

Liepaja

GEOGRAPHICAL LOCATION

Liepāja is located in Latvia's south-west, on the western coast of the Baltic Sea, 223 km from Riga. ([see Annex 1](#))

Liepāja's compact city environment displays a relatively high population density in a small area and hosts much dynamic business activity.

The city has an area of 6 037 ha with grasslands and woods taking up 16%, managed water expanses – 17%, residential construction zones – 13%, public and business construction – 17%, industrial construction – 20%, and communication infrastructure and engineering services – 14%.

Liepāja lies in a moderate coastal climate belt. The main climate-influencing factor is the sea air, leading to low summer and high winter temperatures, quite uncharacteristic at this latitude.

TRANSPORT INFRASTRUCTURE

Its well-developed infrastructure – the harbour, airport, railway and roads – and good communication with the capital city and foreign countries, by air, rail, road and maritime transport, give Liepāja many advantages.

Port

There are 67 berths in the Liepāja port. The total length of the berths exceeds 10 000 m, their depth varying between 4.5 and 10.5 m. The maximum dimensions for ships to be handled are length – 220 m, beam – 35 m, draft – 9.5 m and tonnage – 75 000 DWT.

Over the last ten years, Liepāja has developed into a modern multifunctional port, attaining the most vigorous growth in cargo turnover in the Baltic Sea region. The rapid development of the city and the port is the outcome of its strategically advantageous geographical location, which enables the continuous and timely handling of cargo traffic at the port, even during the winter.

Today, Liepāja is an important international transport hub handling the exchange of goods between eastern and western European countries.

The location of the Liepāja port provides one of the shortest passages between the open sea and port berths and free communication, even in winter navigation. Liepāja's advantageous geographical location has influenced the development of the port, one of the closest ports to Scandinavia and western Europe. As a result, Liepāja port provides efficient access to the markets of the Baltic region and CIS countries.

The port features a developed harbour and transport infrastructure enabling the prompt and efficient provision of handling services to land and sea transport. Over the last ten years, the port's territory has been transformed with the construction of cargo storage areas, modern customs warehouses and cargo-handling terminals. The Port Authority has implemented a series of projects, reconstructing the harbour's hydraulic-engineering structures, deepening water areas and shipping routes, as well as constructing a new access road. With the purpose of improving terminals and the port overall, the port now possesses modern transport infrastructure enabling the efficient handling of rail and road freight.

The area of the [Liepāja port](#) is concurrently the territory of the Special Economic Zone (SEZ), which gives tax reliefs and other advantages to enterprises who establish operations here.

Airport

[Liepāja International Airport](#) is a regional airport certified for international flights in Latvia's west. It is located only 7 km from the centre of Liepāja, 210 km from Riga and 60 km from the Lithuanian border.

The airport covers an area of 217.6 ha and is a part of the Liepaja Special Economic Zone. Liepaja airport services charter, business and general aviation flights.

Aircraft serviced by Liepaja airport include C-130 (Hercules), AN-12, Fokker 50, Jak-42 Tu-134, An-24, An-26, An-28, L-410, Cessna, Piper and Tobago.

Railway

Liepaja port's cargo-reloading points are connected with Latvia's railways enabling cargo to be delivered to Russia, CIS countries and other regions. Over recent years, Liepaja's rail tracks have been upgraded and road and rail accesses to Liepaja port and the Northern Park have been constructed.

The railway is also used for a passenger train service to Riga.

After the completion of infrastructure development by 2010 the capacity of the railway will have increased to between 5.7 and 6.4 million tonnes per year. In 2008, 4 094 940 tons of freight were reloaded at Liepaja railway station and 60 376 passengers started or completed their journeys here ([see Annex 2](#)). Railway services are provided by [Latvijas dzelzceļš](#) (Latvian Railways).

CITY STATISTICS

In terms of population, Liepaja is the third largest city in Latvia, having 85 050 residents in 2008. ([see Annex 3](#))

The last five years have shown a trend for the number of residents of active working age to increase gradually. In 2008, there were 54 772 such residents in Liepaja. ([see Annex 4](#))

Examining trends in the unemployment rate since 2003, there has been a gradual decrease over the last four years, Liepaja having attained the average Latvian rate. At the end of 2008 however, the unemployment rate increased and reached 8.3%.

