

Business guide



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LATVIA IS THE CENTRAL COUNTRY OF THE BALTIC STATES

Latvia is located on the east coast of the Baltic Sea at the crossroads of Northern and Eastern Europe on the world map. Latvia, a parliamentary republic, is bordered by Estonia to the north, Russia, Belarus to the east, Lithuania to the south, and a maritime border with Sweden to the west.

The total length of Latvia's coastline is 513 km.

Latvia has almost 2 million inhabitants, of whom nearly 1 million live in and around the capital city of Riga, the metropolis of the Baltic region. The second-largest city is Daugavpils, with a population of about 79 000.

With its relatively small population, Latvia is not a significant market, but the country's key advantage is its location, which provides access to its immediate neighbors. The population of the three Baltic States totals 6.0 million, approximately equal to Denmark. On its doorstep are the Scandinavian countries, with 25 million people, and Eastern Europe, with about 100 million inhabitants. Latvia stands out for two significant criteria eligible for any investor – infrastructure and labor force.

Latvia's skilled and multilingual labor force, abundant natural resources, and strategic location forms a solid foundation for the country's economy and makes Latvia the perfect place to develop your business.





Find out more [here](#)



MISSION SEA 2030

Latvia is a country with a mission to renew the most crucial resource of the region - the Baltic Sea. With so many global issues arising, such as climate changes and pollution, the only way forward is to develop the circular economy model and foster innovative and sustainable projects.

The new economy and governance model will be developed locally in the Baltic Sea region to implement the clean water mission. Such an approach will help create the conditions for the clean-up of the Baltic Sea, one of the world's most polluted and endangered seas. Thus, 'Mission Sea 2030' focuses on the digitalization and sustainability of the region to achieve these goals.

INTERNATIONAL SECURITY

Latvia has been a NATO member for 18 years, ensuring international security, especially in light of the recent Russian aggression in Ukraine. Latvia joined NATO in 2004, and at the time, it already had a well-functioning and modern military system. The alliance joining helped to further modernize the army according to the western army standards. Our Minister of Foreign Affairs has called for permanent NATO forces in the Baltics.

Latvia values both freedom and liberty; thus, we are actively contributing to support Ukraine during the unprovoked attack by Russia. Latvia has sent one of the highest amounts of military and other support per capita because we know that democracy, human rights, and sovereignty are priceless. Since unprovoked attack started by Russia against Ukraine, about 40 000 Ukrainian civilians have been registered in Latvia.

LATVIA – LEADING THE MISSION OF CHANGE

The Baltic region, including Latvia, has become one of the leaders in making the structural changes needed to address the urgent geopolitical and climate needs. We have worked to diversify our energy sources, intensify energy efficiency, and produce green energy. We have proved our resilience and agility by facing new challenges with the benefits of successful digitalisation and building an environment which facilitates innovation and new business initiatives. Also, we have seen further success in restructuring our economy towards smart specialisation by developing high-value-added sectors.

Latvia was brought into the international spotlight during the Three Seas Initiative Summit and Business Forum hosted by the president of Latvia in June 2022 in Riga. It welcomed the leaders of 13 European countries between the Baltic, Adriatic, and Black Seas. There were over 600 business leaders from 37 countries at the Business Forum, which was marked by the announcement of the global IT giant *Google* about a 5 million USD grant for the region's digitalisation initiatives.

Latvia has been one of Ukraine's providers of military and humanitarian aid. Despite the circumstances, we have strengthened the business ties between the two countries. Our companies are ready to take part in Ukraine's infrastructure reconstruction projects. For example, Latvian state institutions, companies and Ukrainian representatives currently work on a joint project proposal for infrastructure reconstruction in the Chernihiv region. Like other countries, Latvia has avoided the impact of the irresponsible and unjustified war in Ukraine. In 2022 our country experienced GDP growth of 2,8%, which means a slower recovery but no recession.

In total, 40 investment projects covering 18 countries have been implemented in 2022 with the support of the Investment and Development Agency of Latvia. Germany and Norway are the most represented, with six projects each. The total investment volume listed is EUR 473 million; however, the investment volume is not disclosed for some projects, so the actual investment volume is likely to be higher. These investment projects are expected to create 2308 new jobs.

There are six smart sectors which interest us most: biomedicine, bioeconomy, smart energy, smart materials and photonics, ICT, and smart city. To promote investment that would lead the development of our economy in a desirable direction, we have introduced large-scale financial support for value-added projects.

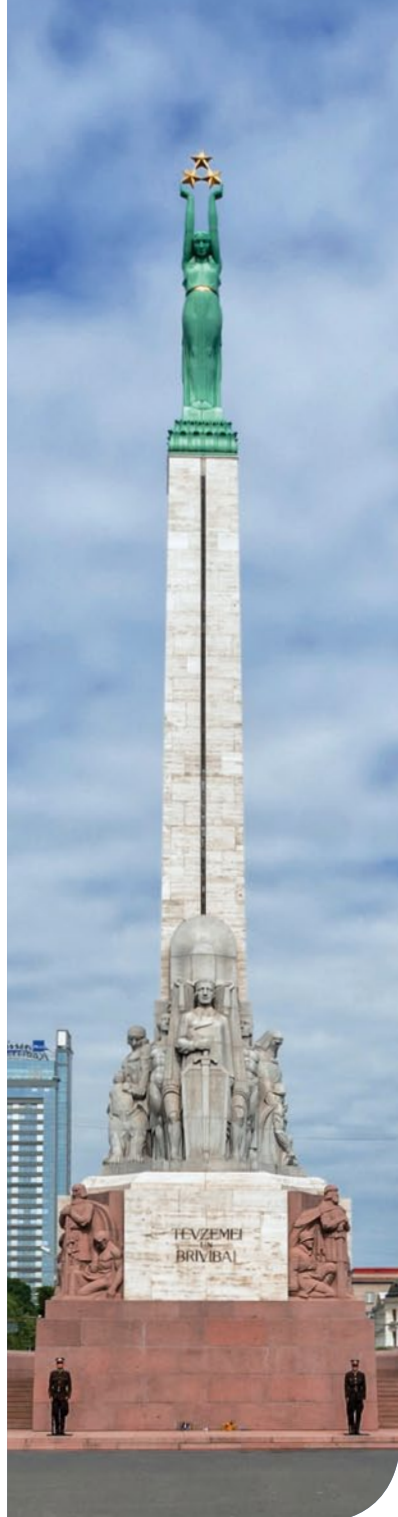
Many new projects are in smart specialisation sectors: ICT and GBS (13), smart materials (7), bioeconomy (4), smart energy (3) and biomedicine (1). We want to highlight FORTA PRO, a modular construction company that has signed an investment agreement with SAMSUNG C&T, expressing its ambition to become the world's leading modular construction company. The entry of such a significant investor as SAMSUNG C&T into Latvia reflects the attractiveness of the investment environment and the professional competence of Latvian specialists. Anodox Energy Systems has also announced the launch of its operations in Latvia. The Swedish company will develop battery production for electric vehicles in Latvia. Meanwhile, Enamine, a Ukrainian company and the world's leading supplier of chemical compounds and related services to the pharmaceutical industry has started work on its expansion in Latvia.

We are presenting Latvia as a country with a mission. Our goal is to become the headquarters of sustainable innovations. We are addressing the circular economy and climate challenges by creating an environment for global-scale rapid innovations and long-term investments. We are linking investors with our academia, science, and innovation.

We offer various incentives for upskilling, training and development, knowledge transfer, and management education. Also, we are providing so-called Green Corridor – fast track procedures for smart investment and support for innovations. On top of that, the Investment and Development Agency of Latvia tailors a customer-centric approach – linking investment process support with subsequent international competitiveness promotion. We aim to become Northern Europe's best business service institution to meet your needs and lead you into the Latvian business.



Kaspars Rožkalns
Director General
Investment and
Development Agency of
Latvia



| | |
|--|--|
| International memberships: | EU and NATO since 2004, WTO since 1998, OECD since 2016 |
| Capital: | Rīga |
| Other major cities: | Daugavpils, Liepāja, Jelgava, Jūrmala, Ventspils, Rēzekne, Valmiera, Jēkabpils |
| Population as of 1 January 2023: | 1.883 million |
| Time: | Eastern European Time (GMT +2 hours) |
| Area: | 64 594 km ² |
| Language: | Latvian (official); Russian, English, and German are also widely spoken |
| Political system: | Republic, parliamentary democracy |
| Legal system: | Based on civil law |
| Main industries (% share in total gross value added, 2022) | Wholesale and retail trade (14.9), manufacturing (14.3%), real estate activities (9.9), transportation and storage (6.9) |
| Exports: | Wood products, machinery and mechanical appliances, electrical equipment, mineral products, metals, vehicles, agricultural products, pharmaceuticals, food, transport services, ICT services |
| Imports: | Machinery and mechanical appliances, electrical equipment, fuels, vehicles, transport services, travel services |
| Main trading partners (2022): | Lithuania, Estonia, Germany, Poland, Russia, Sweden, Finland, Netherlands, UK, Denmark |
| Currency: | Euro (EUR) |
| GDP at current prices (2022): | EUR 39.06 billion (USD 41.13 billion) |
| GDP per capita (2022): | EUR 20 709 (USD 21 807) |
| GDP growth (2022): | 2.8% |
| GDP forecast (2023): | 1.4% |
| Inflation rate (2022): | 17.3% |
| Accumulated FDI (2022): | EUR 22.59 billion (USD 24.09 billion) |
| Accumulated FDI per capita (2022): | EUR 11 918 (USD 12 712) |
| Credit ratings (Standard & Poor's / Moody's / Fitch) | A+ / A3 / A- (investment grades) |

Sources: Central Statistical Bureau of Latvia, Bank of Latvia, Eurostat, European Commission Spring 2023 Economic forecast, European Central Bank



LATVIAN ECONOMY OVERVIEW

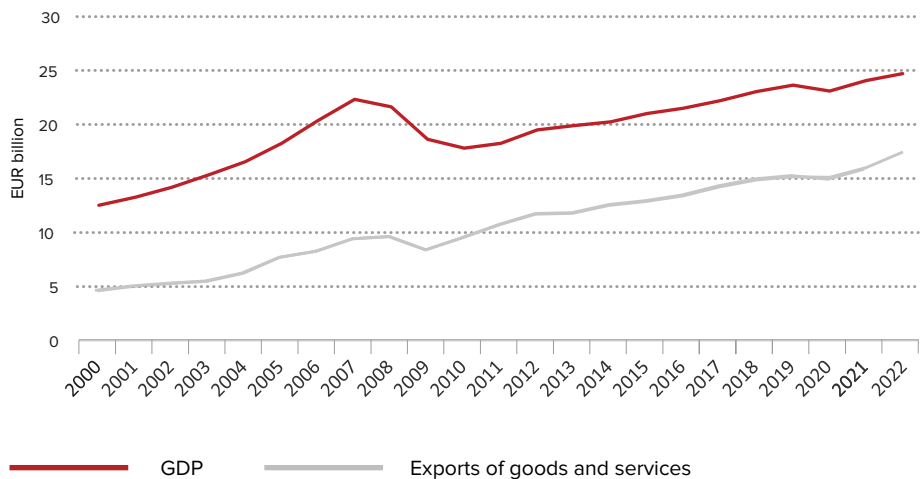
Latvia’s economy has experienced one of the highest GDP growth rates in Europe. From 2005 to 2007, the average annual GDP growth rate exceeded 10%, when major inflows of foreign capital stimulated a significant increase in private consumption. In 2008, the country entered a severe recession, as a result of an unsustainable current account deficit, collapse of the real estate market, and large private debt exposure. During the crisis, GDP fell by a quarter, external debt almost doubled, the number of employed persons decreased by 16%, while the real wages of those still employed fell by 12%. Latvia successfully emerged from recession at the end of 2010 and growth has resumed, based mainly on the increasing role of exports.

From 2011 to 2013, GDP grew by 4.4% per year on average. In 2018, GDP grew by 4.0%, in 2019 – by 2.5%, while in 2020 due to the Covid-19 pandemics fell by 3.8%. In 2021 GDP grew by 4.5%, in 2022 – by 2.8%. It was fostered by the improvement of the situation in the external environment, private and public investments, increase in employment and wages.

It must be noted that current export volumes exceed pre-crisis levels by more than twice.

GDP annual change:

GDP AND EXPORTS (AT 2010 PRICES), 2010=100

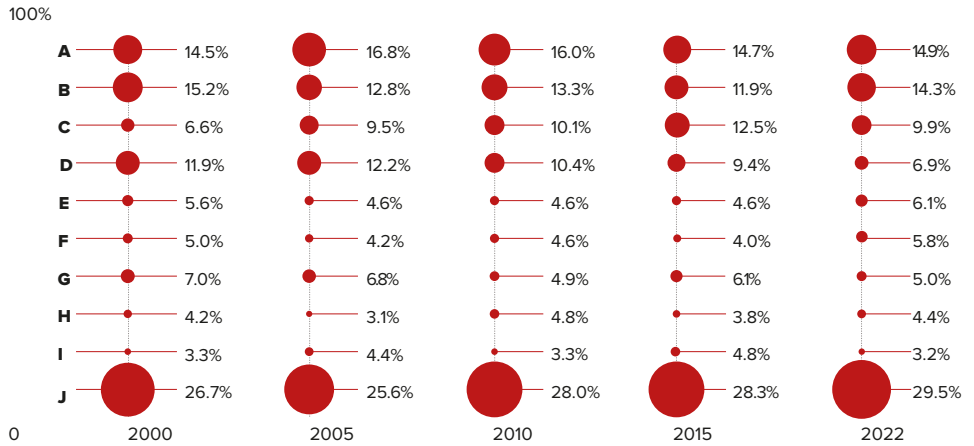


Source: Eurostat



The structure of Latvia's economy has also changed over the years. The proportions of agriculture, manufacturing and transportation have decreased, while the shares of IT and other services have increased.

GROSS VALUE ADDED IN LATVIA BY ACTIVITY TYPE (AT CURRENT PRICES)

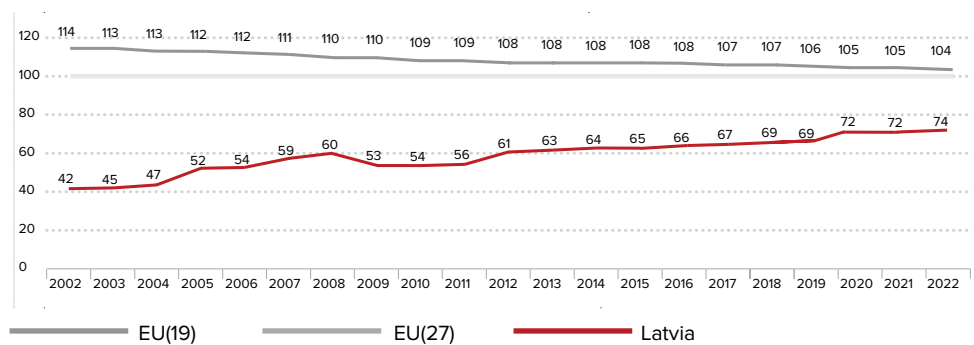


(A) Wholesale and retail trade; repair of motor vehicles and motorcycles, (B) Manufacturing, (C) Real estate activities, (D) Transportation and storage, (E) Construction, (F) Information and communication, (G) Agriculture, Forestry and Fishing, (H) Finance and insurance activities, (I) Mining and quarrying; Electricity, gas, steam and air conditioning supply; Water supply; sewerage; waste management and remediation activities, (J) Other services

Source: Central Statistical Bureau of Latvia

In the long-run, Latvia's GDP per capita has been catching up with the EU average level. In 1995, it was only at one-third of the EU average, but by 2019 had increased to two-thirds.

GDP PER CAPITA IN PPS, INDEX (EU27 = 100)

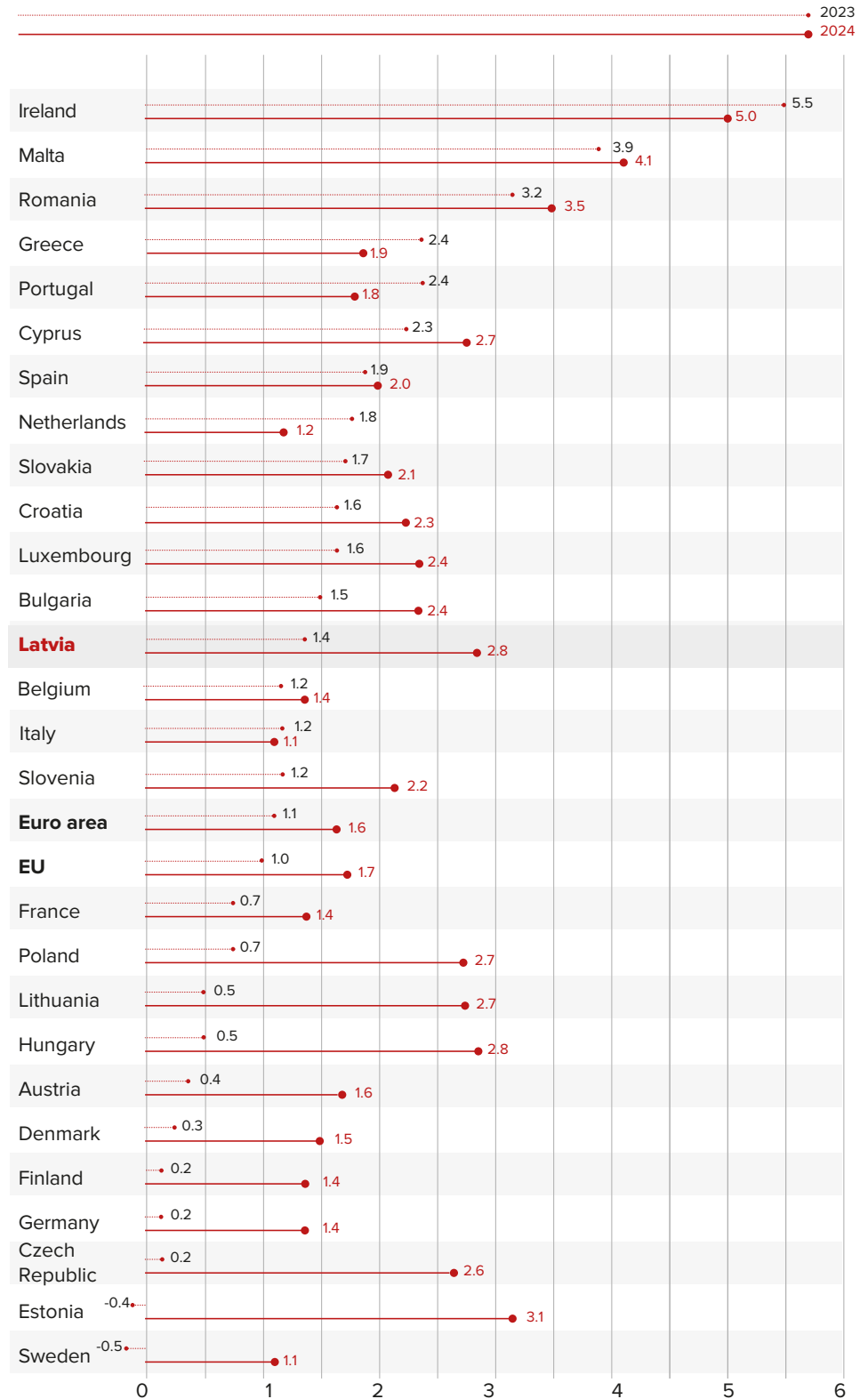


Source: Eurostat



During the Covid-19 crisis, Latvia has been exceptionally agile in developing solutions to challenges presented by the virus. As a result, it is forecasted that in 2023 GDP will increase by 1.4% (EU +1.0%).

