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26 September 2017 [shall come into force on 6 October 2017];

16 July 2019 [shall come into force on 20 July 2019];

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14 June 2022 [shall come into force on 2 August 2022];

20 December 2022 [shall come into force on 11 February 2023];

1 June 2023 [shall come into force on 10 June 2023];

5 December 2023 [shall come into force on 7 December 2023].

If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

Republic of Latvia

Cabinet

Regulation No. 866

Adopted 20 December 2016

**Regulations Regarding Issuance of Short-term Export Credit Guarantees to Merchants and Relevant Cooperative Societies of Agricultural Services**

*Issued pursuant to*

*Section 12, Paragraph four of the Law on Development Finance Institution*

1. The Regulation prescribes the conditions for issuing short-term guarantees for export credit transactions to merchants and cooperative societies of agricultural services (hereinafter – the performers of economic activity) within the meaning of the laws and regulations governing commercial activity and activity of cooperative societies of agricultural services.

2. *Akciju sabiedrība “Attīstības finanšu institūcija Altum”* [joint-stock company Development Finance Institution Altum] (hereinafter – the company Altum) shall issue guarantees, including:

2.1. re-guarantees – guarantees whereby the company Altum shall cover part of losses from export credit transactions under guarantees or insurance of another insurance provider for a guarantee or insurance provided thereby;

2.2. joint guarantees – guarantees whereby the company Altum shall cover part of damage from export credit transactions not covered by another guarantee or insurance provider, sharing the overall losses therewith pro rata;

2.3. excess guarantees – guarantees whereby the company Altum shall cover losses from export credit transactions in addition to those covered by another guarantee or insurance provider.

3. For the implementation of the programme for short-term export guarantees, the public funding in the amount of EUR 3 030 000 redeemed within the scope of Sub-activity 2.2.1.4.1 “Support in the Form of Loans for Improving Competitiveness of Merchants” of the 2007–2013 planning period of the European Regional Development Fund, the public funding in the amount of EUR 470 000 redeemed within the scope of National Programme 2.4.1 “Loans (Including Micro-credits) for Business Start-ups” from the European Union funds in the 2004–2006 planning period, and the State budget funding in the amount of EUR 2 190 000 shall be used. The revenues from the programme shall be used for the implementation of the export credit guarantee programme.

[*1 June 2023*]

4. The management costs of the company Altum shall be determined according to the methodology for the calculation of costs of the company Altum in conformity with the evaluation of the programme developed in accordance with the Law on Development Finance Institution.

5. The procedures for issuing the guarantee, the amount of the guarantee premium rates and the procedures for the application thereof, the guarantee period, the measures for decreasing losses from export credit covered by the guarantee and the procedures for the calculation and disbursement of the amount of compensation for damages, and the activities for the recovery of amounts receivable shall be determined according to the civil agreements entered into by and between the company Altum and the performers of economic activity, or a credit institution registered in the Republic of Latvia, or a branch of a foreign credit institution that funds the performer of economic activity.

6. The amount of guarantee per performer of economic activity for export credit transactions with one debtor shall not exceed EUR 2 000 000 or its equivalent in another currency at the currency rate determined by the European Central Bank as of the day of issuance of the guarantee.

7. The guarantee shall be provided for export credit transactions with the deferred payment period not exceeding 730 days, except for transactions involving export transactions of agricultural products with the deferred payment period not exceeding 547 days.

[*26 September 2017; 16 July 2019*]

8. [26 September 2017]

9. The guarantee shall be issued to a performer of economic activity registered in the relevant register of the Enterprise Register of the Republic of Latvia which is exporting goods or services.

[*26 September 2017*]

10. The guarantee shall be issued for export credit transactions where the debtor is registered in the country other than the United States of America, the United Kingdom, Australia, Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Greece, Croatia, Estonia, Iceland, Italy, Ireland, Japan, New Zealand, Canada, Cyprus, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Finland, Spain, Switzerland, Hungary, Germany, or Sweden.

[*17 December 2020*]

11. The guarantee shall be issued for export credit transactions where the debtor is registered in the United States of America, the United Kingdom, Australia, Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Greece, Croatia, Estonia, Iceland, Italy, Ireland, Japan, New Zealand, Canada, Cyprus, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Finland, Spain, Switzerland, Hungary, Germany, or Sweden provided that the guarantee is issued until 31 December 2028 and one of the following requirements is fulfilled:

11.1. the performer of economic activity corresponds to the definition of a micro, small and medium-sized performer of economic activity defined in Annex 1 to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (Official Journal of the European Union L 187, 26.6.2014), and the total annual turnover of the performer of economic activity does not exceed EUR 5 000 000 according to the information of the last closed financial statement;

11.2. the deferred payment period for the export credit transactions is not shorter than 121 days and does not exceed the term referred to in Paragraph 7 of this Regulation.