Currently, there are 3 466 economically active enterprises in Liepaja.

Liepaja has more than 23 000 residents with higher or vocational-secondary education.

REGIONAL STATISTICS

As with the city, the number of residents in the region has decreased over the last few years. In 2008, 43 306 people lived in the Liepaja region ([see Annex 5](#)) and 27 228 of them were of active working age. ([see Annex 6](#))

In 2008, around 1600 self-employed people, one-person businesses, commercial companies, farmers and fish farms were operating in the Liepaja region.

The Liepaja region's unemployment rate reached 12% in February 2009.

There are more than 4 000 residents with higher or vocational-secondary education in the Liepaja district.

BUSINESS ACTIVITIES

The main business sectors in the city are manufacturing industry, retail, transport and communications, and construction.

Processing Industry

Liepaja is in second place after capital city Riga in terms of output of industrial products. Liepaja's industrial enterprises export the largest part of the goods produced. Metalworking and the textile industry are the largest industry sectors. Three companies stand out as the largest enterprises with Latvian capital in this sector: metal manufacturer [Liepājas Metalurģis](#), construction and building-materials company [UPB](#) and textile enterprise [Lauma Fabrics](#), all local companies.

Retail

A number of retailing chains, including foreign companies like [JYSK](#), [K-Rauta](#) and Depo, have opened outlets in Liepaja.

Transport and communications

The major services offered are stevedoring, ship-broking, freight forwarding and warehousing. The largest enterprises involved are [Liepājas osta LM](#) (Latvia), Transwide Services (Latvian-Swiss joint venture) and [Laskana](#) (Latvian-Swedish joint venture).

Construction

The growth of the construction sector was facilitated by the development of this sector nationally and also because in recent years the city of Liepaja implemented a number of road-repair and building-renovation projects.

FOREIGN INVESTMENT PROJECTS

Thanks to the city's investment in port infrastructure, the Liepaja Special Economic Zone has become even more attractive to foreign investors.

Foreign direct investment in Liepaja up to the beginning of 2009 was around EUR 26 million, 2.7% more than a year earlier. 308 Liepaja enterprises benefited from such investment, with most coming from Denmark, Sweden, Germany, Russia and Estonia.

In the last five years, the most significant investment projects in the manufacturing sector were Kolumbija (EUR 10.5 million invested), woodworking company Baltic Timber Industries (EUR 2.6 million invested) and metalworking enterprise [Caljan Rite Hite Latvia](#) (EUR 0.55 million invested).

Foreign enterprises operating in the service sector are mainly engaged in stevedoring. The most significant projects are Glen Oil (EUR 5.1 million invested), Dan Store (EUR 5.1 million invested) and [Baltic Transshipment Center](#) (EUR 1.8 million invested).

INFRASTRUCTURE DEVELOPMENT PROJECTS

In 2010, it is planned to complete a number of infrastructure development projects already underway:

- “Construction of Access Road to Trunk Highway till Liepaja-Riga Highway” – this project is targeted at directing road transport away from residential regions, thereby saving time.

- A project “Improvement of Harbour Waste Management System” is being implemented at the port with the purpose of providing sanitation services to an international standard.
- A modern communication information network is being developed within the framework of the project “Development of LSEZ Communication Information System”.
- A project “Reconstruction of Electric Grid” is being implemented to improve electrical safety.
- A project “Reconstruction of Berths and Cargo Grounds” is being implemented in order to enhance the capacity and quality of cargo handling.
- The objective of the project “Construction of Access Roads to Railway at Berths” is to reduce railway-freight handling time.
- “Construction of Bulk Cargo and Container Terminal” – extending the port’s range of activities.

In 2012, it is planned to complete connection of the naval harbour, a part of the Special Economic Zone, with the main road within the framework of the project “Construction of Access Roads from Karosta (Naval Harbour) to the Main Highway”.

HUMAN RESOURCES

The population of Liepaja is around 85 000, of whom 54 772 residents are economically active and offer an extensive range of specialisations in various fields.

According to the latest population census data, 11% of Liepaja residents are people with higher education, 22% have vocational-secondary education.

