3. In Focus

Euro Conference Latvia: The Common Currency – New Opportunities and Responsibilities

In mid-September, the Bank of Latvia in co-operation with the European Central Bank, the European Commission and the Ministry of Finance of the Republic of Latvia held Euro Conference Latvia in Riga. Latvian and European Union economic policy makers and economists discussed the common currency of the euro area, its financial system and economy, focusing on what has already been achieved and still has to be done in improving the euro area governance.

Speeches and presentations from the conference are now available at http://www.macroeconomics.lv/speeches-and-presentations

Highlights from the conference address by Ilmārs Rimšēvičs, the Governor of the Bank of Latvia:

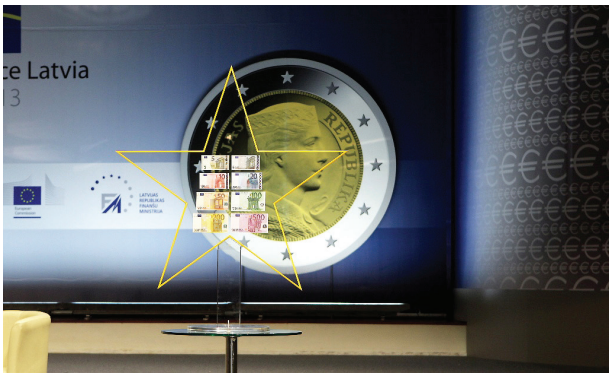
Latvia has accomplished a lot after the restoration of independence. Just twenty-five years ago, the thought of a free and independent country was but a dream. It was even more difficult to imagine that Latvia could become a full member of the European Union and NATO or that we could have a currency shared by 330 million Europeans.

"Nevertheless, all these dreams were turned into reality. How did it happen? First, there was clarity of the aims, then – a strong determination and very decisive action. [..] And second, we received invaluable support from our friends," stressed Mr. Rimšēvičs.

It is decisive action that has helped Latvia to overcome its recent economic difficulties and to become the fastest growing economy in the European Union as well as to meet the Maastricht criteria for becoming the 18th euro area member state.

Latvia is currently busy completing the outstanding practical preparations for the euro changeover. The conference focussed on Latvia's future challenges which could be conveyed by two words – **opportunities** and **responsibilities**.

First and foremost, it means a full-fledged participation in the Economic and Monetary union. It means a profound and irrevocable integration of Latvia into Europe – not only economic but also a deep political integration.

The euro as a trusted and secure currency will provide Latvia with better opportunities for external trade, attraction of investments, creation of jobs and promotion of economic growth.

Yet the euro is no panacea, it is an instrument for continued structural reforms that are still necessary for Latvia's development. In the words of Mr. Rimšēvičs: "However, the euro itself – and that can be said about any currency – is not a wand. The euro just establishes a solid basis for further structural reforms that are still necessary for our economy. The euro will provide excellent opportunities for our economic development, but it will first and foremost depend on ourselves, both on policy makers and on businesses, how we are able to use them to the benefit of our people and the future of our country."