[*5 December 2023*]

12. The guarantee shall cover up to 90 % of the losses from export credit transactions if those are incurred due to setting in of commercial risks related to one or several of the following events:

12.1. arbitrary breach of an export credit transaction agreement or another transaction instrument on part of the debtor if a private debtor has taken an arbitrary decision to breach or terminate the export credit transaction agreement or another transaction instrument without a legitimate reason;

12.2. arbitrary refusal of a private debtor to accept goods subject to an export credit transaction agreement or another transaction instrument after delivery without a legitimate reason;

12.3. insolvency of a private debtor or guarantor;

12.4. continuous non-fulfilment of obligations if a private debtor and a guarantor fail to repay a debt resulting from an export credit transaction agreement or another transaction instrument.

13. The guarantee shall cover up to 95 % of losses from export credit transactions if those are incurred due to setting in of political risks related to one or several of the following events:

13.1. a public debtor or the State does not allow to finish an export credit transaction or fails to pay within the specified deferred payment period;

13.2. an event that is beyond the control of the debtor or falls outside his area of responsibility;

13.3. the country of origin of the debtor does not hand over the monetary amounts paid by the debtor to the Republic of Latvia;

13.4. a force majeure event occurs outside the Republic of Latvia which could include events similar to war insofar as no guarantee or insurance covering its impact is submitted.

14. The company Altum shall disburse the compensation for losses from export credit transactions covered by the guarantee not earlier than 90 days after the first day of missing the deferred payment period.

15. The company Altum shall apply a premium rate to the guarantee, including the *de minimis* amount of the guarantee premium covering the risk associated with export credit transactions and calculated based on commercial principles.

16. The guarantees shall not be granted to the performers of economic activity:

16.1. in relation to whom insolvency proceedings of a legal person have been declared or whose economic activity has been terminated;

16.2. who have tax or fee debts administered by the State Revenue Service according to the information available in the database of tax (fee) debtors, and their total amount exceeds EUR 150;

16.3. to whom a debtor regarding whom an application has been submitted has failed to pay for the goods or services exported by the performer of economic activity within the specified deferred payment period resulting from the export transaction agreement or another transaction instrument or who has missed payments to the performers of economic activity within the last three months;

16.4. who have a non-executed recovery order in accordance with the previous decision of the Commission according to which the aid granted by the same Member State is considered illegal and non-compatible with the common market.

[*17 December 2020; 11 May 2021; 20 December 2022*]

17. The company Altum shall publish information on the procedures for the issuance of the guarantees issued in accordance with Paragraphs 11 and 22 of this Regulation and the provisions on its website.

[*14 June 2022*]

18. The company Altum shall, each year by 31 July, ensure the preparation of the report for submission to the European Commission on guarantees issued in accordance with Paragraphs 11 and 22 of this Regulation, including information on the volumes of guaranties issued in the preceding year, the volumes of export credit transactions covered by the guarantees, the guarantee premium payments, the requests for and payments of guarantee remuneration, the recovered funds, and the expenditures of the company Altum for the issuance of guarantees.

[*14 June 2022*]

18.1 The company Altum shall, once a quarter, publish on its website a list of performers of economic activity to whom the company Altum has issued guarantees and the volumes of issued guarantees.

[*1 June 2023*]

19. The guarantees referred to in Paragraphs 11 and 12 of this Regulation shall be issued by the company Altum only after taking of a positive decision of the European Commission on the compatibility of the State aid with the internal market of the European Union.

[*20 December 2022*]

20. Cabinet Regulation No. 436 of 12 May 2009, Regulations Regarding Short-term Export Credit Guarantees (*Latvijas Vēstnesis*, 2009, No. 85), is repealed.

21. [14 June 2022]

22. Until 31 December 2023, Paragraph 11 of this Regulation shall not be applicable and the guarantee shall be issued for export credit transactions where the debtor is registered in the United States of America, the United Kingdom, Australia, Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Greece, Croatia, Estonia, Iceland, Italy, Ireland, Japan, New Zealand, Canada, Cyprus, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Finland, Spain, Switzerland, Hungary, Germany, or Sweden.

[*20 December 2022*]

23. After 31 December 2023, new agreements for guarantees issued in accordance with Paragraph 22 of this Regulation shall not be entered into, meanwhile the deferred payment period of the last declaration within the scope of the agreements entered into in accordance with Paragraph 22 of this Regulation shall not be later than 29 June 2024.

[*20 December 2022*]

24. After 31 December 2028, new agreements for guarantees issued in accordance with Paragraph 11 of this Regulation shall not be entered into, meanwhile the deferred payment period of the last declaration within the scope of the agreements entered into in accordance with Paragraph 11 of this Regulation shall not be later than 29 June 2029.

[*5 December 2023*]

Prime Minister Māris Kučinskis

Deputy Prime Minister, Minister for Economics Arvils Ašeradens