The city’s higher and vocational education institutions offer numerous courses of interest to potential employers, providing electricians, electrical engineers, motor mechanics, welders, production-equipment operators, automation engineers, woodworkers, joiners, woodworking-equipment operators, lawyers, accountants, business management specialists, environmental specialists, tourism management specialists, social workers, teachers, etc.

The majority of those employed work in various services – retail, repair services, transport, real estate, hotels, restaurants, as well as in education, healthcare and social-care fields.

The leading sector in terms of employment numbers in 2007 was manufacturing, engaging almost 10 000 people or 23% of those in employment. Second was wholesale and retail trade which in 2007 employed about 6 500 people or 16%. ([see Annex 7](#))

The largest employers in the manufacturing sector are engaged in metalworking, manufacturing, construction, power supply, fish processing, etc.

Typical salary levels are presented in [Annex 8](#).

EDUCATION INSTITUTIONS

Higher education in Liepaja is offered by the [Liepaja University](#), as well as five branches of other higher education institutions, – the [Baltic International Academy](#), [Riga Higher School of Pedagogy and School Management](#), [School of Business Administration Turība](#), [Riga Technical University](#) and the [College of Law](#).

The Liepaja University offers studies in three faculties: the Faculty of Educational Science, the Humanities Faculty and the Adult Education Department. In the 2007/2008 academic year, Liepaja University was attended by 3 549 students, reducing to 3 179 in 2008/2009.

The number of students at the Liepaja branch of Riga Technical University was 683 in the 2008/2009 academic year. The branch offers studies in computer systems, energy management, accountancy, mechatronics, business, finance, banking and insurance services.

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The Liepaja 48th Vocational Secondary School provides specialisation in housekeeping, catering service, restaurant service, wholesale, retail, textile-manufacturing technology, the students concurrently completing their basic education. There were 447 students in the 2007/2008 academic year.

RESEARCH AND COMPETENCE CENTRES

Research units of [Liepaja University](#) (LU):

- The LU Institute of Education Science was established in September 2007. Its activities are scientific research, the promotion of research, research projects; educational activities, cooperation with other institutions.
- Institute of Mathematical Science and Information Technology
- The LU Management Institute was founded in spring 2008. Its objective is to develop management science appropriate to contemporary European and world research experience, accenting the introduction of innovation to various sectors in the national economy.

INVESTMENT INCENTIVES

The Liepaja Special Economic Zone takes up 3 739 ha or around 65% of the city's territory, comprising:

- The port (370 ha of land, 810 ha of water).
- The city's industrial zone, a total area of 542.7 ha.
- The International airport, total area 251.1 ha
- The former military base *Karosta* (Naval Harbour) on a total area of some 2 000 ha.

More than 2 000 ha of the Liepaja SEZ is classified as "Free areas", available to potential investors for business development.

In line with SEZ objectives, to secure investment for the development of manufacturing and infrastructure and the creation of new jobs, companies that have obtained the status of Liepaja SEZ commercial companies under the Law on the Application of Taxes in Free Ports and Special Economic Zones are entitled to the following direct tax reliefs:

- 80% corporate tax allowance
- 80-100% real estate tax allowance

In order to facilitate the circulation of international goods at the port and development of commercial companies in the Special Economic Zone, those that have obtained the status of Liepaja SEZ commercial company under the Law on the Application of Taxes in Free Ports and Special Economic Zones are entitled to the following indirect tax reliefs:

- 0% VAT rate for goods delivery and services within the special economic zone and free zone
- Exemption from customs duties and excise tax for oil products in the free zone.
-

SEZ commercial companies receive direct tax allowances for initial investment until the amount of accrued tax allowances reaches 50 % of the accrued investment amount. When applying the direct tax allowances, restrictions prescribed by the Law on the Control of Business Support are also taken into consideration.

CULTURAL LIFE AND RECREATION OPPORTUNITIES

Liepaja has been one of places with the most active cultural life in Latvia for several decades. Each year, Liepaja runs a number of cultural events, the best-known being music festivals *Liepājas Dzintars*, the Baltic Beach Party, the Organ Music Festival and other musical events.