GDP CHANGE, % (FORECAST BY EC)



Source: Spring 2023 Economic Forecast, European Commission

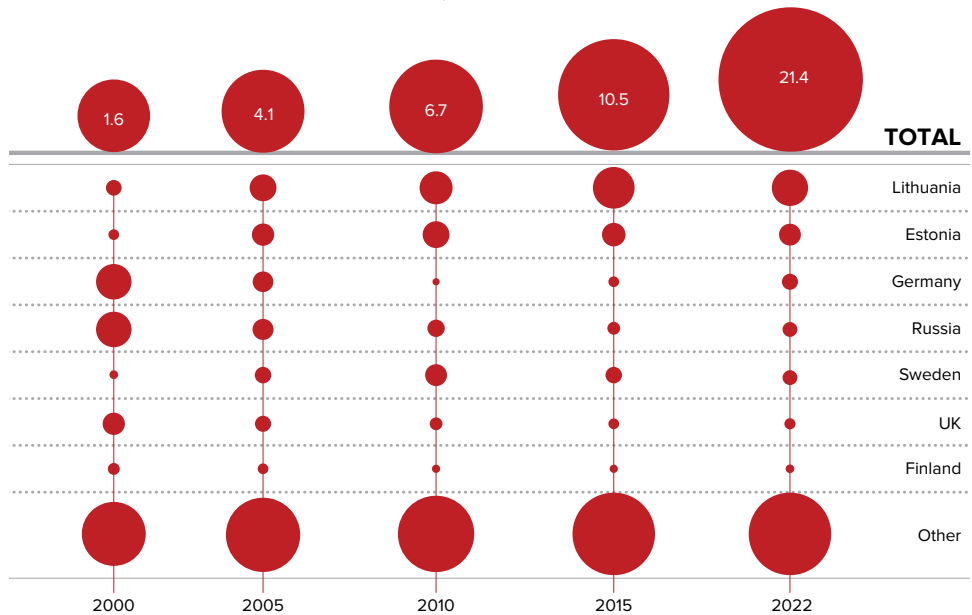


Latvia is an open economy with close links to trading partners in the region. Latvia’s main trading partners are EU countries with 74% of total turnover by value of goods. Broken down by country, the most significant export markets are Lithuania, Estonia, Germany, Russia, and Sweden. The main importers to Latvia are Lithuania, Estonia, Germany, Poland, Russia, and the Netherlands.

In recent years, Latvia’s exports have been affected by Russia’s economic downturn and EU-Russia reciprocal sanctions. As a result, in the period from 2013 to 2016, Latvian exports to Russia have decreased by 32%, however, now it is 5.6% from total exports from Latvia.

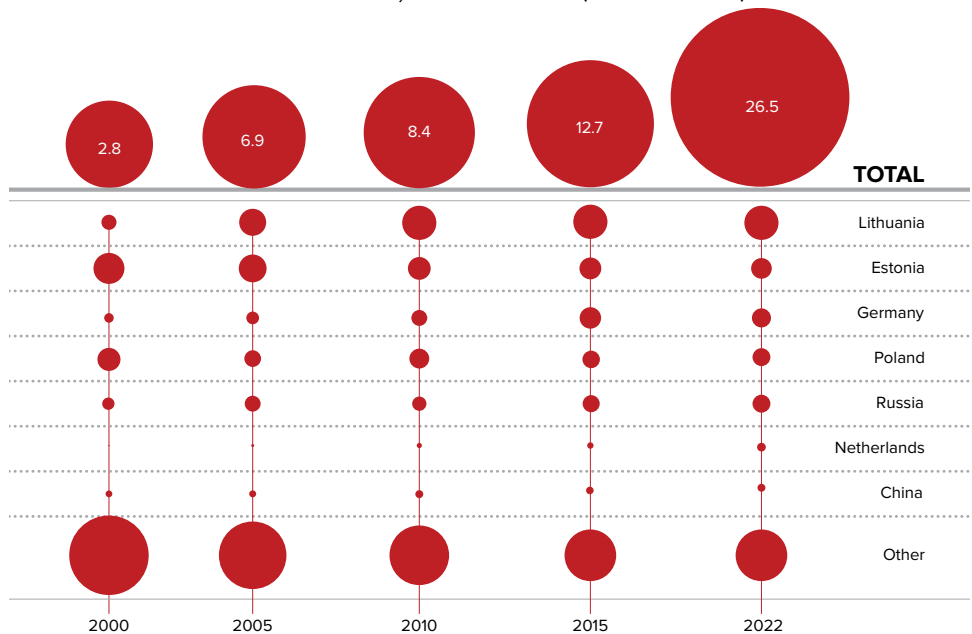
At the same time, Latvia has increased export volumes to other world markets during this period. Exports of goods have increased to EU countries, strategically the most important trading partners. Similarly, Latvian exporters have actively diversified their operations into more remote regions of the world such as India, Japan and Egypt, amongst others.

EXPORT OF GOODS FROM LATVIA, BY COUNTRY (EUR BILLION)



Source: Central Statistical Bureau of Latvia

IMPORT OF GOODS TO LATVIA, BY COUNTRY (EUR BILLION)

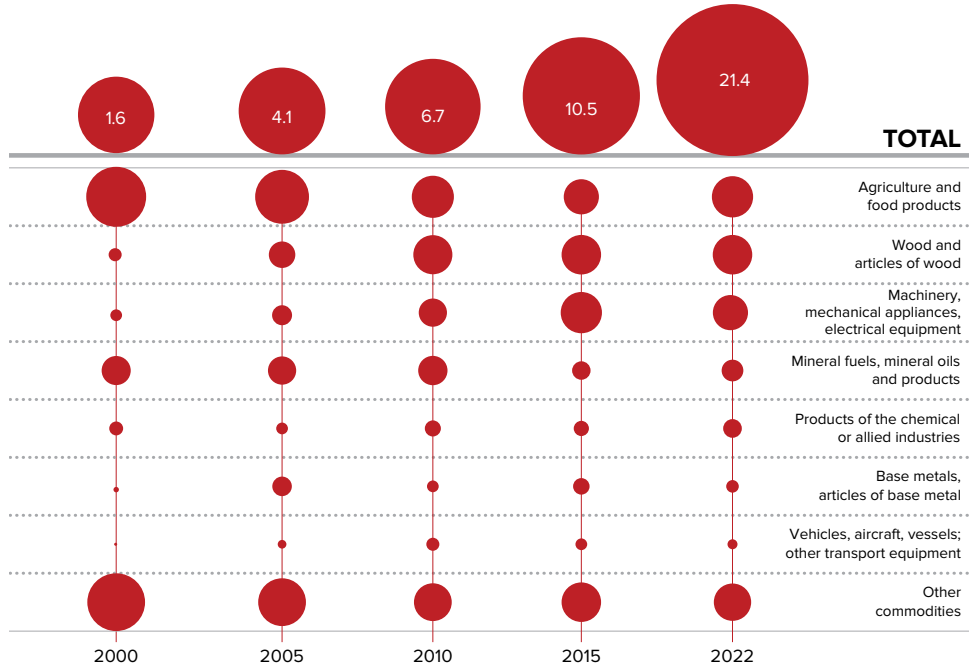


Source: Central Statistical Bureau of Latvia



Most of Latvia's exported goods are wood and its articles, agricultural and food products (mainly cereal products), as well as machinery and equipment, metal products.

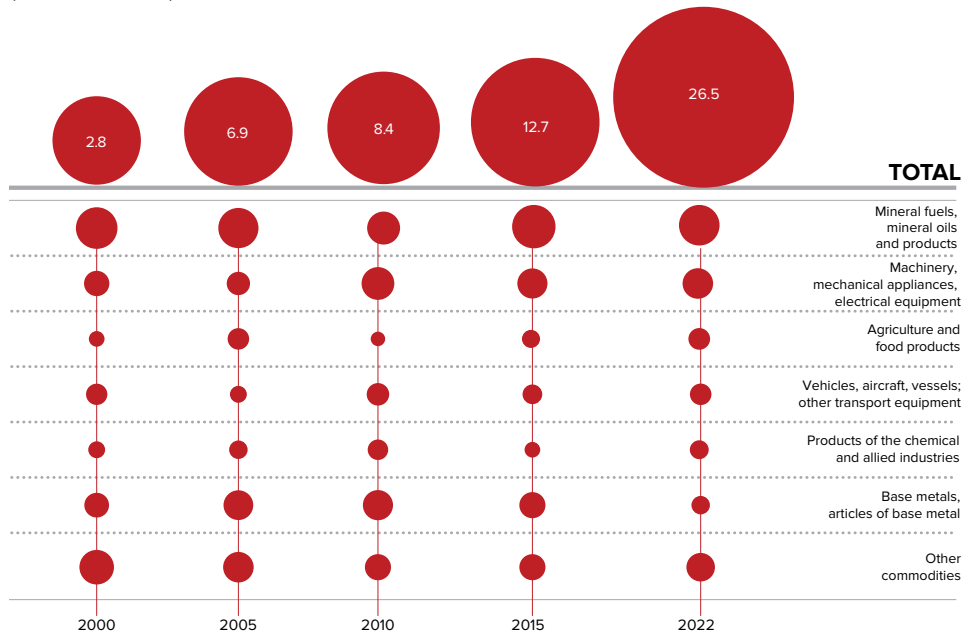
EXPORT OF GOODS FROM LATVIA BY GROUPS OF COMMODITIES (EUR BILLION)



Source: Central Statistical Bureau of Latvia

Latvia's main imported goods are machinery and equipment, agriculture and food products, vehicles, chemicals and metal products.

IMPORT OF GOODS TO LATVIA BY GROUPS OF COMMODITIES (EUR BILLION)

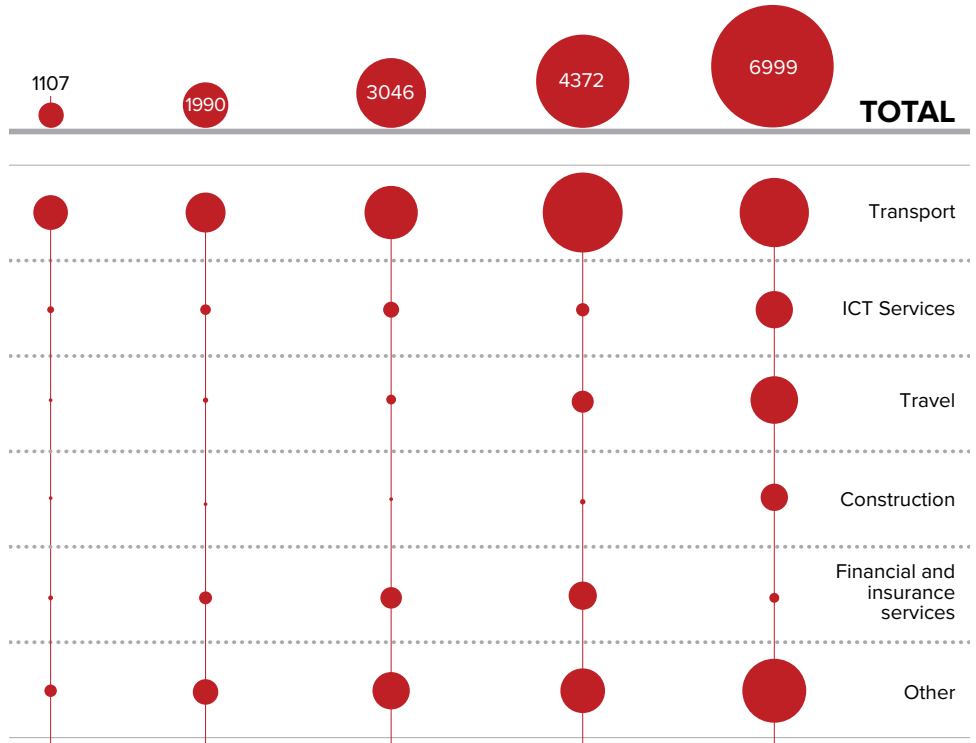


Source: Central Statistical Bureau of Latvia



The most important exported services from Latvia are transport (especially by road). Export revenue from construction, computer and IT services is significantly increasing.

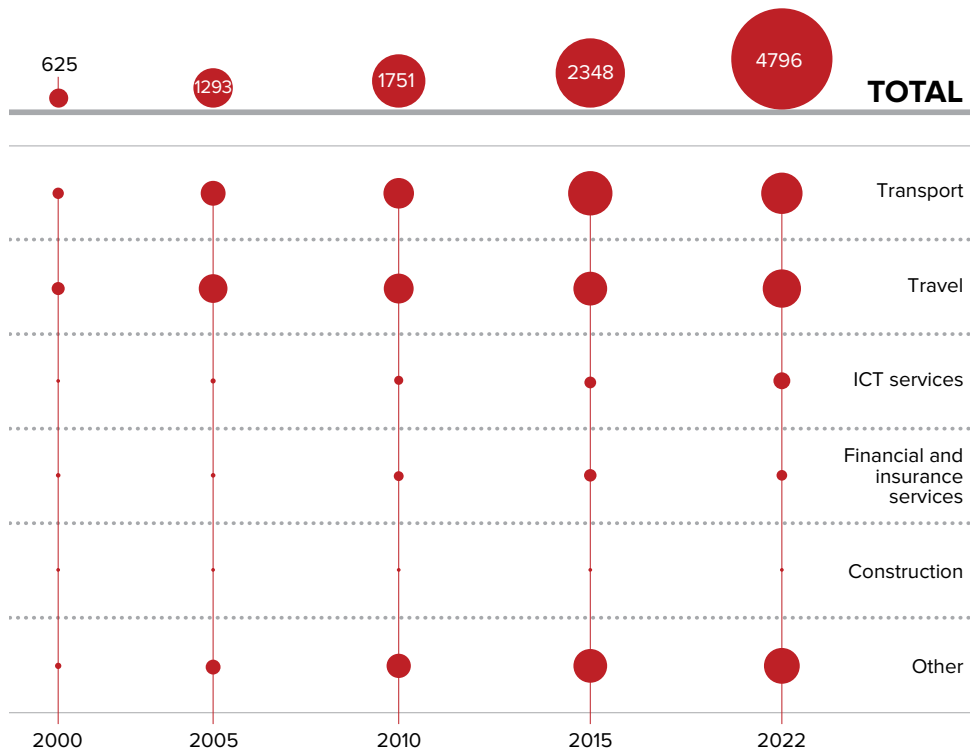
EXPORT OF SERVICES FROM LATVIA (EUR MILLION)



Source: Bank of Latvia

Latvia mainly imports transport services (by air and road) and ICT services.

IMPORT OF SERVICES TO LATVIA (EUR MILLION)

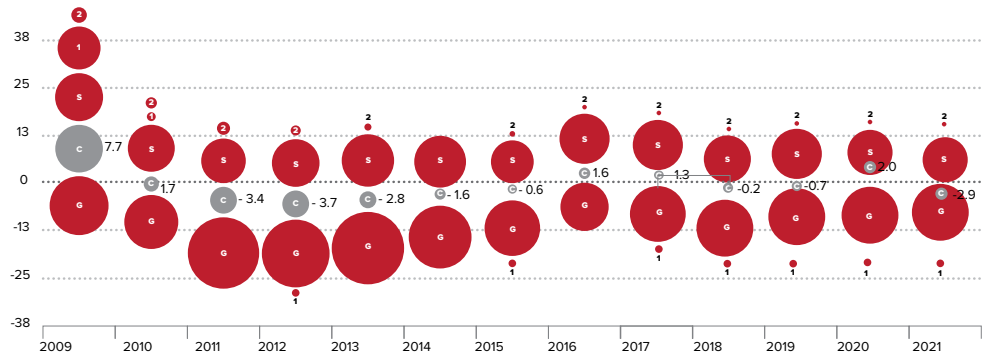


Source: Bank of Latvia



The current account deficit in 2022 was -6.4% of GDP.

CURRENT ACCOUNT, % OF GDP

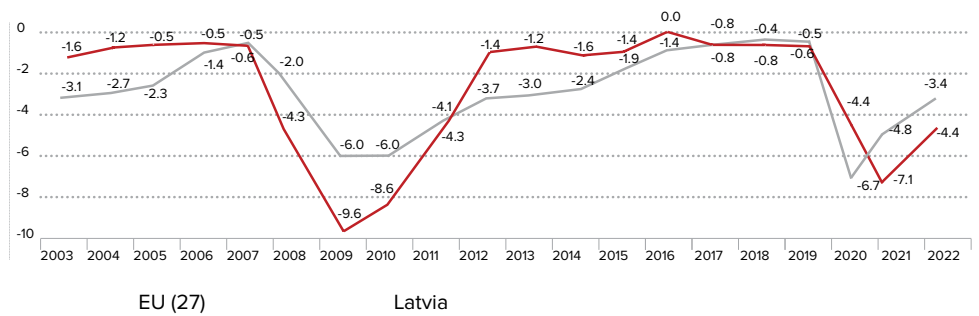


(C) Current Account, **(G)** Goods, **(S)** Services, **(I)** Primary Income, **(2)** Secondary Income

Source: Bank of Latvia

Latvia’s fiscal policy is focused on ensuring sustainable economic growth and implementing responsible fiscal policy in line with the conditions of fiscal discipline. Since the economic crisis, significant improvements have been achieved in Latvia’s fiscal position. The *Saeima* (parliament) approved the Law on the State Budget for 2023 with a budget deficit of 4.2% of GDP, this being in line with the permissible budget-deficit amount arising from the specific structural-balance target.

GOVERNMENT DEFICIT, % OF GDP

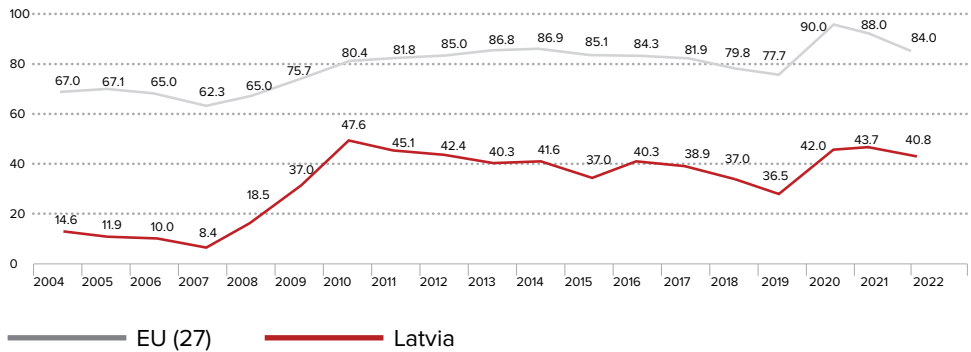


Source: Eurostat



Latvia's overall government debt increased during the crisis between 2008 and 2010. After successful completion of its international loan programme, Latvia has repeatedly proved its ability to attract finance on international financial markets under favourable conditions, through organising the issuance of public debt securities. Overall government debt is still one of the lowest in the EU, being EUR 15.947 billion or 40.8% of GDP in 2022.

