



INTRODUCTION

Latvia, located in Northern Europe and one of the three Baltic states, is a highly attractive destination for foreign investment. With a population of approximately 1.8 million (2023 estimate) and a GDP of over €42 billion, Latvia is known for its open economy, strategic location, and strong ties to European and global markets. As a member of the European Union (EU), Eurozone, and the Schengen Area, Latvia offers businesses seamless access to over 450 million consumers within the EU and beyond.

Latvia's highly skilled workforce, advanced infrastructure, and business-friendly regulatory environment make it an ideal destination for investments in industries such as logistics, information technology, renewable energy, manufacturing, and finance. With its forward-looking policies and commitment to innovation, Latvia is paving the way for sustainable economic growth and business success.

BACKGROUND

Latvia is strategically located on the eastern coast of the Baltic Sea, sharing borders with Estonia, Lithuania, Belarus, and Russia. Its capital, Riga, is a vibrant hub for trade, culture, and innovation, and the largest city in the Baltic region. Riga International Airport is the busiest in the Baltics, connecting Latvia to major global destinations.

Latvia's economy is characterized by openness, competitiveness, and innovation. The country has achieved consistent economic growth, driven by export-oriented industries and a well-developed service sector. Latvia's Innovation Index is among the highest in the region, reflecting its focus on fostering advanced technologies and startups.

As a logistical hub between Northern and Eastern Europe, Latvia offers excellent connectivity through its ports, railways, and highways. Its Port of Riga is one of the largest in the region, serving as a key gateway for trade between the EU, Russia, and Asia. Additionally, Latvia's position as a leader in digital transformation makes it an attractive destination for IT and fintech investments.

BENEFITS OF INVESTING IN LATVIA

Strategic Location

Latvia's location in the Baltic Sea region provides an ideal gateway to Northern, Eastern, and Western Europe, as well as to Asia. Its proximity to major markets, including Scandinavia and Russia, makes it a regional trade and logistics hub.

Access to EU Markets

As a member of the European Union, Latvia offers investors tariff-free access to the EU's single market of over 450 million consumers. Additionally, Latvia's integration into the Eurozone ensures currency stability and eliminates exchange rate risks.

Highly Skilled Workforce

Latvia possesses a well-educated and multilingual workforce, with 90% of Latvians under the age of 30 fluent in at least one foreign language (English, Russian, or German). The workforce is known for its adaptability, creativity, and expertise in technology and engineering.

Business-Friendly Environment

Latvia ranks among the top countries globally for ease of doing business. Its efficient tax system, transparent regulations, and supportive government policies foster an investor-friendly climate.

Advanced Infrastructure

Latvia has world-class infrastructure, including modern ports, highways,

railways, and telecommunications networks. The country is a leader in digital connectivity, with some of the fastest internet speeds in the world.

Innovation and Technology Hub

Latvia is a leader in digital transformation, with a thriving startup ecosystem and government-backed initiatives to promote innovation in IT, fintech, and green technologies.

Competitive Tax System

Latvia's corporate income tax system is one of the most competitive in Europe, with a 0% corporate tax on reinvested profits and a 20% tax on distributed profits, encouraging businesses to reinvest in growth and development.

Stable and Growing Economy

Latvia has one of the fastest-growing economies in the EU, supported by its export-driven industries, sound fiscal policies, and membership in the Eurozone.

Green and Sustainable Development

Latvia is one of the greenest countries in Europe, with over 50% of its territory covered by forests. The government's focus on sustainability and renewable energy creates opportunities for green investments.

RELEVANT AGENCIES

Several government agencies and organizations are dedicated to supporting and facilitating investments in Latvia:

Investment and Development Agency of Latvia (LIAA):

The primary agency for promoting foreign investment, offering guidance, market insights, and support for businesses entering Latvia.

Ministry of Economics:

Oversees economic and trade policies, providing strategic support for investment in key industries.