A number of cultural institutions are based in Liepaja, including eight libraries, two theatres (the Liepaja Theatre and the Puppet Theatre), eight art galleries, one museum (the Liepaja History & Art Museum) and one museum branch, three orchestras (the Liepaja Symphony Orchestra, Liepaja Big Band and the Navy Orchestra), two cinemas, five cultural centres, Latvian Society House and one open-air concert venue (*Pūt vējiņi!*).

Opportunities to watch and participate in sports activities are provided by Liepaja's many venues: stadiums, multi-functional arenas, sports grounds, shooting ranges, enclosed swimming pools, gymnasiums, summer sports facilities, motor sports facilities and a skate park.

Photos of Liepaja city are presented in [Annex 9](#).

CONTACT INFORMATION ON BUSINESS DEVELOPMENT ISSUES

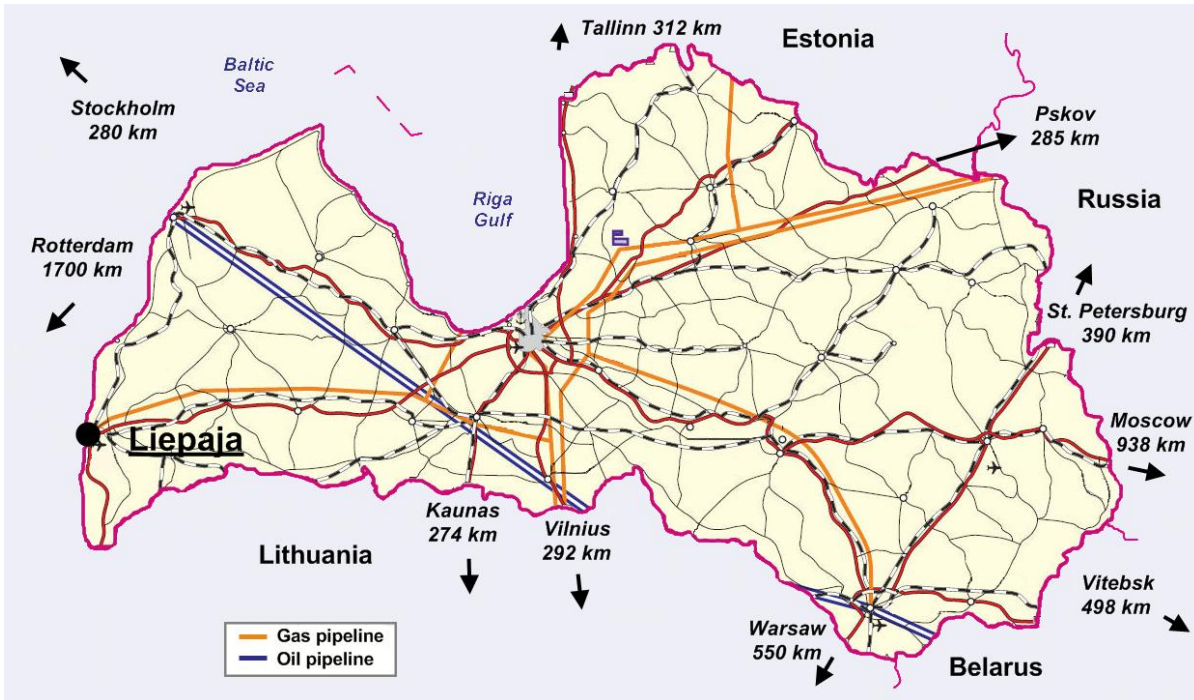
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ANNEXES

1. GEOGRAPHICAL LOCATION OF THE CITY (MAP, PHOTOS)

Liepāja location on the map of the Latvia



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Source: ZL Hotline (www.zl.lv) [Back ↑](#)

2. RAILWAY STATISTICS

Freight



Source: *Latvijas Dzelzceļš* (www.ldz.lv)