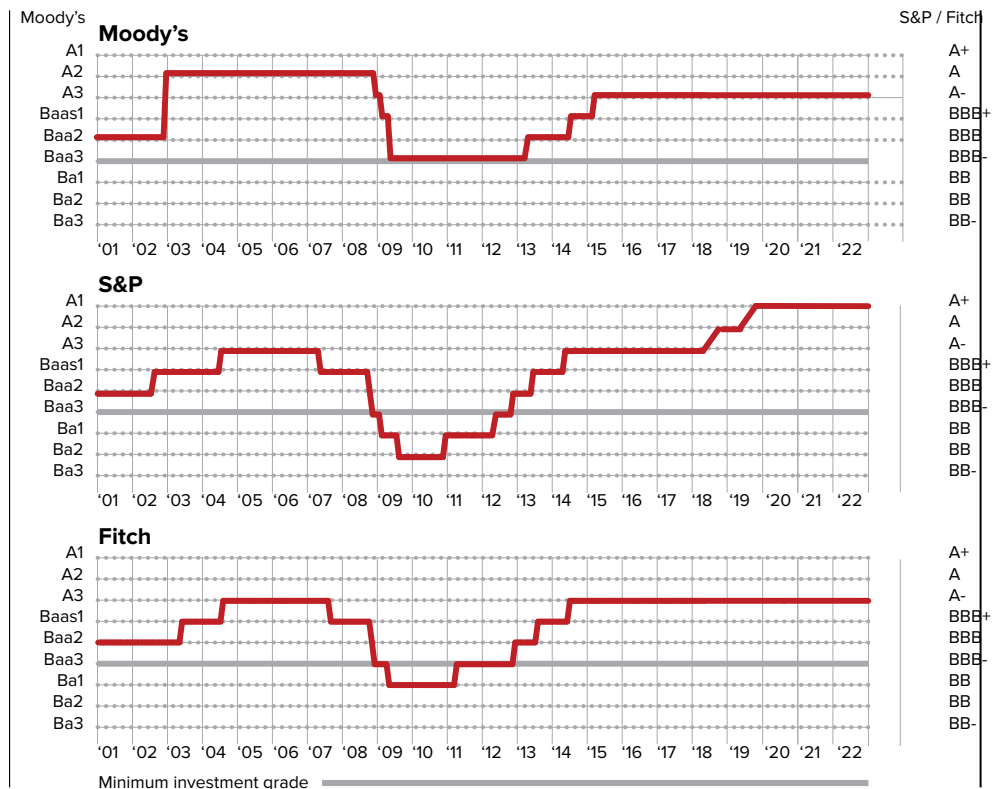
GOVERNMENT CONSOLIDATED GROSS DEBT, % OF GDP



Source: Eurostat

This prudent fiscal discipline has resulted in Latvia improving its sovereign credit ratings. International credit rating agencies have rated Latvia's institutional strengths positively.

LATVIA'S LONG-TERM FOREIGN CURRENCY ISSUER RATINGS



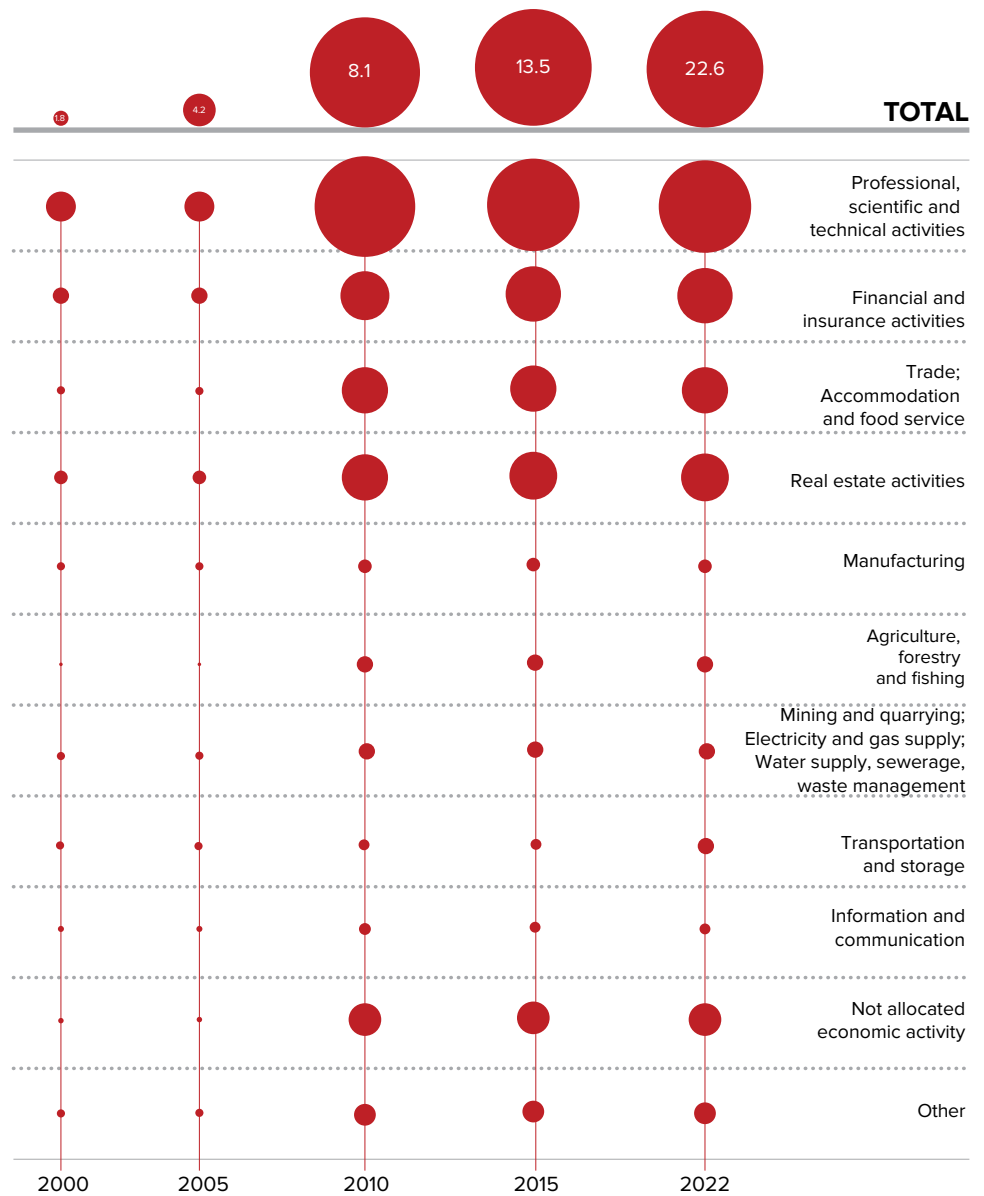
Sources: Treasury of the Republic of Latvia



FOREIGN DIRECT INVESTMENT

At the end of 2022, foreign direct investment (FDI) stock in Latvia amounted to EUR 22.59 billion (57.8% of GDP). FDI split by sectors shows that most investment is attracted by professional, scientific and technical activities (21.0%). Others of the largest foreign investments have been accumulated in financial and insurance activities (15.2%), trade; accomodation and food service (14.4%), and real estate activities (14.4%).

FOREIGN DIRECT INVESTMENT BY ACTIVITY TYPE (EUR BILLION)



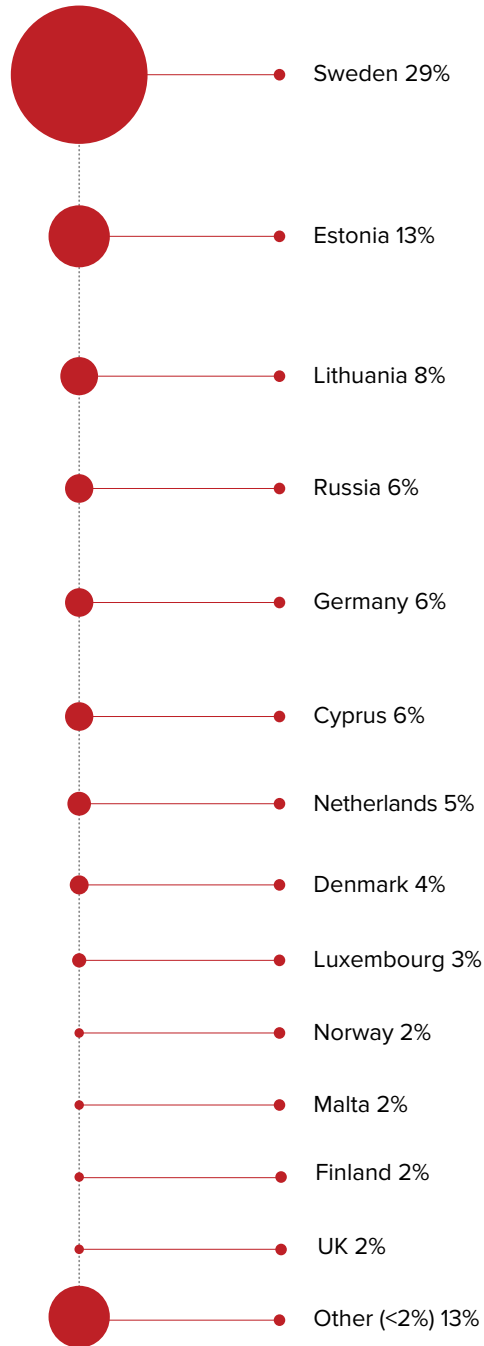
Source: Bank of Latvia

In 2016, FDI decreased, which was mainly related to the decreasing value of FDI stock in financial intermediation. It should be noted that cross-border investment flows have decreased all over the world in general, mainly because of the instability of the global economy, increased geopolitical risks and political unpredictability. However, accumulated FDI at the end of 2022 was 66.9% higher than it was in 2015.



Most of Latvia’s FDI comes from other EU member states. At the end of 2022, FDI from the EU states represented 82% of all accrued FDI, including 48.2% represented by investment from euro-area countries. At the end of 2022, the largest amount of investment was from Sweden – 29% of the total FDI stock in Latvia’s economy. Investment from Estonia, Lithuania, Russia, Germany, Cyprus, the Netherlands, Denmark, Luxembourg, Norway, Malta, Finland, and the UK has also reached high levels.

FDI STOCK IN LATVIA BY COUNTRY, 2022



Source: Bank of Latvia

Many international companies have established operations in Latvia, including such globally recognized names as *Bucher Municipal* (formerly *Bucher Schoerling*), *Schneider Electric*, *Tieto*, *Solvay* (formerly *Cytec*), *JELD-WEN*, *Circle-K* (formerly *Statoil*), *Cemex*, *Brabantia*, *SEB*, *TELE2* and others, having chosen to benefit from Latvia’s competitive advantages.



SOME OF THE FDI **SUCCESS STORIES**



“*Care of Sweden*” was established in January 1999 and head office is centrally located in Tranemo, just south-east of Borås. Company’s product line includes two types of mattresses: medical preventive mattresses and electronically controlled medical mattresses. “*Care of Sweden*” products are designed for bedridden patients to help treat and prevent bedsores. In 2022, the company “*Care of Sweden*” had a turnover of 21 million euros and exported its products to approximately 35 countries worldwide. In Sweden, the company sells 55% of its production, while 45% is exported. The biggest export market is Australia.

The company intends to begin production of electronically controlled medical mattresses in a newly established factory in Liepāja by the end of this year. The planned investment in the factory is two million euros. Initially, ten people will be employed at the Liepāja factory to assemble mattresses from raw materials supplied, but the number of workers may increase over time.

Find more information here: www.careofsweden.com



“*Enamine*” Ltd was founded in 1991 with the advent of high throughput screening in early drug discovery. The driving force of the company’s development was rapidly increasing demand for new chemical compounds. In over 15 years Enamine has become a global provider of screening compounds, building blocks, and fragments for supporting a wide range of research programs conducted by pharmaceutical and biotech companies, drug discovery centers, academic institutions and other research organizations worldwide.

The company decided to enter the Latvian market in August 2022 by expanding and developing in Riga, offering research partnerships for the local academic community and ensuring the effective use of existing facilities.

Find more information here: www.enamine.net/about-us



Marcegaglia is an Italian industrial group that operates in the steel processing sector. The company was founded in 1959 by Steno Marcegaglia and has grown into one of the leading global players in the steel industry. They produce a wide range of steel products, including tubes, coils, strips, sheets, and other specialized steel products used in various industries like construction, automotive, household appliances, and energy.

In April of 2023, the Italian corporation Marcegaglia announced the acquisition of the Latvian unit of the Russian steel producer Severstal. The Italian company plans to set up a modern processing and distribution centre in Latvia, with 300 new workplaces.



“It has helped us to strengthen our commercial presence in Northern Europe and the Baltic states, a region where we have not been present before, thus revitalising our European operations, especially in Latvia and, respectively, in Poland and Ukraine,” says Antonio Marcegaglia, President and CEO of Marcegaglia Steel.

For more information: www.marcegaglia.com



Stena Line is one of Europe’s leading ferry companies with 39 vessels and 18 routes in Northern Europe operating 27,000 sailings each year. Stena Line is an important part of the European logistics network and develops new intermodal freight solutions by combining transport by rail, road, and sea. Stena Line also plays an important role for tourism in Europe with its extensive passenger operations. The company is family-owned, was founded in 1962 and is headquartered in Gothenburg, with 5,900 employees and a turnover of 17.6 billion SEK.

Stena Line has operated the route between Ventspils and Nynäshamn, Sweden since 2012. In May 2023 company announced about acquisition of the ferry and RoRo port operations in Latvia, it is the latest among several moves to support Stena Line’s long-term expansion in the growing Baltic Sea region.

“The Baltic Sea is a major growth region for Stena Line and our investment in Ventspils shows how committed we are to develop our business with Latvia”, says Niclas Mårtensson, CEO Stena Line.

Find more information here: www.stenaline.com



In 2017, Baltic Renewables ventured into Latvia to explore fresh business opportunities. Their arrival was met with support from LIAA, which facilitated their progress through the Green Channel, expediting their growth in the country.

Since then, Baltic Renewables has been dedicating considerable time and investing several million euros into establishing the first reference case in Latvia. Their conviction lies in the belief that this reference case will act as a catalyst, making it easier to plan and construct additional wind and solar plants in the future.

The project encompasses a sprawling 200-hectare area, featuring an industrial-scale 60 MWp DC solar power plant. This ambitious endeavor is estimated to generate a significant 77.5 GWh of electricity annually.

Having already established three renewable energy plants in Latvia, Baltic Renewables is actively setting the foundation to achieve their ambitious goal of producing 1 gigawatt of electricity. Their expansion in 2023 further demonstrates their commitment to sustainable energy development in the region.



INCENTIVES FOR INVESTORS

Latvia offers companies that are registered in Latvia a wide array of incentives, including support via the EU Structural Funds and a business-friendly environment with attractive tax rebates. Foreign investors who register companies in Latvia, can use support mechanism available to Latvian merchants. Businesses operating in Latvia can also take advantage of its EU membership privileges, which allow the free movement of goods, services, capital and labor, and euro-area location. The Latvian government continues to work on developing a favorable climate for foreign investment by improving the business environment. Legal and administrative requirements are being eased, thus facilitating cooperation between international and local non-government partners.

EU FUNDING, 2021-2027

The EU Structural Fund financing granted for government-support programs is approximately 10.58 billion euros up to 2027. The EU funds are focusing on the following areas:

- Climate change and sustainability
- Economic transformation and productivity reform
- Digital transformation
- Income inequality reduction
- Health care
- Rule of Law

European funds will allocate 1.6 BEUR investment focused on climate and energy efficiency (673.1 MEUR), economic transformation and productivity (543.6 MEUR), decreasing income inequality (205.5 MEUR) and digital transformation (183.5 MEUR).

- Digital transformation includes the development of a European Digital innovation centre and regional network and support for new digital products and services. Also, the enterprise digital skill development, company process digitalization, commercial digital transformation.
- Productivity includes new product and technology development and support for innovation and research. Also, help for prototyping, technology transfer, productivity and risk capital instruments.
- Reduction of income inequality includes national and industrial territory park development, social and municipality building renovation and lower rent costs for housing.
- Climate and energy efficiency include greening, energy efficiency for buildings in private and state sectors, fostering renewable energy, and biomethane manufacturing.

InvestEU PROGRAM

The InvestEU program provides investment opportunities for companies that facilitate green and digital sectors, innovation, and startup ecosystems. InvestEU Policy window contains sustainable infrastructure, SMEs, Research, Innovation and Digitalization, and Social Investment and Skills.

It has three components:

- The InvestEU Fund - mobilizes private and public investment using guarantees from the EU budget. It has 26.2 BEUR available for investment. Incentives available are guarantees, equity and other support. More information here.
- The InvestEU Advisory Hub - providing technical advice to investment projects. Find out more here.
- The InvestEU Portal - database bringing together investors and projects. Find the link here.

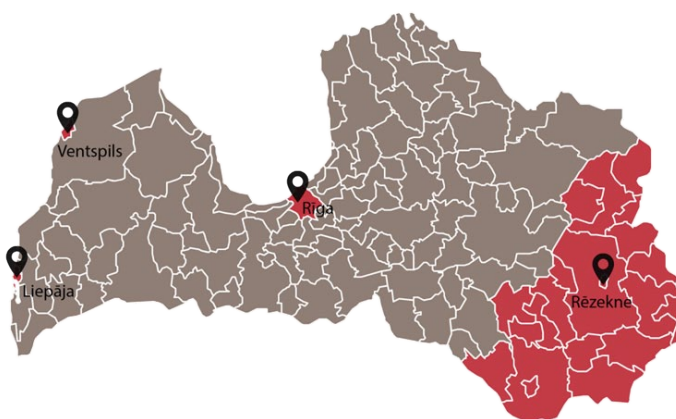


LATVIAN STATE AID PROGRAMMES

TAX INCENTIVES SPECIAL TAXATION REGIMES

Latvia has five Special Economic Zones (SEZ):

- Riga Free Port (www.freeportofriga.lv)
- Ventspils Free Port (www.portofventspils.lv)
- Liepaja Special Economic Zone (www.liepaja-sez.lv)
- Rezekne Special Economic Zone (www.rsez.lv)
- Latgale Special Economic Zone (www.invest.latgale.lv/en)



The main benefits for companies operating in Free Ports and SEZs are:

- Up to 80% rebate on real estate tax (1.5% in Latvia)
- 80% rebate on corporate income tax*
- 80% rebate on withholding tax for dividends, management fees and payments for the use of intellectual property for non-residents (rates for each type of withholding tax vary)

*Applies in case of withdrawal of dividends. Otherwise CIT in Latvia is 0%.

The **maximum accumulated amount** compensated to the company by these conditions collectively is **35% (45% for medium and 55% for small enterprises)** of the company's total ongoing investment of up to 50 million euros.

Please note that this example is of informative nature only. Exact tax calculations are provided by respective divisions of State Revenue Service (www.vid.gov.lv).

EXAMPLE (for dividends withdrawal):

| | | |
|-----------------------------|---|--------------------|
| Investments | = | 10 million EUR |
| Gross Profit | = | 1 million EUR |
| Real Estate Cadastral Value | = | 1 million EUR |
| Taxation in Latvia: | | |
| Tax on Dividends (20%)* | = | 250 000 EUR |
| Real Estate Tax (1.5%) | = | 15 000 EUR |
| Totally applied | = | 265 000 EUR |



Taxation in SEZ:

| | | |
|------------------------|---|-------------------|
| Tax on Dividends (4%) | = | 50 000 EUR |
| Real Estate Tax (0.3%) | = | 3 000 EUR |
| Totally applied | = | 53 000 EUR |

Savings per year:

| | | |
|--------------------------|---|--------------------|
| 265 000 EUR - 53 000 EUR | = | 212 000 EUR |
|--------------------------|---|--------------------|

** Before applying tax, dividends are divided by coefficient 0.8, effective tax rate is 25%.*

From June 2020, Rezekne SEZ and Latgale SEZ offers tax rebates for the newly created work places in the SEZ capital companies created as a result of the initial long - term investment. This new support instrument is great option, when initial long – term investment is smaller than the sum paid in salaries. The aid covers the wage costs (gross salary with employer`s compulsory social security contributions) of the new jobs created, but for a maximum period of two years.

