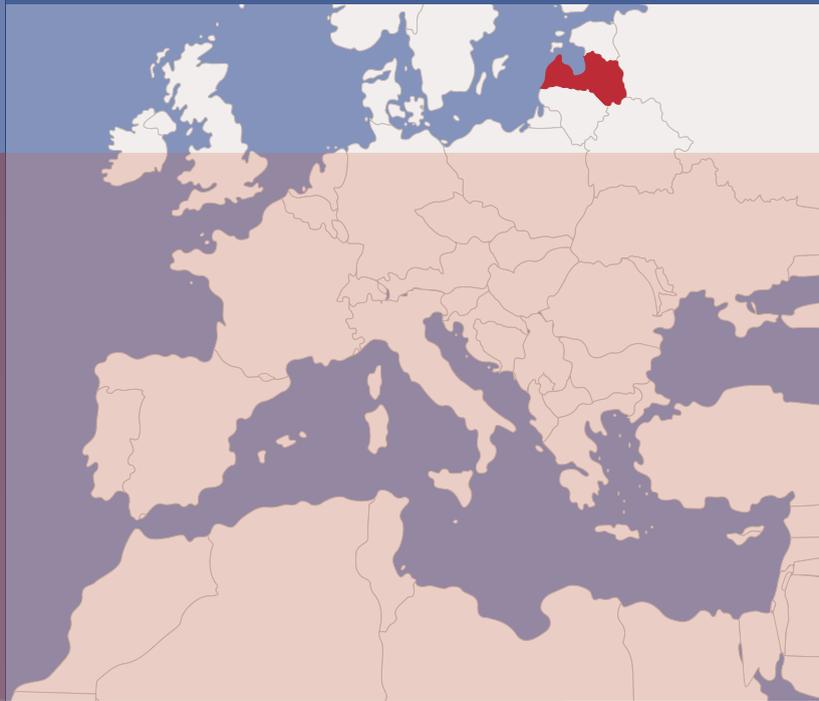


Latvia

smart investment



AAA





Business Friendly

Business
without borders –
EU Member State

Transparent
legal and judicial
system

As a small country in today's globalised world, Latvia knows full well the importance of attracting foreign investment to sustain economic development. Latvia has consistently pursued liberal economic policies and welcomed FDI. The Latvian government and local authorities have worked diligently to streamline procedures for doing business in Latvia, for example, companies can be established here in just one day. As a member of the EU, Latvia operates under common, Europe-wide legislation. To further stimulate investment, the Latvian government is channelling EU Structural funds to implement a number of state support programmes aimed at business development.

At the same time, Latvia also understands that active dialogue between government and foreign investors is a vital and continuous process. Key investment issues are regularly raised with the government through the Foreign Investors' Council in Latvia and, less formally, through easy access to officials and decision makers.





Access to Knowledge and Skills

Highly educated and multi-lingual workforce

Northern European culture and work ethic

Business knowledge and experience with Russia/CIS

The Latvian labour force is multi-lingual and relatively well educated; ready to take on new challenges and, even more in the current circumstances, highly motivated. Countries with better-trained or better-motivated workforces than Latvia are few and far between. Latvia's workforce is rated in the top five in the world in terms of university students per capita and possesses a northern European culture and work ethic.

In addition, Latvia's history has equipped it with unequalled experience and business knowledge of working with Russia and other CIS countries. Over 85% of Latvians speak Russian and 70% of people under age 40 speak English. German and Scandinavian languages are also widely spoken.



Gateway to EU and Russia/CIS

European Union
border with Russia

Ice-free ports

Fastest growing
airport in Europe

Integrated,
well developed
transport
infrastructure

In terms of logistics, Latvia is one of the best locations to establish a business in Northern Europe. Riga itself is the largest city in the Baltic States and is ideally located at the centre of the region. In addition to this advantageous location, the historic foundation for its economic success, Latvia is one of only three EU countries to have a direct-access border with Russia, making it ideal for east/west trade. The Trans-Baltic highway (Via Baltica) runs the length of the country, providing a north/south transport corridor which is dissected by the highway to Moscow, a developed road-freight route. These routes also connect to Riga International Airport, the fastest growing capital city airport in Europe with direct flights to more than 70 destinations.

The Trans-Siberian railway connects Riga with Moscow by the shortest and most direct route and importantly, the two countries share a common railway gauge, an infrastructure base that is facilitating growth in the flow of trade.

Latvia's main asset, though, is its maritime links: Latvia has three major ice-free international ports linked into the country's infrastructure by rail, road and pipeline.





International Recognition

EU and NATO membership since 2004

Ranked 27th in the world for ease of doing business

(World Bank Report: Doing Business 2010)

Latvia's national currency, the lat (LVL), pegged to the euro

Business environment fosters entrepreneurship

Latvia has an abundance of business ventures whose potential is greatly increased by the entrepreneurial spirit running through the country.

However, it is not just Latvia's potential that makes investing here so appealing. It is also Latvia's location within Europe's most dynamic regional market, the Baltic Sea Region with seamless access to 100 million affluent consumers.

Opportunity must always be in balance with stability, and Latvia provides both – diverse and numerous business opportunities with the security of the European Union and NATO. Financially, Latvia's national currency is pegged to the euro, at LVL 1 = EUR 1.42, as part of the medium-term plan to introduce the euro in 2014.

Current economic conditions mean there are a number of attractive merger and acquisition opportunities in a variety of sectors including renewable energy, ICT, woodworking, construction materials and industrial real estate. In addition, Latvian companies and research institutions are keen to set up new joint ventures in cooperation with international partners.