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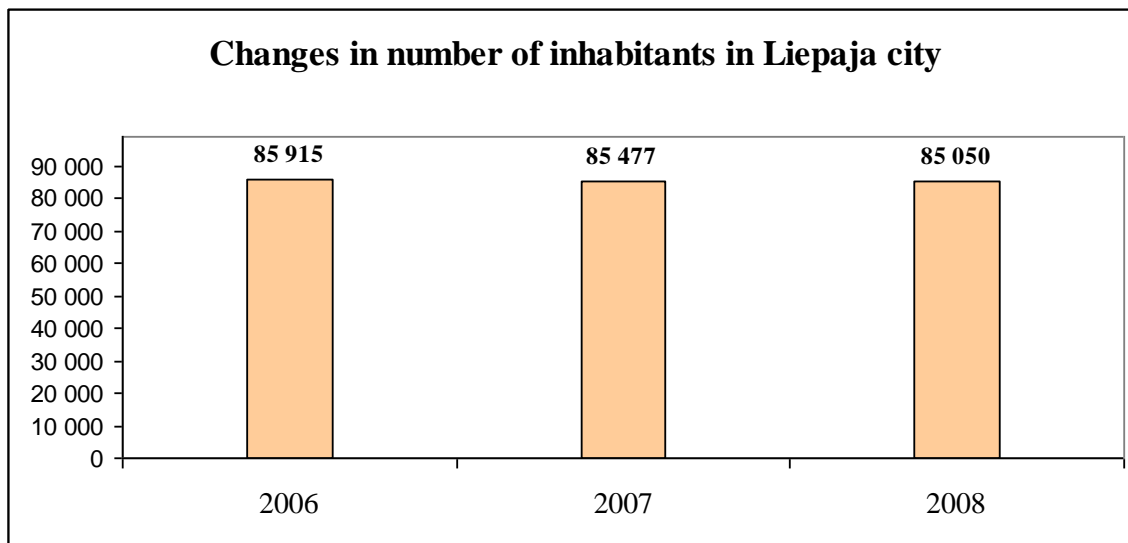
Passenger traffic



Source: *Latvijas Dzelzceļš* (www.ldz.lv)

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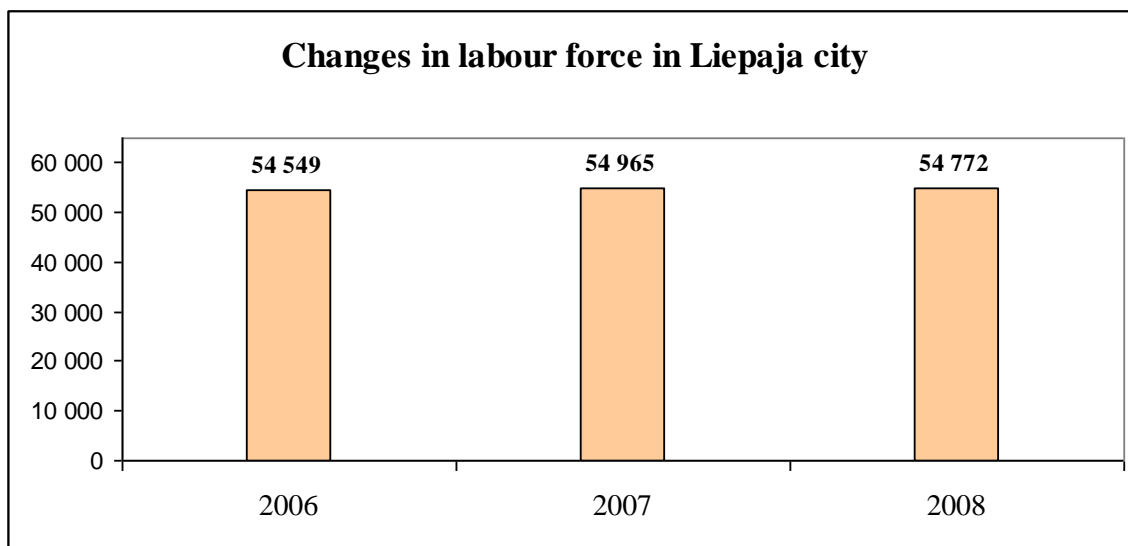
3. CHANGES IN NUMBER OF INHABITANTS 2006. – 2008.



