2014.

The "Fair Euro Introducer" campaign: this campaign invites businesses (e.g. retailers, financial institutions, internet shops) to commit not to misuse the changeover for their own profit, respect the changeover rules and provide the necessary assistance to their clients was launched on 12 July 2013. As at end of October 2013, some 1100 companies (more than 9500 points of sale) which sell goods or services to consumers have joined the "Fair Euro Introducer" campaign.

The Commission stressed that full commitment of **all stakeholders** will be necessary to reach a maximum of participants before 1 January 2014. This should also include the consumer NGOs that are already monitoring the correct implementation of the dual displays, who could promote the "Fair Euro Introducer" campaign at the same occasion. All 119 local authorities should also subscribe to the campaign.

It is recommended to make sure by regulatory means that **dual display of prices ends by 1 January 2015** and to ensure that this end date is clearly communicated to the public.

Preparations in rural areas and in businesses: against the backdrop of the cash oriented payment habits of Latvians, preparations of enterprises in particular in rural regions should be regularly monitored and the awareness of the euro changeover practicalities be stepped up.

Special attention should be paid to provide information on the changeover to **elderly people** with difficulties leaving their home. They may also need help with the exchange of their lat cash. **Social workers** should be trained in order to be able to answer basic changeover-related questions.

Communication activities and public opinion: the latest available results (October 2013) suggest a stable albeit modest the support for the euro introduction (39%).

The level of public awareness on the euro changeover related issues continues to increase, with 72% respondents considering themselves to be well-informed (+ 2pp compared to the results in September and +10 pp compared to April-May 2013). Furthermore, 94% of Latvians know that the day of euro adoption is 1 January 2014 (+33pp since April-May).

However, **unwarranted price increases remain a serious concern** for a large proportion of the Latvian population (83%). In order to tackle persistent concerns of price increases in the changeover period, the citizens have to be continuously informed about the results of the price monitoring and other control activities.