Latvian Chamber of Commerce and Industry (LTRK):

Supports businesses through networking, trade facilitation, and policy advocacy.

Development Finance Institution (ALTUM):

Provides financial support, including loans, guarantees, and grants, for investment projects in priority sectors.

Freeport of Riga Authority:

Facilitates investments in logistics and trade activities at the Port of Riga, one of the largest ports in the Baltic Sea region.

Startup Latvia:

Promotes innovation and entrepreneurship by supporting startups and connecting them with investors.

Latvian Association of IT and Telecommunications (LIKTA):

Facilitates investments in Latvia's thriving IT and telecommunications sector.

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INCENTIVES FOR INVESTORS

The Latvian government offers a wide range of incentives to attract foreign investment:

Tax Benefits

0% Corporate Income Tax: Reinvested profits are exempt from corporate income tax.

Special Economic Zones (SEZs): Businesses operating in SEZs enjoy tax reductions of up to 80% on corporate income tax and real estate tax.

Financial Support

Grants and co-financing for projects in R&D, innovation, and green technologies.

Low-interest loans and guarantees through ALTUM for businesses in priority sectors.

Startup Incentives

Reduced social security contributions and corporate tax exemptions for eligible startups.

Access to government-backed accelerator programs and venture capital funds.

Customs Duty Exemptions

Exemptions on import duties for machinery, equipment, and materials used in production or infrastructure development.

EU Funding Opportunities

As an EU member, Latvia benefits from access to EU structural and investment funds, which provide additional financial support for businesses.

Fast-Track Procedures

Streamlined business registration and licensing procedures, allowing companies to start operations quickly and efficiently.

Investment Protection

Legal protections under Latvia's Investment Law and bilateral agreements, ensuring long-term security for foreign investors.

Public-Private Partnerships (PPPs):

Opportunities to collaborate with the government on infrastructure, healthcare, and renewable energy projects.

OPPORTUNITIES FOR INVESTORS

Logistics and Transportation

Latvia's advanced transportation infrastructure, including the Port of Riga, the Rail Baltica project, and extensive road networks, makes it a regional logistics hub. Opportunities exist in warehousing, freight services, and supply chain management.

Information Technology and Fintech

Latvia's thriving IT sector, supported by government initiatives and a skilled workforce, offers opportunities in software development, cybersecurity, fintech, and artificial intelligence.

Manufacturing and Industrial Production

Latvia's competitive labor costs and access to EU markets make it an ideal location for manufacturing industries, including electronics, machinery, and textiles.

Renewable Energy and Green Technologies

With a strong focus on sustainability, Latvia provides opportunities in wind energy, biomass, and energy-efficient technologies.

Tourism and Hospitality

Latvia's rich cultural heritage, UNESCO-listed landmarks, and scenic landscapes create opportunities for investments in luxury hotels, eco-tourism, and travel services.

Agriculture and Food Processing

Latvia's fertile land and access to EU markets make it a prime location for organic farming, dairy production, and food processing industries.

Healthcare and Biotechnology

The growing demand for modern healthcare solutions and Latvia's expertise in life sciences create opportunities in healthcare innovation, biotechnology, and pharmaceutical manufacturing.

Real Estate and Urban Development

With increasing urbanization and demand for modern infrastructure, Latvia provides opportunities for investments in residential, commercial, and industrial real estate.

CONCLUSION

Latvia is a land of immense potential, offering investors a stable, business-friendly environment with access to world-class infrastructure and a skilled workforce. As a member of the European Union and a leader in innovation and digital transformation, Latvia is uniquely positioned to serve as a gateway to European and global markets.

With its strategic location, competitive tax system, and government-backed incentives, Latvia provides fertile ground for investments across diverse sectors such as logistics, technology, renewable energy, and tourism. Now is the perfect time to invest in Latvia and be part of its journey toward sustainable economic growth and global competitiveness.

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