

Metalworking and Mechanical Engineering in Latvia

Published: 17.06.2020.

Metal processing and engineering has historically been one of the leading industrial sectors in Latvia, as the country was one of the high-tech manufacturing centres for the Soviet military and aerospace industries. Key advantages of the sector include its skilled and cost-efficient workforce, strong R&D capability, and access to metal supplies from Russia and markets in the west. Multiple foreign and local companies have integrated their production processes into the global supply chain, having most of their production exported.

Key Advantages

- Highly developed logistics and communications infrastructure
- Supportive government policies
- Traditionally a leading sector with historical know-how
- Easy access to raw materials thanks to advantageous geographic location
- Competitive labour force
- Highly competitive in higher value products
- Shift towards more sophisticated production

Metalworking and Mechanical Engineering have traditionally played an important role in Latvia's economy, today accounting for 23% (2018) of Latvia's total exports. Latvia was the high-tech manufacturing centre for Soviet-era military and aerospace industries. Hence Latvia's R&D capability and high educational standard of the sector's workforce result from long-standing experience.

Located at the heart of Europe's fastest-growing area—the Baltic Sea region—after the disintegration of the Soviet Union, the sector recovered and production has shifted towards more sophisticated products, with the production share of basic metals declining. The sector covers a broad range of products, from basic metals to electronics, machinery and equipment for manufacturing medical, precision and optical instruments. Currently, the sector is based mainly on export-oriented contract manufacturing activities and several large companies have successfully integrated their manufacturing process in global supply chain logistics systems.

Convenient access to raw materials is provided by Latvia's geographic position as a gateway between east and west and a well-developed logistics network, with the best railway links to Russia. A competitive labour force and high investment in tangible assets supports the sector's future expansion and the shift towards more sophisticated products. Government initiatives encourage this shift and also aim to promote energy efficiency which, in comparison to other CEE countries, is already quite high.

[Mechanical Engineering and Metalworking Companies in Latvia](#)

Additional information

Association of Mechanical Engineering and Metalworking Industries of Latvia: [https://www.masoc.lv/en\(link is external\)](https://www.masoc.lv/en(link%20is%20external))

Latvian Electrical Engineering and Electronics Industry Association: <http://www.letera.lv/en/about-us>

<https://www.liaa.gov.lv/en/invest-latvia/key-sectors/metalworking-and-mechanical-engineering>