Source: Central Statistical Bureau of Latvia (www.csb.gov.lv)

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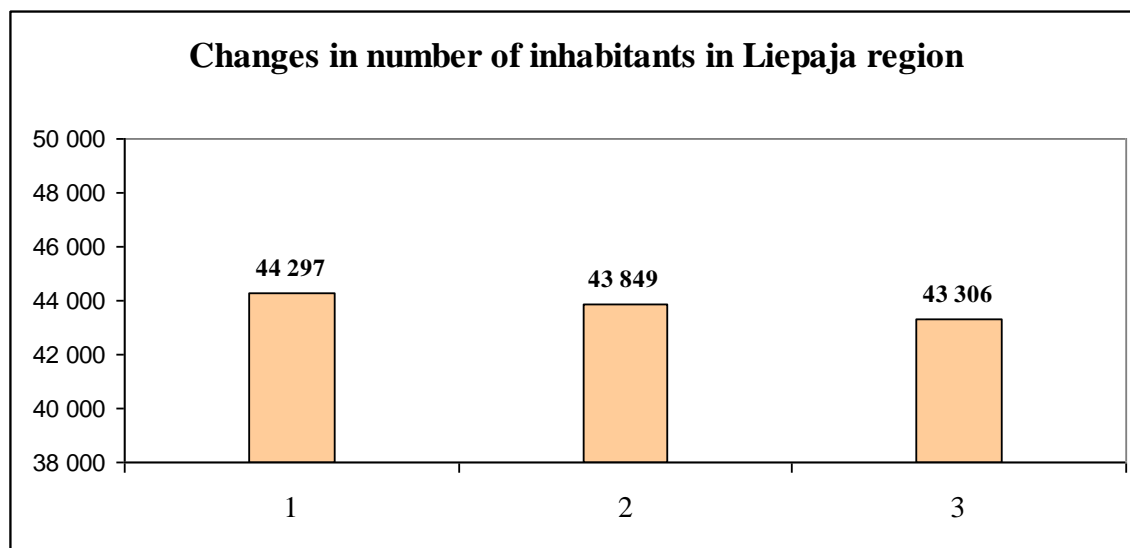
4. CHANGES IN NUMBER OF LABOUR FORCE 2006. - 2008.



Source: Central Statistical Bureau of Latvia (www.csb.gov.lv)

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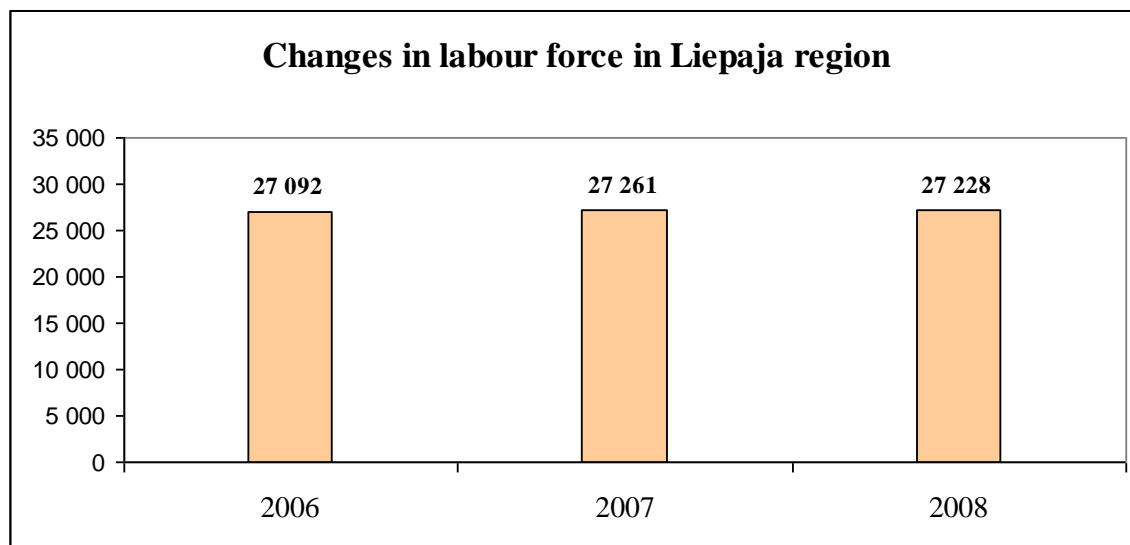
5. CHANGES IN NUMBER OF INHABITANTS 2006. – 2008.