ALTUM PROGRAMMES



Altum is a national finance institution that offers various programs and support instruments for entrepreneurs: You can read more about ALTUM programmes here: www.altum.lv

- **Loan for entrepreneurs**
- **Mezzanine loan**
- **Credit Guarantee**
- **Loans for companies' energy efficiency and sustainability**
- **Export credit guarantee**
- **Support of the consequences of war**
- **Energy efficiency loan with capital discount**

RURAL SUPPORT SERVICE OF LATVIA

Rural Support Service of Latvia (RSS) is a state administration institution, responsible for implementation of unified state and European Union (EU) support policy in the sector of agriculture, forestry, fisheries and rural development. You can read more about RSS support programmes here: www.lad.gov.lv



LIAA PROGRAMMES

GREEN CHANNEL

The Ministry of Economics and LIAA offers "Green Channel" for investments in priority sectors:

- ICT
- Bioeconomy
- Smart materials and Photonics, Technology
- Biomedicine and Pharmacy
- GBS
- Smart Energy and Mobility
- Construction
- Transport and logistics

It shortens the time for administrative procedures by half for territorial planning, residence permits and foreign workforce attraction. The companies must fulfil 3 out of 4 criteria to apply for the support:

- The investment amount in 3 years should be at least 5 million euros (in Riga – at least 10 million euros).
- The investment project should create 75 new workplaces (in Riga–100) or 50 new workplaces (in Riga-75) with Latvia's monthly average salary of the previous calendar year (published on the website of the Central Statistical Bureau of Latvia) multiplied with a coefficient of 1.5 (in Riga - the coefficient is 2).
- The planned product and service export amount in three years after the launch of the investment project should be larger than 3 million euros (in Riga – the amount is 5 million euros).
- The planned investment in R&D and employee competence development should be over 250 thousand euros.

SUPPORT FOR DIGITIZATION OF PROCESSES

Entrepreneurs, associations, foundations and research and knowledge dissemination organizations have access to support for process digitization, the purpose of which is to promote process digitization in commercial activities and increase productivity.

Support is given in the form of a grant:

- up to 5,000 euros 100% for small (micro) and small entrepreneurs
- up to 100,000 euros 30% – 60% for entrepreneurs, associations, foundations, research and knowledge dissemination organizations, foreign branches, farms, cooperative societies

Eligible costs:

- costs of purchase, development, installation and adaptation of ready-made solutions, hardware, sensors, equipment, software and information technology infrastructure, including the cost of purchasing a license
- consulting costs for specific equipment, software, solutions, strategic management of commercial activities in the field of digitization (only for micro, small and medium enterprises)

Before applying for support, an initial digital maturity test must be performed to determine the necessary investments for digitalization needs, and it is necessary to receive a digital development road map issued by the European Digital Innovation Center (Latvian IT cluster).

For more information visit:

www.business.gov.lv -

<https://business.gov.lv/en/support-programs/support-for-digitalization>



LATVIA AS A FILMING LOCATION

Latvia has a lot to offer to foreign directors interested in pursuing film projects in the country. Some of the things that Latvia can offer include:

- A rich cultural heritage and diverse landscapes that can serve as an interesting backdrop for film projects
- A skilled and experienced film industry workforce that can support the production of high-quality films
- Generous film production incentives, including cash rebates and tax breaks, which can help to offset the costs of filming in Latvia
- A central location in Europe that makes it easy to access other major film production hubs in the region
- Modern facilities and equipment, including sound stages and post-production studios, that are suitable for a wide range of film projects

Many successful international projects have been launched; for example, Riga became a shooting place for the German mini-series 'Sisi.' The Baroque Rundale Palace in Latvia featured in the HBO/SKY Atlantic productioned series 'Catherine the Great'. There are 195 registered film producers and studios represented in the industry. As well as a wide range of co-production and production service options.

There is a website dedicated to exploring the filming locations: www.filmlatvia.lv
More information can be found in www.liveriga.com/en/11123-film-sector



KEY SECTORS

Leveraging Latvia's strengths, LIAA concentrates its efforts on five strategic sectors that hold attractive opportunities for foreign investment. Further details about these business domains can be explored at: investinlatvia.org/en/key-sectors

KNOWLEDGE-INTENSIVE BIOECONOMY

Given Latvia's substantial forest coverage and strategic location, the bioeconomy sector (sustainable agriculture, forestry, and fisheries) is a vital driver of the national economy. It constitutes up to 40% of exports and is a key source of rural employment. This success results from abundant resources, cost-effective labor, and supportive government policies promoting sustainable development.

As a food exporting entity, we continuously expand our food processing capabilities. Our upcoming endeavor involves establishing a bioeconomy protein facility (ASN) that collaborates closely with the University of Biotechnology. Together, we are dedicated to innovating the most effective and environmentally friendly protein production methods, striving for optimal efficiency and carbon neutrality.



Key Advantages

- Traditionally strong sector
- Easy access to raw material
- Abundance of skilled labor
- High private investment in R&D
- Sustainability of the industry

ICT & SMART CITY

Summary

Emerging ICT trends pave the way for fresh possibilities. Encouragingly, the information and communications technology (ICT) sector, a rapid-expanding domain in Latvia, embraces these opportunities.

In Latvia, a thriving IT export sector contributes around 1.4 billion in exports. Additionally, Riga, the Baltics' largest city, is shaping "Meta city Riga," an innovative concept spanning education, entertainment, and urban planning. This ecosystem fosters startup growth and empowers them to trial solutions with early adopters. Moreover, Latvia hosts distinguished quantum scientists focused on software development, positioning the country as an early hub for quantum algorithm engagement as quantum science enters the commercial market.

Key Advantages

- A skilled, multilingual labor force and high investment in the tangible assets
- contribute to productivity
- Well-developed export market
- Knowledge of foreign languages among IT professionals
- Superb efficiency of IT infrastructure
- Ease of access from any European country
- Western-style working culture
- Labour cost-effectiveness
- Broadband – low cost, high performance





SMART ENERGY & MOBILITY

Summary

Experienced in renewable energy generation, Latvia provides an excellent environment for green energy projects. Under the scope of Mission Sea 2030, Latvia presents a 500km coastline, giving rise to the Baltics' most significant offshore wind capacity of 16GW. While Latvian energy needs stand at just 2GW, major energy stakeholders are actively developing Hydrogen solutions for initial energy storage, with potential for broader applications. This scenario could potentially attract energy-intensive and highly automated industries to consider Latvia as a prime location for establishing their production facilities.



Key Advantages

- Traditionally a leading sector
- Easy access to raw materials thanks to advantageous geographic location
- Excellent logistics infrastructure
- Competitive labor force
- Highly competitive in higher-value products
- Shift toward more sophisticated production

BIOMEDICINE, MEDICAL TECHNOLOGIES & PHARMACY

Summary

Latvia is an undeniable leader in biomedicine among the three Baltic States. Latvia-based biomedical companies and organizations have demonstrated dynamic growth in recent years. At the forefront of precision medicine research, we specialize in leveraging large-scale data and possess the capacity to provide dedicated big data infrastructure tailored for biomedical research, all in compliance with EU regulations. Additionally, we boast one of the most favorable cost-to-value propositions in the realm of research "clean rooms."



Key Advantages

- Strong R&D capability
- Established manufacturing infrastructure
- Geographic and cultural proximity to eastern and western markets
- Skilled, highly competitive professionals

PHOTONICS, SMART MATERIALS, TECHNOLOGIES & ENGINEERING

Summary

Smart materials, technologies, and engineering are essential for the transformation of Latvia's economy, creation of new and innovative technological solutions and the development of high-value-added products and services. Within the global landscape, Latvia holds a prominent position in optical fiber production and takes charge of the manufacturing and assembly of diverse electronic apparatus, including 5G routers. A collaboration between prominent enterprises and the university (RTU) is underway, focusing on the exploration of the microchip supply chain. The aim is to outline a strategic roadmap towards establishing a center of excellence in microchip design. Presently, a number of small enterprises are cultivating top-tier silicon crystals, yet further enhancements are required to unlock added value.



Key Advantages

- Leader of the Baltic States in scientific excellence
- Cooperation between industry, science, and the national authority
- Necessary infrastructure (technology, policy, researchers, know-how, etc.)



HUMAN RESOURCES

Employment relationships in Latvia are regulated by the Labour Law, which transposes many aspects of EU employment law and social policy directives, such as those relating to equal treatment, collective redundancy, working hours, and rest breaks. Monitoring of Labour Law compliance is executed by the State Labour Inspectorate and representatives of employers and trade unions.

Work productivity is kept high by Latvia's relatively low number of public holidays:

- 1 January – New Year Holiday
- 2 days (set yearly) – Good Friday and Easter Monday
- 1 May – Labour Day
- 4 May – Independence Proclamation Day
- 23 and 24 June – Midsummer Days
- 18 November – National Independence Day
- 24, 25 and 26 December – Christmas Eve and Christmas
- 31 December – New Year's Eve

Qualified talent pool



62%

of people in the 25 - 34 year old age group know at least **two foreign languages**



High rates of **university attendance** (**81%**, gross enrolment ratio)

13%

Large proportion of **international students**

At the end of April 2023, the registered unemployment rate in the country was 5.7%, and in the capital Riga – 4.4%. In 2022, the unemployment rate was 6.9%, which is the same as average rate in EU-27 (6.6%) and lower than average rate in the Euro area (6.8%). In 2022, the unemployed status was mostly obtained by representatives of simple professions and service and trade workers. Compared to 2021, the largest percentage increase in the number of registered vacancies was in the professions of senior specialists, servants, qualified agricultural, forestry and fishery workers. The largest number of vacancies is registered in simple professions, skilled workers and artisans and senior specialist professions.

Statistics from the State Employment Agency reveal that in 2022, most vacancies were registered in major groups of medium-skilled occupations (lorry drivers, retail shop assistants, cooks concreter welder of metal materials), followed by low-skilled occupations (ancillary workers, construction labourers, cleaners, manufactory workers) and highly-skilled occupations (the oldest eksperts, sales specialist, project managers, customer sales consultant, programmer). The greatest increase in demand in comparison to the previous year was registered precisely in occupations in the medium-skilled group, particularly in the major groups of skilled workers and craftsmen. Comparing the basic groups of professions, the demand has increased in the profession groups of senior specialists and representatives of simple professions.

According to the results of *Eurobarometer* research, Latvia ranks second among European states for the percentage of residents, who in addition to their mother tongue can speak at least one foreign language: 95% of Latvia's residents are fluent in some foreign language and 49% can speak at least two foreign languages (1st highest score). 13% can speak at least three foreign languages. Moreover 44% of respondents acknowledge that they speak a foreign language on a daily basis – at work or in their private lives.

Source: Eurobarometer

The majority of adults know Russian, English and German. Other popular languages in Latvia are Lithuanian, Polish and French.



In Latvian general schools, 96.3% of pupils are taught foreign languages. In primary education (grades 1-6), 97.5% of pupils are taught foreign languages, in elementary education (grades 7-9) – 96.1%, but in secondary education (grades 10-12) 92.5% are taught foreign languages. 56.9% of pupils learning foreign languages learn two or more foreign languages. The majority of pupils (95.6%) are learning English, followed by Russian (41.2%). German is learnt by 12.5% of pupils, but French – by 1.8%. As well as the languages already mentioned, pupils are also taught the Arabian, Danish, Estonian, Italian, Japanese, Jewish, Chinese, Latin, Lithuanian, Norwegian, Polish, Finnish, Spanish and Swedish languages.

Source: Central Statistical Bureau of Latvia

SALARIES IN LATVIA

Monthly salaries in Latvia range from the minimum wage of EUR 620 gross for low-skilled workers in the manufacturing and retail sectors up to EUR 10 000 gross to top managers in the largest international companies.

According to the Central Statistical Bureau of Latvia, the average monthly salary in Latvia in 2022 was EUR 1373 gross, which is a 7.5% increase comparing to 2021.

For example, highly qualified engineering and production management staff can often be attracted from Riga to work in regional factories by maintaining appropriate salary levels.

Salary surveys confirm that the total level of remuneration in Latvia is increasing by 4-6% annually. However, this average figure is only a trend; wage growth is increasingly being tied to employees' individual performance indicators and companies' overall results. Consequently, we can anticipate growing salary gaps at various levels and qualifications in the future.

Sectors with the highest level of remuneration (above average): IT/ Telecom, Pharmacy, Financial Services, Construction, Wholesale (representative offices).

Compared to other EU countries, the general level of compensation in Latvia is competitive. For example, the level of compensation for unskilled jobs is three to four times lower than in such Western European countries as Germany and France, while in terms of wage-adjusted labour productivity, Latvia is ahead of most EU member states.



SALARY STRUCTURE AND TAXES

| | | 766,26 EUR | | |
|---|--------------------|-------------------------|---------------------|--------------------------|
| Employer's part of social security contribution | | 23,59% | | |
| Social security contribution | | 10,5% | 620 EUR | |
| Personal income tax | | 20% | 20% | |
| | | | | 542,27 EUR* |
| Employee receives | after taxes | 118 EUR | 118 EUR | 118 EUR |
| | non-taxable amount | 500 EUR | 500 EUR | 500 EUR |
| | | Cost to employer | Gross salary | Employee receives |

* Calculation of an employee's net salary is based on the general algorithm, the actual formula is more complicated, also taking into account a number of tax discounts, e.g. for dependants.

BONUSES

Additional benefits provided to employees vary between sectors and positions.

The IT and financial-services sectors are among the most generous industries with benefits including health insurance, paid health and sports activities, telecommunication services, partly or fully provided catering.

The most common benefit in the manufacturing sector is health, life or/and accident insurance (varies by industry and profile) as well as compensation for transport costs.

Other most common benefits include discounts on company products or services, additional holidays, pension funds as well as company cars for managerial and business development positions.

YOUTH POTENTIAL IN THE LABOUR MARKET

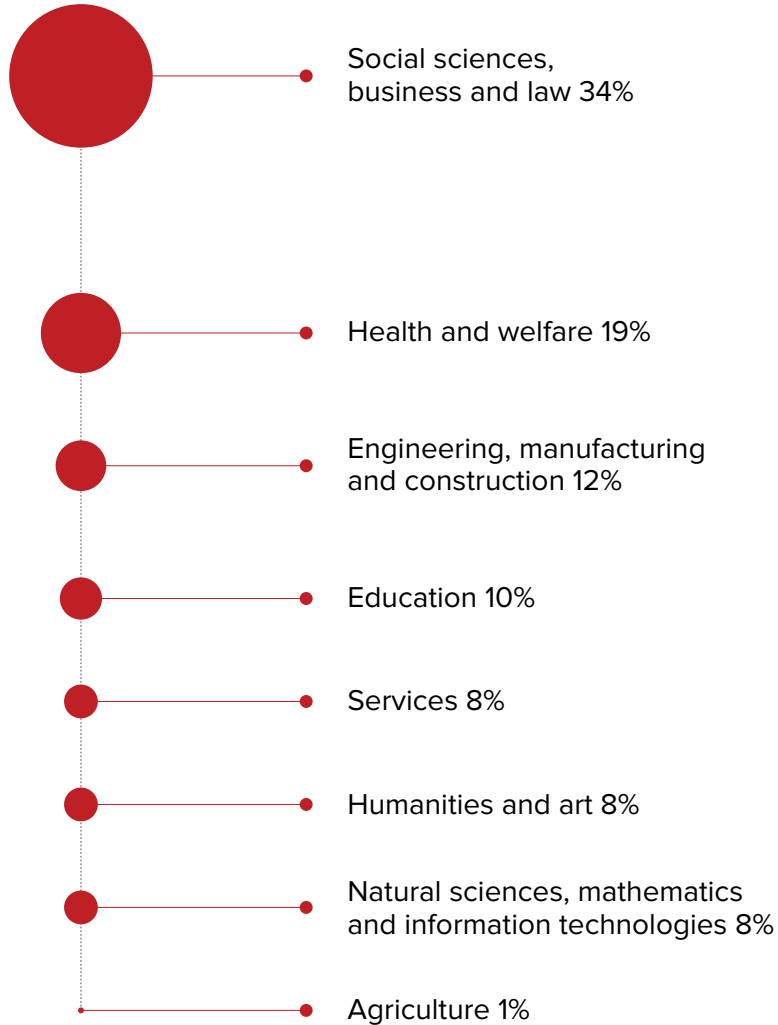
Generally, the majority of Latvia's young people commence their careers while still studying, thus numerous young, skilled specialists are already active in the labour market. These people are self-confident, possess good communication skills, and are technologically adept. Participation in student exchange programs (e.g., *Erasmus*), youth organizations (e.g., AIESEC), and international communication helps foster foreign language skills.

Education is a historically developed traditional value in Latvia. Enrolment rates in universities are among the highest in the world. Although humanitarian and social study programmes continue to be the most popular, there is increasing interest in technological sciences and engineering.



Graduates with degrees or qualifications from higher education institutions and colleges by subject group, 2022

The total number of graduates in 2022 was **13 422**



Source: Central Statistical Bureau of Latvia

There is increased interest among young people in acquiring vocational education.

The most important motivators for young people in Latvia currently are:

- Learning and professional-growth opportunities within the company;
- Interesting job content and working environment: modern technologies (particularly in IT), opportunities to participate in cross-border and interdepartmental projects;
- Professional management (Team leadership), which motivates and inspires for growth.
- Opportunities to work for companies rated as good employers. Employees in Latvia appreciate companies that develop their good employer ratings not only globally, but are able to adapt their values to local conditions.

Consequently, Management Trainee and similar programmes are widely used both by global corporations and local organisations in order to attract the most talented young potential in Latvia.



In order to attract young people without experience or specific competencies for work in Riga, salaries starting from EUR 620 net are considered competitive. Salaries of about EUR 700 net are an appropriate level for specialists skilled in particular areas (up to one year's experience) for work in Riga.

EMPLOYEE SELECTION

Employee selection in Latvia is performed by the head of the company, the employee responsible for HR, or a recruitment company's help. Foreign companies and investors most often use the services of a recruitment company or publish job advertisements on leading job portals and perform the in-house selection.

When creating a job advertisement, the requirements prescribed by the Labour Law must be taken into account: it is illegal to discriminate based on age, sex, ethnic origin, etc., and the name and contact details of the employer or the recruitment company must be clearly stated.

The State Employment Agency (*Nodarbinātības valsts aģentūra (NVA)*) licenses the operations of recruitment companies in Latvia. A list of licensed companies is published on the NVA's website: www.nva.lv. Around ten professional recruitment companies in Latvia offer high-quality and value-for-money recruitment services, and most of them are a part of international networks. In addition, several companies provide staffing and payroll outsourcing services.

Candidate selection takes 4-6 weeks, depending on the nature and seniority of the position.

Because of the relatively narrow Latvian labor market, only a few people can represent certain industry-specific profiles or a combination of required competencies. Consequently, to recruit a professional of narrow specialization, employers may have to use headhunting or provide in-house training to young talented specialists. There are already several similar positive examples where companies have offered specific competence training for their employees, such as foreign languages, work with specific IT systems, etc. This approach promotes a positive employer rating and increases employee motivation.