Cost Effective

Low taxes

Competitive labour costs

High productivity

In the current economic climate, all businesses are focussed on reducing costs while maintaining quality standards. Latvia offers an environment where these apparently conflicting aims can both be achieved. On top of low business tax rates and uncomplicated bureaucracy, many other costs have decreased significantly, particularly for construction, office space and industrial real estate. The current economic slowdown has also had a negative impact on Latvia's employment figures. The average unemployment rate rose to 14.1% at the end of 2009. However, many businesses see this as an opportunity to attract qualified labour at better rates. Latvia's labour costs are very competitive, especially compared to those in older EU member countries.

Latvia's corporate income tax rate is among the lowest in Europe at a flat rate of 15%.





Business Incentives

State support programmes

Special Economic Zones

LIAA services

As Latvia is a relatively new EU member, companies investing here have an ideal opportunity to qualify for EU Structural Funds under the support scheme for 2007 to 2013. Substantial financial grants are available in a variety of key business activities including vocational and other training, innovation, R&D, value-added manufacturing and technology/knowledge transfer.

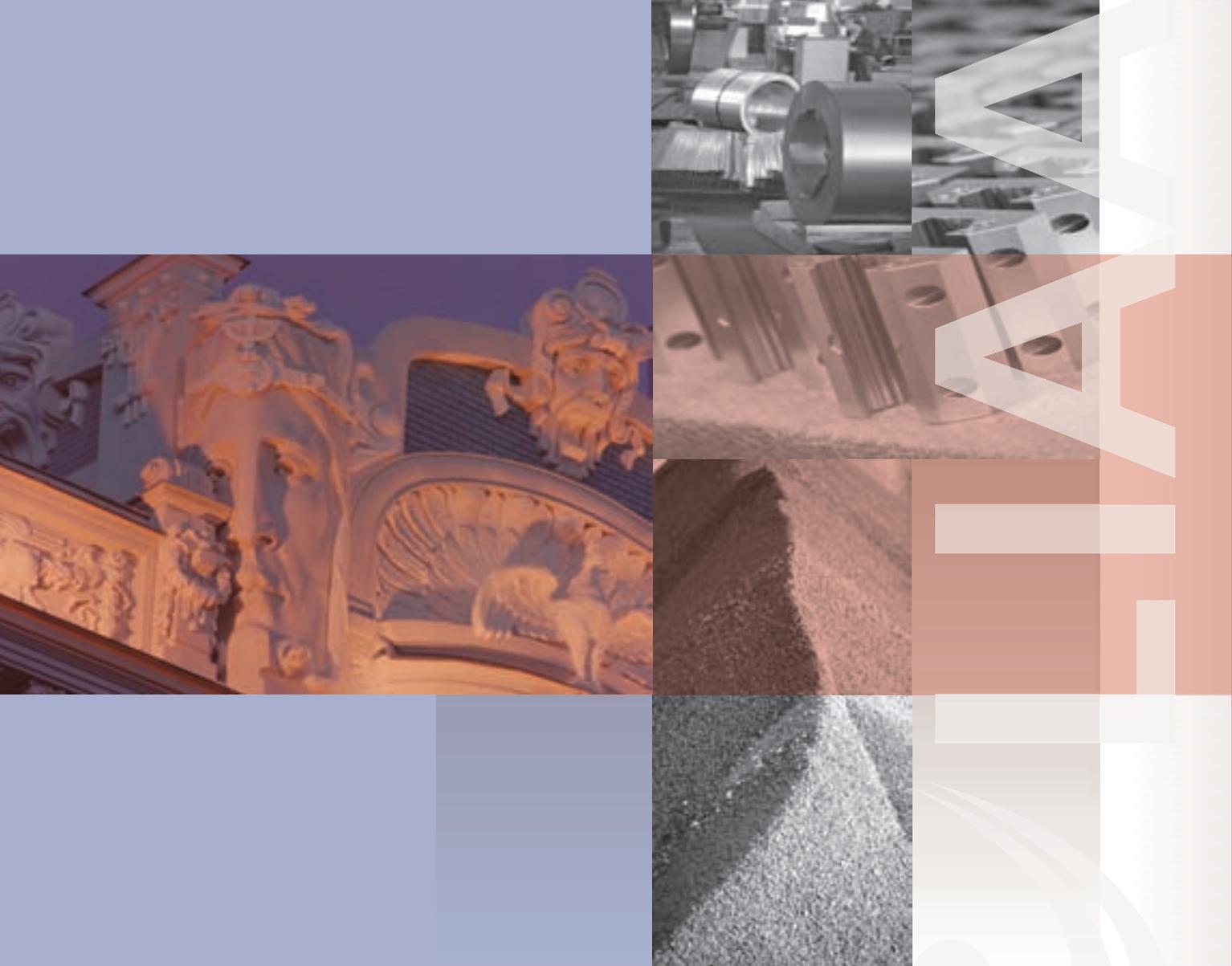
Latvia possesses four separate Special Economic Zones (three ports and one inland). All are well connected to transport and have established infrastructure.

To encourage investment, they offer corporate tax discounts (as much as 80%) as well as 0% rates for VAT, customs and excise duties to companies setting up.

Despite Latvia's best efforts to create a business-friendly environment, it is recognised that foreign investment is rarely completely straightforward. That is why extensive assistance is also available from the Investment and Development Agency of Latvia (LIAA), at no cost, to ease the way during all stages of planning and implementation, giving help in areas ranging from location and establishment through to local networking.

In 2009 the World Bank benchmarked LIAA No. 7th globally out of 213 investment promotion agencies.

smart investment



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