Source: Central Statistical Bureau of Latvia (www.csb.gov.lv)

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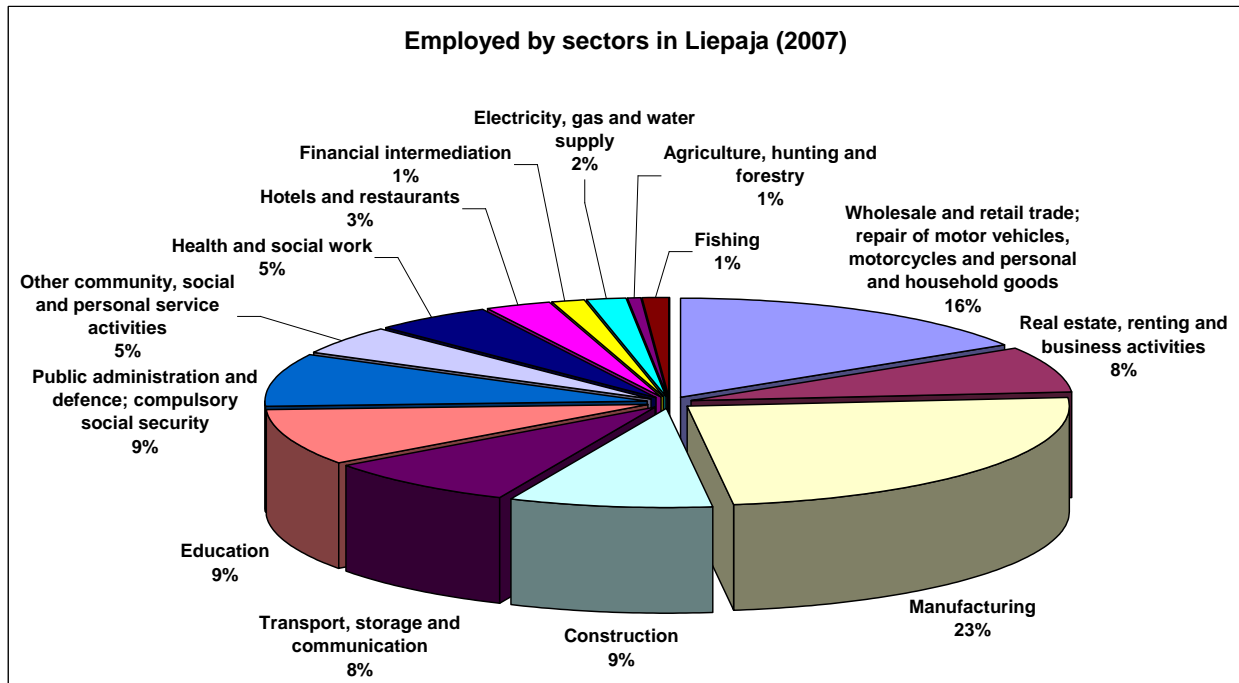
6. CHANGES IN NUMBER OF LABOUR FORCE 2006. - 2008.



Source: Central Statistical Bureau of Latvia (www.csb.gov.lv)

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2. EMPLOYED BY SECTORES



Source: Central Statistical Bureau of Latvia (www.csb.gov.lv)

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7. LABOUR FORCE EXPENSES (TABLE)

Job category	Net Salary (EUR)		Gross Salary (EUR)		Total Employment Costs (EUR)	
	From	To	From	To	From	To
Director of an enterprise	1423	2134	1907	2860	2366	3549
Technical director	711	1423	953	1907	1183	2366
Engineer	569	854	763	1144	946	1420
Shift foreman	569	854	763	1144	946	1420
Skilled operator	356	569	477	763	591	946
Unskilled workers	285	427	381	572	473	710

Source: CVO Recruitment Latvia (www.cvor.lv)

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8. CULTURE (PHOTOS)

The harbour



Photo: Gunars Bozis

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Karosta Prison (former military prison)



Source: Karosta Prison website (www.karostascietums.lv)

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The City



Photo: Ritvars S

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Photo: Inta Vinstaina

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Photo: Solvita Imbovica

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New rail track to Liepaja Port



Photo: Selga Berzina

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