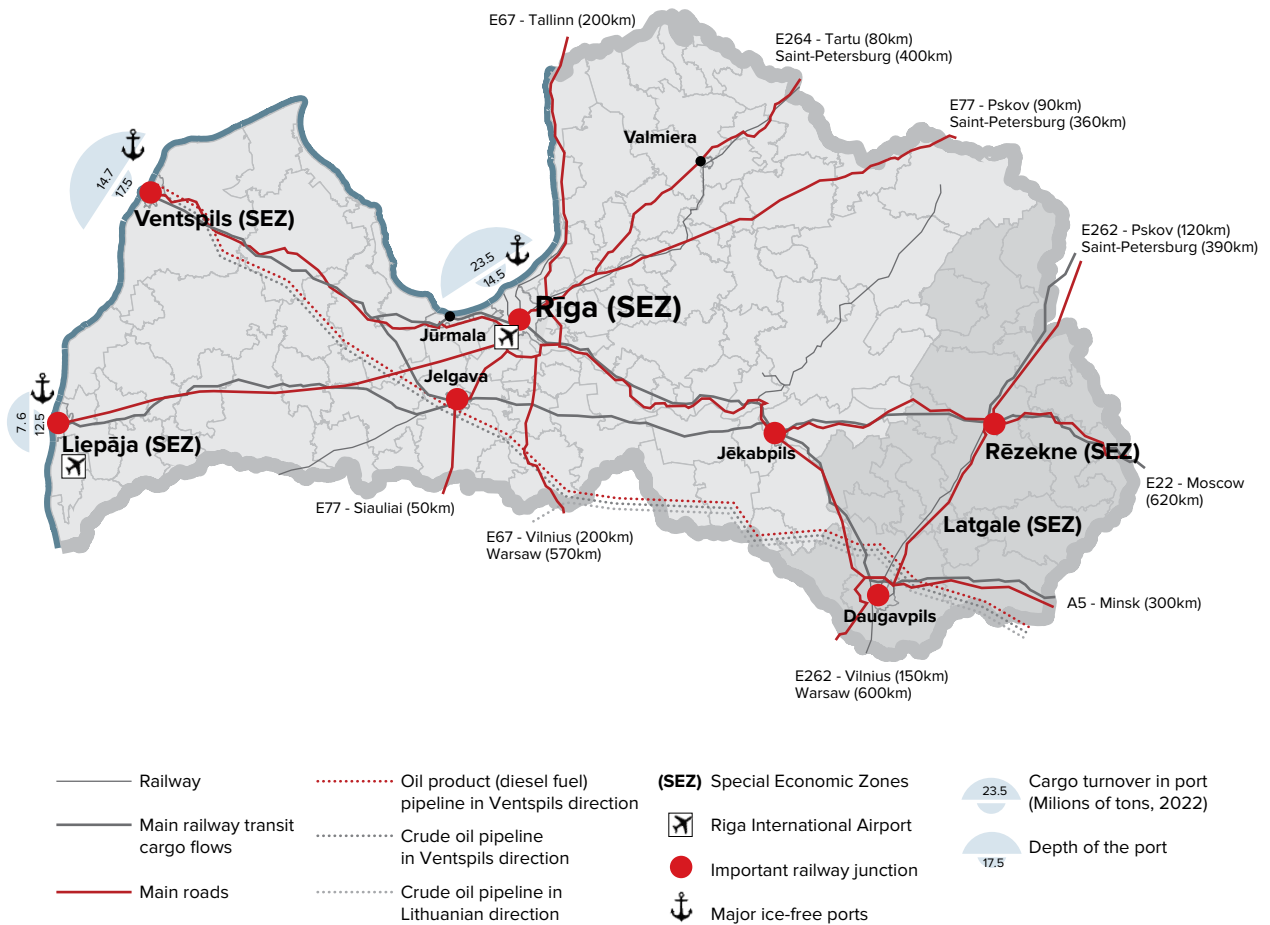


BUSINESS INFRASTRUCTURE

TRANSPORT & LOGISTICS

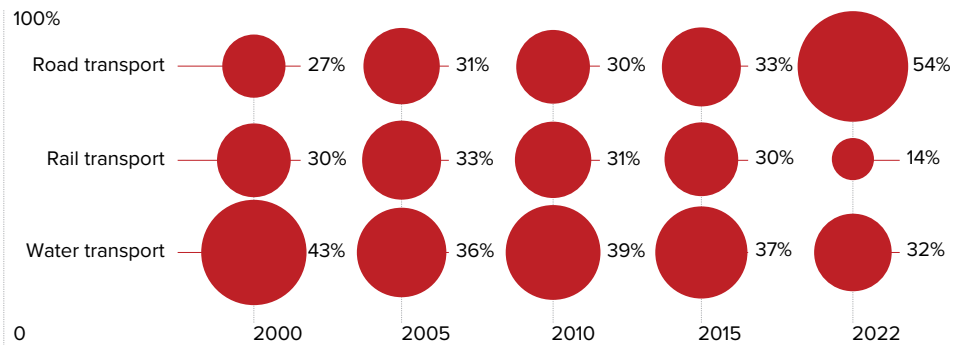
Thanks to its geographical location on the crossroads between the main Eurasian markets, Latvia is one of the most convenient and practical hubs for transporting goods. Latvia's transport system provides an appropriate infrastructure base to facilitate these trade flows and to serve the needs of local export/import operators:

- Free ports in Ventspils, Riga, and Liepāja, with total cargo throughput of 45.9 million tonnes in 2022, predominantly transit shipments.
- An extensive and functional road network, connecting with European road networks, as well as Latvia's ports.
- Riga International Airport – a competitive Baltic passenger hub, serving 40% in 2022 of all airline passengers in the Baltic States and handling 39% of all cargo.





CARGO TRAFFIC BY MODE OF TRANSPORT (TONNES, MILLION)



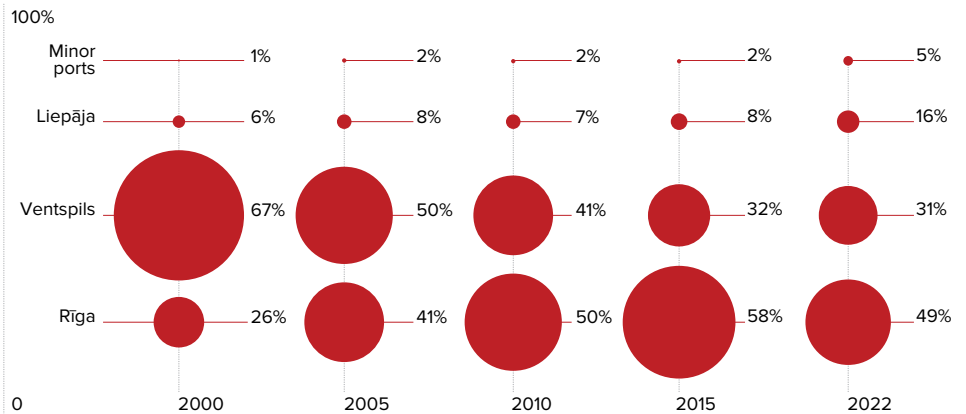
Source: Central Statistical Bureau of Latvia

PORTS



As vitally important export and transit-shipment points for Latvia itself, and several neighbouring countries, the three largest Latvian ice-free ports provide reliable access 365 days a year. Connections to all other transport infrastructure elements, along with attractive tax-free zone incentives, have resulted in the ports becoming regional centres of industrial activity. Nevertheless, there are still a number of port locations available for businesses, within customs-free zones and with direct sea access.

CARGO THROUGHPUT IN LATVIAN PORTS (TONNES, MILLION)



Source: Central Statistical Bureau of Latvia

All the ports are equipped with the required infrastructure – tanks for bulk liquids, terminals, warehouses and cranes, communications infrastructure – and have operating service-providers – stevedores, agents, customs brokers, and banks – with a number of internationally recognized names like *Kuehne & Nagel* and *Maersk Line*, comprising a visible part of the service offer.



ROADS

The total length of Latvia's road network is 70 936 km (incl. state roads, municipal roads and streets, as well as forest roads). The average density of roads in Latvia is 1.098 km per km².

The Latvian road system provides direct access to destinations in the southwest (central/western Europe). The roads are well connected to northern Europe (Finland and Sweden) via other countries and/or RO-PAX-capable ports. Generally, all roads are fully public and toll-free, as funds for maintenance are collected from the excise tax on fuel and vehicle registration fees paid to the Road Traffic Safety Directorate. With financial support from the EU, Latvia has upgraded sections of the *Via Baltica* – the first pan-European transport corridor, connecting Finland and the Baltic States to Poland and Western Europe. To divert increasing transport flows from the centre of the capital city, Riga City Council has constructed the Southern Bridge over the river Daugava and plans to construct a Riga Northern Transport Corridor – a high-speed road crossing Riga from east to west and bypassing the city's historic centre.

Forwarding services is a comparatively developed market with a large number of actively competing operators, including international companies like *DB Schenker*, *DHL*, and *DSV Transport*. Transport-freight intensity is increasing rapidly along with the growth in foreign trade and transit operations – international freight volumes passing through Latvia have significantly increased.

RAILWAYS



In order to facilitate trade flows in the north-south direction, it is planned to implement a pan-Baltic railway route, *Rail Baltica*, connecting Tallinn–Riga–Kaunas–Warsaw–Berlin. This project would also serve as the first step in Latvia's transition to European railway-gauge technical standards. Thanks to this new railway network, rail freight volumes will increase, as will average train speed. The project also covers convenient passenger connections to other transport services. Also, the Baltic States being re-connected to the European railway network is expected to facilitate the development of Latvia's transport and logistics sector after. Since May 2017, there is a container train line that links Latvia with China. It takes less than 15 days for a train to cross this route, while it is around 45 days for sea transport.



100+
DESTINATIONS
IN SUMMER

70+
DESTINATIONS
IN WINTER

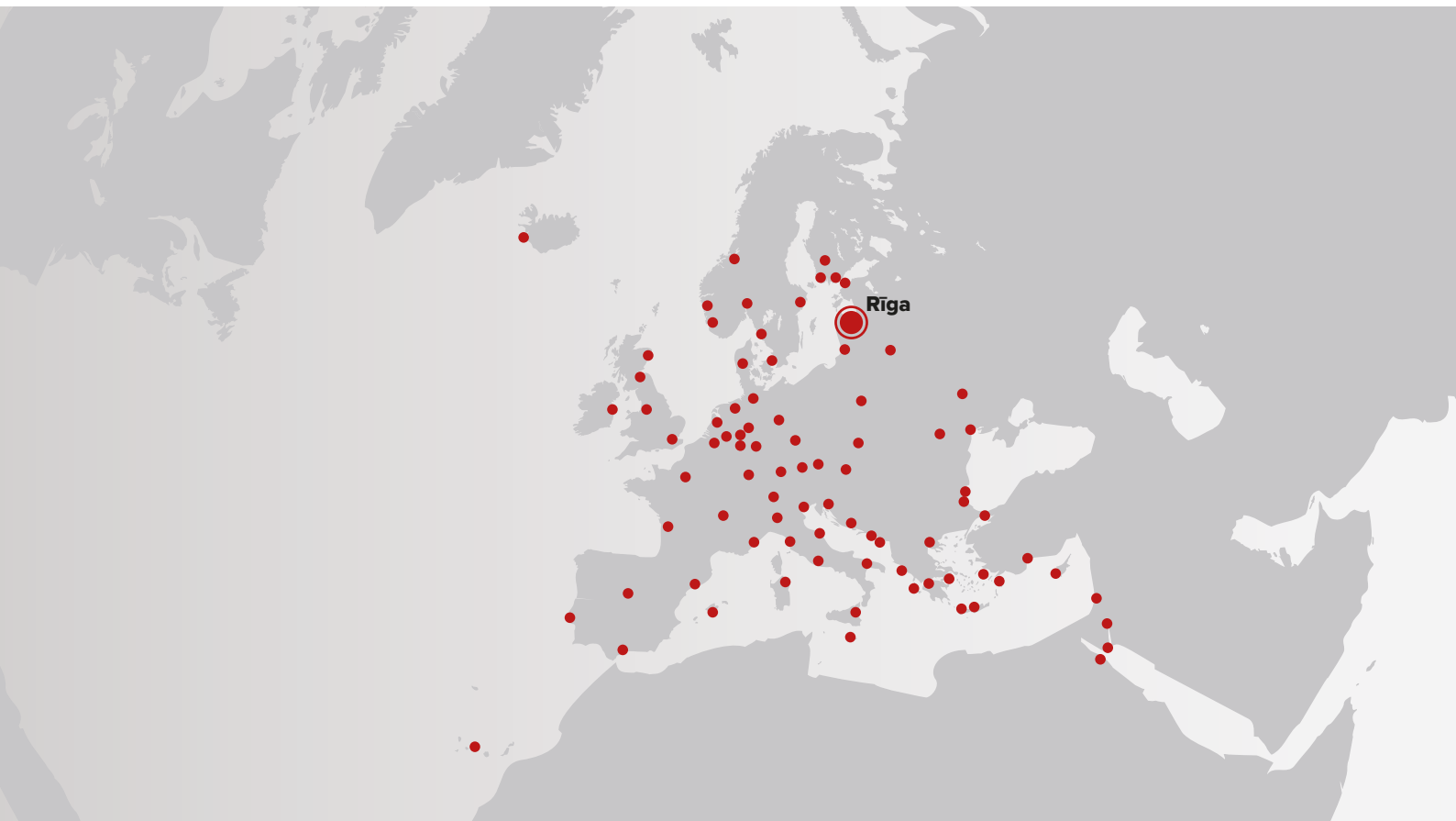
CONNECTIVITY OF RIGA INTERNATIONAL AIRPORT

Riga Airport is a fast-growing Northern European air traffic hub, connecting the Baltic countries with European business centres and popular holiday destinations. Most air passenger and freight transport in Latvia moves through Riga International Airport, which is also the leading air transport and transit system in the three Baltic States. The airport is currently served by more than 10 airlines, including Latvia's national airline airBaltic, low-fare carriers Ryanair, Wizzair, Norwegian, and European leaders like Lufthansa, Turkish Airlines and Finnair. These companies and others ensure fast and reliable direct travel from Riga International Airport to 100+ destinations (in summer 2023) including London, Oslo, Frankfurt, Helsinki, Berlin, Stockholm, Copenhagen all of which provide further connections to transcontinental air routes.

In 2022, Riga International Airport served 5.4 million passengers and handled 20 123 tonnes of cargo. In 2022, Tallinn had 2.7 million passengers, and Vilnius airport – 3.9 million.

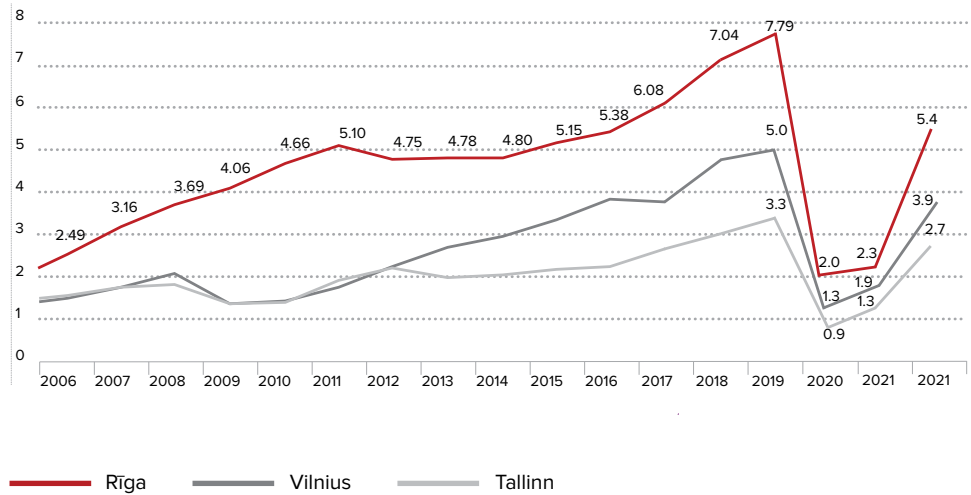
Future development plans of the Airport include building a new passenger terminal, development of RIX Business park and Airport City concept as well as Rail Baltica station at the Airport. High speed rail connection will conveniently allow passengers to travel to the Airport from the neighboring countries.

Being aware of its role and responsibility in the national economy of Latvia, Riga Airport develops sustainable services and infrastructure, taking care of its employees and the environment, and keeping pace with society and the local community. By joining the Net Zero 2050 initiative, Riga Airport has committed to achieving climate neutrality by 2050.





NUMBER OF PASSENGERS (MILLION) AT BALTIC AIRPORTS



Source: Eurostat

The company airBaltic has been recognized by the web-based service provider ch-aviation as the winner of Europe’s Youngest Aircraft Fleet Award 2021.

Destinations with direct flights from Riga in the summer season (2023) include Amsterdam, Athens, Barcelona, Bergen, Berlin, Brussels, Budapest, Zurich, Dubai, Dublin, Edinburgh, Frankfurt, Hamburg, Helsinki, Istanbul, Copenhagen, Lisbon, London, Madrid, Milan, Munich, Naples, Nice, Oslo, Paris, Prague, Reykjavik, Rome, Stockholm, Tallinn, Tbilisi, Warsaw, Venice, Vilnius, Vienna and many more.

The air cargo and/or express package services of international providers like DHL, FedEx and UPS ensure one-day delivery within Europe and two days for the rest of the world.

After undergoing reconstruction and the certification process for commercial flights, Liepaja Airport has recently reintroduced itself into Latvia’s aviation infrastructure. This airport is Latvia’s second international airport and it is expected to facilitate the long-term economic development of the region. Liepaja is Latvia’s third largest city and also happens to have an ice-free port.



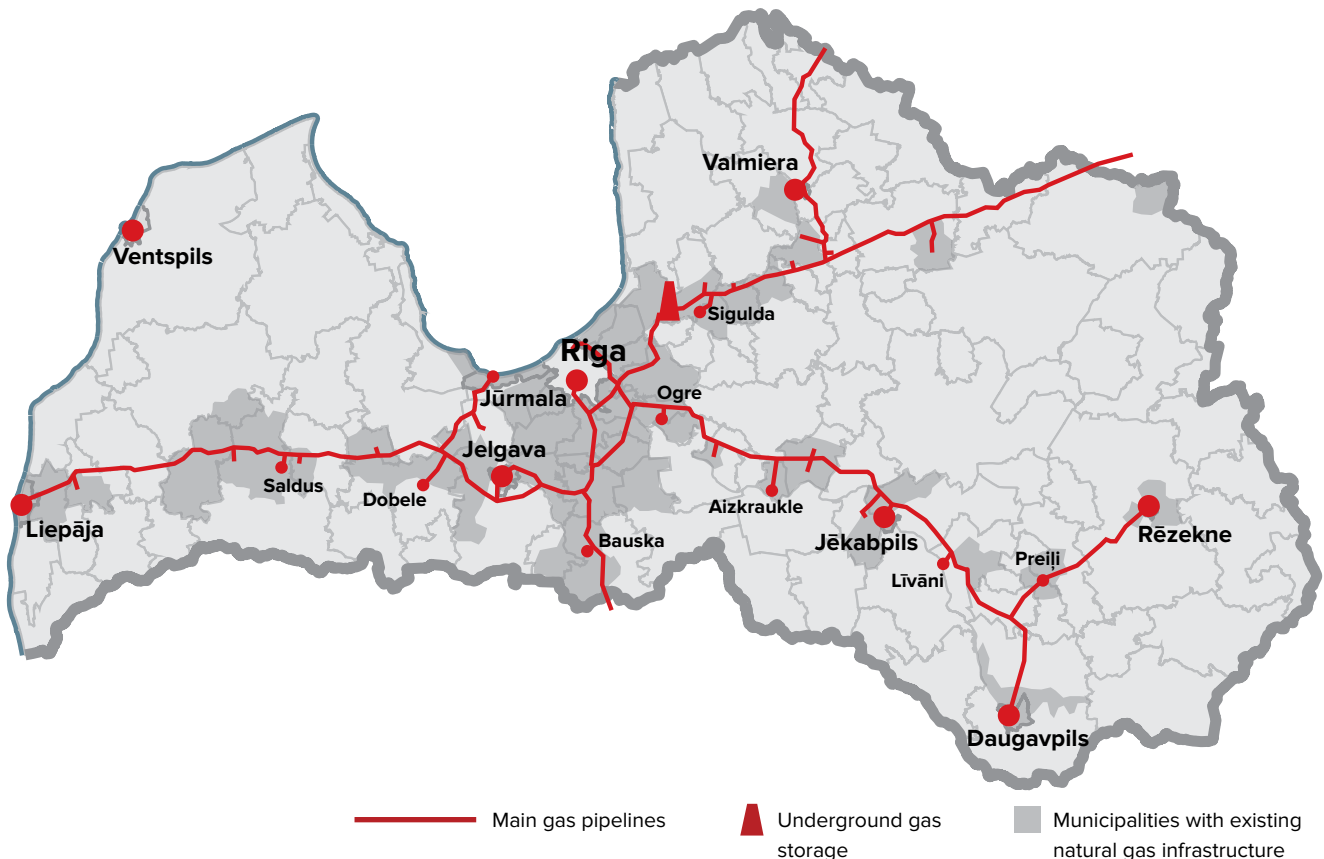
UTILITIES

A number of Latvia’s utility services are still state-owned or corporate monopoly operations. In order to ensure reasonable pricing in these areas, the Public Utilities Commission of Latvia – whose responsibilities include utilities, telecommunications, post and railway services – regulates the tariff policies of monopoly utility providers. Also, certain utility sectors are being liberalized by opening markets to other service providers. One example is the national gas market. Following new amendments to the Energy Law, as of 3 April 2017, Latvia’s gas market is being liberalized. This means that households will be able to select their preferred gas supplier. Companies listed in the register of natural gas traders will be able to supply gas to consumers in Latvia. Companies having an agreement with *Latvijas Gāze* will be permitted to use the existing infrastructure for gas supply.

