

President of Latvia and Governor of Bank of Latvia: greening of the economy is inevitable, and we need to make the best use of the European Green Deal funding

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On 6 December, President of Latvia Egils Levits met with the Governor of the Bank of Latvia Mārtiņš Kazāks in the Riga Castle to discuss Covid-19 pandemic, rising inflation and impact of global supply chain disruptions on growth in Latvia and Europe.

Governor Kazāks gave central bank's assessment of current economic situation and future outlook. President and Governor discussed ways of reducing social inequality and poverty, promoting smart labour reskilling strategies to boost economic transformation and avoid 'two-speed' labour market development.

One of the main topics of conversation was sustainability, especially environmental and human capital development sustainability, as well as restructuring of the economy to meet the objectives of the European Green Deal. President Levits and Governor Kazāks underlined the need to focus national medium and long term budget on activities boosting capacity and structure of the economy, education, research and innovation.

Both officials stressed the importance of strategic development of Riga as the metropolis of Baltics, making its positions as a regional centre stronger. Regional railway infrastructure project *Rail Baltica* will be a major driver of positive change in the future. According to Mārtiņš Kazāks, this infrastructure project will gain more significance as regional supply chains come to dominate the global markets and more resources are disbursed through the European Green Deal programmes.

Meeting also focused on sustainability strategy of the Bank of Latvia and various activities aimed at fostering Bank's sustainability and the overall long-term development of Latvia. Governor Kazāks stressed that greening of the economy is inevitable. We should not perceive it as a threat but rather as an opportunity to restructure the economy and switch to higher added value manufacturing and services, implement innovations, invest in research and labour force education. Central bank does not intend

to stay on the side lines and is ready to help the transformation.

Governor Kazāks also told President Levits about the Bank's 100 year anniversary in 2022. Central bank will mark its centenary with international conference, a scientific research about the founding of the Bank of Latvia and its operations before the war, exhibitions at various locations of Riga and the regions of Latvia, as well as other events.

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