GAS

Latvia is endowed with a unique natural resource – the Incukalns Gas Reservoir, which is the largest natural gas-storage reservoir in Europe, with a capacity of approximately 4.47 billion m³. As a result, the country is in a very favourable position in terms of gas supply costs, also providing gas storage for the two other Baltic State. In addition to supplying the domestic market, natural gas in Latvia is used in heat generation, power generation, the manufacture of construction materials, agriculture, the food industry, and many other areas.

NATURAL GAS INFRASTRUCTURE IN LATVIA





ELECTRICAL POWER

State-owned *Latvenergo* provides about 90% of all the electricity consumed in Latvia.

In Latvia, approximately more than 50% of the electricity is generated from renewable and environmentally friendly energy sources (more than half of installed capacity is hydro). More than 100 independent producers, operating small-capacity hydro-electric plants, wind generators, or heat and electricity co-generation plants, produce a very small proportion (approximately 10% in 2021) of electricity in Latvia. All the same, 'new energy' generation is growing substantially and is expected to be of increasing importance in the future.

Electricity transmission in Latvia is carried out by a single transmission system operator – JSC "Augstsprieguma tīkls", while electricity distribution – by 11 distribution system operators of which JSC "Sadales tīkls" supplies electricity to 99% of the power users. Nevertheless, for convenience of consumers, the market is organized in a manner of one stop shop, therefore the daily communication with different market participants is organized via supplier.

As of 31 December 2022, 38 companies were registered in the Electricity Traders Register, of which 22 (57%) were active. In 2022 some of the largest electricity traders in the whole retail market by volume are JSC "Latvenergo", "Enefit" Ltd, "Ignitis Latvija" Ltd and "AJ Power".

In Latvia, opening of the electricity market began on 1 July 2007.

Regarding renewable energy in general, it should be noted that while producing slightly more than 42.1% of its inland annual energy consumption from renewable energy, Latvia is the third of the share of renewables in total energy consumption within the EU (Eurostat, 2021). The two most prominent renewable energy sources in Latvia are biomass and hydropower. Nevertheless, there are still opportunities to be developed in the wind power and solar energy segments. Latvia has finished the National Energy and Climate Plan for 2030 (NECP) and has set plans to reach zero net emissions by 2050.

DISTRICT HEATING & WATER SUPPLY

District heating and water supply services are generally provided by separate operators in each municipality. However, where necessary or more convenient, any company is free to construct its own system as long as it meets existing technical/environmental regulations. The municipalities mostly own local operators, but some have been privatized and have attracted foreign investors. The most notable suppliers are located in Latvia's largest cities.

WASTE DISPOSAL

Several local and regional waste-management companies throughout the country provide general waste-disposal services. The waste produced in Latvia is recycled both locally and in foreign countries. Several facilities exist for the recycling of metal, glass, paper, polyethylene and PET. The most modern polyethylene recycling facility in the Baltic States is located in Latvia. Several types of hazardous waste (car tyres, oil, and oil filters) are recycled in Latvia. Electronic and electrical equipment is collected and transported abroad for recycling. Latvia also has installations for hazardous waste incineration, mercury recovery from luminescent lamps, water-oil separation facilities, incinerators of oil- and medical waste, and installations for disinfecting medical waste.



DEVELOPED COMMUNICATIONS

Latvia has a developed communications industry, with a strong focus on ICT (Information and Communications Technology). The sector accounts for approximately 6% of Latvia's GDP and employs around 40,300 people.

ICT sector is made up of a wide range of companies, including computer services, computer software, computer hardware and peripherals, and telecommunications services. The sector is highly competitive, with a number of foreign companies operating in Latvia alongside local firms.

- High-speed broadband network: Latvia has a high-speed broadband network, with over 95% of the population having access to speeds of at least 10 Mbps. This has made it possible for businesses and consumers to adopt a wide range of online services, such as video streaming, online gaming, and cloud computing.
- Strong focus on skills development: The Latvian government has been supportive of the ICT sector, and has invested heavily in education and training. There are a number of universities and colleges in Latvia that offer courses in ICT, and the government provides financial support to students who study these subjects.
- Competitive environment: ICT sector is highly competitive, with a number of foreign companies operating in Latvia alongside local firms. This has led to a number of benefits, such as lower prices for consumers and businesses, and a wider range of choice.
- Government support: Government has been supportive of the ICT sector, and has implemented a number of policies to help it grow. These include tax breaks for ICT companies, funding for research and development, and support for the export of ICT services.
- Increasing competition is evident in the mobile broadband market, as all three mobile networks (*Latvijas Mobilais Telefons (LMT)*, *Tele 2*, *Bite Latvija*) offer generous amounts of bundled data. The challenge for mobile operators in the coming years will be maintaining service levels across networks under heavy traffic loads.
- Limited Long Term Evolution (LTE, 4G) services were launched in 2011 and have since been extended. Following the auction of spectrum in the 2.6GHz band, these frequencies were made available to the four licensees from early 2014.
- The EC's approval of funding for optical-fibre networks supports the government's own programme to build a national network.

The largest (by numbers of customers) are: *Bite Latvija (GSM)*, *Tet*, *Latvijas Mobilais Telefons (GSM)* and *Tele2 (GSM)*.

According to Speedtest ranking Latvia has the 35th fastest internet speed in the world and is the 22nd country for mobile usage (29.7 GB) in the OECD countries (OECD Broadband Portal, 2022).

Latvia is amongst the first countries globally to implement the 5G network. We are 18th in Europe in the 5G Readiness Index and 2nd among Baltic countries! What does it even mean? Imagine uninterrupted 5G coverage for all urban areas and main terrestrial transport paths. 5G use cases include mobility, drones, public safety, big data, and AI.

5G offers a number of benefits over previous generations of mobile networks, including:

- Faster speeds: 5G can offer speeds up to 100 times faster than 4G.
- Lower latency: 5G has lower latency, which means that there is less delay between when a request is made and when it is responded to.
- Increased capacity: 5G can support more devices and users than previous generations of mobile networks.

At the end of 2020, the first 5G defence technology test site in Europe opened at the Ādaži Military Base. In November of 2022, two new 5G networks entered service there, which were developed by LMT in collaboration with the technology suppliers Nokia and



Ericsson, creating an environment for the development and testing of new generation wireless technologies. In turn, LMT, in cooperation with the partners of the international project 5G-ROUTES, have performed the first demonstrations of cross-border mobility in a 5G test environment. Certainly there is much more to achieve, as Latvia continues to develop 5G infrastructure and new 5G-based solutions.

There are numerous operators offering internet services – DSL, optical, or LAN. The share of households with internet connection in Latvia reached 91.4 % in 2022.

E-commerce has become very popular due to the frequency of internet and web development both in Latvia and worldwide. Many companies have developed online shops, and sales continue to grow. The industries using online sales most are accommodation (80% of companies in the industry), ICT services (29%) and wholesale (28.1%).

All banks operating in Latvia, mostly Scandinavian (*Swedbank, SEB banka, Luminor Bank*), have developed internet banks, which are popular among the Latvian population. 80% of the population use internet banks for their payments and other non-cash money transactions, which is more than the EU average (61%). Since 2006, this rate has grown by 3 times and trends show that it is still growing. Seven banks have already developed mobile bank apps, with others planning to do so in the near future.

Currently, there are thousands of public wireless internet points available in Latvia. In Riga alone, users have access to nearly 2 200 free WiFi points, making Riga the capital of free WiFi.

Major investment in telecommunication infrastructure has resulted in very good figures for internet upload and download speeds in Latvia. Consequently, Latvia ranks among the top 40 countries in the world by average measured connection speed, in terms of high broadband connectivity, and also according to average peak connection speed. Latvia is also the European leader in terms of fibre-optic networks, in addition, optical internet connections are available to more than half of the country's households.

Source: World Broadband Speed League data

REAL ESTATE

As a country with a relatively low density of population, Latvia can provide a range of location choices for both industrial and office operations. There are a number of vacant factory buildings in all the largest cities, along with historic city centres that are gradually developing new functions, evolving from residential into commercial, entertainment, and shopping areas. In addition to the availability of individual properties, a number of business-hosting parks have been established or developed for different types of tenants.

Average commercial rents in Riga, 2023, Q1 (EUR/m² per month)

| Offices | |
|-----------------------------|-----------|
| Class A | 15 - 18 |
| Class B1 | 9 - 14 |
| Retail | |
| Prime shopping centre rents | 23 - 40 |
| Prime high street rents | 15 - 30 |
| Industrial | |
| Prime rents | 4.2 - 5.3 |

Source: Colliers International, Baltic Real Estate Market Snapshot | Q1 2023



For greenfield projects, there are no barriers to using the services of local real estate agents and construction companies.

A number of local and international construction companies operate in the Latvian market, making that market very competitive. Latvian construction companies have proven their competitiveness in foreign markets and work well on different scale projects, ranging from general construction to specific installation works. International players are also successfully operating in the Latvian construction market.

The real estate business is also well developed and competitive, featuring companies such as *Latio*, *Colliers International*, *Kivi Real Estate*, *Ober-Haus* and *CBRE*.

Construction permits in Latvia can be obtained in approximately one month, but for large and technically difficult projects, more time may be required to dealing with the required procedures.

OPERATING ENVIRONMENT

The latest rankings for trade freedom around the world by the *Heritage Foundation – the Index of Economic Freedom* demonstrate a strong correlation between trade freedom and positive indicators, for example, economic prosperity, low poverty rates, and clean environments. The *Index of Economic Freedom 2022*, measuring the impact of liberty and free markets, placed Latvia in 18th place of the world's most free economies.

Source: The Heritage Foundation

FORMS OF BUSINESS

There are several types of legal entities stipulated in Latvia's Commercial Law:

- Limited Liability Company (Ltd)
- Individual Merchant (Sole Trader)
- Joint-stock Company
- Partnership
- Branch or Representative Office

Representative offices, similar to branches, are not independent legal entities. Representative offices cannot perform economic activities, and their functions are limited to market research, promotion of the parent company, and other limited marketing activities.

The most popular form of business by far is Ltd.

SETTING UP A COMPANY



All companies must be registered in the **Commercial Register**. For companies to achieve legal status, their founders shall prepare and submit to the Register of Enterprises: 1) a foundation agreement or decision of foundation (in case of a single founder) 2) articles of association, and confirmation of legal address, together with 3) receipts that confirm payment of registration duty and payment for the publication of an announcement in the official newspaper, *Latvijas Vēstnesis*.

Registration duty depends on the chosen form of business. The Register of Enterprises undertakes to review applications and register companies within three days or within one working day (if a three times larger fee is paid).

Companies can be registered in just one working day.



ENTRY, WORK, AND RESIDENCE PERMITS

According to the Immigration Law, foreign nationals are entitled to enter and reside in Latvia if they have valid travel documents. If foreign nationals wish to reside in Latvia for more than 90 days within six months, they must obtain a visa or a residence permit. Since Latvia's accession to the EU, citizens of other EU member states do not require visas or residence permits. Still, they must obtain a registration card from the Office of Citizenship and Migration Affairs if their stay in Latvia exceeds 90 days. You can read more about obtaining a residence permit and visas here: www.investinlatvia.org/en/for-investors/moving-to-latvia



VISAS

Latvia has been a member of the Schengen Agreement for nearly 15 years; therefore, member-state citizens traveling to Latvia do not require a visa, and foreigners who have a valid Schengen visa can travel to Latvia with an existing one. Other foreign nationals who are citizens of countries entitled to request visas for entering Latvia must submit an application.

An invitation is mandatory if a natural or legal person in Latvia is considered an employer (according to the Law on State Social Insurance) and they intend to employ a foreign national by entering into an employment contract or a work-performance contract. Those foreign nationals who wish to establish employment relationships or become self-employed must have a work permit.

WORK PERMITS

Work permits are issued by the Office of Citizenship and Migration Affairs based on visas or residence permits. Suppose employers intend to employ a foreign national. In that case, they must register a job vacancy with the State Employment Agency (SEA) at least one month before applying to the SEA for approval of invitations for visas or sponsorship for residence permits. Foreign nationals must receive separate work permits if they work for more than one employer or in several positions. Suppose the employment of foreign nationals relates to short-term stays in Latvia that do not exceed 90 days in six months. In that case, work permits can be issued in accordance with the validity of visas.

RESIDENCE PERMITS

Residence permits allow foreign nationals to stay in Latvia temporarily or permanently for periods exceeding 90 days in six months. Self-employed persons may request residence permits, members of the boards of directors or supervisory councils of companies registered in the Commercial Register, persons authorized to represent foreign companies in branch activities, and other situations prescribed in the Immigration Law.

Temporary residence permits are suspended for Russian and Belarusian citizens, with some exceptions, such as family reunification, employment, etc. You can read more here: <https://www.pmlp.gov.lv/en/article/latvia-temporarily-suspends-issuance-temporary-residence-permits-russian-and-belarusian-citizens>

Ukrainians entering Latvia do not need a vaccination certificate or travel documents, only their biometric passport. You can find more information at the one-stop-shop website here: "Ukraine to Latvia"



Additionally, temporary residence permits may be requested by foreign nationals who have done one of the following:

- Invested in the equity (increased equity capital for an existing company or established a new company) of a company in Latvia:
 - at least EUR 50 000 in companies with turnover or annual balance sheet not exceeding EUR 10 million, with no more than 50 employees. In this case, a temporary residence permit may be granted to no more than ten foreign residents. Each of them must pay 10 000 EUR in the State budget
 - invested at least EUR 100 000 in companies with turnover or annual balance sheet exceeding EUR 10 million, with more than 50 employees
 - invested at least EUR 100 000, performed in the equity capital of a capital company. It is registered with or without subsidiaries in the Republic of Latvia, employs at least 50 employees and has an annual turnover that exceeds EUR 10 million.
- Acquired real estate
 - residency permits up to 5 years may be acquired by purchasing real estate with a minimum value of EUR 250 000 anywhere in Latvia.
- Made subordinated capital investments at least EUR 280 000 in a Latvian credit institution. Residence permits up to 5 years may be acquired.

REAL ESTATE ACQUISITION PROCEDURES AND RESTRICTIONS

Latvian legislation provides no restrictions on the acquisition or transfer of ownership rights to real estate in cities for citizens of Latvia, citizens of EU member states, and companies in which more than 50% of equity is owned by citizens of Latvia, citizens of EU member states, or natural or legal persons from countries with which Latvia has entered into international agreements on the promotion and protection of investments. Foreign nationals from third countries are subject to restrictions on the acquisition of land in state border zones, specially protected areas, natural-resource extraction areas, and agricultural or forest land.

TRANSFER OF RIGHTS TO REAL ESTATE

Each real estate transaction involving changes in ownership rights must be registered in the Land Register, which stores information regarding the legal status of real estate. Registration of the transfer of real-estate ownership rights is done by submitting registration applications signed by both seller and purchaser. Before registering with the Land Register, the owner must settle any real-estate tax debt and pay stamp and state duties (see the section Real Estate Tax). Applications for transfer of real-estate rights are reviewed in ten days.



PROTECTION OF INTELLECTUAL PROPERTY

Latvian legislation provides four main instruments for protecting intellectual property: patents, trademarks, designs, and copyrights. All laws regarding intellectual property protection are harmonized with EU legislation and international conventions.

The Patent Office is the institution that implements state policy on ensuring industrial property rights and makes decisions on the granting of patents or the registration of trademarks, designs, or additional protection certificates. It maintains official state registers of patents, trademarks, and registered designs and certifies individuals to act as intermediaries in the registration of intellectual property.

The rights to use intellectual property can be acquired in the form of licenses or license agreements. The owner of intellectual property is entitled to transfer ownership rights to another person together with a company or separately from it.

REGULATION OF COMPETITION, MERGERS, AND ACQUISITIONS

Foreign and local companies commencing business or involved in a reorganization (merger or acquisition) must comply with the corresponding provisions of the Competition Law, the Commercial Law, and the Law on Corporate Income Tax. Since Latvia acceded to the EU in 2004, the Competition Law and the national competition authority – the Competition Council – have operated following EU regulations on mergers and acquisitions.

The protection and development of competition in Latvia is the responsibility of the Competition Council, whose main tasks are to:

- Monitor observance of the prohibition against the abuse of dominant positions and prohibited agreements by market participants.
- Monitor observance of the Advertising Law.
- Examine submitted notifications regarding agreements between market participants and take decisions regarding them.
- Restrict market concentration.

The Competition Council has the right to:

- Carry out market supervision.
- Conduct investigations of competition violations.
- Provide opinions regarding the conformity of market participants' activities.
- Submit pleadings, applications, and complaints to courts.

PROTECTION OF THE RIGHTS AND INTERESTS OF INVESTORS

The rights of investors in Latvia are protected by the Commercial Law, the Civil Law, and the Law on Judicial Power. Shareholders exercise their rights in annual shareholders' meetings. Shareholders who jointly represent not less than one-twentieth of the equity capital of a company can request extraordinary shareholders' meetings. Any shareholders can bring an action in court to revoke decisions taken by shareholders' meetings if they were unlawfully prevented from participating in the meeting or from familiarizing themselves with relevant information, or significant violations have occurred in making such decisions.

Rights regarding investment made by foreign investors in Latvia are covered by bilateral agreements on the promotion and protection of investments. The agreements state that all disputes between investors and the contracting state must be resolved through negotiation. Where disputes are not resolved by negotiation, investors can hand over the dispute to a competent court in the country where the investment was made or to any *ad hoc* arbitration tribunal established under the Secretariat of the United Nations Commission on International Trade Law (UNCITRAL) or the International Centre for Settlement of Investment Disputes (ICSID).



LATVIAN COURT SYSTEM

The Law on Judicial Power prescribes that all court judgments have the force of law after the expiration of their appeal or protest deadlines. The Latvian court system has three levels: 1) district (city) courts operate as first-level courts for civil, criminal, and administrative matters; 2) six regional courts operate as first-instance courts for more complicated cases and appeal courts for cases adjudicated by district courts; and 3) the Supreme Court, composed of the Senate, the Civil Matters Panel, and the Criminal Matters Panel, is the cassation instance for all matters previously adjudicated by district (city) courts and regional courts, and the appeal court for cases adjudicated by regional courts.

FOREIGN INVESTORS' COUNCIL IN LATVIA

The Foreign Investors' Council in Latvia (FICIL) is a non-governmental organisation that brings together the largest companies from various countries and sectors that have made significant investments in Latvia, as well as ten countries' Chambers of Commerce in Latvia and Stockholm School of Economics in Riga.

FICIL's mission is to improve the business environment in Latvia through active dialogue with the Latvia government. Organisation works to advise, in a transparent manner, the Latvian government on areas to improve the investment climate so that it benefits all investors. FICIL members identify issues that affect business operations and cooperate with various government agencies daily to solve problems through changes in legislation or administrative procedures.

FICIL priorities for the upcoming years focus on advising policymakers to foster:

- Energy security based on Green Deal goals.
- Labour force availability and skills.
- Combatting shadow economy.
- Public sector reform, including data driven decision making and digitalisation.

FICIL meets with the government in annual High council meetings, jointly chaired by the sitting Prime Minister and FICIL Chairperson of the Board, to discuss Latvia's economic development, exchange views and ideas to improve the business environment, and facilitate further investment in the country.

Find more information here: www.ficil.lv



TRADE AND CUSTOMS PROCEDURES

Since accession to the EU in 2004, customs policy has been regulated by EU legislation. Latvian customs legislation only regulates specific areas not covered by EU legislation.

According to the EU Community Customs Code, community goods are:

- Goods fully produced in the EU, without any raw materials from third countries.
- Goods imported from third countries, released for free circulation in the EU customs zone.
- Goods produced in the EU customs zone
- Goods that are subject to internal transit procedures (preparation of respective customs declaration) if they are transported from one member state to another, crossing the territory of a third country.

Customs duty is applied to goods imported from or exported to third countries. Upon the release of goods for free circulation in the EU customs area, Common External Tariffs are applied, meaning that the same duty is applied for import into any EU member state. The amount of import duty applied depends on the classification and origin of the goods and is stipulated in EU legislation. VAT and other taxes, if applicable, are applied to imported goods only in the country where the goods are released for consumption.

Importers of goods can acquire EU tariff quotas, permitting importers to import certain goods in specific periods for lowered or zero customs duty. Importers can obtain tariff quotas applicable to specific goods from a particular country. More information on required import or export duties, following your requirements, can be obtained at the Market Access Database (<http://madb.europa.eu>). Latvia is using TARIC (Tarif Intégré de la Communauté) to identify the rules, tariff rates, and potential license requirements that apply to specific products being imported into the customs territory of the EU. The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union.





FINANCIAL ENVIRONMENT

THE CENTRAL BANK AND THE COMMERCIAL BANKING SECTOR

Latvia's central bank is the Bank of Latvia, an independent institution and a Eurosystem participant. The Bank of Latvia shares the primary objective of maintaining price stability with the central banks of other euro area countries and the European Central Bank (ECB). The Bank of Latvia participates in implementing and formulating the Eurosystem's monetary policy. The Bank of Latvia also manages foreign reserves, ensures the smooth operation of payment systems, issues cash in Latvia, compiles financial and economic statistics, and maintains the Credit Register.

After the Financial and Capital Markets Commission integration into the Bank of Latvia on January 1st, 2023, the latter regulates and oversees the activities of all participants (investors, credit institutions, insurers, stock exchanges, depositories, brokers, etc.) in the financial and capital markets, as well.

COMMERCIAL BANKS IN LATVIA

At the end of 2022, there were 10 banks and 4 branches of foreign banks in Latvia. The top 5 banks by asset size were "Swedbank" AS, "SEB banka" AS, "Citadele banka" AS, Luminor Bank AS Latvian branch, and "Rietumu Banka" AS, accounting for 88.1% of total assets. At the end of 2022 the total value of assets of Latvian commercial banks was 26.98 billion EUR, increased by 9% or 2.2 billion EUR compared to the end of 2021. The Association of Latvian Commercial Banks exists to contribute to strengthening and developing Latvia's banking system – developing legislation and representing the collective interests of banks.

THE INSURANCE SECTOR

At the end of 2022, 6 insurance companies were operating in Latvia (2 life insurance companies and 4 non-life insurance companies) and 11 branches of foreign insurance companies. An application for a licence to provide insurance services must be filed with the Bank of Latvia. Decisions to approve or reject applications are made within six months of the filing date.

STOCK EXCHANGE

Nasdaq Riga and the Latvian Central Depository are the leading securities market operators in Latvia. These institutions provide market participants with an environment for dealing in securities, clearing and settling securities transactions, and listing securities, as well as for the operation of the central register of public securities and the register of state-funded pension funds.

Nasdaq Riga is a part of *Nasdaq Inc.*, the world's largest exchange company. In May 2022, *Nasdaq Riga* was listing 14 companies shares and 28 bond issues.

Under the Financial Instruments Market Act and the rules of *Nasdaq Riga*, companies wishing to put their shares on the main list of the *Nasdaq* Latvian market must meet the following requirements:

- A prospectus approved by the Latvian regulator;
- Minimum market capitalisation of EUR 4 million;
- At least three years of operation;
- Listing at least 25% of the company's total number of shares, or if less than 25% is listed, the total capitalisation of the listed shares must be at least EUR 10 million;
- Financial statements prepared to IFRS or GAAP.

You can read more about it here: <https://nasdaqbaltic.com/market-regulation/nasdaq-riga-rules/>



TAXATION

GENERAL PRINCIPLES

The Taxes and Duties Act, as amended, determines Latvia's general taxation principles. Specific taxes are assessed according to special tax laws, such as the VAT Act or the Corporate Income Tax Act. If there is a conflict between the general principles and special rules, the latter prevails. Under the Taxes and Duties Act, duties are imposed by either the state or municipalities.

The state is entitled to impose duties on several different items, including vehicles, court applications, notary applications, gambling, changes to identification data, reservation of land in rural areas, dealings in vouchers and bills of exchange, immigration services, business licenses/permits, registration of security interests, applications for patents, trademarks, or plant protection certificates. Municipalities have the right to apply for reliefs in respect of payments payable to local government budgets, in line with business-support principles, including real estate tax*.

** Having regard to the provisions of COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.*



STATE TAXES

1. Company car tax
2. Corporate income tax
3. Customs tax
4. Electricity tax
5. Excise
6. Lottery and gambling tax
7. Microbusiness tax
8. Natural resource tax
9. Personal income tax
10. Real estate tax
11. Social insurance contributions
12. Solidarity tax
13. Stamp duty
14. Value-added tax
15. Vehicle operation tax
16. Withholding tax (part of corporate income tax law)

On 1 January 2017, a separate law was implemented for startup companies. The following state aid programmes are determined by this law:

- a fixed social tax charge with the employee's consent;
- a support programme for attracting highly qualified workers; and
- a corporate income tax credit and a corporate income tax rebate.

MAIN BUSINESS TAXES IN LATVIA

| | |
|--|--|
| Personal income tax | Differential 20%, 23% and 31% |
| Employer's national social insurance contributions | 23.59% |
| Employee's national social insurance contributions | 10.50% |
| VAT | The standard rate of VAT is 21%. The reduced rate is 12%, 5%, 0%. |



VAT REGISTRATION

VAT is charged on all transactions made in the course of business. Individuals or entities registered in Latvia with total supplies of goods and services exceeding 40 000 EUR in 12 months are liable to register for Latvian VAT. This total excludes the value of any capital or intangible assets supplied once in the subsequent 12 months. However, companies may register for VAT and charge VAT on supplies made before the threshold is exceeded. Moreover, non-taxable legal entities and individuals registered in Latvia who carry out economic activities are liable to register for VAT if they make intra-Community acquisitions of goods or provide services and the total value of transactions exceeds EUR 10 000 during the calendar year. Tax can be paid monthly or quarterly, depending on the taxpayer's specific criteria.

CORPORATE INCOME TAX

As of 2018, a 0% CIT rate is applied to reinvested profit. In other words, CIT will be paid only when a company pays dividends or other payments to actual profit distribution (conditionally distributed profit). CIT at the rate of 20% will only have to be paid from the profit share, which will be distributed or disbursed as dividends or used for purposes not directly related to business development.

No other taxes are charged on corporate income by the state or municipalities. Resident companies are taxed on their worldwide income.

Non-resident companies are taxed on their Latvian-source income through a permanent establishment (PE) at the standard rate of CIT. In the absence of a PE, non-residents may be subject to 0–15% withholding tax on qualifying payments (such as management fees and payments to tax havens).

PERSONAL INCOME TAX

Latvian residents are liable to income tax on their worldwide income. Non-residents are liable to income tax on their Latvian-sourced income. Personal income tax is charged at 20%, 23% and 31%* differential tax rate from January 2021 on employment and other income, except for capital gains.

*(20% for income up to 20004 EUR/year; 23% for income from 20004 EUR to 78100EUR/year; 31% for income above 78100EUR/year)

Dividends, interest and income from life insurance contracts and private pension funds are taxed at 10%. Capital gains on the disposal of capital assets (such as real estate, shares and bonds) are taxed at 20%.



ANNUAL FINANCIAL REPORTING

Commercial companies, cooperative companies, European economic interest groupings, European cooperative societies, and European commercial companies registered in Latvia must prepare their annual accounts following the Annual Accounts and Consolidated Annual Accounts Act. Sole traders and farming and fishing enterprises must prepare their annual reports following the Act if their revenue exceeds EUR 300 000 in the last year.

The Act divides companies into four categories based on defined criteria. If two out of three criteria are met for two consecutive years, the entity must be reclassified into the relevant category:

| | Net revenue (EUR) | Total balance sheet (EUR) | Average number of employees in financial year |
|-----------------------|-------------------|---------------------------|---|
| Micro company | < 700 000 | < 350 000 | < 10 |
| Small company | < 8 million | < 4 million | < 50 |
| Medium company | < 40 million | < 20 million | < 250 |
| Large company | > 40 million | > 20 million | > 250 |

Annual accounts consist of a financial statement and a management report. Companies classified as small may elect not to prepare a cash flow statement and a statement of changes in equity. The Act also defines certain exemptions for required disclosures.

A management report must provide information about the company's development, financial results and position, as well as the main risks and uncertainties it faces.

Annual accounts must be audited by a certified auditor under the Certified Auditors Act if the company is large or medium or if its transferable securities are traded on a regulated market. A statutory audit must also be performed for small companies if one of the following conditions is met:

- It exceeds two of the following criteria for two consecutive years: total balance sheet of EUR 800 000; net revenue of EUR 1.6 million; an average of 50 employees in the financial year;
- It is the parent in a group of companies;
- It is a public person's company or its subsidiary or a public-private capital company within the meaning of the Management of Public Persons' Shares and Companies Act; or
- It elects to recognise certain financial statement items in accordance with IFRS.

Companies must submit their annual accounts together with a certified auditor's report (if any) to the State Revenue Service within one month of the accounts being approved, and within four months of the end of the financial year (for medium and large companies – within seven months of the end of the financial year). In general, the financial year coincides with the calendar year, however, companies are free to choose other starting and endpoints for their financial year.



QUALITY OF LIFE AND RECREATION

SIGHTS AND EXPERIENCES

Apart from being the capital of Latvia and indisputably the largest city in the three Baltic States, **Riga** is also **Europe's capital of Art Nouveau architecture** and one of the **'greenest' cities** in the region. Entertainment options for all ages and tastes range from fancy restaurants, and cinemas to traditional theatres and exhibitions, a zoo, and an open-air museum for family visits. In the very center of Riga, **the Latvian National Opera and Ballet** is the proud architectural symbol of a newly independent nation; its distinguished building hosts internationally renowned orchestras, opera, and ballet troupes and attracts major international artists touring Europe. Also the building of the **Latvian National Museum of Art** is a national architectural monument and is one of the most impressive historical buildings within the Riga avenue circle.

Riga's Old Town is on UN ESCO's World Heritage List. Old Town Riga, with its narrow cobblestone streets features gorgeous Medieval-era buildings and a variety of historical and contemporary influences, captured in several Lutheran and Catholic churches, a synagogue, and, naturally, a mix of international restaurants and pubs – all within a few blocks of each other. Not to miss a stunning view of Riga from the 72-meter high St Peter's Church tower.

Latvia's distinctive cuisine is becoming a major attraction for visitors to Riga and Latvia itself with several local 'ethnic' restaurants arriving on the scene throughout the capital. Latvia's restaurants have expanded rapidly, and the meals offered can satisfy even the most sophisticated gourmards. In Riga ten Latvian breweries decided to restore the fame of the ancient **Northern European citadel for brewing** and create the Riga Beer District where Latvian craft beer varieties are enjoyed together with delicious snacks.

Food items produced in Latvia are healthy and tasty, and the **chefs are admirably skilled, talented, and creative** as they enrich the traditions of national cuisine with contemporary ease. Buy vegetables straight from the farm, treat yourself to a freshly-smoked eel, or just embark on a walking tour of the one and only Riga Central Market to experience unique food pavilions.

Nevertheless, Riga and its surrounding region are only half of **Latvia's story**. Here you can experience various recreational options, from cozy B&Bs with only a light touch of 'virtual rurality' to rock and pop festivals with international stars. An evening at a country home featuring a Latvian 'herbal sauna,' horseback riding across scenic hills, or fishing in a murmuring stream makes for a refreshing shared break, either for a management team or families. If you'd like a more culturally oriented country trip, Latvia offers numerous **castles and manors** complete with various museums. One such pearl, for example, can be found in Daugavpils, where one of the renovated buildings of the giant historic fortress houses the **Mark Rothko Art Centre** featuring several of the legendary abstract-art master's works.

The most important national celebration in Latvia is **Ligo Midsummer's night** celebration – the summer solstice on June 23 – when the entire nation gathers at bonfires to greet each other with bouquets of seasonal flowers and grasses and to consume a slice of traditional cheese with a mug of specially-brewed beer. Latvia also boasts its own renowned quadrennial event – **the Song and Dance Festival**, that brings together more than **30000** participants including choirs, dance groups, folk groups, ensembles and many more, which culminates in an open-air massed choral concert featuring more than 10 000 thousand singers. This festival is a unique event on a global scale and is therefore listed as a **UNESCO Oral and Intangible Heritage of Humanity**.



Sometimes we wonder about it ourselves, yet it is a fact: Latvia is the **‘superstate’ of music**. Such international stars as conductor Andris Nelsons, opera diva Elina Garanca, and tenor Aleksandrs Antonenko, for example, are our very own: they were born in Latvia, went to school here, and became legendary artists.

The people of Latvia love music from their early childhood years to old age. Musical tastes may differ, but the choice of concerts and festivals is so varied that each person can find something to satisfy their taste. The International Early Music Festival is held every summer at Rundale Palace, built following the traditions of Baroque and Rococo architecture. Nicknamed the Baltic Versailles, Rundale Palace will transport you to an age of splendor. Designed by Francesco Rastrelli, the architect who also created St. Petersburg’s Hermitage. People who love opera have a festival in Riga and an open-air one in picturesque Sigulda to enjoy. Jazz, symphonic, and chamber music are also favored in Latvia, but most young people prefer popular music. The Positivus festival, held in the capital of Latvia - Riga, or the Summer Sound festival in Liepaja, has become the favorite popular music event in the Baltic States and beyond. Prata vetra/Brainstorm, DaGamba, and Skyforger are worthy of mention among the most popular bands, the latter’s popularity among folk-metal fans having spread widely beyond Latvia.

Latvians also hold **sport** in high regard. Most fans gather in the stands or in front of TV screens to view team sports such as ice hockey, basketball, and beach volleyball. Football, floorball, and handball are popular too. We follow the feats of our skeleton and bobsleigh stars eagerly, with several having achieved Olympic, European, and world titles.

But you can’t be a real sports fan without participating yourself! **For sports enthusiasts**, Latvia can offer all the traditional activities, including basketball, football, tennis, ice hockey, golf, swimming, and ten-pin bowling. In terms of outdoor activities, the most popular are jogging, hiking, cycling, and orienteering. In addition, Latvia has many **rivers** and streams with good **recreational** rafting and canoeing facilities. The Latvian countryside offers cross-country skiing tracks for winter sports enthusiasts. **The Bobsleigh and luge track in Sigulda** is one of the most unique places to visit because there are only 18 tracks of this type in the world. The location of the track is picturesque in itself and thrill seekers can also go down the track.

Wind tunnels were not initially intended for active recreation and entertainment, but the northern Latvian town of Sigulda begs to differ. Sigulda offers the Aerodium wind tunnel – a device blasting air upwards in the form of a vertical pillar, enabling visitors to take to the air literally. The coaches at Aerodium are among the world’s leading professionals in their field, which was proven when they participated in the closing ceremony of the Turin Winter Olympics in 2006 and built the Latvian pavilion at EXPO 2010 in Shanghai.

Sigulda has become one of the most famous centers of active leisure, attracting both residents and foreign visitors. Striking impressions and thrilling adrenaline bursts will be guaranteed whether you choose to fly like a bird, bungee jump from a cable car, or race down an actual bobsleigh course at breakneck speed.

NATURAL TREASURES

Latvia features **remarkable biodiversity** due to low-intensity agricultural and forestry activities during the years the world was undergoing widespread industrialization. This, together with low rural-population density, has ensured the survival of **ancient forests** that host an incredible variety of fauna, both large and small. White storks and the rarer black storks occupy several colonies in northern Latvia, alongside other rare plant and animal species. It has made Latvia a hot spot on international **birdwatchers’** maps.



Latvia offers four national parks and four nature reserves spread across the country for less 'professional' **eco-tourists**, each with educational nature trails, observation platforms, and herds of wild horses. In all seasons but especially in summer, the sea entices friends of nature just like it would any of us. Our **beach** stretches for almost 500 kilometers, the sand on the beach is magnificent and white, and slender pine trees grow in the dunes and disseminate healing substances called phytoncides.

Because of its rich nature, the **resort city** of Jurmala is trendy; yet excellent beaches can be found in **Liepaja, Ventspils**, and elsewhere along the Baltic Sea coast. The extensive **Baltic seashore** is full of traditional fishing villages welcoming visitors with delicious freshly smoked fish or pleasurable boat trips. Liepaja known as the "city where the wind is born" is a port city with unique attractions – from Art Nouveau pearls to historic churches, a magnificent beach and rich musical traditions are yours to savor. After Riga in 2014, **Liepāja** will be the second city in Latvia to host the **European Capital of Culture title in 2027**.

The eastern part of Latvia is known as the **land of blue lakes** because of its hundreds of lakes, all very beautiful, and friends of nature are always welcomed there with genuine Latgalian hospitality. If you are looking for an unusual **landscape** and longing for silence, head to one of Latvia's **bogs**. While in some European countries natural bogs have almost disappeared, you will be able to enjoy walks full of silence in pristine bogs in Latvia.

SETTLING IN LATVIA

Besides having international-chain hotels, Riga and the other largest cities have first-class residential properties available for purchase or rent. The prices for these vary greatly, depending mainly on location. The purchase of a comfortable country home close to any major city is guaranteed to be a sound investment.

Latvia has one of the highest ratios of doctors per head of population, and this ensures the quality of medical services in both public and private health centers and clinics. This, in combination with reasonable costs, has recently created a wave of medical tourism from neighboring EU countries where medical expenses can be excessive.

Latvia has more than three international schools, highly appreciated by the children of diplomatic staff and the country's expatriate populations. One of them is near the city of Jurmala, another one sits beside the Daugava River at Kipsala, and the third is in the outer Riga suburb of Pinki. In addition, most Latvian universities and colleges offer education of international quality within the humanities, social and natural sciences, a technologies and medicine for English-speaking exchange students or free-movers.

In addition to organizations such as the various foreign chambers of commerce, informal circles of expatriates have formed in Riga, uniting people from various countries and professional backgrounds for regular cultural and recreational activities.



PROMOTION OF ENTREPRENEURSHIP, INVESTMENT, AND FOREIGN TRADE

The Investment and Development Agency of Latvia (LIAA), a government agency reporting to the Ministry of Economics, was founded to promote business development by facilitating foreign investment growth and increasing Latvian entrepreneurs' competitiveness in domestic and foreign markets. With over 28 years of experience attracting foreign direct investment to Latvia and promoting foreign trade, LIAA today offers an integrated solution. The agency supports companies both in Latvia trading internationally and overseas enterprises seeking business partners or locations in Latvia.

One more of LIAA's functions is tourism promotion - LIAA oversees the responsibilities and functions of Latvian tourism policy.

Working in close cooperation with the business community (particularly with the Foreign Investors' Council in Latvia, the National Economic Council, and industry associations), LIAA is facilitating the steady improvement of the business environment, especially administrative procedures.

ONE-STOP-SHOP FOR FOREIGN INVESTORS AND BUYERS

Investment Facilitation:

- Assistance in investment-location selection and implementation of investment projects.
- Provision of all relevant information on business opportunities and investment incentives.
- Identification of the best property options for manufacturing facilities, offices, and land.
- Assistance in establishing and developing contacts with Latvian business partners.
- Providing information on potential investment opportunities in Latvia (investor search for Latvian companies and projects).
- Assistance with startup procedures.

Supplier Searches:

- Assistance in finding appropriate Latvian suppliers and in increasing their competitiveness.
- Provision of information on Latvian exporting companies, export products, and services.
- Searches of Latvian suppliers according to buyers' requirements.
- Distribution of incoming business proposals to Latvian companies directly and via the internet.
- Organization of trade seminars and foreign trade missions to Latvia.
- Consultancy and foreign market studies for Latvian enterprises.
- Assistance to Latvian companies at various international exhibitions and trade missions, export promotion campaigns, and business matchmaking.
- Provision of information on workforce availability and skill evaluation.

LIAA provides full support and guidance throughout the investment process and follow-up after the implementation of investment or sub-contracting projects.



STARTUP ECOSYSTEM

The Latvian Startup environment is dynamic and rapidly growing. To nurture this growth, all crucial stakeholders – private and public sectors, investors, academia and startup enthusiasts – joined hands together.

Nowadays, the Latvian Startup infrastructure consists of 400+ active startups, a pool of institutional investors and business angels, a diverse range of modern co-working spaces, dozens of incubators fuelled by government, academia, and private individuals, as well as a calendar full of exciting gatherings, productive conferences, hackathons and meetups. Moreover, a unique Startup Law has been passed, and Startup Visa is available for anyone willing to come and kick their startup off in Latvia.



Read more about the Latvian startup environment and the opportunities that are available for you on the startup portal www.startuplatvia.eu

SOME OF STARTUP SUCCESS STORIES



CrowdedHero

CrowdedHero, a start-up from the global equity crowdfunding space, supports company growth in Latvia, the Baltic region, and the EU. As we move forward into 2023 and beyond, we continue to cultivate synergy by connecting businesses seeking funds for development with investors looking for safe ways to put their money to work. Our rigorous analysis ensures that only the most promising projects are presented to our investors, accommodating a wide range of companies from startups to mature businesses.

In 2022, we earned the Riga Dālderis award for our innovative capital and knowledge solutions. That year, we also joined MasterCard's LightHouse Finitiv program, highlighting our strong collaboration potential with major partners.

Our fast registration process and easy investment options make CrowdedHero a trusted choice for both businesses in need of funding and investors eager to support innovative companies. Experience the future of equity crowdfunding and join the thriving ecosystem of growth and success with CrowdedHero.

Find out more here: www.crowdedhero.com



NACO

Naco Technologies Team firmly believes hydrogen to be one of the key elements in driving climate change and a net zero economy. Thus, it has concentrated all efforts on supporting this vision with its proprietary nano-coating technology that can significantly improve the scalability, efficiency, and longevity of hydrogen technologies (i.e., electrolyzer/fuel cells).

Naco Technologies developed a breakthrough high-speed nano-coating process that can also reduce the consumption of scarce metals (Platinum group) used in traditional catalytic coatings by 10 times. It provides an opportunity to develop new materials, to potentially substitute these rare earth elements.

In just 2 years, since establishing the company Naco already works with more than 20 customers, including the leading players in the hydrogen space.

In 2022 Naco raised €1.5 million to develop its first mass production pilot inline for coating electrolyzer/fuel cells components, to be unveiled in the second half of 2023. To further revolutionize the production of green hydrogen, Naco Technologies has also secured a €2.3 million grant from the European Innovation Council's EIC Accelerator program, as well as an investment totaling €10 million.

Find out more here: www.naco-tech (aktīvs links uz <https://www.naco.tech/>)

enzymity

Enzymity is developing a biochemical plastic recycling technology to help make plastics truly circular. At the heart is our proprietary enzyme engineering platform - a system of several machine learning models to design and pre-screen useful enzymes in-silico. The platform approach enables us to develop an entire portfolio of enzymes targeting a wide range of plastic types - thus allowing to solve the most important components of the plastics crisis - mixed waste streams and plastic types that are not recyclable mechanically.

Find out more here: www.enzymity.com



GOVERNMENT SUPPORT

The Latvian government has particular interest and determination in helping to develop the startup infrastructure and attract the right people to do the right thing.

The government helps the startup ecosystem development at various stages: ideation & conceptualization, initiation, development, and expansion. No matter what stage you have reached – there is a support mechanism just for you!

INNOVATION MOTIVATION PROGRAM

The typical profile of a support recipient: does not have a strong business idea but is determined to go down the entrepreneurial path. Usually, this person is looking for encouragement and the right people. Find the latest news on technologies and innovation in Latvia at labsflatvia.com/en

The program raises awareness among the broader community about innovative entrepreneurship and supports those who want to start. The program organizes various hackathons, networking meetups, workshops, and other capacity-building activities that help the entrepreneur define the next steps.

The overall program budget is EUR 5 303 932: 85% from the European Regional Development Fund, and 15% comes from the Latvian state budget.

BUSINESS INCUBATORS



LIAA Business Incubators provide support for business start-up (incubation) and development for individuals and start-ups (pre-incubation). The project is developed jointly by the European Union and Republic of Latvia and has been implemented since 2016.

There are 11 regional Business Incubators and 9 support units, as well as the Creative Industries Incubator in Riga, which specializes in providing support to creative industries companies.

The typical profile of a support recipient: A person has a business idea that needs to be refined and, possibly, backed up with a business plan. Usually, the person is looking for mentorship from successful businesspeople and guidance on testing the business idea to receive a boost and financial support.





SOME BUSINESS INCUBATOR SUCCESS STORIES



Azeron provides a completely new gaming experience by manufacturing a gaming keypad with unique and ergonomic design that makes PC and Console games play tremendously easy. Azeron Keypad is already being used by video game enthusiasts in more than 90 countries worldwide! Each product is personalised for every gamer - many hours of soldering, assembling and testing are spent on each keypad.

For more information visit: www.azeron.eu



Rudy's Brewing Co is a family business that in its existence has been able to create a natural, stable and high quality product and has gained recognition not only in Latvia, but also internationally. Company uses only 100% natural ingredients to make kombucha. Rudy's Brewing Co's experience in fermentation processes and careful approach to recipe production allows to create the best quality products with saturated and unforgettable flavors, breaking stereotypes about kombucha.

For more information visit: www.rudys.eu



Tuta Media is a production company that creates video content for small children. The show Tutas lietas is a sweet, entertaining, and educational show for children and it has become a most beloved show among Latvian children and can be viewed on national television, streaming platforms, and Youtube. Tutas lietas is also produced and dubbed in other languages to reach children around the world on television and streaming platforms. Meanwhile, Tuta Media also offers shows targeted at different age groups. Tuta Media also creates and offers other products related to TV content – toys, music CDs, music concerts, books, private parties.

For more information visit: www.tutaslietas.lv



STARTUP LAW PROGRAM

As described by Law on Aid for the Activities of Startup Companies – further on, “Startup Law.” The law came into force on Jan 1, 2017, and it was a powerful signal to the ecosystem that the government is entirely on board. Ever since the law has been fine-tuned to work better!

The law defines a startup as an innovative, scalable business with high economic potential. It also describes three support mechanisms for early-stage startups. (see Startup Law, Sections 6, 7, and 8):

Benefit scenario A:

Flat Social Tax

computed as 2 minimal gross salary (EUR 500 each) x social tax rate (34.09%) = EUR 422.72

regular social tax: gross salary x social tax rate (34.09%)

0% Individual Income Tax

regular individual income tax:

20%, 23% ,31% depending on your gross salary

*regular individual income tax:20%, 23% ,31% depending on your gross salary
It names all the criteria which a startup should meet, in order to qualify for the listed support (see Startup Law, Section 4), of which the most important are:

Criteria to Qualify for Startup Law Benefit

- a) Startup needs to have an investment from a qualified investor
 1. VC fund invests EUR 30 000
 2. Accelerator invests EUR 15 0000,
 3. Business Angel invests EUR 15 000

OR

Your Startup demonstrates evidence of the production, manufacturing or development of an innovative idea

c) Tax debt of your startup does not exceed EUR 150

d) No ongoing bankruptcy

You can find more detailed information here: <https://startuplatvia.eu/startup-law-benefits>

Employee share option plan (ESOP)

Latvia has made substantial improvements to laws regarding ESOP implementation and a tax-free regime that became in force at the begging of 2021.

There are many benefits to ESOP:

- Motivational booster and engagement for employees
- Tax—free employee remuneration tool
- Unites employees and shareholders for a common goal

Find out more: [ESOP factsheet](#)



STARTUP VISA

The typical profile of a support recipient: is a foreign citizen who is willing to come to Latvia and lead a Latvia-based startup.

A startup visa is offered to all non-EU startup founders who are willing to come and kick off their startup ideas in Latvia, a proud member of the EU since 2004. One startup can have up to 5 founders with a startup visa. The application process takes one month. The visa is given for a maximum of 3 years, and it is spouse and children-friendly.

Application Package

The Conditions on Residence Permit points 28, 29, and 48.1 provide further information on what documents an application package includes:

- Description of an innovative idea and its technological description (if applicable);
- Business model/company's core strategy for profitability doing business;
 - Information about the market potential of the product;
 - Analysis of competitors and description of your idea's competitive advantages;
 - Product R&D plan;
 - Planned business activities for the next three years, including the planned necessary investments;
 - Simplified draft of planned cost/income structure for the next three years;
 - Passport (or valid travel document);
 - Application form;
 - 1 passport size photo;
 - Criminal record clearance – not needed for applicants coming from the following list of countries (e.g., USA, Australia, etc.);
 - Document confirming the necessary subsistence;
 - Document confirming the envisaged place of residence in Latvia (after a positive the decision for granting the visa, annual health insurance policy, and medical a certificate confirming you don't have tuberculosis in the active phase, also must be submitted);
 - Confirmation of application fee payment.
 - The person who applies and receives a residence

The person who applies and receives a residence permit can also avail of residence permit for their spouse and children.

Submission & Review process

All documents can be submitted through the Latvian Embassy's Consular Section, serving the startup founder's residence location. Upon submission of documents, the review will take 30 days (regular process, costs EUR 100), ten working days (costs EUR 200) or five days (costs EUR 400). Once the review is complete, and if the decision is favorable, it takes 2-10 days to receive the residence permit – aka Startup Visa. For more information about Startup Visa, check www.startuplatvia.eu/startup-visa There is also a PDF one-pager with all the details, which you can download.

Due to the war in Ukraine, start-up visas have been suspended for Russian and Belarusian citizens.



LIAA TECHNOLOGY BUSINESS CENTER

The Technology Business center is an efficient platform for new technology business idea generators and early-stage startups to validate their business hypotheses. It provides 1) a pre-acceleration program; 2) prototype development and monitoring; 3) a validation laboratory. The total financing is 2 million EUROS with 100% support intensity from the Norwegian Financial instrument. It has the ambition to attract at least 98 business developers by 2024.

Pre-acceleration program

- 6-month training program
- Support for rapid prototype development
- International mentoring

SUPPORT FOR UKRAINIANS

Latvia welcomes Ukrainian refugees – more than 35 000 have already relocated here. The main website **ukraine-latvia.com** offers all the necessary information about the arrival, long-term stay, cities and regions, social support, accommodation, healthcare, finances, and job opportunities. There is also a unique website created for jobseekers - <https://ukrainetolatvia.teamtailor.com/>. The main website for making donations in Latvia for Ukrainians is <https://www.ziedot.lv/ukrainas-cilvekiem-4203>.



Many support initiatives have been launched, such as a charity online e-shop latvijapalidz.lv; virtual assistant for companies on how to help Ukraine <https://helpukrainebot.com/>; free services for Ukrainians <https://propozycji.lv/> and many others. We encourage both companies and private individuals to continue supporting the Ukrainian people.



IMPORTANT TO REMEMBER

There are four industries which some of above mentioned programs cannot support:

- NACE G: WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
- NACE K: FINANCIAL AND INSURANCE ACTIVITIES
- NACE L: REAL ESTATE ACTIVITIES
- NACE R: ARTS, ENTERTAINMENT AND RECREATION

For some of the above mentioned programs, *de minimis* criterion applies.

INFORMATION ON THE EU SINGLE MARKET

The Latvian branch of the Enterprise Europe Network (EEN) operates within LIAA and provides information about European Union policies, legislation, regulations and trade, as well as assists in seeking business partners within the EEN network of more than 65 countries around the world. EEN is the world's largest support network for small and medium-sized businesses (SMEs) with international ambitions.

INTERNATIONAL AND REGIONAL NETWORK

LIAA is local and international at the same time. Our network of foreign representatives and cooperative network with other institutions in Latvia and abroad takes LIAA close to our clients and links them to primary markets, business partners, and locations. With representative offices in 18 countries and a network of public representatives, LIAA has a solid international presence. In addition to a well-developed network in Europe, offices have also been opened in Asia and the US. LIAA works closely with other trade institutions at home and abroad, strengthening our links to major world markets and business partners. LIAA has also developed close cooperation with the Ministry of Foreign Affairs to take advantage of Latvia's diplomatic network. LIAA foreign representatives provide information about business opportunities in Latvia, relevant legislation, the taxation system, the national economy, and external trade. Our representatives promote and facilitate cooperation between Latvian companies and businesses in the particular country or region and assist in finding cooperation partners.



PROMOTION OF **INTERNATIONAL COMPETITIVENESS**

The typical profile of a support recipient is a company with a strong product or service willing to expand into the international market. Usually, this company seeks opportunities to build a business network abroad and introduce its product/service into foreign markets.

The program nurtures the competitiveness of Latvian companies and entrepreneurs. The provided support intensity is 80% for costs up to 75 000 EUR per recipient.

We provide support for the following activities, among others:

- Participation in national and international exhibitions with own stall/booth;
- Participation in entrepreneurship-related conferences and seminars abroad, if participant gives a presentation about their product or service;
- Participation in trade missions abroad;
- Participation in international visits of Latvian government officials;
- Evaluation of production and product compliance;
- Consultations with LIAA representatives abroad. Participation in international visits of Latvian government officials;
- Evaluation of production and product compliance;
- Consultations with LIAA representatives abroad.

LIAA INTERNATIONAL PRESENCE



Copenhagen (Denmark)

London (United Kingdom)

Geneva (Switzerland)

Amsterdam (Netherlands)

Paris (France)

Oslo (Norway)

Tokyo (Japan)

Helsinki (Finland)

Turin (Italy)

Berlin (Germany)

Toronto (Canada)

Stockholm (Sweden)

Kyiv (Ukraine)

Washington, Boston
(United States of America)

Melbourne (Australia)

Brussels (Belgium)

Tashkent (Uzbekistan)

Seoul (South Korea)

Tel Aviv (Israel)



More info: www.liaa.gov.lv, www.investinlatvia.org



USEFUL LINKS

ALTUM – www.altum.lv
Association of Latvian Chemical and Pharmaceutical Industry (LAKIFA) – www.lakifa.lv
Association of Mechanical Engineering and Metalworking Industries (MASOC) – www.masoc.lv
Bank of Latvia (Latvijas Banka) – www.bank.lv
Central Statistical Bureau of Latvia – www.csb.gov.lv
Enefit – www.enefit.lv
Export Helpdesk – www.exporthelp.europa.eu
Freeport of Riga – www.rop.lv
Freeport of Ventspils – www.portofventspils.lv
Investment and Development Agency of Latvia – www.liaa.gov.lv
Latvenergo – www.latvenergo.lv
Latvia's State Forests (Latvijas Valsts meži) – www.lvm.lv
Latvian Association of Computer Technology (LDTA) – www.itnet.lv
Latvian Electrical Engineering and Electronics Industry Association (LETERA) – www.letera.lv
Latvian Federation of Food Companies – www.lpuf.lv
Latvian Information and Communications Technology Association – www.likta.lv
Latvian Institute – www.li.lv
Latvian Internet Association – www.lia.lv
Latvian Logistics Association – www.lla.lv
Latvian Railway (Latvijas Dzelzceļš) – www.ldz.lv
Latvian State Roads (Latvijas Valsts ceļi) – www.lvceli.lv
Latvijas Gāze – www.lg.lv
Ministry of Agriculture of the Republic of Latvia – www.zm.gov.lv
Ministry of Culture of the Republic of Latvia – www.km.gov.lv
Ministry of Defence of the Republic of Latvia – www.mod.gov.lv
Ministry of Climate and Energy - www.kem.gov.lv
Ministry of Economics – www.em.gov.lv
Ministry of Education and Science of the Republic of Latvia – www.izm.gov.lv
Ministry of Environmental Protection and Regional Development of the Republic of Latvia – www.varam.gov.lv
Ministry of Foreign Affairs of the Republic of Latvia – www.mfa.gov.lv
Ministry of Health of the Republic of Latvia – www.vm.gov.lv
Ministry of Justice of the Republic of Latvia – www.tm.gov.lv
Ministry of the Interior of the Republic of Latvia – www.iem.gov.lv
Ministry of Transport of the Republic of Latvia – www.sam.gov.lv
Ministry of Welfare of Republic of Latvia – www.lm.gov.lv
Ministry of Finance of the Republic of Latvia – www.fm.gov.lv
Port of Liepāja – www.liepaja-sez.lv
Riga International Airport – www.riga-airport.com
Secretariat of Latvian Ports, Transit and Logistics Council – www.transport.lv
State Employment Agency of Latvia – www.nva.gov.lv
State Revenue Service – www.vid.gov.lv
Telecommunications Association of Latvia – www.telecom.lv
The Foreign Investors' Council in Latvia (FICIL) – www.ficil.lv
Ukraine to Latvia: Relocation - www.ukraine-latvia.com



ABBREVIATIONS

The following abbreviations are used in this report:

| | |
|----------|---|
| CEE | Central and Eastern Europe |
| CIS | Commonwealth of Independent States |
| EEA | European Economic Area |
| EFTA | European Free Trade Association |
| EU | European Union |
| EUR | Euro |
| FDI | Foreign direct investment |
| FICIL | Foreign Investors' Council in Latvia |
| GAAP | Generally Accepted Accounting Principles |
| GDP | Gross domestic product |
| ICSID | International Centre for Settlement of Investment Disputes |
| IFRS | International Financial Reporting Standards |
| ISP | Internet service provider |
| IT | Information technology |
| JSC | Joint-stock company |
| LIAA | Latvijas Investīciju un attīstības aģentūra (Investment and Development Agency of Latvia) |
| LLC | Limited liability company |
| OECD | Organisation for Economic Cooperation and Development |
| PIT | Personal income tax |
| R&D | Research and Development |
| RO-PAX | Roll-on-roll-off-passenger-vessel/ferry |
| RO-RO | Roll-on-roll-off vessel |
| SAD | Single Administrative Document |
| SEA | State Employment Agency |
| SME | Small and medium enterprises |
| SRS | State Revenue Service |
| SSC | Social security contributions |
| UNCITRAL | United Nations Commission on International Trade Law |
| VAT | Value-added tax |



WELCOME TO LATVIA – PERFECT PLACE FOR BUSINESS AND LEISURE!

If your business needs a location with easy access to Europe, then you need guidance from someone local – Investment and Development Agency of Latvia (LIAA) – to realize that Latvia is the best choice. We have a lot to offer - a highly qualified workforce with superb foreign language skills at competitively low cost and developed logistics sector with highly suitable infrastructure.

LIAA is a one-stop-shop agency that helps you by:

- **Informing** on the economic and market situation in Latvia, including incentives for investors
- **Establishing** contacts with Latvian business partners and accessing municipalities and government officials
- **Identification** of best property options
- **Assisting** with the company's establishment procedures as we advance after project implementation, LIAA continues to assist you in making sure that you are purely satisfied with the result.

We advise you to take a closer look at our Business Guide and learn about the business possibilities which are already being used by **hundreds of foreign companies in Latvia served by LIAA.**

For more information, please get in touch with us: invest@liaa.gov.lv

You can also visit our website: www.investinlatvia.org

We look forward to serving your needs!





Investment and
Development
Agency of Latvia

MISSION
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2023